Digital Outernet Inc.

LETTER OF INTENT

Date: **March 1, 2009**
To: **City of Hallandale Beach**

This letter provides the details of the intent of Digital Outernet, Inc., a for profit Florida Corporation, doing business in Hallandale Beach, to use the funds from the CRA as allocated from the City of Hallandale Beach, to establish a digital signage communications network that will provide the city and its businesses and residents with services and economic benefits. DOI is willing to provide the City and the CRA area with the following for a loan grant of $125,000.00 that will serve its deployment of a digital signage network in Hallandale Beach.

Upon the receipt of the funds, DOI shall execute the section in its business plan being submitted as related to the City Channel and the city of Hallandale Beach to deploy up to 100 – 42 or 32 inch screens in 40 locations citywide, with an additional 20 to 40 locations to be added over a six to twelve month period. During this same time there will be six to twelve jobs created for Hallandale Beach residents.

It will provide the City Channel as a communications network for the city's emergency disaster and relief management agency for its communications in the event of emergency circumstances in and around Hallandale Beach.

The daily operations of the City Channel will be to provide businesses, organizations and governmental agencies the use of the network to strengthen and improve communications citywide to residents and visitors. It shall inform the public about traffic, weather, publish employment opportunities and will assist the local chamber of commerce to develop strategies to stimulate economic development and to reach its goal for financial independence. It will be used to improve commerce and display technology in the CRA district and will connect the new business developments with the older commercial areas through communications and give all businesses the ability to reach those people being attracted to the city by the new development. Furthermore, DOI intends to offer internships and work with vocational schools to provide training and hands on experience in digital signage, advertising and computer technology.

DOI intends to maintain an office within the Palms community at 708 Foster Road, continue to promote its success and help to combat the Digital Divide. The funds from the CRA shall be invested as followed:

100 - 42 or 32 inch LCD screens	$ 51,000.00
40 Smart AVI players/software	32,000.00
100 Ceiling and Wall Mounts	5,000.00
40 Extenders/Converters	16,000.00
10,000 feet CAT5 Cable	6,000.00
40 Installations	15,000.00
Total	**$ 125,000.00**

The Company intends to proceed immediately with its deployment of its infrastructure and to support the network and staff through its advertising revenues and to make Hallandale Beach its model hub to show it as a viable means for economic development for all cities.

Thank you for this opportunity.

We are respectfully yours,

Steve Fecske & John Hardwick

A Digital Signage Company
Confidential Business Plan
As of
March 1, 2009

Business Plan
Copy # _____

This confidential business plan (Plan) has been prepared by and for the Partners of Digital Outernet, Inc. for internal purposes. It will be distributed to a limited number of individuals who may be interested in investing in Digital Outernet, Inc. The sole purpose of presenting this document to prospective investors is to provide certain preliminary information that may assist them in deciding whether to proceed with further investigation of an investment. While management believes that the financial and other information contained herein is accurate, it expressly disclaims all liability for any expressed or implied representations r warranties in or any omissions in this Plan.

In addition to the other information in this Plan, the following risk factors should be considered carefully in evaluating the Company and any potential investment. This Plan contains forward-looking statements that involve risks and uncertainties. The Company's actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including the matter set forth and elsewhere within this Plan.

The statement contained in this Plan that are not historical fact are "forward looking statements" which can be identified by the use of forward-looking terminology such as "believes", "expects," "may," "will," "should," or "anticipates," or the negative thereof, or other variations thereon or comparable terminology, or by discussions of strategy that involve risks and uncertainties. Management cautions the reader that these forward-looking statements about the Company's dependence on availability of qualified IT professionals, competition, and risks related to opening new offices, absence of long-term contracts, management of growth, rapid technological change and other matters contained in this Prospectus regarding matters that are not historical facts, are only predictions. No assurance can be given that the future results indicated, whether expressed or implied, will be achieved. While sometimes presented with numerical specificity, these forward-looking statements are based upon a variety of assumptions relating to the business of the Company, which although considered reasonable by the Company, may not be realized. Because of the number and range of the assumptions underlying the Company's projection and forward-looking, many of which are subject to significant uncertainties and contingencies that are beyond the reasonable control of the Company, some of the assumptions inevitably will not materialize and unanticipated events and circumstances may occur subsequent to the date of this Plan. The forward-looking statements contained herein are based on cur4ent expectations, and the Company assumes no obligation to update this information. Therefore, the actual experience of the Company results achieved during the period covered by any particular projections or forward-looking statements may differ substantially from those projected. Consequently, the inclusion of projections and other forward-looking statements should not be regarded was a representation by the Company or any other person that these estimates and projections will be realized, and actual results may vary materially. There can be no assurance that any of these expectations will be realized or that any of the forward-looking statements contained herein will prove to be accurate.

By accepting this Plan, the holder agrees and acknowledges that the Plan contains confidential and proprietary information that may not be reproduced in any form or disclosed to any third party without Digital Outernet, Inc. prior express written consent.

THIS DOCUMENT DOES NOT COSTITURE AN INVESTMENT OFFERING OR AN OFFER TO SELL ANY SECURITIES.

For further information, please contact:
Steve Fecske or John Hardwick

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Table of Contents

I. Executive Summary
- 1.1 Overview
- 1.2 Market Opportunity
- 1.3 Competitive Advantages
- 1.4 Competition
- 1.5 Management Team
- 1.6 Financials and Projections

II. The Company
- 2.1 Company History
- 2.2 The Partners
  - 2.2.1 Top Shops International, Inc.
  - 2.2.2 Power i Media, LLC
  - 2.2.3 Smart AVI, Inc./Smart AVI, Inc.
- 2.3 Strategic Partners
- 2.4 Company Locations and Facilities

III. Company Mission, Principles and Objectives
- 3.1 Mission
- 3.2 Core Objectives
- 3.3 Objectives

IV. Patents, Networks and Services
- 4.1 Summary
- 4.2 Patents and Proprietary Technology
- 4.3 Networks and Services
- 4.4 Business Programs and Services
- 4.5 Technology and Smart AVItions
- 4.6 Training and Education

V. The Market
- 5.1 Summary of the Market Opportunity
- 5.2 Industry Analysis
  - 5.2.1. Outdoor and Out of Home Opportunities
  - 5.2.2. Advertising Shift
  - 5.2.3. Digital Convergence
- 5.3 Market Analysis
  - 5.3.1 Buying Patterns
- 5.4 Main Competitors
- 5.5 Competitive Analysis

VI. Marketing Strategy
- 6.1 Summary
- 6.2 Marketing and Promotion Strategy
  - 6.2.1 Defining and Positioning Network Services
  - 6.2.2 Pricing Strategy
  - 6.2.3 Training and Educating
  - 6.2.4 Marketing and Network Products

6.3 Sales Strategy
6.3.1 Locations
6.3.2 Advertising
6.3.3 Technology and Smart AVItions
6.3.4 Services

VII. Operations
7.1 Summary
7.2 Technology Administration and Support
7.3 Programming and Smart AVItions Services
7.4 Sales Support and Procurement
7.5 Production Services and Support
7.6 Roll Out Schedule

VIII. Financials
8.1 Notice of Forward Looking Statements
8.2 Development Costs and Current Performance
8.3 Revenue Projections
8.4 Capital Requirements

IX. Management
9.1 Organizational Structure
9.2 Management Summary

Tables

Figures

Appendix 1 Biographies of Key Management
Appendix 2 Locations
Appendix 3 City Channel Ad Rates
Appendix 3 Assumptions for Costs and Revenue Sources
Appendix 4 3 Year Projections and Other Financials
Appendix 5 Technology

1. EXECUTIVE SUMMARY

Digital Outernet, Inc. is a group of companies and individuals with experience in the digital signage industry coming together to form a company with experience, assets, employees, contacts and clients that can compete in the burgeoning outdoor and out of home digital signage industry.

DOI has executed a portion of its plan to establish its presence as the City Channel by contracting with strategic locations, successful businesses and to sell advertising to local, regional and national businesses. It is offering them outdoor and out of home media technology, products and services. It also intends to work to establish technology villages in the communities where its digital signage networks are deployed in order to train those people who are caught in the digital divide and are in need of new skills as mandated by the Federal Government. Those individuals who manage to learn new skills in digital technology and media through the training programs will be hired as employees for future expansion as well as being available to fill the needs of institutions in communities in and around Broward/Dade Counties. The training DOI will contribute will increase the employment opportunities for its citizens and will create new revenue sources.

The merger of four individuals who operate companies, Smart AVI, which has a patent for video on demand and digital signage technology for deploying and managing scalable digital signage networks and is a company with over fifty clients such as NASA, Ritz Carlton Hotels and Miami Police Department; The Founder of Power I Media, with its proprietary touch screen technology for programming Smart AVItions that offer interactive information kiosks and data mining and has established several digital signage networks for itself and clients. Its Founder has over seven years of experience deploying and managing digital signage networks, dynamic signage production and in selling advertising. It has such clients as International Shops' who own the Duty Free Stores at John F. Kennedy Airport, Aszkenazy Group, with signage in commercial buildings, KRD Media with its Women's Digital Network and is producing a cinema kiosk for Premier Films, which it is planning to deploy in the Taubman Company's Beverly Center Shopping Mall and University of Southern California's Shopping Village; He has also worked with Top Shops who operates a Restaurant Network and markets a chain of beauty salons and barber shops. They are currently setting up a digital signage network for the Hallandale Beach City Channel and working with its Chamber of Commerce and several Condominium Associations.

Top Shops is another of the Founders of the City Channel and DOI. It has key contacts with government, community officials and businesses in Broward and Dade Counties and at the appropriate time will be filing for permits for placing two LED billboard with Power I Media with the understanding that they will be assets of DOI. It intends to offer the city a plan that includes promotions and communications, emergency, traffic and commercial messaging for the city.

DOI has submitted its reply to the RFP from Forest City's Gulf Stream Village. The request for CRA funds will be used to fill the void between the existing commercial section of the city and the new being developed by Forest City at the Gulf Stream Village project. It plans to use the CRA and private funds to execute its plan for the City Channel and job training starting in Hallandale Beach and expanding into other surrounding areas in Fort Lauderdale, Hollywood, Aventura and Miami. It does have plans to assist with training in Broward and Dade Counties with plans to locate a technology village on a local campus that will educate and train young adults in all digital technologies that will support the employment needs of Digital Outernet as well as other companies in Dade/Bower Counties.

The DOI plan to work with the private and public sectors to implement and promote digital signage and digital technologies will make it one of the most innovative and progressive companies in the digital signage industry and a model for expanding into other cities throughout

the United States. The DOI business model combines the public and private sector to deploy digital signage and offer training for the financial and social benefit of everyone involved.

The principles agree to merge their experience and assets in exchange for common stock in the Company, a five year employment contract, with benefits. Each of the Founders and Principles will have a seat on the board of directors with an equal voting right.

The companies' of the three founders are currently offering their technology and services to a number of clients and communities. They intend to expand and grow as one Company in a unified effort to expand its digital signage products, digital interactive information kiosks and its technical and media services for malls, retail stores, commercial and residential buildings, restaurants, transportation hubs, medical facilities and other viable out of home locations. It also plans to expand the operation of large outdoor LED billboards and to support the training and skills for a Technology Village.

The individuals involved are currently earning revenues from digital signage networks and kiosk Smart AVI applications from advertisers and business clients and it is very interested in forming working relationships with government and corporate sponsors to run digital signage networks for economic and social development in lower socioeconomic areas and to use its City Channel Network to bring them along with more progressive areas.

The Company's management team has combined for a level of experience in operating and selling digital signage of over 25 years and additional experience with digital technology, media, advertising and community relations of over 75 years. Together they intend to form a Company that will establish the first successful digital signage network that combines the government and the private sector to develop and advanced a green business that will deliver training, skills and employment as well as an advanced communications infrastructure to the area.

The Company's partners have worked with clients such as International Shops, NASA, Boeing, Bloomberg, Taubman Company, UCLA and USC, the City of Burbank among many others for whom it has either provided various digital technology or it has provided technology with media services for digital signage, advertising and interactive kiosks. It has pending contracts and proposals with Forest City for its Village at Gulf Stream Park in Hallandale Beach, Florida, the city of Hallandale Beach Chamber of Commerce, Women's Digital Network, New Jersey Off-Track Betting, the Meadowlands, Barnes & Noble and several other companies for digital signage operations and media asset representation.

The Company Founding members for the past six years in the digital signage sector have been able to earn tens of millions of dollars even while it was a new and maturing industry. When most new media companies were finding it difficult to gain traction among large media companies, the members of DOI were managing to succeed. They knew how to formulate business models that would work during the early days by approaching digital signage in three ways; deploying digital signage equipment in retail stores which were supported by merchandizing of the products being offered at the point of purchase; second, by offering easy to use, off-the-self digital signage solutions for companies to manage their own digital signage and communications networks; and third, offering advertising assets or time in the loop to local advertisers on screens in businesses known to have high patron volumes in their community.

These three approaches for them have been successful at a early stage of the digital signage industry and it has been the Founders' ability to recognize the right strategies during the early stages of the industry that have given them the experience and understanding for operating large networks of LCD displays and remotely managed that puts them in a position for success with the growth and acceptance by advertisers for out of home and outdoor digital billboard advertising market.

The Company's plan is to have the Founders come together as one Company and to continue their marketing approach in offering software and hardware, their own digital signage and kiosk networks with media services and sales and production representation. The plan calls for establishing the City Channel locally and offering it to local businesses and government agencies and as it reaches a level of success to expand its City Channel Network into larger areas and networks that will attract higher profile or corporate locations and with it the ability to offer the City Channel to more sophisticated or regional and national advertisers with larger budgets.

Its long term plan also includes deploying city information kiosks and bulletin-size outdoor LED billboards on highways and main thoroughfares because it recognizes the growth, acceptance and convergence of technology as well as the acceptance and demand for these platforms by advertisers and communities.

The Company's plan for its first phase is to place its City Channel in Hallandale Beach.

1.2 Market Opportunity

The Company is targeting the Hallandale Beach community to start a digital signage business model that takes into consideration the development in the area and the need to network the older commercial area with the Village at Gulf Stream Park with its new and affluent businesses, casino and horserace track. The soon to open 440,000 square foot mixed use shopping, business and residential property creates a need for the city and community to offer a means for promoting the older areas of the city. The Company sees this need as its opportunity to offer its business model to establish a climate in the area that includes the older sector in the advancements and development of the City of Hallandale Beach. It is offering to integrate the old and new commercial and residential population, properties and commerce by introducing the latest media and digital technologies and to thereby help the City to provide a means for stimulus to the local economy.

The City Channel offers a new technology platform to the CRA zone to connect it with the new area. Digital signage offers a new media platform for advertising and communicating commercial interests as well as social and civil interests whether it be for promoting jobs and community relations or emergency and relief programs.

The Company has presented its City Channel program and it has been accepted by the local Chamber of Commerce. It has also presented the City Channel to other successful and reputable businesses outside the Gulf Stream Village that have signed contracts to accept screens and the network in its locations in an effort to help establish the City Channel digital signage network in the community. The Company has seized the opportunity and has the support of many of the existing businesses to adopt the opportunity for an advanced and forward looking media platform. They understand the need to replace older mediums while finding means for helping existing business to continue and to grow in the area with such an advanced advertising and communication model. The City Channel digital signage network offers a bridge between old and new development in the area and the citizens in Hallandale Beach will recognize this goal and many have already.

The Company is prepared to deploy ninety-five (95) – 42 and 32 inch LED screens into the forty (40) business locations in Hallandale Beach that it has contracted with. It intends to expand into a total of sixty (60) to eighty (80) locations before expanding beyond Hallandale Beach into Hollywood, Fort Lauderdale and Miami.

Cap Ventures who is responsible for one of the most comprehensive market studies for the digital signage industry projected that digital signage would grow into a $2.4 billion industry by the end of 2009 and increase at a 20% rate over the subsequent five years. Cap Ventures in their analysis identified approximately 1.7 million locations where digital signage may be deployed.

The Company's strategy for deployment is consistent with the Cap Ventures' study and other similar studies that suggest growth for narrowcasting in malls, retail stores, medical, transportation hubs, restaurants, hospitality, stadiums and arenas.

The Company currently has five (5) advertisers who have indicated their desire to advertise on the City Channel Network. It has another eighty (80) to one hundred and forty (140) businesses that it plans to call upon for advertising once the City Channel is deployed. The Company has approximately thirty available spots for advertisers at a rate of $50.00 a location per month which will generate approximately $70,000.00 a month for the Company.

It also has an agreement pending with the Hallandale Beach City Chamber of Commerce to provide it advertising time in the City Channel loop that it can sell to its members which will earn it approximately $120,000 a year.

In addition to this – the City Channel has allotted time to the City of Hallandale Beach to run government information city wide to the public. This ability to reach people in the community will save the city a considerable amount of revenues as well as to offer an efficient means for getting messages to the public.

The Company has a five year plan to expand the City Channel into surrounding areas but it also wishes to deploy a network of city information kiosks and large LED billboards because it recognizes the potential growth for the outdoor and out of home industry. The outdoor digital billboard market currently reports only 500 LED billboards nationwide while there are over 400,000 static or conventional billboards. The Hallandale Beach area has some static billboards in a twenty-five square mile area but with its continuing commercial development – the area will need additional billboards and offering an advanced billboard network is ideal.

The Company's introduction to digital signage with the City Channel will work to orientate the community to the latest billboard technology and these initial efforts will introduce to the community the technology, multiple use and benefits that dynamic billboards and their technology offer and it will help to give the community a more receptive attitude to the use by the city for the larger dynamic billboards.

The Company also recognizes in its five year plan that the market is wide open for technology that is interactive and provides the public with an ability to receive information by request while also being able to collect data about users. The Company already has this technology and it plans to deploy such data mining - interactive kiosks for various information Smart AVI applications that include a means for city and business information. It believes it will be in an ideal position for the growing demand in the city to offer interactive digital signage. It is currently exploring such a free system for users of a kiosk that is paid and supported by advertisers in return for its marketing and data collection it receives from the users. This model is being tested by the founders of the Company with the feature film industry.

Its plan is to offer the city – city guide and map kiosks, malls retails directories and commercial and residential building information kiosks. The Company believes Digital signage kiosks are a viable addition to its digital signage strategy because it offers quantifiable metric solutions that are preferable to advertisers through its data mining ability.

The Venture Development Corporation (VDA) has identified several viable kiosk Smart AVI applications which are both self-service and interactive. Self-serve and information kiosks are already viable communications tools in hospitality, tourism, retail, transportation, banking, healthcare and entertainment and with the success and growth of these Smart AVI applications – comes a general acceptance for the use of such out of home platforms and services. It is difficult to project the financial returns for the kiosk business but the Company believes that the market is poised to grow substantially in the coming years. Frost and Sullivan project the kiosk industry will grow to over $800 million by 2010. But these revenues are from mostly self-serve Smart AVI applications such as ATM, check-out and ticket kiosks and does not consider the potential for advertising and data collection Smart AVI applications. The Company plans to formulate Smart AVI kiosk applications that are accessible at strategic locations to take advantage of the growing acceptance and demand for out of home advertising. The market potential is very large and to date it has barely been tapped. The Founders have developed the first of its Smart AVI kiosk application for the Feature Film industry, an industry that spent about $34 billion advertising its films. The Movie i kiosk offers to deliver to moviegoers that are shopping, in school or waiting for their cars to be washed the opportunity to learn about movies that are now playing or coming soon. The touch screen allows users to select movies and watch full length movie previews and then inform the movie companies if they will see them or won't see them and the information is made available by geographic area and location. The information is made available to film companies online.

DOI will apply what its Founders learns from this application and its understanding and contacts from the City Channel to its plan to deploy City i Kiosks, using the same model and technology.

Nationally, out of home advertising revenue grew 3.0% in the first quarter of 2008, accounting for $1.6 billion in advertising expenditures. Despite a slowing economy, the out of home industry posted a moderate gain in the first quarter of 2008 according to the Outdoor Advertising Association of America. Out of home media continues to perform better than other traditional media segments, was their comment.

Media spending in six of the top ten categories, ranked by outdoor advertising spending, increased quarter over quarter. The Financial category showed strong growth, increasing $15.9 million (16.1%) over the first quarter in 2007.

Revenue in the Miscellaneous Services & Amusements category increased $12.3 million for the quarter, accounting for 16.2% of all spending in outdoor. Historically a leading category in outdoor spending, this category has posted consistent gains since the first quarter of 2002, when spending declined by 0.7%.

The following categories also posted gains for the first quarter: Public Transportation, Hotels & Resorts (6.0%); Restaurants (5.9%); Retail (5.7%); and Automotive, Auto Accessories & Equipment (1.6%).

OAAA issues full industry revenue estimates that include, but are not limited to, Miller Kaplan, TNS data on outdoor, member company affidavits, and media projections based on a mix of recognized nationally syndicated data sources. Revenue estimates include billboard, street furniture, transit, and alternative outdoor media spending.

The growth of digital signage in USA and throughout the world confirms that outdoor advertising is gaining traction. Expenditures on alternative out-of-home advertising in USA, according to PQ Media, increased by 25.6% in 2005 and by 27% in 2006. Digital billboards and displays increased by 55.4% in 2006 at $233.2 million.

The diminishing ability for marketers to reach their customers in their homes and through traditional mediums such as television, cable, newspapers, magazines, radio and in growing trends online is a clear indication that out of home and outdoor advertising will increase in the coming years. The Company believes that the growing market is clear and the Company is in a position to be a part of this growth by establishing large remotely managed digital billboards that will offer advertisers cost and market efficient penetration by geographic area.

1.3 Competitive Edge

The Company has several competitive advantages - the most important amongst them is its knowledge and understanding of the community which is Hallandale Beach, Hollywood and Aventura, Florida. It plans to begin deploying its city digital signage model in Hallandale Beach. It has close ties through its members and advisors with the Chambers of Commerce, the City Councils, City Managers, CRA (City Redevelopment Agency), Realtors Association and Planning Commission. Its members are trusted and respected leaders in the community. Combined with its experience in digital signage and advertising is its first hand associations with business and residents in the area. It has a plan to position its network to be a win – win for everyone involved and affected. The Company plans to be the first to market in the area for digital signage and it plans to establish its model in Hallandale Beach and then expand it into Hollywood, Fort Lauderdale and Miami.

The three cities are abutting and experiencing considerable growth even in these tough times and by proving its model in Hallandale Beach – it will make the acceptance of its network in these other areas relatively easy. It has already received a verbal commitment from the leaders in these cities that once the Hallandale Beach model is operating it will participate in the communication infrastructure for its areas.

Furthermore, the Company's advantage includes that it owns and operates its own digital signage and kiosk software. It manufactures its own player and connecting hardware, which it owns without having to pay licenses and has the ability to develop and apply Smart AVI applications as needed.

It plans to associate itself with local vocational training institutions to be a part of its development for a Technology Village with an emphasis on digital technologies. It will offer a curriculum and internship programs that will train individuals for working for the Company as well as for other companies in the area that need skilled individuals. The Company plans to provide teachers and advisors for the Technology Village to ensure the skills needed for the digital age. The school will teach the software used by the company for its digital signage and kiosks – along with other Smart AVI applications and formats commonly used in all digital platforms. We will also provide classes that offer to teach the digital signage model for retail or point of purchase advertising and merchandising.

The Company has clear advantages in general by being in the forefront of this new business that is gaining traction and promises to be a very lucrative and growing business. The Company understands what is needed to make digital signage networks viable for local businesses and it has signed many businesses already who also recognize the many benefits. The City Channel technology recognizes the need for businesses to communicate products and services to patrons and customers, as well as understanding the efficiency digital signage offers for vertical marketing and it is already setting up its business model to offer everyone concerned with new revenue sources.

The biggest advantage for DOI is that it has already captured many of the prime locations in Hallandale Beach City. It has worked to establish many associations with businesses that attract large volumes of customers and visitors and gives it a clear advantage. Once the network is deployed and its business model is established, the Company will be able to show its success and its experience to other businesses and other local governments making its advantage long term. The Hallandale Beach City Channel Network will be deployed starting in March 2009 and it will begin to establish its model for other cities by showing its success. It will indelibly give it the best advantage over any competition possible.

With regards to outdoor LED billboards the real estate is an even greater factor to success since the number of such billboards that will be permitted by the City is limited. The Company believes that it has identified an area where static billboards are limited while the needs for additional large outdoor billboards are increasing due to the growing commercial and residential development taking place in the area. The area it has identified for its LED billboards are two long major roads – Hallandale Beach Boulevard and Pembroke Road that lead into a Casino, Racetrack and two large new mix use malls. At this time there are no billboards on these two roads. Furthermore, the remote and dynamic capability of these billboards, unlike conventional static boards, will offer the City the use of the digital billboards in circumstances where there are emergency messages that need to be sent to the public and when traffic congestion calls for diverting traffic onto other routes.

Finally, it has the advantage of already developing the Smart AVI kiosk application software and that it is already working with the city and its businesses and organizations to establish outdoor digital signage.

1.4 Competition

The Competition in the digital signage sector is increasing as the industry gains acceptance among advertisers and corporations.

There are currently many successful or competing companies in the digital signage sector such as Broadsign, Scala, Coolsign, Wireless Ronnin, Adspace, On Spot, Cisco, Cognovision, Pump-top TV and Focus Media which is the largest Asian digital signage company which is also the only digital signage company that is being publicly traded on NASDAQ.

All of these companies and many other of less prominence are competing for real estate, or locations, on the one hand but at the same time because of the vast size and potential for digital signage it makes competition as this time of the industry less of a factor. It can be argued that because the industry is in its early stages – competition can be considered less of a hindrance and more of a help in guiding, moving and transitioning business and advertisers towards an understanding, acceptance and desire for a new and dynamic medium for communications and advertising.

Considering Digital Outernet’s background, experience, software for both digital signage and interactive kiosk Smart AVI applications, its understanding of what is needed to progress in the market, its sales and deployment strategies that with the proper funding, it will undoubtedly be able to compete successfully. There are no better positioned Companies amongst all the competition when it comes to having the elements needed for growth and success.

Beyond just the competition from Companies – there are aspects of the medium that has made it difficult for all digital companies to compete with other more conventional advertising platforms. Specifically, the industry is faced with the issue of verifiability. There are metrics starting to be adopted for measuring the impact of digital signage and the Company is keeping a close watch on these developments and plans to adopt them into its networks as soon as they are considered viable by the advertising industry. Nielson and Arbitron, the traditional auditing firms for the television and radio broadcast mediums are addressing the digital signage industry and they are currently testing metrics for it.

There is also software being developed that identifies the physical features of those watching the dynamic signs and is able to define the gender of the audiences who are watching the dynamic signs. Furthermore, the Company is interested in exploring the use of SMS and MSM platforms as a means for identifying exposure to its digital signage networks. These types of systems will offer advertisers an ability to measure the effectiveness of its advertising.

The competition in the large LED billboard sector is relatively small with only about ten percent of all outdoor billboards nationwide being dynamic. However, there is a clear migration taking place with the larger billboard companies, such as CBS, Clear Channel and Lamar who are exchanging static billboards to LED technology as quickly as possible. The two former outdoor companies are the most prevalent in the Florida area, which is where the Company plans to begin its foray into this large LED billboard sector. Besides in the stadiums, there are only a few LED screens in Broward/Dade counties with only one or two dynamic billboards beyond that located on the Clubhouse of the Race Track which is situated considerably far from Hallandale Beach Boulevard and not considered viable by most advertisers. There are approximately fifteen outdoor static billboards owned by CBS and Clear Channel in the vicinity where the Company will be submitting its proposal for permit to place the first two LED bulletin (14’x 48’) size billboards.

The key to overcoming the competition is to capture the real estate. What is unique to the outdoor and out of home industry is that companies are not distinguished by their technology or business model but rather by the locations and real estate where they have the right to run media. The Company is well positioned to capture the real estate for viable media platforms that will attract local, regional and national advertisers. Its plan is to establish the City Channel and then at the right time to apply for larger outdoor dynamic billboards.

1.5 Management Team

The key management and staff for Digital Outernet, Inc. as of September 1, 2008 are comprised of 15 persons contributed by the member companies, Power I Media, LLC, Top Shops International, LLC and Smart AVI, Inc.

There also is several key staff being added who are located in New York City and Miami. The group offers an experienced and professional team that has worked in digital technologies, marketing and advertising and has proven success in the digital signage industry. Several of the key members are pioneers in the digital signage field and have been responsible for developing business models that are being adopted by many other companies. They are consultants to venture capital groups for digital signage and continue to be leaders and innovators in this growing new media of digital signage.

The Company also plans to form a joint relationship with technical schools to develop a community Technology Village School in which it will assist in training and developing skilled technicians, computer scientists, digital editors and graphic designers offering employment and internships for its enterprises and expansion.

Please see Appendix 1 : Biographies of Key Management.

The Company at the appropriate time plans to add a CFO from a digital media company to round out its staff.

1.6 Financials and Projections

Digital Outernet, Inc. will be a conglomeration of the earnings and assets of its three Founders. Currently the only company in full operations is Smart AVI, Inc. with gross revenues of $2.5 million annually. It has assets which include inventory, software and patents valued at $2 million.

The other is Power I Media, LLC with assets that include some capital, equipment and its kiosk software that has a perceived value of $200,000.00. It is currently developing its kiosk software with Smart AVI that will enable it to deploy scalable networks. It will eventually offer its kiosk software and hardware to other digital signage companies. This software and hardware when completed will have a value of approximately $1 million. PIM is currently competing for contracts for digital signage and kiosk networks for Women's businesses, Malls and commercial buildings that it projects will generate gross earnings of about $7 million annually.

Top Shops International, LLC is operating as a marketing firm with a value of approximately $300,000. Over the years it has build a substantial amount of good will in the South Florida communities that has a value that arguably exceeds its tangible assets. It is involved in both local politics and community relations in the Broward/Dade counties of Florida. DOI is using its position in the community to help position the Company gain contracts and funding for a community digital signage network starting in Hallandale Beach and expanding to Fort Lauderdale, Hollywood and Miami cities. It will also provide its contacts to gain real estate leases and to pursue permits for two large LED Billboards.

Digital Outernet will eventually integrate its Founders' assets and contracts under one roof to execute its five year plan to build a large and viable growing digital signage and kiosk company. It is poised to operate its own outdoor and out of home networks, offer equipment, software and services for companies to operate their own network as well as to sell advertising and content. Its projected earnings by the start of Year 3 is $8 million, which will come from its sales of equipment and software Smart AVItions and from advertising revenues earned from its city, mall and hospital networks.

The Company projects in Year 2 that sales will grow to about $4 million and Year 3 will increase to almost $6 million as its networks expand and its software becomes widely used. Year 4 and Year 5 will continue to grow at a rate of 300% as its network models continue to be adopted and its kiosk Smart AVI applications expand into more locations nationally and internationally.

There is a possible fourth company that will be a technical school that could be a part of the Company's plan for its expansion. At the appropriate time it will look for a technical school to devote a considerable portion of its property and curriculum for a Technology Village that will serve students who wish to learn the skills associated with digital technologies and media. The school would accommodate approximately 500 students with potential gross earnings of approximately $2.5 million a semester. Digital Outernet will assist in providing a viable curriculum, instructors, internships while attending and hiring for its graduates.

1.7 Capitalization Goals

Digital Outernet, Inc intends to use its own capital and the capital it receives from the CRA to build and prove its City Channel digital signage business model.

Once proven it intends to apply to other cities and to raise a total of $4 million. It is seeking to raise as much as $300,000 for its first phase which is the City Channel digital signage model which it plans to have operational in Q2 of 2009. It calls for eighty (80) to ninety-five 42 and 32 inch LCD screens in forty (40) locations in the Hallandale Beach area. It intends to expand the network into sixty (60) to ninety (90) locations citywide.

Its second phase raise is by the end of Q3 in 2009 for about $1.5 million in order to pay for its expansion of the City Channel into surrounding areas, the permitting process, equipment and installation for two (2) bulletin size LED billboards and to contribute to the deployment of digital signage network if it receives the contract for the Village at Gulf Stream Park; or, if it is not receive the Forest City contract, it will use the funds for the third phase expansion of its city digital signage network in an additional sixty (60) locations. It might also use these funds to deploy its kiosk Smart AVItion in the cities in the United States which might be for malls, city walks, landmarks, bookstores, University and College campuses.

At the end of Q4 of 2009, the company plans a third raise of $2 million to execute its option to purchase the Smart AVI and Power I Media software, equipment and patent assets and to continue its expansion of the City Channel, Movie and City kiosks and several outdoor LED bulletin billboard networks. It will also pay for the necessary staff and operations to run these networks.

If Digital Outernet succeeds in its capitalization and business strategy, it would consider a public offering in late Q3 of 2010 or it might also explore its position for a buy-out or merger by one of its larger competitors. The plan if successful will make the Company a leader in the industry and one of the most viable digital signage companies in America. The plan's success would put it in a position to continue to gain real estate for digital signage and to develop its business models with local, regional and national advertisers.

II. THE COMPANY

2.1 Company History

Digital Outernet, Inc. was formed in June 2008 through the principals of Power I Media, LLC, Top Shops International, LLC and Smart AVI, Inc. the former two companies are existing marketing and business development companies in the digital signage sector and the latter company, is in the digital signage software and hardware development business. It has a business model that offers to give any business the ability to operate its own digital signage network. Smart AVI and Power I Media recently came together to form a business enterprise to adapt the Smart AVI business model for its digital signage kiosk software and Smart AVI hardware.

The three companies' founders together form an experienced, self equipped and knowledgeable company that is well positioned to compete with any other digital signage company in the United States and the World and is ready to execute its business plan in South Florida.

In June of 2008, the companies agreed to form Digital Outernet Inc. as the long term vehicle for growth and capitalization and to combine the knowledge, expertise and contacts of its key executives and their technology, contracts and assets.

2.2 The Founders

2.2.1 Top Shops International Inc.

Top Shops International, LLC was formed in June 1998 as a marketing services company for beauty and hair salons in the southern Florida market. It grew to serve over 250 salons and barber shops offering them advertising co-op programs, community communications and public relations. It organized and brought the salons together to form an association chartered o advance the position of the beauty industry as beacons in the community and among government agencies. It currently works with Chambers of Commerce, government officials and corporate clients to advance business and the overall welfare of the communities that they serve. John Hardwick, the founder and CEO of Top Shops has continued to advance his stature and reputation in the southern Florida markets and is now an active board member of the Hallandale Beach Chamber of Commerce, the Palms Community Coalition and various community organizations. Top Shops has found nurtured relations with multicultural elements in the community and is responsible for organizing some very successful street festivals such as the annual Sistrunk Festival with corporate sponsors such as Universal Records and Films, Florida Congress of Racial Equality (C.O.R.E.) and City of Fort Lauderdale. Broward Caribbean Carnival and has attracted such sponsors as Hennessy, He is politically active in the urban community and is working to advance the socio-economic status of its businesses and residents through the CRA and county financing and corporate/private partnerships. In 2006, he began to explore the use of digital signage and is actively operating a digital signage network by selling advertising to the Broward County Sheriff's Department, City of Fort Lauderdale and Millennium Movers. He has managed to successfully promote the results of his network to community leaders and officials working to convince them that the digital signage industry and the future for digital technology to help to close the digital divide. It is the efforts of Top Shops in this area that has been the impetus for the forming the city digital signage model and the Company starting it in Hallandale Beach and expanding to Aventura and Hollywood Florida. Top Shops and Mr. Hardwick are well connected in both political and business circles and it is this position that the Company plans to use to promote its business strategy.

2.2.2 Power I Media, LLC

Power I Media LLC, was formed in April 2006 by Steve Fecske who prior to its formation was the CEO of ODBN, Inc. one of the early companies in the retail digital signage sector. Mr. Fecske was responsible for installing over 300 screens nationwide in nightclubs and retail stores. He developed successful models in which he sold advertising to local businesses as well as to manufacturers of various products such as Godiva chocolate, Channel perfume and Bacardi, Johnny Walker, and Southern Comfort liquor to name a few. He was successful when other companies were struggling and failing. He was one of the first to recognize that out of home digital signage could work in co-op programs with retailers offering vendors and suppliers a business model that required them to promote their brands at the point of purchase. Over the past six years that he operated networks for ODBN, Inc. he managed to sell almost $4 million in gross advertising sales. He also understands the logistics and planning required to install large digital signage networks having overseen the successful installation of several networks with over 300 LCD and plasma screens in clubs and retail stores. He has managed a staff of video editors designing and producing digital signage and content and network administrators who were trained and worked with software companies such as Broadsign and Scala. After leaving ODBN, Inc. to form his own company, he developed an interactive database and software for touch screen kiosk applications. He has sold a retail application for the first remotely controlled point of purchase display kiosks that not only provided shoppers with information but it collected data about the interests of users and made it available in real time online. He then developed a movie application in which a kiosk user is able to access movie previews for feature films that are "now playing" and "coming soon" and which has the ability to collect information about movie goers by location as to what movies they will see, might see and won't see; www.cinemakiosk.com The Movie i kiosk is being prepared for a test for the film industry that will include such companies as Miramax, Lions Gate, Sony, Disney, MGM, Columbia Pictures, Universal Pictures and other major film studios and distributors. Power I Media and Smart AVI are also working together to develop the kiosk's database and software in ways to make it possible for companies to create their own kiosk application.

Power I Media is also working with Executive VIP to implement a women's digital network www.womensdigitalnetwork.com that it designed and developed and is testing a digital signage network in commercial buildings for the Aszkenazy Group.

2.2.3 Smart AVI, Inc.

Smart AVI, Inc. began in July 2003 and is owned by Albert Cohen and Jacques Wizman. The company devised a revolutionary patented technology that has enabled it to develop, manufacture and market a new advanced system for the client-server and complete home entertainment systems. It offers a complete solution for multiple users to securely and simultaneously access a single server from any remote desktop, TV or remote monitors. It acquired CCI multi-user patents and IP which has enabled it to develop hardware and software for Windows PC to drive and control multiple remote LCD/Plasma monitors/screens simultaneously and independently. His technology has been sold to the Public school system because it enables teachers to control computers for many users. Smart AVI hardware and software Smart applications are being used by such companies as DirectTV, Marshall Electronics, Panorama Technologies, Sewell Development Corp, Troxell - San Diego, VORTECHX, Bloomberg, NASA, Boeing, HB Communications, Pomona Valley Hospital, Miami Police Department, Kansas City Audio Visual, Inc., Sunrise Technology Group, Incorporated, Keystone Helicopters, Winthrop

University Hospital, University of Phoenix, UCLA, USC, North East Air Defense Sector and Digital Outpost. Smart AVI in 2007 had annual gross earnings of $2.3 million.

2.3 Strategic Partners

The Company is forming important relationships with vendors and suppliers for its LED technology using Daktronics and TS Microtech for its kiosk touch screens and stainless steel stand and casing. It is in discussions with several LCD and plasma manufacturers to form an agreement to use its screens exclusively for its digital signage networks.

It is working with the Hallandale Beach Chamber of Commerce to offer its city digital signage network and with the City of Hallandale to offer the network for city business and communications which include traffic and emergency information.

The Company plans to form a business relationship with a Technical School to establish a Technology Village on its campus. This position will help it to be a key force in developing the labor force in the urban community while also training individuals to use its digital signage software and to produce content and administrate its large computer and screen networks. The effort to help the community to close the digital divide amongst lower socio-economic individuals will also put the Company in a position to fulfill its employment goals in the area. The Company plans to provide technology, instruction, internships and employment for individuals who attend the school.

The Company is also in competition to form a strategic partnership with Forest City and CB Richard Ellis two of the nation's largest developers of mixed use malls and managers of such large properties; respectively. CBRE has already indicated that regardless of the outcome of the Request for Proposal for the Village at Gulf Stream Park that they are interested in the Company's interactive kiosk for their other properties.

The Company is currently in a strategic alliance with Digital Lifestyles who supply it with LCD screens at a very low price for its deployment into all of its digital signage networks.

The Company intends to continue to form such alliances with companies and groups that have a need for communications and new revenue streams.

The Company has formed a strategic partnership with the Pegasus Group and KRD Media in New York to represent its digital signage networks for advertising sales. The two companies are experienced in selling outdoor media and will be making presentations to the Madison Avenue ad agencies that represent companies that will be targeted as benefiting from advertising on the Company's media vehicles. These two companies are also directly involved in the Women's Digital Network.

2.4 Company Locations and Facilities

The Company will have offices in Los Angeles, New York and Hallandale Beach City where it intends to operate its technology networks remotely, develop software and Smart applications to conduct local, regional and national sales.

In Los Angeles, the Company is located at 2840 North Naomi Street, Burbank, California, 91504.

In New York, it is located at 347 Star Street, East Meadow, New York, 11554 and 188 Route 10, East Hanover, New Jersey, 07936

In Florida, the Company is located at 708 Foster Road, Hallandale Beach, Florida 33009. It plans to move into larger facilities close by once it has deployed and its advertising inventory is being sold.

III. Company Mission, Principles and Objectives

3.1 Mission

Digital Outernet is committed to establishing new communications and advertising platforms that apply the latest in digital and display technologies. It is dedicated to deploying remote networks that offer businesses and communities it serves new revenue streams by harnessing their exiting assets and relationships to deliver information and brands through a visual medium. It is committed to conveying high definition information and entertainment in places where such content is welcomed and not interrupting an individual's intentions or interests. It offers content that enhances and engages viewers at the point of purchase, while driving and when waiting.

3.2 Core Principles

Penetration. Have the ability to reach a substantial portion of a population in a general location effectively and efficiently.

Niche Marketing. Identify locations for creating digital signage networks that offer advertisers a qualified audience and offers the potential for them to reach a large segment of the target market.

Quality and Quantity. Select Locations that offer the greatest opportunities for conveying information and brands for advertisers. It involves predetermining the perceived value of a location by selecting places with the largest volumes of people with the greatest demographic attributes.

Strategic Placement. Determine the best place, size and number of screens to install in a location to efficiently and effectively reach the audience being targeted.

Loop and Content Strategy. How long and what plays on the screens is determined by the audience that is being served. Content must be compelling and fulfill its goal to communicate a message with impact and clarity. The length of the loop is determined by the common behavior of the average viewer which includes the average time spent around the screen and at the location. Such criteria determine both the length of the loop and the length of the individual digital sign.

Service and Support. There are two plans for which this principle is met that consistent with the Company's business models. The technology is built to enable it to scale networks and to provide the operations and maintenance including content creation and production for its own networks and similarly to offer third party companies the ability to operate its own digital signage networks. In both models the Company is positioned to offer a variety of services such as technology development, creative and media sales.

Authentication and Verification. The return on investment is the crucial element to sell advertising and to develop a loyal advertiser base. Without providing play logs and the ability to show a response to an advertiser has been the draw back to building an advertiser client base for digital signage networks in general. That is why the Company is committed to building online systems that show play logs and for inserting technologies such as text messaging programs and email alerts that reflect viewer response and interest in an advertiser's message. It's also important to develop metrics such as tracking sales of an advertised product and doing random surveys at locations that can be provided to advertisers.

Maintaining the State of the Art. As a new media it is important for the Company to stay ahead of the development curve. To build its software to offer the features that will attract valuable client networks such as transportation hubs, malls and retail chains to want to use the Company's services. It is important to keep track of the new technologies that will provide the services and return on investment that will bring the company its success.

Convergence. The principle that a screen is a screen is a screen describes the fact that digital technology is all the same regardless of how it is distributed and while the goal for reaching people out of their homes is at the foundation of what the Company does, it will not be limited in the way the goal is accomplished. The methods used by advertisers and marketers will eventually merge into one paradigm as technology progresses and the metrics for measuring impressions is developed and the tools for delivering content onto screens becomes the same. It is the Company's contention that the Google method for purchasing impressions regardless of the size of the screen or its location, will be developed so that an advertiser can sit at their desktop PC and determine how many impressions they want to make and to whom or what demographic and based on the criteria entered - a host displays will be offered.

3.3 Objectives

Digital Outernet has the technology, knowledge and experience to execute its business plan which is predicated on the goal of achieving as much valuable real estate to offer its own viable digital signage networks that will be desired by advertisers and sponsors, as well as to offer its services for the networks of third parties that purchase its technology. The Company intends to build its digital signage inventory and the volume of quality and quantity of impressions that it can offer. The Company's key short-term priorities and goals are as follows:

1) Pursue funding for the deployment of the City Channel in Hallandale Beach City starting in forty (40) locations and expanding into as many as ninety locations while also making presentations to local, regional and national advertisers that will benefit most by conveying its message on the Network. See Appendix 2 – Hallandale Beach Locations

2) Pursue permits and funding to purchase and install two (2) Bulletin-size LED billboards on Hallandale Beach Boulevard and Pembroke Drive.

3) Expand City Digital Signage Network model into sixty (60) more locations in Fort Lauderdale and Hollywood, Florida.

4) Develop the operations and administration of the Company by training and employing local residents and to offer internships in every facet of the Company's operations.

5) Pursue the digital signage contract with the Village at Gulf Stream Park and other properties managed and or owned by Forest City and CB Richard Ellis.

6) Pursue advertisers for the City Digital Signage Network and the two (2) LED billboards.

7) Complete market test for Movie i Kiosk and present results to the city with a plan to deploy City i Kiosks with advertising support.

8) Develop the commercial applications for interactive kiosks such as directories, city guides and product information that offer the elements for disseminating data on demand while also data mining for marketing analysis and data collection for advertising services.

10) Explore the deployment of two (2) more bulletin-size LED billboards for the Aventura and Hollywood areas.

11) Pursue future clients and sponsors with locations for viable digital signage networks

12) Develop sales infrastructure, collateral and specific service products for turn-key networks to use digital signage and kiosk software, technology and Smart AVI applications.

13) Develop central purchasing system for advertisers to analyze and determine available impressions and to place insertion orders on-line.

IV. Patents, Networks and Services

4.1 Summary

Digital Outernet provides technology and services to remotely manage, operate and represent scalable out of home and outdoor digital signage and kiosk networks. It offers its digital signage and kiosk software products and services to advertisers, sponsors and businesses that recognize the benefits that can be derived from advertising on its platforms or by offering its own network.

4.2 Patents and Proprietary Technology

Smart AVI Inc provides the Company with its patented technology that empowers video delivery for digital signage. The Smart AVI digital signage solution uses the core of its client/server architecture embedded on its' proprietary connectivity hardware.

Smart AVI offers an innovative system that allows delivery of audio and video to multiple displays from a single server. The Smart AVI system is a complete digital signage solution that enables a single PC running Windows XP/Vista to drive and control thousands of remote digital signage displays. It revolutionizes the delivery of information channels for companies and industries that rely on information display such as schools, retail areas, malls, hotels, airports, convention centers and sports arenas.

Smart AVI has also developed a wide range of connectivity devices for the installation and implementation of large scale digital signage networks. Its connectivity line of products includes audio video compression, switching, and transmission over CAT5, optic fiber and IP technology.

Smart AVI has migrated Power I Media's proprietary kiosk software and database into its core hardware architecture to give it complete control over the systems the Company plans to deploy.

Power I Media kiosk software offers users an interactive touch screen experience that captures the usage and parses the data into variable reports for analysis and market survey. The Company is currently adapting the software to offer the Smart AVI business model for businesses wishing to create their custom kiosk Smart AVI applications by programming an administrator's interface that enables them to set up variables and unique end user interface by offering templates with click and drag options.

4.3 Networks, Products and Services

The Company's primary focus is with its City Channel digital signage network. It will be devoted to establishing it as an advertising driven network starting in Hallandale Beach and then to expand the City Channel network into additional locations in Fort Lauderdale, Hollywood and Miami Florida.

Its first deployment calls for the installation of up to one hundred LCD displays in businesses and high rise condominiums reaching approximately 250,000 patrons and residents monthly and then adding another 400,000 people with its second deployment.

As part of the City Channel digital signage network - it is pursuing a contract with Forest City's Village at Gulf Stream Park located in Hallandale Beach to operate the digital signage and media assets on the 440,000 square foot mixed-use mall property.

The Company is watching the test market that one of its Founders is conducting for their Movie i Kiosk. The kiosk for movie goers could possibly become a product of DOI. The kiosk application enables people to see full movie previews for movies that are "now playing" and those "coming soon". It provides the movie industry with the best possible advertising out of home for their movies while it also collects the public's response and compiles the user data online for their review and analysis. The Movie i Kiosk is being market tested in malls, university campuses, bookstores and locations where the public has free time such as at bowling alleys and car washes. The success of the application will be offered to DOI for its benefit as well as to develop its own city guide kiosks.

It is working with a commercial builder and management company Aszkenazy Development in Los Angeles to place digital signage and kiosk directories for its commercial office buildings.

The Company may also benefit from the discussions Power i, LLC is having with the New Jersey OTB and the Meadowlands through its association with the Pegasus Group to install digital signage networks on their properties.

The Company is positioned to take advantage of the development of its Founders kiosk software and database. to integrate it into the Smart AVI server hardware to create a new product that includes offering third party companies the tools to create custom kiosk Smart AVI applications for their business needs.

Digital Outernet has the option to purchase the Smart AVI hardware products that include its extenders, splitters, switches and digital signage server software.

The Company offers its technical, creative and consulting services in support of its networks and products sold to third party companies.

4.4 Business Programs and Services

The Company business is to operate large scalable digital signage networks and to add digital signage networks primarily to its City Channel inventory. It will select markets and audiences that are vertical to its City Channel network so that it can continue to work with the same advertising clients while continuing to grow its footprint.

The Company will select the appropriate to develop city guide kiosks with Power i LLC Kiosk application software. It will use the City i Trademark and starting in South Florida deploy City i Kiosks all over the country and eventually in global markets. It will also develop the City i application to be networked and operated independently and supported by advertisers and sponsors who also advertise on the City Channel.

It will offer its technical expertise and its creative and sales representation for other networks that need assistance and it will sell its integrated technologies, software and Smart AVI applications.

4.5 Technology and Smart AVI Applications

The Company software can be played on any digital high definition LCD, LED and Plasma display, which are operated from the Smart AVI server software which distributes the content according to schedule to each local screen through the Internet. The system software enables remote control and management of software and hardware does scheduling and offers advertisers proof of play logs by location. The software is being developed to provide proof of play through a parsing system that will be available for review and analysis online. The Company also intends to integrate other software verification and cameras to provide advertisers with the proof of return on investment that they require. Such technology and matrix are being developed by other companies such as Nielson and Arbitron while companies such as TruMedia and Cognovision are developing audience recognition software that the Company intends to keep close tabs on its development and acceptance.

The City Channel will offer a finite loop that conveys advertising for businesses, community organizations and agencies. It will play a ticker at the bottom of the screen and a scroll on the right side of the screen. They will run real time information about surf, traffic and weather reports for the city where it serves. They will also be used by the community to run timely and necessary emergency information.

The kiosk software runs on Macintosh, Windows and Linux operating systems and it has an integrated database that parses and stores various items that include video and text files and it captures usage logs and input as entered into the database by users touching the appropriate parts of the screen. The user interface runs flash files and has been migrated to the Smart AVI hardware which has the ability to be scale to a large network of ten to thousands of kiosks, managed remotely from a central server. The collection of data is also made available to advertisers and clients from a web site.

Digital Outernet has adopted a vandal-proof touch screen LCD for its kiosks with a casing that is approximately five feet tall, three feet wide and one foot thick. It is designed with streamline steel casing that also serves as a stand with a high-tech aesthetic appeal.

4.6 Training and Education

The Company’s patented and proprietary technology requires an education common to most digital sectors which makes it relatively easy to find personnel to work without the need for expensive or extensive training.

The Company requires knowledge and understanding of Computer PC Operating Systems Appache/Linux, Windows and Macintosh server software. Work with digital signage software such as Scala, Broadsign, SmartAVI, and Wireless Ronnin. They should have knowledge of equipment such as LED, LCD, Plasma, Projectors; Have experience in any network administration, equipment installation, the laying of cables, hanging of screens, mounts, setting up routers, working with extenders and splitters.

They should have design and Content Creation experience with After Affects/Photo Shops/Flash/Illustrator/Graphic Design/HTML/Final Cut Pro/Live Type/Quick Time, Windows Media, graphic design for sales support and collateral materials using Quirk Xpress, Indesign and or Acrobat.

The Company plans to form a relationship with a technical school to form a Technology Village where students can receive training and education in all of the above skill sets. As part of this relationship the Company will offer internships and hire its graduates.

V. The Market

5.1 Summary of the Market Opportunity

Digital Outernet is strongly positioned in a rapidly growing marketplace that is consistent with the evolving demand for more efficient and effective advertising and communications. There is a clear recognition by advertisers that conventional mediums are diminishing and converging with digital mediums.

ZenithOptimedia forecasts 2008 television ad revenue share to decline 3% to 32.4% of advertising expenditure in North America. They clearly state that it would be even greater if not for the Beijing Olympics. This trend is continuing while the Internet has increased its market share of advertising expenditures to 9% which is 85% growth from 2006 to 2009. Newspapers have fallen to 29% worldwide while by contrast, outdoor market share is forecast to increase from 5.6% in 2006 to 5.9% in 2009, in part because new digital out-of-home displays make it easy for advertisers to book and distribute eye-catching ads on short notice, Zenith said.

Citing an eMarketer report, as digital, video and wireless technologies redefine the outdoor advertising sector over the next few years, it forecasts that outdoor will rank second only to internet advertising in ad spending growth.

Out-of-home (OOH) video ad spending is forecast to total $2.25 billion in the US in 2011, up from $1.26 billion in 2007; an almost 100% increase in two years.

“Outdoor advertising is bucking the trend,” said Ben Macklin, eMarketer senior analyst and author of the report, “Outdoor Advertising: A New Look.”

“While other traditional advertising sectors are struggling to adapt to increasingly fragmented audiences and changing media consumption patterns, the out-of-home advertising sector is actually reaping the benefits of the evolving media landscape.”

Out-of-home video advertising networks will comprise the largest component of what is described as the “alternative” out-of-home advertising sector. In 2008, eMarketer projects OOH video ad expenditures will reach $1.5 billion, up 22% from 2007,.

“Out-of-home video is a similar concept to narrowcasting. It’s video content and advertising distributed to captive audiences in such places as retail outlets, transit

vehicles, office buildings, shopping malls, theaters, bars and restaurants, gas stations, hotels and gyms," said Macklin.

eMarketer projects that US outdoor advertising revenues will rise from $7.4 billion in 2007 to $10.2 billion in 2011.

US Outdoor vs. Online Advertising Spending, 2006-2011 (billions)

	2006	2007	2008	2009	2010	2011
Outdoor	$6.8	$7.4	$8.1	$8.7	$9.5	$10.2
Online	$16.9	$21.4	$27.5	$32.5	$37.5	$42.0

Note: eMarketer uses the Outdoor Advertising Association of America (OAAA) as its benchmark source for 2006; includes traditional and digital billboards at-road, at-retail, at-transit, at-events; transit advertising; advertising on street furniture; video advertising networks in-retail, in-office, in-transit, in-theaters, in-elevators etc; stadium advertising and ambient advertising; eMarketer benchmarks its US online advertising spending projections against the Interactive Advertising Bureau (IAB)/PricewaterhouseCoopers (PwC) data, for which the last full year measured was 2006; online ad data includes categories as defined by IAB/PwC benchmark—display ads (such as banners), paid search ads (including contextual text links), rich media (including video), classified ads, sponsorships, referrals (lead generation) and e-mail (embedded ads only); excludes mobile ad spending
Source: eMarketer, October & December 2007

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In addition, IHL Consulting Group, a global research and advisory firm that provides research and market analysis for retailers and information technology companies forecasts that consumers should spend $525 billion at self-service kiosks in 2007 an increase of 20% from the previous year and should increase 18% more in 2008. The Company believes that this trend will increase usage for its class of kiosk which offers entertainment and information and it intends to make its kiosks which are currently advertising supported to eventually offer product transactions such as purchasing movie tickets, coupons and services.

Cap Ventures is a strategic consulting firm for providers and users of business and visual communication technologies and services, identified over 1.7 million viable locations in the United States in which digital signage can be deployed. These include retail, health spas, barber shops, beauty salons, medical facilities, hospitality, transportaion, restaurants, theaters, clubs and bars, stadiums, event venues, casinos, malls various other destinations.

Digital Outernet intends to focus its initial deployments for its City Channel networks such as the one it is deploying in Hallandale Beach and the South Florida market. It plans to develop its city model and to continue to identify new areas for its services and expertise.

It intends to monitor the Power i LLC market test for its Movie i Kiosk and with its expected success to build a city guide application which it will deploy it own test market in the cities where it serves with its digital signage networks.

Besides developing its own digital signage and kiosk networks, the Company plans to offer its technology, software and services to third party companies that wish to operate their own kiosk networks and systems. It believes there is a large market for independent digital signage and kiosks which Smart AVI is currently involved to offer its equipment and technology in the short term as well as a long term benefit that will develop for the operation, maintenance, technical and creative production and advertising aggregation and sales representation services for these independent networks. The idea over time is that the more companies the company is involved with the larger its footprint and influence will be.

5.2 Industry Analysis

5.2.1 Outdoor and Out of Home Opportunities

The Company recognizes that the outdoor advertising sector offers a tremendous opportunity for success because it is becoming more difficult for advertisers to get their brands and messages into homes. The solution for this increasing trend is to reach people where they work, play, shop and the many other places where they spend time away from home.

Another indication for this growing trend is the growth of the Internet and the acceptance of the online advertising paradigm which uses the same technology which creates the convergence that will make it possible to include out of home mediums in the same purchase. The deployment of LCD, Plasma and LED displays gives credence to the axiom, “a screen is a screen, is a screen” and makes the future for digital signage an extension of the Internet. It can be easily recognized that once digital signage or networks are ubiquitous it will make buying advertising outdoors and out of home similar to buying online or Internet impressions.

The Company has identified several business sectors for deploying out of home digital signage networks but plans to focus its efforts and resources on its “City Channel”.

It will also proceed at an appropriate time to petition for a city permit to deploy two bulletin board LED billboards.

It will also test a city guide kiosk network that it is calling “City i”. The Company does plan to develop others networks but only later in its growth.

The “City Channel” is being branded and promoted as a digital signage network that works closely with cities and their chambers of commerce to deploy a state of the art digital signage networks that brings commerce and communications together in an effort to create a medium for cooperative advertising and city communications.

Traditionally Chambers of Commerce have published advertising directories as a means for working with the community and its local businesses to develop and assist in commercial growth and enterprise, as well as to raise additional revenues for its own operations. Media has been a business model that Chambers have traditionally incorporated into their organization's operating budgets. The Company believes that it can offer them digital signage as a means for modernizing these efforts into a contemporary business models. The Company has begun this plan by setting up a working relationship with the Hallandale Beach City Chamber offering it a portion of its advertising loop to offer to its members. As part of its launch of the "City Channel" network, the Company has aligned itself with the Hallandale Beach City Chamber to enable it to use its contacts in the area by offering digital signage to its members and reflect the economic development taking place in the area.

The Hallandale Beach community is committed to an unheralded economic development plan with Forest City that is expected to complete a 440,000 square foot mall that has a 2,000 seat movie theater, 200,000 square feet of restaurants, 70 high-end retail stores and abuts with the Gulfstream Park Horse Racing Track and its Casino. Less than two miles away the Taubco Development Group is building Hallandale Beach Square, which has a 750 seat Movie Theater, 2800 square feet of restaurants and a five story parking structure. Not far from there is the Mardi Gras Gaming & Casino. Less than five miles away is the popular Aventura Mall which is the busiest mall in South Florida and it is currently expanding from 80 retail stores to 200. There are approximately 50 high rise beach Condominiums with the newest being two Trump Towers, one in Sunny Isles – which is a mile south and the other one mile north of Hallandale Beach. Furthermore, Hollywood Florida which is adjacent to Hallandale Beach is going to be one of the host cities for Super Bowl XLIV in 2010.

Chambers of commerce operate in all sizes, from a few hundred members to thousands of members; an average chamber has about 1,000 members. There are approximately 7,800 chambers of commerce in the United States. Of those, approximately 4,500 have paid staff members who manage the organization.

The Company plans to move first on the opportunity to work with the Hallandale Beach, Hollywood, Fort Lauderdale and Miami Chambers of Commerce by offering their membership digital screens for select locations and the right of first refusal to advertise. The package is being positioned as a cooperative marketing and advertising enterprise for the benefit of the community. It's also being positioned to serve in times of emergency as an expeditious communications system to get the necessary information into the community.

By achieving proof of concept for this first deployment – the Company will be in a strong position to take it to other cities and work with other Chambers to provide similar cooperative networks.

There is also a digital outdoor billboard opportunity growing throughout the country with companies such as CBS, Clear Channel and Lamar leading the way towards converting their static billboards to LED boards. The Company believes

there are opportunities in the Hallandale Beach and Hollywood areas to erect LED Billboards and it is pursuing leases with the properties and at right time the permits with the city.

There are very few bulletin size billboards (14'x 48') in the two areas and given their growth and the commercial need for outdoor signage, the opportunity is clear. The Company has been in discussions about this opportunity and is pursuing permits with the City Commission to install LED bulletin billboards in two locations in Hallandale Beach. The response has been positive to the idea and Company intends to pursue these opportunities once it has established its City Channel in the areas.

According to the Florida Department of Transportation there are approximatley 60,809 cars daily that drive on Hallandale Beach Boulevard and 42,000 cars daily on Pembroke Drive, the two streets where the Company has agreements for placing billboards. The traffic is projected to increase by approximately 3% to 6% one the new developments are completed. The LED billboards would be in a perfect location to provide the surrounding businesses with a place to advertise to the high volumes of passing traffic.

The Film industry is another very large advertiser with a rather limited means to promote their movies in the marketplace. They rely heavily on printed posters and use a large percentage of the $34 billion they spend to advertise on outdoor billboards and other out of home mediums. They spend a relatively small amount of their budget for online advertising. With conventional mediums - they can only play a portion of their movie trailers on television and are left to advertise a URL for most of their online and billboard or sign advertising. There is not a medium outside of movie theaters where film makers can offer their best means for advertising a movie; a place to offer their previews or trailers in their entirety. The Company recognizes this fact as an opportunity to work with Power i Media to offer one of the only means outside of the home and theaters to offer a medium that presents previews in their entirety through the remotely managed Movie i Kiosk and use it to create co-operative packages for the City Channel to offer its network to combine in South Florida to reach movie goers. It also will use the experience with the movie kiosks to develop its "City i" kiosks.

The Company intends to pursue its opportunities in all of these sectors as well as others that will arise from time to time. The fact is that the outdoor and out of home industry is at a time of transition with a tremendous opportunity for new companies such as DOI to grow and succeed.

5.2.2 Advertising Shift

There is a growing and evolving transition that is most apparent in the growth of online or Internet advertising. Since 1999 – Internet advertising has been growing steadily in overall U.S. advertising spending to where in 2007 Internet revenues increased to over $31 billion dollars. The top 100 advertisers in the U.S., who represent 41 percent of total advertising spending, shifted about $1 billion last year from TV and newspapers to the Web. An analysis from Ad Age shows that

overall media spending in "measured" categories (TV, print, radio, Web) by the top 100 advertisers was flat in 2007, with 0.3 percent growth to $61.3 billion. But spending on Web display ads rose 33% to $4.2 billion. The article notes: *Put another way, these top-tier marketers increased measured internet spending by $1 billion; slashed newspaper spending by $674 million; and cut TV budgets by $406 million.* Five years ago, advertising-based media, such as broadcast television, radio, newspapers and magazines accounted for 64 percent of consumer time spent with media. In five year's VSS predicts these will account for 54 per cent of consumer time spent, with subscription- and fee-based media accounting for 46 per cent.

Veronis Suhler Stevenson predicts that new media advertising, including cable and satellite television, internet and video game advertising, will grow by nearly 17 percent every year for the next five years, reaching $69 billion by 2009, Financial Times reports (via MSN). By then, spending on digital-based media will push average annual consumer spending on media in the U.S. over the $1,000 level for the first time.

The growth of digital signage in USA and throughout the world confirms that outdoor advertising is gaining traction. Expenditures on alternative out-of-home advertising in USA, according to Leo Kivijarv of PQ Media, increased by 25.6% in 2005 and by 27% in 2006. Digital billboards and displays increased by 55.4% in 2006 at $233.2 million.

While other traditional advertising sectors, such as TV, radio, newspapers and magazines, struggle to adapt to increasingly fragmented audiences and changing media consumption patterns, the out-of-home advertising sector is actually reaping the benefits of the evolving media landscape. eMarketer projects that US outdoor advertising revenues will rise from $7.4 billion in 2007 to $10.2 billion in 2011.

The key to this growing shift towards digital signage will be for a metrics to verify impressions. The basis for the increase of Internet advertising and its quick adoption is its ability to verify an advertiser's return on investment. It is vital that the digital signage industry find an acceptable means for measuring viewers and effectiveness. Companies such as Nielson and Arbitron are involved in studies and Smart AVI applications to provide the industry with this capability and it is just a matter of time before a uniform metric is adopted by the digital signage industry. In the interim, the Company is exploring various means of providing proof of impressions such as using SMS, MSM, email, cameras, retail sales accounts and location documentation.

5.2.3. Digital Convergence

The fundamental advantage and quality of digital media is its ability to converge methodologies and formats. Its other benefits that are further fueling the convergence of digital media are its immediacy and efficiency in distribution, magement and maintenance. These qualities are the reasons why digital signage is a medium for the future and why it is just a matter of time before all digital

channels will be available through central or online systems. Again, the axiom that a screen, is a screen, is a screen makes convergence an obvious outcome for digital media and especially true for advertising. The Company plans to build and integrate inself with all mediums that avaiable to it as added value for its advertisers. In other words, it plans to offer its advertisers – other platforms for reaching end users and target audiences. For instance, an advertiser purchasing an ad on its outdoor or out of home screens may also be offered the ability to send its message through a text message or email simply by offering a code in their ad. Another dimension of media convergence will see the method for purchasing impressions and there will be options to purchase desk top impressions along with out door impressions done in similar methods as Internet advertising is purchase now through google and other search engines and browsers.

Furthermore, the equipment and devices such as its extenders and converters manufactured by Smart AVI are designed to facilitate convergence through such technally engineered products and why the Company besides offering its digital signage software fits well into its future's growing demand for such technology.

5.3 Market Analysis

Digital signage with its ability to offer advertisers and marketers greater flexibility and creative options makes it a very attractive and compelling platform. Advertisers are able to run different ads on different screens at different times of the week and different times of the day without extraordinary or prohibitive costs.

Screen placement dictates the target audience and congruently the advertisers. In other words placing screens in high rise condomiums whose residents are affluent will attract high end restaurant and travel advertisers, or screens placed in high fashion retail outlets will attract the vendors, suppliers and brands sold in the store.

The market is also wide open for LED bulletin-size billboards. There are approximately 490,000 billboards nationwide with less than 10% of them having been converted from static to dynamic boards even though the revenue potential compared to static boards are four to six times greater. This economic reality is an obvious indication that the market will drive billboard companies to convert more and more static boards to dynamic.

The opportunity for placing screens in vertical markets and offering more efficient advertising that targets a specific market is the advantage of digital signage and also the great opportunity for the Company. The opportunities in the market are plentiful and it is just a matter of signing or reserving locations contractually. It is determined to focus on creating a City Channel replacing the void left behind by the diminishing list of city magazines. It sees the city category as a large market segment for advertisers and it will attract local, regional and select national advertisers that want to promote their products and services as part of the city's lifestyle. They can advertise on the City Channel.

5.3.1. Buying Patterns

The Company has taken into consideration established behaviors by advertisers to attract them to targeting its City Channels and developing its business models and it predicts that the growth of digital signage and the diminishing ability to reach audiences effectively in their homes will have a dramatic impact on buying patterns and will result in greater portions of ad budgets being allotted for out of home purchases.

The Company believes that the substantial ability to lower the cost of production while enhancing marketing goals and capabilities will help to increase the demand for such marketing by advertisers and it is projecting continued growth in the size and number of out of home City Channels that it can offer.

The buying patterns in the lifestyle sector have been rising. It is a market that fits the new buying patterns of media planners and should continue to grow because of the need advertisers have for a well rounded media plan and strategy while being target specific. They recognize that advertisers can benefit from digital signage because of its ability to say more, be direct and cost less.

Currently there is an unheralded growth in online and digital media purchases and digital signage is projected to become a part of this preference for media buyers. Part of the trend and attraction to online advertising is its ability to be verified and measured and it is why the key to achieving a postion in media plans is for digital signage companies to be able to verify out of home impressions. The Company intends to focus on this requirement and to provide the metric and reports for fulfilling this requirement to the best of its ability to meet the demand for digital advertising and buying patterns. It will do so first by providing play logs, then by SMS messaging offers and finally with technology that is being developed to capture viewers and their gender.

Software for this purpose continues to be developed by companies such as Arbitron and Nielson. The Company also plans to select locations for its screens that will meet this need of advertisers in other ways which will enable it to offer them an accepted degree verifiability.

It will do this for its City Channel by deploying screens in retail stores, restaurants, common meeting places and affluent condominiums that are well respected and recognized by local advertisers as popular consumer destinations and residences.

Buying patterns for LED outdoor billboards are showing increased demand and are verifiable based on the counts provided by the department of transportation. These figures are public information and can easily be verified. Again, LED billboards offer a growing trend in buying patterns towards digital media.

The buying of patterns for kiosk is a relatively precarious one since most of the kiosks in the marketplace today are service oriented and are not supported by advertising but rather a small percentage of sales. The Company is associated with one of the leaders in this area of digital signage kiosks and although it is widely accepted that kiosks do offer a digital signage opportunity the buying of advertising for an interactive information system is a relatively new medium. Therefore, the Company plans to wait for the results of the market testing for the cinema kiosk – Movie i – to determine whether advertisers will pay to participate for a medium that can deliver their information when it is requested by their consumers combined with the ability to being able to provide them with information that is collected about the them. Traditionally, companies have been willing to pay for such data collection and dissemination but the buying patterns for such a capability has not yet be determined.

5.4 Main Competition

The competition for media or advertising sales cuts across all mediums. The most notable is television advertising which continues to attract the most advertising dollars and most competition. Another notable competitor is the Internet because it is the fastest growing medium and attracts four times more advertising dollars than digital signage. The entire advertising dollar expenditure is $144.99 billion in 2007. Internet expenditures is $11.3 billion, Magazines $24.43 billion on the strength of higher spending by consumer packaged goods marketers. Cable TV spending surged in the second half and finished 2007 at $17.84 billion, and Outdoor advanced by 4.9 percent to $4.02 billion.

Among television media, full-year Network TV expenditures declined by 2.0 percent to $22.43 billion. Spot TV, in the face of difficult comparisons against record-setting levels of 2006 political advertising, plummeted 10.2 percent to $15.59 billion. Syndication TV fell 1.5 percent to $4.17 billion.

Ad spending declines in Newspaper and Radio media accelerated during the fourth quarter. For the full year, Local Newspapers were down 5.6 percent to $22.66 billion and aggregate Radio expenditures slipped 3.5 percent to $10.69 billion. Both media suffered from spending reductions by automotive, media and retail advertisers.

More specifically, the Company faces competition for advertising revenues from other outdoor advertising companies, It competes with a wide variety of other out-of-home advertising media, the range and diversity of which has increased substantially over the past several years, including advertising displays in shopping centers and malls, airports, stadiums, movie theaters and supermarkets, on taxis, trains, buses and subways. Some of the Company's competitors are substantially larger, better capitalized and have access to greater resources than the Company. There can be no assurance that outdoor advertising media will be able to compete with other types of media, or that the Company will be able to compete either within the outdoor advertising industry or with other media. "Leading global and regional players operating in the industry include Clear Channel Outdoor, JCDecaux Group, CBS Outdoor, Lamar Advertising Company, Titan Outdoor Limited, Van Wagner Communications, Planar Control Room and

Digital Signage, EPAMEDIA, MarketForward, Omnivex Corporation, Primedia Outdoor Pty Ltd., and Clear Media Limited, among others.

A Global Strategic Business Report" published by Global Industry Analysts, Inc., provides a comprehensive review of media technology trends, advertising practices, market drivers, issues, and challenges. Technology advancements are leading to innovations in signage, and outdoor displays such as Hi-fi displays, plasma screens, magicink, LED, digital displays and electronic kiosks with interactive touch-sensitive-screens. In addition, continuous innovations are also helping expand outdoor advertising spaces. Marketers today, wield the flexibility to display their outdoor advertisements in a variety of public places like point-of-purchase, newsstands, bus stops, washrooms, airports, subways and public transportation. This is directly translating into a marked increase in out-of-home advertising expenditures and conversely a rise in the number of outdoor advertising contracts signed. Digital printing, on the other hand, has emerged into a major driver propelling growth in outdoor advertising, since it extends advertisers the agility to quickly and cost-efficiently change outdoor ads. The report makes clear that all of these factors, among several others, lay a strong foundation for future growth, by strengthening the perceived effectiveness of the reach, frequency, and cost efficiency of outdoor advertising.

An even more specific or granular examination of the Company's competitors are the other digital signage companies such as Ad Space and On Spot in over 500 shopping malls across the country, Wireless Ronin with its in-store network at 102 Meijer stores, Pump Top TV playing at gas stations and Focus Media, which is a publicly traded Asian Company. Then there are the software companies such as Broadsign, Scala and Dynascan, amongst many others that are concentrating on the software side of the industry.

5.5 Competitive Analysis

The Company believes that competition is less of a factor than in more mature or traditional industries. The digital signage industry is at its infancy and the opportunities for all the players involved are so large that there is less concern with competition and the emphamsis for the Company rests with signing contracts with locations. However, it is helpful to look at how digital and outdoor media compete with the other mediums to get a perspective of the Company's position to grow and succeed.

Broadcast or cable TV is one of the most expensive means to advertise. According to the 2007 figures from Media Dynamics, the cost of a single impression of an advertisement on TV is $15.20 compared to $5.20 for newspapers. Billboards, on the other hand, cost as low as $2.15. However, outdoor advertising accounts for one of the lowest shares of advertising expenditure. According to figures of TNS Media Intelligence, expenditure on outdoor advertising in the first half of 2007 was $1.9 billion out of a total of $72.5 billion on all types of advertising. By contrast, a total of $31.6 billion were spent on all kinds of TV media.

Outdoor advertising has always been seen as a means to increase awareness of a brand instead as a method of promotion. The inability to measure the impact of outdoor advertising, or out-of-home advertising in general, is the major barrier to higher allocations of ad dollars. Digital signage, combined with GPS technologies or tracking by time-of-day, can help to measure the impact of out-of-home advertising. Retail stores, for example, keep track of the time period over which an advertisement was displayed and correlate it with the subsequent sales at the counter. Citi-mobile, which specializes in truck side advertising, uses GPS devices to keep track of the locations that vehicles pass. Typically, the advertisements displayed are sponsored by local merchants; the GPS data helps to determine the neighborhoods which responded well to the commercial. The growth of digital signage in USA and throughout the world confirms that outdoor advertising is gaining traction. Expenditures on alternative out-of-home advertising in USA, according to Leo Kivijarv of PQ Media, increased by 25.6% in 2005 and by 27% in 2006. Digital billboards and displays increased by 55.4% in 2006 at $233.2 million.

Out-of-home TV has an edge in the display of short-form content such as breaking news, highlights of sporting events, and local events such as a fire in the vicinity. It also has an edge in context TV. For example, an expo can use digital signage for keeping participants informed about important personalities at the venue.

Potential companies for investment, we came across two types of them. A few, like Focus Media (Nasdaq: FMCN), Lamar Advertising (NasdaqGR: LAMR) and Daktronics (Nadaq:DAKT) are already successful and their stocks fully priced. Focus Media, a Chinese company, which recently floated an ADR, has appreciated 100% at a peak of $60 over the last year. Lamar Advertising peaked at a five year high of $70 dollars in January ‘07 and has been range bound since then and Daktronics appreciated 400% at $40 between December 2005 and December 2006 and has been range bound since then. These companies can be considered if their prices consolidate at lower levels. The other choices are among a number of penny stocks much harder to figure out. Data Call Technologies (OTC: DCLT.OB), a digital signage software company, is considered by some market analysts as an attractive possibility. Its 52 week price range has been $0.04 and $1.05. Currently, it trades at about $0.08. Revenue numbers currently are modest at $58,000 in 2006 and are expected to be $162,425 in 2007. According to an analyst Kris Gupta, the revenues are expected to leap by 460% in 2008.What lends credibility to these estimates is Data Call’s collaboration with 3M, a long-standing leader in static outdoor advertising and NEC Display Solutions which is building a digital signage ecology. In addition, Data Call has tied up with important networks to get access to customers. It has collaboration with Arena Media Networks, a sports and entertainment TV network. With its collaboration with AdTekMedia, it has access to digital signage at gas stations on top of pumps. Veronis Suhler Stevenson predicts that new media advertising, including cable and satellite television, internet and video game advertising, will grow by nearly 17 percent every year for the next five years, reaching $69 billion by 2009, Financial Times reports (via MSN). By then, spending on digital-based media will push average annual consumer spending on media in the U.S. over the $1,000 level for the first time.

Five years ago, advertising-based media, such as broadcast television, radio, newspapers and magazines accounted for 64 percent of consumer time spent with media. In five year's VSS predicts these will account for 54 per cent of consumer time spent, with subscription- and fee-based media accounting for 46 per cent.

While other traditional advertising sectors, such as TV, radio, newspapers and magazines, struggle to adapt to increasingly fragmented audiences and changing media consumption patterns, the out-of-home advertising sector is actually reaping the benefits of the evolving media landscape. eMarketer projects that US outdoor advertising revenues will rise from $7.4 billion in 2007 to $10.2 billion in 2011.

The Company is uniquely positioned in the marketplace because it will have its own software, computer player and integration equipment and devices for digital signage and interactive kiosks. These elements will be used for its Smart AVI applications and networks as well as to offer them to third-party companies. It will have location contracts that it will make it one of the leading providers and models for city and medicine and it plans to increase and expand these networks and models to continue to attract local, regional and national advertising revenues.

The Company is considering to offer the first interactive kiosk Smart AVI application for cities to give visitors and active residents the ability to learn about destinations, eateries, landmarks, shopping with driving and walking directions and to collect the user's personal information. It has already developed the kiosk software to integrate with the Smart AVI hardware and software to create city and other types of Smart AVI applications for information kiosks.

Finally, its intent to compete against the other large billboard companies may seem difficult on its surface but the timing, location and its city contacts and model offer the opportunity to gain the permits from the city to install such dynamic – digital billboards and it believes that once it has acquired the first two – it will be able to compete nationwide to add to its outdoor inventory. It plans to focus on Southern Florida for the first ten billboards to gather a recognizable level of penetration into an area, one that advertisers will value as an efficient buy. It then intends to use its model to expand into other areas as the market allows.

5.5.1 Ft. Lauderdale Media

The City Channel is positioned to compete with the various other forms of advertising in the Fort Lauderdale Community. When comparing and contrasting mediums, the Company compares favorably with all conventional mediums and when considering existing mediums and formats – it is most like Comcast's local cable advertising.

City Channel	$50.00 to $75.00 30 sec ad per location Total $3,000.00 monthly 500,000 viewers – approximately 2 million impressions
Comcast Cable	$50.00 to $60.00 per 15 second spot ESPN/Lifetime/Golf Recommended minimum purchase $15,000 monthly 3 million subscribers

Radio Stations Top 5

Spanish 107	$300 to $400 per 60 sec morning and afternoon
EDR	$125 to $200 per 60 sec for midday and evening
Power 96	Radio buy ranges from $8,000 to $20,000 monthly
HOT	
Big 106	

Miami Herald Ft Lauderdale Edition 140,000 circulation $5,000 to $6,000 for one week and $25,000 to $40,000 for 13 weeks
Restaurant ad 50,000 circ. 4”x 5.5” $175.00 for 3 weeks
Total circulation 242,635

VI. Marketing Strategy

6.1 Summary

Digital Outernet, Inc. believes that the opportunity for success is strong and the key is to build and market the first two of its network models and to establish them as viable and then take that success and expand the models into other cities and medical institutions throughout the country and even the world. The key is to execute its well planned marketing strategy that is founded on relationships and alliances that it is forging in the public and private sectors who together will work to establish its acceptance in the community and industry through the benefits the two networks offer all of those involved.

The goal of its marketing and sales strategy is to build a City Channel network that will provide effective and efficient communications for messages to reach the target audiences in the community and clients that the networks will serve.

6.2 Marketing and Promotion Strategy

The **City Channel’s** marketing strategy includes the following components:

1) Align with the local Chamber of Commerce to offer an integrated membership package that offers businesses that are Chamber members various opportunities within the Channel starting with placing LCD screens in their place or places of business, time on the screens in their locations, time on entire network for Premium Member’s packages and first rights to purchasing time on screens citywide.

2) Provide the City’s officials and agencies access to screens in all the business locations and residences for its community messages such as employment opportunities, events and charities. And for circumstances deemed to be urgent or in cases of emergency where information is deemed vital for

survival and recovery the full access to distribute such information on a real time basis as deemed necessary.

3) Placement of screens into locations that are recognized in the community as successful, important, popular and established businesses and residences. They must have large enough customer and resident volumes of no less than 5,000 to 10,000 monthly and 1,500 to 2,000 residing and an average stay in the locations or the areas where screens are placed by customer and residents of not less than fifteen minutes.

4) Each business location receives up to 1.5 minutes for promoting its business, products and services and they receive10% of the monthly revenues earned from ad sales that run on its screens. Businesses that provide space in their locations for screens also have the first option to buy advertising in the entire network.

5) Provide an added revenue stream for the Chamber of Commerce in which it can annually earn $144,000 to $210,000 by offering citywide advertising to eight of its member businesses each month.

6) Offer local training and employment in digital technology, marketing and sales.

7) Offer advertisers 12 minutes of a 15 minute loop for 30 and 60 second spots. It offers a fixed duration loop that makes available a means for promoting business, brands, products and services citywide in ways better than any other medium because it delivers the message at a time when it is most acceptable to the audience it serves. It does so at a time not when interrupting a story, or television show or radio program. It is delivered at a time when it is most efficient – at the point of purchase when decisions regarding the message are being made or at a time when the audience is not doing anything else but relaxing, watching and enjoying their free time.

8) The City Channel will be promoted by the Chamber of Commerce, by the City and its officials and agencies as a positive and innovative way for businesses to communicate in the community.

9) Sales people will be provided with power point presentations and tools to qualify the Channel for local, regional and national advertisers showing them the benefits of the network in terms of reaching their target audience and the cost per thousand being very competitive with other existing mediums in the area.

10) Use press releases and local content reports such as surf, weather and traffic to gain additional awareness and interest from the public and recognition by advertisers of the additional draw to the screens.

11) Use short messaging systems (SMS) to provide advertisers with response information and public information that can be used to further advertise and market to the public. These systems can also be used to fill remnant space that is not sold to earn additional revenues.

The **LED Bulletin Board** marketing strategy includes the following components:

1) A permit will be sought from the city to allow the Company to place two bulletin board size LED screens on the properties that it has executed agreements with the property owners in the Hallandale Beach area.

2) A public relations effort will be made to offer the LED screens in cases of emergency as an efficient means for disseminating vital information to the public. The effort will also point out that a dynamic billboard while serving static signs enable more businesses to have access to the same billboard. It will also include the safety studies that have been conducted by independent organizations that have studied the traffic effects of dynamic billboards and have concluded that there are not any negative effects in traffic congestion or accident counts.

3) Press releases will be sent to all newspapers and news bureaus announcing the Dynamic billboards as the first in South Florida and informing the public that the LED boards have an emergency messaging utility.

4) The boards are in a position to benefit the Mardi Gras Casino, Gulfstream Park Race Track and Casino, the Village at Gulfstream Park and Hallandale Square shopping mall developments from the traffic moving in and around the businesses. These are some of the largest advertisers in the area.

5) Media kits with information about the LED billboards will be sent to these advertisers and all outdoor ad agencies and their clients.

The **City i Kiosk's** marketing strategy includes these components:

1) Placement of high tech, touch screen kiosks in key locations for testing purposes that offer City "Information" – "Recommendations" – "Maps" – "Public Transit" and "Coupons and Discounts" Provide a means for the city agencies and businesses to review and analyze the public response to information and offers from any desktop; by location where information is coming from and numbers who requested it and replied that they would go there and those who requested coupons and discounts. Also a means for analyzing the public response to the specific message and advertisement and an ability to collect personal contact information for continued marketing.

2) City i Kiosks will be placed in targeted locations such as malls, book stores, colleges, city buildings, hotels, convention centers, stadiums and arenas and other destinations, landmarks and places for recreation and for waiting.

3) The major destinations in the city studios will all be called upon to participate in a market test and up to five locations with a high degree of walking traffic will be selected. The goal is to show to the City and its businesses that the City i Kiosk will compel the public to view the destinations and businesses to gain insight into the response to their offers and messages by geographic location.

4) Contact the city agencies and businesses to inform them of the results of the market test and provide them with data that indicates to them the value of such information and what was seen by the public as most interesting and how it breaks down by geographic location.

5) Upon completion of a successful market test – media and news bureaus will be contacted to promote and inform the public of the benefits of City i Kiosks being placed everywhere.

6) With the success of the City i Kiosk test – businesses will be called upon to support the kiosk network by paying a per kiosk fee when uploading their information, photos or video and information into the network. The fee places the business' poster into the browse catalog of the kiosk and sets up an independent page that features the business, plays its complete promotion and provides access to the publics response and contact information. The business and agency has the ability to do all of this online and to update and change as they choose. It also gives them the ability to offer an electronic coupon. All of this is offered for a monthly fee which is automatically billed for as long as its business remains in the kiosk.

7) The City i Kiosk will also be marketed to the public online at www.cityikiosk.com This is also the URL address where clients and agencies are able to enter their user name and pass word to get the user data and to up load their information into the entire kiosk network or select locations.

8) Upon the success of the market test the kiosk will offer premium space in the kiosk by offering icons that link directly from the first page to the preview page and other forms of promotional pages such as offering DVD and other of the advertisers' products.

9) Upon the success of the market test for indicating the public interest and willingness to use the kiosk – other means for revenues besides advertising will be sought such as selling general tickets similar to those sold by Costco.

The **Smart AVI software and components** marketing and sales strategy includes:

1) Initially all marketing of the software and components will involve using them for the Company's networks which will help to further establish the products in the marketplace.

2) The Company will make sure to include the benefits and superiority of the software and the components such as the Smart AVI player computer, extenders and converters that it uses in all of its Press Releases when announcing the various networks to the public and to advertisers.

3) The Smart AVI software and equipment will be supplied to the Technology Village that will be training and educating young adults for the digital signage industry.

4) Instructors will be provided for the Technology Village school by the Company.

6.2.1 Defining and Positioning Network Services

The City Channel is a digital signage network that brings the community together through communications and commerce. It works closely with the city and Chamber of Commerce to provide a means for businesses to do cooperative advertising and to have a means for distributing community and emergency messages. The City Channel will also play a crawl and scroll that offers real-time traffic information, weather and surf reports for the city.

The City Channel will initially be placed in forty (40) locations in the Hallandale Beach area which will be a mix of the most popular businesses in the area. It will be placing up to 100 displays in order to provide the impressions and efficiency needed for its advertisers. The locations will combine to offer advertisers the ability to reach approximately 300,000 residents, shoppers and visitors in the area each month. The locations will provide access to an aggregate audience that is mostly people who shop, eat out, are active, employed, have expendable income and reside in the finest residences in the area. Vendors and suppliers to the locations will be able to promote their brands, surrounding businesses will be able to promote their businesses locations and the products and services they offer and the city will be able to promote its special events, job opportunities, charities and public messages.

The Company believes that once its initial deployment is complete that it will be able to add another twenty (20) to forty (40) locations in businesses and condominium high rises bringing its aggregate audience to approximately 600,000 making it the most efficient and cost effective advertising medium in the City.

Two bulletin size LED billboards if placed on Hallandale Beach Boulevard will reach approximately 60,000 automobiles driving past it daily and Pembroke Drive where over 42,000 cars pass daily. These figures will undoubtedly increase when the Village at Gulfstream Park and Hallandale Center Shopping Malls are completed by 2009. The close proximity of the dynamic billboards to three large malls, two casinos, the race track and about 300 retail stores and restaurants that will be opening and needing to get their brand and message to the public and will make them an ideal consideration. The billboards will also be offered to the Movie industry to advertise their feature film releases that will be playing in the two new theaters and are playing in the Theater at the Aventura Mall. The three theaters will have a combined 4000 seats.

Furthermore, having two LED billboards centrally located in the City of Hallandale Beach will offer an important addition to the city's need to communicate emergency information to the residents and traveling public. The technology of the LED screens makes it a viable option to deliver vital information to the public. The screens will both have gasoline generators that will enable them to continue to operate during brown outs and power failures.

The **City i Kiosk** offers the public an efficient and entertaining means for being provided with the full scope and benefits of a city destination, restaurant, clothing store, landmark, hotel, etc. with maps, driving and transit instructions, weather reports and value added discounts and coupons at outside the home locations. It is an entirely free service to travelers and visitors to access information and request to receive coupons and discount offers – special dates, programs, offers, etc.

Businesses and agencies receive a most efficient and reliable means to advertise their locations and businesses to the public along with receiving a free market analysis and the collection of consume data collecting.

6.2.2 Pricing Strategy

The City Channel is priced competitively with other outdoor and conventional mediums. The price for advertisers starts at $75 for a 30 second sign and $140 for a 60 second and decreases to $50 for a 30 second sign and $95 for 60 second spot when all locations are purchased. It places the CPM at about $6.00 for a 30 second and $11.40 for 60 seconds. The CPM for impressions is even less when considering that in some locations where the average length of stay in a location is over 45 minutes per person but these impressions will be considered bonus exposure for the advertisers.

The bulletin size LED billboard offers six to eight advertisers a ten second spot each. The Pembroke Drive Billboard and Hallandale Beach Blvd. Billboard reach approximately 1.26 million and 1.9 million drivers monthly respectively. At a cost per thousand of $3 per thousand they would earn $3,780.00 and $5,700.00 respectively per spot monthly.

The City i Kiosk charges businesses on a monthly basis. The price per month decreases with the more kiosks that are purchased in the network. The price for buying advertising in one kiosk is $225.00 a month while the cost for buying into a network of 1000 kiosks is as low as $20.00 a kiosk.

Smart AVI Software and equipment is priced for third party companies at $990.00 for the software and Smart AVI player/computer. The components converters and extenders sell for $350.00 and $450.00 respectively.

6.2.3 Marketing the Network

The City Channel offers a city and its businesses a state of the art media system that stimulates commerce and community. It is a new media that offers well paying jobs and a means for generating cooperation between business and a new revenue stream.

The Company intends to expand the model to other cities using the same model and experience to present to other Chambers the results it realizes in Hallandale Beach and the benefits the community derives from it.

The fifteen minute loop displays information about products being offered at the point of purchase, brands, businesses and services available throughout the city.

The benefits of digital signage are well documented by Arbitron who conducted studies and reports that the public is four times more likely to retain information it views on a digital screen over a static sign. They are six times more likely to act on the information being offered on a dynamic screen than a static sign and digital signs are 75% more likely to be read than a static sign. 81% of all consumers are most interested in seeing video programming in the store they are in – including sales and specials, product information and special events.

The City Channel model includes working with local government agencies besides the Chambers, with Department of Transportation, Public Safety, Law Enforcement, Health and Human Services and Weather Bureaus to offer the public important information such as real-time traffic, weather, surf, employment, and whenever needed emergency information.

LED bulletin billboards are being installed all over the country. The Company believes that the opportunity to deploy outdoor dynamic bulletin-size billboards has never been greater and it believes that by offering an advertising buy that would integrate an outdoor boards with its out of home digital signage network inside businesses would give it the ability to offer advertisers a far more efficient penetration rate in the areas it serves. It would give advertisers the ability to follow their target audience all the way to the point of purchase.

The Company plans to secure the first two permits for dynamic billboards in the Hallandale Beach, South Florida area. South Florida is a prime area for such dynamic signage and it believes that the cities in the area are ready for such boards to be installed. It intends to use safety studies conducted by Tantala Associates called “A Study of the Relationship Between Digital Billboards and Traffic Safety in Cuyahoga County, Ohio”. The study unequivocally reported that over a 12 month period, “the accident statistics and metrics are consistent, exhibiting statistically insignificant variations.” There findings state that there is not a correlation between vehicular accidents and billboards.

City i Kiosk offers advertisers a 10 second ad in the loop that plays when the kiosk is not being used. It places business posters in a touch activated catalog for visually browsing business and destinations and categories for city activities and commerce. It gives each location a video preview and profile page. It offers online access to user information which includes usage, responses and personal contact information. There is not any conventional platform – not even television that can so efficiently and effectively promote city destinations, travel, etc. The Company is working on a market test for the systems in order to provide the city with empirical data as to its use and the interest that it will create.

The Company is working with Smart AVI to expand its Kiosk software to offer other Smart AVI applications. It plans to market the kiosk software to create Smart AVI applications for retailers, commercial building managers, shopping malls, health care facilities and health spas to name only a few potential client categories.

It also believe that it would make add a strong dimension to its City Channel network to offer a package of promotions in and around the city.

The **Smart AVI player SignagePro** and software to operate and schedule digital signage is designed to make it easy for anyone to manage a digital signage network. It is simple yet scalable and uses all file formats including Power Point. Smart AVI is in the business of marketing its software and components to third party companies and it has experienced that companies purchasing its software and hardware require its support services and some request that it operate and manage its networks – learning that they are not equipped or experienced in digital signage. The Company plans to use SignagePro for its networks and to expand the recognition of the brand by making it the system for all of its networks. This will help to convince many more companies to use their software and to help it to compete with some of the other more entrenched software companies such as Broadsign, Scala, Coolsign and Wireless Ronnin.

6.2.4 Training and Educating

The Company believes that digital signage is an industry that can play an important role in creating new jobs and bringing people into the digital age. The Company is aligned with a technical school in South Florida to help it to establish a Technology Village and it will assist it in formulating its curriculum to offer students the skills and training they need to fill jobs. The school will enable it to draw its personnel and staff locally to work for the Company. It will offer the school internships and mentoring programs to offer students practical hands-on experience.

The skills needed for digital signage are similar to those that almost all companies require in their IT and sales divisions. It requires skills in computer PC operating systems such as Apache/Linux/Windows/Macintosh Server Software. It will train in digital signage software from Scala/Broadsign/SmartAVI/Wireless Ronnin/Scheduling Publishing. It will train to understand equipment procurement and the types of equipment that are used such as LED, LCD, Plasma, Projectors and Computers. It will teach about its kiosk software and work to develop information kiosk Smart AVI applications for touch screen and Network Administration – Equipment/Software/Wireless Technology/Remote Technical Support, Equipment Installation – Cables, Screens, Mounts, Internet Connection, Routers, Splitters, Implementation, Design and Content Creation - After Affects/Photo Shop, Flash, Illustrator, Graphic Design, HTML, XML, Final Cut Pro, Live Type, Quick Time, Windows Media. It will work to train office administration and Sales Support, Collateral, Quirk Xpress, Indesign, Acrobat Production Management/Advertising Trafficking/Ad buys and Campaigns; Billing,

Accounts Receivable/Accounts Payable/Payroll/Quick Books, Excell. It will train for advertising sales – lead generation – positioning the network – Developing Selling Points – Creating Sales Presentations – Power Point and DVD – Collateral materials – Determining Price Points – Merchandising – Branding and Communications.

6.3 Sales Strategy

The Company is calling on experienced and success oriented sales people to conduct its efforts on all fronts. These fronts ask them to sign up locations for screen placement, advertising using the tools provided and equipment software and devices which are a secondary importance. The Company intends to also offer its services in consulting, production, network administration and sales representation.

6.3.1 Locations

The Company selects locations based on their quality of audience. Quality is defined in this regard as those that are successful and attract quantifiable large volumes of customers, patrons, residents and visitors. The Company offers locations two, three and five year contracts in which it supplies the screens and equipment and in some cases the initial production of its own signs. The size and volume of a business and its traffic also determines the number of screens that are placed in the location. For instance, a location that attracts 10,000 people might receive two screens while a location that is selected with 5,000 customers may only receive one. Another factor for determining the number of screens that are to be placed is the behavior of the customer. For instance if a location has an area where all its customers can view a screen, it might only receive one screen even though it has a large audience. Finally, the other factor that is determined by the audience of a location is the length of the loop. The Company tries to select locations where people spend at least twenty minutes so that it can derive enough revenues from the loop size. Twenty minute average length of stay warrants a fifteen minute loop, which enables the Company to offer a total of 30 fifteen second ads.

The Company offers the location where it places screens 10% of the loop to play its messages and 10% of the revenues that are directly generated from those advertisers running on the screen in its location. The locations are responsible for providing for electricity and an Internet connection. It is also under contract to provide data about its audience, venders, suppliers and its sales or the business it conducts. These figures enable the Company to establish a profile of the location and to use the data to target advertisers and to qualify the location for advertising sales.

The Company will be exploring software Cognovision and TrueMedia that are designed for metrics to provide advertisers with information about the audience and a means for auditing the number of impressions that it receives by location. It also will at the appropriate time consider contracting a third party company such as Nielson and Arbitron to provide independent metrics to qualify and quantify the audience that the network or channel that it reaches.

The LED locations have been selected on the basis of there being a large growth in development of business with two malls being built, two Casinos and a race track that all attract an extraordinarily large number of people as well as offer a strong source for advertising revenues.

Leasing contracts are being signed with two property owners that are contingent upon permit approval for the LED bulletin-size billboards by the Hallandale Beach City Commissioners. The contract stipulates a fair market lease of the land being used based on size and value of the property. The Company offers indemnity to the property owner for any taxes or liabilities that might arise from the install and operation of the LED billboard and a 3% revenue share.

The City i Kiosk will be deployed in locations under similar criteria as determining locations for digital signage with the added criterion being to identify locations that have audiences with a proclivity for interactive use. Kiosks are placed in locations with areas where the public will have easy access, incentive and time to interact with the kiosk to gain information. There are two means for determining such a potential proclivity for a location that goes beyond just the size or volume of the audience; their average age and the preponderant activity of the audience that frequent the locations. That is why the Company has selected travel, entertainment and hotel locations for its test market for the city kiosk. Also book stores, college campuses, bowling alleys and shopping malls will be consider. The logic being that college students are active, new to the area and the most likely to attend museums and other destinations where they would seek information; malls almost always have a large mobile crowd with time to pursue such information; people spend time in bookstores and fit the personality type of those who would use an information kiosk, and; bowling alleys are places where people have lots of time while waiting their turn and there are other machines and kiosks that people generally interact with and are of the right age range to have the proclivity to interact with a kiosk.

Locations for the kiosk receive a flat rate such as $2,000.00 monthly, which is what the Taubman Company offered for the Beverly Center Mall, in Los Angeles while the University of Southern California Bookstore offered to receive 20% of the advertising revenues generated by the kiosk on its premises or $500 monthly; whichever is more.

6.3.2 Advertising

The City Channel is positioned to attract local, regional and national advertisers given the size of its audience and penetration rate. The Company plans to focus primarily on local advertisers having deployed its screens in Hallandale Beach which is an area that is growing in commerce and has two large shopping malls with a third only five miles away in Aventura. It has two large casinos and a world famous race track. The strategy is to call on these large local advertisers and others such as auto dealerships, real estate firms, banks, mortgage companies, jewelry and furniture stores, auto and tire shops, and restaurants. It will call upon the retailers inside the malls to give them a means for reaching the community outside of the mall. The Company is also set up with the Hallandale Beach Chamber of Commerce to provide its membership of 212 businesses and organizations and its endorsement for the Channel. The Channel offers the perspective of being a community network and a communications tool for the city and its citizens. The case will be made to local advertisers that by supporting the City Channel – they are also supporting a communications network for the city that will help to disseminate information for commerce and to deal with instances of disaster and emergency. There are 24 thirty second ads available in the network being sold at $50 each for all 40 locations making the cost per ad $2,000.00 a month. There will be discounts offered to advertisers who sign multiple month or frequency contracts; 2.5% for three months, 5% for six months, and 10% for a 12 month contract.

As part of the added value services that can be offered to advertisers the Company has aligned itself with a short message service in which electronic coupons and direct response text codes can be added to the ads to provide response information, lead generation and customer incentives with coupons and compelling messages. Depending on the nature of the program, the advertiser may be charged for the text message service or receive it as part of the ad campaign cost.

The **City i Kiosk** is an outdoor signage system that offers advertisers the the two benefits of advertising their businesses and the consumer's response. Every touch of the screen can be reviewed and analyzed in order to give the advertisers a true understanding of the market response to their product or service. What's unique is that the response review is immediate and will be pointed out to the advertiser as one of the attractions of the kiosk medium. The cost to advertise in the kiosk is unconventional since the time allotted to their message is open to whatever length they choose. Their video promotion can be as long as three minutes and still cost the same. The advertiser receives a ten second ad in the loop which plays when the kiosk is not being used. They receive a place in the poster search section which revolves to the front with each use of the kiosk or if it is an event as it move closer to the opening date. They receive a preview page that includes the video promotion, a description of their products, services and attraction, opening dates, rating from a critic, any special events, times

etc., maps and transportation means for getting there. It enables the user to receive additional or timely information, coupons and notices about events by enabling to enter their email or text message number. The information will be made available to the advertiser from the web page at www.cityikiosk.com with their username and password. The Kiosk also offers further added value to advertisers because they will receive impressions from the web site where anyone who wishes to access the City i kiosk from the web site will see what is happening in the city, restaurants, shops, amusement parks, etc. from home desk top. The Kiosk also offers a premium ad buy which places up to four icons on the front pages of the sections, and distinguishes the attraction from the poster browse section and takes the user directly to the preview page of the business. The icon can also take the user to a further survey page or a product order page. The cost for such a premium is relatively inexpensive and can be added to any of the kiosk pages. When comparing the services provided by the kiosk and the cost for providing such a medium it makes it a very attractive investment.

6.3.3 Technology and Smart AVI Applications

The Company uses LCD displays for the out of home networks. It purchases displays based on best price available since most LCD are relatively similar in quality. It is paying approximately $550.00 for a 42 inch LCD.

The Kiosk displays are touch screen LCD technology and have vandal proof glass. The entire system including the casing is purchased from T.S. MicroTech, Inc. The entire cost for kiosk is $2,200.00.

The Company has selected to use the digital signage software technology by Smart AVI who owns a patent for video on demand technology which it has applied to a digital signage Smart AVI application it calls Smart AVI. The software is designed to make it easy for any IT division or marketing group to operate its own scalable network. The software can provide for a sophisticated digital sign publishing using such formats as Adobe Illustrator or After Affects to more simple production formats in which signs can be produced in Power Point.

Smart AVI's current business model provides a solid state PC/Windows based computer player that has the software built in. The player called SignagePro and Smart AVI sell for approximately $1,000.00. There are no royalty fees or other costs unless the client wishes to purchase the latest update. Smart AVI also manufactures its own extender technology which enables the use of up to 60 screens on a single SignagePro player/computer. It also manufactures its own converter which enables screens to operate on CAT5 cables instead of more expensive and inefficient video and audio cables.

The Company also has plans to place sophisticated power backup supplies in key locations in case of power outages. The power packs can operate the screens and player/computers for up to seven days.

The Company has developed its own proprietary kiosk software that integrates the hardware, flash content and an Internet database system. Smart AVI in a joint venture agreement with the Company is migrating the kiosk software to the SignagePro player/computer. It is also developing the software to make it possible to use a Wizard technique to select from a menu of templates to make it simple for outside companies to develop and create their own Kiosk Smart AVI application. Essentially it is applying its digital signage model to information kiosk Smart AVI applications in order to sell its hardware and software to independent companies that wish to operate their own systems.

The Company is considering two manufacturers of LED bulletin board technology; Daktronics and Apcus Technologies. Both companies are competitive and have been involved with over 3,000 installations. It is leaning towards Daktronics because of its experience and support in the outdoor bulletin board business in which it supplies such companies as Lamar and Clear Channel with its outdoor LED billboards. It is considering Daktronic's Velo 16 mm 12' x 42' LED which is priced at $165,000.00.

Finally, using Smart AVI's extenders and converters, the company is able to operate up to 30 displays in a single location using the same player/computer. The hardware is engineered by Smart AVI using its knowledge and experience of the digital signage industry and its needs to make it more cost efficient.

6.3.4 Services

The Company will be self-sufficient for its digital signage and kiosk networks so that it will maintain an in-house staff to provide all of the services required to develop, operate, manage and sell its digital signage systems.

It will outsource the installation of its screens and networks in the Hallandale Beach area to Tech 3 Technologies and it has not selected a company as of yet for the ProHealth facility or for the Movie i Kiosk. Once the installation is complete, Digital Outernet, Inc. will conduct all the business of digital signage and the remote management of its networks. There will also be instances in which the Company will seek outside sources to trouble shoot equipment problems when equipment is located in places far enough away from its offices that it would be cost efficient to do so.

The Company will outsource the LED installation for a 45' high pole that can withstand winds of 145 mph. The LED installation will be done by USA Structures located at 326 Industrial Park Drive Woodstock, AL 35188 for a cost of approximately $48,000.00 per LED. The LED billboards will operate with Smart AVI software and each screen will have

a gas operated generator so that in situations where there are power failures or outages the screens can be used as a source for disseminating information to the public during disasters and other emergencies where there is high likelihood of power outages.

The Company will be in a position to offer third party companies the support and services it may need to operate its digital signage. Support such as advertising sales and production can become an added revenue source for the company. It can be foreseen that having an added network of screens in which advertisers it sells for its city and health channels can buy into outside networks similar to the way advertisers buy banners and text links on the Internet from other web sites. .

VII. Operations

7.1 Summary

Digital Outernet, Inc. is a media company that uses the latest in digital technology to deliver a visual, dynamic and real-time message for its clients to what will be a viewing public of over 300,000 residents and visitors in the area. Its fundamental operations have to do with providing content and advertising to support business and community. The Company has identified its niche market that it plans to exploit and expand into cities throughout South Florida and eventually across the Country. Its model requires a relatively small number of technical support and staff as it expands relying mostly on the technology to empower it to scale up and service more cities. It plans to work with the Chambers of Commerce to identify successful businesses and locations. It will work with public agencies and take advantage of the content provided from its advertisers and from agencies such as the department of transportation, weather bureau and news agencies.

The kiosk operations will require a small staff and is designed to be able to have the client its content and messages for the public. The will be able to upload content from their desk top computers using the Company's web site to offer their video reviews, information and travel directions. There are a very large number of advertisers that will be called upon for the city kiosk that are the same advertisers for the City Channel. The process is the same whether there is one kiosk or five hundred in the marketplace.

The LED is also operated on the similar premise needing only a small staff, low maintenance and a similar client base which means increased profit margins. The key reason that the conventional billboard companies are working so hard to exchange their static boards for dynamic billboards is because of these features and the their quality of requiring labor while providing more revenues.

7.2 Technology Administration and Support

The systems administrator controls the computers within the company, the network server and web sites and the computer players in each location. He or she also watches the LCD screens that are deployed, which generally have a shelf-life of approximately five to six years. It is rare that a screen needs to be replaced or fixed, but if something does go wrong then the relatively low cost makes it easy to replace rather than to repair an LCD screen. The administration of the technology is done from a desktop computer to a central server that manages all the local computers or servers. The power of the software enables one administrator to operate the company's server which is used to distribute and schedule content and houses the web sites and database. From a central location the administrator can manage as many as five hundred locations each with players and a thousand screens. The computers need to be maintained for security and viruses. The player computers need to be ensured of their connectivity to the Internet and the central server, hard drives need to be defragged on a monthly basis and monitored for any malfunction or disconnect and finally the administrator manages all the data files to be ensure that they are maintained and cleaned up when they are no longer needed.

7.3 Programming and Smart AVI Application Services

The programming is minimal and relatively simple given the digital signage software. From time to time there will be a need for programming in PHP and MYSQL and flash and for HTML and XML for the company's web site. These kinds of skills will in most instances outsourced to Smart AVI until its demand within the Company through its convergence of mediums makes it cost efficient to bring in-house.

The Company is developing its kiosk Smart AVI application through Smart AVI's programming staff. The plan is to eventually bring the Smart AVI staff into the Company. The Company is in discussions with certain individuals that are interested in developing its city directory kiosk Smart AVI applications.

7.4 Sales Support and Procurement

The Office Administrative Staff will provide support for the sales team and will assist in equipment procurement which will be initiated and determined by the network administrator who knows the equipment and what is needed. The staff will send email to all prospective advertisers and it will maintain records of all equipment purchases and repairs. The sales staff will identify potential advertisers and the support staff will work with them to get information and collateral materials out to them regularly. The administrative staff will also manage and control shipping and delivery of equipment to the locations where they are to be installed or used.

7.5 Production Services and Support

The Company will provide its advertisers with production and editing support. In most cases it means working with existing graphics and display ads the advertiser has run in other mediums. The Company staff of digital signage creators is made up of skilled editors and graphic designers. They will also be capable of working on web sites and adding content to the network through the network administrator. This division will provide support to the sales staff by creating and formatting the digital signs for advertisers initially as an added value to offer incentives to sign frequency contracts. In other words production will not be charged if the advertiser signs a three to six month contract. Thereafter, production services will be charged at a discount rate of $65.00 an hour. The Production staff will also offer its services to third party companies that purchase the Smart AVI players and software. It will bill for its services at a fair market fee which is about $165 an hour for such production.

The Production staff will work with the Administrative staff whose job it will be to contact advertisers for all the mediums to gather their elements that will be used to compose their digital signage. The administrative staff will log the content received while the Production staff will work with the client to receive instruction as to what they wish to see for their digital sign.

7.5 Roll Out Schedule

The Company expects to begin the first phase of its City Channel around the beginning of April 2009. It has signed contracts with 40 businesses and has identified as many as 25 additional locations that it intends to expand once it goes live on the screens and begins operating inside the first set of businesses. Eventually the Hallandale Beach City Channel will be made up of 60 to 75 businesses, which are retail stores, restaurants, nightclubs, casinos, banks, hotels, health spas, medical facilities, the race track and several of the large high rise condominium residences. It is dy in discussions to place screens in several high rise condominiums such as the Avant Garde and Hemispheres.

See the Appendix for a list of the businesses and condominiums.

The installation is being handled by Tech 3 Technologies. They are based in South Florida and have experience with the Company installing and maintaining its flat screens, setting up computers and managing its software. They have ten installers and have committed to a schedule of completing the entire deployment of 85 to 100 screens, 40 computers and 10,000 feet of cable in the first phase of 40 locations within 10 to 15 days. Once the systems are in place and the static IP addresses entered into the central server, the Company will at that time proceed to communicate with the player/computers through the Smart AVI software, a task that should take approximately ten minutes. With the software fully functioning and communicating with the central server and having all of the

player/computers responding – the company is ready to upload the advertiser's messages according to the schedule and loop that is input into the central server, which then automatically proceeds to load all the player/computers accordingly. This final process is done remotely and will be completed within one to two hours.

The Company's kiosks are manufactured in Taiwan and require 30 days from the time the Company places the order. The Company expects to roll out the market test at the end of September and to run the test for 90 days. The install of the kiosks are relatively fast because they are self standing with its equipment fully contained within its container.

VIII. Financials

8.1 Notice of Forward Looking Statements

The forward-looking statements contained herein are based on current expectations and the Company assumes no obligation to update this information. Therefore, the actual experience of the Company results achieved during the period covered by any particular projections or inclusion of projections and other forward-looking statements should not be regarded as a representation by the Company or any other person that these estimates and projections will be realized and actual results may vary materially. There can be no assurance that any of these expectations will be realized or that of the forward-looking statements contained herein will prove to be accurate.

8.2 Development Costs and Current Performance

Digital Outernet, Inc.'s partners and members over the past five years have incurred approximately $2.04 million in development costs from July of 2003 to December of 2008. During that period they have developed a successful digital signage publishing software, a solid state player computer, extender and converter devices and a touch screen and database kiosk software. The bulk of these contributions were made by Smart AVI who owns the digital signage software and the hardware, while jointly Smart AVI and Power i Media, LLC has contributed to the development of the kiosk concept and program. The Company intends to use these networks for its business and its Partners are willing to accept stock and cash for making the technology a part of the Company's assets.

The Company intend to complete its request of the Hallandale Beach Community Redevelopment Agency for a grant of $250,000.00 to build its City Channel. Given the first $125,000 of this grant, the Company will proceed to build the first phase of the City Channel which has the potential to earn gross revenues of approximately $70,000.00 monthly. The Company is confident that it can reach this earning level within 90 days from the start of its operations.

Power I Media, LLC has been operating the digital signage for International Shops Duty Free Store at John F. Kennedy International Airport's Terminal One where it has operated the screens for the past three years. Even though Broadsign recently published that it was the first to integrate real time weather data into its systems, the truth is that the Power I Media, LLC for the past three years has operated the screens in the Duty Free stores with real time weather and airline arrival and departure information being fed into its screens and made available to the shoppers with the digital signage it sells to various products and brands being offered in the stores. This knowledge and development for doing it, is going to be applied to the City Channel to offer real time weather, traffic and surf reports.

The Company is prepared to complete its negotiations for a 20 to 30 year land lease for two properties where it wishes to receive permits that will allow it to proceed with its placement of two LED bulletin-size billboards in the city of Hallandale Beach.

Top Shops International, Inc. for over fifteen years has been a community organizer and business leader in Hallandale Beach. It has developed invaluable and important relationships in the City of Hallandale Beach and it is its position in the community that has made it possible for the Company to take advantage of the opportunities that are being made available to it. The principal of Top Shops, John Hardwick sits on the board of directors for the Hallandale Beach Chamber of Commerce and is a board member of the Palm Community Coalition, which is an organization that serves a liaison to the city commission for the people the Northwest Corridor of Hallandale Beach. It is his development of these relationships that has put the Company in a position to benefit.

The Company has submitted its proposal for the Village at Gulf Stream Park's RFP for a media company to represent the mall and race track's media assets.

The Company is poised to take advantage of all these developments and to move forward to build a new media company that is efficient and effective and part of the growing transition and convergence into the digital media world.

With one of the Company's principals already working with the Pegasus Group and KRD Media in New York to establish its first phase of the Women's Digital Network, it plans to combine the efforts of the two companies to form a close relations for its City Channel and Women's Digital Channel and to use its relationship to expand the networks and to offer advertising to Madison Avenue agencies.

8.3 Revenue Projections

The Company relies on advertising to support its digital signage networks with supplemental revenues coming from its production and consulting services and equipment and software sales. The goal of the company is to build its City Channel model in Hallandale Beach and to offer it to the surrounding cities in the South Florida area for year one and into Q2 of year two. It then intends to offer the City Channel to other states such as Georgia by the end of Q3 of year two and then at the end of Q2 of year three take it to Louisiana and Missouri in an effort to increase the size of its network and be able to offer a strong footprint for digital signage in the South region of the United States by the end of the third year. Its plan calls for having screens in over 900 locations in the Southern Region. It then plans to build the City Channel model in states on the east coast such as New York, Maryland, Massachusetts, followed by California, Nevada, Colorado and Arizona for west coast states so that the City Channel will grow to 3000 locations by year four and then by the end of the fifth year be operating in 5,000 locations covering the Southern, Eastern and Western regions.

The Company expects to be in 300 locations in Hallandale Beach, Hollywood, Fort Lauderdale and Miami by Q2 of 2010. The Company projects gross earnings from the City Channel at the end of the first twelve months to be approximately $985,000.00 which is approximately 45% of the potential sales of $3,024,000.00 for the City Channel. The expense for setting up 300 locations is approximately $720,000.00. The revenues by the third year could reach approximately $3.6 million. Year three is projected to be $6.48 million; year 4 will gross $10.8 million and by the end of the fifth year, the Company's annual earnings from the City Channel should reach $14.4 million.

If the Company is permitted to install two LED displays in Hallandale Beach City its earnings for the months remaining in 2009 is projected to be $204,000 and $225,000. In the end of twelve months it will earn approximately another $244,000.00 and $302,400.00. It plans to add two more LED bulletin board size billboards in Southern Florida by Q2 of 2010 - giving it 4 LED billboards in Southern Florida and by the end of Q4 of 2012 it will have 10 LED boards in the area with earnings of approximately $3.2 million annually.

The City i Kiosk network will begin to be deployed after the market test assuming that the city allows it to be placed in public areas and has the support of the business and organizations to support it. It believes that based on the results from the test that it will gather such support. Assuming that the test is successful, the Company plans to deploy 75 kiosks in year 1 and earn approximately $540,000. It plans to expand the kiosk network to 150 locations by year two; 300 by year three and 500 kiosks by the fourth year, earning approximately $24 million annually.

Category	Year 1 Gross	% of Total	Year 2 Gross	%of Total
City Channel	$ 985,000	37.7%	$ 3,600,000	57.6%
LED Billboard	449,000	23.4%	546,000	11.7%
Movie i Kiosk	540,000	24.3%	750,000	16.4%
Software Components				
Smart AVI Services	65,000	2.3%	145,000	5%
Totals	**$2,039,000**	**100%**	**$4,896,000**	**100%**

Salaries and compensation for the first year total $384,000.00; year two will be $500,000, year three $850,000.00; year four $1.2 million and year five total of $1.6 million.

8.4 Capital Requirements

A total first round capital infusion of $4,000,000.00 will be sought once it has proven its City Channel model and has signed contracts with the cities of Hollywood, Fort Lauderdale and Miami in order to accelerate the execution of its plan and thereby roll out aggressively and begin to market a larger network and build the advertising base that recognizes its City Channel and City I Kiosk brands and finds them valuable and a source for promoting their businesses, products, services and brands. The Company expects to explore the benefit of seeking an IPO or a strategic investor within 24 months in order to continue its rapid growth and to maintain its competitive edge. The eventual merger of the Founders' three companies will put the company in a position to compete with the other digital signage companies in the market and will establish a value for Digital Outernet, Inc at approximately $20 million.

IX. Management

9.1 Organizational Structure

Digital Outernet, Inc. a Florida C Corporation is pending registration for business in Southern Florida for long-term capitalization and growth. It will be made up of a group of existing Corporations and Limited Liability Corporations that are prepared to merge under the proper capitalization in order to execute the business plan and to justify continued capitalization.

9.2 Management Summary

The executive management's respective positions and primary areas of responsibility are as follows:

Steve Fecske	President
Albert Cohen	Chief Technical Officer
John Hardwick	V.P. Business Development
Joe Kessel	V.P. Corporate Sales
Teresa Schneider	V.P. Marketing

Matan Morag	Comptroller
Ron Weprin	East Coast Medical Sales
Bruce Warren	East Coast Marketing
Irwin Schneider	Board Member and Advisor
Steve Tcherchian	Director of Technology

These officers bring a wealth of experience in technology, digital signage, advertising, production and sales. Please refer to the Appendix for additional information about its management team.

The Company intends at the appropriate time to hire an executive search firm to interview candidates for the CEO and CFO positions. By the end of the first year the Company will interview candidates for sales of its technology to sell its hardware components, digital signage software and kiosk Smart AVItions. It will also form a team that has expertise in responding for the RFP from larger companies and to explore the pursuit of larger digital outdoor opportunities such those from airports, transportation hubs, malls and large retail chains.

Digital Outernet, Inc. Corporate Structure

The Company will be registered as a Florida S Corporation. It will authorize 5 million shares of Common stock and will issue the following shares to its executive staff according to the agreement it has with its members.

Steve Fecske	President	1,000,000
John Hardwick	Executive Vice President	1,000,000
Albert Cohen	Chief Technical Officer	1,000,000
Steve Tcherchian	Director of Technology	250,000
Joe Kessel	Vice President Sales	250,000
Irwin Schneider	Vice President Business Development	125,000
Teresa Schneider	Executive Sales Director	125,000
Matan Morag	Vice President Finance	150,000

Appendix 1
Biographies of Key Management

Biographies of Key Management

Steve Fecske, President

Steve Fecske over the course of his 20 year career has founded and headed up several successful high tech media and marketing companies which he served as President and CEO. He started and ran a telephony company called Telemedia Network, Inc. building state of the art and award winning telephony and entertainment systems. He started an Internet company called Alphabase Interactive, in which he helped develop the first database driven web sites and the first e-commerce system. Almost seven years ago, he founded a digital signage company – that operated over 300 flat screen displays nationwide reaching over 6 million people monthly, called ODBN, Inc. He has developed a state of the art interactive kiosk system and built Smart AVItions for clients with the capacity to hold thousands of products for availability to shoppers at the touch of the screen or by scanning a bar code on a package while also capturing point of purchase data. The data mining technology made it possible for retailers to gain information from their customers and to see the results of the use of the kiosk online. He has built a unique kiosk channel for the movie industry called Movie i that makes it possible for moviegoers to learn about feature films that are "coming soon" and "now playing" in ways unavailable through any other outdoor or conventional media. The system also works as a focus group to gather data for filmmakers, distributors and to enable exhibitors to get a better understanding of the interests of the public in the geographic locations of their theaters. The moviegoer data is available to filmmakers and exhibitors in real time on line.

Steve understands the value of merchandising and creating incentives for shoppers, the benefits of loyalty card and frequent buyer programs. He has an understanding of new media platforms such as email, MMS and SMS text messaging which can be used to deliver incentives to cell phones to drive shoppers back into the stores. He has set up raffle promotions with travel companies such as Super Clubs to offer rewards for frequent shoppers. He has a clear understanding of how the new media industry is converging with mainstream retail and how to combat the competition from the Internet. He has a broad background in digital technologies for software and database production and understands the importance of centralizing systems in order to optimize the assets of a large chain of stores. He has worked with programmers and is able to speak in their technical jargon to make sure that programs can be designed as needed. He understands all facets of buying and bartering for advertising and how to get the most out of media buys.

Over the past five years he has introduced digital signage and marketing at the point of purchase to various manufacturers and retailers. He has presented his media formats and concepts to large ad agencies such as Starcom, McCann Erickson, J.Walter Thompson, Initiative Media and others while also selling directly to marketing departments for many large liquor companies such as Brown Forman and Bacardi.

In his capacity as founder and or CEO for several companies - he raised well over $48 million from private and institutional investors. He has worked with such venture capitalist companies as East West Venture Capital, Zone Ventures, Adelphia Ventures, Daimler Chrysler, AT&T Ventures and Microsoft Capital. He has also worked with many private investors having earned them returns of over 300% on their investments. He has been directly involved with formulating investor strategies, writing business plans and compiling due diligence packages and investor presentations. He has and still does operate the day to day business of his company and has managed staffs with as many as 300 employees. He has developed government internet portals with real time access to information that is delivered based on personal profiles and data through a spectrum of devices and platforms. He is a Senior Consultant for Gerson Lehman Group, with whom as a Senior Consultant – he consults with many financial investment and analyst firms who are interested in the digital signage/outdoor billboard industry.

Steve has also in his career been directly involved with several video/film productions in which he was executive producer, producer, writer, and or director. Combined, his productions and companies have gross earnings in excess of $120 million over the past twenty years. Steve has worked with such notable artists as Mickey Rooney and James Earl Jones. He has taken crews to Indonesia for a documentary show called Sports Kingdom and he was nominated for a Cable Ace Award for his documentary about the Los Angeles Riots, called Outcry.

Steve's business and creative talents make him a very unique addition to any executive team. He can write and develop story lines and scripts, advertising campaigns and copy, as well as writing business plans and marketing strategies. Steve is well versed and has a clear understanding of the latest technologies and has a clear understanding for what it takes to raise money and operate a company. He has also published magazines such as the Los Angeles Guide, California Magazines, Angeles and Inn Room. His talents also include negotiating, business development, marketing and sales.

Steve has lived in Los Angeles since age four having moved there from Canada with his Hungarian parents. He speaks Hungarian and English. He is a graduate of the University of Southern California and lives in Newhall, California with his wife Fran of 27 years and his three children Brynn, 18, Charlie, 21 and Ever, 23.

John Hardwick, V.P. Business Development

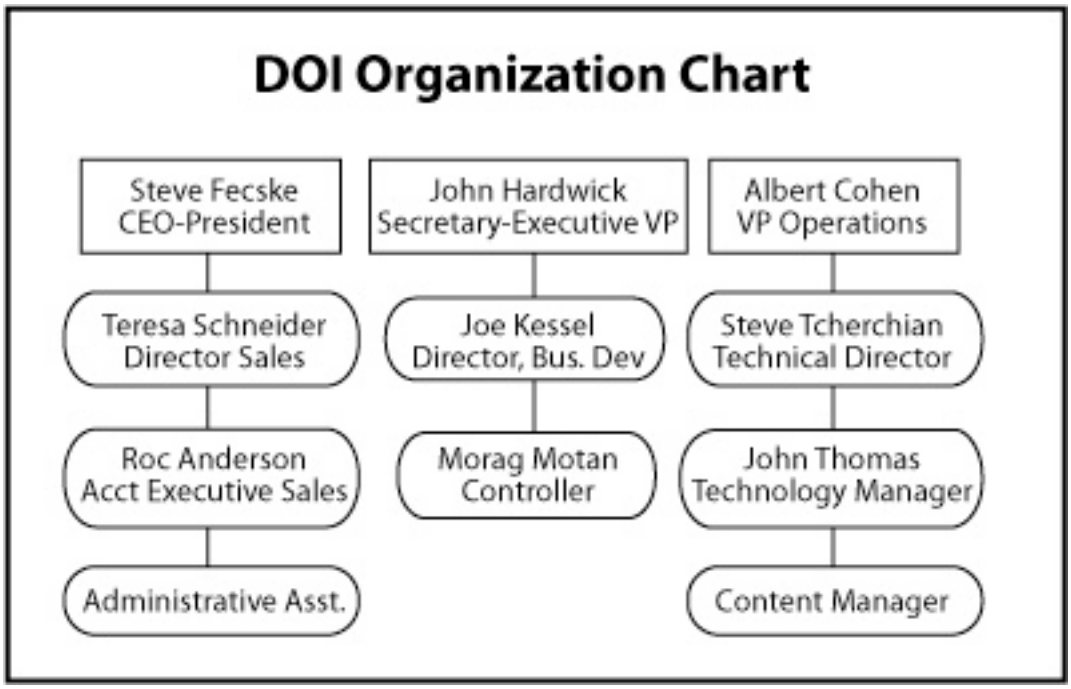
John Hardwick has been an entrepreneur and community activist for over 22 years in Hallandale Beach, FL. He has an educational background in marketing and promotions from Miami Dade College. He has been the president of the Hallandale Beach Community Civic Association and is the past Chairman of the city's Community Relations Committee.

He is currently a member of the board of directors for the Hallandale Beach Chamber of Commerce.

Mr. Hardwick's commitment to bettering his community's economic and social conditions is the impetus for forming a partnership with Steve Fecske. They have formed Digital Outernet Inc. in an effort to build a bridge for community commerce with private enterprise and government agencies.

Mr. Hardwick will assist in the Company's community outreach efforts and shall continue to create an economic development model that will work with other municipalities throughout the South Florida region and abroad.

Mr. Hardwick has worked intimately with other civic, city and county representatives and plans to make them a part of the Company's expansion. His goal is to further explore the benefits to community and the Company from the use of technology while directing such efforts to close the Digital Divide. Thereby spreading goodwill and furthering employment throughout the community.



Appendix 2
City Channel Locations

LIST OF TO DATE D.O.I LOCATIONS FEB 12-09

Signed

1. D.O.I Center 708 Foster Rd Hallandale Beach 33009 (Signed)
2. Eagles Wings Development Center 501 Foster (Signed)
3. Lychee Garden Restaurant 20 N Fedederal Highway (Signed)
4. Paris Gourmet 26 Diplomat Parkway (Signed)
5. Michaels Apparel 1101 E. HB Blvd (Signed)
6. Rumba Latina Restaurant 1727 E. Hallandale (Signed)
7 .Moes Winers 417 S. 21 Ave Hollywood 32440 (Signed)
8. Mail Boxes Ect 1835 E Hallandale Blvd (Signed)
9. Mimosa Café 117 E. HB Blvd (Signed)
10.Flashback Diner 220 S .Federal Hyw (Signed)
11.Papyos Restaurant 889 Foster Rd (Signed)
12.Zen 3 Boutique 136 NE HB (Signed)
13.Siam Cishi Restaurant 1719 E HB Blvd (Signed)
14. Metro PCS 928 W.HB Blvd (Signed)
15.Johns Supermarket 229 N. Dixie Hyw (Signed)
16.Robar Salon 714 Atlantic Shores Blvd (Signed)
17.Hawkins BBQ 2025 Pembroke Road (Signed)
18.Beachside Café 111 Surf Rd (Signed)
19. Wallace Grocery Store 540 Foster Rd (Contract Being Signed)
20. Fresh Catch Seafood Market 1050 W Pembroke Rd (Signed)
22.Upper Deck Sports Bar 906 E. HB Blvd (Signed)
23.Cash A Check Center 421 W Hallandale Beach Blvd (Contract Being Signed)
24.Wireless Toy Center 270 N.FED HYW (Signed)
25. Footmart USA 1065 W HB BLVD (Signed)
23.OB Johnson Park 900 NW 8th Ave (Signed)
24.City Hall lobby 400 S. Federal Highway (Signed)
25.Chamber of Commerce office 1117 E HB Blvd (Signed)
26.Blustein Park 501 SE 1ST Ave (Signed)
27.Austin Hepburn Center 750 NW 8th Ave (Signed)
28.Ingalls Park 735 SW 1st Street (Signed)
28.Sonny's Triangular Restaurant 888 Foster Rd (Contract Being Signed)
29. Hallandale Beach Cultural Center (Signed)
30. N.Beach Community Center/fire rescue A1A/Hallandale Beach Blvd (Signed)
31. Golden Isles Tennis Center 100 Egret Drive (Signed)
32. Oceans 11 800 N Federal Highway (Agreed in Principal)
33. Carinis Pizza Restaurant 814 N Federal Highway (Agreed in Principal)

Pending and holding contracts from personal visits: as of DEC 08- FEB 09

34. CLSC Health Center	1770 E HB		(Pending OK)
35. Memorial Outpatient Center	1750 HB Blvd		(Pending OK)
36. The Hemispheres	1980 S.Ocean Dr. A1A		(Pending OK)
37. Fat Lou's Restaurant	1040 W HB Blvd		(Pending)
38. Hairpeople Haircuts	1468 E HB Blvd		(Pending)
39. Millennium Office Towers	2500 E Hallandale Beach Blvd		(Pending)
40. Studio 42	311 E HB Blvd		(Pending)
42. Sage Bagel	800 E. HB Blvd		(Pending with Mayor)
42. Hampton Inn	1000 S Federal Highway		(Pending with Mayor)
43. Mardi Gras Gaming and Casino	831 N Federal Highway		(Pending)
44. The Village at Gulfstream Park	901 S. Federal Highway		(Pending)
45. Regency Spa	2000 S. Ocean Dr.		(Pending)
47. Gulfstream Park and Casino	901 S. Federal		(Pending)
48. Spin Cycle 24 Hour Laundry	W HB Blvd		(Pending)
50. The Village at Gulfstream Park	S Federal Hyw		(Pending)
52. Topical Car Care	3RD ST N.E Federal Hyw		(Pending)
54. Dr. Howards office	E. HB Blvd	S.E	(Pending)
55. Daisy Nails	E. HB Blvd	N.E	(Pending)
56. Josephs on the Water	Ocean Drive	S.E	(Pending)
57. Pinola Pizza	Diplomat mall RK	S.E	(Pending)
59. Hometown Buffet	Diplomat mall RK	N.E	(Pending)
60. Premiere Gym	E HB Blvd	S.E	(Pending)
61. Chinese Buffet	Publix RK plaza	S.E	(Pending Approval)
63. Eddie Hills Sushi	Federal Hyw	N.E	(Pending)
64. Matteo's Italian Restaurant	RK	N.E	(Pending)
66. Hallandale Adult Community Center			(Pending)
65. Nick's Diner		NE	(Waiting)

Targeted Advertisers for the City Channel

1. Gulfstream Park and Casino
2. Mardi Gras Casino
3. Village of Gulfstream Park tenants
4. Aventura Mall tenants
5. Memorial Hospitals
6. Mt.Sini Hopitals
7. Bestec Exteminators
8. Blue Cross Insurance
9. Footmart USA
10. Work Force 1
11. Labor for Hire
12. Coca Cola Bottling
13. All State Insurance
14. Diplomat Country Club
15. Flamingo Road Church
16. Century 21 realtors
17. Community Bank
18. Becker and Poliakoff Law
19. Hallandale Pharmacy
20. Flush Choice Aqua Save
21. Millennium Towers
22. Sage Bagel
23. Northwest Mutual Credit Corp.
24. L and L Party Rentals
25. EZ Bags Fashion Row
26. Riemer Insurance
27. Chestnut Insurance
28. Bank Atlantic Center Sports
29. Michaels Apperral
30. CNC Shoe Store
31. City National Bank
32. Kelly Chevrolet
33. Spectrum Security Systems
34. Dorone M. Manasse Dentistry
35. Budget Drugs
36. Kodner
37. Washofsky & Associates
38. Mail Boxes Etc.
39. Laurenzo's Italian Center
40. Braverman Eye Center
41. Flea Market
42. Jewelry Depot
43. Speed & Truck World
44. Wolfie Cohen' Rascal House
45. The Condo Company
46. Arts Park
47. Aventura Hospital & Medical Center
48. Seaside Retirement Resort
49. The Peninsula

50. Safecare Medical Center
51. Hallandale Printing
52. At Work Personnel Services
53. Sea Escape
54. Americ Mortgage
55. MLC Lending
56. Allstate Insurance
57. Anthony's Florist & Gifts
58. Flowers by Tony
59. Hallandale Investments
60. Diplomat Jewelry
61. U.S Army Recruiting
62. Jet Printing House
63. C&C Shipping & Moving
64. Capital Commercial Real Estate Group
65. Gloria J. Dunn Realty, Inc.
66. International Sales Team
67. Media Realty & Advisors
68. The Kelsey Group Inc.
69. Crosswinds Development Group
70. Beachside Café
71. Soho Deco Furniture
72. Priemier Wellness Center & Day Spa
73. Southeast Shuttle Service
74. Smith Barney
75. Publix Supermarket
76. V.I.P. Elite Services
77. Florida Power & Light Company
78. Affinity

Appendix 4
Three Year Projections

Hallandale Beach City Channel Projections
2009-2010

	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Revenue														
Ad Sales		20000	30000	40000	45000	55000	60000	65000	60000	62000	78000	80000	83000	90000
Production				1000	1200	1500	1700	2000	1500	1500	2400	2600	3000	3000
Total	**0**	**20000**	**30000**	**41000**	**46200**	**56500**	**61700**	**67000**	**61500**	**63500**	**80400**	**82600**	**86000**	**93000**
Expense														
Equipment														
Screen	80000									28000				
Player/Soft	51000									21500				
Server/T1	400	400	400	400	400	400	400	400	400	400	400	400	400	400
Mounts	20000									7000				
Cable	10000									2500				
Install Labor	18000									8750				
Battery	50000									14000				
Maintenance			200		300		500		1000		500		500	
Total	**229400**	**400**	**600**	**400**	**700**	**400**	**900**	**400**	**1400**	**82150**	**900**	**400**	**900**	**400**
Operating														
President	4000	4000	4000	4000	4000	4000	4000	5000	5000	5000	5000	5000	6000	6000
V.P.Bus Dev	4000	4000	4000	4000	4000	4000	4000	5000	5000	5000	5000	5000	6000	6000
V.P. Sales	500	500	2500	2500	2500	2500	2500	2500	3000	3000	3000	3000	4000	4000
Condo Sales	500	500	500	2500	2500	2500	2500	2500	2500	2500	2500	2500	3000	3000
Local Sales									2500	2500	2500	2500	2500	2500
Tech Op.	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	3000	3000
NetworkAdmin	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3500	3500
Edit1	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	3000	3000
Edit2	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	3000	3000
Web Admin	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	4000
Controller			2500	2500	2500	2500	2500	2500	2500	2500	2500	2500	4000	4000
Admin		1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	2500	2500
Off Lease	500	500	500	500	500	500	500	500	500	500	500	500	1500	1500
Supplies	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	1500	2000	2000
Legal	2500			500	500	500	500	500	500	500	500	500	1500	1500
Phones		300	300	300	300	300	300	300	300	300	300	300	500	500
Tax	2060	2060	2560	2860	2860	2860	2860	3160	3160	3160	3160	3160	4960	5080
Misc		500	500	500	1000	1000	1000	1000	1000	1000	1000	1000	1500	1500
CRA Loan				9000				9000				9000		
Biz Commiss		2000	3000	4000	4500	5500	6000	6500	6000	6200	7800	8000	8300	9000
Total	**28060**	**29860**	**35860**	**48660**	**40660**	**41660**	**42160**	**53960**	**47460**	**47660**	**49260**	**58460**	**63760**	**65580**
Total Expenses	**257460**	**30260**	**36460**	**49060**	**41360**	**42060**	**43060**	**54360**	**48860**	**129810**	**50160**	**58860**	**64660**	**65980**
Net Operating Income	**-257460**	**-10260**	**-6460**	**-8060**	**4840**	**14440**	**18640**	**12640**	**12640**	**-66310**	**30240**	**23740**	**21340**	**27020**

Hallandale Beach City Channel Projections
2011-2012

	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May
Revenues												
Ad SalesHalndl	90000	78000	83000	88000	92000	94000	80000	78000	84000	88000	96000	100000
Ad SalesHlywd				50000	56000	55000	50000	52000	65000	75000	85000	90000
Production	3000	3500	4000	4000	4500	4000	3500	7000	7500	9000	10000	7500
Total	**93000**	**81500**	**87000**	**142000**	**152500**	**153000**	**133500**	**137000**	**156500**	**172000**	**191000**	**197500**
Expense												
Equipment												
Screen			112000									
Player/Soft			85000									
Server/T1	400	400	400	400	400	400	400	400	400	400	400	400
Mounts			28000									
Cable			14000									
Install Labor			35000									
Battery			50000									
Maintenance	500	500	500	500	700	1000	1000	1500	3000	1500	3000	3000
Total	**900**	**900**	**324900**	**900**	**1100**	**1400**	**1400**	**1900**	**3400**	**1900**	**3400**	**3400**
Operating												
President	6000	6000	6000	7500	7500	7500	7500	7500	7500	7500	7500	7500
CFO	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500	7500
V.P.Bus Dev	6000	6000	6000	7500	7500	7500	7500	7500	7500	7500	7500	7500
V.P. Sales	4000	4000	4000	5500	5500	5500	5500	5500	5500	5500	5500	5500
Condo Sales	3000	3000	3000	4500	4500	4500	4500	4500	4500	4500	4500	4500
Local Sales	2500	2500	2500	3500	3500	3500	3500	3500	3500	3500	3500	3500
Sales Exec				3000	3000	3000	3000	3000	3000	3000	3000	3000
Tech Op.	3000	3000	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500
NetworkAdmin	3500	4000	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500
WebAdmin	4000	4000	4000	4000	4500	4500	4500	4500	4500	4500	4500	4500
Net.AdminAst			3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
Edit1	3000	3000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Edit2	3000	3000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Edit3			3200	3200	3200	3200	3200	3200	3200	3200	3200	3200
ContentMgr			3500	3500	3500	3500	3500	3500	3500	3500	3500	3500
Controller	4000	4000	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500
Admin	2500	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
AdminAst		2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
Off Lease	1500	1500	3000	3000	3000	3000	3000	3000	3000	3000	3000	3000
Supplies	2000	2000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Legal	1500	500	2000	500	500	500	500	500	500	500	500	500
Phones	500	500	750	750	750	750	750	750	750	750	750	750
Payroll Taxes	5060	6060	7350	10530	10530	10530	10530	10530	10530	10530	10530	10530
Misc	1500	2000	2500	3000	3000	3000	3000	3000	3000	3000	3000	3000
CRA Loan			9000				21000				21000	
Biz Commiss	9000	7800	8300	13800	14800	14900	13000	13000	14900	16300	18100	19000
Total	**73060**	**75360**	**106100**	**114780**	**116280**	**116380**	**135480**	**114480**	**116380**	**117780**	**140580**	**120480**
Total Expenses	73960	76260	431000	115680	117380	117780	136880	116380	119780	119680	143980	123880
Net Operating Income	**19040**	**5240**	**-344000**	**26320**	**35120**	**35220**	**-3380**	**20620**	**36720**	**52320**	**47020**	**73620**

Appendix 5
Technology

digital signage, digital signage server, video wall

Smart AVI Technology Empowers the New Digital Signage Revolution!

Smart AVI's digital signage solutions can be implemented in hotels and restaurants, retail environments, educational facilities, corporate environments, and transportation facilities. Smart AVI's digital signage and networking solutions enable advertisers to drive and control multiple screens simultaneously and independently. Digital signage sanctions superior return on investment results compared to traditional printed advertisements. Digital signage consists of message boards, LCD or plasma display panels, electronic billboards, projection screens, and other emerging display types like Organic LED screens that can be controlled by your PC, allocating the control of content via the Internet.

Products Features

- SignagePro is a digital signage solution that creates new marketing and information sharing portals to reach target audiences in different locations with real time information.
- SignagePro replaces traditional usage of static text and posters for advertising and public announcements.
- SignagePro uses the IP network to remotely manage, control, and broadcast information to target audiences in specific locations.
- SignagePro attracts audiences by displaying messages using high quality video and animation.
- SignagePro is capable of playing back all industry standards, such as Flash files, Video .MPG, HTML, QuickTime, Power Point, .JPGs., Java scripts, and more.
- The SignagePro basic solution can be programmed to display audio, video, and graphics in various remote sites.
- SignagePro displays messages as full screen web pages, and is compatible with standard web managing tools for easy content management.
- SignagePro is the ultimate solution that provides both hardware and software for the display and management of digital content and is highly cost effective.
- Content can be scheduled for automatic updates of digital content, and centrally managed by pre-programming system settings.
- SignagePro contains add-in features, such as mouse, keypad, and touch screen for interactive displays.
- SignagePro operates its remote displays in a closed network for maximum security.
- SignagePro is the optimal solution for both small-scale and large-scale projects

Digital Outernet Inc.

Bringing the community together through commerce and communications

Digital Outernet, Inc. invites you to be a part of the City Channel

Businesses are being selected to participate in an innovative digital signage network because of their success and strong position in the community. There are no costs only benefits.

Screens available in 32" and 42" sizes.

The City Channel is an out-of-home, dynamic media network designed to bring community and business together through cooperative communications.

Digital Outernet is offering to deploy and install high definition LCD displays in your place of business.

The City Channel plays a 20 minute video loop that promotes business, brands, products, services, community events, charities, informs about local weather, surf and traffic conditions and when necessary, delivers emergency information.

Besides being an effective communications platform for business and community – the City Channel enables select businesses to earn revenues on a monthly basis by having the screens installed.

The Service:

Receive one or more 32 inch or 42 inch LCD screens in your location

Receive complete installation, operations and content

Receive customized digital signs for your business

Preview content for approval prior to playing in your location

Receive a monthly revenue report and payment

The Benefits:

10% of the time on the screen

10% of the advertising revenues

Receive first option to advertise citywide

Results as high as 30% increases in sales

Increased customer awareness and interest

Builds cooperation between businesses

The Support:

All operations, technology, maintenance and content

Free initial production services for customized signage

Marketing & sales to third parties

Coordinating co-op programs

Play training films for employees

The Requirements:

Broadband Internet Connection

Qualifying customer volume and hours of operation

No fees or costs

Endorsed by the CRA and Hallandale Beach Chamber of Commerce

The City Channel bringing the community together through commerce and communications

Sign on today!

Contact Information:

John Hardwick at 954- 494-5584 Joe Kessel at 305-496-2770 or Irwin Schneider at 954-593-5855

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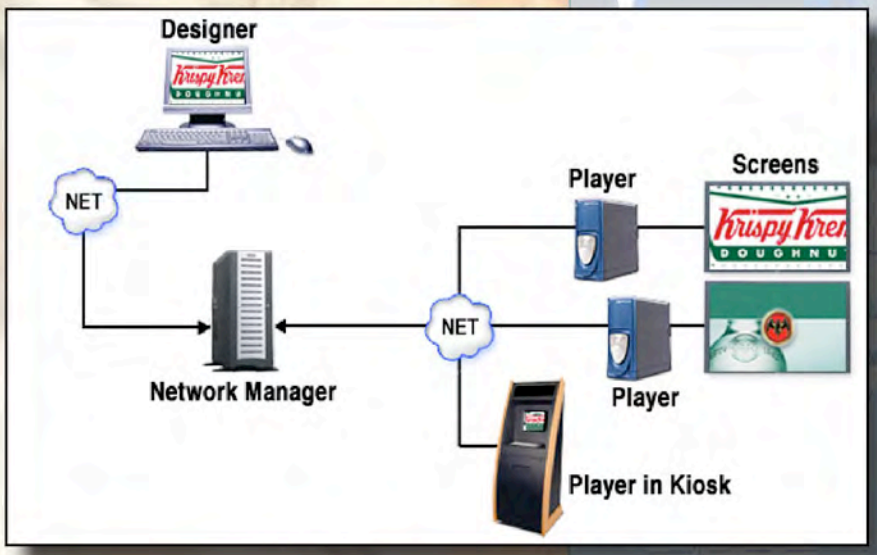
Kiosk Equipment:

Digital Outernet Signage Network

Digital Outernet uses LCD, LED and plasma screens throughout its network. Screens are operated by high-speed computer players approximately the size of a portable DVD player. The players offer remote access and produce high-resolution, MPEG schedule of programmed content.

The players deliver information to the central server so that the network is manageable and verifiable in terms of operations, duration and total number of plays. These reports are made available to advertisers online.



Computer Player

- Windows XP
- 512MB memory
- 40GB Serial ATA hard drive
- Pentium 4

32" and 42" sizes - Widescreen LCD and Plasma

- High Definition Resolution
- Widescreen Aspect Ratio
- High Contrast Ratio
- Millions of colors

Video Splitter

- Run multiple screens off the same player
- Tandem playback increases market penetration
- Carries audio and video

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The City Channel

Bringing together Commerce – Communications and Community

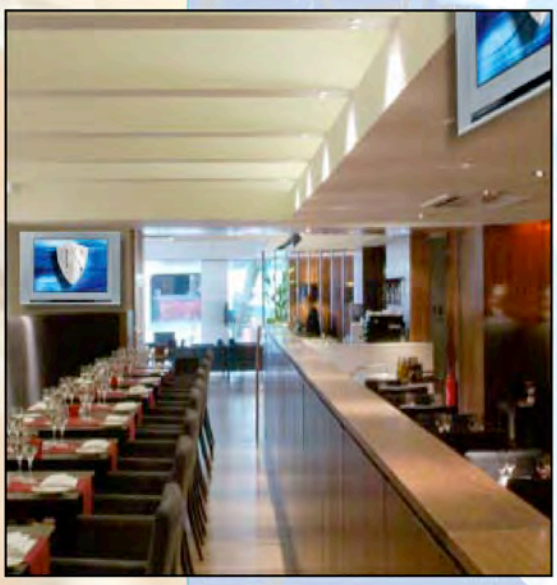
September 1, 2008

The City Channel is a digital signage network for Hallandale Beach, Hollywood and Aventura businesses and community.

The City Channel promotes brands, products and services

The City Channel is a co-operative network for businesses to deliver each others information to customers.

The City Channel plays a ticker and crawl for local weather, traffic and surf reports and when necessary, the screens report emergency and survival information for the city.



Reach over 300,000 patrons, residents and visitors at the point of purchase and common areas out of home throughout the community.

** Arbitron Out of Home Research for Digital Signage*
Moves 4 times more product than static signs
Creates 16% greater recall
Converts 40% more purchases
Offers broadcast style message that cannot be diverted by viewer
81% reported strong interest in seeing sales and specials on screens
72% interested in product information
68% interested in special events

Arbitron August 2008 demographic report for Hallandale Beach, Hollywood, Aventura
Based on 3,256,778 total qualitative population
47.8% male 52.2% Female
27.5% 18 to 34 - 39.1% 35-54 and 33.4% 55-65+ years of age
White Collar 41.3% Blue Collar 22.7%
68.7% own home 24.1% rent
** Arbitron is an international media and marketing research firm*

The City Channel runs in 40 Locations on 100 Screens out of home and throughout the community. It plays a 20 minute Loop during all hours of the day.

Number Locations	30 Second Price Per Store	60 second Price Per Store
1 – 10	$75.00	$140.00
11-20	70.00	130.00
21-30	65.00	120.00
31-40	60.00	110.00
41-60	50.00	95.00

Dynamic ads may also be placed in increments of 10 or 15 seconds within the loop.
Art work may be provided in Mpeg, Windows, Quick Time, Flash
Production services for advertisers billed at $65.00 per hour

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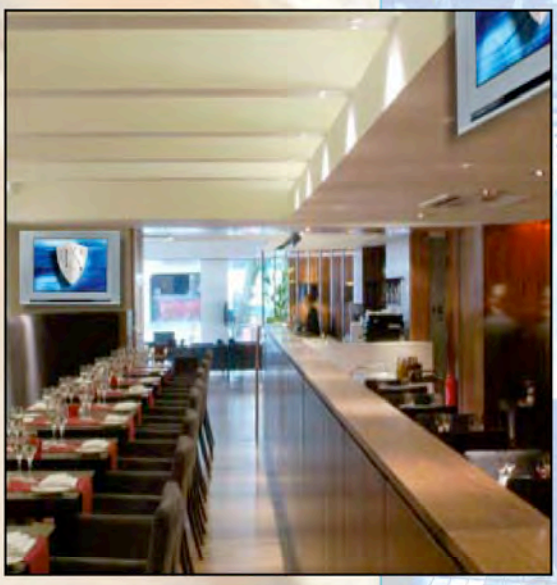
City Channel Locations

1. D.O.I Center 708 Foster Rd Hallandale Beach
2. Eagles Wings Development Ctr 501 Foster HB Palms
3. Lychee Garden Restaurant 20 N Fedederal Hwy
4. Paris Gourmet 26 Diplomat Parkway
5. Michaels Apparel 1101 E. HB Blvd N.E
6. Rumba Latina Restaurant 1727 E. Hallandale E
7. Moes Winers 417 S. 21 Ave Hollywood 32440
8. Mail Boxes Etc 1835 E Hallandale Blvd E
9. Mimosa Café 117 E. HB Blvd E
10. Flashback Diner 220 S. Federal Hwy S.E
11. Papyos Restaurant 889 Foster Rd Palms
12. Zen 3 Boutique 136 NE HB N.E
13. Siam Cishi Restaurant 1719 E HB Blvd E
14. Metro PCS 928 W.HB Blvd Palms
15. Johns Supermarket 229 N. Dixie Hwy Palms
16. Robar Salon 714 Atlantic Shores Blvd N.E
17. Hawkins BBQ 2025 Pembroke Road Hollywood Fl
18. Beachside Café 111 Surf Rd H.B
19. Wallace Grocery Store 540 Foster Rd Palms
20. Fresh Catch Seafood Mkt 1050 W Pembroke Rd
21. International House of Pancakes 1020 W HB Palms
22. Upper Deck Sports Bar 906 E. HB Blvd
23. Cash A Check Ctr 421 W Hallandale Beach Blvd
24. Wireless Toy Center 270 N. Federal Hwy N.E
25. Footmart USA 1065 W HB Blvd
26. OB Johnson Park 900 NW 8th Ave
27. City Hall lobby 400 S. Federal Highway
28. Chamber of Commerce office 1117 E HB Blvd
29. Blustein Park 501 SE 1ST Ave
30. Austin Hepburn Center 750 NW 8th Ave
31. Ingalls Park 735 SW 1st Street
32. Sonny's Triangular Restaurant 888 Foster Rd
33. Hallandale Beach Cultural Center
34. North Beach Community Center and Fire Rescue A1A/Hallandale Beach Blvd
35. Golden Isles Tennis Center 100 Egret Drive
36. Memorial Outpatient Center 1750 HB Blvd
37. The Hemispheres 1980 S.Ocean Dr. A1A
38. Fat Lou's Restaurant 1040 W HB Blvd
39. Hairpeople Haircuts 1468 E HB Blvd
40. Oceans 11 800 N Federal Highway
41. Carinis Pizza Restaurant 814 N Federal Hwy
42. Millennium Office Towers 2500 E HB Blvd
43. Studio 42 311 E HB Blvd
44. Sage Bagel 800 E. HB Blvd
45. Hampton Inn 1000 S Federal Highway
46. Mardi Gras Gaming and Casino 831 N Federal Hwy
47. The Village at Gulfstream Park 901 S. Federal Hwy
48. Regency Spa 2000 S. Ocean Dr.
49. Gulfstream Park and Casino 901 S. Federal Hwy
50. Spin Cycle 24 Hour Laundry W HB Blvd S.W
51. Sage Begel E HB Blvd S.E
52. The Village at Gulfstream Park S Federal Hyw S.E
53. CLSC Center E.HB Hlvd S.E
54. Regency Spa S. Ocean Drive S.E
55. Dr. Howards Office E. HB Blvd S.E
56. Daisy Nails E. HB Blvd N.E
57. Josephs on the Water Ocean Drive S.E
58. Pinola Pizza Diplomat Mall RK S.E
59. Hometown Buffet Diplomat Mall RK N.E
60. U.S Post office S. Federal Hwy S.W
61. Premiere Gym E HB Blvd S.E
62. Chinese Buffet Publix RK Plaza S.E
63. Eddie Hills Sushi Federal Hwy N.E
64. Matteo's Italian Restaurant RK N.E
65. Nick's Diner Fashion N.E
66. Hallandale Adult Community Center



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