

TABLE 8

**BUSINESS PROJECTION OF SUBSCRIPTION TELEVISION OPERATION
AT 100,000 SUBSCRIBER LEVEL & THREE PROGRAM INCOME LEVELS**

	100,000 Subscribers		
	Prog. Inc. \$65.00/Yr.	Prog. Inc. \$70.00/Yr.	Prog. Inc. \$75.00/Yr.
Income			
Gross program income	\$ 6,500,000	\$ 7,000,000	\$ 7,500,000
Rental fees	3,900,000	3,900,000	3,900,000
Decoder Installation	200,000	200,000	200,000
Total	<u>\$10,600,000</u>	<u>\$11,100,000</u>	<u>\$11,600,000</u>
Direct Costs			
Station Time	\$ 400,000	\$ 400,000	\$ 400,000
Commissions	80,000	80,000	80,000
Program Product	2,275,000	2,450,000	2,625,000
Subscription Franchise Fee	520,000	545,000	570,000
ASCAP and BMI Fees	18,000	18,000	18,000
Lines and Facilities	32,400	32,400	32,400
Total	<u>\$ 3,325,400</u>	<u>\$ 3,525,400</u>	<u>\$ 3,725,400</u>
Gross Profit	<u>\$ 7,274,600</u>	<u>\$ 7,574,600</u>	<u>\$ 7,874,600</u>
Indirect Expense			
Sales	\$ 542,000	\$ 542,000	\$ 542,000
Program	23,000	23,000	23,000
Technical	591,000	591,000	591,000
General and Admin.	3,527,600	3,532,600	3,537,600
Total	<u>\$ 4,683,600</u>	<u>\$ 4,688,600</u>	<u>\$ 4,693,600</u>
Profit before tax	<u>\$ 2,591,000</u>	<u>\$ 2,886,000</u>	<u>\$ 3,181,000</u>
Profit after 48% tax	<u>\$ 1,347,300</u>	<u>\$ 1,500,700</u>	<u>\$ 1,654,100</u>
Percent of income	<u>12.7%</u>	<u>13.5%</u>	<u>14.3%</u>
Cost of Equipment	<u>\$13,441,000</u>	<u>\$13,441,000</u>	<u>\$13,441,000</u>
Depreciation	<u>2,690,900</u>	<u>2,690,900</u>	<u>2,690,900</u>
Cash flow from profits and depreciation	<u>4,038,200</u>	<u>4,191,600</u>	<u>4,345,000</u>
Percent of equipment cost	<u>30.0%</u>	<u>31.2%</u>	<u>32.3%</u>