B. Conclusions Which May Be Drawn From Business Projections

On the basis of the foregoing business projections a number of conclusions may be reached concerning subscription television's potential to increase the economic and program resources, thereby facilitating significant increases in the number of television services available to the public.

First, as indicated by Table 5, *supra,* a 20,000 subscriber system appears at this stage of the art to be the smallest subscription system which would be economically feasible. Taking the conservative estimate that subscription television could attain at least a 10% penetration of television homes, this would mean that subscription television would be economically viable in any market having 200,000 or more television homes.[23] Thus, at 10% penetration subscription television would be a prudent business venture in approximately the top 100 markets as ranked by Television Magazine in its "Telestatus" report as of March 1964.[24]

If penetration in excess of 10% is achieved, the profitability in markets at the 200,000 level would, of course, be increased from that shown in Table 5.[25] Further, if a penetration in excess of 10% is realized, operations in markets with less than 200,000 subscribers would become economically possible; e.g., a 20% penetration would permit an economically viable operation in the approximate top 170 markets having 100,000 or more television homes, and a 50% penetration would make a subscription operation feasible in the approximate top 200 markets having 40,000 or more television homes.

It is reasonable to anticipate that various markets with approximate ranking will, for various social, economic and geographic reasons, achieve different degrees of penetration. We submit, however, that a minimum 10% penetration, which is certainly weighted on the side

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[23] Factors bearing on public acceptance are discussed at Sections VI and IX, of these comments.

[24] *Television Magazine,* Vol. XXI, No. 3, March 1964, p. 66. Under the "Telestatus" ranking, 91 of the top 100 markets have 200,000 or more television homes. The 92nd through 100th markets range between 194,500 and 171,600 television homes and would, therefore, require an 11% or 12% penetration to produce 20,000 subscribers. For convenience, the "Telestatus" ranking as of March 1964 is attached hereto as Exhibit 4.

[25] For example, if a 20% penetration was achieved in markets having 200,000 television homes, the profitability would be reflected by Table 6, *supra,* which projects a subscription operation at the 40,000 subscriber level.