

groove

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business plan

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Today, more great music is being made than at any time in history. Easily accessible technology has enabled a new generation of recording artists to produce market-ready content from the comfort of their bedrooms. But despite the promise of an Internet that would offer mass exposure to large and small content creators alike, this challenge remains: *how to get enough exposure – and convert that exposure into dollars – to make a living making music!*

With a dizzying array of media choices across multiple devices and platforms, it is challenging enough for multi-billion dollar *advertisers* to reach consumers, let alone for a *recording artist* to rise above the fray -- no matter how great the music.

To make matters more challenging, the 18-34 demographic – coveted by advertisers and recording artists alike – is a new generation of “info snackers” and non-linear multitaskers who migrate between TV, web and mobile media as often as 27 times every hour! *The distracted 18-34 viewer wants “bite sized” content, and wants to follow it anywhere, anytime.*

Viewers face their own content-related challenges; in a seemingly infinite sea of music and videos, discovering *good* material requires a lot of “swimming” through the *bad*.

Introducing the Solution: Groove TV

Groove TV is a revolutionary 24-hour music video network featuring the very best “bite-sized” content from emerging and established recording artists, engaging the coveted 18-34 demographic across multiple media platforms and digital devices with a contest-driven giveaway model, and providing a source of income for artists that far exceeds any other!

The logo for Groove TV, featuring the word "groove" in a lowercase, blue, sans-serif font.

Following in the footsteps of huge successes like MTV and American Idol, **Groove TV is the next generation cultural phenomenon!** Groove TV’s unique broadcasting model combines elements of three highly successful genres: 1.) the talent discovery of American Idol; 2.) the 24-hour music network of MTV; and 3.) the game/contest-driven elements of hit shows like Who Wants to be a Millionaire and Jeopardy!

By joining its unique broadcasting model with mobile app and web interaction, Groove TV is a “must” for all stakeholders unlike any other TV network today:

- **A “Must Watch” for Viewers** – addictive television that actually provides value to viewers through giveaways; Groove TV creates rabid fans as the “Robin Hood” of TV networks!
- **A “Must Buy” for Advertisers** – turbo-charging message retention across all media channels and engaging the elusive (and highly lucrative) 18-34 demographic!
- **A “Must Have” for Recording Artists and Record Labels** – the opportunity for content owners to generate significant wealth via an unprecedented revenue-sharing model!

All of this translates into large profits and a “Must Invest” for Investors!

A “Must Watch” for Viewers

With a focus on melodic, soulful songwriting, Groove TV will quickly become a “must watch” for viewers eager to discover the next *big hit* artist without having to wade through all the *big hype*.

Groove TV is **addictive television** that engages viewers through a multi-platform media experience in a way no other TV network ever has! **Viewers are motivated to interact in ways that actually provide value:**

- Vote on their favorite artists and play a role in making the next hit band/artist.
- Enter frequent giveaway contests to win prizes like autographed guitars, concert tickets, backstage passes, travel -- and CASH. This is also an opportunity for advertisers/sponsors to reach viewers with promotional giveaways of their own, delivered through Groove TV’s programming.
- Discover and purchase exciting new music.
- Accumulate membership points through contests to cash-out into real world discounts and prizes.

A “Must Buy” for Advertisers

Groove TV is a more effective and potent advertising vehicle than any other TV network for several reasons.

- **As an interconnected mix of TV broadcast, Internet and mobile media, Groove TV engages the device-switching 18-34 demographic.** Web and mobile video ads are a TIVO-proof way to fine-tune advertising messages across media platforms – whether video ad spots on TV, or streaming video and an array of other ad types on the web or through our mobile app.
- **Viewer interaction through contests and giveaways – a key element of Groove TV’s programming – is also a TIVO-proof means of engaging viewers unlike any other TV network and turbo-charging viewer retention of the advertising message.** Viewer interaction is also a way to compile marketing information, providing advertisers with valuable information about the wants and needs of the viewers.
- From the viewer’s perspective, Groove TV’s unprecedented focus on giveaways makes it the “Robin Hood” of TV networks, not the “Big Bad Wolf”. **A happily engaged viewer is more valuable to advertisers!**

A “Must Have” for Recording Artists and Record Labels

Every serious recording artist or record label knows that even the best music and music video goes nowhere without exposure. **Groove TV will expose 2,080 of the very best new videos (more than any music video network ever did) to millions of viewers every year.**

However, exposure alone does not pay the bills. So unlike any other music video network, Groove TV gives recording artists (and record labels) a share of the advertising revenue that enables them to earn **upwards of \$460,000 from a single video!** *This is more money than the vast majority of artists will ever earn in their entire career.*

What’s more, Groove TV stimulates music sales *at the moment of discovery* by enabling mobile app users to instantly purchase the song for the currently playing video. Recent studies show that viewers are *eight times more likely* to buy music at the moment of discovery!

Marketing and Advertising

Groove TV gains a competitive advantage over similar networks (MTV, Fuse, etc.) with a devotion to music videos from talented recording artists and unique multimedia viewer engagement. We convey these advantages through a combination of “aspirational” and “educational” messaging:

Viewers: “Educational” messaging aimed at promoting the channel’s emphasis on top-notch songwriting and melodic rock and pop music; the opportunity to win cash and valuable prizes by interacting with the network; and promoting charitable efforts and scholastic tie-ins.

Recording Artists: “Educational” messaging aimed at informing the artist of the opportunity to expose their music to millions of viewers while generating significant revenue. “Aspirational” messaging aimed at *what the artist could gain* with Groove TV: fame, wealth, a means to fuel their music career outside of the “slave mill” of the traditional music industry. **“It’s no longer *who you know*, but *what you can do!*”**

Advertising and promotion will be handled by international advertising agency and marketing firm, Ogilvy & Mather. The advertising/marketing campaign will be heavily driven by publicity (i.e. the revolutionary business model, the legendary music artists involved with the channel, artist success stories, etc.). We will also launch a major advertising blitz to include TV spots, online and mobile advertising, social media, and outdoor advertising (billboards, etc.).

We will also seek a reciprocal marketing arrangement with major musical instrument retailers like Guitar Center and any other sponsors such as airlines, restaurants, etc. This would entail bartering ad spots on Groove TV in exchange for *promotional giveaways* (e.g. guitars, etc.) as well as *reciprocal advertising* of the Groove TV brand in stores and online. In particular, promotion through music instrument retailers will be important in attracting paid artist submissions, which will account for over \$26 million in annual revenues to the company.

Management Team & Founders

The founders’ revolutionary business model and their passion for all things musical is informed by decades of experience in both creative and business capacities. This experience has enabled them to form long-term professional associations which will be instrumental in building a dedicated and highly accomplished management team and staff.

xxx, Co-CEO & Co-Founder – 30 years experience in the music industry as a performer, songwriter and music producer. Advertising and marketing roles with NBCi, Snap!, InfoSeek, Best Of The Web, and more. In 1995, Kevin helped launch Internet directory portal Excite. His conceptual advertising copy introduced North American audiences to the Grand Theft Auto video game franchise. His retail packaging copy appears on the complete product line of Jakks Pacific video games, including Spongebob Bikini Bottom 500, Sing Scene, Star Wars: Republic Squadron, The Price is Right, Disney’s Playhouse and more.

xxx, Co-CEO & Co-Founder – Decades of experience as a sound engineer and producer working with some of the biggest names in R&B/Hip-Hop from Ice Cube, Bel, Biv, Devo, Pharcyde, Rick James, the Gap Band, and as one of the pioneers of the “Black Alternative” movement in the mid-1990s, John is no stranger to trend-setting music. Presently working as a Re-Branding Specialist and Sound Design Technician for clients such as the Los Angeles Lakers, Red Bull, Campbell’s Soup, Nike, and the Los Angeles Dodgers, to name a few. John also is a real estate investor with an 8-figure portfolio consisting of residential and commercial properties across the United States, and has worked with Pasadena City Councilman Chris Holden on the North Fair Oaks housing development project.

Investment Requirements and Financial Projections

The company is seeking investment funding of \$50,000,000 in Year 1, and anticipates launch of the network in Month 9 of Year 1. We expect to reach positive cash flow by the end of the second quarter of Year 2, and a small profit by the end of Year 2.

Year	Revenue	Gross Profit	Operating Expenses	EBITDA
1	\$31,280,055	\$21,844,767	\$42,480,143	(\$20,635,375)
2	\$235,314,334	\$62,274,039	\$56,030,529	\$6,243,510
3	\$687,263,963	\$140,109,051	\$64,650,480	\$75,458,572
4	\$1,034,205,168	\$199,897,543	\$68,814,053	\$131,083,490
5	\$1,415,448,001	\$360,789,334	\$73,234,830	\$287,554,504

Exit Strategy and Valuation

An expected exit scenario is to be acquired in-whole or in-part by a major media conglomerate or cable operator (Comcast, Time-Warner, Disney, Scripps Networks, etc.). A cable operator will acquire a successful network since it can command significant affiliate fees from competitor cable operators wishing to carry the network's programming. (For example, cable operator Comcast owns 51% of CNBC, USA, E!, Golf Channel, MSNBC, part of Weather Channel and various regional sports channels.)

Valuations for cable networks average 7 times Operating Cash Flow. Based on our projections, the valuation of the company at the end of Year 5 could be approximately \$2.02 billion. **Factoring in a 20% discount due to the illiquid nature of holding private securities, the company could likely sell for \$1.61 billion.**

The Company & The Product

- Introducing Mintaka Communications, LLC
- Challenge: A New Generation of Media Consumers
- Challenge: A New Generation of Recording Artists
- Introducing the Solution: Groove TV
 - Groove TV: A New Cultural Phenomenon
 - A “Must Watch” for Viewers
 - A “Must Buy” for Advertisers
 - A “Must Have” for Recording Artists and Record Labels
- “Swarm Broadcasting” – Groove’s New Model for Broadcasting
- The Process
- Groove TV Programming
- Revenue Streams and Pricing

Introducing Mintaka Communications, LLC

An association of professionals from music, advertising, broadcasting, finance and Internet technology, Mintaka Communications, LLC is a multiplatform media company devoted to the research and development of highly effective and profitable models for media delivery.

Mintaka Communications is developing new methods for monetizing media in a variety of formats and showplaces to create the most profitable and exciting media exchange of all time. **Groove TV** is Mintaka's first such development: *a revolutionary new TV/Internet/Mobile music video network that will become the next-generation cultural phenomenon just as MTV was throughout the 1980's and 1990's.*

Challenge: A New Generation of Media Consumers

With a dizzying array of media choices across multiple devices and platforms, it is challenging enough for advertisers to reach consumers, particularly in the coveted 18-34 demographic.

To make matters more complicated for marketers, a significant portion of that demographic – the “Digital Natives” – are notorious “info snackers” and multitaskers who frequently migrate from the TV to any number of digital devices as often as 27 times per hour, commonly using multiple “screens” simultaneously. Today's consumer comes at entertainment from every angle and wants to follow it anywhere.

Viewers face their own content-related challenges; spend just a short time on YouTube and one quickly realizes that in a seemingly infinite sea of content, discovering *good* material requires a lot of “swimming” through the *bad*. Even if you know what you're specifically looking for, you'll spend quite a bit of time -- to put it mildly – *unimpressed* by the quality of what you find.

Content and advertising doesn't exist in isolation; it must be interconnected and interrelated with the devices, platforms and contexts that now define our digital lives. **The fact is, the distracted 18-34 viewer wants *bite-sized content*, anywhere, anytime.**

Challenge: A New Generation of Recording Artists

Today, a two-year-old laptop computer eclipses the finest media production equipment available just ten years ago; creating market-ready media has never been easier, and the Internet offers worldwide publishing in the blink of an eye. The days when a quality album and music video was made only with a Major Label recording deal are over.

Of course, along with that Major Label recording deal came contractual terms that kept the artist in a form of indentured servitude. Despite the glitz and glamour of the music industry, the sad reality is that even the most successful performers often made very little money from album sales alone. The music video – whose production cost was charged back to the artist – served as little more than a means of exposure (as with radio airplay); regardless, there have always been a very small number of playlist slots open for new artists.

When bands like The Beatles or The Rolling Stones came on the scene, they competed with less than a thousand new album releases per year for their place on radio playlists. Today, with *hundreds of thousands* of new releases every year competing for similarly limited channels, getting the level of mass exposure that launched iconic artists like The Beatles is a pipe dream for most artists.

Meanwhile, technology companies make tens of billions of dollars selling devices to play that music, but pay mere pennies for digital downloads, or fractions of a cent for streams. *Music has become the “loss leader.”*

Undaunted, there is a new generation of “Do-It-Yourself” recording artists making incredible new music and music videos with technology that is highly sophisticated yet easily affordable – all in the comfort of their bedrooms. With **15 million users** of a music streaming service like SoundCloud.com (most of whom are musicians), there is no shortage of new music vying for our attention; *in fact, today there is more great music from more artists than at any time in human history!*

But getting to *music discovery*, and then onward to *engagement or purchase* is hardly straightforward in the current media landscape. **The challenge remains: how to get enough exposure – and convert that exposure into *dollars* -- to make a living making music.**

Introducing the Solution: Groove TV

Groove TV is a revolutionary 24-hour music video network featuring the very best “bite-sized” content from emerging and established recording artists, engaging the coveted 18-34 demographic across multiple media platforms and digital devices, and providing a source of income for artists that far exceeds any other!

The logo for Groove TV, featuring the word "groove" in a lowercase, blue, sans-serif font.

Through Cable/Satellite TV, Internet and a Mobile streaming app, Groove TV will deliver a continually rotating playlist of 160 new music videos every month (40 in/40 out each week), hand-picked from a team consisting of a trio of music legends and an evaluation staff of known songwriters and industry professionals. Periodically interspersed with music videos will be short sketch comedy clips and interviews with popular artists; Groove TV also engages viewers with contests and giveaways of cash and prizes, making an especially potent combination for viewer entertainment.

Groove TV: A New Cultural Phenomenon

MTV became a cultural phenomenon throughout the 1980’s and 1990’s with a new approach to broadcasting; **Groove TV is the next generation cultural phenomenon!**

By joining conventional TV broadcasting with truly innovative mobile and web interaction, Groove TV is a “must” for all stakeholders unlike any other TV network today:

- **A “Must Watch” for Viewers** – addictive television that actually provides value to viewers through giveaways; Groove TV creates rabid fans as the “Robin Hood” of TV networks!
- **A “Must Buy” for Advertisers** – turbo-charging message retention across all media channels and engaging the elusive (and highly lucrative) 18-34 demographic!
- **A “Must Have” for Recording Artists and Record Labels** – the opportunity for content owners to generate significant wealth via an unprecedented revenue-sharing model!

A “Must Watch” for Viewers

With a focus on melodic, soulful songwriting, Groove TV will quickly become a “must watch” for viewers eager to discover the next *big hit* artist without having to wade through all the *big hype*. The Groove TV brand will be synonymous with the best in new music. In a media environment where viewers increasingly demand “bite-sized” content, *what plays better than 3 minute music videos interspersed with sketch comedy and artist interviews?* **Groove TV is addictive television!**

Through a multi-platform media experience, Groove TV engages viewers -- particularly the hard to reach 18-34 demographic -- in a way that no other TV network ever has! By registering as “members” via the Groove TV mobile/tablet app or website, **viewers are *motivated to interact in ways that actually provide value:***

- Vote on their favorite artists and play a role in making the next hit band/artist.
- Enter frequent giveaway contests to win prizes like autographed guitars, concert tickets, backstage passes, travel -- and CASH. This is also an opportunity for advertisers/sponsors to reach viewers with promotional giveaways of their own, delivered through Groove TV’s programming.
- Discover and purchase exciting new music.
- Accumulate membership points through contests to cash-out into real world discounts and prizes.



A “Must Buy” for Advertisers

Groove TV is a more effective and potent advertising vehicle than any other TV network for several reasons.

As an *interconnected* mix of TV broadcast, Internet and mobile media, Groove TV is a “must buy” for advertisers seeking to engage the device-switching 18-34 demographic. We are able to fine-tune advertising messages unique to each platform – whether video ad spots on TV, or streaming video and an array of other ad types on the web or through our mobile app. Also of considerable value to advertisers is the fact that web and mobile video ads are TIVO-proof!

Viewer interaction through contests and giveaways – a key element of Groove TV’s programming – is also a TIVO-proof means of engaging viewers unlike any other TV network and turbo-charging viewer retention of the advertising message. For example, a promotional giveaway or the accumulation of membership points may be tied to a secret number or phrase revealed during a commercial break.

Viewer interaction is also a way to compile valuable marketing information. Viewers may be required to fill-out brief questionnaires and feedback requests (“opt-in”) as a prerequisite to enter a giveaway contest. This in turn provides advertisers with valuable information about the wants and needs of the viewers. *We are, in effect, working with advertisers to serve the viewers.*

From the viewer’s perspective, Groove TV’s unprecedented focus on giveaways makes it the “Robin Hood” of TV networks, not the “Big Bad Wolf”. **A happily engaged viewer is more valuable to advertisers!**

A “Must Have” for Recording Artists and Record Labels

Every serious recording artist or record label knows that it is not enough to upload a video to YouTube and hope for the best. Even the best music and music video goes nowhere without exposure. **Groove TV will expose 2,080 of the very best new videos (more than any music video network ever did) to millions of viewers every year.**



However, exposure alone does not pay the bills. Television shows have historically generated massive income for their creators, commonly with 80% of the advertising revenue going to the producers/creators. But while billion-dollar networks like MTV thrived off music video content, the music makers were never paid a dime for *their* TV productions (the music videos); it was assumed that the exposure gained through airplay was enough. While that exposure may help the lucky few selected for airplay, it does not pay the bills. Of course, thousands of other equally talented artists are left out in the cold.

Unlike any other music video network, Groove TV gives recording artists (and record labels) the same deal offered to the creators of television shows – an 80% share of the advertising revenue. **Now artists on Groove TV can earn upwards of \$460,000 from a single video!** As the viewership of Groove TV grows, so does the revenue to the artist.

This is more money than the vast majority of artists will ever earn in their entire career.

With today’s technology, videos today can be made for a fraction of the bloated budgets of the past. Even an iPhone can be used to create high quality programming! Although the promise of significant revenues through Groove TV will enable a moderately resourceful artist to self-finance a video – especially through the myriad of “crowdfunding” sites like [Kickstarter](#), [RocketHub](#), [IndieGoGo](#), [Prosper](#), etc. – Groove TV may elect to finance a particular video for a share of the forthcoming ad revenues and the exclusive rights to the video content.

What’s more, Groove TV stimulates music sales *at the moment of discovery* by enabling mobile app users to instantly purchase the song for the currently playing video. We will link directly to [iTunes](#) for iPhone and iPad users, and to [Amazon MP3](#) for Android-powered devices. See the [Marketing Plan](#) section, “*Music Discovery, the ‘Second Screen’ and Music Sales*” for more details on why this is a huge opportunity to engage the viewer.

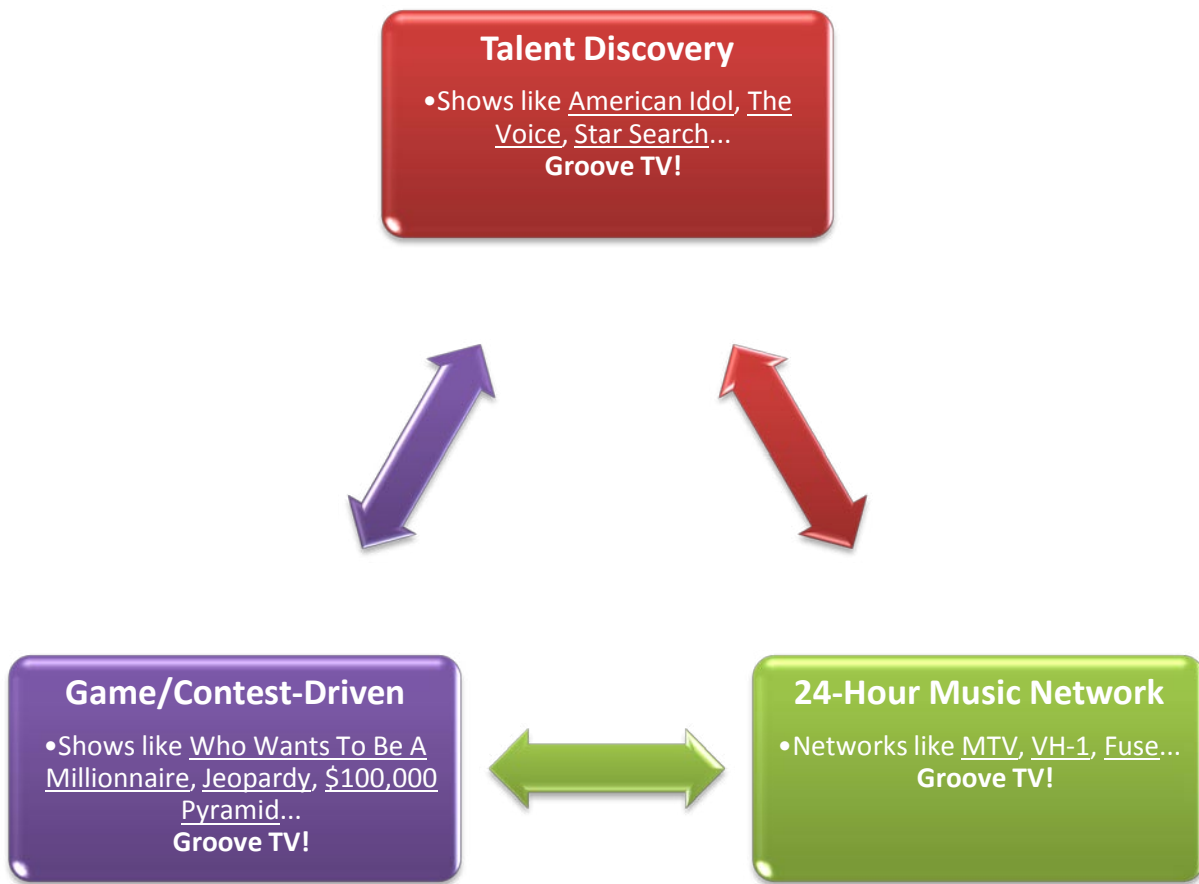
“Swarm Broadcasting” – Groove’s New Model for Broadcasting

“Swarm Broadcasting” is our term for the super-charged media delivery engine under the hood of the Groove TV business model. This is a new approach to broadcasting that makes use of the virtually untapped wealth of content being created with the amazing audio and video production tools at the fingertips of today’s high-tech society. It enables Groove’s content evaluation staff to compile a sizzling 24-hour broadcast of world-class “bite-sized” content from submissions produced entirely out-of-house with virtually no up-front cost to the network (in fact, a modest fee of \$25 per submission is charges to minimize nuisance submissions).

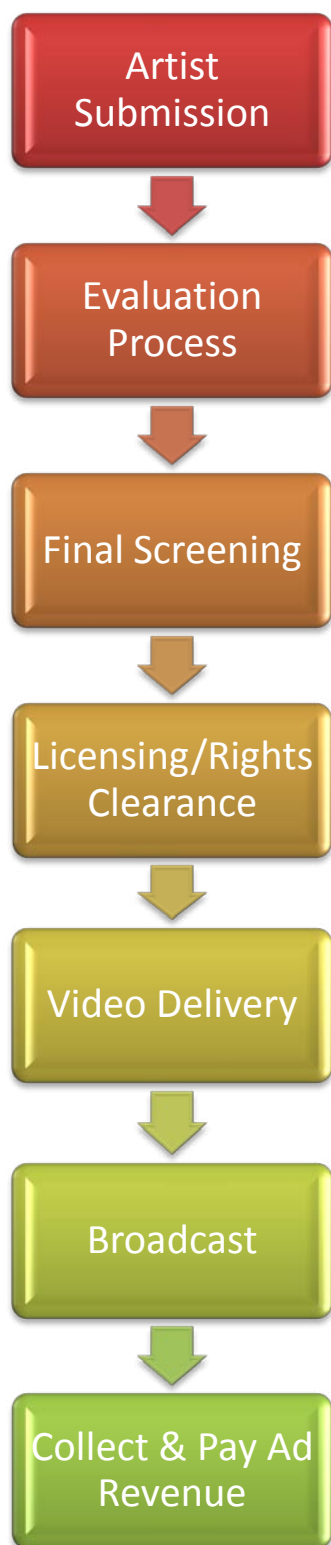
Unlike conventional TV networks, Groove TV wastes no investment on contracts and production costs of content that has yet to be created; the network simply selects the very best programming that’s ready to air!

Submissions selected for broadcast share in “back-end” advertising revenue consistent with what major TV producers earn for their programming. The promise of significant earnings pushes the competition bar ever higher for quality content; higher quality content draws more and more “eyeballs”, which naturally translates into higher advertising revenues.

This new paradigm of media delivery couples today’s technology with a combination of elements from three of the most successful broadcasting genres:



The Process



First, the artist (or record label) uploads one or more songs to Groove TV for evaluation via an online submission portal. To maintain the integrity of the submission process, we charge a \$25 fee per song submitted. This is on-par with other submission-based models, such as the International Songwriting Competition, which charges \$35 per submission.

Next, the song is digitally assigned to one of our “Evaluation Editors”. Our “Evaluation Editor” team consists of 25 to 50 known songwriters and music industry professionals – our “golden ears” – whose musical experience enables them to screen songs based on such factors as melody and lyrics, production quality, etc. Each Evaluation Editor uses a simple application to quickly screen upwards of thousands of songs per day.

Once a song has passed the Evaluation Editor, it is handed to the founders (Kevin Grover and John Clay III) and to a celebrity panel of three music legends for a final evaluation. The song must be unanimously approved to proceed to broadcast.

If the final screening gives the “green light” to the song, it passes to the Artist Relations department, which contacts the artist/label to coordinate the delivery of the video, and to execute a non-exclusive licensing agreement for rights clearance (the artist/label waives statutory Public Performance royalties or DMCA Streaming royalties that would ordinarily be payable by Groove TV for broadcast and streaming of the material).

Next, the artist delivers the video to Groove TV. It is encoded into Groove’s content management system and scheduled for air. Additional data is encoded into the web and mobile streams to enable click-through to purchase the song via iTunes or Amazon MP3.

The video is placed into rotation for a period of two weeks. The content management system keeps a log of each play for final reporting to the content owner.

The artist’s/label’s share of the ad revenues generated during the video’s run is paid within 60 days after the video has ended its rotation.

Groove TV Programming

In addition to the rotation of music videos, sketch comedy clips and artist interviews, Groove TV will offer the following additional programming:

- Groove Legacy Channel – the most popular videos (as voted by Groove TV web and mobile viewers) are put into rotation on a secondary web and mobile streaming feed available to web and mobile app users. As with videos on the main Groove TV rotation, featured artists earn a share of the advertising revenues from the Groove Legacy stream. As the Groove TV network grows in popularity, the Groove Legacy Channel may evolve into a full-scale cable/satellite TV broadcast channel.
- Groove Country – a third web and mobile streaming feed for web and mobile app users will showcase Country music videos. As with the main Groove TV channel and the online Groove Legacy Channel, featured artists will share in the advertising revenues from the Groove Country stream. Like the Groove Legacy Channel, Groove Country may also evolve into a full-scale TV network.
- Groove Metamorphosis – a weekly one-hour reality show that documents four success stories of Groove TV artists. Groove Metamorphosis will become a repository of footage of tomorrow’s music legends at the early stages of their careers.
- Midnight Groove – a weekly 90-minute broadcast of a concert featuring artists from Groove TV, run late on Saturday nights.
- Groove DIY Channel – a continually growing knowledge base of “Do-It-Yourself” media production that will become the most extensive on the web. The Groove DIY Channel will be available on-demand through the website and mobile app and will feature a library of production tutorials from manufacturers of hardware, software and musical instruments as well as tips from recording artists, record producers, video editors and more.

Revenue Streams and Pricing

Revenue streams to the company include:

- **Advertising Sales** – TV, web and mobile ad sales. By Year 5, Advertising Sales is projected to contribute annual gross revenue of \$1.27 billion. Ads are priced on a basis of “cost per thousand impressions” (CPM), so the ad price depends on viewership:
 - \$10.76 CPM for TV ads (average \$ 5,133 per 0:30 spot by Year 5), 32 spots per hour.
 - \$10 CPM for Internet ads (\$ 278 per 0:30 spot by Year 5), 32 spots per hour.
 - \$10 CPM for Mobile ads (\$ 38 per 0:30 spot by Year 5), 32 spots per hour.
- **Artist Submissions** – artist/record label song submissions to Groove TV at \$25 per submission. Artist Submissions is projected to contribute revenues of \$26 million per year.
- **Digital Music Sales** – 10% referral commissions from iTunes and Amazon MP3 for music purchases facilitated by Groove TV (over \$1.3 million annually and a vital means of keeping viewers engaged and “hooked-in” to Groove TV for new music discovery).
- **Affiliate Fees** -- a per-subscriber amount paid by cable and satellite operators (like Comcast, Time-Warner Cable, DirecTV, etc.) to networks in return for the right to including the network’s programming in their channel lineup. By Year 5, we expect to have sufficient viewership to command a \$0.10 affiliate fee per subscriber -- \$115 million annually.

The Operation & The People

- **About The Management Team**
 - xxx, Co-CEO, Co-Founder
 - xxx, Co-CEO, Co-Founder
- **Departmental Organization**
- **Compensation & Benefits**
- **Form of Organization**
- **Ownership**
- **Organization Chart**

About the Founders

The founders' revolutionary business model and their passion for all things musical is informed by decades of experience in both creative and business capacities. This experience has enabled them to form long-term professional associations throughout the television, music and technology industries which will be instrumental in building a dedicated and highly accomplished management team and staff.

xxx, Co-CEO & Co-Founder

As a composer/singer/music producer and key member of the iconic Los Angeles-based rock/power-pop band The Mutts from 1983 to 1997, xxx is no stranger to the ups and downs of the music industry. From a top-5 radio hit in all major markets with The Mutts' critically acclaimed 1993 album "Stinko's Ranch" to appearances on MTV, xxx brings a perspective on life as a recording artist that few share. His unique insight into the issues facing the music industry propelled the formation of Mintaka Communications, LLC and its visionary Groove TV network project.

xxx's decades of experience extends from the music industry to advertising and marketing-related positions in other fields such as gaming and the Internet.

In 1995, he helped launch the Excite web directory portal as a writer/editor under the editorial direction of newspaper magnate and television producer Jim Bellows. Within one year, Excite skyrocketed to success, and strategic partnerships with Apple, WebTV, Netscape and Microsoft threatened to knock Yahoo from its pedestal as the search engine king.

Soon, NBCi contracted with xxx to establish the voice for the product's launch, and he further secured long-term contracts with Snap!, Infoseek, Looksmart, Best of the Web, CNET Gamecenter, and as an analyst for Overture.

xxx's conceptual advertising copy introduced North American audiences to the immensely popular Grand Theft Auto video game franchise. His retail packaging copy appears on the complete product line of Jakks Pacific video games, including Spongebob Bikini Bottom 500, Sing Scene, Star Wars: Republic Squadron, The Price is Right, Disney's Playhouse and more. His advertising, packaging and collateral copy rocketed the first wireless guitar controllers, microphones and accessories for Guitar Hero/Rock Band to multi-million dollar retail deals with Wal-Mart, Best Buy, GameStop, Circuit City and others, ultimately selling over 3 million units in North America within the company's first three quarters of operation.

xxx, Co-CEO & Co-Founder

xxx brings a wealth of experience from the Music Industry with decades of experience as a professional sound engineer and music producer. He has worked with some of the biggest names in R&B/Hip-Hop from Ice Cube, Bel Biv, Devo, Pharcyde, Rick James, the Gap Band. xxx has also worked in the largest studios around Los Angeles including Ground Control, Record Plant, Larrabe North and West, Conway, Westlake, Oceanway, Enterprise, and Encore, where he mixed with Barney Perkins during the Laface Records explosion.

xxx is one of the pioneers of the trend-setting "Black Alternative" movement of the mid-1990s which paved the way for much of the experimentation heard in Black music adopted by the Record Industry over the past 12 years. Since that time, xxx has built three recording studios and recorded countless indie artists and bands. He has also served as a consultant to numerous record labels and boutique musical service companies including Omn Records, Capsule Labs, Star Media, Mediafish Creative, True Music, Rhythms of the Village Performance Troop, and The Label.

xxx presently works as a Re-Branding Specialist and Sound Design Technician for clients such as the Los Angeles Lakers, Red Bull, Campbell's Soup, Nike, and the Los Angeles Dodgers, to name a few. xxx also is a real estate investor with an 8-figure portfolio consisting of residential and commercial properties across the United States, and has worked with Pasadena City Councilman Chris Holden on the North Fair Oaks housing development project.

Departmental Organization

The company is organized with the following departments:

Finance

The Finance department is organized into three distinct groups.

The Production Group is focused on financial issues related to the Groove TV network, such as Credit (to advertisers), Collections and Accounts Receivable, Accounts Payable and Purchasing, and Production accounting. This unit is headed by a Financial Manager who reports to the CFO and frequently interfaces with the heads of all other departments as their roles relate to the operations, sales and marketing aspects of Groove TV.

The Corporate Finance Group is focused on broader corporate finance issues. This unit is headed by the Controller (the chief accounting office) who reports to the CFO. Assisting the Controller are the tax accountant, internal auditor, financial analyst, payroll and investor relations staff.

The Network Affiliate Group focuses exclusively on billing and collection of affiliate fees from cable and satellite operators that distribute Groove TV's program content, as this is a very significant revenue stream. This unit is to be established at the point Groove TV begins to collect affiliate fees (projected Year 5). It is headed by the Network Affiliate Finance (NAF) Manager, who reports to the CFO and is supported by three NAF analysts.

Sales

The Sales department is headed by the VP of Sales who is supported by 3 account executives focused on Broadcast media sales and three account executives focused on Digital media sales (web and mobile). These account executives are collectively assisted by three media sales reps.

Artist Relations / Editorial Board

The Artist Relations department, headed by the VP of Artist Relations, handles all interfacing with artists and record labels that submit and license music video content to Groove TV. This involves overseeing a team of independent contractor "Evaluation Editors" who evaluate artist submissions. The Artist Relations department also coordinates the execution of content licensing agreements with artists/labels whose content is selected for airing, and manages the delivery of music videos to the Production department.

Office Staff

Office staff consists of the Human Resource Manager (reporting to the COO), executive assistants, and other office support staff.

Production

Production is headed by the Executive Producer, who reports to the COO and who oversees the entire production staff.

Marketing & PR

Marketing and publicity functions are to be handled out-of-house by Ogilvy & Mather.

Compensation & Benefits

Benefits for all employees include health and dental (PPO).

Position	Year 1	Year 2	Year 3	Year 4	Year 5
Executive & Celebrity Panel					
Co-CEO (xxx)	\$175,000	\$200,000	\$217,500	\$237,500	\$250,000
Co-CEO (xxx)	\$175,000	\$200,000	\$217,500	\$237,500	\$250,000
GM/COO	\$518,000	\$592,000	\$643,800	\$703,000	\$740,000
CFO	\$350,000	\$400,000	\$435,000	\$475,000	\$500,000
VP of Sales	\$224,000	\$256,000	\$278,400	\$304,000	\$320,000
VP of Artist Relations	\$140,000	\$160,000	\$174,000	\$190,000	\$200,000
Legal Affairs	\$210,000	\$240,000	\$261,000	\$285,000	\$300,000
Celebrity Panel (3) (each...)	\$700,000	\$800,000	\$870,000	\$950,000	\$1,000,000
Total Executive & Celebrity Panel	\$2,492,000	\$2,848,000	\$3,097,200	\$3,382,000	\$3,560,000
Finance					
Controller	\$184,000	\$195,500	\$207,000	\$218,500	\$230,000
Financial Manager	\$160,000	\$170,000	\$180,000	\$190,000	\$200,000
Network Affiliate Finance Manager (Yr. 5)					\$200,000
NAF Analyst (3) (Yr. 5)					\$85,000
Sr. Tax Accountant	\$68,800	\$73,100	\$77,400	\$81,700	\$86,000
Fixed Asset Manager	\$72,000	\$76,500	\$81,000	\$85,500	\$90,000
Internal Auditor	\$76,000	\$80,750	\$85,500	\$90,250	\$95,000
Financial Analyst	\$68,000	\$72,250	\$76,500	\$80,750	\$85,000
Investor Relations	\$64,000	\$68,000	\$72,000	\$76,000	\$80,000
Payroll Manager	\$73,200	\$77,775	\$82,350	\$86,925	\$91,500
Sr. Credit Manager	\$72,000	\$76,500	\$81,000	\$85,500	\$90,000
Collections Manager	\$36,000	\$38,250	\$40,500	\$42,750	\$45,000
Accounts Receivable Clerk (3) (each...)	\$30,400	\$32,300	\$34,200	\$36,100	\$38,000
Accts. Payable Clerk (3) (each...)	\$30,400	\$32,300	\$34,200	\$36,100	\$38,000
Production Accountant (2) (each...)	\$40,000	\$42,500	\$45,000	\$47,500	\$50,000
Total Finance Department	\$994,800	\$1,035,725	\$1,096,650	\$1,157,575	\$1,503,500
Sales					
Sr. Broadcast Account Executive (3) (each...)	\$97,600	\$103,700	\$109,800	\$115,900	\$122,000
Sr. Digital Account Executive (3) (each...)	\$97,600	\$103,700	\$109,800	\$115,900	\$122,000
Media Sales Reps (3) (each...)	\$78,400	\$83,300	\$88,200	\$93,100	\$98,000
Total Sales Department	\$273,600	\$290,700	\$307,800	\$324,900	\$342,000
Artist Relations / Editorial Board					
Artist Relations Assistants (8) (each...)	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Evaluation Editors (25-50) (each...)	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Artist Relations/Editorial Board	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000
Office Staff					
Human Resources Manager	\$80,000	\$80,000	\$85,000	\$95,000	\$100,000
Executive Assistants (3) (each...)	\$46,400	\$46,400	\$49,300	\$55,100	\$58,000
Secretary/Receptionist	\$25,600	\$25,600	\$27,200	\$30,400	\$32,000
Interns/Runners (5) (allowance each...)	\$5,600	\$5,600	\$5,950	\$6,650	\$7,000
Total Office Staff	\$157,600	\$157,600	\$167,450	\$187,150	\$197,000

Production Staff						
Executive Producer	\$160,000	\$160,000	\$170,000	\$190,000	\$200,000	
Line Producer (3)	\$48,000	\$48,000	\$51,000	\$57,000	\$60,000	
Camera Operator (9)	\$33,600	\$33,600	\$35,700	\$39,900	\$42,000	
Board Operator/Electrician (3)	\$80,000	\$80,000	\$85,000	\$95,000	\$100,000	
Broadcast Technician (3)	\$40,000	\$40,000	\$42,500	\$47,500	\$50,000	
Audio Engineer (3)	\$48,000	\$48,000	\$51,000	\$57,000	\$60,000	
Audio Assistant/Grip (3)	\$24,000	\$24,000	\$25,500	\$28,500	\$30,000	
Hair & Makeup (3)	\$28,000	\$28,000	\$29,750	\$33,250	\$35,000	
Gaffer (3)	\$64,000	\$64,000	\$68,000	\$76,000	\$80,000	
Best Boy (3)	\$48,000	\$48,000	\$51,000	\$57,000	\$60,000	
Online/Traffic Editor (6)	\$36,000	\$36,000	\$38,250	\$42,750	\$45,000	
Traffic Assistant (3)	\$24,000	\$24,000	\$25,500	\$28,500	\$30,000	
Offline Editor (2)	\$36,000	\$36,000	\$38,250	\$42,750	\$45,000	
Craft Services (3)	\$24,000	\$24,000	\$25,500	\$28,500	\$30,000	
Production Designer	\$88,000	\$88,000	\$93,500	\$104,500	\$110,000	
Graphic Designer (2)	\$42,400	\$42,400	\$45,050	\$50,350	\$53,000	
Chief Systems Admin (IT)	\$88,000	\$88,000	\$93,500	\$104,500	\$110,000	
Assistant Systems Admin (IT) (3)	\$56,000	\$56,000	\$59,500	\$66,500	\$70,000	
Writers (2)	\$48,000	\$48,000	\$51,000	\$57,000	\$60,000	
VJs/Program Hosts (8)	\$240,000	\$240,000	\$255,000	\$285,000	\$300,000	
Total Production Staff	\$1,256,000	\$1,256,000	\$1,334,500	\$1,491,500	\$1,570,000	
Total All Salaries	\$5,314,000	\$5,748,025	\$6,163,600	\$6,703,125	\$7,332,500	

Form of Organization

The company is organized as a California LLC, electing to be taxed as a partnership for pass-through tax benefits to its members.

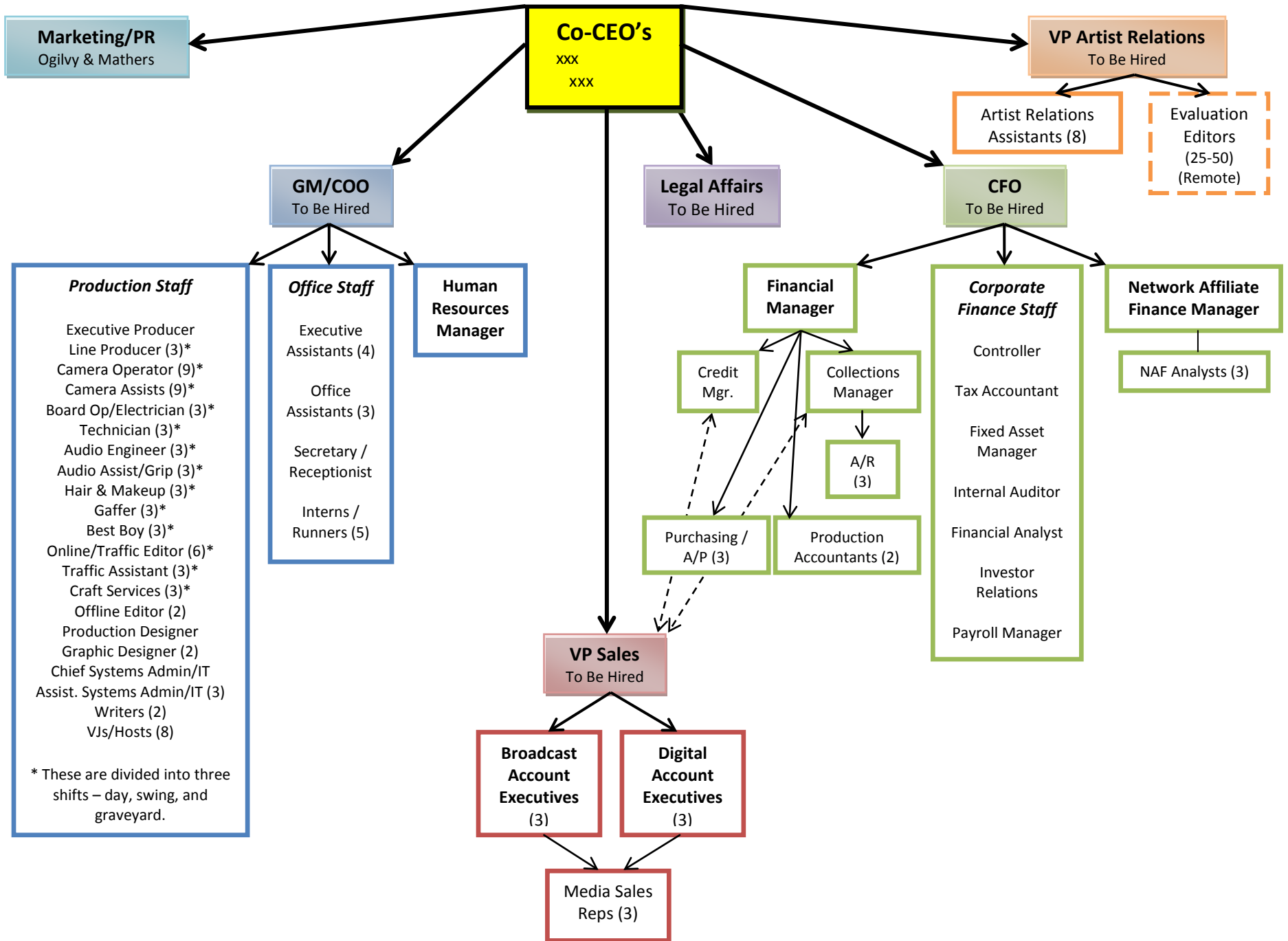
Ownership

Current ownership in the company is as follows:

Name	Title	Current Ownership
xxx	Co-CEO	48.5%
xxx	Co-CEO	45.5%
Others		7%

Organization Chart

See the Organization Chart on the following page.



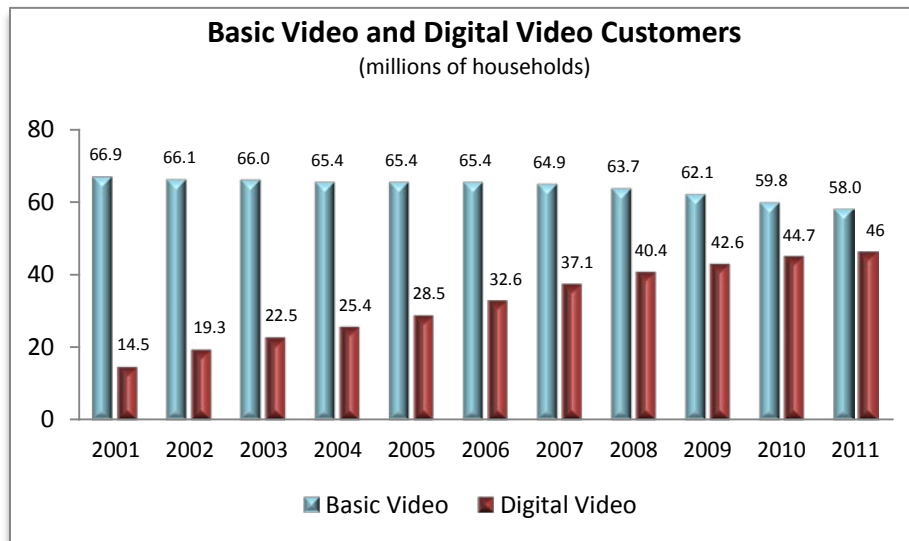
Marketing Plan

- **Television Industry Overview**
- **Music Discovery, the “Second Screen” and Music Sales**
- **The Growth of Online and Mobile Advertising**
- **Target Viewers: Demographic & Psychographic Profile**
 - Viewer Characteristics
 - Viewer Subset: “Digital Natives”
 - Viewer Lifestyle
- **Target Viewers: Cross-Platform Video Engagement**
- **Target: Advertisers**
- **Target: Recording Artists**
- **Pricing: TV Advertisement Spots**
- **Pricing: Online & Mobile Advertisement Spots**
- **Market Strategy**
 - Unique Selling Propositions
 - Marketing Messages
- **Advertising & Promotion**
- **Marketing Budget**
- **Competition Profile**

Television Industry Overview

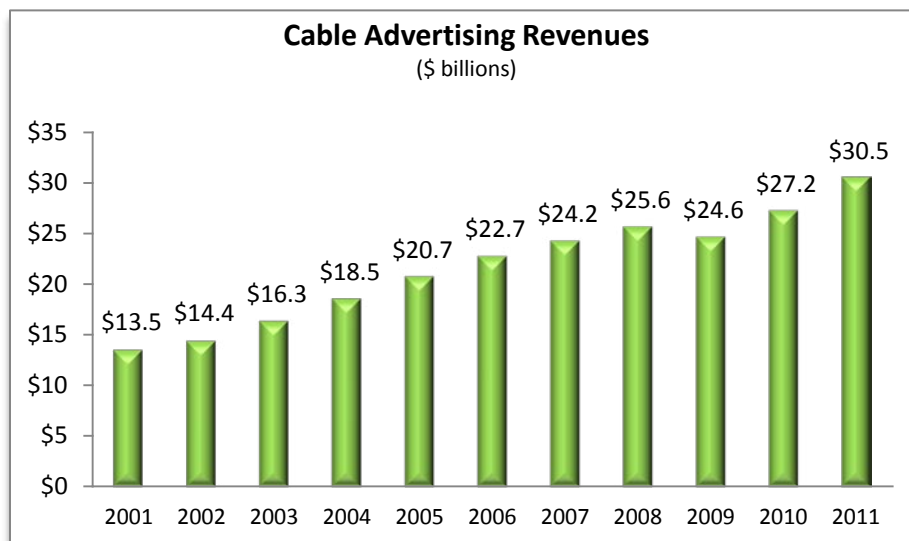
Ad-supported Cable accounts for 60% of all television viewing, superior to the “Broadcast 6” Network TV across all demographics. (Cable Advertising Bureau, analysis of Nielsen Galaxy 9/20/10 to 5/26/11)

Basic Video customers number 58 million households; Digital Video customers number 46 million households and growing steadily. The Digital Video customer base has increased by 24% over the last five years, and 217% over the last ten years.



(Source: National Cable & Telecommunications Association/SNL Kagan, 2012)

Cable advertising revenues have grown steadily over the last 10 years as well to \$30.5 billion in 2011.



(Source: SNL Kagan, “Broadband Cable Financial Databook”, 2011)

Cable advertising is now on par with Network television, and growing. Year-on-year % change in ad spend was +5.4% for Cable TV versus -0.5% for Network TV. (Nielsen, “State of the Media Spring 2012”)

Cable (and Satellite/Telecom) TV programming is distributed via “MSOs” (Multiple Station Operators), the top 25 accounting for 96.5 million subscribers. The top 10 are:

Rank	MSO	Subscribers
1	Comcast Corporation	22,360,000
2	DirecTV	19,760,000
3	Dish Network Corporation	13,945,000
4	Time Warner Cable, Inc.	12,109,000
5	Cox Communications, Inc.	4,789,000
6	Charter Communications, Inc.	4,371,000
7	Verizon Communications, Inc.	3,979,000
8	AT&T, Inc.	3,583,000
9	Cablevision Systems Corporation	3,264,000
10	Bright House Networks LLC	2,109,000

(Source: [NTCA/SNL Kagan](#), 2012)

Our objective will be to secure distribution as a high-definition “Basic Video” channel through all MSOs to maximize our network’s reach.

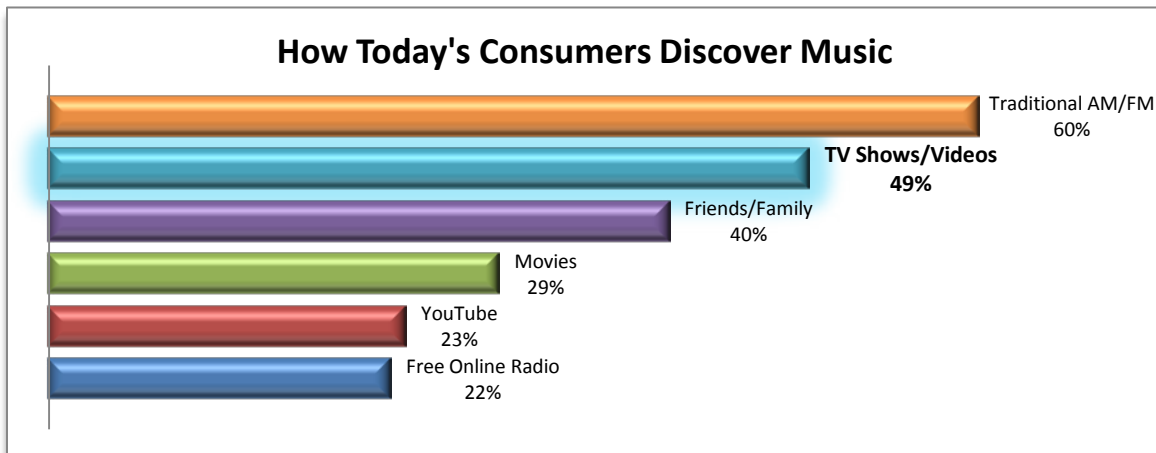
The network with the largest “subscriber base” (the total number of subscribers to all of the MSOs carrying the network) is TBS with 102,800,000 subscribers. As for music-related channels:

- **MTV** ranks #17 with 100,600,000 subscribers (Source: [NTCA/SNL Kagan](#), 2011)
- **VH1** ranks #22 with 99,800,000 subscribers (Source: Ibid)
- **CMT** reaches 90 million subscribers (Source: Ibid)
- **MTV2** reaches 78.6 million subscribers (Source: [Nielsen](#) “Universe Estimates”, January 2012)
- **Fuse** reaches 67.6 million subscribers (Source: [Advertising Age](#) “Cable Guide 2011”)
- **ARC** reaches 18,000,000 homes, on-demand digital cable only (Comcast). (Source: [arcchannel.tv](#))

Music Discovery, the “Second Screen” and Music Sales

A new whitepaper published in the May 26, 2012 issue of Billboard Magazine titled “The Discovery Channels” details new findings about consumer music discovery. TV shows and music video channels are influential in music discovery for 49% of consumers, second only to traditional AM/FM radio. Moreover, viewers are eight times more likely to buy music at the moment of discovery than at any other time.

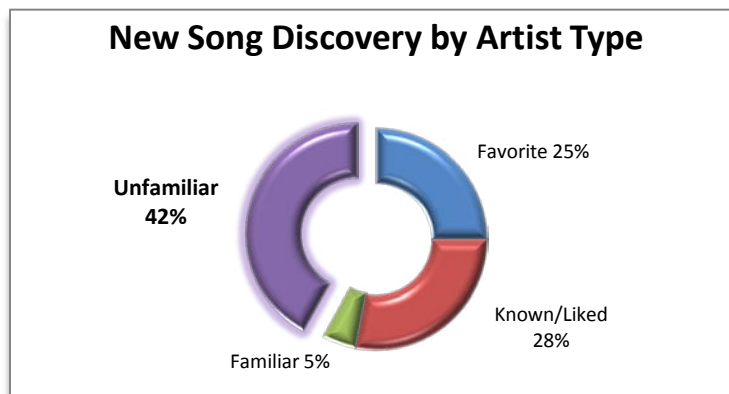
This represents an important opportunity for Groove TV brand itself as the place for new music discovery! By using the power of its TV broadcast and its “second-screen” online video streaming platform, Groove TV will not only introduce new music to consumers, but also generate revenues through digital music sales.



(Source: Billboard Magazine, “The Discovery Channels”, May 26, 2012)

A new study from NPD Group/NARM found that TV is particularly valuable for targeting the mainstream consumer, women, and brick-and-mortar shoppers. In fact, the study also found that consumers now rely more on TV for discovery compared with the days when brick-and-mortar stores were more plentiful. Only 8% of consumers cited traditional retail channels as a top five discovery source.

New artists – like those featured on Groove TV – will benefit most from consumer discovery via TV and streaming video. NPD and NARM found that 42% of songs that caught listeners’ attention were from *unfamiliar artists* compared with 25% from favorite artists, 28% from known and liked artists and 5% from familiar artists.



(Source: Billboard Magazine, “The Discovery Channels”, May 26, 2012)

Also according to the Billboard whitepaper, “Companies that develop second-screen applications will find a TV audience well attuned to multitasking while watching.” This is confirmed by the Nielsen’s “State of the Media: U.S Digital Consumer Report Q3-Q4 2011”, which finds that:

- 42% of tablet owners use them daily while watching TV;
- 57% of smartphone and tablet owners checked email while watching TV;
- 29% of smartphone and tablet owners looked up information on the TV program they were watching;
- 19% of searched for product information for an advertisement they saw;
- 16% looked up coupons or deals related to an advertisement they saw.

Of course, the term “second-screen” does not just apply to mobile devices but also to computers/laptops. Accenture’s 2012 “Video over the Internet” survey confirms that people who consume video over the Internet use their computers or mobile phones while watching TV -- especially amongst the 18-34 demographic:

Multitasking While Watching TV
by Age

Watching TV while using ...	Total	18-24	25-34	35-44	45-54	55-64	65+
Computer/laptop	62%	72%	72%	63%	60%	56%	46%
Mobile phone/smartphone	41%	66%	57%	43%	34%	27%	18%

Base: Total respondents who consume video over the Internet on any device.

This is an opportunity to engage the TV viewer to strengthen the Groove TV brand and stimulate digital music sales – using the “second screen” as a complimentary viewing experience!

An example of the ability of the “second screen” to stimulate product sales at the moment of discovery is mobile app Shazam, which enables the user to identify songs using their mobile device. Shazam provides a link to buy identified tracks at either iTunes (on iOS devices) or Amazon MP3 (on Android devices). Not every query results in a purchase, but the ones that do add up: in September of 2011, Shazam CEO Andrew Fisher told news site Paid Content that of the 4 million song identifications per day, between 8% and 10% resulted in a music purchase. **In all, Shazam users purchased \$100 million of digital music last year through the app – essentially \$1 spent for every 2 Shazam users.**

The Groove TV website and smartphone/tablet app will stimulate music sales far beyond apps like Shazam because it is directly linked to broadcast entertainment. Not only will the app (and website) enable viewers to vote on their favorite videos and participate in promotional giveaway contests (an incentive for the viewer to watch the broadcast *and* use the app), but it will also provide a link to purchase the music being played during the broadcast. Like Shazam, the Groove TV app will link to iTunes and Amazon MP3 for music purchases. *Amazon offers a 10% referral commission; we are confident we can negotiate similar terms with Apple for iTunes referrals.*

Initially, we will be linking to Amazon MP3 and iTunes for music purchases rather than building our own digital music sales platform. This way we can focus on *consumer music discovery* and eliminate the administrative challenges involved with *monetization* – formation and maintenance of licensing agreements with content providers, account linking, transaction management, collection, and revenue/royalty distribution.

The Growth of Online and Mobile Video Advertising

Since Groove TV engages viewers through its TV broadcast as well as through the “second screen” of its website and mobile app, online and mobile video advertising represents an important revenue stream for the company. (Online and mobile video advertising is placed throughout the programming as “pre-roll” video.) This is the fastest-growing segment of the advertising marketplace.

Adap.tv, a leading international marketplace and platform for online and mobile video advertising, released a Q1 2012 “Video State of the Industry” report that found that the majority of advertisers say online video ads are a *TIVO-proof* compliment to TV, not a replacement for TV advertising. Pre-roll video is a favorite ad format.

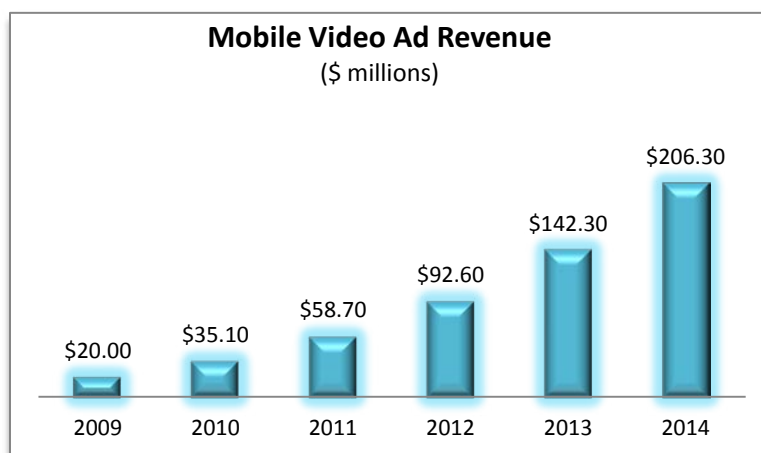
The report concluded that the outlook for online video budgets is strong, with the vast majority of brands, agencies and ad networks (96%) estimating that their budgets will increase an average of 23% in 2012.

Indeed, online video ad budgets are expected to more than triple by 2015!



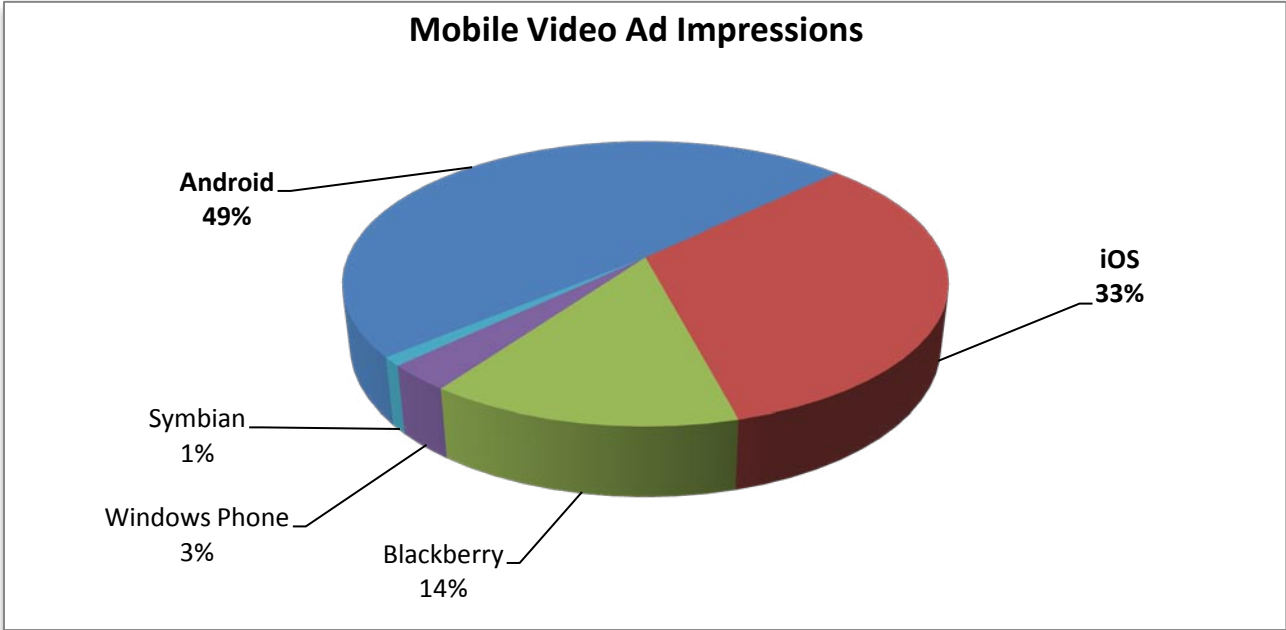
(Source: eMarketer, June, 2011 – via Advertising Age)

Mobile video advertising, although currently just a fraction of the online video ad market, is expected to nearly quadruple from 2011 to 2014.



(Source: eMarketer, June, 2010 – via Advertising Age)

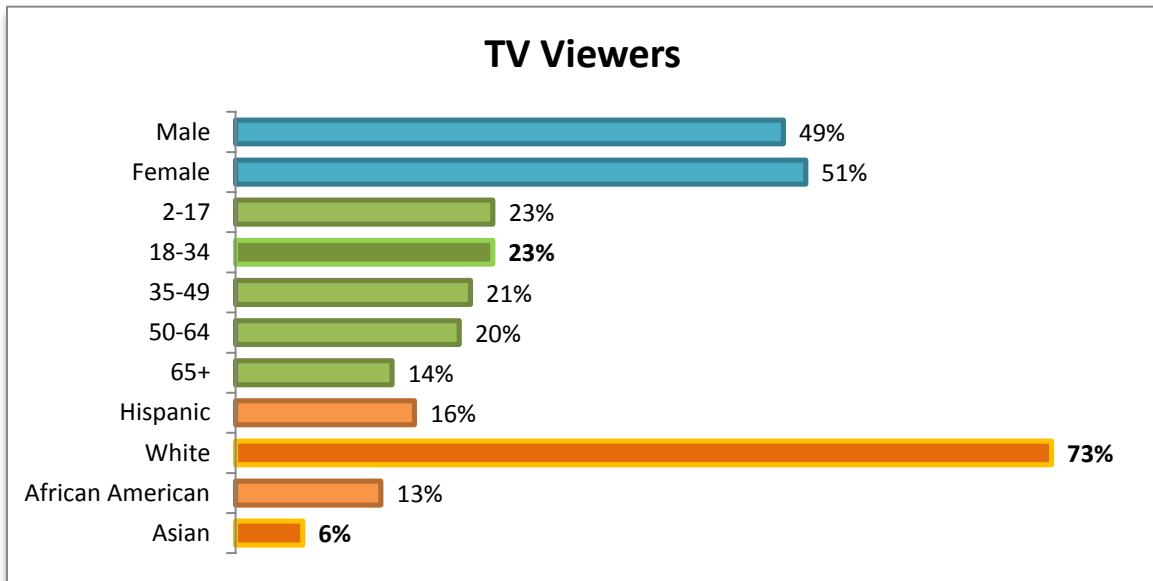
Development of the Groove TV app will focus on **iOS** (iPhone, iPad) and **Android** mobile operating systems, since devices using these two operating systems represent the vast majority of all mobile video consumption and video ad impressions. A May 24, 2012 report from mobile ad sales firm Millennial Media reveals that iOS and Android operating systems account for 82% of all video ad impressions.



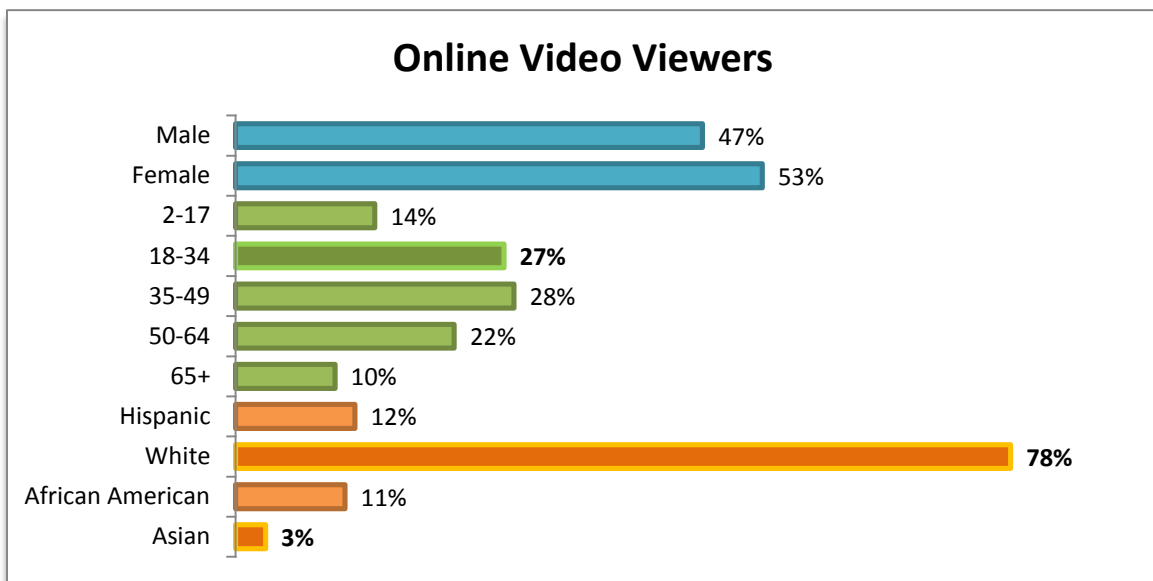
(Source: Online Media Daily, "Tablets Expand On Millennial Network", May 24, 2012)

Target Viewers: Demographic and Psychographic Profile

Our target viewers are primarily White or Asian and aged 18-34, and very “connected” via the Internet and mobile devices. This group is avid TV and online video viewers.

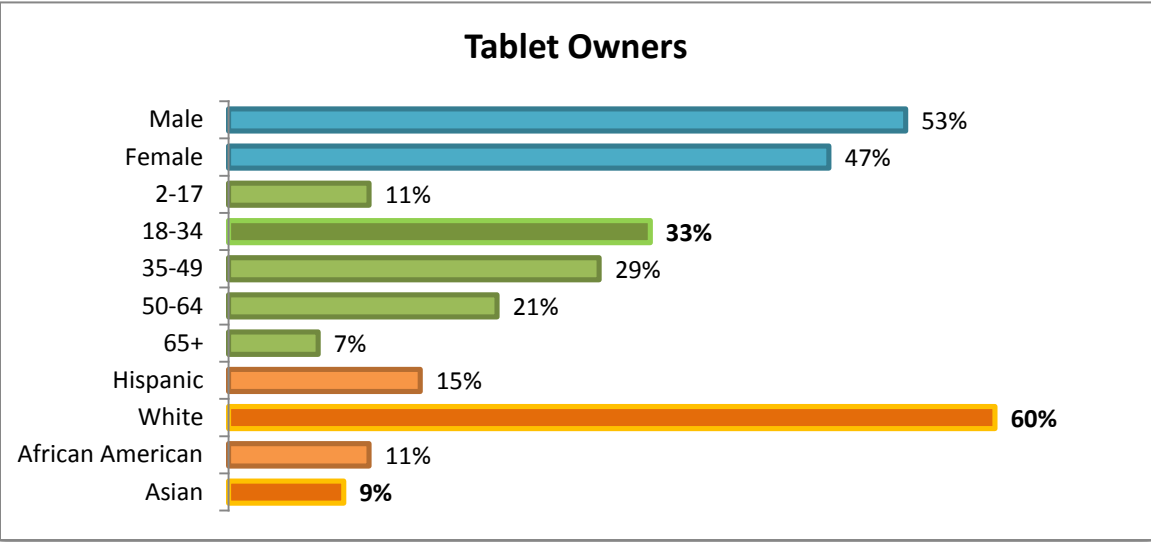


(Source: [Nielsen](#), “National UEs and MarketBreaks”, 2012)

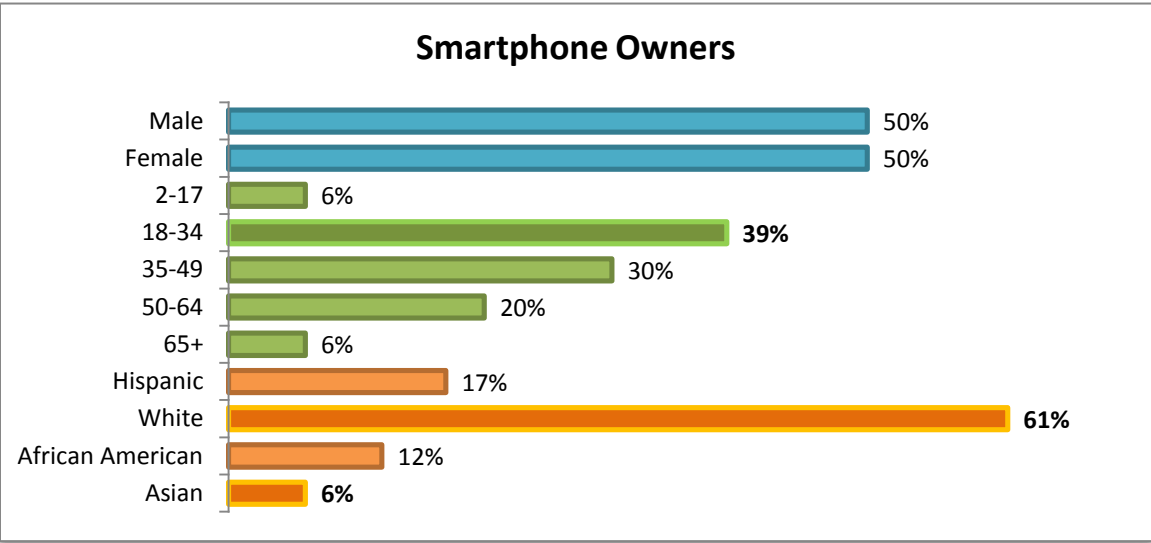


(Source: [Nielsen](#), “Video Census [Total]”, Oct 2011)

Our target viewer is also an avid user of smartphones and tablets – an increasingly important advertising medium and a powerful medium for “second-screen” viewer engagement.



(Source: Nielsen, “Mobile Insights”, Q3 2011)



(Source: Nielsen, “Mobile Insights”, Q3 2011)

Among mobile-connected device owners, 26% are more likely to look at ads if they have an interesting video (pre-roll video will be the primary ad format on Groove TV’s Internet and mobile streaming platform). Furthermore, when viewing ads on their device:

	Tablet Owners	Smartphone Owners
Clicked on ad to view the full ad or product offering	24%	11%
Made a purchase through their computer	23%	20%
Searched for more information about the business	21%	11%
Used or requested a coupon through the ad	13%	7%

(Source: Nielsen, “Mobile Connected Device Report”, Q3 2011)

Viewer Characteristics

Our demographic of adults 18-34 consists of these subsets, profiled as follows (Source: [Cable & Television Association for Marketing](#), "Watching Gens X, Y and I: How Lifestyles Impact Viewing Behaviors", 2011):



- Technology is more of a status symbol (36%)
- Online viewing is on the rise; however 70% watch more/same amount of live TV compared to a year ago.
- 76% are satisfied with their cable TV service.
- Twice as likely to co-view with friends (40%) compared to 25-34 year olds (22%).



- 74% watching more/same amount of live TV compared to a year ago.
- More likely to watch online content on a variety of devices, such as a connected TV (35%), mobile phone (22%) and tablet (17%) than other groups.
- Tend to co-view with their spouse (46%) and/or their children (44%).



- More likely to have laptops (80%), wireless Internet (74%) and mobile phones (90%).
- Heavy online viewers (73%) with 34% watching more online on a computer than a year ago.
- Are more influenced by what to watch by friends (64%).



- Own more technology in the home like HSI (76%), HDTV (73%), and smartphones (61%).
- Friends/family more likely to go to them for advice on technology (58%).
- 34% likely to upgrade their pay-TV service in the next six months.
- More likely to watch with others (51%) and in the main room of their house (64%).



- Younger adults 18-24 (55%) and often male (58%).
- 85% have pay-TV service with half tuning to live TV most often.
- Twice as likely to go to their own room to use electronics/media (36%) to watch TV, 57% to play video games and 62% to use a computer.



- More likely to be 18-24 (34%) and 25-34 (46%) than teens (20%).
- 74% are considered “early adopters”.
- Watch more content on every device, including TVs (74%).
- 80% of Mobile Viewers satisfied with their cable TV service.

Viewer Subset: “Digital Natives”



A sizable portion of our target audience is “Digital Natives” – people in their 20s who grew up with the Internet and mobile devices. A new study commissioned by Time Inc. and conducted by Innerscope Research titled “A Biometric Day in the Life” (Time Inc., April 9, 2012) found that **Digital Natives switch media, devices, and platforms about 27 times (!) per nonworking hour.** The study highlights the concerns faced by those seeking to engage and market to this always-on generation.

Digital Natives are distracted by a dizzying array of media choices. *How is this an opportunity for Groove?*

The Time Inc./Innerscope Research study concluded that Digital Natives “info-snack”, preferring shorter engagements with the media they consume. **This is ideal for a music video channel like Groove TV, driven by what we call “Swarm Broadcasting” – a series of 3-4 minute “shows” (music videos and sketch comedy, artist interviews, etc.).** Groove TV’s engagement with their viewers across all media platforms via an *interconnected* mix of TV broadcast, Internet and mobile is also an advantage when reaching out to device-switching Digital Natives.

Viewer Lifestyle

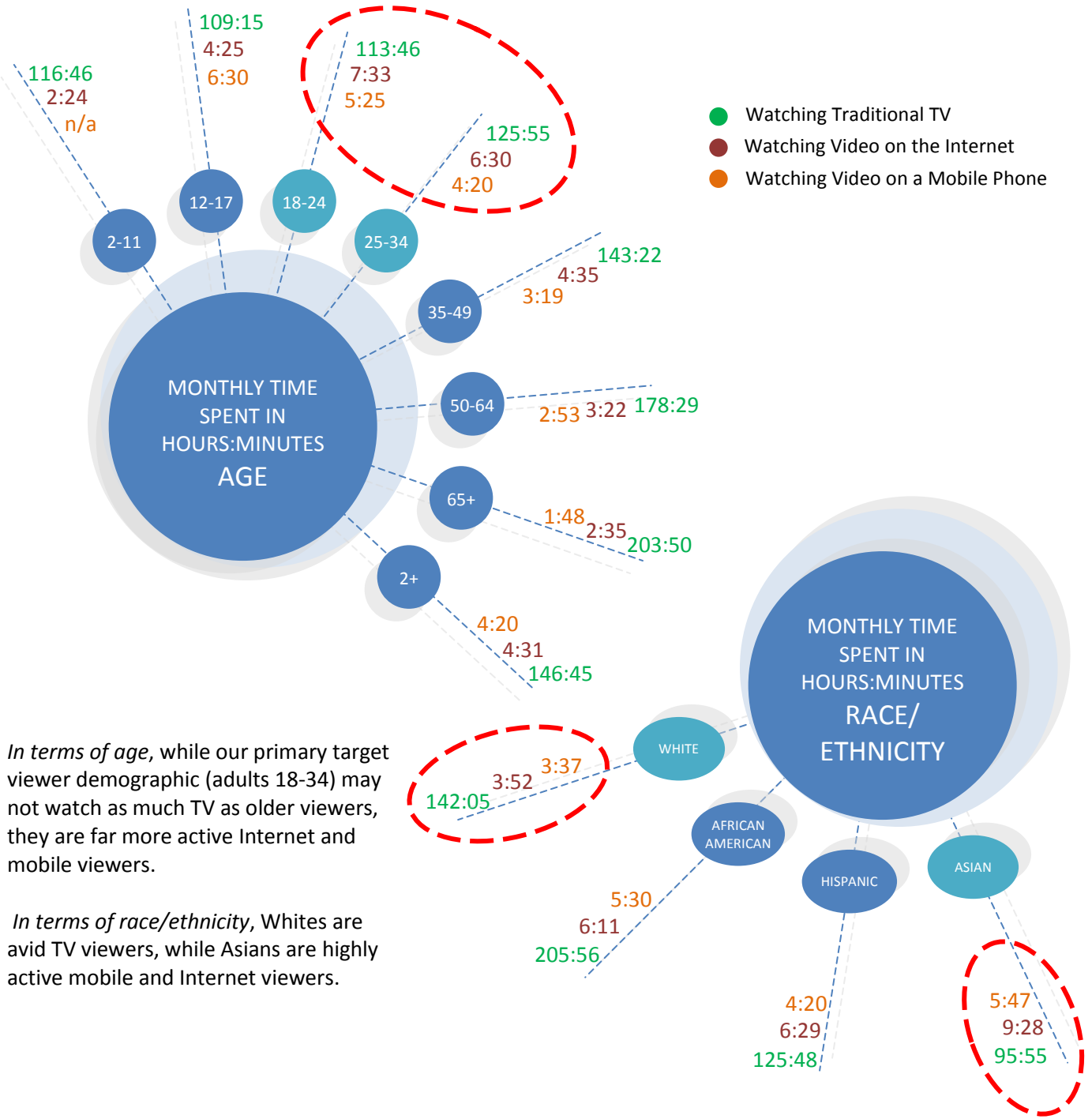
Combining information from similar networks MTV and Fuse (Advertising Age, “Cable Guide 2011” and “Cable Guide 2012”) illustrates some of the lifestyle characteristics of the Groove TV viewer, by category:

Technology/Electronics	Index*	Movies	Index
Cell phone: watched a TV program*	238*	Prefer seeing new movie on opening weekend	204
Cell phone: downloaded a song	217	Attend 2-3 movies per month	183
Internet: downloaded music	215		
Internet: watched a TV program online	161	Likely in The Next Year To...	
		Become a parent	256
Autos/Next 12 months		Invest in stocks/bonds/mutual funds	246
Intent to purchase: buy used or pre-owned	151	Vacation in the U.S.	238
Intent to purchase: buy new	143	Change jobs	234
Food/Beverages (last 30 days)		Retail Shopping	
Prepared mix drinks w/liquor 9+ times	484	Foot Locker	464
Popular domestic beer 9+ times	402	Foot Action	439
Sports drinks 9+ times	332	Neiman Marcus	344
Regular cola 9+ times	332	Body Shop	343
Energy drinks 15+ times	307	Ambercrombie & Fitch	324
Visited family restaurant 9+ times	289	Victoria’s Secret	262
Visited fast food restaurant 9+ times	277	Old Navy	234

* Read “Index” as Cell phone: watched a TV program index 238 means “138% more likely than average population”.

Target Viewers: Cross-Platform Video Engagement

Nielsen's Q3 2011 "Cross-Platform Report" reveals interesting insights into time spent watching video across multiple platforms by our primary target viewer demographic (White and Asian adults, age 18-34).



In terms of age, while our primary target viewer demographic (adults 18-34) may not watch as much TV as older viewers, they are far more active Internet and mobile viewers.

In terms of race/ethnicity, Whites are avid TV viewers, while Asians are highly active mobile and Internet viewers.

This illustrates the advantage Groove TV will have in engaging viewers across traditional broadcast, Internet and mobile platforms. Of course, this also illustrates the need to spread our brand messaging across these platforms as well.

Target: Advertisers

Leading national advertisers for similar networks such as MTV and Fuse include:

20 th Century Fox	Ford Motor Company	Lionsgate Films	Paramount Pictures
Apple	Frito Lay	Lowe's	Pepsi
AT&T	Garnier Fructis	Macy's	Pizza Hut
Best Buy	Geico	Mars	Progressive Insurance
Burger King	General Auto Insurance	McDonalds	Sony Pictures
Chrysler	General Mills	Nestlé	State Farm
Coca-Cola	HP	Nike	T-Mobile
Colgate	Johnson & Johnson	Nintendo	Toyota
Domino's Pizza	KIA Motors	Old Navy	Universal Pictures
EA Games	KFC	Papa John's	Walmart

(Source: Advertising Age, "Cable Guide 2011" and "Cable Guide 2012")

Groove TV will also specifically target major music equipment retailers such as Guitar Center and Sam Ash, bartering ad spots and/or program sponsorship for promotional giveaways such as electric guitars and other musical instruments, in addition to reciprocal advertising.

Target: Recording Artists

To obtain our music video content, we must target recording artists and record labels. Our primary target is semi-professional and professional of musicians/bands, although there are millions of amateur musicians and bands that may have suitable material for inclusion in our view playlist.

The number of aspiring and professional musicians and bands is actually quite large. Consider the following:

- On the "high side": SoundCloud.com cites 15 million unique users (all of whom uploads songs for fans to stream). Approximately 80% of these users (12 million) are musicians – the remaining users are "spoken-word" and others. (SoundCloud Blog, May 9, 2012) Although the majority of these users are amateurs, we believe 7% (840,000) would submit their material to Groove TV for consideration.
- "Average" case: ReverbNation.com cites 2,140,000 recording artists as users. (ReverbNation.com, 2012) These artists are a good mix of amateur, semi-professional and professional artists, so we assume that 25% of these artists (535,000) would submit their material to Groove TV.
- On the "low side": SonicBids.com cites 350,000 recordings artists as paying members. (SonicBids.com, 2012) Since all of these users are actively seeking licensing/revenue opportunities, we believe 100% (350,000) would submit their material to Groove TV.

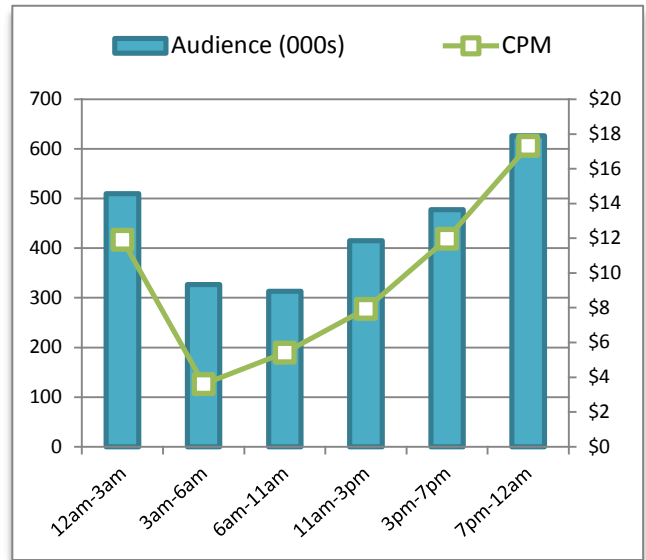
Pricing: TV Advertising Spots

CPM (cost-per-thousand impressions) and average pricing of a 0:30 TV ad varies depending on the time of day (“daypart”), audience size and time of year. Examples of similar networks include:

MTV

Daypart	Audience	CPM	Average 0:30 Price
Morning 6am to 11am	313,000	\$5.41	\$1,694
Mid Day 11am to 3pm	415,000	\$7.93	\$3,290
Afternoon 3pm to 7pm	478,000	\$11.97	\$5,724
Evening 7pm to 12am	627,000	\$17.32	\$10,860
Late Night 12am to 3am	510,000	\$11.91	\$6,076
Overnight 3am to 6am	327,000	\$3.60	\$1,178
Network Avg.	445,000	\$10.80	\$6,444

(Source: Viacom Networks, June 4, 2012)

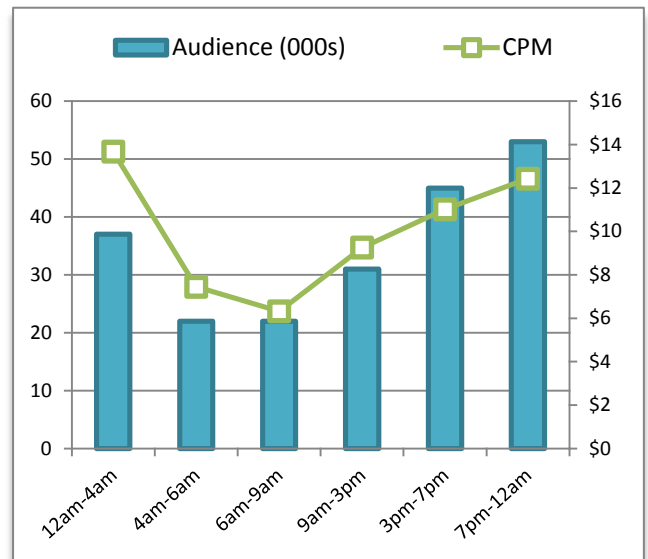


Of course, MTV’s “premium” programming like new episodes of shows like “Punk’d” or “Ridiculousness” command CPMs of \$25-\$30 and serve audiences of 1.5-2.5 million (0:30 spot averages \$37,500-\$75,000).

Fuse

Daypart	Audience	CPM	Average 0:30 Price
Morning 6am to 9am	22,000	\$6.32	\$139
Daytime (M-F) 9am to 3pm	31,000	\$9.26	\$287
Early Fringe (M-F) 3pm to 7pm	45,000	\$11.02	\$496
Prime 7pm to 12am	53,000	\$12.43	\$659
Late Fringe 12am to 4am	37,000	\$13.68	\$506
Overnight 4am to 6am	22,000	\$7.45	\$164
Weekend 9am to 7pm	60,000	\$11.27	\$676
Network Avg.	39,000	\$10.72	\$418

(Source: MSG Networks, May 30, 2012)



Pricing: Online & Mobile Video Advertising Spots

Online video ads are purchased in different ways and at different rates. Advertising can be purchased directly from the internal sales team, through ad agencies or national rep firms (10%-15% commission applies) or through “ad networks” like Google AdSense, Adap.tv, SpotXchange, AdoTube, YuMe, Smaato and others, which are used to fill “remnant” (i.e. unsold) inventory. The latter typically devalue ad inventory and then take a 20%-50% commission.

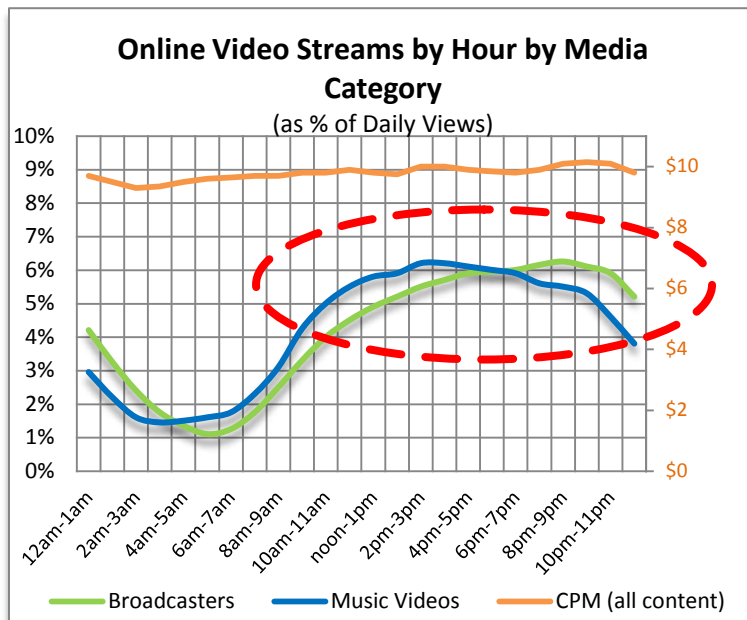
Moreover, we can offer “exclusivity categories” for a premium rate. An example would be General Motors buying-up the “car online exclusivity category”.



On average, “mid-tier” professionally produced content commands a CPM of **\$11-\$20** (pre-commission). The average CPM of “premium content” can range as high as \$21-\$30. “Premium content” usually includes special events (sporting events, one-off concerts, awards shows, etc.). (Techcrunch, November 2011) As an example, Hulu.com (second to Google/YouTube in online ad revenue) reports an average *post-commission* CPM of **\$11.71**. (Ad Age, May 7, 2012) TubeMogul reports an average CPM of **\$9.96** for *all content*, professionally produced and otherwise. (TubeMogul, “Digital Advertising Playbook”, Jan. 2012)

Online and mobile ad CPM is expected to rise. Adap.tv’s “Video State of the Industry Report, Q1 2012” says that 80% of publishers already report an 11% increase in CPM over 2011.

Most online video viewing (42.3%) takes place during the eight-hour workday, making online video one of the best ways to reach people at work.



While broadcasters appear to have an evening “primetime” that mirrors broadcast television, music video viewing reaches its peak in the mid-afternoon. However, unlike broadcast TV, the CPM of online video ads does not vary significantly throughout the day, regardless of audience size.

As a music video channel with additional programming, Groove TV shares qualities of both a broadcaster and a place to watch music videos. It follows that higher advertising revenues will be sustained by peak viewership expected throughout the afternoon and well into the evening.

(Source: TubeMogul, “Digital Advertising Playbook”, January 2012)

Market Strategy

Groove TV gains a competitive advantage over similar networks (MTV, Fuse, etc.) with a devotion to music videos from talented recording artists, both emerging and established. Viewers will associate Groove TV with the very best in songwriting!

Unique Selling Propositions

Viewers: Unlike other similar networks (MTV, Fuse, etc.), viewers will find an emphasis on great songwriting and melody, a continually refreshing playlist, and fun opportunities to interact with the network and its artists across broadcast, Internet and mobile platforms... and, in doing so win valuable promotional giveaways such as artist-autographed guitars, concert tickets, travel, and CASH!

Advertisers: The ability to reach the coveted 18-34 demographic across multiple media platforms; acquisition of valuable market research; unprecedented levels of viewer engagement and message retention because of Groove TV's focus on valuable promotional giveaways for viewers who stay tuned-in.

Recording Artists: A revolutionary model that generates significant income for recording artists – exceeding what most artists can make with a Major Label recording contract! Groove TV also stimulates digital music sales for the artists by integrating “second-screen” Internet and mobile fan interaction with traditional TV broadcast.

Marketing Messages

To convey our unique selling proposition, Groove TV will use a combination of “aspirational” and “educational” messaging.

Viewers: “Educational” messaging aimed at promoting the channel’s emphasis on top-notch songwriting and melodic rock and pop music, as well as the opportunity to win cash and valuable prizes by interacting with the network, charitable efforts and scholastic tie-ins, etc.

Recording Artists: “Educational” messaging aimed at informing the artist of the opportunity to have their music heard by influential industry veterans and songwriting legends, and to expose their music to millions of viewers while generating significant revenue. “Aspirational” messaging aimed at *what the artist could gain* with Groove TV: fame, wealth, a means to fuel their music career outside of the “slave mill” of the traditional music industry. **“It’s no longer *who you know*, but *what you can do!*”**

Advertising & Promotion

Advertising and promotion will be handled by international advertising agency and marketing firm, Ogilvy & Mather. The advertising/marketing campaign will be heavily driven by publicity (i.e. the revolutionary business model, the legendary music artists involved with the channel, artist success stories, etc.). We will launch a major advertising blitz to include TV spots, online and mobile advertising, social media, and outdoor advertising (billboards, etc.).

We will also seek a reciprocal marketing arrangement with major musical instrument retailers such as Guitar Center (#1 retailer with 210 stores in 40 states) or Sam Ash (#2 retailer, 45 stores in 15 states). This would entail bartering ad spots on Groove TV in exchange for *promotional giveaways* (e.g. guitars, etc.) as well as *reciprocal advertising* of the Groove TV brand in stores and online. This valuable promotion will be significant in attracting paid artist submissions, which will account for over \$26 million in annual revenues to the company.



Going beyond musical instrument retailers, Groove TV can create other reciprocal advertising deals with other brands interested in participating in our promotional giveaways and discount programs available to “members” (registered Groove TV app users), including airlines, restaurants, consumer goods, and any other advertiser seeking to engage the coveted 18-34 demographic served by the network.

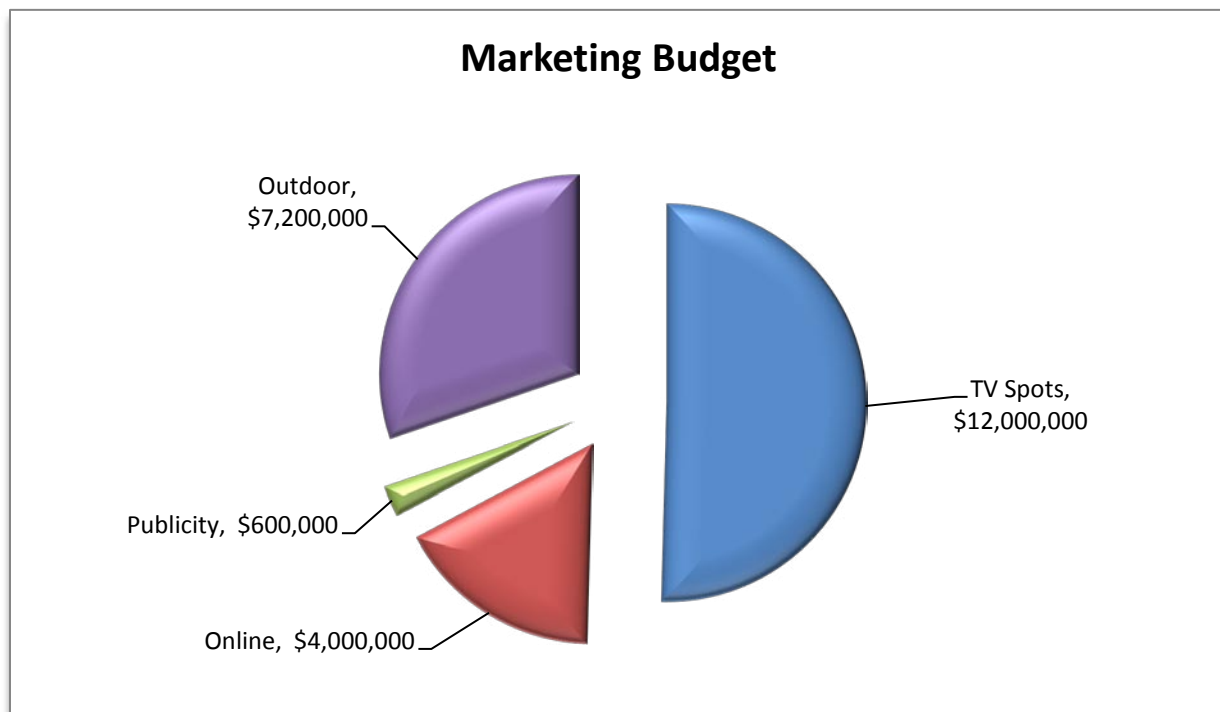


A significant driver of viewership for Groove TV is the viewers themselves. The enticement of giveaway contests, discounts, and a high degree of interaction with the network and its artists will stimulate word-of-mouth promotion – the top motivator of the 18-34 demographic!

Marketing Budget

Our Year 1 marketing budget will be highly aggressive in order to quickly introduce the brand to the target viewers (18-34 demographic) in all major DMAs:

Component	Approx. CPM /cost	Target # of Impressions (cumulative) / Units	Budgeted Cost
Publicity, travel allowance, etc.	\$50,000/mo.	X 12 months	\$600,000
TV Spots	\$10-\$30 CPM avg.	650 million	\$13 million
Internet & Mobile video/other/social networks	\$10 CPM avg.	400 million	\$4 million
Outdoor: billboards/premier squares	\$1,500-\$5,000/mo. each, high demand units \$10,000/mo.	50 high demand units (major DMAs) x 6 months	\$3 million
Outdoor: 30-sheet posters	\$4,500/mo. for five	10 in each of top 10 DMAs x 12 months	\$1.08 million
Outdoor: wallscapes	\$15,000/mo. each	1 in each of top 10 DMAs x 12 months	\$1.8 million
Outdoor: mall displays	\$5,500/mo. for eight	16 in each of top 10 DMAs x 6 months	\$660,000
Outdoor: transit (bus) displays	\$5,500/mo. for five	10 in each of top 10 DMAs x 6 months	\$660,000
		TOTAL	\$24.8 million



Competition Profile

Groove TV's chief competitors include Viacom Inc. its networks (MTV, MTV2, MTV-U, VH-1), MSG Networks (Fuse), and ARC ("The A&R Channel").

	Viacom, Inc. / MTV / VH-1	MSG Networks / Fuse	ARC	Groove TV
Audience	Basic Cable / Premium / VOD / Web <u>MTV</u> : 100.6 million households <u>VH-1</u> : 99.8 million <u>Website</u> : 9.3 million unique visitors/mo. (<u>Compete.com</u> , 12-month average)	Basic Cable / Digital / VOD / Web / Mobile 67.6 million households <u>Website</u> : 875k unique visitors/mo. (<u>Quantcast</u>) <u>Mobile</u> : 120k unique visitors/mo. (<u>Quantcast</u>)	VOD 18 million households	Basic Cable / Digital / Web / Mobile 16 million households projected by end of year 1, 98 million households projected by end of year 5 <u>Website</u> : 440 K visitors/mo. projected by end year 1, 10.2 million visitors/mo. projected by end year 5. <u>Mobile</u> : 60 K /mo. by end year 1, 1.3 mil./mo. by end year 5
Revenue Sources	Advertising. MSO affiliate fees \$0.34 per subscriber/mo. (\$408 million/yr.) (Source: <u>IHS Screen Digest Feb 14, 2012</u>)	Advertising. Unknown MSO affiliate fees.	Unknown.	Advertising. Initially, no affiliate fees expected. By Year 5, \$0.10 per subscriber/mo. (~\$120 million)
Mobile?	No. But mobile app MTV PUSH, which introduces emerging artists.	Yes. No music "buy now" ability however.	No.	Yes. Simulcast w/music "buy now" ability.
Focus exclusively on music?	No. Almost no place for emerging artists.	Yes. Almost no place for emerging artists.	Yes. Emerging artists only.	Yes. Emerging and established artists.
Advantages for artists...	Exposure.	Exposure.	Exposure.	Exposure. Income – video play and music sales. Tutorial videos (DIY).
Video Playlist...	Rigid, limited.	Rigid, limited.	None. Video-on-demand only. Viewers vote on videos to determine who remains in- play.	Extensive. 40 new artists every week, 2,080 every year.

- **Financial Projections**
 - Projected Financial Highlights
 - Exit Strategy and Valuation
- **Breakeven and Sensitivity Analysis**
- **Proposed Use Of Funds**

Financial Projections

Appended to this section are summarized income and cash flow projections. Detailed income and cash flow projections, along with details on all assumptions, can be found in the Appendix.

Projections assume that we receive investment funding of \$50,000,000 in Year 1, less 10% financing expenses, and we launch the network in Month 9 of Year 1. In the first year we expect to operate at a loss, as the network is launched in Month 9. We expect to reach positive cash flow by the end of the second quarter of Year 2, and a small profit by the end of Year 2.

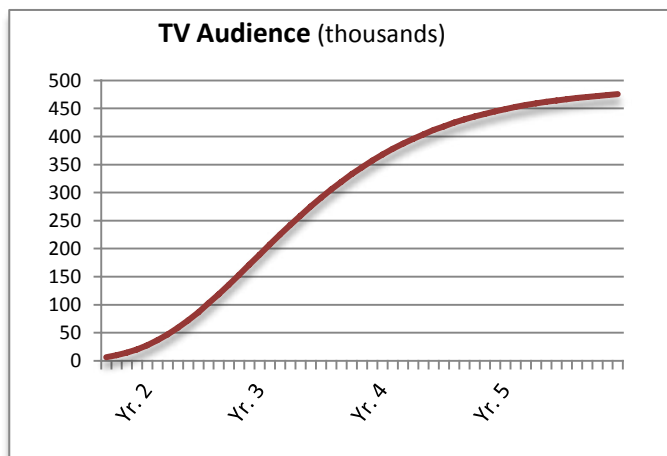
Year	Revenue	Gross Profit	Operating Expenses	EBITDA
1	\$31,280,055	\$21,844,767	\$42,480,143	(\$20,635,375)
2	\$235,314,334	\$62,274,039	\$56,030,529	\$6,243,510
3	\$687,263,963	\$140,109,051	\$64,650,480	\$75,458,572
4	\$1,034,205,168	\$199,897,543	\$68,814,053	\$131,083,490
5	\$1,415,448,001	\$360,789,334	\$73,234,830	\$287,554,504

Contributors to Revenue include:

- TV, Web and Mobile Ad Sales
- Affiliate Fees (Year 5 onward)
- Artist Submissions
- Commissions on Digital Music Sales
- Cash Management

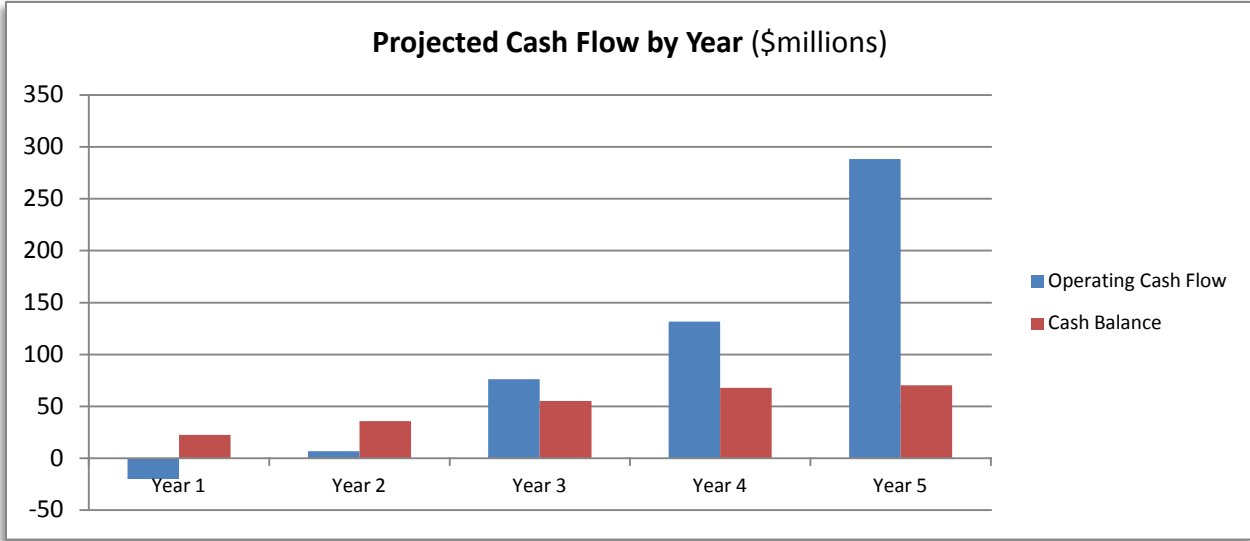
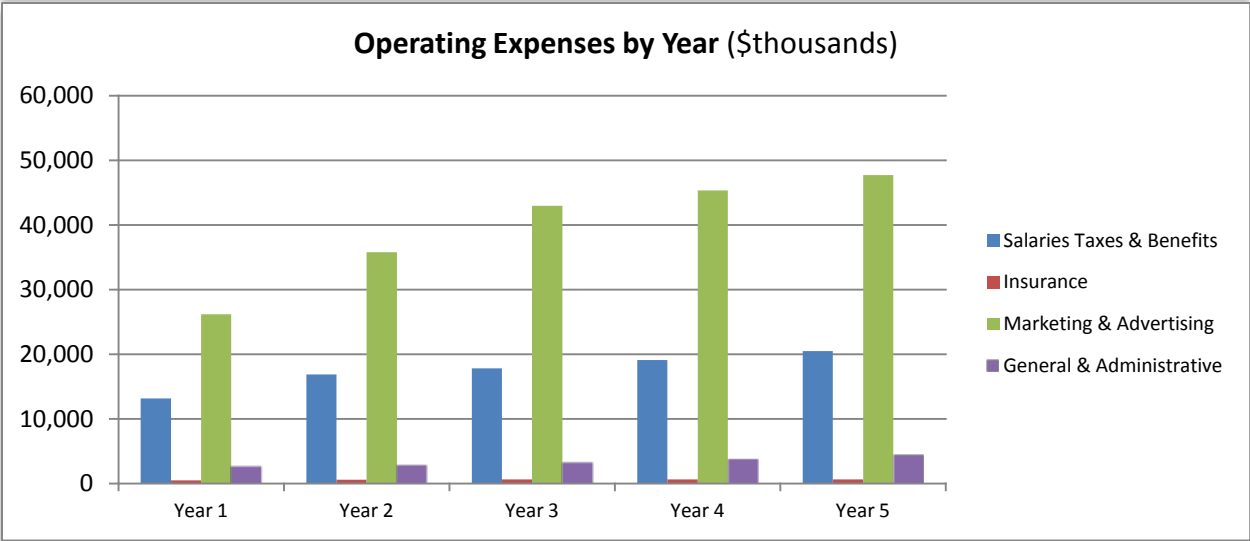
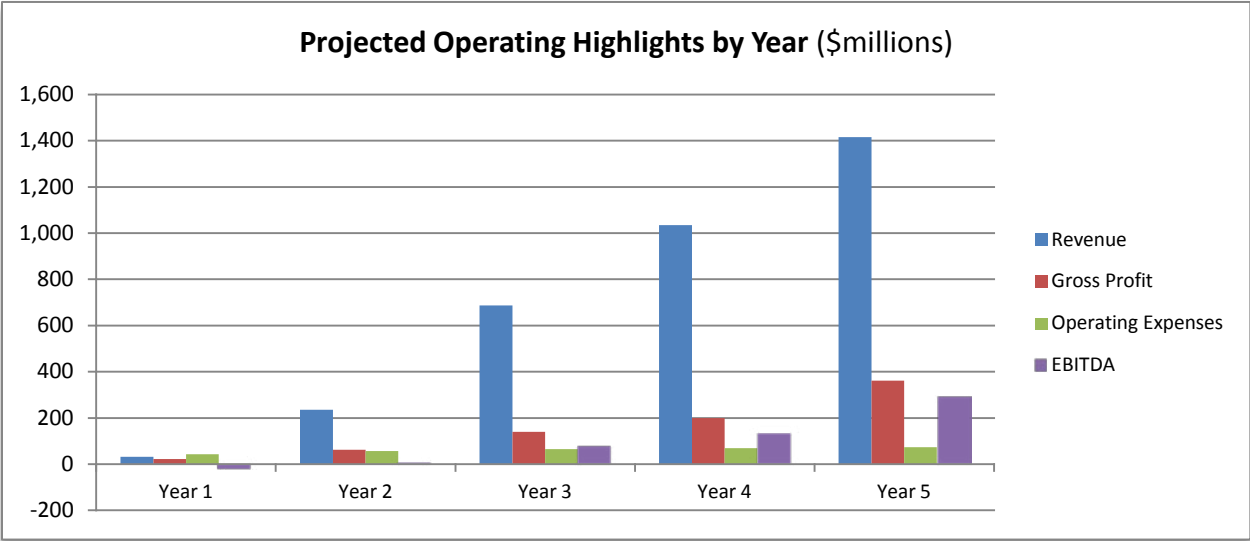
The primary contributor to revenues is TV advertising sales, which is directly related to our TV audience size (the number of people watching Groove TV at any given time). Web and Mobile audience size – and corresponding sales – are derived as a proportion of TV audience size. We expect to exceed the current average audience size of MTV (445,000) by the end of Year 5.

By the end of...	...this is the TV audience of Groove TV:
Year 1	21 thousand
Year 2	190 thousand
Year 3	368 thousand
Year 4	449 thousand
Year 5	477 thousand



TV Audience projections are modeled after the Gompertz function, suitable for modeling growth in situations where a new type of product (Groove TV) is being offered as a substitution for a well-established older product (MTV, Fuse, etc.). For more details, see the Appendix section titled Assumptions, “#2: TV Audience”.

Projected Financial Highlights



Exit Strategy and Valuation

An expected exit scenario is to be acquired in-whole or in-part by a major media conglomerate or cable operator (Comcast, Time-Warner, Disney, Scripps Networks, etc.). A cable operator will acquire a successful network since it can command significant affiliate fees from competitor cable operators wishing to carry the network. (For example, cable operator Comcast owns 51% of CNBC, USA, E!, Golf Channel, MSNBC, part of Weather Channel and various regional sports channels.)

Valuations for cable networks average 7 times Operating Cash Flow. (SeekingAlpha.com, “Sunset of the Golden Age as Cable Networks Mature”, April 23, 2012) Based on our projections, the valuation of the company at the end of Year 5 could be approximately \$2.02 billion. **Factoring in a 20% discount due to the illiquid nature of holding private securities, the company could likely sell for \$1.61 billion.**

Breakeven and Sensitivity Analysis

We expect to reach breakeven in Year 2. However, several independent variables make defining “breakeven” difficult. There are several contributors to revenues in addition to ad sales, including artist submissions and digital music sales. Since the primary contributor to revenue is, and will continue to be, ad revenues (directly related to TV Audience), let us define “breakeven” at the exclusion of the other variable contributors to revenue:

Breakeven Analysis – Monthly Breakdown (Year 2)	
TV Audience	150,615
Monthly Gross Profit – assume 75% ad fill rate	\$ 5,098,873
Monthly Operating Expenses	\$ 5,099,383
<i>Salaries, Benefits & Taxes</i>	\$ 1,436,183
<i>Insurance</i>	\$ 49,876
<i>Marketing</i>	\$ 3,381,667
<i>General & Administrative</i>	\$ 231,657
<i>(Remainder/Rounding)</i>	\$ (510)

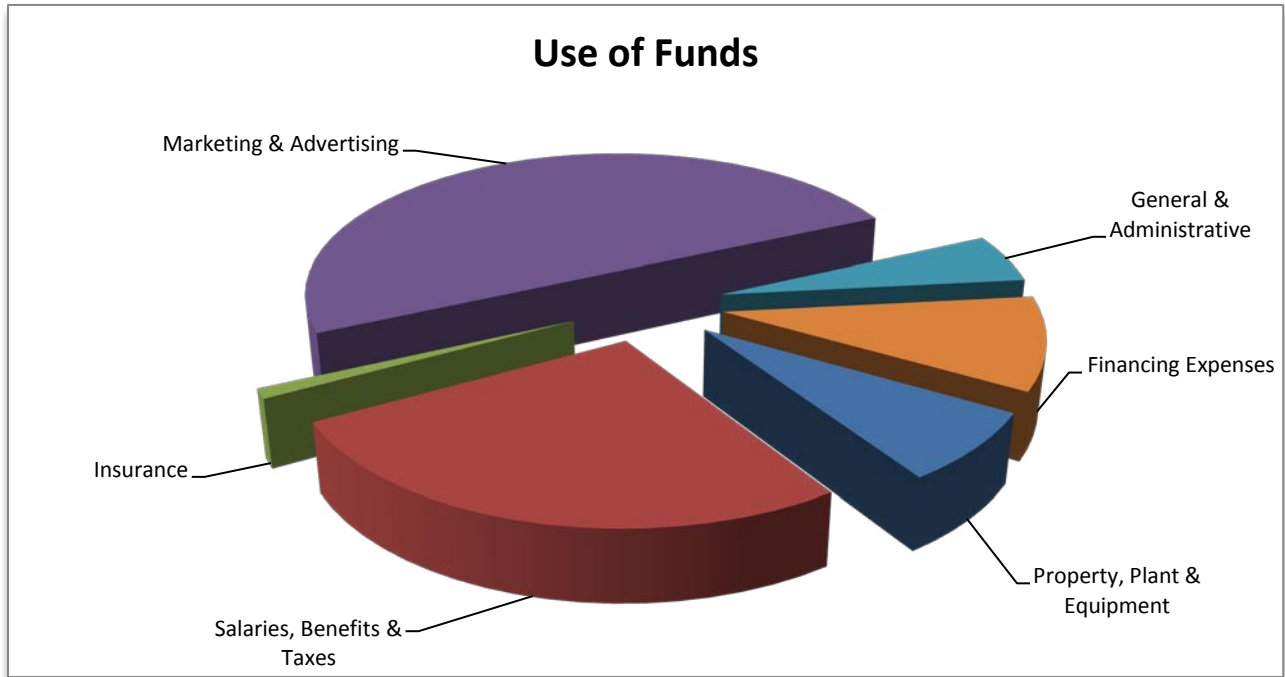
A decrease in ad CPM of 10%, or a decrease in ad fill rate of 10%, requires an increase in TV audience size of 11.39%.

Proposed Use of Funds

Funds acquired from this investment offering (\$50,000,000 US) are to be used approximately as follows:

- Property, Plant & Equipment, Pilot Show Production	\$3,679,740	7.4%
- Salaries, Benefits & Taxes	\$13,181,688	26.4%
- Insurance	\$518,794	1.0%
- Marketing & Advertising	\$25,008,412	50.0%
- General & Administrative	\$2,611,366	5.2%
- Financing Expenses	\$5,000,000	10.0%

TOTAL FUNDS \$50,000,000



Groove TV Projected Income Statements (Accrual) Five Years

	1	2	3	4	5	Total (5 Years)
Revenues						
Ad Sales (Gross)	\$11,367,817	\$208,482,283	\$659,222,785	\$1,005,189,909	\$1,270,673,093	\$3,154,935,888
Affiliate Fees	\$0	\$0	\$0	\$0	\$114,781,043	\$114,781,043
Artist Submission Fees	\$19,657,813	\$26,250,000	\$26,250,000	\$26,250,000	\$26,250,000	\$124,657,813
Digital Music Sales	\$17,016	\$288,070	\$845,818	\$1,203,732	\$1,342,634	\$3,697,271
Cash Management	\$237,409	\$293,980	\$945,360	\$1,561,527	\$2,401,231	\$5,439,507
Total Revenues	\$31,280,055	\$235,314,334	\$687,263,963	\$1,034,205,168	\$1,415,448,001	\$3,403,511,522
Annual Growth		652%	192%	50%	37%	159%
						(CAGR)
Less: Agency Commissions	(\$1,705,173)	(\$31,272,343)	(\$98,883,418)	(\$150,778,486)	(\$190,600,964)	(\$473,240,383)
Less: Artist Revenue Cut	(\$7,730,116)	(\$141,767,953)	(\$448,271,494)	(\$683,529,138)	(\$864,057,703)	(\$2,145,356,404)
Gross Profit	\$21,844,767	\$62,274,039	\$140,109,051	\$199,897,543	\$360,789,334	\$784,914,734
Gross Profit Margin	70%	26%	20%	19%	25%	23%
Operating Expenses						
Salaries, Taxes & Benefits	\$13,181,688	\$16,878,076	\$17,811,503	\$19,127,879	\$20,501,675	\$87,500,820
Insurance	\$518,794	\$587,279	\$627,452	\$635,600	\$664,141	\$3,033,265
Marketing & Advertising	\$26,168,295	\$35,780,000	\$42,960,000	\$45,340,000	\$47,720,000	\$197,968,295
General & Administrative	\$2,611,366	\$2,785,174	\$3,251,525	\$3,710,574	\$4,349,014	\$16,707,654
Total Operating Expenses	\$42,480,143	\$56,030,529	\$64,650,480	\$68,814,053	\$73,234,830	\$305,210,034
EBITDA	(\$20,635,375)	\$6,243,510	\$75,458,572	\$131,083,490	\$287,554,504	\$479,704,700
Less: Depreciation	(\$583,434)	(\$583,434)	(\$583,434)	(\$583,434)	(\$583,434)	(\$2,917,168)
Less: Amortization	(\$69,333)	(\$83,199)	(\$83,199)	(\$83,199)	(\$83,199)	(\$402,129)
Net Earnings (Pre-Tax)	(\$21,288,142)	\$5,576,877	\$74,791,939	\$130,416,857	\$286,887,872	\$476,385,403
Pre-tax Profit Margin:	-68.1%	2.4%	10.9%	12.6%	20.3%	14.0%

Compare with Viacom, Inc.'s Net Profit Margin: 14.3%

	1	2	3	4	5	Total (5 Yrs.)
Total Profit Distributions	\$0	\$5,800,000	\$75,000,000	\$130,000,000	\$285,000,000	\$495,800,000
Total Investor Distributions*	\$0	\$5,800,000	\$56,520,000	\$52,000,000	\$114,000,000	\$228,320,000
Return to Investors	\$0	\$5,800,000	\$56,520,000	\$52,000,000	\$114,000,000	\$228,320,000
Total Investor Contributions	\$50,000,000					
Net to Investor	(\$50,000,000)	\$5,800,000	\$56,520,000	\$52,000,000	\$114,000,000	\$178,320,000

* "Total Investor Distributions" assumes investors receive initial investment paid back first from profit distributions, and from that point forward, investors receive 40% of profit distributions.

		Including Year 5 Buyout	(Buyout valuation @ 7x OCF, less 20% discount for non-public shares.)
Internal Rate of Return:	66%	122%	
Total Return on Investment:	457%	1748%	
Average Annual Return (Arithmetic Mean):	91%	350%	

Groove TV
Projected Cash Flows
Five Years

	1	2	3	4	5
Cash Flows from Operating Activities					
Net income (loss)	(\$21,288,142)	\$5,576,877	\$74,791,939	\$130,416,857	\$286,887,872
Reconciling Items:					
Depreciation	\$583,434	\$583,434	\$583,434	\$583,434	\$583,434
Amortization	\$69,333	\$83,199	\$83,199	\$83,199	\$83,199
Gain (loss) on sale of assets					
Changes in operating assets and liabilities:					
Decrease (increase) in accounts receivable	(\$3,311,119)	(\$29,613,540)	(\$35,887,725)	(\$21,196,193)	(\$28,066,966)
Increase (decrease) in accounts payable	\$4,782,514	\$42,739,908	\$54,867,891	\$32,809,466	\$27,982,717
<i>Net cash from Operating Activities</i>	(\$19,163,980)	\$19,369,878	\$94,438,737	\$142,696,763	\$287,470,256
Cash Flows from Investing Activities					
Purchases of property, plant and equipment	(\$3,263,744)	\$0	\$0	\$0	\$0
Proceeds from disposal of assets					
<i>Net cash from Investing Activities</i>	(\$3,263,744)	\$0	\$0	\$0	\$0
Cash Flows from Financing Activities					
Proceeds from investment offering	\$45,000,000	\$0	\$0	\$0	\$0
Profit Distributions/Dividends	\$0	(\$5,800,000)	(\$75,000,000)	(\$130,000,000)	(\$285,000,000)
<i>Net cash from Financing Activities</i>	\$45,000,000	(\$5,800,000)	(\$75,000,000)	(\$130,000,000)	(\$285,000,000)
Net increase (decrease) in cash	\$22,572,276	\$13,569,878	\$19,438,737	\$12,696,763	\$2,470,256
Cash at beginning of year	\$0	\$22,156,280	\$35,726,158	\$55,164,895	\$67,861,658
Cash at end of year	\$22,572,276	\$35,726,158	\$55,164,895	\$67,861,658	\$70,331,914
Operating Cash Flow	(\$19,982,609)	\$6,910,143	\$76,125,204	\$131,750,122	\$288,221,137

Discounted Cash Flow Analysis	Year	Pro-Forma Cash Flow *	Discount Factor	Entity Classification	Risk Rate	Present Value
	1	\$22,572,276	0.556	Seeking Funds	80%	\$12,540,153
	2	\$19,369,878	0.317	Early Start-up	75%	\$6,149,168
	3	\$94,438,737	0.192	Late Start-up	65%	\$18,170,031
	4	\$142,696,763	0.128	Mezzanine	50%	\$18,303,256
	5	\$287,470,256	0.092	Mezzanine	40%	\$26,337,777
Residual Value	(Perpetuity)	\$1,437,351,280	0.076	Mature	20%	\$109,740,739
Present Value of Projected Flows						\$191,241,125
Less Outstanding Debt						\$0
Present Value						\$191,241,125

* "Pro-Forma Cash Flow" includes profit distributions/dividends.

- **Assumptions**
- **Salaries**
- **Office & Studio Space**
- **Property, Plant & Equipment**
- **Groove TV Pilot/Teaser Budget**
- **Detailed Cash Flow Projections**
- **Detailed Income Statement Projections**

Assumptions

The leftmost column of the attached Detailed Income Statement and Detailed Cash Flow spreadsheets references the following assumptions.

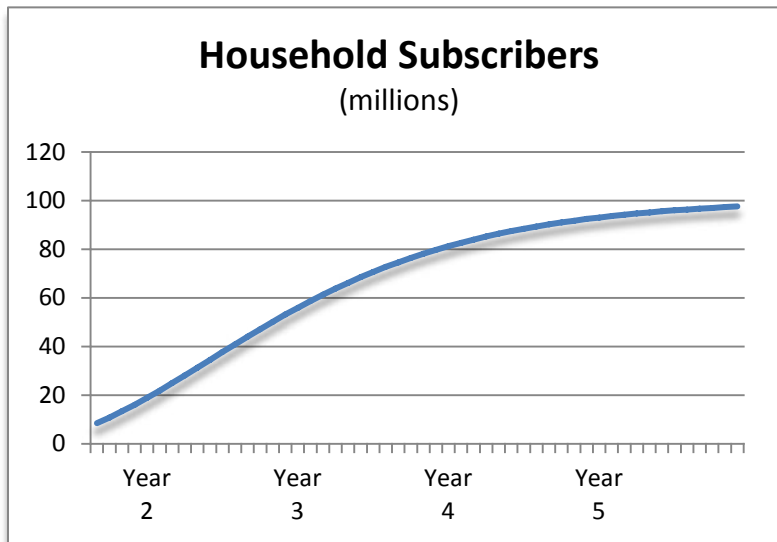
1. Subscribers

These figures are a month-to-month cumulative count of the number of households we expect to reach. The term “subscribers” indicates the number of households subscribing to each cable or satellite operator (“MSO” or “multiple station operator”) carrying the Groove TV channel (e.g. Comcast, Time Warner Cable, DirecTV, Dish Network, AT&T U-Verse, Cox Communications, and many others).

Like with most networks, carriage of the Groove TV network occurs over time, as more and more MSOs elect to include the network in their channel lineup. Thus, we are assuming the following progression:

<i>By the end of...</i>	<i>...this is the estimated # of households receiving Groove TV:</i>
Year 1	16 million
Year 2	53 million
Year 3	80 million
Year 4	92 million
Year 5	98 million

As a curve, the subscriber base looks like this:



2. TV Audience

Although viewership will vary depending on the time of day or night, these figures represent the average viewership at any given moment during the day or night. Pricing is based on these figures. Naturally, viewership at launch will be at its minimum, but will grow as the Groove TV brand becomes more established and as Groove TV becomes increasingly available to households across the country (see #1).

Our TV Audience assumption is to exceed the current average viewership of MTV (445,000) by the end of Year 5. At Month 1 (launch), initial viewership is expected to be approximately 35% of the viewership of the Fuse network (39,000), but growing to overtake Fuse viewership by the second quarter of Year 2.

By the end of...	...this is the viewership of Groove TV:
Year 1	21 thousand
Year 2	190 thousand
Year 3	368 thousand
Year 4	449 thousand
Year 5	477 thousand

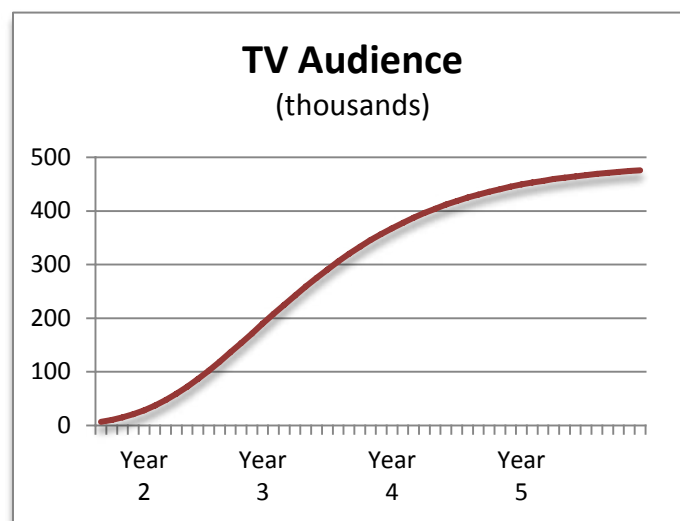
TV Audience projections are modeled after the Gompertz function, suitable for modeling growth in situations where a new type of product (Groove TV) is being offered as a substitution for a well-established older product (MTV, Fuse, etc.). The Gompertz growth curve is thus characterized by the assumption that initially, the older product will have the advantage over the new product, as it is widely in use and readily available. As time goes on however, the rate of substitution increases, as the new product gains acceptance as a substitute for the old product. At the later stage of the new product's lifecycle, further growth slows as it becomes increasingly adopted in the finite marketplace. The Gompertz function is:

$$y(t) = ae^{be^{ct}}$$

$y(t)$ represents the sales at time period t .

e is Euler's Number (2.71818...).

a , b and c are coefficients adjusted to fit the curve to a realistic forecast. *In our case, $a = 490,000$, $b = -7$ and $c = -1.2$.*



3. Web Audience

“Web Audience” represents the average number of Internet users streaming the Groove TV channel online at any given moment throughout the day and night. Like TV Audience (see #2), this figure is used to determine the price of an Internet video ad spot.

By comparing TV viewership with the number of unique website visitors for both Fuse/fuse.tv and MTV/mtv.com, we find a close correlation between the two:

MTV

Average TV Viewership 488,000

Average daily unique web visitors 310,000 (April-May 2012, [Compete.com](#))

Ratio of daily web visitor sessions to TV viewership: 70%

Fuse

Average TV Viewership 39,000

Average daily unique web visitors 29,170 (April-May 2012, [Quantcast.com](#))

Ratio of daily web visitor sessions to TV viewership: 75%

To stay on the conservative side in our Web Audience estimate, our assumptions use the MTV figures as a reference (70% web visitor-to-TV viewership ratio).

We also assume that the average web visitor will spend two hours streaming Groove TV online. Therefore, we calculate the web streaming audience as follows:

$$\text{Web Audience} = \frac{\text{TV Viewership} \times 70\%}{12 \text{ 2-hour viewing sessions}}$$

As a result, our Web Audience is projected to grow as follows:

<i>By the end of...</i>	<i>...this is the Web Audience of Groove TV:</i>
Year 1	1 thousand
Year 2	11 thousand
Year 3	21 thousand
Year 4	26 thousand
Year 5	28 thousand

4. Mobile Audience

“Mobile Audience” represents the average number of Mobile users streaming the Groove TV channel via their smartphones and tablets at any given moment throughout the day and night. Like TV Audience and Web Audience (see #2 and #3 respectively), this figure is used to determine the price of a Mobile video ad spot.

We note that Fuse attracts 120,000 unique mobile visitors per month (Quantcast.com). As a ratio of monthly website viewers (875,000) to mobile visitors, this is 13.7%. Therefore, we apply this percentage to our estimated Web Audience (see #3) to arrive at the Mobile Audience figure.

$$\text{Mobile Audience} = \text{Web Audience} \times 13.7\%$$

As a result, our Mobile Audience is projected to grow as follows:

<i>By the end of...</i>	<i>...this is the Mobile Audience of Groove TV:</i>
Year 1	0.2 thousand
Year 2	1.5 thousand
Year 3	2.9 thousand
Year 4	3.6 thousand
Year 5	3.8 thousand

5. TV, Web & Mobile Ad Spot Pricing

0:30 TV Spot Pricing

The CPM (cost per thousand impressions) used to price TV ad spots is \$10.76, derived by taking the average between the ROS (“Run of Station”) CPM for MTV (\$10.80) and Fuse (\$10.72). TV Ad spot price is then calculated as follows:

$$\text{TV Ad Spot \$} = \frac{\text{CPM } (\$10.76) \times \text{TV Viewership}}{1,000}$$

0:30 Web Spot Pricing

The CPM used to price Web video ad spots is \$10 (TubeMogul web-wide average). Web Ad spot price is then calculated as follows:

$$\text{Web Ad Spot \$} = \frac{\text{CPM } (\$10) \times \text{Web Viewership}}{1,000}$$

0:30 Mobile Spot Pricing

The CPM used to price Mobile video ad spots is the same as Web video ads: \$10.00. Mobile Ad spot price is then calculated as follows:

$$\text{Mobile Ad Spot \$} = \frac{\text{CPM } (\$10) \times \text{Mobile Viewership}}{1,000}$$

6. Fill Rate

As is the case with most media companies – particularly upstart networks like Groove TV -- not all advertising “inventory” will be sold, or “filled”. The “fill rate” will increase over time as the brand becomes more established and as audience numbers climb. Therefore, we are assuming the following “fill rates”:

<i>By the end of...</i>	<i>...this is the % of ad “inventory” sold:</i>
Year 1	60%
Year 2	65%
Year 3	70%
Year 4	75%
Year 5	85%

Unfilled ad “inventory” may be sold at a steep discount via ad networks or exchanges.

7. TV, Web and Mobile Ad Revenue

Each 60 minutes of Groove TV -- whether on TV, the Internet or on Mobile -- consists of 44 minutes of programming and 16 minutes of advertising (thirty-two 0:30 ad spots). Therefore each 24 hour period has an available advertising inventory of 768 x 0:30 ad slots, or 23,360 per month.

To arrive at the ad revenue figure, we multiply the total monthly available ad slots (23,360) by the ad fill rate (see #6), and multiply the result by the appropriate ad spot price (see #5).

8. Affiliate Fees

Affiliate Fees are a per-subscriber amount paid by cable and satellite operators (MSOs, like Comcast, Time-Warner Cable, DirecTV, etc.) to networks (like MTV) in return for the right to including the network’s programming in their channel lineup. Only the more in-demand networks get paid affiliate fees. For example, MTV receives affiliate fees of approximately \$0.34 per MSO subscriber (household) every month – a very sizable revenue stream in its own right.

We are assuming that by Year 5 we will have a sufficient audience for Groove TV in order to command a monthly affiliate fee of \$0.10 per subscriber. This is significantly less than a network like MTV, since we do not plan to air non-music programming like Jersey Shore or Beavis & Butthead which attract many times the viewership of music video programming; nonetheless, even at \$0.10 this is a very significant amount of revenue, given the projected Year 5 subscriber base of 98 million households.

9. Agency Commission

Ad Agencies and national “rep” firms take a commission of 15% of ad sales.

10. Artist Revenue Cut

Artists earn 80% of the advertising revenue (less the agency commissions). This is the standard model as it applies to TV shows, where the production company creating the show earns the same 80% cut of the advertising revenues.

Applied to individual artists whose music videos are selected and aired by Groove TV, this is a significant revenue stream for them, and it grows as the network's viewership grows:

<i>During...</i>	<i>...this is the \$ paid to artists:</i>	<i>...and this is the average \$ that each music video earns:</i>
Year 1	\$ 7.7 million	\$ 14,051
Year 2	\$ 141.8 million	\$ 139,737
Year 3	\$ 448.3 million	\$ 292,078
Year 4	\$ 683.5 million	\$ 382,079
Year 5	\$ 864.1 million	\$ 459,852

Even on the low-side with \$14,244 earned per video, this is significant revenue for a recording artist (who also receives exposure and digital music sales through inclusion on Groove TV's video playlist). And with a high-side projection of \$ 459,852 per video, this is more money than the majority of all recording artists will earn in their entire career!

11. Artist Submissions

Artist submissions are priced at \$25 per submission to Groove TV in order to “weed-out” nuisance submissions and artists who are not serious about their craft. We arrive at submission projections by first considering the size of the user base of various web services that cater to musicians, and classifying each of these user bases into distinct submission levels:

<p><u>Maximum Submission Level</u> Web Service: SoundCloud.com User Base: 15,000,000 Assuming 80% are musicians: 12,000,000 Submission Rate: 7% (most SoundCloud users are amateur recording artists) <i>We assume 1:1,000 of these submissions will be suitable for airing on Groove TV.</i></p>	<p><u>Submitting Artists:</u> 840,000</p> <p><u>@ 3 submissions per artist:</u> 2,520,000 submissions/yr. 210,000 submissions/mo.</p>
<p><u>Average Submission Level</u> Web Service: ReverbNation.com User Base: 2,140,000 Submission Rate: 25% (users are a mix between amateur, semi-pro and professional) <i>We assume 1:750 of these submissions will be suitable for airing on Groove TV.</i></p>	<p><u>Submitting Artists:</u> 535,000</p> <p><u>@ 3 submissions per artist:</u> 1,605,000 submissions/yr. 133,750 submissions/mo.</p>
<p><u>Minimum Submission Level / “Equilibrium Point”</u> Web Service: Sonicbids.com User Base: 350,000 Submission Rate: 100% (users are pro, actively seeking revenue opportunities, and they pay to submit to them) <i>We assume 1:500 of these submissions will be suitable for airing on Groove TV.</i></p>	<p><u>Submitting Artists:</u> 350,000</p> <p><u>@ 3 submissions per artist:</u> 1,050,000 submissions/yr. 87,500 submissions/mo.</p>

At launch, we anticipate artist submissions to be at their maximum because of the marketing campaign and the promise of a new, significant revenue stream for recording artists. Over time, we anticipate the submission rate to decline to the “Equilibrium Point” (see “Minimum Submission Level” above) as dedicated artists learn what level of quality we are looking for in music selected for airing by Groove TV.

Month	Submissions
Month 7 (start of submissions)	210,000
Month 8	153,813
Month 9	133,750
Month 10	105,000
Month 11	96,250
Month 12, onward	87,500 (“equilibrium point”)

12. Digital Music Sales

The Groove TV smartphone and tablet app stimulates music sales. As users watch the videos, they may select “buy now” to link to iTunes (on iOS devices) or Amazon MP3 (on Android devices) for purchase of the song being played. Groove TV earns a 10% referral commission on the sale.

To arrive at Digital Music Sales revenues we perform the following calculations:

- 1.) Determine the monthly total web and mobile viewers – we assume web and mobile viewers spend an average of 2 hours per day watching Groove TV, so *Monthly Cumulative Viewers* = (*Web Audience [see #3] + Mobile Audience [see #4]*) x 12 two-hour sessions/day x 365 days/yr. / 12 months.
- 2.) Determine the number of *Music Buyers* by multiplying *Monthly Cumulative Viewers* by 10% buy rate (as conveyed by CEO of mobile app company Shazam which offers similar functionality – see Billboard Magazine, “The Discovery Channels”, May 26, 2012).
- 3.) Multiply *Music Buyers* by \$0.99 per song x 10% referral commission.

13. Cash Management

This is interest earned from cash on hand at an assumed APR of 1.50%, calculated by taking a monthly average balance of cash on hand, multiplying that figure by the APR and dividing by 12 to arrive at a monthly estimate.

14. Salaries, Taxes & Benefits

Payroll taxes are estimated at 15% of salaries, and Benefits at 8% of salaries.

For a detailed list of all positions and their associated salaries, see the Appendix section Salaries. Below is a summary:

Department	Year 1*	Year 2	Year 3	Year 4	Year 5
Executive & Celebrity Panel	\$3,892,000	\$4,448,000	\$4,837,200	\$5,282,000	\$5,560,000
Finance	\$696,933	\$1,139,175	\$1,232,950	\$1,326,725	\$1,875,500
Sales	\$615,600	\$872,100	\$923,400	\$974,700	\$1,026,000
Artist Relations & Editorial Board**	\$2,571,667	\$2,980,000	\$2,980,000	\$2,980,000	\$2,980,000
Office Staff	\$204,600	\$272,800	\$289,850	\$323,950	\$341,000
Production	\$3,124,200	\$4,165,600	\$4,425,950	\$4,946,650	\$5,207,000

* In anticipation for the network’s launch in Month 9 of Year 1, each department comes “on-line” at different points:

- Executive & Celebrity Panel: budgeted from Month 1 onward.
- Finance: budgeted from Month 5 onward.

- Sales: budgeted from Month 4 onward.
- Artist Relations & Editorial Staff: budgeted from Month 6 onward. Furthermore, we will initially have 50 Evaluation Editors, as the number of artist submissions is expected to be at its peak from Month 6 through Month 9, but this staff will be reduced to 25 Evaluation Editors from Month 10 onward.
- Office Staff: budgeted from Month 4 onward.
- Production: budgeted from Month 4 onward.

** “Editorial Board” consists of 25-50 “evaluation editors” whose job it is to screen artist submissions. These are considered independent contractors who work remotely. **There are no payroll taxes or benefits applied to these independent contractors.**

15. Insurance

Several different insurance policies are required for a broadcaster. The following annual premiums are quoted by Konrad Dowling, Managing Director of Gallagher Entertainment Insurance Services, which represents 65% of the 2012 GOLDEN GLOBE and 2012 ACADEMY AWARD winners:

- Workers Compensation – 2.47% of wages
- General Liability, Non Owned Auto, Business Interruption, Equipment Breakdown -- \$47,000
- Umbrella Liability (\$10 million limit) -- \$12,500
- California Earthquake Insurance -- \$50,000
- Broadcaster/Producers Errors & Omissions (\$5 million) -- \$50,000
- D&O/Crime/EPLI (\$1 million) -- \$25,000
- D&O/Crime/EPLI (\$5 million) -- \$60,000
- Benefits (Medical/Dental) -- \$6,000 per employee (individual), \$16,500 per employee (family coverage) – *we take the average between the two as our per employee benefit cost.*

16. Marketing Budget

Annual marketing budget is:

Year 1	\$26,168,295
Year 2	\$35,780,000
Year 3	\$42,960,000
Year 4	\$45,340,000
Year 5	\$47,720,000

Each year, we also set aside ad spots to barter for promotional giveaways:

Year 1 (four months only)	4 spots per hour, equivalent to ad revenue
Year 2	\$800,000 monthly allowance
Years 3 – 5	\$1,200,000 monthly allowance

17. Staff Recruiting

We budget \$131,817 of Year 1 salaries to employee recruiting services.

18. Dues/Subscriptions

This includes ratings expense (Nielsen) & revenue-monitoring expenses.

19. Rent

We assume first & last month + two months rent-free for signing long-term lease and to apply towards build-out costs. Rent costs are based on the asking price of a suitable 30,000 sq. ft. property in Burbank, California (1011 W. Alameda Ave.) -- \$25.80/sq. ft./yr. = \$48,975 per month. (Source: Loopnet.com, May 26, 2012)

Office and studio space requirements are detailed in the Appendix section [Office and Studio Space](#).

20. Repairs & Maintenance

We budget 0.5% of equipment value as monthly maintenance costs. In addition, Month 1 of each year includes an annual renewal maintenance contract (\$32,232) for the [Snell ICE](#) payout/master control system.

21. Internet Server

To support our website, this is the rental cost of a dedicated private web server with business hosting company [InMotion Hosting](#) (see www.inmotionhosting.com). Paid semiannually, this cost is \$1,380 every six months. This is the “Advanced” level server with the following features:

- Intel Xeon Quad Core 2.40 GHz processor
- 6MB CPU Cache
- 4GB memory
- 1333 MHz side bus
- 500 GB hard drive space
- 2000 GB monthly transfer
- 2 hour hardware replacement
- 99% uptime

22. Streaming Server

A separate video streaming server is employed specifically for Internet and Mobile video delivery. The estimated cost of this server is \$1 per concurrent stream (see www.influxis.com for pricing). The total concurrent streams = *Web Audience* (see #3) plus *Mobile Audience* (see #4).

23. Website & Apps

Estimated website and app development cost is \$50,000, paid 50% in advance and 50% upon completion.

24. Phone (VOIP & Mobile)

This includes mobile phone costs for each of our 152 employees at \$50/month each plus office phone system rental (70 office phones x \$30/mo. rental each + \$800 VOIP/answering service/ misc.).

25. Satellite Transponder

This is monthly satellite transponder lease costs.

Source: estimate from www.satsig.net:

"Global teleports are charging \$6,500-\$7,000 per month per Mbits/s including termination into the terrestrial internet and assuming QPSK modulation, 3/4 rate FEC and operation on a highly reliable Ku Band spot beam satellite." (April 30, 2008)

We will assume the low end of the price spectrum (\$6,500/mo.) because we will enter into a multi-year lease contract. High quality MPEG-4 requires 10-12 Mbps bandwidth, so 10 x \$6,500 = \$65,000 per month.

26. T3 Lease

This is lease cost for a T3 line, used as the terrestrial backup path for the broadcast feed.

Estimate from Russell A. Benoit, [MegaNet Communications](#), May 25, 2012:

"10M Metro Ethernet usually runs anywhere from \$1100-\$1300, based on location. If fiber's not available, but Ethernet over Copper is, you'd probably be looking around \$900-\$1100 for that as a conservative estimate. Both have guaranteed bandwidth and SLAs, however the Metro E is slightly better in that regard, and is easily upgradable down the road vs. Ethernet over Copper which is not."

We assume the lower end of the price range due to the need for a multi-year T3 line lease and the availability of fiber in the area of our anticipated studio location (Burbank, California).

27. FCC VSAT License

We will need a license to operate our satellite uplink dish. FCC VSAT license \$9,330 + \$175 annual renewal. (FCC 312 Main & Schedule B + FCC 159 applications.)

28. Miscellaneous/Incidental and Travel/Entertainment

We budget the following monthly costs for Miscellaneous/Incidental costs (craft services/catering, etc.) and Travel/Entertainment costs (primarily incurred by the Sales staff):

	Misc./Incidental Costs	Travel/Entertainment
Year 1 monthly	\$108,000	\$180,000
Year 2 monthly	\$168,000	\$360,000
Year 3 monthly	\$240,000	\$600,000
Year 4 monthly	\$360,000	\$840,000
Year 5 monthly	\$600,000	\$1,200,000

29. Depreciation Expense

This is straight-line depreciation on studio equipment, office equipment and office furnishings. See the Appendix section Property, Plant & Equipment for details.

30. Amortization Expense

This is amortization on the Groove TV Pilot/Teaser, straight-line over a 5 year period. See #35 for details on the Groove TV Pilot/Teaser.

31. Ad Sales, Affiliate Fees, Artist Submissions and Digital Music Sales

Ad Sales, Affiliate Fees and Digital Music Sales are assumed to be paid to the company on Net 30 terms. Artist Submission fees are collected during the month in which they were paid to the company.

32. Investment Offering Proceeds

We require investment of \$50,000,000 for working capital and product manufacturing in Year 1. We estimate financing expenses to be 10% of the offering total.

33. Profit Distributions/Dividends

The projected annual profit distribution is as follows:

Year	Profit Distribution/Dividend
1	\$-
2	\$5,800,000
3	\$75,000,000
4	\$130,000,000
5	\$285,000,000

34. Cost of Goods/Cost of Sales

Agency Commissions are assumed to be paid to ad agencies and national “rep” firms on Net 30 terms.

Artist Distributions (see #10) are paid to artists on Net 60 terms (30 days after ad revenue has been collected and agency commissions have been paid).

35. Groove TV Pilot/Teaser

By Month 3, we will have completed the Groove TV Pilot/Teaser. Details of the budget are found in the Appendix section Groove TV Pilot/Teaser Budget. A summary of the budget is as follows:

		Total
	PRODUCTION STAFF	\$124,025
	DIRECTION	\$8,470
	TALENT	\$17,600
	CASTING	\$7,000
	TRAVEL & LIVING EXPENSES	\$34,095
TOTAL ABOVE-THE-LINE		\$191,190
	PRODUCTION STAFF	\$11,440
	ART DEPARTMENT	\$7,500
	SET CONSTRUCTION	\$8,900
	SET DRESSING	\$4,229
	PROPERTY	\$3,455
	LIGHTING CREW	\$28,895
	MAKEUP & HAIR	\$1,260
	CAMERA	\$24,760
	SOUND	\$14,640
	TRANSPORTATION	\$2,650
	STAGE	\$10,948
	FILM & TAPE STOCK	\$540
TOTAL PRODUCTION		\$119,216
	POST PRODUCTION STAFF	\$19,415
	POST PRODUCTION	\$25,150
	POST PRODUCTION SOUND	\$2,500
	RIGHTS: MUSIC, STOCK FOOTAGE	\$2,500
	MAIN AND END TITLES	\$38,000
TOTAL POST PRODUCTION		\$87,565
	INSURANCE	\$4,644
	GENERAL & ADMINISTRATIVE	\$2,000
	ACCOUNTING FEE: 1.7%	\$7,166
	LEGAL FEE: 1.0%	\$4,215
TOTAL OTHER		\$11,381
Total Above-The-Line		\$191,190
Total Below-The-Line		\$213,425
Total Above and Below-The-Line		\$404,615
Total Other		\$11,381
Grand Total		\$415,996

Salaries

Following are details of positions and salaries.

Groove TV
Salaries & Wages

Position	Year 1	Year 2	Year 3	Year 4	Year 5
Executive & Celebrity Panel					
Co-CEO (xxx)	\$175,000	\$200,000	\$217,500	\$237,500	\$250,000
Co-CEO (xxx)	\$175,000	\$200,000	\$217,500	\$237,500	\$250,000
GM/COO	\$518,000	\$592,000	\$643,800	\$703,000	\$740,000
CFO	\$350,000	\$400,000	\$435,000	\$475,000	\$500,000
VP of Sales	\$224,000	\$256,000	\$278,400	\$304,000	\$320,000
VP of Artist Relations	\$140,000	\$160,000	\$174,000	\$190,000	\$200,000
Legal Affairs	\$210,000	\$240,000	\$261,000	\$285,000	\$300,000
Celebrity Panel (3) (each...)	\$700,000	\$800,000	\$870,000	\$950,000	\$1,000,000
Total Executive & Celebrity Panel	\$2,492,000	\$2,848,000	\$3,097,200	\$3,382,000	\$3,560,000
Finance					
Controller	\$184,000	\$195,500	\$207,000	\$218,500	\$230,000
Financial Manager	\$160,000	\$170,000	\$180,000	\$190,000	\$200,000
Network Affiliate Finance Manager (Yr. 5)					\$200,000
NAF Analyst (3) (Yr. 5)					\$85,000
Sr. Tax Accountant	\$68,800	\$73,100	\$77,400	\$81,700	\$86,000
Fixed Asset Manager	\$72,000	\$76,500	\$81,000	\$85,500	\$90,000
Internal Auditor	\$76,000	\$80,750	\$85,500	\$90,250	\$95,000
Financial Analyst	\$68,000	\$72,250	\$76,500	\$80,750	\$85,000
Investor Relations	\$64,000	\$68,000	\$72,000	\$76,000	\$80,000
Payroll Manager	\$73,200	\$77,775	\$82,350	\$86,925	\$91,500
Sr. Credit Manager	\$72,000	\$76,500	\$81,000	\$85,500	\$90,000
Collections Manager	\$36,000	\$38,250	\$40,500	\$42,750	\$45,000
Accounts Receivable Clerk (3) (each...)	\$30,400	\$32,300	\$34,200	\$36,100	\$38,000
Purchasing / Accts. Payable Clerk (3) (each...)	\$30,400	\$32,300	\$34,200	\$36,100	\$38,000
Production Accountant (2) (each...)	\$40,000	\$42,500	\$45,000	\$47,500	\$50,000
Total Finance Department	\$974,800	\$1,035,725	\$1,096,650	\$1,157,575	\$1,503,500
Sales					
Sr. Broadcast Account Executive (3) (each...)	\$97,600	\$103,700	\$109,800	\$115,900	\$122,000
Sr. Digital Account Executive (3) (each...)	\$97,600	\$103,700	\$109,800	\$115,900	\$122,000
Media Sales Reps (3) (each...)	\$78,400	\$83,300	\$88,200	\$93,100	\$98,000
Total Sales Department	\$273,600	\$290,700	\$307,800	\$324,900	\$342,000
Artist Relations / Editorial Board					
Artist Relations Assistants (8) (each...)	\$60,000	\$60,000	\$60,000	\$60,000	\$60,000
Evaluation Editors (25-50) (each...)	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
Total Artist Relations/Editorial Board	\$160,000	\$160,000	\$160,000	\$160,000	\$160,000
Office Staff					
Human Resources Manager	\$80,000	\$80,000	\$85,000	\$95,000	\$100,000
Executive Assistants (3) (each...)	\$46,400	\$46,400	\$49,300	\$55,100	\$58,000
Secretary/Receptionist	\$25,600	\$25,600	\$27,200	\$30,400	\$32,000
Interns/Runners (5) (allowance each...)	\$5,600	\$5,600	\$5,950	\$6,650	\$7,000
Total Office Staff	\$157,600	\$157,600	\$167,450	\$187,150	\$197,000

Production Staff					
Executive Producer	\$160,000	\$160,000	\$170,000	\$190,000	\$200,000
Line Producer (3)	\$48,000	\$48,000	\$51,000	\$57,000	\$60,000
Camera Operator (9)	\$33,600	\$33,600	\$35,700	\$39,900	\$42,000
Board Operator/Electrician (3)	\$80,000	\$80,000	\$85,000	\$95,000	\$100,000
Broadcast Technician (3)	\$40,000	\$40,000	\$42,500	\$47,500	\$50,000
Audio Engineer (3)	\$48,000	\$48,000	\$51,000	\$57,000	\$60,000
Audio Assistant/Grip (3)	\$24,000	\$24,000	\$25,500	\$28,500	\$30,000
Hair & Makeup (3)	\$28,000	\$28,000	\$29,750	\$33,250	\$35,000
Gaffer (3)	\$64,000	\$64,000	\$68,000	\$76,000	\$80,000
Best Boy (3)	\$48,000	\$48,000	\$51,000	\$57,000	\$60,000
Online/Traffic Editor (6)	\$36,000	\$36,000	\$38,250	\$42,750	\$45,000
Traffic Assistant (3)	\$24,000	\$24,000	\$25,500	\$28,500	\$30,000
Offline Editor (2)	\$36,000	\$36,000	\$38,250	\$42,750	\$45,000
Craft Services (3)	\$24,000	\$24,000	\$25,500	\$28,500	\$30,000
Production Designer	\$88,000	\$88,000	\$93,500	\$104,500	\$110,000
Graphic Designer (2)	\$42,400	\$42,400	\$45,050	\$50,350	\$53,000
Chief Systems Admin (IT)	\$88,000	\$88,000	\$93,500	\$104,500	\$110,000
Assistant Systems Admin (IT) (3)	\$56,000	\$56,000	\$59,500	\$66,500	\$70,000
Writers (2)	\$48,000	\$48,000	\$51,000	\$57,000	\$60,000
VJs/Program Hosts (8)	\$240,000	\$240,000	\$255,000	\$285,000	\$300,000
Total Production Staff	\$1,256,000	\$1,256,000	\$1,334,500	\$1,491,500	\$1,570,000
Total All Salaries	\$ 5,314,000	\$ 5,748,025	\$ 6,163,600	\$ 6,703,125	\$ 7,332,500

Office and Studio Space

Following are details of office and studio space layout.

Groove TV
Office & Studio Space Requirements

Offices (18 total)		
	CEOs (2)	
	GM/COO	
	CFO	
	VP of Artist Relations	
	VP of Sales	
	Broadcast & Digital Account Executives (6)	
	Legal Affairs	
	Executive Producer	
	Human Resources Manager	
	Financial Manager	
	Controller	
	Network Affiliate Finance Manager	
	Sq. Ft. Required (Assume 15'x15' each avg.):	4,050
Cubicles (42 total)		
	Producers (3)	
	Online/Traffic Editors (6)	
	Graphic Designers (2)	
	Chief Systems Admin/IT	
	Assistant Systems Admin/IT (3)	
	Writers (2)	
	Executive Assistants (4 share 2 cubicles)	
	Office Assistants (3 share 1 large cubicle)	
	Interns/Runners (5 share 2 large cubicles)	
	Media Sales Reps (3)	
	Credit Manager	
	Collections Manager	
	A/R and A/P Clerks (6 share 3 cubicles)	
	Production Accountants (2 share 1 cubicle)	
	Tax Accountant	
	Fixed Asset Manager	
	Internal Auditor	
	Financial Analyst	
	Investor Relations	
	NAF Analysts (3 share 2 cubicles)	
	Artist Relations Assistants (8 share 4 cubicles)	
	Sq. Ft. Required (Assume 12'x12' each avg.):	6,048
Studio, Talent & Misc. Space		
	Dressing Rooms/Wardrobe	1,500
	Master Control	500
	Editing Suites (3)	900
	Soundstage/Sets	5,000
	Archive/Library	300
	Audio Desks	400
	Machine Room	250
	Equipment/Misc. Storage	400
	Reception/Conference/Breakroom (~20% total space)	3,800
	Sq. Ft. Required:	13,050
	Total Office & Studio Space Requirements:	23,148

Property, Plant & Equipment

Following are details of studio/office equipment and furnishings and the associated depreciation expenses.

Groove TV

Broadcast and Office Equipment & Depreciation Schedule

Qty	Item	Price	Depr. Yrs.	Annual Depr.
				<i>Straight Line</i>
Master Control & Production Control				
1	Snell ICE "Channel In A Box", 2-channel playout system, redundant	\$ 328,360	5	\$ 65,672
1	Cisco MPEG-4 Contribution Codec D9094	\$ 5,000	5	\$ 1,000
2	Serial Component Measurement Sets	\$ 17,000	5	\$ 3,400
1	Digital Scope	\$ 14,000	5	\$ 2,800
1	Color 16x9 Line Monitor	\$ 23,000	5	\$ 4,600
3	Digital Video Tape Recorders w/monitoring	\$ 200,000	5	\$ 40,000
3	Studio CCD 16x9 Switchable Cameras w/lenses	\$ 450,000	5	\$ 90,000
3	Pedestals and Mounting Heads for cameras	\$ 90,000	5	\$ 18,000
1 lot	Monitor Wall System	\$ 40,000	5	\$ 8,000
1 lot	Intercom System	\$ 70,000	5	\$ 14,000
1	Video Switcher/Audio Console Mounting Cabinetry	\$ 15,000	5	\$ 3,000
1	Production Audio Console, router and control surface	\$ 125,000	5	\$ 25,000
2	Production Control Speakers	\$ 3,000	5	\$ 600
2	Studio Monitor Speakers	\$ 1,000	5	\$ 200
1 lot	Digital Audio 5.1 encoder/HD/SD delay, AES Multiplexer	\$ 12,500	5	\$ 2,500
2	Studio Color Monitors	\$ 10,000	5	\$ 2,000
1 lot	Assorted Microphones	\$ 15,000	5	\$ 3,000
1 lot	Production & Master Control headsets & headphones	\$ 1,500	5	\$ 300
1 lot	Production lighting board and grid + installation	\$ 100,000	5	\$ 20,000
1 lot	Production light fixtures	\$ 75,000	5	\$ 15,000
1 lot	Miscellaneous installation materials (wire, ground strap, etc.)	\$ 15,000	5	\$ 3,000
1	Studio UPS power backup system, 3-phase 80 KVA	\$ 26,000	5	\$ 5,200
1	Dual Limiter for audio	\$ 2,500	5	\$ 500
Total Master Control & Production Control		\$ 1,638,860		\$ 327,772
Satellite Interconnect (KU Band TV)				
1	6.1 meter upgradable antenna w/LNBs, foundation & installation	\$ 50,584	7	\$ 7,226
1	3-port linearly polarized feed + install	\$ 15,000	5	\$ 3,000
2	Transmit reject filters	\$ 3,000	5	\$ 600
1	Video exciter	\$ 23,000	5	\$ 4,600
1	500-watt TWTA	\$ 53,500	5	\$ 10,700
50'	EWP 132 waveguide & crossover kit	\$ 2,200	5	\$ 440
2	Waveguide switches	\$ 3,600	5	\$ 720
1	RF load	\$ 3,000	5	\$ 600
1	Pressure window	\$ 520	5	\$ 104
2	Equipment racks	\$ 1,600	5	\$ 320
1 lot	Rigid waveguide	\$ 500	5	\$ 100
1 lot	Servo subsystem: antenna control unit, motor controller, brushless resolvers (2500 MHz - 3 per unit), 3 axis drive package system cables for 100'	\$ 16,500	5	\$ 3,300
200'	1/2" foam dielectric coax	\$ 1,100	7	\$ 157
1	Video monitor	\$ 500	5	\$ 100
1 lot	Waveform/Vectorscope monitor	\$ 9,500	5	\$ 1,900
1	Volt/Ohm meter	\$ 500	5	\$ 100
1	Video signal test generator	\$ 12,480	5	\$ 2,496
1	Realtime transport stream monitor w/PCR-PTS & 310	\$ 13,000	5	\$ 2,600
1	Video/audio multichannel test set 5.1	\$ 17,500	5	\$ 3,500
1	Bench power supply	\$ 500	5	\$ 100
1	Spectrum analyzer with sideband adapter	\$ 18,000	5	\$ 3,600

1	Color monitor	\$ 5,000	5	\$ 1,000
1	Frequency counter	\$ 4,500	5	\$ 900
1	Scope camera	\$ 700	5	\$ 140
1 lot	Miscellaneous installation materials	\$ 2,000	7	\$ 286
1 lot	Installation/proof of performance w/patterns (2 persons/3 days)	\$ 12,000	7	\$ 1,714
1	Audio/video jack panel	\$ 700	5	\$ 140
1	Dehydrator	\$ 1,500	5	\$ 300
1 lot	Miscellaneous air fittings, wire, ground strap, hardware, rack, etc.	\$ 1,500	7	\$ 214
1 lot	Fencing	\$ 2,500	7	\$ 357
Total Satellite Interconnect (KU Band TV)		\$ 276,484		\$ 51,315
Portable HDTV Remote Package				
1	Portable HD Camera w/lens & case	\$ 75,000	5	\$ 15,000
1	In-house HD playback w/down-converter and HD/SDI outputs	\$ 55,000	5	\$ 11,000
1	Portable audio mixer	\$ 1,500	5	\$ 300
1	Shotgun microphone w/fishpole	\$ 800	5	\$ 160
1	Portable lighting kit	\$ 1,500	5	\$ 300
1 lot	Assorted batteries & chargers	\$ 2,000	5	\$ 400
1	Tripod and fluid head with case	\$ 3,000	5	\$ 600
1	HD waveform monitor for quality analysis	\$ 8,000	5	\$ 1,600
1	HD monitor for quality analysis	\$ 10,000	5	\$ 2,000
1 lot	Assorted cables and hardware	\$ 500	5	\$ 100
Total Portable HDTV Remote Package		\$ 157,300		\$ 31,460
Non-Linear Editing Stations (3)				
3	Avid Media Composer systems	\$ 84,000	5	\$ 16,800
6	16x9 color monitors	\$ 36,000	5	\$ 7,200
1	Raid Storage with SAN	\$ 95,000	5	\$ 19,000
1	Front Porch Digital DIVArchive data archive system	\$ 20,000	5	\$ 4,000
1 lot	Audio amplifier w/speakers or powered speakers	\$ 3,000	5	\$ 600
3	Waveform monitors	\$ 18,000	5	\$ 3,600
3	Enterprise UPS power backup systems	\$ 4,100	5	\$ 820
1 lot	Installation, soundproofing, acoustic treatments	\$ 90,000	7	\$ 12,857
Total Non-Linear Editing Stations (3)		\$ 350,100		\$ 64,877
Studio & Office Equipment & Furnishings				
62	Desktop Computer Systems w/monitors	\$ 93,000	5	\$ 18,600
4	Network shared color laser printer/copier/fax	\$ 16,000	5	\$ 3,200
10	Desktop color laser printer/copier/fax	\$ 12,000	5	\$ 2,400
62	Desks, cabinetry, office chairs, cubicle dividers, etc.	\$ 120,000	7	\$ 17,143
1 lot	Office buildout, electrical installation, miscellaneous etc.	\$ 400,000	15	\$ 26,667
1 lot	LED Monitor "wall" for studio set, couches, interview desk, etc.	\$ 200,000	5	\$ 40,000
Total Studio & Office Equipment & Furnishings		\$ 841,000		\$ 108,010
Total Broadcast & Office Equipment		\$ 3,263,744		\$ 583,434

Groove TV Pilot/Teaser Budget

Following are details of the Groove TV Pilot/Teaser budget.

**Groove TV
Pilot/Teaser**

Acct No	Description	Amount	Units	X	Curr	Rate	Subtotal	Total
1000 PRODUCTION STAFF								
1004	CO-EXECUTIVE PRODUCER #1							
	Prep	6	Weeks	1		4,000	\$24,000	
	Shoot	1	Week	1		4,000	\$4,000	
	Post	4	Weeks	1		4,000	\$16,000	
	Total							\$44,000
	CO-EXECUTIVE PRODUCER #2							
	Prep	6	Weeks	1		4,000	\$24,000	
	Shoot	1	Week	1		4,000	\$4,000	
	Post	4	Weeks	1		4,000	\$16,000	
	Total							\$44,000
1010	LINE PRODUCER							
	Prep	4	Weeks	1		2,750	\$11,000	
	Shoot	1	Weeks	1		2,750	\$2,750	
	Post	4	Weeks	1		2,750	\$11,000	
	Total							\$24,750
1099	Total Fringes							
	Payroll Fringes	10%						\$11,275
Account Total for 1000								\$124,025
1100 DIRECTION								
1101	DIRECTOR							
	Prep	1	Allow	1		5,000	\$5,000	
	Tech	1	Day	1		900	\$900	
	Focus	1	Day	1		900	\$900	
	Shoot	1	Day	1		900	\$900	
	Total							\$7,700
1199	Total Fringes							
	Payroll Fringes	10%				24,750		\$770
Account Total for 1100								\$8,470
1300 TALENT								
1301	VJ #1							
		1	Day	1		2,000	\$2,000	
	Total							\$2,000
1302	VJ #2							
		1	Day	1		2,000	\$2,000	
	Total							\$2,000
1316	TALENT							
	Music artists, music experts	1	Day	8		1,500	\$12,000	
	Total							\$12,000
1399	Total Fringes							
	Payroll Fringes	10%						\$1,600
Account Total for 1300								\$17,600
1400 CASTING								
1401	CASTING DIRECTOR	6	Weeks	1		1,000	\$6,000	
	Total							\$6,000
1440	CASTING EXPENSES							
	Meals, supplies	1	Allow	1		1,000	\$1,000	
	Total							\$1,000
1499	Total Fringes							
	Payroll Fringes	10%						\$600

**Groove TV
Pilot/Teaser**

Account Total for 1400							\$7,000
1500 TRAVEL & LIVING EXPENSES							
1501	AIRFARE						
	PREP						
	Co-EP #1 Nat'l Round Trip	2	Trips	1	650	\$1,300	
	Co-EP #2 Nat'l Round Trip	2	Trips	1	650	\$1,300	
	Casting Director Nat'l Round Trip	2	Trips	1	650	\$1,300	
	SHOOT						
	Talent Int'l Round Trips	3	Trips	1	1,440	\$4,320	
	Talent Nat'l Round Trips	2	Trips	1	850	\$1,700	
	Prod Nat'l Round Trips	4	Trips	1	650	\$2,600	
	Total						\$12,520
1502	HOTEL						
	PREP						
	CO-EPs, Casting Director	2	Nights	3	200	\$1,200	
	SHOOT						
	Crew Hotel	1	Allow	1	3,000	\$3,000	
	Cast Hotel	1	Allow	1	5,000	\$5,000	
	Total						\$9,200
1504	RENTAL CAR						
	Prep	1	Allow	1	1,000	\$1,000	
	Shoot	1	Allow	1	2,500	\$2,500	
	Total						\$3,500
1506	PER DIEM						
	Co-EP #1	5	Days	1	75	\$375	
	Co-EP #2	5	Days	1	75	\$375	
	Line Producer	5	Days	1	75	\$375	
	Director	5	Days	1	75	\$375	
	Casting Director	5	Days	1	75	\$375	
	Total						\$1,875
1508	TAXIS						
		1	Allow	1	500	\$500	
	Total						\$500
1512	FUEL / GAS						
	Prep	1	Allow	1	1,000	\$1,000	
	Shoot	1	Allow	1	1,000	\$1,000	
	Total						\$2,000
1514	TIPS						
	Prep	1	Allow	1	500	\$500	
	Shoot	1	Allow	1	1,000	\$1,000	
	Total						\$1,500
1516	MEALS						
	Prep	1	Allow	1	2,000	\$2,000	
	Shoot	1	Allow	1	1,000	\$1,000	
	Total						\$3,000
Account Total for 1500							\$34,095
TOTAL ABOVE-THE LINE							\$191,190

**Groove TV
Pilot/Teaser**

1600 PRODUCTION STAFF							
1603	PRODUCTION COORDINATOR						
	Prep	5	Weeks	1		850	\$4,250
	Shoot	1	Day	1		150	\$150
	Strike	1	Day	1		150	\$150
	Total						\$4,550
1682	PA'S						
	Prep	5	Weeks	1		750	\$3,750
	Shoot	2	Days	7		150	\$2,100
	Total						\$5,850
1699	Total Fringes						
	Payroll Fringes	10%					\$1,040
Account Total for 1600							\$11,440
1700 ART DEPARTMENT							
1702	PRODUCTION DESIGNER						
		1	Allow	1		7,500	\$7,500
	Total						\$7,500
Account Total for 1700							\$7,500
1800 SET CONSTRUCTION							
1802	SET CONSTRUCTION BUILD						
		1	Allow	1		8,900	\$8,900
	Total						\$8,900
Account Total for 1800							\$8,900
1900 SET DRESSING							
1901	SET DRESSER						
	Prep	1	Allow	1		552	\$552
	Load In	1	Day	1		552	\$552
	Shoot	1	Day	1		552	\$552
	Strike	1	Day	1		552	\$552
	Total						\$2,208
1930	RENTALS						
		1	Allow	1		600	\$600
	Total						\$600
1940	PURCHASES						
		1	Allow	1		1,200	\$1,200
	Total						\$1,200
1999	Total Fringes						
	Payroll Fringes	10%					\$221
Account Total for 1900							\$4,229
2000 PROPERTY							
2001	PROP MASTER						
	Prep	1	Allow	1		552	\$552
	Load In	1	Day	1		552	\$552
	Shoot	1	Day	1		552	\$552
	Strike	1	Day	1		552	\$552
	Total						\$2,208
1730	RENTALS						
		1	Allow	1		374	\$374
	Total						\$374
1740	PURCHASES						
		1	Allow	1		652	\$652
	Total						\$652

**Groove TV
Pilot/Teaser**

2099	Total Fringes								
	Payroll Fringes	10%							\$221
Account Total for 2000									\$3,455
2500 LIGHTING CREW									
2503	LIGHTING DIRECTOR								
	Studio Design Fee	1	Allow	1		5,000	\$5,000		
	Tech	1	Day	1		950	\$950		
	Focus	1	Day	1		950	\$950		
	Shoot	1	Day	1		950	\$950		
	Total								\$7,850
2505	GAFFER								
	Load In	1	Day	1		500	\$500		
	Tech	1	Day	1		500	\$500		
	Focus	1	Day	1		500	\$500		
	Shoot	1	Day	1		500	\$500		
	Strike	1	Day	1		500	\$500		
	Total								\$2,500
2506	BEST BOY ELECTRIC								
	Load In	1	Day	1		500	\$500		
	Tech	1	Day	1		500	\$500		
	Focus	1	Day	1		500	\$500		
	Shoot	1	Day	1		500	\$500		
	Strike	1	Day	1		500	\$500		
	Total								\$2,500
2508	BOARD OPERATOR								
	Load In	1	Day	1		500	\$500		
	Tech	1	Day	1		500	\$500		
	Focus	1	Day	1		500	\$500		
	Shoot	1	Day	1		500	\$500		
	Strike	1	Day	1		500	\$500		
	Total								\$2,500
2510	ELECTRICIANS								
	Load In	1	Day	2		450	\$900		
	Tech	1	Day	2		450	\$900		
	Focus	1	Day	1		450	\$450		
	Shoot	1	Day	1		450	\$450		
	Strike	1	Day	2		450	\$900		
	Total								\$3,600
2520	LIGHTING RENTALS								
	Studio Package	1	Week	1		4,750	\$4,750		
	Field Package	2	Days	3		150	\$900		
	Total								\$5,650
2550	EXPENDABLES								
	Studio Expendables	1	Week	1		500	\$500		
	Total								\$500
2555	LIFTS								
	Scissors	2	Days	1		450	\$900		
	Condor	2	Days	1		500	\$1,000		
	Total								\$1,900
2599	Total Fringes								
	Payroll Fringes	10%							\$1,895
Account Total for 2500									\$28,895
2700 MAKEUP & HAIR									
2701	KEY MAKEUP ARTIST								

**Groove TV
Pilot/Teaser**

	Makeup Artist #1	1	Day	1		350	\$350	
	Makeup Artist #2	1	Day	1		350	\$350	
	Total							\$700
2720	KEY HAIR STYLIST							
	Hair Stylist #1	1	Day	1		150	\$150	
	Hair Stylist #2	1	Day	1		150	\$150	
	Total							\$300
2708	BOX RENTAL							
	Hair & Makeup	1	Day	4		40	\$160	
	Total							\$160
2799	Total Fringes							
	Payroll Fringes	10%						\$100
Account Total for 2700								\$1,260
3000 CAMERA								
3001	DIRECTOR OF PHOTOGRAPHY							
	Tech	1	Day	1		950	\$950	
	Focus	1	Day	1		950	\$950	
	Shoot	1	Day	1		950	\$950	
	Total							\$2,850
3002	STUDIO CAMERA OPERATORS							
	Load In	1	Day	1		650	\$650	
	Tech	1	Day	1		650	\$650	
	Focus	1	Day	2		650	\$1,300	
	Shoot	1	Day	2		650	\$1,300	
	Total							\$3,900
3003	ENGINEER							
	Load In	1	Day	1		650	\$650	
	Tech	1	Day	1		650	\$650	
	Focus	1	Day	1		650	\$650	
	Shoot	1	Day	1		650	\$650	
	Strike	1	Day	1		650	\$650	
	Total							\$3,250
3004	VIDEO CONTROL							
	Load In	1	Day	1		450	\$450	
	Tech	1	Day	1		450	\$450	
	Focus	1	Day	1		450	\$450	
	Shoot	1	Day	1		450	\$450	
	Strike	1	Day	1		450	\$450	
	Total							\$2,250
3005	CAMERA ASSISTS							
	Load In	1	Day	2		200	\$400	
	Tech	1	Day	2		200	\$400	
	Focus	1	Day	3		200	\$600	
	Shoot	1	Day	3		200	\$600	
	Strike	1	Day	2		200	\$400	
	Total							\$2,400
3007	FIELD CAMERA OPERATORS							
	Shoot - Hand-held Interview Units	1	Day	3		650	\$1,950	
	Total							\$1,950
3020	CAMERA PACKAGE RENTALS							
	Studio Camera Package	1	Days	2		1,400	\$2,800	
	Field Camera Package	1	Days	3		350	\$1,050	
	Total							\$3,850
3040	RENTALS							
	Teleprompter	1	Allow	1		350	\$350	

**Groove TV
Pilot/Teaser**

	Total								\$350
3037	TELEPROMPTER OPERATOR								
	Focus	1	Day	1		400	\$400		
	Shoot	1	Day	1		400	\$400		
	Total								\$800
3080	LOSS & DAMAGE								
		1	Allow	1		1,500	\$1,500		
	Total								\$1,500
3099	Total Fringes								
	Payroll Fringes	10%							\$1,660
Account Total for 3000									\$24,760
3100 SOUND									
3101	AUDIO SUPERVISOR								
	Load In	1	Days	1		550	\$550		
	Tech	1	Days	1		550	\$550		
	Focus	1	Days	1		550	\$550		
	Shoot	1	Days	1		550	\$550		
	Strike	1	Days	1		550	\$550		
	Total								\$2,750
3102	AUDIO MIXER								
	Load In	1	Days	1		550	\$550		
	Tech	1	Days	1		550	\$550		
	Focus	1	Days	1		550	\$550		
	Shoot	1	Days	1		550	\$550		
	Strike	1	Days	1		550	\$550		
	Total								\$2,750
3108	A2'S / PL								
	Load In	1	Days	1		400	\$400		
	Tech	1	Days	1		400	\$400		
	Focus	1	Days	2		400	\$800		
	Shoot	1	Days	1		400	\$400		
	Strike	1	Days	1		400	\$400		
	Total								\$2,400
3110	RENTALS								
		2	Days	5		500	\$5,000		
	Total								\$5,000
3122	BATTERIES								
		1	Allow	1		300	\$300		
	Total								\$300
3124	WALKIE RENTALS	1	Week	1		650	\$650		
	Total								\$650
3199	Total Fringes								
	Payroll Fringes	10%							\$790
Account Total for 3100									\$14,640
3200 TRANSPORTATION									
3210	PRODUCTION VAN								
		1	Week	1		300	\$300		
	Total								\$300
3212	CARGO VAN								
		1	Week	1		300	\$300		
	Total								\$300
3230	LIMO / TOWN CARS								
		1	Day	1		350	\$350		
	Total								\$350

**Groove TV
Pilot/Teaser**

3260	PARKING								
		1	Allow	1		500	\$500		
	Total								\$500
3270	GAS & OIL								
		1	Allow	1		1,200	\$1,200		
	Total								\$1,200
Account Total for 3200									\$2,650
3300 STAGE									
3310	STAGE RENTAL								
		2	Weeks	1		3,500	\$7,000		
	Total								\$7,000
3312	SECURITY								
		1	Day	2		208	\$416		
	Total								\$416
3326	FIRST AID / MEDIC								
		2	Days	1		350	\$700		
	Total								\$700
3344	CRAFT SERVICE LABOR								
		2	Days	1		150	\$300		
	Total								\$300
3346	CRAFT SERVICE PURCHASES								
		1	Allow	1		1,200	\$1,200		
	Total								\$1,200
3348	CATERING								
		1	Day	1		1,190	\$1,190		
	Total								\$1,190
3399	Total Fringes								
	Payroll Fringes	10%							\$142
Account Total for 3300									\$10,948
3500 FILM & TAPE STOCK									
3501	HDV Shoot Stock	2	Days	15		18	\$540		
	Total								\$540
Account Total for 3500									\$540
TOTAL PRODUCTION									\$119,216
3600 POST PRODUCTION STAFF									
3602	POST SUPERVISOR								
	Shared Rate	4	Weeks	1		1,000	\$4,000		
	Total								\$4,000
3612	OFFLINE EDITORS								
	Editor #1	4	Weeks	1		925	\$3,700		
	Editor #2	4	Weeks	1		925	\$3,700		
	AE	4	Weeks	1		925	\$3,700		
	Total								\$11,100
3620	ASSISTANT EDITORS								
		3	Weeks	1		850	\$2,550		
	Total								\$2,550
3699	Total Fringes								
	Payroll Fringes	10%							\$1,765
Account Total for 3600									\$19,415
3700 POST PRODUCTION									
3701	OFFLINE AVID RENTALS								

**Groove TV
Pilot/Teaser**

	Editor #1	4	Weeks	1		925	\$3,700	
	Editor #2	4	Weeks	1		925	\$3,700	
	AE	4	Weeks	1		925	\$3,700	
	Total							\$11,100
3702	STORY AVID RENTALS							
	Co-EP Story Avid	3	Weeks	1		700	\$2,100	
	Total							\$2,100
3710	ONLINE / SYMPHONY							
		1	Allow	1		3,500	\$3,500	
	Total							\$3,500
3714	UNITY / STORAGE / DRIVES							
		4	Weeks	1		1,200	\$4,800	
	Total							\$4,800
3740	DELIVERY DUBS							
		1	Allow	1		250	\$250	
	Total							\$250
3760	DECK RENTALS							
		4	Weeks	1		850	\$3,400	
	Total							\$3,400
Account Total for 3700								\$25,150
3800 POST PRODUCTION SOUND								
3804	MIX							
		1	Allow	1		2,500	\$2,500	
	Total							\$2,500
Account Total for 3800								\$2,500
3900 RIGHTS: MUSIC, STOCK FOOTAGE, PHOTOS								
3902	MUSIC LIBRARY							
		1	Allow	1		2,000	\$2,000	
	Total							\$2,000
3920	STILL PHOTO RIGHTS							
	Historic photographs	1	Allow	1		500	\$500	
	Total							\$500
Account Total for 3900								\$2,500
4100 MAIN AND END TITLES								
4101	TITLES & BUMPERS							
		1	Allow	1		38,000	\$38,000	
	Total							\$38,000
Account Total for 4100								\$38,000
TOTAL POST PRODUCTION								\$87,565
4200 INSURANCE								
4201	GENERAL LIABILITY							
	General Liability	1	Allow	1		1,000	\$1,000	
	Total							\$1,000
4205	ERRORS AND OMISSIONS							
	\$1M / \$3M / \$25K	1	Allow	1		2,144	\$2,144	
	Total							\$2,144
4210	CAST COVERAGE							
	AD&D	1	Allow	1		1,500	\$1,500	
	Total							\$1,500
Account Total for 4200								\$4,644

**Groove TV
Pilot/Teaser**

4300 GENERAL & ADMINISTRATIVE								
4310	PHONES & INTERNET							
		1	Allow	1		2,000	\$2,000	
	Total							\$2,000
Account Total for 4300								\$2,000
TOTAL BELOW-THE LINE								\$213,425
4800 ACCOUNTING FEE								
4801	ACCOUNTING FEE 1.7%							
		1	Allow	1		7,166	\$7,166	
	Total							\$7,166
Account Total for 4800								\$7,166
4900 LEGAL FEE								
4901	LEGAL FEE 1.0%							
		1	Allow	1		4,215	\$4,215	
	Total							\$4,215
Account Total for 4900								\$4,215
TOTAL OTHER								\$11,381
Total Above-The-Line								\$191,190
Total Below-The-Line								\$213,425
Total Above and Below-The-Line								\$404,615
Total Other (Accounting Fees & Legal Fees)								\$11,381
Grand Total								\$415,996

Detailed Cash Flow Projections

Following are detailed cash flow projections for the next 5 years.

Groove TV

Detailed Cash Flow Statement, Year 1

Ref.	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Beginning Cash Balance:	-	38,891,503	36,405,476	33,498,808	30,441,701	27,248,345	23,471,234	24,940,381	25,010,419	24,086,493	24,587,589	23,511,455	
Sources of Cash:													
31 Ad Sales (Net 30)										2,354,848	2,709,162	2,997,637	\$ 8,061,647
Affiliate Fees (Net 30)													\$ -
Artist Submissions							5,250,000	3,845,313	3,343,750	2,625,000	2,406,250	2,187,500	\$ 19,657,813
Digital Music (Net 30)										3,525	4,055	4,487	\$ 12,067
32 Investment Offering Proceeds	50,000,000												\$ 50,000,000
Less: Financing Expenses	(5,000,000)												\$ (5,000,000)
Cash Management		52,432	22,786	20,951	19,039	17,042	14,680	18,878	18,047	17,155	18,493	17,906	\$ 237,409
Total Cash In	45,000,000	52,432	22,786	20,951	19,039	17,042	5,264,680	3,864,191	3,361,797	5,000,528	5,137,960	5,207,530	\$ 72,968,936
Uses of Cash:													
33 Profit Distributions/Dividends													\$ -
34 Cost of Goods/Cost of Sales													
Agency Commissions (Net 30)										353,227	406,374	449,645	\$ 1,209,247
Artist Distributions (Net 60)											1,601,297	1,842,230	\$ 3,443,527
35 Groove TV Pilot/Teaser			415,996										\$ 415,996
36 Property Plant Equipment													
Studio/Office Equipment	2,773,744												\$ 2,773,744
Buildout	490,000												\$ 490,000
Salaries, Benefits, Taxes	372,983	372,983	372,983	876,990	977,174	1,547,653	1,547,653	1,547,653	1,547,653	1,339,320	1,339,320	1,339,320	\$ 13,181,688
Insurance	28,386	28,386	28,386	39,211	41,363	52,643	52,643	52,643	52,643	47,497	47,497	47,497	\$ 518,794
Marketing/Advertising	1,983,333	1,983,333	1,983,333	1,983,333	1,983,333	1,983,333	1,983,333	1,983,333	2,473,927	2,547,742	2,607,841	2,672,119	\$ 26,168,295
General & Administrative	460,051	153,756	128,756	178,524	210,524	210,524	211,904	210,524	211,499	211,646	211,766	211,894	\$ 2,611,366
Total Cash Out	6,108,497	2,538,458	2,929,454	3,078,058	3,212,394	3,794,153	3,795,533	3,794,153	4,285,722	4,499,432	6,214,095	6,562,705	\$ 50,812,657
Ending Cash	38,891,503	36,405,476	33,498,808	30,441,701	27,248,345	23,471,234	24,940,381	25,010,419	24,086,493	24,587,589	23,511,455	22,156,280	\$ 22,156,280

Groove TV Detailed Cash Flow Statement, Year 2

Ref.	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Beginning Cash Balance:	\$ 22,156,280	20,442,401	19,872,286	19,553,693	19,721,025	20,414,240	21,664,785	23,493,676	25,917,035	28,938,263	32,554,346	36,755,476	
Sources of Cash:													
31 Ad Sales (Net 30)	3,306,170	4,858,500	6,393,863	8,190,934	10,243,526	12,536,660	15,047,723	17,748,024	20,604,563	23,581,835	26,643,511	29,753,916	\$ 178,909,226
Affiliate Fees (Net 30)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Artist Submissions	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	\$ 26,250,000
Digital Music (Net 30)	4,949	6,713	8,835	11,318	14,154	17,323	20,792	24,523	28,470	32,584	36,815	41,112	\$ 247,588
32 Investment Offering Proceeds													\$ -
Cash Management	17,102	16,224	16,838	17,600	18,830	20,549	22,767	25,483	28,689	32,367	36,493	41,037	\$ 293,980
Total Cash In	5,515,721	7,068,937	8,607,036	10,407,352	12,464,010	14,762,032	17,278,782	19,985,530	22,849,223	25,834,286	28,904,319	32,023,566	\$ 205,700,794
Uses of Cash:													
33 Profit Distributions/Dividends												5,800,000	\$ 5,800,000
34 Cost of Goods/Cost of Sales													
Agency Commissions (Net 30)	495,926	728,775	959,079	1,228,640	1,536,529	1,880,499	2,257,158	2,662,204	3,090,684	3,537,275	3,996,527	4,463,087	\$ 26,836,384
Artist Distributions (Net 60)	2,038,393	2,248,196	3,303,780	4,347,827	5,569,835	6,965,598	8,524,929	10,232,452	12,068,656	14,011,103	16,035,648	18,117,588	\$ 103,464,003
35													
36 Property Plant Equipment													
Studio/Office Equipment	-												\$ -
Buildout	-												\$ -
Salaries, Benefits, Taxes	1,406,506	1,406,506	1,406,506	1,406,506	1,406,506	1,406,506	1,406,506	1,406,506	1,406,506	1,406,506	1,406,506	1,406,506	\$ 16,878,076
Insurance	48,940	48,940	48,940	48,940	48,940	48,940	48,940	48,940	48,940	48,940	48,940	48,940	\$ 587,279
Marketing/Advertising	2,981,667	2,981,667	2,981,667	2,981,667	2,981,667	2,981,667	2,981,667	2,981,667	2,981,667	2,981,667	2,981,667	2,981,667	\$ 35,780,000
General & Administrative	258,168	224,969	225,656	226,441	227,318	228,278	230,690	230,403	231,541	232,712	233,901	235,096	\$ 2,785,174
Total Cash Out	7,229,600	7,639,052	8,925,628	10,240,021	11,770,795	13,511,487	15,449,891	17,562,171	19,827,995	22,218,203	24,703,189	33,052,884	\$ 192,130,916
Ending Cash	20,442,401	19,872,286	19,553,693	19,721,025	20,414,240	21,664,785	23,493,676	25,917,035	28,938,263	32,554,346	36,755,476	35,726,158	\$ 35,726,158

Groove TV

Detailed Cash Flow Statement, Year 3

Ref.	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Beginning Cash Balance:	\$ 35,726,158	40,288,638	47,779,999	54,092,061	60,912,317	68,210,179	75,954,843	84,114,449	92,662,021	101,567,510	110,803,531	120,344,134	
Sources of Cash:													
31 Ad Sales (Net 30)	32,879,228	38,756,723	42,057,840	45,285,968	48,419,495	51,440,938	54,336,740	57,096,980	59,715,009	62,187,052	64,511,803	66,690,031	\$ 623,377,807
Affiliate Fees (Net 30)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Artist Submissions	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	\$ 26,250,000
Digital Music (Net 30)	45,431	49,727	53,962	58,104	62,125	66,001	69,717	73,258	76,618	79,789	82,772	85,567	\$ 803,072
32 Investment Offering Proceeds													\$ -
Cash Management	45,969	47,154	55,513	61,529	67,816	74,342	81,077	87,993	95,067	102,276	109,600	117,022	\$ 945,360
Total Cash In	35,158,127	41,041,104	44,354,816	47,593,101	50,736,936	53,768,781	56,675,034	59,445,732	62,074,194	64,556,617	66,891,675	69,080,120	\$ 651,376,238
Uses of Cash:													
33 Profit Distributions/Dividends												75,000,000	\$ 75,000,000
34 Cost of Goods/Cost of Sales													
Agency Commissions (Net 30)	4,931,884	5,813,508	6,308,676	6,792,895	7,262,924	7,716,141	8,150,511	8,564,547	8,957,251	9,328,058	9,676,770	10,003,505	\$ 93,506,671
Artist Distributions (Net 60)	20,232,663	22,357,875	26,354,572	28,599,331	30,794,458	32,925,257	34,979,838	36,948,983	38,825,947	40,606,206	42,287,195	43,868,026	\$ 398,780,350
35													
36 Property Plant Equipment													
Studio/Office Equipment	-												\$ -
Buildout	-												\$ -
Salaries, Benefits, Taxes	1,484,292	1,484,292	1,484,292	1,484,292	1,484,292	1,484,292	1,484,292	1,484,292	1,484,292	1,484,292	1,484,292	1,484,292	\$ 17,811,503
Insurance	70,736	50,611	50,611	50,611	50,611	50,611	50,611	50,611	50,611	50,611	50,611	50,611	\$ 627,452
Marketing/Advertising	3,580,000	3,580,000	3,580,000	3,580,000	3,580,000	3,580,000	3,580,000	3,580,000	3,580,000	3,580,000	3,580,000	3,580,000	\$ 42,960,000
General & Administrative	296,072	263,457	264,604	265,716	266,789	267,817	270,177	269,727	270,605	271,430	272,204	272,926	\$ 3,251,525
Total Cash Out	30,595,647	33,549,743	38,042,754	40,772,845	43,439,074	46,024,117	48,515,428	50,898,160	53,168,705	55,320,597	57,351,072	134,259,359	\$ 631,937,501
Ending Cash	40,288,638	47,779,999	54,092,061	60,912,317	68,210,179	75,954,843	84,114,449	92,662,021	101,567,510	110,803,531	120,344,134	55,164,895	\$ 55,164,895

Groove TV

Detailed Cash Flow Statement, Year 4

Ref.	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Beginning Cash Balance:	\$ 55,164,895	64,868,780	79,082,874	90,195,518	101,520,062	113,038,462	124,734,131	136,590,466	148,596,284	160,737,454	173,002,331	185,380,292	
Sources of Cash:													
31 Ad Sales (Net 30)	68,724,207	75,662,312	77,546,532	79,291,802	80,904,776	82,392,481	83,762,148	85,021,065	86,176,460	87,235,417	88,204,798	89,091,201	\$ 984,013,198
Affiliate Fees (Net 30)	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Artist Submissions	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	\$ 26,250,000
Digital Music (Net 30)	88,177	90,607	92,863	94,953	96,885	98,666	100,307	101,814	103,198	104,466	105,627	106,688	\$ 1,184,251
32 Investment Offering Proceeds													\$ -
Cash Management	124,528	84,996	98,193	106,325	114,500	122,714	130,960	139,232	147,529	155,845	164,178	172,526	\$ 1,561,527
Total Cash In	71,124,412	78,025,415	79,925,088	81,680,581	83,303,661	84,801,361	86,180,914	87,449,611	88,614,687	89,683,228	90,662,103	91,557,916	\$ 1,013,008,975
Uses of Cash:													
33 Profit Distributions/Dividends												130,000,000	\$ 130,000,000
34 Cost of Goods/Cost of Sales													
Agency Commissions (Net 30)	10,308,631	11,349,347	11,631,980	11,893,770	12,135,716	12,358,872	12,564,322	12,753,160	12,926,469	13,085,312	13,230,720	13,363,680	\$ 147,601,980
Artist Distributions (Net 60)	45,349,221	46,732,461	51,450,372	52,731,642	53,918,425	55,015,247	56,026,887	56,958,261	57,814,324	58,599,993	59,320,083	59,979,263	\$ 653,896,179
35													
36 Property Plant Equipment													
Studio/Office Equipment	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Buildout	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Salaries, Benefits, Taxes	1,593,990	1,593,990	1,593,990	1,593,990	1,593,990	1,593,990	1,593,990	1,593,990	1,593,990	1,593,990	1,593,990	1,593,990	\$ 19,127,879
Insurance	52,967	52,967	52,967	52,967	52,967	52,967	52,967	52,967	52,967	52,967	52,967	52,967	\$ 635,600
Marketing/Advertising	3,778,333	3,778,333	3,778,333	3,778,333	3,778,333	3,778,333	3,778,333	3,778,333	3,778,333	3,778,333	3,778,333	3,778,333	\$ 45,340,000
General & Administrative	337,385	304,223	304,801	305,336	305,829	306,283	308,080	307,083	307,434	307,755	308,049	308,317	\$ 3,710,574
Total Cash Out	61,420,527	63,811,320	68,812,443	70,356,038	71,785,261	73,105,692	74,324,579	75,443,793	76,473,517	77,418,350	78,284,142	209,076,550	\$ 1,000,312,212
Ending Cash	64,868,780	79,082,874	90,195,518	101,520,062	113,038,462	124,734,131	136,590,466	148,596,284	160,737,454	173,002,331	185,380,292	67,861,658	\$ 67,861,658

Groove TV

Detailed Cash Flow Statement, Year 5

Ref.	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Beginning Cash Balance:	\$ 67,861,658	80,038,634	111,837,793	135,658,651	159,622,087	183,717,231	207,934,138	232,262,321	256,696,205	281,226,787	305,847,091	330,550,743	
Sources of Cash:													
31 Ad Sales (Net 30)	89,900,919	102,725,237	103,488,990	104,184,951	104,818,710	105,395,478	105,920,091	106,397,029	106,830,428	107,224,104	107,581,566	107,906,036	\$ 1,252,373,539
Affiliate Fees (Net 30)	-	9,310,800	9,369,577	9,423,968	9,474,277	9,520,790	9,563,777	9,603,491	9,640,169	9,674,033	9,705,289	9,734,133	\$ 105,020,302
Artist Submissions	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	\$ 26,250,000
Digital Music (Net 30)	107,658	108,543	109,350	110,085	110,755	111,364	111,919	112,423	112,880	113,296	113,674	114,017	\$ 1,335,964
32 Investment Offering Proceeds													\$ -
Cash Management	180,887	107,760	141,424	156,847	172,303	187,800	203,336	218,906	234,510	250,145	265,810	281,503	\$ 2,401,231
Total Cash In	92,376,964	114,439,839	115,296,841	116,063,351	116,763,545	117,402,932	117,986,622	118,519,347	119,005,487	119,449,078	119,853,840	120,223,189	\$ 1,387,381,035
Uses of Cash:													
33 Profit Distributions/Dividends												285,000,000	\$ 285,000,000
34 Cost of Goods/Cost of Sales													
Agency Commissions (Net 30)	13,485,138	15,408,786	15,523,349	15,627,743	15,722,807	15,809,322	15,888,014	15,959,554	16,024,564	16,083,616	16,137,235	16,185,905	\$ 187,856,031
Artist Distributions (Net 60)	60,582,017	61,132,625	69,853,161	70,372,513	70,845,766	71,276,723	71,668,925	72,025,662	72,349,979	72,644,691	72,912,391	73,155,465	\$ 838,819,919
35													
36 Property Plant Equipment													
Studio/Office Equipment	-												\$ -
Buildout	-												\$ -
Salaries, Benefits, Taxes	1,708,473	1,708,473	1,708,473	1,708,473	1,708,473	1,708,473	1,708,473	1,708,473	1,708,473	1,708,473	1,708,473	1,708,473	\$ 20,501,675
Insurance	55,345	55,345	55,345	55,345	55,345	55,345	55,345	55,345	55,345	55,345	55,345	55,345	\$ 664,141
Marketing/Advertising	3,976,667	3,976,667	3,976,667	3,976,667	3,976,667	3,976,667	3,976,667	3,976,667	3,976,667	3,976,667	3,976,667	3,976,667	\$ 47,720,000
General & Administrative	392,349	358,785	358,989	359,174	359,343	359,496	361,015	359,762	359,878	359,982	360,077	360,163	\$ 4,349,014
Total Cash Out	80,199,988	82,640,680	91,475,983	92,099,915	92,668,400	93,186,026	93,658,439	94,085,463	94,474,906	94,828,774	95,150,187	380,442,018	\$ 1,384,910,779
Ending Cash	80,038,634	111,837,793	135,658,651	159,622,087	183,717,231	207,934,138	232,262,321	256,696,205	281,226,787	305,847,091	330,550,743	70,331,914	\$ 70,331,914

Detailed Income Statement Projections

Following are detailed profit & loss projections for the next 5 years.

Groove TV

Detailed Income Statement, Year 1

Ref.	Premise	Month:	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Assumptions			("January" = Month 1 of operation)												
1	Subscribers		-	-	-	-	-	-	-	-	13,326,111	14,387,588	15,200,867	16,028,184	16,028,184
2	TV Audience		-	-	-	-	-	-	-	-	14,708	16,921	18,723	20,650	20,650
3	Web Audience	70% of TV aud.	-	-	-	-	-	-	-	-	858	987	1,092	1,205	1,205
4	Mobile Audience	13.70% of web aud.	-	-	-	-	-	-	-	-	118	135	150	165	165
5	Price/0:30 TV spot	\$10.76 CPM	-	-	-	-	-	-	-	-	158.26	182.07	201.45	222.19	222.19
	Price/0:30 Web spot	\$10.00 CPM	-	-	-	-	-	-	-	-	8.58	9.87	10.92	12.05	12.05
	Price/0:30 Mobile spot	\$10.00 CPM	-	-	-	-	-	-	-	-	1.18	1.35	1.50	1.65	1.65
6	Fill Rate (TV/Web/Mobile)		0%	0%	0%	0%	0%	0%	0%	0%	60%	60%	60%	60%	60%
Revenue															
7	TV Ad Revenue	32 spots/hr.	-	-	-	-	-	-	-	-	2,218,123	2,551,864	2,823,590	3,114,209	\$ 10,707,786
	Web Revenue	32 spots/hr.	-	-	-	-	-	-	-	-	120,251	138,345	153,076	168,831	\$ 580,503
	Mobile Revenue	32 spots/hr.	-	-	-	-	-	-	-	-	16,474	18,953	20,971	23,130	\$ 79,529
8	Affiliate Fees	\$0.10 /subscriber	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Gross Revenue			-	-	-	-	-	-	-	-	2,354,848	2,709,162	2,997,637	3,306,170	\$ 11,367,817
9	Less: Agency Commission	15%	-	-	-	-	-	-	-	-	(353,227)	(406,374)	(449,645)	(495,926)	\$ (1,705,173)
Net Broadcasting Revenue			-	-	-	-	-	-	-	-	2,001,621	2,302,788	2,547,991	2,810,245	\$ 9,662,645
10	Less: Artist Revenue Cut	80% ads-agency	-	-	-	-	-	-	-	-	(1,601,297)	(1,842,230)	(2,038,393)	(2,248,196)	\$ (7,730,116)
Other Revenue															
11	Artist Submissions	\$25 /submission	-	-	-	-	-	-	5,250,000	3,845,313	3,343,750	2,625,000	2,406,250	2,187,500	\$ 19,657,813
12	Digital Music Sales		-	-	-	-	-	-	-	-	3,525	4,055	4,487	4,949	\$ 17,016
13	Cash Management	1.50% APR		52,432	22,786	20,951	19,039	17,042	14,680	18,878	18,047	17,155	18,493	17,906	\$ 237,409
Net Revenue			-	52,432	22,786	20,951	19,039	17,042	5,264,680	3,864,191	3,765,646	3,106,768	2,938,828	2,772,404	\$ 21,844,767

Premise	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total	
Operating Expenses														
14 Salaries, Taxes & Benefits														
Executive	\$ 324,333	324,333	324,333	324,333	324,333	324,333	324,333	324,333	324,333	324,333	324,333	324,333	\$ 3,892,000	
Finance	\$ 87,117				87,117	87,117	87,117	87,117	87,117	87,117	87,117	87,117	\$ 696,933	
Sales	\$ 68,400			68,400	68,400	68,400	68,400	68,400	68,400	68,400	68,400	68,400	\$ 615,600	
Artist Relations	\$ 456,667					456,667	456,667	456,667	456,667	248,333	248,333	248,333	\$ 2,571,667	
Office	\$ 22,733				22,733	22,733	22,733	22,733	22,733	22,733	22,733	22,733	\$ 204,600	
Production	\$ 347,133				347,133	347,133	347,133	347,133	347,133	347,133	347,133	347,133	\$ 3,124,200	
Payroll Taxes	15% of wages	48,650	48,650	48,650	114,390	127,458	133,458	133,458	133,458	133,458	133,458	133,458	\$ 1,322,000	
Benefits						107,813	107,813	107,813	107,813	107,813	107,813	107,813	\$ 754,688	
15 Insurance														
Workers Comp	2.47% of wages	8,011	8,011	8,011	18,836	20,988	32,268	32,268	32,268	32,268	27,122	27,122	\$ 274,294	
GL/Property	\$ 3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	\$ 47,000	
Umbrella Liability	\$ 1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	\$ 12,500	
Broadcasters E&O	\$ 4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	\$ 50,000	
Calif. Earthquake	\$ 4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	\$ 50,000	
D&O/Crime/EPLI \$1MM	\$ 2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	\$ 25,000	
D&O/Crime/EPLI \$5MM	\$ 5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	\$ 60,000	
16 Marketing/Advertising														
Marketing Budget	\$ 1,983,333	1,983,333	1,983,333	1,983,333	1,983,333	1,983,333	1,983,333	1,983,333	1,983,333	1,983,333	1,983,333	1,983,333	\$ 23,800,000	
Barter/Promo/Giveaway	4 ad spots/hr.	-	-	-	-	-	-	-	-	490,593	564,409	624,508	688,785	\$ 2,368,295
General & Administrative														
Staff Recruiting	1% of salaries	131,817											\$ 131,817	
Dues/Subscriptions	\$ 50,000 monthly	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	\$ 600,000	
Rent	\$ 49,768 30k sq. ft.	99,536			49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	\$ 547,450	
Office Supplies	\$ 2,000 monthly	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	\$ 24,000	
Repairs/Maintenance	0.50% of equip.	33,388	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	\$ 46,101	
Internet Server	\$ 1,380 semiannually	1,380					1,380						\$ 2,759	
Streaming Server	\$ 1 per streamer	-	-	-	-	-	-	-	975	1,122	1,242	1,370	\$ 4,709	
Website & Apps	\$ 50,000	25,000	25,000										\$ 50,000	
Phone (VOIP & mobile)	\$ 9,500 monthly	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	\$ 114,000	
Satellite Transponder	\$ 65,000 monthly	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	\$ 780,000	
T3 lease	\$ 1,100 monthly	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	\$ 13,200	
FCC VSAT license	\$ 9,330 one-time	9,330											\$ 9,330	
Misc./Incidental	\$ 12,000 monthly	12,000				12,000	12,000	12,000	12,000	12,000	12,000	12,000	\$ 108,000	
Travel/Entertainment	\$ 20,000 monthly	20,000				20,000	20,000	20,000	20,000	20,000	20,000	20,000	\$ 180,000	
Total Operating Expenses		2,844,753	2,538,458	2,513,458	3,078,058	3,212,394	3,794,153	3,795,533	3,794,153	4,285,722	4,146,205	4,206,424	4,270,829	\$ 42,480,143
EBITDA		(2,844,753)	(2,486,026)	(2,490,672)	(3,057,107)	(3,193,355)	(3,777,111)	1,469,147	70,037	(520,076)	(1,039,437)	(1,267,596)	(1,498,425)	\$ (20,635,375)
29 Less: Depreciation Expense		48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	\$ 583,434
30 Less: Amortization				6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	\$ 69,333
Net Income (Pre-Tax)		(2,893,373)	(2,534,646)	(2,546,225)	(3,112,660)	(3,248,908)	(3,832,664)	1,413,594	14,485	(575,629)	(1,094,990)	(1,323,148)	(1,553,978)	\$ (21,288,142)

Groove TV

Detailed Income Statement, Year 2

Ref.	Premise	Month:	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Assumptions															
1	Subscribers		18,879,056	21,854,197	24,927,927	28,074,234	31,267,498	34,483,104	37,697,925	40,890,690	44,042,237	47,135,661	50,156,367	53,092,061	53,092,061
2	TV Audience		28,011	36,863	47,223	59,057	72,278	86,755	102,323	118,792	135,957	153,609	171,541	189,560	189,560
3	Web Audience	70% of TV aud.	1,634	2,150	2,755	3,445	4,216	5,061	5,969	6,930	7,931	8,961	10,007	11,058	11,058
4	Mobile Audience	13.70% of web aud.	224	295	377	472	578	693	818	949	1,087	1,228	1,371	1,515	1,515
5	Price/0:30 TV spot	\$10.76 CPM	301.40	396.64	508.12	635.46	777.71	933.48	1,101.00	1,278.20	1,462.90	1,652.83	1,845.78	2,039.66	2,039.66
	Price/0:30 Web spot	\$10.00 CPM	16.34	21.50	27.55	34.45	42.16	50.61	59.69	69.30	79.31	89.61	100.07	110.58	110.58
	Price/0:30 Mobile spot	\$10.00 CPM	2.24	2.95	3.77	4.72	5.78	6.93	8.18	9.49	10.87	12.28	13.71	15.15	15.15
6	Fill Rate (TV/Web/Mobile)		65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
Revenue															
7	TV Ad Revenue	32 spots/hr.	4,576,409	6,022,626	7,715,357	9,648,772	11,808,764	14,174,031	16,717,548	19,408,233	22,212,640	25,096,551	28,026,362	30,970,214	\$ 196,377,508
	Web Revenue	32 spots/hr.	248,101	326,505	418,274	523,090	640,190	768,419	906,311	1,052,181	1,204,217	1,360,563	1,519,397	1,678,992	\$ 10,646,240
	Mobile Revenue	32 spots/hr.	33,990	44,731	57,303	71,663	87,706	105,273	124,165	144,149	164,978	186,397	208,157	230,022	\$ 1,458,535
8	Affiliate Fees	\$0.10 /subscriber	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Gross Revenue			4,858,500	6,393,863	8,190,934	10,243,526	12,536,660	15,047,723	17,748,024	20,604,563	23,581,835	26,643,511	29,753,916	32,879,228	\$ 208,482,283
9	Less: Agency Commission	15%	(728,775)	(959,079)	(1,228,640)	(1,536,529)	(1,880,499)	(2,257,158)	(2,662,204)	(3,090,684)	(3,537,275)	(3,996,527)	(4,463,087)	(4,931,884)	\$ (31,272,343)
Net Broadcasting Revenue			4,129,725	5,434,783	6,962,294	8,706,997	10,656,161	12,790,565	15,085,820	17,513,879	20,044,560	22,646,985	25,290,829	27,947,344	\$ 177,209,941
10	Less: Artist Revenue Cut	80% ads-agency	(3,303,780)	(4,347,827)	(5,569,835)	(6,965,598)	(8,524,929)	(10,232,452)	(12,068,656)	(14,011,103)	(16,035,648)	(18,117,588)	(20,232,663)	(22,357,875)	\$ (141,767,953)
Other Revenue															
11	Artist Submissions	\$25 /submission	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	\$ 26,250,000
12	Digital Music Sales		6,713	8,835	11,318	14,154	17,323	20,792	24,523	28,470	32,584	36,815	41,112	45,431	\$ 288,070
13	Cash Management	1.50% APR	17,102	16,224	16,838	17,600	18,830	20,549	22,767	25,483	28,689	32,367	36,493	41,037	\$ 293,980
Net Revenue			3,037,261	3,299,515	3,608,115	3,960,654	4,354,885	4,786,954	5,251,954	5,744,229	6,257,685	6,786,079	7,323,271	7,863,437	\$ 62,274,039

Premise	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total	
Operating Expenses														
14 Salaries, Taxes & Benefits														
Executive	\$ 370,667	370,667	370,667	370,667	370,667	370,667	370,667	370,667	370,667	370,667	370,667	370,667	\$ 4,448,000	
Finance	\$ 94,931	94,931	94,931	94,931	94,931	94,931	94,931	94,931	94,931	94,931	94,931	94,931	\$ 1,139,175	
Sales	\$ 72,675	72,675	72,675	72,675	72,675	72,675	72,675	72,675	72,675	72,675	72,675	72,675	\$ 872,100	
Artist Relations	\$ 248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	\$ 2,980,000	
Office	\$ 22,733	22,733	22,733	22,733	22,733	22,733	22,733	22,733	22,733	22,733	22,733	22,733	\$ 272,800	
Production	\$ 347,133	347,133	347,133	347,133	347,133	347,133	347,133	347,133	347,133	347,133	347,133	347,133	\$ 4,165,600	
Payroll Taxes	15% of wages	142,221	142,221	142,221	142,221	142,221	142,221	142,221	142,221	142,221	142,221	142,221	\$ 1,706,651	
Benefits		107,813	107,813	107,813	107,813	107,813	107,813	107,813	107,813	107,813	107,813	107,813	\$ 1,293,750	
15 Insurance														
Workers Comp	2.47% of wages	28,565	28,565	28,565	28,565	28,565	28,565	28,565	28,565	28,565	28,565	28,565	\$ 342,779	
GL/Property	\$ 3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	\$ 47,000	
Umbrella Liability	\$ 1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	\$ 12,500	
Broadcasters E&O	\$ 4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	\$ 50,000	
Calif. Earthquake	\$ 4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	\$ 50,000	
D&O/Crime/EPLI \$1MM	\$ 2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	\$ 25,000	
D&O/Crime/EPLI \$5MM	\$ 5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	\$ 60,000	
16 Marketing/Advertising														
Marketing Budget	\$ 2,181,667	2,181,667	2,181,667	2,181,667	2,181,667	2,181,667	2,181,667	2,181,667	2,181,667	2,181,667	2,181,667	2,181,667	\$ 26,180,000	
Barter/Promo/Giveaway	\$ 800,000	allow/mo. 800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	\$ 9,600,000	
General & Administrative														
Staff Recruiting	1% of salaries												\$ -	
Dues/Subscriptions	\$ 50,000	monthly 50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	\$ 600,000	
Rent	\$ 49,768	30k sq. ft. 49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	\$ 597,218	
Office Supplies	\$ 2,000	monthly 2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	\$ 24,000	
Repairs/Maintenance	0.50% of equip.	33,388	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	\$ 46,101	
Internet Server	\$ 1,380	semiannually 1,380					1,380						\$ 2,759	
Streaming Server	\$ 1	per streamer 1,858	2,445	3,132	3,917	4,794	5,754	6,787	7,879	9,017	10,188	11,377	12,573	\$ 79,721
Website & Apps	\$ 50,000												\$ -	
Phone (VOIP & mobile)	\$ 9,500	monthly 9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	\$ 114,000	
Satellite Transponder	\$ 65,000	monthly 65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	\$ 780,000	
T3 lease	\$ 1,100	monthly 1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	\$ 13,200	
FCC VSAT license	\$ 175	renewal 175											\$ 175	
Misc./Incidental	\$ 14,000	monthly 14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	\$ 168,000	
Travel/Entertainment	\$ 30,000	monthly 30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	\$ 360,000	
Total Operating Expenses		4,695,281	4,662,082	4,662,769	4,663,554	4,664,431	4,665,391	4,667,803	4,667,516	4,668,654	4,669,825	4,671,014	4,672,209	\$ 56,030,529
EBITDA		(1,658,021)	(1,362,567)	(1,054,654)	(702,900)	(309,546)	121,563	584,151	1,076,713	1,589,031	2,116,254	2,652,257	3,191,228	\$ 6,243,510
29 Less: Depreciation Expense		48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	\$ 583,434
30 Less: Amortization		6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	\$ 83,199
Net Income (Pre-Tax)		(1,713,573)	(1,418,119)	(1,110,207)	(758,453)	(365,098)	66,010	528,598	1,021,160	1,533,478	2,060,701	2,596,704	3,135,675	\$ 5,576,877

Groove TV

Detailed Income Statement, Year 3

Ref.	Premise	Month:	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Assumptions															
1	Subscribers		55,932,669	58,670,218	61,298,687	63,813,827	66,212,983	68,494,906	70,659,566	72,707,975	74,642,022	76,464,317	78,178,052	79,786,872	79,786,872
2	TV Audience		207,485	225,157	242,439	259,215	275,390	290,893	305,670	319,686	332,920	345,365	357,026	367,916	367,916
3	Web Audience	70% of TV aud.	12,103	13,134	14,142	15,121	16,064	16,969	17,831	18,648	19,420	20,146	20,827	21,462	21,462
4	Mobile Audience	13.70% of web aud.	1,658	1,799	1,937	2,072	2,201	2,325	2,443	2,555	2,661	2,760	2,853	2,940	2,940
5	Price/0:30 TV spot	\$10.76 CPM	2,232.54	2,422.69	2,608.65	2,789.15	2,963.20	3,130.01	3,289.01	3,439.82	3,582.22	3,716.13	3,841.60	3,958.78	3,958.78
	Price/0:30 Web spot	\$10.00 CPM	121.03	131.34	141.42	151.21	160.64	169.69	178.31	186.48	194.20	201.46	208.27	214.62	214.62
	Price/0:30 Mobile spot	\$10.00 CPM	16.58	17.99	19.37	20.72	22.01	23.25	24.43	25.55	26.61	27.60	28.53	29.40	29.40
6	Fill Rate (TV/Web/Mobile)		70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%	70%
Revenue															
7	TV Ad Revenue	32 spots/hr.	36,506,453	39,615,903	42,656,601	45,608,191	48,454,204	51,181,872	53,781,849	56,247,872	58,576,384	60,766,156	62,817,914	64,733,983	\$ 620,947,381
	Web Revenue	32 spots/hr.	1,979,129	2,147,702	2,312,548	2,472,563	2,626,854	2,774,730	2,915,683	3,049,373	3,175,609	3,294,324	3,405,556	3,509,432	\$ 33,663,504
	Mobile Revenue	32 spots/hr.	271,141	294,235	316,819	338,741	359,879	380,138	399,449	417,764	435,058	451,322	466,561	480,792	\$ 4,611,900
8	Affiliate Fees	\$0.10 /subscriber	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Gross Revenue			38,756,723	42,057,840	45,285,968	48,419,495	51,440,938	54,336,740	57,096,980	59,715,009	62,187,052	64,511,803	66,690,031	68,724,207	\$ 659,222,785
9	Less: Agency Commission	15%	(5,813,508)	(6,308,676)	(6,792,895)	(7,262,924)	(7,716,141)	(8,150,511)	(8,564,547)	(8,957,251)	(9,328,058)	(9,676,770)	(10,003,505)	(10,308,631)	\$ (98,883,418)
Net Broadcasting Revenue			32,943,214	35,749,164	38,493,073	41,156,571	43,724,797	46,186,229	48,532,433	50,757,758	52,858,994	54,835,032	56,686,526	58,415,576	\$ 560,339,368
10	Less: Artist Revenue Cut	80% ads-agency	(26,354,572)	(28,599,331)	(30,794,458)	(32,925,257)	(34,979,838)	(36,948,983)	(38,825,947)	(40,606,206)	(42,287,195)	(43,868,026)	(45,349,221)	(46,732,461)	\$ (448,271,494)
Other Revenue															
11	Artist Submissions	\$25 /submission	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	\$ 26,250,000
12	Digital Music Sales		49,727	53,962	58,104	62,125	66,001	69,717	73,258	76,618	79,789	82,772	85,567	88,177	\$ 845,818
13	Cash Management	1.50% APR	45,969	47,154	55,513	61,529	67,816	74,342	81,077	87,993	95,067	102,276	109,600	117,022	\$ 945,360
Net Revenue			8,871,838	9,438,449	9,999,732	10,542,468	11,066,277	11,568,805	12,048,322	12,503,663	12,934,155	13,339,555	13,719,972	14,075,814	\$ 140,109,051

Premise	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total	
Operating Expenses														
14 Salaries, Taxes & Benefits														
Executive	\$ 403,100	403,100	403,100	403,100	403,100	403,100	403,100	403,100	403,100	403,100	403,100	403,100	\$ 4,837,200	
Finance	\$ 102,746	102,746	102,746	102,746	102,746	102,746	102,746	102,746	102,746	102,746	102,746	102,746	\$ 1,232,950	
Sales	\$ 76,950	76,950	76,950	76,950	76,950	76,950	76,950	76,950	76,950	76,950	76,950	76,950	\$ 923,400	
Artist Relations	\$ 248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	\$ 2,980,000	
Office	\$ 24,154	24,154	24,154	24,154	24,154	24,154	24,154	24,154	24,154	24,154	24,154	24,154	\$ 289,850	
Production	\$ 368,829	368,829	368,829	368,829	368,829	368,829	368,829	368,829	368,829	368,829	368,829	368,829	\$ 4,425,950	
Payroll Taxes	15% of wages	152,367	152,367	152,367	152,367	152,367	152,367	152,367	152,367	152,367	152,367	152,367	\$ 1,828,403	
Benefits		107,813	107,813	107,813	107,813	107,813	107,813	107,813	107,813	107,813	107,813	107,813	\$ 1,293,750	
15 Insurance														
Workers Comp	2.47% of wages	30,236	30,236	30,236	30,236	30,236	30,236	30,236	30,236	30,236	30,236	30,236	\$ 362,827	
GL/Property	\$ 3,917	\$ 3,000	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	\$ 46,083	
Umbrella Liability	\$ 1,042	\$ 5,000	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	\$ 16,458	
Broadcasters E&O	\$ 4,167	\$ 10,000	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	\$ 55,833	
Calif. Earthquake	\$ 4,167	\$ 1,500	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	\$ 47,333	
D&O/Crime/EPLI \$1MM	\$ 2,083	\$ 1,000	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	\$ 23,917	
D&O/Crime/EPLI \$5MM	\$ 5,000	\$ 20,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	\$ 75,000	
16 Marketing/Advertising														
Marketing Budget	\$ 2,380,000	2,380,000	2,380,000	2,380,000	2,380,000	2,380,000	2,380,000	2,380,000	2,380,000	2,380,000	2,380,000	2,380,000	\$ 28,560,000	
Barter/Promo/Giveaway	\$ 1,200,000	allow/mo. 1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	\$ 14,400,000	
General & Administrative														
Staff Recruiting	1% of salaries												\$ -	
Dues/Subscriptions	\$ 50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	\$ 600,000	
Rent	\$ 49,768	30k sq. ft. 49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	\$ 597,218	
Office Supplies	\$ 2,000	monthly 2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	\$ 24,000	
Repairs/Maintenance	0.50% of equip.	33,388	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	\$ 46,101	
Internet Server	\$ 1,380	semiannually 1,380						1,380					\$ 2,759	
Streaming Server	\$ 1 per streamer	13,761	14,934	16,080	17,192	18,265	19,293	20,274	21,203	22,081	22,906	23,680	24,402	\$ 234,072
Website & Apps	\$ 50,000												\$ -	
Phone (VOIP & mobile)	\$ 9,500	monthly 9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	\$ 114,000	
Satellite Transponder	\$ 65,000	monthly 65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	\$ 780,000	
T3 lease	\$ 1,100	monthly 1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	\$ 13,200	
FCC VSAT license	\$ 175	renewal 175											\$ 175	
Misc./Incidental	\$ 20,000	monthly 20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	\$ 240,000	
Travel/Entertainment	\$ 50,000	monthly 50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	\$ 600,000	
Total Operating Expenses		5,431,100	5,378,360	5,379,506	5,380,619	5,381,692	5,382,720	5,385,080	5,384,630	5,385,507	5,386,333	5,387,106	5,387,828	\$ 64,650,480
EBITDA		3,440,739	4,060,090	4,620,226	5,161,850	5,684,585	6,186,085	6,663,243	7,119,033	7,548,648	7,953,222	8,332,866	8,687,986	\$ 75,458,572
29 Less: Depreciation Expense		48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	\$ 583,434
30 Less: Amortization		6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	\$ 83,199
Net Income (Pre-Tax)		3,385,186	4,004,537	4,564,673	5,106,297	5,629,032	6,130,532	6,607,690	7,063,480	7,493,095	7,897,669	8,277,313	8,632,433	\$ 74,791,939

Groove TV

Detailed Income Statement, Year 4

Ref.	Premise	Month:	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Assumptions															
1	Subscribers		81,294,768	82,705,979	84,024,901	85,256,025	86,403,869	87,472,929	88,467,640	89,392,341	90,251,248	91,048,435	91,787,818	92,473,149	92,473,149
2	TV Audience		378,056	387,470	396,191	404,250	411,684	418,528	424,818	430,591	435,882	440,726	445,155	449,201	449,201
3	Web Audience	70% of TV aud.	22,053	22,602	23,111	23,581	24,015	24,414	24,781	25,118	25,426	25,709	25,967	26,203	26,203
4	Mobile Audience	13.70% of web aud.	3,021	3,097	3,166	3,231	3,290	3,345	3,395	3,441	3,483	3,522	3,558	3,590	3,590
5	Price/0:30 TV spot	\$10.76 CPM	4,067.88	4,169.18	4,263.01	4,349.73	4,429.72	4,503.36	4,571.04	4,633.16	4,690.09	4,742.21	4,789.87	4,833.40	4,833.40
	Price/0:30 Web spot	\$10.00 CPM	220.53	226.02	231.11	235.81	240.15	244.14	247.81	251.18	254.26	257.09	259.67	262.03	262.03
	Price/0:30 Mobile spot	\$10.00 CPM	30.21	30.97	31.66	32.31	32.90	33.45	33.95	34.41	34.83	35.22	35.58	35.90	35.90
6	Fill Rate (TV/Web/Mobile)		75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%	75%
Revenue															
7	TV Ad Revenue	32 spots/hr.	71,269,251	73,044,071	74,688,008	76,207,330	77,608,657	78,898,800	80,084,622	81,172,933	82,170,405	83,083,503	83,918,441	84,681,144	\$ 946,827,166
	Web Revenue	32 spots/hr.	3,863,730	3,959,948	4,049,071	4,131,438	4,207,409	4,277,351	4,341,638	4,400,639	4,454,715	4,504,217	4,549,482	4,590,830	\$ 51,330,469
	Mobile Revenue	32 spots/hr.	529,331	542,513	554,723	566,007	576,415	585,997	594,804	602,888	610,296	617,078	623,279	628,944	\$ 7,032,274
8	Affiliate Fees	\$0.10 /subscriber	-	-	-	-	-	-	-	-	-	-	-	-	\$ -
Gross Revenue			75,662,312	77,546,532	79,291,802	80,904,776	82,392,481	83,762,148	85,021,065	86,176,460	87,235,417	88,204,798	89,091,201	89,900,919	\$ 1,005,189,909
9	Less: Agency Commission	15%	(11,349,347)	(11,631,980)	(11,893,770)	(12,135,716)	(12,358,872)	(12,564,322)	(12,753,160)	(12,926,469)	(13,085,312)	(13,230,720)	(13,363,680)	(13,485,138)	\$ (150,778,486)
Net Broadcasting Revenue			64,312,965	65,914,552	67,398,032	68,769,059	70,033,609	71,197,826	72,267,905	73,249,991	74,150,104	74,974,078	75,727,521	76,415,781	\$ 854,411,423
10	Less: Artist Revenue Cut	80% ads-agency	(51,450,372)	(52,731,642)	(53,918,425)	(55,015,247)	(56,026,887)	(56,958,261)	(57,814,324)	(58,599,993)	(59,320,083)	(59,979,263)	(60,582,017)	(61,132,625)	\$ (683,529,138)
Other Revenue															
11	Artist Submissions	\$25 /submission	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	\$ 26,250,000
12	Digital Music Sales		90,607	92,863	94,953	96,885	98,666	100,307	101,814	103,198	104,466	105,627	106,688	107,658	\$ 1,203,732
13	Cash Management	1.50% APR	124,528	84,996	98,193	106,325	114,500	122,714	130,960	139,232	147,529	155,845	164,178	172,526	\$ 1,561,527
Net Revenue			15,265,228	15,548,269	15,860,252	16,144,522	16,407,389	16,650,086	16,873,855	17,079,928	17,269,515	17,443,787	17,603,871	17,750,840	\$ 199,897,543

	Premise	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total	
Operating Expenses															
14	Salaries, Taxes & Benefits														
	Executive	\$ 440,167	440,167	440,167	440,167	440,167	440,167	440,167	440,167	440,167	440,167	440,167	440,167	\$ 5,282,000	
	Finance	\$ 110,560	110,560	110,560	110,560	110,560	110,560	110,560	110,560	110,560	110,560	110,560	110,560	\$ 1,326,725	
	Sales	\$ 81,225	81,225	81,225	81,225	81,225	81,225	81,225	81,225	81,225	81,225	81,225	81,225	\$ 974,700	
	Artist Relations	\$ 248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	\$ 2,980,000	
	Office	\$ 26,996	26,996	26,996	26,996	26,996	26,996	26,996	26,996	26,996	26,996	26,996	26,996	\$ 323,950	
	Production	\$ 412,221	412,221	412,221	412,221	412,221	412,221	412,221	412,221	412,221	412,221	412,221	412,221	\$ 4,946,650	
	Payroll Taxes	15% of wages	166,675	166,675	166,675	166,675	166,675	166,675	166,675	166,675	166,675	166,675	166,675	\$ 2,000,104	
	Benefits		107,813	107,813	107,813	107,813	107,813	107,813	107,813	107,813	107,813	107,813	107,813	\$ 1,293,750	
15	Insurance														
	Workers Comp	2.47% of wages	32,592	32,592	32,592	32,592	32,592	32,592	32,592	32,592	32,592	32,592	32,592	\$ 391,100	
	GL/Property	\$ 3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	\$ 47,000	
	Umbrella Liability	\$ 1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	\$ 12,500	
	Broadcasters E&O	\$ 4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	\$ 50,000	
	Calif. Earthquake	\$ 4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	\$ 50,000	
	D&O/Crime/EPLI \$1MM	\$ 2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	\$ 25,000	
	D&O/Crime/EPLI \$5MM	\$ 5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	\$ 60,000	
16	Marketing/Advertising														
	Marketing Budget	\$ 2,578,333	2,578,333	2,578,333	2,578,333	2,578,333	2,578,333	2,578,333	2,578,333	2,578,333	2,578,333	2,578,333	2,578,333	\$ 30,940,000	
	Barter/Promo/Giveaway	\$ 1,200,000	allow/mo. 1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	\$ 14,400,000	
	General & Administrative														
17	Staff Recruiting	1% of salaries												\$ -	
18	Dues/Subscriptions	\$ 50,000	monthly 50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	\$ 600,000	
19	Rent	\$ 49,768	30k sq. ft. 49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	\$ 597,218	
	Office Supplies	\$ 2,000	monthly 2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	\$ 24,000	
20	Repairs/Maintenance	\$ 0.50% of equip.	33,388	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	\$ 46,101	
21	Internet Server	\$ 1,380	semiannually 1,380					1,380						\$ 2,759	
22	Streaming Server	\$ 1	per streamer 25,075	25,699	26,277	26,812	27,305	27,759	28,176	28,559	28,910	29,231	29,525	29,793	\$ 333,121
23	Website & Apps	\$ 50,000												\$ -	
24	Phone (VOIP & mobile)	\$ 9,500	monthly 9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	\$ 114,000	
25	Satellite Transponder	\$ 65,000	monthly 65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	\$ 780,000	
26	T3 lease	\$ 1,100	monthly 1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	\$ 13,200	
27	FCC VSAT license	\$ 175	renewal 175											\$ 175	
28	Misc./Incidental	\$ 30,000	monthly 30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	\$ 360,000	
	Travel/Entertainment	\$ 70,000	monthly 70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	70,000	\$ 840,000	
	Total Operating Expenses		5,762,675	5,729,513	5,730,091	5,730,626	5,731,119	5,731,573	5,733,370	5,732,373	5,732,724	5,733,045	5,733,339	\$ 68,814,053	
	EBITDA		9,502,553	9,818,757	10,130,161	10,413,896	10,676,270	10,918,513	11,140,485	11,347,555	11,536,792	11,710,742	11,870,532	\$ 131,083,490	
29	Less: Depreciation Expense		48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	\$ 583,434	
30	Less: Amortization		6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	\$ 83,199	
	Net Income (Pre-Tax)		9,447,000	9,763,204	10,074,608	10,358,344	10,620,717	10,862,960	11,084,932	11,292,003	11,481,239	11,655,190	11,814,979	\$ 130,416,857	

Groove TV

Detailed Income Statement, Year 5

Ref.	Premise	Month:	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total
Assumptions															
1	Subscribers		93,108,001	93,695,771	94,239,679	94,742,765	95,207,896	95,637,766	96,034,906	96,401,686	96,740,325	97,052,894	97,341,325	97,607,420	97,607,420
2	TV Audience		452,893	456,260	459,329	462,123	464,666	466,979	469,081	470,992	472,728	474,304	475,734	477,032	477,032
3	Web Audience	70% of TV aud.	26,419	26,615	26,794	26,957	27,105	27,240	27,363	27,475	27,576	27,668	27,751	27,827	27,827
4	Mobile Audience	13.70% of web aud.	3,619	3,646	3,671	3,693	3,713	3,732	3,749	3,764	3,778	3,790	3,802	3,812	3,812
5	Price/0:30 TV spot	\$10.76 CPM	4,873.13	4,909.36	4,942.38	4,972.44	4,999.80	5,024.69	5,047.31	5,067.87	5,086.55	5,103.51	5,118.90	5,132.87	5,133
	Price/0:30 Web spot	\$10.00 CPM	264.19	266.15	267.94	269.57	271.05	272.40	273.63	274.75	275.76	276.68	277.51	278.27	278
	Price/0:30 Mobile spot	\$10.00 CPM	36.19	36.46	36.71	36.93	37.13	37.32	37.49	37.64	37.78	37.90	38.02	38.12	38
6	Fill Rate (TV/Web/Mobile)		85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%	85%
Revenue															
7	TV Ad Revenue	32 spots/hr.	96,760,865	97,480,274	98,135,825	98,732,788	99,276,068	99,770,221	100,219,467	100,627,703	100,998,522	101,335,228	101,640,860	101,918,200	\$ 1,196,896,022
	Web Revenue	32 spots/hr.	5,245,710	5,284,711	5,320,251	5,352,614	5,382,067	5,408,856	5,433,212	5,455,343	5,475,446	5,493,700	5,510,270	5,525,305	\$ 64,887,486
	Mobile Revenue	32 spots/hr.	718,662	724,005	728,874	733,308	737,343	741,013	744,350	747,382	750,136	752,637	754,907	756,967	\$ 8,889,586
8	Affiliate Fees	\$0.10 /subscriber	9,310,800	9,369,577	9,423,968	9,474,277	9,520,790	9,563,777	9,603,491	9,640,169	9,674,033	9,705,289	9,734,133	9,760,742	\$ 114,781,043
Gross Revenue			112,036,037	112,858,567	113,608,919	114,292,987	114,916,268	115,483,868	116,000,519	116,470,597	116,898,137	117,286,855	117,640,169	117,961,214	\$ 1,385,454,136
9	Less: Agency Commission	15%	(15,408,786)	(15,523,349)	(15,627,743)	(15,722,807)	(15,809,322)	(15,888,014)	(15,959,554)	(16,024,564)	(16,083,616)	(16,137,235)	(16,185,905)	(16,230,071)	\$ (190,600,964)
Net Broadcasting Revenue			96,627,251	97,335,219	97,981,176	98,570,180	99,106,946	99,595,854	100,040,965	100,446,033	100,814,521	101,149,620	101,454,264	101,731,143	\$ 1,194,853,172
10	Less: Artist Revenue Cut	80% ads-agency	(69,853,161)	(70,372,513)	(70,845,766)	(71,276,723)	(71,668,925)	(72,025,662)	(72,349,979)	(72,644,691)	(72,912,391)	(73,155,465)	(73,376,105)	(73,576,321)	\$ (864,057,703)
Other Revenue															
11	Artist Submissions	\$25 /submission	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	2,187,500	\$ 26,250,000
12	Digital Music Sales		108,543	109,350	110,085	110,755	111,364	111,919	112,423	112,880	113,296	113,674	114,017	114,328	\$ 1,342,634
13	Cash Management	1.50% APR	180,887	107,760	141,424	156,847	172,303	187,800	203,336	218,906	234,510	250,145	265,810	281,503	\$ 2,401,231
Net Revenue			29,251,020	29,367,315	29,574,418	29,748,559	29,909,189	30,057,411	30,194,244	30,320,628	30,437,436	30,545,475	30,645,486	30,738,153	\$ 360,789,334

Premise	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Total	
Operating Expenses														
14 Salaries, Taxes & Benefits														
Executive	\$ 463,333	463,333	463,333	463,333	463,333	463,333	463,333	463,333	463,333	463,333	463,333	463,333	\$ 5,660,000	
Finance	\$ 156,292	156,292	156,292	156,292	156,292	156,292	156,292	156,292	156,292	156,292	156,292	156,292	\$ 1,875,500	
Sales	\$ 85,500	85,500	85,500	85,500	85,500	85,500	85,500	85,500	85,500	85,500	85,500	85,500	\$ 1,026,000	
Artist Relations	\$ 248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	248,333	\$ 2,980,000	
Office	\$ 28,417	28,417	28,417	28,417	28,417	28,417	28,417	28,417	28,417	28,417	28,417	28,417	\$ 341,000	
Production	\$ 433,917	433,917	433,917	433,917	433,917	433,917	433,917	433,917	433,917	433,917	433,917	433,917	\$ 5,207,000	
Payroll Taxes	15% of wages	181,119	181,119	181,119	181,119	181,119	181,119	181,119	181,119	181,119	181,119	181,119	\$ 2,173,425	
Benefits		111,563	111,563	111,563	111,563	111,563	111,563	111,563	111,563	111,563	111,563	111,563	\$ 1,338,750	
15 Insurance														
Workers Comp	2.47% of wages	34,970	34,970	34,970	34,970	34,970	34,970	34,970	34,970	34,970	34,970	34,970	\$ 419,641	
GL/Property	\$ 3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	3,917	\$ 47,000	
Umbrella Liability	\$ 1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	1,042	\$ 12,500	
Broadcasters E&O	\$ 4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	\$ 50,000	
Calif. Earthquake	\$ 4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	4,167	\$ 50,000	
D&O/Crime/EPLI \$1MM	\$ 2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	2,083	\$ 25,000	
D&O/Crime/EPLI \$5MM	\$ 5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	\$ 60,000	
16 Marketing/Advertising														
Marketing Budget	\$ 2,776,667	2,776,667	2,776,667	2,776,667	2,776,667	2,776,667	2,776,667	2,776,667	2,776,667	2,776,667	2,776,667	2,776,667	\$ 33,320,000	
Barter/Promo/Giveaway	\$ 1,200,000	allow/mo. 1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	\$ 14,400,000	
General & Administrative														
Staff Recruiting	1% of salaries												\$ -	
Dues/Subscriptions	\$ 50,000	monthly 50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	\$ 600,000	
Rent	\$ 49,768	30k sq. ft. 49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	49,768	\$ 597,218	
Office Supplies	\$ 2,000	monthly 2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000	\$ 24,000	
Repairs/Maintenance	0.50% of equip.	33,388	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	\$ 46,101	
Internet Server	\$ 1,380	semiannually 1,380						1,380					\$ 2,759	
Streaming Server	\$ 1	per streamer 30,038	30,261	30,465	30,650	30,819	30,972	31,112	31,239	31,354	31,458	31,553	31,639	\$ 371,561
Website & Apps	\$ 50,000												\$ -	
Phone (VOIP & mobile)	\$ 9,500	monthly 9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	\$ 114,000	
Satellite Transponder	\$ 65,000	monthly 65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	65,000	\$ 780,000	
T3 lease	\$ 1,100	monthly 1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	1,100	\$ 13,200	
FCC VSAT license	\$ 175	renewal 175											\$ 175	
Misc./Incidental	\$ 50,000	monthly 50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	50,000	\$ 600,000	
Travel/Entertainment	\$ 100,000	monthly 100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	\$ 1,200,000	
Total Operating Expenses		6,132,833	6,099,270	6,099,474	6,099,659	6,099,828	6,099,981	6,101,500	6,100,247	6,100,362	6,100,467	6,100,562	\$ 73,234,830	
EBITDA		23,118,187	23,268,045	23,474,945	23,648,900	23,809,361	23,957,430	24,092,744	24,220,380	24,337,074	24,445,008	24,544,924	\$ 287,554,504	
29 Less: Depreciation Expense		48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	48,619	\$ 583,434	
30 Less: Amortization		6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	6,933	\$ 83,199	
Net Income (Pre-Tax)		23,062,634	23,212,492	23,419,392	23,593,348	23,753,808	23,901,878	24,037,191	24,164,828	24,281,521	24,389,455	24,489,371	\$ 286,887,872	