

**CITY OF GREATER SUDBURY**  
**THE STATION TELECOMMUNICATIONS PROJECT**

Statement of Projected Cash Flow  
For the Three Years Ending December 31, 2004  
(Unaudited - See Notice to Reader)

	Reference	2002	2003	2004	Total
Revenue:					
Internet service	<i>Schedule 1</i>	\$ 139,000	149,000	158,000	446,000
Video on demand	<i>Schedule 2</i>	6,000	6,000	6,000	18,000
Alarm monitoring		-	-	-	-
Local business advertising	<i>Schedule 3</i>	68,000	68,000	68,000	204,000
E-commerce commission	<i>Schedule 4</i>	3,000	3,000	3,000	9,000
National business advertising	<i>Schedule 5</i>	6,000	7,000	7,000	20,000
		222,000	233,000	242,000	697,000
Variable costs:					
Internet service provider commissions	<i>Schedule 6</i>	70,000	74,000	79,000	223,000
Equipment leasing costs	<i>Schedule 7</i>	28,000	28,000	28,000	84,000
		98,000	102,000	107,000	307,000
Gross profit		124,000	131,000	135,000	390,000
Expenses:					
Wages and benefits		200,000	200,000	200,000	600,000
Advertising and promotion		75,000	75,000	75,000	225,000
Other costs		70,000	70,000	70,000	210,000
		345,000	345,000	345,000	1,035,000
Surplus (deficit) from operations		(221,000)	(214,000)	(210,000)	(645,000)
Accumulated surplus (deficit), beginning of year		-	(221,000)	(435,000)	-
Accumulated surplus (deficit), end of year		(221,000)	(435,000)	(645,000)	(645,000)

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**Schedule 1**

Schedule of Projected Internet Service Revenue  
For the Three Years Ending December 31, 2004  
(Unaudited - See Notice to Reader)

	2002	2003	2004
Number of homes serviced	3,000	3,000	3,000
Internet penetration rate	12.1%	12.9%	13.7%
Potential internet customers	363	387	411
Projected market share	80%	80%	80%
Projected number of internet customers	290	310	329
Monthly fee for internet services	\$ 39.95	39.95	39.95
Projected internet service revenue	\$ 139,000	149,000	158,000

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**Schedule 2**

Schedule of Projected Video on Demand Revenue  
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	2002	2003	2004
Number of homes serviced	3,000	3,000	3,000
Video on demand penetration rate	7.0%	7.0%	7.0%
Number of video on demand customers	210	210	210
Number of monthly viewings per customer	2.5	2.5	2.5
Projected number of viewings	6,300	6,300	6,300
Revenue per viewing, before royalty payments	\$ 4.00	4.00	4.00
Projected video on demand revenue, before royalty payments	25,000	25,000	25,000
Less: royalty payments	(19,000)	(19,000)	(19,000)
Projected video on demand revenue	\$ 6,000	6,000	6,000

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**Schedule 3**

Schedule of Projected Local Business Advertising Revenue  
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	2002	2003	2004
Standard listings revenue:			
Total customers	87	87	87
Monthly listing fee	\$ 39.95	39.95	39.95
	42,000	42,000	42,000
Enhanced listings revenue:			
Total customers	43	43	43
Monthly listing fee	\$ 49.95	49.95	49.95
	26,000	26,000	26,000
Projected local business advertising revenue	\$ 68,000	68,000	68,000

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**Schedule 4**

Schedule of Projected E-Commerce Commission Revenue  
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	2002	2003	2004
Projected internet customers	290	310	329
Projected E-commerce transaction value per customer	\$ 517.00	517.00	517.00
Total value of E-commerce transactions	149,900	160,300	170,100
Commission rate	2%	2%	2%
Projected E-commerce commission revenue	\$ 3,000	3,000	3,000

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**Schedule 5**

Schedule of Projected National Business Advertising Revenue  
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	2002	2003	2004
Projected internet customers	290	310	329
Projected national advertising revenue per customer	\$ 22.00	22.00	22.00
Projected national business advertising revenue	\$ 6,000	7,000	7,000

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**Schedule 6**

Schedule of Projected Internet Service Provider Commissions  
For the Three Years Ending December 31, 2004  
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	2002	2003	2004
Projected internet customers	290	310	329
Projected monthly commission per customer	\$ 20.00	20.00	20.00
Projected internet service provider commissions	\$ 70,000	74,000	79,000

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**Schedule 7**

Schedule of Projected Equipment Leasing Costs  
For the Three Years Ending December 31, 2004  
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	2002	2003	2004
Projected number of set top boxes installed	210	210	210
Monthly equipment lease cost per set top box	\$ 11.16	11.16	11.16
Projected equipment leasing costs	\$ 28,000	28,000	28,000