

MI-Connection Proposed Budget  
FY 2011

|                             | 2010 Budget<br>Restated<br>Approved | 2010 Budget<br>Reclassified<br>Marketing Exp. | 2011 Budget<br>Recommended<br>Base Case | Percent<br>Growth | RGU<br>Growth | 2011 Budget<br>Community<br>Version | Percent<br>Growth | RGU<br>Growth |
|-----------------------------|-------------------------------------|---|---|-------------------|---------------|-------------------------------------|-------------------|---------------|
| Voice                       |                                     | \$639,523                                     | \$1,257,860                             | 96.7%             | 1,071         | \$1,882,519                         | 194.4%            | 3,511         |
| Video                       |                                     | \$10,037,936                                  | \$10,806,921                            | 7.7%              | 238           | \$12,073,113                        | 20.3%             | 2,975         |
| Data                        |                                     | \$4,085,818                                   | \$5,373,575                             | 31.5%             | 1,190         | \$6,245,093                         | 52.8%             | 3,511         |
| Other                       |                                     | \$174,855                                     | \$192,584                               | 10.1%             |               | \$192,584                           | 10.1%             |               |
| Bad Debt                    |                                     | \$238,549                                     | \$288,000                               | 20.7%             |               | \$288,000                           | 20.7%             |               |
| Total Revenue               | \$16,161,535                        | \$14,699,584                                  | \$17,630,940                            | 19.9%             |               | \$20,393,309                        | 38.7%             |               |
| Cost of Goods Sold          | \$6,158,518                         | \$6,158,518                                   | \$6,978,805                             |                   |               | \$7,671,090                         |                   |               |
| Gross Margin                |                                     | 58.1%   | 60.4%                                   |                   |               | 62.4%                               |                   |               |
| Operating Revenue           | \$10,003,017                        | \$8,541,066                                   | \$10,652,135                            | 24.7%             |               | \$12,722,220                        | 49.0%             |               |
| Facility Based Expense      | \$4,193,103                         | \$4,572,633                                   | \$4,412,133                             |                   |               | \$4,412,133                         |                   |               |
| Marketing Expense           | \$2,719,577                         | \$878,096                                     | \$775,556                               |                   |               | \$775,556                           |                   |               |
| Administration              | \$2,103,938                         | \$2,103,938                                   | \$2,058,715                             |                   |               | \$2,223,748                         |                   |               |
| Depreciation & Amortization | \$3,393,849                         | \$3,393,849                                   | \$3,554,580                             |                   |               | \$3,584,648                         |                   |               |
| Interest Expense            | \$4,665,412                         | \$4,665,412                                   | \$4,654,582                             |                   |               | \$4,654,582                         |                   |               |
| Total Expenses              | \$17,075,879                        | \$15,613,928                                  | \$15,455,566                            | -1.0%             |               | \$15,650,667                        | 0.2%              |               |
| Net Income                  | (\$7,072,862)                       | (\$7,072,862)                                 | (\$4,803,431)                           | -32.1%            |               | (\$2,928,447)                       | -58.6%            |               |
| EBIDA                       | \$986,399                           | \$986,399                                     | \$3,405,731                             | 245.3%            |               | \$5,310,783                         | 438.4%            |               |
| Percent EBIDA               | 6.1%                                | 6.7%  | 19.3%                                   |                   |               | 26.0%                               |                   |               |
| Beginning Cash Balance      | \$5,977,998                         | \$5,977,998                                   | \$0                                     |                   |               | \$0                                 |                   |               |
| Capital Spending            | \$3,101,045                         | \$3,101,045                                   | \$2,575,800                             |                   |               | \$3,831,800                         |                   |               |
| Debt Service                | \$4,581,572                         | \$4,581,572                                   | \$7,289,582                             |                   |               | \$7,289,582                         |                   |               |
| Reimbursed Sales Tax        | \$0                                 | \$0   | \$0                                     |                   |               | \$0                                 |                   |               |
| Escrow Reimbursement        | \$141,616                           | \$141,616                                     | \$0                                     |                   |               | \$0                                 |                   |               |
| Contribution to Capital     | \$576,604                           | (\$576,604)                                   | (\$6,459,651)                           |                   |               | (\$5,810,599)                       |                   |               |
| Davidson Contribution       |                                     | \$180,189                                     | \$2,018,641                             |                   |               | \$1,815,812                         |                   |               |
| Mooresville Contribution    |                                     | \$396,415                                     | \$4,441,010                             |                   |               | \$3,994,787                         |                   |               |
| Year End Cash Balance       | \$0                                 | \$0   | \$0                                     |                   |               | \$0                                 |                   |               |