

Appendix A

Surplus/(Deficit) of Cash Available for Capital Expenditures

Scenario 1: \$14 million of Debt @ 5% Interest Rate
\$7.2 million of Debt @ 8% - 10% Interest Rate

Assumptions:

1. \$14.0 million of debt with an interest rate of 5% (Supplement filed July 30, 2004, p. 9.)
2. Interest and principal payments on \$14.0 million of debt begin in 2006.
3. \$7.2 million of debt with an interest rate of 8% in 1st year, 9% in 2nd year, and 10% in subsequent years. (Supplement filed July 30, 2004, pp. 7-8.)
4. Interest payments on \$7.2 million of debt begin in 2006. There are no principal payments.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Source of Information</u>
Cash from Operations Before Cost of Debt and Capital Expenditures	2,768,771	2,731,707	2,693,902	2,655,340	Supplement Filed Nov. 22, 2004, Appendix B
Less: Principal Payments on \$14.0 million of Debt	(1,167,000)	(1,167,000)	(1,167,000)	(1,167,000)	Supplement Filed Nov. 22, 2004, Appendix B
Less: Interest Payments on \$14.0 million of Debt	(670,825)	(612,475)	(554,125)	(495,775)	Computed. See also Supplmt. Filed 11/22/04, Exh. B
Plus: State Tax Benefits from Interest Deduction (5% State Income tax)	33,541	30,624	27,706	24,789	Computed. See also Supplmt. Filed 11/22/04, Exh. B
Plus: Federal Tax Benefits from Interest Deduction (34% Fed. Income Tax)	228,081	208,242	188,403	168,564	Computed. See also Supplmt. Filed 11/22/04, Exh. B
= Cash Available for Capital Expenditures	1,192,568	1,191,097	1,188,886	1,185,917	
Less: Interest Payments on \$7.2 million of Debt	(576,000)	(648,000)	(720,000)	(720,000)	Computed
Plus: State Tax Benefits from Interest Deduction (5% State income tax)	28,800	32,400	36,000	36,000	Computed
Plus: Federal Tax Benefits from Interest Deduction (34% Fed. Income Tax)	195,840	220,320	244,800	244,800	Computed
Subtotal	(351,360)	(395,280)	(439,200)	(439,200)	Computed
Net Cash from Operations Available for Capital Expenditures	841,208	795,817	749,686	746,717	

<u>Net Annual Cash Surplus/(Deficit) After Capital Expenditures</u>	<u>Cash Surplus/(Deficit)</u>				<u>Source of Information</u>
	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	
Annual Cap. Ex. = \$800,000	41,208	(4,183)	(50,314)	(53,283)	Supplmt. Filed Nov. 22, 2004, p. 4
Annual Cap. Ex. = 6-Year Annual Average Depreciation of \$1,159,421	(318,213)	(363,604)	(409,735)	(412,704)	Appendix B
Annual Cap. Ex. = 2004 Budget Capital Expenditures of \$1,195,000	(353,792)	(399,183)	(445,314)	(448,283)	Supplmt. Filed Nov. 22, 2004, p. 5
Annual Cap. Ex. = 2003 Depreciation of \$1,320,382	(479,174)	(524,565)	(570,696)	(573,665)	Supplmt. Filed July 30, 2004, Exh. F
Annual Cap. Ex. = 6-Year Annual Average Cap. Ex of \$1,907,142	(714,574)	(716,044)	(718,256)	(721,224)	Appendix B
Annual Cap. Ex. = 3-Year Annual Average Cap. Ex of \$2,920,556	(2,079,348)	(2,124,738)	(2,170,870)	(2,173,838)	Appendix B

Appendix A

Surplus/(Deficit) of Cash Available for Capital Expenditures

Scenario 2: \$14 million of Debt @ 7% Interest Rate
\$7.2 million of Debt @ 8% - 10% Interest Rate

Assumptions:

1. \$14.0 million of debt with an interest rate of 5% (Supplement filed July 30, 2004, p. 9.)
2. Interest and principal payments on \$14.0 million of debt begin in 2006.
3. \$7.2 million of debt with an interest rate of 8% in 1st year, 9% in 2nd year, and 10% in subsequent years. (Supplement filed July 30, 2004, pp. 7-8.)
4. Interest payments on \$7.2 million of debt begin in 2006. There are no principal payments.

	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Source of Information</u>
Cash from Operations Before Cost of Debt and Capital Expenditures	2,768,771	2,731,707	2,693,902	2,655,340	Supplement Filed on Nov. 22, 2004, Appendix B
Less: Principal Payments on \$14.0 million of Debt	(1,167,000)	(1,167,000)	(1,167,000)	(1,167,000)	Supplement Filed on Nov. 22, 2004, Appendix B
Less: Interest Payments on \$14.0 million of Debt	(939,155)	(857,465)	(775,775)	(694,085)	Computed. See also Supplmt. Filed 11/22/04, Exh. B
Plus: State Tax Benefits from Interest Deduction (5% State Income tax)	46,958	42,873	38,789	34,704	Computed. See also Supplmt. Filed 11/22/04, Exh. B
Plus: Federal Tax Benefits from Interest Deduction (34% Fed. Income Tax)	319,313	291,538	263,764	235,989	Computed. See also Supplmt. Filed 11/22/04, Exh. B
= Cash Available for Capital Expenditures	1,028,886	1,041,653	1,053,679	1,064,948	
Less: Interest Payments on \$7.2 million of Debt	(576,000)	(648,000)	(720,000)	(720,000)	Computed
Plus: State Tax Benefits from Interest Deduction (5% State income tax)	28,800	32,400	36,000	36,000	Computed
Plus: Federal Tax Benefits from Interest Deduction (34% Fed. Income Tax)	195,840	220,320	244,800	244,800	Computed
Subtotal	(351,360)	(395,280)	(439,200)	(439,200)	Computed
Net Cash from Operations Available for Capital Expenditures	677,526	646,373	614,479	625,748	

	<u>Cash Surplus/(Deficit)</u>				<u>Source of Information</u>
<u>Net Annual Cash Surplus/(Deficit) After Capital Expenditures</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	
Annual Cap. Ex. = \$800,000	(122,474)	(153,627)	(185,521)	(174,252)	Supplmt. Filed on Nov. 22, 2004, p. 4
Annual Cap. Ex. = 6-Year Annual Average Depreciation of \$1,159,421	(481,895)	(513,048)	(544,942)	(533,673)	Appendix B
Annual Cap. Ex. = 2004 Budget Capital Expenditures of \$1,195,000	(517,474)	(548,627)	(580,521)	(569,252)	Supplmt. Filed on Nov. 22, 2004, p. 5
Annual Cap. Ex. = 2003 Depreciation of \$1,320,382	(642,856)	(674,009)	(705,903)	(694,634)	Supplmt. Filed July 30, 2004, Exh. F
Annual Cap. Ex. = 6-Year Annual Average Cap. Ex of \$1,907,142	(878,255)	(865,488)	(853,462)	(842,193)	Appendix B
Annual Cap. Ex. = 3-Year Annual Average Cap. Ex of \$2,920,556	(2,243,029)	(2,274,182)	(2,306,076)	(2,294,808)	Appendix B

Appendix B

Historical Depreciation Costs and Capital Expenditures

	1998	1999	2000	2001	2002	2003		<u>Source</u>
Cal-Ore								
Depreciation Expense	\$1,015,877	\$1,182,940	\$1,084,910	\$1,038,752	\$1,313,666	\$1,320,382		Supplement Filed Nov. 22, 2004, Exhibit A & Supplement Filed July 30, 2004, Exhibit F
6-Year Annual Average Depreciation Expense During 1998 - 2003:	\$1,159,421							
3-Year Annual Average Depreciation Expense During 2001 - 2003:	\$1,224,267							
	1998	1999	2000	2001	2002	2003	2004 Budgeted	<u>Source</u>
Cal-Ore								
Capital Expenditures	\$728,634	\$373,789	\$1,578,759	\$1,609,240	\$4,912,048	\$2,240,379	\$1,195,000	Supplement Filed Nov. 22, p. 6
6-Year Annual Average Cap. Ex. During 1998 - 2003:	\$1,907,142							
3-Year Annual Average Cap. Ex. During 2001 - 2003:	\$2,920,556							

Appendix C

COTC and Cal-Ore Historical Cash Flow from Operations

	2003	2002	2001	2000	1999	1998	6-Year Average 1998 - 2003	3-Year Average 2001 - 2003
Recorded COTC Consolidated Cash Flow From Operations	1,134,813	4,040,835	(400,137)	1,864,486	2,064,719	36,275	1,456,832	1,591,837
Recorded Cal-Ore Cash Flow from Operations	3,121,839	1,689,226	1,170,403	1,673,237	1,554,531	1,554,531	1,793,961	1,993,823

Adjusted COTC and Cal-Ore Historical Cash Flow from Operations

The following spreadsheets adjust COTC's and Cal-Ore's recorded cash flow from operations to obtain a picture of how much additional cash COTC and Cal-Ore might be able to generate annually to pay for capital expenditures and debt incurred by Lynch Interactive to acquire COTC.

	2003	2002	2001	2000	1999	1998	6-Year Average 1998 - 2003	3-Year Average 2001 - 2003
Recorded COTC Consolidated Cash Flow From Operations	1,134,813	4,040,835	(400,137)	1,864,486	2,064,719	36,275	1,456,832	1,591,837
Plus: Interest Expense (Assumes COTC's Existing Debt Paid Off)	423,865	192,606	179,766	196,234	199,606	216,546	234,771	265,412
Less: State Tax Benefit for Interest Deduction (5%)	(21,193)	(9,630)	(8,988)	(9,812)	(9,980)	(10,827)	(11,739)	(13,271)
Less: Federal Tax Benefit for Interest Deduction (34%)	(144,114)	(65,486)	(61,120)	(66,720)	(67,866)	(73,626)	(79,822)	(90,240)
Plus: Equity Income from Investments (Assumes Equity Income from Investments Can Be Converted into Cash)	397,804	404,332	516,225	500,625	248,027	143,689	368,450	439,454
= Adjusted Cash from Operations Available for Debt & Cap. Ex.	1,791,175	4,562,657	225,745	2,484,814	2,434,506	312,057	1,968,492	2,193,192
Recorded Cal-Ore Cash Flow from Operations	3,121,839	1,689,226	1,170,403	1,673,237	1,554,531	1,554,531	1,793,961	1,993,823
Plus: Interest Expense (Assumes COTC's Existing Debt Paid Off)	249,343	249,344	249,345	249,346	249,347	249,348	249,346	249,344
Less: State Tax Benefit for Interest Deduction (5%)	(12,467)	(12,467)	(12,467)	(12,467)	(12,467)	(12,467)	(12,467)	(12,467)
Less: Federal Tax Benefit for Interest Deduction (34%)	(84,777)	(84,777)	(84,777)	(84,778)	(84,778)	(84,778)	(84,777)	(84,777)
Plus: Equity Income from Investments (Assumes Equity Income from Investments Can Be Converted into Cash)	0	0	0	0	0	0	0	0
= Adjusted Cash from Operations Available for Debt and Cap. Ex.	3,273,938	1,841,326	1,322,503	1,825,338	1,706,633	1,706,633	1,946,062	2,145,923

Source of Information for 2001 - 2003: Supplement filed on July 30, 2004, Exhibits E and F.

Source of Information for 1998 - 2000: Supplement filed on November 22, 2004, Exhibit A.

Note: COTC consolidated cash flow from operations includes Cal-Ore.

Note: The information provided by the Joint Applicants shows that Cal-Ore had the same cash flow from operations in both 1998 and 1999, which was probably an error on the Joint Applicants' part. However, the cash flow from operations was likely similar, as net income for both years was similar.