

Israel **World** TV LLC

Straight from Israel

Accurate Comprehensive Timely

Business Plan

EXTRACT

Table of Contents

1.0 Introduction	2
1.1 Corporate Mission.....	2
1.2 Executive Summary	2
2.0 The Need and the Business Opportunity	6
2.1 The Challenge	6
2.2 The Need in the Global Media Marketplace.....	6
2.3 The Business Opportunity-To monetize the Global Interest in Israel...	7
3.0 The Global Market	8
3.1 Global Market for English TV News and Information from Israel	8
3.2 Targeted Markets	9
3.3 Penetration & Marketing Strategy.....	10
3.4 Competitive Analysis	11
3.5 Content & Information	12
4.0 General Principles & Operational Guidelines	14
4.1 IWTV's Unique Points of Excellence	14
4.2 IWTV Editorial Policies	14
4.3 Editorial Resources	15
5.0 Business Model	16
5.1 Advertisements	16
5.2 Subscriptions	16
5.3 Internet.....	17
5.4 Other Products & Services.....	17
6.0 The Organization	18
6.1 Company Structure	18
6.2 Broadcast Center.....	19
7.0 The Management.....	20
7.1 Executive Team.....	20
7.2 Operating Staff.....	21
8.0 Financial Summary	22
8.1 5-Year Cash Flow Model Assumptions	22
9.0 Required Investment.....	24
9.1 Use of Proceeds.....	24
9.2 Exit Strategy	24

1. Introduction

1.1 Corporate Mission

The Mission of Israel World Television LLC ("IWTV" or "the Company") is to provide an accurate and comprehensive image of Israel to the English-speaking world.

All aspects of Israel will be covered, including politics, culture, religion and bible, archeology, science, technology, business, finance, and society.

Misleading perceptions of Israel broadcast globally by other media sources will be countered in a manner respecting viewer intelligence and preserving the underlying credibility of the IWTV brand.

IWTV will adhere to the highest standards of professionalism and integrity.

IWTV will strive to become a cash-flow positive business by year three.

1.2 Executive Summary

IWTV will create a revolution in the world of media. It will be the only English language international 24-hour news and information channel broadcasting worldwide about Israel from Israel. It will tell the story of Israel the way it really is - over 7 million people with diverse backgrounds from all over the world living together in a vibrant and genuine democracy. There is more to Israel than its success in overcoming all efforts to destroy it since the day it declared independence 61 years ago. It has created one of the world's most vibrant economies and is at the cutting edge of many 21st century arenas including science, agriculture, technology, medicine and the arts.

IWTV will adhere to the highest standards of professionalism and integrity.

IWTV will be a unique, powerful presence in the global media community and will attract a worldwide audience. IWTV will provide:

- worldwide 24/7 broadcasts from Israel
- live, prepared and archival content presenting a full picture of the Israel experience and of the lives of its people
- Israel's history - ancient and modern
- reports and descriptions of ground breaking technology advances
- in-depth analysis of breaking stories
- context and background about Israel and the Middle East

IWTV will broadcast more than news and news analysis. It will broadcast stories and profiles about culture, religion and bible, archeology, science, technology, business, finance, and society. This content will be presented in innovative and exciting formats. Coverage will also include stories of interest concerning Christian sites and visitors, Israel's innovations in hi-tech, bio-tech, defense and agricultural industries. Trends and developments in the Moslem world will be analyzed. Documentaries on history and societal trends relating to Judaism and Christianity will be aired from fresh and thoughtful perspectives.

IWTV will access multiple governmental, public and private databases of tens of thousands of hours of documentary and digital content covering Israel, Jewish, Christian, and Islam history, culture, archeology, bible, and other subjects of viewer interest.

1.2.1 The Global Fixation

There is a measurable global fixation with Israel. Stories about Israel flood the international media. Whenever such an intense interest can be identified, extraordinary business investment opportunities arise. Satisfying this intense interest in Israel and all that is happening here can provide exceptional financial rewards.

Rupert Murdoch explained the secret of Fox's success, "The real story about Fox is the business story. The real thing is by being fair and balanced - by putting on both sides all the time - we really have changed the political equation in this country." Another prominent Fox executive explained to us in a private conversation, "What fed our early success was the widespread resentment and downright anger at CNN."

One sided, narrow views of Israel have led many supporters of Israel to resent this coverage and to seek a different, and fair portrayal. These friends of Israel, many within the Christian Evangelical community, are waiting for IWTV and will form a loyal and supportive viewing public. They will spread the word among their friends and neighbors. Others, less favorably disposed to Israel, sense that the currently available reporting is often grossly lopsided and biased. They, too, will welcome an outlook with a different, more contextual perspective.

One sided distorted views of Israel have led many other global viewers to question even the legitimacy of the Jewish State. Hundreds of millions of television screens throughout the world are tuned to programs that often present misleading if not consciously hostile views of Israel. A fair perspective is rarely available. IWTV will fill this gap. It will provide a more complete picture and background for what is happening in Israel. Major news broadcasters that now use footage and coverage provided by Al Jazeera and other biased sources will find it necessary to provide syndicated content produced by IWTV. IWTV syndicated content will help leverage the IWTV global brand and further the IWTV mission.

IWTV's goal is to create a profitable global network that will satisfy the worldwide thirst for information about Israel with full integrity in a way that is professional, accurate and sympathetic to the legitimate interests and welfare of Israel and her people.

1.2.2 Business Model

IWTV will broadcast 24/7 via satellite and cable channels and Internet Protocol TV (IPTV). Broadcast programming will be directed and designed for regional target audiences in North America, Europe, the Middle East, Latin America, Asia, and Australia.

The broadcast revenue model is based on advertising, sponsorships, infomercials, subscriptions, and syndication. The internet revenue model is based on advertising CPM's and fees for special content.

The well-defined demographic profiles of the IWTV worldwide audience will be of high value to advertisers on free-to-air, cable and satellite TV and on the IWTV web site.

1.2.3 Profitability

IWTV's focused business model is designed to allow a move to profitability as early as year two after it starts broadcasting and is based on a streamlined operation with a mix of advertising, sponsorships, subscriptions, and syndication revenues. The initial target markets will be Europe and North America including their large Christian Evangelist communities. The Middle East, Asia, Latin America, and Australia will follow.

1.2.4 Break Even: by year three

Dramatic advances in media technology allow IWTV to control its production, transmission and distribution costs. The projected annual cost structure of \$16 million allows IWTV to reach cash flow breakeven within 25 months of launch.

IWTV can reach break even in various ways. Please refer to the sensitivity table attached as Exhibit B.

Most of our revenues will be generated by advertisement and sponsorships. For the purpose of this brief analysis, we are putting aside all other revenue sources (e.g., syndication, subscription, infomercial, internet). We are also disregarding all revenues from Europe and Canada. Advertisement rates for TV depend on CPM-cost per thousand. The normal range of charges for CPM in the U.S. is from \$8 to \$20+ (see, e.g., <http://www.9and10news.com/sales/why-tv.asp>). Because of our ability to produce content which is both attractive to our ready-made market and inexpensive, we are able to offer a CPM as low as \$3 on a cost effective basis! This means that with an audience of 90,000 viewers, for example, a one half minute spot would generate a \$270 fee (\$270= \$3 times 90 [thousand]). As the sensitivity table demonstrates, this revenue alone would make us cash flow positive--**even if we sold only half the available spots**, an assumption we make only to be super conservative. At a \$3 CPM, one could expect to sell all of the advertisement slots.

Similarly, if IWTV had 125,000 viewers, based upon a CPM of \$4, advertisers would pay \$500 (\$4 times 125 [thousand]) per 30 second spot advertisement and IWTV would reach an EBITDA in excess of \$14 million. If revenues from subscription, sponsorships, syndication, internet and infomercials, and from EMEA and Canada are added, IWTV becomes a very profitable venture and an extremely valuable global brand.

Hence the large audience in the US alone for news and information about Israel "straight from Israel", can quickly lead to break even and substantial profitability.

Alternate projections for audience size, CPM rates, and spot prices are analyzed in the table attached as (Exhibit B).

1.2.5 Management and Capitalization

IWTV will be led by a seasoned team of managers with strong media and marketing experience. As the company grows, additional senior management talent will be recruited. There is a large pool of English speaking professionals in Israel, the USA and abroad that will be anxious to “jump on board” when the IWTV train leaves the platform.

IWTV is a Delaware based limited liability corporation formed in August 2008. IWTV is owned by investors and management. The members of the Board of Directors are Dr. Michael L. Wise, Joel H. Golovensky, Esq., and Eli Hertz. To date, \$200,000 has been invested. There are no liabilities. IWTV will operate in Israel through a wholly owned subsidiary, Israel World TV Ltd.

IWTV has engaged KPMG (Israel) as its corporate financial advisor, and will be represented by Caspi & Company in legal matters. A national media personality whose identity cannot be disclosed will serve as Managing Editor.

IWTV seeks investors who understand the business opportunity and the Company mission. Strategic and industry partners are welcome.

8. Financial Summary

The management team has analyzed all of the costs involved in launching IWTV. The conclusions are based on internal analysis, third party experts, as well as responses to RFI's received from the most prominent studios and post-production facilities in Israel.

IWTV's expenses are calculated to be \$10 million in year one and \$17.8 million in year two. First year revenues are generated upon IWTV's broadcasting commencement which will begin October 2010; revenues are expected to reach \$1.9 million. Year two will exceed \$13 million. Maximum negative cumulative cash flow is estimated to reach \$15 million. The Company believes it can be cash flow positive during its third year after its broadcasting start.

The studio's production and post-production facilities will be operational four months after funding. The attached cost analysis is based on the first year ramp up and staffing. Revenues will grow to \$1.1 million per month by month 25.

Company seeks to raise \$20 million to allow a smooth transition to a cash flow positive operation.

8.1 5-Year Cash Flow Model Assumptions

The attached financial projections have been carefully prepared over many months of careful analysis, consultation and verification. We were assisted by KPMG and their staff members. Management believes the numbers are conservative both with respect to expenses and forecast revenues. Where we could not find a basis for reasonable and reliable projections, we assumed zero income. Thus, for example, there are no current revenues projected for Israel, India, Singapore, Australia, New Zealand, Philippines, Hong Kong, Latin America and the Middle East. There are modest revenues projected for syndication even though our discussions within the Evangelical leadership community convince us that this will be a major source of income. There are only modest projections for revenue from the internet even though we plan an aggressive internet effort and marketing campaign because our overall mission requires that we also reach the under 25 community.

TV Advertisement and sponsorship

Based on two regions: North America and Europe. IWTV Revenue streams from cable, satellite, and free to air hook-ups.

Web Advertisement

Based on attracting 2 million visitors per month and growing at a rate of 20% annually.

Salaries and Benefits

Based on a 92-man operation in year 1, growing to 108 employees by year 5.

Transmission

In Year 1 IWTV will broadcast in the US, Europe and the Middle East. In subsequent years additional audiences will be added. Costs are based on quotes from RRsat.

Launch Marketing

\$2.9 million. This amount will be spent in Year 1 and is based on a worldwide awareness campaign.

Depreciation

33%; applied to computer equipment and leasehold improvements.

Corporate Tax Rate

35%; based on US corporate base rate for 2009, (no adjustments for interest, etc.).

Capital Expenditure

In Year 1 there will be a \$920,000 investment for broadcasting equipment and leasehold improvements.

IRR

25.7%; based on annual cash flows. Calculated 5 years after its broadcasting start.

Capitalization

The Company has no debt. To date a total of \$150,000 has been invested in the project.

.2 Financial Forecasts

