

EXPLANATION OF FINANCING

Applicant will finance the construction and initial operation of the proposed station from existing resources and reasonably expected earnings of its station WCMB, Harrisburg, Pennsylvania, supplemented by credit supplied by RCA.

For the year ending December 31, 1958, applicant earned a profit in excess of \$25,000 and for the year ending December 31, 1959, applicant earned a profit in excess of \$40,000. As applicant incurred a substantial loss during the time it operated WDTV (formerly WCMB-TV), an off-the-air UHF station, it will not be required to pay Federal income taxes for 1958 or 1959, and probably not for 1960, as in excess of \$120,000 in tax loss was available at the beginning of 1959.

Applicant's plans for financing the construction and operation of its proposed Lebanon, Pennsylvania station (BP-13110) will not be affected by this application, as its President has agreed to lend or cause to be loaned \$40,000 to be used in the construction and operation of that station, if needed.

Applicant operated at a loss during 1957 because of losses incurred in the operation of WCMB-TV, which was terminated on April 9, 1957.

Applicant's income for 1958 exceeded \$25,000. No taxes were payable because of an operating loss carry-over from prior years.