In response to increased requests for a la carte pricing, a firm has decided to start a trial

offering of smaller program tiers. As the first step of the trial, two small program packages will

be offered to those using our basic package. The first is a sports package which includes

NBA TV and the Soccer Channel. The second is a music package that includes MTV2 and

GAC.

The trial offering will be limited to our Region 1 and Region 2 markets only. We estimate that

our relevant incremental costs for the sports package are $1.45 per subscriber and the

incremental costs for the music package are $1.20 per subscriber.

The attached preliminary survey conducted by our marketing team indicates

anticipated sales at various pricing points. **What are your recommendations**

**regarding the pricing of these new program tiers**.