



APPENDIX 7B
Miramichi FM Application
CRTC Application Financial Information

Financial Projections - Underlying Assumptions

Revenue

1. Revenue projections were prepared based on current revenue per listening share of CFAN-FM reallocated to new FM station based on estimated listening share that would move from CFAN-FM to new FM.
2. A 10% increase in local market revenue for advertisers who currently advertise on the radio, which would be 80% achieved in year 1, 90% in year 2, and 100% in year 3 and following.
3. A 10% increase in local market revenue for advertisers who do not currently advertise on the radio, which would be 80% achieved in year 1, 90% in year 2, and 100% in year 3 and following.
4. A 10% increase in national market revenue for advertisers who currently advertise on the radio, which would be 80% achieved in year 1, 90% in year 2, and 100% in year 3 and following.
5. A 2% annual increase total market revenue for inflation.

Expenses

1. Administrative expenses of CFAN-FM have been allocated 40% to the new FM station, based on estimated revenue for each station.
2. Fixed assets are depreciated according to prescribed Canada Revenue Agency rates. The Depreciation cost reflects the additional capital required to add a FM transmitter, antenna, and other required technical equipment.
3. Expenses have been adjusted accordingly for inflation at 2% per year.