quality of management or the success of stations in local news and other non-network time periods. NERA does not attempt to control for any of these factors.[12] In any event, NERA concedes that profits of the three networks increased only "slightly more" than those of the typical affiliate.[13] In addition, NERA's 1980 to 1993 comparison ignores the substantial increases in station compensation that have occurred since 1993 which have had the effect both of increasing affiliate profits and reducing network profits. The comparison would change radically in favor of affiliates if 1995 was used instead of 1993. The estimated 200 million dollars in increased yearly affiliate compensation paid by ABC, CBS and NBC since 1993 is more than 40% of the three-network profits shown for 1993. Finally, the NERA comparison between O&O profits and affiliate profits is not relevant to the network/affiliate relationship. Even if such a comparison was relevant, NERA's analysis is invalid because it fails to account for the fact that the number of such O&O stations contributing to O&O profits increased from 14 stations in 1980 to 25 stations in 1993.[14]

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[12] In addition, the source upon which NERA relies for the networks' 1993 profits (NERA Study, Table 15) explains that as a result of accounting treatments, "a substantial portion" of the networks' 1993 profit figure "was illusory." Broadcasting & Cable, May 16, 1994 at 6 (noting that cost accounting methods added $243 million to CBS's 1993 profit figure).

[13] NERA Study at 11.

[14] Television Factbook, Stations 1980 at 583-b - 585-b; Television & Cable Factbook, Stations 1993 at A-1417, A-1432.