National Association of NAB BROADCASTERS

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September 25, 2007

Marlene H. Dortch
Federal Communications Commission
Office of the Secretary
455 12th Street SW
Washington DC 20554

Re: *2006 Quadrennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996; 2002 Biennial Regulatory Review – Review of the Commission's Broadcast Ownership Rules and Other Rules Adopted Pursuant to Section 202 of the Telecommunications Act of 1996; Cross-Ownership of Broadcast Stations and Newspapers; Rules and Policies Concerning Multiple Ownership of Radio Broadcast Stations in Local Markets; Definition of Radio Markets*, MB Docket Nos. 06-121, *et al.*

Dear Ms. Dortch:

The National Association of Broadcasters ("NAB") hereby submits this filing in order to respond to several of the arguments raised in the comments of Consumers' Union et al. ("CU") and Prometheus Radio Project ("Prometheus") regarding the analysis of the financial condition of television stations in medium and small markets that NAB has submitted in this proceeding.[1] As shown below, the attacks mounted by CU and Prometheus on NAB's empirical evidence are without merit.

As NAB explained previously, its *TV Financial Reports* demonstrate that television stations, particularly the lowest-rated stations in medium and small markets, are experiencing severe economic stress.[2] Reformation of the television duopoly rule is necessary to preserve the ability of these stations to continue to offer high quality programming and other services to

[1] *See* NAB, *The Declining Financial Position of Television Stations in Medium and Small Markets* (Aug. 2006) ("*August 2006 TV Financial Report*") (Attachment J to Comments of NAB). The initial study included data through 2003. With its reply comments, NAB provided data through 2005, which had not been available at the time of its prior filing. *See* NAB, *The Declining Financial Position of Television Stations in Medium and Small Markets* (Dec. 2006) ("*December 2006 TV Financial Report*") (Attachment to Reply Comments of NAB). The only material substantive difference between the two reports is that the latter report was updated to provide 2005 data. NAB will focus on the *August 2006 TV Financial Report* for purposes of discussion herein because that is the document at which Prometheus and CU directed their criticisms, and will provide parallel citations, where appropriate, to the *December 2006 TV Financial Report*. The two will be referred to collectively as the "*TV Financial Reports*."

[2] Comments of NAB, at 87-110 (Oct. 23, 2006); Reply Comments of NAB, at 59-80 (Jan. 16, 2007).

viewers, including local news.[3] Although CU and Prometheus employ dramatic rhetoric in their attempt to undercut NAB's showing, it is clear, for the reasons that follow, that NAB's television financial analysis is sound and fully supports NAB's position.

Excluding Even-Numbered Years Was Necessary to Avoid Distortion

As an initial matter, CU and Prometheus object to the omission of even-numbered years from the *TV Financial Reports* as "fraudulent," "bogus," and "absurd."[4] However, NAB clearly explained in its comments the reasons for including only odd-numbered years – "none of these years involved a national election or the Summer Olympics" and therefore their use would "avoid the sometimes inconsistent impact of advertising associated with these events."[5] Contrary to the assertion of CU and Prometheus, that was an entirely reasonable approach. While CU is correct that "[n]ational elections are not random events,"[6] that observation is overly simplistic and in any event does not end the matter.

In fact, the actual revenues earned by stations in election years vary dramatically depending on a number of interrelated factors, and are not consistent from election year to election year for a particular station, or even stations in a given market or state. These factors include, among other things: whether there is a hotly contested congressional race in the state (or district(s)) where a station is located; whether a station is in a battleground state for presidential elections in the year in question; the degree to which candidates in particular states are well-financed; and how many candidates are running for office in a given state. Below, we provide and discuss examples of the ways in which these variables can result in widely divergent levels of advertising in Senate, Presidential, and House of Representatives election campaigns.

- *Arizona* – In 2000, Senator Jon Kyl's seat was regarded as safe,[7] and he won by a margin of 71%.[8] In 2004, Senator John McCain easily won re-election, receiving 77% of the vote and winning by a 56% margin.[9] In 2006, however, Kyl was

[3] Comments of NAB, at 87-110; Reply Comments of NAB, at 59-80.

[4] Reply Comments of CU, 27-28 (Jan. 16, 2007); Mark Cooper, *Out of Focus: The NAB's Fraudulent Financial Analysis* (Study 5 Attached to CU Reply Comments) ("*CU Reply Study 5*"); *see* Reply Comments of Prometheus, at 32-33 (Jan. 16, 2007); Gregory Rose, *Report of Doctor Gregory Rose on Economic Studies Submitted by the National Association of Broadcasters in 2006 Quadrennial Review MB Docket No. 06-121*, at 13 (Attachment A to Reply Comments of Prometheus) ("*Rose Report*").

[5] Comments of NAB, at 93 n.217.

[6] *CU Reply Study 5*, at 72.

[7] *See* Michael Barone, THE ALMANAC OF AMERICAN POLITICS (2000) ("2000 ALMANAC OF AMERICAN POLITICS"), Sen. Jon Kyl (R), *available at* http://nationaljournal.com/pubs/almanac/2000/people/az/azs2.htm (subscription required; on file with NAB).

[8] *See* Michael Barone, THE ALMANAC OF AMERICAN POLITICS 99 (2006) ("2006 ALMANAC OF AMERICAN POLITICS") (reporting that Kyl won 79% of the vote, with the next most successful candidate receiving 8%).

[9] *See id.* at 94 (reporting that McCain won 77% of the vote, with the next most successful candidate receiving 21%).

challenged by Jim Pederson, and only won the election by 9%.[10] Furthermore, total Senate campaign expenditures – of which advertising expenditures are themselves a differing percentage from year to year – varied dramatically between 1994 and 2004 in Arizona, and steadily *decreased* over that period.[11] In 1994, expenditures by Senate candidates in Arizona were approximately $5.7 million.[12] The 1998 and 2000 elections, however, saw Senate candidates spending only about half of that on their campaigns, with expenditures in those years totaling only $2.8 million and $2.5 million, respectively.[13] And in 2004, candidates spent only $2.15 million total on their campaigns.[14] Arizona had no Senate elections in 1996 or 2002. The following chart shows the variation in campaign expenditures in Arizona over the 1994-2004 period.

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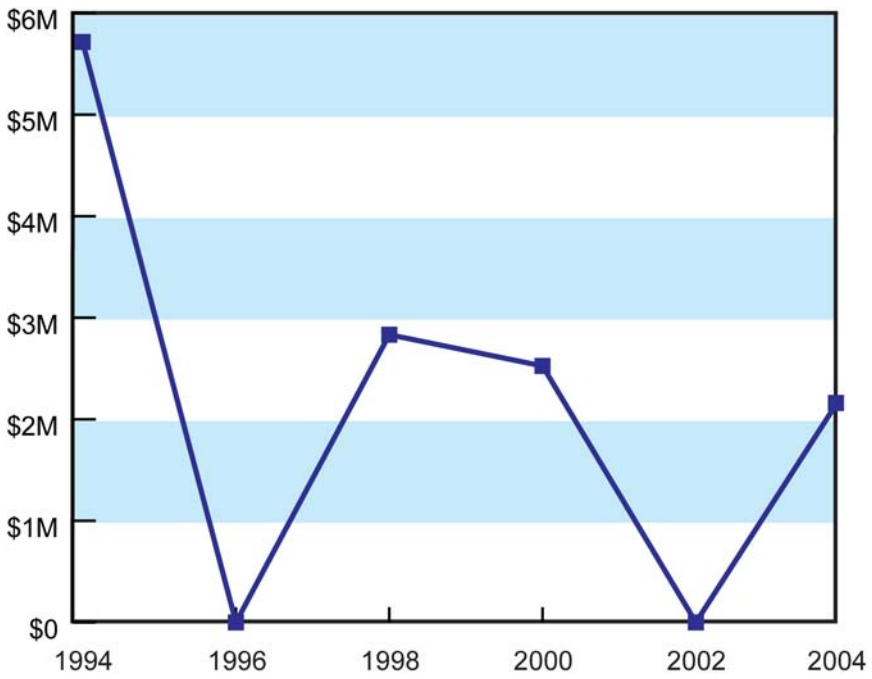
[10] *See, e.g.*, Wikipedia, *United States Senate elections, 2006*, http://en.wikipedia.org/wiki/United_States_Senate_elections,_2006 (last visited Sept. 4, 2007); Washingtonpost.com, *Election 2006: Key Senate Races*, http://www.washingtonpost.com/wp-srv/politics/interactives/campaign06/key_senate.html (last visited Sept. 4, 2007) (reporting that Kyl won 53% of the vote and that Pederson won 44%).

[11] *See* 2006 ALMANAC OF AMERICAN POLITICS 99, 94. The 2006 ALMANAC OF AMERICAN POLITICS states that campaign expenditure figures reported therein "are derived from candidates' campaign finance reports and party reports available from the Federal Election Commission." *Id.* at 16. For each state for which campaign finance information is provided in this filing, information from all years for which the information is included in the 2006 ALMANAC OF AMERICAN POLITICS is included. The 2006 ALMANAC OF AMERICAN POLITICS lists total expenditures, and does not contain separate information related to expenditures on advertising in particular. It is necessarily the case, however, that advertising expenditures must be lower in years in which total expenditures are lower, and vice-versa.

[12] *Id.* at 99 (reporting that for the 1994 general election, Kyl spent $4,138,203 and Coppersmith spent $1,577,556, for a total of $5,715,759).

[13] *Id.* at 94 (reporting that, in the 1998 general election, McCain spent $2,461,900 and Ranger spent $371,439, for a total of $2,833,339), 99 (reporting that, in the 2000 general election, Kyl spent $2,503,674 and Toel spent $21,491, for a total of $2,525,165).

[14] *Id.* at 94 (reporting that for the 2000 general election, McCain spent $2,140,807 and Starky spent $12,716, for a total of $2,153,523).



- *Maryland* – In 2000, Senator Paul Sarbanes' seat was regarded as safe,[15] and he in fact won by a margin of 26%, receiving 63% of the vote.[16] In 2004, Senator Barbara Mikulski easily won re-election by a margin of 31%, receiving 65% of the vote.[17] However, in 2006 Sarbanes chose not to run for re-election, and the election for his seat was hotly contested from the primaries through the end.[18] In the end, Democratic Senator Benjamin Cardin won by a margin of just 10%.[19] Expenditures on Senate campaigns in Maryland between 1994 and 2004 also varied in roller-coaster

[15] *See* 2000 ALMANAC OF AMERICAN POLITICS, Sen. Paul S. Sarbanes (D), *available at* http://nationaljournal.com/pubs/almanac/2000/people/md/mds1.htm (subscription required; on file with NAB) (listing Sarbanes' seat as "probably safe").

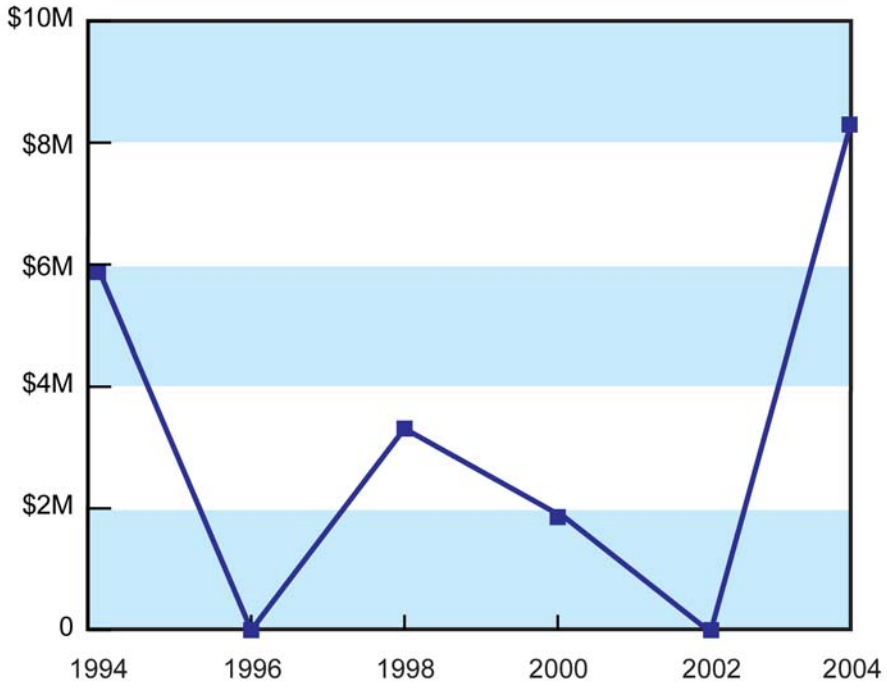
[16] *See* 2006 ALMANAC OF AMERICAN POLITICS 777 (reporting that Sarbanes won 63% of the vote with the next most successful candidate receiving 37%).

[17] *See id.* at 780 (reporting that Mikulski won 65% of the vote with the next most successful candidate receiving 34%).

[18] *See, e.g.*, Wikipedia, *United States Senate elections, 2006*, http://en.wikipedia.org/wiki/United_States_Senate_elections,_2006 (last visited Sept. 10, 2007); Washingtonpost.com, *Election 2006: Key Senate Races*, http://www.washingtonpost.com/wp-srv/politics/interactives/campaign06/key_senate.html (last visited Sept. 4, 2007) (listing Maryland among 2006's key Senate races).

[19] *See, e.g.*, Wikipedia, *United States Senate elections, 2006*, http://en.wikipedia.org/wiki/United_States_Senate_elections,_2006 (last visited Sept. 10, 2007); Washingtonpost.com, *Election 2006: Key Senate Races*, http://www.washingtonpost.com/wp-srv/politics/interactives/campaign06/key_senate.html (last visited Sept. 10, 2007).

fashion.[20] In 1994, the candidates spent a total of approximately $5.9 million.[21] In 1998, that figure dropped to $3.3 million, just over half of what had been spent in the previous election year in which there was a senate race in the state.[22] It dropped again in 2000 to $1.9 million, but increased in 2004 to $8.2 million.[23] Maryland did not have any Senate elections in 1996 or 2002. The chart below shows the variation in campaign expenditures in Maryland over the 1994-2004 period.



[20] *See* 2006 ALMANAC OF AMERICAN POLITICS 777, 780.

[21] *See id.* at 777 (reporting that in the 1994 general election, Sarbanes spent $2,767,187 and Brock spent $3,201,650, for a total of $5,968,837).

[22] *See id.* at 780 (reporting that in the 1998 general election, Mikulski spent $3,014,312 and Pierpoint spent $297,768, for a total of $3,312,080).

[23] *See id.* at 777 (reporting that, in the 2000 general election, Sarbanes spent $1,837,286 and Rappaport spent $146,866, for a total of $1,984,152), 780 (reporting that, in the 2004 general election, Mikulski spent $5,997,093 and Pipkin spent $2,300,354, for a total of $8,297,447).

- *Tennessee* – In 2000, Senator Bill Frist's seat was viewed as secure,[24] and he ultimately won by a margin of 33%, receiving 65% of the vote.[25] In 2006, however, Frist did not run for reelection, and the 2006 election was a battle between Harold Ford, Jr., then a member of the House of Representatives, and Bob Corker, former mayor of Chattanooga, with the candidates exchanging leads in the polls.[26] In the end, Corker won the election by a margin of just 3%.[27] In Tennessee, too, total expenditures on Senate campaigns differed widely between 1994 and 2004, and again, decreased over time.[28] In 1994, candidates spent approximately $12 million, but in 1996 and 2000 they spent just $4.3 million and $4.8 million, respectively.[29] In 2002, Senate candidates spent a total of $6.5 million, which, while an increase over the previous two years in which Senate elections occurred, was only just over half of what they had spent eight years earlier in 1994, when Frist defeated incumbent Jim Sasser.[30] Tennessee had no Senate elections in 1998 or 2004. The chart below shows the variation in Tennessee campaign expenditures over the 1994-2004 period.

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[24] *See* 2000 ALMANAC OF AMERICAN POLITICS, Sen. Bill Frist (R), *available at* http://nationaljournal.com/pubs/almanac/2000/people/tn/tns2.htm (subscription required; on file with NAB).

[25] *See* 2006 ALMANAC OF AMERICAN POLITICS 1540 (reporting that in the 2000 general election, Frist won 65% of the vote with the next most successful candidate receiving 32%).

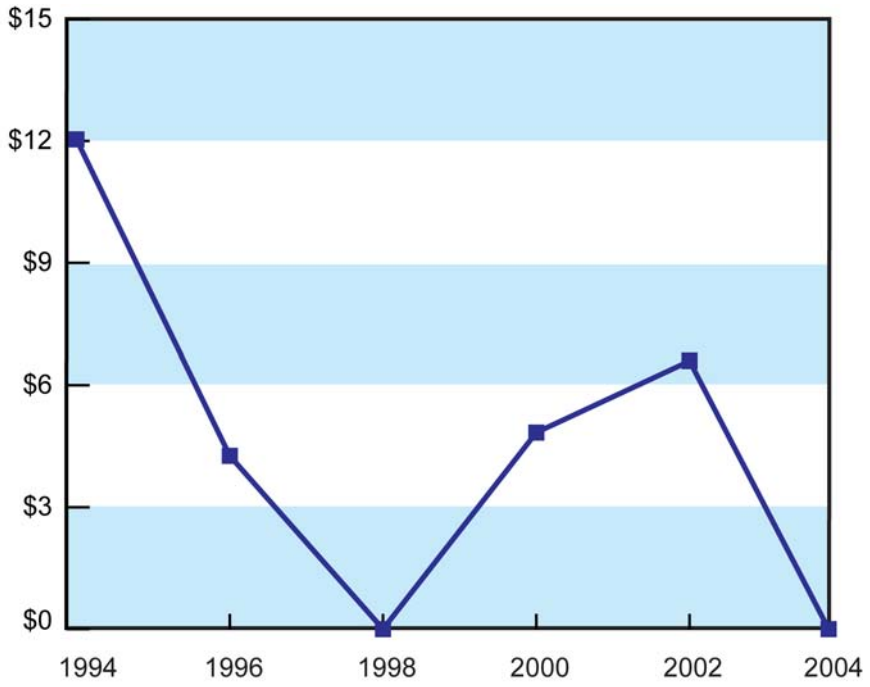
[26] *See* Wikipedia, *United States Senate elections, 2006*, http://en.wikipedia.org/wiki/United_States_Senate_elections,_2006 (last visited Sept. 10, 2007).

[27] *See id.*

[28] *See* 2006 ALMANAC OF AMERICAN POLITICS 1540, 1544.

[29] *See id.* at 1540 (reporting that in 1994 general election, Frist spent $7,017,424 and Sasser spent $5,020,515, for a total of $12,037,939, and that in the 2000 general election, Frist spent $4,664,737 and Clark spent $173,406, for a total of $4,838,143), 1544 (reporting that in the 1996 general election, Thompson spent $3,469,369 and Gordon spent $795,969, for a total of $4,265,338).

[30] *See id.* at 1544 (reporting that in the 2002 general election Alexander spent $3,761,804 and Clement spent $2,832,990, for a total of $6,594,794).



- *Virginia* – Senator John Warner, who has been in office for five terms and who would likely have easily been re-elected for a sixth, recently announced his plans not to seek re-election in 2008.[31] Many are now predicting that the race for his seat will be highly competitive. Virginia also has seen greatly varying expenditures on Senate campaigns over time.[32] The 1994 race between Oliver North and Charles Robb involved total expenditures of $26.1 million.[33] In 1996, Mark Warner and John Warner spent a combined total of $17.4 million on their campaigns.[34] In 2000, the race between George Allen and Charles Robb resulted in total expenditures of $16.6 million.[35] But in 2002, total expenditures by John Warner and his two independent opponents were $1.8 million – just over 10% of what they had been in 2000, and a mere 6.9% of what they had been in 1994.[36] Virginia had no Senate elections in 1998

[31] *See* Bill Turque, *Sen. Warner to 'Quietly Step Aside'*, Wash. Post, Sept. 2, 2007, A1, *available at* http://www.washingtonpost.com/wp-dyn/content/article/2007/08/31/AR2007083100986.html.

[32] *See* 2006 ALMANAC OF AMERICAN POLITICS 1712, 1714.

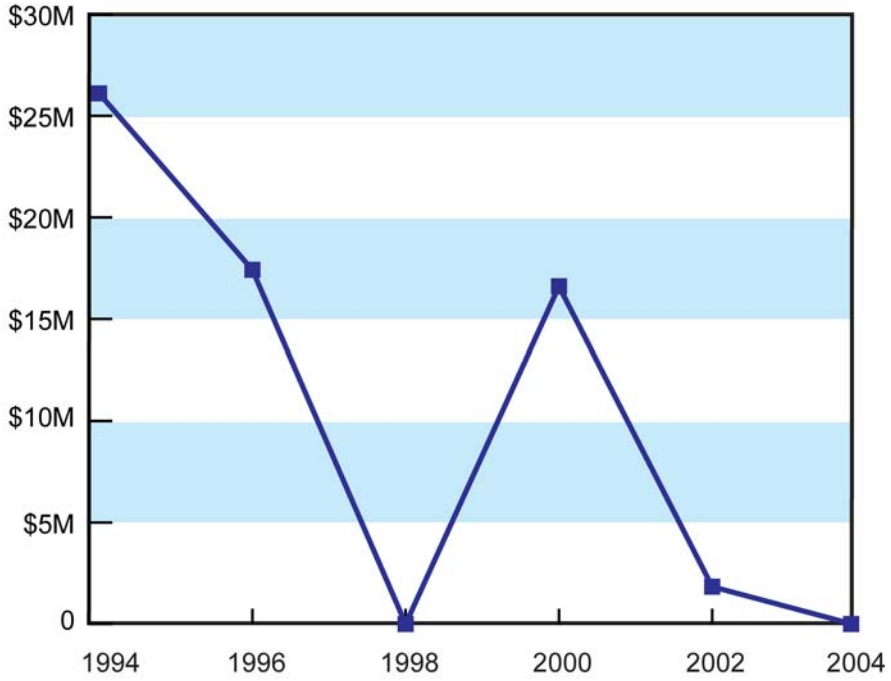
[33] *See id.* at 1714 (reporting that in the 1994 general election Robb spent $5,501,697 and North spent $20,607,367, for a total of $26,109,064).

[34] *See id.* at 1712 (reporting that in the 1996 general election John Warner spent $5,819,157 and Mark Warner spent $11,600,424, for a total of $17,419,581).

[35] *See id.* at 1714 (reporting that in the 2000 general election Allen spent $9,995,980 and Robb spent $6,610,252, for a total of $16,606,232).

[36] *See id.* at 1712 (reporting that in the 2002 general election John Warner spent $1,709,202, Spannaus spent $61,984, and Hornberger spent $66,480, for a total of $1,837,666).

or 2004. The chart below shows the variation in campaign expenditures in Virginia races over the 1994-2004 period.



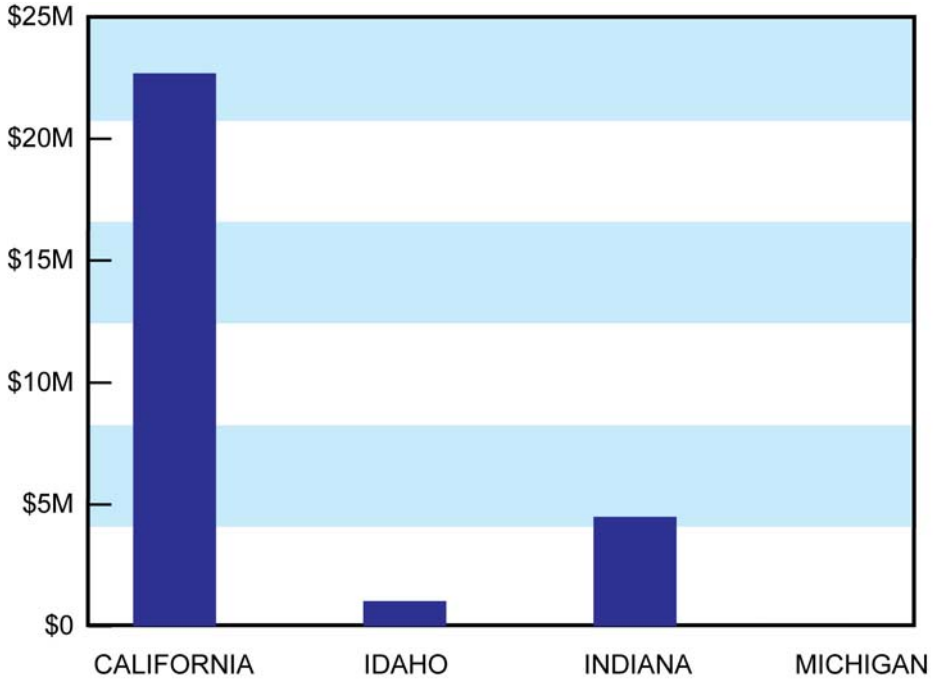
An examination of the dramatic differences between how much candidates spend in a particular election year from state to state also makes clear that amounts will vary widely among similar-sized DMAs. As shown in the chart below, in 2004, for example, Senate candidates spent a total of $22.6 million in California,[37] $4.5 million in Indiana,[38] and just over $1 million in Idaho.[39] Further, Michigan, among other states, had no Senate election in 2004.[40]

[37] *See id.* at 164 (reporting that in the 2004 general election, Boxer spent $14,886,426 and Jones spent $7,802,657, for a total of $22,689,083).

[38] *See id.* at 621 (reporting that in the 2004 general election, Bayh spent $2,250,428 and Scott spent $2,242,526, for a total of $4,492,954).

[39] *See id.* at 539 (reporting that in the 2004 general election, Crapo, who was unopposed, spent $1,031,912).

[40] *See id.* at 851, 854.



Each of these states included (and still includes) DMAs ranked between 101 and 125 – California includes the 121st- and 124th-ranked DMAs of Santa Barbara-Santa Maria-San Luis Obispo and Monterey-Salinas; Indiana includes the 104th-ranked Fort Wayne; Idaho is home to the 122nd-ranked Boise; and Michigan includes the 110th-ranked Lansing and the 112th-ranked Traverse City-Cadillac.[41] Obviously, however, stations in each of the DMAs that had Senate elections in 2004 necessarily would have earned dramatically different amounts from Senate advertising in that year, due to the variance in total Senate campaign expenditures among the states in which the DMAs are located, and the stations in the DMAs that had no such elections would have earned literally zero. An "average" that considered stations in all of these states would therefore have no relation whatsoever to the total expenditures in any given state, let alone the advertising revenues of a particular station.

These observations are borne out by the *Buying Time* series of studies completed by the Brennan Center for Justice at New York University School of Law. The *Buying Time 2000* study found that "the Senate races that analysts expected to be competitive attracted most of the spending on television advertising," with candidates spending "on average four times more on

[41] *See* Television & Cable Factbook 2005, C-40 (listing Nielsen market rankings based on 2004 estimates). The DMA rankings have changed slightly since 2004, although those changes do not affect this analysis. Santa Barbara-Santa Maria-San Luis Obispo is now ranked 122; Monterey-Salinas is now ranked 124; Fort Wayne is now ranked 106; Boise is now ranked 118; Lansing is now ranked 112; and Traverse City-Cadillac is now ranked 113. *See* Nielsen Media Research, Inside TV Ratings, 2006-2007 DMA List, *available at* http://www.nielsenmedia.com/nc/portal/site/Public/menuitem.3437240b94cacebc3a81e810d8a062a0/?vgnextoid=130547f8b5264010VgnVCM100000880a260aRCRD (click on link for "2006-2007 DMA List") (last visited Sept. 10, 2007).

advertising in competitive than in non-competitive Senate elections."[42] In 2000, those races occurred in Delaware, Florida, Michigan, Minnesota, Missouri, Nebraska, Nevada, New Jersey, New York, Virginia, and Washington.[43] Even among those states, a disproportionate amount was spent in New Jersey; during the *primary* season alone, the study found that 47% – or *almost half* – of the total spent on television advertising by all Senate candidates was spent in New Jersey.[44] The 2000 New Jersey Senate election was not only hotly contested, but one of the candidates was "Wall Street multimillionaire Jim Corzine, who spent a record $35 million of his own money" on the election, representing the extent to which personal financing can impact political spending.[45]

The *Buying Time 1998* study contains similar showings, and also allows for a comparison of political advertising on a DMA-by-DMA basis.[46] Specifically, it analyzes twelve 1998 Senate races that involved a minimum of 1000 campaign-related commercials, and provides data regarding total spending on political advertising, as well as the percentage of that total spent in the five largest media markets in which the commercials aired.[47] Many of these markets are similarly ranked, but an examination of the data, reflected in the chart below, shows that the advertising expenditures in the 1998 Senate race varied widely between them.[48]

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[42] The Brennan Center for Justice, *Buying Time 2000: Television Advertising in the 2000 Federal Election* 48 (2001) ("*Buying Time 2000*"), *available at* http://www.brennancenter.org/dynamic/subpages/download_file_10670.pdf (last visited Sept. 10, 2007).

[43] *Id.* at 48 n.7.

[44] *Id.* at 48.

[45] *Id.*

[46] Jonathan S. Krasno & Daniel E. Seltz, *Buying Time: Television Advertising in the 1998 Congressional Elections* (2000) ("*Buying Time 1998*"). Due to the study's apparently limited availability, NAB is attaching hereto copies of the portions of the study discussed in this filing. *See* Attachment A.

[47] *Id.* at 141; *see generally id.* at 143-154 (analyzing spending on Senate campaigns in California, Florida, Georgia, Illinois, Kentucky, Nevada, New York, North Carolina, Ohio, South Carolina, Washington, and Wisconsin).

[48] *See id.* at 143 (California), 145 (Georgia), 147 (Kentucky), 149 (New York), 151 (Ohio), 153 (Washington), and 154 (Wisconsin). Amounts in the "Total State Spending on Political Advertising" column were calculated by adding the amounts listed as "total spending" under the "political broadcasting" heading for each race. The "% for DMA" column includes the percentage for the relevant media market listed in the "media markets covered" chart for each race. The "Amt. for DMA" column was calculated by multiplying the "Total State Spending" by the "% for DMA" to arrive at the total dollar spent in each DMA. DMA rankings are from the 1999 Television & Cable Factbook. *See* Television & Cable Factbook 1999, at A-1 - A-4 (listing Nielsen market rankings based on 1997-1998 estimates). The DMA rankings have changed slightly since 1998, although those changes do not substantively affect this analysis. Jacksonville is now ranked 50, Albany-Schenectady-Troy is now ranked 56, Dayton is now ranked 58, Fresno-Visalia remains ranked 55, Knoxville is now ranked 60, Toledo is now ranked 71, Lexington is now ranked 63, Green Bay-Appleton is now ranked 69, Spokane is now ranked 77, Syracuse is now ranked 79, Rochester is now ranked 78, and Greenwood-Greenville is now ranked 180. *See* Nielsen Media Research, Inside TV Ratings, 2006-2007 DMA List, *available at* http://www.nielsenmedia.com/nc/portal/site/Public/menuitem.3437240b94cacebc3a81e810d8a062a0/?vgnextoid=13

Rank	DMA	State of Race	Total State Spending on Political Advertising	% For DMA	Amt For DMA
52	Jacksonville FL	GA	$ 3,959,595.00	2%	$ 79,191.90
53	Albany-Schenectady-Troy NY	NY	$ 28,821,820.00	7%	$ 2,017,527.40
54	Dayton OH	OH	$ 3,605,726.00	12%	$ 432,687.12
55	Fresno-Visalia CA	CA	$ 14,022,746.00	4%	$ 560,909.84
63	Knoxville TN	KY	$ 3,630,106.00	2%	$ 72,602.12
66	Toledo OH	OH	$ 3,605,726.00	9%	$ 324,515.34
67	Lexington KY	KY	$ 3,630,106.00	27%	$ 980,128.62
69	Green Bay-Appleton WI	WI	$ 2,564,697.00	19%	$ 487,292.43
72	Spokane WA	WA	$ 4,602,180.00	12%	$ 552,261.60
74	Syracuse NY	NY	$ 28,821,820.00	6%	$ 1,729,309.20
77	Rochester NY	NY	$ 28,821,820.00	5%	$ 1,441,091.00
181	Greenwood-Greenville MS	GA	$ 3,959,595.00	2%	$ 79,191.90

The disparities among similarly-ranked markets are dramatic. For example, in the 54th-ranked Jacksonville, only just over $79,000 was spent by Senate candidates, while the 52nd-ranked Albany market saw over $2 million in advertising expenditures on the Senate race. And if one were to average the expenditures listed above for the markets between 51 and 75, the result would be $788,865.14. That amount, however, is almost or more than ten times the amount actually spent in Jacksonville, Knoxville and Greenwood-Greenville, and overstates the amounts spent in Dayton, Fresno, Toledo, Green Bay-Appleton, and Spokane by more than $200,000.

With respect to the presidential elections, there is also substantial variance from election to election regarding which states are significant. Colorado, Florida, and Minnesota, for example, were considered battleground states in the 2000 presidential election but not in 2004.[49] And Delaware, Illinois, Louisiana, and Tennessee, for example, were considered battleground states in the 2004 presidential election, but not in 2000.[50] As the *2000 Buying Time* study explains, "[i]n any presidential election, the outcome largely depends on a handful of hotly contested states."[51] Indeed, "[m]ost Americans reside in states that are already assumed to be casting their electoral votes for one candidate or another, and thus these states are not the focus

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0547f8b5264010VgnVCM100000880a260aRCRD (click on link for "2006-2007 DMA List") (last visited Sept. 10, 2007).

[49] *See, e.g.*, Mitch Frank, *Election 2004: The Battleground States*, Time.com, http://www.time.com/time/election2004/battleground (last visited Sept. 10, 2007); *Election 2002 Battleground States*, CNN.com, http://www.cnn.com/interactive/allpolitics/0010/battleground.states/battlegroundstates.html (last visited Sept. 10, 2007).

[50] *See, e.g.*, Mitch Frank, *Election 2004: The Battleground States*, Time.com, http://www.time.com/time/election2004/battleground (last visited Sept. 10, 2007); *Election 2002 Battleground States*, CNN.com, http://www.cnn.com/interactive/allpolitics/0010/battleground.states/battlegroundstates.html (last visited Sept. 10, 2007).

[51] *Buying Time 2000* at 42.

of advertising campaigns by the candidates of either major party."[52] Thus, for example, during the 2000 primary elections a substantial 83% of Democratic presidential candidates' expenditures on television advertising were concentrated in just three states – New Jersey, California, and Massachusetts – while 87% of Republican presidential candidates' expenditures on television advertising were spent in Arizona, California, Massachusetts, Michigan, North Carolina, Ohio, Virginia, and Washington.[53] During the general election, "the air war" took place in only ten out of the nation's fifty states – Florida, Illinois, Iowa, Michigan, Missouri, Ohio, Oregon, Pennsylvania, Washington, and Wisconsin.[54] In 2004, according to one report released 25 days before the election, 59.8% of the total spending on presidential television advertising was spent in just five states.[55]

House races, as the *2000 Buying Time* study confirms, often do not involve substantial amounts of television advertising at all, in large part because "compact districts often make television advertising inefficient."[56] Indeed, in 2000, only 39% of House races used television.[57] Nevertheless, television buying patterns track those of the presidential and Senate elections, with disproportionate amounts being spent on hotly contested races. The *2000 Buying Time* study found that, in fact, "[m]ore than 74% of television advertisements aired" in relation to the mere "10% of house races [that] were considered competitive by election analysts."[58] The *1998*

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[52] *Id.*

[53] *Id.* at 43.

[54] *Id.* at 45.

[55] *See* TNS Media Intelligence/CMAG, *Findings Memo: Election '04 Edition, "Issues in Political Advertising,"* at 4, *available at* http://www.tnsmi-cmag.com/Publications/1004_election_findings.pdf (last visited Sept. 10, 2007) ("*Issues in Political Advertising*"). Expenditures in these five states were as follows: Ohio: $59.7M; Florida: $57.1M; Pennsylvania: $41.1M; Michigan: $22.2M; and Wisconsin: $19.4M, for an aggregate total spending of $199.5M. *Id.* The 59.8% figure was derived by dividing the aggregate total from the five states just listed into the total spending on Presidential TV advertising of $333.4M.

[56] *Buying Time 2000* at 49.

[57] *Id.*

[58] *Id.* at 49. A variety of other factors also may affect the extent to which individual stations earn revenues in a given election year. Some stations, for example, reach viewers in more than one state and, of particular relevance to House races, more than one Congressional district. Thus, a station in the 48th-ranked Louisville, Kentucky DMA, which likely reaches viewers in multiple states and multiple districts could well earn much higher revenues from political advertising than a station in a comparably-sized market located in eastern Virginia, such as the 42nd-ranked Norfolk-Portsmouth-Newport News DMA. Even within a given state or market, individual station revenues are extremely unpredictable, because spending from election year to election year may vary based on, for example, the extent to which a candidate might choose one station over another based on the demographics of its audience and the station's ratings at the time. And, in addition to variances in spending on national elections, spending on local elections differs widely from year-to-year and from market-to-market. As of 25 days before the 2004 election, for example, one source reported that 59.2% of the total amount that had been spent on television advertising for state elections at that time had been spent on gubernatorial elections in just five states. Expenditures were as follows: Missouri: $13M; Indiana: $8.6M; North Carolina: $3.5M; Washington: $2.5M; and New Hampshire: $1.6M, for aggregate gubernatorial spending of $29.2M. The 59.2% figure was derived by dividing the aggregate total from the five states just listed into the total reported state spending of $49.3M. *See Issues in Political Advertising* at 3.

Buying Time study's profile of thirty-eight House races in which more than 1,000 commercials were aired shows, further, that where House candidates do spend money on advertising, the total amounts spent are not at all consistent across different states, and most often a large portion of the money is spent in a very small portion of the state.[59] This is not surprising, of course, because of the nature of congressional district boundaries. But it does mean that, depending on the dynamics of a particular election, revenue from political advertising on House races will vary widely between similarly-ranked markets.

As with respect to national elections, the question whether the Summer Olympics occur in a given year is not a factor that affects all stations equally. Any positive effects of Olympic coverage obviously flow exclusively to stations affiliated with the network with coverage rights, and NBC has long had the rights to coverage of the Olympics and will cover both the 2008 and 2012 summer games.[60] Stations affiliated with the other networks experience no advertising revenue gains in years in which the Summer Olympics occur, and most likely experience substantial losses. The generalization that stations earn higher advertising revenues across the board in years when the summer games are played is simply not true.

Thus, while the mere *fact* that elections and the Summer Olympics may occur in even-numbered years is not "random," the actual benefit that a given station earns in any particular such year is very much dependent on external, unpredictable factors. It is therefore not the case, as CU and Prometheus suggest, that television stations exist within a predictable cycle of advertising revenue in which losses in an odd-numbered year will necessarily be counterbalanced by gains in the next even-numbered year. In fact, a particular station could experience losses for ten years straight, notwithstanding the fact that other similarly ranked stations in either the same market or in markets of the same size earn higher revenues in one or more years during the same period.

Simply put, the effects of national elections and the Summer Olympics on a given station vary greatly depending on a number of variables. Accordingly, including the years in which these events occur in a financial analysis that includes a large number of stations would distort the "average" revenues of stations within a given market range. It would thereby paint a picture that all of them are doing better than they are and that they can all expect to experience spikes in ad revenue in each year marked by a national election or the summer games. That picture, however, would have no relation to reality.[61]

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[59] *See Buying Time 1998* at 141; *see generally id.* at 155-192.

[60] *$2.201 Billion Bid Beats Competitors*, Associated Press, June 6, 2003, http://espn.go.com/oly/news/2003/0606/1564473.html (last visited Sept. 10, 2007).

[61] NAB's analysis also measured the percentage change for all relevant revenue and expense factors between the earliest and latest years; those figures are reflected in the bottom column of the tables for each market range. *See August 2006 TV Financial Report*, Tables 2-4; *December 2006 TV Financial Report*, Tables 2-4. To the extent that NAB's financial analysis was intended to measure a trend over a period of time by showing the percentage change in revenues in earlier and more recent years, it made perfect sense to use odd numbered years at both of the end points. Such trends are best measured by comparing like years to like years. Because of the distorting factors that are present in even-numbered years, including an odd-numbered year at one end and an even-numbered year at the other would have skewed the results.

The Exclusion of 1999 Was Reasonable

Prometheus next questions NAB's motive in omitting 1999 from its analysis.[62] The omission, however, is easily explained. NAB had conducted an analysis similar to that contained its *TV Financial Reports* in a study submitted in the FCC's 2002 biennial review proceeding.[63] That study examined revenue and expense trends using four year intervals, based on data for 1993, 1997, and 2001.[64] In connection with its opening comments in this proceeding, NAB wished to provide the Commission with updated information. As noted in those comments, however, data for 2005 – the next data point using a four-year interval – was not available at the time.[65] Out of a desire to refresh the record to the extent possible, NAB supplied data for 2003, but in doing so simply updated the prior study to include that information, rather than recreating it entirely. Subsequently, with its reply comments, NAB submitted a further updated version of the study, which included 2005 data, but again did not recreate the analysis of the earlier years.

In any case, to dispel any further concerns, NAB submits a revised version of the study, including 1999 data.[66] As can be seen by the revised study, the inclusion of 1999 makes no significant difference in the analysis. The low-rated stations not only generally showed *declining* profitability from 1997 to 2005, but, as of 2001, the average low-rated station in a number of markets ranked 51-175 have experienced *negative* profitability.[67] The low-rated stations in markets 126-150 and markets ranked 151-175 have seen their profits decline by 1,136% and 117%, respectively, since 1997, and, not surprisingly, have suffered actual losses in 2001, 2003, and 2005.[68] And in markets ranked 51-75, the average low-rated stations saw their profits decline by 126% between 1997 and 2005.[69] Moreover, to the extent that low-rated stations in some markets may appear, based on raw numbers, to be earning increasing profits, it is clear that, when inflation is taken into account their profit levels are actually stagnant at best. In markets 101-125, for example, the study indicates that low-rated stations saw their pre-tax profits increase modestly by 18.2% between 1997 and 2005.[70] Over the same period, however, the

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[62] Prometheus Reply Comments, at 33; *Rose Report*, at 13.

[63] *September 2007 TV Financial Report*, at 2; *see* NAB, *The Declining Financial Position of Television Stations in Medium and Small Markets* (Dec. 2002) ("*December 2002 TV Financial Report*") (Attachment C to NAB Comments in MB Docket No. 02-277 (filed Jan. 2, 2003)).

[64] *December 2002 TV Financial Report*, at 2.

[65] NAB Comments, at 93 n.217.

[66] NAB, *The Declining Financial Position of Television Stations in Medium and Small Markets* (Sept. 2007) ("*September 2007 TV Financial Report*") (Attachment B hereto).

[67] *See September 2007 TV Financial Report*, at 5-9.

[68] *Id.* at 9, 10.

[69] *Id.* at 6.

[70] *Id.* at 8.

annual average Consumer Price Index increased from 160.5 to 195.3, or by 21.7%.[71] An 18.2% increase in pre-tax profits over a period when prices in general rose by 21.7% is not an increase at all.

The updated report also confirms the financial differences that exist between the average high-rated and low-rated network affiliates in these mid-sized and small markets. For example, in markets 151-175, while the average low-rated station saw their profits decrease by 117%, the average high-rated station experienced an increase of 41.7%.[72] And in markets 126-150, the average high-rated affiliate saw its cash flow decrease by 121.2%, while the average high-rated station saw its cash flow increase by 44.2%.[73] At the same time, in markets 126-150, the average low-rated affiliate suffered actual losses of over $2.5 million, while the average high-rated station experienced positive pre-tax profits of nearly that same amount.[74]

The *TV Financial Reports* Are Based on a Comprehensive and Neutrally-Selected Data Set

CU and Prometheus also allege that NAB has "cherrypicked" data in order to manipulate the results of its analysis.[75] These claims, too, are false, and reflect either a misreading of the description of methodology contained in the analysis itself, or a failure to address that part all together. For example, the data upon which NAB's analysis is based was not, contrary to CU's assertion, obtained from an NAB survey of "its members."[76] As the *August 2006 TV Financial Report* explained on page 2:

> This data was compiled from the NAB/BCFM Television Financial survey for the data years 1997, 2001 and 2003. This survey, conducted annually by the National Association of Broadcasters in conjunction with the accounting firm Hungerford, Aldrin, Nichols & Carter P.C., requests revenue and expense information from *all commercial television stations.*[77]

While NAB's members include many of the country's commercial television stations, *all* such stations are not, of course, members of NAB. Thus, a survey of "all commercial television

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[71] U.S. Dep't of Labor, Bureau of Labor Statistics, Consumer Price Index, *available at* ftp://ftp.bls.gov/pub/special.requests/cpi/cpiai.txt (last visited Sept. 4, 2007).

[72] *See September 2007 TV Financial Report*, at 10.

[73] *Id.* at 9.

[74] *Id.*

[75] Prometheus Reply Comments at 33; *Rose Report*, at 14; *CU Reply Study 5*, at 73.

[76] *CU Reply Study 5*, at 73.

[77] *August 2006 TV Financial Report*, at 2 (emphasis added); *see December 2006 TV Financial* Report, at 2; *see also September 2007 TV Financial Report*, at 2.

stations" would include a large number that are *not* NAB members.[78] As a general matter, NAB has no control whatsoever over which commercial television stations respond to the survey; whether the stations are NAB members or not, participation in the survey is purely voluntary. Furthermore, this annual survey is not in any way related to the FCC's ownership proceedings. Rather, it has been done for decades as a general survey regarding the financial performance of the television industry as a whole. Both the collection of data from non-NAB members and the voluntary nature of participation are, moreover, *legally required.* When NAB first began collecting and publishing television station revenue and expense data, it sought guidance from the Department of Justice as to the legality of doing so under the antitrust laws. The Department of Justice indicated that it would not take enforcement action against NAB based, in part, on the fact that "participation in the survey is voluntary and is not limited to NAB members."[79]

Furthermore, contrary to Prometheus' suggestion,[80] NAB's analysis of cash flow and pre-tax profits, as the *August 2006 TV Financial Report* plainly states, included data from *all* of the highest- and lowest-rated affiliated stations for *all* of the markets between 51 and 175 where both categories of stations responded to the survey.[81] As explained in the *December 2006 TV Financial Report*, this was done "in order to directly compare the financial position of these stations."[82] In addition, as the study explains, NAB limited its data set to ABC, CBS, FOX, and NBC affiliates "because, particularly in smaller markets, stations not affiliated with the four leading networks are much less likely to provide regular local news programs."[83] Thus, if anything, the data is skewed toward the most profitable stations, because stations affiliated with the four major networks are usually the financially strongest stations.

While Prometheus launches a further attack on NAB's substantive decision to exclude markets in which both the highest- and lowest-rated stations did not respond to the study,[84] the

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[78] NAB has 1,153 television station members, out of a total number of 1,762 full power television stations in the United States.

[79] Letter from William F. Baxter, Assistant Attorney General, U.S. Department of Justice Antitrust Division, to Edward P. Henneberry, Howrey & Simon, Counsel to NAB, at 1 (Aug. 8, 1983) ("*DOJ Letter Ruling*") (Attachment C hereto).

[80] *Rose Report*, at 14 (suggesting that "the highest revenue-producers among the highest-rated stations were systematically excluded to depress the mean and fit the data to a desired trend line").

[81] *August 2006 TV Financial Report*, at 3 ("[D]ata were used for markets only where both the highest and lowest rated affiliated stations participated in the survey."); *December 2006 TV Financial Report*, at 4 (same). For news expense and network compensation, NAB considered data from *all* of the affiliated stations that responded to the survey in *all* markets between 51 and 175. *August 2006 TV Financial Report*, at 3; *December 2006 TV Financial Report*, at 4. Declines in network compensation affect all network-affiliated stations, regardless of their ratings, and increases in the cost of news operations affect all stations with local news. Accordingly, the *TV Financial Reports* include data from all network affiliated stations that responded for these categories.

[82] *December 2006 TV Financial Report*, at 4.

[83] *August 2006 TV Financial Report*, at 3 n.1; *December 2006 TV Financial Report*, at 3 n.2.

[84] *Rose Report*, at 15.

reason for doing so is plain. Most fundamentally, the *primary purpose* of the study was to show the dramatic differences between high-rated and low-rated stations, particularly in mid-sized and small markets.[85] Simply put, NAB's decision to include only markets where it had data for the highest- and lowest-rated affiliated stations was required by the study's essential purpose and was necessary to ensure the accuracy of the results.

Variations in Sample and Market Size Were Dictated by External Factors

Prometheus' claim that NAB's analysis is flawed because the sample and market size vary by year, rendering it "impossible to determine how many of the same stations are being observed longitudinally," fares no better.[86] As noted above, for revenue and pre-tax profit line items, NAB considered data from *all* of the highest- and lowest-rated affiliated stations for *all* of the markets between 51 and 175 where both categories of stations responded to the survey. As also already explained, NAB has no control whatsoever over how many stations respond each year. Variation in the sample and market size was therefore not an affirmative choice made by NAB, but was dictated by the rate of response to the survey from which the data was obtained, a factor over which NAB has no control.

At bottom, this critique also seems to be simply a variation on Prometheus' argument that the study is flawed because it failed to include individual station data,[87] apparently both so that Prometheus could check NAB's math, and so that it could have determined for itself whether some or all of the stations had responded in each year studied. This criticism is invalid, however, in that it ignores the legal and practical sensitivities that would arise from disclosure of individual station financial data. Here again, NAB's position is supported by the Department of Justice's letter ruling, which based its decision on the lawfulness of NAB's plans to collect and report television station revenue and expense data in part on the fact that "individual station data reported to the NAB will not be made available to anyone other than those persons in the NAB responsible for publishing the survey and that the NAB has established internal procedures to protect the confidentiality of the individual station data."[88] In fact, the procedures that NAB has

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[85] *See, e.g.*, *August 2006 TV Financial Report*, at 4 ("A review of television station profitability in smaller markets reveals that profit margins are already at risk today, *especially for the lower rated affiliated stations*.") (emphasis added); *December 2006 TV Financial Report*, at 5 (same); *see also, e.g.*, NAB Comments, at 93 (explaining that the study "compared the cash flow and pre-tax profits of the average high-rated affiliated station in these markets to the cash flow and profits of the average low-rated affiliate"); *id.* (noting that the study "unequivocally demonstrates the *financial differences* between the average high-rated and low-rated network affiliates in these mid-sized and small markets") (emphasis added); NAB Reply Comments, at 65 (citing the *December 2006 TV Financial Report* for the proposition that "[i]n particular, lower-rated network affiliated stations in the smallest markets (126+) have experienced actual losses in 2001, 2003, and 2005"); *see also* NAB Comments, at 97 ("Smaller market television broadcasters (*especially those who are not the ratings leader in their markets*) are experiencing serious financial distress. . . . These financial problems are sufficiently severe to threaten the long-term viability for lower-rated stations.") (emphasis added).

[86] *Rose Report*, at 14.

[87] *Id.* at 15.

[88] *DOJ Letter Ruling*, at 1.

adopted in order to maintain confidentiality involve submission of the data directly to the outside accounting firm of Hungerford, Aldrin, Nichols & Carter, P.C., and NAB represents to stations asked to participate in the study that "no one at NAB or BCFM will ever see your completed survey or figures."[89] Under this process, *NAB itself* does not have access to data on an individual station basis, due to potential antitrust concerns. Even apart from legal considerations, it is obvious that as a practical matter stations would not respond to the survey, which seeks detailed data regarding revenues and expenses, if they were not ensured confidentiality. Financial information is, of course, among the most highly proprietary information that a company possesses.

The Relation Between the Variables Studied and Station Profitability Is Obvious

Prometheus next criticizes NAB's analysis for failing to "explain the specific relationship of each variable [that the study measured] to overall station profitability" or "to include a measure of station profitability itself."[90] This too is misplaced. Simply put, it is obvious that decreases in cash flow combined with increases in expenses, both of which the study measured, result in lower station profitability. The study clearly shows that the trend is towards decreasing cash flow and pre-tax profits, while network compensation is decreasing and news expenses are rising. These factors plainly evidence that station profitability is declining.

DTV Costs Do Not "Artificially Depress" Station Profitability Calculations

Prometheus' claim that the study fails to take into account the effect of "one-time DTV transition costs"[91] reflects a fundamental misunderstanding of the impact of the DTV transition on broadcasters. As NAB has explained, stations have reported spending tremendous amounts on the DTV transition.[92] Indeed, for stations with annual revenues below $2 million (which tend to be in the 100 smallest DMAs), transition expenses average a staggering *242%* of annual revenue, as compared to a still substantial 11% of annual revenue for stations in larger markets.[93] The suggestion that a station can recover from a "one-time" expenditure that approaches 250% of its annual revenue – or even 11% of its annual revenue – within a short period of time, such that the effect of the expense should be discounted, defies logic and is inconsistent with reality. These expenses, whether they recur or not, do not "artificially depress" station revenue trends as Prometheus summarily contends.[94] Rather, they are costs that, based solely on their magnitude, will impact stations for many years to come. This is all the more true because, as NAB has

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[89] *See* Letter from Teresa J. Ottina, Sr. Director, R&A, NAB, to General Managers (Feb. 26, 2007) (Attachment D hereto).

[90] *Rose Report*, at 14.

[91] *Id.* at 15.

[92] *See* NAB Reply Comments, at 65-69.

[93] *Id.* at 67 & n.247 (citing General Accounting Office, Report No. 02-466, *Telecommunications: Many Broadcasters Will Not Meet May 2002 Digital Television Deadline* 18 (Apr. 2002)).

[94] *Rose Report*, at 15.

explained and as shown by the table below, stations are not earning any measurable revenues from their DTV operations, and the extent to which they ever will remains uncertain.[95]

Digital Broadcast Operations Revenue[96]
Includes affiliated stations: ABC, CBS, FOX, NBC

Market Size	2005 Average Dollar Amount	% of Net Revenue[97]
All Affiliate Stations	**$6,455**	**0.0%**
1-25	**$2,891**	**0.0%**
26-50	**$8,982**	**0.0%**
51-75	**$13,265**	**0.1%**
76-100	**$869**	**0.0%**
101-125	**$13,675**	**0.2%**
126-150	**$3,171**	**0.1%**
151-175	**$1,158**	**0.0%**

Moreover, while the construction and purchase of new transmission facilities may be a "one-time" cost, the costs of operating a DTV station, some of which are higher than those of operating an analog station, are recurring costs or, at least, costs that are incurred over time. Apart from new transmitters and towers, broadcasters have "incur[red] the costs of running two stations [*i.e.*, an analog and a digital] during the transition period."[98] Individual stations have also spent significant sums to acquire digital programming, as well as high-definition cameras, field units, editing suites, and infrastructure.[99] Indeed, recent reports confirm that "[t]elevision

[95] NAB Reply Comments, at 67-69.

[96] Data derived from the 2006 NAB/BCFM Television Financial Survey database. Digital Broadcast Operations Revenue is defined as any revenue derived from digital broadcast operations. Any multicast advertising revenues are included.

[97] Net Revenues is defined as a total of gross advertising revenues, plus network compensation, plus trade-outs and barter, plus digital broadcast operations revenue, plus other broadcast related revenues minus agency and rep commissions.

[98] *Id.* at 66 n.246 (quoting *GAO Digital Report* at 9).

[99] *Id.* at 66 & nn.244, 246.

stations and production companies are spending millions of dollars to upgrade equipment – cameras, lenses, software, editing boards and broadcasting infrastructure – to meet demand spurred by" the DTV transition.[100] These costs are significant, and broadcasters have indicated that "[i]t's not unheard of for a total conversion to HD digital news broadcast to top out at $10 million."[101] Stations are "investing a ton of money into digital and HDTV infrastructure," far beyond the costs of transmission facilities.[102] In many cases, there are also higher power costs associated with running a digital operation on a day-to-day basis. These costs are not actually "one-time" costs at all, but are completely ignored by Prometheus.

The *TV Financial Reports* Fully Support NAB's Request for Duopoly Relief

Finally, Prometheus' assertion that NAB's television financial analysis does not evidence a basis for regulatory relief from the top-four rule because it shows that "most of the stations studied remained profitable"[103] completely misses the mark. The study was not intended to – nor did it purport to – show that *all* television stations are struggling. Rather, as discussed above, its primary purpose was to demonstrate that stations in smaller markets are facing significant financial challenges, that there is a large disparity between the profitability of lower-rated stations and higher rated-stations, that this disparity is even more substantial in mid-sized and small markets, and that low-rated stations in smaller markets are facing particularly perilous financial situations.[104] Thus, for each market range studied, the *TV Financial Reports* compare the cash flow and pre-tax profit of the average highest rated station and the average lowest rated station.[105] They conclude that "financial pressures are particularly acute for smaller market stations that are not the top-rated station in their respective market."[106] Clearly, there would have been no reason to conduct this comparative analysis or reach these conclusions if the point were to show that *all* stations were experiencing financial difficulties.[107]

Furthermore, while the NAB's *TV Financial Reports* have focused on markets 1-175, recent industry data shows that the situation faced by television broadcasters in the very smallest

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[100] Bill Shea, *High-def TV Brings Costs*, Crain's Detroit Business, Aug. 20, 2007, *available at* http://www.crainsdetroit.com/apps/pbcs.dll/article?AID=/20070820/SUB/708200341.

[101] *Id.* (quoting Steve Wasserman, vice president and general manager of television station WDIV, Detroit, MI).

[102] *Id.* (quoting same).

[103] Prometheus Reply Comments at 33.

[104] *See supra* p. 17 & n.85.

[105] *See August 2006 TV Financial Report*, at 5-9 & Tables 2-6; *December 2006 TV Financial Report*, at 6-9 & Tables 2-6.

[106] *August 2006 TV Financial Report*, at 10; *December 2006 TV Financial Report*, at 11.

[107] In addition, other studies in the record, including several attached to NAB's filing, support relief from the duopoly rule. *See* NAB, *Local Television Market Revenue Statistics* (Aug. 18, 2006) (Attachment F to NAB Comments); Mark R. Fratrik, Ph.D, BIA, *Economic Viability of Local Television Stations in Duopolies* (Oct. 23, 2006) (Attachment H to NAB Comments).

markets (those ranked above 176) is even more grim, and confirm NAB's prior showings with respect to the mid-sized and small markets included in its prior analyses. In 2005, with respect to markets ranked above 176, 25% of stations reported actual *losses* in excess of $557,251, and 50% reported actual *losses* in excess of $98,798.[108] And, in all but one group of markets ranked between 71-175, more than 25% of stations reported actual losses,[109] with 25% of stations in markets 121-130, for example, reporting actual *losses* of more than $986,834.[110] These data are taken from the most recent *Television Financial Report*, which includes 2005 data for *all* commercial stations affiliated with the ABC, CBS, and NBC networks that responded to the NAB/BCFM annual survey.[111] Consideration of this more comprehensive data set yields results that are fully consistent with the findings of NAB's previous *TV Financial Reports*, and adds to the already fulsome record evidence regarding the exceedingly tenuous financial position of the lowest-rated stations in mid-size and small markets.

Similarly, an analysis of data gleaned from the NAB/BCFM annual survey over time provides still further confirmation that the lowest-rated stations in mid-sized and small markets are struggling financially. Attachment E hereto[112] shows that, when all affiliates responding to the survey in each relevant year are considered, in all but two sets of markets ranked 51 and higher the percentage change from 1997 to 2005 shows a decrease in profitability among the lower 25% of stations.[113] Indeed, in six of the eleven market groupings within that range, the percentage change from 1997 to 2005 shows an increase in *actual losses* among the lower 25% of stations, with the percentage change ranging from an overwhelming 3878.9% in markets ranked 151-175 to a still substantial 87.6% in markets ranked 81-90.

Comparable results are found when the data set is limited to all ABC, CBS, and NBC affiliates responding to the survey in each relevant year, as shown in Attachment F hereto. Specifically, in all but two sets of markets ranked 51 and higher the percentage change from 1997 to 2005 shows a decrease profitability from 1997 to 2005 among the lower 25% of stations.[114] In four of the eleven market groupings within that range, the percentage change from

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[108] NAB, BCFM TELEVISION FINANCIAL REPORT 69 (2006 Ed.).

[109] *Id.* at 53-69.

[110] *Id.* at 63.

[111] The overall response rate for that annual survey was 63.1%.

[112] Data for this attachment, and Attachment F, were obtained from the annual NAB, BCFM TELEVISION FINANCIAL REPORTS for the years covered by the analyses.

[113] Even where the percentage change from 1997 to 2005 shows an increase in profits or a decrease in losses, which might suggest an improvement of financial situation, an examination of the data reveals that stations are still struggling. In markets ranked 111-120, more than 25% of the stations showed losses each year, although the losses may have decreased in severity over time. In markets ranked 101-110, the percentage change shows an increase in profits among the lower 25% of stations, but only after several successive years of substantial losses.

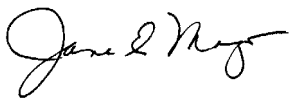
[114] Here, too, where the percentage change from 1997 to 2005 shows an increase in profits or a decrease in losses, which might suggest an improvement of financial situation, an examination of the data reveals that stations are in dire financial condition. In markets ranked 111-120, more than 25% of the stations consistently showed losses,

1997 to 2005 shows an increase in actual losses among the lower 25% of stations, with the percentage change ranging from 248.5% in markets ranked 121-130 to 3.5% in markets ranked 131-150.

The simple fact is that commercial television stations in mid-sized and small markets are at risk, and that the lower-rated stations in those markets are at even more substantial risk. The current duopoly rule, which through its "eight voices" standard effectively prohibits duopolies in the vast majority of medium and small markets, is a major impediment to these stations' ability to remain viable. The "top-four" restriction only makes matters worse, by severely restricting duopolies in markets with only five or six stations, and prohibiting them entirely in markets with four or fewer stations.[115] NAB's *TV Financial Reports* focus on stations affiliated with one of the four major networks, and compare the financial situations of the highest- and lowest-ranked stations in markets of different sizes. The analysis conclusively shows that it is the smaller markets where broadcasters – and particularly the *lower ranked* stations among the top-four – are struggling the most. And, supplemental analysis based on more comprehensive data bear this out even further. By perversely placing the greatest restriction on the ability of those very stations to enjoy the efficiencies and synergies associated with common ownership, the duopoly rule, with its top-four restriction, causes the greatest harm to those stations that need the most help. Therefore, despite Prometheus' attempt to distract the Commission by mischaracterizing NAB's argument, NAB's television financial analysis fully supports its request for relaxation of the duopoly rule and elimination of the top-four restriction.

For these reasons, the *TV Financial Reports* properly document the struggling condition of smaller-market broadcasters, particularly lower-rated stations, and fully support NAB's request for relaxation of the television duopoly rule. The charge of "fraud" is inappropriate and unnecessary.

Respectfully submitted,



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although the losses may have decreased in severity over time. In markets ranked 101-110, there was little change from 1997 to 2005, but the lower 25% of stations experienced two successive years of substantial losses in the interim.

[115] NAB Comments, at 102-03. The restriction is all the more illogical because, as NAB has shown, in mid-sized and small markets, one or two stations often have a significant ratings lead, and a very substantial audience share drop-off occurs after the first- or second-ranked stations. *Id.* at 103 & n.237.

ATTACHMENT A

Buying Time: Television Advertising in the 1998 Congressional Elections

by
Jonathan S. Krasno and Daniel E. Seltz

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Chapter Seven—Top Races

While Chapters One through Five presented an overview of television advertising in the 1998 elections, Chapter Seven shifts gears by looking separately at fifty top Senate and House races. What sets apart the 11 Senate and 39 House elections profiled here is that each saw a minimum of 1,000 commercials aired by candidates, parties and interest groups. That degree of campaign activity does not always insure a close contest—Representative Wes Watkins (R), for instance, carried Oklahoma's 3rd district with 62 percent of the vote despite a spirited effort by his opponent—but many of the races examined here are among the tightest in the country. Some of the closest elections in the nation took place in smaller media markets for which we have no data; others that occurred within the largest media markets simply, for a variety of reasons, made less use of television advertising.

Focusing on individual districts gives a sense of the texture of specific campaigns that the aggregate figures cannot provide. Some races fit the general patterns that the earlier chapters establish, but others are clearly exceptional. New York's Senate campaign, for instance, dwarfs other races in the use of television advertising;—Republican Alfonse D'Amato, Democrat Charles Schumer, and their allies together aired nearly 40,000 commercials, thus accounting for more than 1/7th of the data set. And, though candidates usually take the lead in campaigning, that was not the case in Michigan's 12th district where incumbent Debbie Stabenow faced opposing ads purchased only by the Republican Party and interest groups, or in a number of other states and districts where the involvement of parties and interest groups far exceeded the norm.

Each of the profiles reports the magnitude of advertising activity in the race by candidates, parties and interest groups, along with the main themes of the commercials, the tone of the ads, and the timing of the ad war. We include background information on each race, including vote totals and percentages and each candidate's total reported expenditures–not just the cost of television advertising—to the Federal Election Commission[1]. We also list the five largest media markets that are included in each district or state and the portion of the state or district that each media market covers[2]. Kentucky's 4th District, for example, includes three media markets tracked by CMAG, Cincinnati, Louisville, and Charleston (WV). CMAG tracks ads in each media market, but each market makes up only a portion of that district.

Readers will want to be advised of several special circumstances among the races examined here. New Mexico's 1st district featured two contests, a special election in June and the November general, between Republican Heather Wilson and Democrat Phil Maloof in 1998. Wilson won both and advertising from both races is shown here. In Nevada's Senate race commercials by the Committee for Fairness clearly focused on the election, but favored neither candidate.

[1] Michael Barone and Grant Ujifusa, Almanac of American Politics (Washington, D.C.) : CQ Press, 1999).

[2] Campaign Media Analysis Group, Campaign 1998. In possession of Brennan Center.

Profiles are divided into Senate and House elections, and ordered alphabetically. They include:

Senate (12):

California (Boxer)
Florida (Graham)
Georgia (Coverdell)
Illinois (Fitzgerald)
Kentucky (Bunning)
Nevada (Reid)
New York (Schumer)
North Carolina (Edwards)
Ohio (Voinovich)
South Carolina (Hollings)
Washington (Murray)
Wisconsin (Feingold)

House (38):

Alabama 4 (Bevil)
Arizona 6 (Hayworth)
Arkansas 2 (Snyder)
California 49 (Bilbray)
Colorado 2 (Udall)
Colorado 6 (Tancredo)
Connecticut 5 (Maloney)
Connecticut 6 (Johnson)
Florida 3 (Brown)
Idaho 1 (Chenoweth)
Indiana 9 (Hill)
Indiana 10 (Carson)
Iowa 3 (Boswell)
Kansas 3 (Moore)
Kentucky 3 (Northup)
Kentucky 4 (Lucas)
Kentucky 6 (Fletcher)
Maine 1 (Allen)
Michigan 8 (Stabenow)
Michigan 10 (Bonior)
Michigan 12 (Levin)
Nevada 1 (Berkley)
New Mexico 1 (Wilson)
New Mexico 3 (Udall)
New York 29 (LaFalce)
North Carolina 2 (Etheridge)
North Carolina 4 (Price)
Ohio 1 (Chabot)
Ohio 6 (Strickland)
Oklahoma 3 (Watkins)
Oregon 1 (Wu)
Pennsylvania 10 (Sherwood)
Pennsylvania 13 (Hoeffel)
Utah 2 (Cook)
Washington 1 (Inslee)
Washington 3 (Baird)
Wisconsin 1 (Ryan)
Wisconsin 8 (Green)

California

Incumbent Party: Democrat

Senate

Primary date: June 2, 1998

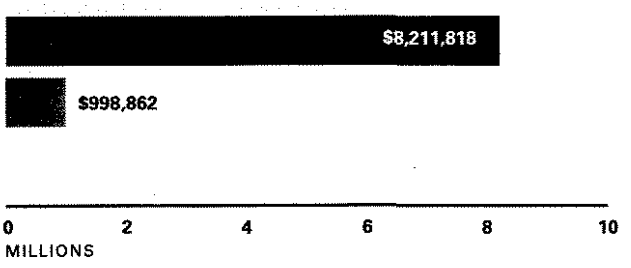
Candidates

Democrat: Barbara Boxer
Total FEC spending: $13,737,548
Vote Total: 4,410,056
Percentage: 53

Republican: Matt Fong
Total FEC spending: $10,764,892
Vote Total: 3,575,078
Percentage: 43

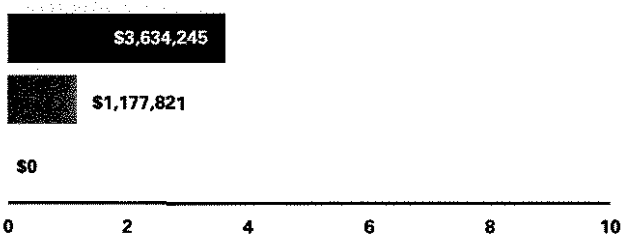
Political Broadcasting

Total Spending for Boxer $9,210,680



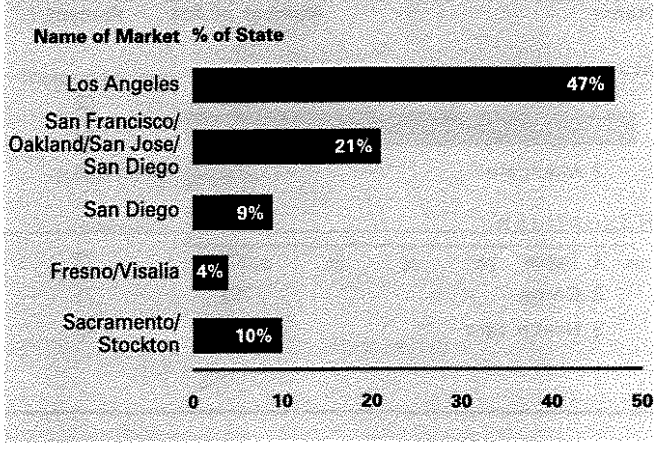
Democrat Total Ads 5,812 | Party for (D) Total Ads 681 | Groups for (D) Total Ads 0

Total Spending for Fong $4,812,066



Republican Total Ads 2,946 | Party for (R) Total Ads 865 | Groups for (R) Total Ads 0

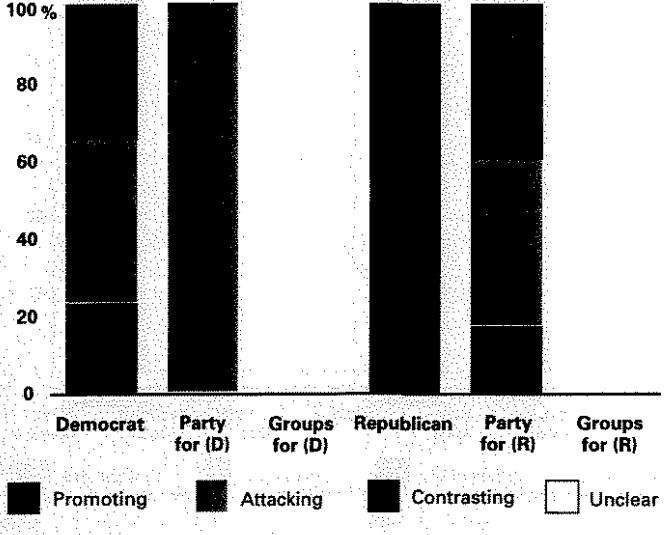
Media Markets Covered



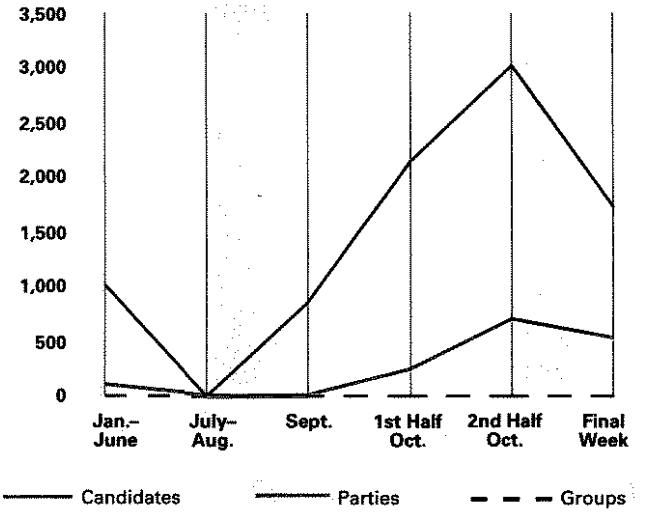
Top 3 Issues by Party

Name	Number of Ads	Percent
Democrat		
Environment	2,254	35
Gun control	1,956	30
Health care	1,908	29
Republican		
Education	1,625	43
Taxes	912	24
Government spending	898	24

Tone of Ads



Number of Ads Over Time



Florida

Incumbent Party: Democrat

Senate

Primary date: September 1, 1998

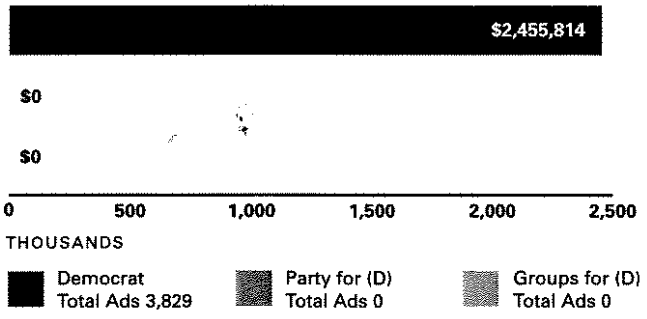
Candidates

Democrat: Bob Graham
Total FEC spending: $5,094,581
Vote Total: 2,436,407
Percentage: 63

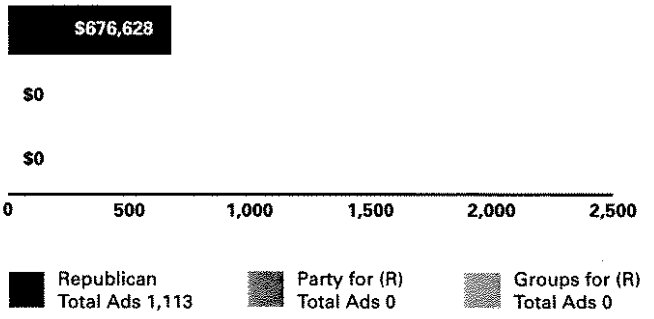
Republican: Charlie Crist
Total FEC spending: $1,487,498
Vote Total: 1,463,755
Percentage: 38

Political Broadcasting

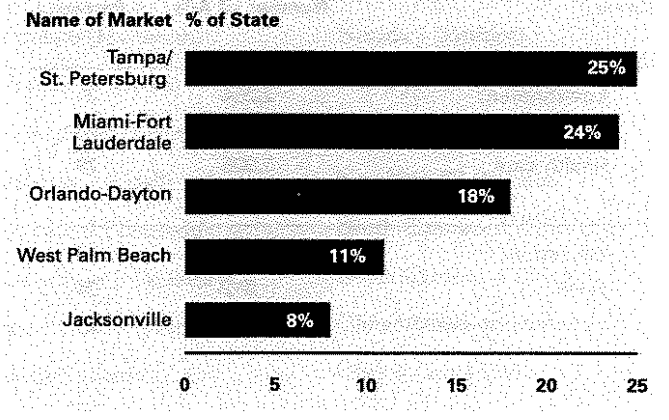
Total Spending for Graham $2,455,814



Total Spending for Crist $676,628



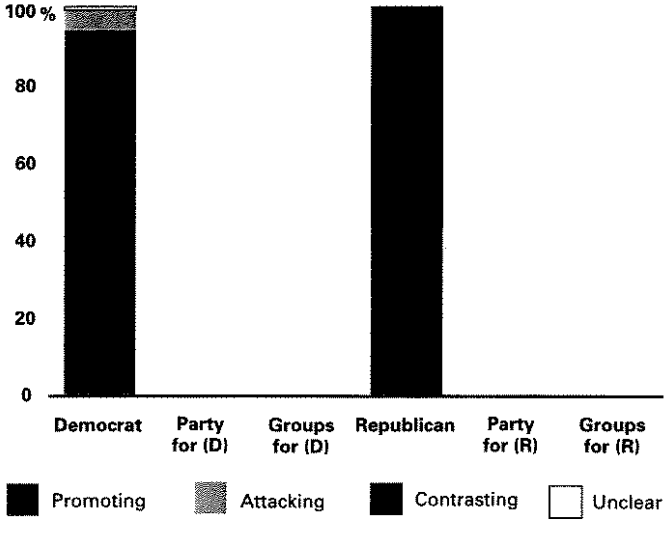
Media Markets Covered



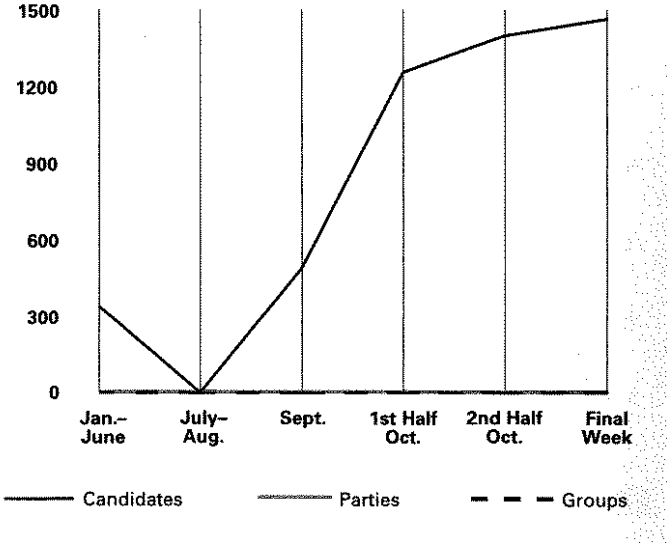
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
1 Taxes	2,124	62
2 Education	1,481	44
3 Medicare	1,288	38
Republican		
1 Taxes	800	72
2 Crime	791	71
3 Health care	478	43

Tone of Ads



Number of Ads Over Time



Georgia

Incumbent Party: Republican

Senate

Primary date: July 21, 1998

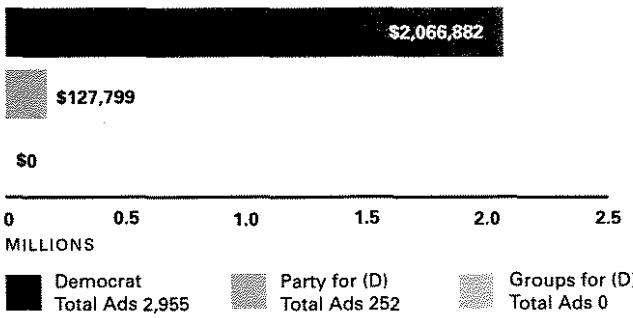
Candidates

Democrat: Michael Coles
Total FEC spending: $5,275,419
Vote Total: 791,904
Percentage: 45

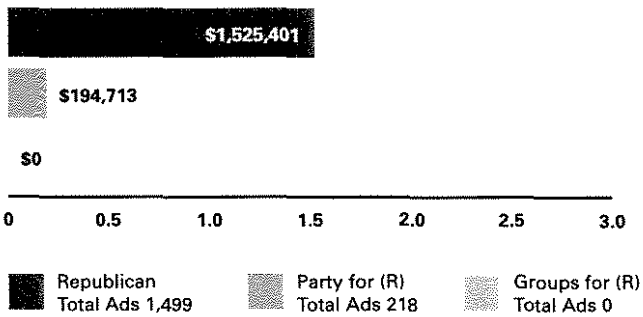
✓ Republican: Paul Coverdell
Total FEC spending: $6,936,745
Vote Total: 918,540
Percentage: 52

Political Broadcasting

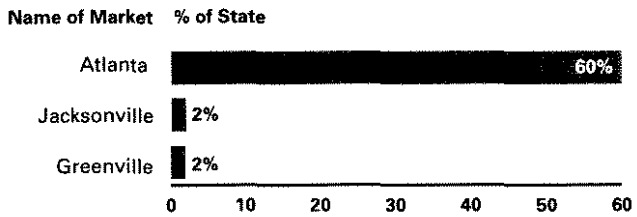
Total Spending for Coles $2,239,481



Total Spending for Coverdell $1,720,114



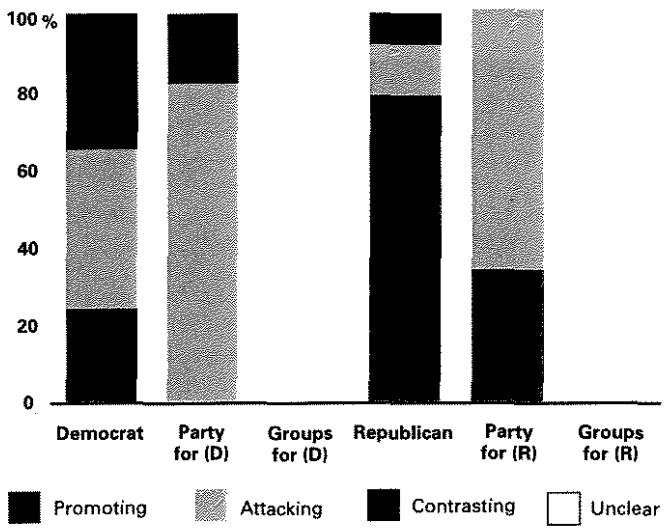
Media Markets Covered



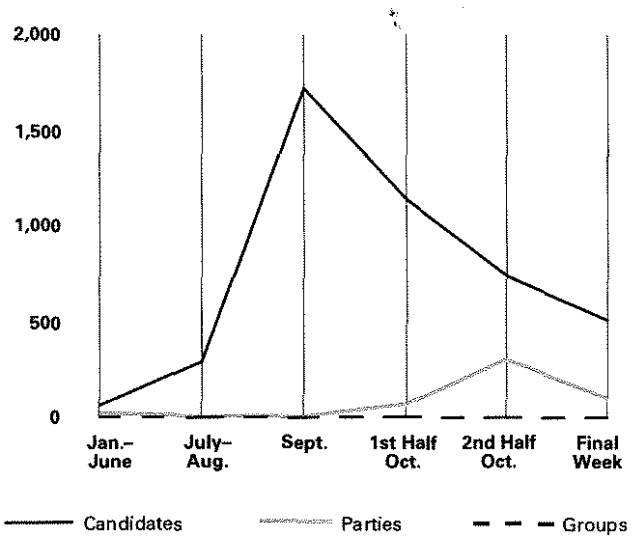
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Health care	2,047	68
Veterans	534	18
Honesty	450	15
Republican		
Education	601	35
Other economic	546	32
Drugs	539	31

Tone of Ads



Number of Ads Over Time



Illinois

Incumbent Party: Democrat

Senate

Primary date: March 17, 1998

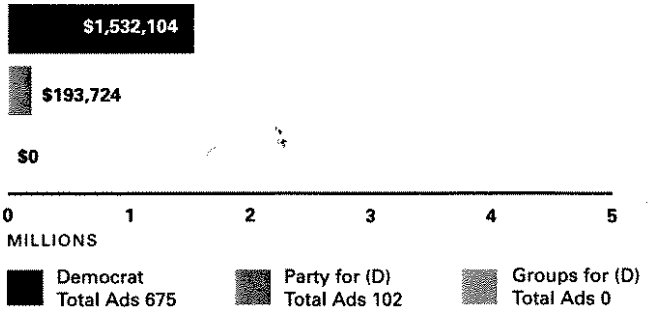
Candidates

Democrat: Carol Moseley-Braun
Total FEC spending: $7,200,895
Vote Total: 1,610,496
Percentage: 47

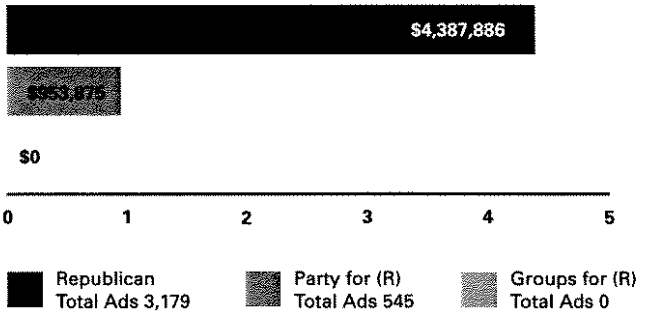
Republican: Peter Fitzgerald
Total FEC spending: $17,678,198
Vote Total: 1,709,041
Percentage: 50

Political Broadcasting

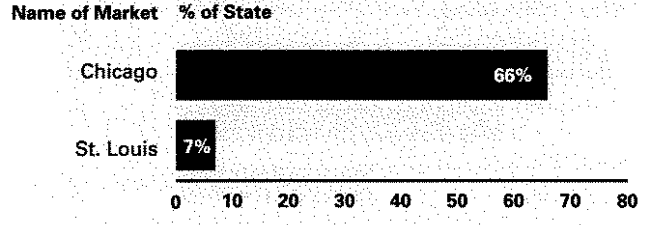
Total Spending for Moseley-Braun $1,725,828



Total Spending for Fitzgerald $5,341,761



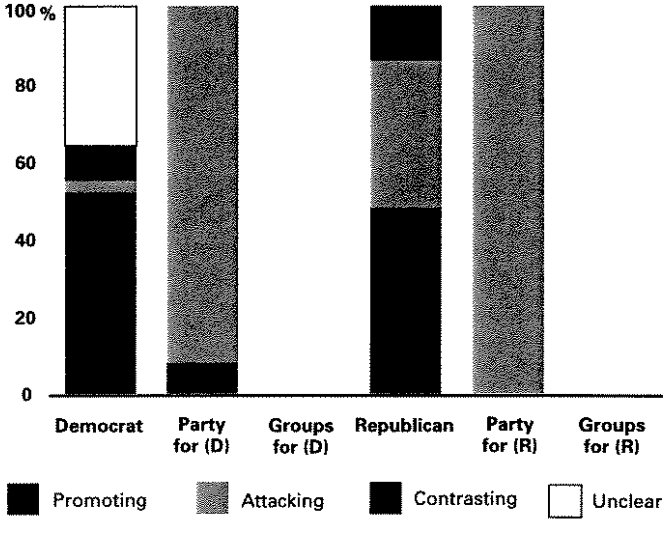
Media Markets Covered



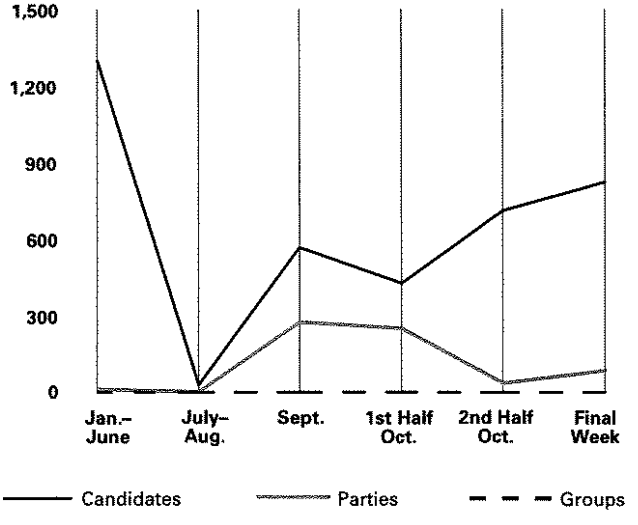
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	403	54
Abortion	396	53
Medicare	204	26
Republican		
Taxes	1,868	52
Honesty	1,413	39
Other	453	13

Tone of Ads



Number of Ads Over Time



Kentucky

Incumbent Party: Open

Senate

Primary date: May 26, 1998

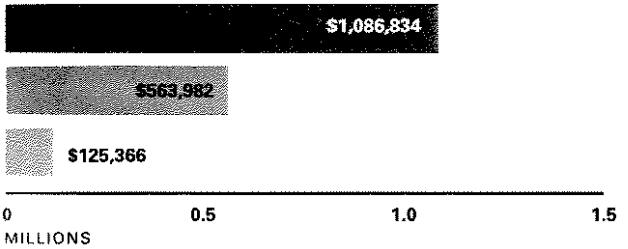
Candidates

Democrat: Scotty Baesler
Total FEC spending: $3,841,950
Vote Total: 563,051
Percentage: 49

✔ Republican: Jim Bunning
Total FEC spending: $3,746,540
Vote Total: 569,817
Percentage: 50

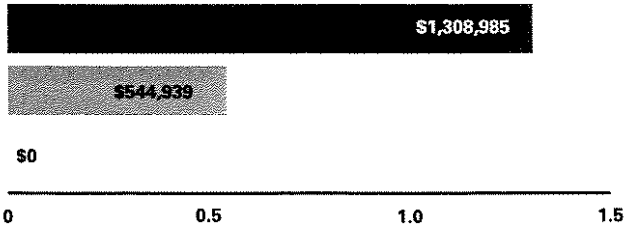
Political Broadcasting

Total Spending for Baesler $1,776,182



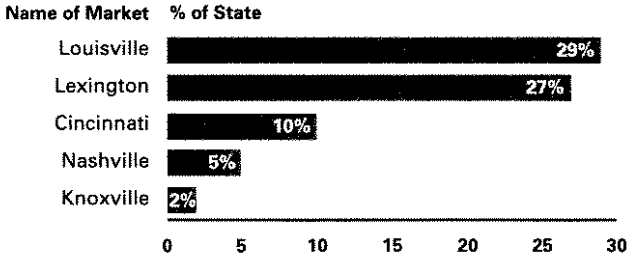
Democrat Total Ads 3,831 | Party for (D) Total Ads 2,351 | Groups for (D) Total Ads 336

Total Spending for Bunning $1,853,924



Republican Total Ads 4,047 | Party for (R) Total Ads 2,229 | Groups for (R) Total Ads 0

Media Markets Covered



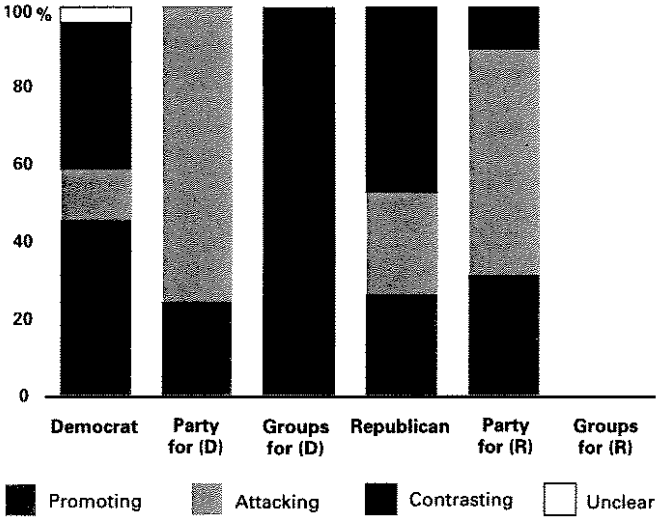
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Health care	2,048	34
Other	2,044	34
Taxes	2,043	34
Republican		
Social Security	3,534	56
Taxes	2,784	44
Other	1,356	22
Groups		
Education	336	100
Social Security	336	100
Medicare	336	100

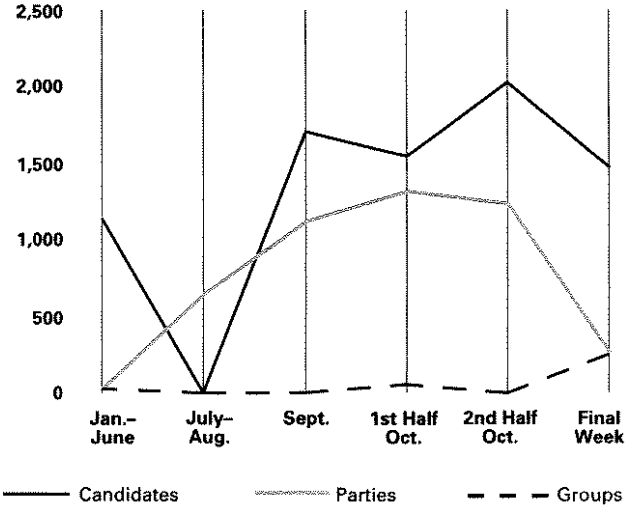
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Campaign for America	336	$125,366

Tone of Ads



Number of Ads Over Time



Nevada

Incumbent Party: Democrat

Senate

Primary date: September 1, 1998

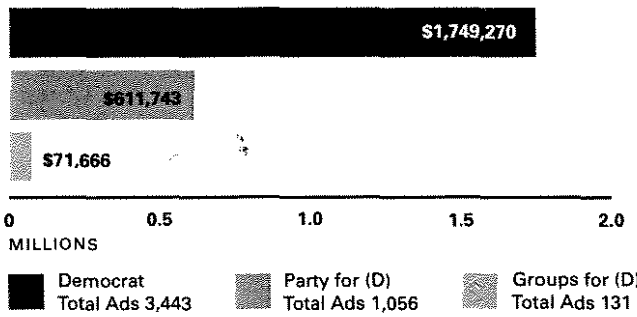
Candidates

✔ Democrat: Harry Reid
Total FEC spending: $4,939,010
Vote Total: 208,650
Percentage: 48

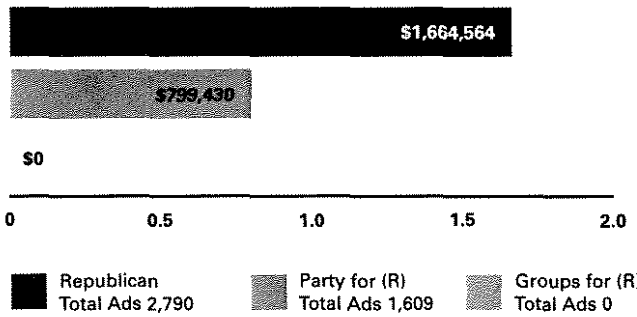
Republican: John Ensign
Total FEC spending: $3,490,256
Vote Total: 208,222
Percentage: 48

Political Broadcasting

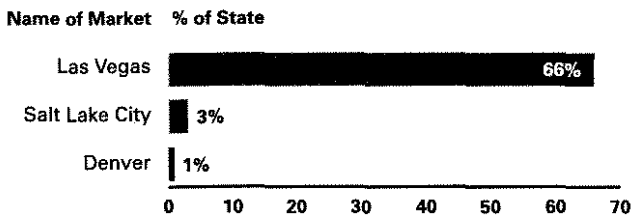
Total Spending for Reid $2,432,679



Total Spending for Ensign $2,463,994



Media Markets Covered



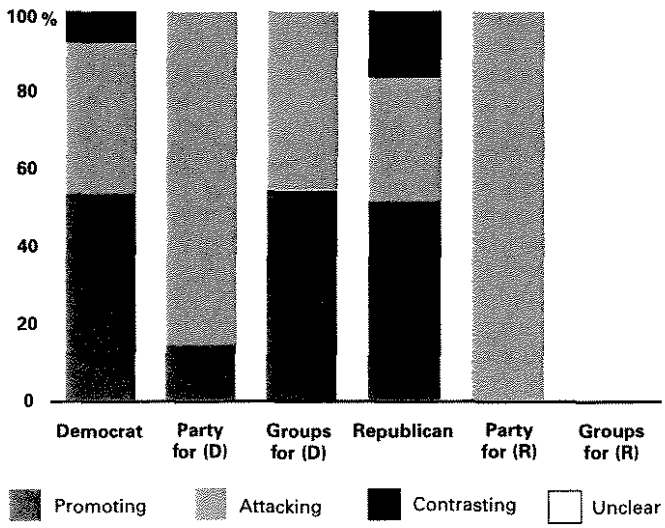
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Political record	1,070	29
Environment	1,061	29
Taxes	833	23
Republican		
Taxes	2,954	67
Social Security	1,567	36
Education	993	23
Groups		
Health care	152	54
Political record	131	46
Environment	82	29

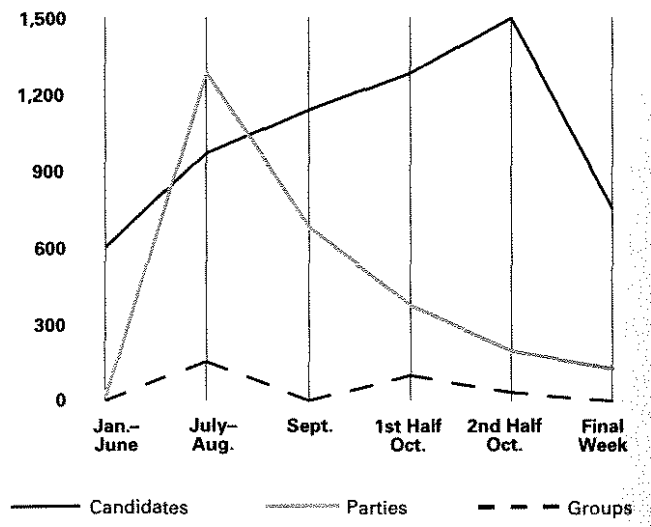
Major Interest Groups Participating

Name	Number of Ads	Total Spending
League of Conservation Voters	131	$71,666
Committee for Good Common Sense	254	$165,373

Tone of Ads



Number of Ads Over Time



New York

Incumbent Party: Republican

Senate

Primary date: September 15, 1998

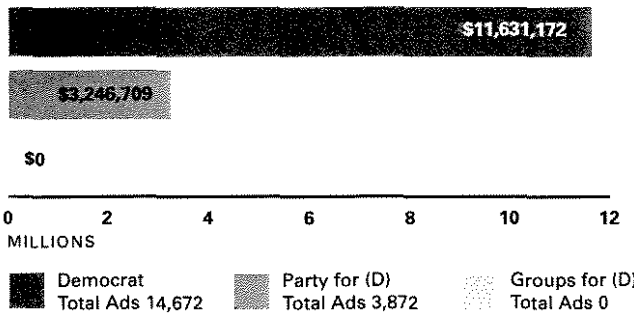
Candidates

✓ Democrat: Charles Schumer
Total FEC spending: $16,671,877
Vote Total: 2,551,065
Percentage: 55

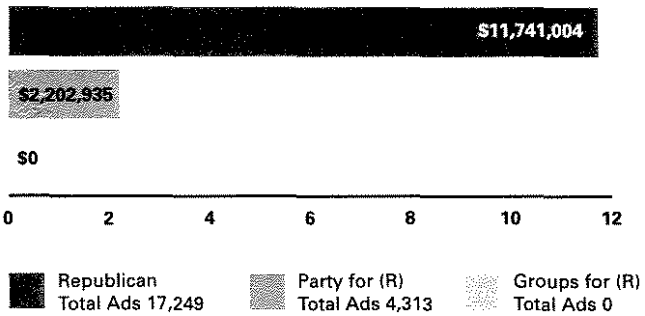
Republican: Alfonse D'Amato
Total FEC spending: $24,195,287
Vote Total: 2,058,988
Percentage: 44

Political Broadcasting

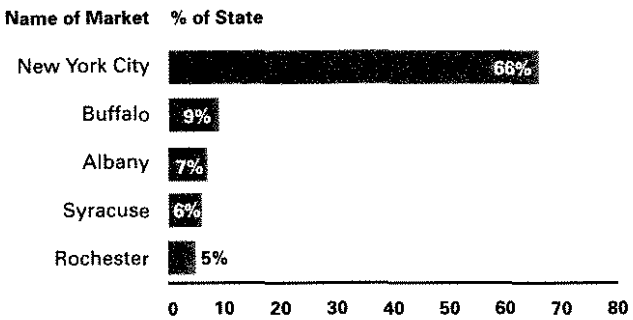
Total Spending for Schumer $14,877,881



Total Spending for D'Amato $13,943,939



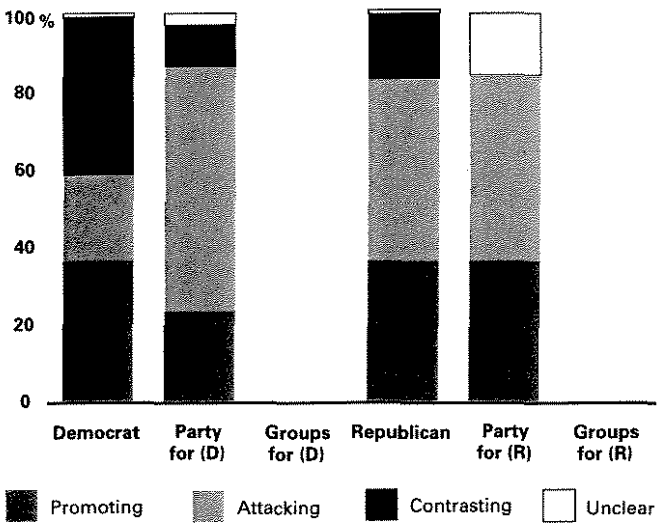
Media Markets Covered



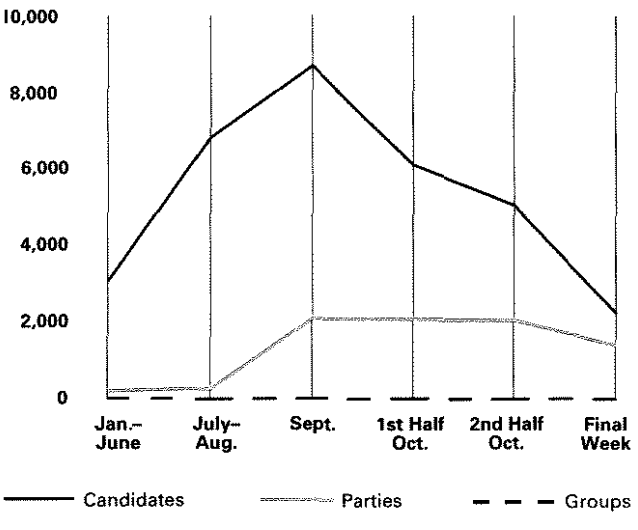
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Medicare	5,745	34
Education	4,910	29
Crime	4,793	28
Republican		
Other	5,298	28
Education	4,992	26
Taxes	4947	26

Tone of Ads



Number of Ads Over Time



North Carolina

Incumbent Party: Republican

Senate

Primary date: May 5, 1998

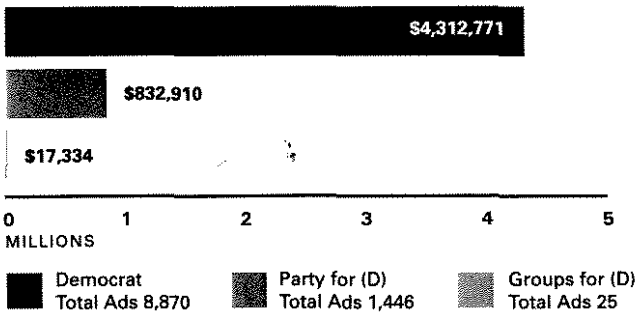
Candidates

Democrat: John Edwards
Total FEC spending: $8,331,382
Vote Total: 1,029,237
Percentage: 51

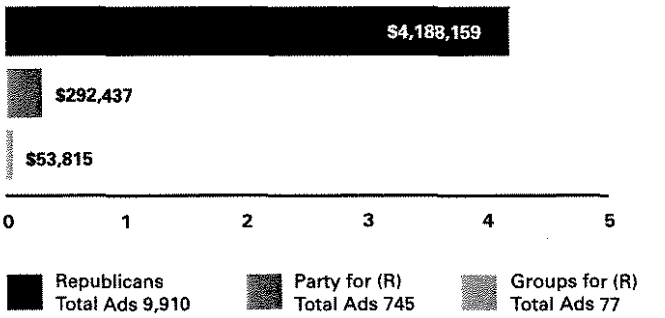
Republican: Lauch Faircloth
Total FEC spending: $9,375,771
Vote Total: 945,943
Percentage: 47

Political Broadcasting

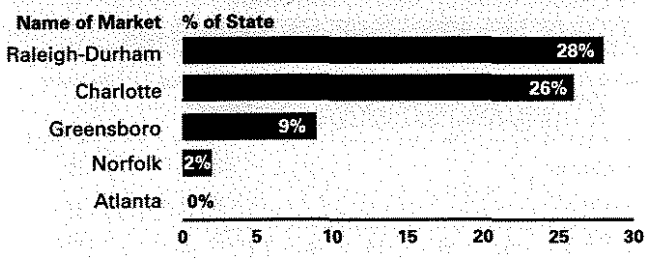
Total Spending for Edwards $5,163,015



Total Spending for Faircloth $4,534,411



Media Markets Covered



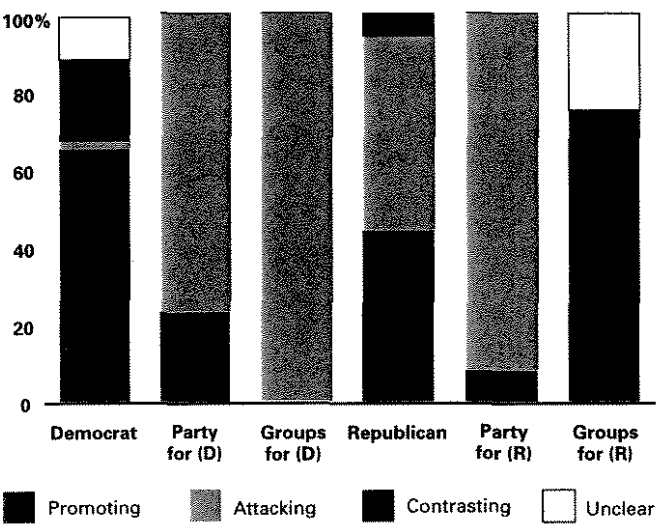
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	3,641	38
Health care	2,371	25
Special interests	2,058	22
Republican		
Taxes	5,213	49
Honesty	2,156	20
Welfare	2,080	20
Groups		
Health care	77	76
Environment	25	25

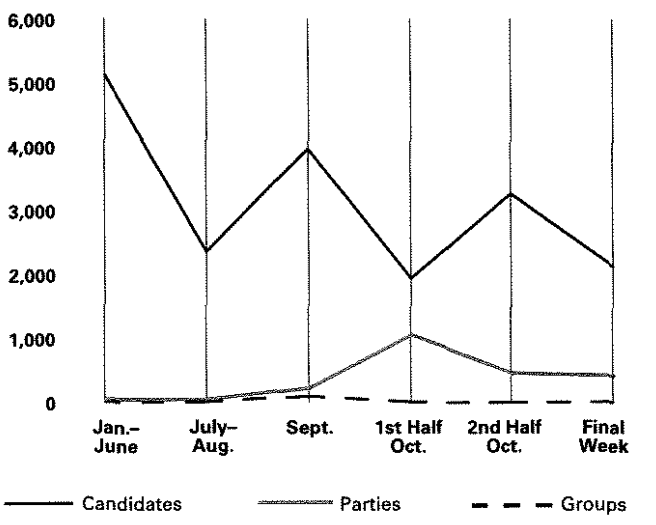
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Am. Association of Health Plans	77	$53,815
Sierra Club	25	$17,334

Tone of Ads



Number of Ads Over Time



Ohio

Incumbent Party: Open

Senate

Primary date: May 5, 1998

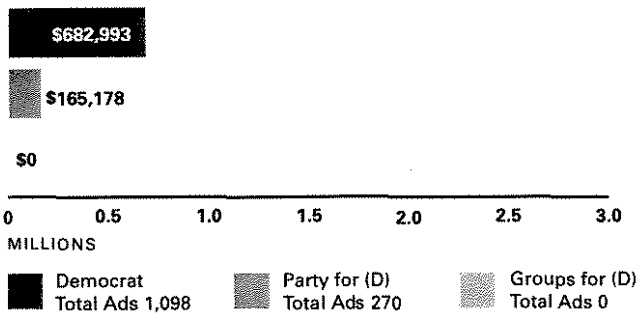
Candidates

Democrat: Mary Boyle
Total FEC spending: $2,236,137
Vote Total: 1,482,054
Percentage: 44

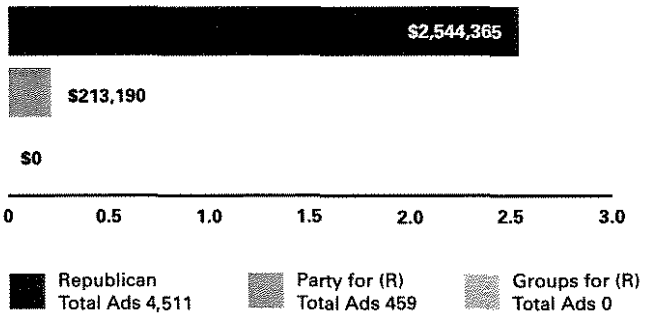
✓ Republican: George Voinovich
Total FEC spending: $6,756,712
Vote Total: 1,922,087
Percentage: 56

Political Broadcasting

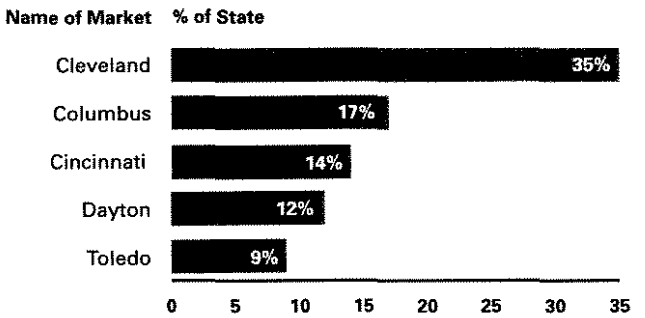
Total Spending for Boyle $848,171



Total Spending for Voinovich $2,757,555



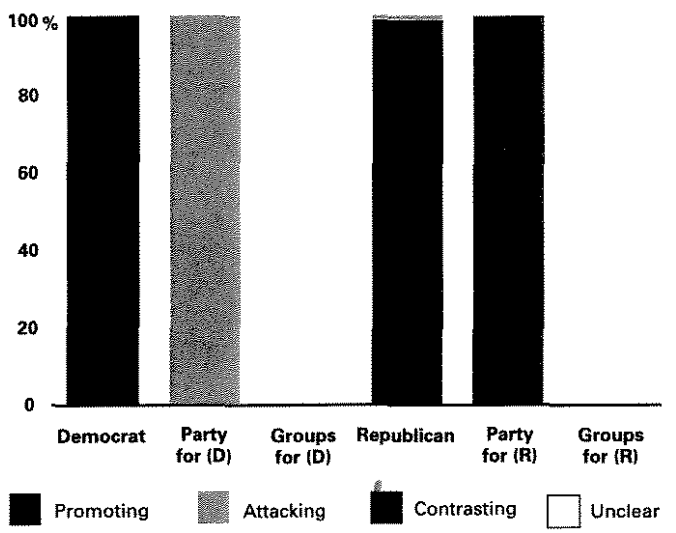
Media Markets Covered



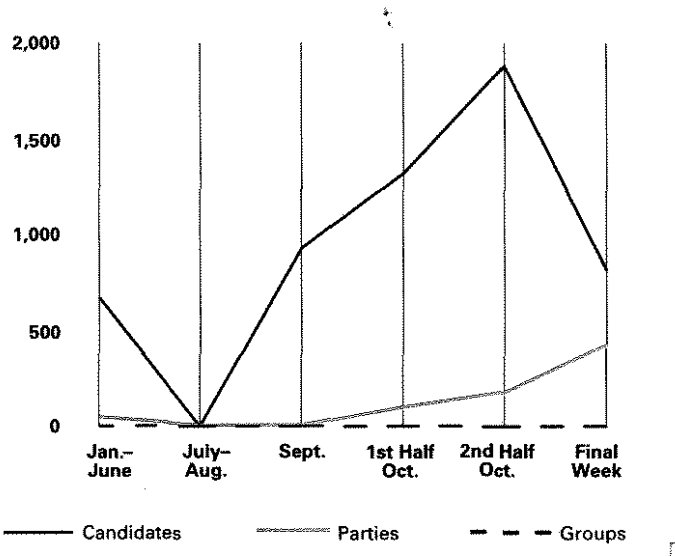
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Taxes	1,368	100
Education	1,366	100
Lottery for education	901	66
Republican		
Background	1,020	23
Social Security	1,020	23
Medicare	1,020	23

Tone of Ads



Number of Ads Over Time



South Carolina

Incumbent Party: Democrat

Senate

Primary date: June 9, 1998

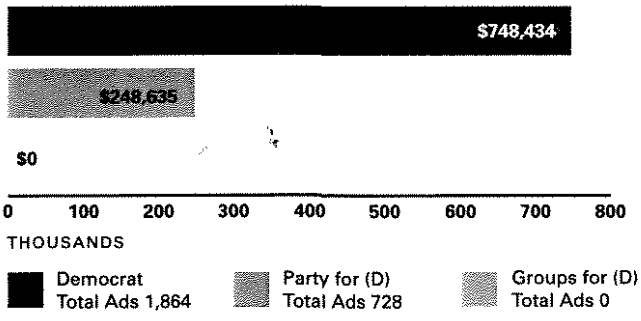
Candidates

✔ Democrat: Ernest Hollings
Total FEC spending: $4,968,456
Vote Total: 562,791
Percentage: 53

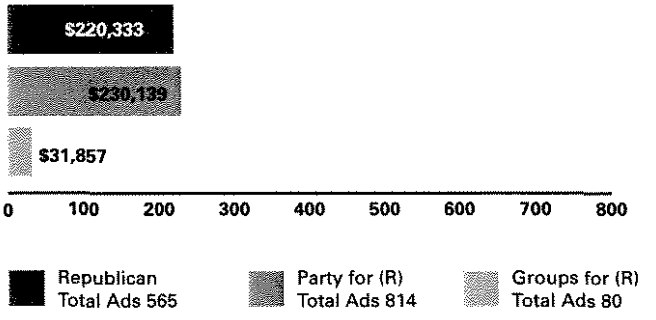
Republican: Bob Inglis
Total FEC spending: $2,143,278
Vote Total: 488,132
Percentage: 46

Political Broadcasting

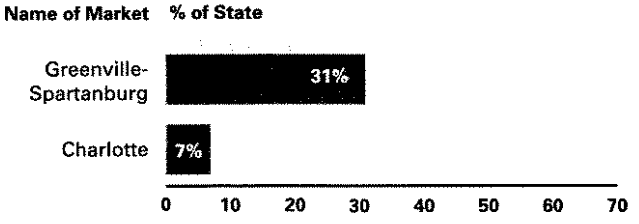
Total Spending for Hollings $997,069



Total Spending for Inglis $482,329



Media Markets Covered



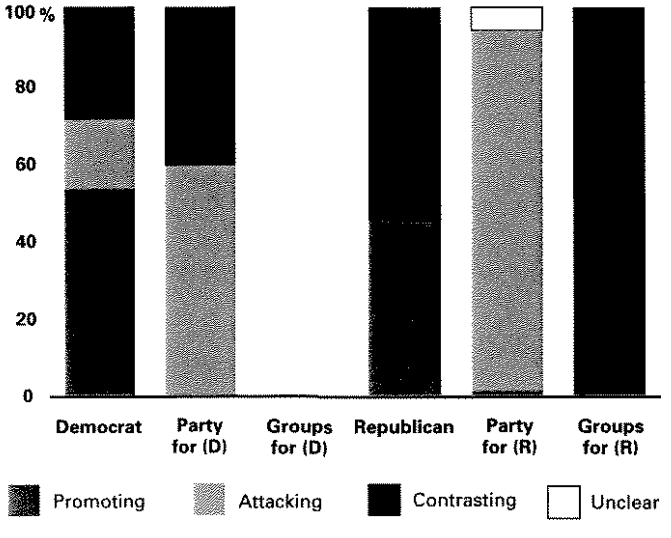
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Social Security	829	37
Other	629	28
Health care	546	25
Republican		
Social Security	798	60
Taxes	688	52
Political record	390	29
Groups		
Other	80	100

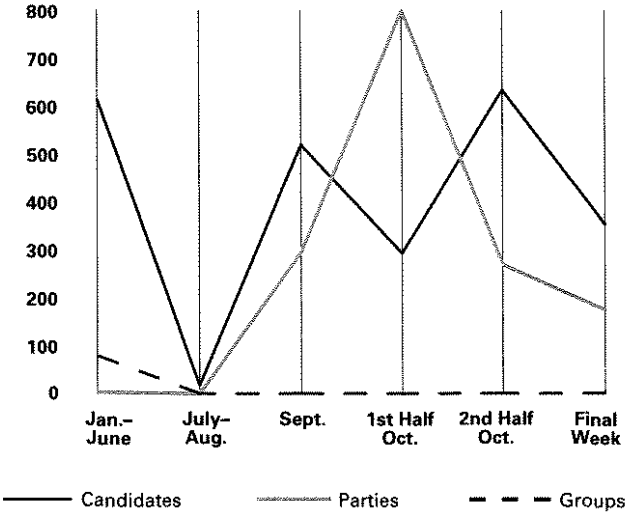
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Americans for Limited Terms	80	$31,857

Tone of Ads



Number of Ads Over Time



Washington

Incumbent Party: Democrat

Senate

Primary date: September 15, 1998

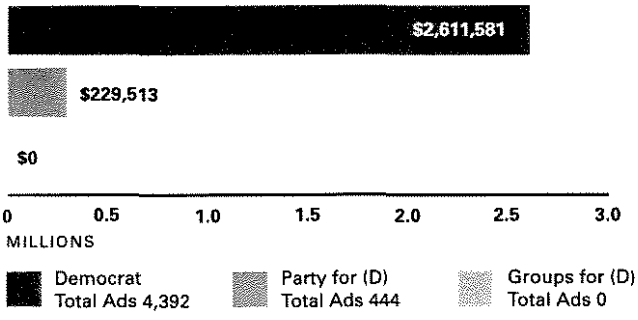
Candidates

✔ Democrat: Patty Murray
Total FEC spending: $5,600,592
Vote Total: 1,103,184
Percentage: 58

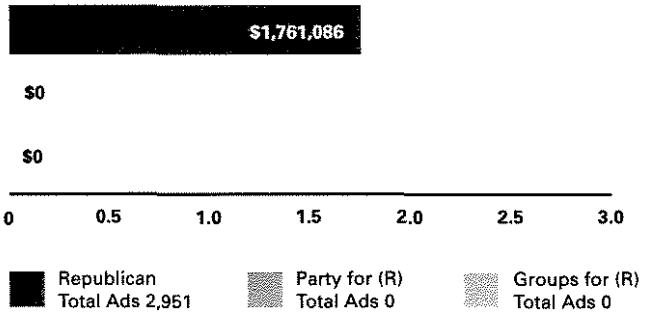
Republican: Linda Smith
Total FEC spending: $5,159,527
Vote Total: 785,377
Percentage: 42

Political Broadcasting

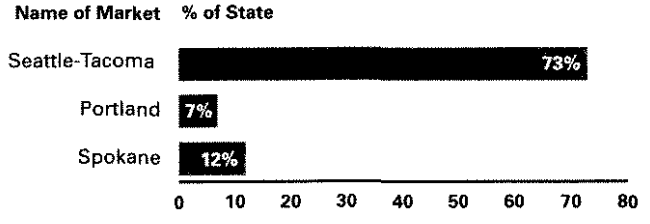
Total Spending for Murray $2,841,094



Total Spending for Smith $1,761,086



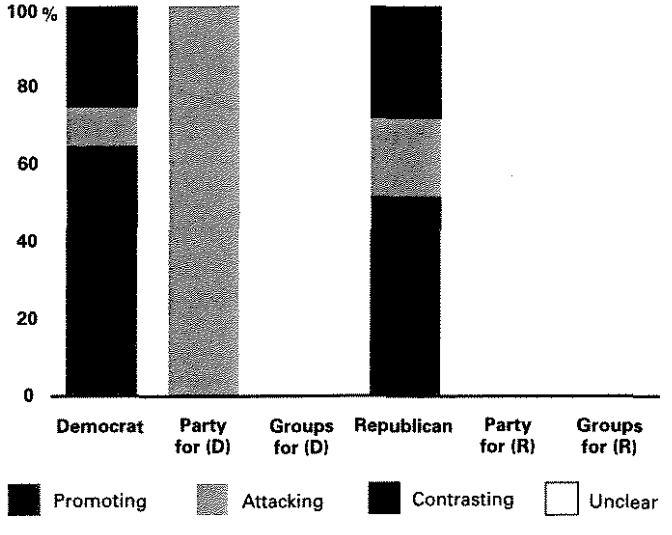
Media Markets Covered



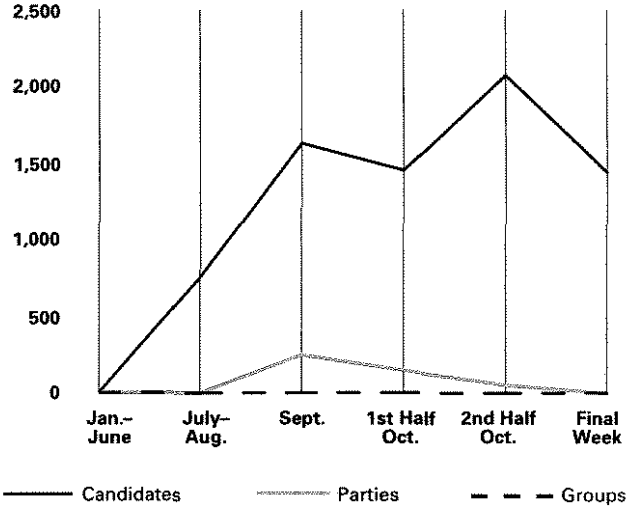
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	2,501	52
Social Security	1,045	22
Other	1,009	21
Republican		
Social Security	1,832	64
Taxes	1,680	59
Defense	795	28

Tone of Ads



Number of Ads Over Time



Wisconsin

Incumbent Party: Democrat

Senate

Primary date: September 8, 1998

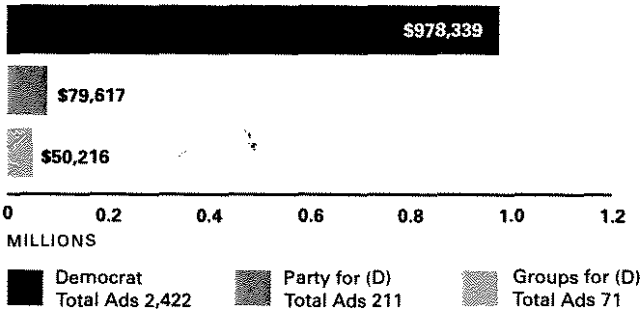
Candidates

Democrat: Russell Feingold
Total FEC spending: $3,846,089
Vote Total: 890,059
Percentage: 51

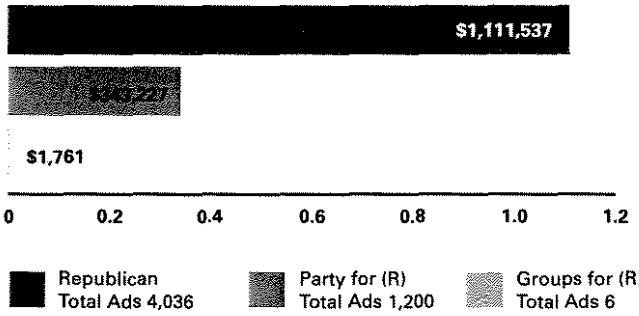
Republican: Mark Neumann
Total FEC spending: $4,373,953
Vote Total: 852,272
Percentage: 48

Political Broadcasting

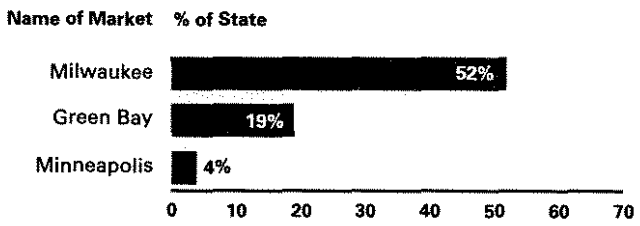
Total Spending for Feingold $1,108,172



Total Spending for Neumann $1,456,525



Media Markets Covered



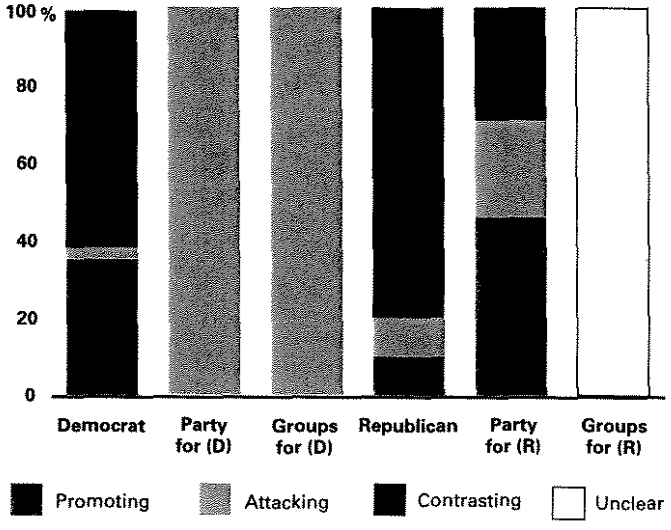
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Social Security	879	33
Special interests	491	19
Education	395	15
Republican		
Taxes	2,474	47
Social Security	1,573	30
Defense	619	12
Groups		
Political record	71	92
Environment	71	92
Abortion	6	8

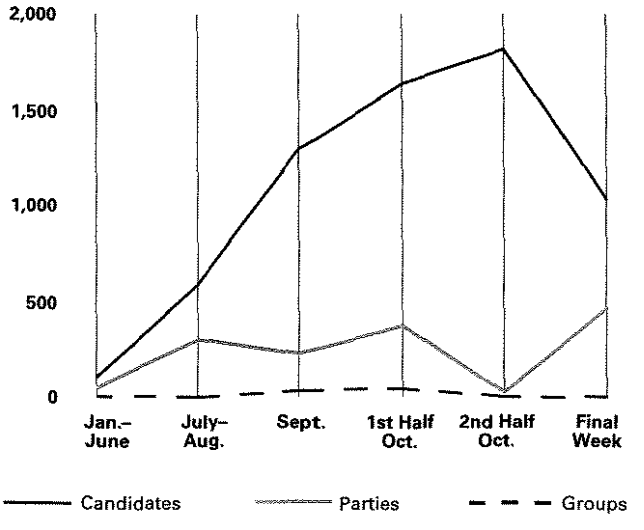
Major Interest Groups Participating

Name	Number of Ads	Total Spending
League of Conservation Voters	71	$50,216
National Pro-Life Association	6	$1,761

Tone of Ads



Number of Ads Over Time



Alabama

Incumbent Party: Republican

District 4

Primary date: June 2, 1998

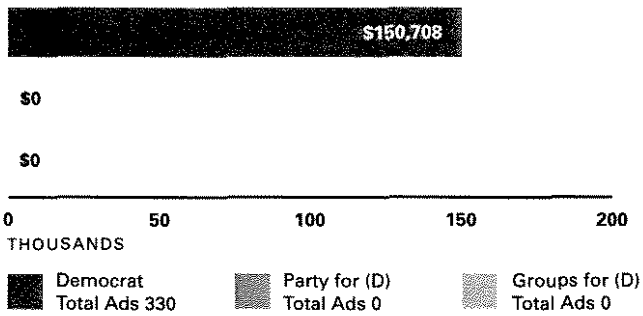
Candidates

Democrat: Donald Bevil
Total FEC spending: $662,224
Vote Total: 82,065
Percentage: 44

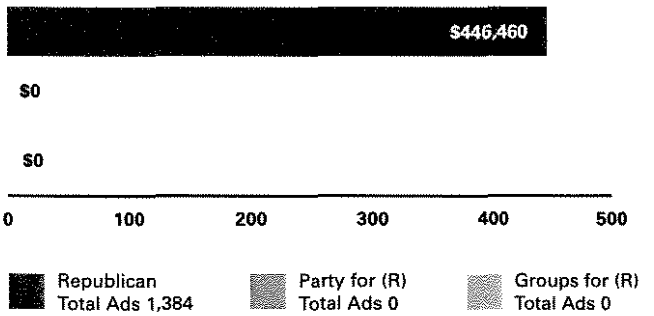
✔ Republican: Robert Aderholt
Total FEC spending: $1,605,092
Vote Total: 106,297
Percentage: 56

Political Broadcasting

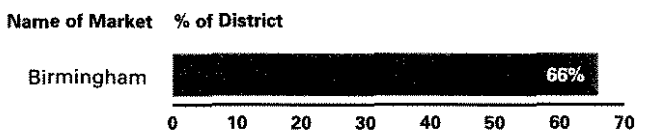
Total Spending for Bevil $1,108,172



Total Spending for Aderholt $1,456,525



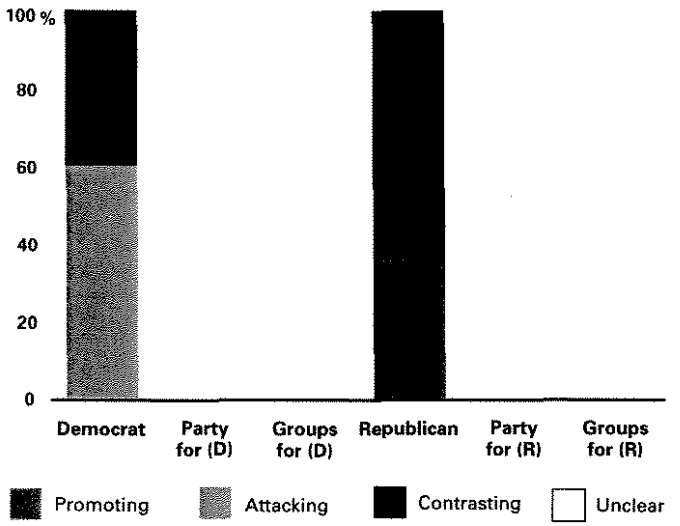
Media Markets Covered



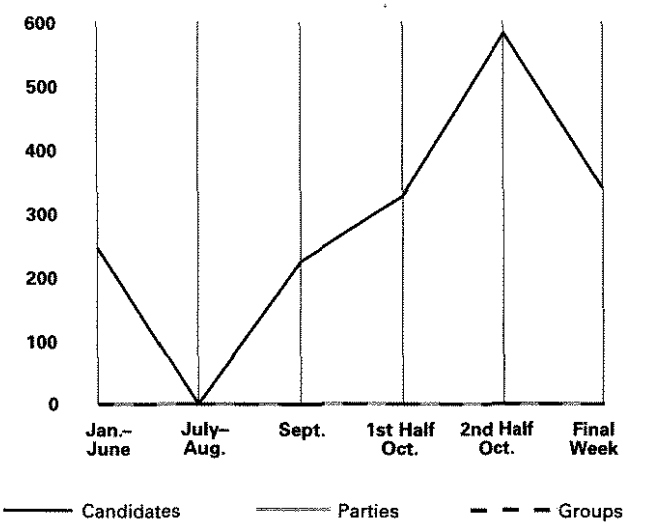
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Child-related	197	60
Education	133	40
Social Security	133	40
Republican		
Social Security	1,081	78
Taxes	749	54
Ideology	749	54

Tone of Ads



Number of Ads Over Time



Arizona

Incumbent Party: Republican

District 6

Primary date: June 25, 1998

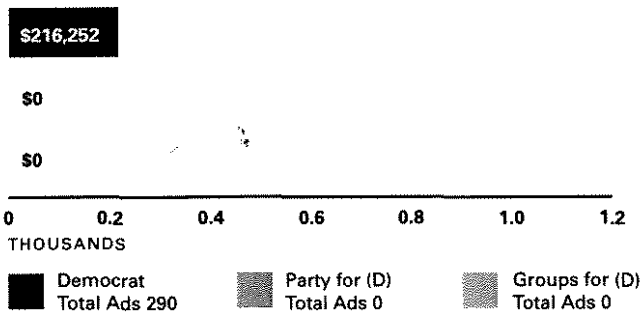
Candidates

Democrat: Steve Owens
Total FEC spending: $836,074
Vote Total: 88,001
Percentage: 44

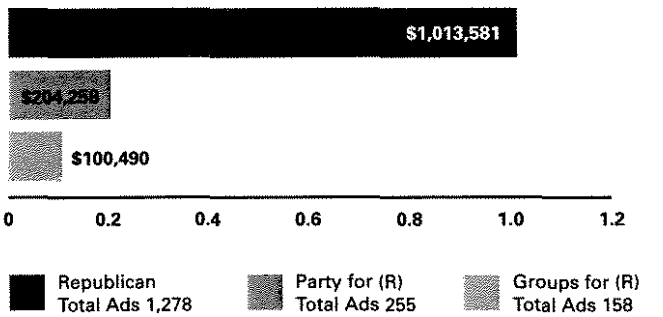
✓ Republican: J.D. Hayworth
Total FEC spending: $1,839,460
Vote Total: 106,891
Percentage: 53

Political Broadcasting

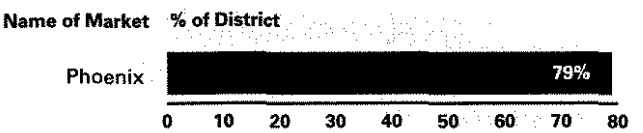
Total Spending for Owens $216,252



Total Spending for Hayworth $1,324,329



Media Markets Covered



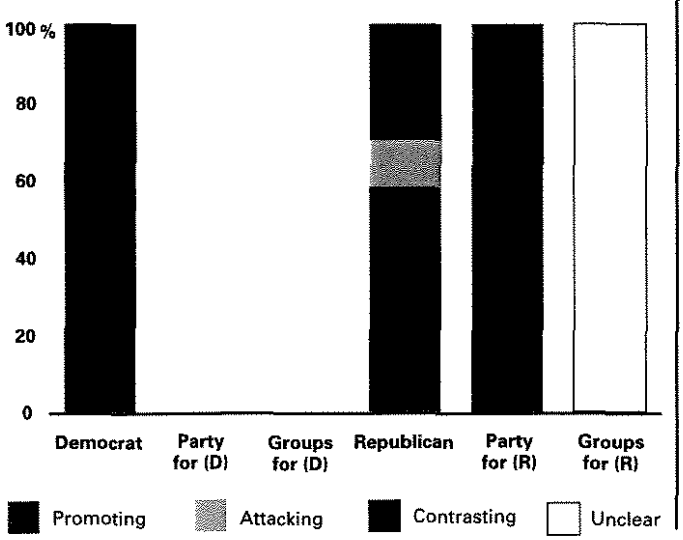
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Ideology	203	70
Background	152	52
Taxes	83	29
Republican		
Taxes	938	62
Defense	515	34
Social Security	499	33
Groups		
Taxes	158	100

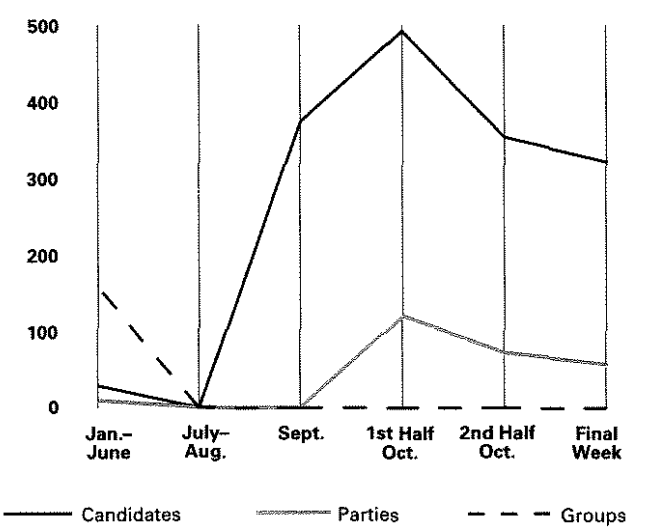
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Americans for Fair Taxation	158	$106,490

Tone of Ads



Number of Ads Over Time



Arkansas

Incumbent Party: Democrat

District 2

Primary date: May 19, 1998

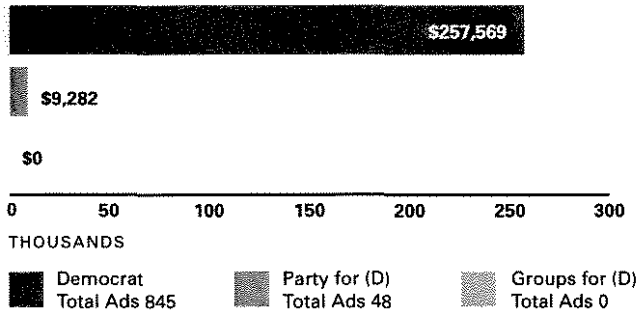
Candidates

✓ Democrat: Vic Snyder
Total FEC spending: $963,053
Vote Total: 100,334
Percentage: 58

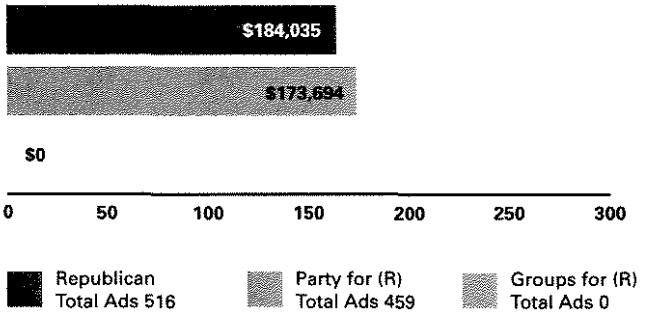
Republican: Phil Wyrick
Total FEC spending: $607,999
Vote Total: 72,737
Percentage: 42

Political Broadcasting

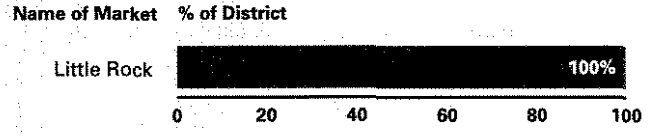
Total Spending for Snyder $266,851



Total Spending for Wyrick $337,729



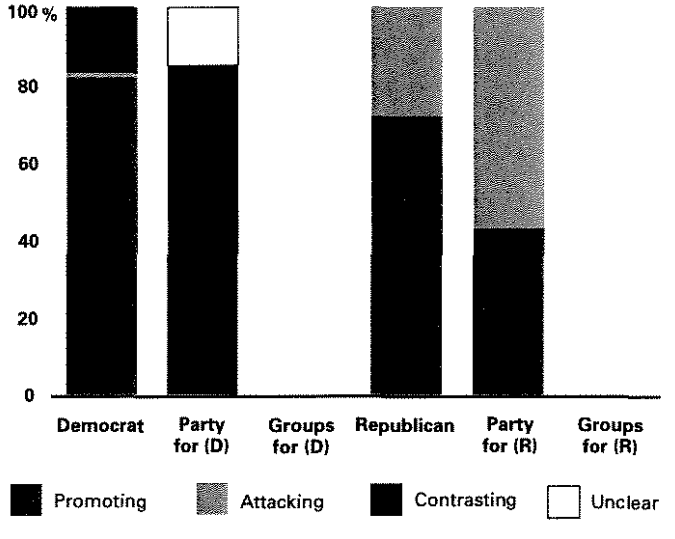
Media Markets Covered



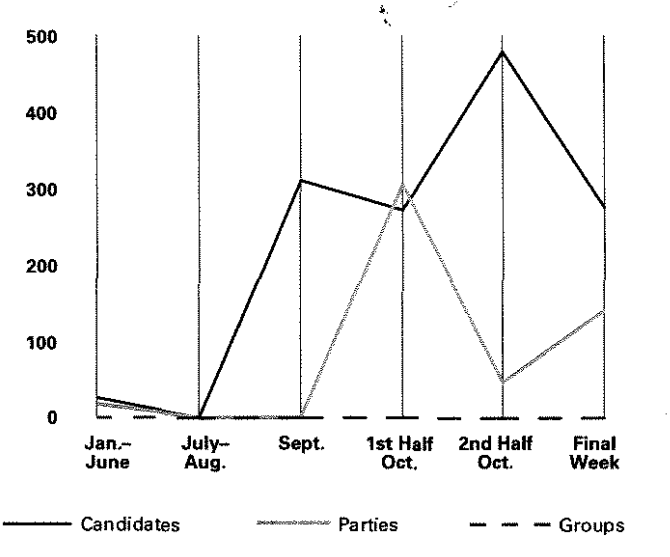
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Health care	466	52
Defense	417	47
Social Security	339	38
Republican		
Drugs	406	42
Political record	363	37
Background	300	31

Tone of Ads



Number of Ads Over Time



California

Incumbent Party: Republican

District 49

Primary date: June 2, 1998

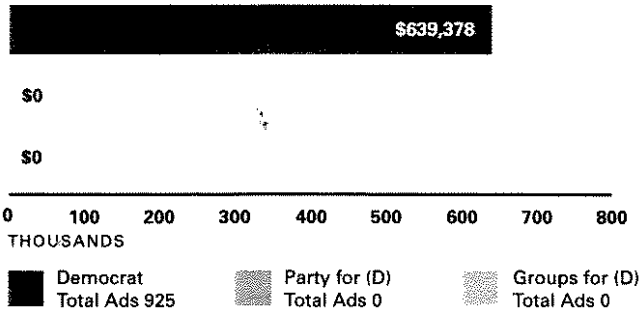
Candidates

Democrat: Christine Kehoe
Total FEC spending: $1,263,299
Vote Total: 86,400
Percentage: 47

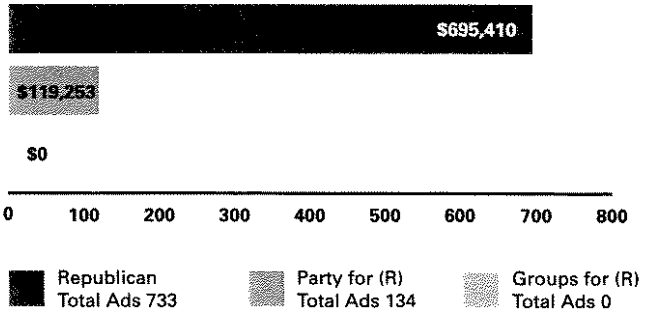
✔ Republican: Brian Bilbray
Total FEC spending: $1,278,210
Vote Total: 90,516
Percentage: 49

Political Broadcasting

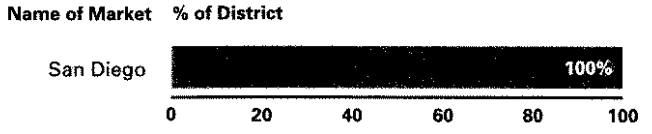
Total Spending for Kehoe $639,378



Total Spending for Bilbray $814,663



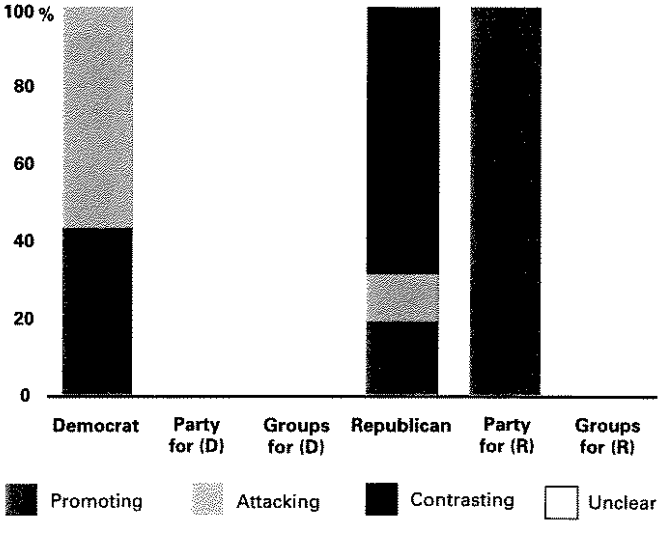
Media Markets Covered



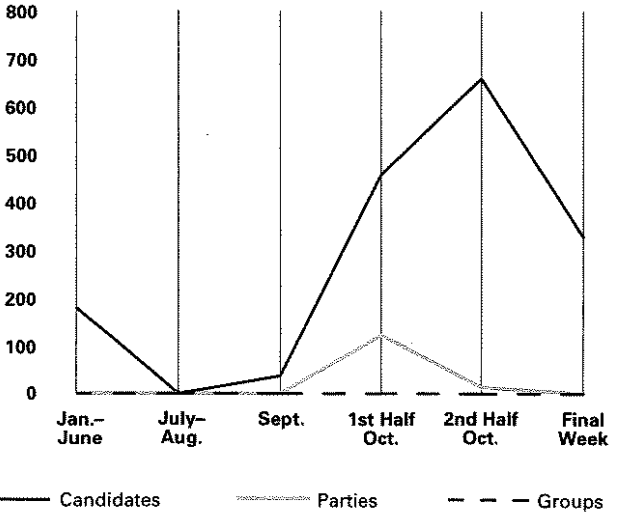
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	629	68
Environment	587	64
Abortion	296	32
Republican		
Defense	399	64
Honesty	265	42
Other child-related-related	265	42

Tone of Ads



Number of Ads Over Time



Colorado

Incumbent Party: Open

District 2

Primary date: August 11, 1998

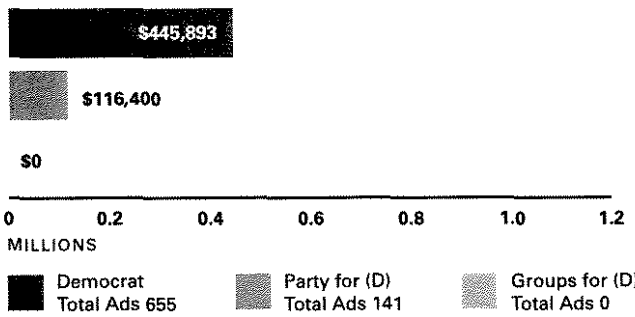
Candidates

✓ Democrat: Mark Udall
Total FEC spending: $1,226,580
Vote Total: 113,946
Percentage: 50

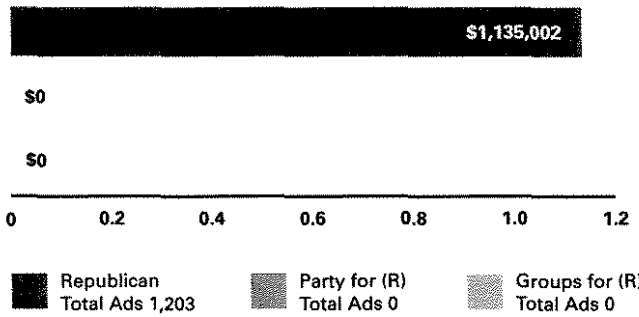
Republican: Bob Greenlee
Total FEC spending: $1,879,887
Vote Total: 108,385
Percentage: 47

Political Broadcasting

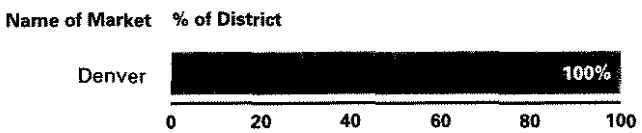
Total Spending for Udall $562,293



Total Spending for Greenlee $1,135,002



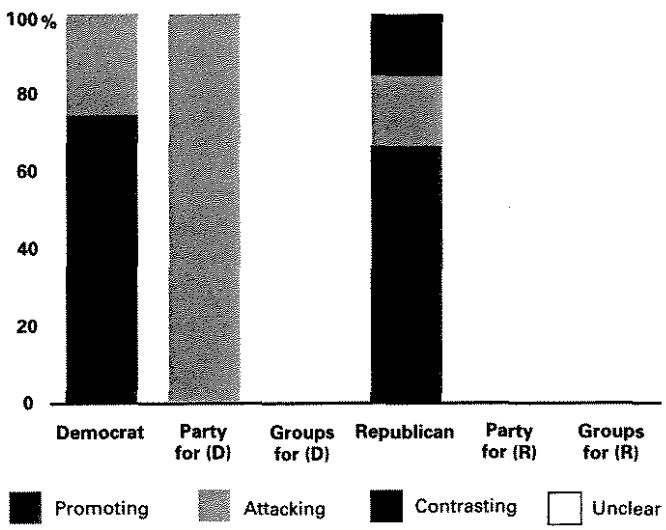
Media Markets Covered



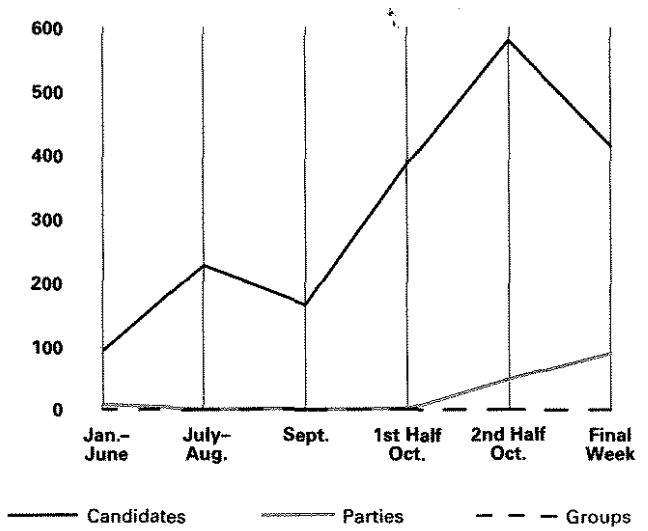
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	482	74
Health care	482	74
Other	312	48
Republican		
Taxes	892	74
Social Security	394	33
Background	298	25

Tone of Ads



Number of Ads Over Time



Colorado

Incumbent Party: Open

District 6

Primary date: August 11, 1998

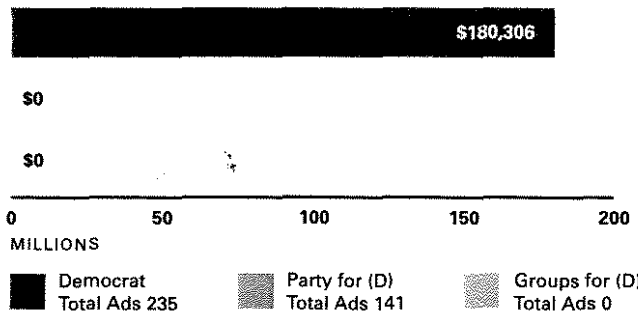
Candidates

Democrat: Henry L. Strauss
Total FEC spending: $393,280
Vote Total: 82,662
Percentage: 42

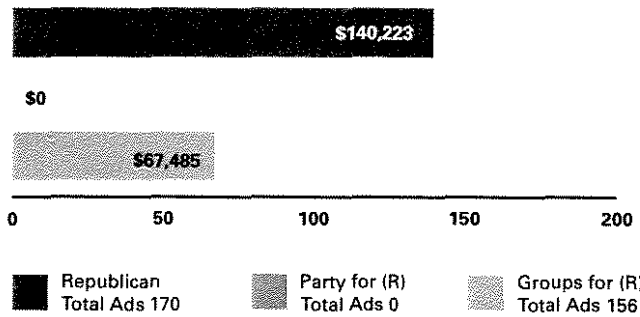
✔ Republican: Tom Tancredo
Total FEC spending: $527,796
Vote Total: 111,374
Percentage: 56

Political Broadcasting

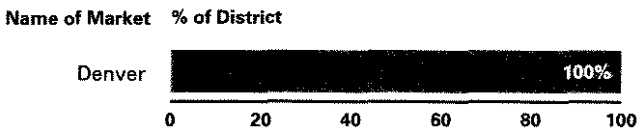
Total Spending for Strauss $180,306



Total Spending for Tancredo $207,708



Media Markets Covered



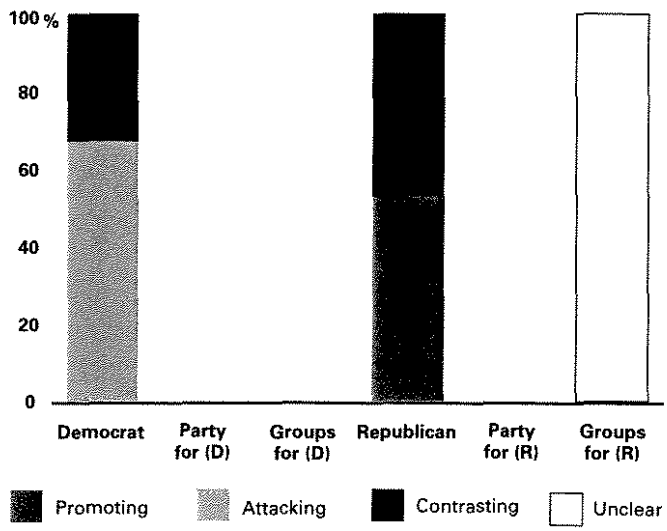
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Ideology	231	100
Abortion	77	33
Education	77	33
Republican		
Taxes	170	100
Education	170	100
Social Security	170	100
Groups		
Abortion	126	81
Farming	19	19

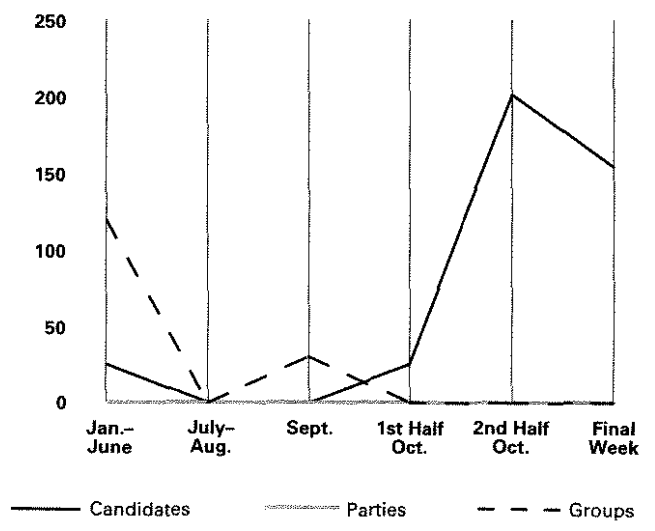
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Business Roundtable	30	$22,088
National Right to Life	126	$45,397

Tone of Ads



Number of Ads Over Time



Connecticut

Incumbent Party: Democrat

District 5

Primary date: September 15, 1998

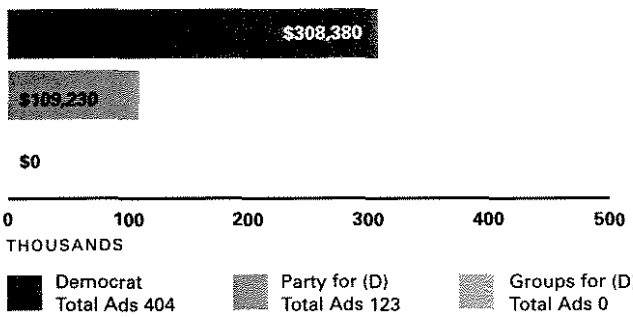
Candidates

✓ Democrat: James H. Maloney
Total FEC spending: $1,377,977
Vote Total: 78,394
Percentage: 50

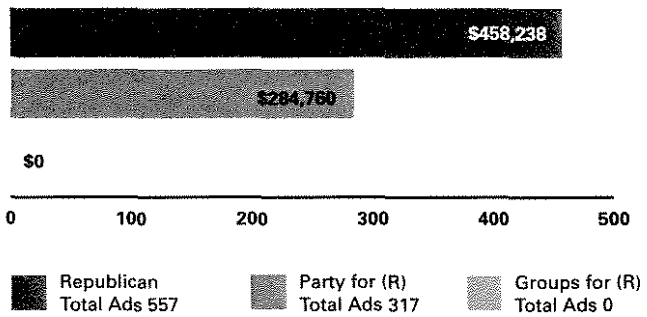
Republican: Mark Neilson
Total FEC spending: $939,775
Vote Total: 76,051
Percentage: 48

Political Broadcasting

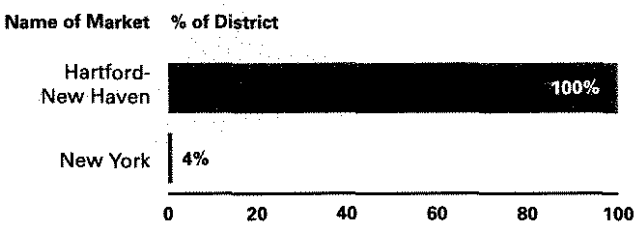
Total Spending for Maloney $417,610



Total Spending for Neilson $742,998



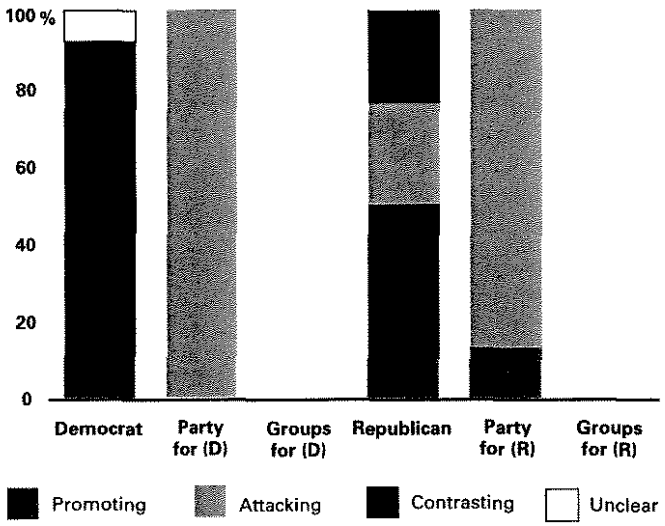
Media Markets Covered



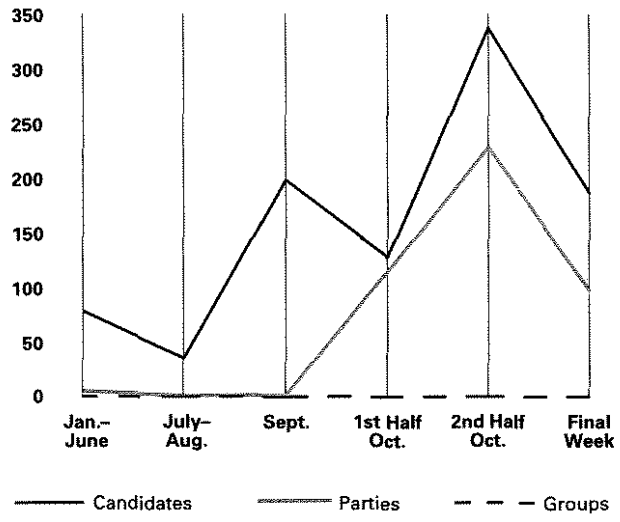
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Political record	202	38
Other law and order	193	37
Taxes	183	35
Republican		
Taxes	455	52
Welfare	277	32
Campaign finance reform	275	32

Tone of Ads



Number of Ads Over Time



Connecticut

Incumbent Party: Republican

District 6

Primary date: September 15, 1998

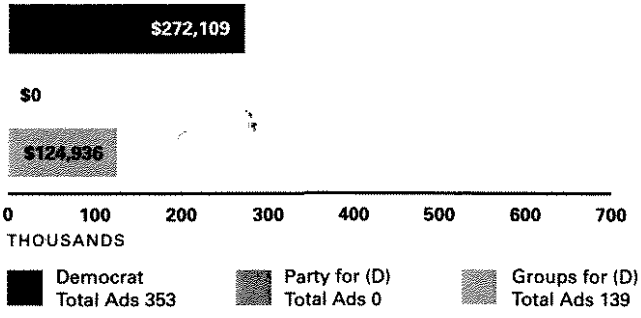
Candidates

Democrat: Charlotte Koskoff
Total FEC spending: $551,881
Vote Total: 69,201
Percentage: 40

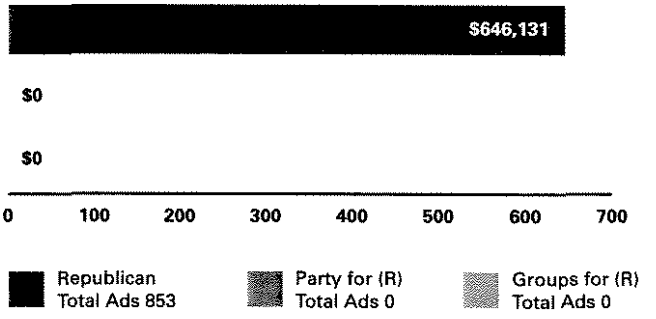
Republican: Nancy Johnson
Total FEC spending: $1,768,957
Vote Total: 101,630
Percentage: 58

Political Broadcasting

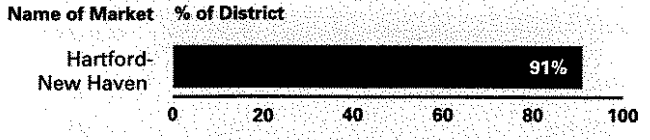
Total Spending for Koskoff $397,045



Total Spending for Johnson $646,131



Media Markets Covered



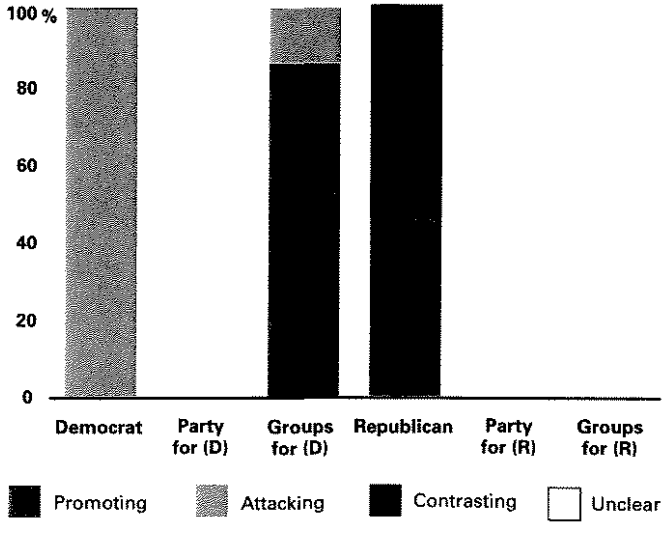
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Special interests	138	77
Honesty	42	23
Republican		
Taxes	559	77
Social Security	165	60
Honesty	243	34
Groups		
Health care	139	100

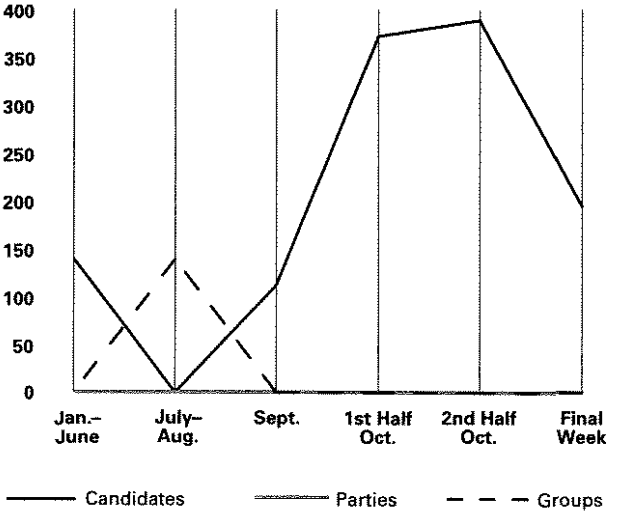
Major Interest Groups Participating

Name	Number of Ads	Total Spending
AFL-CIO	139	$124,936

Tone of Ads



Number of Ads Over Time



Florida

Incumbent Party: Democrat

District 3

Primary date: September 1, 1998

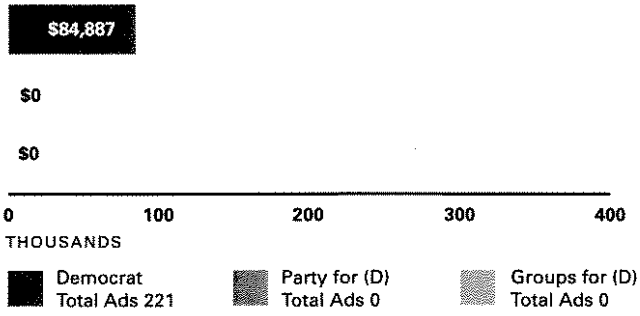
Candidates

✔ Democrat: Corrine Brown
Total FEC spending: $488,690
Vote Total: 66,621
Percentage: 55

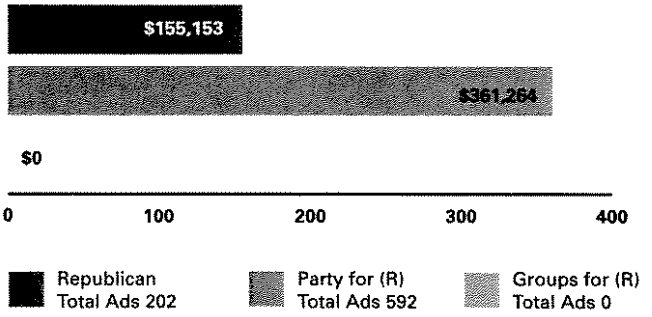
Republican: Bill Randall
Total FEC spending: $465,865
Vote Total: 53,530
Percentage: 45

Political Broadcasting

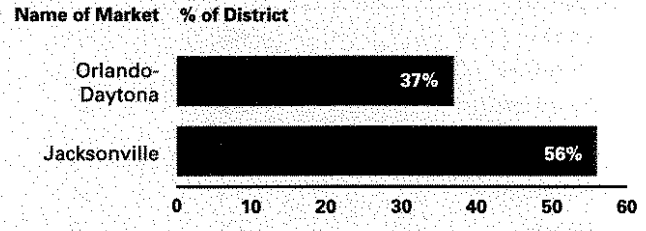
Total Spending for Brown $84,887



Total Spending for Randall $516,417



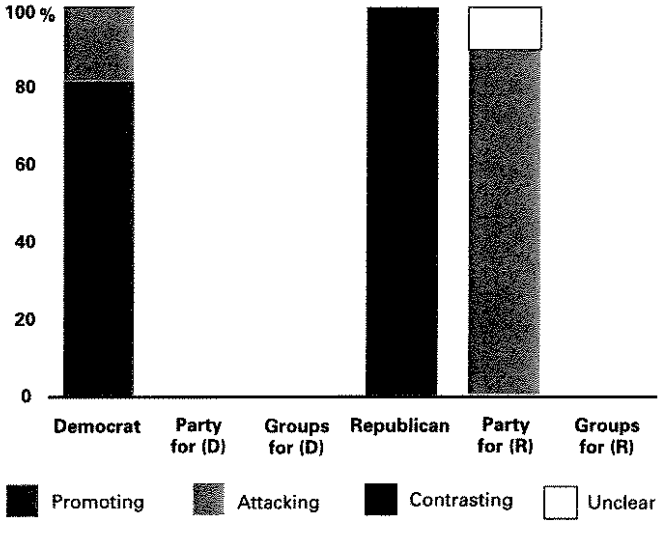
Media Markets Covered



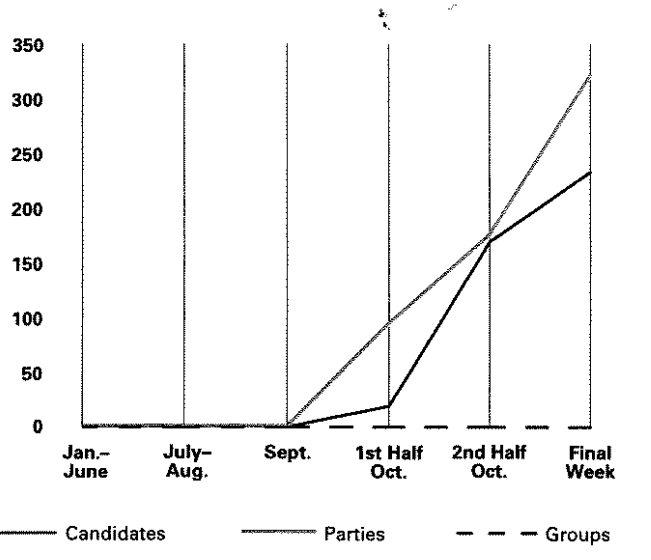
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Jobs	180	81
Social Security	90	42
Political record	87	39
Republican		
Political record	430	56
Honesty	430	56
Special interests	365	47

Tone of Ads



Number of Ads Over Time



Idaho

Incumbent Party: Republican

District 1

Primary date: May 26, 1998

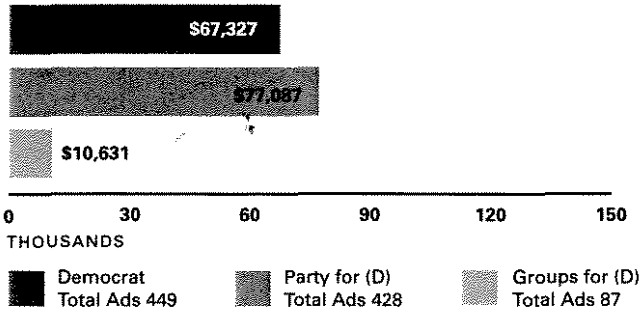
Candidates

Democrat: Dan Williams
Total FEC spending: $876,308
Vote Total: 91,653
Percentage: 45

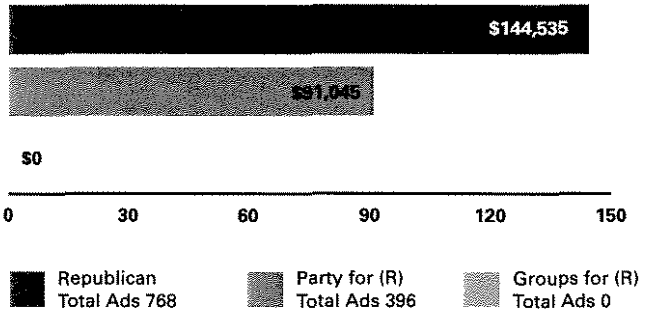
✓ Republican: Helen Chenoweth
Total FEC spending: $1,331,487
Vote Total: 113,231
Percentage: 55

Political Broadcasting

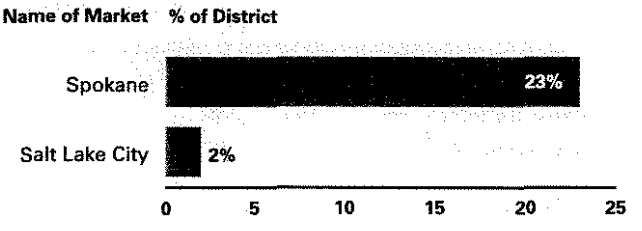
Total Spending for Williams $155,045



Total Spending for Chenoweth $235,580



Media Markets Covered



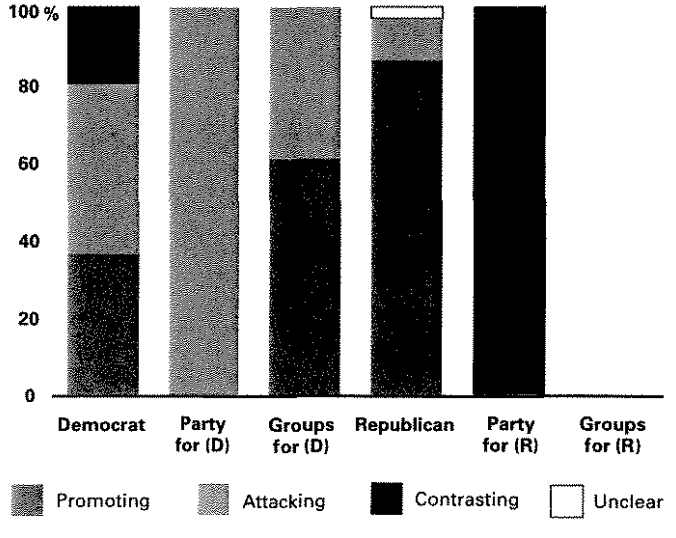
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Other	402	46
Education	298	34
Environment	268	31
Republican		
Education	313	34
Defense	298	32
Government spending	250	27
Groups		
Health care	87	100

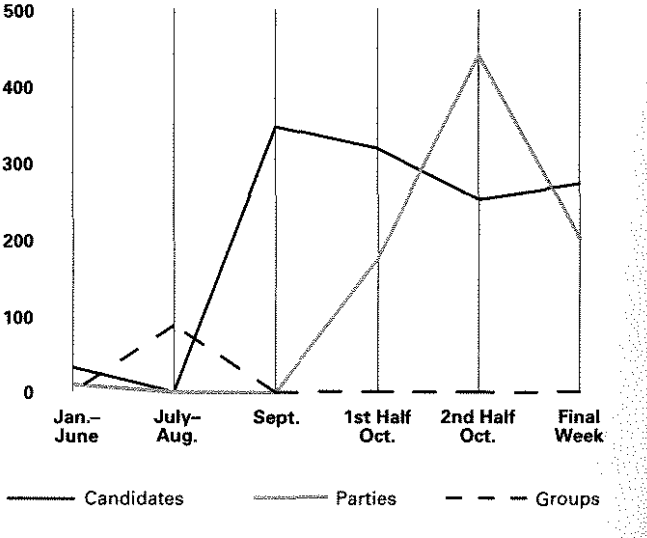
Major Interest Groups Participating

Name	Number of Ads	Total Spending
AFL-CIO	87	$10,631

Tone of Ads



Number of Ads Over Time



Indiana

Incumbent Party: Open

District 9

Primary date: May 5, 1998

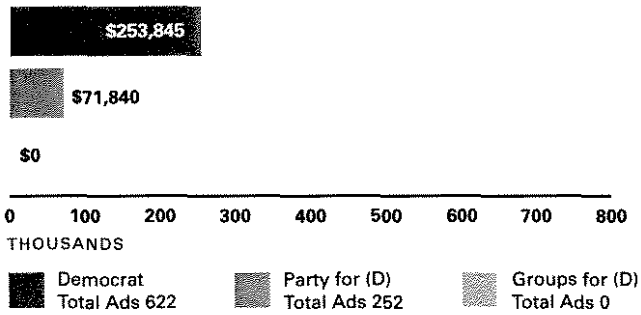
Candidates

✔ Democrat: Baron Hill
Total FEC spending: $1,009,101
Vote Total: 92,973
Percentage: 51

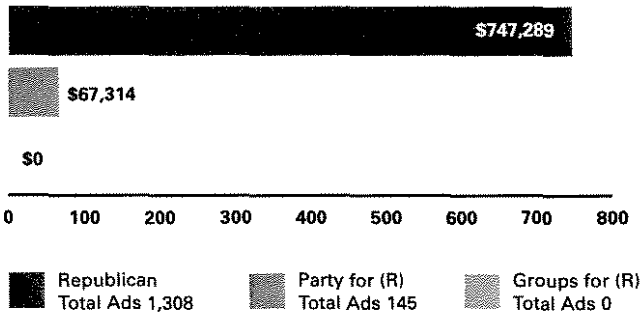
Republican: Jean Leising
Total FEC spending: $647,330
Vote Total: 87,797
Percentage: 48

Political Broadcasting

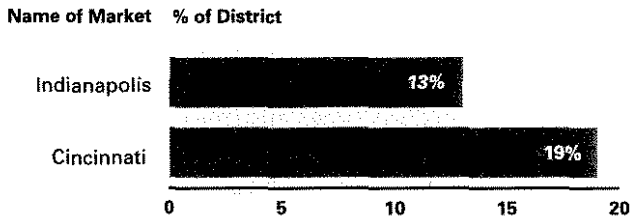
Total Spending for Hill $325,685



Total Spending for Leising $814,603



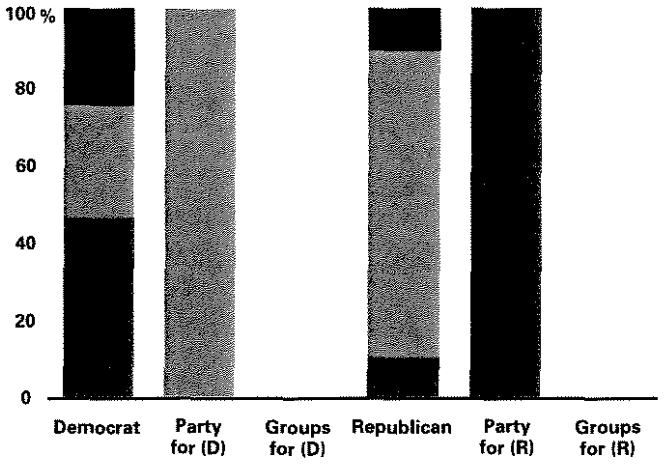
Media Markets Covered



Top 3 Themes by Advertiser

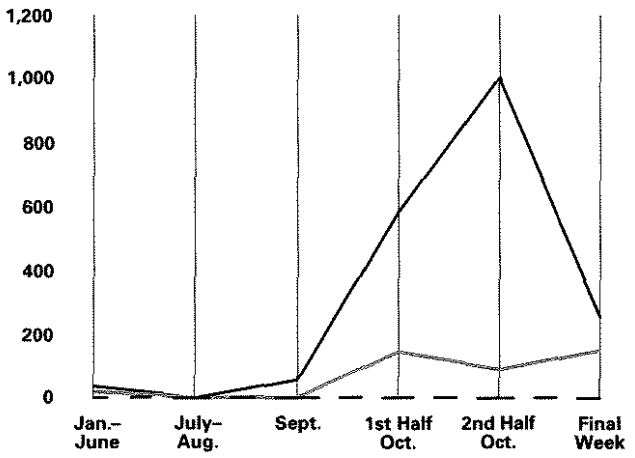
Name	Number of Ads	Percent
Democrat		
Social Security	505	58
Education	423	48
Medicare	296	34
Republican		
Jobs	1,030	71
Social Security	294	20
Health care	145	10

Tone of Ads



Promoting Attacking Contrasting Unclear

Number of Ads Over Time



Candidates Parties Groups

Indiana

Incumbent Party: Democrat

District 10

Primary date: May 5, 1998

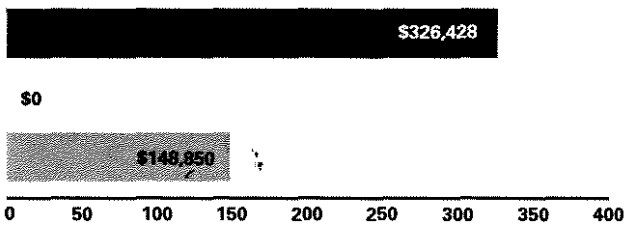
Candidates

Democrat: Julia Carson
Total FEC spending: $773,835
Vote Total: 69,682
Percentage: 58

Republican: Gary Hofmeister
Total FEC spending: $773,589
Vote Total: 47,017
Percentage: 39

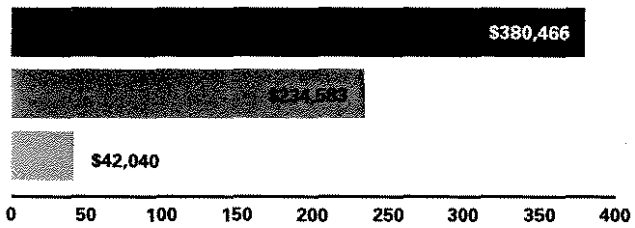
Political Broadcasting

Total Spending for Carson $475,278



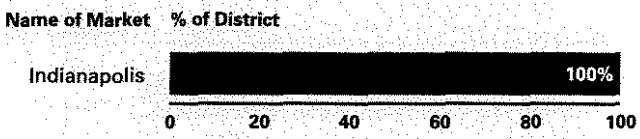
Democrat Total Ads 701 | Party for (D) Total Ads 0 | Groups for (D) Total Ads 261

Total Spending for Hofmeister $657,089



Republican Total Ads 773 | Party for (R) Total Ads 363 | Groups for (R) Total Ads 116

Media Markets Covered



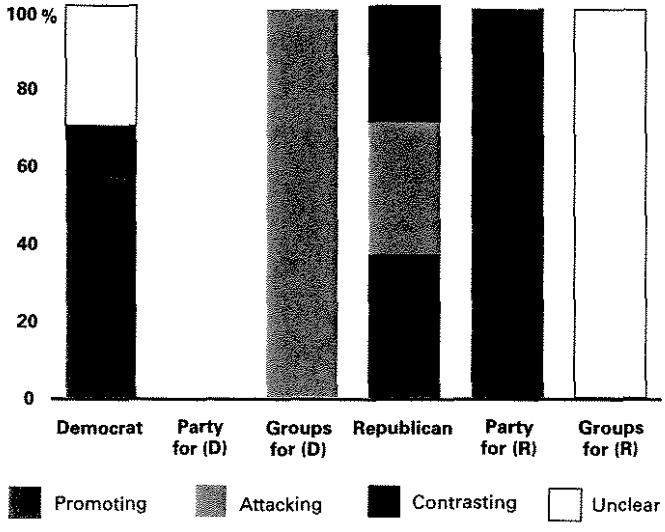
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Government spending	357	74
Taxes	250	52
Education	199	41
Republican		
Crime	416	46
Personal values	196	22
Drugs	196	22
Groups		
Health care	261	69
Taxes	116	31

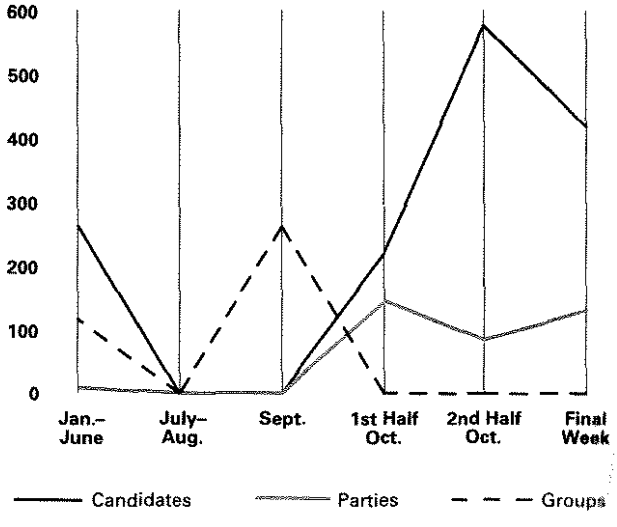
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Americans for Fair Taxation	116	$42,040
AFL-CIO	261	$148,850

Tone of Ads



Number of Ads Over Time



Iowa

Incumbent Party: Democrat

District 3

Primary date: June 2, 1998

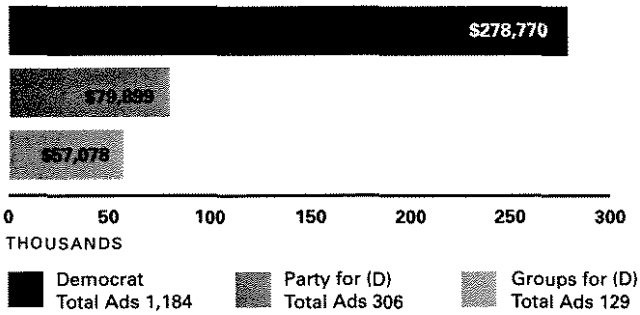
Candidates

✓ Democrat: Leonard L. Boswell
Total FEC spending: $1,041,955
Vote Total: 107,947
Percentage: 57

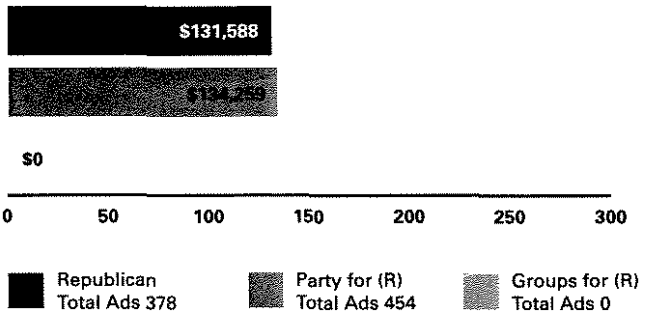
Republican: Larry McKibben
Total FEC spending: $847,794
Vote Total: 78,063
Percentage: 41

Political Broadcasting

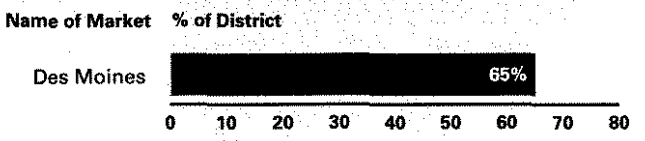
Total Spending for Boswell $415,547



Total Spending for McKibben $265,847



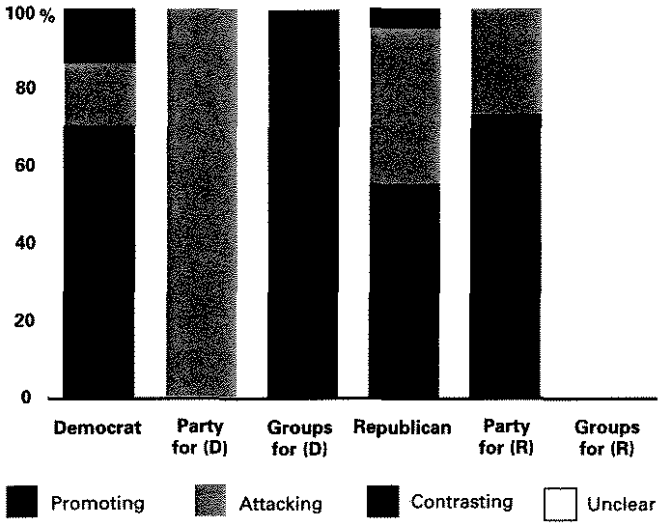
Media Markets Covered



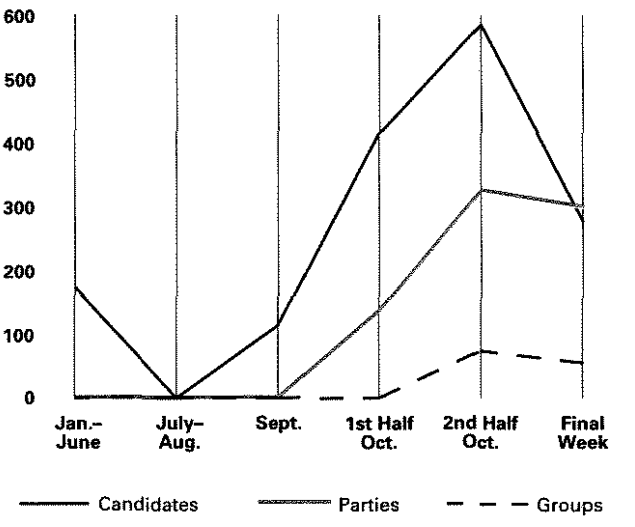
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Taxes	596	40
Drugs	563	38
Education	422	28
Republican		
Defense	402	54
Social Security	388	52
Taxes	308	41
Groups		
Education	129	100
Health care	129	100

Tone of Ads



Number of Ads Over Time



Kansas

Incumbent Party: Republican

District 3

Primary date: August 4, 1998

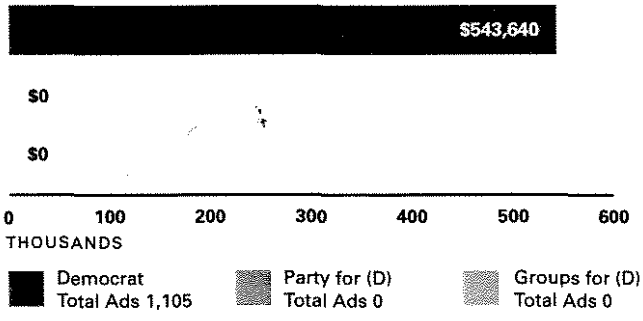
Candidates

✓ Democrat: Dennis Moore
Total FEC spending: $986,688
Vote Total: 103,376
Percentage: 52

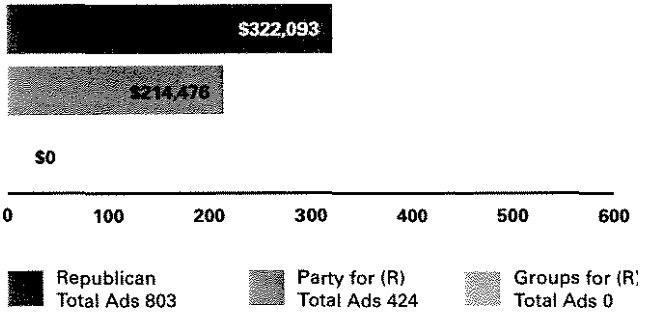
Republican: Vince Snowbarger
Total FEC spending: $1,003,694
Vote Total: 93,938
Percentage: 48

Political Broadcasting

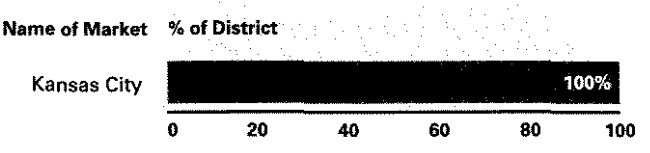
Total Spending for Moore $543,640



Total Spending for Snowbarger $536,569



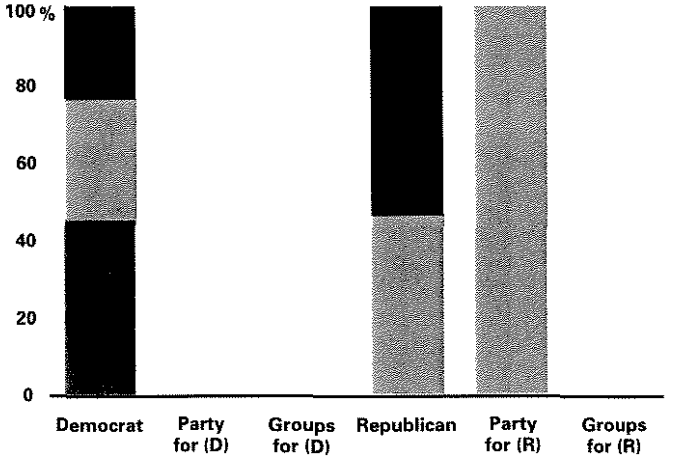
Media Markets Covered



Top 3 Themes by Advertiser

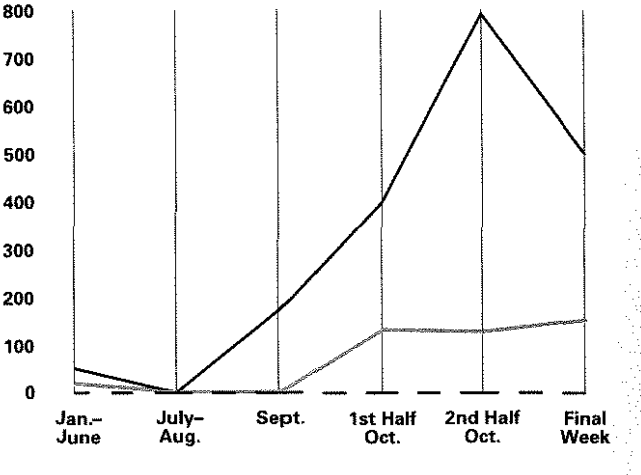
Name	Number of Ads	Percent
Democrat		
Social Security	597	54
Education	305	28
Health care	295	27
Republican		
Taxes	803	65
Honesty	523	43
Social Security	434	35

Tone of Ads



Promoting Attacking Contrasting Unclear

Number of Ads Over Time



Candidates Parties Groups

Kentucky

Incumbent Party: Republican

District 3

Primary date: May 26, 1998

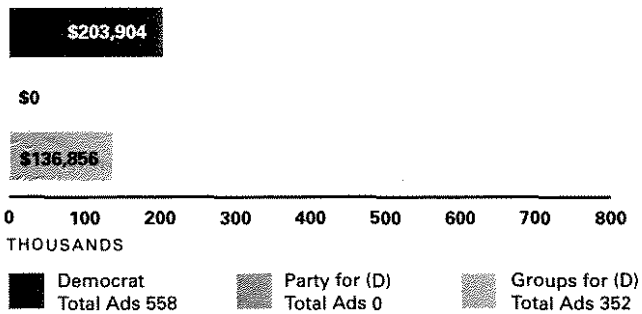
Candidates

Democrat: Chris Gorman
Total FEC spending: $702,866
Vote Total: 92,865
Percentage: 48

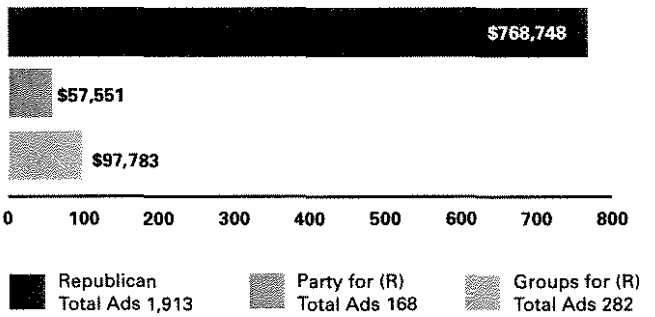
✓ Republican: Anne Northup
Total FEC spending: $1,772,613
Vote Total: 100,690
Percentage: 52

Political Broadcasting

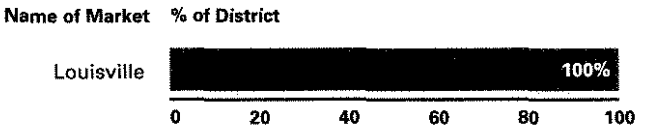
Total Spending for Gorman $340,760



Total Spending for Northup $924,082



Media Markets Covered



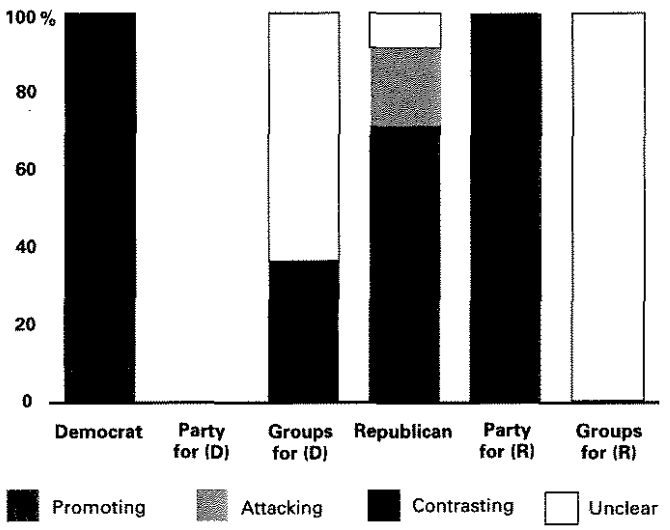
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Social Security	558	100
Medicare	259	46
Taxes	259	46
Republican		
Social Security	654	34
Political record	378	20
Education	546	29
Groups		
Taxes	224	35
Defense	224	35
Government spending	224	35

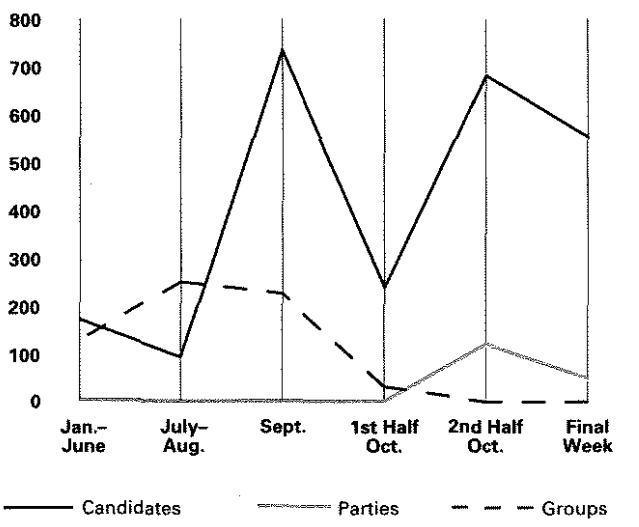
Major Interest Groups Participating

Name	Number of Ads	Total Spending
AFL-CIO	224	$92,567
Americans for Limited Terms	128	$44,289
Business Roundtable	282	$97,783

Tone of Ads



Number of Ads Over Time



Kentucky

Incumbent Party: Open

District 4

Primary date: May 26, 1998

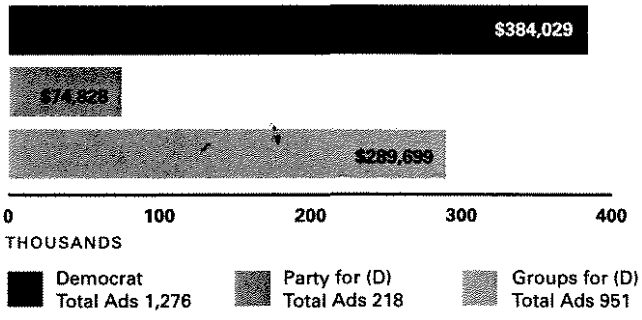
Candidates

Democrat: Ken Lucas
Total FEC spending: $1,065,956
Vote Total: 93,485
Percentage: 53

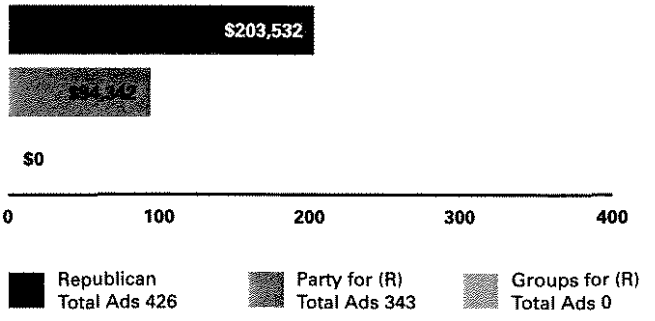
Republican: Gex Williams
Total FEC spending: $1,285,412
Vote Total: 81,547
Percentage: 47

Political Broadcasting

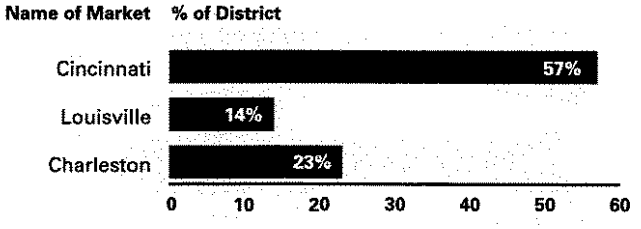
Total Spending for Lucas $748,556



Total Spending for Williams $297,874



Media Markets Covered



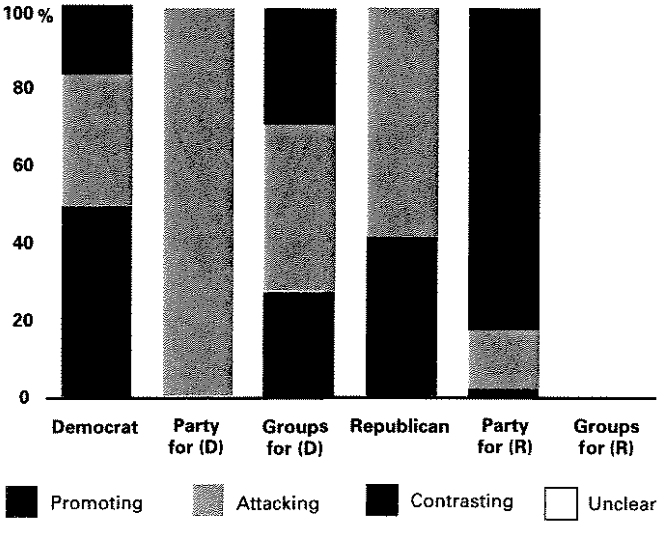
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Honesty	650	44
Abortion	626	42
Other child-related	626	42
Republican		
Political record	426	55
Taxes	426	55
Health care	286	37
Groups		
Health Care	517	54
Other	434	46
Government ethics	219	23

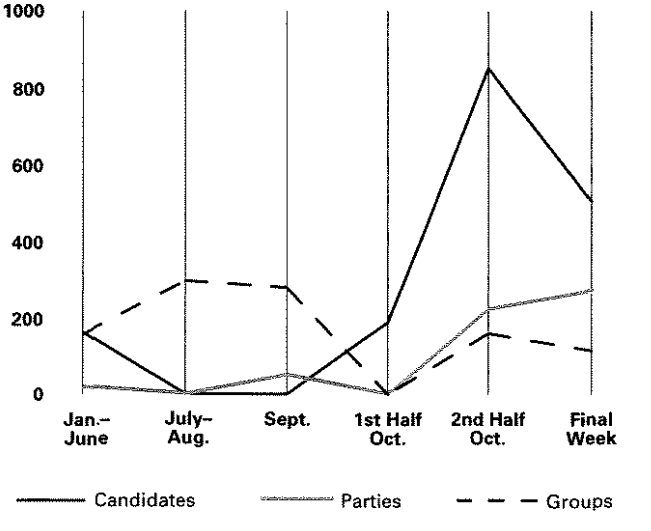
Major Interest Groups Participating

Name	Number of Ads	Total Spending
AFL-CIO	521	$171,927
Americans for Limited Terms	430	$117,772

Tone of Ads



Number of Ads Over Time



Kentucky

Incumbent Party: Open

District 6

Primary date: May 26, 1998

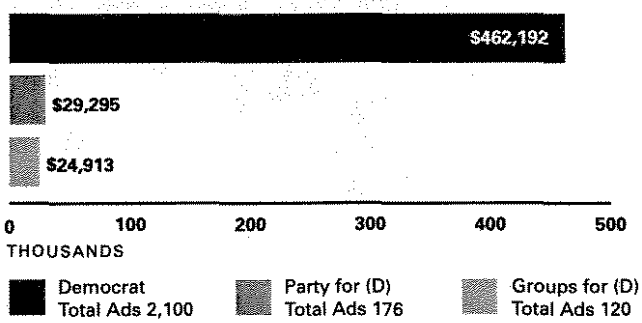
Candidates

Democrat: Ernesto Scorsone
Total FEC spending: $1,025,395
Vote Total: 90,033
Percentage: 46

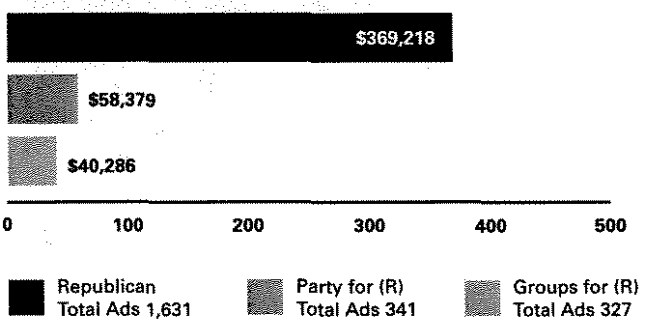
✓ Republican: Ernest Fletcher
Total FEC spending: $1,285,412
Vote Total: 104,046
Percentage: 53

Political Broadcasting

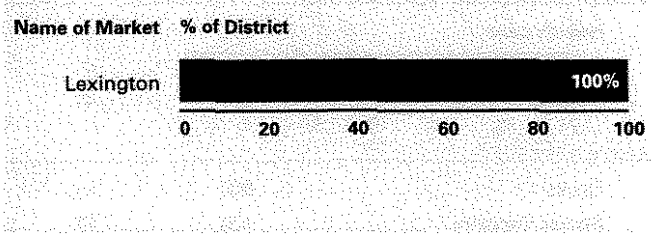
Total Spending for Scorsone $516,400



Total Spending for Fletcher $467,883



Media Markets Covered



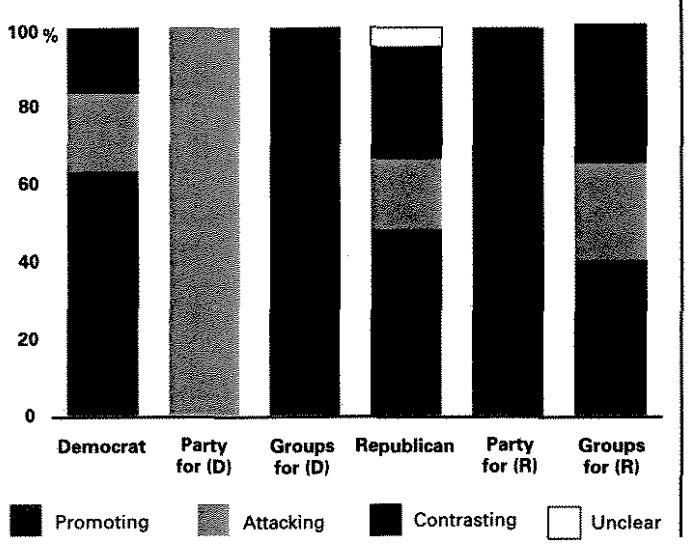
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Medicare	592	37
Health care	571	36
Crime	464	29
Republican		
Health care	738	39
Social Security	500	26
Medicare	440	23
Groups		
Health care	200	45
Government ethics	196	44
Other	196	44

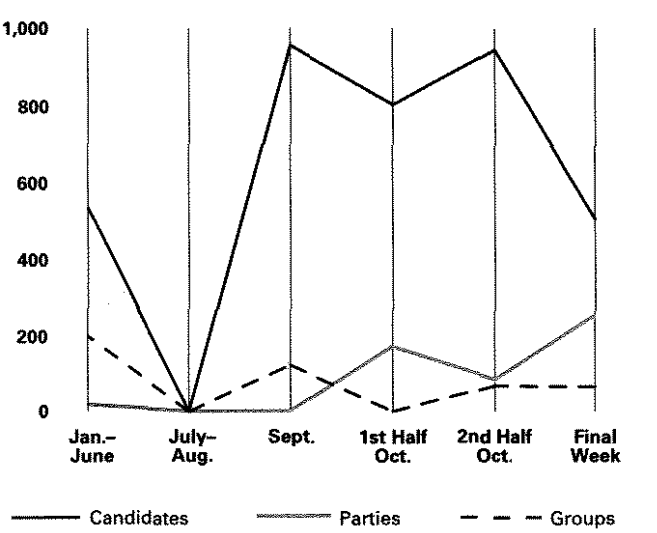
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Americans for Limited Terms	196	$26,064
American Medical Association	131	$14,222
AFL-CIO	120	$24,913

Tone of Ads



Number of Ads Over Time



Maine

Incumbent Party: Democrat

District 1

Primary date: June 9, 1998

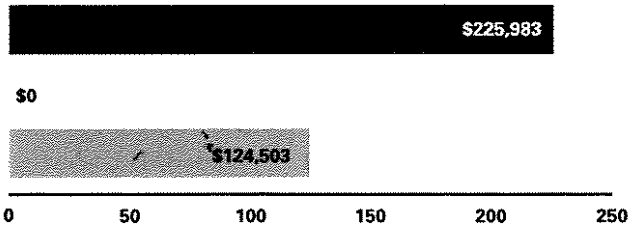
Candidates

✓ Democrat: Tom Allen
Total FEC spending: $689,694
Vote Total: 134,335
Percentage: 60

Republican: Ross Connelly
Total FEC spending: $527,330
Vote Total: 79,160
Percentage: 36

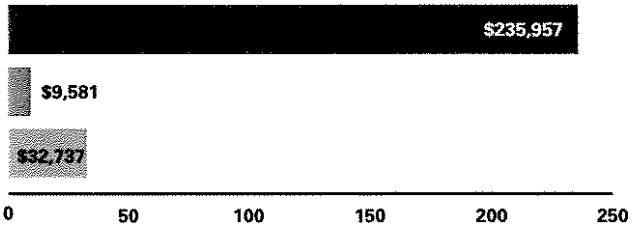
Political Broadcasting

Total Spending for Allen $350,486



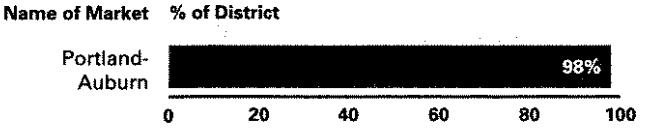
Democrat Total Ads 547 | Party for (D) Total Ads 0 | Groups for (D) Total Ads 451

Total Spending for Connelly $278,275



Republican Total Ads 669 | Party for (R) Total Ads 45 | Groups for (R) Total Ads 159

Media Markets Covered



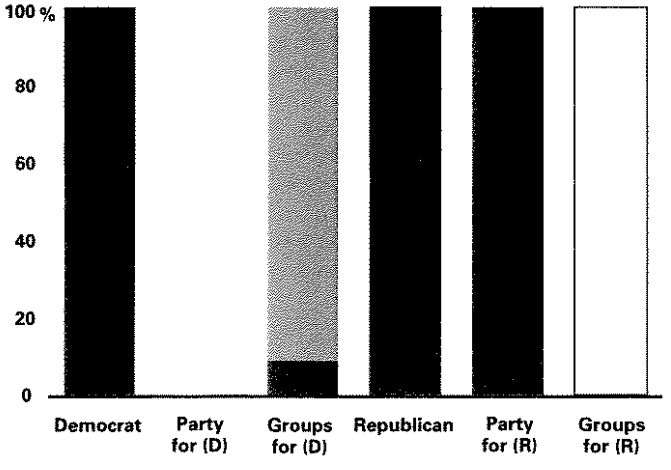
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Health care	270	49
Taxes	227	41
Minimum wage	227	41
Republican		
Taxes	609	85
Social Security	408	57
Background	306	43
Groups		
Health care	451	74
China	159	26

Major Interest Groups Participating

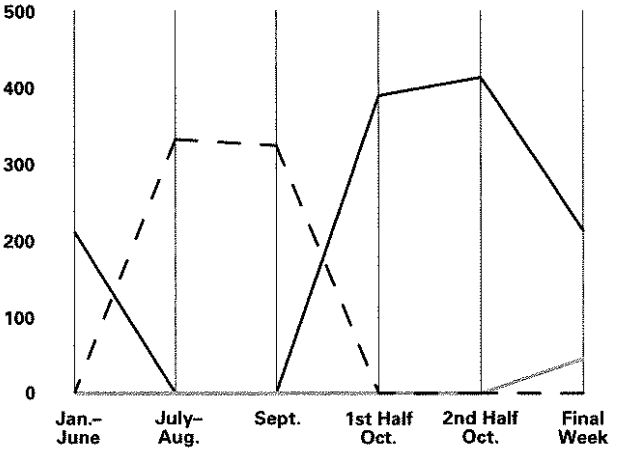
Name	Number of Ads	Total Spending
AFL-CIO	451	$124,503
Business Roundtable	159	$32,737

Tone of Ads



Promoting | Attacking | Contrasting | Unclear

Number of Ads Over Time



Candidates | Parties | Groups

Michigan

Incumbent Party: Democrat

District 8

Primary date: August 4, 1998

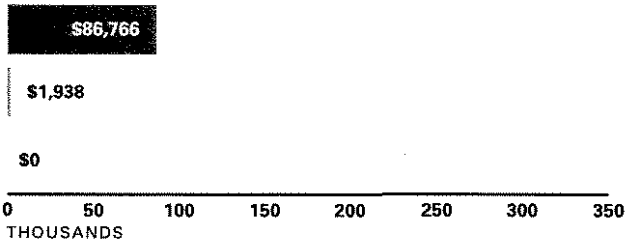
Candidates

✔ Democrat: Debbie Stabenow
Total FEC spending: $996,148
Vote Total: 125,169
Percentage: 57

Republican: Susan Grimes Munsell
Total FEC spending: $125,971
Vote Total: 84,254
Percentage: 39

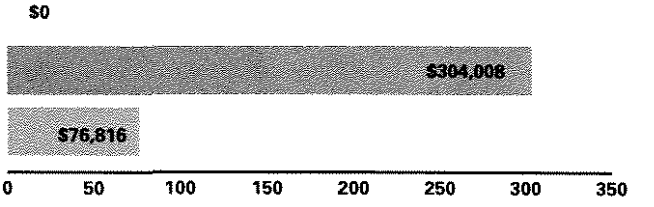
Political Broadcasting

Total Spending for Stabenow $88,704



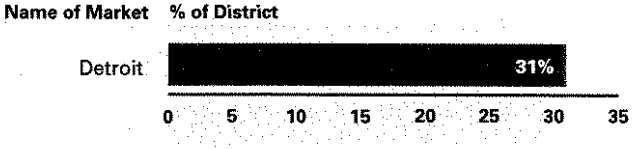
Democrat Total Ads 367 | Party for (D) Total Ads 4 | Groups for (D) Total Ads 0

Total Spending for Munsell $380,824



Republican Total Ads 0 | Party for (R) Total Ads 507 | Groups for (R) Total Ads 266

Media Markets Covered



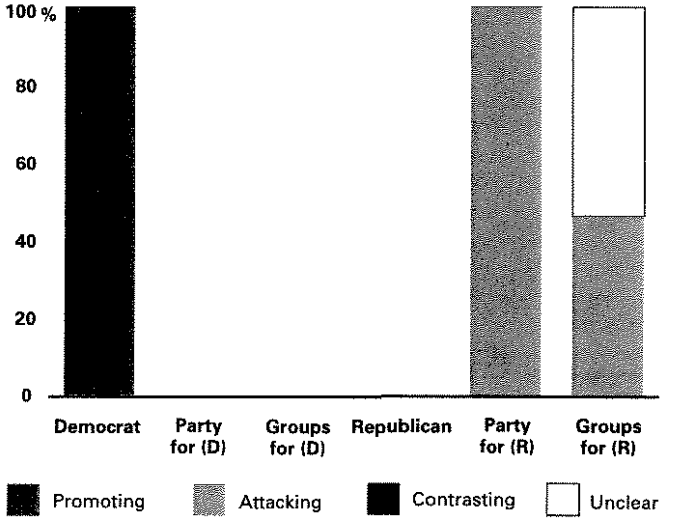
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Social Security	367	100
Taxes	245	67
Education	245	67
Republican		
Honesty	507	100
Groups		
Taxes	221	100
Crime	123	56
Drugs	98	44

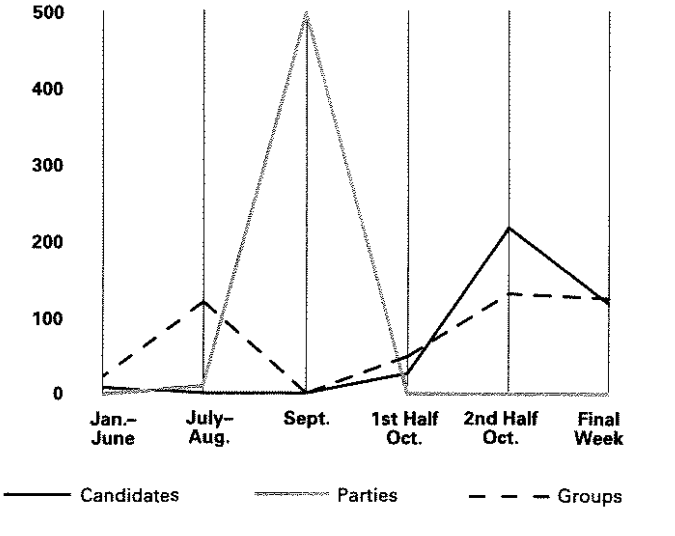
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Business Roundtable	119	$47,637
Americans for Job Security	123	$22,573

Tone of Ads



Number of Ads Over Time



Michigan

Incumbent Party: Democrat

District 10

Primary date: August 4, 1998

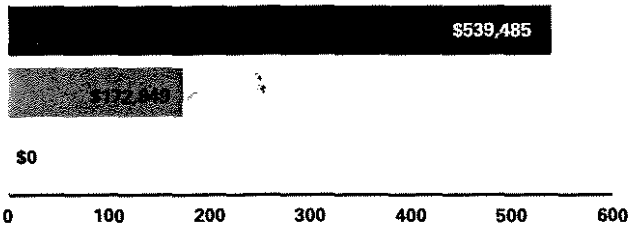
Candidates

Democrat: David E. Bonior
Total FEC spending: $1,477,749
Vote Total: 108,770
Percentage: 52

Republican: Brian Palmer
Total FEC spending: $734,291
Vote Total: 94,027
Percentage: 45

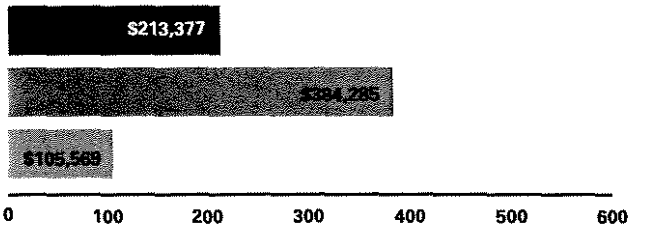
Political Broadcasting

Total Spending for Bonior $712,334



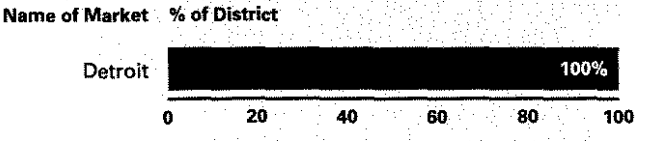
Democrat Total Ads 433 | Party for (D) Total Ads 196 | Groups for (D) Total Ads 0

Total Spending for Palmer $703,231



Republican Total Ads 213 | Party for (R) Total Ads 345 | Groups for (R) Total Ads 108

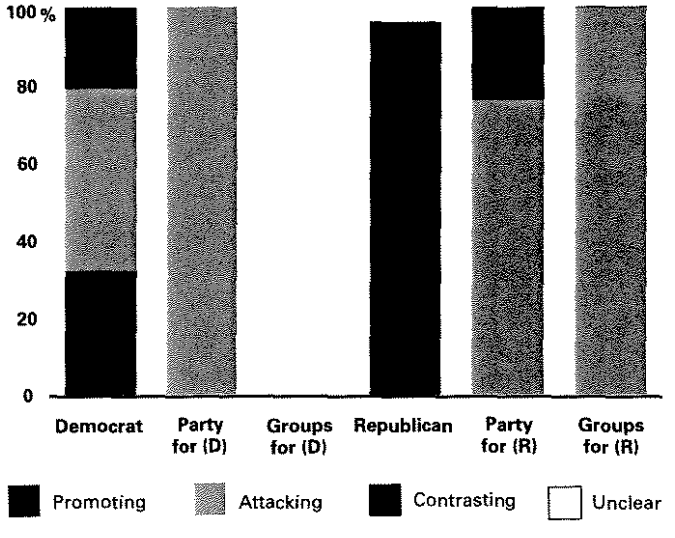
Media Markets Covered



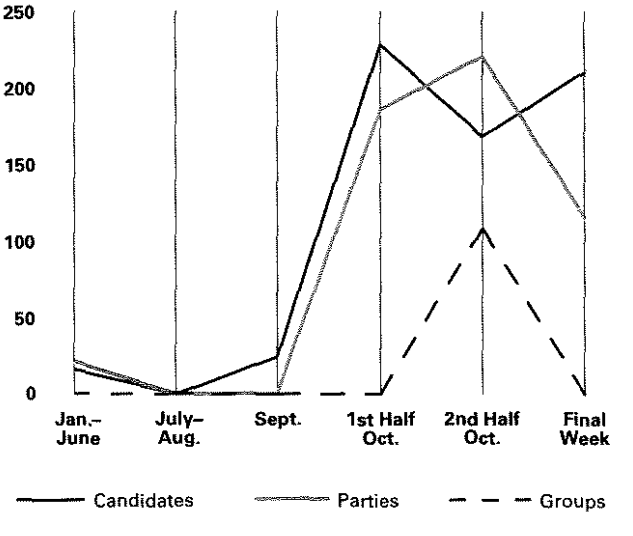
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Social Security	267	42
Personal values	170	27
Honesty	115	18
Republican		
Education	295	53
Social Security	295	53
Crime	263	47
Groups		
Crime	108	100

Tone of Ads



Number of Ads Over Time



Michigan

Incumbent Party: Democrat

District 12

Primary date: August 4, 1998

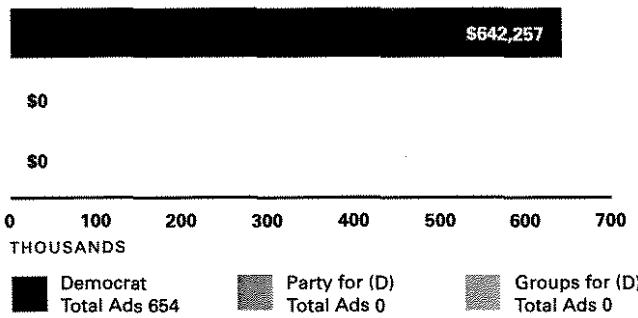
Candidates

✔ Democrat: Sander Levin
Total FEC spending: $1,638,901
Vote Total: 105,824
Percentage: 56

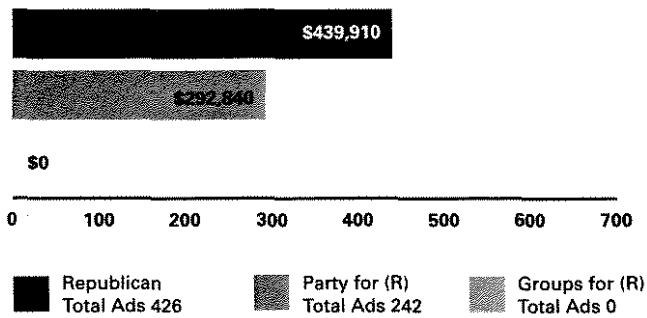
Republican: Leslie Tourma
Total FEC spending: $1,188,234
Vote Total: 79,619
Percentage: 42

Political Broadcasting

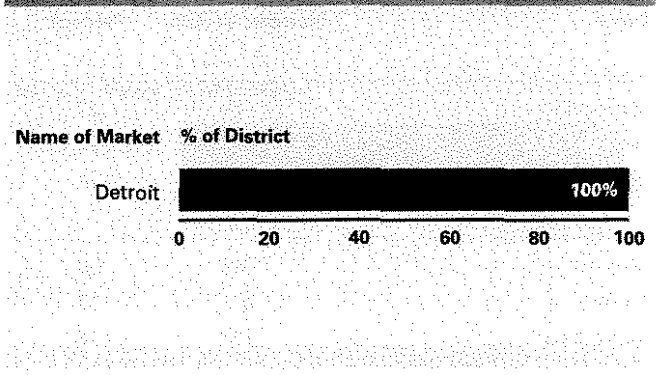
Total Spending for Levin $642,257



Total Spending for Tourma $732,750



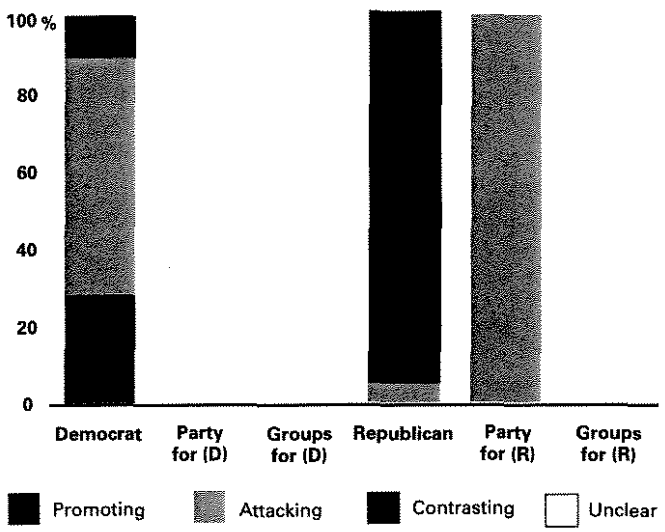
Media Markets Covered



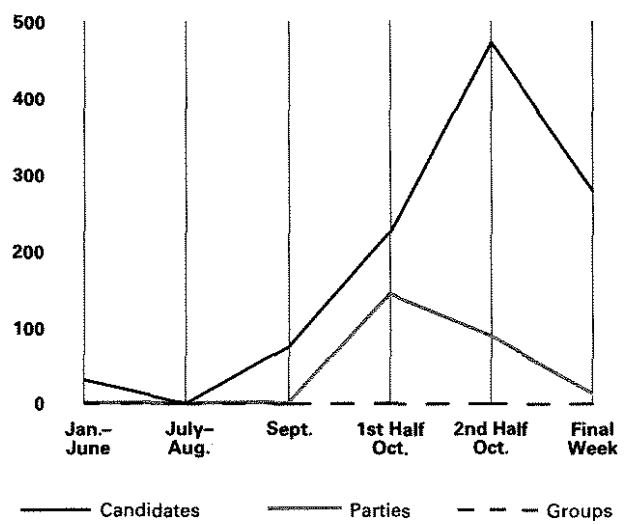
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	295	45
Social Security	242	37
Personal values	226	35
Republican		
Taxes	556	83
Background	275	41
Social Security	265	40

Tone of Ads



Number of Ads Over Time



Nevada

Incumbent Party: Open

District 1

Primary date: September 1, 1998

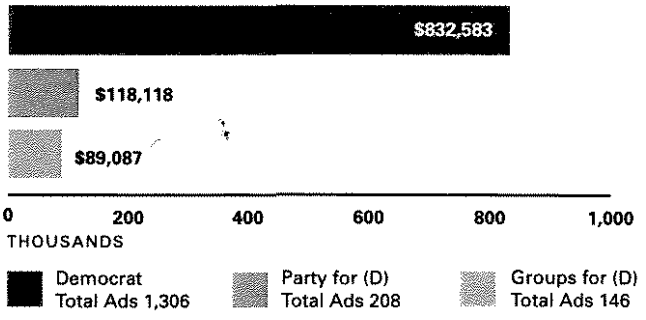
Candidates

✔ Democrat: Shelley Berkley
Total FEC spending: $1,295,091
Vote Total: 79,315
Percentage: 49

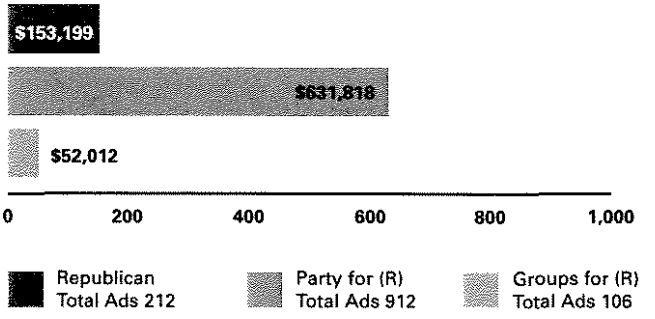
Republican: Don Chairez
Total FEC spending: $554,983
Vote Total: 73,540
Percentage: 46

Political Broadcasting

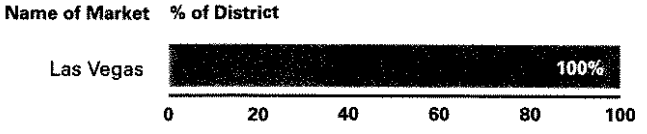
Total Spending for Berkley $1,039,788



Total Spending for Chairez $837,029



Media Markets Covered



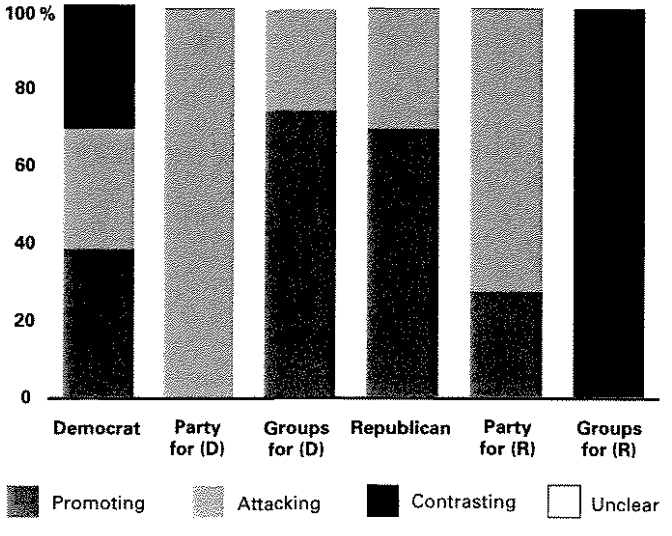
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	441	29
Taxes	415	27
Crime	366	24
Republican		
Honesty	748	67
Taxes	307	27
Background	182	16
Groups		
Health care	159	63
Taxes	93	37

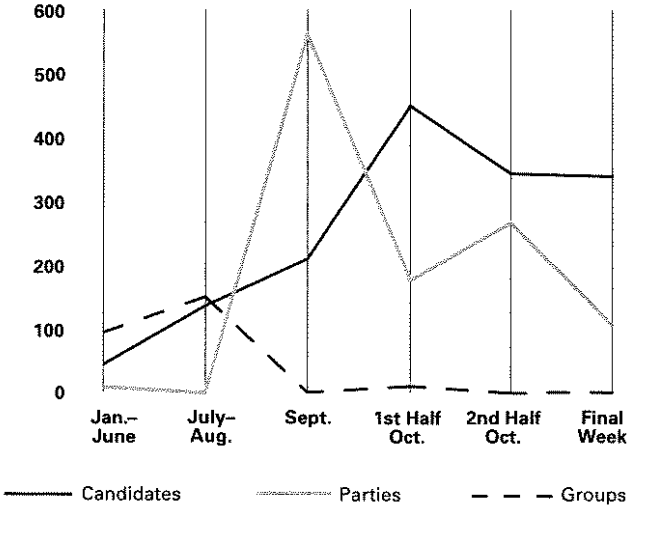
Major Interest Groups Participating

Name	Number of Ads	Total Spending
AFL-CIO	146	$89,087
Americans for Fair Taxation	93	$44,369
Committee for Common Decency	61	$41,518
American Association of Health Plans	13	$7,643

Tone of Ads



Number of Ads Over Time



New Mexico

Incumbent Party: Open

District 1

Primary date: June 23, 1998

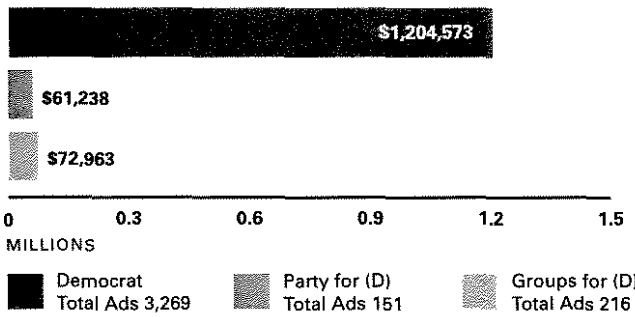
Candidates

Democrat: Philip Maloof
Total FEC spending: $5,379,249
Vote Total: 75,040
Percentage: 42

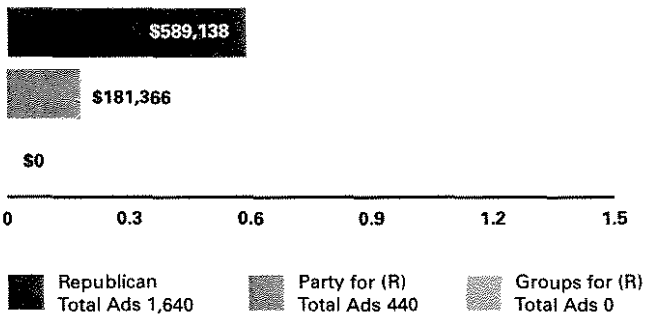
✓ Republican: Heather A. Wilson
Total FEC spending: $1,121,676
Vote Total: 86,784
Percentage: 48

Political Broadcasting

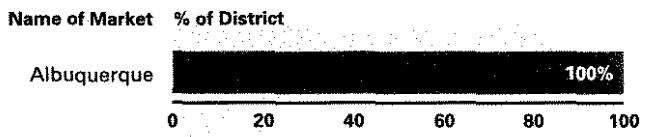
Total Spending for Maloof $1,338,774



Total Spending for Wilson $770,504



Media Markets Covered



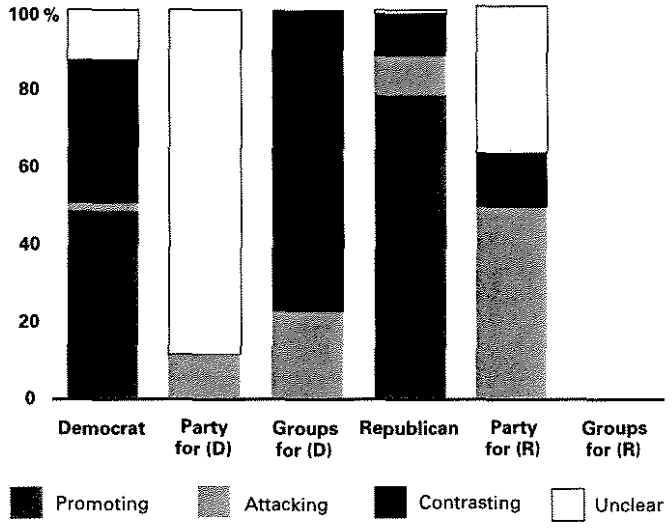
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	1,411	47
Health care	1,097	37
Other	674	23
Republican		
Education	860	47
Taxes	457	25
Social Security	242	13
Groups		
Other	216	100
Government ethics	47	22

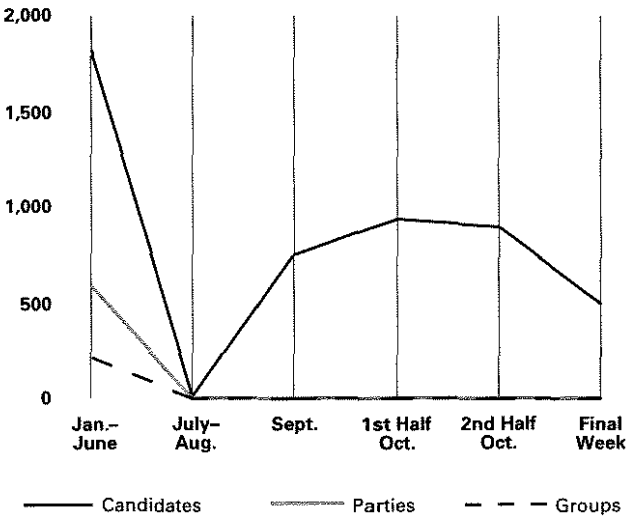
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Americans for Limited Terms	216	$72,963

Tone of Ads



Number of Ads Over Time



New Mexico

Incumbent Party: Republican

District 3

Primary date: June 2, 1998

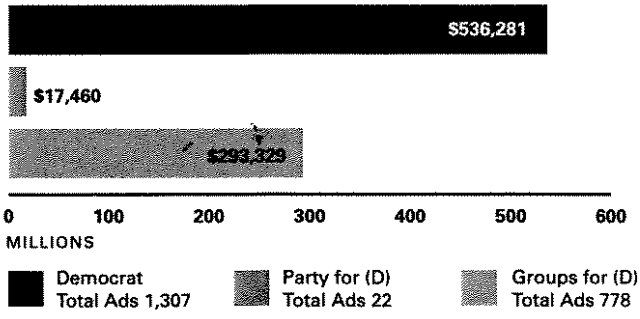
Candidates

✔ Democrat: Tom Udall
Total FEC spending: $1,591,017
Vote Total: 91,248
Percentage: 53

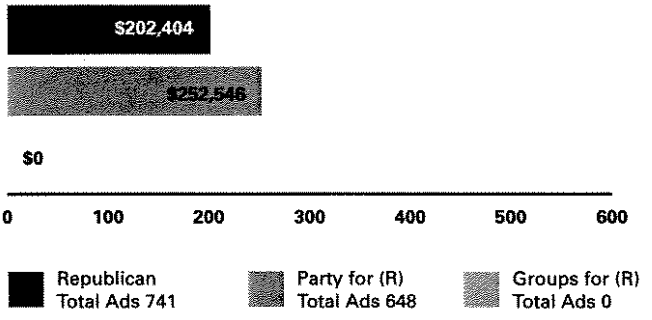
Republican: Bill Redmond
Total FEC spending: $1,390,159
Vote Total: 74,266
Percentage: 43

Political Broadcasting

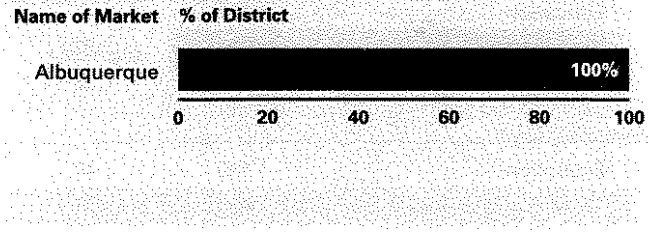
Total Spending for Udall $847,070



Total Spending for Redmond $454,950



Media Markets Covered



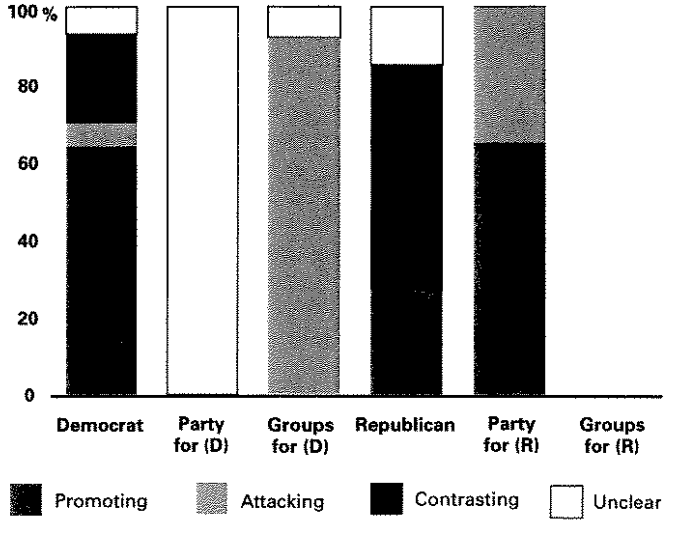
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	705	57
Social Security	461	38
Political record	406	33
Republican		
Education	618	67
Other	268	29
Jobs	197	22
Groups		
Health care	285	37
Education	281	36
Environment	149	19

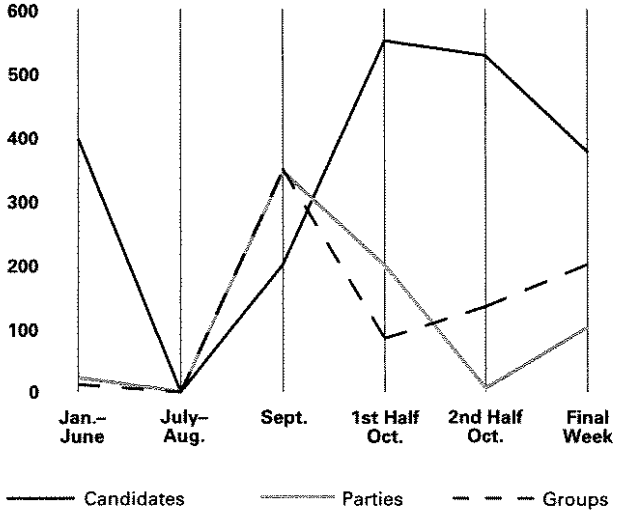
Major Interest Groups Participating

Name	Number of Ads	Total Spending
AFL-CIO	348	$113,676
League of Conservation Voters	430	$179,653

Tone of Ads



Number of Ads Over Time



New York

Incumbent Party: Democrat

District 29

Primary date: September 15, 1998

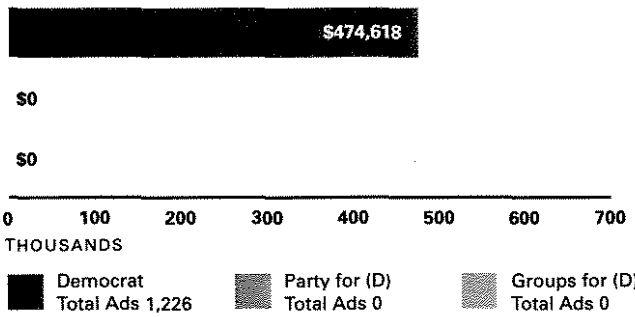
Candidates

✔ Democrat: John LaFalce
Total FEC spending: $1,026,355
Vote Total: 97,235
Percentage: 57

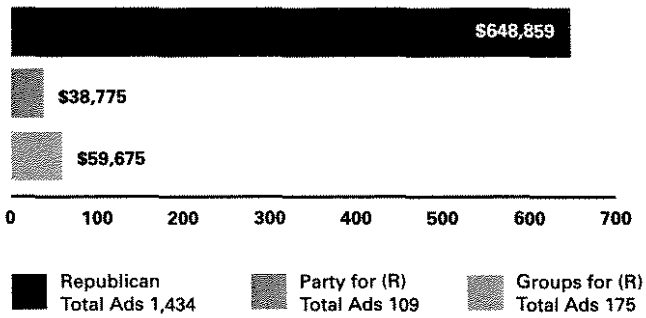
Republican: Chris Collins
Total FEC spending: $963,479
Vote Total: 69,481
Percentage: 41

Political Broadcasting

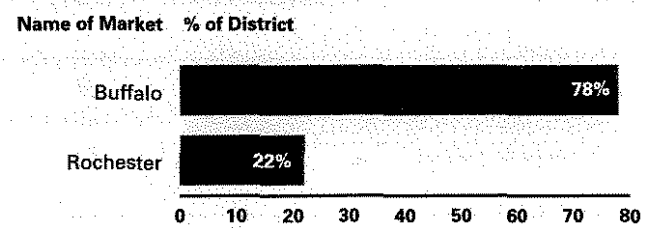
Total Spending for LaFalce $474,618



Total Spending for Collins $747,309



Media Markets Covered



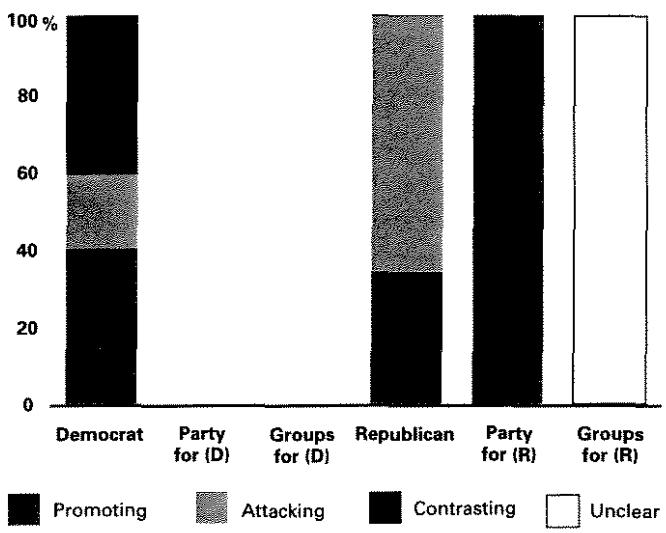
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Political record	532	43
Education	484	40
Social Security	280	23
Republican		
Taxes	713	46
Honesty	464	30
Defense	334	22
Groups		
Taxes	175	100

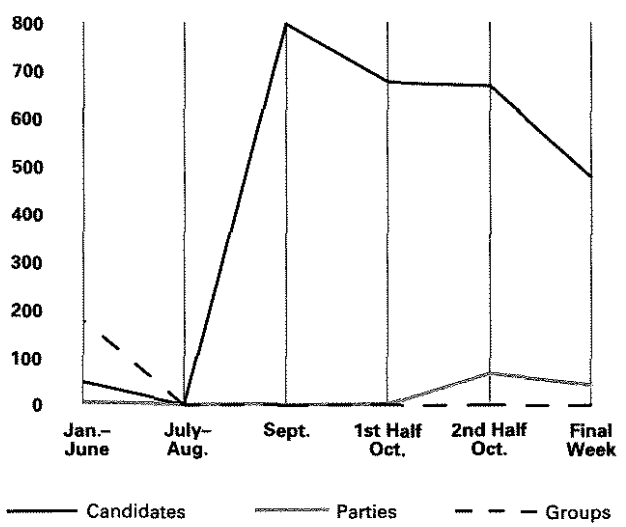
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Americans for Fair Taxation	175	$59,675

Tone of Ads



Number of Ads Over Time



North Carolina

Incumbent Party: Democrat

District 2

Primary date: May 5, 1998

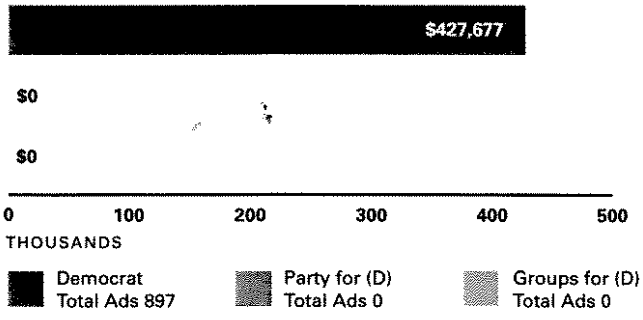
Candidates

✔ Democrat: Bob Etheridge
Total FEC spending: $1,106,220
Vote Total: 100,550
Percentage: 57

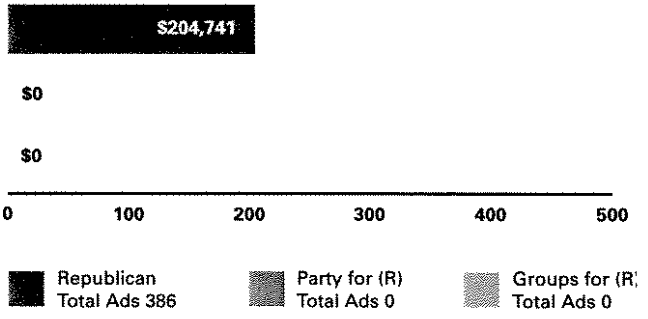
Republican: Dan Page
Total FEC spending: $349,939
Vote Total: 72,997
Percentage: 42

Political Broadcasting

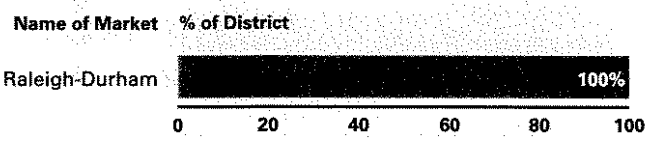
Total Spending for Etheridge $427,677



Total Spending for Page $204,741



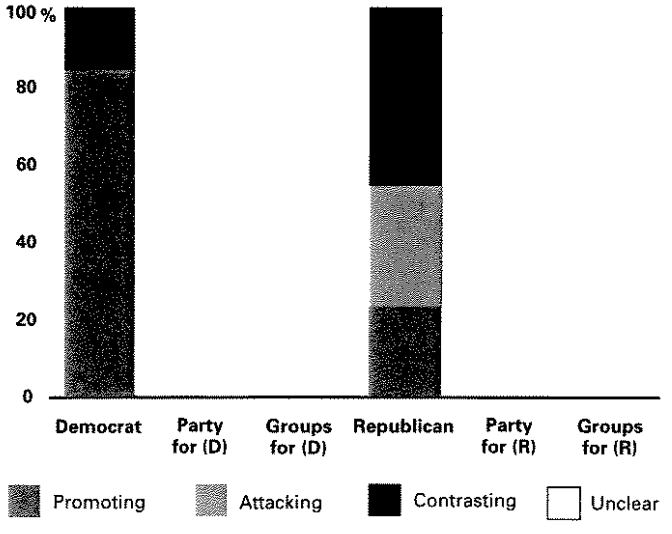
Media Markets Covered



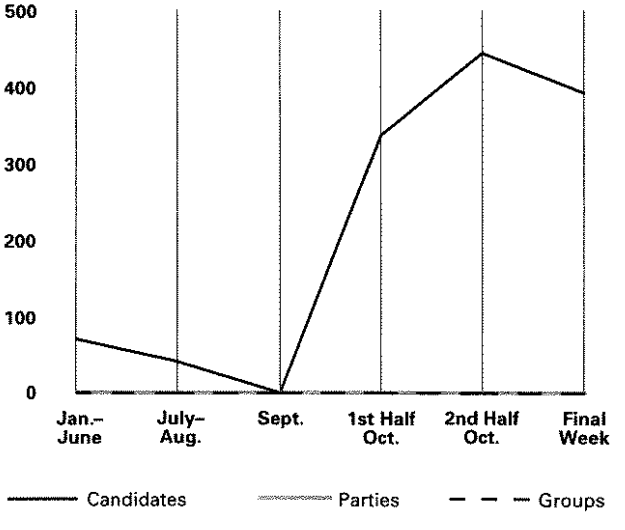
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	400	45
Crime	398	44
Other child-related	398	44
Republican		
Taxes	177	46
Political record	168	44
Honesty	168	44

Tone of Ads



Number of Ads Over Time



North Carolina

Incumbent Party: Democrat

District 4

Primary date: May 5, 1998

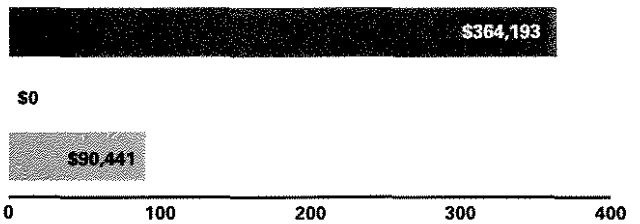
Candidates

✔ Democrat: David Price
Total FEC spending: $1,229,519
Vote Total: 129,157
Percentage: 57

Republican: Tom Roberg
Total FEC spending: $452,724
Vote Total: 93,469
Percentage: 42

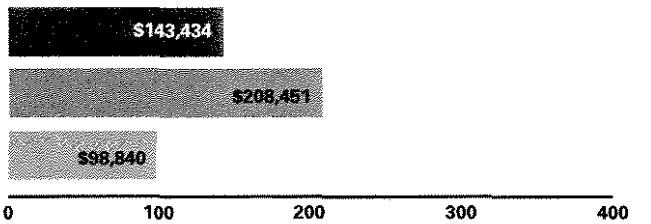
Political Broadcasting

Total Spending for Price $454,634



Democrat Total Ads 530 | Party for (D) Total Ads 0 | Groups for (D) Total Ads 126

Total Spending for Roberg $450,725



Republican Total Ads 483 | Party for (R) Total Ads 393 | Groups for (R) Total Ads 218

Media Markets Covered

Name of Market	% of District
Raleigh-Durham	100%

0 20 40 60 80 100

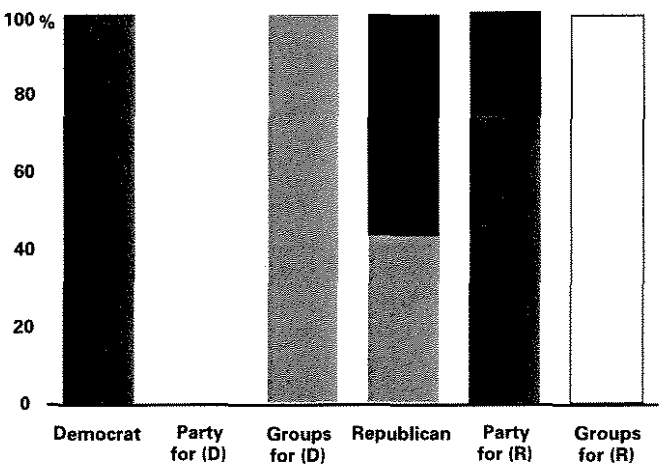
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	325	61
Political record	140	26
Health care	133	25
Republican		
Taxes	592	68
Social Security	288	33
Defense	250	29
Groups		
Health care	126	37
China	114	33
Honesty	104	30

Major Interest Groups Participating

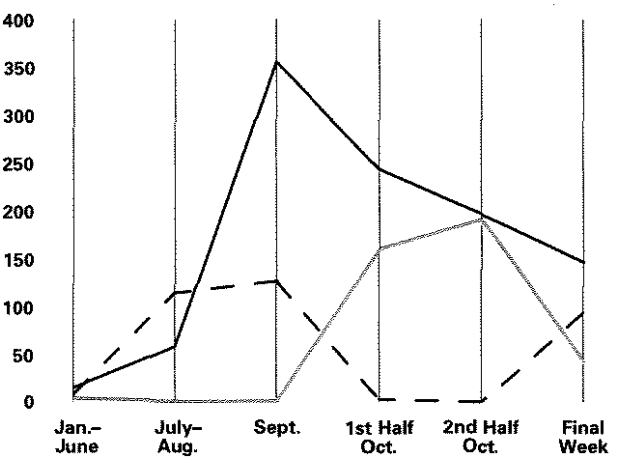
Name	Number of Ads	Total Spending
AFL-CIO	126	$90,441
Business Roundtable	114	$54,061

Tone of Ads



Promoting | Attacking | Contrasting | Unclear

Number of Ads Over Time



Candidates | Parties | Groups

Ohio

Incumbent Party: Republican

District 1

Primary date: May 5, 1998

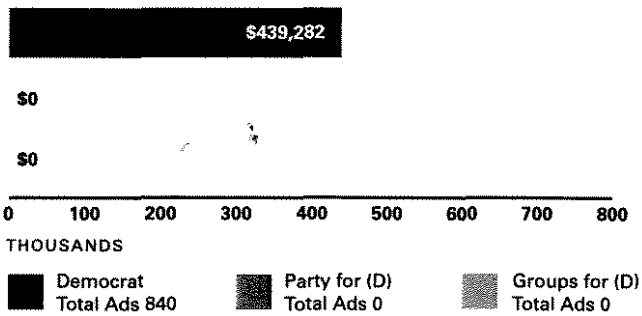
Candidates

Democrat: Roxanne Qualls
Total FEC spending: $1,229,276
Vote Total: 82,003
Percentage: 47

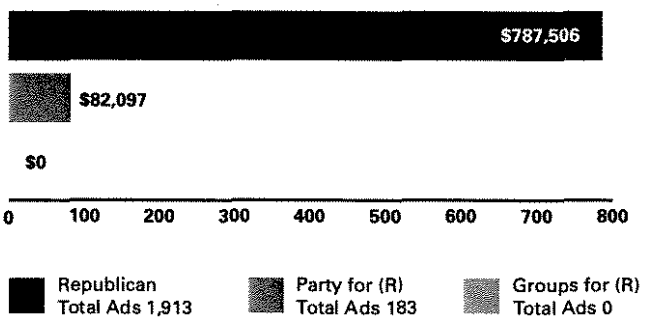
Republican: Steve Chabot
Total FEC spending: $1,623,706
Vote Total: 92,421
Percentage: 53

Political Broadcasting

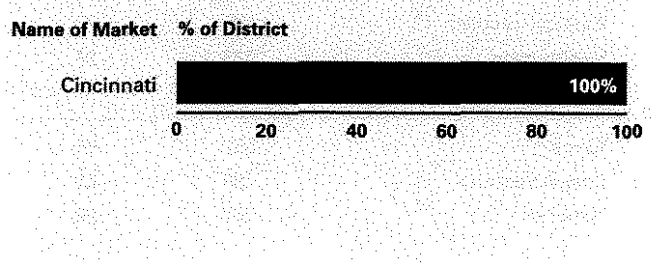
Total Spending for Qualls $439,282



Total Spending for Chabot $869,603



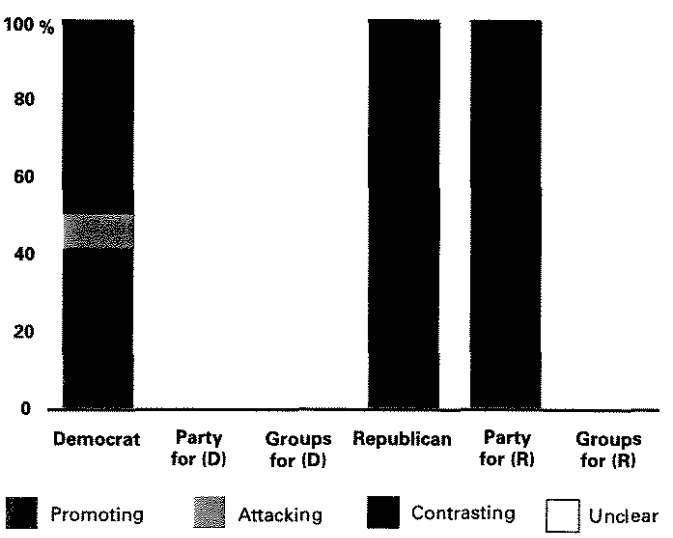
Media Markets Covered



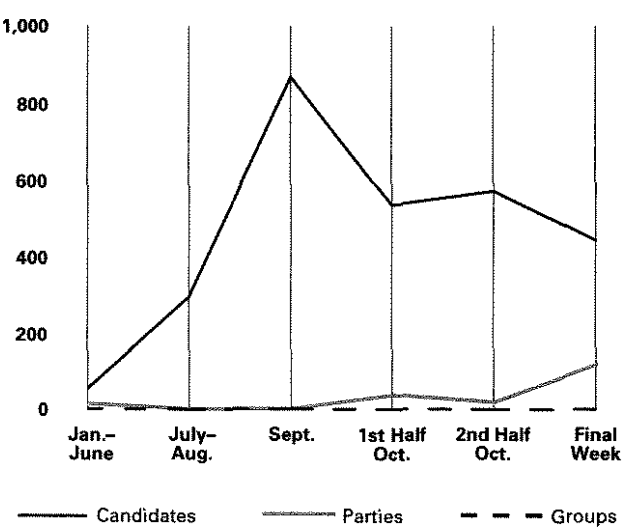
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	313	37
Social Security	261	31
Medicare	176	21
Republican		
Taxes	996	48
Defense	990	47
Education	815	39

Tone of Ads



Number of Ads Over Time



Ohio

Incumbent Party: Democrat

District 6

Primary date: May 5, 1998

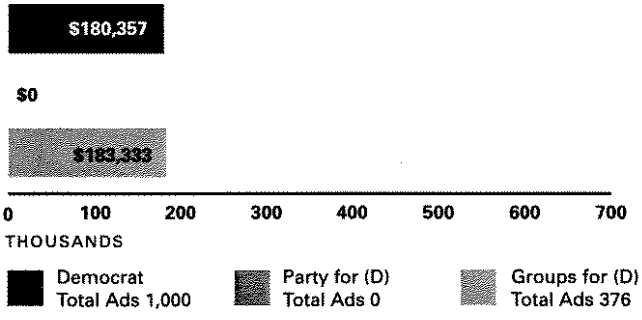
Candidates

✔ Democrat: Ted Strickland
Total FEC spending: $1,050,157
Vote Total: 102,852
Percentage: 57

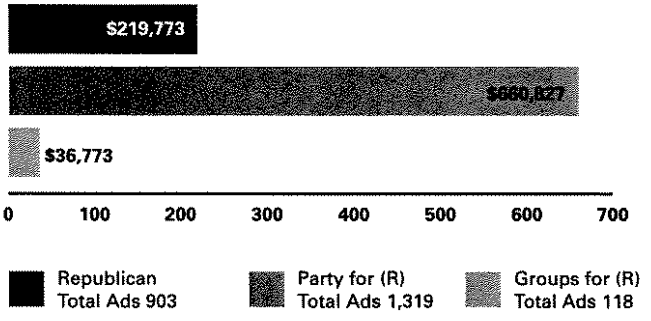
Republican: Nancy P. Hollister
Total FEC spending: $1,008,844
Vote Total: 77,711
Percentage: 43

Political Broadcasting

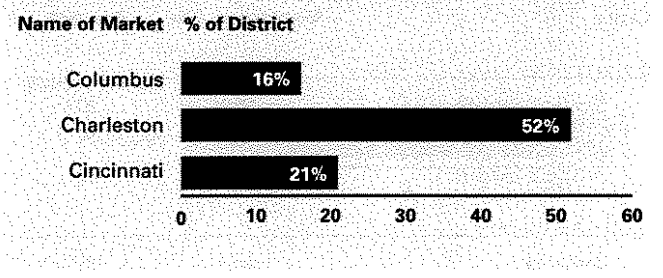
Total Spending for Strickland $363,690



Total Spending for Hollister $917,373



Media Markets Covered



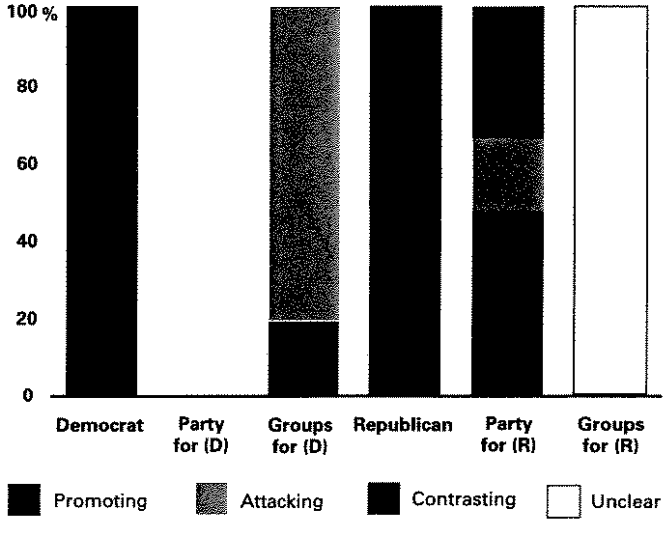
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Political record	378	38
Jobs	378	38
Other	378	38
Republican		
Taxes	1,214	54
Education	1,169	53
Political record	750	34
Groups		
Health care	376	76
Taxes	118	24

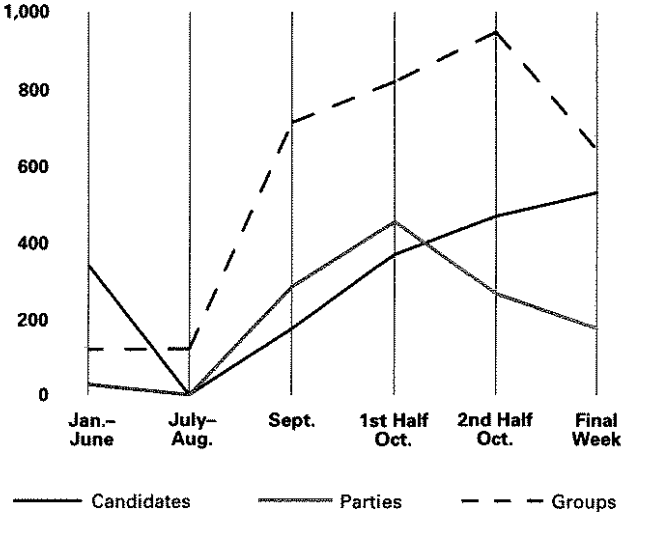
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Americans for Fair Taxation	118	$36,773
AFL-CIO	376	$183,333

Tone of Ads



Number of Ads Over Time



Oklahoma

Incumbent Party: Republican

District 3

Primary date: August 25, 1998

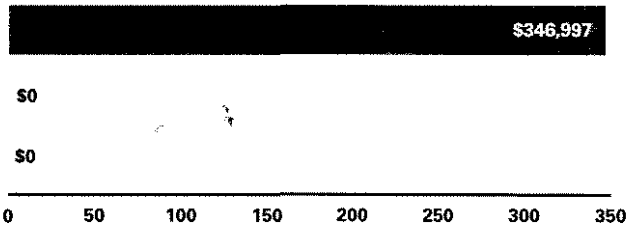
Candidates

Democrat: Walt Roberts
Total FEC spending: $808,385
Vote Total: 55,163
Percentage: 38

✔ Republican: Wes Watkins
Total FEC spending: $1,220,356
Vote Total: 89,832
Percentage: 62

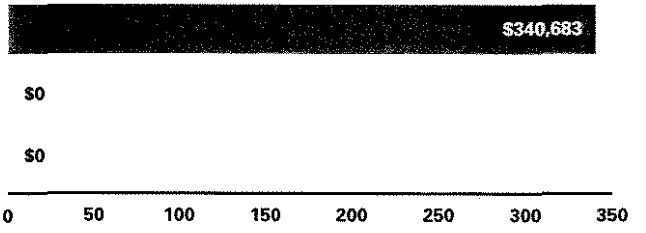
Political Broadcasting

Total Spending for Roberts $346,997



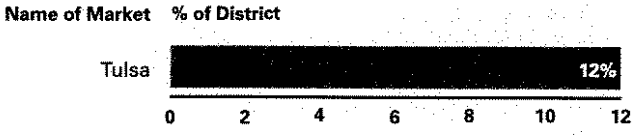
Democrat Total Ads 874 | Party for (D) Total Ads 0 | Groups for (D) Total Ads 0

Total Spending for Watkins $340,683



Republican Total Ads 747 | Party for (R) Total Ads 0 | Groups for (R) Total Ads 0

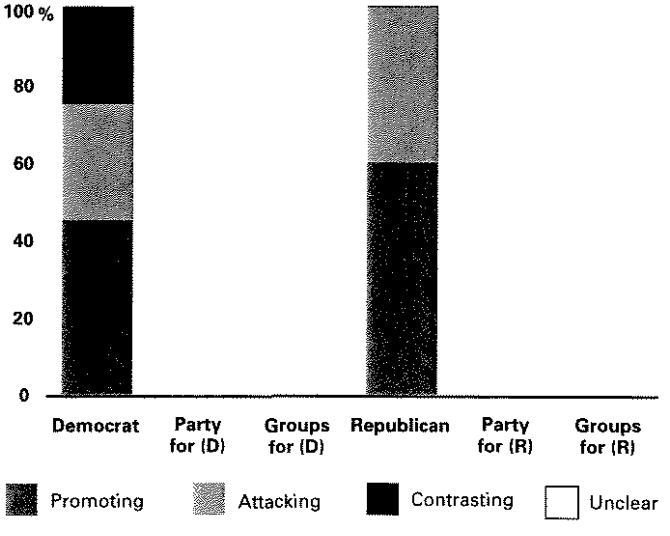
Media Markets Covered



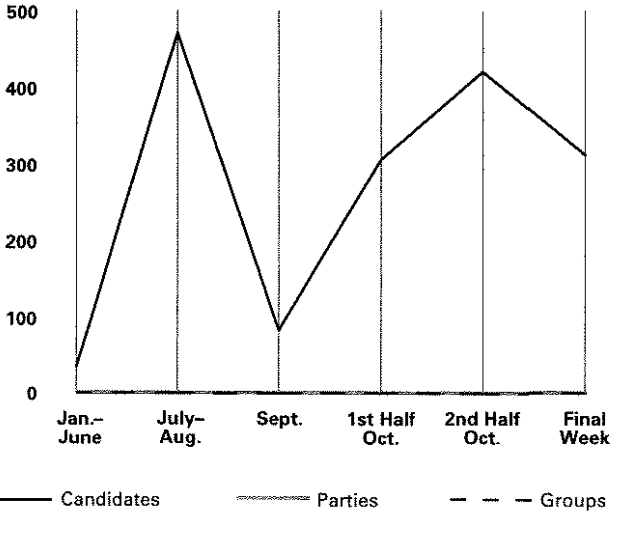
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Social Security	259	30
Taxes	225	26
Political record	191	22
Republican		
Defense	247	33
Social Security	247	33
Other child-related	247	33

Tone of Ads



Number of Ads Over Time



Oregon

Incumbent Party: Democrat

District 1

Primary date: May 19, 1998

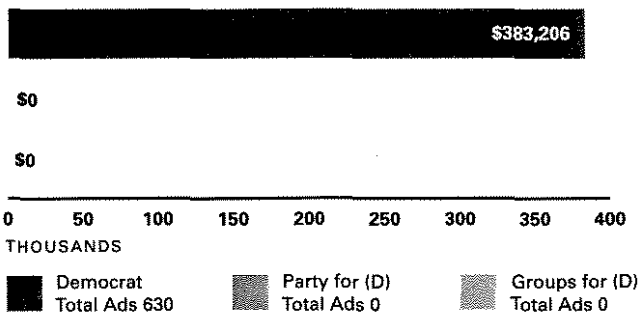
Candidates

✔ Democrat: David Wu
Total FEC spending: $1,602,063
Vote Total: 119,993
Percentage: 50

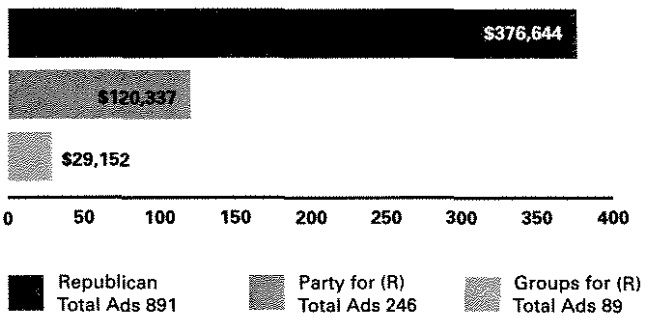
Republican: Molly Bordonaro
Total FEC spending: $1,367,154
Vote Total: 112,827
Percentage: 47

Political Broadcasting

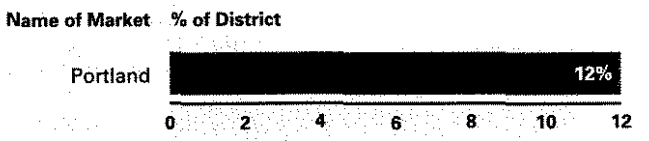
Total Spending for Wu $383,206



Total Spending for Bordonaro $526,133



Media Markets Covered



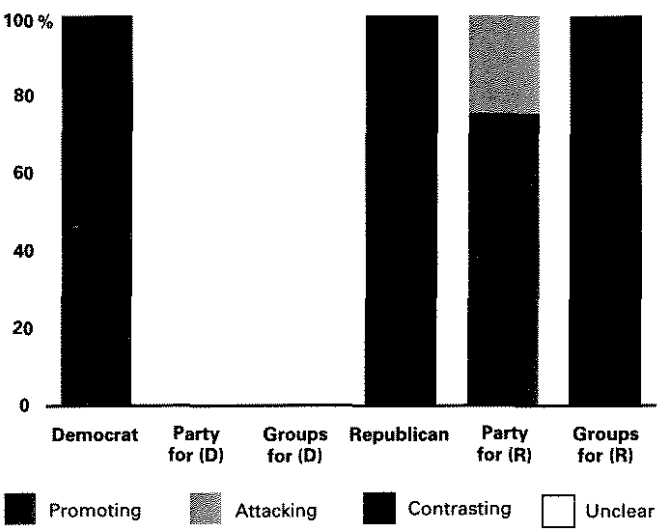
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	301	48
Social Security	196	31
Other	133	21
Republican		
Education	669	59
Social Security	289	25
Taxes	270	22
Groups		
Other	189	100

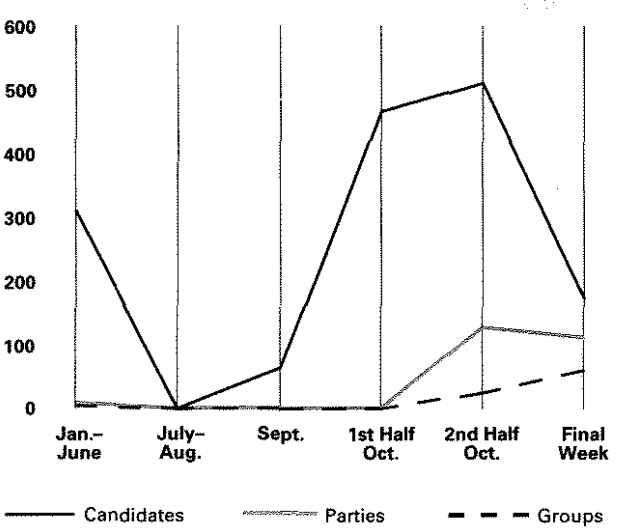
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Americans for Limited Terms	89	$29,152

Tone of Ads



Number of Ads Over Time



Pennsylvania

Incumbent Party: Open

District 10

Primary date: May 19, 1998

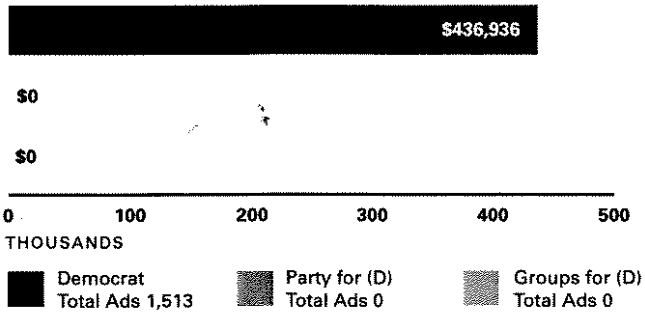
Candidates

Democrat: Patrick Casey
Total FEC spending: $1,287,027
Vote Total: 83,760
Percentage: 48

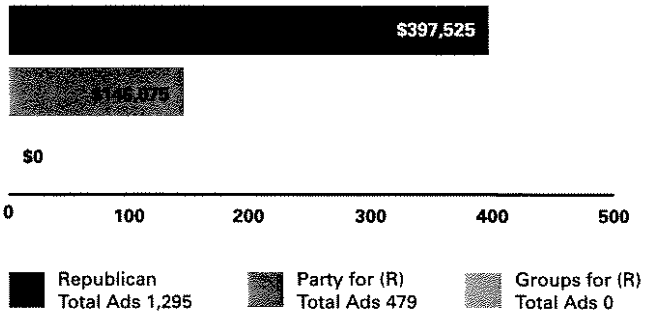
Republican: Don Sherwood
Total FEC spending: $1,921,129
Vote Total: 84,275
Percentage: 49

Political Broadcasting

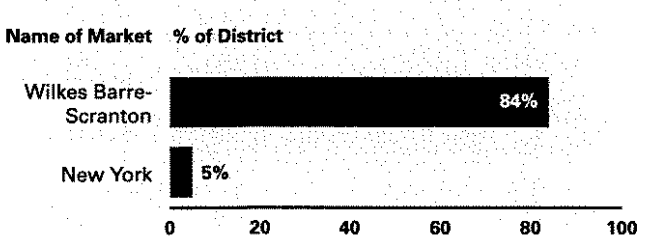
Total Spending for Casey $436,936



Total Spending for Sherwood $543,600



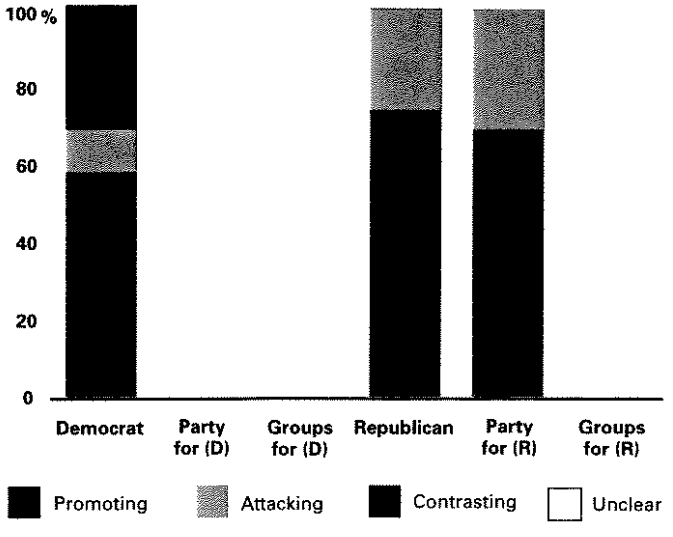
Media Markets Covered



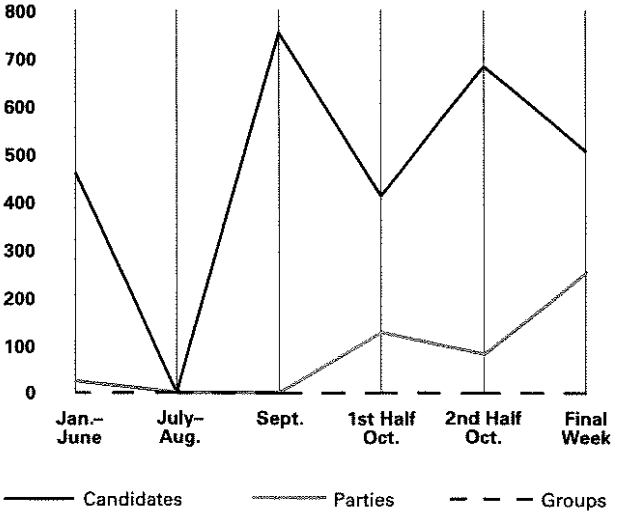
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Background	709	47
Social Security	547	36
Taxes	439	29
Republican		
Social Security	1,084	67
Taxes	965	54
Defense	479	27

Tone of Ads



Number of Ads Over Time



Pennsylvania

Incumbent Party: Republican

District 13

Primary date: May 19, 1998

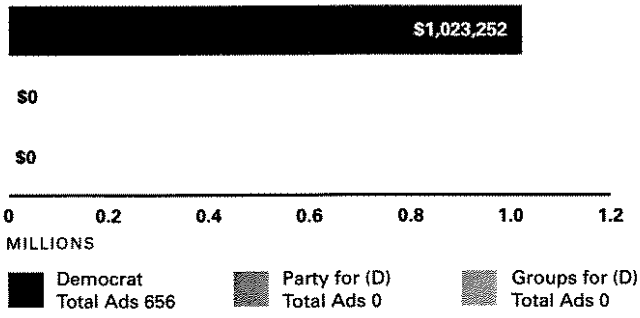
Candidates

✓ Democrat: Joseph M. Hoeffel
Total FEC spending: $1,259,326
Vote Total: 95,105
Percentage: 52

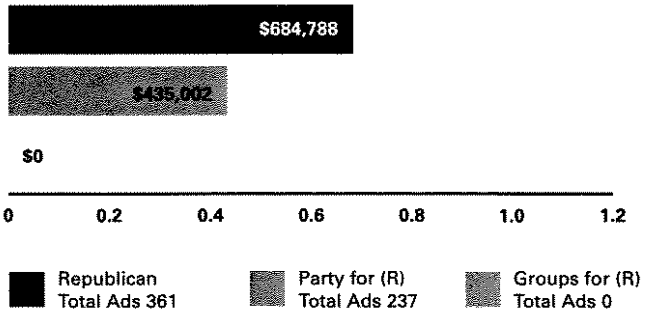
Republican: Jon D. Fox
Total FEC spending: $1,921,005
Vote Total: 85,915
Percentage: 47

Political Broadcasting

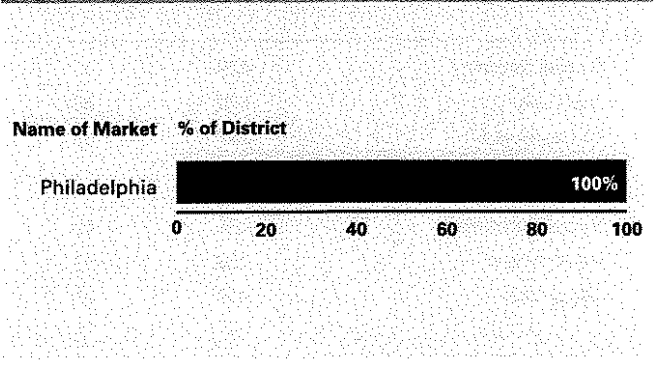
Total Spending for Hoeffel $1,023,252



Total Spending for Fox $1,119,790



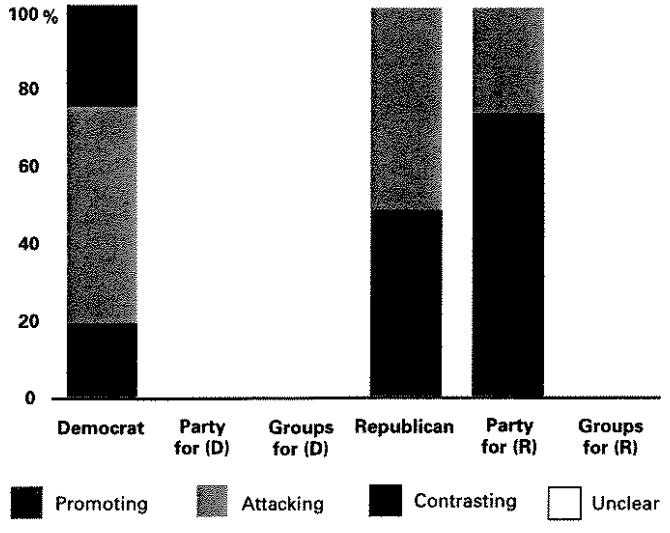
Media Markets Covered



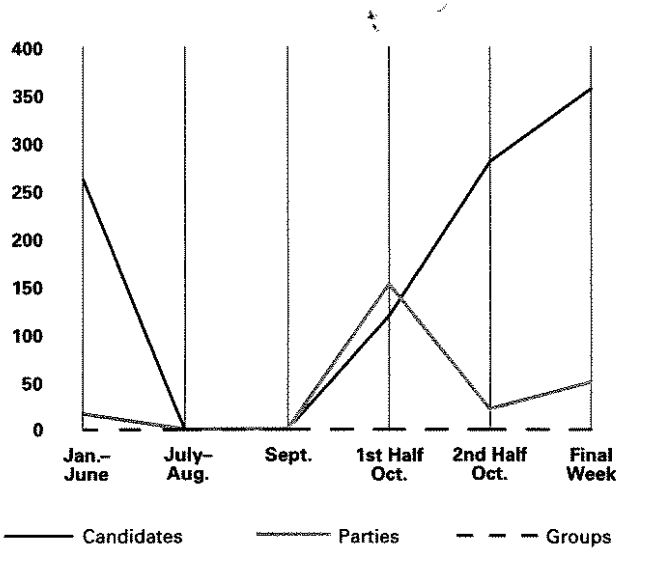
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Honesty	212	32
Education	177	27
Social Security	168	26
Republican		
Taxes	426	71
Health care	344	58
Government spending	254	43

Tone of Ads



Number of Ads Over Time



Utah

Incumbent Party: Republican

District 2

Primary date: June 23, 1998

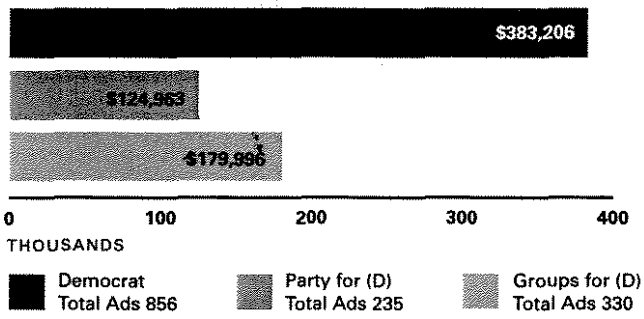
Candidates

Democrat: Lily Eskelsen
Total FEC spending: $656,985
Vote Total: 77,198
Percentage: 44

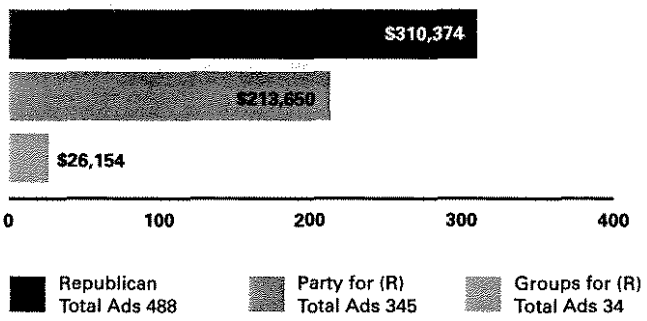
✓ Republican: Merrill Cook
Total FEC spending: $647,249
Vote Total: 93,718
Percentage: 53

Political Broadcasting

Total Spending for Eskelsen $688,165



Total Spending for Cook $550,178



Media Markets Covered

Name of Market	% of District
Salt Lake City	100%

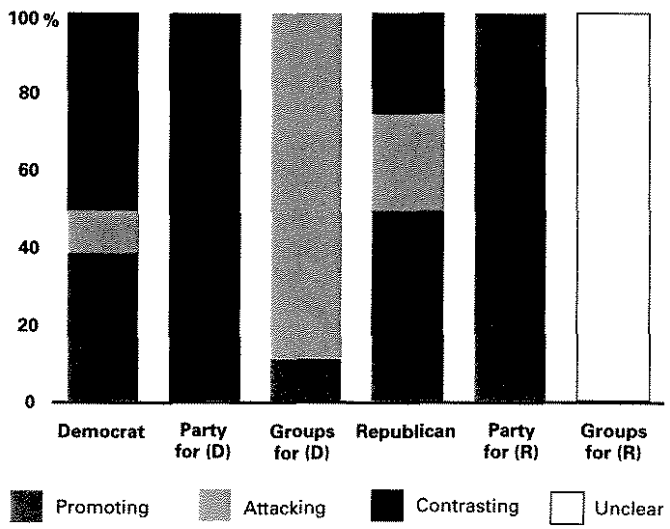
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Social Security	429	40
Medicare	429	40
Background	247	23
Republican		
Social Security	431	52
Health care	428	51
Education	254	31
Groups		
Other	177	49
Health care	153	42
Farming	34	9

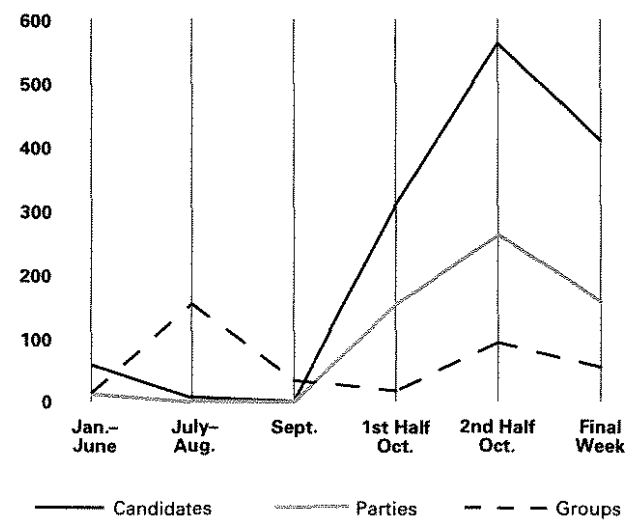
Major Interest Groups Participating

Name	Number of Ads	Total Spending
AFL-CIO	153	$84,298
Americans for Limited Terms	177	$95,698
Business Roundtable	34	$26,154

Tone of Ads



Number of Ads Over Time



Washington

Incumbent Party: Republican

District 1

Primary date: September 15, 1998

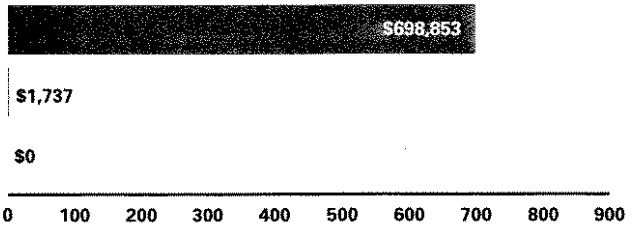
Candidates

✓ Democrat: Jay Inslee
Total FEC spending: $1,254,460
Vote Total: 112,726
Percentage: 50

Republican: Rick White
Total FEC spending: $1,655,274
Vote Total: 99,910
Percentage: 44

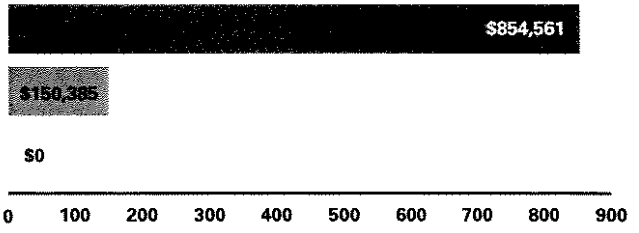
Political Broadcasting

Total Spending for Inslee $700,590



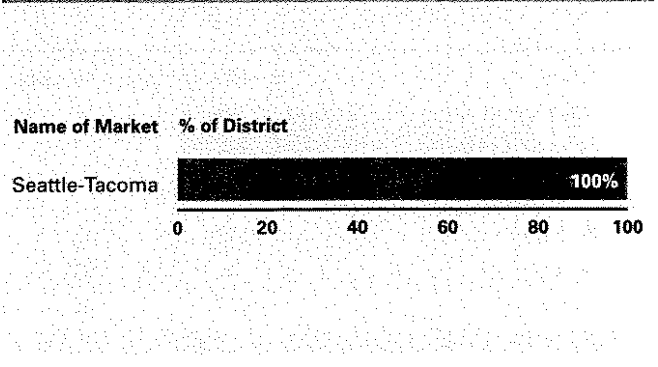
Democrat Total Ads 615 | Party for (D) Total Ads 4 | Groups for (D) Total Ads 0

Total Spending for White $1,004,946



Republican Total Ads 925 | Party for (R) Total Ads 153 | Groups for (R) Total Ads 0

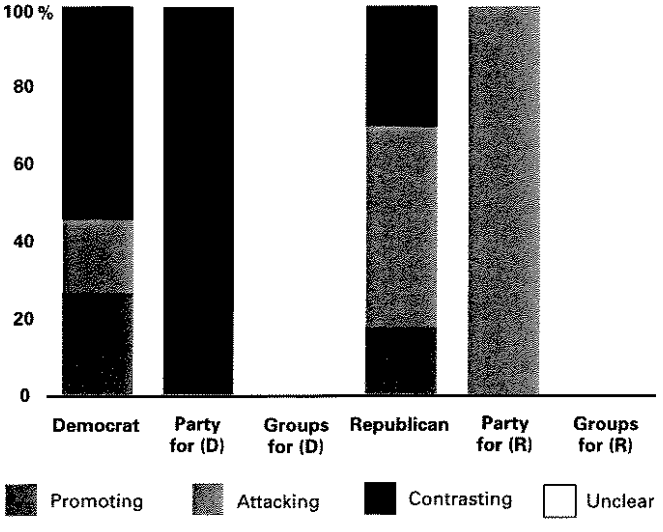
Media Markets Covered



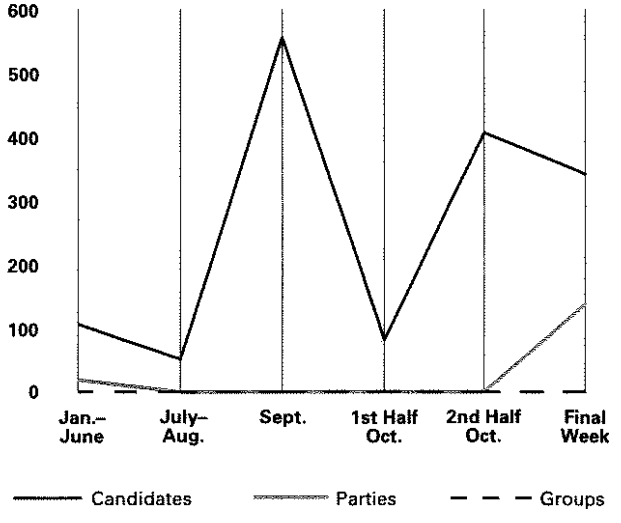
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Environment	204	33
Impeachment	166	27
Background	148	24
Republican		
Taxes	858	85
Social Security	472	47
Defense	379	38

Tone of Ads



Number of Ads Over Time



Washington

Incumbent Party: Open

District 3

Primary date: September 15, 1998

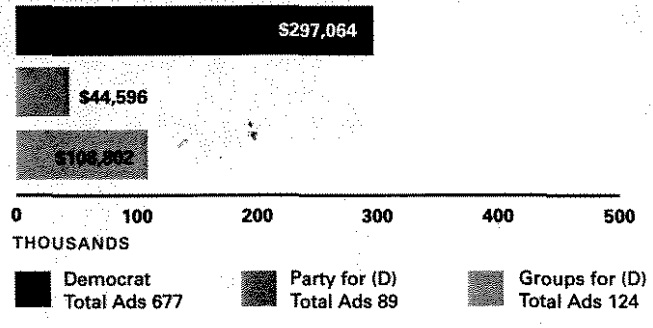
Candidates

Democrat: Brian Baird
Total FEC spending: $1,602,437
Vote Total: 120,364
Percentage: 55

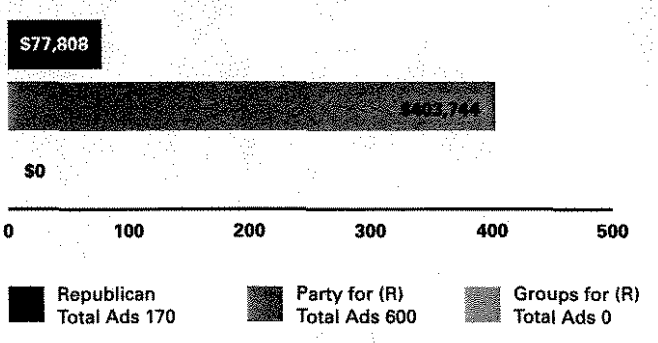
Republican: Don Benton
Total FEC spending: $755,022
Vote Total: 99,855
Percentage: 45

Political Broadcasting

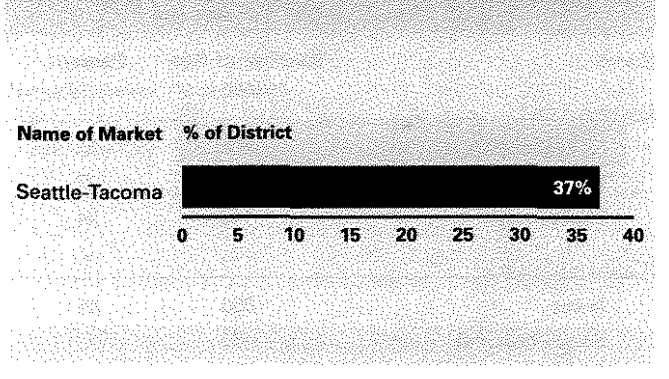
Total Spending for Baird $450,462



Total Spending for Benton $481,552



Media Markets Covered



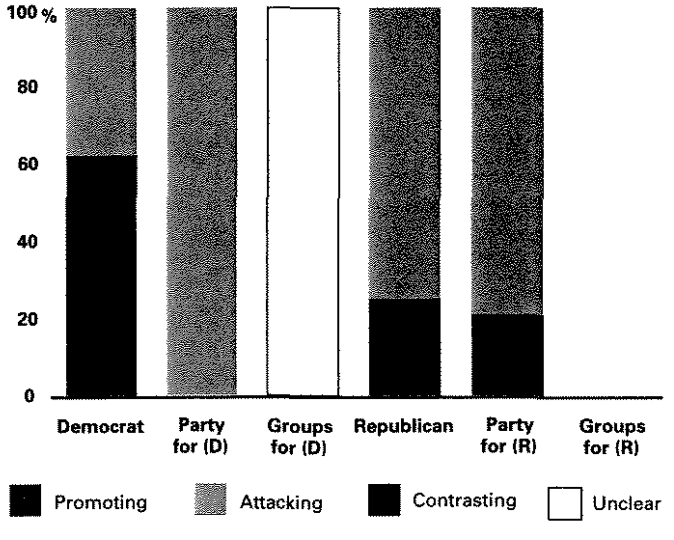
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Crime	421	55
Education	345	45
Attendance record	256	33
Republican		
Education	346	45
Taxes	189	25
Crime	192	25
Groups		
Taxes	124	100
Government spending	124	100
Defense	124	100

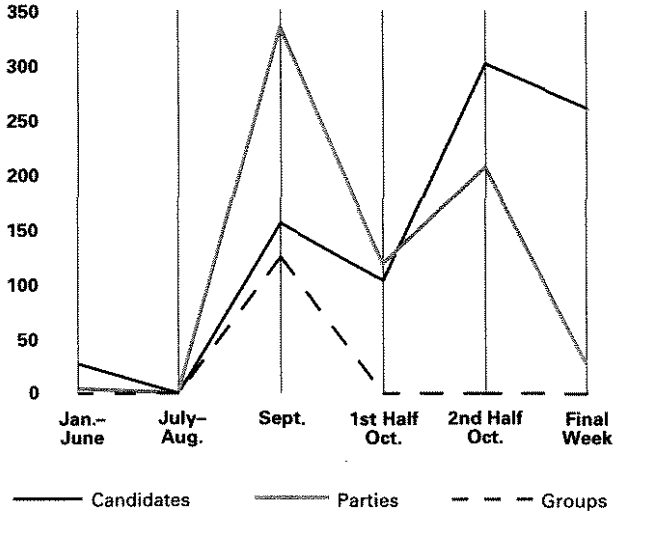
Major Interest Groups Participating

Name	Number of Ads	Total Spending
AFL-CIO	124	$108,802

Tone of Ads



Number of Ads Over Time



Wisconsin

District 1

Incumbent Party: Open

Primary date: September 8, 1998

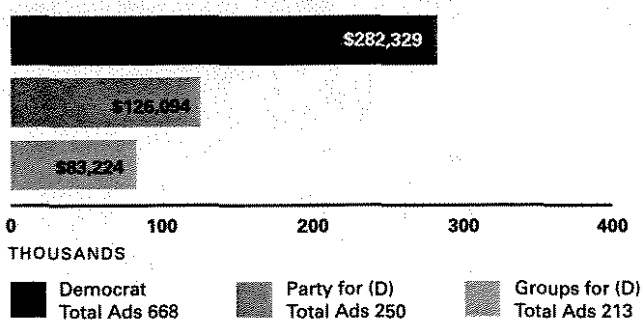
Candidates

Democrat: Lydia Spottswood
Total FEC spending: $1,339,361
Vote Total: 81,164
Percentage: 43

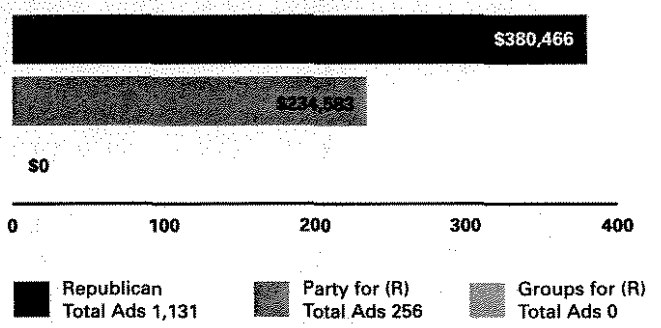
✔ Republican: Paul D. Ryan
Total FEC spending: $1,245,568
Vote Total: 108,475
Percentage: 57

Political Broadcasting

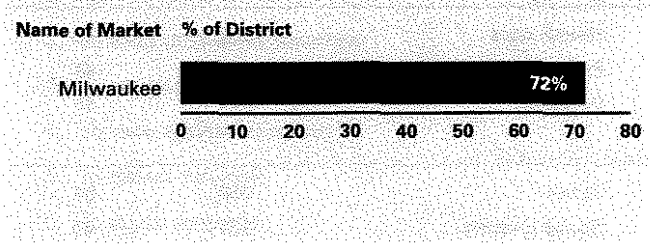
Total Spending for Spottswood $491,647



Total Spending for Ryan $615,049



Media Markets Covered



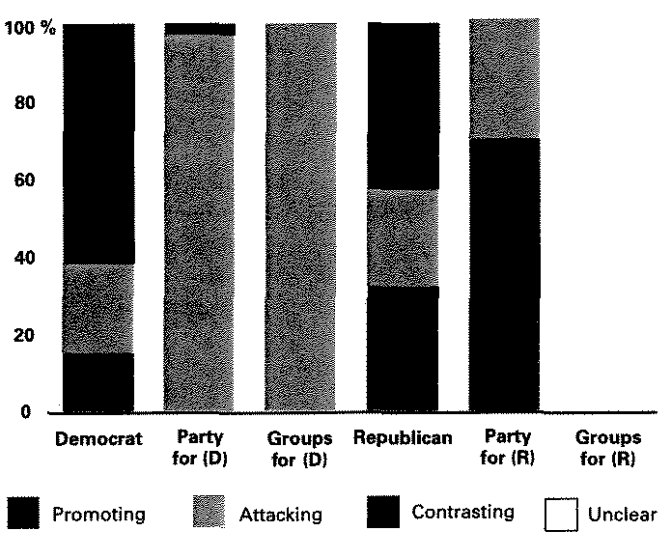
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Education	391	43
Social Security	317	35
Health care	224	24
Republican		
Crime	416	46
Personal values	196	22
Drugs	196	22
Groups		
Government ethics	213	100
Other	213	100

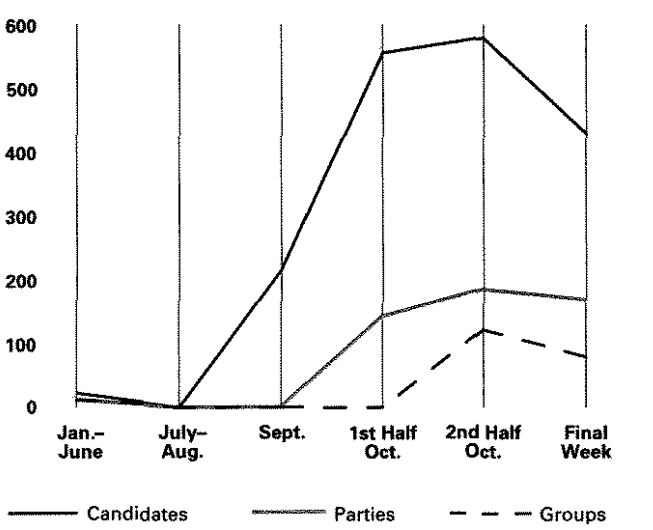
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Americans for Limited Terms	213	$83,224

Tone of Ads



Number of Ads Over Time



Wisconsin

Incumbent Party: Democrat

District 8

Primary date: September 8, 1998

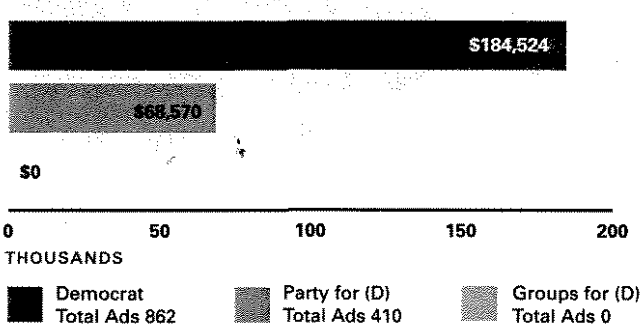
Candidates

Democrat: Jay Johnson
Total FEC spending: $850,577
Vote Total: 93,441
Percentage: 45

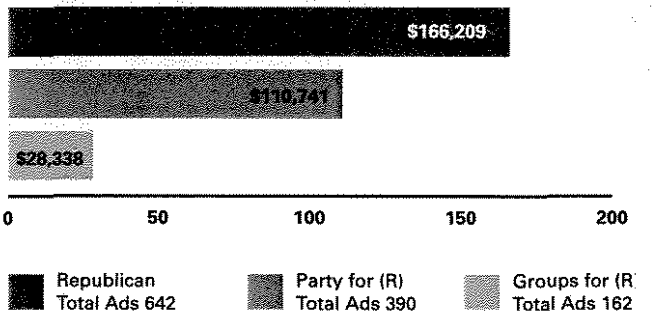
✔ Republican: Mark Green
Total FEC spending: $847,692
Vote Total: 112,418
Percentage: 55

Political Broadcasting

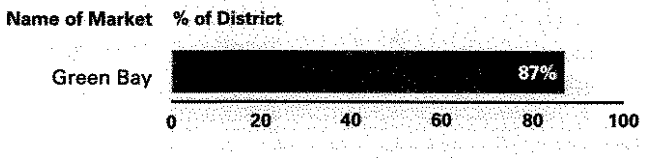
Total Spending for Johnson $253,094



Total Spending for Green $305,288



Media Markets Covered



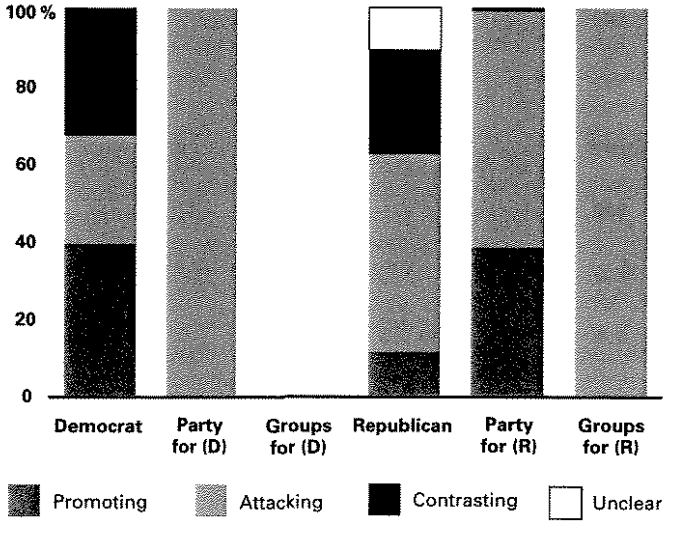
Top 3 Themes by Advertiser

Name	Number of Ads	Percent
Democrat		
Health care	552	43
Political record	524	41
Defense	517	41
Republican		
Taxes	558	54
Social Security	501	49
Defense	353	34
Groups		
Honesty	162	100
Gambling	162	100

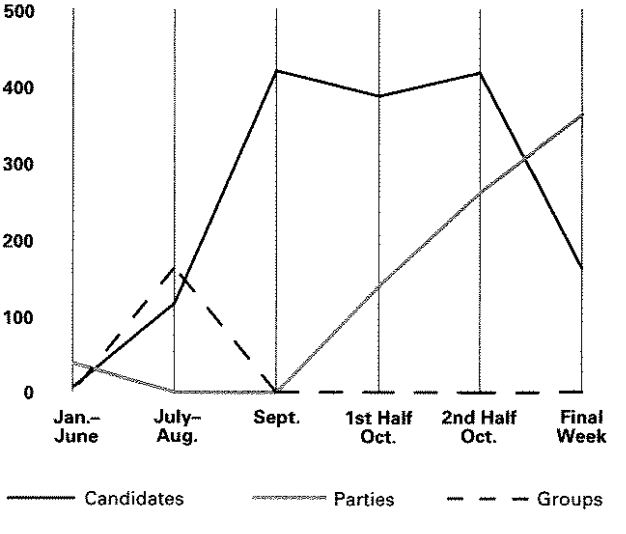
Major Interest Groups Participating

Name	Number of Ads	Total Spending
Americans for Job Security	162	$28,338

Tone of Ads



Number of Ads Over Time



ATTACHMENT B

The Declining Financial Position of

Television Stations in Medium and Small Markets

Prepared by:

Theresa J. Ottina

Sr. Director, Research & Analysis

National Association of Broadcasters

Research & Planning Department

September 2007

The Declining Financial Position of Television Stations in Medium and Small Markets

Introduction

The television duopoly rule currently allows common ownership of two television stations in a Designated Market Area ("DMA") where eight independently owned, full power television stations will remain in the DMA post-merger, and at least one of the stations is not among the top four ranked stations in the market. This "eight voice" standard effectively prevents the formation of even a single duopoly in medium and smaller markets. The Federal Communications Commission in 1999 determined to limit strictly the ability of television licensees to form duopolies to ensure a diversity of voices. But given the current competitive conditions in local media markets, a relaxation of this rule to permit co-ownership of television stations in smaller markets would provide needed financial relief to television broadcasters, and allow television stations to compete more effectively with cable operators and other multichannel video programming distributors.

Methodology

The data contained in this report was compiled from the NAB/BCFM Television Financial Survey, a longstanding industry survey that has been conducted annually for several decades. This annual television financial survey, conducted by the NAB in conjunction with the accounting firm Hungerford, Aldrin, Nichols & Carter P.C., requests revenue and expense information from all commercial television stations. All survey responses are sent directly to the accounting firm of Hungerford, Aldrin, Nichols & Carter P.C. No one at the NAB sees any of the individual stations' completed survey data.

To illustrate the financial position of stations in medium and small DMAs over time, an examination of the profitability of television stations in markets 51-175 was conducted, based on the NAB/BCFM annual surveys' response datasets. For the purpose of this

submission examining smaller market stations, a specialized data run was conducted by Hungerford, Aldrin, Nichols & Carter for the data years 1997, 1999, 2001, 2003 and 2005 utilizing the responses of all commercial television stations that responded during those survey periods. The overall response rates for the annual television survey for each of the years examined were as follows: 1997 data: 70.0%; 1999 data: 65.1%; 2001 data: 64.0%; 2003 data: 63.5%; 2005 data: 63.1%.

Please note, to obtain the data for this submission and for NAB's three previous reports on small market television finances,[1] Hungerford, Aldrin, Nichols & Carter P.C. examined the responses from the annual television industry survey to determine the number of markets that contained a response from both the high-rated and low-rated network affiliated stations.[2] Although the overall response rate of 63.1% for the 2005 annual survey is consistent with previous years, the total number of markets reporting data for both high-rated and low-rated stations decreased in comparison to the previous years examined in this report. Therefore caution should be used when interpreting these results, particularly in the two smallest market size groupings.

[1] See Attachment C, Comments of NAB in MB Docket No. 02-277 (filed Jan. 2, 2003); Attachment J, Comments of NAB in MB Docket No. 06-121 (filed Oct. 23, 2006); Attachment, Reply Comments of NAB in MB Docket No. 06-121 (filed Jan. 17, 2007).

[2] Includes ABC, CBS, FOX and NBC affiliated stations. We chose to look at affiliated stations because, particularly in smaller markets, stations not affiliated with the four leading networks are much less likely to provide regular local news programs.

For the cash flow and pre-tax profit line items in this submission, data were used for markets only where both the highest rated and the lowest rated affiliated stations participated in the annual survey in order to directly compare and illustrate the differing financial position of these stations on a market basis. Since this cash flow/profit data is drawn from an entirely voluntary submission of data by commercial television stations to a separate annual survey, the number of markets where both the highest rated and lowest rated affiliated stations responded differed in the various survey years. The table below displays the number of markets included in each market-size grouping.

Table 1

Number of Markets

Market Size	1997	1999	2001	2003	2005
51-75	21	25	18	15	12
76-100	16	25	15	16	12
101-125	15	24	13	17	11
126-150	15	22	14	14	5*
151-175	16	20	10	13	3*

For the network compensation and news expense line items, *all* network affiliated stations that participated in the annual television financial survey are included in the analysis. This was done to illustrate the downward trend of network compensation in the smaller markets, as well as demonstrate the increase in news expense incurred in those markets—trends which affect all network affiliated stations, not just the highest or lowest rated affiliates.

**Due to a small number of markets reporting 2005 data for both the high-rated and low-rated network affiliated stations in the 126-150 and 151-175 market size groupings, caution should be used in interpreting these results.*

Analysis

A review of television station profitability in smaller markets reveals that profit margins are already at risk today, especially for the lower rated affiliated stations. It is clear that overall these stations show declining profitability in the years examined. Furthermore, those stations located in the smallest of markets are also now at a stage where the average low rated station experienced actual losses. Declining network compensation coupled with increasing news expenses adds to the tenuous financial situation of these small market stations.

To demonstrate this, the following section contains an analysis of the average cash flow,[3] pre-tax profits,[4] network compensation and news expense[5] in market sizes 51-75, 76-100, 101-125, 126-150, and 151-175. Please note, because of the small number of stations in many of the 176+ markets, these markets are excluded from this analysis.

[3] Cash flow is defined as net revenues minus total expenses.
[4] A pre-tax profit is defined as cash flow minus depreciation & amortization & interest.
[5] Network compensation and news expense include average numbers for *all* affiliate stations (ABC, CBS, FOX, and NBC) in the market-size grouping. They are not broken out by average high and average low rated stations.

Markets 51-75: 1997-2005

While the highest rated stations experienced an 11.0% increase in cash flow between the years 1997-2005, the lowest rated stations saw their cash flow decrease by over one-half. In examining the pre-tax profits, the profitability of the average highest rated stations saw a modest increase of 11.7%; in contrast, the lowest rated affiliate stations experienced a 126.0% decrease in profitability.

Network compensation decreased by 67.4% between 1997-2005. Additionally, news expenses increased by 14.7% for the average affiliate station (see Table 2).

Table 2

Markets 51-75

	Cash Flow		***Pre-Tax Profit***		***Network Compensation***	***News Expense***
Year	**Average: High-Rated Station**	**Average: Low-Rated Station**	**Average: High-Rated Station**	**Average: Low-Rated Station**	**Average: All Affiliate Stations**	**Average: All Affiliate Stations**
1997	$7,446,263	$3,606,818	$5,527,154	$1,275,170	$741,660	$2,143,301
1999	$7,952,140	$4,112,158	$5,405,777	$1,499,147	$647,981	$2,172,420
2001	$6,312,692	$1,940,512	$3,340,566	$(269,865)	$498,233	$2,214,057
2003	$7,655,615	$1,525,087	$5,632,695	$429,900	$365,413	$2,485,451
2005	$8,263,200	$1,503,312	$6,173,826	$(331,409)	$241,914	$2,457,376
% Change 1997-2005	*11.0%*	*-58.3%*	*11.7%*	*-126.0%*	*-67.4%*	*14.7%*

Markets 76-100: 1997-2005

The cash flow for the highest rated stations remained flat between the years 1997-2005, and the lowest rated stations saw their cash flow decrease by 3.6%. In examining the pre-tax profits, the profitability of the average highest rated affiliate station increased by 94.3%; while the lowest rated affiliate station experienced an increase in profitability of 291.2%. It should be noted, however, that this apparently large increase in profitability for the lowest rated station is actually a return to relatively modest profitability after losses in some previous years. Indeed, the profits earned by the highest rated station are nearly ten times the amount of the lowest rated.

Between 1997-2005 there was a 60.1% decrease in network compensation. Additionally, news expenses increased by 22.5% for the average affiliate station (see Table 3).

Table 3

Markets 76-100

	Cash Flow		***Pre-Tax Profits***		***Network Compensation***	***News Expense***
Year	**Average: High-Rated Station**	**Average: Low-Rated Station**	**Average: High-Rated Station**	**Average: Low-Rated Station**	**Average: All Affiliate Stations**	**Average: All Affiliate Stations**
1997	$5,196,269	$2,002,674	$1,604,544	($177,509)	$602,945	$1,318,438
1999	$4,979,105	$2,533,439	$1,690,957	$655,480	$545,377	$1,462,026
2001	$4,501,747	$1,837,445	$349,123	($770,915)	$523,930	$1,838,865
2003	$5,395,123	$1,687,584	$2,340,758	$254,353	$352,424	$1,675,414
2005	$5,230,690	$1,930,295	$3,117,578	$339,393	$240,801	$1,614,759
% Change 1997-2005	*0.7%*	*-3.6%*	*94.3%*	*291.2%*	*-60.1%*	*22.5%*

Markets 101-125: 1997-2005

While cash flow for the highest rated stations remained flat between the years 1997-2005, the lowest rated stations saw their cash flow decrease by 4.6%. In examining the pre-tax profits, the profitability of the average highest rated affiliate station increased by 55.3%; while the lowest rated affiliate station experienced an 18.2% increase.

Network compensation decreased by 60.4% between 1997-2005. Additionally, news expenses increased by 36.8% for the average affiliate station between 1997-2005 (see Table 4).

Table 4

Markets 101-125

	Cash Flow		***Pre-Tax Profits***		***Network Compensation***	***News Expense***
Year	**Average: High-Rated Station**	**Average: Low-Rated Station**	**Average: High-Rated Station**	**Average: Low-Rated Station**	**Average: All Affiliate Stations**	**Average: All Affiliate Stations**
1997	$4,282,359	$1,378,834	$1,397,684	$570,936	$458,650	$909,901
1999	$4,156,172	$1,448,547	$1,872,362	$230,581	$423,810	$1,061,402
2001	$3,981,049	$523,806	$292,545	($254,234)	$359,843	$1,120,541
2003	$3,661,890	$1,048,977	$981,939	$411,943	$289,869	$1,138,665
2005	$4,248,166	$1,315,394	$2,170,161	$674,935	$181,464	$1,244,646
% Change 1997-2005	*-0.8%*	*-4.6%*	*55.3%*	*18.2%*	*-60.4%*	*36.8%*

Markets 126-150: 1997-2005

The highest rated stations experienced an increase of 44.2% in cash flow between the years 1997-2005 and the lowest rated stations saw a decrease of 121.2%. The highest rated stations experienced nearly twenty times the cash flow of the lowest rated stations in these markets. Additionally, in examining the pre-tax profits, the average highest rated affiliate station experienced a 66.4% increase in profitability; while the lowest rated affiliate station saw its losses escalate by 1,136.0%.

Similar to markets 101-125, markets 126-150 experienced a 58.0% decrease in network compensation from 1997-2005. Additionally, news expenses increased by 20.3% for the average affiliate station between 1997-2005 (see Table 5).

Table 5

Markets 126-150

	Cash Flow		***Pre-Tax Profit***		***Network Compensation***	***News Expense***
Year	**Average: High-Rated Station**	**Average: Low-Rated Station**	**Average: High-Rated Station**	**Average: Low-Rated Station**	**Average: All Affiliate Stations**	**Average: All Affiliate Stations**
1997	$2,350,371	$800,912	$1,427,403	$206,147	$470,707	$719,187
1999	$2,476,972	$858,943	$717,799	($249,841)	$457,563	$753,314
2001	$2,448,103	$461,252	$999,599	($1,432,339)	$374,274	$824,752
2003	$2,315,389	$444,846	$912,192	($1,193,682)	$275,866	$812,310
2005	$3,390,036	$(170,192)	$2,374,542	$(2,547,093)	$197,905	$865,344
% Change 1997-2005	*44.2%*	*-121.2%*	*66.4%*	*-1,136%*	*-58.0%*	*20.3%*

Markets 151-175: 1997-2005

While the highest rated stations experienced a 20.9% increase in cash flow between the years 1997-2005, the lowest rated stations saw their cash flow decrease by 70.1%. Additionally, the average highest rated station experienced nearly nine times the cash flow of the average lowest rated station in these markets.

In examining the pre-tax profits, the profitability of the average highest rated affiliate station increased by 41.7% over the 1997-2005 period, but actually declined from 1999, 2001 and 2003 levels. Conversely, the average lowest rated affiliate station not only experienced a 117.0% decrease in profitability in the years examined, but also incurred actual losses in 2005.

Between 1997-2005 there was a 63.7% decrease in the network compensation revenue source. Additionally, news expenses increased by 31.4% for the average affiliate station between 1997-2005 (see Table 6).

Table 6
Markets 151-175

	Cash Flow		***Pre-Tax Profits***		***Network Compensation***	***News Expense***
Year	**Average: High-Rated Station**	**Average: Low-Rated Station**	**Average: High-Rated Station**	**Average: Low-Rated Station**	**Average: All Affiliate Stations**	**Average: All Affiliate Stations**
1997	$2,134,991	$976,248	$519,551	$554,059	$404,826	$628,734
1999	$2,854,511	$617,588	$1,355,356	$29,508	$344,844	$622,281
2001	$2,741,192	$403,303	$1,269,239	($92,917)	$253,636	$739,290
2003	$2,488,419	$3,463	$1,327,203	($265,237)	$185,482	$800,618
2005	$2,582,096	$292,059	$736,051	$(94,462)	$146,875	$826,165
% Change 1997-2005	*20.9%*	*-70.1%*	*41.7%*	*-117.0%*	*-63.7%*	*31.4%*

Conclusions

From the data presented in this report, it is clear that many television stations today in smaller markets are experiencing reduced profitability over the years examined. These financial pressures are particularly acute for smaller market stations that are not the top-rated station in their respective markets. Indeed, the average low-rated station in the smallest market size groupings (126+) experienced actual losses in 2001, 2003 and 2005. Even low-rated affiliates in medium-sized markets (51-75) experienced losses in 2005. As this study demonstrates, a relaxation of the television duopoly rule to permit common ownership of two stations in smaller markets would provide needed financial relief for these struggling stations, thereby increasing the strength of local television.

ATTACHMENT C

U.S. Department of Justice

Antitrust Division

Office of the Assistant Attorney General *Washington, D.C. 20530*

08 AUG 1983

Edward P. Henneberry, Esquire
Howrey & Simon
1730 Pennsylvania Avenue, N. W.
Washington, D. C. 20006

Dear Mr. Henneberry:

This letter responds to your request for a statement by the Department of Justice of its present enforcement intentions under the antitrust laws regarding the publication by the National Association of Broadcasters ("NAB") of commercial television station revenue and expense data for the preceding year aggregated by broadcast markets. This data had been published annually by the Federal Communications Commission until last year when budgetary constraints caused the termination of that program at the FCC.

On the basis of the information you have submitted, we understand that the NAB intends to collect and publish information to reflect the preceding year's total time sales, revenues, expenses, income and barter transaction figures for television stations aggregated on a market-by-market basis. The market-by-market survey will be published annually in mid-year using information from the preceding year. No individual station data will be published, and no information will be published for a market unless at least three stations from that market respond to the survey. Also, no information will be collected or disseminated regarding a station's past or current prices for advertising time.

We also understand that participation in the survey is voluntary and is not limited to NAB members. The survey will be available at no cost to those stations participating in the survey, regardless of whether a station is a member of the NAB. The survey will also be available to non-participating stations and the general public at a nominal charge.

Finally, we understand that individual station data reported to the NAB will not be made available to anyone other than those persons in the NAB responsible for publishing the survey and that the NAB has established internal procedures to protect the confidentiality of the individual station data.

Based upon your representations and the information currently available, the Department of Justice does not presently intend to challenge the proposed collection of television station revenue and expense data. However, if the actual collection and publication of this market-by-market survey proves anticompetitive in purpose or effect, the Department remains completely free to bring whatever action or proceeding it subsequently comes to believe is required in the public interest.

This statement is made in accordance with the Department's Business Review Procedure, 28 C.F.R. § 50.6. Pursuant to its terms, your business review request and this response will be made publicly available on the date of this letter. Thirty days from the date of this letter any materials you submitted in support of the business review also will be made publicly available unless you request that any of the materials be withheld in accordance with subparagraph 10(c) of the Business Review Procedure.

Sincerely yours,

William F. Baxter

William F. Baxter
Assistant Attorney General
Antitrust Division

ATTACHMENT D

National Association of Broadcasters
1771 N Street, NW
Washington, DC 20036-2800

Broadcast Cable Financial Management Association, Inc.
550 W. Frontage Road, Suite 3600
Northfield, IL 60093

February 26, 2007

Dear General Manager:

The National Association of Broadcasters and the Broadcast Cable Financial Management Association (BCFM) are conducting the 2007 Television Financial Survey. Enclosed is your station's copy of the survey along with a postage-paid return envelope for your convenience. Your completed surveys must be returned directly to the accounting firm of Hungerford, Aldrin, Nichols & Carter, P.C. No one at NAB or BCFM will ever see your completed survey or figures.

We encourage you to complete this survey "on-line" by going to:
[redacted] **entering your station's call letters in the "User Name" field, and entering your 8-digit ID (as shown on the survey label) in the "Password" field.** ***Please note that security is in place to protect the confidentiality of electronically submitted surveys.***

As in past years, all responding stations will receive a complimentary copy of the *2007 NAB/BCFM Television Financial Report*. This report will include approximately 80 tables to compare your station's performances with those of similarly situated stations. No individual station's data are reported, just summary statistics (e.g., averages, medians, etc.) Your response is critical to help ensure the accuracy of this data.

Additionally, if all major stations in your market respond, we will generate and forward to you your **market totals** for the various revenue categories, total expenses and profits. In order to protect confidentiality, there must be at least 3 stations in a market for us to report these totals. We will only report markets when all the major stations respond.

Important: In an effort to generate and distribute the *NAB/BCFM Television Financial Report* in a timely manner, this year's deadline for Hungerford, Aldrin, Nichols & Carter, P.C. to receive your completed questionnaire is March 30, 2007. Your market totals will be mailed to you shortly after all stations in your market have submitted their survey form. We strongly urge you to respond as soon as possible.

We hope you will participate in this year's survey. Over 63% of all commercial television stations participated last year. If you have any questions, please call me at NAB, [redacted], or Chris Harper at Hungerford, Aldrin, Nichols & Carter, P.C. [redacted] Thank you for your cooperation in this survey. With your help we can continue our success in this survey and provide broadcasters with useful information.

Sincerely,

Theresa J. Ottina
Sr. Director, Research & Analysis
NAB
tottina@nab.org

ATTACHMENT E

ANNUAL TELEVISION FINANCIAL SURVEYS

Pre-Tax Profits – All Affiliates and All Independents – 25th Percentile

	Markets 176+	Markets 151-175	Markets 131-150	Markets 121-130
1997	(258,559)	(3,840)	(345,230)	(358,750)
1999	(95,050)	(146,003)	(825,747)	(710,348)
2001	(318,285)	(312,206)	(998,440)	(1,125,969)
2003	(362,498)	(315,702)	(854,781)	(294,479)
2005	(444,215)	(152,788)	(552,335)	(950,821)
1997-2005	**Losses Increased 71.8%**	**Losses Increased 3878.9%**	**Losses Increased 60.0%**	**Losses Increased 165.0%**

	Markets 111-120	Markets 101-110	Markets 91-100	Markets 81-90
1997	(718,967)	37,939	(235,276)	(307,523)
1999	(1,095,331)	(615,124)	(567,430)	(772,874)
2001	(1,696,665)	(849,021)	(2,168,276)	(1,932,492)
2003	(804,500)	(194,193)	(519,969)	(140,255)
2005	(286,671)	86,949	(671,316)	(576,918)
1997-2005	**Losses Decreased 60.1%**	**Profits Increased 129.2%**	**Losses Increased 185.3%**	**Losses Increased 87.6%**

	Markets 71-80	Markets 61-70	Markets 51-60
1997	240,170	159,461	713,055
1999	(1,105,739)	(412,170)	134,172
2001	(2,328,460)	(1,325,192)	(1,462,123)
2003	(781,202)	(147,554)	(399,194)
2005	(1,299,696)	(11,451)	(644,163)
1997-2005	**Profits Decreased 641.2%**	**Profits Decreased 107.2%**	**Profits Decreased 190.3%**

ATTACHMENT F

ANNUAL TELEVISION FINANCIAL SURVEYS

Pre-Tax Profits – ABC, CBS, NBC affiliated stations – 25th Percentile

	Markets 176+	Markets 151-175	Markets 131-150	Markets 121-130
1997	(327,172)	45,309	(288,981)	(283,133)
1999	(95,050)	(119,528)	(825,747)	(603,607)
2001	(110,526)	(312,206)	(543,742)	(1,370,869)
2003	(290,025)	(269,569)	(872,056)	(478,323)
2005	(557,251)	(244,740)	(299,075)	(986,834)
1997-2005	**Losses Increased 70.3%**	**Profits Decreased 640.2%**	**Losses Increased 3.5%**	**Losses Increased 248.5%**

	Markets 111-120	Markets 101-110	Markets 91-100	Markets 81-90
1997	(727,623)	197,707	(393,524)	247,041
1999	(1,189,853)	(493,898)	(1,553,616)	1,003,323
2001	(1,938,209)	(317,402)	(2,643,217)	(1,767,991)
2003	(904,009)	381,304	(519,969)	59,069
2005	(69,096)	197,825	(709,825)	(525,404)
1997-2005	**Losses Decreased 90.5%**	**Profits Increased 0.1%**	**Losses Increased 80.4%**	**Profits Decreased 312.7%**

	Markets 71-80	Markets 61-70	Markets 51-60
1997	769,680	298,157	1,071,861
1999	(1,215,359)	446,852	1,689,309
2001	(2,239,489)	(255,360)	484,930
2003	(294,020)	74,282	1,299,541
2005	(222,395)	153,835	759,003
1997-2005	**Profits Decreased 128.9%**	**Profits Decreased 48.4%**	**Profits Decreased 29.2%**