

TELEVISION DIGEST®

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With Consumer Electronics

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NBC AND AFFILIATES CUT DEAL on compensation resulting in no reductions but return of several spots to network. ABC awaiting affiliates' proposal before it decides on making anticipated cuts. CBS remaining silent on matter. (P. 2)

IDB TO PAY \$35 MILLION for Hughes TV Network in deal described as 'Cinderella fit.' No major staff or operational changes planned. (P. 3)

BUSH TEAM TELLS PATRICK: 'We have no problems.' You may stay at FCC as long as you like, FCC chmn. is told by Bush officials involved with decision. Chmn. Patrick lists issues he wants to settle before he makes any return to private sector. (P. 3)

CABLE IN 1989 -- FOCUS ON TECHNOLOGY: Industry leaders in year-end interviews see no reregulation. Opponents have other ideas. (P. 4)

TRACKING HDTV SYSTEMS: Advanced TV Test Center is facing major challenge as it draws up plans to test nearly 20 HDTV systems beginning early this year, according to Center Dir. Peter Fannon. Wide variety of approaches to HDTV will make it difficult to find testing approach that doesn't disadvantage one system in favor of another, he said. Basic guidelines for tests are being drawn up by FCC's Advanced TV Advisory Committee. Test Center provided information for chart detailing parameters and schedules for various proposed HDTV systems, which we reproduce on pages 6 and 7. Chart is based on information that proponents supplied to advisory committee.

INTV MEMBERS GATHER IN L.A. IN RECORD NUMBERS: INTV is gearing for its largest convention ever Jan. 4-7 in L.A. with preregistration topping 1,000 -- to more than 1,200 -- for first time, and more than 1,500 are expected. Assn. has filled Century Plaza and new Marriott Hotels, spread into 3rd.

Two dominant issues, along with usual govt. panels, will be keeping free TV free and campaign to attract more national ad dollars from broadcast and cable networks. Major sessions are planned on both subjects, and INTV Pres. Preston Padden predicts "the really hot talk in the hallways" will be about "how to rally around INTV" for independents to attract larger share of ad dollars that now go to networks. Padden said

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12 BRANDS HIKE PRICES with new year, Zenith and Toshiba becoming latest to join majority. Panasonic, Quasar, Sanyo sitting this one out. (P. 8)

\$30 MILLION FOR HDTV display and receiver being offered by Pentagon, with hint VCR money will come later. Bids due Feb. 19. Private matching funds sought. (P. 9)

PERSONAL VIDEO WAVE coming from Japan, inspired by Video Walkman. Various versions by Canon, Casio, Hitachi, Matsushita, Sharp, Toshiba. (P. 9)

RECORDS IN COLOR, projection and camcorders seen in our forecasts for 1989, with sales of 23.5 million TVs, including 21 million direct-view color. (P. 10)

JAPANESE VCR PRICE DOWN in yen for 3rd straight month in Nov., as shipments decline. Color TV exports are off but are highest of any 1988 month. (P. 11)

ZENITH ASKS U.S. to monitor color TV, picture tube imports from Mexico, Malaysia, Singapore, Hong Kong, China, Thailand, Philippines for '3rd-country' dumping. (P. 12)

COMMERCE DEPT. GLOOMY on future of U.S. consumer electronics, sees 0.2% average decline annually through 1993, with color TV a bright spot. (P. 12)

HYUNDAI TV, to be unveiled at CES, will seek to duplicate auto namesake's success here. (P. 14)

independents get 25% of audience and 25% of local and national spot, while networks get 59% of audience and 80% of TV ad dollars. "That seems like a lot of fat to us," he said.

Convention opens Jan. 4 with reports from INTV Chmn. John Serrao, WATL-TV Atlanta, Padden and Milton Maltz, head of industry's Free TV Task Force. Maltz will show videotape featuring House Commerce Chmn. Dingell (D-Mich.), Telecom Subcommittee Chmn. Markey (D-Mass.), FCC Comrs. Quello and Dennis, celebrity interviews. All will extol free, over-the-air TV. Also in tape are "man-on-the-street" interviews answering question: "How would you feel if your favorite shows were no longer available on free TV?" Later same morning, panel on advertising will include Serrao-prepared video with executives of nation's leading TV advertisers. On panel -- all new to INTV convention -- will be Robert Ward, Miller Brewing; Robert Wehling, Procter & Gamble; Donal Micelli, General Foods; Whitley Hawkins, Delta Airlines.

Four major sessions are scheduled on programming, one titled "Can We Afford to Stay in the Kids Business?" Consultant Paul Kagan will present study at business session titled "TV's Next Decade: Twilight Zone or Cheers?" Panelists include Harold Pappas, Pappas Telecasting; Kay Koplovitz, USA Network; Paul Isacson, ex-NBC, now with Young & Rubicam; David Poltrack, CBS; Dennis Gillespie, Viacom.

Keynote speech by Rep. Coelho (D-Cal.), House majority whip, won't come until 3rd day (Jan. 6). His subject is "Independent TV Is Local TV." Reps. Swift (D-Wash.), Rinaldo (R-N.J.), Bryant (D-Tex.) and Tauke (R-Ia.) are panelists on "Politics and Public Policy" session, to be moderated by INTV Govt. Affairs Vp James Hedlund. NAB Pres. Edward Fritts will moderate panel -- "The Grand Inquisition II" -- at which Quello will question group of broadcasters, programmers, cable and telephone executives. Jan. 4 will feature "Washington Public Policy Power Breakfast," with FCC and congressional staffers.

As has been custom since INTV began accepting program exhibitors several years ago, afternoons will be blocked out so station officials can take look at programs. However, that's being eroded somewhat by Fox TV Network, which will hold its 3rd annual session with stations last afternoon of convention (previously, Fox stations had met before INTV formally started). Some 5 dozen syndicators will show their wares on 3 floors of Century Plaza Hotel. INTV is offering free registration for program dirs. accompanied by general managers and sales managers. Entertainment includes 10 p.m. disco hosted by Claster and Paramount studio party. INTV board meets Jan. 3 before formal start of convention; Quello and FCC Chmn. Patrick will speak and answer questions at closed session. Patrick has no other formal role at convention -- but "we've invited him to stick around," Hedlund said.

NBC AND AFFILIATES CUT DEAL ON COMPENSATION: Concluding what both sides described as lengthy negotiations, NBC and its TV network affiliates reached compromise last week that results in no decrease in compensation for 1989, but will enrich network coffers by more than \$20 million for year. This will be accomplished through affiliates' return of several spot availabilities to network, while NBC will return half-hour at noon to affiliates for local programming.

ABC also is seeking to cut compensation -- said to be \$5.5 million for 1989 and up to 50% over next decade. Affiliates are preparing counteroffer that reportedly will be based on clearances and will require Justice Dept. antitrust approval. CBS is maintaining "wait-and-see" stance, we're told, meets with affiliates' board on issue Jan. 15-18 in Tucson. Affiliates beat back both CBS and ABC 2 years ago when they attempted to cut compensation -- helped mightily by NBC's announcement then that it would increase compensation.

NBC-affiliates deal was announced Dec. 28 in joint message from Affiliates Chmn. James Sefert of Cosmos Bestg. and TV Network Pres. Pierson Mapes. In return for additional half-hour and no cut in compensation, affiliates agreed that NBC would: (1) Recapture, effective Jan. 30, two 30-sec. spots from affiliates in Today show. (2) Assume, effective Feb. 2, three additional 30-sec. spots in prime time that will come out of promotion -- rather than programming -- time. Network also takes over three 30s from midbreaks on Tues. and Fri. nights.

Mapes stressed changes won't result in additional advertising time or clutter on network and will maintain NBC's policy of 7 commercial min. in hour shows, 4 in half-hour ones. NBC affiliates' board meets Jan. 9-12 in P.R., and Mapes and Sefert said that while compensation issue "is now behind us, we will have strategic 'futures' discussions... Our goals are mutual for continued growth and industry leadership."

Coming off much worse than expected financial results in 1988, and gloomy projections for 1989, affiliates of all 3 networks were much upset by networks' attempts to cut compensation after projections for new year had been made. According to reports, CBS compensates affiliates \$160 million annually, NBC \$145 million, ABC about \$120 million. Early in Dec., NBC proposed compensation cut of up to \$45 million; affiliates made counteroffer, to which NBC also countered, and last week's agreement resulted. ABC affiliates' new proposal to that network now is due week of Jan. 9. All major groups we talked with said

they didn't meet 1988 projections -- despite Olympic and presidential election year -- particularly in national spot.

FCC, INDUSTRY, SEEK EPA STANDARD: Much to consternation of broadcasters as well as FCC, Environmental Protection Agency (EPA) has put on hold its nearly completed plan to adopt national RF radiation standards, which would apply to broadcast transmitters. EPA cited budgetary restraints as reason for dropping long-standing program, which broadcasters said was "90 to 95% complete." Said one broadcast executive: "It's a colossal waste of money" to end development of standards when they were so close. Major concern, cited by FCC Chmn. Patrick in letter to EPA Administrator Lee Thomas, is that spate of local and state regulations, often contradictory, are springing up to take place of federal standards.

Officials of Electromagnetic Energy Policy Alliance (EEPA) met in early Dec. with Richard Guimond, dir. of EPA Office of Radiation Programs, but nothing was decided. EEPA also is lobbying members of President-Elect Bush's transition team to seek EPA's return to radiation arena and will ask FCC to issue preemptive statement overruling state and local radiation requirements.

Patrick asked EPA to review its decision not to continue effort to develop radiation standards, citing "considerable progress" already made. He said it will be "difficult and time consuming" to reinstitute program once it's dropped. While FCC has certain obligations, Patrick said, it isn't "a health and safety agency... and therefore must rely on agencies and organizations with specific expertise, such as the EPA." He said any EPA standards were likely to have been incorporated in FCC rules: "Without guidance on acceptable RF exposure levels from EPA, our licensees will continue to be subject to possibly arbitrary local RF standards and zoning decisions and a 'patchwork' of inconsistent exposure standards may result... The lack of federal standards has already led local officials to favor significant restrictions on RF transmitters that are not supported by scientific evidence and that can delay and disrupt telecommunications services."

In its own letter to Thomas, EEPA Pres. Jay Brandinger expressed "deep concern" at EPA decision not to adopt standards: "Federal guidance on this issue is needed. Moreover, to stop work so near to issuance of [standards] wastes the considerable time, energies and federal resources already committed." Brandinger wrote that, absent federal standards, "localities without expertise... are adopting restrictions unnecessarily interfering with the beneficial use of electromagnetic energy."

Warning from FCC to public: Don't misuse frequencies (121.5 MHz and 243 MHz) reserved exclusively for aircraft emergency locator transmitters (ELTs). Commission said ELTs are being marketed -- along with "misleading advertisements implying that ELTs are authorized for use by hikers and backpackers" -- as emergency personal locators. It said use of ELTs for "purposes other than aircraft-related emergencies is strictly prohibited" and is punishable by fine up to \$10,000 and/or imprisonment.

Hopes of FCC Comr. Dennis to be appointed Secy. of Labor (TVD Dec 26 p5) ended Christmas Eve when President-Elect Bush named ex-Secy. of Transportation Elizabeth Dole to post. At one point, Dennis was clear front runner for Labor (TVD Dec 19 p1). Her FCC term expires June 30; she currently is on Australian vacation with family.

IDB BUYS HUGHES TV NETWORK: IDB Communications is buying Hughes TV Network (HTN) in deal that will give earth station company access to 14 transponders on 4 satellites and double expected revenues to \$50 million in 1989, IDB Pres. Jeffrey Sudikoff said. No major staff or business changes are expected at HTN, subsidiary of Madison Square Garden Inc.

Deal is first major move into satellite services business for IDB, which has concentrated primarily on providing hardware for satellite uplinks, Sudikoff said. IDB owns nationwide network of fixed earth stations, as well as largest U.S. fleet of transportable C- and Ku-band earth stations.

"This is a Cinderella fit" between IDB and HTN, Sudikoff told us. Companies don't compete at all, he said, and often have bought services from each other. Transaction will allow both to reduce costs and increase profits, he said. HTN will continue to use most local vendors who provide satellite uplinks, Sudikoff said, although there may be some minor readjustments.

IDB will pay about \$35 million for HTN, although final cost will be set at closing and is subject to some adjustment, Sudikoff said. IDB is financing purchase from \$55 million credit line set up in Nov. with syndicate of banks headed by Chase Manhattan. He said HTN generates more than enough profits to service loan and still increase IDB profitability. Deal is expected to close this month because no govt. approval is necessary, he said.

Acquisition is hedge against possible future transponder shortage, Sudikoff acknowledged, although he said IDB doesn't see such shortage developing in near term. IDB has no current long-term satellite transponder capacity, acquires it on open market for short-term uses.

HTN is one of largest satellite transmission services for TV sports and entertainment programming, providing satellite links for major TV networks, horse racing, ad hoc sports events. It also handles satellite relays for Financial News Network and other groups. HTN was set up about 30 years ago and once hoped to become 4th TV network.

Don't expect change in FCC chairmanship early in Administration of soon-to-be President Bush. "We have no problems with Dennis [FCC Chmn. Patrick]," Chase Untemeyer, head of personnel on Bush transition team who will have same job at White House in new Administration, told us. "He will stay on at FCC for the foreseeable future." Untemeyer said those sentiments have been passed on to Patrick. Chmn. repeated to us that he has "no plans to leave at the present time." He said there are several major issues -- mentioning comparative renewal reform and curbing of abuses in process, price caps and cable teleco cross-ownership -- that he wants to decide before returning to private sector. While Patrick wouldn't speculate, others said this means he's likely to remain as chmn. at least through summer. There had been much speculation that Patrick would be eased out early in Bush Administration in effort to help improve relations with Democratic-controlled Congress.

Conus has signed 80th and 81st affiliates for satellite newsgathering cooperative -- WCMH-TV Columbus, O., and KWQC-TV Davenport, Ia.

CABLE LEADERS LOOK AT 1989: Cable in 1989 will stress technology for future, spurred by most-discussed issue of 1988 -- possibility of telcos' moving to acquire ability to provide cable in their local exchange areas. At same time, industry leaders agree that 1989 is to be year when Congress will deal with must-carry, probably early in session. CATA Pres. Stephen Effros believes cable has shown it's financially mature and now will map future delivery systems more actively.

NCTA Pres. James Mooney sounded confident in predicting Congress wouldn't move to reregulate industry, which celebrated 2nd year of rate freedom in 1988 under 1984 Cable Act. Act took effect in Dec. 1986. For 12-month periods ending Oct. and Nov. 1988, Labor Dept.'s Bureau of Labor Statistics (BLS) reported rate increases of more than 13%.

But MPAA, INTV, National League of Cities (NLC) and others are preparing strategies to slow cable. They label it as unregulated monopoly running rampant. MPAA Pres. Jack Valenti said he intends to continue talking with NCTA and cable industry, although discussions so far haven't brought 2 sides near agreement. Earliest Hollywood studios and cable will resume talks is mid-Jan., he said. Valenti wants to make deal that would reserve "great majority" of cable channels for services in which cable MSOs don't have proprietary interests, he said, likening situation to cable's "standing on the bridge with a 105 [mm] howitzer to shoot them [programming alternatives] down before they cross the bridge."

TCI Pres. John Malone said Valenti actually wants to make cable middleman to collect high fees that program suppliers hope to pass on to consumers (TVD Dec 26 p6), "and that just won't fly." Malone wouldn't predict whether 2 sides would agree but indicated meetings were good idea, like those between "U.S. and the PLO [Palestine Liberation Organization]." Malone said what studios want is access: "What I need [to know] is that if I give them access, I know that I and my subscribers aren't going to get raped" on price increases.

Malone said there should be rate regulation of program suppliers so they can take heat on rate increases from Senate Antitrust Subcommittee Chmn. Metzenbaum (D-O.) and other congressional cable watchers. That would make him more comfortable with an access provision, Malone said. On merger and acquisitions side of business, he said long-term interest rates hold key. He predicted that Jack Cooke wouldn't get \$2,800 per subscriber he seeks for Cooke CableVision. Malone said average sale price in 1988 was around \$2,000 per subscriber and would fluctuate around that level in 1989, depending upon interest rates.

In middle of concerted effort to show that it has lead over telcos on technical issues such as deploying fiber optics and advanced TV (ATV), cable leaders are downplaying telco issue as intellectual exercise that hasn't yet intrigued Congress sufficiently to act. "I don't think Congress wants the phone companies to take over the television business," Mooney said.

USTA has yet to decide whether it will pursue legislation in 1989, Vp-Govt. & Public Affairs Ward White said. It has chosen regulatory path -- evidenced in recent comments at FCC (TVD Dec 19 p6) -- that attacks cable as monopolist and offers FCC various means by which telcos could be freed to compete in delivery of video. USTA intends to continue seeking to talk with anyone who wants to, White said, adding that it has invited NCTA to discuss issue but has received no response. After earlier invitation for talks from cable pioneer Bill Daniels, White said, there has been nothing but silence. RHCs still are attempting to

reach consensus on question and continually are educating themselves, he said, disagreeing with some accounts that telcos may be split on providing cable in local exchange areas. White said telco-cable situation will be main topic of debate this year because it focuses all communications parties on "what the future is and how we're going to get there."

If rhetoric of 1988 and 1989 is opening of long campaign by telcos, Mooney said, cable is prepared to dig in: "We're not about to be worn down." He wouldn't comment on whether there was plan to extend 15% surcharge levied on members over next 5 quarters to raise war chest to fight telcos. Cable-telco issue now is subset of broader debate on jurisdiction over Modified Final Judgment (MFJ), he said, and cable will watch that with great interest.

Effros sees cable making great strides in fiber optics in 1989, "and at the same time I think we're going to get a much clearer picture of how difficult fiber implementation will be in the traditional telephone configuration." For one thing, he said, cable now has Cable TV Labs, which becomes key technical player for industry in 1989, its first full year of operation. For another, ATC, Cablevision Systems, Jones, TCI and other MSOs have announced plans or are studying putting fiber into their systems. Fiber and ATV are atop Labs' agenda.

As for traditional public policy areas, Effros sees Congress as unwilling to change compulsory license. To the contrary, he said, it has shown even more interest in regulating copyright via compulsory licensing schemes, citing license granted in HR-2848 to backyard dish market. FCC has urged Congress to eliminate license on distant signals, is divided on whether to suggest that license on local signals be dropped. Said Mooney: "It's hard to make concessions when nobody is interested in them." He also downplayed significance of reports of 13% annual cable rate increases. He said that those data really aren't informative but that cable realizes they hold potential for political danger. He expects General Accounting Office (GAO) review of cable rates to produce similar results.

Mooney showed little regard for Commission's new policy -- under reconsideration -- for syndicated exclusivity (syndex). New rules are bad policy and are impossible for cable to live with, he said. It's "a silly way to make what would ostensibly be a grownup rule intended to be taken seriously by grownups," he said. "I don't mean to be harsh, but I really think there's a lot of room for improvement in understanding how this thing would work or not work in a real world." NCTA has said it will appeal rule and Mooney left little doubt it would follow that path. Effros said Commission approached syndex issue backward by failing to propose detailed rule before seeking comments. He and Mooney agreed that customer service is major problem area for cable.

However, they differed on issue that has potential to tear cable apart: Price discrimination on programming, with large MSOs paying less per subscriber than others. Effros, who has been involved with issue and conducted legal study on behalf of some CATA members, said it's likely there will be legislative effort to resolve problem: "That's not the ideal forum, but if the programmers don't hear the message soon, that may be the only forum." Mooney said that there's no record that justifies legislation and that there have been "substantial" conversations between programmers and cable operators in last few months.

In making their case against cable, Valenti and INTV Pres. Preston Padden both noted that Jones Intercable had dropped USA Network to make room for Turner Network TV (TNT). USA Network, owned by MCA and Paramount, is

most popular program service on cable, Valenti said. Jones has stake in TNT through less than 0.1% interest in Turner Bestg. System, TBS spokesman said. Padden believes there will be "increasing level" of activity by Congress on professional sports' migrating to cable, noting that N.Y. Yankees had signed deal with Madison Square Garden Network for local rights to 150 games per year beginning in 1991. There also will be more focus on vertical integration in cable, he predicted. INTV is "talking to everybody who'll talk to us, which is everybody besides NCTA," Padden said. Said Mooney: "I think that one normally does not seek to invite himself to tea in the home of people who have vociferously and almost violently been critical of you in public." It's different with Valenti, Mooney said, because they have long personal relationship.

Effros said progress on copyright and access issues will come through private agreements. "What option does he [Valenti] have? Declare war? He declared war last year and nobody came." Effros said cable doesn't want war: "I agree with Jack that the time for talk is over and the time for agreement has come."

New issue coming over horizon for cable is need for lifeline service for low-income subscribers, which NCTA board has discussed. Mooney said that as cable becomes more of staple of life, focus will be on whether some are being "cut out" of American experience because they can't afford cable. Issue is best addressed at local level, he said.

TCI-owned and -managed cable systems will raise rates in 1989 average of 7%, or \$1.14 per subscriber, in move Pres. John Malone attributed largely to "the dramatic escalation in programming costs." Increase will result in average monthly basic fee of about \$15.50, we're told. TCI's program costs have expanded 10 times faster than its basic cable rates over last 3 years, Exec. Vp-COO J.C. Sparkman said. Malone again called for industry to consider establishment of intermediary tier between basic and premium cable for sports and other fare with expensive purchase rights (TVD Dec 26 p6), said that would help prevent basic from becoming "too expensive for our least advantaged subscribers." He cautioned that "without a safety valve of this type in place, I see growing tension between some programmers and operators next year."

NAB has lined up 7 members of Congress, plans to add at least 2 more, for Jan. 14-15 legislative forum in Scottsdale just before its board meetings. Panel subjects include communications issues and outlook for 101st Congress, which starts Jan. 3, economy, taxes affecting broadcasting, competitive marketplace factors. Participants include 2 new senators -- former Rep. Coats (R-Ind.), who was appointed to seat held by Vice President-Elect Quayle, and former broadcaster Burns (R-Mont.), -- along with Sen. Metzenbaum (D-O.) and Reps. Chandler (R-Wash.), Brown (R-Colo.), Gephardt (D-Mo.), Moorhead (R-Cal.).

HBO has been tapped by National Academy of Cable Programming as winner of this year's Golden ACE Award. HBO, selected from among 10 cable networks, is being honored for "high-impact" programming as exemplified by Dear America: Letters Home From Vietnam, Academy said. Awards ceremony will be cablecast Jan. 15.

CapCities/ABC begins move of hq in N.Y. this week from 1130 Ave. of Americas to 77 W. 66th St. 10023, near Lincoln Center and ABC News and Sports Center. Move will be spread over 3 months; new phone number will be 212-456-7777. Cap/ABC sold current 39-floor building to Japanese group.

Personals

FCC calendar -- Jan. 4: Commission panelists at INTV annual convention in L.A. Jan. 4-7 include Comr. Quello, Alex Felker, chief, Mass Media Bureau; Diane Killory, gen. counsel; John Haring, chief, Office of Plans & Policy. Killory also addresses L.A. Copyright Society on copyright and First Amendment, 8:15 p.m., Ramada Inn, 1150 S. Beverly Drive.

Changes at NBC: Ellen Agress moves from vp-corporate planning and business development to vp-legal policy and planning; Lynn Condon promoted to dir.-standards policy, program mktg. and administration... Paul Gluck promoted to news dir., WCAU-TV Philadelphia, succeeding Jay Newman, who becomes vp-station mgr., WCIX Miami, of which CBS was to assume control Jan. 1... Chloe Aaron, ex-KCET L.A. and former PBS programming chief, named vp, WNYC-TV N.Y... David Way, ex-business mgr., WROC-TV Rochester, N.Y., joins WJXT Jacksonville in same post... Carole Kneeland, ex-WFAA-TV Dallas, appointed news dir., KVUE-TV Austin.

Thomas DeFazio appointed chief financial officer-treas., General Instrument, succeeding Gerald Johnson, resigned; Lawrence Dunham promoted to pres., General Instrument's VideoCipher Div., new post... Bonnie Busekrus, ex-Showtime Networks, returns to HBO as vp-affiliate relations, western region; Rose Lorenti promoted to dir.-affiliate relations, eastern region; Ruth Katz, ex-Sky Communications, named dir.-affiliate relations, eastern region; Maureen Farley, ex-Porsche Mktg. Group, joins as affiliate sales exec., eastern region; Jan Crowell promoted to mgr.-special markets and sales administration... Jonathan Ozor advanced to dir.-affiliate ad sales, Turner Cable Network Sales... John Kimball, ex-LIN Bestg., joins TvB as mktg. mgr., L.A. office.

Wayne O'Dell, ex-operations vp, Storer Communications' northeast region, joins Star Cable in same post... Tom Rogeberg, ex-senior vp-gen. mgr., CBN Cable Network, named senior vp, cable's new interdenominational religious service ACTS Network... Promotions at WPBT Miami: Michael Boylan to vp-production, Graham Simmons to vp-engineering, Diane Westfall to vp-administrative services.

Pat Symonds joins cable's Travel Channel as mgr.-affiliate mktg. and sales, southeastern region... Marcheta Rae Stevens, ex-la. Public TV, named dir.-educational services, Neb. Educational TV... Gregory Schermer, ex-Washington law firm Hanson, O'Brien, Birney & Butler, joins Lee Enterprises as corporate attorney... James Halsey, ex-Coopers & Lybrand, appointed vp-management information systems, CBS... Ronald McMillan named pres.-gen. mgr., Warner Cable's Milwaukee system.

Jonathan Miller, ex-media editor, London Sun. Times, and onetime managing editor, Warren Publishing's Communications Daily and Satellite Week, joins U.K.'s Sky TV as dir.-corp. affairs... Arch Madsen, retired Bonneville International pres., receives recess appointment from President Reagan to be member, Board for International Bestg.

Dave Donelson, ex-vp-sales dir., MMT Mktg., named pres., new TV station-targeted Sales Development Assoc., which expects to begin operation shortly in N.Y.: 914-576-3046... Promotions at HBO: Tim Braine to vp-program promotion, new post; Quentin Schaffer to vp-media and corporate affairs, also new post; Jim Noonan to vp-corporate affairs.

Highlights of ATV Proponent Presentations to SS/WP-1 Meeting

Information in this chart was compiled by Advanced TV Test Center (ATTC), based on data supplied to FCC Advanced TV Advisory Committee by system proponents. Table provides characteristics and timetables for each of systems that ATTC expected to test, as of late Dec.

LEGEND: # - Quarter year; HDTV - High Definition TV; EDTV - Enhanced Definition TV; NTSC - National Television System Committee (i.e. current North American standard); Letterbox - During programs transmitted in the ATV standard, NTSC receivers will display smaller pictures, and, with some ATV proposals, the top/bottom part of NTSC screen will display some sort of dots, lines or patterns. * Had announced he would be unable to attend, but intends to proceed; thus included in "presented systems". ** Can only be accomplished in time sharing 6 MHz channel with another broadcaster also using NYIT (Glenn) system. ***Proponents were asked when their systems would be "implemented in hardware"; the responses are listed in this column. NB: This may not mean that systems will be ready for or available to test at ATTC at that time.

| PROPONENT | PREFERRED INPUT (can accept) | OUTPUT | HARDWARE*** FIRST AVAILABLE | (ASPECT RATIO) | | DEMOS PLANNED |
|-----------|---------------------------------|--------|--------------------------------|----------------|---------|------------------|
| | | | | NTSC set | ATV set | |

I. SINGLE CHANNEL/NTSC BASED SYSTEMS (COMPATIBLE)

| | | | | | | |
|------------------------------|---|------------------|---------|--|------------------|--|
| BTA/Japan | 525/59.94, 2:1 | EDTV | Now | (Phase II to include wide screen, further improvements under study.) | | |
| Del Rey | 1125/59.94, 2:1 | NTSC HDTV | 3Q89 | (14:9) Letterbox | (14:9) | |
| Faroudja* | 525/59.94, 1:1 (1050/59.94, 2:1) (525/59.94, 2:1) | NTSC | 2Q89 | | | NAB '89 |
| Hi Res. Sci. | 525/60.07, 2:1 | Modified NTSC | 2Q89 | Changes line & field rates to improve existing NTSC in terms of color artifacts (4:3) (N/A) | | |
| MIT | 525/59.94, 2:1 | NTSC R,G,B | Mid '89 | ("Proof of principle" demo only) | | |
| NHK MUSE-6 | 1125/60, 2:1 | NTSC EDTV | 3Q89 | (16:9) | (16:9) | NAB '89 |
| Production Services, Inc. | 1125/60, 2:1 | NTSC and HDTV | 3Q89 | (4:3) | (16:9) | NAB '89 |
| Sarnoff ACTV-I | 525/59.94, 1:1 (1050/59.94, 2:1) | EDTV | 4Q89 | ACTV-E (4:3) ACTV-I (4:3) | (16:9) (16:9) | early 1989, over WNBC & at NAB '89 |

II. SINGLE CHANNEL SIMULCAST SYSTEMS (NON-COMPATIBLE)

| | | | | | | |
|--------------------|--------------------|---|-----------------------|--------------------------------|--------|---------|
| MIT | — | — | 2Q89 | "Proof of principle" demo only | | |
| NHK Narrow MUSE | 1125/60, 2:1 | — | 3Q89 | (N/A) | (16:9) | NAB '89 |
| Zenith | (787.5/59.94, 1:1) | | 4Q89, 1st line avail. | (N/A) | (5:3) | NAB '89 |

III. NTSC PLUS ONE HALF CHANNEL AUGMENTATION SIGNAL

| | | | | | | |
|------------|-------------------------------------|-----------------|-------------|---|--------|---------|
| NHK MUSE-9 | 1125/60, 2:1 | NTSC | 3Q89 | (16:9) | (16:9) | NAB '89 |
| Philips | 525/59.94, 1:1 (1050/59.94, 2:1) | NTSC, & HDTV | Under Study | 3 MHz digital modulation under study (4:3) pan & scan (16:9) | | NAB '89 |

| PROPONENT | PREFERRED INPUT (can accept) | OUTPUT | HARDWARE*** FIRST AVAILABLE | (ASPECT RATIO) | | DEMOS PLANNED |
|-----------|---------------------------------|--------|--------------------------------|----------------|---------|------------------|
| | | | | NTSC set | ATV set | |

IV. NTSC PLUS 6 MHZ AUG. CH. TIME SHARED BY 2 ATV BROADCASTERS

| | | | | | | |
|----------------|-----------------|-------------------------|------|--------------------|-------|--|
| NYIT (Glenn)** | 1125/59.94, 2:1 | HDTV 1125/59.94, 2:1 | 2Q90 | (5:3) Letterbox | (5:3) | |
|----------------|-----------------|-------------------------|------|--------------------|-------|--|

V. NTSC PLUS FULL CHANNEL AUGMENTATION SIGNAL

| | | | | | | |
|--------------------|-------------------------------------|----------------|-------------|--|--------|---------|
| Osborne | 1125/60, 2:1 | NTSC & HDTV | 3Q89 | Complete system 6 MHz Aug Channel (4:3) | (16:9) | |
| Philips | 525/59.94, 1:1 (1050/59.94, 2:1) | NTSC, HDTV | 3Q89 | (4:3) pan & scan | (16:9) | NAB '89 |
| Sarnoff ACTV-II | 1050/59.94, 2:1 | NTSC HDTV | Under study | ACTV II (4:3) | (16:9) | |

VI. SATELLITE TRANSMISSION SYSTEMS

| | | | | | | |
|-----------------------|-------------------------------------|------------------------------|-----------------|---|--------------------|--------------------|
| NHK MUSE -E | — | HDTV | Now | Satellite based feeder, DBS (N/A) | (16:9) | NAB '89 |
| Philips | 525/59.94, 1:1 (1050/59.94, 2:1) | NTSC, HDTV | 3Q89 Mid '89 | (4:3) pan and scan Satellite based feeder, DBS (N/A) | (16:9) (16:9) | NAB '89 NAB '89 |
| Scientific Atlanta | 525/59.94, 1:1 (1125/59.94, 2:1) | NTSC, HDTV 525/59.94, 2:1 | 2Q89 | Satellite based network & CATV feeder, DBS. (4:3) pan & scan (4:3) | (16:9) or (4:3) | NAB '89 |

VII. AUDIO ONLY

| | | | | | |
|----------|----|----|-----|----------------------|--|
| Dolby | NA | NA | Now | Audio subsystem only | |
| Digideck | NA | NA | Now | Audio subsystem only | |

VIII. VIDEO PROCESSING TECHNIQUE ONLY

| | | | | | |
|-----------|----|----|----|---------------------------------|--|
| Quanticon | NA | NA | NA | Video processing technique only | |
|-----------|----|----|----|---------------------------------|--|

IX. NO PROPOSAL PRESENTED/NO APPEARANCE BEFORE SS/WP-1

| | | | | | |
|-----------------------|---|---|---|--|--|
| Avelex | — | — | — | | |
| A-Vision | — | — | — | | |
| General Instrument | — | — | — | | |
| Viento | — | — | — | | |

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 3rd statistical week of Dec. and year to date:

| | DEC. 10-16 | 1987 WEEK | % CHANGE | DEC. 3-9 | 50 WEEKS 1988 | 50 WEEKS 1987 | % CHANGE |
|------------------|---------------|--------------|-------------|-------------|------------------|------------------|-------------|
| TOTAL TV..... | 566,856 | 472,955 | +19.9 | 447,601 | 22,142,440 | 22,378,420 | - 1.1 |
| TOTAL COLOR... | 507,240 | 418,851 | +21.1 | 411,669 | 19,690,537# | 18,915,096 | + 4.1 |
| DIRECT-VIEW. | 499,420* | 412,423 | +21.1 | 403,991 | 19,402,274# | 18,632,424 | + 4.1 |
| PROJECTION.. | 7,820* | 6,428 | +21.7 | 7,678 | 288,263 | 282,672 | + 2.0 |
| MONOCHROME.... | 59,616 | 54,104 | +10.2 | 35,932 | 2,451,903 | 3,463,324 | -29.2 |
| TV EXCL. PROJEC. | 559,036 | 466,527 | +19.8 | 439,923 | 21,854,177 | 22,095,748 | - 1.1 |
| TOTAL VCR..... | 312,548 | 315,072 | - 0.8 | 346,699 | 12,158,343 | 12,780,923* | - 4.9 |
| DECKS..... | 253,913 | 256,058 | - 0.8 | 291,141 | 10,211,733 | 11,263,431 | - 9.3 |
| CAMCORDERS.... | 58,635 | 59,014* | - 0.6 | 55,558* | 1,946,610# | 1,517,492 | +28.3 |

Color TV 5-week moving average: 1988--486,452*; 1987--433,954 (up 12.1%).

Home VCR 5-week moving average: 1988--374,284*; 1987--329,583 (up 13.6%).

* Record for period. # Exceeds record for any full year.

12 BRANDS RAISE PRICES WITH NEW YEAR: Zenith and Toshiba made it official last week, adding their names to those of at least 10 other brands raising prices with coming of new year. For many, it's 2nd increase since last summer or early fall, and most predict more during year. All say new products will reflect added costs when introduced.

Zenith says it's increasing "virtually every color TV model" average of 1-2% effective Jan. 1, along with unspecified increases on VCRs. "For the first time in many years," Zenith Sales Co. Pres. Gerald McCarthy said, "there appear to be real opportunities for price increases to stick." He cited as factors reasonable inventory levels, other manufacturers' announced increases, worldwide picture tube shortages, upward movement of Korean won vs. U.S. dollar.

"Most major manufacturers now acknowledge what we've been saying for years -- that the price erosion that has continually plagued our industry must stop," McCarthy said. He said hikes provide "new opportunity for increased profitability" and added that new product introductions would reflect higher price levels.

Toshiba announced "general price increase of 2-5% on selected color TV and VCR lines," with Senior Vp Thomas Steckbeck citing "worldwide picture tube shortages, IC shortage and yen-dollar situation." He said current climate allows "manufacturer and retailer to move toward a more stabilized and profitable posture in the marketplace."

Latest announcements came 2 weeks after RCA, GE and Emerson said they were raising prices on large number of products, and week after Mitsubishi joined in. Among others who hadn't been heard from, NEC will increase 5 direct-view TV models by \$100 in suggested list prices -- covering 20", 27" and 30" sets, we have learned. Some other companies could announce increases at Consumer Electronics Show that starts this weekend in Las Vegas.

Among other companies that have announced price increases for Jan. 1 are Goldstar, Hitachi, Philips (audio only), Samsung, Sharp. There are exceptions: Panasonic, one of first to boost prices last year, says it doesn't anticipate any further rise (TVD Nov 7 p10). Quasar Pres. Jack Pluckhan told us there are no plans to increase prices before new products come out in March and April, but those will reflect any cost changes. Sanyo says it made some "minor adjustments" in prices last month, doesn't anticipate any more at present time.

PENTAGON OFFERS \$30 MILLION GRANTS FOR HDTV: Defense Dept. formally called for bids for HDTV display and receiver or "processor" (TVD Dec 26 p9) last week, estimating it would cost govt. \$15 million for development of each, above and beyond nongovt. funds that it said it "expected" to be used as well. Proposal hinted govt. might later offer funds for HDTV recorder designs.

Defense Advanced Research Products Agency (DARPA), in publishing Broad Agency Announcement (BAA) of its requirements for display system research, made it clear that it was looking toward product that also would serve consumer needs when it said its intention was "to maintain or improve the capability of currently available high-definition display technology while significantly reducing cost by (1) innovation in product and/or manufacturing technology, and by (2) maintaining compatibility with evolving future, and perhaps multiple inconsistent... HDTV standards, schedules (2-3 years) and production so as to realize economies of scale through high-volume manufacturing."

DARPA is asking for complete proposals, including costs, processes, qualifications of proponents and assurance of long-term availability by Feb. 19. BAA said "both cost to the government and cost-sharing will be important evaluation criteria" and "the number and timing of awards will depend on the quality of the proposals and the availability of funding."

Document outlined 2 areas of interest and said parties could submit proposals for either or both: (1) "Display technology and enabling electronic components proper, including but not limited to CRTs, projection displays, back-projection systems, or solid state flat panel displays." (2) "The display processor (or receiver), which must be able to receive and manipulate and display video."

"Computer technology and video/audio technology are converging," BAA noted, adding that any bidders "may choose to propose a display processor/receiver which is a modification of a current display processor, personal computer or work station, or propose the design and development of a fundamentally new product and architecture of either special purpose or general purpose nature."

Items such as recorders and ancillary components are "important," notice said, but "will be considered by means other than this BAA." Notice said Defense Dept. needs "high-definition, low-cost, dynamic multimedia displays... for applications in command and control, battle management, training and simulation, intelligence analysis and many other areas [and] presentation of video, photographs and maps is required."

There's nothing in announcement to indicate proposals will be accepted only from American citizens or American companies. DARPA spokeswoman Jan Bodanyi said at week's end that officials involved with HDTV project weren't available because of New Year holiday to say whether any regulations would prohibit participation by foreign companies.

Copies of DARPA announcement, "High-Definition Displays" (BAA#89-06), are available at major public libraries in Dec. 28 issue of Commerce Business Daily. Pentagon doesn't have them available, but we'll send you copy if you request it from our N.Y. office (212-686-5410). Questions, limited to one page, must be received by Jan. 27 and should be submitted in writing, ATTN: DARPA/DMO/Dr. David Patterson, 1400 Wilson Blvd., Arlington, Va. 22209-2307, fax 202-694-5004.

PERSONAL VIDEO WAVE COMING FROM JAPAN: Initial success of Sony Video Walkman is spawning completely new product category, and at least half-dozen major brands of carry-along personal video -- combination VCRs and LCD TVs -- are due in Japan, with several expected to be shown at Consumer Electronics Show in Las Vegas starting this weekend.

In addition to Sony, Casio and Matsushita now have personal video systems on market in Japan -- Casio's is in limited distribution here, but Matsushita's model didn't do well, presumably because it's Super VHS-C format and can't accommodate movie-length cassettes. Now it's understood that Matsushita will add full-size VHS version.

Casio is expanding its series of full-size VHS tote-alongs, adding to its current 3.3" model new versions with 4" and 5" screens (TVD Nov 7), could display them in Las Vegas. Another larger screen full-size VHS version is Hitachi's, with 5" LCD screen and VHS Hi-Fi VCR (TVD Dec 12 p13), scheduled to be demonstrated at CES. In Japan, it's reported that Sharp will have 4" model, while Toshiba is adding its own combo, size unknown.

Joining Sony in 8mm personal video combos will be Canon, whose model reportedly will be considerably smaller than Sony's -- but Canon U.S. officials say it won't be shown at CES. For time being, Sony is sticking with its single model Video Walkman, whose monthly production is being doubled to 40,000.

LCD TV is undergoing strong revival, now that high dumping penalties have been removed from product. Citizen's CBM America Corp. is scheduled to show 6 models at CES, while Sharp is expected to display prototype 14" LCD screen. Seiko in Japan has demonstrated nonworking prototype screens up to 10", while Sanyo showed 6" there.

RECORD COLOR SALES, HIGHER PRICES SEEN IN '89: New year should be happier than old one for consumer electronics trade, according to our crystal ball, which shows 1989 as first 21-million-unit year for color TV, record high sales of projection TV and enough camcorder growth to push total VCRs to new high by tiny amount.

Encouraged by minor success in raising prices this year and pressured by rising part and material costs, marketers will continue policy of increasing tags by tiny increments in multiple steps -- some announced, others unannounced, as new products are introduced -- and they'll get away with it, as shortages in some products continue at least through first quarter.

It's our tradition to do some guessing of future in first issue of each year. Our claim to fame last year is that we were only prognosticator known to have forecast sales of 20 million direct-view color TVs (TVD Jan 4/88 p11) -- which actually turned out to be conservative. We were only 1.2% off in projection TV, but like rest of industry were way too high on VCR decks.

This year we see 21 million direct-view color set sales easily attainable, particularly as low-end color continues to take over from b&w, which is becoming more and more difficult to source. With big-screen fever and continued improvement in quality, projection TV finally should beat 1986's record of 304,272 with solid 6% gain over 1988. This, together with 4% increase in direct-view color, should push total TV to new record despite nearly 14% drop in monochrome sales.

With increase in replacement, 2nd-unit and specialty sales, drop in VCR deck sales should end, but with very little change from this year. Slight improvement could be result of sales of videocassette players, personal portables, TV-VCR combos. Camcorder fever will continue to spread. We're a little more optimistic than industry at large, whose forecasts we presented last week (TVD Dec 26 p11). Here are our own predictions, together with updated estimate of 1988 sales, followed by some more specific observations on year ahead:

| Product | 1989 (forecast) | 1988 (estimated) | 1989 vs. 1988 | 1987 | 1988 vs. 1987 |
|-----------------|--------------------|---------------------|------------------|--------------|------------------|
| Total TV..... | 23,520,000* | 23,037,000 | + 2.1% | 23,193,932** | - 0.7% |
| total color... | 21,320,000* | 20,487,000** | + 4.1% | 19,623,459 | + 4.4% |
| direct-view. | 21,000,000* | 20,185,000** | + 4.0% | 19,330,375 | + 4.4% |
| projection.. | 320,000* | 302,000 | + 6.0% | 293,084 | + 3.0% |
| monochrome... | 2,200,000 | 2,550,000 | -13.8% | 3,570,473 | -28.6% |
| TV excl. proj.. | 23,200,000* | 22,735,000 | + 2.0% | 22,900,848** | - 0.7% |
| Total VCR..... | 13,400,000* | 12,720,000 | + 5.3% | 13,305,999** | - 4.4% |
| decks..... | 10,700,000 | 10,650,000 | + 0.5% | 11,701,846 | - 9.0% |
| camcorders.... | 2,700,000* | 2,070,000** | +30.4% | 1,604,153 | +29.0% |

* Projected record. ** Record.

Screen Sizes: Results in picture tube size sweepstakes will be official this year -- 31" will be undisputed winner in giant tube race, and virtually every major tube maker here and abroad will be sampling or tooling up before year is over. Other real winner in large screens for 1989 will be 27". Biggest true consumer size will continue to be 35", but no other maker will see fit to join Mitsubishi in producing it. Bigger tubes -- 41", 42", etc. -- will be showpieces only, too cumbersome, too costly for consumer market.

Imports: Despite publicized conception that all color TVs are imported, domestic assembly will increase substantially in 1989. In 1988, some 60% of sets sold here were assembled or built here, and this percentage will increase to at least 65%. Mexico will increase its foothold as by far the major source of imported TVs as well as chassis & kits. Major brand color TV with "made in China" label will show up on U.S. market and Japan will drop to almost nothing as source for complete color sets.

HDTV, EDTV, IDTV: "The DTVs" will continue to capture public imagination, along with plenty of publicity. By year's end, there still will be no agreement on HDTV system or timetable, but publicity will spark heavy consumer interest in IDTV, and those initials will become increasingly prominent on TV sets.

LCD TV: Really hot this year, becoming a recognized color TV category by year end, but still too expensive to become household word. Continuing improvement, with higher resolution and some larger screens, accompanied by slightly declining prices, is definitely in store. LCD will be even hotter in combination with VCRs and camcorders -- where high prices can be justified -- than as separate product.

Home VCR Decks: Largely replacement and 2nd-unit market, but 2-year decline will be stemmed and sales will start upward again. There will be more Super VHS software, but certainly no stampede, and it will be largely a mail-order product. S-VHS won't penetrate home deck business to any major extent, but stepup 4-head models in standard VHS will gain considerable ground at expense of lower priced 2-head models. Videocassette players and combination VCR-color TV sets will increase -- those and personal video (see below), included in VCR deck figures, will enable decks to hold their own and begin their climb back.

Camcorders: Full-size VHS will continue to represent 60-70% of this market, while 8mm gradually gains lion's share of compacts. At least one of original Japanese VHS group will start offering 8mm camcorders under own brand name, with others pondering whether to join in by year's end. Striking back at 8mm, VHS-C will increase recording time, while 8mm Hi-Band camcorders will go on sale, rivaling performance of S-VHS. Camcorders will buck general trend to higher prices, showing some erosion, particularly in compacts. S-VHS camcorder prices will decline rather sharply, helping to increase popularity of that subformat.

Personal Video: Most Japanese TV brands -- and some others -- could be in hot category of carry-along VCR/TVs by year end (for start, see report in this issue). Screen sizes will grow while overall size and weight will shrink. Formats will be 8mm and full-size VHS, with VHS-C dropping out of running despite increased playing time for that format. VHS will have benefit of widespread software availability, but personal video will cue rise in number of titles available in 8mm.

Audio: CDs will continue to lead audio as whole to gains, although at slower rate. But you can forget about digital audio tape (DAT) recorders for another year. Despite occasional rumblings and meetings between audio hardware and recording companies, record industry has won this round -- no new products for it to worry about competing with CDs. But we don't see any legislation on record copying, or any tax on tape or recorders, getting enough congressional support for passage, although there will be push in that direction. There will be more demonstrations of record-once and erasable CDs, but no commercial production for consumer market in 1989.

Videogames: Only one word is needed here -- Nintendo. But everybody will try to get into act, with software (most of it licensed), new hardware add-ons. And Nintendo products will begin to look less like child's play, more like serious introduction to fancy consumer computing and communication -- providing access to stock market quotes and other data bases, and some combinations may be shown that couple games with VCRs, camcorders, CD-ROMs. Fad will show no signs of fading by year's end, as Nintendo carefully regulates spigot of supply to keep shortage talk going.

Hot Products: Watch fax, watch cellular, watch videophones for price reductions to bring them closer to true consumer products. Still video will gain professional adherents, but be consumer dud.

Innovation: Except for personal video, not a big year for it in actual product availability. But there will be excitement over DVI and other digital video versions of optical discs. New projection TV systems, using LCD lightvalves, will be shown and even marketed during year, but their resolution still will be inadequate to make them competitors of CRT-type projectors. First "Private Eye" products, using unique eye-level display, will be introduced toward year's end in computer field (TVD Dec 19 p10), but no video applications are visible yet.

AVERAGE VCR YEN PRICE DOWN IN NOV.: Average yen price of VCR deck shipped to U.S. from Japan fell for 3rd straight month in Nov., and only dollar's decline in value vs. yen kept average VCR dollar price from dropping to lowest point since Feb. Color TV exports in Nov. were down from same 1987 month but were higher than for any other month in 1988, Japan's Finance Ministry reported.

VCR decks delivered to U.S. from Japan had average price of \$244.97 in Nov., based on average 123 yen to dollar rate in effect that month, up \$5.94 from \$239.03 in Oct. but down \$1.35 from \$246.32 in Nov. 1987, when yen was 136 to dollar. Average yen price was 30,131, down 3% from 31,074 in Oct. and 10.1% from 33,499 in Nov. 1987. If yen-to-dollar ratio had stayed constant from Oct., average deck price in Nov. would have been just \$231.78.

Deck exports from Japan totaled 871,565, down 8.6% from year earlier and down 14.6% from 1988's high in Oct. (TVD Dec 19 p12). Through first 11 months of 1988, Japan exported 8,728,690 decks to U.S., down 24% from same 1987 period. Camcorder shipments increased 13% to 255,862 in month and 36.9% to 2,465,339 in 11 months. Figures indicate average price of camcorder exported from Japan in Nov. was \$705.31, up from \$703.91 in Oct.

Total color TV exports from Japan fell 37.5% to 27,035, with complete color sets down 21.5% to 26,294 and color chassis and kits off 92.4% to 741. Figure for complete sets was highest of any month in 1988, while total for incomplete TVs was lowest since Finance Ministry began reporting export statistics. B&W TV

exports plunged 99.1% to 285. Through first 11 months, total color exports decreased 75.5% to 201,434, complete color was down 72.3% to 176,529 and incomplete sets were down 86.4% to 24,905. Cumulative b&w TV shipments were off 86.1% to 62,453.

Japanese exports of Compact Disc players dropped 25.8% to 273,734 in Nov., but were up 2.9% to 3,218,470 in 11 months.

VCR deck shipments from Japan to Canada decreased 6.7% to 60,466 in Nov. and were down 16.2% to 643,476 for Jan.-Nov. Nov. exports of other products to Canada: Camcorders down 6.7% to 14,698, color TV up 14.5% to 5,190, CD players up 13.7% to 28,142. Exports to Canada in 11 months: Camcorders up 50.3% to 147,883, color TV down 69% to 14,915, color chassis and kits down 98% to 234, monochrome TV up 127.2% to 5,522, CD players up 44.1% to 254,721.

NEW ZENITH DUMPING FILING: Zenith asked U.S. Commerce Dept. to monitor imports of color sets, picture tubes and other parts from Mexico, Malaysia, Singapore, Hong Kong, China, Thailand and the Philippines late last week. Imports from those countries aren't covered by current antidumping orders, although there is "extraordinary pattern of persistent injurious dumping from one or more" of supplier countries, Zenith said in 378-page filing, as we forecast last week (TVD Dec 26 p10).

Monitoring by govt. would "help to curb the dumping duty evasion schemes used by Far Eastern TV and picture tube producers," said Zenith Chmn.-Pres. Jerry Pearlman. Zenith submitted filing with Commerce Dept. detailing "severity of TV dumping over the past 20 years" by Japan, Taiwan and Korea. It said Far Eastern sources are producing sets for U.S. market in Mexico, Malaysia, Singapore, China and Hong Kong, and are "readying themselves to do the same from Thailand and the Philippines."

The 12-month monitoring process is authorized under 1984 trade law. If U.S. finds evidence of dumping by any of the 7 countries, Zenith said, it can begin antidumping proceedings on its own. According to filing, "emergence of large-scale imports of unfairly priced products from the additional supplier countries is the latest and most comprehensively threatening strategy yet to have hit the domestic TV industry." Zenith said it and others in domestic industry have been "battered" by color TV set and tube dumping for "many years," as prices have steadily declined.

Zenith charged Japanese companies with attempting to get around dumping duties by importing Japanese picture tubes and assembling sets here, and going to "great lengths to avoid" 15% import duty on color picture tubes by importing them as parts of TV kits or assemblies, which carry 5% duty.

Specifically, Zenith said, Sanyo tried to circumvent duty by using Foreign Trade Zone. Matsushita imported tubes into Mexico and then into U.S. in "unopened Japanese cartons with other components to form what U.S. Customs was led to regard as a TV assembly from Mexico, dutiable at 5% and not subject to antidumping duties," Zenith charged. It said Toshiba "extended that loophole to the high seas" by loading Japanese color tubes and Singapore-made chassis on single vessel and imported them as TV assemblies from Singapore, also not subject to dumping duties.

Zenith accused Korean firms of setting up "snap-together" plants in U.S. to avoid antidumping duties, and of circumventing such duties by shipping complete sets to U.S. through Mexico.

Microwave oven shipments rose 0.1% to 1,223,600 in Nov. compared with Nov. 1987. In first 10 months of 1988, shipments fell 14.2% to 9,826,500.

COMMERCE GLOOMY ON CE: Outlook for U.S. consumer electronics companies is "not promising, except in niche areas such as large-screen TV sets and high-quality loudspeakers," according to Commerce Dept. 1989 U.S. Industrial Outlook, published last week. Overall consumer electronics shipments by U.S. manufacturers are likely to decline 0.2% per year through 1993, study predicted, although there's likely to be 8% growth in 1989.

Color TV sets remain one of bright spots, with deliveries reaching record highs for 8th year in row in 1988, Commerce said. VCR and audio markets had less good news. VCR sales had first down year ever in 1987, Commerce said, and "figures for 1988 indicate a continuation of the downward trend." Study said "audio market was characterized more by lack of movement than by innovation and change in 1988." Main change was in Compact Disc player sales, which Commerce said "increased spectacularly" (60%) in 1988.

"The TVRO industry appears to be recovering from the initial effects of satellite signal scrambling," study said. Commerce said TVRO equipment sales rose 20% in 1988 to 330,000 units and annual sales growth can be expected to continue in 15-20% range.

Semiconductor industry shipments rose 25% in 1988 to \$21 billion, Commerce said, and value is expected to increase another 10% to \$23 billion in 1989. Study predicts long-term growth rate of 12% for semiconductor industry through 1993.

Cellular telephone growth "continued to outpace expectations" in 1988, Commerce said. Total number of subscribers reached 1.6 million in mid-1988, study said, increase of 82% in 12 months. Number is expected to be 2.5 million in 1989. Equipment sales grew 25% to \$1.5 billion and are expected to reach \$2.5 billion in 1989. Commerce predicts 3 million cellular subscribers by 1990 and 12-20 million by 1995. Cellular revenues grew 55% to \$1.7 billion.

Inventor Eugene Dolgoff, who is suing Eastman Kodak and Seiko-Epson, claiming they violated nondisclosure agreements on LCD projection TV (TVD Oct 17), says he now has filed patent applications on basic LCD projection principle in 50 countries. Former Sanyo-Fisher Chmn. Howard Ladd is head of Projectavision company formed to exploit Dolgoff's invention.

Hitachi and Texas Instruments agreed to jointly develop technology to manufacture 16-Mb dynamic random access memories (DRAMs).

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 126 yen = \$1, except where noted.

PROGRAMMERS' MARKET SHARES: Effect of sellthrough on prerecorded cassette business was never stronger than in 1988, with 4th-quarter hits Cinderella and E.T. propelling Buena Vista and MCA to top slots in annual market share ranking by our companion newsletter, Video Week (VW).

Buena Vista, which includes Disney and Touchstone labels, jumped to first place from 4th in 1987 on strength of Disney sellthrough programs and strong Touchstone rental releases such as 3 Men and a Baby and Stakeout. As result of E.T., whose sales have hit estimated 14-15 million, MCA more than doubled market share from 1987, rising to 2nd from 9th last year. The 1987 leader -- Paramount -- was pushed to 3rd, followed by Warner and CBS/Fox.

Those top 5 companies accounted for 52.2% of industry sales, which VW estimates at \$3 billion. That's up 30% from its \$2.3 billion estimate for 1987, when top 5 accounted for only 48.6% of total (TVD Jan 11 p17). Besides sellthrough surge, industry benefited from greater number of A titles on rental side, several of which set industry records. Distribution increased 26% in 1988, VW estimates, while other channels, such as rackjobbers, grew about 33%.

Because table lists companies accounting for 1% or more of market -- or \$33 million, many respectably sized firms have been omitted. Prism, which had accounted for about 1%, slipped through ranks in 1988 because its videocassette sales fell while market expanded. Other companies specified by one or more respondents were Academy, Coliseum, Imperial, Interglobal, Simitar, Sony, Star Classics, Vidmark. Among newcomers were Orion, which accounted for 2.8%, and Virgin, 1.4%. Both released only rental titles in 1988, although they are expected to add sellthrough this year.

Market shares in table below are based on survey of distributors and rackjobbers, as well as VW's own analysis of public financial data. Because information was compiled in late Nov.-early Dec., some respondents didn't have data for entire year. Dollar volume covers U.S. revenues only, excluding mail order. The 1987 survey -- and \$2.3 billion total -- didn't cover \$100-\$150 million for budget labels such as Goodtimes and Video Treasures. As for estimates of specific companies, we welcome any comments. Dollars in table below are in millions.

| | % 1988 | % 1987 | \$-1988 | \$-1987 |
|-----------------|--------|--------|---------|---------|
| Buena Vista.... | 11.4 | 8.9 | 342 | 205 |
| MCA..... | 11.1 | 5.3 | 333 | 122 |
| Paramount..... | 10.7 | 12.8 | 321 | 294 |
| Warner*..... | 9.8 | 9.1 | 294 | 212 |
| CBS/Fox..... | 9.2 | 10.0 | 276 | 230 |
| RCA/Columbia... | 7.4 | 7.8 | 222 | 179 |
| Vestron..... | 6.1 | 6.4 | 183 | 147 |
| MGM/UA..... | 4.5 | 4.3 | 135 | 99 |
| HBO..... | 4.4 | 6.6 | 132 | 152 |
| Media..... | 3.3 | 5.5 | 100 | 127 |
| Orion..... | 2.8 | — | 84 | --- |
| IVE..... | 2.5 | 1.4 | 75 | 32 |
| Nelson..... | 2.4 | 3.7 | 72 | 85 |
| New World..... | 2.2 | 2.2 | 66 | 51 |
| Lorimar*..... | 2.2 | 4.7 | 66 | 108 |
| Goodtimes..... | 2.0 | — | 60 | --- |
| Virgin..... | 1.4 | — | 42 | --- |
| Video Treasures | 1.0 | — | 30 | --- |
| All others..... | 5.6 | 11.3 | 168 | 257 |

* Warner began distributing Lorimar titles in fall 1988 in anticipation of merger of parents Warner Communications and Lorimar Telepictures.

Special-interest programs weren't able to loosen grip of movies on total market in 1988; in fact, feature films were even greater part of business last year. Perhaps because of availability of low-priced children's movies, other children's programming -- such as cartoon compilations and educational programs -- lost market share. However, instructional market is growing, particularly in sports and fitness areas. While music video lost ground, that may be regained this year as record labels continue to release own home video titles.

| | 1988 | 1987 |
|-----------------------------|------|------|
| All feature films..... | 85.8 | 80.6 |
| Except children's..... | 78.3 | — |
| Children's..... | 7.5 | — |
| Other children's programs.. | 4.1 | 9.3 |
| Instructional..... | 7.7 | 5.9 |
| Fitness..... | 4.6 | 3.2 |
| Sports..... | 1.9 | 1.2 |
| Other how-tos..... | 1.2 | 1.5 |
| Music..... | 2.0 | 3.1 |
| Miscellaneous..... | 0.4 | 1.1 |

Price polarization trend of last several years continued, with \$89.95 emerging as standard for A titles and \$79.95 reserved for lower profile releases. Gain in \$20-\$30 range obviously is result of E.T. and Cinderella, as well as growing popularity of that point for catalog re-releases targeted to rental. While there's slight drop in \$10-\$20 range, growth of under-\$10 category more than compensates. Several distributors said \$9.95 or less accounted for at least 1% of their business last year.

| | 1988 | 1987 |
|-------------------|------|-------|
| \$99.95..... | 0.8% | — |
| \$89.95..... | 51.6 | 32.0% |
| \$79.95..... | 4.5 | 27.4 |
| \$40-\$69.95..... | 1.0 | 1.7 |
| \$30-\$39.95..... | 1.2 | 1.7 |
| \$20-\$29.95..... | 17.6 | 14.1 |
| \$10-\$19.95..... | 17.5 | 18.1 |
| under \$10..... | 5.8 | 5.0 |

Major concerns among survey respondents: (1) Possibility of further distributor cuts by suppliers. (2) Retail consolidation that could create "superchains" that can buy direct and bypass traditional distribution or leverage extremely low prices from wholesalers. (3) Lack of regard for sellthrough opportunities among specialty stores. (4) Future threat of PPV as major home video competitor. (5) Reluctance of mass merchants to devote more space to cassettes. On other hand, respondents agreed market grew in 1988. Survey showed Beta market share remaining at 2.9%.

Videodisc player prices will decline this year and marketing will spread from specialist dealers to wider distribution, Pioneer Mktg. Dir. Mike Fidler forecast last week. He said Circuit City is testing players in San Francisco, and noted that Montgomery Ward and Sears' Brand Central stores are handling product. "As prices drop," he told us, marketing will become "more aggressive." There could be announcement in spring, he said, presumably involving lower priced models. Videodisc player sales of 10,000 monthly in U.S. are "realistic" goal for Pioneer, he said. He estimated Pioneer has sold 300,000 players since it started marketing in 1980, with total industry sales in U.S. about 400,000.

Consumer Electronics Personals

Jim Sala, ex-Kenwood, joins Mitsubishi Electric Sales America (MESA) as corp. communications vp, heading new dept. responsible for all ad, PR and trade show activities for both MESA and its parent Mitsubishi Electric America; Evette Caceres promoted to MESA corp. ad mgr. from audio-video ad and PR mgr; Evie Turner, ex-Mitsubishi Electronics communications mgr., named corp. PR mgr, MESA... William Krepick, ex-Rolm Corp., joins Macrovision as sales and mktg. vp... Bruce Apar, formerly special products editor of Video Business, appointed editor of Toy & Hobby World, succeeding Rick Anguilla; both are International Thomson magazines.

Jacques Noels, longtime head of Thomson-CSF components operation, now heads Nokia consumer electronics, which has been moved to Geneva; Finnish conglomerate became Europe's 3rd biggest TV manufacturer with acquisition of former ITT subsidiary SEL from Alcatel; death of Nokia's former CEO Kari Kairamo has been revealed as suicide "unconnected with Nokia's business"... Erik Schale, ex-Apple Computer, joins Commodore Scandinavian Operations as gen. mgr.

Yoram Pelman resigns as Trans World Entertainment Video Div. pres. in protest against company's "unwillingness to assign its own productions for release" through its own video and theatrical distribution... Lori Van Meter, midwest regional sales mgr., advanced to CBS/Fox Video national mdsg. mgr.; Mary Thompson, eastern zone mgr., named special accounts and sports sales dir., new post... Gareth Brown, ex-Channel 5 Video Distribution Ltd., joins HBO Video creative services as senior copywriter and creative services mgr.; John Terracuso, ex-McCann-Ericson Advertising, named copywriter and creative services mgr.

HYUNDAI TV AT CES: Hoping to duplicate success of automobiles of same name, Korean conglomerate Hyundai will introduce variety of consumer electronic products at Consumer Electronics Show Jan. 7-10 in Las Vegas, including color TV monitor receivers 5" and larger, "concert-level electronic keyboards," home security and surveillance equipment.

In other CES introductions, AT&T will offer its first personal word processor, to be available in 2nd quarter, including monitor and printer at \$800-\$1,000. AT&T also will introduce new consumer electronic typewriters at \$180 and up.

Xantech will show \$50 Hidden Link remote control extender, making it possible to use remote control units on equipment in closed cabinets or behind closet doors. Xantech also offers Macro Detector, designed to detect Macrovision code on recorded tape and heralded as "boon to video retailers."

CD production can be increased without additional investment by using new GE resin that speeds molding process by as much as 5 sec., company said. GE said new Lexan OQ1020, which hardens faster than previous resins, will let manufacturers mold 600 discs per hour per press. It estimates North American demand for 236 million discs in 1989, up 39% from 1988.

New ITA standard (ITA-A-107) specifies uniform procedure for measuring azimuth of audio cassette shells, available free by writing International Tape/Disc Assn., 505 8th Ave., Floor 12-A, N.Y., N.Y. 10018.

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Sony still seeks to buy movie company, according to lead story in Dec. 30 Wall St. Journal on company's shift to software emphasis. Article says that Sony's talks with MGM/UA could be revived, or that Sony could woo Columbia Pictures or MCA. It also quotes JVC Managing Dir. Masanobu Ikeda as saying there's "possibility" JVC could make competing offer for a film company. Journal quotes Sony America Vice Chmn. Michael Schulhof as seeing movies essential to success of personal video, and as saying: "It doesn't have to be an acquisition -- it could be a joint venture or some other arrangement with a movie studio. But the next generation of video is coming, and we need access to software." Speculating on leadership of Sony in "post-Morita era," Journal suggests Pres. Norio Ohga could be elevated to chmn., with new pres. chosen from among Deputy Pres. Masaaki Morita or senior officers Ken Iwaki and Nobuo Iwai.

Blank videotapes shipped to Europe from Korea and Hong Kong will be hit with special dumping duties by European Community, which determined that videocassettes from those countries were being sold at less than fair market value. Duties of 1-59.3% will be in effect for at least 4 months, EC said. Among companies that must pay duties are Goldstar, Kolon and Saehan Media of Korea, Hanmy Magnetics, Magnetic Enterprise, Magnetix Technology, SKCACME Cassette Mfg., Swilynn, Swire Magnetix, Wing Shing Cassettes and Yee Keung Industrial of Hong Kong.

TELEVISION DIGEST®

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With Consumer Electronics

JANUARY 9, 1989

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

INTV TARGETS UP-FRONT ADS: But 3 major group owners balk at joining INTV-Net, rep firms threaten legal action. House Telecom Subcommittee members see healthy 'free TV' into next century. (P. 1)

DINGELL OFFERS FAIRNESS BILL: Sets stage for fight that ended with Reagan veto in 1988. Commerce chmn. charges that FCC is 'out of control.' (P. 4)

GAMBLING NETWORK READIED for TVRO and cable markets. The Gambling Network to be ad-supported, relayed to Europe on PanAmSat. (P. 5)

ESPN WINS BASEBALL RIGHTS: \$400 million, 4-year deal starts in 1990, includes 175 games a season, exclusive rights for Sun. and exclusivity against broadcasters on Wed. nights. (P. 6)

CABLE WINS RATE-SETTING POINTS in Mass. case. Cable Act meant to avoid 'crazy patchwork' quilt of regulation, judge says. (P. 6)

COMSAT'S GOLDSTEIN PREDICTS GROWTH in satellite usage for foreseeable future, despite competition from fiber. He says technologies are interdependent, and fiber is spurring entire communications market. (P. 7)

GI SETS FINAL PAY-PER-VIEW TESTS in Feb., will begin selling VideoPal this summer. System expected to boost satellite TV industry. (P. 7)

INTV SETS CO-OP TO GET MORE OF UP-FRONT AD PIE: INTV has made its "highest priority in 1989" crusade to secure for independent TV stations some of millions of up-front dollars that now go to networks, barter and cable, leaving independents with nothing. In advancing that goal, Assn. had moderate success at convention in L.A. last week by attracting 75 temporary members to proposed INTV-Net to induce national advertisers to buy from independents -- but INTV still faces strong opposition from most major rep firms and reluctance to join by at least 3 major TV groups. Stations that signed up reacted quickly to pitches by INTV Chmn. John Serrao, WATL-TV Atlanta, and Pres. Preston Padden. Padden said independent stations have done "miserable job" in up-front selling.

Second major issue in L.A. was campaign to keep "free tv free" -- and broadcasters received encouraging words from 3 members of House Telecom Subcommittee at Jan. 6 panel. Reps. Swift (D-Wash.), Rinaldo (R-N.J.) and Tauke (R-Ia.) agreed that free TV will remain healthy well into next century. Other issues included such old standards as fairness doctrine, children's TV, telco-cable cross-ownership, localism, syndicated exclusivity, must-carry.

Three major independent groups -- Tribune Bestg., Fox TV and Cox Bestg. -- still aren't in fold. Fox has made no comment on co-op effort, form of which still is to take shape, and Tribune has said joining

Consumer Electronics

CONSUMER ELECTRONICS SHOW: Industry concentrates on profits now, technology later. Most advances shown are 'products of future,' not for today. (P. 9)

EIA SEES 5% SALES INCREASE for consumer electronics in 1989, including 20.5 million color sets, VCRs down slightly, camcorders rising 14%. (Pp. 10 & 13)

COLOR TV, TUBE EXPORTS from U.S. up sharply in 1988, rising sevenfold to 710,000 complete sets in first 9 months. More than million color tubes exported. (P. 11)

HOME DAT RECORDERS of 8 brands being offered by distributor importing direct from Japan, adding warranty and English instruction manuals. (P. 13)

LASER TURNTABLE SCRAPPED suddenly by Finial Technology as 'too expensive to produce.' (P. 14)

PENTAGON HDTV PROJECT bidding 'open to all,' regardless of nationality of ownership. (P. 14)

MORE CES PRODUCTS include lightweight 8mm-5" TV combo, hands-off game controller. (P. 15)

'MACRO DETECTOR' by Xantech aims at sales to video dealers to detect bootleg videocassettes. (P. 15)

551 TV STATIONS equipped for stereo in U.S. and Canada, Factbook survey shows; 63 have SAP. (P. 16)

wouldn't be in company's "best interests... at this time." Kevin O'Brien, vp-gen. mgr. of Cox's KTVU Oakland, similarly said joint sales idea doesn't meet KTVU's purposes "at this time." However, Serrao said Tribune maintains seat on planning committee and says it wants to be part of that process. "It's going to take a little time" to attract Fox and Tribune, he told us, but he predicted they will join.

INTV says there's no antitrust problem in independents' banding together to sell themselves collectively to national advertisers. Outside party (with ITN likely prospect) will be hired to handle contacts with advertisers and agencies, and rep firms are being solicited as participants. However, several rep firms we talked to in L.A. were unanimous in opposing co-op selling. "They're out to steal our clients," rep executive told us, saying that if concept becomes operative, his firm probably will go to court.

Rate schedule won't be available for some time, at least until INTV-Net knows how many stations it will represent. Co-op hopes to be operational in time to participate in summer up-front selling for 1989 fall programming, Serrao and Padden told us. They said they might not make that target but that "things will move much faster" now that plans are in place and public. INTV said it expects many more independent stations to sign up in immediate future.

Goal of wireless network INTV-Net is: "To market to national advertisers on a one-order/one-invoice basis the combined strength of independent stations... INTV-Net will seek to tap a significant share of advertisers' 'network' budgets without diminishing revenues generated in the national spot market." Co-op will be open to all independents -- including non-INTV members and multiple stations in same market. Nonmembers will pay extra fee (to be determined). Any sales agreements negotiated by INTV-Net will be nonexclusive.

Serrao began his speech on opening day of convention with "an apology" because he predicted year ago independents would be up 10-15% in 1988 advertising. (It actually was much lower). "I'm here with egg all over my availabilities," he said. "But I haven't lost an ounce of enthusiasm and have total faith in the eventual outcome of this industry and in particular the future of the independent TV station... In the last year, we've already seen the beginning of the turnaround." As example, Serrao and Padden said cost of programming is "leveling out and there seems to be more of it and it's better... The balance of power has already shifted to all of you right here in this room."

Keeping Free TV Free

Second major issue of convention was "keeping free TV free" and presentation by Milton Maltz, chmn. of all-industry task force on issue. Maltz said campaign would kick off at end of April during NAB convention in Las Vegas. Free TV received good report from House Telecom Subcommittee members. However, they expressed concern about threat of shift of programming, particularly major sports, to pay cable. That idea was disputed at following panel by TCI Vp-Govt. Affairs Robert Thomson.

Rinaldo said, "I feel very strongly that free TV will continue to thrive" beyond year 2000. Swift said good policy goal of Congress is to set policy that is best for public, and to assure that free TV survives. However, he said, at some point economics and technology will raise question as to how far govt. should go to protect local broadcasters -- but "we're not anywhere near there yet." Tauke said it's important to maintain national dialog through TV networks and local dialog through local stations and industry and govt. should be concerned -- but not alarmed yet -- because pay cable threatens both. Tauke said trend is growing for free programming to shift to cable -- particularly sports (ESPN's deal with major league baseball was cited as example several times on both Jan. 6 panels). He said that if trend continues it will raise "serious public policy questions." Rinaldo predicted "desirable, highly rated programs are not likely to leave free TV" because cable isn't likely ever to gain sufficient penetration of TV homes.

Panel operated without moderator or questions, with Swift guiding subjects discussed. On issue of public interest standards and license renewals, he said broadcasters always have been "ambiguous" about regulation. Licensees could gain "an enormous amount of flexibility" by adhering to public interest standards, he said. He praised INTV for its willingness to accept standards in return for certain tradeoffs. Tauke disagreed: "If I were a broadcaster, I would want [renewal] certainty, too," but it's "extremely dangerous" to start down path of "quantification of standards."

Rinaldo said that new Congress generally will take "a wait-and-see" attitude on broadcasting, with fairness doctrine and children's TV as exceptions, but that there will be "a significant number" of oversight hearings. He said broadcasters have special obligation to children -- "to enlighten as well as entertain" -- predicted new kidvid bill he sponsored in last Congress (vetoed by President Reagan) will be "reenacted very

quickly" in new session. Tauke again disagreed, said better way to handle situation is to give industry limited antitrust exemption to reinstitute voluntary code for children's programming. On cable-telco cross-ownership, all 3 congressmen agreed that "at this point in time it is a nonissue" in Congress. "Nobody in Congress is trumpeting" telco's side of issue, Tauke said. Another reason, Swift theorized, is because cable industry still doesn't know where it wants to be in future.

TCI's Thomson -- on panel in which FCC Comr. Quello set agenda and asked questions -- contended cable isn't trying to divert programming from free TV, citing fact that industry didn't submit bid for baseball playoffs. He said Sun. night NFL football moved to ESPN only because league sought more money from TV rights. "We're not going to pay, period," he said of inflated rights sought for much programming. There was much levity as Paramount TV Pres. Mel Harris and KTVU's O'Brien disagreed with Thomson and each other -- such as when Thomson pointed out that Paramount owns Madison Square Garden Network, which has acquired pay-cable rights for N.Y. Yankee games starting in 1991. O'Brien said many of TV's current problems were brought on because industry was asleep at the switch in late 1970s-early 1980s when cable won much of its freedoms.

On cable-telco question, USTA Pres. John Sodolski said: "Really, all we want is the ability to compete" and offer same services in homes that cable now offers. "We can do it better and cheaper" with fiber optics. He predicted that by 2000 about 50% of U.S. homes will be served by fiber. Thomson said that "we do not oppose" telcos' ownership of cable outside their service areas, adding that most other MSOs take same position. Quello said there's no question that telcos want end to ban against cable ownership, but that's "10 or 20 years from happening." Harris said there must be competition for access to homes because without it "the abuse potentials are almost beyond the ability of humans to resist."

Citing "technological turmoil of the 1980s, the word that best defines TV's next decade is maturation," said consultant Paul Kagan. "New technologies... will enhance the viewing experience rather than revolutionize it," he said. Bottom line, he said, is that "despite dire predictions for networks... there will be room for all in TV in the next decade. Competition will be tougher, creativity will be at a premium and the fiscally lean will prosper... By 1998, if current patterns prevail, network affiliates will have a 50 share, the independents a 23 share, the basic [cable] networks a 20 share, the pay services an 8 share and the public stations a 3 share."

On advertising side, Kagan said, in 10 years networks' share will decline from 35% to 28% of all money invested in TV, with cable and barter more than doubling. However, he said, overall TV ad pie will more than double, growing at annual rate of 8% from \$26 billion in 1988 to more than \$56 billion in 1999. He also saw some shifting from affiliates to independents of those increased ad dollars: "Even with the ups and downs ahead, nothing suggests that indies' revenue growth has plateaued... Independents should continue to increase billings on average by 10.7% per year through 1998" -- well outdistancing 6.9% growth predicted for affiliates.

Keep Finsyn Rules, Baruch Urges

FCC's financial interest and syndication rules restricting networks are successful and should be continued, former Viacom CEO Ralph Baruch said. Telling independent gen. mgrs. what they wanted to hear, he also said Commission's prime-time access rule should be kept in place -- despite networks' claims that FCC restrictions amount to unfair competition. Padden noted that CBS Pres. Laurence Tisch is seeking repeal of rules by arguing that it's unfair for CBS to be required to compete with off-network programs on independent stations. Padden said Tisch "let the cat out of the bag... in a statement pregnant with a clear anticompetitive intent... We wish the networks no ill. In fact, we want them to continue to prosper. However, we will use every resource at our disposal to prevent the networks from gaining the syndication rights or the financial interests that would enable them to choke off our supply of vital program product."

At Jan. 5 Washington Public Policy breakfast, INTVers heard repetition of what they knew -- that first 2 broadcast-cable items 101st Congress will take up are new bills codifying fairness doctrine into law and imposing restrictions on children's programming. President Reagan vetoed bills on both in last Congress. Saying that House Commerce Chmn. Dingell (D-Mich.) is "very concerned about must-carry, which is a nonpartisan issue," Larry Irving, majority counsel for House Telecom Subcommittee, emphasized that House first will take up 2 vetoed bills. Dingell's top aide on Commerce Committee, David Leach, said his boss believes that cable leaders are acting like "arrogant monopolists" and that if such actions continue, many more members of Congress will become more interested in curbing them. However, he said, solution to cable problems is "3-4-5 years" away. Ed Baxter, majority counsel to Senate Judiciary Committee, said his Chmn. Metzenbaum (D-O.) will pursue cable monopoly issue. Ira Goldman, aide to Sen. Wilson (R-Cal.), said he didn't see much interest on Hill in cable vertical integration.

Irving promised there will be renewed cable oversight hearings in new Congress, didn't predict when. He said Telecom Chmn. Markey (D-Mass.) will poll Subcommittee members (some of whom have yet to be named) to determine their priorities in communications. Asked about revenue measure affecting broadcasting in new Congress, Regina Keeney, Republican aide to Senate Commerce Committee, said "Congress is looking under every rock" for new sources of revenue. She said many members consider that broadcasters, through their use of spectrum, "are getting something free," with no revenue coming back to govt. Keeney said it's likely "some sort of fees" will be applied to broadcasting -- such as for transfers or licenses. She said that transfer fee in last Congress died on procedural issue and that "no members of Congress said it was a bad idea."

FCC Chmn. Patrick and Quello met in closed session Tues. afternoon with INTV board and we're told no new ground was broken and neither side changed positions. Patrick repeated his argument for print model on broadcast regulation, urged electronic media not to make any deals to get concessions from Congress. Quello again urged broadcasters to accept public interest standard as basis for regulation. Asked about recent FCC order banning all indecency on broadcast stations in light of his strong First Amendment position, Patrick reportedly responded that ruling wasn't "something we enjoyed." Asked about shift of major sports such as baseball to cable, Chmn. reportedly said industry must let marketplace function unencumbered by regulation.

DINGELL IS QUICK TO REINTRODUCE FAIRNESS BILL: House Commerce Committee Chmn. Dingell (D-Mich.) resumed effort Jan. 3 to codify fairness doctrine into law by introducing HR-315, titled Fairness in Broadcasting Act of 1989, as amendment to Communications Act. Move came on first day of 101st Congress, startled some of his staff. Bill would require broadcaster to afford reasonable opportunity for discussion of conflicting views on issues of public importance. Reps. Swift (D-Wash.) and Bryant (D-Tex.) also introduced broadcast-related legislation, as expected.

Similar fairness measure in 100th Congress passed by margin of 200 votes in House, but was vetoed by President Reagan June 20 (TVD June 29/87 p4). Measure is expected again to pass in House and with some new senators there's belief that even if incoming President Bush vetoes measure, Senate will override.

FCC on Aug. 4, 1987, eliminated 38-year-old doctrine as unconstitutional (TVD Aug 10/87 p1), citing expanding diversity of electronic communications forms that have emerged since doctrine was established. Since then, Dingell and Sen. Hollings (D-S.C.) have let broadcasters know they won't get any other legislation they seek until doctrine is reestablished. Continued pressure has pushed NAB to consider whether to maintain fight against doctrine (TVD Nov 29 p1).

The lawmakers also have been outspoken in criticism of FCC. In statement, Dingell said Commission had overextended its mandate "by presuming to create policy in defiance of clearly expressed congressional intent. This inexcusable disregard for congressional intent makes it incumbent upon the Congress to ensure that broadcasters provide balanced coverage of controversial issues." He said amendment is needed to restore status quo that existed before "out-of-control regulatory agency arrogated to itself the right to make broadcasting policy."

He dismissed argument that spectrum scarcity no longer exists, said govt. continues to grant broadcasters exclusive rights to frequencies. Number of comparative renewal applications at FCC is greater than ever, Dingell said, indicating that "fundamental scarcity" of spectrum continues. "When government-sponsored monopolies are no longer required to be fair, everybody loses," Dingell said: "As legislators, we have a duty to guarantee that conflicting points of view be heard, thereby enhancing the public's right to be informed."

Acknowledging that new video and audio services have been proposed and introduced, Dingell said that many have failed and even those that succeed reach far smaller audience than broadcast stations and don't provide "meaningful alternatives" to broadcast stations for disseminating news and public affairs. He added that doctrine strikes reasonable balance among First Amendment rights of public, broadcasters and speakers who don't own broadcast stations.

In other media-related bills introduced same day, Rep. Swift (D-Wash.) proposed measures to (1) establish uniform nationwide closing time for polls (HR-18) and (2) set overall spending limits for political candidates (HR-13), such as those in HR-2464 introduced in last Congress. Included was requirement that candidates who accept \$200,000 spending limit get 30% discounts from broadcasters. Action had been expected. Presidential poll-closing measure is unchanged from that passed twice previously by House, would

set 9 p.m. eastern time-6 p.m. Pacific poll close. Swift is joined on poll closing bill by Reps. Annunzio (D-Ill.) and Thomas (R-Cal.). Swift's office said that Mich. Gov. James Blanchard, chmn. of Democratic Governors' Assn., has made passage of bill top priority and he'll urge National Governors' Assn. to endorse proposal and lobby for bill this year.

Bryant bill (HR-109) would tie cable compulsory license with a carriage scheme. Measure is similar to one in last Congress to allow cable operators abiding by some must-carry scheme to retain compulsory license on local signals. Operators unwilling to abide by voluntary must-carry rules wouldn't have compulsory license on local signals, under measure. Bryant excluded compulsory license for distant signals, he said, because he believes that it should be eliminated.

Rep. Collins (D-Ill.) reintroduced bills to establish Office of Telecommunications Policy (HR-122), require FCC to improve efforts to promote diversity of media ownership (HR-125) and deny tax deductions for advertising expenses for persons who discriminate against minority-owned communications entities (HR-138). All 3, introduced Jan. 3, are virtually identical to measures that died in last Congress. Telecommunications Policy office would be part of Executive Office of the President, would advise President and arbitrate disputes among govt. agencies responsible for communications.

GAMBLING NETWORK SET: The Gaming Network (TGN) plans to launch satellite TV programming aimed at cable, TV receive-only and European markets in July or Aug., Exec. Vp Gary Thompson said. At start, Las Vegas-based company will provide 8 hours per day of ad-supported programming related to gambling, expects to expand if market warrants, he said.

TGN is negotiating with PanAmSat to provide Ku-band uplink for programming. PanAmSat would enable TGN to reach Europe from outset, Thompson said, as well as provide inexpensive interim way to relay programming to C-band uplink for domestic TVRO and cable customers. Thompson said it would be too expensive to set up C-band uplink near TGN hq at first, although it might do that in 6-12 months.

Original programming on TGN will be mix of talk shows on betting lines, nationwide horse racing wrapups, coverage of gambling tournaments such as World Series of Poker, instructional programming. Thompson said TGN expects Las Vegas casinos and similar operations to provide bulk of ad revenues, but also is negotiating with national advertisers. Primary audience will be in U.S., Thompson said, but TGN also expects significant overseas viewing. He said high percentage of gambling income is generated by foreign players. He said it hasn't selected C-band satellite capacity supplier for service to U.S. customers.

TGN expects to have more than 60 employees within 3 months, Thompson said, but he wouldn't estimate revenue or profit. He said TGN expects to call some outstanding warrants to raise additional funds.

J.C. Penney apparently is looking to sell part or all of Telaction cable shopping service. It said last week it had retained Kidder Peabody to help explore alternatives. Telaction is carried as basic service on Chicago area systems that have 30,000 subscribers. Penney spokesman Duncan Muir said that announcement doesn't necessarily mean that Penney will sell, added that it doesn't have definite plan of expansion now. Telaction spokeswoman Mary Dale Walters said Penney has said it's committed to service. As for usage, she said that after 3 months on Post-Newsweek system, 45% of subscribers have asked for personal identification number to buy items off service and that 70% have at least browsed through it. Walters said that's only system on which Telaction had usage data. Other MSOs carrying service are Centel, Jones Intercable, Multimedia Cablevision.

Bell of Pa. (BPA) Sec. 214 application to build fiber optic cable test facility in Perryopolis, Pa., has been approved by FCC Common Carrier Bureau Domestic Facilities Div. BPA had generated opposition from only one small entity in Pittsburgh; NCTA chose not to object. Telco will offer, on 12-month trial to 50-100 homes, 2 discrete video links, each with 36 channels, and 2 discrete dial tone lines via one fiber. TV programming is being provided by Helicon Cablevision. FCC set series of conditions on approval, however, requiring that telco submit written report Aug. 1 and again 30 days after trial ends, on: (1) Construction progress. (2) Total number of hours of operation of Perryopolis fiber system and amount of bandwidth used for cable and for telephone. (3) Discussion of all uses made (including tests) and conclusions reached, on fiber facility. (4) How it allocated costs between cable and telephone. Test costs are to be treated as below-the-line (out of rate base) expenses pending analysis of reports. Domestic Facilities Div. also said none of costs associated with test could appear in rate base for Bell of Pa. customers.

Satellite Music Network (SMN) board has approved takeover offer from Cap/ABC. At 5-hour meeting Jan. 5, board accepted \$5.50-per-share offer, up from Cap/ABC's opening \$5.40 bid, making deal worth nearly \$55 million. Buyer already had exercised option to purchase 1 million shares at \$4, and SMN board gave Cap/ABC option to acquire 2.5 million more shares at \$5.50 price, officials said. SMN has about half U.S. market for satellite-delivered radio programming, providing programs to more than 1,050 affiliates in 50 states, Caribbean, China. Network, founded in 1981, provides 9 different music formats. Industry officials estimate about 2,000 of 10,000 U.S. radio stations use satellite-delivered programming. Cap/ABC became involved with SMN year ago when it took over its advertising sales. As part of that deal, Cap/ABC received option to buy million shares and seat on board. Cap/ABC Radio Pres. Aaron Daniels said SMN advertising revenues grew 33% as result of deal.

Bcst. Pioneers Library fund reelects: Erwin Krasnow, Verner, Liipfert, Bernard, McPherson & Hand, pres.; Catharine Heinz, dir. of Library, vp-secy.; Harold Niven, ex-NAB, vp; Jack Harvey, Blackburn & Co., treas.; John Lane, Wilkes, Artis, Hedrick & Lane, gen. counsel. Added to board: Tom Paro, ex-MST; Clark Pollock, Nationwide Communications; Joseph Ryan, Hobbs, Straus, Dean & Wilder; Harry Smart, Blair TV. Added trustees: Edward Fritts, NAB; Lawrence Laurent, INTV; Sylvester Weaver, ex-NBC.

ESPN SWATS \$400 MILLION HOMER: ESPN has won bidding war for Major League Baseball (MLB) national cable rights with \$400-million, 4-year deal beginning in 1990. Network, 80% owned by ABC, will carry 175 games per year -- spring training and regular season -- showing each of league's 26 teams at least once. Each bidder made one offer and ESPN's was largest, edging out those by USA Network, Turner Bestg. System (for TNT), Sportschannel America. ESPN also is cable rights holder for NFL games. When coupled with CBS's winning bid of more than \$1.1 billion for national broadcast rights -- 12 regular season games, World Series, championship playoffs and All-Star Game (TVD Dec 19 p4) -- MLB is set to collect \$1.4-\$1.5 billion for TV rights for 1990-1993. By comparison, current TV contract, which expires at end of this season, was for 6 years and totaled \$1.1 billion.

ESPN will carry games 4 nights per week -- Sun., Tues., Wed., Fri. -- with single games on Sun. and Wed. and doubleheaders 2 other nights. It will have limited exclusivity on Sun. nights because few games are scheduled for that period. Contract stipulates that no home team can carry game, while visiting teams may broadcast Sun. night game -- but not on a superstation -- after its 2nd appearance, according to MLB Asst. News Dir. James Small. He said Tex. Rangers are a separate entity because in hot months they schedule Sun. games at night. When they play at home, Rangers will be backup game or perhaps prime game if it's in pennant race, Small said. But games can't be shown on KTVT Ft. Worth-Dallas because that's a superstation, Small said, although they can be on Home Sports Entertainment, regional sports network in Dallas area. Visiting team may broadcast game, provided it's not on a superstation, he said.

On Wed. nights, Small said, ESPN will enjoy exclusivity against broadcasters that might hold local rights to game that ESPN chooses to carry; cable programmers that have local rights for teams wouldn't be affected (21 of 26 teams have involved cable in local rights to some extent, MLB said.) On doubleheader nights, ESPN could be blacked out in local markets by local rights holder for one game, Small said. For instance, if ESPN decides to carry as first game of doubleheader Yankees home game against Red Sox, it would be carried by local rights holder in N.Y. -- Madison Sq. Garden Network -- and by local rights holder in Boston. Second game would be on ESPN in N.Y. and Boston. ESPN package also includes 30-min. daily highlight show, Equitable Life Old Timers game, some additional All-Star Game coverage, season opening special program and special coverage of World Series games 1 and 3.

"This package delivers the promise of cable television without seriously interrupting the local television interests of the clubs," MLB Senior Vp Bryan Burns said. MLB Comr. Peter Ueberroth hailed agreement, reached at 4 a.m. Thurs. and approved by all owners, as a first for baseball in that it will mean games will be presented nationally nearly every day of season. Six preseason games will be carried, with 4 in prime time, and 1-3 games on opening day, depending on scheduling.

Sun. night game is "showcase" of package, ESPN said, with 24 games to be shown in prime time. Games will be chosen one week in advance, except for last 3 weeks of season, when they will be picked only couple days ahead of time, ESPN said. Sun. night will serve as "tour around the league" with game from different stadium each week, ESPN said. Wed. package involves 25 single games. ESPN also gained rights to carry 3 games, with one in prime time, on Memorial Day and Labor Day, and 1-3 games on July 4, depending on day of week and possible selection by CBS for afternoon game.

ESPN Pres. Roger Werner said no surcharge would be levied on cable operators to pay for package and that it would be paid for via advertising revenues. Ueberroth said he believed package would drive more subscribers to cable, "and that's good." Burns speculated that ESPN deal could be forerunner of 24-hour baseball network on cable. USA Network made aggressive bid for rights, spokesman said. It had proposed schedule of 2 prime-time games weekly and weekend lineup for total of 130 games. "USA is a network with a rich sports tradition," network said, "and today, more than ever, remains committed to being a top contender as the rights to future major league sports contracts come up for renewal." TBS had no comment; Sportschannel couldn't be reached.

JUDGE RULES FOR CABLE: Federal judge has ruled in favor of cable industry on 2 key points in important case in Boston. U.S. Dist. Court Judge Andrew Caffrey ruled Dec. 30 in Nashoba Cable Services vs. Danvers, Mass. (88-1743-C), that (1) cable operators can't waive rights granted them under 1984 Cable Act to be free of rate regulation, and that (2) issues arising under rate regulation section of Act come under federal jurisdiction. Stephen Berry, of Fleischman & Walsh, who represented Nashoba, said ruling is first he knows of in which federal court laid claim to rate regulation issues. That's significant, he said, because cable operators often feel "more comfortable" with U.S. court because their cases often are based on federal Act.

Caffrey held that when Congress enacts comprehensive law, such as Cable Act, to regulate particular area, "the court may infer congressional intent to preempt any state law or regulation in that area." Judge said that in particular, rate regulation is one of Congress's special concerns: "Congress apparently intended to prevent a crazy-quilt patchwork of local rate regulation and instead intended to subject cable television rates to the competition of the marketplace." Rate freeze in Danvers "is precisely the sort of rate regulation the [Cable] Act prohibits... Danvers cannot regulate Nashoba's rates," judge said, because effective competition exists and because franchise was granted after effective date of Cable Act.

Nashoba had agreed to freeze basic rate for first 2 years of operation, began offering 2 separate basic services in July 1986 -- for \$4 and for \$9.95 monthly. In June 1988, cable company notified city it would blend 2 basic services and make total price \$12.95 monthly. City considered this violation of license agreement and threatened legal action; Nashoba filed suit in July 1988.

FCC imposed no conditions on Tempo transfer of control of Southern Satellite Systems to Tempo Acquisition as part of Tempo-TCI merger, in final order released Jan. 5 (TVD Dec 26 p8). Wireless Cable Assn. (WCA) had contended deal would result in vertical integration, giving cable operator control of 2 important sources of programming. WCA said FCC should approve deal only if Tempo gave assurances programming would be available to wireless cable operators on nondiscriminatory basis. WCA also proposed price regulation of program service. FCC Common Carrier Bureau said WCA provided no documented evidence of anticompetitive actions by Tempo and pointed out Commission previously decided satellite-delivered programming market is developed enough that there's no need for price regulation. It said Commission will prepare report on possible discrimination in program distribution, in response to congressional directive, that will address WCA concerns.

TV TO BE BIG COMSAT GROWTH AREA: Matching 1988 performance will be one of biggest challenges facing Comsat in 1989 and beyond, Chmn. Irving Goldstein told us in year-end interview. Comsat earnings were "better... than ever in history" in 1988, he said, although final figures haven't been released.

Satellite traffic is "growing like mad" in virtually all areas, Goldstein said, and there's no sign of significant change. He said he's more confident than he was 2-3 years ago that satellite role in communications will be "ever expanding," despite threat of fiber optics: "We always knew satellites would have a role, but we weren't sure how fast it would grow."

TV will be one of major growth areas for satellites, Goldstein said. He said video will be heavy user of Comsat's Intelsat services as more TV networks and others use satellites to send more programming across oceans. HDTV also is likely to be "very large user of capacity" on satellites and represents "a tremendous opportunity for us and others," and business TV is showing growing demand.

Goldstein also is confident on future of Comsat Video Enterprises, which provides in-room TV programming to hotel industry. Business already is "growing like mad," he said, and there still is lots of room for expansion. He said at current growth rates less than half of all potential hotel rooms will be wired for premium TV service in 2 years, and market isn't likely to be saturated until mid-1990s.

There isn't overcapacity problem, despite some reports of low utilization rates for Intelsat birds, Goldstein said. He conceded that overcapacity could develop if all announced satellites and cables are built, but indicated he believes that isn't likely.

Comsat wants FCC to move toward price caps for its business, much as it's proposing for telephone industry, Goldstein said. Price caps for Comsat international service would benefit consumers by keeping rates down and making it easier for Comsat to tailor tariffs to user needs, he said, and would cut down on number of rate proceedings. He said Comsat expects to apply to FCC for rate caps as soon as they are approved for telephone industry -- probably this year.

Group of media companies and communications watchdogs last week appealed FCC's round-the-clock ban on indecent programming (TVD Dec 26 p3). Group also sought stay of Commission action and expedited consideration. FCC had said that in setting new ban it was acting under congressional mandate and had no discretion. In joint filing in U.S. Appeals Court, D.C., group said Commission "explicitly abandoned" Appeals Court decision of July 29 (TVD Aug 1 p1), which set aside FCC's previous midnight-6 a.m. safe harbor for indecent programs, remanded case to agency and ordered it to justify refusal to expand safe harbor for adults. Ban is unconstitutional, media group charged, because it completely denies adult access to material protected by First Amendment. It also is complete departure from way indecent speech has been regulated in past, group said. Group includes Action for Children's TV, ACLU, Cap/ABC, CBS, INTV, NAB, NBC, MPAA, NPR, PBS.

GenCorp has agreement to sell KRTH-FM-AM L.A. to Beasley Bst. Group of Goldsboro, N.C., for \$86.6 million, of which \$56.2 million will go to GenCorp's RKO unit, with \$30.4 million divided among competing applicants. Earlier last week, GenCorp announced agreement to sell WFYR-FM Chicago for \$21 million.

GI SETS FINAL VIDEOPAL TESTS: General Instrument (GI) will begin final tests of VideoPal instant pay-per-view (IPPV) system for satellite TV market next month, Vp-Direct Bst. Esther Rodriguez said. GI expects to roll out full product line in time for consumer sales during prime satellite TV selling season in late summer and fall, Vp-Mktg. Michael Meltzer said. VideoPal shipments will begin this month, GI announced Jan. 8 at Consumer Electronics Show in Las Vegas. Shipments will go to 15 full-line GI distributors who will participate in multiregional test. Test will involve both VideoPal equipment itself and Satellite Video Center, joint venture with CableData that processes customer program orders and billing, officials said.

Three PPV program services will participate in regional tests -- First Run, Home Dish Only and Satellite Sports Network -- Rodriguez said, and will provide total of 8 IPPV channels, she said. GI is negotiating with additional programmers, hopes to have at least 10 channels available by midsummer, she said. VideoPal will allow consumers to select PPV program and get instant access to it. VideoPal unit, priced to retail at \$99-\$129, attaches to VideoCipher II descrambler and telephone line and instantly authorizes program reception and stores order in memory.

GI expects VideoPal to open major new satellite TV market, Rodriguez said. She called it "the next wave in home entertainment," saying availability of IPPV will cause hundreds of thousands of consumers to switch to satellite TV. Meltzer said it also will give Hollywood new revenue source without threatening existing revenues from cable and home video.

VideoPal units also will be sent to licensed VideoCipher manufacturers during regional test, Rodriguez said. Delivery will allow 22 licensed manufacturers that incorporate VideoCipher descramblers into integrated receiver-decoders, to test compatibility and connectivity, she said. GI expects VideoPal to become standard equipment for satellite TV dishes, Meltzer said. He said GI expects to sell 60,000-100,000 units in first full year of marketing. GI began technical field tests of VideoPal last fall.

Cable transactions: WestMarc Communications has completed \$420 million acquisition of Taft Cable Partners, which serves 210,000 subscribers in Mich. and New England. WestMarc now has 550,000 subscribers...Cooke Cablevision of Woodland Hills, Cal., has bought system serving 700 in Adams, Athena, Helix and Weston, Ore. Broker: Daniels... Vista Cablevision of La. Ltd. has purchased St. Francesville system in W. Feliciana Parish, La. System has more than 800 subscribers... St. Louis TCI has acquired St. Louis City Communications and STL Cablevision Partners, gaining 8,000 subscribers in city. Terms weren't disclosed, but TCI said it paid \$6 million to St. Louis Philanthropic Organization Inc., to resolve dispute on validity of payments to nonprofit organization by STL and St. Louis City Communications... Dow Jones said it completed previously announced sale of 1.1 million shares of Continental Cablevision stock to Continental Chmn. Amos Hostetter for \$299.8 million.

GenCorp has agreed to sell WFYR-FM Chicago to Summit Communications for \$21 million, of which \$13.7 million will be paid to GenCorp's RKO General and \$7.3 million to competing applicants.

Norman Lear's Act III Publishing has purchased Mix Publications, which publishes Mix, The Recording Industry Magazine; Electronic Musician Magazine; Mix Bookshelf, catalog of technical resources for musicians.

Personals

Thomas Reiff, pres. of Channel Two TV Co., Houston, named to NBC TV Network Affiliate board, to complete term of Al Seethaler, who resigns as vp-gen. mgr., KUTV Salt Lake City, to become gen. mgr., KMGH-TV Denver, CBS affiliate... Bruce Maggin promoted to exec. vp, CapCities/ABC Video Enterprises... FCC Mass Media Bureau Chief Alex Felker is on panel at EIA Winter Consumer Electronics Show (CES) on improved AM broadcasting, Jan. 9, 11:30 a.m., Las Vegas Hilton... Carol Janson promoted to media representative-special programs, NBC Media Relations... Fred Flodin advanced to senior vp-treas., Gilmore Bestg.; Kathy Harris promoted to div. controller, KMEZ-FM Dallas/KHVN(AM) Ft. Worth.

Elliott Abrams, ex-ITC Entertainment, appointed senior vp-acquisitions, Worldvision Enterprises, new post... Joel Packer resigns as chmn., Graphic Scanning, attributes move to firm's decision to cease "active consideration" of its sale to another company... Alan Perris, pres.-gen. mgr., WTVJ Miami, named pres., new Scripps Howard Productions (SHP); Richard Janssen, pres., Scripps Howard Bestg., also will serve as chmn., SHP... Albers (Jody) Jaeger, vp, Capitol Video Communications, Washington, named exec. dir., Miss. Educational TV, succeeding Forrest Morris, retired... Judy Stone, dir., U. of Ala. TV services, appointed exec. dir., Ala. Educational TV, succeeding Wilbur (Skip) Hinton, now pres. of regional public broadcasting group Southern Educational Communications Assn... George Paparis joins Nyeom as controller... Nicholas Peters moves from news dir., WHYY-FM Wilmington-Philadelphia, to general mgr., ProgramLink.

Richard Richter, onetime ABC, appointed exec. producer-news and public affairs programming, WETA-TV Washington... Kenneth Ceizler, ex-MTV, named production vp, Radio Vision Productions... Additions at KCPQ Tacoma-Seattle: Mike Seifert, ex-Kelly TV, San Francisco, as national sales mgr.-east; Don Weineke, ex-MMT, San Francisco, as sales rep... Promotions at WLS-TV Chicago: Fran Preston to creative services dir. in newly reorganized Creative Services Div., Karen Dillon to promotion dir., Mowani Carter to senior publicist.

Richard Fickle, vp-corporate development, WestMare Communications, adds post of vp-operations-east coast... Benjamin Hooks, NAACP exec. dir. and former FCC comr., speaks on 25th anniversary of 1964 Civil Rights Act at Jan. 18 lunch of Federal Communications Bar Assn., Washington Marriott Hotel... Randall Fisher and Alan Aronowitz named assoc., Washington law firm Baraff, Koerner, Olender & Hochberg... Gerald Oberst, ex-Arent, Fox, Kintner, Plotkin & Kahn, joins Hogan & Hartson... Michael Klipper, ex-governmental affairs counsel, MPAA, named of counsel, Washington law firm Leventhal, Senter & Lerman... Tara Scopelliti joins American Ad Federation as dir.-conference services/asst. to pres... Betty Hallman named head, new National Captioning Institute Local News Captioning Dept... Jeff Wachtel promoted to senior vp-development, Orion TV, in charge of network and cable programming... Veteran film executive Frank Pierson appointed dir., L.A. County Office of Motion Picture and TV Development, succeeding interim dir. David Dizenfeld, who was unsuccessful candidate for job.

Changes at American Newspaper Publishers Assn.: Claudia James promoted to dir.-legal and govt. affairs and assoc. gen. counsel; Counsel Brigitte Rouson adds title of mgr.-legal and regulatory affairs... Michael Dowling joins Lindsay Specialty Products as sales mgr.-eastern U.S.; new office is in Atlanta... Five-year presidential appointments to

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Potential billion-dollar tax battle between Newhouse family and IRS over value of Advance Publications and Newhouse Bestg. made news last week with start of trial in U.S. Tax Court, D.C. IRS said brothers Samuel and Donald Newhouse owe \$609 million -- perhaps double that -- to settle claim against estate of Samuel Newhouse Sr., who died in 1979. Family said it owes no more than \$47 million. IRS claims that 10 shares of Class A stock held by senior Newhouse, which controlled company, were worth \$420 million and all Class B shares were worth \$811.8 million. Other independent experts have estimated value of company in 1980 as high as \$2.1 billion. Newhouses said Class A stock was properly valued at \$8.6 million and Class B at \$170.1 million.

CBS Records is buying Tree International country music publisher based in Nashville for more than \$30 million.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of Dec. and year to that point:

| | DEC. 17-23 | 1987 WEEK | % CHANGE | DEC. 10-16 | 51 WEEKS 1988 | 51 WEEKS 1987 | % CHANGE |
|------------------|---------------|--------------|-------------|---------------|------------------|------------------|-------------|
| TOTAL TV..... | 499,379 | 419,938 | +18.9 | 566,856 | 22,641,819 | 22,798,358 | - 0.7 |
| TOTAL COLOR... | 436,383* | 376,048 | +16.0 | 507,240 | 20,126,920# | 19,291,144 | + 4.3 |
| DIRECT-VIEW. | 429,874* | 372,373 | +15.5 | 499,420* | 19,832,148# | 19,004,767 | + 4.4 |
| PROJECTION.. | 6,509 | 3,705 | +75.7 | 7,820* | 294,772 | 286,377 | + 2.9 |
| MONOCHROME.... | 62,996 | 43,890 | +43.5 | 59,616 | 2,514,899 | 3,507,214 | -28.3 |
| TV EXCL. PROJEC. | 492,870 | 416,233 | +18.4 | 559,036 | 22,347,047 | 22,511,981 | - 0.7 |
| TOTAL VCR..... | 307,720 | 284,257 | + 8.3 | 312,548 | 12,466,063 | 13,065,180* | - 4.6 |
| DECKS..... | 255,049 | 238,619 | + 6.9 | 253,913 | 10,466,782 | 11,502,050 | - 9.0 |
| CAMCORDERS.... | 52,671* | 45,638 | +15.4 | 58,635 | 1,999,281# | 1,563,130 | +27.9 |

Color TV 5-week moving average: 1988--468,750*; 1987--414,313 (up 13.1%).

Home VCR 5-week moving average: 1988--367,196*; 1987--324,459 (up 13.2%).

* Record for period. # Exceeds record for any full year.

CES--PROFITS NOW, TECHNOLOGY LATER: Coming off good Christmas season that capped best year ever, consumer electronics industry goes into semiannual self-promotional extravaganza without a star product, but determined to demonstrate that values are so high that it deserves the couple of bucks it will be adding to most prices.

With at least a dozen more major TV, VCR and audio brands raising prices last week (TVD Jan 2 p8), Consumer Electronics Show in Las Vegas is giving industry first major opportunity to sound out dealers on new pricing structures that -- if they stick -- will be followed by another wave of hikes in spring that could move it out of traditional red-ink rut.

Retailers' first reports on Christmas sales indicate that even with shortages, Dec. was good month, Circuit City and Best Buy reporting same-store sales up 7% over last year, Tandy up 4%, and Sears, Montgomery Ward and K mart singling out consumer electronics among products leading Dec. advances (see report elsewhere in this issue).

Show this year is haunted by ghosts of CESes past -- hot new products grown cold. It's 2nd anniversary of hype and promises for digital audio tape (DAT) recorders, now a definite nonproduct so far as general consumers are concerned -- given boycott of home market by manufacturers -- despite "launch" of multibrand DAT "home" recorders at show by distributor (see separate report).

It's also 2nd anniversary of thunderbolt from out of blue -- Super VHS. So far, however, S-VHS has been notable more for influence than sales. It jolted broadcast-cable community out of lethargy on picture quality, but has failed to create video revolution it promised. In June 1987, JVC forecast Super would take over 15% of U.S. VCR market in 1988. In June 1988, it toned that down to 8%. With hardly any software and with astronomical pricing, Super was about 5%, our own survey last month indicated (TVD Dec 19 p11).

Among other highlight products of past shows that failed to realize potential is LCD color TV, introduced, withdrawn, reintroduced, rewithdrawn -- a case of too high, too small and too grainy. While LCD TV gradually is coming into its own in combination with other products, as true mass-market item it remains product of future.

HDTV now is almost guaranteed headline-maker, and exhibitors are trying to attract the 1,500-some media representatives at CES as well as dealers -- so there are enough HDTV exhibits to ooh-ahh at. Philips

is staging first mass exhibit of its HDS-NA system designed for U.S. (TVD May 23 p6, Dec 12 p5) and NHK's Japanese system is showing up in several displays, including projection TV system by Belgium's Barco with surround sound by Fosgate. Official program included 3 hours of HDTV seminars Jan. 8.

Also in advanced TV (ATV) arena is first U.S. showing of Japan's upcoming compatible Clearvision system (formerly called EDTV), as demonstrated by Sharp on 31" digital monitor receiver; system is expected to be adopted for terrestrial broadcasting this year in Japan (TVD Oct 17 p12). Sharp, which grabbed headlines for its products of the future at June CES, is trying hard again, with preproduction version of its LCD projection TV displaying 100" picture, using three 3" twin-TFT LCD panels.

Sharp also is demonstrating unique wireless combination 3" LCD TV monitor and remote control system for camcorder, permitting operator to monitor picture and control such camera activities as pan and tilt while appearing in picture. Sharp is demonstrating 14" LCD with 308,160 pixel resolution, claimed to be world's largest TFT color LCD screen, as well as its 4" personal video combination VHS VCR and TV set (TVD Jan 2 p9).

Others also will be displaying products that aren't quite here. More IDTVs, first 8mm Hi-Band camcorder (in private display), plenty of bigger-screen LCDs. Start of show actually came after our deadline, so we expect we missed some surprises. We'll tell you about them next week.

Meanwhile, those praying for continued good consumer electronics business might be well advised to stop by exhibit space 4548, which features pocket electronic Bible.

EIA SEES 5% INDUSTRY SALES INCREASE IN 1989: Consumer Electronics Show opened with what can best be described as conservatively optimistic forecast for new year, looking toward 5% gain in industry dollar volume. EIA Consumer Electronics Group raised its estimates of color TV, while lowering prediction for VCR decks in its consensus forecasts for 1989 at debut of Winter CES in Las Vegas Jan. 7 by EIA/CEG Industry Vp Frank Myers.

Video products factory sales are projected to grow 2.7% to \$13.39 billion in 1989, from estimated \$13.04 billion last year. Those figures are up from EIA's factory sales forecasts of \$13.02 billion for 1989 and \$12.75 billion for 1988, released at Summer CES last June (TVD June 6 p8). Total consumer electronics factory sales are predicted to grow 5% to \$31.65 billion this year from \$30.13 billion. (Total industry sales figures actually are down from earlier EIA estimates because electronics furniture and home computer software have been excluded from latest figure.)

Direct-view color TV sales will increase 1.5% to 20.5 million in 1989 from estimated 20.2 million in 1988, EIA predicts. Trade group had been much more cautious in June, when it projected 19.3 million sales in 1988 and 19.4 million in 1989. Average factory price of color set in 1988 was listed as \$325, down \$2 from June, and EIA estimates \$326 average in 1989, also down \$2 from earlier estimate. Sales totals of 5.3 million MTS stereo color TVs in 1988 and 6.2 million this year weren't changed, but average price estimate was raised to \$500 for both years from \$490 in 1988 and \$485 in 1989.

Total VCR sales to dealers will be static this year, according to forecast. EIA predicts sales of 12.6 million VCRs in 1989, which would be down slightly from last year's estimated 12.7 million. Average 1989 VCR price is seen rising to \$408 from \$404 in 1988. VCR deck sales forecast is 10.2 million, which would be 4.2% decrease from estimated 10.65 million in 1988. EIA lowered deck forecast for 1989 from 10.3 million predicted in June. Deck price is expected to fall to \$285 in 1989 from \$290 last year. Camcorder forecast for 1989 is unchanged at 2.4 million, 14.3% increase over 2.1 million last year. Average camcorder price is seen falling to \$929 this year from \$971.

Outlook for stereo VCRs is off sharply from earlier forecast. EIA predicts 14.6% increase to 2.75 million in 1989, but that's down from June forecast of 20% rise to 3 million. Price of stereo VCR will be \$400 in 1989, down from \$416, EIA predicts. Sales projections weren't changed for videodisc players or videocassette players, but average VDP price in 1989 was raised to \$360 from \$350 and VCP price \$160 from \$150.

EIA didn't change its prediction of 5% increase in projection TV sales to 315,000 in 1989 from 300,000. But average price was raised to \$1,750 for both years from \$1,675 in 1988 and \$1,635 in 1989. LCD color TV sales forecast also wasn't changed, with EIA predicting 33.3% gain to 200,000 this year. Average 1988 price of LCD color set was lowered \$10 to \$200. B&w TV sales are expected to fall 9.5% to 1.9 million this year

from estimated 2.1 million in 1988, down substantially from earlier forecasts of 2.8 million in 1988 and 2.7 million in 1989. Decline of 4% to 600,000 is expected for LCD monochrome TV sales in 1989, down from earlier 700,000 for both years.

Home satellite earth station sales are expected to rise 9.1% to 300,000 in 1989 from 275,000, while average price declines to \$2,320 from \$2,380. EIA made no changes in its forecasts of home computer and video accessory sales. Electronics furniture factory sales estimate for 1989 was lowered to \$750 from \$790, and 1988 estimate for home security systems was raised to \$900 from \$850.

Blank videocassette sales outlook for 1989 wasn't changed, but estimated total for 1988 was increased to 300 million from 290 million. EIA still expects 7.4% gain in prerecorded videocassette sales to 145 million in 1989, but lowered estimate for home computer software factory sales to \$2.1 billion from \$2.4 billion predicted earlier. EIA added new category of videogame software to consensus forecast figures, estimates 7.6% increase in factory sales to \$710 million in 1989 from \$660 million in 1988.

EIA's forecasts are somewhat less optimistic than ours (TVD Jan 2 p10) -- we predict 21 million direct-view color sets, 320,000 projection TVs, 10.7 million VCR decks and 2.7 million camcorders. However, EIA predictions are very much in line with our industry survey (TVD Dec 26 p11). Some of EIA's figures for 1988 already are dated -- for example, its estimate of last year's monochrome TV sales is more than 400,000 below its own figure for year's first 51 weeks (see State of the Industry).

Here are EIA's consensus forecasts for 1989, with 1988 estimates, as revised, for video sales to dealers, factory dollar value, average factory price. (For forecasts of Compact Disc players and other audio equipment, see report elsewhere in this issue):

U.S. SALES TO DEALERS AND FACTORY VALUE

| Product | Units (add 000) | | Value (\$000,000) | | Average Price | |
|-------------------------|-----------------|---------|-------------------|---------|---------------|-------|
| | 1988 | 1989 | 1988 | 1989 | 1988 | 1989 |
| Color TV..... | 20,000 | 20,500 | \$6,600 | \$6,685 | \$325 | \$326 |
| with MTS..... | 5,300 | 6,200 | 2,650 | 3,100 | 500 | 500 |
| LCD..... | 150 | 200 | 30 | 40 | 200 | 200 |
| Projection TV..... | 300 | 315 | 525 | 550 | 1,750 | 1,750 |
| Monochrome TV..... | 2,100 | 1,900 | 160 | 145 | 76 | 76 |
| LCD..... | 625 | 600 | 40 | 40 | 65 | 63 |
| Total VCR..... | 12,500 | 12,600 | 5,055 | 5,140 | 404 | 408 |
| table model..... | 10,400 | 10,200 | 3,015 | 2,910 | 290 | 285 |
| camcorders..... | 2,100 | 2,400 | 2,040 | 2,230 | 971 | 929 |
| with MTS..... | 2,400 | 2,750 | 995 | 1,100 | 416 | 400 |
| Videocassette players.. | 170 | 190 | 30 | 30 | 175 | 160 |
| Videodisc players..... | 120 | 180 | 40 | 65 | 333 | 360 |
| Videocassette, blank... | 300,000 | 310,000 | 1,000 | 1,050 | -- | -- |
| Videocassette, recorded | 135,000 | 145,000 | 2,970 | 3,190 | 22 | 22 |
| Home computers..... | 4,500 | 5,000 | 3,150 | 3,500 | 700 | 700 |
| Home computer software. | -- | -- | 2,000 | 2,100 | -- | -- |
| Home earth stations.... | 275 | 300 | 666 | 696 | 2,380 | 2,320 |
| Home security..... | -- | -- | 900 | 1,000 | -- | -- |
| Electronic furniture... | -- | -- | 650 | 750 | -- | -- |
| Video accessories..... | -- | -- | 690 | 740 | -- | -- |

U.S. TV, TUBE EXPORTS SOARED IN 1988: U.S. exports of complete color TV sets soared in first 9 months of 1988 over same year-earlier period, Commerce Dept. reported. Figures indicate that U.S. shipments of unassembled color TV receivers and picture tubes -- presumably for assembly and reexport here -- also jumped by huge margins in 9-month period.

Like much import and export data compiled by Commerce Dept., figures could be rife with errors and misclassifications -- that's only way to explain some of them -- for example, exports of 400,000 incomplete TV sets from U.S. to Taiwan and Korea. But they do indicate large-scale increase in exports, accompanying decline in imports and rise in domestic production on U.S. market (TVD Dec 5 p12). Without vouching for veracity of all data, we note that Commerce figures show the following:

Total of 710,614 complete color sets were exported from U.S. in Jan.-Sept., up from 111,009 in Jan.-Sept. 1987. Value of shipments rose to \$219.6 million from \$30.5 million. Mexico and Canada combined received 66.5% of all color sets exported by U.S. Mexico imported 241,061 at value of \$63.6 million and Canada 236,695 at \$73.2 million. Other major destination for U.S. sets was Taiwan, which received 103,179. Both Philips and Zenith are exporting large-screen TVs to Taiwan, as is Tatung's U.S. plant.

Exports of unfinished or unassembled TV receivers increased by even more dramatic margin in period, rising to 2.46 million, Commerce figures indicate. Records show large number (1.62 million) of unfinished sets going to Mexico from El Paso, Tex., reflecting growing trend by manufacturers to ship TV kits to Mexico for final assembly, before returning them to U.S. for sale (when they come back, same sets are counted as imports). In all, Mexico received 1.66 million unfinished sets in 9 months. Biggest Mexican assembly plants are owned by Thomson and Zenith, Philips is building major plant there and Japanese and Taiwanese manufacturers have significant assembly facilities there. Other major recipients of incomplete sets were Taiwan (212,733), Korea (187,762), Canada (77,924). Taiwan and Korea shipments are unexplained, but Canada has several TV plants, including Panasonic and Sanyo. Value of incomplete set shipments jumped to \$78.1 million.

U.S. exports of monochrome TVs increased 35.8% to 91,037 in 9-month period and value 42.6% to \$9.7 million. Mexico imported nearly half of b&w sets, receiving 45,380. Since no b&w sets are made in U.S., these either are reexports of imported sets or misclassified products.

Commerce figures show phenomenal growth of U.S. TV picture tube exports in 3 quarters. Shipments of color tubes in screen sizes of 22" or less soared to 865,952 from 14,138 in year-earlier period, with value rising to \$58.8 million. Mexico imported 531,504 (61.4% of total), presumably for assembly and export to U.S. in finished sets. Korea received 102,998 of smaller tubes. Exports of tubes larger than 22" jumped to 239,229 from 3,175 in Jan.-Sept. 1987. Value increased to \$29.4 million. Canada received 99,762 larger tubes and Taiwan 98,248.

Largest percentage increase of all was for b&w picture tube shipments, which rose to 76,033 from 540 in 1987, mostly to Mexico, with value increasing to \$3 million. No monochrome TV tubes are made in U.S., but these could be reexports or, more likely, computer monitors.

Meanwhile, EIA estimated that U.S. exported 1,314,448 color TVs in 1988, 168.2% increase over 490,078 in 1987 -- both figures quite compatible with Commerce's overall data for first 9 months. EIA projected U.S. would import 6,600,180 color TVs in 1988, down 29.7% from 9,382,729 in 1987.

Dec. retail report: Tandy consolidated sales in Dec. totaled \$660.5 million, up 8.7% from year-earlier sales, same-store sales up 4%. U.S. retail operations sales rose 4% to \$582.3 million... Circuit City reported record sales of \$312 million in Dec., up 20.6% in year. Same-store sales rose 7%. Retailer expects to open 25-30 superstores in fiscal year beginning March 1... Best Buy said Dec. sales were up 8.9% to \$86 million and same-store sales 7%... Sears said home electronics and major appliances contributed to 12.1% sales increase in month... K mart, which had 10.7% higher sales in Dec., reported strong sales in Leisure and Entertainment Div... Montgomery Ward, in reporting 7.6% increase in Dec. sales, said greatest gains were in electronics... Lowe's said Dec. retail sales increased 17.1% to \$123.5 million.

Projection TV import figure reported by Commerce Dept. for Sept. was incorrect, as we suspected (TVD Nov 28 p10). Customs Service official said some videotape imports mistakenly were counted as projection TV sets for that month. Total for Sept. should have been 37,600, not 532,600 as reported. True total represents 40.3% increase over Sept. 1987 imports. Oct. figure also was inflated, and we're awaiting correct figure from Customs.

Nikon has joined 8mm Video Council. Other hardware members are Canon, Minolta, Olympus, Ricoh, Sanyo, Sony. Software members are Audio Video Plus, Paramount, Polaroid, SVS, Warner.

Estimated household penetration of VCRs in U.S. is 61%, up from 56% in June 1988, according to EIA Consumer Electronics Group's latest estimates. Household penetration of other products, with earlier figure, if different, in parentheses: Total TV 98%, color TV 95% (94%), color TV with MTS stereo 15% (12%), monochrome TV 58%, projection TV 4% (3%), LCD TV 2%, camcorders 7% (5%), home computers 21%, recorded videocassettes 48% (42%), audio systems 90%, compact audio 56% (55%), component audio 47% (45%), Compact Disc players 13% (10%), phone answering devices 24% (20%), cordless phones 22% (18%), home radios 98%, home security systems 11% (10%).

Sales to dealers were hot in pre-Christmas week, all products showing gains over same 1987 week (see State of the Industry). Color sales continued strong in 4th week of 5-week Dec., up from 1987 for 7th straight week. Color sales passed full-year 1987 figure in 1988's 50th week (TVD Jan 2 p8). For first 4 weeks of Dec., year's 51st week, direct-view color TV was up 13.1%, b&w TV down 10.4%, projection TV up 36%, total VCR up 11.5%, camcorders up 18.3%.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 125 yen = \$1, except where noted.

HOME DAT FOR SALE HERE: In what apparently is first major attempt to sell home digital audio tape (DAT) recorders here on organized basis, DAT/USA International (DUI), Trenton, N.J., is offering dealers models under at least 8 different brand names, most of them imported directly without authorization of manufacturers. DUI made formal announcement that it was in home DAT business last weekend at Consumer Electronics Show in Las Vegas.

DUI says it expects to be sued by Recording Industry Assn. of America (RIAA), and it expects to be defended by EIA Consumer Electronics Group, which has voted 6-figure war chest to support first company sued by RIAA for importing DAT recorders (TVD May 2 p14). RIAA, which said it would sue to block home DAT recorder sales here on ground that purpose of product is copyright violation, had no comment on DUI plans because it hadn't heard of them at our deadline. EIA officials were unavailable.

DUI apparently is systematizing what a few distributors and importers have done on hit-or-miss basis. Citing Supreme Court decision upholding legality of parallel, or gray, market imports (TVD June 6 p14), DUI's Kevin McEvoy said company is procuring recorders from many different sources, including direct import. Unlike some other DAT importers of past, DUI is translating Japanese instruction manuals into English, adding year's warranty and service facilities (through American Warranty Co.), along with adaptors for U.S. power requirements, where needed.

Ironically, lowest priced recorder on DUI list is marked "professional sales only." It's Sharp model, presumably procured from Sharp here. Although it's similar to model Sharp sells in Japan as consumer unit, it's being offered only as professional model in U.S. (TVD Aug 15 p12). There's no controversy in U.S. over professional DAT recorders. DUI prices Sharp model at \$2,700 (Sharp in Aug. quoted it at \$2,500).

"Home" models and their DUI-suggested list prices: Akai \$2,900 and \$3,000, Panasonic \$2,950, Pioneer \$3,000, Sony \$2,900, \$3,000 and \$3,300, Technics \$4,000, Tascam \$4,000, Victor (JVC) \$4,000. Distributor cost (excluding Sharp model) varies from \$1,675 to \$2,995, with markups mostly in 60% area. In addition, DUI says it offers Alpine, Clarion, JVC, Kenwood and Nakamichi models -- presumably mainly car players or professional units procured through U.S. channels.

DUI is headed by Managing Dir. Nat. Gurien, has affiliate American International Audio/Video that sells DAT recorders at retail. DUI is at 127 Route 206, Trenton, N.J. 08610 (800-422-1557 or 609-888-3633).

Atari will diversify into line of personal electronics, possibly including such items as pocket reference systems, watches, later LCD TV, for line of 12-20 items -- "everything's being considered," company source said. Company is taking over Hartech Ltd., Hong Kong, which has been licensed to use Atari trademark on calculators. Hartech Pres. David Harris becomes pres. of new Atari Consumer Products Div., to be located in Phoenix. Hartech USA Ltd., subsidiary of Hong Kong firm, has hq in Scottsdale, Ariz. Atari corporate hq is in Sunnyvale, Cal.

Ten millionth Sharp product made in Memphis factory has rolled off production line, company announced. Plant makes color TVs and microwave ovens, exports ovens to 11 European countries, shipped about 100,000 ovens overseas in 1988.

EIA AUDIO SALES FORECAST: Audio equipment factory sales will rise 7.2% to \$8.97 billion in 1989 from estimated \$8.37 billion last year, according to EIA Consumer Electronics Group (CEG) consensus forecast figures released at Winter CES in Las Vegas. Figure for 1989 was raised from EIA estimate of \$8.71 billion in June 1988.

Sales of total Compact Disc players, including audio systems with built-in players, are expected to increase 20% to 6 million in 1989 from estimated 5 million in 1988. These figures are up from earlier predictions of 5.6 million for 1989 and 4.8 million for 1988. Home CD player sales will rise to 3.27 million in 1989 from 2.8 million, EIA forecasts.

EIA brightened its forecast for total audio component and compact systems sales in 1989 to 4.3 million from 4 million. Sales totaled 4.2 million in 1988. Sales of one-brand component systems will be flat at 1.6 million and compact systems will gain 3.8% to 2.7 million, CEG said. Forecasts for other audio products for 1989: Home radios 24 million, total portable audio 35 million, portable headset audio 25.5 million, blank audio cassettes 365,000.

U.S. SALES TO DEALERS AND FACTORY VALUE

| Product | Units (add 000) | | Value (\$000,000) | | Average Price | |
|---------------------|-----------------|---------|-------------------|---------|---------------|-------|
| | 1987 | 1988 | 1987 | 1988 | 1987 | 1988 |
| Audio Systems..... | 4,200 | 4,300 | \$1,140 | \$1,150 | \$271 | \$267 |
| compact..... | 2,600 | 2,700 | 340 | 360 | 130 | 130 |
| 1-brand component | 1,600 | 1,600 | 800 | 800 | 500 | 500 |
| Separate component. | -- | -- | 1,800 | 1,900 | -- | -- |
| CD players..... | 5,000 | 6,000 | -- | -- | -- | -- |
| home..... | 2,800 | 3,270 | 560 | 635 | 200 | 200 |
| Portable tape..... | 35,000 | 35,000 | 1,320 | 1,310 | 38 | 37 |
| tape only..... | 9,000 | 9,000 | 280 | 270 | 31 | 30 |
| radio-tape..... | 26,000 | 26,000 | 1,040 | 1,040 | 40 | 40 |
| Home radios..... | 25,000 | 24,000 | 375 | 360 | 15 | 15 |
| Headset audio*..... | 25,500 | 25,500 | 640 | 610 | 25 | 24 |
| Car audio..... | -- | -- | 3,930 | 4,245 | -- | -- |
| aftermarket..... | -- | -- | 1,180 | 1,245 | -- | -- |
| factory-installed | -- | -- | 2,750 | 3,000 | -- | -- |
| Audio cassettes.... | 365,000 | 365,000 | 360 | 360 | -- | -- |
| Telephones..... | 26,300 | 27,100 | 1,040 | 1,080 | 40 | 40 |
| cordless..... | 6,300 | 7,100 | 440 | 500 | 70 | 70 |
| corded..... | 20,000 | 20,000 | 600 | 580 | 30 | 29 |
| Cellular phones.... | 350 | 475 | 300 | 380 | 860 | 800 |
| Answering devices.. | 8,000 | 9,125 | 545 | 610 | 68 | 67 |
| Audio accessories.. | -- | -- | 220 | 230 | -- | -- |
| Phone accessories.. | -- | -- | 330 | 350 | -- | -- |

* Radios and tape players also included in radio and tape categories.

Ford Motor's Audio Systems Group has increased annual worldwide sales of factory-installed vehicle stereo 225% since 1980, to about 2.5 million units per year, Planning, Mktg. & Sales Mgr. Don Duncan said. Company sold more than 2 million stereos with tape players last model year, he said. In 1987, group became sole stereo supplier for Ford cars in Europe and Mexico as well as U.S. and Canada, makes and distributes more than 5 million systems, worth nearly \$900 million annually. Its plant in Sao Paulo, Brazil, is claimed to be world's largest automotive audio plant, employing more than 6,000. Company currently is pushing its top-end Ford JBL Audio System, developed jointly by both companies. For 1989 models, Ford will offer trunk-mounted CD player and is continuing to offer digital audio tape (DAT) players. Ford JBL systems will be subject of print and radio ad campaign throughout 1989.

Toshiba projection TV -- imported from U.S. -- costs about \$5,000 in Japan. Model on sale there is 46" version with Carver Sonic Holography sound system. As reported here last year, Toshiba is exporting TVs from its Lebanon, Tenn., plant to Japan (TVD Jan 25 p14). First batch of 500 was shipped last fall, said Toshiba, which notes that it expects to procure \$465 million worth of products in U.S. this fiscal year, up 41% from last year.

LASER TURNTABLE SCRAPPED: In last-min. decision, Finial Technology decided to scrap Laser Turntable, under development for many years under several managements. "Decision... not to market the Laser Turntable... was made after we completed the initial production run and concluded that the unit is too expensive to produce," Chmn. Jacques Robinson said in letter to technical and trade editors last week.

Preproduction model of turntable to play LPs and 45rpm vinyl discs was demonstrated for first time at Audio Engineering Society convention in L.A. last fall (TVD Nov 7 p16). Price at time was given as \$3,687, with first models due in early spring. News conference had been scheduled for Jan. 6 in Las Vegas on eve of opening of Consumer Electronics Show to launch product. Conference wasn't canceled but instead was to be devoted to explaining decision. It's understood first production run consisted of 25-30 players.

Finial's decision aroused ire among some who had long anticipated product. One European who had followed LT progress indicated he was dissatisfied with explanation of cost problems. "That first run could have been sold many times over at any price," he said, noting that govt.-funded radio stations all over Europe were awaiting turntables. He suggested 2 "possibilities:" (1) "That they couldn't get it to work at all." (2) That Robinson, who formerly headed consumer electronics at GE, is "imbued with GE's mass-market philosophy." He said most Finial engineers and officials were new to project. "It can be made to work, but tolerances are so tight it's a costly proposition," he said.

Robinson couldn't be reached for comment last week, and Finial's news conference came after our deadline.

Hitachi will make VCR and color TV parts in Malaysia for shipment to U.S. plant. New company, capitalized at \$20 million, will be 80% owned by Hitachi of Japan and 20% by its Malaysian subsidiary. Hitachi is building 215,000-sq.-ft. factory to produce complete VCRs and color TVs for Asian market, as well as parts for U.S. By June, annual production of VCR boards is scheduled to reach 250,000 and TV boards 150,000 at Hitachi Consumer Products Malaysia factory located near site of new plant, company said. New plant will bring annual VCR board production to 600,000 and TV boards to 400,000 when completed in spring 1990. Plant also will ship 300,000-400,000 completed VCRs annually. Hitachi currently is making about 10,000 VCRs monthly in U.S.

Matsushita will start selling personal computers in Europe under Panasonic brand name, but it won't make them. It will buy them from Tandy, as already announced for Panasonic computers in U.S. Matsushita does make computers that are sold in Europe, but they are bought by Nixdorf and sold under its own name. To complete circle, it would be tidy if Nixdorf now made computers for Tandy, but we're told that's not being explored.

Toshiba will increase production of personal computers in U.S. to 15,000 monthly by Feb., according to Japanese reports, up from current 10,000. Additional 5,000 monthly are shipped here from Japan. Toshiba also plans to start production in Europe, but has given no timetable.

Mitsubishi offers interest-free financing for up to year on all audio and video products purchased Jan. 11-22 with its 3 Diamond Card. Mitsubishi said credit card has generated \$55 million in retail sales since introduction in Sept. 1987.

HDTV BIDS 'OPEN TO ALL': "All valid responses will be considered," regardless of source or nationality of company or individual, Defense Advanced Research Projects Agency (DARPA) spokeswoman said last week, ending speculation as to whether foreign-owned companies will be permitted to submit proposals for govt.-funded HDTV displays.

DARPA is offering grants of about \$30 million for HDTV display system and associated electronics (TVD Jan 2 p9, Dec 26 p9), presumably in response to proposals for U.S. industry "reentry" into consumer electronics via HDTV receivers. There had been speculation that Pentagon grants would be limited to American-owned companies.

There was some criticism last week of extremely short deadline for detailed proposals by those seeking grants. Broad Agency Announcement of HDTV research solicitation, which came out only last week -- in Dec. 28 issue of Commerce Business Daily, which reached most subscribers after New Year's Day -- set Feb. 13 as final deadline for all material (not Feb. 19 as we erroneously reported last week).

"This proposal is wired," said one industry executive familiar with Pentagon procurement. "They're talking about a month [of working days]. That's simply not enough time for a proposal with that much detail. There's probably only one company which can meet that deadline." He presumably was referring to Zenith, which already had submitted unsolicited proposal to DARPA, seeking \$13 million for first stage of development of Flat Tension Mask (FTM) tube into HDTV display (TVD Oct 31 p11). Zenith's proposal -- Chmn.-CEO Jerry Pearlman said "we spent a lot of time and energy" making it -- presumably fits DARPA's outline of requirements.

DARPA spokeswoman commented that requests for time extensions will be considered during question period that ends Jan. 27.

U.S. share of world's electronics production declined to 39.7% in 1987 from 50.4% in 1984, American Electronics Assn. (AEA) said, using EIAJ data. Value of U.S. production rose 8.2% to \$182.7 billion in 1987 from \$168.9 in 1984. At same time, Japan's share of world electronics production gained to 27.1% from 21.3%, while value jumped 75.5% to \$125.1 billion. Western Europe's share increased to 26.4% from 23.5% and share of other Far East countries rose to 6.8% from 4.9%.

Taiwan trade with mainland China on open basis will be inevitable result of island's Supreme Court ruling that direct trade isn't seditious. Taiwan govt. estimates that 2-way trade between the 2 powers exceeded \$2.4 billion in 1988, and new ruling is expected to pave way for sharp increase.

New approach to blank videocassettes, being employed by SKC, is identifying them by suggested use rather than by grade. SKC's new line identifies tapes as "Maxplay" (for time shift), "Library" (for longtime use), "Music Video" and "Video Camera," each said to be optimized for suggested use.

Video Insider, weekly magazine specializing in software, switches Jan. 16 from paid to controlled circulation, promising advertisers distribution to more than 20,000 video retailers.

University Sound, supplier of loudspeakers and other audio equipment, has moved its corporate hq. New address: 13278 Ralston Ave., Sylmar, Cal. 91342, 818-362-9516.

MORE CES PRODUCTS: Among new products at Consumer Electronics Show in addition to those reported in last 5 weeks (TVD Dec 5 et seq.) and elsewhere in this issue:

ToteVision introduces lightweight portable 8mm VCR combination with 5" color TV 13" monitor with VCP and 19" TV-VCR combination and several TVs and VCRs.

Broderbund's debut in hardware is U-Force, unique remote controller for Nintendo games. Resembling small attache case, it plugs into game's joystick port and enables players to control game without making physical contact with controller or game console. It can be configured for most available games, Broderbund said, and permits players to control game by motion of hands and bodies within 3-dimensional range of U-Force's sensors. It will be available in spring at \$70.

Marantz will enter high-end car audio market, many of its mobile models using same technologies as its home audio equipment. For shipment in spring, units will be priced from \$300 for pair of amplifier modules to top-end cassette receiver at \$800.

Franklin Computer is debuting "world's first speaking dictionary," adding speech synthesis to its portable thesaurus and dictionary, with pronunciation of 83,000 words built in. Available in June, it's priced at \$400.

Rabbit Systems continues diversification by entering auto alarm business -- including model with alarm inside car, emitting sound so loud it's virtually unbearable to thief.

Nintendo of America filed suit against Atari Games, alleging breach of contract, violation of federal and state trademark laws and unfair competition in Atari Games' manufacturing and marketing of videogame cartridges compatible with Nintendo videogame system. Atari Games in Dec. had sued, charging Nintendo with monopolizing U.S. market for videogame cartridges that play on its system (TVD Dec 19 p15). At same time, Atari Games, which isn't affiliated with Atari Corp., introduced its Nintendo-compatible games. Nintendo suit was filed in U.S. Dist. Court, San Francisco.

PhoneTronics Distributing filed 55-page amended cross-complaint against Matsushita, charging Panasonic with breach of contract, bad faith denial of contract existence, international interference with economic relationships, unfair business practices. Lawsuit was filed originally last April. PhoneTronics contends Panasonic made changes in its product distribution program that would have "prohibited distributors of their key telephone systems from making a reasonable profit while Panasonic maintained their profit." PhoneTronics is in bankruptcy.

Under new owner Sony, CBS Records is returning to music publishing with acquisition of Tree International Publishing, Nashville country music publisher, for more than \$30 million. Once a power in music publishing, CBS Records left field in 1986 when it sold CBS Songs for \$125 million. Former CBS Songs, now SBK Entertainment World, is being sold by current owner to Thorn-EMI, British parent of Capitol Records, for \$377 million.

Some 1,300 home videos have been captioned to date, National Captioning Institute said, at rate of 20 a month. Only company to caption all its titles, NCI says, is CBS/Fox, while 6 do so for more than 30 titles annually and 12 others less of their output.

'MACRO DETECTOR': Xantech hopes to profit from Macrovision cassette anticopying process rather than defeat it. Less than 6 months after Macrovision settled suit against Xantech over so-called "defeat box" (TVD Aug 29 p13), Xantech is introducing Macro Detector to determine whether Macrovision signal is on tape (TVD Jan 2 p14).

Sylmar, Cal., company is targeting product to video software retailers, who can use it to recognize customer switching of Macrovision protected original tape with copy, Mktg. & Sales Dir. Bill Cawlfeld said, or in any case where it's necessary to determine whether tape is legitimate or pirated copy. While device lists for \$50, Cawlfeld acknowledged its "one real outlet" will be video retailers, who will pay about \$25 for it.

Macro Detector is being demonstrated at Consumer Electronics Show in Las Vegas for March availability. American Video Assn. probably will carry it, Pres. John Power said, because of "useful and innovative" features. As far as Macrovision is concerned, Pres. Eugene Eidenberg said he hadn't seen product or heard how it would be marketed, although he had received letter from Xantech Pres. Herb Seymour late last month. "On the face of it," Eidenberg said, "it's not an anti-Macrovision device." Xantech's technology was major issue in Macrovision patent infringement suit, as well as MCA contributory copyright infringement suit filed last summer (TVD July 11 p13) and settled at same time as Macrovision suit.

VCRs pose problem in China, according to China Daily, which quotes estimates of more than 100,000 in Beijing homes but little "acceptable" programming. Most gov.-sanctioned programs are said to be "old and low-quality movies," but there's big business in videotapes smuggled into country that are described as "eye-openers." Ministry of Radio, Films & TV will sponsor first meeting to discuss home video situation Jan. 10-15.

Color TV buying plans of U.S. consumers rose for 2nd straight month in Dec. after falling for 2 consecutive months, Conference Board reports. Dec. preliminary survey shows 7.5% of households planned to buy color TV set within 6 months, up from revised 6.5% in Nov. and even with figure for Dec. 1987. Board's overall consumer confidence index was 119.8, up from revised 112.9 in Nov. and 107.7 in Dec. 1987.

Surge in VCR production in Nov. in Japan brought 11-month total slightly above 1987 level. Output for Nov. was up 18.3% over year earlier, boosting 11-month level to 25,269,000, up 0.6% over same 1987 period, EIAJ reported. However, exports in period declined 5.2% to 19,883,000. Color TV output for 11 months totaled just 12 million, down 6.9% from 1987, with exports of 3,258,000 down 5.3%.

Orion Electric, which owns TV plant in Princeton, Ind., is partner with China's Zejiaiang Province in establishing color tube plant in Korea, due to be producing by end of May. It has annual capacity of 1.2 million tubes, all of which will be sent to China. Orion, a Japanese firm, has Korean affiliation with Daewoo. Its U.S. plant produces sets for Emerson.

EIA's home automation standard demonstration at Winter CES in Las Vegas (TVD Aug 22 p12) includes products from: AISI, AT&T, Cyberlynx, Diablo Research, Hometronics, Johnson Controls, Maxon, Marantz, Mitsubishi, Panasonic, Prentke Romich, RCA/Thomson, Scientific Atlanta, Sony, Tandy, Universal Electronics, John Woods.

Consumer Electronics Personals

Steve Isaacson, who resigned as national VCR mgr. after 5 years with JVC, is now consultant and managing dir. of Top Flight Assoc., Lyndhurst, N.J., national distributor for Kawasho TV; he told us last week his position will involve sourcing from China, Japan and elsewhere, he expects assignment to be relatively short, and he expects to take another post that will be "more entrepreneurial" than one at JVC; successor at JVC will be named soon from within organization... **Hideharu Takemoto**, managing dir. of parent company, named pres., Canon U.S.A., succeeding **Fujio Miterai**, who becomes managing dir. of Canon Inc. (Japan) in charge of personnel, accounting, finance, general affairs, corporate communications and global marketing programs, as well as vice chmn. of Canon U.S.A.

William Delaney, former official of Casio, Samsung and Sharp, joins Case Logic as sales and mktg. vp... **Chuck Roth**, ex-national key accounts sales mgr., advanced to TDK national sales mgr., sharing post with **Peter Dyke**; **Mark Carpenter**, promoted from Southeastern Div. sales mgr. to succeed Roth... **David Harris**, ex-pres. of Hartech Ltd., Hong Kong, becomes pres. of new Atari Consumer Products Div., Phoenix (details elsewhere in this issue)... **Len Gielarowski**, Sherwood western U.S. sales mgr., moves to special accounts sales dir.; he's succeeded by **Jay Suh**, former operations vp; **Andrew Park**, former Southern Cal. dist. mgr., named Cal., Ariz. and Nev. sales mgr.

Michael Chalifoux, vp, appointed Circuit City chief financial officer... **Michael Goldstein**, former chief financial officer and exec. vp-finance and administration, and **Robert Nakasone**, former U.S. Toy Store Div. pres., named Toys "R" Us vice chmn. and elected to board; Goldstein and Nakasone assume responsibilities of **Norman Ricken**, who retires as pres.-COO in March; **Ricken** continues on board... **Michael Moakley**, ex-GE Medical Div., joins Philips Medical Systems N. America as pres., succeeding **Donald Schoen**, who rejoins Cresap Inc. consulting firm.... **Leon Machiz**, Avnet pres.-COO, elected chmn.-CEO, succeeding late **Anthony Hamilton**.

CBS Assoc. Gen. Counsel Rafael Pastor shifts to CBS/Fox Video International as pres., replacing **Ralston Coffin**. **Scripps Howard Bestg. Pres.-CEO Richard Janssen** adds responsibilities of pres.-CEO of new **Scripps Howard Productions**; **Alan Perris**, ex-WTVJ Miami, named pres... **John Brenner**, ex-South Eastern Tape Distribution gen. mgr., joins **Wood Knapp Video** as southern regional sales mgr... **Denise Diamond**, ex-Showbiz Expo, appointed sales representative for Sept. **Cinetex** exposition in Las Vegas... **Howard Berk** promoted to licensing and merchandising vp, **Viacom Enterprises**... **Nick Mrvos**, ex-Compact Disc Warehouse and **Licorice Pizza**, joins **Wherehouse Entertainment** as video product mktg. mgr. in advertising.

Mitsubishi's estimate of 75,000-100,000 U.S. videophone sales in 1988 was "overzealous," **Venture Development** report says, putting figure closer to 50,000. **VDC** said many consumers are putting off buying b&w still-picture videophones because they see them as interim step to full-motion color unit. Report predicts latter still are 10-15 years away. Despite user misconceptions, sales should increase at average annual rate of 64.7% in next 5 years, reaching one million units in 1993. Details: **VDC**, One Apple Hill, Natick, Mass. 01760, 617-237-3000.

Proton opens 75,000-sq.-ft. international hq at 5630 Cerritos Ave., Cypress, Cal. 90630 (714-952-6900).

Financial Reports of TV-Electronics Companies

These are latest reports as obtained during past week. Dash indicates information not available at press time. Amounts expressed in dollars. Parentheses denote loss.

| Company & Period | Revenues | Net Earnings | Per Share |
|--------------------------|------------|--------------|------------------|
| Certron | | | |
| 1988-year to Oct. 31 | 28,490,000 | 149,000 | .05 ^a |
| 1987-year to Oct. 31 | 27,751,000 | 492,000 | .15 ^a |
| Craig^b | | | |
| 1988-15 mo. to Sept. 30 | 3,480,000 | 6,296,000 | 3.00 |
| 1988-qtr. to Sept. 30 | 877,000 | 2,163,000 | 1.01 |
| J2 Communications | | | |
| 1988-qtr. to Oct. 31 | 1,285,259 | 102,503 | .06 |
| 1987-qtr. to Oct. 31 | 1,130,317 | 84,235 | .05 |
| TCA Cable TV | | | |
| 1988-year to Oct. 31 | 68,938,000 | 9,573,000 | .79 |
| 1987-year to Oct. 31 | 60,397,000 | 5,070,000 | .46 |
| 1988-qtr. to Oct. 31 | 18,143,000 | 3,304,000 | .27 |
| 1987-qtr. to Oct. 31 | 15,897,000 | 1,115,000 | .09 |

Note: ^aIncludes special credit. ^bComparative results unavailable.

551 STEREO TV STATIONS: At least 551 TV stations in U.S. and Canada are equipped to broadcast in stereo, according to latest tally based on survey for our Television & Cable Factbook plus reports from equipment suppliers.

U.S. station count is 518, Canada 33, but there are believed to be more equipped to broadcast in stereo, including stations that have received equipment since our survey or were equipped but not broadcasting in stereo then. More NBC affiliates are stereo equipped than those of 2 other major commercial networks combined -- 146 NBC, 72 CBS, 64 ABC. In addition, 82 PBS affiliates are equipped, as are total of 154 independents (including Fox network affiliates).

We estimate that some 99% of U.S. TV homes are within range of at least one station broadcasting in stereo. As might be expected, cities with most TV stations generally have most stereo broadcasters -- San Francisco-Oakland and Sacramento-Stockton are leaders with 8 each, followed by Boston, Chicago, L.A. and N.Y. with 7 each.

Total of 63 stereo-equipped stations also say they're equipped to broadcast 2nd audio program (SAP). We believe total number of SAP-equipped stations is greater, but few of those are using SAP channel to any extent.

Access to stock market information services in U.S. will be feature of Nintendo Entertainment System (NES) videogame when company introduces adaptor here in 1989 or 1990. Nintendo already is providing similar feature with its Family Computer in Japan through communications adaptor developed with financial firm **Nomura Shoken**. Adapter costs about \$150, total system \$260, in Japan. Nintendo said total NES shipments in U.S. are expected to reach 10 million by end of 1988.

Among Chinese products being sold here is GE brand boombox, one of nation's first consumer electronic products to be marketed under major U.S. label. Meanwhile, **Tandy Electronics (China) Ltd.**, 85% owned by **Tandy Radio Shack**, is expected to start production in spring in **Huizhou**, making radios, cassette players, walkie-talkies, phone answering machines, computer accessories.

TELEVISION DIGEST®

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With Consumer Electronics

JANUARY 16, 1989

VOL. 29, NO. 3

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

LAST REAGAN BUDGET offers spectrum auction surprise. Latest incarnation of non-mass media bidding plan projects \$3.4 billion in revenues over 2 years. FCC budget boost proposed. (P. 1)

QUELLO RETHINKING POSITION on allowing telcos to provide cable in local exchange areas. Shift would leave Chmn. Patrick as lone proponent. (P. 3)

BASEBALL AND TRASH TV gain attention of TV critics in L.A. CBS's Stringer, Pilon and LeMasters and NBC's Wright and Tartikoff field press questions. (P. 3)

MAJOR CABLE DEALS: Consortium of TCI, InterMedia, TCA and Falcon to acquire Cooke CableVision. NYT Cable sold for \$420 million to Comcast, Lenfest, minority group. Tax certificates in both deals. (P. 6)

TVB GETS CONFIDENCE BOOST from TOC. Heads of 11 major broadcast group owners voluntarily extend memberships to 3 years. (P. 6)

MOONEY RAPS TELCOS: Says telephone industry view on entry into cable is off base. Promises broadcasters help in seeking codification of must-carry. (P. 7)

AFFILIATE MEETINGS BEGIN: ABC and affiliates discuss compensation, clearances, promotion and network-affiliate relationship. NBC and stations air cable Olympics deal. CBS meets this week. (P. 7)

REAGAN BUDGET PROPOSES INCREASED FCC FUNDING: President Reagan's final budget to Congress proposes major increase to \$109,831,000 in FY 1990 spending for FCC and repeats call for auctions of non-mass media spectrum. Both proposals had been expected (TVD Dec 5 p7). But in new twist, plan projects \$2.3 billion in revenues from what Reagan called "value-based" spectrum assignments for year, another \$1.1 billion in FY 1991. Revenue projections are significantly higher than earlier Administration estimates. Absent from this year's budget blueprint are spectrum fees. They had been proposed in Reagan budget for FY 1989 but weren't accepted by Congress.

Proposed FCC level represents 10.3% increase over current appropriation of \$99,613,000 and would provide minor personnel expansion, official said, but is below level agency had sought. Commission had asked Office of Management & Budget (OMB) to have Reagan request \$111,934,000. However, proposal does reflect additional \$1,431,000 for FY 1989 that Commission requested. Money would come out of proposed Commerce Dept. budget and would be used to cover unanticipated increases in FCC personnel costs. Reagan plan also projects Commission budget for FY 1991 of \$110,674,000.

Breakdown of FCC salaries and compensation request vs. FY 1989, with anticipated supplemental appropriations in parentheses: Commissioners, \$2,157,000 (\$2,117,000); Managing Dir., \$9,928,000

Consumer Electronics

17 FIRMS AGREE to explore establishing for-profit consortiums to develop HDTV products and processes for U.S. market in plan sponsored by AEA. (P. 10)

CES--'NOTHING NEW' except good business, shortages curtailing low end. Las Vegas event draws big crowds, some companies sold out for all of 1989. (P. 11)

NEW BIG-TUBE PLANTS planned by Thomson-RCA and Mitsubishi in U.S. to produce larger sizes. Tube industry expanding to cope with worldwide shortage. (P. 12)

PERSONAL VIDEO, 3rd video category, shows signs of boom at CES, but most products are for future. VHS-C time expanded to 90 min., 120 seen soon. (P. 13)

MAGNAVOX PETITIONS FTC to reopen and modify 1971 consent order on sales practices. (P. 14)

SANYO-FISHER GOES DIRECT in 3 biggest markets, terminates more than half of reps. Possible legal action seen. (P. 14)

DAT, VCR ANTICOPY proponents speak up at CES. Valenti urges safeguards against taping pay TV. Philips' Timmer urges better timing for DAT. (P. 15)

SONY FIGHTS GO-VIDEO, retaining Betamax case lawyer, wins dismissal of antitrust suit against Sony America. (P. 16)

(\$9,316,000); Gen. Counsel, \$2,842,000 (\$2,783,000); Private Radio, \$6,135,000 (\$6,008,000); Plans & Policy, \$1,036,000 (\$1,014,000); Public Affairs, \$753,000 (\$732,000); Legislative Affairs, \$359,000 (\$308,000); Mass Media, \$14,398,000 (\$14,162,000); Review Board, \$442,000 (\$434,000); Administrative Law Judges, \$1,144,000 (\$1,014,000); Engineering & Technology, \$4,428,000 (\$4,338,000); Common Carrier, \$14,479,000 (\$13,640,000); Field Operations, \$14,302,000 (\$13,536,000). Proposed FY 1990 budget would support 1,783 fulltime positions, agency official said.

Spectrum auction concept is repeat from previous Reagan budgets, first surfacing under then-FCC Chmn. Fowler. Congress always has rejected proposal as abrogation of public interest concepts of Communications Act. However, there's talk in congressional corridors that this year may prove different -- that ballooning federal deficit has lawmakers open to just about any revenue-raising idea. What may pose problem for this version is OMB estimate that program could raise \$2.3 billion in first year -- figure some said is high, especially in light of previous Administration estimates of \$600 million or less as likely revenues from auctioning 6 MHz of available non-mass media spectrum located in UHF band.

Budget cites unidentified "recent research report" and what Reagan said was "evidence of high-value private sector offers for cellular telephone interests in 8 cities" as support for revenue projections. FCC official told us figures were based on actual recent trading values of cellular franchises worked up by Kidder, Peabody, while earlier estimates had reflected engineering studies. Kidder, Peabody report suggested current market value of 1 MHz is about \$563 million.

Reagan wants taxpayers to reap benefits currently going to resale market. Comparative hearing procedure now in use for license awards is "a complex, prolonged administrative process" that's exceedingly costly, he said. Lotteries also in use tend to slow delivery of new services, he said. His "competitive bidding" plan would take effect immediately in fiscal year that begins Oct. 1, and would be restricted to frequency assignments for such services as air-to-ground, cellular and private land mobile radio. Revenues would go into general federal treasury rather than offset FCC spending directly.

In other budget highlights, U.S. Information Agency (USIA) would receive another boost. Agency funding has grown dramatically in Reagan years and would top \$942,245,000, excluding \$1,640,000 in miscellaneous carryover and trust funds. USIA spending is expected to be \$882,162,000 this fiscal year. FY 1990 funding plan includes \$12,700,000 for Radio Marti broadcasts to Cuba, up from anticipated expenditures of \$11,175,000 this year, but less than \$12,759,000 in FY 1988. It includes funding for development of TV service to Cuba.

Reagan recommended \$185,012,000 for Voice of America (VOA) as part of USIA budget, with \$89,000,000 in carryover funds targeted for continuing facilities modernization. President said money is intended for further construction work on transmitters in Morocco and Thailand. USIA's TV and Film Service, whose funding includes Worldnet interactive satellite service, would receive modest boost to \$42,467,000. Actual FY 1988 spending for TV & Film unit was \$40,020,000. Related Board for International Bestg., which administers Radio Free Europe (RFE) and Radio Liberty (RL), would receive \$425,175,000, including \$207,000,000 for construction of shortwave relay station in Israel that would be used by VOA and 2 BIB services. Another \$28,000,000 would be spent on refurbishing RFE/RL relay station in Portugal.

Reagan put new twist on expected tangle with Congress on CPB funding -- refusing to propose rescission of some portion of public broadcasting's forward funding, as he has in past, and offering instead plan to "freeze" its spending by holding back on satellite replacement funds until cost analysis is finished on benefits of leasing vs. purchasing satellite capacity. Move would mean CPB would receive only \$242 million in FY 1992 (Congress already has appropriated \$242 million for FY 1991). Reagan said study is necessary as it "may reveal more cost-efficient alternatives than a federally funded satellite purchase."

Public broadcasting also would take hit in Reagan's proposed spending for NTIA-administered Public Telecommunications Facilities Program (PTFP). Once again he said program should be eliminated. President would rescind \$38,185,000 of PTFP's carryover funds and FY 1989 appropriations, leaving NTIA with enough money to close out program. Reagan repeated his past arguments that federal funds have brought public broadcasting to bulk of U.S. and that program no longer is needed. NTIA would receive \$14,554,000 for salaries and expenses, up from \$13,630,000 expected to be spent in FY 1989.

Copyright Royalty Tribunal (CRT) would receive \$135,000 in federal funds toward \$674,000 budget; rest of money would come from cable and jukebox royalties.

QUELLO RETHINKING POSITION ON FREEING TELCOS: FCC Comr. Quello is having 2nd thoughts on whether to free telcos to enter cable business. He issued unusual 3-page statement Jan. 12, saying that perhaps telcos should be limited to providing competitive alternative to cable, "not merely replacing" existing operations. In event that only one survives -- likely scenario, experts agree -- then there should be carefully crafted regulatory structure that ensures broadcaster access to that wire, Quello said. Statement was issued after Quello on Jan. 10 made similar comments to reporters following Washington Cable Club luncheon speech by NCTA Pres. James Mooney (see separate story elsewhere in this issue).

Said Quello: "Thus, I must depart from the Commission's tentative decision to the extent that it does not adequately focus attention on the potential impact of telco entry on free over-the-air broadcasting." Quello was in majority (with Chmn. Patrick) when FCC in July concluded tentatively that telcos should be allowed into cable (TVD July 25 p4) in local exchange areas. Since that vote, Comr. Dennis has issued long-awaited separate statement in which she said telcos shouldn't be allowed into cable at this time (TVD Nov 21 p4). Whether Quello's concerns led to change of view isn't clear. If he does change vote, that would leave Patrick in minority.

After July decision, Commission began further inquiry and rulemaking on some aspects of cross-ownership rules; reply comments are due Jan. 27. FCC proceedings are meant to produce legislative recommendation for Congress on cross-ownership prohibitions, which are in 1984 Cable Act. Quello said he voted with Patrick in July because he thought allowing telcos to enter cable business would create competition. Since then, he said, his thinking has shifted and he now believes there could be no competition because one or other, not both, would survive in any given market. He said he fears telco ownership of cable poses "primary threat" to free TV, or broadcasting.

Quello said he took unusual step of releasing statement in midst of active FCC proceeding because question whether telco entry into cable would be threat or boon to preserving free universal TV service has become key policy issue. Question received "short shrift" in Commission proceeding, Quello said. He stressed that his views are tentative and may be addressed in reply comments on further inquiry/rulemaking into cable-telco cross-ownership. In comments filed last month in FCC proceeding, broadcast organizations expressed similar concerns (TVD Dec 19 p6).

To let telcos and others know where he stands, Quello said that to preserve universal free local service, FCC may have to require fiber optic video transmission systems to provide basic antenna service to transmit local broadcast signals at no charge. That's directly related to statement by Ameritech Chmn. William Weiss in speech to National Press Club Sept. 15 in which he said telco with fiber optic signal into home would charge cable or broadcast for carriage.

Ultimate implementation of nationwide telco entry probably is years away, Quello said in statement, and problems to be overcome are "mindboggling." As examples, he listed: (1) How should phone company monopolies be prevented from cross-subsidization? (2) Should Congress or FCC require completely separate capitalization and separate installation and service departments? (3) Would public interest best be served by restricting telcos to common carriage? (4) Will the unlimited capability of fiber transmission require restructuring of American telecommunications system? (5) Will satellites develop into viable competitor to fiber? (6) Will fiber require complete rewriting of Communications Act?

SPORTS AND TRASH TV GAIN ATTENTION OF TV CRITICS: Questions about CBS's \$1.1 billion contract with baseball starting in 1990, importance of cable revenues to NBC and so-called "trash TV" dominated in L.A. last week as network executives made appearances before some 60 newspaper TV critics, with CBS Pres. Howard Stringer put into unusual position of defending network's pricey purchase of major league baseball rights against criticism at same event from NBC Pres. Robert Wright. Critics tour continues this week with ABC and cable networks.

Exchange on baseball rights was prompted by Wright who, when asked at his session before critics about CBS's winning contract from ABC and NBC, said CBS "obviously felt that this was... a desperate situation for them. They've had terrible success with their entertainment schedule." (According to Wright, CBS is down 12% for year, ABC and NBC 2% each, resulting in overall network drop of 4%.) He said networks often pay heavily for sports rights, knowing they will lose money, to promote entertainment programming, and that hasn't worked so well: "When depression rains on you, you reach out, and my guess is that Larry Tisch [CBS pres.] got sick and tired of hearing from his Entertainment Division." NBC is having "a lot of second thoughts... that we're not so sure that those major sporting events have that kind of punch" in building

audiences for other programs, Wright said. For last several years and through this fall, ABC and NBC have shared baseball, alternating World Series and playoffs.

Stringer reacted at subsequent CBS presentation with explanation that sports now was CBS's "dominant franchise... We've explored [getting into cable], but I think the baseball deal in particular is an attempt by us to demonstrate enormous confidence in... the network." Purchase represents Tisch's "commitment to the network... Only 6 months ago, everybody was questioning that commitment, and nobody was calling Larry a big spender. And now people are [criticizing] us as big spenders." Stringer said CBS wanted entire baseball package -- without sharing with cable -- and described affiliates as "thrilled with the baseball deal."

CBS Sports Pres. Neal Pilson told critics that since 1979 network has followed "major event strategy... and we build our overall strategy around that event. Really, what we're doing is using the new technologies... to get an advantage for the network... And our strategy really has been to go for those postseason events... If you look at the ratings for major sports events in the past 5 or 6 years, you'll see very little actual erosion... And in the eyes of the advertiser, they have retained an importance that warrants the kind of money and the kind of attention that we've been giving those events."

Pilson said it's "hard to underestimate" value of baseball contract to CBS. "It's an asset of enormous importance... Exclusivity alone warranted the price." He said NBC and ABC wanted rights to share "with their cable partners." Disputing charge by NBC that CBS overbid or would put CBS Sports in deficit situation, he said difference between bids wasn't "as great as they claim... I don't believe for a minute that the gap was that large." On CBS rights for 1992 Winter Olympics in Albertville, France, Pilson said network has "the opportunity -- I didn't say we're going to do it... to create a cable bid situation" for events that CBS doesn't plan to air.

CBS Entertainment Pres. Kim LeMasters told critics that "we were very, very buoyed" by baseball contract. Despite 3rd-place standing, "the morale of the troops is good" in Entertainment Div. He said financial pressures "are severe on everybody [all networks], but Larry [Tisch] is very fair."

But CBS's programming problem can't be fixed overnight, Stringer said. "I'm not prepared to say our problems are solved, [but] the peak of our slump has been reached," he asserted. "There's no question that our audience has eroded, but we're still big... We don't believe the [network] dinosaur myth... In terms of sheer size and the originality of programming, [networks] are the dominant species in the jungle."

Stringer and LeMasters stressed network's programming problem in critical 8 p.m. prime-time lead-in period. That time slot "is something we can't retreat from," LeMasters said. "If you have a formula, I'll pay for it." He said network has had "lengthy discussions" on programming tabloid type shows, such as recent Geraldo Rivera special for NBC on Satanic cults, but indicated "trash TV" wasn't likely to be answer to network's problems. LeMasters said CBS isn't "keen" to offer such programming, but "we are not at all closed to new [programming] formats." Stringer called such programming a "trend... Fads go very quickly. I think it's a fad." He also said he wasn't happy that Rivera show had been purchased by WCBS-TV N.Y. He called such programming "the dark at the end of the tunnel... the supermarket tabloid, National Enquirer approach." Stringer said CBS is in rebuilding process, and quick fix of trash TV "isn't going to get us there... If you pander to the lowest instincts of the audience, sooner or later you lose those you want... We've got to go looking harder and harder for alternatives. That trend will pass, believe me."

Among CBS's goals, Stringer said, are to improve its 3rd-place prime-time rating and "to redefine the way we sell the network. For years, the money was rolling in and all we had to do was negotiate rates. And we made ourselves very unpopular [with advertisers] by doing it. We were rather arrogant about it." Now, he said, advertisers are "taking the ad money elsewhere" -- barter, cable, independent stations, print.

Trash TV also came up during programming discussion with NBC officials. Wright denied published reports that Rivera special was his idea, said he didn't regret airing it but had "no comment" whether NBC would use Rivera again. NBC Entertainment Pres. Brandon Tartikoff at later session swore on Bible (before actor playing priest) that "I will not buy any more specials from Geraldo Rivera." In serious vein, he said: "I would not say that it was our finest hour and... I don't think you'll be seeing any more programs of that vein with Geraldo or anybody else." He replied "absolutely" when asked if Wright and NBC owner GE had given Entertainment Dept. autonomy that it was promised 2 years ago when GE took over. He said Wright generally participates in program meetings, but never has ordered a specific show be put on air.

Wright also said cable revenues and profits "will be important to us," but won't replace TV Network as NBC's top revenue producer in next 5-10 years -- and it's impossible to predict beyond that. (Wright's

remarks to critics came in satellite news conference as he was in Boca Raton, Fla., for GE management meeting en route to TV affiliates' board meeting in Dorado Beach, P.R.).

Returning to sports, Wright in answer to question about 1992 Summer Olympics deal with Cablevision said NBC's goal is to reach some 3 million avid sports fans via pay-per-view cable, along with 100 million off-air TV homes, disputing contention that affiliates would be competing with themselves. He said there are 19 cable networks, plus 4 (including parttime Fox) over air, "and the simple matter is that for us [NBC] to isolate ourselves... to only participating in one of those 23 different networks doesn't make a lot of sense to me. [But] I don't foresee cable revenues or any other revenues being anywhere near as large as the network revenues... I see that one network, NBC, supplying us with the vast majority of our resources for as long a period of time as I can forecast."

There will be fewer commercials in 1992 Summer Olympics in Barcelona, Wright said, in admitting there was overburdening number of spots from Seoul last fall because NBC was "trying to take care of make-good obligations... as a result of the viewership falloff against our expectations." He said affiliates won't participate in NBC revenues for Olympics that go to cable because "they aren't putting up any money." In making cable deal, Wright said, NBC will have more than 2,000 hours of Olympic programming available, can air only about 160 hours on network: "It's kind of a home run for the affiliates because the big fear they had was that we would take some kind of a package and run it in basic cable... to another 50-60 million people and there would be direct competition... And that's what we absolutely stayed away from."

Commenting on discussions with film studios to relax prohibition against networks' owning syndication rights in programming, Wright said: "Those discussions have not been positive. I think the studios basically don't want to give up any ground. They're very, very worried about cable television [to which none of rules apply]. And they feel they want to hold us [networks]... in containment over the next few years and devote the bulk of their energies to trying to get cable television into the same regulatory box that we're in... So now it's a bit of a stalemate, progress has been slim to none." Wright said he proposed to studios that they take half of prime time each night, with networks allowed to have financial interest in shows during other half. Studios weren't receptive, he said.

As for Sat. morning children's programs, Wright said NBC won't change format because it has nothing better to offer, attributing audience losses to people meters: "It's just a fundamentally dumb idea... Nobody makes any money on Saturday morning, and none of us have any large audience to speak of. That's an issue that we all have to figure out... You have to go back to the fundamental issue of having children 2 to 10 pushing buttons to authorize their input. You know if you push 2 buttons wrong, you're automatically disconnected, the whole day's gone."

Meanwhile, reporters expressed unhappiness about way tour was being handled. In written complaints, members of TV Critics Assn. (TCA) chided ABC for "meager news presence" (ABC News Pres. Boone Arledge rarely attends) and lack of sessions with "corporate executives" (neither Cap/ABC Chmn. Thomas Murphy, Pres. Daniel Burke nor Best. Group Pres. John Sias -- along with Arledge -- was scheduled to appear this week as we went to press). Critics also complained about absence of "major stars" at TCA functions and asked CBS to provide "more corporate and news executives." They criticized Fox TV Network for not providing transcripts of sessions. And they asked cable networks in advance of their 3 days this week "not to be so presentational" and to provide more time for Q&A -- "especially Showtime." Critics complained to Hollywood Reporter on its continued use of word "junket" in describing tour. Networks used to pay expenses of critics whose newspapers would accept same, but stopped that practice several years ago.

Fairness doctrine, must-carry and cable-telco cross-ownership issues await NAB board meeting Jan. 16-19 in Scottsdale, Ariz. Meeting was to start Jan. 16 with presentations to joint board of updates on legislative and regulatory issues. There also are reports on telco entry into cable and on telco as system operator, programmer and manager of integrated broadband network. Joint board will review and adopt budget, which will top \$14.3 million for current fiscal year ending March 31. Joint board reconvenes Jan. 19, and in between are sessions of TV and radio boards.

FCC last week granted Advanced TV Test Center (ATTC) request for experimental authority to build and operate facility in 12 GHz band in Washington area. Call letters are KA2XYE. Authority expires Oct. 19, 1989.

NCTA will test NHK MUSE HDTV equipment on new and old cable systems in next 2 weeks. Starting Jan. 16, Media General, Fairfax County, Va., will provide 2 unused channels to test HBO transmission. Week later, test moves to Jones's Anne Arundel, Md., system. In week of Jan. 30, HBO will test MUSE via satellite with demonstration in N.Y.C.

NCTA board meets Jan. 16 in L.A., day after telecast of ACE awards. Agenda includes updates on General Accounting Office (GAO) cable rate survey, FCC proceedings on must-carry, syndicated exclusivity and compulsory license; prospects for cable legislation in 101st Congress; updates on Cable TV labs, HDTV, national convention.

\$2 BILLION IN CABLE DEALS: Consortium headed by TCI and InterMedia Partners has signed letter of intent to buy Cooke CableVision, which has 700,000 subscribers in 19 states, companies said Jan. 9. Cooke didn't disclose price but it was estimated in \$1.5 billion range, which key players in deal weren't denying. On same day, N.Y. Times said it had agreed to sell NYT Cable unit to a group for \$420 million -- about \$2,475 per subscriber. NYT buyers include Comcast, Lenfest and minority investment group that will seek approval for tax certificate under which seller could defer paying taxes on profits. We're told that on basis of multiples for one year out, N.Y. Times deal was 14 times cash flow, Cooke 12.

CableVision owner Jack Cooke had sought \$2,700-\$2,800 per subscriber, but based on analysts' estimates, figure was \$2,200. Extent of participation in Cooke deal: (1) TCI, 200,000 subscribers in Cal., Ill., Ky., O., Ore., Wash., Wyo. (2) InterMedia Partners, 215,000 in Ariz., Ga., S.C., Tenn. (3) TCA Cable TV, 87,000 in Miss., N.M., Okla. and Tex. (4) Venture of members of Rigas family, which controls Adelphia, and some Adelphia management, with Hawk Cable, for systems with 84,000 in N.C., N.Y., S.C., Va. Venture contemplates seeking additional outside equity partners, who may include Adelphia. (5) Falcon, 42,000 in 6 Ore. systems. (6) Chambers, 30,000 in Chico, Cal. (7) Rock Assoc., 23,000 in 4 Alaska systems.

In its first deal since being organized last year, InterMedia said it intended to offer Cooke tax certificate on its portion of deal, would place its systems in limited partnership named Robin Cable Systems. InterMedia is sole limited partner with Frank Washington as general partner. He is ex-McClatchey Newspapers and onetime White House adviser on telecommunications policy as well as FCC ex-staffer. Robin Cable will retain InterMedia Capital Management to manage operations. We couldn't determine whether tax certificates played role in any other parts of Cooke deal.

NYT Cable, with hq in Cherry Hill, N.J., has 162,000 subscribers in 59 communities and is expected to have 170,000 by closing of deal. N.Y. Times said it will have \$320 million pretax gain, \$183 million (\$2.34 per share) after taxes. It bought systems for \$120 million in 1981, said it was selling them to refocus on its core businesses. Times values tax certificate at \$55 million. Certificates are issued by FCC to create new opportunities for minorities in ownership and management of communications properties. Comcast and Lenfest -- 48% of which is held by TCI -- will hold equal shares in buyer group, with stake by minority group to be not less than 20%, as required by law, Comcast Vice Chmn. Julian Brodsky said. Minority group will be organized by Bruce Llewellyn, chmn. of Queen City Bestg., which holds WKBW-TV Buffalo, ABC affiliate. He's also chmn. of Philadelphia and Wilmington, Del., Coca Cola Bottling Cos. Among those who may participate is ex-NBA All Star Julius Erving.

NYT buyers face competition from Choice Cable, controlled by Irving Kahn, who has received state approvals to build fiber optic cable systems in about 1/3 of communities where NYT operates. Kahn sold NYT Cable systems to Times, said he didn't bid to regain any. New buyer will give Choice more time to start construction of its systems, Kahn said. Analysts we talked with said Times' systems, which average 36 channels, need upgrading. Brodsky said Comcast hasn't had time to determine extent of rebuilding required. Value of deal is good news for market, said cable broker we talked with, because much of industry discussion has been about glut of systems for sale

and how prices would soften. But broker said value of NYT deal is higher than going rate, even though buyer faces high cost to upgrade systems and competitor in Choice Cable.

In other transactions: (1) Rifkin & Assoc. and Narragansett Capital said they were considering selling 6 cable properties they own jointly that serve 85,000 subscribers in Fla., Ind., Ky., Mich., O., Tenn., Va., W. Va. (2) Adelphia agreed to buy systems with 23,800 subscribers in Va. from Mid Atlantic Network. Systems are in Berryville, Buena Vista, Front Royal, Lexington, Middletown, Stephens City, Winchester. Broker: Waller. (3) Falcon agreed to acquire systems serving 3,500 in King City and Greenfield, Cal., from Scott Cable. (4) U.S. Cable purchased Cuba Cable, with 978 subscribers in Cuba, N.Y. Cablevision Systems, meanwhile, is seeking bids for Kalamazoo system, which has about 40,000. Sale is being handled by Toronto Dominion Bank.

TOC MEMBERS GIVE TvB BOOST: TV Operators Caucus (TOC) members have reaffirmed commitment to TvB by voluntarily extending membership contracts to 3-year terms. TOC members also committed resources and financial support to TvB efforts to expand share of national ad revenues that go to TV industry, TvB said. Action was meant to signal importance that TOC members attach to TvB, comes as some have been questioning whether continued membership in TvB was worthwhile. TOC members gave preliminary approval to action Dec. 14 at annual meeting in N.Y. Announcement came Jan. 12.

Since Dec. TOC meeting, independent TV stations have set up cooperative approach to take some up-front ad dollars away from networks. Cable operators and programmers also are pushing harder to gain larger share of TV ad dollars.

Companies that have made commitments: Belo, Cox, Gannett, Gillett, Great American, Group W, Hearst, Multimedia, Outlet, Post-Newsweek, Tribune Bestg. TOC Chmn. Ward Huey, chmn. of Belo, said primary reasons for "unprecedented" decision was "TvB's recent reorganization, including leadership changes, greater rep participation and, most importantly, a highly successful focused attack plan already accruing significant benefits" to groups' station members. TvB Pres. William Moll said several other group owners are expected to follow TOC lead.

TvB Chmn. Thomas Oakley, pres. of QNI Best., hailed leadership shown "in taking this step to endorse TvB at a critical time when it is more important than ever to have a strong, stable trade organization to help develop new revenues for the television industry." Oakley became TvB chmn. when Chmn.-Elect Peter Desnoes quit in May after blasting TvB staff and effectiveness of organization (TVD May 23 p5). At NAB convention in Las Vegas last April, TvB announced it had restructured and created new division to serve stations in top 30 markets.

Dreyfus Roundtable is first project for Brookside Productions Ltd., headed by ex-NBC News Pres. Lawrence Grossman. Five-part weekly project will air on WCBS-TV N.Y. Jan. 15 and on Financial News Network twice on Mondays starting Jan. 16. Program features Wall St. analysts predicting 1989 economy and markets.

Nova-Net will use Dallas-Ft. Worth Teleport as shared hub for its Ku-band VSAT services in region, company said. New agreement calls for Teleport to provide satellite transmission capacity and technical operations facilities.

MOONEY VOWS AID ON MUST-CARRY: Cable will be at negotiating table "the instant" it gets signal from Congress that there's support for codifying must-carry, NCTA Pres. James Mooney said in speech last week to Washington Cable Club. He promised NCTA would sit down with NAB and NAPTS (he didn't mention INTV) and "work out a way to put what everybody agrees was a workable rule [industry compromise] back into force, this time on the statute books, this time with a congressional mandate." He said he doesn't believe it would take long for industry groups to reach agreement. "We see no rational reason to allow a resumption of the old, little-lamented war" between cable and broadcasters that over 30 years resolved nothing, Mooney said.

NCTA and NAB have been talking lately about must-carry, and NAB board was scheduled to discuss it at weekend meeting in Scottsdale after our deadline. Mooney called NAB Pres. Edward Fritts day before speech to discuss his planned comments. NAB Senior Vp-Gen. Counsel Henry (Jeff) Baumann said 2 sides have had recent meetings and "what Mooney is saying is absolutely true, and we're very encouraged by his remarks and intend to take him up on the offer." Baumann said that while NAB board would discuss must-carry, cable hasn't made specific proposal. Asked after speech about his failure to mention INTV, Mooney said NAB and NAPTS are umbrella groups for commercial and noncommercial broadcasters.

Mooney also said telephone Regional Holding Cos. (RHCs) are prone to anticompetitive practices and little has changed since 1984 breakup of AT&T. RHCs are large -- Mooney said BellSouth is as large as entire cable industry -- and continue to have ability to engage in predatory behavior. RHCs continue to believe they should have absolute monopoly over switched voice business, he said.

Reason RHCs want to enter cable as program packagers and retailers, Mooney said, is that they have been so successful in writing off existing plant that their rate base is threatened, and they face possibility of having to reduce rates unless they can justify new capital expenditure on "something." Investment in fiber optics to home is that "something," Mooney said. "If you believe the phone companies' propaganda, [fiber to home] is going to revolutionize the way we live."

He said that before telcos are allowed to make huge expenditure to be paid for by consumers, they must establish some public interest reasons. "The truth of the matter, then, is that what the phone companies are promising is not even near magic, but rather a one-wire world that cannot be justified either in terms of public economy or unique services," he said. "It is a scam, premised not on technological wizardry but on their own internal economic imperatives." Mooney said he didn't want to be seen as denigrating fiber technology -- which more cable companies are embracing for backbone applications -- but that with gaps in telco arguments, "it's time somebody said, 'these guys have no clothes on.'"

Mooney said TV was responsible for "extraordinarily low level of public discourse" in 1988 presidential campaign. TV has a social responsibility, he said, and effect much of it is having on American politics is "a metaphor for neglect of that responsibility and an ill wind no one in the television business may responsibly ignore."

Talks between De Laurentiis Entertainment Group (DLEG) and Trans World Entertainment on purchase of DLEG have ended, DLEG said.

AFFILIATE MEETINGS BEGIN: ABC and affiliate board met in N.Y. Jan. 11 in continuing talks on compensation, clearances, promotion and long-term relationship of network and affiliates. Affiliate Board Chmn. David Lane, pres.-gen. mgr. of WFAA-TV Dallas, said no proposals were on table and 2 sides discussed broad range of interrelated topics. Also last week, NBC Affiliate Board and network met in Dorado Beach, P.R., in festive mood punctuated by stations' concerns on deal with Cablevision Systems for pay-per-view coverage of 1992 Summer Olympics (TVD Dec 26 p1). CBS Best. Group Pres. Howard Stringer told us that network hasn't made up its mind whether to present revised compensation plan to affiliates. CBS affiliates were due to start 4-day meeting in Tucson Jan. 15-18, after our deadline.

Lane said he hopes talks conclude in time for ABC regional meetings week of Feb. 13 in Dallas and Orlando. He denied reports network is proposing to trim \$5.5 million from amount it pays affiliates for carrying programming. But executive at ABC affiliate said he was extremely interested in network's reaction to affiliate counterproposal, believed to be based on clearances and would require Justice Dept. antitrust approval. Lane said talks are "loosely connected" to study for network by consultant Paul Bortz. Affiliates received summary of study at meeting in June in L.A. (TVD June 13 p2).

Meanwhile, NBC affiliates' anxiety on Olympics wasn't calmed until NBC Pres. Robert Wright gave detailed account of deal. "We were dealing with a great deal of misinformation and lack of information," Affiliate Board Chmn. James Siefert, Cosmos Bestg. pres., told us. After Wright's presentation, Siefert said there "certainly was an easing of tension" in room. NBC TV Pres. Pierson Mapes said Olympics deal with cable isn't meant to compete with affiliates, rather is targeted at eating into competition -- independent stations and Financial News Network (FNN). Siefert said board is satisfied with network's dedication to core business, and he sees no hidden agendas on issue. Much of meeting was devoted to strategic planning, Mapes said, with focus on 1990s.

Other points covered: (1) Ad revenue has been above expectation. (2) NBC backup programming strength is good, Siefert said, with millions of dollars worth of programs in development. He labeled it "major league" commitment. (3) Siefert said he was "proud" that NBC knew when to quit and didn't try to outbid CBS for national broadcast baseball rights for 1990-1993, although both network and affiliates will miss games. (4) Siefert and Mapes will continue talking about compensation. Network and affiliates compromised in late Dec. on compensation at same level, but with stations returning some spots to network (TVD Jan 2 p2). Wright also discussed desire to remain top broadcast network, 3-way venture to get early fringe program access, HDTV.

Westcott Communications will launch 2nd business TV network in June, this one designed to provide satellite-delivered video training for law enforcement officers, Pres. Michael Smartt said. Westcott operates Automotive Satellite TV Network (ASTN), plans to launch several additional networks serving groups such as insurance brokers, real estate agents, banks. Law Enforcement TV Network (LETN) will be on air 18 hours per day, 7 days per week at beginning and is evaluating expanding to 24 hours, Smartt told us. It will be supported by subscription, with price based on police dept. size, he said, probably will average about \$500 per month. Price includes satellite dish at each station, installation, program guides, other services. Programming will be encrypted.

BRYANT BLASTS CABLE: Congress will show "renewed legislative interest in cable" this year because of "alarming trend" toward concentration in industry, Rep. Bryant (D-Tex.), member of House Telecom Subcommittee, told INTV convention in L.A. He had been slated to appear on panel, sent written message instead and traveled to S. America.

Bryant said he's considering legislation that would impose restrictions on cable similar to network financial interest rules "because of my concern over cable's increasing monopoly power... Such a regulatory restraint may be necessary for cable." Last week, Bryant introduced bill to reinstitute cable must-carry rules. He said cable monopoly situation is intensified by both horizontal and vertical concentration: "I believe my colleagues in Congress are ready to review cable's deregulated status" under 1984 Cable Act. (Note: Other panelists at INTV congressional panel predicted no cable legislation this year, but much oversight [TVD Jan 9 pl].)

House Majority Whip Coelho (D-Cal.), keynote speaker, praised appointments by President-Elect Bush, predicted "12-year cycle of antigovernment... pendulum is swinging back." He also foresaw close cooperation between Republican White House and Democratic Congress: "The table is set for a return to a style of activist government we haven't seen since the presidencies" of Kennedy and Nixon. "Democrats believe that the outsider era of [Carter and Reagan] is ending and that Mr. Bush can be an effective, activist President... If Bush's Cabinet appointments are any guide, I suspect Mr. Bush won't be selecting people like Mark Fowler for the FCC... Nor will he encourage auctioning the broadcast spectrum."

On closing day Jan. 7, INTV attendees heard predictions that fiber optic into home -- offering many channels and all kinds of services -- is coming and some not so encouraging words about children's TV. At panel titled "Crash, Glass, Class," Henry Towster of Southwestern Bell (SWB) said company's copper wires will be totally replaced by fiber by year 2010, providing virtually unlimited video capacity and other services. He said SWB now has 250,000 fiber miles in place, is building at rate of more than 300,000 miles per year: "This is the super broadband highway of tomorrow."

Moderator Robert Wormington, KSHB-TV Kansas City, predicted that "fiber will come in and have the same penetration level as the phone company... So, why would you need over-the-air service?" He said question is how to preserve free TV, not necessarily over-the-air TV. Thomas Gillett, project mgr. of GTE's Cerritos, Cal., fiber experiment, said threat to broadcasters is not near term and it will take at least \$100 billion to convert to fiber in U.S. He urged broadcasters to visit Cerritos and contribute ideas. He agreed GTE will be able to learn "more than it should know" about homeowners -- including instant readings as to who's watching what and when. INTV's Robert Friedman commented: "You could produce perfectly accurate ratings."

At children's session, panelists seemed to agree that ad dollars that used to go to independents now are being spent in cable and barter, with cable now getting 6-10%, Alan Bobhot of Bobhot Communications said. Allen Banks of Saatchi & Saatchi said: "Spot is down because marketers have forgotten how to market locally. The problem is much bigger than the kids' marketplace." KRIV Houston Vp-Gen. Mgr. Jerry Marcus suggested stations stay in children's fare but go beyond animated cartoons: "You need to get involved with the community and be interactive."

Panel on programming opened with videotape including NBC Entertainment Pres. Brandon Tartikoff, who asked: "Why is everybody doing the same thing?" Appearing live, Paramount TV's Lucille Salhany took exception, said independents have been "experimenting since they signed on." Added Telerep Pres. Al Masini: "To compete and win, you have to take chances. You don't want to be the used car dealers of the TV business. You don't want to just have reruns." Carol Martz of KCOP L.A. asked why programmers always go first to network-owned stations with new product: "When do we stop being 2nd-class citizens?"

ESPN DOESN'T SEE BASEBALL PROFITS: ESPN didn't buy \$400-million, 4-year baseball contract to make money (TVD Jan 9 p6), Pres.-CEO Roger Werner said in address to N.Y. TV Academy Jan. 12. He said "\$100 million a year isn't peanuts" and "we don't expect to generate profits per se on telecasts of the games themselves, especially in the first years of the contract." But he said ESPN coverage of games "will enhance the ability of other programming in our total baseball portfolio to generate returns. And it has extraordinary value as a tool to provide lift and promotion across our entire schedule." Werner added that ESPN's projections show full baseball lineup "has the potential to greatly increase" average ratings during season, promoting advertiser interest and increasing basic cable penetration and channel's subscriber base.

Werner warned sports programmers against being greedy in charging separately for events lest they alienate fans and hurt market over long term. He stressed that contract that allows ESPN to carry 175 games per season won't be used as excuse to milk fans through added fees or pay-per-view: "Those who would make every sports contest a pay-per-view event, or make every local team's home games available only through a regional network's pay package, ignore some fundamental truths about sports. There's an equilibrium that has to be maintained between exposure to a team or athlete and the consumer's willingness to pay to see them play. That balance is different for every sport and depends in part on the traditional level of exposure the sport has received."

Werner pointed to boxing as sport that lends itself to PPV because fans already are used to paying substantial prices to watch. However, sports such as baseball traditionally have been more accessible, he said, and ESPN has no desire to be compared with policemen chasing children away from stadium back fences. "In the long run," he said, "driving sports programming to discretionary levels of pay service will deprive these same teams of their ability to promote. It starves a sport of its audience and may ultimately kill the goose, stopping the golden eggs."

With completion of sale Jan. 10 of WPGH-TV (Ch. 53) Pittsburgh to Renaissance Communications, Lorimar Telepictures (LT) and Warner Communications (WCI) completed \$1.2 billion merger Jan. 11. Value includes \$630 million from stock swap and assumption of \$600 million debt. LT earlier had sold off TV stations in Puerto Rico to investor group led by Timothy Brumlik, completing that transaction Dec. 29. N.Y. Appeals Court had ruled in suit filed by WCI shareholder Chris-Craft that to complete merger either LT broadcast properties would have to be sold, or WCI would have to reduce holding in Chris-Craft BHC unit to below 25%. LT becomes subsidiary of WCI, and LT Chmn. Merv Adelson becomes vice chmn. of WCI. He will be elected to WCI board at next meeting. Each holder of LT common receives 0.3675 of one share of WCI common, with cash adjustment to handle any leftover fractions of shares.

Personals

David Henderson, Outlet CEO, adds post of chmn., succeeding Bruce Sundlun, retiring... Barbara Cohen, exec. producer of NBC's Meet the Press, joins CBS News as chief of Washington bureau; she succeeds Joseph Peyronnin, who was transferred to N.Y. as vp-asst. to News Pres. David Burke... Changes at NBC: Mary Harrington advanced to dir.-mktg. and media planning, NBC TV; David Safran, ex-N.Y. ad agency Hill, Holliday, Connors, Cosmopolos, joins as dir.-mktg. and business development, NBC-TV; Michael Reitman moves from dir.-long range planning, NBC News, to dir.-technical operations, CNBC; Susan Packard, ex-vp-sales and mktg., L.A.'s Z Channel, joins as senior regional dir.-affiliate relations-Midwest, CNBC; Mary Lou O'Callaghan resigns as dir.-news information; Cathryn Boxberger, ex-American Film Institute, named media rep-special programs.

Gerald Ford and Jimmy Carter speak at Jan. 18 conference of Gannett Center for Media Studies on "The Press, the Presidency and the First 100 Days." Other participants at conference, at Columbia U. in N.Y., include Thomas Griscom, ex-asst. White House communications dir.; Robert MacNeil, MacNeil/Lehrer. Details: 212-280-8392... FCC Comr. Quello participates in Jan. 17 panel at conference of Ga. Assn. of of Bestrs. Radio-TV Institute at U. of Ga., 2:30 p.m., Athens.

Anthony Sproule promoted to vp-personnel-West Coast, Cap/ABC... Changes at MGM/UA TV Production Group: Lynn Loring advanced to pres.; David Gerber, chmn., joins board of parent MGM/UA Communications... Michael Fisher, vp-gen. mgr., KXTL Sacramento, elected chmn., Fox TV Network affiliates' board... David Archer advanced to vp-international business development, Viacom World Wide... Tom Smith, ex-pres., Ketchum International, named pres., Pittsburgh office of ad agency Della Femina... Matthew Gerson, ex-gen. counsel, Senate Technology and Law Subcommittee, joins MPAA as asst. vp-congressional affairs... Patricia Wells, ex-Katz, named research mgr., off-network and features, MCA TV... Harry Owen advanced to vp-engineering, WUSA Washington, will retire in June.

Theodore Cutler, ex-pres., Bowers Imaging Technologies, joins Warner Cable as exec. vp-metro systems and business development... Scott Conant, ex-vp-dir.-national sales, FNN/Score, named vp-sales and mktg., Choice Cable... Molly Wilson-Deloje, ex-MGM/UA Communications and Directors Guild, joins HBO as west coast programming vp-senior counsel... Thomas Bloniarz, ex-gen. sales mgr., WCKG(FM) Chicago, appointed exec. dir., Chicago Cable Mktg. Council... Bruce McKinnon, ex-Warner Cable, joins Wireless Cable of N.Y. as vp-gen. mgr... Eddy Friedfeld named asst. counsel, Showtime Networks... Deborah Nicholson, vp-mktg., Choice TV, elected to 2nd term as chmn., Cal. Cable TV Mktg. Council.

Luke Lamb, gen. mgr., WHA-TV-AM Madison, Wis., adds post of dir.-bestg., Wis. Educational Communications Board, licensee of 5 public TV stations. Entities now will operate as Wis. PTV... Therese Weiler advanced to research dir., WHIO-TV Dayton, new post... Promoted to partners at law firm Baker & Hostetler: Kenneth Howard in Washington office, Thomas Shunk in Cleveland... Early retirements at WOSU-TV Columbus, O: Gene Carpenter, engineering dir.; Merv Durea, asst. dir.-special projects... Effie Metropoulos resigns as National Public Radio dir.-audience research and program evaluation... Gina Maxwell advanced to vp, WOWO-AM-FM Ft. Wayne, and Wayne Bestg.

More than 30 producers and distributors of syndicated programming have reactivated Program Producers and Distributors Committee (PPDC) to oppose any change in network rules covering prime-time access rule (PTAR) and financial interest and syndication (finsyn). Talks have been under way between Hollywood studios, through MPAA, and networks; they report little progress. Last time PPDC was active, it helped craft current finsyn rules. Ex-Viacom Chmn. Ralph Baruch becomes chmn. of PPDC and has designated Richard Block, consultant to Peregrine Distribution, and George Back, pres. of All American TV, to coordinate efforts on West and East Coasts, respectively. Lawyer John Lane becomes counsel. PPDC said PTAR and finsyn are critical because they: (1) Expand syndication market, thereby allowing new production companies to form. (2) Encourage growth of independent TV stations. (3) Give stations greater control over programming. (4) Create "wider variety of program choices" in aggregate for viewers. Among companies that have attended organizational meetings are All American TV, John Blair, Dick Clark, Group W, Multimedia, D.L. Taffner, TeleRep, King World.

Ampex has filed patent infringement suit against Abekas Video Systems and others in U.S. Dist. Court, San Francisco. Ampex said case involves 5 of its video technology patents, cites following Abekas products: A52 and A53-D special effects systems, A62 digital disc recorder, A42 video slide projector, A52 and A53-D digital effects combiners. Ampex said when it had found what it regarded as patent infringements, it offered Abekas license. After more than 2 years of negotiations, Ampex said, Abekas refused license and indicated intent to continue marketing products. Abekas Sales Vp Paul Hansil denied company had infringed patents. He said it had received letter from Ampex several years ago on technology licensing. During part of period in question -- 1986-1987 -- Abekas was making major inroads into market for special effects devices sold to U.S. TV stations, according to Best. Equipment Survey (BES) published by Warren Publishing Inc. and Teltech Data Inc. In 1986, Ampex sold 37.6% of such devices bought by TV stations, Abekas 13.5%. Year later, BES report shows, Ampex sales share fell to 28.2% while Abekas rose to 19.9%.

Broadcast Transactions: Univision Holdings is buying independent KTVW-TV (Ch. 33) Phoenix from 7 Hills TV Co., price undisclosed. Univision also is buying low-power Ch. 52 in Tucson. Station has been Univision affiliate since 1979... Grand Canyon Acquisition Corp. has purchased stock of Grand Canyon TV Co., licensee of KNAZ-TV (Ch. 2) Flagstaff, NBC affiliate, and independent KMOH-TV (Ch. 6) Kingman, Ariz. Standard Life Insurance was largest holder in Grand Canyon TV.

WHYY-TV-FM Philadelphia-Wilmington had positive fund balance of \$8.09 million on total revenue of \$15.75 million in year ended in June 1987, according to federal tax return. Fifty-nine staffers each received compensation exceeding \$30,000. Those exceeding \$60,000: Frederick Breitenfeld, pres., \$98,731; Roger Hall, senior vp-corporate development, \$72,199; David Othmer, vp-TV station mgr., \$69,596; William Weber, vp-engineering, \$65,142.

OBITUARY

Patricia Wasilewski, 61, Falls Church, Va., wife of ex-NAB Pres. Vincent Wasilewski, died Jan. 10 of pneumonia. Husband, who was pres. of NAB 1965-1982, survives, with 6 children.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

EIA's figures on total 1988 video sales to dealers are scheduled for official release next week after one-week delay for year-end adjustments.

17 FIRMS AGREE TO STUDY HDTV R&D CONSORTIUM: Seventeen companies, including AT&T and IBM, agreed last week to develop and finance "business plan" that could lead to consortium to use govt. and private funds to attempt to assure U.S. leadership in HDTV receiver design and manufacture. Meeting under aegis of American Electronics Assn. (AEA) in Las Vegas Jan. 10, last day of Consumer Electronics Show, group decided to study possibility of setting up at least one for-profit combine "to capture or assist in the capture of a majority of the hardware markets associated with an anticipated U.S. HDTV business," AEA said.

AEA stressed that despite press reports no consortium actually has been set up or is it certain that one will be. The 17-company group, according to AEA official, "will evaluate whether the plan is feasible or not," and if it is it will set up superstructure for forming R&D or other organizations.

Earlier, AEA Pres. Richard Iverson told CES audience it was imperative for U.S. to capture 50% of world HDTV receiver market to help keep semiconductor industry afloat -- a goal EIA Pres. Peter McCloskey indicated he thought was unreasonable because it would involve U.S. firms supplying 100% of American receiver market.

These companies, majority of them members of task force that developed AEA report on HDTV (TVD Nov 28 p11), were listed as prepared to fund new study and possible business plan: Apple, AT&T, AVX, Cohu, Digital Equipment, Harris, Hewlett-Packard, IBM, ITT, Motorola, PCO, Prometrix, Raychem, Tektronix, Texas Instruments, Varian, Zenith. Also participating is Micro Electronics Computer Technology, itself an R&D consortium; AT&T agreed after meeting to be added to list. Zenith is only current TV manufacturer on list, although ITT and Motorola both are former U.S. TV makers -- Motorola sold its U.S. TV business to Matsushita, ITT once owned Farnsworth TV in U.S., recently sold European SEL TV operation.

Companies could form one limited partnership, according to AEA, that would: "(1) In partnership with the federal government develop, fund and manage one or more HDTV consortia emphasizing research leading to product manufacturing. (2) License resulting technology to other U.S. concerns. (3) Direct technology to HDTV and related product manufacturing." AEA Science & Technology Policy Vp Pat Hubbard commented: "Given the unlikelihood of an individual U.S. company risking entering this evolving new market, the action is a logical and practical next step." She said that while HDTV presents U.S. electronics industry with "an opportunity to reenter the consumer market," AEA study proved far more is at stake than consumer industry alone.

Study financed by the companies is expected to take 2 months, and Hubbard is quoted as saying that resulting consortium conceivably could become involved in manufacturing as well as research. She said it was too early to tell whether foreign-owned companies -- such as Thomson and Philips, which have major TV manufacturing and research in U.S. -- would be permitted to participate in resulting organizations. Any R&D consortia could be exempt from antitrust laws under regulations designed to encourage group research.

Thomson Consumer Electronics, noting it has \$3 billion RCA and GE consumer electronics business in U.S. and maintains industry's largest R&D and manufacturing activities here, said it believes it can make "significant contributions to any consortium involved with advanced TV technology," citing TV Digest data to indicate its 2 brands represent 22.2% of color TV market, "some 75% higher than the next leading brand."

Presidents of 2 electronics manufacturers' associations expressed differing opinions in HDTV seminar at CES. AEA's Iverson stressed importance of HDTV to entire electronics industry because "it's not just another TV set," but will evolve into "the home information center, the home work station -- we think the government must be involved." EIA's McCloskey said "consumer electronics is only a small part of the electronics industry... If all consumer electronics sold here were made here, it would add only 12%" to

electronics sales. Electronics, he said, represents only 5-10% of cost of TV set. "It's important to restore competitiveness in all businesses, not just consumer electronics."

Participating on panel was Jeffrey Hart of Berkeley Roundtable on the International Economy (BRIE), who has served as consultant on HDTV to both AEA and EIA and worked with Pentagon's Defense Advanced Research Projects Agency (DARPA), which plans to fund R&D on HDTV displays (TVD Dec 26 p9, Jan 2 p9). He appeared to side more closely with EIA's than AEA's view of HDTV when he warned that industry and govt. shouldn't "overraise expectation and overexcite hope on HDTV's effect on consumer electronics and other industries... It must be taken out of its role as a policy issue. The problem is national competitiveness... HDTV is not the panacea for all U.S. problems." Problems of foreign ownership of U.S. industry have been "overstressed," he said.

When we asked him about DARPA research proposal -- particularly short lead time for submitting applications (TVD Jan 8 p14) -- he said there were indications that "some people within DARPA have hard-wired" proposal to favor Zenith, procedure of which he said he disapproved.

Congressional panel on HDTV at CES produced call for govt. action to "jump-start [HDTV] development in the U.S." by Rep. Lent (R-N.Y.). Rep. Ritter (R-Pa.) endorsed antitrust exemption for HDTV R&D. Rep. Swift (D-Wash.) noted that govt. regulations that work in "closed environment" won't necessarily have any effect in "global marketplace." Rep. Brown (D-Cal.), pointing out U.S. has earmarked \$5 billion per year to bail out savings and loan industry, asked whether consumer electronics was less important. House Telecom Subcommittee has Feb. 1 deadline on proposals for how govt. can help U.S. gain leadership role in HDTV.

CES--'NOTHING NEW' BUT GOOD BUSINESS, SHORTAGES: "Thanks -- Sold Out -- 1989." This hand-lettered sign, which appeared at exhibit of Hong Kong's big Cony Electronics on 3rd day, graphically summed up main story of 4-day Winter Consumer Electronics Show. Last week's 1989 Las Vegas event proved that sensational and innovational new products aren't required for highly attended, successful show.

Biggest opening day in history (according to sponsor EIA Consumer Electronics Group) saw crowds storming exhibits as if industry's products were going out of style -- which, of course, many of them are, particularly low-end TVs and VCRs. Actual attendance figures weren't available at week's end because of new system designed to get more accurate count, but on-site registration was given as 18,910; vast majority of attendees preregister (free) vs. registering on-site (\$25).

It was one of few times in recent history of consumer electronics that problem wasn't selling product, but getting enough product to sell. Coming off successful Christmas, dealers were there to buy, and exhibitors talked repeatedly of shortages -- particularly of low-end VCRs and TVs. Rotary-tuned color TVs were virtually nonexistent, as manufacturers allocated scarce tubes and parts to products that could bring biggest return.

With continued hot business in Jan., manufacturers were revising their estimates of how long shortages would continue -- last month they raised them from first quarter to first half, and last week we heard forecasts that there would be availability problems throughout year. Emerson Sales & Mktg. Vp Ed Ryan estimated demand for basic 19" sets exceeds supply by 30%. ToteVision Pres. William Taraday, whose company claims to be nation's biggest b&w TV distributor, estimated it could have done \$200 million business last year -- twice its actual level -- if it could have gotten adequate supply. Prices of b&w sets have been increased "eyebrow-raisingly," he said, but orders continue to flow in. Goldstar said its b&w supply in 1989 will be less than half that of 1988.

TV shortages were widely attributed to worldwide demand for picture tubes as result of awakening of such countries as China and India to color and monochrome TV. But another major factor has been lack of sufficient expansion of U.S. capacity -- which manufacturers are pushing to rectify in crash programs for new facilities here (see separate report in this issue). However, there's little relief in sight in monochrome; sales in 1988 were down 1 million from 1987 because of short supply, not demand.

In VCRs, it's not only Japanese but Koreans and Taiwanese manufacturers that are pushing higher priced product. Korean makers Daewoo, Goldstar and Samsung showed 4-head VCRs either at their exhibits or privately to customers, and Taiwan's Tatung had them on display as well. Koreans were particularly suffering from availability squeeze, as their U.S. subsidiaries had to compete with Japanese and American OEM customers for limited supply of lower-priced recorders.

Under those circumstances, price increases inevitably must stick -- but even more important, sales increasingly are being forced toward more profitable high end. Manufacturers conceded there was conscious decision to stress higher priced sets to channel limited parts supply where most of money is. Many dealers, finding they no longer were in driver's seat, were smelling a rat. "There's no question that this is conspiratorial," charged one retail executive who requested anonymity. "All the vendors planned this together, and it looks like there will be no break in the ranks."

There were virtually no major surprise product introductions -- in fact, there were some surprise nonintroductions (8mm Hi-Band, for example). What little technology excitement there was came from products already exposed at Japan Electronics Show (TVD Oct 17 p12), principally LCD TVs and personal video, products generally not introduced last week but promised for near future. It's measure of level of product introductions that most of consumer press focused on gadgets and most widely publicized new product seemed to be Franklin Computer's portable talking dictionary (TVD Jan 9 p15).

Although video was focus of attention and bidding by dealers, other stars of show, as in recent shows, were home office equipment, particularly fax, and videogame revival, spelled "Nintendo." Nintendo and its authorized programmers occupied about 1/3 of big West Hall, and if game boom is temporary phenomenon there was no sign of it at show. Details on CES highlights may be found elsewhere in this and in subsequent issues.

RCA AND MITSUBISHI PLAN NEW BIG-TUBE PLANTS: After long period of contraction, picture tube industry in U.S. is in major expansion mode as result of worldwide shortage, move to large screen sizes, higher prices. Among those with expansion plans here are Thomson Consumer Electronics (RCA tubes) and Mitsubishi -- in addition to major big-screen addition to Toshiba's U.S. tube plant and new facility being built by Matsushita Electronics.

Thomson plans to build new plant from scratch designed at outset for 31" tubes, but with capability to move into 35" -- step not yet decided, but probable. Location hasn't been finalized, but we're told most likely sites are in Scranton, where company already has tube plant, and Circleville, O., where it makes tube glass. Actual location could well depend on concessions by unions.

Mitsubishi, which owns former RCA tube plant in Midland, Ont., probably will seek new site in U.S. for giant-screen facility, Audio/Video Group Exec. Vp Terry O'Flynn said. Canadian plant is capable of building tubes up to 26" only, but has been studying possibility of expansion there (TVD June 20 p13); presumably decision has been made to build new plant for larger tubes instead. Mitsubishi's plant in Kyoto, Japan, is world's only manufacturer of 35" tubes; the 130,000 it turns out annually aren't nearly enough to supply demand. New Mitsubishi plant in U.S. is expected to build 31"; it's not known whether 35" output is planned. Even though Mitsubishi is favoring own set-making operation over other customers, O'Flynn says his facility isn't getting enough 35" tubes to meet its own requirements.

Sony is studying possibility of adding 32" Trinitron tube production at San Diego plant, Consumer Display Products Div. Pres. Michael Heil said.

Matsushita Electronics plant is scheduled to open in Troy, O., this year for production of 27-31" tubes; company is 65% owned by Matsushita, 35% by Philips. Toshiba is expanding its facility in Horseheads, N.Y., to make 32" tubes. Both major picture tube glass makers -- Owens-Illinois and Corning -- have entered new ventures with Japanese partners (Nippon Electric Glass and Asahi Glass, respectively) that will increase production, particularly of glass for large-screen tubes.

Another factor in tube plant expansion is preparation for widescreen HDTV production, with 16x9 aspect ratio instead of current 4x3. In Las Vegas last week at Consumer Electronics Show, Thomson showed U.S.-made prototype of 34" widescreen tube, which is equivalent of "stretched" 27" (in other words, its height is equal to that of 27" tube with standard 4x3 ratio). New U.S. plant will be capable of producing large widescreen tubes. Thomson plans production of 3 HDTV widescreen tubes in Europe, first of which -- 26" (height of current 19") -- is scheduled for introduction in HDTV set at Berlin Audio-Video Fair Aug. 25-Sept. 3. Philips also will be producing widescreen tubes in Europe this year.

Expansion in picture tube business at least partly reflects price increases that appear to have stuck and could make tube business more profitable than in past. We're told increases were as high as 8% in some sizes in 1988. Importance of picture tube facility expansion was underscored last week at CES by Mitsubishi's O'Flynn when he estimated U.S. color TV sales could reach as high as 21.5 million this year if it weren't for tube shortage.

RCA, incidentally, will debut major new type of picture tube -- called "VHP," for "very high performance" -- when it introduces new line in spring. It will be used in new sets with chassis especially designed for it, will have high brightness and resolution. Size will be 27", replacing current square planar (SP) tube in U.S. (SP tube is very popular in Europe and will be continued there by Thomson).

* * * *

Even as it expands in U.S. picture tube operations, Thomson is expected to build new VCR plant in Singapore that will supply European market first, and later U.S. Thomson has other major plants there, and Singapore figures in other VCR makers' plans as well. Japanese manufacturer Shintom also is planning VCR plant there, said Hideo Kubota, pres. of U.S. subsidiary Shintom West (see related report in this issue).

In U.S. plant expansion, Funai -- which sells under Symphonic brand here -- is said to be close to decision on \$1.6 million leased facility to make big-screen color TV sets here. Japanese reports say sites have been narrowed to Orange County, Burbank and Compton, Cal., but K. Hashimoto, asst. to pres., told us Southeast U.S. and Mexico also are under consideration. Company currently assembles some 13-19" sets at Compton, with others produced by Harvey Industries, Athens, Tex.

PERSONAL VIDEO AND OTHER NEAR-FUTURE ITEMS: Third video product, after home decks and camcorders, should be coming into its own this year. As we forecast 2 weeks ago (TVD Jan 2 p9), some half-dozen brands of personal video -- hand-held combination TV/VCRs -- were on display at Consumer Electronics Show in Las Vegas, most for delivery at unspecified dates. In compact video format war, JVC struck back at 8mm group with 90-min. VHS-C cassette and talked of 2-hour version to come.

Most manufacturers and many dealers seem excited by wave of personal video systems, but realize current over-\$1,000 list prices on the 2 available products -- from Sony and Casio -- are too high. Both Sony and Casio indicated product so far has been big success, but its appeal has been to affluent trend-setters or those who can use it in business. Casio's Gary Hand told seminar audience: "We're trying to get the product down to \$799 -- that's where we believe we'll begin to do tonnage."

Casio went part way to that magic price by introducing model with more features than its existing \$1,400 full-size VHS model, but with same 3.3" passive matrix TV, to list at just \$999 in first half of this year. Other manufacturers thought magic price would be at about \$500, but no one was close to that at CES. Combination LCD/VCRs and VCPs in VHS format also were demonstrated by Sharp (4", fall availability, over \$1,000), prototypes including Hitachi (5") and Toshiba (4"). Citizen's CBM America showed prototype 8mm/4" LCD. Panasonic displayed Super VHS-C Hi-Fi model now on sale in Japan to get dealer reaction, gave no U.S. plans. It's understood full-size VHS is due in Japan from Matsushita.

It's "start of something big," Sony's Shin Takagi said. Just as original VCR was designed for time-shifting, he said, value of personal video is "place-shifting -- the time you waste at the airport can be used more effectively." In case there's any question what owners want to watch on their personal videos, Takagi told us orders from Sony's Cinema 8 mail-order 8mm feature film catalog shot up tenfold to twentyfold after debut of Video Walkman. He indicated Sony may have 2nd model by year end. In Japan, meanwhile, Sony announced \$80 million expansion of 8mm production facilities (see report elsewhere in this issue).

VHS-C's short playing time so far has militated against use of that format in personal video (except in Matsushita's Japan market model). But in Las Vegas JVC demonstrated newly developed C-30 VHS-C cassettes in both HG and S-VHS types, to be available in Aug. These extend recording and playing time to 90 min. from current 60 in EP mode, and will cost same as current C-20 equivalents. Longer playing time is made possible by thinner base material (10 micrometers) and new binder for magnetic coating. JVC also confirmed our report of last summer (when we revealed C-30 cassette) that it's working on C-40 to run 2 hours in EP speed (TVD Aug 22 p10).

JVC's purpose in introducing longer playing tapes obviously is to make it possible to put movie on VHS-C cassette. This would necessitate recording in EP speed -- which has been done on some occasions in full-size VHS, but is somewhat touchier process and results in some picture degradation. However, picture we saw at JVC hotel suite (made by camcorder in EP mode) looked adequate. JVC-made C-30 cassettes were displayed at show under Panasonic and Toshiba brands as well; JVC said they were developmental samples.

LCD TVs and monitors were shown in wild profusion. Best ones were active matrix versions by Hitachi (5"), Sanyo Fisher (5" and 6"), Toshiba (4" and 6.5") and Sharp (3", now available, and 4"). Sharp also demonstrated same 14" LCD it showed at Japan Electronics Show (TVD Oct 17 p13).

Missing from LCD TV scene at CES was Seiko Epson, which didn't exhibit and has been out of U.S. market for some time, primarily because of dumping duty requirements. Companies with no history in TV business -- such as Casio, Citizen and Seiko -- face major hurdle of dumping duties on their imports from Japan. Although these extra punitive duties had dropped to 4%, new preliminary ruling requires that importers without track record in color TV post bond for 27.9% of value in addition to regular duty (see separate report in this issue); they will get refunds if final duties are lower. Matsushita is required to post same bond, but for most other companies extra duty is lower or nonexistent.

Attracting major attention on technical front was Sharp's LCD projection TV system, originally demonstrated at CES last Summer (TVD June 13 p11) -- but much improved and in semifinal form. Projector, shown throwing picture onto 100" white screen, will be offered this year to both consumer and industrial markets at about \$4,000, Sharp officials said. Resolution appeared much greater than Kodak's \$3,500 unit, now on market. Sharp claims 276,480 pixels (three 3" LCDs with 92,160 each), more than 300 lines' horizontal resolution, uses specially designed 100-w metal-halide lamp as light source, with claimed 2,000-hour life (not consumer replaceable). Brightness is given as 250 ft.-lamberts on 40" screen with gain of 4.

Picture as we viewed it was quite good, and brightness with 100" screen was adequate but not brilliant. Like Kodak unit, Sharp's projector has single lens, is focusable, can project picture varying from 40" to 100" diagonally. Although noise of projector fan might disrupt home viewing, we think that's minor distraction that could be fixed. Many other companies are working on LCD projection -- including Matsushita, Sanyo, Toshiba, which showed developmental products at Japan Electronics Show, and at least 2 home-grown U.S. outfits.

Panasonic became 3rd company to show beam indexing color tube -- this one 6" flat-faced model mounted in back of train seat; company said it already is in use in Japan's bullet trains (Toshiba showed 6.5" LCD TV that it says also will be used in same trains). Sanyo's 3" beam index tube was shown in still-picture color videophone which company said could be used with existing phone lines. Sony is selling 4" beam index tube in cube clock TV.

One of most intriguing developmental products was Sharp's wireless LCD color monitor-remote control for camcorders (TVD Jan 9 p10). It uses "FM intensity modulation" of infrared light beam for 2-way transmission between camcorder and user, is said to be capable of S-VHS-Hi Fi picture and sound quality. It also can be connected to camcorder by optical fiber.

MAGNAVOX PETITIONS FTC: Philips asked Federal Trade Commission (FTC) to reopen and modify 1971 consent order that limits its Magnavox consumer electronics pricing and distribution practices. Company wants FTC to remove restrictions on its use of co-op ad programs, obtaining information from dealers, "preticketing" goods with suggested resale prices.

Original consent order was issued in 1971 following complaint that Magnavox imposed restrictions on dealers in sale of TVs and other consumer electronics products (April 26/71 p8). It prohibited company from fixing resale prices of its products. In 1983, order was modified to allow Magnavox to set product purchase standards for its retail dealers and to cut off those who transship (TVD July 25/83 p15).

Original order was issued before Magnavox was purchased by Philips, current owner. It's operating under more severe restrictions than its competitors under order. Public comments on latest petition will be accepted by FTC until Jan. 30: Office of Secy., FTC, 6th St. and Pa. Ave. NW, Washington, D.C. 20580.

Dutch Philips sales rose at least 6.3% to \$27.3 billion in 1988, compared with year earlier, company reported. Sales volume rose 8%. Profit figure wasn't released, but it's expected to be comparable with 1987's. Pres. Cor van der Klugt said Philips will make "further restructuring" in 1989 to improve business.

SANYO GOES DIRECT: Sanyo Fisher is following road of some of its competitors by selling direct in major markets. In "long-range plan... slated to phase in over the next couple years," company announced it would move to direct sales to dealers by June, involving 3 factory-operated regional hq covering northeast (N.Y. area), north central (Chicago area) and southwestern (L.A.) regions.

Company said its new arrangement will improve service and "make it possible to remain competitive" in electronics market. It said it will retain "a number of Sanyo and Fisher rep organizations," but it's believed more than half of the 2 brands' reps will be terminated. Reps have been meeting to discuss possible legal action, according to HFD.

VCR deck shipments on Japan's domestic market in 1988 increased 13% to 7.15 million. Shipments of camcorders rose 32% to 1.27 million and color TV 5% to 9.5 million. Total VCR deck and camcorder shipments fell short of 9 million projected by Japanese for year. Sales projections for 1989: Color TV 9.7 million, VCR decks 7.5 million, camcorders 1.6-1.8 million.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 126 yen = \$1, except where noted.

DAT, VCR ANTICOPY PLEAS: Winter Consumer Electronics Show was notable for unusually free speech. In addition to hosting head of rival American Electronics Assn. to give own opposing views on HDTV and consumer electronics (see report elsewhere in this issue), sponsor EIA Consumer Electronics Group provided platform for 2 important speakers who favor electronic restraints on video and audio recording.

In "video overview" speech, Motion Picture Assn. of America Pres.-CEO Jack Valenti ignited surprise when he said MPAA is seeking literal interpretation of 1984 Supreme Court decision in Betamax case. He called for anticopying technology to protect movies on pay TV, pay-per-view and satellite premium services as well as home video. Landmark court decision covered broadcast TV, didn't address cable or other media.

Valenti stressed interdependence of film, home video and cable, calling for hardware and software producers to "construct an impenetrable barrier to wholesale and illegal copying." He cited need for anticopying safeguards on "emerging digital technology" and lauded Go-Video's announced decision to install copyproof system in dual-deck VCRs as "model" that hardware suppliers should follow. Speech was generally conciliatory, and Valenti conceded VCRs actually have resulted in increased attendance in theaters.

In CES keynote address, Jan Timmer, chmn.-CEO of worldwide Philips Consumer Electronics Div., added new dimension to battle on worldwide sale of digital audio tape (DAT) recorders. In talk largely keyed to need for standardization in consumer electronics, former pres. of Polygram Records cited "delay and confusion" caused by battle between hardware and software forces on anticopy protection. Then he added, unexpectedly: "But copyright isn't the only problem. The 2nd problem is timing. When software is an important part of the system, timing and spacing of products is extremely important." Product introductions, he said, should be carefully spaced "so the consumer can have confidence."

Some pro-DAT forces have charged in past that record companies actually oppose introduction of DAT for reasons other than copying -- specifically to eliminate any possible competition to Compact Disc while they can enjoy high CD prices.

Timmer urged worldwide standards for recordable and erasable Compact Discs (CD-R and CD-E) and such emerging technologies as CD-I (interactive), CD-ROM and CD-ROM-XA (extended architecture), which will "bring audio-video and the home office together." He conceded there was "no simple solution" to HDTV standards because of differing TV systems -- "each country must work out its own best system."

As expected, what little presence DAT recorders had at show was soft-pedaled, some manufacturers merely exhibiting their capabilities but with no promises of delivery. Exception was Nakamichi, which introduced \$10,000 deck with direct digital inputs and outputs, for delivery this year. What sales of DAT recorders there are in U.S. are either professional models or gray market consumer units at prices around \$2,000 and up.

In addition to DAT/USA International, which held news conference in Las Vegas on its gray market DAT recorder operation (TVD Jan 9 p13), competitor Japan America Electronics (2624 Wilshire Blvd., Santa Monica 90403) was at

CES with exhibit, offering gray market Aiwa, Akai, JVC, Sony and Technics DAT recorders at \$1,750-\$5,350, with transformers for U.S. current extra. Company's Scott Iker said it is adding 90-day full labor warranty and American translations of operating manuals. Company also offers DAT tape.

In private suite at Las Vegas Hotel, Japan's Taiyo Yuden demonstrated samples of its CD-R (record-once) discs (TVD Dec 12 p17, Nov 14 p10), which it said would sell for about \$9 here. Once again, officials said they had no plans to make CD recorder, but will negotiate licenses with makers, and that system will be offered on professional market only. Alex Iida is gen. mgr. of company's U.S. affiliate, That's Triad, Huntington, N.Y., which will market company's premium tape lines here.

Laser turntable was ditched after 4-1/2 years' work (TVD Jan 9 p14) because costs had risen to point where unit would have to be sold for "significantly more than double" the \$3,800 announced last fall, Finial Technology Chmn. Jacques Robinson told news conference in Las Vegas last week. At \$8,000-\$10,000, "it becomes an entirely different type of product," he said -- "no longer a consumer audiophile product, and we feel our efforts could be better deployed." He said 30 units were produced. Project could be revived "if someone offered to manufacture it for us, or enter into a joint venture -- we're not ruling anything out."

Multicompany launch of 8mm Hi-Band -- system with quality similar to that of Super VHS -- seems likely in spring. Canon, which showed Hi-Band camcorder to dealers at its suite in Las Vegas last week (as it also did at Summer CES), had been scheduled to introduce it at Winter CES, but debut was called off by Japan parent. Sony says it will have Hi-Band camcorder this year, and it's good guess that Canon launch was postponed for sake of unified introduction with maximum publicity. There's also conjecture that supply of special Hi-Band tape is insufficient to support product.

Sony will invest \$80 million to expand capacity for 8mm products at 3 Japanese plants, increasing its worldwide production capacity 33% to 3 million units annually (250,000 monthly), including plants in France and Germany, and making possible eventual increase to 3.6 million. About half of money is earmarked for building expansion, rest for production equipment. Move will provide for expansion to 3.6 million (300,000 monthly). Plants involved are at Inohnomiya, Kohda, Minokamo.

MTS stereo was in 27.7% of color TV sets sold to dealers in Nov., compared with 26% in Nov. 1987, EIA reported. Percentage is down from Oct. record of 28.6% (TVD Dec 12 p17). Total of 523,017 stereo sets were sold in Nov., up 15.8% from 451,829 in same year-earlier month. Through year's first 11 months, 25.1% of color sets had stereo, up from 22.4%. Total for 11 months was 4,519,116, up 15.9% over 3,900,763 in 1987's first 11 months.

Kyocera is dropping U.S. marketing of audio equipment Jan. 31. Its camcorders, marketed by Yashica/Contax Div., are unaffected. Company has sold audio products under Kyocera and KLH brands. It's understood KLH brand name has been acquired by Wald Sound.

China has approved plans for Hitachi picture tube plant in Shenzhen Special Economic Zone near Hong Kong. Joint tube ventures are under construction by govt. bodies with Matsushita in Beijing and with Toshiba in Shanghai.

SONY FIGHTS GO-VIDEO: Sony called up heavy artillery -- in form of attorney Dean Dunlavey, who represented it in landmark 1984 Betamax case victory before Supreme Court -- to press fight in Go-Video's antitrust case, indicating it won't join flurry of settlements. Sony is one of 8 remaining defendants in 2-year-old suit alleging Japanese and Korean makers conspired to block manufacture and marketing of Go-Video dual-deck VCR-2.

Sony won victory in first major action by court in case, when U.S. Dist. Judge Robert Broomfield in Phoenix last week dismissed case against subsidiary Sony America (Sonam) in summary judgment, saying defendant provided "ample justification for finding that [it] acted for independent business purposes rather than as part of a conspiracy directed towards Go-Video." Japanese parent Sony Corp. still is defendant.

Sony America decision has "no effect whatsoever" on case, which is set for June 12 trial, Go-Video Pres. Terren Dunlap said. (However, Dunlavey said trial has been postponed at least until Aug.) Dunlap pointed to Broomfield statement that U.S. subsidiary's lack of manufacturing facilities for VCRs, dual-deck VCRs or their parts was "especially relevant" because company "was in no position to provide what Go-Video was seeking." Go-Video has taken deposition in Japan from Sony Chmn. Akio Morita, expects to obtain one from JVC Exec. Vp Shizuo Takano, known as "father of VHS," Dunlap said. He said remaining defendants have choice of manufacturing VCR-2, "paying large sums of money -- and they get larger every day as the trial approaches -- or face a jury."

Dunlavey and Sony Senior Vp-Gen. Counsel Frank Leshner said several of reasons for dismissal against Sonam also apply to parent company -- lack of dual-deck manufacturing facilities and threat of suit by Motion Picture Assn. of America (MPAA) if it were to market such a VCR. Dunlavey said Sony wasn't approached by Go-Video until it announced it would make VHS recorders; shortly thereafter it was named as defendant. He noted that most of companies that settled did so for relatively little or nothing to avoid legal expenses, but indicated Sony was prepared to fight case. Go-Video refers to suit as \$1.5-billion antitrust case.

Go-Video still intends to have dual-deck VCR on market this year, pledge Dunlap said he made at annual shareholder meeting last month. "Whether [manufacturer] will be a defendant or nondefendant, I can't say," he said. "We're talking to both."

Besides Sony, remaining defendants are Daewoo, JVC, Matsushita, NEC, Samsung, Sanyo, Sharp. As we reported, Go-Video has received cash settlements totaling \$1.8 million from EIAJ, Funai, Goldstar, Hitachi. Other settlements involved MPAA, which endorsed VCR-2 after Go-Video agreed to install anticopying device; Mitsubishi and Akai, which agreed not to block company's efforts to market machine; Toshiba, which agreed not to object if Korea's Ssangyong made or supplied dual-deck VCRs or parts; De Laurentiis Entertainment Group and Shintom, which paid small amounts.

Judge cited Supreme Court's dismissal of Zenith suit against Japanese TV makers as major precedent for his action. In that case, court threw out Zenith charge of conspiracy to destroy U.S. consumer electronics industry because Zenith provided no evidence "that tends to exclude the possibility" plaintiffs acted independently (TVD Dec 22/86 p8).

Trading in Go-Video's high-flying stock on NASDAQ was halted after heavy trading last week following announcement of judge's decision. Stock closed Jan. 11 at 4-13/16, having lost 20% of its value in week.

NEW TV DUMPING DUTIES: Commerce Dept.'s International Trade Administration (ITA) said preliminary results of antidumping duty administrative review show some Japanese color and monochrome TV sets were sold here at less than fair market value in various periods between April 1, 1981 and Feb. 29, 1988.

ITA preliminary review determined these dumping margins for Japanese manufacturers during specified periods: Funai Electric 21.93% March 1, 1987-Feb. 29, 1988; Matsushita 0.03% April 1, 1981-March 31, 1982, 2.94% April 1, 1982-March 31, 1983, 4.73% April 1, 1983-Aug. 18, 1983, 27.92% March 1, 1986-Feb. 28, 1987; NEC 16.32% March 1, 1987-Feb. 29, 1988; JVC 0.40% April 4, 1983-Aug. 18, 1983, 16.21% March 1, 1986-Feb. 28, 1987. No dumping margins were found for Toshiba in April 1, 1982-March 31, 1983, or for JVC in April 1, 1981-March 31, 1983.

Matsushita and JVC had been considered for revocation of antidumping penalties (TVD Aug 22/83), but ITA said they won't be if final results indicate dumping in periods covered. For any TV imports received after Feb. 29, 1987, from new Japanese exporter, not covered by this or other review, 27.92% cash deposit will be required, ITA said. LCD TV imports by LCD specialists will be subject to 27.9% cash deposit rate until final antidumping determination is made by ITC.

Hearing on dumping case, if requested, will be held by ITA Jan. 27. Deadline for prehearing briefs and written comments was Jan. 13.

Mergers & Acquisitions: North American Philips completed sale of Selmer, manufacturer of musical instruments, to Integrated Resources Acquisition Inc. affiliate, terms not disclosed. NAP acquired Selmer in 1974 as part of Magnavox purchase... ComponentGuard agreed to acquire consumer electronics service center franchisor Needle in a Haystack through exchange of stock... Toshiba and GE agreed to form joint venture, GE Toshiba Lighting, based in Cleveland, to develop lamps and other lighting products. Parent companies will own 50% each.

Semiconductor business slowed in Dec. after slight improvement in Nov., Semiconductor Industry Assn. (SIA) said. Trade group's book-to-bill ratio at end of month was 0.93 (\$93 in new orders for every \$100 of products shipped), down from 0.95 in Nov. but up from 0.92 in Oct. Average monthly orders for 3 months ended Dec. 31 were \$1.07 billion, off 0.5% from 3 months to Nov. 30. Average shipments for 3 months ended Dec. 31 were \$1.14 billion, up 0.9% over Sept.-Nov.

Consumer electronics retailers Handy Andy and The Good Guys have resigned from NATM Buying Corp. Handy Andy Chmn. Keith Anderson said company quit group just before Winter CES because of differences in marketing approaches. Good Guys left because of "irreconcilable philosophical differences," according to news release issued at show.

VCR penetration rose to 62.2% of U.S. TV households in Nov. from 60% in July, according to Nielsen.

Consumer Electronics Personals

David Karron resigns from Sanyo Fisher to form Carrera Products Group, Encino, Cal., to market consumer electronics products under Carrera brand (Fivent Inc., Carrera Products Group, 4339 Clear Valley Dr., Encino, Cal. 91436; 818-342-9430)... Joel Sherman, regional sales mgr., promoted to Sharp Consumer Video Div. national accounts mgr... J.B. Kim, western sales vp, promoted to Goldstar mktg. vp, new post... Edward Dougherty, ex-Case Logic, joins Coast Manufacturing's Consumer Products Div. as sales vp... William Delaney decided not to join Case Logic after company announced his appointment (TVD Jan 9 p16); one Case official said decision was "matter of personal chemistry."

Kazuo Kashio named Casio (Japan) pres., succeeding Tadao Kashio, who retires after serving as pres. since 1946, continuing on board and as consultant. Other Casio appointments: Toshio Kashio, engineering senior managing dir., named chmn.; Yukio Kashio and Toshio Kohzai advanced to senior managing dir. from managing dir.; Akira Shimizu and Shoji Ozaka move to managing dir. from dir... Al Mucciarone, sales gen. mgr., named Citizen Watch CBM America Div. vp-gen. mgr... Jean Chircot appointed EIA Consumer Electronics Group communications mgr.

Lawrence Mondry named Highland Superstores vp-mdse. mgr. for TV, video, home office. Other appointments: Charles Bales to sound products mdse. mgr.-vp; Joseph Henderson to major appliances and seasonal products mdse. mgr.-vp; John Brownson to controller-vp; Dan Mitchell to real estate vp; Mitchell Mondry to customer service vp; Danette Wineberg to corp. counsel... John Stiernberg resigns as dbx mktg. vp... Bernie Schermer, Independent Dealers Services, elected NARDA Service Contract Industry Council pres. Other SCIC officers: Louis Galante, Transamerica Commercial Finance, vp; Suzanne Schneider, Elite Group, secy.-treas.

Gilbert Wachsmann, ex-Child World pres., named Lieberman Enterprises pres.-CEO, replacing Harold Okinow, who becomes vice chmn. and consultant... Frederick Jaworski promoted to senior vp, CBS/Fox Video International... Changes at Magnum Entertainment: Joanne Held, ex-Century Home Video and Republic Pictures, joins as market development dir.; Scott Ryder advanced to national sales dir.; David Fein, ex-Commtron, named central regional sales mgr.; Roseann James, ex-Baker & Taylor Video, appointed eastern regional sales mgr... Joe Fleischman, ex-V Magazine, Republic Pictures and Trans World Entertainment, named StarDust Theatre west coast programming vp... Bernard Vanderfin promoted to RCA/Columbia Pictures Home Video senior vp-chief financial officer, new post... Changes at Artec: Senior Operations Vp Matt Brown named senior mktg. vp; Senior Sales Vp Ken Miller adds responsibilities for supermarkets, mass merchants and Artec Service Mds. (ASM) accounts; ASN Gen. Mgr. David Borgendale adds responsibilities for all value-added services.

Sanyo expects to post parent-only operating profit of more than \$40 million in fiscal year ended Nov. 30, reversing losses of preceding 2 fiscal years. Sales are projected to be up 8% to \$7.84 billion. Sales in Japan totaled \$5.44 billion, up 18%, while exports fell 9% to \$2.4 billion. Company said consumer electronics exports plunged 43% in year. Shipments to North America and Latin America were down sharply. Sanyo projects sales of \$8.4 billion in fiscal 1989.

THE 'OTHER' VCR MAKER: Press was given peek at low-profile Japanese VCR manufacturer in unusual news conference at CES in Las Vegas that revealed plans by same firm -- Shintom -- to become important force in cellular phones and eventually fax.

Officiating at conference was Hideo Kubota, pres. of U.S. subsidiary Shintom West. He said Shintom is 32 years old and was started as exporter of car radios to Audiovox, still one of its main customers, although it also supplies auto sound equipment to Sears and others.

Shintom has been successful in short period it has been making VCRs and VCPs, Kubota said. It's shipping more than 60,000 VCRs and VCPs monthly to Europe, 30,000-40,000 a month to U.S. About half of U.S. supply is sold under private labels to big retailers and buying groups (Capehart for NATM, XR-1000 for Group 4, Logic for Silo/Dixon, Colt for other chains), and half under Shintom brand. It has no reps, sells direct "to hold down overhead," Kubota said.

Shintom plans to start manufacture of VCRs in Europe and in its Singapore car radio plant after it's licensed to do so by JVC, Kubota said. He added that company raised VCR prices about 5% in 1988.

Three years ago, Shintom entered cellular telephone, supplying Bell operating companies through Audiovox, Kubota said. In last 18 months, it has sold more than 100,000 cellular phones here, and this year will sell under own brand for first time. Kubota forecast that cellular phone would become major consumer product, noting that there are only about 1.8 million subscribers now. "Within a couple of years, cellular will go digital and include fax," he said, forecasting combination product would be viable in 1990. By that time, he said, cellular will parallel retail growth of VCR.

Shintom will continue to distribute selectively, he said, won't "saturate the market" with own brand. At CES, meanwhile, Audiovox showed its own-brand VCP -- made by Shintom -- designed for cars, mobile homes and boats, along with 5" b&w and 6" & 10" color sets for 12-volt DC operation.

Denon America joined Car Audio Specialists Assn. (CASA) and said it would support "Dashboard Democracy" campaign to save aftermarket car audio business. Denon plans print ad campaign criticizing autosound manufacturers who "are cutting deals with the car companies that cut out the dealer."

Emerson announced prepayment of remaining principal and interest balance of \$13.9 million of its convertible subordinated notes due in 1997.

OBITUARIES

Neil Spann, 51, veteran consumer electronics editor and writer, died Jan. 8 in Philadelphia, cause of death undisclosed. He served in top editorial posts at Dealerscope, Mart, Sight & Sound Marketing, other publications. There were no immediate family survivors.

Neil Hartley, 63, consultant and former MCA Distributing sales vp, died Jan. 3 of heart failure at St. Joseph's Hospital, Burbank. He worked for RCA Records and CBS Records before joining MCA in 1979, retiring in 1988. Surviving are wife, 2 daughters, son.

Financial Reports of TV-Electronics Companies

These are latest reports as obtained during past week. Dash indicates information not available at press time. Amounts expressed in dollars. Parentheses denote loss.

| Company & Period | Revenues | Net Earnings | Per Share |
|--|---------------|--------------|------------------|
| Columbia Pictures Entertainment^a | | | |
| 1988-9 mo. to Nov. 30 | 1,170,189,000 | 19,938,000 | .14 ^b |
| 1988-qtr. to Nov. 30 | 386,564,000 | 9,437,000 | .07 ^b |
| Crazy Eddie | | | |
| 1988-39 wk. to Nov. 27 | 176,341,000 | 26,606,000 | .86 ^b |
| 1987-39 wk. to Nov. 29 | 227,180,000 | (83,336,000) | -- |
| 1988-13 wk. to Nov. 27 | 56,736,000 | (7,983,000) | -- |
| 1987-13 wk. to Nov. 29 | 68,651,000 | (73,042,000) | -- |
| MGM/UA Communications | | | |
| 1988-qtr. to Nov. 30 | 170,346,000 | (39,470,000) | -- |
| 1987-qtr. to Nov. 30 | 181,978,000 | 2,084,000 | .04 |
| Orion Pictures | | | |
| 1988-9 mo. to Nov. 30 | 307,507,000 | 6,284,000 | .34 |
| 1987-9 mo. to Nov. 30 | 280,283,000 | 8,386,000 | .48 |
| 1988-qtr. to Nov. 30 | 92,385,000 | 1,204,000 | .06 |
| 1987-qtr. to Nov. 30 | 87,567,000 | 1,137,000 | .06 |
| Rogers Communications^c | | | |
| 1988-qtr. to Nov. 30 | 144,600,000 | 7,100,000 | .21 ^d |
| 1987-qtr. to Nov. 30 | 77,100,000 | 7,000,000 | .12 ^d |

Note: ^aComparative results unavailable. ^bIncludes special credit.
^cIn Canadian dollars. ^dRestated; includes special credit.

CES TV INTRODUCTIONS: IDTV was hot topic at Consumer Electronics Show, as was projection TV, with screens getting bigger and bigger. Panasonic put the 2 together, showing prototype of 71" rear projection IDTV with excellent picture, but no date or price, or even word whether it will produce set. Mitsubishi, which currently offers biggest available rear projector -- 60" -- is considering 70", Exec. Vp Terry O'Flynn said. Sony showed 27" Japan-made IDTV set, promising delivery in early spring at \$4,000 list.

Sharp showed set using new 29" color tube with 110-degree deflection, claiming 750 lines of horizontal resolution, 5-channel amplifier, Dolby Pro-Logic surround sound similar to that used in theaters, with no delivery date or price. Also shown by Sharp as product of near future was high-brightness 46" projection with 7" large-bore projection lens (7" tubes), 4-channel x 15 w surround audio, 700 lines horizontal resolution.

In actual available products, Sharp brought out first model of new line of five 27" color TVs with MTS stereo and high-resolution picture tubes. New set has 600 lines of horizontal resolution, lists at \$900. Four other models will debut in spring.

Thomson Consumer Electronics announced 5 GE-brand color TV sets using new chassis system with built-in automatic picture controls, menu prompt for picture set-up and automatic "Picture Reset" feature. Line consists of 20" and 26" table models and three 26" consoles, 2 with remote. GE line no longer has any mechanically tuned sets. New models, made in Bloomington, Ind., will be available in first quarter.

Thomson also announced new group of RCA XL-100 color TVs with electronic tuning -- also eliminating mechanically tuned sets -- some with MTS stereo, and 3 new ColorTrak models. In XL-100 line, 19" and 25" models have been replaced by 20" and 26" sets. Line consists of two 13", three 20" and four 26" models. New ColorTrak sets are 13" and two 20" stereo table models. RCA line will replace all 19" models with 20" by time of spring introductions.

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Philips added 27" console as its 3rd IDTV set. TV features Philips' noninterlaced scanning system, PIP, S-VHS jack, at \$2,000 in Feb. Philips also raised list prices of its previously introduced 27" IDTV to \$1,800 from \$1,500 (20%), and 31" set to \$3,000 from \$2,600 (15%).

Proton demonstrated 31" monitor receiver with Aural Exciter, professional audio processor developed by Aphex Systems to enhance harmonics -- which made remarkable improvement to sound as we listened to it. Set has separate audio and video IFs, MTS stereo, S-VHS compatibility, on-screen programming, at \$2,499.

Sanyo added single 19" monitor receiver with on-screen display at undisclosed "reasonable price." Fisher introduced 20" MTS stereo set \$480, 20" monitor receiver with surround sound, graphic equalizer at \$680; 26" monitor receiver with MTS stereo, equalizer, 500 lines of horizontal resolution, S-VHS jack, "Digicon expanded on-screen displays" at \$750.

Tatung added 27" color TV set with surround sound to its Masterpiece line. TV has 560 lines of horizontal resolution, will be available in 2nd half at \$999.

China's TV Boom: Retail sales of color TVs there rose 17% last year over 1987, while b&w sales were up 33.2%, according to State Statistical Bureau.

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JANUARY 23, 1989

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

NAB STANDS FIRM: Board reasserts opposition to fairness doctrine, approves \$15.7 million budget at Scottsdale meeting. Network affiliates added to TV board. TIO closed down. (P. 1)

POLICY AGENDA SHAPING UP: Congress prepares for busy year, with fairness doctrine, children's TV, campaign ads, media ownership priorities. (P. 4)

CABLE, AD COSTS RAPPED at NAB legislative forum. Metzenbaum calls for political ad reforms, joins other lawmakers in attacking cable. Panel sees no change in tax deductions for ads or imposition of spectrum fees. (P. 6)

CBS TO ADJUST COMPENSATION market by market, says across-the-board cuts would be arbitrary, have disproportionate impact on affiliates. (P. 7)

PARAMOUNT EYES TVX STAKE: Studio pays \$10 million to Salomon Bros. in first step of 4-year deal that could give Paramount control of 5 TV stations. (P. 7)

FCC TINKERING OPPOSED: Comments on program exclusivity rules show concern that stations in large markets would buy exclusivity beyond their coverage areas. Some broadcasters want ADI rather than mileage limits. (P. 8)

HENRY RESIGNS FROM ATSC: After nearly 6 years in post, he says it's time to 'move on.' Moscow group endorses idea of single HDTV production standard. (P. 9)

NAB REITERATES OPPOSITION TO FAIRNESS DOCTRINE: "Consensus" of NAB board is that Assn. should continue its all-out long-standing opposition to fairness doctrine and any attempt by Congress to codify it into legislation. That was ruling of NAB Chmn. Wallace Jorgenson in Scottsdale, Ariz., last week after "lengthy discussion" of issue. No formal vote was taken, not even show of hands. Action will disappoint many members of Congress, some broadcasters and others who have proposed repeatedly that NAB accept fairness doctrine's return in exchange for other legislation that industry seeks.

Board also reviewed NAB position on several other policy questions and set budget for next fiscal year, while TV dirs. individually made clear that they didn't want to see development of advanced TV (ATV) and high-definition TV (HDTV) turned into international trade issue.

Continued NAB opposition to fairness doctrine is certain to cause holdup in Congress of must-carry and broadcast license reform legislation that industry long has wanted. Last year, President Reagan vetoed bill to codify doctrine into law -- FCC had eliminated it as unconstitutional in Aug. 1987 -- and Senate was unable to override veto. House and Senate Democratic leaders were incensed by FCC action and their failure to reinstate doctrine, have refused to move other broadcast legislation until dispute is resolved.

Consumer Electronics

PANASONIC SETTLES N.Y. price-fixing case, will provide up to \$16 million refunds to consumers of 16 Panasonic, Technics products. (P. 11)

OFFICIAL 1988 SALES figures from EIA show records set by color TV and camcorders at 20.2 million and 2.04 million. (P. 12) 1988 at-a-glance. (P. 14)

CES SHOCKER: 'Only' 70,138 showed up, according to more accurate counting method, casting doubt on previous estimates. Breakdown by category. (P. 13)

COURT UPHOLDS hotel and motel rights to rent video software to guests without paying extra royalties to copyright owners. (P. 14)

SIGNIFICANT VCR INTROS at CES include Toshiba 'scanner' VCR, 8mm camcorders with compact mechanism by Fisher, Kyocera, Ricoh, Sanyo. (P. 15)

EIA DEMONSTRATES home automation technology at CES, expects to have proposed standard written shortly, final version later this year. (P. 16)

'PHILIPS USA' plugs Dutch firm's contributions to America -- 52,000 employees, \$3.4 billion assets. (P. 16)

COLOR TV IMPORTS up for most leading source countries in Oct. Mexico again leads all major TV import categories in month and year-to-date. (P. 17)

Lawmakers have made return of doctrine first order of business for Commerce Committees in 101st Congress (see related stories elsewhere in this issue). Many of doctrine's supporters now believe they have enough votes in new Senate to override veto -- if it comes -- by President Bush. But Bush hasn't revealed position, if he has taken one.

There was no dissension and little controversy during 4 days of NAB meetings in Scottsdale -- in sharp contrast to Jan. 1988 board sessions in Hawaii (TVD Jan. 25 p1), fact pointed out by many dirs. Few votes were taken, with most of meetings consisting of status reports on issues such as cable-telco cross-ownership, must-carry, compulsory license and spectrum as well as congressional and FCC overviews. "Unusual harmony prevailed," Jorgensen told us. Added NAB Pres. Edward Fritts: "It was a smooth meeting that proved to be very productive." Both cited disharmony of year ago when Fritts threatened to resign after being excluded from closed meetings (although he's board member), and when there was much strife about NAB budgetary process.

Budget process since has been revamped and tensions have eased. Board heard report on reforms and approved without change proposed budget of \$15.9 million income and \$15.7 million expenses for fiscal year starting April 1. Budget includes nearly 50% increase for Govt. Relations Dept., along with reorganization and 4 new staff positions (TVD Dec 12 p6). Board normally makes changes in budget, and year ago at Maui meeting expressed much concern about budgeting process. Responding to those concerns, NAB formed Financial Advisory Committee headed by Joel Chaseman of Post-Newsweek Stations that went over items "line by line," as did Exec. Committee. Major concerns involved investment policies, late financial reports and convention bookkeeping -- with NAB clearing some \$900,000 more than was budgeted at 1988 convention in Las Vegas. Fritts also told board that about 50% of Assn.'s revenue now comes from nondues income.

Fritts stressed fact that NAB membership was at all-time high for 6th straight year, saying "I cannot overstate the arresting importance of that fact in our lobbying efforts. To say [in Washington] that NAB speaks for the entire industry is among the most powerful tools at our disposal." TV Chmn. Benjamin McKeel reported that station membership had reached new high, with 88% of network affiliates, nearly 60% of independents and 53% of public stations represented.

In important membership decision, affiliate associations of 3 over-air TV networks were awarded seats on NAB TV board, which approved request of network groups. Two seats will be added to TV board (there currently is one authorized vacancy), for maximum of 20. Each network already has seat on board, and new affiliate representatives are expected to participate in June meetings in Washington. Of 59 current NAB board members, all but 2 were present for meetings last week.

Good news on NAB membership came at same time Exec. Committee member William Clark, pres. of Shamrock Bestg., who joined board in unification with National Radio Bestrs. Assn. (NRBA) 2 years ago, noted that NRBA officially went out of business this month. Old radio-only association presented check for \$70,000 to Richard Harris, Group W Radio, new chmn. of Radio Music Licensing Committee, to use in continuing fight against ASCAP and BMI on music licensing contract. Committee's goal is to raise another \$1 million over next 3 years.

Also noted as out of business was TV Information Office (TIO). TV board dissolved TIO, as recommended by TV Information Committee last fall (TVD Sept 12 p3). TIO's extensive library -- widely used by scholars, students, advertisers and broadcasters -- will be moved to Museum of Bestg. in N.Y., along with \$50,000 of TIO funds to help transfer. Industry will raise matching funds of \$150,000 over next 2 years. TIO's biannual survey of public attitudes toward broadcasting -- widely reported in media in past -- will be continued under NAB auspices. TIO, currently headed by Lynne Grasz, will cease operations officially at end of fiscal year March 31. It has been joint operation of NAB, TV networks and stations, was formed in 1959 to promote TV.

In reporting on changes, Fritts said broadcast lobby no longer deals only with House and Senate Commerce Committees. Current issues "involve a much broader spectrum," extending to such committees as Ways & Means, Finance, Judiciary, Appropriations and Labor & Human Resources, he said. But he said NAB's "biggest challenge remains the FCC's continued abdication of responsibility... in spectrum integrity. The Commission's insistence on a marketplace approach to technical standards puts the entire concept of localism at risk." Fritts cited FM translators and directional antennas and proposal to permit "buying and selling of interference rights. Without an interference-free signal, we have nothing to sell." New technologies will play prominent role, he said, citing cable-telco cross-ownership. On that issue, he noted that broadcasters now "find ourselves courted by both the cable and telephone industries to take their sides. That is not such a bad posture to be in." He said that wherever NAB comes down on issue, "we need to make certain that we develop a plan that benefits both broadcasting and the public."

Exec. Vp James May reported on NAB efforts to beef up Washington operation through reorganization of Govt. Relations Dept. Fritts said NAB now has "our team and our plan in place for the future" -- although govt. relations personnel still are to be added and other defections are anticipated. He said internal task forces now consider most issues, and "there has been a fading of departmental lines." Jorgenson said in NAB annual report that "a sharper, more focused NAB" has emerged, "one that can proudly point to a wide range of accomplishments in 1988." But McKeel said that while increased membership is "a tribute to NAB's legislative and regulatory record... I do have concerns... Must-carry is still a goal and not a reality. The congressional threat to raise revenue by tampering with tax deductibility of advertising is a serious concern..."

Board also heard how Assn. plans to remain force in Washington, with May explaining that NAB's political action group TARPAC has set goal of raising \$500,000 annually, with 1,000 member companies and 4,000 individuals contributing. New trustees board of 48 is being formed, each member pledging to raise \$10,000 (including personal contribution). TARPAC is used largely to make contributions to House and Senate campaigns.

Among policy questions facing Govt. Relations Dept. is continuing industry concern about proposed TV Marti service to Cuba. NAB opposes planned govt. TV propaganda service on inefficiency and interference grounds, among others. NAB's international consultant William Haratunian reported every broadcasting association in Western Hemisphere has joined NAB in opposing plan. NAB board also approved resolution urging members to "act affirmatively" in campaigns to reduce U.S. illiteracy.

Board took no position on HDTV, but some TV dirs. made clear that their main goal was to protect turf of free, over-air broadcasting and that they would buy equipment from whatever source. Harold Protter, chmn. of NAB Advanced TV Task Force, told us: "Our primary thrust is to make sure that free over-the-air TV can deliver a high-definition picture to American households. That is far more important for the broadcaster than who makes the camera or who makes the TV set... If the government wants to revitalize manufacturing, it can do it with tax credits or research and development money."

NAB Exec. Vp John Abel will head special committee to conduct marketing study to determine public desire for HDTV. Details and timetable haven't been worked out. McKeel said FCC's recognition of broadcasting's "central role in ATV" is major victory for industry. TV board also received briefings on children's TV, syndex, must-carry and attempt to develop personal diaries for audience measurements. TV Dir. Gary Chapman, who has just moved from Freedom Newspapers Stations to LIN Bestg., asked NAB for additional \$50,000 over 2 years for diary project. Abel in his report to joint board said 140 TV and radio executives surveyed for Assn. were "generally favorable" toward NAB efforts. He said full results of survey, one of continuing group of studies by NAB, won't be released but will be used for in-house evaluations.

Radio board made its "top priority" for this year a radio-only license renewal reform bill from Congress. It also adopted resolutions: (1) Calling for "spectrum integrity" in FCC rulings -- citing its opposition to FM translators and directional antennas. (2) Stressing localism. (3) Declaring "interference-free service the very foundation of American radio broadcasting" that best serves public.

On other matters, joint NAB-RAB radio promotion project is on course, and AM improvement retreat "to work out the strategies for continuing the fight to save AM radio" was approved. Date and site haven't been chosen. NAB now has record 5,084 radio members, 326 of them noncommercial.

As is usually case at winter board meetings, politicking started for seats on NAB Exec. Committee -- composed of NAB chmn. and pres., network rep (this year Eugene Cowen of ABC) and chmn. and vice chmn. of TV and radio boards, along with rep for radio unification (currently Shamrock's Clark). Current Radio Chmn. Lowry Mays of Clear Channel Communications is unopposed to succeed Jorgenson as joint board chmn. Three candidates have emerged to succeed Mays: Donald Newberg, WGOW(AM)-WSKZ(FM) Chattanooga; Robert Pricer, WLCT(AM) Newark, O.; William Sanders, KICD-AM-FM Spencer, Ia. Running for radio vice chmn. are David Hicks, Hicks Bestg., and Arthur Suberville, KANE(AM) New Iberia, La.

On TV side, no clear races have developed, but Judy Johnson, KFYZ-TV Bismarck, N.D., and Cullie Tarleton, Jefferson-Pilot, told us they are considering running. Current TV Chmn. Benjamin McKeel, Combined Communications, will end 2 years in that post in June, has year remaining on board. TV Vice Chmn. Margo Cobb, WLBZ-TV Bangor, Me., also has been in post 2 years, isn't eligible for reelection to TV board.

NAB board meetings Jan. 12-18, 1990, in Ft. Myers, currently conflict with NATPE convention, which has been switched from Feb. to Jan. 15-19 in San Francisco. NATPE is attempting to change its dates.

HEAVY AGENDA PLANNED BY CONGRESS: Communications policy-watchers can look forward to a Congress that will be much the same and yet more aggressive than ever. At least that's message lawmakers and Capitol Hill aides are advancing in appearances before industry groups (see related story elsewhere in this issue) and in discussions with reporters. Congress returned for inauguration of 41st President Jan. 20, will settle down to business this week.

Little attention is expected to be paid to communications legislation in opening months of 101st Congress until fairness doctrine is restored and children's TV guidelines are enacted, aides said. Attempts to free telephone Regional Holding Cos. (RHCs) from business constraints of Modified Final Judgment (MFJ) also won't advance immediately if members are unhappy with FCC action on price caps, Hill aides say, because legislation is likely to be moved to undo caps. What this means is that 1989 could be another year of policy held hostage to congressional concerns about public interest responsibilities of broadcasters on mass media side, consumer and competitive questions on common carrier side.

But legislation won't be bottled up indefinitely, aides report: "It's going to be a busy year." Commerce Committees haven't settled on agenda yet, but staffers have kicked around ideas, and key members have met to discuss early priorities. They have agreed to concentrate in first month or 2 on fairness doctrine and kidvid, setting up immediate challenges to Bush Administration on communications issues. Process calls for 2 bills to be moved quickly through House Telecom Subcommittee and its parent Commerce unit, with final House votes expected no later than summer. Senate may move more slowly on children's TV, particularly in light of lingering concerns of Sen. Wirth (D-Colo.) on proposal's form last year, sources said; legislation wasn't introduced in opening days of 101st. But Senate certainly will move quickly on fairness doctrine, we're told.

Other mass media initiatives will remain on hold until lawmakers have dealt with fairness doctrine and kidvid, aides agreed. Not clear, however, is how long that hold will last -- some members are adamant about blocking action on everything else until White House has signed 2 bills, while others say other activities should await clear signal from new President on how he will dispose of fairness doctrine and perhaps kidvid. Capitol Hill resolve will have to be weighed down road, some sources said, adding that key determinant is likely to be how Bush Administration deals with damaged Hill-FCC relations in making Commission appointments. This will be Administration's critical "Rubicon" to cross with Congress in setting course for communications policy, source said.

Hanging in balance is must-carry, which legislators have refused to advance for broadcasters until fairness doctrine issue is resolved. Standoff remains unchanged in new Congress, we're told, except that lawmakers apparently have reached consensus that must-carry rules should be embedded in legislation. Item is 3rd priority for House Telecom Subcommittee and is likely to gain attention of legislators within first 6 months, sources said.

How far must-carry legislation will advance may depend in large part on Senate, whose key communications policy-makers have expressed sympathy for broadcast position without taking as outspoken a stance as some in House. Item isn't even on informal list of priorities for Senate Commerce Committee that has been under discussion among staffers, sources said. In fact, list contains some surprising entries -- senators are interested in moving from early action on fairness doctrine and kidvid to investigation and possible legislation reforming lowest unit rate charge requirement for campaign ads, sources said. Item isn't considered priority by House Commerce Committee.

Next up on Senate unit's agenda would be hearings on media ownership and diversity, with review extending to cable concentration, cable-telco cross-ownership, broadcast-newspaper cross-ownership, women and minority ownership and satellite program access, sources said. House is planning to complete aborted series of hearings on cable issues early in 1989, aides reported, but isn't casting issue in same broad media ownership terms as Senate. Earliest that House's cable hearing can be expected is later in spring when General Accounting Office expects to finish investigation of cable rates, sources said. Cable issues also are slated to be probed by Senate Antitrust Subcommittee, according to Chmn. Metzenbaum (D-O.), who reportedly anticipates holding hearing fairly early in year.

Other items reportedly on Senate Commerce Committee's wish list include hearings to evaluate implications of recent World Administrative Telegraph & Telephone Conference (WATTC) and of worldwide International Telecommunication Union (ITU) Plenipotentiary set for later this year. Chmn. Hollings (D-S.C.) also has threatened early hearings on FCC's price cap proposal.

Attention also must be paid to FCC and NTIA budget authorizations, with effort promised on latter to get "telecommunications" added to name of new Technology Administration as way to resolve simmering

dispute over NTIA's authority. But House Commerce Committee Chmn. Dingell (D-Mich.) has weighed with staff and key lawmakers possibility of taking more dramatic step, although sources said proposals to return Office of Telecommunications Policy to White House probably will gain scant attention in Committee. Move would remove some of panel's authority over telecommunications policy-setting, sources explained. FCC budget won't gain early attention of Commerce Committees, again because lawmakers want to see how Bush handles Commission appointments.

Hearing schedules haven't been set, but both committees apparently plan early sessions on fairness doctrine and children's TV. Key House aide said Telecom Subcommittee can be expected to move quickly to set schedule, with fairness doctrine likely in early Feb., kidvid in late Feb., HDTV in late Feb.-early March on industry action memos.

HDTV doesn't figure in priorities under discussion for Senate, but House lawmakers apparently plan heavy attention this year. Question is particularly important to Telecom Subcommittee Chmn. Markey (D-Mass.), who has come to see HDTV as touchstone of U.S. telecommunications and high-technology future. "The chairman's attitude is he is absolutely committed to creating a telecommunications policy geared toward the goal of keeping America No. 1 in the telecommunications field in the year 2000," staffer explained. Issues that Markey considers as key here are govt.'s telecommunications policy-making "apparatus" generally and role in HDTV support in particular.

Free-RHC legislation will dominate common carrier agenda again, sources said. But only most optimistic would venture prediction that comprehensive MFJ legislation would be passed by House, with some predicting that Senate will confine itself to resolution endorsing eventual passage of legislation, unless MFJ bill itself picks up enough political steam during year to push Senate to passing comprehensive package. Despite increasing industry rhetoric on cable-telco cross-ownership, virtually none of aides believes issue will gain enough support to result in legislation although it probably will play significant role in debate on MFJ constraints. Lawmakers were described repeatedly as reluctant to renege on 1984 Cable Act, with concerns about cable industry ownership and concentration generally "more ripe" for consideration, according to aides.

President Reagan's spectrum auctions proposal arrived stillborn on Hill, congressional aides and lawmakers agreed. But there's some chance spectrum user fee might gain attention in House and Senate Appropriations Committees to help bridge \$100-billion budget gap, sources said. End to tax deductions for advertising is certain to come up, posing challenge to ad and broadcast industries. And there's talk again in House Ways & Means Committee of imposing some new surcharge on telecommunications equipment; similar idea was shot down in 100th Congress by industry.

Sen. Gore (D-Tenn.) continues to talk of resuming battle for backyard dish user rights legislation not far removed from his earlier unsuccessful bills. And Swift, as chmn. of House Elections Subcommittee, will renew his efforts to mandate uniform poll closing in continental U.S. during presidential election years as way to undermine impact of TV network election projections, and already has reintroduced proposal. Aides see broadcast license reform and network financial interest as issues for later months of 101st, they said.

Directions that Commerce Committees will take this year won't be finalized until subcommittees have reorganized. House Committee is slated to meet Jan. 31 to settle subcommittee assignments, Senate unit later in week. Competition reportedly has been keen for 2 open Telecom Subcommittee seats -- one for each party as result of Rep. Dowdy's (D-Miss.) unsuccessful bid for Senate and Rep. Coats' (R-Ind.) appointment to Senate to succeed Vice President Quayle. New Commerce Committee member Rep. Manton (D-N.Y.) is reported vying with veterans Barton (R-Tex.), Bates (D-Cal.), Schaefer (R-Colo.) and Wyden (D-Ore.) for Subcommittee slots. New Sen. Lott (R-Miss.), who beat Dowdy, is said to be leading candidate for single vacancy on Senate Communications Subcommittee created by departure of Sen. Wilson (R-Cal.) to another committee.

Washington law firm Pierson, Ball & Dowd (PBD) hopes to resolve merger talks with Reed, Smith, Shaw & McClay by end of Jan., PBD spokesman Tom Fox said. While there have been discussions with several firms, those with Reed, Smith have been most intense, he said. He said PBD is looking to expand corporate legal capabilities and grow in taxation field. PBD has 70 lawyers, all in Washington, while Reed, Smith has 300 in Pittsburgh, Philadelphia, Harrisburg, Washington.

WARREN PUBLISHING INC. HQ

Hq for Warren Publishing Inc. at NATPE Convention, Convention Center, Houston, is Booth 356A, phone 713-853-8357. Attending: Gene Edwards, Richard Koch, Lynn Levine, Dawson Nail.

NAB LEGISLATIVE FORUM HELD: Ten members of Congress traveled to Scottsdale, Ariz., last week to play golf and advise NAB board and several group owner heads what to look for in 101st Congress -- and broadcasters liked most of what they heard. (See related stories elsewhere in this issue.)

Cable's "monopolistic" tendencies were attacked, particularly by Sen. Metzenbaum (D-O.), chmn. of Senate Antitrust Subcommittee who also was critical of high cost of TV time for campaign ads. Broadcasters were told there's likely to be no major industry legislation in 1989 -- except for reintroduction of kidvid and fairness doctrine bills that were vetoed by President Reagan last year -- and that there's little likelihood that tax write-offs for broadcast advertising will be reduced or abolished. Lawmakers also warned against expecting spectrum auctions or license fees in any new tax bill.

However, Rep. Dorgan (D-N.D.) said: "I'm very nervous about this beer and wine business." Some TV ads, which he said were directed toward teenagers, are "disgusting" and he urged industry to start reform of its own. Current congressional search for new revenues leaves industry "vulnerable" to tax on such ads, he said. Dorgan joined Reps. Chandler (R-Wash.) and Brown (R-Colo.) in opposing repeal of tax write-offs for ads. Chandler said proposals are "absolutely ridiculous" because advertising is just like any other business expense. Said Brown: "We should not be in the business of taxing ideas... It's bad public policy." But he warned that Congress might consider such an idea because of need for revenues. Dorgan said "it makes almost no sense in practice at all" and said he doubted whether Congress would even consider it.

In complaining about high costs of political campaigns, Metzenbaum said: "Much of the game is won or lost by those 30-second [TV] spots. It shouldn't be that way, but it is... We [candidates] have no choice... I abhor it." He was reelected in tough campaign last fall. In recounting how much broadcast rates have increased since he first ran for Senate in 1976, he said he spent 71% of his 1988 budget on TV. He came out strongly for congressionally mandated campaign reform -- idea that was opposed later by Sen. Nickles (R-Okla.), chmn. of GOP Senate Campaign Committee. Said Metzenbaum: "We cannot cut the cost of political campaigns unless we cut the cost of advertising." He said it's possible to achieve campaign reforms with spending restrictions that are constitutional, hit Republicans for stopping such a bill in last Congress.

On other hand, Nickles praised his party's efforts in stopping that bill, which would have been disadvantageous to GOP, he said. Majority of Congress wants to reform campaign process, but there's no consensus on resolution. On public financing of congressional campaigns, Nickles said "this senator feels it would be a serious mistake," contending it's not working well in presidential campaigns. He said that although many see special interest financing as "evil, I would totally disagree." "You bet," he responded when asked if he was concerned about campaign costs, but he questioned whether federal regulation is correct solution. He predicted GOP will regain control of Senate in 1992, said it's possible "but not probable" in 1990.

On cable, Metzenbaum expressed fear that pay-per-view (PPV) will hurt free TV, particularly in taking over sports. He cited N.Y. Yankees' deal with Madison Square Garden Network -- decrying fact that only 50% of Manhattan is wired (and other boroughs much less), thus depriving fans of games even if they are willing to pay. Senator said that public has no protection "against

unlimited" rate hikes and that Congress needs to take another look at 1984 Cable Act. Metzenbaum promised to push bill that would "restore" communities' right to regulate cable rates.

Also due for congressional review, Metzenbaum promised, is definition of effective competition for cable. FCC's ruling that 3 Grade B signals constitute such competition is "an absurd decision," senator said. He also said he's troubled by cable's growing vertical integration that makes it possible for large MSOs to withhold programming from others, and promised that his Antitrust Subcommittee would "have more to say" about it.

Rep. Moorhead (R-Cal.), member of House Telecom Subcommittee, said he would be surprised if must-carry issue is settled in 2 years. He said much will depend on how cable performs in anticompetitive area. Rep. Luken (D-O.), member of parent House Commerce Committee, criticized FCC's defense of must-carry in court, said agency hadn't demonstrated proper legal basis: "Must-carry can be justified. It simply was not." Rep. Richardson (D-N.M.), another Subcommittee member, urged broadcasters "to give it another shot" in negotiating agreement with cable industry. Luken added that if cable engages in "sincere" talks, then no must-carry legislation will be needed.

Moorhead and Richardson agreed that Telecom Subcommittee (which also oversees financial industry) will spend most of its time on financial policy this Congress. However, Moorhead said some "smoking issues" such as cable must be dealt with. He added that there will "be a lot of pressure" on Congress to abolish compulsory licenses.

Richardson said several industry issues, such as proposed TV Marti service to Cuba and telco ownership of cable, are likely to advance in other congressional committees. Without elaborating, he predicted some sort of action permitting cable-telco cross-ownership. Luken said telco issue "might come up for a lot of discussion" -- but no bill will result. Moorhead said Congress should delay lifting ban, citing fears that telcos would use profits from unregulated monopolies to provide unfair competition to other business, such as broadcasting and cable. "There's going to be a big battle... until they [telcos] finally get relieved of restrictions," he said. However, Congress will be slow to act and any relief to telcos will come from FCC and courts, Moorhead predicted.

Luken said big question this year will be whether new appointees to FCC and other agencies will be as "ideological in their approach to issues" as those of President Reagan. Luken said he didn't expect them to be, said that will make it possible for more FCC-Congress cooperation. Moorhead said Congress has "abdicated" its responsibilities to FCC and new appointments will be watched closely.

Sen. Coats (R-Ind.), who had been member of Telecom Subcommittee until recent appointment to fill Senate seat vacated by Vice President Quayle, called broadcasters "key opinion leaders... You are people whose voice makes a difference." He said broadcasters are in much better position to influence public "than the government could ever be." He said he "very, very reluctantly" supported children's TV bill last year but industry needs to understand "the door is open for more government regulation" in broadcasting. He said he doesn't anticipate passage of legislation to regulate beer and wine ads, predicted there will be hearings and said industry must start rethinking its own position.

CBS TO ADJUST COMPENSATION: Reasoning that any "arbitrary" reduction in compensation to TV affiliates would affect each market differently and could "have a disproportionate impact on some stations," CBS announced it wouldn't attempt across-the-board cuts. Instead, it told affiliates' board at meeting in Tucson last week that issue of compensation "will be dealt with in individual markets where CBS's analysis of the competitive circumstances identified opportunities for appropriate adjustment."

We're told this means CBS will "aggressively" go after compensation reductions in markets with 4 or more commercial VHF stations. It already owns stations in 4 such markets -- N.Y., Chicago, L.A. and Miami -- that are compensated like other affiliates. Affiliates were said to accept CBS plan as "logical" and "reasonable."

Tone and content of board meeting with network officials was in sharp contrast to last spring's convention, when affiliates were highly critical of CBS's promotion efforts. Since then, ex-News Pres. Howard Stringer has been promoted to Best. Group Pres. and George Schweitzer has returned to CBS from Young & Rubicam to head promotion and several other depts. This go-round, CBS's promotion of fall programming was praised highly by board: "The network's new overall promotion strategy and campaigns... received strong praise, particularly in contrast to wide-ranging affiliate dissatisfaction expressed last year."

Affiliates and CBS issued joint statement that included "broad expression of confidence... in the future of network television." Affiliates expressed appreciation to CBS Pres. Laurence Tisch (who attended Tucson meetings but didn't make formal presentation) "for his consistent commitment to network television as evidenced by such activities as the Pat Sajak show... securing rights to the 1992 Winter Olympics, new promotional initiatives, expanded program development efforts in Hollywood, aggressive efforts to market network television to advertisers and the dramatic purchase of exclusive rights to Major League Baseball postseason play."

Cap/ABC is concerned about threat of strike this summer by Screen Actors Guild (SAG), ABC Entertainment Pres. Brandon Stoddard said in appearance before newspaper TV critics in L.A. last week. He said network already is in discussions with studios on strike plans, including possibly stockpiling episodes in series for fall 1989 season. Cap/ABC also sought to put positive light on its losing rights to baseball and Olympics. In appearance before newspaper TV critics in L.A., ABC Sports Pres. Dennis Swanson said network was pleased to have 8 nights of programming from baseball. "We would simply have lost too much income with baseball. And the 95 hours of [1988 Winter] Olympics was just too much," he said. Delaying or preempting shows for sports would be hazard to program development, he said. As for ratings disappointment of War and Remembrance miniseries, ABC executives said show didn't attract viewers aged 50 and under that had been expected. With 12 hours of miniseries left to air, Stoddard said network is leaning toward carrying it on consecutive nights.

Commercially sponsored daily newscast to 8,000-10,000 high schools is planned by Whittle Communications, featuring 18-24-year-olds as anchors. "Channel One" newscasts will originate in L.A., be distributed by satellite, if tests starting March 6 in 5 pilot schools are successful. Whittle, 50% owned by Time Inc., says it's prepared to spend up to \$150 million to equip schools with monitors, VCRs, satellite receiving equipment, other gear.

PARAMOUNT EYES TVX: Paramount has paid \$10 million for option to buy out Salomon Bros.' 79% stake in TVX Best. Group, licensee of 9 independent TV stations. In exchange, Salomon agreed to contribute 51% of TVX common to joint venture in which Paramount would hold 49%. Paramount, unit of Gulf & Western, would manage venture with option to acquire Salomon stake within 4 years for \$125-\$175 million, depending upon performance of 5 TVX stations that would remain with TVX. Four other stations would be sold.

Stations that Paramount would control are WTXF-TV (Ch. 29) Philadelphia, WDCA-TV (Ch. 20) Washington, KTXH (Ch. 20) Houston, WLFL-TV (Ch. 22) Raleigh-Durham, KTXA (Ch. 21) Ft. Worth-Dallas. Stations to be sold are WTVZ (Ch. 33) Norfolk, WNOL-TV (Ch. 38) New Orleans, WMKW-TV (Ch. 30) Memphis, KRRT (Ch. 35) Kerrville, Tex. Paramount joins major studios Fox, Disney and MCA (parent of Universal Pictures) in moving toward broadcast ownership (Fox owns old Metromedia stations, Disney has purchased KHJ-TV L.A. from RKO via Fidelity, and MCA recently purchased WWOR-TV Secaucus, N.J.-N.Y. also from RKO). From Salomon's perspective, selling option gives it chance to recoup some of its \$140 million investment in TVX. Salomon made \$300 million bridge loan nearly 1-1/2 years ago, enabling TVX to expand.

In separate deal, Heritage Media made \$14-per-share tender offer for up to 6.4 million shares of Actmedia, representing more than half of outstanding common. Heritage also agreed to buy from 4 Actmedia directors 2.4 million shares for \$14 each and 400,000 shares for Heritage Class A common valued at \$15.50 per share. Actmedia, with \$44 million revenues in first half of 1988, offers in-store advertising and promotion for consumer packaged goods, including advertising on shopping carts. Heritage Media, which operates 6 TV and 11 radio stations, had \$21.2 million revenues in same period.

Former FCC Comr. Benjamin Hooks urged last week that communications lawyers show support for reimposition of fairness doctrine and march to offices of Rep. Dingell (D-Mich.) and Sen. Hollings (D-S.C.) to tell them "we made a mistake" in doing away with doctrine. Now head of National Assn. for the Advancement of Colored People, Hooks made comments in luncheon speech to Federal Communications Bar Assn. An FCC commissioner 1972-1977, Hooks at times sounded as if he wished he had remained on Commission longer. Among points, Hooks said: (1) FCC has gone too far in deregulation. He said that there's glut of VHF stations for sale, that AM service is being abandoned by major owners such as NBC, and that with deregulation of telephone industry, telephone bills have gone "sky high." (2) Telcos should look to improve service and not worry so much about price caps and about getting into cable: "Remember, if you get into their business, they'll get into yours." (3) Bush Administration will result in kinder, gentler nation with more regulation and attention to public interest. Hooks also poked some fun at FCC when he was member, said that it then was "boss bad" that regulated and even took away some broadcast licenses from time to time. "We were ready to shoot at any time," he said, adding that sometimes it was hard to tell at what target or why.

NBC's \$675,000 pricetag for 30-sec. commercials in Super Bowl sidelined perennial advertisers Apple, American Airlines, Du Pont, IBM, Pontiac, Shearson, United Parcel. It hasn't fazed NBC, which sold nearly 30 min. for roughly \$50 million. Since 1980, while price of 30-sec. spot has risen to \$675,000 from \$222,000, ratings for game have declined to 42% from 46.3%.

EXCLUSIVITY RULES DEBATED: NAB, NCTA, MPAA, Tribune Co. and many small-market TV stations filed comments last week opposing FCC suggestion to modify or eliminate nonnetwork territorial exclusivity rule. NAB said change could have "potentially disastrous effect" on stations in smaller markets overshadowed by larger markets and uncertainties that would result. Commission in further rulemaking seeks comment on several program exclusivity-related issues, including applying syndicated exclusivity (syndex) to noncommercial TV stations and secondary services such as low-power TV and translators. Proceeding arises out of FCC's May 1988 vote to reinstate syndex (TVD May 23 p1).

Commission is attempting to make consistent its 4 program exclusivity rules, each of which has different geographic limits: (1) Syndex has 35-mile limit; new rules to take effect in Aug. would allow for buying national rights. (2) Network nonduplication has 35-mile limit in top 100 markets, 55-mile in smaller markets. (3) Nonnetwork territorial exclusivity has 35-mile limit. (4) Network territorial exclusivity has limit of community of license. First 2 rules involve broadcast vs. cable exclusivity, latter 2 are broadcaster vs. broadcaster.

MPAA labeled FCC's proposals as "deregulation for its own sake," and said they don't advance Commission's goals of diversity, competition, localism. In contrast to syndex rule, MPAA said, "virtually all" proposals in territorial exclusivity "fail to connect" with realities of marketplace. Cable parties said that making syndex and network nonduplication limits consistent with any changes in territorial exclusivity limits would open cable to more blackout requests, which it said wouldn't be in public interest. Headed by United Artists Cablesystems and United Cable TV, cable parties backed FCC Comr. Quello, who said in Oct. that his vote for further rulemaking was just short of a dissent (TVD Oct 17 p5). In separate filing, NCTA repeated views made in syndex proceeding that FCC's proposals are based upon preconceived economic theories that erroneously weigh principle of contractual freedom above all other considerations.

Several broadcast group owners, including CBS, BHC and Cosmos, urged expanding geographic limits. INTV proposed using area of dominant influence (ADI), with exception that new stations shouldn't be precluded from obtaining program rights under 35-mile hyphenated market rule. CBS focused on limits on network nonduplication rules and syndex, also supported ADI rather than mileage. CBS said that by using ADI, FCC would reinforce pattern of localism in its exclusivity rules. Cosmos also urged ADI for nonnetwork territorial exclusivity limit. BHC, unit of Chris-Craft, said Commission should adopt market-based approach to "unshackle" broadcasters from last remaining barriers that prevent them from competing fully in video marketplace. If agency rejected market-based plan, BHC said it should choose ADI limit. Pikes Peak Bestg. suggested another approach -- using station's designated market area (DMA).

As for retaining nonnetwork exclusivity, Gillett summed it up saying that, given opportunity, stations in nearby larger markets would contract for as large an area of exclusivity as possible, extending their reach well beyond immediate coverage areas. Maranatha Bestg., licensee of WFMZ-TV Allentown, Pa., said repeal of 35-mile rule is "idea in search of an advocate," and repeal of nonnetwork territorial exclusivity would create 2 classes of broadcasters -- urban and suburban. N.H. Assn. of Bestrs. said repeal would "devastate" 4 commercial station in state, which toil in shadow of Boston market stations.

NAB said it supported Commission proposal to provide another 20 miles of protection on network nonduplication rule for network affiliates in top 100 markets. But it said it wanted FCC to establish some reasonable transition period. NAB also said it supported agency proposal to expand syndex to public TV (PTV) stations. Only opponent to that concept was NCTA, which said it would be "manifestly inappropriate" to ask taxpayers and public contributors who fund PTV station operations to pay for purchase of exclusivity rights that could reduce availability of noncommercial programming for some viewers. CPB and NABTS said their stations rely on syndicated programming to create schedules responsive to needs of their communities. Having exclusivity rights could enhance prospects that PTV stations would gain cable carriage, they said.

News organizations won partial victory in effort to reopen rulemaking on controversial remote sensing satellite licensing standards: Govt. agreed to reconsider rules, but said it won't adopt "clear and present" danger standard advocated by RTNDA and 6 other news groups. News groups contended 1987 remote sensing licensing rules chilled willingness of media to invest large sums in private systems because there was too much uncertainty over how U.S. would enforce national security questions. Media urged National Oceanic & Atmospheric Administration (NOAA) to adopt "clear and present danger" standard, instead of current guideline that says agency must consider national security concerns on case-by-case basis. In Jan. 18 Federal Register notice, NOAA said media had failed to explain how uncertainty over national security restrictions in license would inhibit business. Govt. said any problem areas could be negotiated in early stages -- long before heavy investment occurred. Although NOAA balked at establishing "clear and present danger" standard, it said it would consider amending regulations to incorporate these provisions: (1) That there would be no "a priori" limit on civilian remote sensing system. (2) That any condition imposed on license would be "the least burdensome possible."

TV delivery will use at least half of capacity of Asiasat satellite, scheduled for launch in April 1990, Asiasat officials said at Pacific Telecommunications Conference (PTC) in Honolulu last week. They also indicated large portion of bird's capacity already has been taken, with China signing letter of intent for 8 of 24 transponders and agreements reached with unnamed TV broadcasters. Hutchison Telecommunications, part owner of Asiasat, is likely to be big user of its capacity, at least in part for delivery of TV programming to cable systems in Hong Kong and throughout Asia, Hutchison Group Planning Dir. Robin Maule said. Hutchison is bidding to operate cable system in Hong Kong, would have to produce large portion of programming. If Hutchison wins Hong Kong contract later this year, "it would certainly be valuable" to use satellite to distribute programming throughout Asia, Maule told us. Asiasat is likely to be used to distribute programming to cable networks in S. Korea, Taiwan and Thailand as well, said John Lawrence, head of business operations for Asiasat. Asiasat still is awaiting international approval of orbital slot.

Fox TV Network is in black, achieving profit of \$400,000 so far this fiscal year (which began July 1), Fox Chmn. Barry Diller said. This compares with nearly \$100 million loss last fiscal year. At its affiliates' meeting in L.A. Jan. 7, Fox said that on Sept. 11 it will start its 3rd night of programming (Mon.); it now programs Sat. and Sun. nights, has 2 dozen projects under consideration. It also will add 2-hour daytime game block in fall.

HENRY QUILTS ATSC: Advanced TV Systems Committee (ATSC) Chmn. William Henry announced resignation, effective Feb. 23, saying it's time to "move on" after nearly 6 years in post. Move came week after group of 25 key international broadcast players meeting in Moscow supported idea that there should be single HDTV production standard. Moscow sessions didn't result in endorsement of a specific system. Instead, group set up plan that for first time would place N. American-backed, Japanese-developed 1,125-line/60-field system in direct competition with European Economic Community-backed Eureka 1,250-line/50-field. Group apparently didn't consider NBC's recent proposal for 1,050-line, 59.94-field system (TVD Oct 17 pl).

Testing is to be conducted in Moscow beginning in March, group said, although Eureka proponents say they may not be ready until later in year. Group met as part of preparations for International Radio Consultative Committee (CCIR) plenary session in May 1990 when CCIR will consider HDTV issue. At 1986 sessions, CCIR refused to accept 1,125-line system as world standard, dealing major loss to ATSC and other proponents of Japan's NHK system.

H. Yushkiavitsush, vice chmn. of USSR Radio and TV State Committee, is holding out possibility of 3rd version for CCIR -- Soviet system employing 1,375 lines/50 fields. That system isn't expected to be available for testing until late this year, at earliest. With extensive equipment needs, and 19 million TV sets nationally, USSR is seen as key ally in battle to achieve worldwide standard; it didn't support 1,125-line system in 1986. In Moscow were representatives of USSR, CCIR, U.S. (CBS, NBC, Universal Studios), Brazil, Canada, European Bestg. Union, France, Italy, Japan, U.K., W. Germany, Yugoslavia.

Henry, attorney with Ginsburg, Feldman & Press, said he has no plans except to continue practicing law. Former FCC chmn. -- Oct. 1962-May 1966 -- said another reason for leaving is that under ATSC schedule, Phase 1 to coordinate bid to develop national standards for advanced TV (ATV) has been completed, with lengthy Phase 2 about to start. Henry's name has come up as candidate to succeed Alfred Stern as chmn. of PBS. He said he knew nothing about that.

While ATSC has adopted 1,125-line/60-field production standard, action was controversial, with some members saying more data should be evaluated before decision was made (TVD Jan 11/88 p6). U.S. govt. has backed that system, but there are signs that may change: NTIA is seeking comment on whether govt. should continue to back Japanese NHK-developed system, which has been rejected by Europeans, who favor their own Eureka (TVD Dec 19 p7).

During Phase 2, Henry said, ATSC should coordinate activities with FCC Advisory Committee on ATV, on which ATSC has seat now occupied by Henry, as well as Advanced TV Test Center (ATTC) and Cable TV Labs. (He's willing to remain on Advisory Committee, if ATSC would like, he said.) "It's not altogether clear how these organizations -- each having a different role to play -- will interact" in 2nd phase, he said. That depends on FCC Advisory Committee and whether FCC extends its life beyond Nov. 1989, he said. At some point, U.S. must seek private sector recommendations on transmission standards, Henry said: "The ATSC, I believe, is the organization best suited to perform that function." ATSC members include NAB, 3 networks, NCTA, MST.

ATSC has offices at NAB hq, has slightly more than 50 members, with staff of 2 -- Exec. Dir. Robert Hopkins and

Administrative Asst. Cynthia Ash. Budget is funded at \$270,000 through member dues, and Henry was paid \$57,500 as parttime chmn.

NCTA held what it called educational session Jan. 14 in Century Plaza Hotel, L.A., for dozen congressmen. Session came 2 days before NCTA board met in L.A. and was attended by many of board members, including Chmn. John Goddard of Viacom, who was on panel dealing with competition in marketplace along with Times Mirror's Robert Erburu, TBS Chmn. Ted Turner and Cablevision Chmn. Charles Dolan. Other panel on technology included GI's Frank Drendel, Cable TV Labs Pres. Richard Green, ATC's James Chiddix. NCTA, which apparently paid to transport at least some of congressmen to L.A. and also paid them honoraria, labeled session private meeting not meant for lobbying. Attendees included Sen. Exon (D-Neb.), Reps. Bates (D-Cal.), Bilirakis (R-Fla.), Collins (D-Ill.), Leland (D-Tex.), Lent (R-N.Y.), Luken (D-O.), Moorhead (R-Cal.), Nielson (R-Utah), Oxley (R-O.), Richardson (D-N.M.). There was little unexpected at board meeting, NCTA said. It received updates on proceedings at FCC and heard that industry appears to be showing heightened interest in HDTV and fiber optics. NCTA Pres. James Mooney said that he expects Congress in 1989 to pick up where it left off last year and that industry would see same issues -- scrambling, must-carry, telco. National Cable Month Co-Chmn. Winston Cox said industry already is preparing for 1990 version of cable month. NCTA Vp-Industry Affairs Barbara York said convention already has met revenue expectation from exhibition hall space for 1989 show in Dallas May 21-24.

INTV has suspended plan to form station-rep co-op to attract to independent stations more ad dollars now going to networks, cable and barter, citing lack of "unanimous or nearly unanimous support." Planned co-op was major subject at open and closed meetings at INTV convention week ago when some 75 stations signed on tentative basis (TVD Jan 9 pl). In letter to INTV members notifying them of suspension of plan, Pres. Preston Padden said at least 2 "of our members [while not named by Padden, they are Fox TV and Tribune Bestg.] are likely to initiate or expand nonwired network operations of their own." Padden also didn't mention fact nearly all major reps opposed INTV plan and several had threatened to file antitrust suit if co-op started operating. INTV will continue focus on acquiring larger share of ad spending that goes to networks. He cited as example Feb. 7 meeting in N.Y. when INTV will make major presentation at seminar sponsored by Assn. of National Advertisers: "We will emphasize that vehicles aggregating independent audiences should now be considered candidates for 'network' dollars... The bottom line is that we have the audience, and appropriate vehicles [stations] now exist... to enable us to compete effectively for both spot and network budgets."

Cable transactions: Communications & Cable closed on \$24.5 million sale to Tele-Media of systems serving 24,450 subscribers in southeast Fla... **James Cable Partners** acquired assets of Durant Cablevision, serving 5,200 in Durant, Okla., and parts of Bryan County. Broker: Communications Mktg. Group... **Bresnan Communications** bought system serving 1,800 in Manistique, Mich., from Star Cablevision... **Midcontinent Corp.** acquired systems serving fewer than 1,000 from Midwest Cable, Midwest Satellite CableVision and Mon-Dak Cable. Systems are in 6 N.D. communities and Fairview, Mont. Broker: Communications Mktg. Group... **Prime Cable** acquired 4 satellite master antenna TV (SMATV) systems in Las Vegas from TWC, plans to incorporate them into its cable system in city. Broker: CEA.

Personals

James Duffy, ABC Best. Group Communications pres., named winner of NAB's Distinguished Service Award for 1989. Named recipients of NAB Bestg. Hall of Fame awards -- TV: Comedians Sid Caesar and Ernie Kovacs. Radio: Sportscaster Red Barber; Spanish-language broadcast pioneer Nathan Safir... Promotions at NAB: Henry Roeder to senior vp-conventions and meetings, Teri Lepovitz to senior vp-station services... Richard Goldstein, ex-vp-TV, Seltel, joins CBS as vp-mktg. and development, new post... John Abbattista promoted to vp-dir.-revenue analysis, ABC TV Network Sales... Peter Holland advances May 1 to chmn., Visnews, succeeding Michael Nelson, retiring... Brian Roberts, ex-Comcast exec. vp, named TBS dir., succeeding William Bevins, ex-TBS chief financial officer, who became pres. of Andrews Group.

Bruce Gelb, vice chmn., Bristol-Myers, will be nominated by President Bush as dir., USIA, as expected (TVD Dec 26 p5); William Diefenderfer, partner in Washington law firm Wunder & Diefenderfer and ex-top aide to Senate Commerce and Finance Committees, named deputy dir., Office of Management & Budget; Craig Fuller, co-dir., Bush transition team and previously chief of staff to Bush as Vice President, joins Washington PR consultancy Wexler & Reynolds as pres.; firm will be renamed Wexler, Reynolds, Fuller, Harrison & Schule... FCC Comr. Quello participates on Jan. 25 Washington update panel at NATPE conference, 10 a.m., Four Seasons Hotel, Houston.

Robert Alter, pres., Cable Ad Bureau, speaks at Feb. 9 Chicago lunch of Best. Ad Club... Martin Yudkowitz, ex-senior counsel-Olympics, NBC, named vp-business affairs, NBC's CNBC... Peter Calabrese, former vp-specials, NBC, joins Madison Square Garden TV as exec. vp-exec. producer-TV... Changes at HBO Pictures: Holly Dworsky promoted to vp-operations; Marjorie Lewis, ex-Geffen Film, named vp-feature-length projects... Diane Weingart advanced to vp-affiliate mktg., USA Network... Jerry Fischette promoted to vp-mktg., Satellite Bestg. & Communications Assn... James Osborn, ex-vp-gen. mgr., KGO-TV San Francisco, appointed pres.-gen. mgr., Bay Area Interconnect... Jerry Parker named dir.-sales, satellite TV distributor Superstar Connection... Anne Wilkerson promoted to vp-cable video services group, United Video, new post... Larry McHugh advanced to sales mgr.-South, Weather Channel, new post.

Additions at Lee Enterprises: Gary Schmedding, ex-gen. mgr., WSAZ-TV Huntington-Charleston, as vp-bestg.; Nancy Chapman, ex-controller, CBS News, finance dir... Marguerite Vaclair, ex-L.A. Times Syndicate, joins Best. Promotion & Mktg. Execs. Assn. (BPME) as communications mgr.-editor, Image magazine... Mark Manders, ex-MMT Sales, joins KMBC-TV Kansas City as national sales mgr... Madison Hodges, dir., WFSU-FM Tallahassee, adds post of interim gen. mgr., WFSU-TV there, succeeding Edward Herp, retired.

Michael Henderson appointed dir.-information and research, Blackburn & Co... Charles Woolsey, ex-exec. producer, KOB-TV Albuquerque, appointed dir.-communications for Sen. Bingaman (D-N.M.)... Mary Pruess, ex-operations mgr., KAET Phoenix, joins KUHT Houston as program mgr... Dick Jolliffe, ex-mgr., WKBS-TV Altoona, named to same post, KWHY-TV L.A.

Guy Beverlin promoted to asst. chief engineer, WPIX N.Y... Jim Carson advanced to local sales mgr., KVUE-TV Austin.

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USA Network lost bid for injunctive relief in cable carriage battle with Jones Intercable Jan. 19, but its lawyers said it may yet win major damage claim against Jones. In 24-page decision, Judge Kenneth Conboy in U.S. Dist. Court, N.Y., said he could find no irreparable harm to USA Network when Jones dropped signal from cable systems serving 830,000 subscribers -- 1%-2% of total subscribers -- but that Jones, by its actions, has liability and could be hit with "momentous" consequential damages. Among other things, Conboy found that Jones deliberately backdated letter terminating carriage contract with USA Network and that rather than USA's reputation being damaged by Jones' decision to drop, "it seems more likely that Jones' reputation for reliability, as well as for honorable business conduct, may be tarnished rather than USA's."

Justice Dept. has subpoenaed 3 Roanoke, Va., area network affiliate TV stations and their rep firms in inquiry on fixing ad rates. Stations and reps: WDBJ (CBS), Harrington, Righter & Parsons; WSLS-TV (NBC), Blair TV; WSET-TV Lynchburg-Roanoke (ABC), Katz TV.

Add name of FCC Gen. Counsel Diane Killory to reported candidates for a seat on Commission. She said she had been contacted by a member of Bush team.

NAB is among 200 members of Inaugural Guaranty Fund that made \$100,000 interest-free loans to finance 5 days of celebration for inauguration of George Bush as President.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

FINAL 1988 SALES FIGURES

Final and official EIA statistics on consumer video sales to dealers for 1988, with 1987 comparisons, and for year's final week:

| | 1988 52 WEEKS | 1987 52 WEEKS | % CHANGE | DEC. 24-30 | 1987 WEEK | % CHANGE |
|------------------|------------------|------------------|-------------|---------------|--------------|-------------|
| TOTAL TV..... | 23,097,899 | 23,193,932* | - 0.4 | 456,080** | 395,394 | +15.3 |
| TOTAL COLOR... | 20,518,139* | 19,623,459 | + 4.6 | 391,219** | 332,315 | +17.7 |
| DIRECT-VIEW.. | 20,216,355* | 19,330,375 | + 4.6 | 384,207** | 325,608 | +18.0 |
| PROJECTION.. | 301,784 | 293,084 | + 3.0 | 7,012** | 6,707 | + 4.5 |
| MONOCHROME.... | 2,579,760 | 3,570,473 | -27.7 | 64,861 | 63,259 | + 2.5 |
| TV EXCL. PROJ... | 22,796,115 | 22,900,848* | - 0.5 | 449,068** | 388,867 | +15.5 |
| TOTAL VCR..... | 12,792,255 | 13,305,999* | - 3.9 | 326,192** | 240,819 | +35.5 |
| DECKS..... | 10,748,210 | 11,701,846 | - 8.1 | 281,428** | 199,796 | +40.9 |
| CAMCORDERS.... | 2,044,045* | 1,604,153 | +27.4 | 44,764** | 41,023 | + 9.1 |

Color TV 5-week moving average: 1988--436,935**; 1987--383,642 (up 13.9%).

Home VCR 5-week moving average: 1988--341,036**; 1987--295,519 (up 15.4%).

* Record for any year.. ** Record for week.

PANASONIC SETTLES N.Y. PRICE-FIXING CASE: Panasonic agreed to provide cash refunds to consumers of 16 Panasonic and Technics products bought in 1988, as part of settlement with office of N.Y. State Attorney Gen. Robert Abrams last week over alleged retail price-fixing scheme (TVD Oct 3 p14). Company denied all charges of unlawful conduct, but signed consent agreement to bring quick end to case, Senior Sales Vp Ralph Wolfe said. He said Panasonic sales programs "are perfectly legal, and we are confident we would have prevailed in any lawsuit brought by the state."

Meanwhile, investigation of price-fixing charges against at least 2 other companies -- Thomson Consumer Electronics and Hitachi -- is continuing, N.Y. Attorney Gen.'s Antitrust Div. said. They are known to have been subpoenaed. Antitrust Div. is understood to be looking into possible price collusion among companies as well as individual price fixing.

Panasonic drew attention of investigators in spring 1988 when it told dealers it would stick to new "single price, profit for all" sales philosophy (TVD April 25 p10). Company officials emphasized that they were in business for profit, even at expense of temporary loss of market share, and urged dealers to go along for their own good. Abrams said Panasonic fixed prices through "an elaborate nationwide scheme involving scores of Panasonic sales executives pressuring thousands of retailers to comply with the scheme and monitoring the prices they actually charged." Retailers that resisted "Go" prices set by Panasonic were "threatened with being cut off," Abrams said. He said Panasonic vp at May 1988 meeting directed executives to closely monitor compliance with "Go" prices.

Alleged price-fixing scheme originally encompassed more than 300 products in Panasonic and Technics lines, but "most of [company's] efforts in the first few months were devoted to enforcing the minimum prices on those 16 products covered by the settlement," according to Abrams.

Akiya Imura, pres. of Panasonic parent Matsushita Electric Corp of America (MECA), "personally and repeatedly pressured retailers to comply" with price-fixing plan, Attorney Gen.'s office said. Abrams said company elevated prices by average 5-10% on some products and "extorted" \$15 million from consumers in form of higher prices over several months through end of Aug., when N.Y. investigation brought alleged scheme to halt. Panasonic official at dealer preview meeting in Orlando last week denied company did

anything wrong or changed its sales policy. "Our sales policies have not changed," he said. "We are complying with all requirements for marketing in a legal manner."

Under settlement filed in U.S. Dist. Court, Southern Dist. of N.Y., Panasonic agreed not to engage in price-fixing activities for next 5 years. Company will provide refunds of \$17-\$45 to consumers who bought products March 1-Aug. 31, 1988, potentially totaling \$16 million. Attorney Gen.'s office listed 6 VCR models (refunds of \$19-\$26), 3 camcorders (\$20-\$45), 2 phones (\$17), one answering machine (\$18), 4 audio products (\$18-\$24) as "relevant" products. Panasonic must "conspicuously notify all of its retailers of their right to set their own prices." It also must pay \$2 million as cost of administering settlement, including sending letters and claim forms to consumers and advertising terms of agreement. Settlement didn't explain how overcharges were determined.

Panasonic has offered similar refund arrangement to all other states except Hawaii, and it said that so far Md. and Ill. are only others to participate. Company will place minimum of \$8.5 million into settlement fund to cover estimated refunds, legal fees and administrative costs, if all eligible states go along with plan. Additional funds will be added as needed, which would bring total to \$16 million if all eligible consumers claim refunds, company said. Settlement affects about 83,000 purchasers in N.Y. and 665,000 nationwide. Under agreement, either party may end settlement if state attorneys general representing at least 80% of Panasonic consumers nationwide don't adopt it within 60 days.

Abrams made other charges against Panasonic: (1) Company coerced retailer Lechmere to go along with price-fixing plan by threatening to make "example" of dealers charging below set prices. (2) Fla. retailer Luria & Sons received 4 phone calls from different Panasonic executives, each citing violation of "Go" policy and stating that company would cut off noncomplying retailers after Luria advertised cordless phone at below fixed price. (3) Imura and other officers pressured Service Merchandise, Panasonic's largest dealer, to follow other major retailers into price-fixing plan, but Service Merchandise refused.

Abrams blamed Reagan Administration's "lax attitude and policies" for creating "climate in which this kind of practice would be hatched and implemented. This Administration completely abandoned enforcement against resale price maintenance schemes and other types of vertical trade restraints." He urged Congress to pass provisions of Freedom from Vertical Price Fixing Act that he said would strengthen federal laws.

1988--COLOR TV, CAMCORDERS SET SALES RECORDS: It's official -- EIA figures issued last week show color TV sales to dealers set record for 9th consecutive year, while camcorder sales pushed through to new high 27.4% over previous record, set in 1987 (for figures, see State of the Industry).

"Mature medium" of color TV has set new sales record each year of 1980s so far, those in 1988 exceeding 20 million for first time, almost doubling the 10,897,000 that stood as record in 1980. Color sales exceeded most industry forecasts -- even our own, which at 20 million came closest of any prediction made a year ago (TVD Jan 4/88 p11). Color sales ran behind 1987 through most of year's first 5 months, caught up in June, ending year with gain of 4.6%. Eight months in 1988 had higher sales than comparable months of 1987, 4 running behind.

Last year's sensational product -- like 1987's -- was camcorder, whose sales exceeded 2 million in 1988. Except for Jan., every month of 1988 showed gain in camcorder sales, with spring and summer months realizing greatest percentage increases over 1987, but Dec. was best month in numerical terms.

VCR decks ended up just 8.1% behind 1987 and 10.5% below record of 12 million set in 1986. Deck sales improved as year progressed -- each of first 10 months showed decline from year earlier, but Nov. and Dec. registered solid gains of 11.7% and 15.1%, respectively.

Projection TV bested 1987 by 3%, exceeding 300,000 and falling less than 1% behind all-time record of 304,272 set in 1986. Projection followed ragged course in 1988, setting monthly records in July, Sept., Dec.

Monochrome TV sales were almost million units below those of 1987. Judging from clamor to buy b&w sets and increasing price levels, decline was result of shortage of merchandise rather than of customers.

On seasonally adjusted basis, geared to 5-year historical patterns, 2nd and 3rd quarters were best of 1988, although sales picked up steam in Dec. Here's table of quarterly performance in seasonally adjusted rates for major products:

| Qtr. | Direct-View Color | Projection TV | VCR Decks | Camcorders |
|--------|----------------------|------------------|--------------|------------|
| 1.... | 18,500,000 | 270,800 | 10,820,000 | 2,152,000 |
| 2.... | 20,730,000 | 254,500 | 9,763,000 | 2,470,000 |
| 3.... | 21,345,000 | 334,800 | 11,000,000 | 2,300,000 |
| 4.... | 20,275,000 | 330,200 | 11,130,000 | 1,672,000 |
| Year.. | 20,216,355 | 301,784 | 10,748,210 | 2,044,045 |

Sharp letdown in camcorder sales rate in 4th quarter may be more apparent than real. Our seasonal figures for camcorders are based on far more limited data than for other products and are less reliable because product still is in buildup stage and seasonal patterns therefore are less discernible.

If there was any doubt that Christmas business was good, just take look at Dec. figures. Camcorders had their best sales month in history, and decks were up more than 15% over year earlier to -- believe it or not -- their 2nd best monthly total ever (trailing only Dec. 1986). High Dec. sales weren't good enough to keep camcorders from recording their poorest performance in terms of seasonal rate in Dec. coming out to annual pace of only 1,666,000 during month, while decks were at 11.1 million sales rate.

Dec. 1988 was 2nd-best month in history for direct-view color sales, and only 3rd month in which sales exceeded 2 million units. Color TV sets sold at 20.9 million annual rate in Dec. In projection TV, Dec. sales were 3rd best for any month ever, at annualized rate of 370,500. In terms of percentage increase over 1987, Dec. was year's best month in VCR decks, total VCRs (but not camcorders) and projection TV, 2nd best in direct-view color.

Hot Dec. sales bode well for 1989. Here, from EIA, are unit figures on sales to dealers for month:

| Product | Dec. 1988 | Dec. 1987 | % Change | Dec. 1986 |
|------------------|-------------|-----------|----------|-------------|
| Total TV..... | 2,506,159* | 2,263,986 | +10.7 | 2,336,806 |
| Total color... | 2,224,913* | 1,949,354 | +14.1 | 1,907,620 |
| Direct-view. | 2,184,676* | 1,918,212 | +13.9 | 1,881,074 |
| Projection.. | 40,237* | 31,142 | +29.2 | 26,546 |
| Monochrome.... | 281,246 | 304,632 | - 7.7 | 429,186 |
| TV excl. projec. | 2,465,922* | 2,222,844 | +10.9 | 2,310,260 |
| Total home VCR.. | 1,705,181** | 1,477,593 | +15.4 | 1,638,771 |
| Decks..... | 1,411,845 | 1,226,406 | +15.1 | 1,457,493** |
| Camcorders.... | 293,336** | 251,187 | +17.8 | 181,278 |

* Record for any Dec. ** Record for any month.

CES SHOCKER--'ONLY' 70,000 SHOWED UP: What if they gave a CES and only about half of the people who said they were coming actually came? Well, that's what happened. Official attendance figure of 70,138 at 1989 Winter Consumer Electronics Show in Las Vegas Jan. 7-10 -- verified by new, foolproof method -- casts doubt on previous estimates of more than 100,000 in recent years.

Show actually was heavily attended -- it was plain that first- and possibly 2nd-day attendance was unusually high. But it now appears that past attendance "estimates" -- 103,540 last winter, 105,784 at WCES in 1987 and 104,163 in 1986 -- were overoptimistic. Estimates in past were based on preregistration figures, allowing for no-shows, plus on-site registration.

For this year's event, there were 98,729 preregistrants and additional 18,910 registered on site -- total of 117,639 registrations. Advance registration is free, on-site costs \$25. For first time, system this year was developed for accurate measurement of attendance. Preregistrants were required to pick up color-coded badge holders at any of 14 locations in Las Vegas. What system showed is that almost 50% of preregistrants -- 47,501 -- didn't show up. It's believed that in past EIA officials estimated about 20% of preregistrants didn't attend. Recent issue of Trade Show Week reported that traditionally only 40-60% of typical show's preregistrants actually attend, so CES figure was right on target. Former EIA Consumer Electronics Group (CEG) chief Jack Wayman declined to comment on figures for previous shows.

"In the past, we've only been able to 'guesstimate' how many individuals who were preregistered actually attended the show," said CES Vp-Show Mgr. Dennis Corcoran. "After 2-1/2 years of refining our mailing lists and analyzing registration methods, we finally have an accurate tally of how many people

attended the show." He pointed out that final attendance was greater than population of Wilmington, Del., or Charleston, S.C.

Important benefit of new measuring system is breakdown by category, first time such detailed census of attendees was possible. WCES 1989 badgeholder breakdown shows nearly half of attendees were buyers. Details: Retailers 19,421 (27.7% of total), distributors 9,413 (13.4%), dept. store buyers 1,534 (2.2%), premium/catalog buyers 995 (1.4%), manufacturer reps 5,893 (8.4%), manufacturers 7,122 (10.2%), institutional buyers 853 (1.2%), press 1,698 (2.4%), exhibitors 17,482 (24.9%), advertising/mktg./PR 3,492 (5%), financial/market analysts 500 (0.7%), other 1,735 (2.5%).

"We now have the high-definition look in attendance figures," said EIA CEG Group Vp Tom Friel, noting that for first time not only actual attendance, but attendance by category, actually could be measured. "We made a significant investment in time and funds to get this." He told us new attendance reality wouldn't make any difference in exhibitor charges or any other financial parameters, since no guarantee of attendance was ever made. Same badge and holder method of counting attendees will be used at Summer CES in Chicago June 3-6 and at Winter CES 1990 in Las Vegas.

1988 AT-A-GLANCE: Here are monthly figures from EIA on consumer video sales to dealers for 1988 and 1987:

| TELEVISION SALES TO DEALERS | | | | | | |
|-----------------------------|------------|------------|-------------|------------|------------|-----------|
| Direct-View Only | | | | | | |
| | Total | | Color | | Monochrome | |
| Month | 1988 | 1987 | 1988 | 1987 | 1988 | 1987 |
| January.. | 1,427,694 | 1,623,276 | 1,221,726 | 1,363,282* | 205,968 | 259,994 |
| February.. | 1,517,124 | 1,665,076 | 1,336,787 | 1,424,569* | 180,337 | 240,507 |
| March.... | 1,927,143 | 1,979,747 | 1,718,993* | 1,710,779 | 208,150 | 268,968 |
| April..... | 1,654,107 | 1,510,946 | 1,454,201* | 1,302,584 | 199,906 | 208,362 |
| May..... | 1,504,650 | 1,435,771 | 1,298,057* | 1,234,394 | 206,593 | 201,377 |
| June..... | 1,983,552 | 1,969,651 | 1,737,079* | 1,733,236 | 246,473 | 236,415 |
| July..... | 1,582,659 | 1,489,103 | 1,446,698* | 1,243,311 | 135,961 | 245,792 |
| August.... | 1,736,318 | 1,858,313 | 1,555,563* | 1,587,690* | 180,755 | 270,623 |
| September | 2,690,541 | 2,611,210 | 2,433,606* | 2,169,344 | 256,935 | 501,866 |
| October... | 2,193,524 | 2,365,207 | 1,939,486* | 1,908,263 | 254,038 | 456,944 |
| November... | 2,112,881 | 2,109,704 | 1,889,483* | 1,734,711 | 223,398 | 374,993 |
| December... | 2,465,922 | 2,222,844 | 2,184,676* | 1,918,212 | 281,246 | 304,632 |
| TOTAL..... | 22,796,115 | 22,840,848 | 20,216,355* | 19,330,375 | 2,579,760 | 3,570,473 |

| PROJECTION TV SALES TO DEALERS | | | | | |
|--------------------------------|---------|--------|----------------|---------|----------|
| Month | 1988 | | Month | 1988 | |
| | 1988 | 1987 | | 1988 | 1987 |
| January..... | 21,830 | 21,266 | August..... | 19,077 | 27,555* |
| February..... | 16,899 | 22,364 | September..... | 44,676* | 34,725 |
| March..... | 22,156 | 22,403 | October..... | 31,066 | 41,031* |
| April..... | 15,657 | 15,029 | November..... | 32,115 | 26,779 |
| May..... | 19,648 | 15,652 | December..... | 40,237* | 31,142 |
| June..... | 19,347 | 18,316 | TOTAL..... | 301,784 | 293,084* |
| July..... | 19,076* | 16,822 | | | |

| VCR SALES TO DEALERS | | | | | | |
|----------------------|------------|-------------|------------|------------|------------|------------|
| Month | Total VCRs | | Decks | | Camcorders | |
| | 1988 | 1987 | 1988 | 1987 | 1988 | 1987 |
| January... | 820,063 | 1,009,071* | 738,769 | 923,138* | 81,084 | 85,933* |
| February... | 827,664 | 979,271* | 740,284 | 913,271* | 87,380* | 66,000 |
| March..... | 997,373 | 1,025,596 | 880,713 | 948,453* | 116,660* | 77,143 |
| April..... | 802,977 | 878,318 | 682,891 | 770,782 | 120,086* | 107,536 |
| May..... | 709,275 | 778,497 | 544,239 | 665,412 | 165,036* | 113,085 |
| June..... | 939,066 | 1,019,954 | 757,723 | 886,422 | 181,343* | 133,532 |
| July..... | 878,728 | 916,228* | 698,049 | 799,834* | 180,679* | 116,394 |
| August..... | 856,322* | 1,019,411* | 705,347 | 922,969* | 150,975* | 96,442 |
| September | 1,570,830* | 1,523,528 | 1,326,170 | 1,331,965* | 244,660* | 191,563 |
| October... | 1,375,944 | 1,516,339* | 1,169,398 | 1,334,481* | 206,546* | 181,858 |
| November... | 1,308,832 | 1,162,193 | 1,092,782 | 978,713 | 216,050* | 183,480 |
| December... | 1,705,181* | 1,477,593 | 1,411,845 | 1,226,406 | 293,336* | 251,187 |
| TOTAL..... | 12,792,255 | 13,305,999* | 10,748,210 | 11,701,846 | 2,043,835* | 1,604,153* |

* Record for period.

Story making rounds at Consumer Electronics Show is that Philips offered \$295 million for Zenith's consumer electronics operation, while Zenith was asking \$400 million. Philips reportedly was interested in Zenith's name, distribution and Mexico plant, and one industry executive estimated total cost of purchasing business might be closer to \$600-\$700 million, including restructuring costs on top of Zenith's asking price. Although story came from senior industry source, it couldn't be verified.

Sharp projects fiscal 1988 sales will reach \$7.7 billion, up 6.6% from year-earlier total. Company is aiming at sales of \$7.94 billion in fiscal 1989, Pres. Haruo Tsuji said. In 1988, overseas sales accounted for 46.9% of total and overall consumer electronics products for 59.7%.

STUDIOS LOSE HOTEL CASE: Hotels and motels may rent video software to guests without paying extra royalties to copyright owners, 9th U.S. Appeals Court, San Francisco, ruled 3-0 last week in major setback for Hollywood studios. Six-year-old pilot case involved LaMancha Private Club & Villas, Palm Springs resort that rents videodiscs to guests for playing in rooms. U.S. Dist. Court, L.A., summarily dismissed suit by 7 studios and CBS 3 years ago, saying viewing movies in hotel room is no different from watching at home (TVD Jan 6/86 p14).

Suit had claimed rental constituted public performance, violating home-use only limitation on discs. Besides CBS, copyright holders included Columbia, Disney, Embassy, Paramount, 20th Century-Fox, Universal, Warner. Spectradyn later joined appeal, claiming hotel video rentals would place its closed-circuit hotel PPV service at "such a serious competitive disadvantage that its very business existence would be threatened" (TVD June 23/86 p14).

MPAA was "not pleased" with decision, spokesman told us. "We believe it to be wrongfully decided, and we are presently considering our options." Spectradyn attorneys declined to comment. LaMancha owner Ken Irwin hailed ruling, saying he will continue to press his own suit against movie companies for blocking him from offering movie rental service to other hotels.

Pioneer's sales in U.S. increased 22% last year over 1987, according to Pioneer Electronics (USA) Pres.-CEO Setsujiro Onami, who expects double-digit increase this year as well. Projection TV has been big hit, and company can't meet demand even though it has added 2nd production site, he told us. Projection sets are being produced by Pioneer in China, Cal., and assembled as well by Harvey Industries in Athens, Tex. Although Pioneer is major direct-view TV brand in Japan, company now has only token presence in that field here. "We can't get the quality we want here," Onami told us, and dumping penalties preclude shipping from Japan. In addition to projection, he said company is back-ordered on receivers, home and auto CD players and speakers, hopes to catch up by March. Company introduced new line of marine audio equipment at Consumer Electronics Show.

Tandy reported consolidated net earnings rose 3.2% in 2nd quarter ended Dec. 31, on 7.7% higher sales (see financial table). Through first half, net increased 2.5% on 9.3% higher sales.

VCR, CAMCORDER TRENDS: Several hot new VCR deck and camcorder products were previewed at Consumer Electronic Shows, for availability in near future. At same time, many more brands were displaying TVs with built-in VCR decks and play-only VCPs. EIA is taking note of increasing VCP sales, seeking to develop program for statistics on them in 1989. These were among VCR, VCP and camcorder highlights of Las Vegas show:

Toshiba introduced new feature in high-end Super VHS-Hi Fi editing VCR with digital effects. It's a scanner, attached to recorder by cable, that looks like computer mouse but picks up printed material, drawings, etc., superimposing it on recorded picture in various colors and sizes. Recorder has wide variety of other digital effects, such as wipe, superimpose, negative image. Remote control unit has 83 buttons and jog-shuttle wheel. It will be available this summer at about \$1,800.

Other new Toshiba products include VHS Hi-Fi VCR with 4-band graphic equalizer and spectrum analyzer display and flying erase head, due in July at \$799. Toshiba is offering its first VCP, hi-fi model designed for viewing movies, with 2-speed picture search and slow motion, headphone jack with volume control at \$340.

Panasonic previewed new configuration for moderately priced VCRs -- bigger than recent "compact" chassis, with smooth bezel and woodgrain side panels, designed for on-screen programming, with small information window at right. Shown were 2-head and 4-head leaders in new style, prices not announced. Panasonic officials also said barcode scanner would be combined with remote control in some spring VCR models -- they currently are separate infrared devices.

NEC S-VHS recorder can store programs in memory by name. User can enter name or abbreviation for 2 shows, such as "Cosby" or "news," for each day of week, for semipermanent storage, call them up on screen and program them automatically at any time, without having to look up and program date, time, channel, etc. VCR is priced at \$1,499.

Sharp's Optonica line now has 3 VCRs with voice synthesis instruction in remote control unit, to instruct user with step-by-step voice commands on programming. Sharp also showed developmental "Voice Coach II," VCR that combines on-screen guide with synthesized voice from TV set's loudspeaker for programming instruction.

Zenith introduces "family friendly" VCR, first of its 1990 line, that includes on-screen prompts, auto channel search and tracking adjustment on remote control unit, at \$370.

Goldstar's introductions (TVD Dec 12 p18) include new VCP at \$310, AC-DC versions at \$330 and \$350. VCRs include digital PIP model at \$500 and top-end model with on-screen programming model at \$600. Goldstar will have 4-head VCR later in year.

Symphonic (Funai) showed 4-head VHS Hi-Fi VCR as part of stereo rack system, including CD player, 50-w per channel amplifier, graphic equalizer, \$799.

ToteVision's combination 8mm-5" color TV portable (TVD Jan 9 p15) will be available in 2 versions -- VCP-monitor at about \$700, VCR-TV at about \$759, for delivery in March.

Tandy's Memtek is supplying limited amount of VCRs and camcorders carrying Memorex name to Tandy name-brand stores (McDuff's). Official said company was pleased with reception in controlled distribution, hopes to expand use of Memorex name on hardware and accessories.

Shintom adds basic VCR at \$350, on-screen programming model at \$430 and hi-fi model with MTS at \$600.

Tatung showed its first hi-fi VCP at \$299.

Sanyo and Fisher demonstrated 20" color TVs with built-in VCRs and 2 tuners, but had no details on availability or price.

* * * *

New camcorders, in addition to those reported in previous issues, are highlighted by 2 JVC S-VHS-C introductions and spate of 8mm models using compact transport with smaller head drum.

JVC model with 4-page, 8-color, digital superimpose has 4-speed shutter, new 1/2" field storage type CCD pickup, 8:1 zoom, at \$1,995, delivery in Feb. Also introduced by JVC is first VHS-C model using full-sized head drum for semiprofessional market, all automatic functions having manual override.

Sanyo and Fisher both showed tiny compact 8mm camcorders with new small mechanism, each weighing less than 2 lb., in unique vertical design. Details on price and availability are to come. Ricoh and Kyocera also displayed 8mm camcorders using compact mechanism, both apparently identical to Sony model introduced last fall at \$1,850 (TVD Oct 10 p12).

Ricoh camcorder boasts 420,000-pixel 1/2" CCD pickup, 5-lux sensitivity, with digital effects, titling, 6-speed shutter, at \$1,899. Ricoh said it will continue marketing its camcorders exclusively through photo specialty dealers.

Kyocera 8mm, with same specs as Ricoh and Sony versions, is \$1,850.

Panasonic showed digital effects VHS camcorder with light sensitivity approaching 1 lux, 8:1 zoom, wipe and overlap effects, flying erase, built-in speaker, price to be announced.

Samsung and Goldstar both demonstrated full-sized VHS camcorders to dealers in private sections of their displays, promising spring deliveries. Daewoo showed VHS-C camcorder.

Olympus adds full-size VHS camcorder with 8:1 zoom, built-in character generator (29 pages), and new 8mm model with high-speed shutter.

Sharp, encouraged by reaction to its full-size VHS camcorder with 12:1 zoom, showed S-VHS-C version with same high zoom ratio, featuring digital superimpose in both positive and negative modes for titling. Sharp also demonstrated developmental camcorder with 1" color viewfinder using active matrix LCD with 70,000 pixels, about 8 times density of 3" color LCDs.

Panasonic enters personal word processor market with 2-piece model with 9" CRT and 3.5" disc drive, daisy wheel printer, spelling program that also functions as electronic typewriter, at \$800-\$900.

EIA HOME AUTOMATION DEMO: Seventeen companies participated in EIA's home automation exhibit at Winter Consumer Electronics Show in Las Vegas that included automated control of window blinds, appliances, Marantz stereo equipment, Dimensia color TV set, Tandy personal computer. EIA CEBus committee expects to have proposed standard written up shortly, with final version in place later this year. First products could come as soon as end of 1989, although several participating companies contacted were vague on their plans.

Standard encompasses data transmission over power lines, twisted pairs (phone lines) and coaxial cable through "bridge" devices that convert signals from one carrier to another. It employs 7-layer Open Systems Interconnection (OSI) approach to data communications, with "handshake" confirmation of command messages. Command signal incorporates network code that tells it what path to follow, will work with both IR and RF remote controls.

Standard is open to all companies, whether or not EIA members. Some form of licensing fee is expected to be imposed to cover cost of EIA work, including approval or disapproval of all products using eventual name of system on their faceplates. EIA will trademark name, and is running contest to find appropriate one. Original plans for Home Product Link (HPL) were dropped when Hewlett-Packard objected on ground it infringed on H-P product identification. EIA felt it would win any legal battle, insiders said, but backed off in interests of maintaining good relations with member company.

Sony, one of exhibit sponsors, will introduce CEBus-compatible products "when the consumer and distribution channels justify bringing out product," Corporate Engineering Dept. Mgr. Michael Watson said. He said this is "interim standard -- it is not set in concrete." Watson doesn't see starting out with manufacturers' introducing lines of CEBus-compatible products, but expects first penetration more likely through do-it-yourself channels such as Radio Shack, where user will buy simple CEBus controllers to tie in lighting, simple mechanical devices such as motorized shades, garage doors, etc., and building up system over time.

Competition is expected from American Home Builders Assn.'s (AHBA) Smart House project, proprietary system that requires special wiring and will cost substantially more to implement, according to EIA representatives. They said Smart House will appeal to new home buyers or affluent few with money to spend on retrofit.

EIA expects both systems to coexist, though, and some raise possibility both Smart House and CEBus will be built into components. "The differences [between systems] can be masked from the users' point of view," says consultant Ken Wacks. "We're not in a competitive situation. It's not one vs. the other." He said both approaches will be on display at Home Builders Show in Atlanta in late Jan.

Official of Parks Assoc., which has conducted 10 focus groups on CEBus in last 3 months, said "most homeowners appeared receptive and willing to endorse the concept and benefits of home automation" if system is easy to use and not inconvenient to lifestyle.

Compact Disc-Read Only Memory (CD-ROM) version of Manhole computer game has been introduced by Activision. Interactive game is available for \$60, plays on Apple Macintosh or compatible personal computer with CD-ROM drive.

'PHILIPS USA': Stressing its contribution to American economy, Philips has issued glossy new publication "Philips USA," pointing out such facts as: (1) Philips has more employees in U.S. (52,000) than combined top 10 Japanese electrical and electronics firms operating here. (2) Its gross capital investments in U.S. will total \$1.5 billion over next 5 years. (3) Philips' U.S. assets total \$3.4 billion and its facilities cover 17 million sq. ft. (4) Philips ranks among 100 largest U.S. manufacturers in sales (\$5.5 billion in 1987).

Philips Consumer Electronics, brochure says, is "one of the top 2 color TV manufacturers in the U.S. [and in 1987] produced over 2 million large-screen color sets in factories in Greenville and Jefferson City, Tenn., and Arden, N.C." Philips Display Components "produces about 3 million color tubes annually" and expects color data display tube market to grow at 10% annual rate.

Laser Magnetic Storage International (LMS), 51% owned by Philips, 49% by Control Data, has 45% of write-once optical-drive market, handbook says, along with nearly 40% of CD-ROM market, and has added 5-1/4" write-once drives to its 12" version.

Portable version of Nintendo Family Computer will be introduced in Japan in April. Priced at about \$100, computer will have 8-bit CPU, b&w LCD panel with 23,000 pixel display, use dry cell batteries and run videogame cartridges similar to those used with Family Computer. Nintendo plans monthly production of 300,000 computers and million cartridges at start. It will release 4 cartridge games in April and expects outside software suppliers to introduce first games in summer. It said portable computer will be displayed at Summer Consumer Electronics Show in Chicago in June and will be exported to U.S. by year end. Access to stock market information services in U.S. will be feature of Nintendo Entertainment System videogame when company introduces adaptor here later this year. Nintendo already is providing similar feature with its Family Computer in Japan through communications adaptor developed with financial firm Nomura Shoken. Adapter costs about \$150, total system \$260, in Japan.

Ads & Promotions: Sony is negotiating with McCann-Erickson and HDM Worldwide on consolidating its 8mm Handycam ad accounts on worldwide basis, according to published report... Thomson Consumer Electronics promotion offers \$50 factory rebates on purchases of RCA 27" Colortrak 2000 table models, selected VCRs and camcorders, and \$100 rebates on 27" Colortrak 2000 console or one of three 31" receivers. Promotion, in commemoration of 50th anniversary of TV broadcast in 1939, runs through March 5.

High-end 26-27" TVs are rated in Feb. Consumer Reports, which gives Hitachi, Panasonic, Magnavox and Sylvania models top scores, in that order, but notes that "any of the top 7 sets should be good choices" and praises "generally high quality" of pictures. It notes, however, that claims for horizontal resolution are "often overstated" in ads. Survey of 63,000 readers' service experience with 25-27" sets bought in 1985-1988 found fewest repairs needed on Panasonic, Sony, Toshiba and Quasar sets (all about equal).

U.S. companies lack technical and manufacturing capability to develop their own HDTV format for broadcasting and to produce receivers, Sony Pres. Norio Ohga says. "Want to do is not the same as what can do," he said. He said U.S.-Japan cooperation is necessary to help make HDTV reality.

COLOR TV IMPORTS UP: Color TV shipments to U.S. increased for most leading source countries in Oct., compared with year-earlier shipments, according to official Commerce Dept. import statistics (TVD Dec 26 p10), but data appear to be inflated because of statistical glitch. Mexico led in all major TV import categories, as it has for year.

Total color shipments were up for Mexico, Japan, Taiwan, Malaysia, Canada and China. It was first time since June 1986 that Japan showed increase as source for color TV imports, but numbers should be taken with grain of salt. According to Commerce official, TV chassis import category also includes many TV parts that are shipped with chassis, so total is greatly inflated. Mexico was top exporter of total color, complete color TV and color TV chassis and kits in Oct. and first 10 months.

Following are VCR and TV import totals by country for Oct. and first 10 months of 1988. No color set vs. chassis & kit breakdown is given for countries supplying negligible quantities of incomplete receivers for either period.

| | Oct. | % Chg. | 10 Months | % Chg. |
|-----------------|-----------|--------|-----------|--------|
| VCR | | | | |
| Japan.... | 1,063,300 | -17.0 | 7,220,700 | -23.5 |
| Korea.... | 251,000 | +71.1 | 1,811,400 | +41.5 |
| Taiwan... | 85,900 | +43.4 | 616,683 | +74.0 |
| Total TV | | | | |
| Japan | | | | |
| total... | 255,100 | +41.1 | 1,099,000 | -45.1 |
| color... | 250,000 | +92.9 | 980,300 | -36.1 |
| b&w..... | 5,100 | -90.0 | 118,700 | -74.6 |
| Taiwan | | | | |
| total... | 341,800 | - 9.7 | 2,297,200 | -34.4 |
| color... | 285,600 | + 0.7 | 2,031,000 | -28.5 |
| b&w..... | 56,300 | -40.7 | 266,300 | -59.6 |
| Korea | | | | |
| total... | 343,500 | -49.1 | 3,641,300 | -39.1 |
| color... | 169,200 | -51.1 | 1,740,000 | -38.0 |
| b&w..... | 174,200 | -47.0 | 1,901,300 | -40.0 |

Laserdisc players may appear in several new brands this year. In Las Vegas display, NEC showed combo LD-CD player with same audio system as its high-end \$1,000 CD player, Y/C output, dropout compensation, time base corrector, both freeze frame and freeze field for steady stills, provision for zooming in on any part of picture, RC 232 output for computer interface, due in Sept., still unpriced. Less certain about entering market are Mitsubishi, which is studying possibility, said Exec. Vp Terry O'Flynn, and Symphonic, which showed prototype player. Symphonic's Koshiro Hashimoto, asst. to pres., said company showed player to demonstrate its capability, but he didn't think it would be major product until prices hit \$399-\$499 area.

First-generation ACTV hardware will be in "preliminary operation" this month, with broadcast tests scheduled during first half, Thomson Consumer Electronics (TCE) Vp Joseph Donahue said at Consumer Electronics Show. First generation provides compatible widescreen transmission and better definition on single 6 MHz channel, and 2nd generation uses 2nd 6 MHz channel to provide HDTV. TCE has established engineering group at Indianapolis hq "to begin development work on a line of HDTV receivers for the 1990s," Donahue said.

Oct. % Chg. 10 Months % Chg.

Total TV (cont'd)

| | | | | |
|-----------|---------|--------|-----------|-------|
| Mexico | | | | |
| color... | 605,600 | +67.7 | 3,889,800 | +41.4 |
| Singapore | | | | |
| color... | 125,600 | -11.6 | 934,300 | -19.1 |
| Malaysia | | | | |
| color... | 46,700 | +48.3 | 642,600 | -13.4 |
| Hong Kong | | | | |
| total... | 22,800 | -47.0 | 228,400 | -35.4 |
| color... | 15,300 | -11.3 | 94,200 | -53.3 |
| b&w..... | 7,500 | -74.0 | 134,200 | -11.4 |
| Canada | | | | |
| color... | 13,800 | +75.7 | 70,500 | -13.0 |
| China | | | | |
| total... | 59,400 | +94.9 | 155,200 | +58.4 |
| color... | 13,900 | +502.7 | 46,300 | -34.0 |
| b&w..... | 45,500 | * | 108,900 | * |

Complete Color

| | | | | |
|-----------|---------|--------|-----------|-------|
| Japan.... | 19,200 | -49.9 | 157,500 | -70.3 |
| Taiwan... | 155,400 | -37.3 | 1,609,300 | -34.1 |
| Korea.... | 104,700 | -43.3 | 1,301,300 | -17.5 |
| Singapore | 55,800 | -12.4 | 497,200 | +21.7 |
| Hong Kong | 15,300 | + 8.6 | 94,200 | -52.3 |
| Mexico... | 295,900 | +56.3 | 2,242,500 | +77.3 |
| Malaysia. | 46,700 | +48.3 | 642,600 | -13.4 |
| Canada... | 13,800 | +75.7 | 70,500 | - 9.6 |
| China.... | 13,900 | +502.7 | 45,300 | -35.4 |

Color Chassis & Kits

| | | | | |
|-----------|-----------|--------|-----------|-------|
| Japan.... | 230,800** | +153.0 | 822,800 | -17.9 |
| Taiwan... | 130,200 | +266.7 | 421,600 | + 5.4 |
| Korea.... | 64,500 | -60.2 | 438,700 | -64.4 |
| Singapore | 69,800 | -10.5 | 437,100 | -41.4 |
| Mexico... | 309,700 | +80.2 | 1,647,300 | +16.3 |

* No significant shipments in 1987.

** Includes parts other than TV chassis.

Note: Some totals may not add due to rounding.

Add new TVs announced in Las Vegas: Zenith, as first 1990 model, previewed new 20" Custom series TV with wireless remote and MTS stereo at \$400... Panasonic showed 13" AC-DC set with wireless remote and sleep timer and 51" projection TV with more than 500 lines of horizontal resolution, dual black matrix screen, Surround Sound, prices not yet announced... Goldstar 13" remote TV, previously reported as unpriced (TVD Dec 12 p18) is \$330.

Canon "Zapshot" still video camera is first to use new high-band still video standard, and pictures demonstrated at Consumer Electronics Show showed good quality and detail. As previewed last fall (TVD Sept 26 p14), small stylized camera weighs just over 1 lb., has f2.8 lens, 1/2" CCD sensor, built-in flash, will be available here in March for less than \$800 list, or under \$1,000 including all accessories needed for recording and playback.

Orion Electric, which is building color tube plant in Korea in joint venture with Chinese partner (TVD Jan 9 p15), is subsidiary of Korea's Daewoo and isn't related to Orion Electric of Japan or its subsidiary Orion Electric (America) Inc., which owns TV plant in Princeton, Ind., despite identical names. We regret the confusion.

Consumer Electronics Personals

Wallace Fraser advanced from Quasar mktg. gen. mgr. to gen. mgr.-national accounts and special mkt. sales, new post; Hiro Hoshika, ex-Matsushita Electric Trading, moves to Quasar Video Recorder Div. as mdse. mgr... Kenneth Nees named senior vp, Sony America and Sony USA, continuing as corp. secy. for both firms; Harry Taxin, ex-Hughes Aircraft, joins Sony's new Technology and Engineering Operation in San Jose as pres.; Taxin also named Sony America senior vp; David Fritz, former division counsel, promoted to Sony America law dept. group counsel, new post.

Robert Pierce, Aiwa America sales and mktg. vp, promoted to sales and mktg. senior vp; Takeo (Ted) Ikegami, corp. secy.-dir., advanced to Aiwa mktg. and corp. planning vp... Seiko Instruments USA Pres. Hiroshi Fukino moves chmn.-CEO, succeeding Reinosuke Hara, who continues as pres., Seiko Instruments parent in Japan and on Seiko Instruments USA board; John Rehfeld, ex-Toshiba America, succeeds Fukino as pres.-COO.

Robert Hammer resigns as Telequest chmn.-pres.-CEO to pursue other business interests; he continues on board, succeeded by Eric Geis, Telequest founder and former pres... Dean Shulman, sales and mktg. dir., Brother International Consumer Products Div., promoted to mktg. vp... Thomas Shaeffer, Marantz product development dir., advanced to product development vp... Herbert Criscito resigns as Harris Semiconductor worldwide sales vp after 2 weeks in position, reportedly because of management differences... David Carlson advanced to K mart corp. information systems senior vp from corp. information systems vp; Jay Scussel, management information systems vp, promoted to systems development vp... Allen Jay, Orion Industries regional salesman, moves to national sales mgr.

Seth Willenson, ex-New Line senior telecommunications and strategic planning vp and Paramount TV & Home Video acquisitions vp, named Radio Vision International COO... Colin Medlock departs as vp of East Coast Video Show organizers Video Dealers Assn., can be reached at 212-519-8660... Keith Wood promoted to operations and administration vp, Fries Home Video... Gina Draklich advanced to Vidmark mktg. dir. for home video, theatrical and international, new post... Promotions at Video Store Magazine: David Shaw to publisher, Anne Leyden to national sales mgr.

8mm Hi-Band camcorder introduction here will come in April at earliest, according to Japanese sources, which say Canon's version -- shown to dealers at Consumer Electronics Show (TVD Jan 16 p15) -- will carry premium of less than 20% over similar standard 8mm models. One of big holdups is said to be tape -- in demonstration Canon used metal evaporated (ME) tape said to have been supplied by Sony. Tape makers say ME tape would cost about \$160 per cassette (including normal markup) if supplied now, and manufacturing process makes it difficult to reduce costs, so they are developing higher permeability metal particle (MP) tape, which currently seems inferior to ME for purpose but which has good potential for improvement.

Motorola filed suit against Hitachi, charging unfair competition and patent infringement in sale of Hitachi microprocessors that use Motorola technology. In filing in U.S. Dist. Court, Chicago, Motorola seeks injunction to stop alleged unfair competition and patent infringement, as well as monetary damages to be determined by court.

Financial Reports of TV-Electronics Companies

These are latest reports as obtained during past week. Dash indicates information not available at press time. Amounts expressed in dollars. Parentheses denote loss.

| Company & Period | Revenues | Net Earnings | Per Share |
|-------------------------------|----------------|---------------|-------------------|
| General Electric | | | |
| 1988-year to Dec. 31 | 38,820,000,000 | 3,386,000,000 | 3.75 ^a |
| 1987-year to Dec. 31 | 39,315,000,000 | 2,915,000,000 | 3.20 ^b |
| 1988-qtr. to Dec. 31 | 12,300,000,000 | 1,011,000,000 | 1.12 ^a |
| 1987-qtr. to Dec. 31 | 12,036,000,000 | 398,000,000 | .44 ^b |
| King World Productions | | | |
| 1988-qtr. to Nov. 30 | 136,500,000 | 28,400,000 | 1.12 |
| 1987-qtr. to Nov. 30 | 97,500,000 | 22,800,000 | .78 |
| Lee Enterprises | | | |
| 1988-qtr. to Dec. 31 | 70,124,000 | 11,063,000 | .44 |
| 1987-qtr. to Dec. 31 | 65,533,000 | 10,500,000 | .42 |
| Meredith | | | |
| 1988-6 mo. to Nov. 30 | 386,358,000 | 21,046,000 | 1.10 |
| 1987-6 mo. to Nov. 30 | 318,209,000 | 36,614,000 | 1.92 ^c |
| 1988-qtr. to Nov. 30 | 195,853,000 | 10,387,000 | .54 |
| 1987-qtr. to Nov. 30 | 174,160,000 | 14,681,000 | .77 ^d |
| Park Communications | | | |
| 1988-year to Dec. 31 | 160,357,000 | 19,098,000 | 1.38 |
| 1987-year to Dec. 31 | 149,427,000 | 17,071,000 | 1.24 |
| 1988-qtr. to Dec. 31 | 42,980,000 | 6,395,000 | .46 |
| 1987-qtr. to Dec. 31 | 41,338,000 | 6,065,000 | .44 |
| Raytheon | | | |
| 1988-year to Dec. 31 | 8,192,000,000 | 489,600,000 | 7.35 |
| 1987-year to Dec. 31 | 7,659,000,000 | 445,100,000 | 6.12 |
| 1988-qtr. to Dec. 31 | 2,209,000,000 | 127,300,000 | 1.92 |
| 1987-qtr. to Dec. 31 | 2,137,000,000 | 117,900,000 | 1.69 |
| Tandy | | | |
| 1988-6 mo. to Dec. 31 | 2,339,614,000 | 199,959,000 | 2.23 |
| 1987-6 mo. to Dec. 31 | 2,141,119,000 | 195,035,000 | 2.17 |
| 1988-qtr. to Dec. 31 | 1,402,661,000 | 135,050,000 | 1.50 |
| 1987-qtr. to Dec. 31 | 1,302,893,000 | 130,780,000 | 1.46 |
| United Cable TV | | | |
| 1988-6 mo. to Nov. 30 | 148,449,000 | 4,011,000 | .09 ^e |
| 1987-6 mo. to Nov. 30 | 125,093,000 | (5,797,000) | --- ^b |
| 1988-qtr. to Nov. 30 | 75,813,000 | 469,000 | .01 |
| 1987-qtr. to Nov. 30 | 64,052,000 | (5,130,000) | --- ^b |
| Westinghouse | | | |
| 1988-year to Dec. 31 | 12,499,500,000 | 822,800,000 | 5.66 |
| 1987-year to Dec. 31 | 11,332,000,000 | 900,500,000 | 6.23 ^d |
| 1988-qtr. to Dec. 31 | 3,648,200,000 | 248,700,000 | 1.71 |
| 1987-qtr. to Dec. 31 | 3,293,000,000 | 273,000,000 | 1.87 ^d |

Note: ^aPreliminary. ^bAfter special charge. ^cRestated; includes special credit. ^dRestated. ^eIncludes special credit.

Mergers & Acquisitions: GE and GEC of U.K. agreed to merge their European household appliance businesses in 50-50 joint venture to be managed by GEC. They also merged their European medical electronics operations into venture that GE will control, and agreed to combine other electrical equipment business. Formation of joint ventures will cost GE \$580 million... Shamrock Holdings, which acquired Music Plus chain last year and is pursuing hostile takeover of Polaroid, said it had agreement in principle to purchase Sound Warehouse for \$132.5 million... IVE and Lieberman parent Live Entertainment signed letter of intent to buy Strawberries home entertainment chain parent Beckzack Corp., reportedly for \$40-\$50 million cash.

Chinese govt. will tighten control over domestic production of color TV sets, VCRs and other consumer electronic products that are in high demand in move to cool off "overheated" industries, China Daily reported. Production control measures will be adopted over 2-year period. Meanwhile, China said its imports of TV sets in Nov. rose 102.9% to 71,000.

TELEVISION DIGEST®

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With Consumer Electronics

JANUARY 30, 1989

VOL. 29, NO. 5

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

NATPE 'PLEASANTLY SURPRISED' by attendance for Houston show. Had expected downturn, instead lodges record attendance of 7,678. Lively panel on 'TV with a Bite.' (P. 1)

MST PROPOSES TASK FORCE on HDTV at FCC, to beef up Commission's technical capabilities and promote new technology. Congressional funding sought. (P. 4)

MEDIA EVANGELISTS MEET: Ethics and financial propriety top issues for 46th annual convention of National Religious Bestrs. (P. 5)

PRESSLER PUSHES ACCESS: Senator introduces bill to bar cable exclusive distributorships and volume discounts. Wireless cable, other cable competitors would benefit. (P. 6)

FCC BRANDED FAILURE: Time, Inc. says FCC's 2-year quest for evidence upon which to find support for eliminating cable-telco cross-ownership policy has failed, in reply filed at Commission. GTE focuses on separation standards. (P. 6)

HOT DEBATE AT NATPE: Regulatory panel launches convention off to unusually lively start. NCTA's Fox fights off attacks on cable. Panelists also square off on telco, fiber optics, finsyn, prime-time access issues. (P. 7)

MINORITY MALES LAG: Women said getting more jobs in cable and broadcast, say panelists at FCC conference on EEO in broadcast and cable. Agency releases report. (P. 8)

NATPE 'PLEASANTLY SURPRISED' BY SHOW ATTENDANCE: NATPE officials had been expecting drop in attendance for its 26th annual convention in Houston last week, but were "pleasantly surprised" when record number of 7,678 had shown up by our deadline with show still half day from ending, Pres. Philip Corvo said. This beats last year's figure of 7,538 -- also in Houston's Brown Convention Center. Corvo attributed unexpected showing to increase in international distributors and stronger than expected domestic attendance.

However, all wasn't sweetness on exhibit floor where, according to reports we received, very few stations were buying programming. Delegates also "were leaving by the hundreds" day before convention ended, according to NATPE board member, and 2 govt. panels early in convention (see separate story elsewhere in this issue) were very poorly attended.

"Everybody had already bought [programming] before they got here, so there's nothing going on" in exhibit area, according to veteran NATPE-goer. Added James Johnson, pres.-gen. of KFTY-TV Santa Rosa, Cal.: "They're [programmers] not paying for their suites on what we're paying for product." Still another comment: "All the glitz is gone and NATPE conventions no longer are the fun they used to be." In fact, NATPE had no scheduled evening affairs.

Consumer Electronics

1989 STARTS STRONG in TV and camcorders, but projection and VCR decks lag in first 2 weeks. (P. 10)

HDTV GETS HIGH PRIORITY with Commerce Secy. nominee Mosbacher, who pledges govt. action to help industry. Pentagon extends deadline on R&D bids. (P. 10)

MAJOR VHS-C AD CAMPAIGNS in works by Panasonic, JVC, probably others to combat 8mm inroads in camcorder. Panasonic sizes up personal video. (P. 12)

U.S. FIRM READIES home LCD projection TV system for late 1989. LCD display 'inexpensive enough to be in every home' is goal of Projectavision. (P. 13)

SILICON VALLEY tackles IDTV, displays and 'new material' claimed to revolutionize picture. (P. 13)

'GENIUS VCR,' SmarTV automatically tapes desired programs. Market test promised in month. (P. 15)

SONY EXPANDS in U.S., establishing San Diego hq for consumer TV business and expanding tube plant to make computer monitors. (P. 15)

BATTLE OVER FMX system explodes as Bose says tests show it's flawed. FMX in turn calls tests flawed. (P. 16)

TDK NET UP 23% in year ended Nov. 30 on 5.1% higher sales. Audiovox net plunges 95.5%. (P. 16)

"There really isn't a whole lot of stuff out there to buy, and what there is had been sold hard in advance," said A.R. VanCantfort, WSB-TV Atlanta program mgr. Syndicator told us that NATPE no longer is place to introduce new programming -- that screening group of about 120 stations in Dec. and INTV in early Jan. have superseded NATPE as prime programming markets. And, he said, "you have to have the big groups or network owned stations going in." Another major exhibitor said his company spent "a quarter of a million dollars" at NATPE last week -- bringing in 38 people. Why? we asked; the answer: "The herd instinct."

But at least one NATPE exhibit managed to excite interest on floor -- attachment to TV set called VEIL (Video Encoded Invisible Light) that allows viewers to shop at home without using telephone. Being marketed by TeleRep, it sells for \$60, also enables viewers to play along with game shows or print out coupons. VEIL was developed by Interactive Systems Inc., which originally intended system for interactive children's programs. TeleRep plans to put system on-line in 10 markets next Nov.

Keynote speaker, Walt Disney Co. Chmn.-CEO Michael Eisner, said American TV is "the finest and best in the world," despite its deficiencies. He said TV serves needs of American public much better than "a highly regulated industry -- as is the case in most countries." He said entertainment industry is 2nd only to aircraft industry in trade surplus in overseas dealings. He called "the American dream our best export." In 25 years of producing programming, Eisner said, he "never considers for a microsecond what the government might think" in deciding what to produce.

Eisner also said "opportunistic TV is one drug that is easy to say no to," predicting such programming soon will disappear from American TV screens. He called such programming "gutsy, smutty and glitzy." Instead of airing such shows, he urged broadcasters "to aim for quality and not a quick ratings fix... Quality makes money." At news conference following speech, he said trash TV is a commodity of diminishing returns, constantly demanding greater value to sustain itself.

Panelists on "TV with a Bite" agreed that at times "tabloid" or "trash TV" (also known as "CRUD-TV," "CRAP-TV" or "JUNK-TV") goes too far in attempts to attract audiences. However, 4 panelists connected with such programming defended their overall output and were critical of newspaper coverage. Said Morton Downey Jr., host of show carrying his name: Newsweek put Geraldo Rivera on its cover, "so that means it's a trash magazine."

Maury Povich, host of Current Affair, said "at times we all go too far" but that's better than "not taking the risk at all." Burt DuBrow, producer of Sally Raphael Show (he was fill-in for her on panel) said "we on occasions have gone too far." When asked question, Downey first said he didn't know because "we haven't gotten there yet." Later, he agreed with Povich and DuBrow that Downey show has crossed line on occasion. When that happens, Povich (who was appearing via satellite from N.Y.) said, audience can "use the clicker" to tune out if show is offensive. He said he has much control over whether particular episode is appropriate and should or shouldn't be aired. Panelists cited examples of shows already on tape that weren't aired.

Asked by moderator Charles Rose of CBS's Nightwatch if he was abrasive, Downey replied: "Am I out there to titillate? Sure... I am sleaze. I am slime... I don't take any crap... My loud mouth is my base." But, he insisted, "I know how far to go," noting there never has been nose broken on his program, as occurred to Rivera on his show. When asked whether current trend toward such stuff -- which Eisner attacked as "fad" -- has positive or negative impact on TV in general, panelists agreed it was a little bit of both.

This prompted Rose to ask audience to applaud to question whether such material had gone too far. Applause was about equal, may have leaned slightly toward "too far." Loreen Arbus, producer of Crimes of Passion, said such programs constitute "new trends afoot." She said print media are wrong in criticizing such programming, said they can and do "make a difference." Povich said "I don't mind wearing that badge" of tabloid TV, saying such shows are breaking new ground for TV. DuBrow said Raphael announces "right up front" when program includes material that might be considered offensive. Downey said similar announcement is made at start of all his programs.

Povich compared his program with 60 Minutes when it started 20 years ago, saying Current Affair is "news oriented." He also criticized print for attacking such material, declaring that many stories originating on such shows later wind up on front pages of newspapers and in networks' evening news. Panel barely addressed one touchy subject: Fact that many major advertisers refuse to buy time on such programming.

Networks' meetings at NATPE with affiliates went quietly, as did those of independent stations, cable, public broadcasting, low-power TV stations. NATPE Dir. Rick Reeves, WCPO-TV Cincinnati (moderator),

announced at start of CBS meeting that session was closed to press (departure from previous years) -- which 4 CBS executives told us later came as surprise to them. (We couldn't reach Reeves for comment.) We're told meeting was very routine, with only one question -- about program Beauty & The Beast. Subject of CBS's new position on compensation didn't come up. Independent stations couldn't get any program syndicators to appear on panel -- so they seated 2 dummies on platform behind microphones.

NBC TV Network Pres. Pier Mapes told affiliates that business is better than expected and that so far this year network is ahead of projections. He said NBC's prime-time rating performance has been "awesome," noting that network has won 31 straight weeks. David Lane of WFAA-TV Dallas, chmn. of ABC affiliates board, discussed negotiations with network on compensation, said ABC "has presented no plan to reduce compensation" and, he said, "at this point" network has no plan to regain spots from affiliates -- which he said "is just another way to cut compensation."

However, he said, both subjects could be brought up at regional meetings of ABC affiliates next month in Dallas and Orlando. Based on his talks with NBC affiliates, Lane estimated that NBC's recent recapture of spot time from affiliates cost stations \$200,000-\$500,000. He blamed much of networks' audience erosion on preemptions, said this is long-time problem.

At panel on "Can News and Programming Work Together?" participants agreed they must do so of necessity. "Previously, news took and gave nothing back," Steve Currie of KOIN-TV Portland, Ore., said. "It was a one-way street." He said KOIN-TV now is using "down-time" of news personnel with "excellent results." Asked WAVE-TV Louisville News Dir. Ed Godfrey: "Do we really have a choice?" Along with WAVE-TV Program Dir. Russell Read, he said that all station departments are encouraged to work together as morale booster and that their station's projects "more and more" involve all departments from beginning.

"Yes, but it's not always easy," KDKA-TV Pittsburgh Program Dir. Jane Adair said. She said news projects are "short term," while other station goals are more long term and news personnel often aren't available when needed. Adair said tough fact for program departments to accept is that local news is stations' most important output. KDKA-TV News Dir. Jayne McInerney agreed, saying that future of any station depends on news, programming and other departments' relying on each other.

Home video isn't threat to broadcast and cable, Paramount Video Div. Pres. Robert Klingensmith said at another panel. He cited research showing less than 3% of all TV viewing is of home video programming. Klingensmith indicated home video exposure isn't likely to diminish public's appetite for programs on TV because studies by Fairfield Group have shown consumers will watch same movie several times. Fairfield found 1/3 of video rentals are watched more than once during rental period, he said, while purchased cassette is viewed average of 9 times per household. TV ads from home video suppliers have increased 700% in last 4 years, Klingensmith added.

In other news, Disney's Eisner revealed at his news conference that company, which currently owns KHJ-TV L.A. (purchased last year from RKO General), hopes to acquire other stations but will wait until costs of properties drops. He said international opportunities for Disney are "enormous," but didn't elaborate. He also said it's "extremely important" to assure health of 3 commercial broadcast networks, to which Disney sells much programming, calling networks production industry's "one-stop shopping mall." Richard Frank, pres. of Disney Studios, said that despite smaller audience shares, advertisers still recognize that only place to get large audiences is through over-air networks.

NATPE switched from hotel suites to exhibits in 1981, and for several years some dozen programmers refused to move to floor. Last to acquiesce was Warner Bros. TV, which did so this year. NATPE charged only \$6 per sq. ft., much less than other trade associations. This year, there were no officially sanctioned hotel hospitality suites, although many programmers were selling and entertaining in hotels, Corvo acknowledged: "We can't control that."

Asked about conflict next year between NATPE Jan. 16-19 convention in New Orleans and NAB board meetings in Naples, Fla., Corvo told us: "I had no idea when their board meetings are... We'd better start exchanging schedules." NAB says its meetings were scheduled first, but Corvo said NATPE couldn't change now. Most NAB TV board members, along with its president and several staffers, regularly attend NATPE -- and several were on NATPE panels this year.

Convention received extensive local coverage in Houston media, plus much on national scale, such as spread in Wall St. Journal. CBS's 48 Hours had crew in town for 48 hours taping segment for upcoming

program. While Eisner keynote session drew record NATPE audience of more than 2,000 (walls were lined with standees), ABC affiliates session was very poorly attended, as were FCC/congressional panel and session on hot regulatory issues. Both were held in very large rooms, which were about 10% filled.

MST PROPOSES GOVT.-FUNDED HDTV TASK FORCE: Congress should fund HDTV Task Force to be added to FCC staff, Assn. of Maximum Service Telecasters (MST) said in reply comments filed with FCC Jan. 23. Advanced TV Test Center (ATTC), meanwhile, set Oct. start for testing proposed HDTV systems, and FCC's Advanced TV Advisory Committee okayed its submission to House Telecom Subcommittee Chmn. Markey (D-Mass).

Political maneuvering on HDTV continued last week, with most of questions focusing on whether and how govt. should fund work (see related story in Consumer Electronics section). Commerce Secy. nominee Robert Mosbacher gave high priority to HDTV in his Senate confirmation hearing and other Commerce officials said Dept. may have to seek appropriation to at least provide "seed money" for research and development.

MST-proposed task force would be similar to UHF Comparability Task Force set up at FCC in mid-1960s, according to filing. Task force would "overcome the budget constraints that have prevented the Commission from devoting the resources necessary to meet the HDTV challenge," MST said, and "restore some of the technical capabilities that have been reduced by recent budget cuts."

MST will recommend that Congress appropriate funding for new task force in its Feb. 1 "action memo" submission to Markey, Vp Gregory DePriest said. Proposal probably won't include specific dollar figures, he said, but he estimated task force would be similar in size to UHF group, which included 5-10 engineers, economists, social scientists, with funding of several million dollars.

Task force responsibilities, MST said, would include: (1) Conducting spectrum and receiver studies. (2) Providing guidance to Advanced TV Test Center. (3) Participating in work of FCC Committee. (4) Coordinating with other govt. agencies. (5) Making recommendations on legislation. "The time has now come for the Commission to be more deeply involved in HDTV developments and issues," MST said, but it indicated agency hasn't been able to do so because of "budget constraints that have prevented the Commission from devoting the resources necessary."

Filings by MST and others repeated call for "early, firm declaration that a unified [HDTV] standard will ultimately be selected." NAB, NCTA and others said FCC should avoid too-quick decision on HDTV allotment and spectrum issues. NAB agreed delay would cause "spectrum opportunity costs," but said they're short term and "pale in comparison to the long-term costs to the TV broadcast service and to the public should the broadcast service not achieve parity" with other HDTV media.

Commenters remained divided on open architecture HDTV receivers. Nynex said open architecture would allow broadcast, cable and satellite delivery systems to carry HDTV format best suited to it. But NAB said open architecture "is simply an escape from the paramount critical need to adopt a single standard for terrestrial HDTV broadcasting." Broadcasters and cable industry were somewhat split. HDTV could have adverse impact on low-power TV (LPTV), NAB acknowledged, but it said "we must insist that complete HDTV implementation for full-service TV stations have priority over the needs of secondary LPTV stations." In previous comment round, Channel America LPTV Holdings said broadcasters should be limited to 6 MHz channels for HDTV.

NAB also discounted transitional allotments of spectrum for mobile services and provision of additional spectrum for advanced digital radio. Land Mobile Communications Council had suggested 10-year transitional allotment of TV spectrum to land mobile radio service, but NAB called that "completely unjustified, unrealistic and not to be taken seriously." National Public Radio said FCC should consider additional spectrum for advanced digital radio in overall spectrum review, but NAB said FCC already has enough to consider and "the undocumented spectrum needs... are beyond the scope of this proceeding."

Oct. start date for full-scale tests of HDTV systems represents "leap of faith," ATTC Exec. Dir. Peter Fannon said, because ATTC is just beginning to order test equipment. Key question is availability of comparable test material, Fannon said. ATTC wants to test same material -- including still pictures, footage originating from 35 mm film and material shot live with HDTV equipment -- on all proposed HDTV systems. Problem is that transferring process among different HDTV formats could affect results and it's difficult to find way to shoot live material simultaneously in different formats, officials said.

Details of FCC Advisory Committee report weren't immediately available, but Chmn. Richard Wiley indicated it's general document that "just raises the major issues Congress should consider." He said report can't make decision whether HDTV is crucial to U.S. economy or just one of many new technologies and one that isn't guaranteed to succeed. Committee members said all information and analysis available on subject is "highly speculative and provided by highly interested parties." Report was approved unanimously and almost without discussion by steering committee.

N. American Philips in its reply comments to Commission, meanwhile, argued that FCC has enough evidence to make tentative decision on amount of spectrum needed for HDTV. Philips said half-channel augmentation system similar to company's "provides the optimal solution for terrestrial broadcasting" of HDTV. Philips also said it doesn't seek or expect final spectrum decision immediately, but "we do not think it premature to suggest that the Commission begin to favor" half-channel augmentation. Imposition of mandatory HDTV receiver standard would hinder industry and make U.S. manufacturers less competitive, Philips added. Agency simply should impose transmission standard, company said, and all other decisions, including receiver design, would follow. Company said single worldwide HDTV production standard isn't likely to emerge, so U.S. should select one that's most appropriate for its consumers.

MEDIA EVANGELISTS MEET: Ethics and financial propriety are likely to be major issues at 46th annual convention of National Religious Broadcasters (NRB) in Washington scheduled to begin Jan. 28, and continue through Feb. 1. Discussion is expected to be generated by looming Feb. 15 deadline for applications for NRB's new mandatory Ethics & Financial Integrity Commission (EFICOM) (TVD Feb 8 p2), which requires larger nonprofit ministries to have independent boards with majority of nonfamily/nonministry members, among other changes.

Earlier, voluntary ethics requirements for religious broadcasters came under attack last year on Capitol Hill following televangelist scandals. But NRB Exec. Dir. Ben Armstrong questioned whether all TV and radio religious broadcasters are "ready to accept self-regulation and abide by a strict code that may demand internal changes. It's one thing to vote for a commission to enforce standards of financial integrity and accountability. It's much harder for a member to change his organization's financial systems or structure her ministry's board of directors."

Convention comes as IRS and Congress continue scrutiny of industry. IRS told House Ways & Means Oversight Subcommittee last month it's conducting 2 criminal investigations involving undisclosed "prominent" TV evangelists and 3 others involving "lesser known" such figures. Expected highlights of convention are Feb. 1 speech by President Bush at 11 a.m., Jan. 30 address by Vice President Quayle at 12:30 p.m., both at Sheraton Washington Hotel. Among other features will be Jan. 31 FCC lunch that usually is attended by most commissioners, and TV plenary session later that day, addressed by former CBS Pres. Arthur Taylor and antipornography activist Donald Wildmon.

Following lead of National League of Cities (NLC), U.S. Conference of Mayors' Transportation & Communications Committee voted to seek to free telcos from restrictions on providing cable in their local areas. Resolution to that effect, and also on revamping 1984 Cable Act, is to be prepared over next few months for consideration by Mayors' full membership meeting in Charleston, S.C., in June, Asst. Exec. Dir. Gerard Lederer said. He said Mayors and NLC are "charging under the same general [Tucson Mayor Thomas Volgy] and we all feel comfortable about that." Cable officials continue to downplay municipal moves as saber rattling and note that incoming NLC Pres. Terry Goddard, mayor of Phoenix, has said that cable won't be on NLC legislative agenda this year, despite Volgy's statements to contrary.

President Bush made first moves last week to improve relations with news media, holding informal news conference in White House briefing room on last working day of his first full week in job, inviting some reporters to Oval Office for informal meeting and surprising 2 reporters with invitation to sit down for formal interview. Moves were deliberate effort on part of Bush's handlers to distance new executive from former President Reagan's tactics of avoiding media. Idea apparently is to develop more casual and productive relationship with reporters. But his news conference still was surprise, and came with only hour's notice for networks, as little as 15 min. for other reporters. NBC's Tom Brokaw called it "spontaneous and unrehearsed." Bush said that he merely wanted to drop in on reporters and that "it's been a full week since the inauguration and I just wanted to stop by and give you an update." Three major networks and CNN carried morning event live, calling in anchors to handle reports (CBS's Kathleen Sullivan substituted for Dan Rather, reported "abroad on assignment"). White House views tactic as experimental, Bush spokesman Marlin Fitzwater said, although more such conferences are certain. There was outcry about Bush's "mininews conference" from reporters not invited, which Fitzwater sought to deflect: "Every pool is unfair. No matter how big it is or who's in it, it's unfair because everybody's not in it." But alternative may be fewer meetings between Bush and media. "If we do anything that all of you say is crazy or crummy, we'll stop doing it; we'll try some other things," Fitzwater said.

Ku Klux Klan (KKK) has sued Kansas City govt. on city's decision to return to cable operator public access channel -- over which city has no editorial control -- rather than allow carriage of KKK programming. Suit had been expected. Cable operator, partnership of TCI and ATC, switched channel to local origination channel as part of agreement with city. Difference between 2 channel types is that cable operator retains control over local origination channel. Cable operator then denied KKK program carriage, but counteroffered opportunity to have weekly guest appearances on local origination programs.

Former NCTA Pres. David Foster returns to communications industry, joining In-Washington Assoc. to offer series of one-hour specials -- "Over-60 World of Art Linkletter" -- featuring Linkletter in appearances before audiences of seniors. Series includes features showing seniors in "unique vocational and recreational activities." In-Washington is headed by Charles Fagan, long-time Linkletter associate. In recent years, Foster has run restaurant on Md. Eastern Shore. Contact: Box 1093, Easton, Md. 21601, 301-820-8686.

PRESSLER PUSHES ACCESS BILL: Legislation to outlaw volume discounts and exclusive distributorships for cable TV programming was proposed Jan. 25 by Sen. Pressler (R-S.D.). Bill had been promised but was broadened from original version he had offered as amendment to scrambling bill (S-889) in 100th Congress.

Bill is first move in debate on variety of cable industry issues that's expected to figure prominently on Capitol Hill next 2 years. Measure targets "significant horizontal concentration of power" among cable MSOs and industry's "very significant vertical integration," Pressler told news conference. Same concerns are expected to drive hearings promised by Senate Antitrust and Communications Subcommittees and House Telecom Subcommittee, and hearings being considered for House Judiciary Committee and House Govt. Information Subcommittee.

Bill would prohibit programmers from using volume discounts as way to price offerings out of reach of alternative video distributors. "Any refusal to sell would have to be based on a rational, independent business decision," Pressler said, "not because the buyer is a competitor of the programmer's parent cable company." Senator at last min. removed language seen by so-called "wireless cable operators" (MDS, MMDS, SMATV) as weakening bill. Deleted provision would have permitted programmers to refuse to cut deals with alternative operators when it wasn't in their "self-interest" and decision was based on "independent, rational, business judgment."

Cable operators would be barred from entering exclusive distribution contracts for programming for their franchise areas unless they had no competition from alternative distributor or unless particular programming wasn't needed for alternative operator to "compete effectively" with cable system. Measure is designed to ease program access concerns of wireless cable, DBS, operators of cable overbuilds, dish programmers and fiber optics systems, bill says.

Programmers wouldn't be required to make their fare available to alternative technologies, Pressler assured cable representatives at news conference. Mandatory access requirement was key concern in satellite TV bill offered in 99th and 100th Congresses. But program marketplace clearly isn't working because few 3rd party distribution agreements have been reached, Pressler said.

Pressler said he already has asked Committee Chmn. Hollings (D-S.C.) and Communications Subcommittee Chmn. Inouye (D-Hawaii) for hearings, expects request to be granted. Concerted effort to obtain co-sponsors for bill also is under way, he said, with early focus on cable's main Senate opponents -- Gore (D-Tenn.) and Antitrust Subcommittee Chmn. Metzenbaum (D-O.). Neither had committed to supporting bill by press time.

Entire WCA board was present for news conference, having gathered in Washington for regular meeting at which members agreed to endorse bill although group doesn't believe measure "in its present form is a panacea for all our problems," WCA Pres. Robert Schmidt said. He told us group still would like to see mandatory access requirement and video program availability is biggest problem for fledgling industry.

Nationalization of cable programming industry would result from bill, NCTA Pres. James Mooney said. CATA Pres. Stephen Effros said bill was no surprise. Question yet to be answered is how National Cable TV Cooperative

(NCTC) will react. It has been lobbying for end to unjustified volume discounts by cable programmers.

TIME SAYS FCC HAS FAILED: FCC's 2-year quest for evidence upon which to find support for eliminating cable-telco cross-ownership policy has failed, Time Inc. said in reply filed at Commission. Time, which owns HBO and ATC, said that from telcos' comments filed last month (TVD Dec 19 p6) it's clear that their offering cable promotes interests only of carriers and their shareholders, not of consumers.

None of parties changed positions on cross-ownership policy, which prohibits telcos from operating cable systems in local exchange areas and is codified in 1984 Cable Act. FCC also has rules barring practice, and Modified Final Judgment (MFJ) bans RHCs from certain lines of business, including cable. FCC has decided tentatively that ban should be lifted, is seeking to create record through its inquiry on which to base recommendation to Congress to do so. Since comment round in mid-Dec., FCC Comr. Quello has shifted position. In early Jan., he issued comment to effect that he was departing from tentative FCC decision that cable-telco cross-ownership policy should be changed (TVD Jan 16 p3). Quello said his fear was that telcos would merely replace cable, not offer competition, and that broadcasters would suffer at hands of telco cable operators. Neither NAB nor INTV filed reply comments.

NCTA said broadcasters, program producers and others have shown they are concerned about effects of telcos' "inevitable anticompetitive conduct." It said that while telcos "make much of the supposed lack of competition among local cable operators," many commenters recognize that allowing telcos to operate cable systems and provide facilities "is more likely to undermine than to enhance competition in the video marketplace."

Cablevision Systems directed its replies at N.Y. State Attorney Gen. Robert Abrams, who in earlier round had said that if there were telco competition to cable, telco could carry Madison Square Garden Network (MSGN), reference to carriage fight between Cablevision and MSGN. Cablevision said that dispute isn't relevant; instead, it said, issue is whether program service should be carried as basic or premium service, and if telco were allowed to offer cable it would face same choices as does Cablevision. New England Cable TV Assn. introduced Boston Globe report outlining allegations that Nynex cross-subsidized its Material Enterprise Co. through telephone rate base of New England Telephone and N.Y. Telephone. Article said 2 telco subsidiaries of Nynex were forced to buy everything from paper clips to computers from Material Enterprise at inflated prices, which were passed on to telephone customers. Consumer Federation of America (CFA) repeated opposition to lifting ban, said there are other ways to resolve problems.

Telephone Regional Holding Co. Pacific Telesis supported FCC actions that would permit it to "interact cooperatively" with franchised cable operators within its service areas. PacTel repeated endorsement of Commission's proposed revision to its affiliation standards to permit telco-cable cooperative endeavors. GTE focused on accounting separation standards that it said FCC may employ to prohibit cross-subsidization. Agency also should look to liberalizing affiliation and waiver policies, which could be done without congressional approval, GTE said.

HOT DEBATE LAUNCHES NATPE: "The hot regulatory issues facing television" were subject of panel with no govt. representatives on first day of NATPE convention last week -- and session became very hot indeed as panelists sniped at each other. Issues involved cable, telco, fiber optics, financial syndication (finsyn), prime-time access rule (PTAR). Taking brunt of attacks was NCTA's Brenda Fox -- cable's lone representative on panel. Also engaging in lively debate on finsyn and PTAR were MGM-UA's Norman Horowitz and CBS Senior Vp Jay Kriegel, filling in for ABC's Mark Mandala.

Fox said telephone companies are using fiber optics as "jump starts" to get into cable, many services promised through fiber aren't needed or wanted by consumers and "the question is who is going to pay." Her answer: "Consumers." Contel Washington Vp James Graf said fiber optics is key "to building the network for the information age --[and] it's coming very, very quickly." He said telcos want only right to program into homes and with bandwidth needed. He said FCC provides necessary protections for consumers to ward off any monopolistic practices.

Horowitz said he's cable subscriber and "it's absolutely awesome how arrogant those people are." As program supplier, he said, all he seeks is open and equal entry into marketplace. "The issue and the enemy is control" by any single entity, he said. Kriegel contended that "cable has been subsidized by everyone in this room" and has made many cable entrepreneurs "multimillionaires." He said networks are "former monopolists who wish we were monopolistic again... Current monopolists [cable operators] are allowed to steal our product... We watch Brenda's constituents take our product and not pay for it." Fox said she pleaded "innocent and guilty both." She said cable pays for distant signals, while local broadcasters fight to be carried on their cable systems. Horowitz responded that cable's theft isn't from broadcasters, but from owners of programming copyrights. "The regulatory process sucks" and destroys creativeness, he said.

INTV Pres. Preston Padden -- who has been criticized for negotiating with telephone companies -- expressed disappointment that telcos haven't been more aggressive in seeking broadcasters' support in attempt to remove restrictions on telco ownership of cable systems. On question of fiber, he said: "I call on the cable industry to do some real soul searching" to assure that broadcasters can get same signal quality on cable that fiber optics can provide. Responded Fox: "The problem is what you [broadcasters] can deliver to us." She said govt. has placed restraints on what cable can do in delivering signal and Padden's statement was unfair because fiber technology isn't here yet. As for compulsory license, Fox said it "continue[s] to serve a very important function" -- response that received "chuckling and chortling" by other panelists, as she put it.

Padden called PTAR "a very modest rule [and] marvelously successful." That led to lively exchange between Horowitz and Kriegel, latter saying CBS position is that everybody should operate "under the same rules... Let's have open competition" without restrictions put on networks and affiliates by finsyn and PTAR. Horowitz accused CBS of "warehousing" programs -- something network claims it will never do if freed from restrictions -- by refusing to sell syndication rights to 20-year-old 60 Minutes.

"Washington Update" panel next day -- which featured House Telecom Subcommittee member Rep. Leland (D-Tex.), in whose district Convention Center is located, and Comrs. Quello and Dennis -- broke little new ground. Leland,

last-min. replacement for Subcommittee Chmn. Markey (D-Mass.), repeated what broadcasters have been told frequently: First order of business in 101st Congress will be passage of bills on children's TV and codifying fairness doctrine into law, along with action on HDTV. He said Commerce Committee Chmn. Dingell (D-Mich.) has commitment from House leadership on doctrine and kidvid, expects both to be dealt with on House floor "in the first 100 days" of new Congress. NAB's wished-for must-carry legislation will have to wait, Leland said.

Asked about Hill-FCC relationship, Leland said "ideological factors have come into play." This has intensified since FCC, like most govt. agencies, supported Reagan Administration's deregulatory efforts, he said: "There were lots of tensions... sometimes acrimonious tensions... and we fought and fought and fought... The FCC overran us... in several different areas." Leland said Commission should be more "compromising" with Congress and he expects that to happen in Bush Administration as "opposed to the hard-cored ideologues" under Reagan.

Quello denied he's "an ideologue," said he solicits and listens to congressional input. However, he said, he doesn't always vote to suit desires of Congress members. Dennis said every govt. official comes into office with certain "hard-core principles" and "an independent agency should be truly independent." FCC declaration that fairness doctrine (discussion of which took up much of panel's 90 min.) is unconstitutional was cited as example. Dennis said she's strong defender of First Amendment and govt. should stay out of content control. Quello also reaffirmed his vote against doctrine.

Leland countered "there's no question" bill will be passed codifying doctrine, said it has "probably the highest priority" in Congress. Quello asked how there could be legislation if court (which is considering case) rules doctrine unconstitutional. Leland responded: "We can draft a constitutional amendment."

When moderator NAB Pres. Edward Fritts asked what major FCC thrusts will be in 1989, Quello replied: "You should ask that question of the new chairman." He added that "Chairman Patrick -- it looks like he might be there another 3 or 4 months." Patrick hasn't disclosed his plans, said there are many unresolved issues he wants to stick around for. He also has been told by Bush White House that he's welcome and can remain as long as he likes. Dennis said FCC's general philosophical thrust will continue and "we're going to be solidifying on the progress we have made... There are a number of issues that already are on the plate," many of which she mentioned. She called recent court-ordered stay on FCC's indecency order (which was mandated by Congress) "highly unusual." As for being an ideologue, Dennis said "labels don't mean a whole hell of a lot."

Quello repeated his pitch for preservation of free over-air TV from encroachments of pay cable, said 35-mile territorial exclusivity is very important to preserve localism: "If we do away with it, the big get bigger, the small get smaller." Dennis, calling herself "swing vote" on FCC -- and referring to lobbying by Quello for her vote -- said she hasn't made up her mind on Commission's pending rulemaking on territorial exclusivity.

Leland said "cable has to be reexamined, without question," to analyze both abuses and what cable has done that's good. Said Quello: "That 1984 [Cable] Act has to be revisited," primarily because must-carry rule no longer is in effect.

MINORITY MALES LOSE GROUND: Minority males are falling behind in broadcast and cable employment and without some type of affirmative action by FCC and industry, trend will continue, panelists at agency conference on equal employment opportunity (EEO) agreed last week. Women are gaining, according to data presented by panelists. U. of Mo. Prof. Vernon Stone said his research for RTNDA shows minority males vanishing from broadcast newsrooms. His study showed few of them in line for management jobs; nearly half are camera operators, low-paying post that Stone said may soon become extinct through robotics.

Since 1972, he said, percentage of minority men in TV news work force has shrunk to 8% in 1987 from 11%, while percentage of jobs held by white women has risen to 27% from 8%. There were 4-5 years of progress before that, he said, followed by 15 years of "status quo or worse." Stone said broadcast industry, govt. and educators must make renewed commitment to EEO and minorities must be more assertive.

In keynote, FCC Comr. Dennis backed affirmative action, reviewed "strengthened" Commission EEO procedures, recalled that in 1987 agency began looking at a station's entire EEO plan, not just numbers. Last year, FCC put nearly dozen stations on special report status and last month it fined one \$10,000 for ignoring EEO requirements. (Dennis didn't mention this, but on Jan. 23 Commission said it had fined Prime Cable \$18,000 for repeated violations of cable EEO rules in 1986-1988.) Dennis called for more minority ownership, saying it and employment are "closely linked."

Link between minority employment and ownership was one of few points of difference between panel members. National Assn. of Black Owned Bstns. Exec. Dir. James Winston agreed with Dennis, saying FCC should hold conference to increase number of media properties held by minorities. But NAB Vp-Minority & Special Services Dwight Ellis said that even if number of minority owners were tripled, resulting presence of minorities at those stations wouldn't dent employment numbers. Winston was critical of FCC because it hasn't had minority head Mass Media Bureau. Similar situation exists in private sector, he said, telling minorities: "You can be Tonto, but you'll never become the Lone Ranger."

United Church of Christ attorney Anthony Pharr also picked on FCC for gathering what he said were faulty data from stations for employment in top 4 job categories. He also recommended that agency apply its EEO rules to networks; UCC filed petition 2 years ago seeking such a change, but has had no response. Lone cable participant, NCTA Vp-Research & Policy Analysis Cynthia Brumfield, said women have 28% of top cable jobs and that industry overall has good track record.

FCC week earlier reported that broadcast and cable employment of women and minorities is at levels below national labor force composition. In looking at 5-year employment trend, FCC said both industries are hiring higher percentage of women and minorities, report said, and cable is making significant strides in adding minorities in all jobs. However, both female and minority employment in all jobs and in top 4 categories is below national labor force levels. FCC said that in top 4 broadcast jobs, 30.4% are female and 14.4% minority. In all jobs, females rose to 38.3% from 37.8% and minorities to 16.8% from 16.2%. In top 4 cable jobs, 28.3% are female and 17.1% minority. In all jobs, female employment inched up to 40.7% from 40.4%

and minorities rose to 21% from 19.5%. FCC said 1988 national labor force had 45% women and 21.3% minorities. State-by-state reports are available in FCC Mass Media Equal Employment Opportunity Branch, Rm. 7218, or in Office of Congressional and Public Affairs, Consumer Assistance and Small Business Div., Rm 254. Copies of full report are available from International Transcription Services, 202-857-3800.

Panel of U.S. Appeals Court, D.C., granted stay Jan. 23 of FCC regulations banning indecent programming. Stay will remain in place pending full review of case by Court, we're told. In meantime, and in conjunction with past Court ruling remanding FCC's midnight-6 a.m. "safe harbor," lawyers believe that indecent programming may be aired after 10 p.m. Order followed on heels of argument same day in which Court showed little sympathy for FCC. Petition for stay was filed by group of 17 media organizations and public interest groups. FCC adopted regulation under law passed by Congress Oct. 1. But indecent programming has been explicitly protected under First Amendment for decade and implicitly for 50 years, said lawyer Timothy Dyk, arguing for media groups. Same Appeals Court ruled July 29 that indecent programming was protected by First Amendment but could be confined on broadcast medium to certain times of day when children wouldn't be watching TV, as U.S. Supreme Court ruled in *Pacific* case. Court also said that any safe harbor to which FCC channelled such programming had to be reasonable. Panel of Judges Ruth Ginsburg (who wrote July 29 opinion), Abner Mikva and Laurence Silberman said Jan. 23 that only thing that had changed since then was that Congress had passed law. "Can you tell us any way that the statute Congress passed can be squared with the opinion of this Court?" Mikva asked. Said Ginsburg: "As you take your marching orders from Congress, we must take our orders from the [U.S.] Supreme Court" in its ruling in *Pacific* case.

NBC had higher profit because of lower costs and greater revenues, GE said in reporting overall \$1 billion earnings (\$1.12 per share) on \$12.3 billion revenues in quarter ended Dec. 31, vs. \$398 million earnings (44¢) on \$12 billion revenues in same 1987 period. One reason for difference was that GE restated 1987 earnings to reflect accounting change -- earnings would have been \$868 million if they hadn't been restated. For year, GE had \$3.4 billion earnings (\$3.75) on \$38.8 billion revenues, vs. \$2.9 billion (\$3.20) on \$39.3 billion in 1987. Company doesn't break out data for NBC.

Sonia Landau's future as dir. of State Dept. Bureau of International Communications & Information Policy remains undetermined, but she's staying in post at least for interim. Landau, who was sworn in last Nov., submitted resignation along with all other appointees of President Reagan when Bush Administration took over. There's no word on whether it will be accepted. Landau, meanwhile, was in Geneva last week for introductory meetings with ITU officials.

Families of CBS Pres. Laurence and CBS Dir. Preston Tisch donated \$30 million to N.Y.U. and its medical center for use in biomolecular research. University changed name of its hospital to Tisch Hospital. Tisch family has contributed more than \$45 million over years to university, which also has Tisch School of the Arts and Tisch Hall in Business & Administration.

NBC had 44.5 rating/65 share for coverage of Super Bowl. Since 1982, when ratings rose above 49, viewership has been down. Last year rating was 41.9.

Personals

Lon Lee, program dir., KCNC-TV Denver, elected NATPE chmn., succeeding Joe Weber, MMT Sales; Mark Doyle, Doyle & Assoc., moves up to first vice chmn... Promotions at NBC: Anthony Masucci to senior vp-movies for TV and miniseries, Lori Openden to vp-talent and casting, Molly Pauker to Washington counsel... Jack Rehm advances Feb. 1 to CEO, Meredith, succeeding Robert Burnett, who remains chmn... Henry Catto, vice chmn. of H&C Communications, named ambassador to U.K... Changes at MCA: Kenneth Arber promoted to senior vp-program development, MCA TV Enterprises; Robert Blattner, pres., RCA/Columbia Pictures Home Video, joins MCA Home Video in same post... Art Kane, ex-CBS Best. International, starts international co-production-targeted Excalibur Productions (914-337-0944).

FCC calendar -- Feb. 2: Comr. Dennis speaks on telco ownership of cable at brown-bag lunch of Consumer Assistance & Small Business Div., noon, Rm. 856 at Commission. Feb. 4: Gen. Counsel Diane Killory addresses American Bar Assn. session on cable content and First Amendment, 2:10 p.m., Hyatt Regency, Denver... Commercial broadcast network programming chiefs Kim LeMasters (CBS), Brandon Stoddard (ABC) and Brandon Tartikoff (NBC) speak at International Radio & TV Society luncheon, 12:30 p.m., Feb. 9, Waldorf-Astoria, N.Y.

John Reynolds, ex-head of BBC N. America, joins D.L. Taffner/UK Ltd. as managing dir... Promotions at MGM/UA Distribution: Jack Foley and Lewis O'Neil to senior vps-distribution... Gary Andres, ex-exec. dir.-federal relations, Southwestern Bell, and ex-legislative asst. to House Telecom Subcommittee member Moorhead (R-Cal.), named White House special asst.-legislative affairs, will be liaison to House. Anna Perez, ex-press secy. to Rep. Miller (R-Wash.) and Sen. Gorton (R-Wash.), becomes press secy. to Barbara Bush... Among 8 appointments by President Bush to new Commission on Federal Ethics Law Reform: Jan Baran and Fred Fielding, partners in Wiley, Rein & Fielding; Lloyd Cutler, partner in Wilmer, Cutler & Pickering; Harrison Schmitt, ex-N.M. Republican senator.

Changes at Warner Cable: Larry Zipin advanced to vp-ad sales; Nancy Rubin to dir.-ad sales; Richard Smith to vp-administration; Michael Radcliff, ex-American Electric Power, joins as vp-information services, succeeding Smith... Buzz Mitchell promoted to pres., Daniels Communications... Seymour Lesser named exec. vp-chief financial and administrative officer, Arts & Entertainment Cable Network, new post... Mary Alice Williams, CNN vp-anchor, named Women in Cable Woman of the Year... David Dea, ex-Times Mirror Cable and Paragon/Group W, joins Palmer Communications as gen. mgr.-cable operations... Lawrence Higby, ex-senior vp-mktg. programming and sales, Times Mirror Cable, joins parent's L.A. Times as pres., Orange County edition.

Madison Sq. Garden Network studios will be remodeled in \$100 million renovation of Garden that will close Felt Forum for 2 years.

OBITUARY

Louis Hausman 82, former vp of CBS and NBC, died of pneumonia Jan. 18 at George Washington U. Hospital, Washington. As assistant to U.S. Comr. of Education, Hausman helped found Children's TV Workshop, which created Sesame St. and other children's programming. Wife survives.

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NCTA invited handful of trade press reporters to Anne Arundel County, Md., Jan. 26 to see demonstration of coaxial cable system delivering Japan's NHK MUSE HDTV system using AM methodology. NCTA Vp-Special Policy Projects and Gen. Counsel Brenda Fox said point was that existing, nonfiber optic system can deliver HDTV, contradicting telco argument that HDTV requires high-capacity fiber. In Arnold, Md., Jones, NCTA and NHK demonstrated 8.1 MHz MUSE system on 2 TV sets -- 32" HDTV set by Toshiba vs. 19" NTSC set by National -- each connected to HDTV converter. Programming was NHK tape, inserted onto 330 MHz cable system at headend 13 miles from demonstration site. It then traveled through "very rugged conditions," NCTA Vp-Science & Technology Wendell Bailey said. To layman's eye, HDTV signal (1,125 lines/60 Hz) was clearer and had better color quality and detail. NHK equipment had been tested previous week in Media General system in Fairfax, Va., and was to be shipped to N.Y. for test with HBO Jan. 31-Feb. 2. NCTA also announced it would test NHK system with Ku-band satellite feed of HBO April 3-5 on Media General in Fairfax and April 12-14 in Jones Anne Arundel system.

Norman Lear has sold 20% of Act III Communications to Belgian Tractebel, which controls Coditel, operator of cable systems in Europe. Lear retains rest of Act III. Terms weren't disclosed. Proceeds will be used as working capital. Coditel also has interest in Prime Venture I, based in Austin, which operates cable systems in Atlanta and Las Vegas.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 1989's first 2 weeks, through Jan. 13, as compared with similar 1988 period, along with full year 1988 and 1987 figures:

| | DEC. 31- JAN. 13 | 1988 (2 WEEKS) | % CHANGE | DEC. 24-30 | FULL YEAR 1988 | FULL YEAR 1987 | % CHANGE |
|------------------|---------------------|-------------------|-------------|---------------|-------------------|-------------------|-------------|
| TOTAL COLOR..... | 515,348 | 428,627 | +20.2 | 391,219* | 20,518,139* | 19,623,459 | + 4.6 |
| DIRECT-VIEW... | 512,404 | 421,529 | +21.6 | 384,207* | 20,216,355* | 19,330,375 | + 4.6 |
| PROJECTION.... | 2,944 | 7,098 | -58.5 | 7,012* | 301,784 | 293,084 | + 3.0 |
| TOTAL VCR..... | 211,336 | 275,166 | -23.2 | 326,192* | 12,792,255 | 13,305,999* | - 3.9 |
| DECKS..... | 185,898 | 256,676 | -27.6 | 281,428* | 10,748,210 | 11,701,846 | - 8.1 |
| CAMCORDERS.... | 25,438 | 18,490 | +37.6 | 44,764* | 2,044,045* | 1,604,153 | +27.4 |

Color TV 5-week moving average: 1988-89--365,181*; 1987-88--306,38 (up 19.2%).

Home VCR 5-week moving average: 1988-89--231,559*; 1987-88--223,063 (up 3.8%).

* Record for period. Note: Monochrome TV sales figures no longer are available on weekly basis.

1989 STARTS OUT STRONG IN TV, CAMCORDERS: First EIA figures on sales to dealers in 1989 -- covering year's first 2 weeks -- show continuation of strength that prevailed in color TV in 1988's 2nd half and in camcorders throughout last year (see State of the Industry, above).

Good Christmas business has been followed by reorders for industry's 2 hot products -- but VCR decks seemingly reversed recovery that they showed in last 2 months of 1988 (up 11.7% in Nov., 15.1% in Dec.). Projection TV, which had been gyrating wildly in 1988, fell way off in 1989's first 2 weeks after 5 consecutive weeks of gains in Dec. In color and camcorders, at least, this year's start was in marked contrast to same 1988 period, when the 2 products were down 25.1% and 45.4%, respectively (TVD Feb 1 p10).

Our Early Warning Report showed strong Dec. at retail, with best gains of year in color, Compact Disc players and general audio, with color prices firming and good sales in both camcorders and projection TV, but VCR deck sales continuing below year earlier. (Details on Early Warning Report subscriptions are available from our Washington office.)

EIA has discontinued weekly collection of data on monochrome TV sales, will release material monthly instead. EIA Marketing Services Staff Vp Clinton Lee noted that because of general commodity status of b&w there's little need for weekly numbers.

COMMERCE SECY. GIVES HDTV HIGH PRIORITY: Commerce Secy. nominee Robert Mosbacher is intent on pushing HDTV to top of Administration's high-technology agenda, officials in Commerce Dept. and on Capitol Hill said. Exact nature of govt. role hasn't been determined -- nor has issue of federal funding or govt.-industry consortium -- but increasingly there's talk not only of combined efforts for R&D but for production and even marketing.

There are even hints of interagency battle between Commerce and Defense Depts. over HDTV's glamorous turf. Pentagon's Defense Research Advanced Projects Agency (DARPA) last week extended deadline for submission of bids for R&D grants for HDTV displays and receivers or processors (TVD Jan 2 p9, Dec 26 p9) 2 weeks to Feb. 27 from original Feb. 13, apparently at request of prospective bidders. There had been widespread complaints that DARPA was trying to railroad bidding through in favor of Zenith, which had submitted own proposal in advance.

U.S. industry is behind in development of HDTV but can catch up with foreign competitors with boost from govt., Mosbacher said last week. He said industry and govt. should cooperate in setting course for

HDTV and suggested that U.S. could help, perhaps with antitrust exemption that would allow companies to join in developing strategy. HDTV was subject of first question put to him at confirmation hearing by Senate Commerce Committee, which aides said was indication of intensifying interest and concern among senators in fostering new technology.

Mosbacher said HDTV would be high priority at his Commerce Dept., that issue is central to improving U.S. exports and maintaining electronics edge: "We are losing the advantage we started out with in the high-technology area. It appears to me that while it is very late in the game, it is not too late. We can get back in this game." He had little specific to suggest, except that he believed consortium approach to HDTV development similar to semiconductor R&D with industry-backed Sematech might be appropriate. Sematech venture involves federal funding, which Mosbacher also indicated his Commerce Dept. would consider for HDTV.

"HDTV is not just another stage in TV... not just another consumer good, but a whole other generation of electronics," Mosbacher said. He contended that central challenge for Commerce Dept. is supporting U.S. economic growth and international competitiveness and that HDTV was one key. He left no doubt that new Commerce Dept. would help U.S. manufacturers compete in HDTV and other high-technology fields. "We must promote a better climate for increased U.S. exports [and] help American industry develop and apply new commercial technologies that will make us more competitive," he said. He also pledged to "vigorously" enforce antidumping and countervailing duty laws.

HDTV "really caught [Mosbacher's] attention" during briefings before his Senate hearing, one official said. Another said HDTV was subject of more than 3/4 of Mosbacher's questions to aides in briefing. "It all seemed to come together in a way that made a lot of political and new Administration sense," one source said.

Govt. probably will have to provide some "seed money," Bruce Merrifield, Commerce Asst. Secy.-Technology, told us. It would be best if entire HDTV project were privately financed and managed, he said, "but that's probably unlikely." Decision process probably will take several months, he said, because it involves several steps: (1) Getting industry consortium members to develop business plan. (2) Seeing how much each company is willing to invest. (3) Determining difference between total industry investment and amount needed. (4) Negotiating what part of difference govt. could contribute.

Commerce currently has no money to contribute, Merrifield pointed out. He said Dept. can only support American Electronics Assn. efforts, but said seeking appropriation, possibly as part of Bush Administration budget amendments, is one option. "There's no uncertainty on the ultimate goal," Merrifield said, "but there is still some on how we'll get there."

Mosbacher's Reagan Administration predecessor, William Verity, said in farewell speech as Commerce Secy. that it should "be possible for high-technology companies or other companies to get together -- not only just research together -- but develop and produce together and market together and then compete." Verity formed advisory committee on HDTV, and President Bush's Cabinet is expected to receive report from that and other agencies some time in first quarter, American Electronics Assn. (AEA) said.

"It will take cooperative efforts between private industry and the government to ensure effective U.S. participation in advanced TV," Commerce advisory committee said in recent interim report to Secy. "The nature and extent of such efforts is still under consideration by the advisory committee." Report, which hasn't been released, points out that foreign HDTV efforts are "well funded" by govts., "while U.S. research has been struggling to attain adequate funding."

Several publications speculated, meanwhile -- without presenting any substantiation -- that Commerce Dept. intends to pick up 49% of bill for govt.-private consortium to develop HDTV technology and produce finished products. In editorial titled "High-Definition Hysteria," Journal of Commerce Jan. 26 pointed to the 17 firms developing proposals for consortium (TVD Jan 16 p10) -- Apple, AT&T, IBM, Motorola, Texas Instruments et al. -- noting "none of these Goliaths has seen fit to make a major commitment to HDTV on its own." While not quarreling with idea of consortium to do basic research, editorial warned that joint manufacturing is "invitation to monopoly," urged Congress to "firmly say no" to proposals that govt. put up 49% of money and permit consortium to get into manufacturing.

This was part of media wave -- most of it far less critical -- to govt. HDTV planning. Business Week last week had cover story on it, following major stories by U.S. News, Newsweek and Wall St. Journal. It will be subject on ABC News 20/20 Feb. 13 and N.Y. Times is understood to be preparing detailed article.

Spotlight is on Congress this week with deadline for reports to House Telecom Subcommittee Chmn. Markey (D-Mass.) on plan for U.S. participation in HDTV. Commerce Dept. has requested at least month's delay in its reply so it can update brief to reflect Mosbacher and Bush Administration thinking. (For other reports on HDTV, see Broadcast/Cable section.)

MAJOR VHS-C AD CAMPAIGNS IN WORKS: Panasonic plans major ad campaign this year geared to VHS-C as "the logical choice," in attempt to regain what it concedes is lost ground for that format. It's first company to announce significant drive to push VHS-C. In Japan, JVC is understood to be trying to persuade others in industry to add own campaigns -- particularly Thomson Consumer Electronics (RCA/GE) and Hitachi. U.S. JVC official told us that special ad drive aimed at promoting VHS-C is "very much under consideration" by that company, but that no unified campaign by VHS group is in wind.

Last year's camcorder sales of 2,044,045 were split 66% full-size and 34% compact, latter guesstimated by one qualified source to break down about 20% for 8mm and 14% VHS-C. Same source estimates 73% of the 2.35 million 8mm recorders made in Japan last year were produced by Sony, 9.6% by Canon, 8.6% by Sanyo, 4.9% by Hitachi and 4.1% by Matsushita -- so Sony is by far largest beneficiary of trend to 8mm.

In U.S., most companies in VHS group have been promoting full-size recently, to neglect of VHS-C. If this trend continues, there's feeling in Japan that VHS-C will lose share dramatically to 8mm, which still is growing. JVC, as head of VHS group, has hands full trying to get its members to promote "C" format and to discourage any defections, such as one reported under consideration by Hitachi, but now presumably squelched.

Panasonic's campaign here will stress advantages of VHS-C as only lightweight camcorder format that is compatible with VHS, Kirk Nakamura, newly appointed Panasonic exec. vp-COO, told VCR product preview meeting for key dealers in Orlando. VHS Div. Asst. Mgr. Thomas Edwards said survey of Panasonic dealers showed most felt 8mm would dominate compact camcorder field, adding that "in the first half of last year VHS-C sales were mostly closeouts." He pledged "stronger commitment" to format this year, indicating company didn't do good enough job of "selling the benefits" of VHS-C in 1988.

"We're not about to abdicate the battle," Consumer Video Div. Vp-Gen. Mgr. Stanley Hametz said. He said that while he expects full-size VHS to continue to represent 60-70% of U.S. market, Panasonic would put up big fight for remaining 30-40% to be largely VHS-C. VHS-C drive will involve not only advertising, but also marketing, training and point-of-purchase materials and will be completely separate from other Panasonic advertising. He said ads won't mention 8mm specifically, but by implication will point out such disadvantages as incompatibility with home decks.

"We believe there's a decent chance of a personal video market developing," said Hametz in answer to question about portable VCR-TV combinations. Panasonic showed S-VHS-C Hi-Fi personal TV combination at Consumer Electronics Show and now on sale in Japan, without giving U.S. marketing plans (TVD Jan 16 p13). "It needs support of software," he conceded, but introduction of new C-30 VHS-C videocassettes, which have 90-min. recording time in SLP mode (TVD Jan 16 p13), "will make [movie] software possible." He added that he realized studios won't come along until there's enough hardware to make it worthwhile. "We'd like to deal with the software people" on VHS-C, "but they want us to subsidize their software. We want it to be mutually beneficial." He said S-VHS "makes it possible to have very good duplication in the SLP speed."

S-VHS last year represented 5-10% of Panasonic's camcorder sales, Hametz estimated; he said he thought industrywide percentage was lower. As for camcorder market in general, he saw "no major change in pricing this year -- higher tech prices will come down, features in the \$2,000 area will be around \$1,500, but any reductions in cost will be largely offset by the stronger yen."

Asked about shortages, Hametz replied: "If the supply is tight it's more of a reflection of misreading of the market than shortages of components. This year we ordered a little tighter -- and at the same time the Koreans didn't deliver, and others ran short. It's not that nobody's building or there's a shortage of parts -- it's just a misjudgment of the market."

Does Panasonic get exclusive VCR features from its parent Matsushita? "Whatever technology is available to one customer is available to all -- that's Matsushita policy," Hametz said, explaining that features don't necessarily show up in same combination because that depends on customers' needs and desires. Nakamura said Matsushita Kotobuki, which supplies Panasonic in U.S., has made total of 50 million VCRs.

Although Panasonic settled N.Y. State antitrust price-fixing complaint (TVD Jan 23 p11), company doesn't concede any illegal actions and says its price policies haven't changed as result. Edwards said Panasonic this year has adopted new price sheet that lists not only "suggested retail price," which in industry is largely fictitious, but "minimum price, which is the logical price we'd like to see the product sold at." He added: "The minimum price is not meant to be the starting price to go down from."

U.S. FIRM READIES HOME LCD PROJECTOR: LCD projection TV system "inexpensive enough to be in every home" is development goal of Projectavision, Westbury, N.Y., company -- chaired by ex-Sanyo-Fisher Chmn. Howard Ladd -- that's in legal dispute with Eastman Kodak and Seiko-Epson on rights to display technology (TVD Oct 17 p15). Projectavision is setting up U.S.-based manufacturing facilities to make displays here, and is looking for partnership with U.S. firm to bring products to market, according to Pres. Eugene Dolgoff, inventor of company's LCD display, who says he expects grant from undisclosed branch of govt. to develop display.

Projectavision is awaiting patent for display technique and hopes to get basic patent for LCD display technology, Dolgoff said. Company sued Kodak and OEM supplier Seiko-Epson last year, claiming projection display introduced by Kodak uses Projectavision technique. Dolgoff said he showed early prototype of his system to Seiko-Epson officials in 1985 and that they signed nondisclosure agreement then. (However, Seiko official told us company had been working on LCD project as early as 1983.) Projectavision may file additional lawsuits if other LCD displays introduced are found to be similar to Seiko-made product, Dolgoff said. He says he began research on displays in 1968.

While legal dispute continues, Projectavision is working on improvements in system and expects to introduce several products by as early as end of this year. Current prototype, which we saw in demonstration using broadcast TV signal, cable and prerecorded videocassette as video source, has 280x320 (89,600-pixel) resolution, slightly better picture than Kodak commercial product available for \$3,500 but still not bright or clear enough for consumer applications, in our opinion, with quality below that of Sharp LCD projector, which is scheduled for production and sale this year (TVD Jan 16 p14). Picture was displayed on 12-ft. flat screen. New prototypes with 400% brighter image and improved resolution (400x400, 600x40, IDTV) will be completed this year, Dolgoff said. Company also is preparing rear-screen models. "We're trying to improve the optics to get rid of the lines and dots in the picture," Dolgoff said.

He wouldn't disclose light source or give size and number of LCDs used in display system, which he claims represents "breakthrough in optics." LCDs used in prototypes were bought from more than one source, and Projectavision has made some of its own. He said color in current prototype is "very close to CRT" quality.

Finished consumer TV display will connect to VCR, computer, probably will have output for stereo sound and will be priced "well below" Kodak product (\$3,500) or Sharp (\$4,000), Dolgoff said. Price will fall to under \$1,000 "in coming years," he said. Projectavision wants to keep manufacturing here "as much as possible," he said. "Our aim is to try to bring back electronics superiority to the U.S." Company is setting up plant in N.Y. metropolitan area, with size dependent on eventual volume requirements. Plant will produce "modified" LCDs for display.

Marketing and distribution of LCD displays will be handled by Ladd, whose hq is in L.A. Dolgoff said name change is being considered for company, which is expected to go public soon. Projectavision hopes to form joint venture with another U.S.-based company to assist in manufacturing and marketing efforts. Company held talks with Zenith several years ago, but Zenith declined to sign nondisclosure agreement on technology, Dolgoff said. President of another TV and audio firm who has seen Projectavision demonstration called picture too coarse, and said that until LCD projection is at least as good as CRT projection it would have no consumer market.

U.S. govt. is "interested in what we're doing and is looking very favorably on us," Dolgoff said. Projectavision, which has been financed by private investors, has applied for federal grants for further development of projection display, including Defense Advanced Research Projects Agency (DARPA) funds for HDTV (TVD Jan 2 p9, Dec 26 p9.). Dolgoff said HDTV version of video display could be ready in 3 years.

SILICON VALLEY TACKLES IDTV AND DISPLAYS: Spurred by HDTV publicity, several Silicon Valley companies are undertaking development of new display technologies and computerized image processing. We know of at least 2 that are developing super-IDTV systems with special displays. Patents on one will be applied for this week.

"Completely new material, never before used for TV," employing neither CRT, LCD nor fiber optics, is at heart of big-screen system under development by Foresight Inc., majority-owned subsidiary of Summa Medical Corp., Albuquerque, N.M. Foresight's development lab is in Santa Clara, Cal. Company says "preproduction shipments to licensees" are anticipated for mid-1990.

Its display system can be either projection or tube based, Foresight Pres. Joseph Zanetti Jr. said, adding that finished system will be capable of resolution exceeding 4 million pixels on 4-ft. screen with greater brightness and contrast than standard sets and costing no more than quality TV console today. It will use computer enhancement -- "proprietary microprocessor capable of enormous feats" -- to add detail to existing TV transmission, producing "high-definition images" through line interpolation and other computerized techniques; display, by its very nature, will be able to show higher definition pictures than any proposed so far, Zanetti said.

System differs from existing displays in that "image, once written, doesn't decay -- it stays until erased, and is capable of much higher density." It uses external light source and has extreme brightness, Zanetti said, can be applied to front or rear projection or tube. "We now have proof of the concept, and we have produced a lab bench model," Zanetti told us. "We'll have a monochrome prototype by the end of June, and we'll be entertaining prospects for licensing in March to June." He said Foresight can have color version by end of Sept., but color presents "absolutely no problem, and we expect our licensee will want to develop its own color version."

Foresight "is in serious discussion with a major U.S. company" in consumer electronics field, Zanetti said, and will know within 30 days whether it has tentative agreement. Neither Foresight nor Summa is seeking any govt. money -- "we fund all our development ourselves." Summa -- no relation to Summa Corp. founded by Howard Hughes -- is engaged in nuclear medicine, medicinal R&D, high-tech medical systems. Chmn.-pres. is Francisco Urrea Jr. TV system was invented by Iben Browning. Another system, which sounds somewhat similar -- it's a super high-resolution computerized IDTV concept -- is said to be under development by a Silicon Valley startup company, with 1990 target for completion.

Summa and Foresight are at 4255 Balloon Park Rd. N.E., Albuquerque, N.M. 87109, 505-345-8891.

No kudos for "first network broadcast in 3D" came from critics who saw NBC's Super Bowl halftime show and Diet Coke commercial in Nuoptix process (TVD Dec 26 p13). Nuoptix system -- one of many using Pulfrich effect -- requires constant motion of camera or subject to achieve depth effect. Motion was sporadic enough to cause only momentary feelings of true 3D -- and those mainly were in computer-synthesized montages that had little or nothing to do with halftime show. Actually, Fox Network promoted its Tournament of Roses Parade coverage Jan. 2 as first 3D broadcast, using same principle. Since cameras didn't pan at all and broadcast relied on moving floats to provide 3D effect, results were even poorer than at Rose Bowl Jan. 1. Based on first 2 attempts, "3rd network broadcast in 3D" should be long way off. Super Bowl audio was broadcast in stereo and Dolby Surround sound to estimated 1.5 million homes that Dolby estimates are equipped for Surround playback.

Tatung increased prices of TVs and VCRs Jan. 1 3-5%. While shortages continue to plague industry, National Mktg. Mgr. Edward Chen said Tatung is "able to secure 20% more of the supplies than at the same period last year, a better percentage than most of our competitors." Because company is full-line manufacturer and marketer, he said, "we are often able to avoid backlog situations." Tatung claims to be world's largest supplier of computer monitors.

Multivision filed for bankruptcy in U.S. Bankruptcy Court, San Jose, Cal., under Chapter 7. Company, manufacturer of picture-in-picture (PIP) converters and other attachments for TV sets, had said it was in "2nd phase" of growth in June 1987, following firings of several top-level officials (TVD June 1/87 p14). Multivision was involved in legal dispute with Rabbit Systems on PIP technology.

New duplication system for analog audio cassettes claimed to enhance sound quality significantly has been put into operation by Bertelsmann's Sonopress (formerly RCA/QTI) in Norcross, Ga. As described to us by Sonopress Chmn.-CEO Frank Bargsten, Digital Audio Analog Duplication (DAAD) keeps signal in digital form until final duplication of cassette, instead of transforming it into analog master tape. For duplication, digital master recording is transferred to military spec hard computer disc, which is read out at 80 times real time into digital-to-analog converter and onto tape for final cassette copy. Standard duplication uses analog master tape at 64 times real time. Bargsten said system eliminates phase errors, tape noise and deterioration of frequency response inherent in repeated conversion between digital and analog forms, also ends problems of master tape breakage and makes possible faster reproduction.

Why is Y? If "C" in S-VHS's Y/C output represents color or chrominance, why does "Y" stand for brightness or luminance? It's because standard color coordinate system developed in 1931 by International Commission on Illumination involves spectrum diagram in form of triangle using standard X, Y and Z axes, in which X and Z are at base (representing zero luminance) and Y is at apex, contributing all luminance to color mixture. The "Y" thus has come to stand for luminance in TV signal.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 128 yen = \$1, except where noted.

SMARTV & 'GENIUS VCR': Some time in next month or so, half dozen wealthy people in Cal. will begin testing new system combining personal computer, VCR and artificial intelligence to let them watch what they want when they want it, regardless of TV schedules. First model of SmarTV developed by Metaview Corp., San Francisco, will have 186-hour video memory and on-screen menu describing programs.

SmarTV is connected to home phone line, and once a week dials 800 number, linking to central computer containing week's TV schedule and profile of viewer's personal tastes in TV. Computer gives SmarTV list of all shows to record in coming week. Program tastes are established first in personal interview, may be changed later by computer on basis of shows watched or ignored.

Startup model of SmarTV combines 2 VCRs (currently NEC models), IBM clone computer, modem and robot tape changer with capacity of 32 VHS cassettes, fits in cabinet size of TV stand, priced at around \$6,000. It can zap through commercials at 30 times real time, and Metaview Pres. Blair Newman says it easily could have been developed to eliminate commercials entirely. However, he said, idea of SmarTV is to make TV more like print media, letting viewers watch ads or not, just as they watch program when they want it.

Newman says commercial sales -- to "wealthy individuals" -- will start 30-60 days after tests are complete. He adds that Metaview isn't interested in hardware, only in operating software, including 800 phone line. In interest of standardization, Metaview says it's placing in public domain its software protocol covering data communications between TV schedule providers and VCRs. "We are interested in electronic publishing," not manufacture, Newman told us.

Although current system is expensive, Newman said future low-end models could use one VCR, replace PC with single 4x4" board, use ROM in place of floppy disc, all built into VCR with 4-8 cassette changer, priced "\$200-\$300 above a leader VCR." Newman said he talked with high-end audio manufacturers about idea at Consumer Electronics Show, found them interested. Newman is graduate of Harvard Business School, worked in planning and marketing for Xerox, Apple and Microsoft. Chief technologist of Metaview is Fen Labalme, ex-MIT Media Lab. Metaview is at 2269 Chestnut St., Suite 453, San Francisco 94123 (415-441-6962).

Sony's answer to VHS-C industrial recorders is new line of ultrasophisticated U-matic SP recorders and players, to be introduced at this week's InfoComm in Dallas. New products: (1) Editor and feeder-recorder with time code capability for CTL-based editing. (2) Portable recorder with full SP resolution of 330 lines and 46dB signal-to-noise ratio with Y/C interface and time code capability. (3) Player with Dynamic Track Following for use on A/B roll editing system.

Mitsubishi has joined Japan's Laservision Assn. Pacific, last leading Japanese consumer electronics manufacturer to do so, except for JVC. Mitsubishi's affiliate Akai now is producing LD player, but Mitsubishi says it has no plans to enter LD market, merely wants to keep up on trends.

Installation of HDTV sets and video telephones in town halls throughout Japan is project promoted by Ministry of Posts & Telecommunications.

SONY EXPANDS IN U.S.: Sony announced last week that it's establishing San Diego hq for U.S. consumer TV business and expanding its display monitor manufacturing facility there by 150,000 sq. ft. Moves will cost estimated \$10 million and create more than 200 jobs, Sony said.

Plant expansion is scheduled for completion in fall, will enable Sony to make nonconsumer display monitors in addition to consumer color TVs. Newly expanded manufacturing operation will be called Sony Mfg. Center, headed by Clint Michaelis, pres., who held same post at former Sony Mfg. Corp. America.

Sony also is forming TV Business Group of America (TVA), which will serve as U.S. hq for TV operations. Business and product planning and product design functions will be shifted to San Diego from Japan, Sony America Chmn.-CEO Masaaki Morita said. K. Kawakyu will head TVA, which will be located near San Diego factories and employ 50.

Sony move follows similar one by Matsushita, in which Japanese company reorganized Matsushita Industrial Co. into new North American TV Div. and Business Development Group to gain greater autonomy, faster turnaround and more U.S. production (TVD April 4 p11). "Moving key responsibility for our U.S. TV business from Japan to San Diego will allow us to respond more quickly to the market and take advantage of opportunities for greater local production and procurement," Morita said. In 1987, Sony made similar move in Europe, establishing TV Europe in W. Germany to oversee TV business there.

San Diego-area manufacturing facilities have annual production capacity of 1.5 million color TV sets, 1.5 million color TV picture tubes, 100,000 color TV cabinets, 75,000 display products. They include main TV plant in San Diego, Video Tec plant in Mexico and Cal Tech cabinet plant in L.A., employ total of 3,000. Total floor space is 1.74 million sq. ft., including 395,000 sq. ft. for color TV, 380,000 sq. ft. for CRTs, 150,000 sq. ft. for cabinets, 260,000 sq. ft. for Video Tec.

Potential bonanza for hardware manufacturers and marketers could be Whittle Communications' Channel One daily school TV program. Publisher says that if 7-week test starting in March is successful, it will spend up to \$150 million to equip 8,000-10,000 high schools with TV monitors, VCRs, satellite receiving dishes, other equipment.

Harmonized tariff schedule is applicable now to all active antidumping duty proceedings, including orders, current investigations and future cases, Commerce Dept.'s International Trade Administration (ITA) said. ITA said it has completed conversion to international harmonized system of customs nomenclature.

Game software financial briefs: Mediagenic shareholders approved company's proposal of 10-for-1 reverse split of its 40 million shares of common stock... Acclaim Entertainment said SEC approved registration statement covering 3 million shares of common stock issuable upon exercise of outstanding Series A and B common stock purchase warrants.

Sears dropped legal challenge to N.Y. City consumer protection laws and agreed to change ads that city Consumer Affairs Dept. called deceptive. Sears will pay \$10,000 to department to cover its 1988 investigation. Company agreed to change ads.

BATTLE OVER FMX: FMX broadcast technology developed by NAB and CBS Labs and commercialized by Broadcast Technology Partners (BTP) came under intense fire from unlikely source last week: Bose Corp. Chmn. Amar Bose. At tension-filled announcement at MIT -- where Bose is electrical engineering professor -- he contended FMX, developed to extend range of FM stereo broadcasting, creates more problems than it solves. Theoretical and field study concluded that FMX creates serious multipath artifacts.

Outgrowth of TV stereo sound development, FMX employs compressed version of L-R signal added to composite audio to increase signal-to-noise ratio. But report said additional subcarrier increases multipath effects for both FMX-equipped and conventional FM receivers. Problem was called most severe for mobile receivers, car, personal stereo.

Bose Corp. flew trade and consumer press editors to MIT for release of study, but Bose insisted neither his company nor MIT had any vested interest in success or failure of FMX. "We obviously brought the press up for a specific purpose," he said. Grass-roots opposition among consumers and audio dealers to FMX, fueled by press coverage, represents last chance to stop hardware makers and radio stations from implementing flawed technology, he said. But he quickly added: "We're not presenting an alternative."

Announcement at MIT took on melodramatic air when Bose opened session by stating he and fellow researcher on project, William Short, had been threatened with "great personal liability" by BTP if they released report. In further dramatic twist, BTP co-founder and FMX developer Emil Torick stood up in audience during Q&A session to passionately defend technology, saying "the lecture suggests that FM stereo will not work... How did we achieve 125,000 hours of [FMX] broadcast time last year without [listener] complaint?"

BTP contended in rebuttal late last week that while original FMX design had problems, current generation of technology corrects them. "The thing got out of the lab before it should have," said BTP Mktg. Dir. Benjamin Miecznik. "The system now is not what it was then." FMX rebuttal said equipment used in tests wasn't adjusted properly and "probability of encountering the damaging audible effects simulated [in tests was] one in 6.7 million." Bose contended test was performed with latest available FMX equipment, adding he has no plans to pursue battle further: "We've presented our report. If the system gets adopted, it gets adopted."

BTP says more than 100 stations now are committed to FMX. First FMX car receivers were announced at Consumer Electronics Show in Las Vegas by JVC (\$549) and Alpine (\$200 tuner), and Car Audio Specialists Assn. (CASA) has agreed to promote FMX, BTP said. Blaupunkt, Sansui, Proton and other manufacturers displayed prototype FMX receivers at Las Vegas exhibits.

Audio cassette dumping in Europe by companies from Japan, Korea and Hong Kong is being investigated by European Commission. EC probe follows complaint by European Council of Chemical Mfrs.' Federations that prices of imported tapes from those countries undercut Europe prices by up to 28.5%. EC already is imposing special dumping duties on blank videotapes from Korea and Hong Kong (TVD Jan 2 p14).

TDK NET UP 23%: TDK consolidated net income rose 23.3% in year ended Nov. 30 on 5.1% higher sales. Company said demand for magnetic recording media was low, down 4.4% to \$1.24 billion (122 yen = \$1), but sales of electronic components grew 11.3% to record \$2.2 billion in 1988. TDK increased production of video and audio tapes and electronic components, but cost-cutting programs enabled it to post higher profit.

Videotape prices stabilized somewhat in 2nd half of year but still were down from year-earlier level. TDK said overseas sales totaled \$1.5 billion and accounted for 43.4% of total sales, down from 45.8% share year earlier. Company announced it will change its fiscal year end to March 31 from Nov.

3M net rose 25.7% in year to Dec. 31, on 12.2% higher sales. In 4th quarter, net increased 25.7% on 8.6% higher sales.

Audiovox net plunged 95.5% in year ended Nov. 30, as sales gained 15.6%. In 4th quarter, Audiovox had \$1.75 million loss, compared with profit in year-earlier period, on 2.9% higher sales. Company said cellular phone inventory reduction program contributed to earnings decline in year.

Commtron net jumped 115.8% in first quarter ended Nov. 30 on 38.3% higher sales. Company said 50% of sales and earnings gains came from home video and consumer electronics business. Video sales rose 43% to \$137.7 million, boosted by sales of E.T. and Cinderella. Consumer electronics sales gained 14% to \$31.3 million. Growth was attributed to improved sales of home office products and cellular phones.

Corning Glass net rose 2% in 1988 as sales gained 9%. Company cited strong showing of North American video display bulb business and improved sales by Samsung-Corning affiliate in Korea. Results include \$6.1 million gain related to formation of Corning Asahi Video Products picture-tube glass venture (TVD July 18 p9).

Certron posted 69.7% lower net in fiscal year ended Oct. 31 on 2.7% higher sales. Certron attributed higher sales to increased demand for blank videocassettes. Earnings were off, it said, because of "competitive nature of the market" for videocassettes and associated expenses to promote products. In 4th quarter, net fell 80.8% on 8.9% higher sales.

Retail Report: Highland Superstores Dec. sales rose 16.8% to \$151.4 million. Same-store sales increased less than 1%, retailer said. In 1988's first 11 months, sales gained 21.2% to \$837.6 million, but same-store sales were down 1%... **Best Buy** posted net income of \$3.6 million in 3rd quarter to Dec. 31, up 140.6%, on 7% higher sales of \$172 million. Same-store sales rose 1% in period. In first 9 months, net rose 34.4% to \$4.4 million on 21% higher sales of \$401 million... **Sound Warehouse** net rose 60.1% to \$261,000 in 2nd quarter to Nov. 30, as sales increased 7% to \$44 million. In first half, net rose 26% to \$1.9 million on 7% higher sales of \$90.7 million... **Sound Advice** net was up 38% to \$1.2 million in 2nd quarter ended Dec. 31 on 45% higher sales of \$24 million. First-half net rose 33% to \$1.8 million on 41% greater sales of \$40.4 million.

Regency Marketing Group, new marketing firm based in Southampton, Pa., was selected by 3M to be sales rep for 3M tape products in mid-Atlantic region, including eastern Pa., southern N.J., Del., northern Md.

Consumer Electronics Personals

Kirk Nakamura promoted from senior planning and mktg. vp to Panasonic (U.S.) exec. vp-COO; before joining U.S. company last year he served 25 years with Japanese parent... I. Kim, exec. vp, advanced to Samsung Electronics America pres., succeeding G. Noh, who returns to Korea to head International Telecommunications & Computer Products Div... K. Kawakyu, former North American Business Div. TV group gen. mgr., named pres., Sony TV Business Group of America, Sony's newly formed U.S. hq for consumer TV business, San Diego; Donald Haight, ex-Ampex, heads new Sony Image Products Co.; Barbara Abrams, ex-div. counsel, promoted to Sony Law Dept. group counsel... H. Beekhuis named N.V. Philips chief legal officer, gen. secy., corporate dir... Craig Rathbun moves to Sharp Optonica Div. as national product and mktg. mgr. from district sales mgr., west coast office; Gabe Vasquez, ex-Wiz, joins Optonica as national product trainer.

Mark Toner, ex-Amano America, joins Toshiba America's Consumer Products Business Sector as asst. mgr., national advertising... Vincent Caputo, ex-Panasonic Industrial, joins Royal Consumer Business Products as new products mgr... Charles Carlson, former Sears Mdse. Group information systems and data processing vp, advanced to pres., Sears Technology Services, new company to handle retailer's data processing and telecommunications operations; he's succeeded by Robert Ferkenhoff, Sears Canada information systems vp... William Pearce, Sound-Track, reelected Progressive Retailers Organization (PRO) pres.; Peter Beshouri, Sound Advice, vp-secy.; Jeffrey Snow, HiFi Buys, vp-treas... G.M.W. (Mike) Gordon, former managing dir. of Nynex's London-based BIS Mackintosh, electronics information and research firm, promoted to chmn.-CEO, succeeding Roger Graham, who has resigned but continues to serve on board.

Robert Blattner resigns as RCA/Columbia Pictures Home Video pres. to become MCA Home Video pres., new post; RCA/Columbia International Video Pres. Patrick Campbell adds responsibilities for domestic operation, while Exec. Vp Gary Khamar will report to Campbell and handle domestic sales and marketing activities, day-to-day operations... Don Rosenberg, CBS/Fox Eastern regional sales dir., named Trans World Entertainment Video Div. pres... James Bouras resigns as Motion Picture Licensing Corp. pres. to pursue other options; he can be reached at 212-289-0591... Eleanor Richman, ex-Lorimar Telepictures and NBC, joins Buena Vista Home Video as programming dir... Carol Greenberg, ex-Flaherty/Greenberg & Partners and Solters, Roskin & Friedman PR firms, joins Wood Knapp & Co. as development and PR vp... C.J. Kettler promoted to exec. vp-managing dir., Sunbow Productions.

New video technologies will be focus of International Tape/Disc Assn. (ITA) seminar March 8-11 in Palm Beach Gardens, Fla. Under theme "New Technologies: Leading the Industry into the '90s," program will cover HDTV, Super VHS, digital TV, recordable and erasable Compact Discs, digital audio tape, metal evaporated tape, high-speed duplication. Details: Charles Van Horn, ITA, 505 8th Ave., N.Y., N.Y. 10018, 212-643-0620; fax 212-643-0624.

Matsushita board approved free distribution of new shares of Matsushita Electric Industrial at rate of one share for each 20 shares to holders of record March 31. Distribution May 18 will commemorate its 70th anniversary.

LASERLAND SHUTS DOWN: Laserdisc renaissance apparently came too late for retail pioneer Laserland. Denver-based franchiser announced it has "ceased its ongoing corporate administrative activities" Jan. 13 but was seeking funds to help it stay in business. "There can be no assurance that such funding will be available," company said.

Laserland, which consists of one company-owned store in Denver and 18 franchised outlets across U.S., said it based decision on "continuing unprofitable operations" and "inability to pay its obligations." Laserland said Denver outlet would remain open. Because other stores are franchised, they're likely to continue operating without franchiser's support, we're told.

Calls to Laserland hq were answered with recording of news release, referring further inquiries to Box 441095, Aurora, Colo. 80044. Representative at retail store wouldn't comment except to say shutdown "had nothing to do with the viability of the [laserdisc] concept."

In 3rd-quarter financial report filed with SEC Nov. 15, Laserland presented somewhat bleak outlook. As of Sept. 30, it said, it had negative working capital of \$316,000, compared with positive \$666,100 Dec. 31, 1987. It attributed decline to 9-month net loss of \$735,400, about half year-earlier deficit of \$1.38 million, as well as repurchase of Houston franchised store and placement of funds into deposits to increase credit lines.

Laserland revenues for first 9 months of 1988 nearly quadrupled to \$3.6 million from year-earlier \$921,100 as result of continuing development of franchise distribution system. However, costs and expenses doubled to \$4.3 million from \$2.3 million, reflecting sales increase. Last month, company's stock was delisted by NASDAQ because of failure to meet net worth requirements, report said.

Laserland "retail consumer laser-based technology" franchises were heavily touted in newspaper ads that compared concept with McDonald's in early days. Company, which sells CDs and videodiscs, said it offered "franchise opportunity of the decade" in "proven retail system that amounts to nothing short of a selling machine."

Japan Air Lines (JAL) is offering in-flight video service using Sony Video Walkman on direct flights from Tokyo to London or N.Y. Beginning Feb. 1, passengers in first or executive class seating will have access to Walkman and choice of 14 movies in Japanese or other language on videocassettes. Planes will be equipped with 22 Video Walkmen. JAL will provide service free in one-year trial. If there's enough demand, it will determine charges and whether it will expand program to other routes.

Best HDTV picture at Consumer Electronics Show was on "HDTV home A/V theater of the future," demonstrated by Barco and Fosgate. Barco projector has 3 Sony 9" tubes, provides 1,250 lumens of brightness on 6.9x12-ft. ultramatte screen, with sound from Fosgate 8-channel system. HDTV picture was fed by Sony 1,250-line projector. Barco projector alone sells for \$24,000.

"Writingphone" is new product category demonstrated by Sanyo at Consumer Electronics Show. It permits real-time transmission of handwritten information while conversation is carried on telephone. User writes with stylus on flat surface of instrument and writing appears on display of receiving phone. If user at receiving end is out, hard copy is printed.

Financial Reports of TV-Electronics Companies

These are latest reports as obtained during past week. Dash indicates information not available at press time. Amounts expressed in dollars. Parentheses denote loss.

| Company & Period | Revenues | Net Earnings | Per Share |
|---|----------------|-----------------|-------------------|
| AT&T | | | |
| 1988-year to Dec. 31 | 35,210,000,000 | (1,669,000,000) | — ^a |
| 1987-year to Dec. 31 | 33,768,000,000 | 2,044,000,000 | 1.88 ^b |
| 1988-qtr. to Dec. 31 | 9,207,000,000 | (3,342,000,000) | — ^a |
| 1987-qtr. to Dec. 31 | 8,652,000,000 | 498,000,000 | .46 ^b |
| American TV & Communications | | | |
| 1988-year to Dec. 31 | 811,893,000 | 70,422,000 | .65 ^a |
| 1987-year to Dec. 31 | 714,390,000 | 49,472,000 | .45 |
| 1988-qtr. to Dec. 31 | 212,090,000 | 22,502,000 | .21 |
| 1987-qtr. to Dec. 31 | 186,904,000 | 13,107,000 | .12 |
| Andrea Radio | | | |
| 1988-year to Dec. 31 | 4,104,603 | 293,392 | .58 |
| 1987-year to Dec. 31 | 3,583,018 | 304,781 | .60 |
| 1988-qtr. to Dec. 31 | 1,027,080 | 90,002 | .18 |
| 1987-qtr. to Dec. 31 | 862,544 | 63,850 | .13 |
| Avnet | | | |
| 1988-6 mo. to Dec. 30 | 986,900,000 | 23,500,000 | .66 |
| 1988-6 mo. to Jan. 1 | 870,400,000 | 25,000,000 | .70 |
| 1988-qtr. to Dec. 30 | 495,400,000 | 11,800,000 | .33 |
| 1988-qtr. to Jan. 1 | 429,300,000 | 12,900,000 | .36 |
| A. H. Belo | | | |
| 1988-year to Dec. 31 | 385,412,000 | 10,092,000 | .51 ^c |
| 1987-year to Dec. 31 | 381,776,000 | 22,315,000 | 1.04 ^d |
| 1988-qtr. to Dec. 31 | 105,625,000 | 2,468,000 | .12 |
| 1987-qtr. to Dec. 31 | 102,082,000 | 5,142,000 | .25 ^d |
| Best Buy | | | |
| 1988-9 mo. to Dec. 31 | 400,912,000 | 4,418,000 | .53 |
| 1987-9 mo. to Dec. 31 | 332,466,000 | 3,288,000 | .40 |
| 1988-qtr. to Dec. 31 | 171,970,000 | 3,554,000 | .43 |
| 1987-qtr. to Dec. 31 | 161,399,000 | 1,477,000 | .18 |
| Centel Cable TV | | | |
| 1988-year to Dec. 31 | 153,671,000 | 8,504,000 | .34 |
| 1987-year to Dec. 31 | 130,117,000 | 424,000 | — |
| 1988-qtr. to Dec. 31 | 40,599,000 | 2,259,000 | .09 |
| 1987-qtr. to Dec. 31 | 34,564,000 | 1,433,000 | .06 |
| Corning Glass | | | |
| 1989-year to Jan. 1 | 2,174,500,000 | 210,700,000 | 2.34 |
| 1988-year to Jan. 3 | 2,117,700,000 | 207,900,000 | 2.25 ^a |
| 1989-qtr. to Jan. 1 | 547,900,000 | 51,600,000 | .58 |
| 1988-qtr. to Jan. 3 | 547,500,000 | 59,000,000 | .65 ^d |
| Emerson Radio | | | |
| 1988-9 mo. to Dec. 31 | 590,585,000 | 8,158,000 | .22 ^c |
| 1987-9 mo. to Dec. 31 | 597,685,000 | (11,465,000) | — ^b |
| 1988-qtr. to Dec. 31 | 216,827,000 | 3,590,000 | .10 ^c |
| 1987-qtr. to Dec. 31 | 199,815,000 | (102,000) | — ^b |
| Jones Intercable | | | |
| 1988-6 mo. to Nov. 30 | 30,317,000 | (10,797,000) | — |
| 1987-6 mo. to Nov. 30 | 14,811,000 | 1,762,000 | .14 |
| 1988-qtr. to Nov. 30 | 15,822,000 | (5,586,000) | — |
| 1987-qtr. to Nov. 30 | 6,797,000 | 465,000 | .04 |
| LIN Bcstg. | | | |
| 1988-year to Dec. 31 | 225,535,000 | 82,121,000 | 1.54 |
| 1987-year to Dec. 31 | 208,651,000 | 87,431,000 | 1.56 ^b |
| 1988-qtr. to Dec. 31 | 62,660,000 | 25,944,000 | .49 |
| 1987-qtr. to Dec. 31 | 57,884,000 | 15,710,000 | .29 ^b |
| MCA | | | |
| 1988-year to Dec. 31 | 3,023,672,000 | 164,916,000 | 2.26 |
| 1987-year to Dec. 31 | 2,589,623,000 | 137,254,000 | 1.82 |
| 1988-qtr. to Dec. 31 | 962,111,000 | 75,714,000 | 1.04 |
| 1987-qtr. to Dec. 31 | 674,406,000 | 21,808,000 | .30 |
| 3M | | | |
| 1988-year to Dec. 31 | 10,581,000,000 | 1,154,000,000 | 5.09 |
| 1987-year to Dec. 31 | 9,429,000,000 | 918,000,000 | 4.02 |
| 1988-qtr. to Dec. 31 | 2,579,000,000 | 272,000,000 | 1.21 |
| 1987-qtr. to Dec. 31 | 2,375,000,000 | 216,000,000 | .95 |
| Motorola | | | |
| 1988-year to Dec. 31 | 8,250,000,000 | 445,000,000 | 3.43 |
| 1987-year to Dec. 31 | 6,727,000,000 | 308,000,000 | 2.39 ^b |
| 1988-qtr. to Dec. 31 | 2,193,000,000 | 124,000,000 | .95 |
| 1987-qtr. to Dec. 31 | 1,855,000,000 | 102,000,000 | .79 ^b |

| Company & Period | Revenues | Net Earnings | Per Share |
|----------------------------|---------------|--------------|-----------|
| Regency Electronics | | | |
| 1988-6 mo. to Dec. 31 | 35,332,000 | 1,649,000 | .15 |
| 1987-6 mo. to Dec. 31 | 38,188,000 | (463,000) | — |
| 1988-qtr. to Dec. 31 | 17,775,000 | 825,000 | .08 |
| 1987-qtr. to Dec. 31 | 20,108,000 | (528,000) | — |
| Scientific-Atlanta | | | |
| 1988-26 wk. to Dec. 30 | 253,445,000 | 15,918,000 | .66 |
| 1988-26 wk. to Jan. 1 | 252,231,000 | 13,775,000 | .58 |
| 1988-13 wk. to Dec. 30 | 128,501,000 | 9,186,000 | .38 |
| 1988-13 wk. to Jan. 1 | 123,956,000 | 7,890,000 | .33 |
| Time | | | |
| 1988-year to Dec. 31 | 4,507,000,000 | 289,000,000 | 5.01 |
| 1987-year to Dec. 31 | 4,193,000,000 | 250,000,000 | 4.18 |
| 1988-qtr. to Dec. 31 | 1,207,000,000 | 58,000,000 | 1.01 |
| 1987-qtr. to Dec. 31 | 1,138,000,000 | 52,000,000 | .88 |
| Walt Disney | | | |
| 1988-qtr. to Dec. 31 | 1,043,561,000 | 148,289,000 | 1.08 |
| 1987-qtr. to Dec. 31 | 734,564,000 | 100,436,000 | .73 |

Notes: ^aAfter special charge. ^bRestated. ^cIncludes special credit. ^dAdjusted.

Ideal View—Master Video System add-on that makes VCR interactive (TVD Feb 8 p12) will be reintroduced at N.Y. Toy Fair Feb. 13 after delay resulting from insufficient quantities (TVD Sept 19 p13). System will feature programs using Disney, Sesame St. and Muppet characters. Hardware may cost less than \$120 list planned last year, View-Master Ideal Group (VIG) Chmn. Arnold Thaler told us, with price of 30-min. tapes about same (around \$25). Company will start shipping this summer. Although VIG has worldwide rights to distribute system developed by ACTV, he said PAL and SECAM versions aren't available yet. Seven software titles will be available at start, Thaler said. Buena Vista Home Video Programming Dir. Eleanor Richman said company is providing one program, Disney Cartoon Arcade, which consists of 9 games and one bonus round featuring well-known characters such as Donald Duck. Second title's content and timing will depend on reaction to first tape, she said. "These tapes are a distinct line that we're very excited about."

Japan's "hit products" and services of 1988, compiled by Nikkei Marketing Journal, included no electronic items in first 15. Nikkei rated cordless phones No. 16, laptop computers 20, followed by Dragon Quest III game software (21), low-priced videotapes (23), Sony Video Walkman (26). No. 1 was gold and precious stones, followed by Tokyo's new domed stadium, overseas travel, dry beer.

Toshiba entered car audio market at Consumer Electronics Show, National Sales-Mktg. Mgr. Donald La Dieu predicting "birth of a new industry" that will include security, navigation systems, telecommunications, fax and computer products, eventually creating "car office." Toshiba auto sound line includes 12 head units, 11 speaker systems, 2 equalizers, 4 amplifiers, at \$139-\$829.

OBITUARY

Russell Johnson, 67, ex-vp-gen. mgr. of Panasonic's Communications Div., died of cancer Jan. 18 at Morristown (N.J.) Memorial Hospital. He was named to board of Matsushita Electric Corp. of America (MECA) in 1975, retiring in 1984 after serving in variety of ad and communication posts for MECA and Panasonic over 17 years. Previously, he was associated with Ideal Toy, Westinghouse consumer electronics, Du Mont TV and Uniroyal in ad and marketing posts. He's survived by wife, 5 sons, 3 daughters.