

TELEVISION DIGEST®

The Authoritative Service for Broadcasting, Cable, Consumer Electronics and Allied Fields.

With Consumer Electronics

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Broadcast - Cable

SIKES TABBED FOR FCC: Bush formally names NTIA head to 5-year term, with designation as chmn. Favorite candidate of broadcasters has close ties to Danforth. Obuchowski's nomination to top NTIA job on course in Senate. (P. 1)

PENTAGON EYES HDTV CZAR, plans another task force. Exec. secy. proposes giving DARPA HDTV standards lead, focusing on high-resolution work stations instead of consumer TV. Conflict with Commerce Dept. seen. (P. 3)

TIME MANAGEMENT BACKED: FCC delays Paramount bid for Time. Time and Paramount say they have financing. N.Y. okays Time-Warner deal in return for \$150 million cable rebuild agreement. (P. 4)

TV SPINOFF OKAYED: FCC bureau approves LIN plan, damaging McCaw's chances for takeover. LIN asks FCC to investigate whether TCI chief Malone's seat on McCaw board raises cross-ownership questions. (P. 5)

SYNDEX RULE ATTACKED: CATA, other opponents say in Appeals Court briefs that regulation violates First Amendment and encroaches on copyright law. Legislation to delay restoration by year proposed in House. (P. 5)

SATELLITE ABUSE CHARGED: NRTC claims satellite carriers discriminate in program access and prices, with rates 5-8 times higher than cable. United Video counterattacks with allegations of contract violation. (P. 6)

SIKES NAMED NEXT FCC CHMN.: In move long expected, White House announced June 28 that Alfred Sikes, head of NTIA, would be nominated to 5-year term on FCC effective July 1 and would be designated chmn. when confirmed by Senate (TVD May 29 p11). He will replace FCC Chmn. Patrick, who has announced resignation but is staying on until successor is confirmed (TVD April 10 p1).

Sikes appointment was held up nearly 2 weeks, reportedly by White House Chief of Staff John Sununu, who intimates say was irritated by interview Sikes had given June 16 to N.Y. Times in which he preempted White House announcement by saying he would be named chmn. It also has been widely reported that Sununu favored former White House and FCC aide Sherrie Marshall as chmn. Marshall and Ill. Commerce Commission member Andrew Barrett already have been named to 2 other Commission vacancies and their papers turned over to Senate (TVD June 19 p1). "Sununu lost," commented Washington broadcaster in in-fighting for chairmanship.

Senate Democratic leaders had told White House last winter they wanted next chmn. to be announced before they moved on confirmation of any FCC appointments. None of 3 is expected to have confirmation difficulties, although there had been open hostility in Senate to Marshall as chmn. Sikes has been close

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AGREEMENT ON DAT depends on RIAA board vote. Recorders could make one digital copy. Athens group doesn't okay royalties, plans no more meetings. (P. 8)

WAITING FOR VHS-C in slow market: Manufacturers pin hopes on promotion drive, combo machines, price differential. No defections to 8mm seen this year. (P. 9)

VCR DECK IMPORTS UP 40.7% in April, as shipments from Japan, Korea and Taiwan rise. 8mm accounts for 31.2% of camcorder total. Color TV imports up. (P. 10)

TEX. COLOR TV PLANT to assemble Chinese sets. Partly owned by Chinese govt., Kamp factory plans 27" size. Small-screen customers include Penney, Macy. (P. 11)

8mm GAINS AT RETAIL, according to ELCAP survey that shows it at 20.9% of April camcorder sales vs. 8.2% for VHS-C. High-priced color sets gain over 1988. (P. 12)

BARCODE PROGRAMMING ads in TV Guide for easy taping to be backed by ABC in deal with Panasonic. (P. 12)

MITSUBISHI TAKES OVER U.S. CD plant. Capetronic buys monitor firm. Bidding under way for Philips military business and Record-A-Call. (P. 13)

CHINA SANCTIONS VOTED by House won't have much effect on commercial ventures. Exports of U.S.-made satellites banned. Harsher measures considered. (P. 13)

associate of Sen. Danforth (R-Mo.), ranking minority member of Senate Commerce Committee, and had senator's strong backing for chmn.

Former broadcaster in Mo. and practicing attorney, Sikes has been Asst. Secy. of Commerce and dir. of NTIA since March 1986. He's 49, received LL.B from Mo. U. Law School in 1964. He had been supported strongly for chairmanship by NAB and many individual broadcasters, had said at outset that he was interested only in top job at FCC, wouldn't accept appointment as commissioner. Said Patrick: "President Bush has made a superlative choice by naming Al Sikes... Having worked with him over a period of years, I know that he has the requisite character, vision and intellect to lead the Commission in the continued development of enlightened communications policy. I hope and expect that the Senate will give his nomination quick and favorable treatment."

However, it's unclear when confirmation hearings could be held for the 3, Senate aides reported. July hearing calendars for Senate Commerce Committee and Communications Subcommittee already are crowded, they noted. Indeed, Senate is in 2-week recess and is unlikely to receive papers on Sikes' nomination formally until July 10, aides said. There's possibility hearing or hearings could be put off until late summer because long Aug. recess will follow 4-week July session, we're told. Talk of confirmation hearing for all 3 nominees in last week of July was branded "speculation" by one aide, who said none of key senators had consulted yet with staff on any plans.

FCC has been operating with only 3 members -- Republican Patrick and Democrats Quello and Dennis -- since Mimi Dawson resigned in 1987 to become deputy secy. of Transportation Dept. Sikes, Marshall and Barrett are Republicans. Dennis's term expired June 30, and there has been no indication from White House that she will be reappointed. Dennis is in Nice, France, attending final sessions of International Telecommunication Union Plenipotentiary Conference, will return July 10. There's widespread belief in Washington that Hispanic will be named to succeed her; she's Hispanic. Under law, she must be replaced by Democrat or independent.

Sikes will have opportunity to provide several key staffers to FCC. Said to be 2 sure bets are Charles Shott, former head of FCC Office of Plans & Policy who recently left as deputy chief of NTIA, and Richard Firestone, currently NTIA gen. counsel. Others said to be high on Sikes's list include NTIA policy adviser Kenneth Robinson, ex-NTIA aide Phyllis Hardsock, now in private law practice, and ex-FCC engineer James Vorhees, now in NTIA International Div. Among Patrick's key aides, Chief of Staff Peter Pitsch has recused himself from all "substantive" common carrier matters, and legal aide Lisa Hook has recused herself from issues involving Fox TV.

Sikes is expected to make a top priority in his FCC administration improving agency's relations with Congress, which have slipped to new low with Democrats in both houses because of deregulatory policies of Patrick and his predecessor ex-Chmn. Fowler. Sikes is considered political moderate and nowhere as ideological as Fowler or Patrick. People in whom he has confided expect him to be a team player, and not take confrontational approach with his FCC colleagues -- as Patrick often has been accused of doing. (When Patrick was named chmn., he also was widely expected to be less "confrontational" than Fowler -- but he upset some congressmen more than Fowler ever did, mostly because of his opposition to fairness doctrine.) Under Sikes' stewardship, NTIA has recommended that telcos be allowed to provide certain cable services into homes and has called for end of rules prohibiting TV networks from owning cable systems. He also has recommended removing jurisdiction of telephone Regional Holding Cos. from jurisdiction of U.S. Dist. Judge Harold Greene and shifting it to FCC.

AT&T said "the choice of Al Sikes is a good one..." It is important at this time of explosive industry growth, and bristling competition domestically and globally, to have an FCC chairman who is able, experienced, knowledgeable and willing to listen to all sides when complex public policy issues face resolution." Said NCTA Pres. James Mooney: "Al Sikes is knowledgeable... and runs a fair hearing. We look forward to working with him and his new Commission."

Sikes "is enormously well qualified to fill the chairman's seat at the FCC," said NAB Pres. Edward Fritts. "NAB has enjoyed an excellent working relationship with him" at NTIA. From INTV Pres. Preston Padden: "Al Sikes is a man of great integrity and fairness. What more could anyone ask for?" (Almost always, persons newly named to become FCC chmn. are praised by industry leaders -- at first.)

Meanwhile, Sikes' successor at NTIA has promised White House and Senate Commerce Committee to refrain from telecommunications policy-making that might pose conflict of interest with her or her husband's present or past employers. Janice Obuchowski, former Nynex exec. dir.-international affairs now

serving as NTIA consultant pending confirmation to agency's top post, said in statement for Executive Branch and Congress that she would recuse herself from participating in any policy matter that to best of her knowledge would have "a direct and predictable effect upon Nynex specifically. This does not prohibit my participation in matters likely to affect Nynex as a member of the industry sector." Obuchowski also said she would avoid conflicts in matters affecting clients of her husband, former FCC Common Carrier Bureau Chief Albert Halprin, now partner with Myerson, Kuhn & Sterrett. She already has disposed of all her stock and other interests in Nynex, she said.

Commitments were part of filings with Senate panel that White House candidates are required to complete before confirmation consideration. Obuchowski also detailed her and Halprin's real estate and other financial holdings, which include interests in D.C., Md. and Mass. properties that she said were worth total \$130,000-\$300,000. She reported mortgage liabilities of \$125,000-\$265,000. Candidates aren't required to provide more precise details. Obuchowski also disclosed other investments, savings and partnerships in oil well and law firm for herself and husband, together valued at \$417,500-\$963,000. Investments produced interest, dividend and other income last year of estimated \$94,225-\$220,700. Obuchowski said she received salary and bonuses from Nynex of \$86,515 in 1988 and \$55,633 this year before becoming consultant after her nomination. Committee plans confirmation hearing July 12, 9 a.m., Rm. 253, Russell Bldg. Confirmation by Senate is expected.

PENTAGON ORGANIZING HDTV TASK FORCE: New HDTV task force being organized by Pentagon's Defense Mfg. Board (DMB) is expected to meet for first time in early Aug. Newly appointed exec. secy. for task force is Roy Beasley, who submitted "Strawman II" plan this spring proposing President Bush launch HDTV project similar to President Kennedy's push to reach moon. Proposal would make Pentagon the HDTV standards "czar," "unleash" telephone Regional Holding Cos. (RHCs) to develop nationwide fiber network and focus on high-resolution work stations instead of consumer TV.

Beasley told us Strawman II is preliminary memorandum (copy of which we obtained), said it's impossible to know whether proposal will even be presented to task force, let alone what its chances of approval are. Beasley said he will remain impartial facilitator on task force. Group is being organized by DMB at request of Defense Advanced Research Projects Agency (DARPA), which has taken Pentagon lead on HDTV and would serve as HDTV "czar" under Strawman II proposal. Competing proposal to place policy czar in Commerce Dept. is advancing in Senate (TVD June 5 p2). Defense Dept.'s task force is expected to include several broadcast representatives, but neither Richard Wiley, chmn. of FCC Advanced TV Advisory Committee, nor James McKinney, Advanced TV Systems Committee chmn., has been invited to participate, they said.

Beasley presented Strawman at invitation-only meeting organized by DMB April 13 in effort to develop it into Administration policy, saying U.S. is "in the midst of a national crisis of the first magnitude" on industrial policy and accuses "most HDTV proponents" of being "inexplicably timid" in seeking solution. Strawman II proposes TV speech by Bush setting nationwide fiber optic network and widespread HDTV by end of 1990s as national goal. Speech would propose allowing RHCs to offer value-added information services if they agree to install fiber optic network by 2000 and buy at least 51% of components from U.S. suppliers.

Plan includes 5-year moratorium on broadcast HDTV and possible reallocation of broadcast spectrum to mobile telecommunications services for, among other things, communications among computer work stations. Beasley said potential "disastrous impact" of current HDTV trends on semiconductor industry may mean broadcast HDTV should "be reviewed in the broader context of the nation's global competitiveness. The FCC's traditionally narrower consumer considerations are inadequate policy guides in this area." Commerce Dept. would lead interagency task force to review spectrum requirements and HDTV broadcast standards "from a competitiveness perspective," make recommendations to FCC. Consumer HDTV development would trail development of high-resolution work stations under Beasley's plan. He said consumer HDTV receiver is just "a dumb high-resolution work station" and moratorium would give consortia time to develop consumer HDTV based on work station technology.

Public HDTV standard-setting committees work too slowly, Strawman II said, so DARPA would be named HDTV standards czar. Responsibility for leading U.S. delegations to international standard-setting agencies would be transferred temporarily from State Dept. to DARPA, which also would oversee 5-year HDTV R&D program to be carried out by competing consortia of U.S. companies. Justice and Commerce Depts. should draft modifications to antitrust laws that would allow technical consortia to participate in joint manufacturing, as well as joint product development, Beasley said in memo.

Strawman II doesn't have much chance of success, said PBS Senior Vp Howard Miller, who submitted one of few written commentaries to Beasley. Miller said public and rest of govt. probably wouldn't trust Pentagon enough to give it lead HDTV role, and Beasley's assumption that fiber networks would be "exclusive domain" of RHCs would "create major opposition." Plan puts too much emphasis on work stations, Miller said, because that market already is moving toward maturity. Consumer HDTV market is likely to exceed computer market "by a wide margin," Miller said.

TAKEOVER MANUEVERS: All 4 incumbent Time board members won easy reelection at shareholder meeting June 30, day after FCC said it would delay Paramount bid for Time until Paramount answers questions about timing of takeover and payments to Time stockholders. Paramount spokesman said company will respond to query as soon as possible. But Paramount won, too, during week, with Dist. Courts in Fla. and N.Y. refusing to grant injunctions against its \$200-per-share bid for Time.

Stockholder meeting followed decision by Del. Chancery Court not to block session and rejecting request for temporary restraining order by 3 large Time stockholders who wanted to nominate alternative slate of directors. Chancery Court Judge William Allen said there was no practical reason to delay annual meeting because it would cause no irreparable harm if there were new vote after main hearing on Paramount-Time-Warner situation July 11.

Time-Warner cable deal was approved June 27 in unanimous vote by N.Y. State Commission on Cable TV, Chmn. William Finneran said. As part of approval, Time and Warner guaranteed to upgrade systems serving 130 franchises and 825,000 subscribers in state to 60 or 77 channels, depending on size of system. Finneran said upgrades generally were planned anyway, but debt to be generated by Time takeover of Warner "puts at risk the dollars available for enhancements. We thought it was imperative that we lock the upgrades in." Upgrades, to be carried out over 5 years, are expected to cost \$150 million, officials said.

Both Paramount and Time said they have raised most of financing they need for proposed takeovers. Paramount said 7 banks have committed \$1 billion each, bringing total commitments to \$8 billion of \$15.6 billion it needs. Time said it has arranged \$5 billion loan from Bankers Trust and Mfrs. Hanover to provide most of \$7.3 billion to buy 100 million Warner shares and pay expenses. Time plans to sell bonds to raise rest.

Paramount's plan for trustee to take over Time was opposed at FCC by U.S. Conference of Mayors and by attorneys general of 13 states. Both groups said trustee arrangement would bypass local authority to decide whether cable franchise can be transferred and give them little option other than to approve move eventually. Time welcomed interventions, said transfer will take minimum of 6-9 months, claimed delay would "substantially reduce the present value of [Paramount's] offer to Time shareholders." Paramount filed reply saying that states' opposition is "unfortunate result of Time's massive misinformation campaign." Paramount said federal and local approvals can proceed concurrently and states' arguments that local approval should come first "apply equally to Time."

Weather Channel has launched 24-hour radio service, providing local weather reports to radio stations. Stations get exclusive rights to service in local market, with fee depending on market size.

ESPN purchased 4 transponders on 2 successor satellites from Hughes' Galaxy/Westar fleet, with primary feed on Galaxy 5 transponder. Transmission of major league baseball games will be shifted in 1992, ESPN said. Additional transponders on Galaxy 5 and Galaxy 1R will be used for alternate feed, west coast morning feed and "market-specific" feeds of 175 major league baseball games per year, ESPN said. Financial details weren't disclosed. Decision to purchase Hughes' transponders was made because of "early timing" of Galaxy 5, which will be operational Feb. 1992, giving cable network "one year of lead time" over competition, ESPN Senior Vp Roger Williams said. Purchase decision was stimulated by fact existing C-band satellites used by cable industry will reach end of useful life beginning in 1993, and satellite manufacturers are selling capacity prelaunch, he said. ESPN affiliates will need capability to switch between 2 satellites to receive baseball games that, through different market feeds, could number up to 3 games at any one time. Hughes will launch Galaxy 5 in 1991 to replace Westar 5 (125°), and Galaxy 1R will succeed Galaxy 1 (133°) in 1993. Birds will have 12-year projected lifetime, and 16-w signals will be more powerful than current generation, Williams said.

NAB has raised concerns with House Telecom Subcommittee about possibility that telephone Regional Holding Cos. (RHCs) would be freed from Modified Final Judgment (MFJ) to enter new businesses. Subcommittee is considering legislation (HR-2140) to ease MFJ. NAB expressed worries about must-carry and HDTV if restrictions are removed, saying nation's "tremendous investment" in embedded TV receivers shouldn't be jeopardized: "It is our strong conviction that any provider of broadband services to the home, be it fiber optic cable or coaxial cable, should be required to provide local broadcast signals to its customers." NAB also called for assurances that emergence of unfettered RHCs wouldn't jeopardize broadcast industry efforts for terrestrial HDTV. INTV said in its filing that there should be "clear and inviolate separation" between broadband carrier and programmer and indicated opposition applied to both telco and cable involvement in area. "Permitting common ownership of the conduit and the content in the cable industry was a grievous mistake," INTV said. "Telco broadband networks hold the potential promise of offering competition to the cable monopoly. However... we must not permit telco integration into program content."

Cable transactions: King Bestg. bought systems serving 46,000 basic subscribers in Minneapolis suburb from Hauser Communications for \$131 million. Hauser was represented by Waller Capital, King by First Boston... **Falcon Cable** bought 2 systems with 2,050 subscribers in Mojave and Rosemond, Cal., from Boulder Ridge Cable TV. Broker: Waller Capital.

House Commerce Committee has published updated version of 1934 Communications Act and "related provisions of law." It can be ordered for \$12 (stock number 052-070-06578-8) from Govt. Printing Office, Washington 20402.

TV SPINOFF OKAYED: LIN Bestg. won approval at FCC June 28 to transfer ownership of its 7 TV stations to spinoff subsidiary LIN Television Corp., action that could throw monkey wrench into McCaw Cellular Communications' proposal to buy LIN for \$5.85 billion (\$120 per share). Decision by FCC Mass Media Bureau clears way for LIN to separate broadcast holdings from cellular operations.

McCaw had no comment on Bureau decision, which could be appealed to full Commission. Mass Media Bureau Chief Alex Felker said: "McCaw's request that we stymie LIN's proposed transfer by denying or deferring action on it is precisely the sort of regulatory favoritism the Commission [has] sought to avoid." Felker concluded that neither FCC rules nor Communications Act "stand as impediments to the proposed transfer."

Spinoff could force McCaw to revise its offer for LIN, which latter rejected as inadequate (TVD June 26 p6). In filing with SEC, McCaw said: "If the spinoff transaction is completed, [McCaw] currently intends to amend the offer by reducing the price offered here... to reflect the resulting value reduction and any resulting costs." Sources said those "costs" could be federal taxes McCaw would have to pay.

LIN contends spinoff would create tax-free distributions of stock to shareholders, but sources told us that if there's subsequent transaction -- such as if McCaw or another company bought LIN's cellular operations or new spinoff TV subsidiary -- shareholders and acquiring company may have to pay federal taxes.

McCaw also wants to keep TV stations because they generate more profit for LIN than cellular operations, sources said. McCaw filed long-form applications with FCC June 15 to transfer LIN's licenses to McCaw -- in event takeover is successful -- and requested special temporary authority (STA) and short-form application approval to put stations under trusteeship of Eugene McCarthy, former senator and Democratic presidential candidate, until LIN acquisition became final.

However, LIN filed long brief with FCC June 27 opposing those requests. It said McCaw doesn't have adequate financing to buy LIN and maintain TV stations because it's almost \$2 billion in debt. LIN also said cross-media ownership conflict would exist because TCI Pres.-CEO John Malone sits on McCaw board. TCI has 120,000 cable subscribers within 5 of LIN's TV markets.

LIN said TCI would "benefit from LIN stations' having to slash programming, sales and promotional costs (as well as public service) in order to help service the huge debt necessary to finance McCaw's hostile takeover of LIN." Malone couldn't be reached because he's on vacation, his secretary said, but "I know for sure there is no interest in LIN on TCI's part."

McCaw spokesman said LIN's actions before FCC and rejection of cash tender offer is sign LIN wants to "position itself for whatever's the best deal. Nine out of 10 times, there's always resistance." He said McCaw continues to stand by offer, which has July 6 deadline that probably will be extended.

British Telecom (BT) chose Scientific-Atlanta (SA) B-MAC encryption technology for its Pan-European business TV service. BT will begin broadcasts later this summer, offering encrypted video services to corporate and other users. BT provides B-MAC encrypted uplink services to Satellite Information Systems.

SYNDEX RULES ATTACKED: FCC's new syndicated exclusivity (syndex) rule violates First Amendment and "impermissibly encroaches upon statutory copyright law," according to briefs filed by opponents of rule in U.S. Appeals Court, D.C. Filings in suit seeking to overturn Commission's decision requiring cable operators to black out programming when local broadcasters have negotiated exclusive rights (TVD April 24 p4) were being made at our deadline. They came as key House member proposed legislation (HR-2836) to delay syndex restoration for year from planned Jan. 1 effective date. Oral argument is set for Oct. 16.

FCC "failed to provide a reasoned analysis" to support decision to reimpose syndex, CATA said, and lack of analysis and data "renders this decision arbitrary and capricious." It said FCC acted in haste to revive syndex, in stark contrast to "4 years of careful review" before it eliminated it in 1980.

Tribune Bestg. focused on First Amendment issues, saying action clearly limits free speech rights of cable systems and viewers. It said there was no evidence lack of syndex rules has hurt local broadcasting or program diversity, so there was no major govt. interest in having syndex. If there were problem, it could be solved in way that would intrude less on First Amendment, Tribune said. Syndex could mean some of original programming, including INN newscast, couldn't generate enough audience and never would be produced, it said.

Syndex encroaches on 1976 Copyright Act and exceeds FCC jurisdiction, United Video said. Syndex "profoundly alters the cable-television compulsory license and the balance of legal/proprietary relationships established" by Copyright Act, which it says is preeminent over FCC actions. With syndex decision, United said, FCC "administratively invades... jurisdiction conferred by statute exclusively on federal district courts... depriving cable operators of due process."

Bill to delay implementation was offered June 29 by Rep. Richardson (D-N.M.) of House Telecom Subcommittee. He said he believed transition period to change should be longer to ease confusion, pending outcome of court challenge.

FCC plans cable rates and services survey as part of review of 1984 Cable Act, Chmn. Patrick told House leaders. In June 23 letter responding to query from Commerce Committee Chmn. Dingell (D-Mich.), Patrick said agency has prepared survey of cable operators, but needs Office of Management & Budget clearance before it's conducted. He said FCC will try to evaluate quantity, quality and value of services, basic rates, competition. Cable rates survey being done by General Accounting Office for Congress will be considered in FCC review, he said. Patrick also suggested public comments will be sought and report will be ready for Congress by Oct. 1990 deadline. Report evaluating industry developments in wake of Cable Act is required in law.

Newly formed NTG Holdings Inc. is buying 90% of 4 TV stations from Price Communications for \$120 million: WAPT (Ch. 16, ABC) Jackson, Miss.; WNAC-TV (Ch. 64, independent) Providence; WSEE (Ch. 35, CBS) Erie; WZZM-TV (Ch. 13, ABC) Grand Rapids. NTG is combine of Osborn Communications (25%), Desai Capital Management (40%) and Price (10%), with rest of stock divided among NTG executives and Bankers Trust Co., which is providing financing. Richard Appleton, ex-Price, is NTG pres. Cost (\$70 million cash, \$50 million in subordinated debt) is 12 times stations' estimated cash flow, Price said.

SATELLITE ABUSE CHARGED: National Rural Telecommunications Cooperative (NRTC) charged June 26 that it's paying 5-8 times more to certain satellite carriers than cable operators pay for same programming. United Video (UV), one of companies cited by NRTC as "blatantly discriminatory," replied that NRTC had violated contractual agreement by initiating disclosure of pricing information.

Charges of discriminatory pricing were aimed at Eastern Microwave, Netlink, Southern Satellite Systems and UV, all of which "required NRTC to pay much higher rates than those paid by cable operators for the same programming," NRTC CEO Robert Phillips said at Washington news conference. Rate charged to NRTC by Eastern Microwave, he said, is 600% higher than for cable operators, Southern Satellite Systems is almost 800% more, Netlink 500% more. UV "prevents us even from disclosing to the FCC the discriminatory payments we are required to pay to them," Phillips said.

Latter was enough for UV official to charge to us that NRTC now has violated its contract agreement with UV. Jack Riley, gen. mgr. of Superstar Connection, TVRO division of UV, said NRTC "took issue" at news briefing with UV pricing "when there was no request for such disclosure to be rendered" and NRTC is barred from revealing such information unless asked. He challenged NRTC to debate rate levels before Congress, FCC or any other body. "I would question -- and have never received an answer from NRTC -- whether there is a subsidy coming across to their TV service from the telephone and direct-service side of the house," Riley said.

NRTC claims are "completely unfounded," Netlink Pres. Brian McCauley said. He said Netlink has 2 basic prices, one for wired cable subscribers and another, higher rate for TVROs. Netlink has higher overhead for TVRO, including scrambling system, computers and large staff, he said. But Phillips said no functional differences exist between NRTC's ability to serve consumer and cable operator's ability to serve cable subscriber.

Congress required FCC to prepare report on home dish program business. Agency began investigation in May by issuing inquiry (Doc. No. 89-88) into existence of discrimination by providers of superstation and network affiliate programming. NRTC's allegations of unfair pricing by satellite carriers were included in comments filed with FCC last week. NRTC also will seek ban on acquisitions by multiple service operators (MSOs) of additional Ku-band capacity.

C-SPAN will provide weekly educational programs to schools beginning Aug. 22 as part of Cable TV Alliance for Education response to Whittle Communications plan to deliver educational programming by satellite. C-SPAN will provide original weekly 10-min. program during school year based on govt. activities. Programs will be transmitted at 1 a.m. eastern time each Tues. with "informational vignettes" on how govt. agencies and Congress work and looking at personalities and national issues, spokesman said. He said new effort is extension of C-SPAN's C-Span In The Classroom program, which has provided educators with instructional plans and materials on ways to use regular C-SPAN programming. Previous program also distributed more than \$125,000 worth of audiovisual equipment to schools. New "short subject" programs are first C-SPAN will produce specifically for schools. Spokesman said additional cost will be minimal because programs will use existing tapes and staff.

AT&T has asked FCC for permission to discontinue Terrestrial TV Services (TTS) in 118 areas of country where it hasn't been used by TV stations in last 8 months, effective Aug. 31. AT&T said action will have no impact on international service or on existing customers. Carrier said move isn't abandonment of communications service to broadcast industry, but business response to decline in stations' demand for TTS. AT&T has provided service for more than 40 years. Originally, TTS and variations were used by TV networks when programming first went city-to-city and coast-to-coast; today it's used by stations on occasional basis for sports, news, remotes, etc., and in recent years it generally has been replaced by satellites. Service is offered on fulltime (monthly) or parttime (hourly, daily) basis. AT&T said it could retire investment in excess of \$1.6 million in "idle central office equipment that generates no revenue" by ending service in selected markets. However, NAB said it's concerned that reduction in TTS could have adverse impact on occasional users, particularly small stations. That fear was echoed by TV dirs. we talked with at recent NAB board meetings in Washington. NAB Science & Technology Dept. has asked stations to keep it informed of any adverse impact planned AT&T move will have.

Worldwide agreement on HDTV production standards moved step closer at joint meeting of representatives of European Bestg. Union (EBU) and U.S. Advanced TV Systems Committee (ATSC). Two-hour session, during recent International TV Symposium in Montreux, Switzerland, resulted in timetable for agreement on rest of HDTV production parameters, ATSC Chmn. James McKinney said. International Radio Consultative Committee (CCIR) already has agreed on 18 of 34 parameters. EBU and ATSC timetable calls for agreement on all parameters dealing with colorimetry and transfer characteristics by CCIR meeting in Geneva in Oct., and on active line and related parameters by CCIR meeting next May. That would leave only field rates undecided, parameter that officials generally agree will remain different in different parts of world. Agreement between N. Americans and Europeans doesn't guarantee unified standard, even without field rates, because Japanese aren't participating in EBU/ATSC meetings. Other countries also could disagree, but McKinney said he considers moves to resolve U.S.-European disagreements major progress.

In what was described as "exchange of views," several broadcast executives met with their counterparts on telephone side in St. Louis June 28. Participants said it wasn't "a negotiating session," but rather part of "continuing process." Among issues discussed: Vertical integration of cable industry, definition of programming, business opportunities, consumer interests, proposed legislation, technology. No agreements were reached or proposed. Representatives from telcos: BellSouth, Southwestern Bell, Standard Telephone, Sugar Land Telephone, USTA; from TV side: INTV, MST, TV Operators Caucus. NAB was to be present, but its officials had scheduling conflicts.

ABC Radio Networks Pres. Aaron Daniels said he wasn't concerned there was no advertising on recent special on abortion. Live program, with Barbara Walters as moderator, went on as scheduled June 21, included 2 pro-choice and 2 anti-abortion advocates, permitted listeners to call in via toll-free number.

NAB has issued call for technical papers to be delivered at 1990 engineering conference, March 30-April 3 in Atlanta. Deadline for submitting one-page abstracts is Oct. 13 to NAB Science & Technology Dept., 1771 N St. NW, Washington 20036.

Personals

John Frazee promoted to vp, CBS News Services... Changes at NBC News: Therese Byrne advanced to vp-mktg. and business development, Joseph Alicastro named Rome bureau chief, Ike Seamans becomes Tel Aviv bureau chief... Promotions at ABC TV Network Group: Nancy Eagle to dir.-contracts; Craig Hunegs to assoc. dir.-contracts... Jack Abernethy advanced to dir.-best. operations and finance, WRC-TV Washington... John Martinez promoted to mgr.-operations, KAET Phoenix... Al Goldstein named acting news dir., KRON-TV San Francisco.

Jerry Weaver advanced to senior vp, Genesis Entertainment... Mark Jorgensen, ex-KSTW Tacoma, appointed national sales mgr., Northwest Cable Sports, new post... Ronald Pollock promoted to mgr.-new business, USA Network... Susan Borko advanced to dir.-business operations, National Geographic TV... Gordon Oppenheimer retires as asst. chief, TV Branch, Video Div., FCC Mass Media Bureau... Janet Elliott promoted to dir.-nontechnical operations, NAB Science & Technology Dept.; Shellie Goulding, media relations mgr., NAB Public Affairs Dept., will join United Way as an editor.

Kevin Lavan advanced to vp-controller-chief accounting officer, Viacom International... Marvin Blecker promoted to vp-engineering, General Instrument VideoCipher Div., new post... Advancements at Learning Channel: Jay Barchas to dir.-mktg.-western region, Patricia MacEwan to dir.-affiliate services, new unit... Dianne Lattanzi promoted to dir.-sales mktg. and communications, Lifetime cable network... Andrew Velcoff and Benita Baird promoted to deputy gen. counsel, Turner Bestg. System.

Gary Parkhurst promoted to vp-gen. mgr.-western region, Nielsen Mktg. Research; William McNair named customer research/information analysis coordinator... Camilla Carpenter advanced to dir.-film programming and home video, HBO Inc... David Higgins, ex-gen. mgr., Videopac, joins Hughes TV Network as dir.-engineering/satellite systems.

Steve Sohmer, longtime TV production executive, named pres., new Nelson Entertainment Group unit Nelson TV... Jim Spence, ex-ABC senior vp, becomes TV adviser to National Football League's planned World League... Kenneth Wright, ex-Centel Cable, joins United Artists Cablesystems as western div. engineer... Changes CBC: Jack Craine named dir.-London, Antonin Boisvert appointed dir.-Paris.

Elected 1989-1990 BPME officers: Pres. Linda Nix, WDSU-TV New Orleans; Pres.-elect Bert Gould, WCBS(AM) N.Y.; Vp-Treas. Erica Farber-Viola, Interep; Secy. Nancy Smith, Canada's Global TV Network... Advancements at Arts & Entertainment Cable Network: Ronald Schneier to vp-research and consumer mktg., Shelley Blaine to vp-affiliate sales-eastern region... Mary Lynn Gottfried, ex-Fox TV, joins Madison Sq. Garden TV as dir.-current programming, new post... Steve Raimondi promoted to senior vp-engineering, United Artists Cablesystems.

Bruce Jones, ex-senior vp-mktg. and programming, American Cablesystems, forms cable mktg./management consultancy Alderbrook Consultants, 508-887-3455... Sharyn Taymor promoted to dir.-corporate sponsorship and event mktg., ESPN... Changes at WGTE-TV-FM Toledo: Thomas Reed advanced to vp-finance and development; Thomas Paine named vp-corporate administration and radio; Johnetta McCullough appointed dir.-member services; Joe

Campbell, ex-TV program mgr., becomes dir.-programming and exec. producer; Paul Peters promoted to operations mgr... Wallace Woodard, ex-Urban League, joins Pittsburgh's QED Communications (WQED-TV-FM/WQEX-TV) as dir.-educational services.

NABET and Cap/ABC negotiators on new union contract will meet in N.Y. July 11 with Federal Mediator Kenneth Kowalski, at his request. With NABET rejecting ABC's "final offer," and refusing to put to vote of membership ABC's new offer that extended network's 10% bonus deadline and job guarantees (since expired) for signing of new contract, there currently is no offer on table. NABET has filed unfair labor practice charge against ABC (TVD June 26 p10). NABET said "there are no signs or indications" that breakthrough is near, but that union welcomes face-to-face talks because "there's always a possibility" that something will develop. On its part, ABC informed union that it would impose all conditions of proffered contract -- except 10% bonus and 3-year job guarantees -- "sometime after June 26."

Cable penetration reached 55.6% in May, latest Nielsen report said. Figure, which measures percentage of total U.S. homes served by cable, compares with 54.8% in Feb. and 52% year ago. Palm Springs has highest cable penetration, 88.7%, Nielsen said, and N.Y. has largest number of cable TV households -- more than 3.4 million.

Industry campaign to keep free TV free will kick off July 17 with spot featuring Walter Cronkite to air on TV stations across nation at start of local prime time. Headed by Milton Maltz of Malrite Communications, campaign also will feature print and billboard ads. Objective is to alert viewers to threat to free TV, principally from cable.

OBITUARIES

Dorothy S. Bullitt, 97, founder of King Bestg. and leading figure in cultural and business life of Northwest, died June 27 in Seattle. She formed King in 1947 with purchase of KEVR-AM-FM Seattle, acquired then-KRSC in Aug. 1949, changing call letters to KING-TV-AM-FM. She was chmn. of old NAB TV Code Board in 1960s. Her tenure there encompassed only instance when TV station was thrown out of Code for refusing to follow standards (by accepting Preparation H commercials before they were approved). King owns 5 TV stations, 6 radios, several cable systems. Bullitt retired as pres.-CEO in 1962, remained honorary chmn. Son, 2 daughters, survive.

Ross H. Beville, 78, veteran broadcaster and electronics engineer, died of heart attack June 18 in Amarillo, Tex., while attending family reunion. He was once part owner of WWDC-AM-FM Washington. Graduate of Capitol Radio Institute in 1936, he worked for War Production Board in World War II. Holder of several patents in electronics, Beville was chmn. of NAB committee to develop FM stereo standard. He was co-founder of equipment manufacturer Best. Electronics Inc. Wife, daughter, son survive.

Theodore Baron, 70, co-founder of Washington law firm Scharfeld, Jones & Baron in 1948, died June 26 in Hebrew Home of Greater Washington following several strokes. Graduate of Washington U. (St. Louis) Law School, he served in Army in World War II, served at FCC before entering private practice. He left Scharfeld, Jones & Baron in 1964, continued solo practice until retiring in 1982. Survivors include wife, son, daughter.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	JUNE 10-16	1988 WEEK	% CHANGE	JUNE 3-9	24 WEEKS 1989	24 WEEKS 1988	% CHANGE
TOTAL COLOR.....	333,970	352,692*	- 5.3	256,798	9,103,920*	7,973,430	+14.2
DIRECT-VIEW...	331,750	348,457*	- 4.8	255,085	9,019,278*	7,867,729	+14.6
PROJECTION....	2,200	4,235*	-47.6	1,713	84,642	105,701	-19.9
TOTAL VCR.....	128,480	174,829	-26.5	111,017	4,232,117	4,566,290	- 7.3
DECKS.....	91,986	138,317	-29.9	91,629	3,475,938	3,908,955	-11.1
CAMCORDERS....	31,494	36,512*	-13.7	19,388	756,179*	657,335	+15.0

Color TV 5-week moving average: 1989--354,777*; 1988--332,427 (up 9.7%).

VCR deck 5-week moving average: 1989--121,516; 1988--127,999 (down 5.1%).

Camcorder 5-week moving average: 1989--37,867*; 1988--37,295 (up 1.5%).

* Record for period.

DAT AGREEMENT NOW DEPENDS ON RIAA BOARD: Hardware and software manufacturers finally have reached agreement on digital audio tape (DAT) copyright protection, subject only to approval by board of Record Industry Assn. of America (RIAA), which could come within days. That's our reading of status of highly secret negotiations -- now ended -- on basis of our worldwide sources. Here's best informed analysis of where things stand now:

Ironically, agreement centered on basic proposal made 2 years ago by Philips, known as Solocopy (TVD June 29/87 p13), spurned at that time by record industry, which then strongly favored CBS Copycode system, discredited year later when it flunked tests by National Bureau of Standards. Contrary to some reports, original Solocopy system -- which permits making of only one digital copy on DAT, plus any number of analog copies -- won agreement as mandatory feature of consumer DAT recorders. So-called Solocopy II, which would permit one copy of digital copy as well, for editing purposes, wasn't approved.

No provision for taxes or fees on blank tape or recorders was in agreement ironed out at June 9 DAT working group meeting in Athens, although software participants made that proposal. Working group consisted of representatives of Japanese and European consumer electronics manufacturers, International Federation of Phonogram & Videogram Producers (IFPI) and its affiliate RIAA, with EIA representative Gary Shapiro sitting in as observer for first time. Our sources tell us that no matter what the outcome of RIAA vote, no more working group meetings will be scheduled.

IFPI has given its approval, conditioned on positive vote by RIAA board, which would require special meeting or canvass if it's to vote within next few days as indicated by our sources. RIAA Pres. Jay Berman would neither confirm nor deny that special meeting was being convened. Regular board meetings take place twice yearly, he said, with next one scheduled for fall. Berman also acknowledged publicly for first time since returning from Athens that RIAA officially had laid royalty fee proposal on table at working group meeting, but declined to discuss outcome of proposal or any results of session.

Strong evidence that royalties aren't part of pact would represent concession not only by RIAA, but also by IFPI, which is on record as saying that any "technical solution which does not prohibit copying... must be accompanied by meaningful royalties." Hardware manufacturers, particularly Japanese, have firmly resisted any concessions on royalty fees on hardware or blank tape.

IFPI presumably now realizes that Japanese hardware manufacturers have gone as far as they will go, made all concessions they're going to make. IFPI and RIAA are acutely aware that recordable and erasable Compact Disc systems (CD-R and CD-E) could be far worse prospect than DAT and, in fact, have said so

publicly (TVD Nov 7 p11). It's not known whether deal includes tacit agreement by hardware manufacturers not to push recordable CD systems.

Quick ratification of pact by RIAA wouldn't mean that DAT recorders would be here on next boat. Philips technical executives in Netherlands who discussed Solocopy with visiting journalists in March said system would have to await adoption of subcode standards by hardware manufacturers -- and, of course, it also would depend on development and production of recorders with hardware modified to accommodate system.

Ball now is in RIAA's court. Neither IFPI nor anyone else will make any public comment on situation until RIAA says yes or no. That will be final. If RIAA says yes, software and hardware industries presumably will make publicity push on wonders of DAT as prerecorded music medium. If RIAA says no, IFPI and entire organized software industry will opt out, ending matter once and for all.

WAITING FOR VHS-C IN A SLOW MARKET: Despite really tough market conditions and strong gains by 8mm, VHS manufacturers and marketers are inclined to give VHS-C camcorders a chance -- to wait for widely proclaimed promotional campaign and even for sale of combination full-size and VHS-C (F/C) recorders to come to rescue. In Japan, view is that there will be no defections from VHS-C format this year, but Christmas selling season could be last chance if 8mm makes major gains.

Panasonic, mass-market leader of VHS group, clearly outlined its strategy by adopting strong price differential for VHS-C vs. VHS when it reduced suggested minimum retail price of former to \$799 -- making "affordability" rather than portability prime selling point for compact subformat (TVD June 26 p11). Most other marketers still are watching market closely to see how well that strategy will work before following suit.

With sales currently in doldrums as economy sags, VCRs and camcorders -- as completely postponable luxuries -- are being affected severely at time when most brands would like to get rid of old stock in preparation for receipt of new models. Most widely advertised price for full-size VHS camcorder now is \$799, although there are some much lower. In N.Y., Macy's laid it on line last week in full-page July 4 sale ads (illustrated with Panasonic camcorder): "Every discontinued autofocus camcorder with 6:1 power zoom at \$799."

Korea's 2 leading manufacturers seem to be getting into U.S. camcorder business at worst possible time. "The basic 6:1 full-size is backing up," Samsung VCR Product Mgr. David Patterson said. Some advertised prices, he said, "approach our FOB price." He described current camcorder market as "the pits, particularly in full-size and C. 8mm is doing best." Samsung has 8mm in Korea and Patterson said he hoped to offer it in U.S. next year.

Patterson expressed concern that closeout prices were "setting a precedent at retail. It will be very hard to get them back up." He called VCR decks "a combat zone -- we're seeing 4-heads at \$249, which should be the price for 2-heads." Although camcorders are backing up, he characterized deck inventories as satisfactory, perhaps 6-7 weeks' supply.

"Retail is pretty disappointing," echoed Goldstar Product Mgr. Bennett Norell. "We had planned for [camcorder] pricing much higher than today's closeouts," he said, adding that \$799 is "below where we can be." In VHS-C vs. 8mm, Korean parent "is trying to decide where to go." He said F/C capability could "make a difference" to success of VHS-C, but "only if it's built into all models -- say at a \$50 premium." He said Goldstar deck sales are doing well, but he forecast "tough 2nd half, with possibly some declines" in pricing.

"Extremely slow" was characterization of retail climate by Toshiba Asst. Vp Jeff Mullarkey, with east more sluggish than central or western U.S. "Sales are just not as brisk as anticipated," he said. While 8mm is "coming on strong" at expense of VHS-C, he said latter has had some "pockets of success." He said: "We are depending on promotion to have a lot of bearing on the future of C. Panasonic will potentially set the pace." He characterized initial marketing of VHS-C and adaptors as "mistake," noting that F/C machines could be "big help" to format.

Toshiba, which is adding its first full-sized VHS camcorders in Oct., is watching pricing of discontinued models very closely. "Prices will go up if there's not a glut," Mullarkey said. "I hope the new models will be at healthier levels." While inventories are "comfortable but climbing [now], "if they're very high in July,

we're going to see some manufacturers take a 2nd look at pricing." Deck prices stabilized in May, he said, with large part of sales now being 2nd or replacement units, which should bode well for stereo and other high-end models.

"Business can be characterized as fair," said Sharp Video & Home Appliance Vp-Gen. Mgr. Perry Clay. Survey of retailers at Consumer Electronics Show found "TV O.K. but not quite [selling] at the same rate as supply. VCR is off at retail, particularly high end and hi-fi, camcorders O.K., but not up to optimistic predictions." VHS-C format "won't take off this year," Clay believes, but "1990 could potentially see resurgence thanks to the combination [F/C] market. Full-size is going to stay where it is -- I don't see it dropping" from 65-70% of camcorder market. Sharp's own camcorders are selling through, Clay says. "Perhaps we were fortunate that our camcorder market share was so low -- we've started with a low base and built." Sharp has extended its \$50 and \$100 rebate promotion full-size VHS camcorders.

Minolta, which sells all 3 formats, said last week it had no reason to change forecast of last March of 60% full-size, 28% 8mm and 12% VHS-C camcorder market for this year. In April, 8mm hit high of 30.7% of total camcorder imports, Commerce Dept. reported; ELCAP retail survey for April showed 8mm at 20.9% of sales, VHS-C 8.2% (see separate reports, this issue).

In Japan, informed observers expect Matsushita to back its subsidiary JVC strongly on VHS-C this year, but what happens next year depends on whether 8mm scores further successes. Matsushita, which makes 8mm for OEM brands and markets 8mm airline system under own brand, is said to be watching U.S. market closely. If 8mm's share here should approach 40% or if Sony's total camcorder production starts to exceed Matsushita's, there are predictions that Matsushita must add 8mm. One source speculated that company will have top-level meeting to review situation early next year. Other Japanese manufacturers won't act until and unless Matsushita does; they'll be watching Panasonic promotions carefully.

COLOR TV AND VCR IMPORTS UP SHARPLY IN APRIL: Continuing surprise reversal that marked first quarter of 1989, color TV and VCR imports into U.S. increased in April compared with same month of 1988, Commerce Dept. statistics showed. Even VCR imports from Japan, which had been declining for months, rose by wide margin in month. Accounting for 31.2% of total camcorder shipments was 8mm, up from 20.7% share in first quarter.

Total VCR deck shipments here were 1,071,200 in April, up huge 40.7% from 761,200 in April 1988 -- among lowest monthly totals in recent years. In contrast, only 535,492 decks were sold to dealers in April (TVD May 15 p10) -- almost exactly half number imported. VCR decks from Japan rose 33.7% to 769,100, first such increase since Nov. 1986. Shipments from Korea increased 30% to 184,300 and from Taiwan 49% to 63,900. Non-Japanese sources accounted for 28.2% of VCR deck imports, Commerce data indicated.

U.S. received 3,825,682 VCR decks in first 4 months of year, up 9.5% from same year-earlier period, compared with 2,640,995 sold here in 1988 period. Deck shipments from Japan dropped 2.9% to 2,632,900 in 4 months, while Korea's rose 46.4% to 862,700 and Taiwan's 17.3% to 220,900. Non-Japanese suppliers accounted for 31.2% of Jan.-April total.

Shipments of complete color TV sets to U.S. jumped 51.8% to 981,700 in April. That total adds kits, which Commerce began including in complete set total in Jan. We have added kits to last year's total to give accurate comparison. Imports of b&w TVs dropped 14.3% to 259,200, putting TV grand total at 1,240,900, up 30.7%. Mexico, Korea and Taiwan were biggest color TV suppliers in month. Complete color TV imports rose 15.7% to 3,151,000 in first 4 months of year. B&w TV shipments fell 6.2% to 965,300, and TV total was up 9.7% to 4,116,300.

Imports of 8mm camcorders totaled 63,300, accounting for 31.2% of 202,700 camcorders shipped here in April. All 8mm camcorders were from Japan. Percentage of 8mm products has risen from 11.2% in Jan. to 24.6% in Feb. to 23.8% in March. In first 4 months, camcorder shipments totaled 699,200, with 8mm providing 23.7% at 165,900. April total of 202,700 camcorders imported compares with 141,121 sold here. In first 4 months, domestic sales totaled 499,084.

Projection TV imports jumped 152.9% to 22,400 in April and were up 136.1% to 68,000 for Jan.-April. On other side of coin were flat-screen TVs, which plunged 70.2% to 1,200 in April and 147.2% to 7,700 in 4 months. Videocassette player imports in April rose 27.6% to 73,700, majority from Korea. In 4 months, VCP imports were up 87.4% to 263,700. Compact Disc player shipments increased 33.3% to 401,700 in month, 15.9% to 1,426,000 in 4 months.

TEX. PLANT TO ASSEMBLE CHINESE TV SETS: Partly owned by Chinese govt., biggest U.S. importer of color TV sets expects to begin assembly of 27" models this fall in plant near Dallas.

In turnaround from normal Chinese-foreign joint venture, Kamp Resources Inc. is building plant in Kennedale, Tex., expects to assemble 2,000 color TVs monthly starting in Oct., increasing to 4,000 next year if demand warrants, possibly adding 25" and 31" sets. Chassis will be Chinese, cabinets and tubes American.

Majority of Kamp Resources is owned by Managing Dir. Alex Lin, native of Taiwan, he said, with minority ownership by Xiamen Overseas Chinese Electronic Co. (Xoceco). Xoceco, in turn, is controlled by Chinese central govt., which owns more than 80%, with rest held by China Resources, Hong Kong, which Lin says bought out interests of Conic Investment Co.

Kamp is by far largest importer of complete color TVs from China, Lin told us last week, estimating it accounts for 90% of China-to-U.S. color TV shipments, also imports Chinese sets through Mexico. He said Kamp already has imported 140,000 sets, about half of them via Mexico. "Based on orders on hand," Lin said, "this will rise to more than 200,000 by the end of this year."

Company specializes in retailer brand private label accounts, its biggest being J.C. Penney and Macy's, although it also sells under own brand names, Kamp and Prima. Xoceco brand name, familiar to Consumer Electronics Showgoers for long-time exhibits there, is reserved for Chinese domestic market. Kamp started importing 13", added 19" sets this year.

Xoceco's plants are in Xiamen special economic zone, opposite Taiwan. Xoceco also is one of suppliers of MTC Electronic Technologies Inc., Canadian company that's building assembly plant in Vancouver (TVD May 29 p18). MTC says it also buys from Chengdu Radio Factory and govt.'s China National Electronics Import & Export Corp. (CEIEC), says it has imported 220,000 monochrome and color sets from China. Lin seemed dubious about MTC's claims on imports and that it's "exclusive" importer of Chinese govt.-made TV sets to North America.

Promotional material by Xoceco says its TV sets are "manufactured to the specifications of Matsushita and Toshiba circuits and with the technical cooperation of Thomson of France." Kamp's Texas hq currently has 12,000 sq. ft. of office and warehouse space, will be expanded by 30,000 sq. ft. for TV assembly. Company has offices in Taiwan, Hong Kong and Panama City, in addition to Texas, where phone number is 817-478-0040.

Other China joint ventures reportedly being set up for North America are between Hong Kong affiliate of Canada's Semi-Tech, which has rights to Singer brand name; China's SEG, composed of 158 electronics factories in Shenzhen special economics zone, and reported venture of China's Panda Group with unnamed L.A.-based marketing company (TVD Feb 6 p13).

"Shipments from China have not been interrupted by the continued turmoil in that country," MTC Electronic Technologies said last week. "Scheduled shipments of telephones and radios left Canton on June 7 and June 19 and large shipments of televisions left Xiamen on June 5, 9 and 19," it said. "Factory production levels have remained normal... MTC has been informed by Chinese government officials that the factories will be increasing their production by approximately 30% from July on."

Thomson subsidiary Ferguson is ending manufacture at Enfield, England, plant, reducing employment there to 500 from 1,250. Company will continue making color TV at highly automated plant at Gosport, Hampshire. When Thomson took over Ferguson from Thorn EMI, it lost contract to manufacture JVC sets. Ferguson said it has "maintained its market share, [but] oversupply and little or no demand growth in the major product sectors have resulted in several years of mixed trading," adding that its problems "have recently escalated as a result of the continuing rise in interest rates, the consequential slump in the consumer electronics market and the slow takeoff and delays in the satellite sector."

Home Automation Subdivision has been formed by EIA Consumer Electronics Group in Home Information Equipment Div. chaired by Sony's Robert Dillon.

U.S. semiconductor consortium, formed by 7 members of Semiconductor Industry Assn. -- U.S. Memories Inc. -- will manufacture computer memory products, particularly 4-Mb dynamic random access memories (DRAMs) for U.S. market. It will attempt to regain U.S. chip market lost to Japanese manufacturers in recent years. Owners are Advanced Micro Devices, Digital Equipment, Hewlett-Packard, IBM, Intel, LSI Logic, National Semiconductor. American Electronics Assn. (AEA) gave its "strong support" to new venture.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 143 yen = \$1, except where noted.

8mm GAINS AT RETAIL: While full-size VHS continued to be overwhelming favorite of customers, 8mm's popularity increased at retail to 20.9% of total camcorder sales in April, largely at expense of VHS-C, with 8.2%. Full-size models comprised 65.2% of sales. These are results of April ELCAP retail panel survey by Elrick & Lavidge Inc. Although April 1988 figures aren't available for comparison, in May 1988 8mm accounted for only 8.7% of total, VHS-C 24.5%, full-size 66.5%.

One possible reason for 8mm's gains is suggested in ELCAP price comparison for April, showing 53.3% of 8mm sales at below \$1,000 vs. only 16.7% of VHS-C sales at that level, while 82.5% of VHS-C sales were at \$1,200-\$1,499 but only 30% of 8mm at that high end of scale. Full-size VHS sales were scattered all over price range -- 53.4% below \$1,000, 36.3% at \$1,000-\$1,199, 6% at \$1,299-1,499, 4.2% at \$1,500 and over. S-VHS isn't included in either category.

Mix of VCR decks appears to be getting richer. April 1989 saw 13.6% of sales in hi-fi category, 2.6% linear stereo, as compared with 5.4% and 6.5% in April 1988. Some 40.3% of total sales were 4-head machines in April 1989 vs. 20% in May 1988. In latest month surveyed, 13.1% of VHS decks were \$400 and up, 21.8% at \$300-\$399, 52.3% at \$200-\$299, 12.9% less than \$200; comparable percentages for April 1988 were 7%, 24.3%, 54.3%, 14.4%.

In color TV, most popular size continues to be 19", but by only razor-thin margin, comprising 24.3% of unit sales in April, vs. 24.2% for 13-14" and 23.4% for 20". However, 20" was easy winner in dollar volume at 21.1%, vs. 17.3% for 19" and 14.1% for 13-14". Highest priced color TVs gained as percentage of color sales mix, while lowest price category declined: In April 1989, 15.9% of color sales were at \$500 or over (vs. 13.1% in April 1988), 7.9% at \$400-\$499 (10% in 1988), 62.5% at \$200-\$399 (51.8%), 13.7% under \$200 (vs. 25.1%). For details on ELCAP: 404-938-9233.

Military takeover of HDTV -- to be proclaimed by President Bush -- is envisioned in proposal by Roy Beasley, exec. secy. of HDTV task force being organized by Pentagon's Defense Mfg. Board (DMB). Beasley, who presumably would become national HDTV czar under scheme, proposed 5-year moratorium on broadcast HDTV during which time TV presumably would switch to nationwide fiber optic network owned by phone companies. He said consumer HDTV work should follow that on work stations since HDTV receiver "is little more than a 'dumb' high-resolution work station." (Details are in Broadcast/Cable section.) Meanwhile, House Armed Services R&D Subcommittee accepted proposal last week to increase Defense Dept. funding for HDTV R&D grants by another \$50 million in fiscal 1990 for project administered by Defense Advanced Research Projects Agency (DARPA), in addition to current \$30 million. Since proposal is backed by Committee Chmn. Aspin (D-Wis.), approval is expected by Committee and full House.

Hong Kong electronics manufacturers exhibiting at Chicago Consumer Electronics Show more than doubled "spot sales" to about \$12 million from last year's depressed level of \$5.7 million, Hong Kong Trade Development Council said. However, deals under negotiation fell sharply to \$13 million from last year's \$21.8 million and preceding year's \$43 million, presumably reflecting unstable situation in China, where many Hong Kong companies have plants. Principal products were personal computers and peripherals, telephones, audio equipment and miscellaneous household electronics including security systems and timers.

ABC PLUGS BARCODES: Latest network concession to existence of VCRs: Joint promotion of barcode programming by ABC and Panasonic. Although TV Guide consistently has refused to run barcodes with program listings, it has no objection to carrying them as paid ads -- which it will do in Nov. issues under deal with ABC.

Network will plug shows in TV Guide ads, which will plug Panasonic as well. In turn, Panasonic will supply ABC with barcodes for ads in TV Guide's regional editions and will pay portion of cost. It also will advertise VCRs on ABC-TV.

Challenged for audience by cable TV, growing strength of independent stations and by VCRs themselves, networks now are looking to VCRs -- whose existence they once denied -- to wring out added rating points. Other network promotions: CBS's "tape us" deal with Maxell, NBC's free preview tapes with 3M cassettes and ABC's free 15-min. program cassettes at Pizza Huts (TVD June 19 p18).

"Video Store," syndicated half-hour weekly TV series set for fall, has been cleared in 65% of U.S. and in all top 10 markets, said MG Perin, which is handling station sales. "If I tried to do this show 2 years ago," MG Perin Exec. Vp Dick Perin said, "it never would have gotten off the ground." While broadcasters have been treating home video as competitor, he said timeshifting is seen now as providing additional viewers and giving prerecorded software industry ad revenue source. Besides opening segment on new releases, series will feature classics, sleepers, nontheatrical programs, new hardware and technology, as well as celebrity interviews and consumer tips.

Bitter trade dispute with Japan was resolved last week with agreement to open more cellular telephone frequencies to American competitors and allow increasing foreign competition in 3rd party radio. As result, said U.S. Trade Representative Carla Hills, "it is no longer necessary for the U.S. government to consider retaliation" under Sec. 301 of trade law. U.S. had issued long "hit list" of Japanese products on which it was considering trade sanctions (TVD May 15 p15, May 8 p13).

Nintendo is mentioned by Wall St. Journal, along with Disney and Mattel, as possible candidates to acquire toymaker Hasbro Inc., following death of Chmn.-CEO Stephen Hassenfeld, 47, last week. Warner Communications owns 13.6%. In separate article, Wall St. Journal said 28 million Nintendo games have been sold in Japan so far, they now are in 17% of U.S. homes, and quotes Nintendo as forecasting cumulative worldwide sales of 36 million by mid-1990.

International show circuit, 1989 edition:
Internationale Funkausstellung (Audio-Video Fair), Berlin, Aug. 25-Sept. 1; All-Japan Audio Fair, Tokyo, Oct. 3-8; Korea Electronics Show, Seoul, Oct. 7-12; Taipei International, Electronics Show, Taipei, Taiwan, Oct. 13-19; Hong Kong Electronics Fair, Oct. 16-19; Japan Electronics Show, Osaka, Oct. 19-23.

Corning is selling color TV bulb manufacturing equipment to Soviet TV tube plant in Lithuania under agreement with Dorfair Co., Hong Kong engineering firm, terms not disclosed. Shipments will start in late 1991, and plant is set for operation by mid-1992. Corning will supply about 20 engineers for 2-4-month periods to help with installation.

MAJOR ACQUISITIONS: Mitsubishi becomes sole owner of U.S. Compact Disc operation, Capetronic is buying computer monitor firm, bidding is under way for Philips' defense operation and for Record-A-Call, and Sony has taken over sole ownership of country's largest aircraft audio-video system operator. Highlights of merger and acquisition news:

Mitsubishi will take over ElectroSound Group's 40% stake in Memory-Tech Inc., joint venture that operates Compact Disc software factory in Plano, Tex. (TVD Aug 1 p14). In tentative pact announced last week, ElectroSound will transfer its interest to Mitsubishi, which currently holds 60%, in return for \$1.5 million in payments over 4 years and release of ElectroSound from guarantees on \$10 million in debt incurred by venture. ElectroSound reported loss of \$7.2 million for 9 months ending Feb. 28. Last Nov., it took \$7.9 million charge against its stake in Memory-Tech venture, which opened Plano plant during spate of stateside CD factory startups in 1986 and 1987.

AT&T, Litton, Lockheed and former Magnavox official Don Willis reportedly are preparing to submit bids for Magnavox Govt. & Industrial Electronics, part of Consolidated Electronics Industry Corp., formed last year by N. American Philips to take over businesses unrelated to Philips' core product areas (TVD Aug 8 p14).

Capetronic North America, subsidiary of Britain's Polly Peck International, said it has bought substantially all assets of Monitronix Corp., Westerville, O., supplier of high-resolution color graphic display monitors. Capetronic is worldwide OEM supplier to consumer electronics and computer industries, is headed by Norbert Wirsching. Polly Peck's sales last year totaled about \$1.1 billion; its ADRs are traded OTC in U.S.

Record-A-Call, offered for sale by parent National Medical Enterprises, is subject of \$6 million bid from private investor group headed by Webcor Pres. Victor Reichenstein and liquidator Sam Nassi, which says it would continue to operate company.

Dorf & Stanton, which represents Sharp and Maxell, was acquired last week by Shandwick plc, London, world's largest independent PR firm.

Sony has completed purchase of Trans Com Systems Div. of Sundstrand Data Control for \$60 million (TVD June 26 p18, April 17 p15). Supplier of airline passenger audio and video entertainment systems, Trans Com uses Sony audio and video components. New Sony Trans Com is subsidiary of Sony America.

Private Eye miniature display development kits are being shipped at \$4,900 for handheld version, \$5,300 for headset combination. Kits include Private Eye display (TVD Dec 9 p10) and software for personal computer. Details: Reflection Technology, 240 Bear Hill Rd., Waltham, Mass. (617-890-5905).

New 1/2" LCD imager with 380,000 pixel resolution will be mass-produced by Sony starting this summer and offered on OEM market to camcorder manufacturers. Sony's current production is of 250,000-pixel units.

S. Korean govt. will fund 40% of \$215 million project to develop HDTV by 1993, Trade Ministry official said. Most of development work will be done by Daewoo, Goldstar and Samsung groups.

CHINA SANCTIONS: Further sanctions against China were approved unanimously last week by House in amendment to foreign aid bill. It would suspend financial support of Overseas Private Investment Corp. in China, stop spending of previously approved funds for trade and development, prevent liberalization of export controls for 6 months. It includes ban on export of U.S.-made satellites.

House stopped short of such extreme steps as rescinding China's "most-favored-nation" status. Senate hasn't acted yet, and Administration, which opposes legislative action, hasn't threatened veto. House leaders agreed to White House-sponsored provision that would allow President to lift sanctions in 24 hours if it would serve "national security interest." Harsher measures are in works, key aides said. Rep. Schroeder (D-Colo.) is advocating total U.S. trade embargo against Beijing.

Meanwhile, Philips said "nothing is decided" about future of its 5 joint ventures in China that aren't yet on stream, including major picture tube factory (TVD June 12 p9). Three Philips China ventures -- boombox, laser optics and car radio factories -- are in operation and producing.

Home FM antenna business should grow 25% or more a year, Parsec CEO Bruce Maier, Wilmington, Del., company that claims 1/3 share of market that currently has only \$10-\$12 million in annual sales. Market's hurdle, said Maier, founder of Discwasher, is overcoming credibility problems created by years of "shoddy catalog houses and electronics stores marketing black-box marvels and junk that never worked." Parsec's 2 newest products are based on gallium arsenide field transistor (GaAsFET), said to provide higher gain and lower noise than units using silicon transistors: (1) ARC, designed for signal enhancement of both FM and AM. (2) Stealth, FM antenna with gain control, claimed to offer 3dB improvement in signal-to-noise ratio over rival models. Other major companies in field are Terk Technologies, New Rochelle, N.Y., and Recoton, Long Island City.

Sony will raise some \$1.54 billion with common stock issue on Japanese market this month. Company spokesman is quoted as saying issue of 30 million shares has nothing to do with Sony's attempts to buy a U.S. film producer, but will be used toward this year's capital expenditure budget of \$1.75 billion, including development of semiconductor facilities in Japan, expanding U.S. TV production at San Diego plant, doubling staff at San Jose research center.

Sears will move Merchandise Group hq from Sears Tower to Hoffman Estates, Chicago suburb, in 2-1/2 to 3 years. Sears signed contract to buy more than 700 acres. Corporate hq will remain in Tower, which is on market. Sears opened 164 Brand Central stores in existing outlets last month, bringing total to 277, plans to have 400 by year-end.

Minolta adds VHS camcorder with 8x zoom to its Master Series. Unit made by Hitachi has 3 lux sensitivity, 3-speed shutter, fade control, time-lapse, self-timer, negative switch, flying erase head, editing features, accepts optional wide angle and tele lenses, due in early Aug. at \$1,625.

Standard format for electronic transmission of warranty claims by servicers to manufacturers has been developed by Product Services Committee of EIA Consumer Electronics Group. Details: EIA/CEG Product Services Dept., 202-457-8708.

Consumer Electronics Personals

James Newbrough, ex-Thomson Consumer Electronics, joins Philips Consumer Electronics as senior mktg. dir.-video, succeeding Gerald Calabrese, now vp, mktg and sales, interactive media systems and professional products, including CD-I, post formerly held by Robert Beasley, who has resigned to pursue interests outside consumer electronics industry... Bruce Davis promoted from pres. to chmn. of Mediagenic (Activision software), retaining title of CEO... Robert Schultz advanced to senior vp, Sharper Image... Marvin Blecker promoted to General Instrument engineering vp, new post, responsible for encryption, consumer and software product development.

Cary Christie, new pres. of Harman International subsidiary Infinity Systems (TVD June 19 p18), selects slate of company veterans for top management team: Richard Baccigaluppi promoted from mktg. vp to senior vp, mktg. and sales; Jay Wessel from finance and administration vp to senior vp, operations; Glenn Urgel from domestic sales vp to domestic and military sales vp; Derek Whiteman from international sales dir. to international sales vp; Stephen Rowey, engineering dir.; Leon Kuby, ex-senior vp, becomes product development consultant... Alec Shapiro resigns as Denon account supervisor at RDA Inc., N.Y. ad-PR firm, to start own PR business, CRN Inc., Great Neck, N.Y., with Sony Best. and Professional Products Divs. as key accounts; joining CRN as account executives are Beth Jacques, ex-BM/E magazine, and Steven Schwartz, ex-TWICE magazine.

Paul Culberg, New World Video Pres. resigns July 6 to become RCA/Columbia exec. vp-COO for North American operations... Robert Tollini promoted to Video Trend senior vp-gen. mgr... Steve Sohmer, former Columbia Pictures pres.-COO and NBC Entertainment exec. vp, named pres.-COO of Nelson Entertainment Group's new Nelson TV subsidiary... Camilla Carpenter promoted to HBO film programming and home video dir... Eileen Fitzpatrick, ex-Media Home Entertainment and Nelson Entertainment, joins True North Entertainment as publicity dir... Harvey Dossick resigns as West Coast Video/National Video purchasing dir... Warren Rossman departs as Pickwick Entertainment vp-asst. to pres.

Growth in consumer electronics outpaced prerecorded tapes for Commtron in 3rd quarter ended May 31, distributor said. Although 8% increase in consumer electronics sales was twice the 4% growth of videocassettes, software revenues hit \$98 million -- 76% of total sales of \$128.7 million. Net income jumped 75% to \$1.6 million (16¢ per share) from year-earlier \$940,000 (9¢) as result of higher gross margins, interest income, operating efficiencies. Total revenues, including interest income, rose 5% to \$128.9 million from year-earlier \$123.1 million.

First Chinese-Korean joint venture approved by Seoul govt. involves picture tube plant in S. Korea to be owned by Hanzhou TV Factory (which will invest \$2.8 million), S. Korea's Orion Electric and Hong Kong's Zhejiang Fuchen Co. Factory is expected to produce 580,000 20" color tubes this year, 1.1 million next year, 1.2 million in 1992.

Portable computer only 1.7" thick, 16 bits, compatible with IBM XT, will be sold this month by Toshiba in Japan at about \$1,395. "Dynabook" is 10x12x1.7", has large bright backlit LCD, ultrathin 3.5" disk drive, 1.5 Mbyte memory expandable to 3.5 with memory card.

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Riding Nintendo boom, Acclaim Entertainment reported net income for 9 months to May 31 more than doubled to \$6.1 million from \$2.6 million year earlier (18¢ per share vs 8¢) on sales of \$44.1 million, up from \$25.1 million. For 3 months, net income was \$1.4 million (4¢) vs. \$978,000 (3¢) on \$12.3 million sales vs. \$9.2 million year ago. Videogame performance was good and handheld games and peripherals generated "significantly increased percentage" of revenues, Acclaim said. It has started shipping products to Europe and Japan.

Hong Kong continues to protest dumping penalties on videotapes levied by European Economic Community, despite their recent reduction (TVD June 26 p16). Hong Kong govt. argued that there's no protected domestic market, no subsidies, no conditions conducive to dumping, and some of penalized companies don't even ship to Europe.

Preliminary injunction by U.S. Dist. Court, San Francisco, prohibits Atari Games or subsidiary Tengen from selling cartridge for Soviet-developed Tetris videogame for Nintendo system in U.S. Nintendo and Tetris are involved in suits, each claiming right to market system here (TVD May 29 p22).

Oki Electric will start building VSLI plant in Tualatin, Ore., in Sept. It expects to complete work in March, begin operations month later. Oki will invest \$25 million in factory, which will employ 120.

TELEVISION DIGEST®

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With Consumer Electronics

JULY 10, 1989

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

MORE MERGER WRANGLING: Legal maneuvering in Time-Warner-Paramount battle continues at FCC and Del. court. Wall St. skeptical of any attempt by Cablevision to take over Time. NLC opposes Paramount bid. Time accuses Paramount of misrepresentations. (P. 1)

SPORTS TV ACCORD: Cablevision and MSGN reach agreement on sports coverage after prompting from Congress. MSO to carry Yankees, Knicks, MSGN sports on basic or as option. Legislative threat still looms. (P. 3)

C-SPAN ADDS AUDIO: Two channels being tested, further expansion possible. New service to extend govt. coverage, as well as relay foreign radio programming. (P. 4)

EARNINGS DETAILED: NAB and INTV IRS filings show NAB total revenues of \$18.2 million for year ended March 31, 1988; Fritts compensation at \$263,312. INTV revenues at \$2.17 million, Padden received \$202,908 for calendar 1988. (P. 4)

DBS VIABILITY QUESTIONED: Whitehead withdraws FCC application, fueling new debate with Hughes, Dominion Video, others on future of service. (P. 5)

HEARST CABLE SALE: Hearst Corp. is selling its 6 cable systems serving 60,000 subscribers in San Francisco area to newly formed Brenmor Cable Partners. Other transactions. (P. 5)

LEGAL MANEUVERING CONTINUES IN TIME-PARAMOUNT CASE: On eve of July 11 hearing in Del. Chancery Court in Paramount's attempt to block Time Inc.'s proposed \$14-billion offer for Warner Communications, legal maneuvering in case continues. Wall St. observers were very skeptical about report from Time's lawyer last week that Charles Dolan's Cablevision Systems was "actively considering" bid for Time. Paramount has made \$12.2-billion (\$200 per share) hostile takeover bid for Time, and latter has accused Paramount of misleading FCC and Time shareholders as to how long it would take to receive approval of transfer of cable systems.

Of Cablevision's possible bid for Time, several analysts predicted it just wouldn't happen, citing debt of \$1.9 billion already carried by Cablevision. Company lost \$159 million last year, and analysts expect it to have losing years in 1989 and 1990. Cablevision is 8th largest MSO with 1.34 million subscribers; in partnership with NBC, it owns Sportschannels regional cable service, and it's investor in NBC's Consumer News & Business Channel (CNBC).

Cablevision's possible interest in Time was disclosed in July 3 letter from Time lawyer Lawrence Hamermesh filed with Del. court by Paramount. In preparation for that hearing, Time had sought deposition

Consumer Electronics

GHOSTBUSTER seen as hot new TV feature that could be ready as soon as next year. Broadcasters enthusiastic about system to be proposed to ATSC. (P. 7)

DAT AGREEMENT between hardware and software interests calls for Solocopy legislation, could be ratified by RIAA this week, ending years of impasse. (P. 8)

JAPANESE VCR SHIPMENTS to U.S. up in May, average deck price down. Camcorder exports up, despite continued glut. Color TV shipments soar. (P. 9)

FIRST CD-I SOFTWARE offerings detailed by Philips for commercial and consumer markets. Video added to computer in DV-I and British VDA technology. (P. 10)

PHILIPS MOVES HI-TECH product development to Knoxville under new Vp Peter Bingham. (P. 10)

KOREA BOOSTED color TV imports to U.S. in April, but still trailed Mexico as leading supplier. China b&w TV shipments to U.S. continue high. (P. 11)

SONY TO MAKE VHS recorders for U.S. market in major Malaysian expansion, including audio, floppy discs. Malaysia expansion by Sharp, JVC, Matsushita. (P. 11)

MONOCHROME AT END OF LINE, with only 619,000 sold in year's first 5 months and each month posting greater declines. Problem seen as supply, not demand. (P. 12)

from Cablevision detailing any valuations Cablevision had placed on Time. There had been rumors on Wall St. weeks ago that Cablevision was looking into possibility of making bid for Time and that NBC parent GE would provide much of financing. Cablevision officials didn't return our phone calls and GE, which has strong ties to Cablevision through NBC, said it doesn't respond to rumors. Time said its advisers don't regard Cablevision as serious takeover threat. One attorney involved in case called disclosure "legal maneuvering... much ado about nothing" and not to be taken seriously.

Joining fray last week on side of Time was National League of Cities, representing 16,000 municipalities. In letter to FCC Chmn. Patrick, League said cities "are concerned that the transfer of stock to a voting trust may impair a city's right to review the transfer of cable franchises in a timely and effective manner." Time subsidiary ATC owns 767 cable systems with 3.36 million subscribers in 33 states. League urged FCC "to take no steps which would undermine or impair the legal rights of local governments to maintain their authority to approve all transfers of cable television franchises." Hawaii Attorney Gen. Warren Price wrote separate letter to Patrick expressing concern that ATC systems would be transferred without prior local approval, which he said "is not the result intended by the Cable Act." He characterized as "patently absurd" charge that state and local opposition to Paramount resulted "because they have been manipulated by one or more parties to the takeover battle." Individually, 14 states, along with several cities, have filed oppositions to Paramount bid at FCC.

Also last week, Time filed at FCC portions of depositions taken from Paramount officials in Del. case in accusing Paramount of misleading Commission and Time shareholders on how long it would take to obtain state and city approvals of transfers of ATC systems. Time attorneys said "these matters... are of the gravest concern to the Commission's" consideration of approving proposed Paramount trusteeship to operate systems until local approvals have been obtained. Depositions, as well as documents from Paramount's internal files, "indicate strongly that Paramount has made misrepresentations, misstatements and otherwise acted to deceive this agency with respect to critical facts going to the heart of its voting trust proposal."

In response, Paramount conceded that it could take "a few months" to get necessary approvals -- "even in the face of Time's vicious attempts to slow the process down... Time's cynical campaign to delay an orderly process is another example of its scorched-earth policy at the expense of its own shareholders." Paramount also has denied Time's allegations that it plans to sell off Time assets after takeover to help pay debt.

So far, Paramount is sole bidder for Time, but Wall St. observers expect one or 2 more to emerge, particularly if Del. Chancellor William Allen rules in favor of Paramount. One analyst said that if Allen does so (considered unlikely according to observers of his past rulings in takeover cases), Time could either negotiate with Paramount and/or seek other bidders. Hearing will be held in Wilmington.

Local and federal approvals of Paramount bid "should proceed along independent tracks," Paramount told FCC in response to questions from its Mass Media Bureau Chief Alex Felker. Paramount wants to use FCC's "expedited procedures" for approval of ex-Secy. of Defense Donald Rumsfeld to hold Time stock pending Commission review of Paramount qualifications, while awaiting action on state and local levels. Paramount said "it has repeatedly stated, and here reiterates," that it intends to consummate deal only when it "has obtained material state and local franchise transfer consents." However, it said it's unable to estimate how long that will take -- "primarily because of the efforts of Time and its subsidiaries to disrupt it." In any case, "Paramount believes that it is not proper for the Commission to assume any oversight role with respect to local franchise transfer approvals, to second-guess the time of such approvals, or in any way to base its own approvals on the actions of other authorities."

Paramount said that it's explaining to state and local authorities that any involvement by Rumsfeld "will be only as a caretaker for an interim period in order to accommodate FCC procedures." Responding to Paramount's letter, Warner Communications wrote FCC that Paramount has "finally admitted" that it intends to take over Time through its trustee, upon FCC approval, "without any of the necessary local consents... Such action would violate numerous local cable franchises, state laws, the Cable Act, and indeed would preclude any meaningful opportunity for local franchising authorities to evaluate the qualifications of either Paramount or Mr. Rumsfeld."

Meanwhile, Paramount extended its hostile takeover offer for Time from July 7 to July 28, hoping Del. Court will rule by then on its request for restraining order against Time-Warner deal. Time has rejected Paramount offer of \$200 a share as too low. Paramount said that as of July 5, some 2 million of Time's shares (of 57 million outstanding) had been tendered in its offer, valued at \$12.2 billion.

Time and Warner shares continued to trade last week at prices far below offers for those companies. Time closed July 7 at 151-1/2, down 4-1/8. Paramount closed at 57, down 7/8, while Warner held its own at 61-3/4.

In other developments: (1) City of Denver filed friend-of-the-court brief in support of ATC effort to enjoin Paramount takeover until company has received approval from all necessary state and local authorities. Case is in Conn. Superior Court, and Denver charged that Paramount "has refused to commit itself to obtaining the approval of cities, such as Denver, prior to the consummation of its proposed tender offer." Several other cities also are supporting ATC.

(2) USA Today reported July 7 that John Kluge had purchased 2.3 million Paramount shares (about 2%), worth about \$136 million. Analysts speculated that Kluge, who created \$1-billion takeover fund last year, would like to merge Paramount's movie operations into Orion Pictures, of which his Metromedia owns 70%.

(3) Time announced July 7 that commercial banks are willing to provide up to \$27 billion for its planned acquisition of Warner -- "well exceeding the \$8.35 billion in senior debt" it needs. Said Time Chmn. Richard Munro: "We believe this is the largest credit commitment to a corporation in history. It is an overwhelming vote of confidence in the soundness and value of Time-Warner."

CABLEVISION-MSGN STRIKE ACCORD: Beginning with July 6 game between N.Y. Yankees and Detroit Tigers, Cablevision Systems returned sports offerings of Madison Sq. Garden Network (MSGN) to its systems in N.Y., N.J., Conn. Agreement -- following series of meetings arranged by Sen. D'Amato (R-N.Y.) -- ends long dispute that raised ire of Congress and led to introduction of bills in both houses aimed at Cablevision, controlled by Charles Dolan (TVD May 22 p10).

Cablevision had dropped MSGN sports as too expensive after network insisted they be carried on basic tier. MSGN was seeking more ad revenue after paying \$500 million for rights to Yankees' games for 10 years. Under new agreement, terms of which weren't announced, MSGN service will return to same level at which it previously appeared on Cablevision systems. On some systems, it will be standalone optional service, with subscriber paying extra, as before; on other systems, it will be part of basic service -- at least until end of 1990 baseball season.

D'Amato said agreement will add service to some 700,000 subscribers in N.Y.C. area. James Kofalt, pres. of cable operations for Cablevision, said: "We are pleased to bring the Madison Square Garden Network service, and particularly the Yankee games, to our subscribers on terms that are fair to all subscribers... The settlement preserves the principle that each household should have the right not to subscribe to the most expensive services. This principle gains in importance as more and more services become available to cable." Kofalt said it largely was through D'Amato's efforts that agreement was reached.

Rep. Lent (R-N.Y.), who represents Long Island, said agreement "is a cause for real celebration," although he expressed regret it took so long. Outspoken critic of Cablevision for dropping MSGN, he said he will push for passage of his HR-2363 despite agreement, and that he will "do everything possible to ensure that Long Island sports fans aren't held hostage again."

Under deal, Cablevision systems in Brooklyn and Bronx will be offered "interest clusters," such as children's programming, news and information, sports. Sports cluster will include MSGN, Sportschannel and ESPN, among others. It also will be included in premium packages at discount. Similar approach will be adopted on Long Island, where system is being rebuilt with fiber optics.

FCC has granted permanent waiver of one-to-a-market rule to permit Cap/ABC to continue to own radio and TV stations in N.Y., Chicago, L.A. and San Francisco -- all in top 10 TV markets. Action had been expected after Commission last year said it would look with favor on such waiver requests in top 25 TV markets with at least 30 "separately owned, operated and controlled broadcast licenses." FCC said Cap/ABC had submitted information that clearly met Commission's new standard. Comr. Dennis concurred. Great American Bestg. has similar waiver request pending in its takeover of Taft Bestg. -- but Great American's stations aren't in markets as large as Cap/ABC's.

Vt. Supreme Court ruling that Burlington officials can't regulate rates of local cable system will stand, with U.S. Supreme Court refusal to consider case. State court had ruled rate regulation violated 1984 Cable Act after Burlington had attempted to roll back Jan. 1, 1987, increase in basic rates to \$10.50 monthly from \$12.50. Mountain Cable TV signed agreement with city after it acquired system, and city claimed accord prevented increase until Dec. 1987. City contended cable law is aimed at "franchising authorities," not cities, and that Vt. state agency is franchising authority. Vt. court ruled that Burlington also is "franchising authority within the meaning of the Act."

C-SPAN TO ADD AUDIO: C-SPAN is relaying 2 audio channels to limited number of cable systems on trial basis, plans to launch new service officially Sept. 5, Vp-Network Operations Brian Lockman said. Service, to be offered to cable operators at no additional charge, will expand coverage of govt. operations as well as relay audio services from foreign sources, he said, and more audio channels may be added if there's demand.

Audio service won't be simulcast of current C-SPAN video services. On one channel, C-SPAN expects to spend about 6 hours per day covering congressional hearings and other govt. events that aren't available on 2 video channels, Lockman said. Another 6 hours per day will be devoted to English-language programming provided by foreign radio services. C-SPAN already plans to include programming from Austria, Radio Beijing, Radio Canada, Radio Japan, Radio Netherlands, S. Africa, Swiss Radio International, W. Germany. Lockman said C-SPAN expects final agreement soon to carry Radio Prague and is negotiating for rights to Radio Moscow. Rest of day will be filled with classical music and program listings for other C-SPAN services.

Second audio channel will carry BBC World Service 24 hours daily. C-SPAN has "left the door open" for additional channels, which could carry other foreign services on fulltime basis. Lockman said additional cost is small and key determinant will be whether enough cable systems have capacity for additional audio channels.

Programming will be relayed by subcarrier on same transponder on Hughes Galaxy 3 (TR 24) that C-SPAN uses for video channel. Cable systems can pick up and relay programming at little added cost. Lockman said cable headends can be equipped to pick up one audio channel for \$1,200, 2 for \$2,200. C-SPAN already is relaying its programming to cable subscribers in Arlington, Va., Montgomery Co., Md., and Omaha on trial basis.

Hughes Communications purchased IBM subsidiary Satellite Transponder Leasing Corp. (STLC), acquiring its fleet of 3 communications satellites -- SBS 4, 5 and 6 -- with total of 43 Ku-band transponders valued at more than \$250 million. Purchase was made to meet growing demand from C- and Ku-band users for services received by very small aperture terminals (VSATs), Hughes said. Terms of deal, subject to FCC approval, weren't disclosed. Hughes sees fleet as "strategically supporting" its plans to become major provider of Ku-band satellite services, Pres. Stephen Petrucci said. Company made decision to buy birds in order to develop "vertical market" businesses that it's selling to, said Senior Vp Eddy Hartenstein. VSAT applications, business video, satellite newsgathering demand and backhaul transmission applications have increased, and many of company's existing C-band customers are looking for Ku-band capacity, he said. Two birds, SBS 4 (91° W) and SBS 5 (123° W), are operational, and 3rd, SBS 6, is scheduled for launch in June 1990. SBS 4 and SBS 5 have 10 and 14 transponders, respectively. SBS 6, with 19 transponders, is assigned 72° W slot. Two operational birds will provide Hughes customers with 20-w signal; SBS 6 has 40-w transmission, permitting use of smaller dish. Transmissions currently require 1.8-m dish; 40-w signal will allow smaller 1-1.2-m dishes.

NAB's TARPAC has raised \$282,000 so far in 1989 -- compared with \$187,000 in all of 1988. Goal this year is \$350,000. Various state association conventions during rest of year have been targeted for additional TARPAC fund-raising.

NAB, INTV EARNINGS: NAB had total revenues of \$18.2 million and expenses of \$18.4 million, according to IRS tax filing for fiscal year ended March 31, 1988. Major sources of revenues were \$8.9 million from dues and \$8.7 million from program services. Assn.'s net worth dropped \$176,340 to \$6.6 million. NAB paid \$271,022 in outside legal fees, \$772,792 for travel and entertainment.

Salaries for year totaled \$6.2 million, including \$250,000, plus \$13,312 deferred, to Pres. Edward Fritts. In previous fiscal year, Fritts received \$213,300 (including deferred), \$184,955 in fiscal 1986. He joined NAB as pres. in Aug. 1982 at salary of \$150,000. NAB Exec. Vp-Chief Financial Officer Michael Harwood received \$124,438 (in salary and deferred) in fiscal 1988, \$112,995 in 1987.

INTV had total revenues of \$2.17 million for calendar 1988, expenses of \$2.61 million, deficit of \$436,007. Retained income dropped from \$883,435 to \$447,427. Legal fees totaled \$226,188, travel and entertainment \$226,256, salaries \$1.058 million. Pres. Preston Padden was paid \$186,058, plus \$16,850 deferred; his 1987 salary was \$160,000, plus \$16,000 deferred. Padden recently signed new 3-year contract that included 10% raise.

MPAA and NCTA have received extensions for filing tax returns -- MPAA to Aug., NCTA until Dec. For calendar 1987, MPAA Pres. Jack Valenti was paid \$633,386, NCTA Pres. James Mooney \$558,813 for year ended Jan. 31, 1988, 81% increase over his \$308,672 of previous year.

First papers on 2 of FCC nominees have reached Senate Commerce Committee, showing Ill. Commerce Commission member Andrew Barrett and Washington attorney Sherrie Marshall have modest holdings. Barrett listed investments valued at \$5,001-\$16,000, including partnership in lot in Bay St. Louis, Miss., worth \$5,000-\$15,000, and stock in N.H. utility. Other assets valued at \$116,001-\$305,000 include deferred compensation and retirement funds with state of Ill. and another retirement fund with state university, he reported. Including dividends, interest and \$58,000 annual salary at PSC, Barrett said his income last year was \$64,200-\$77,500. He didn't list any liabilities. Marshall, who also indicated she had no liabilities, reported mutual fund investment, savings and half-interest in D.C. property worth \$15,001-\$45,000. Investments yielded dividend and interest income of \$201-\$2,101 last year, she said. She also had partnership income of \$25,040 in first 3 months she was at Wiley, Rein & Fielding law firm this year. Candidates aren't required to disclose more precise details. Date for Committee's confirmation hearing hasn't been scheduled for 2 nominees and for departing NTIA Dir. Alfred Sikes, whom President Bush has announced will be nominated for final open Republican slot on FCC.

Cable penetration in U.S. TV households reached 54.5% (49 million homes) in May, Arbitron reported, up from 53.9% in Feb., 51.7% in May 1988. Two weeks ago, Nielsen put May cable penetration at 55.6% (TVD July 3 p7). Arbitron had Santa Barbara-Santa Maria-San Luis Obispo and Palm Springs tied with 82% for highest penetration (Nielsen had Palm-Springs at 88.7%), Bangor, Me., with lowest at 37%.

French-Soviet agreement on HDTV to seek common standard was signed last week by Soviet President Mikhail Gorbachev and French President Francois Mitterrand. Agreement was part of package of 21 bilateral agreements. Further details weren't available.

DBS VIABILITY QUESTIONED: Recent withdrawal by Orbital Bestg. Pres. Clay (Tom) Whitehead of his direct broadcast satellite (DBS) application at FCC is adding new fuel to debate on viability of DBS in U.S. Whitehead punctuated withdrawal with statement that he didn't think companies developing DBS could establish profitable service.

Whitehead, former pres. of Hughes Communications and onetime dir. of White House Office of Telecommunications Policy, supported his June 19 decision by citing Hughes as example of company with large investments in developing DBS but with nothing to show for its efforts. Claiming some companies are playing "a permit game with the FCC," Whitehead said Hughes has held DBS permit for years but still hasn't been able to "put together a business."

Hughes Vp John Koehler said company views DBS as "long game" and doesn't expect return on investment until "well into the lifetime of the first DBS generation." Hughes, which has filed DBS application with FCC, continues to make "significant investments" in business end of DBS and is working on technical concepts for "satellite transmission scheme related to new business plans" with potential partners, Koehler said. He declined to comment further on Hughes' current negotiations.

DBS won't succeed in U.S. until HDTV comes on scene, said Wilbur Pritchard, consulting engineer. He said cable companies had been "very successful" in preventing DBS from getting foothold in U.S. "Furthermore, the whole thing has been aggravated by Comsat, which had the momentum to develop DBS but poisoned the well for everybody by making more mistakes than can even be recounted," he said, referring to huge write-off company was forced to take after it had acquired 2 DBS satellites for which it found no consumer market.

Dominion Video Chmn. Robert Johnson said he was "utterly dismayed" by Whitehead's comments and predicted DBS would rival cable as major competitor by end of century. "The key word is narrowcasting," he said. "Most companies in DBS are trying to put together programming packages already provided by cable." DBS will succeed only if "underserved" video markets are targeted, he said, citing fact that Dominion has 40 such markets from which it plans to generate revenues by "cherry picking" viewers from large geographic areas. Religious, arts and sports channels are foremost on list, he said. Dominion has FCC permit for "conditional construction" of DBS service, Commission said.

Hubbard Bestg. echoed Johnson's claims, saying that driving force behind success of DBS will be nontraditional programming, and it plans to launch by Dec. 1992, with operations beginning in first quarter of 1993. Hubbard has applied for DBS permit. FCC said Whitehead withdrawal creates more DBS orbital slots for remaining applicants, but it still is considering assignment of slots in pairs, since there are more applicants than slots. Asked when final decision would be made, FCC official said matter would become "more crystalized this summer."

FCC granted extension of comments deadline on syndicated exclusivity requirements on satellite delivery of TV broadcast signals to home earth station receivers. Deadline, formerly July 7, now is Aug. 7, replies Sept. 5.

Beam Communications has been afforded protection from creditors in Chapter 11 bankruptcy proceeding. Beam, which owns 5 small-market TV stations, said it has assets of \$53 million, liabilities of \$67 million.

HEARST SELLS SYSTEMS: Hearst Corp. is selling its 6 cable systems serving 60,000 subscribers in San Francisco area to newly formed Brenmor Cable Partners, price not announced. Brenmor principals are general partner Ray Hernandez and limited partner InterMedia Partners. Hernandez currently is acquisitions dir. of TCI, will resign that job to run systems, which serve Los Gatos, Milpitas, Mountain View, Newark, Santa Clara, Saratoga. Broker for buyer was Daniels, for seller Waller.

In other cable transactions: Avnet sold system in Smithfield, N.C., to ATC for \$16.7 million... Daniels was broker in following: Vista Narragansett Cable of Acton, Mass., purchase of Cablevision of Leesburg, La., with 6,100 subscribers... Warner Cable acquisition of stock of Cheshire Cable in Hinsdale and Winchester, N.H., with 2,265 subscribers, and Warner purchase of Plymouth Cable TV Co., systems with 5,800 subscribers in eastern Wis... Vantage Cable of Des Moines acquisition of Westel Inc. of Rapid City, S.D., with 1,180 subscribers... Blue Ridge Cable purchase of system serving 600 subscribers in Haupack Township, Pa., from Honesdale TV.

Philadelphia Lesbian and Gay Task Force, joined by 3 other groups, has asked FCC to deny license renewals of all 6 commercial TV stations in city. Filing claims stations have "significantly failed to discuss issues of concern to women and minority populations that comprise the diverse Philadelphia population... Accordingly, it is impossible for the Commission to grant the subject applications consistent with the public interest." Joining in filing were National Organization of Women (NOW), Congreso de Latinos Unidos, Office of Communications of United Church of Christ. Stations: KYW-TV, WCAU-TV, WGBS-TV, WPHL-TV, WPVI-TV, WTXF-TV. Groups have scheduled July 11 news conference in Philadelphia to discuss petitions to deny and soon-to-be-released Study of Attention to Women, Minorities and AIDS in Issue-Responsive Commercial TV Programming. Reporters are being asked to pay \$20 (15¢ per page) for copy of 135-page filing at FCC.

Nearly 6 million college students and working women -- "among 2 of the most desirable demographic targets for advertisers" -- watch daytime TV on 3 networks but aren't being counted in Nielsen ratings, according to study commissioned by ABC and CBS. Study, conducted by Bruskin & Assoc. April 10-14, found that of unmeasured viewers, 2.6 million were women and 3.1 million college students, 2 million of them female. "This study confirms our belief that the current out-of-home television viewing is both substantial and growing," said David Poltrack, senior vp-planning and research, CBS Best. Group. Research included 5,076 telephone interviews with working women and 2,216 personal interviews with students at 19 colleges. If those viewers were counted in ratings, they would add 5% to measured daytime audience, Bruskin said.

KBGE (Ch. 33, Independent) Bellevue, Wash., has gone on air, raising operating U.S. TV stations to 1,428 -- of which 1,082 are commercial, 346 noncommercial. Gill Communications & Robert Gill Communications Ltd. is KBGE owner; Gill is pres.-gen. mgr., Lee Penski chief engineer.

Clear Channel Communications has purchased its 4th TV station, WAWS (Ch. 30) Jacksonville, from Malrite for \$8.1 million. Clear Channel, headed by NAB Chmn. Lowry Mays, also owns 16 radio stations.

Personals

Michael Eigner, vp-station mgr., Tribune Bestg.'s KTLA L.A., joins co-owned WPIX N.Y. as exec. vp-gen. mgr.; Leavitt Pope remains pres., also will assume Tribune group responsibilities... Hal Bouton advanced to pres.-gen. mgr., WTVI Charlotte... Ron Handberg resigns as vp-gen. mgr., WCCO-TV Minneapolis-St. Paul, remains consultant... Raymond Maselli, ex-WGRZ-TV Buffalo, joins WYTV Youngstown as vp-gen. mgr... Phil Brassie advanced to vp-gen. mgr., KLST San Angelo, Tex... Appointments at WGRZ-TV Buffalo: David Moldrem advanced to station mgr., Illene Gershberg named dir.-new business development... Ron Grimes, ex-WXTX Columbus, Ga., joins WTSG Albany, Ga., as vp-gen. mgr.

Squire Rushnell resigns as vp-late night and children's TV, ABC Entertainment, to pursue "other interests in the entertainment industry"... Daniel Ritchie, ex-chmn., Westinghouse Bestg., named chancellor, U. of Denver... Gene Corman rejoins 20th Century-Fox Film as exec. vp-worldwide motion picture production... Darlene Hasselbacher promoted to dir.-human resources, Lee Enterprises... Daniel Grabarczyk advanced to controller, Comcast Cable midwest region... Eugene Kopp, ex-govt. consultant and former USIA acting dir., nominated by President Bush for return stint at agency as deputy dir., succeeding Marvin Stone.

Bryant Hill promoted to dir.-TCI telecommunications and customer service... Deborah Chaplin, ex-law firm Squadron, Ellenoff, Plesent & Lehrer, joins Viacom International as senior attorney-corporate... Changes at WFAA-TV Dallas-Ft. Worth: Clyde Chappell advanced to production mgr., Debbie Johnston to creative services business mgr., Michael Grant named exec. producer-programming and creative services, Allan Beutler promoted to design dir... Jerry Weaver advanced to senior vp, Genesis Entertainment.

Promoted to senior vps at KCET L.A.: Stephen Kulczycki, station mgr.; Nancy Rishagen, human resources and planning; David Crippens, educational enterprises; Gary Ferrell, chief financial officer; Phyllis Geller, national productions; Glenn Schroeder, gen. counsel. Promoted to vps: Barbara Goen, public information; Timothy Conroy, mktg. and business development.

Annette Posell advanced to mgr.-corporate development, WGBH Educational Foundation's Caption Center, new post... Jack DuVall, ex-vp-program resources, WETA-TV Washington, starts media development/fund-raising firm Mars Hill, 703-684-6840. Among first clients are WETA-TV, U. of Chicago's William Benton Best. Project... Changes at WTTW Chicago: Richard Bowman and Patterson Denny advanced to senior vps of broadcast center and production center, respectively; Anders Yocom, vp-corporate communications, becomes bestg. dir.

Advanced at Warren Publishing's Television & Cable Factbook: Greg Jones to senior programmer; Susan Sailer-McCormick to senior editor/editorial coordinator; Andrew Auerbach, Karen Campbell and Susan Goldstein to asst. editors; Marybeth Novak to production editor.

Jim Jacks promoted to vp-production and acquisitions, Universal Pictures... William Guttman, former gen. counsel-secy., Time Inc., joins N.Y. law firm Baer, Marks & Upham as partner... Sharon Wolf, ex-Independent TV Sales,

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named senior consultant, Market & Audience Research Group.

Gregory Vogt moves from chief, FCC Common Carrier Bureau's Enforcement Div., to chief, Mobile Services Div... Donald Campbell, FCC engineer, attends July 10 CCIR meeting in Tokyo as U.S. representative... Brenda Doby, ex-Bank of Cal., joins Lincoln National Bank as senior vp-head, newly formed entertainment lending division to be based at bank's Beverly Hills office.

Changes at WXTV N.Y.-Paterson, N.J.: Margaret Agesterlbbé joins as dir.-research, Maria Torres named dir.-mdsg... Pierre Racicot, vp-human resources, Canadian Bestg. Corp., named dir.-national capital region, Ottawa... Changes at Warner Cable: Steven Stiger promoted to dir.-sales and mktg., Div. II operations; James Jeffcoat advanced to mgr.-financial planning, Div. I; Dan Murrell named gen. mgr., Medford, Mass. complex.

Not to be outdone by CBS and NBC, Fox TV Network has made "Isle of Dreams Treasure Hunt" promotion tie-in with Coca Cola and its bottlers. Also included in promotion are Cineplex Odeon theaters and Westwood One Radio Networks. Top winner will receive \$1 million, and 1,000 winners will receive 7-day Caribbean cruise aboard Carnival Cruise Lines' Jubilee. CBS has made promotional deal with K mart, NBC with Sears (TVD May 15 p4).

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of June and year to date:

	JUNE 17-23	1988 WEEK	% CHANGE	JUNE 10-16	25 WEEKS 1989	25 WEEKS 1988	% CHANGE
TOTAL COLOR.....	462,826	477,245	- 3.0	333,970	9,566,746*	8,450,675	+13.2
DIRECT-VIEW...	459,581	473,307	- 2.9	331,750	9,478,859*	8,341,036	+13.6
PROJECTION....	3,245	3,938	-17.6	2,200	87,887	109,639	-19.8
TOTAL VCR.....	189,898	262,807	-27.7	128,480	4,422,015	4,829,097	- 8.4
DECKS.....	154,356	213,131	-27.6	91,986	3,630,294	4,122,086	-11.9
CAMCORDERS....	35,542	49,676*	-28.5	31,494	791,721*	707,011	+12.0

Color TV 5-week moving average: 1989--386,268*; 1988--359,654 (up 7.4%).

VCR deck 5-week moving average: 1989--134,389; 1988--146,530 (down 8.3%).

Camcorder 5-week moving average: 1989--38,237; 1988--43,611* (down 12.3%).

* Record for period.

GHOSTBUSTER SEEN AS HOT NEW TV FEATURE: "Fantastic new technology for U.S. TV" that could get quick endorsement of broadcasters and set makers -- and could be implemented in less than year under ideal conditions -- will be proposed to Advanced TV System Committee (ATSC) exec. committee this week, and could become first test project for broadcasting industry's Advanced TV Test Center (ATTC).

This technology is ghost elimination -- which addresses itself to what probably is broadcasting's single most serious technical problem -- and "has captured the imagination of broadcasters more than anything since color TV or stereo -- you name it." Quotes are from James McKinney, chmn. of ATSC, which is looking into all types of advanced TV systems, including HDTV. Beauty of ghostbuster, according to McKinney and National Assn. of Bcstrs. (NAB) Science & Technology Vp Michael Rau, is that it can be implemented quickly and reasonably with standard NTSC broadcasting without waiting for advanced TV (ATV).

Ghostbuster is being put on ATSC agenda at request of NAB, which has been looking into ghost-cancellation system that's optional part of Clearvision extended-definition TV (EDTV) scheduled for introduction in Japan this fall on regular terrestrial broadcasts, although Rau said many patents involved are "American technology which the Japanese have appropriated." Broadcasters have been impressed by system, and NAB has asked ATSC to "examine ghost canceling on an expedited basis with a view toward testing... any and all systems for use in U.S. broadcasting." Although NAB favors incorporation of ghostbuster in broadcast signal as soon as possible, ghost canceler will be virtual necessity in ATV, which would make ghosts even more noticeable. Antighosting systems are included in most ATV proposals.

Japanese system uses invisible "training pulse," sent out from TV transmitter every 8 fields. Pulse is ignored by sets without ghost canceler, but instructs ghostbuster-equipped sets to accept actual image and remove ghost. Rau said NAB will push ghostbuster hard as "real saleable technology." He said set makers he talked with had "no objection to the broadcast industry inserting [ghost-canceling] pulse." It isn't clear, he added, whether FCC approval would be required.

McKinney expects ATSC to give proposal "immediate attention," presumably putting out request for all ghost-canceling systems for discussion, testing and eventual standardization. "It will be assigned as a project to one of our technical groups, presumably the one most familiar with receiver technology," McKinney told us last week. "I hope to get [proposals] back in a month or so," and ATTC presumably would

do testing in its new engineering lab. Under ideal conditions -- complete agreement on system specs, fast and successful tests -- he said "we could have it within a year."

Broadcasters are enthusiastic, partly because addition of signal would cost them practically nothing -- as little as \$2,000, McKinney said. Although principles have long been known, he said today's chip technology makes it quite inexpensive. He suggested ghost-canceling feature might cost \$100-\$200 to add to TV set today, dropping rapidly in large quantities. He saw large number of possibilities in new system -- solving reception problems in many cities and mountainous areas, helping bring ghost-plagued UHF closer to parity with VHF, use by cable systems to improve off-air reception of broadcast signals and to help eliminate internally generated cable ghosts.

"We have a strong interest in it," said Peter Bingham, newly named Philips Consumer Electronics technology vp, noting that idea isn't new, but with sophisticated ICs it's now practical. He compared it with comb filter in receivers -- "it's in that ballpark, in the measure of performance improvement and probably in cost -- expensive at first, with dedicated ICs ultimately costing dollars rather than thousands" that it would cost without chips. From broadcasters standpoint, he saw it as big bargain, helping their signals compete with those from cable, VCR, DBS.

"I view it as a sign of the times," Bingham said. "Everybody's becoming more aware of the need for better pictures. It's a demonstrable improvement -- it takes several seconds for the deghosting action to become accomplished, and the consumer can easily see the improvement. I like it from the standpoint of the consumer, and from the standpoint of the set maker it provides added value and helps to increase the consumer awareness of improved picture quality. It's a technology implementable by everybody -- we're very positive on it."

Ghost cancelers still have way to go in Japan to come down to popular price. NEC has introduced ghost-canceling tuner compatible with Clearvision's ghostbusting signal, capable of eliminating up to 16 multiple ghosts. Suggested list price: 250,000 yen, or about \$1,800.

DAT AGREEMENT CALLS FOR SOLOCOPY LEGISLATION: Final agreement that could create worldwide digital audio tape (DAT) industry is expected this week with anticipated ratification by board of Recording Industry Assn. of America (RIAA) (TVD July 3 p8), but well-informed industry sources see little possibility that there will be any number of consumer DAT recorders on U.S. market before next May.

Tentative pact, reached in Athens June 9, ending 2 years of discussions by representatives of worldwide recording industry and Japanese and European hardware manufacturers, actually proposes legislation in U.S. Congress to safeguard music copyrights, presumably by such technological means as Solocopy system. That system, developed by Philips, will permit making of single digital copy of Compact Disc (CD) as well as any number of analog copies. After ratification of proposal by RIAA, announcement is expected quickly, but couched in legislative language.

One person who attended Athens meeting as observer felt it necessary to break silence last week in view of recent reports on deals between hardware and software interests. "There was absolutely no agreement reached at the Athens meeting except an agreement to seek legislation in the U.S. Congress," EIA Govt. Affairs Vp Gary Shapiro said. He pointed out that EIA was represented solely because legislation was to be discussed and that there was no deal, tacit or otherwise, to keep any products off market -- not recordable CDs, not DAT, not anything else. He noted that any such agreement would violate U.S. antitrust laws. Others close to situation concurred.

Although laws will be sought in U.S., and perhaps elsewhere, mere agreement by all parties involved to work together ends animosity that has held up consumer DAT hardware and software in U.S. and Europe, and sales could start whether or not any laws are enacted.

RIAA board meeting, believed to be scheduled for this week (although association official denied knowledge of any such session), could be virtually routine in ratifying legislative agreement, another knowledgeable source said. "Anybody who is important at RIAA was at the Athens meeting," he told us, "so the key players have already approved." After approval, "there will be [at least] 6 months of quiet to develop the hardware," he predicted, adding that as much as 9 months may be needed. "No one will have hardware before next May, because of the need for a chip." Regardless of legislation, this source said, "it's only a question of ironing out technical details."

"I'm certainly optimistic that record and hardware industries now see eye to eye and that both industries will benefit," same source told us. "I think major record companies will genuinely welcome DAT as a profit opportunity far better than recordable CD, and that by next year penetration of CD will have reached a point where it will be advantageous to launch this new product."

There's no certainty that DAT will be success -- particularly after so many false starts and years of indecision, as well as high initial prices. Our companion publication, Audio Week, found manufacturers and retailers extremely cautious in their comments -- and hardly welcoming more DAT publicity at time of slow business. However, if both hardware and software industries work together to promote DAT, picture could be completely different next year.

JAPANESE VIDEO EXPORTS UP IN MAY: Japanese video equipment exports to U.S. continued well above 1988's levels in May, 5th straight month of year-to-year increases in color TV shipments. Japanese Finance Ministry figures showed that average dollar price of VCR deck from Japan fell slightly in May, continuing month-to-month seesaw pattern that began last year. Despite rising inventories here, Japanese manufacturers sent more camcorders to U.S. in May than in April or in May 1988.

Exports of 751,790 VCR decks from Japan were up 10.6% from 679,711 in May 1988, but were off slightly from 791,083 in April. It was 3rd consecutive monthly increase and 4th in 5 months. In year's first 5 months, deck shipments were up 15.2% to 4,052,189.

Average price of Japanese deck shipped here in May was \$228.31, based on average 136-yen-to-dollar rate in effect that month. Price is down \$3.34 from \$231.65 in April, and off \$10.74 from \$239.05 in May 1988, when yen was 125 to dollar. Average price in yen was 31,050, up 0.8% from April and 3.9% from May 1988. Dollar price has bounced up and down since mid-1988, ranging from low of \$220.65 in March 1989 to high of \$253.90 in Sept. 1988.

Camcorder exports to U.S. in May rose 1.6% to 204,735. In first 5 months of year, camcorder shipments were down 0.1% to 943,253, while sales to dealers here totaled 666,438, up 16.8%. Figures indicate that Japanese manufacturers still were shipping more camcorders than industry was selling in May. Inventory situation may get even worse now that camcorders are in midst of sales slump that has seen decline of 8.3% in first 4 weeks of 5-week June. Average price of camcorder from Japan, based on export figure and yen rate, was \$564.40, down sharply from \$647.20 in April and \$680.26 in May 1988.

Complete color TV exports from Japan to U.S. in May jumped 220.5% to 20,948, from all-time low of 6,537 in May 1988. Shipments of color chassis & kits dropped 58.7% to 1,050, putting total color TV exports at 21,998, up 142.3%. In Jan.-May, total color TV exports rose 25.3% to 108,636, with complete sets up 40.9% to 104,830 and incomplete sets down 68.3% to 3,896. Nevertheless, on basis of first-quarter import data, Japan now is only 6th-largest supplier of color TVs to U.S., 7th-largest source of total TVs. B&w TV exports from Japan plunged 93.5% to 365 in month, 73.5% to 775 in first 5 months.

Shipments of Compact Disc players increased 25.3% to 351,576 in May. CD players were up 6.7% to 1,441,955 in Jan.-May.

VCR deck exports from Japan to Canada rose 37% to 51,152 in May and were up 1.9% to 254,609 in first 5 months. Color TV shipments to Canada jumped 217.6% to 1,737 in month, 81.4% to 8,685 in 5 months. Camcorders to Canada in May declined 9.1% to 14,229, and were off 30.3% to 47,626 in Jan.-May.

Japanese production of home VCR decks rose 13.1% to 2,235,000 in May, EIAJ reported. Shipments in Japan fell 9.6% to 463,000 as total exports rose 6.3% to 1,723,000. In first 5 months, deck production increased 10% to 11,563,000, exports rose 14% to 8,952,000 and domestic shipments fell 8.4% to 2,617,000. Color TV production in month inched up 2.3% to 984,000, worldwide exports dropped 3.7% to 251,000 and Japan shipments rose 5.8% to 707,000. In 5 months, color TV production was 5,167,000, down 2.2%, exports rose 8.5% to 1,457,000, Japanese shipments declined 2.2% to 3,719,000.

Ford will build \$120-million car audio plant in Portugal to make "premium quality radios, Compact Disc players and other high-technology audio components," mainly for European market. Plant, with 230,000 sq. ft., is scheduled to begin production in 1992, eventually employing about 1,700.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 139 yen = \$1, except where noted.

CD-I SOFTWARE LISTED: At least 25 software titles are under development for Philips' Compact Disc-Interactive (CD-I) player, which will be introduced for commercial market by fall at about \$3,000, and for consumer market in 1990 at \$1,000 (TVD June 12 p11). Software development for product is being handled by Philips subsidiary American Interactive Media (AIM).

List of CD-I software titles, including interactive videogames, children's programs, reference works and music selections, was published last week in Wall St. Journal. Tentative list of titles: A Visit to Sesame St., Children's Bible Stories, Children's Musical Theatre, Clue, Gardening, Grolier Encyclopedia, Interactive Golf, Kaleidoscope Music, Oldies Juke Box, Rand McNally Family Atlas, Rocket Ranger, Sargon Chess, Sinatra My Father, Stamps, Time-Life Photography, Treasures of the Smithsonian.

Philips spokesman said player prices are "ballpark figures" and details on products won't be available until they're formally introduced. CD-I player was demonstrated at summer Consumer Electronics Show in Chicago in June. Software is expected to cost \$20-\$50. Philips CD-I player will be marketed under Magnavox brand.

Product is expected to compete in some markets with Digital Video Interactive (DVI), interactive CD-Read Only Memory (CD-ROM) technology that Intel purchased from GE last year. Philips CD-I player will work in conjunction with TV set, whereas DVI is personal computer-based technology. Philips product, like DVI, plays standard audio discs as well as videodiscs.

Meanwhile, U.K.-based Videologic has developed printed circuit board and microchip set containing TV tuner that allows IBM or compatible personal computer to handle video images as does TV set. Digital Video Adaptor (DVA) 4000 allows full-motion, interactive video image to be displayed on computer monitor. IBM's W. German subsidiary will market Videologic board as part of its new Learning Training System 90 computer learning system, according to Financial Times.

June Retail Report: Tandy said consolidated sales in June totaled \$309.7 million, up 10% from June 1988. Same-store sales rose 4%. Preliminary sales and operating revenues for full year ended June 30 rose 10% to \$3.8 billion. Company expects to announce fiscal 1989 and 4th-quarter earnings in late Aug... **Circuit City** had record sales of \$151.1 million in month, up 25% from June 1988. Same-store sales rose 5%. Retailer opened 3 new superstores in Tampa... **Best Buy** sales fell 5% to \$38 million, with same-store sales off 6%. In first quarter, Best Buy sales dropped 4% to \$107 million... **Sears Merchandise Group** said June sales rose 2.9%... **Montgomery Ward**, which posted 6.6% sales gain in month, reported strong increases by Electric Ave. operation... **K mart** reported 5.7% increase in June sales, listed home electronics among products showing best results.

Video equipment sales to dealers fell in all major product categories for 3rd straight week in June's 4th week (see State of the Industry). Camcorder sales dropped 3 consecutive weeks for first time this year, and were down 8.3% compared with first 4 weeks of June 1988, according to EIA. Through first 25 weeks of 1989, camcorder sales to dealers were up only 12% from same year-earlier period. Month-to-date sales of other products: Direct-view color TV up 8.7%, projection TV down 15%, total VCR down 7.1%.

SYLVANIA'S NEW SETS: Closely paralleling Magnavox line in prices and features (TVD May 1 pp9 & 15), but with fewer models, new Sylvania line as announced by Philips "is being positioned as a stepup brand for dealers," said Color TV Senior Mktg. Dir. Mark Stephenson. Superset series features "loop style" on-screen displays, while Superset II series (27-31") has menu-driven delays. Eleven sets have picture in picture, 6 of them with small picture in monochrome; 14 have MTS stereo, 4 have S-VHS inputs.

Color table models start with 13" at \$300; sole 19" is \$330; 20" with TV-VCR remote, multicolor on-screen displays is \$400, with 2 MTS stereo monitor versions at \$450; 25" starts at \$450, MTS remote monitor at \$580, PIP \$650; 27" with TV-VCR-cable remote, PIP and MTS stereo is \$750, Superset II monitor with S-VHS input \$950, with learning remote, color PIP, 10-w amplifier \$1,700. Consoles: 25" remote at \$500, stereo monitor with PIP \$680; 27" with TV-VCR-cable remote, MTS \$850, Superset II with color PIP \$1,099; 31" with LCD learning remote, 10-w surround sound, color PIP, S-VHS \$2,000.

Projection TVs start with 41" with more than 500 ft. lamberts peak brightness, MTS stereo, 3-way remote at \$1,995; 46" with surround sound, color PIP, 10-w amplifier is \$2,500; 52" with same features is \$2,800.

Sylvania introduces 5 new VCRs -- lead model with 2-event one-month programming is \$380; stepup has 2-year video head parts warranty, 4-event program at \$430; 4-head model with Skip Search is \$470; barcode programming, 50-function remote, repeat play and auto tracking are featured in \$490 model; VHS-Hi Fi version with double azimuth heads, TV-VCR remote is \$620.

New CD players are \$150 for single-play 3" and 5" model, \$250 for unit with 6-disc magazine changer. Sylvania has redesigned its rack and shelf audio systems to feature "European styling."

PHILIPS HI-TECH MOVE: N. American Philips is centering new technology product development at its consumer electronics hq in Knoxville, pulling together under new Technology Vp Peter Bingham segments that had been in Briarcliff Manor, N.Y., N.Y.C., Knoxville

All new technology functions related to product development and design will be carried out in Knoxville, coordinated with research at Philips Labs in Briarcliff Manor. Product policy function originally was at N.Y. Philips hq. Philips Consumer Electronics will be responsible for leading company into HDTV, said Bingham, whose operation also will be responsible for development of such other new tech products as CD-I.

Bingham returns to Philips after serving as Technology Div. vp of Thomson Consumer Electronics since Jan. 1988. He previously was NAP Consumer Electronics engineering vp and exec. vp of Magnavox CATV Systems.

Single-chip AM stereo headset radio that operates on 2 AA batteries and is slightly bigger than paperclip has been developed by Semiconductor Div. of Motorola. Chip will cost less than \$2 when supplied in quantity to radio makers, Business Week reported. "There are fewer and fewer places where a headset radio with the new chip can't pull in music," said report, which didn't mention slow acceptance of AM stereo among tuner and receiver manufacturers and car audio aftermarket companies.

KOREA BOOSTS IMPORTS: Korea showed huge increase in color TV shipments to U.S. in April, but still trailed Mexico as top supplier, Commerce Dept. import statistics showed. Japan continued to increase shipments over last year and China remained prominent source of b&w TVs in period before start of political turmoil.

In color, Mexico was leading supplier in April, followed by Korea, Taiwan, Malaysia, Singapore. Japan has become minor color TV supplier to U.S., but its shipments were higher than those of 1988. Korea was biggest b&w TV source, and topped all countries in total TV. China was 3rd largest supplier of b&w TVs to U.S. in month. Commerce combines TV kit figures with complete TV imports, so separate number isn't available for incomplete TVs.

Through first 5 months, Mexico was top color TV source, followed by Korea, Taiwan, Malaysia, Japan. Following are VCR and TV import totals by country for April and first 4 months of 1989:

	April	% Chg.	4 Months	% Chg.
VCR Decks				
Japan....	769,100	+33.7	2,632,900	- 2.9
Korea....	184,300	+30.0	862,700	+46.4
Taiwan...	63,900	+49.0	220,900	+17.3
TV Sets				
Mexico				
color...	345,800	+68.7	1,276,600	+ 5.0
Korea				
total...	413,400	+10.8	1,122,800	-16.6
color...	304,900	+169.4	628,500	+19.2
b&w.....	108,500	-58.3	494,300	-39.7
Taiwan				
total...	200,000	+17.1	679,600	- 1.7
color...	133,100	-11.0	463,400	-25.4
b&w.....	66,800	+214.8	216,300	+208.6
Malaysia				
color...	74,500	-20.6	284,400	+ 6.3
Singapore				
color...	56,100	+13.7	90,400	-53.8
China				
total...	64,000	*	192,400	*
color...	19,600	*	79,200	*
b&w.....	44,500	*	113,100	*
Japan				
total...	35,800	+40.4	142,800	- 7.3
color...	25,900	+34.2	108,100	+26.2
b&w.....	9,900	+33.5	34,700	-49.3
Hong Kong				
total...	24,300	+30.8	127,400	+20.4
color...	5,700	-47.2	46,200	- 1.9
b&w.....	18,600	+139.3	81,200	+38.3
Canada				
total...	7,200	+124.7	43,000	+105.5

* No significant shipments in 1988.

Note: Figures for color and b&w TV include kits. Some totals may not add due to rounding.

Matsushita signed cooperation agreement with ABB Robotics to distribute in Japan 5 types of industrial robots made by ABB. Matsushita will sell robots under own brand name for 5-year period, and will take over most of ABB's existing Japanese customers. Matsushita said it expects to sell \$7-\$14 million of robots in first year. It also will use robots in many of its own plants worldwide.

SONY MALAYSIA VHS PLANT: Sony announced plans last week for \$60 million in new and expanded facilities in Malaysia, including plant to make VHS recorders for export to U.S. and Europe. Two new plants there will bring Sony's total in that country to 5 and in Asia to 13 (2 in Taiwan, 3 in Thailand, 2 in Korea, one in Singapore).

Sony VCR plant will involve expenditure of \$20 million, employing nearly 200, starting production in 4th quarter 1990, with monthly output of 30,000 decks at outset, 90% of them destined for U.S. and Europe. Second new plant, Sony Mechatronics, with \$14.1 million investment, will produce 3.5" floppy discs for U.S. and Europe, turning out 50,000 per month, employing 300 when it starts operation in 2nd quarter next year, company said.

At same time, Sony will invest additional \$26 million to expand audio facility in Malaysia that started production of radiocassette players, car stereo and Walkman in 1988. New 270,000-sq.-ft. addition will expand radiocassettes and add hi-fi equipment, increasing employment by 800 after completion in 2nd quarter 1990. Other Sony Malaysian plants make TV and audio equipment.

Sony said its total cumulative investment in Malaysia will be brought to \$111.5 million with new projects, with total personnel more than 1,300 there.

* * * *

Malaysian consumer electronics boom is well under way (TVD June 12 p13). More details are supplied in roundup in June issue of Asian Sources Electronics. Among highlights:

Sharp-Roxy Electronics now is in operation in new \$15 million TV plant, replacing smaller one destroyed by fire last year. New facility has capacity of 1.3 million TVs annually, up from 1 million in old plant, employs 1,600. Venture also will produce minicomponent systems and radiocassette recorders.

JVC's \$15 million plant, now starting production (TVD June 5 p13), can make parts for 100,000 VCRs monthly, will be expanded to 300,000 next year. Article said plant will export mainly to U.S., at start employing 300, to be increased to 450. Adjacent audio plant is scheduled to expand into car radio and CD players this year.

Matsushita TV plant, making 13-20" color sets for Asian market (TVD May 29 p19), is \$23 million project, could turn out million sets annually by 1993.

Hong Kong's Silver Electronics is expected to start producing color TVs in Malaysia this year. Philips ships average of 18,000 pieces of audio equipment to U.S. and Europe daily, article said. As reported earlier, Funai is scheduled to begin output of circuit boards for color TV and VCRs this month for shipment to plants in U.S., Japan and Taiwan, and Onkyo starts construction of audio plant in Malaysia next month for export to U.S. and Europe. Electronics is Malaysia's largest category of manufactured exports.

MTS stereo improved as percentage of total color TV sets in May over April (TVD June 26 p15), but at 25.1% still was 2nd lowest of year. In April, percentage was 24.3%, in first quarter 27.1%. Total of 379,988 sets sold to dealers in May had MTS, EIA reported, up 35.7% from 280,065 in May 1988, which represented 21.6% of total color sales that month. For year's first 5 months, MTS sales to dealers totaled 2,115,604 (26.3% of total color), up 33.8% from 1,581,086 (22.5%) in same 1988 period.

Personals

Akio Morita resigns as Sony CEO, continuing as chmn.; he's succeeded as CEO by **Norio Ohga**, Sony pres.-COO... **Pierre Gomez**, architect of Thomson's worldwide consumer electronics strategy, reappointed chmn.-CEO of France's Thomson S.A. for 3-year period... **Peter Bingham**, ex-Thomson Consumer Electronics and RCA, returns to Philips Consumer Electronics in new post of vp, technology (see separate report); **James McFalls**, former national accounts-direct markets vp, named Sylvania brand sales vp, Philips Consumer Electronics... **Jeffrey Dorn** advanced to Sony Consumer Products Group finance vp, from Sony Component Products finance/operations vp... **Jiang Ze-Min**, former Shanghai mayor who is new gen. secy. of Chinese Communist Party, served in 1984-1985 as Minister of Electronics Industry.

Tina Pruitt, former senior CES exhibits coordinator, advanced to EIA Consumer Electronics Group CES exhibits mgr.; **Nancy Madaris** named CES business affairs mgr... **Gordon Oakes**, ex-Recoton Midwest sales mgr., appointed Pfanstiehl national sales mgr... **James Cash**, Harvard prof., elected to Tandy board... Additions at Reflection Technology (Private Eye displays): **Stephen Harrison**, ex-Bytex Corp., as finance and administration vp; **Steven Lipsey**, ex-Bachman Information Systems, as mktg. vp... **Brian Weyman**, worldwide electronics strategy and implementation vp, appointed Commodore worldwide manufacturing and purchasing vp, new post; **Jaime Figueroa**, ex-IBM Latin America, joins Commodore as Latin America sales dir., new post... **Forrest Haselton**, vp-South for Sears Merchandise Group, promoted to vp-automotive, succeeding retiring **Gene Stroner**; he will oversee autosound products sold through Sears tire and auto centers.

William Chardavoyne, RCA/Columbia Pictures International Video senior vp-chief financial officer, promoted to exec. vp-chief financial officer for domestic as well as international units; on international side, **Peter Gawrychowski** promoted to vp-controller, **Robert Sender** to financial analysis vp, **Amy Auerbach** to financial accounting dir... **Karl Condello**, ex-Star Video Entertainment, named Star Video east regional sales mgr., **Patrick Flores**, ex-Best Video, named for south... **Dana Kornbluth**, ex-MTV and Lorimar Home Video, joins VSDA as PR dir.; **Ray Gianchetti** moves from special projects and PR dir. to merchandising and ad dir... **Phil Isaacs** resigns as Trans World Entertainment domestic theatrical distribution pres. to become pres. of new South Gate Distribution theatrical operation... **Debbie De Voogd**, ex-MTV, joins RCA Records as video promotion and production administrator.

"Electronic tapemeasure" is new consumer product category. Hong Kong's Arax Lieberman Ltd. offers 2 versions: (1) Smart Tape, handheld ultrasonic instrument that, when aimed, gives immediate reading in feet and inches or metric system, also can calculate area and volume. (2) Easy Tape, actual tape measure combined with calculator that gives direct reading of measurement along with standard calculator functions.

Surveillance system for picture-in-picture TV sets has been introduced by Philips. Product allows surveillance of other rooms through picture in corner of TV screen. Marketed under Magnavox brand, system includes b&w camera, 57-ft. cable and PIP adaptor for Magnavox TVs with PIP capability, at \$330 (excluding TV).

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
Adelphia Communications			
1989-year to March 31	187,636,000	(123,645,000)	—
1988-year to March 31	131,375,000	(76,840,000)	—
1989-qtr. to March 31	52,185,000	(38,594,000)	—
1988-qtr. to March 31	38,850,000	(32,032,000)	—
Audiovox			
1989-6 mo. to May 31	138,234,000	(1,399,000)	—
1988-6 mo. to May 31	160,759,000	1,850,000	.21
1989-qtr. to May 31	75,269,000	30,000	—
1988-qtr. to May 31	87,081,000	1,161,000	.13
Corning			
1989-24 wk. to June 18	1,113,300,000	111,200,000	1.23*
1988-24 wk. to June 19	953,100,000	35,200,000	.39*
1989-12 wk. to June 18	579,800,000	69,400,000	.76
1988-12 wk. to June 19	499,800,000	82,000,000	.91*
King World Productions			
1989-9 mo. to May 31	303,500,000	59,400,000	2.36
1988-9 mo. to May 31	214,800,000	47,700,000	1.77
1989-qtr. to May 31	72,400,000	11,600,000	.46
1988-qtr. to May 31	55,400,000	9,200,000	.36
Rogers Communications*			
1989-9 mo. to May 31	440,400,000	736,900,000	49.73*
1988-9 mo. to May 31	231,700,000	90,000,000	4.11*

Note: *Includes special credit. *Includes special items.
*In Canadian dollars. *Restated; includes special credit.

END OF LINE FOR B&W: Monochrome TV sales are petering out -- each month showing deeper decline than preceding one -- EIA data attest. Five-month total sales to dealers of 619,365 is below those of good single month in 1960s. Last year, sales totaled 2,579,760, lowest for any year since 1948, and this year's total should be at least million below that.

Problem in monochrome isn't lack of demand so much as lack of supply -- there's just no money in b&w TVs so nobody wants to make them. Korean tube factories have been raising prices steadily, presumably in attempt to discourage demand. On visit to China last fall, we found little interest by manufacturers in exporting monochrome sets -- although China now is world's largest producer of conventional b&w sets. U.S. marketers tell us they could sell all monochrome sets they can get, citing such specific uses as building security personnel and prisoners (many of latter not permitted color sets). Here's table of monthly sales, from EIA:

MONOCHROME TV SALES TO DEALERS

	1989	1988	% Chg.
January.....	154,421	205,968	-25.0
February.....	122,149	180,337	-32.3
March (5 wks.)	126,347	208,150	-39.3
April.....	107,508	199,906	-46.2
May.....	108,940	206,593	-47.3
TOTAL.....	619,365	1,000,954	-38.1

NBC will promote 3M videocassettes in commercials as part of cross-plug (TVD June 19 p18). One-hour "Behind the Scenes Video Magazine" video produced by NBC will be available as premium to buyers along with NBC Fall Season Preview Guides and special merchandise offers.

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JULY 17, 1989

VOL. 29, NO. 29

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CRIPPLING BLOW TO PARAMOUNT: Del. court refuses to issue injunction blocking Time takeover of Warner. State Supreme Court agrees to hear case. Chris-Craft files 2 suits to protect interest in Warner. (P. 1)

INTV REJECTS MUST-CARRY DEAL, upsetting possibility of House legislative action last week. On-channel assignments remain major hurdle. Dingell presses for more negotiations. NCTA raises constitutional concerns. (P. 2)

COOKE SELLS CABLE HOLDINGS to Intermedia-led group for about \$1.6 billion. Virtually same buying consortium that participated in earlier aborted deal remains intact. Other cable sales. (P. 5)

CBS EARNINGS DOWN 8% in 2nd quarter. Drop blamed on lower TV network earnings, offset in part by higher interest income. Best. Group profits off 11%. (P. 5)

FAIRNESS, FEES BACK: House unit moves budget bill calling for reinstatement of fairness doctrine and raising FCC service fees and fines. (P. 6)

FCC NOMINEES GAINING: Final Senate action seen likely in early Aug., with confirmation hearings at end of month. NTIA candidate clears first hurdle. (P. 7)

CONSENSUS KIDVID BILL aim of key Senate leader. More precise definition targeted for educational and informational commercial programming. (P. 8)

DEL. COURT REFUSES TO STOP TIME-WARNER DEAL: Del. Chancery Court Chancellor William Allen July 14 denied Paramount's request for injunction to block Time Inc.'s \$14-billion tender for Warner Communications. Paramount immediately asked Allen for stay of decision pending appeal to Del. Supreme Court. Chancellor halted Time's offer for Warner, which had been scheduled to expire today (July 17), for 10 days to give Paramount time to prepare appeal of his ruling. State Supreme Court already has agreed to accept appeal, with hearing July 24. Paramount has made its own \$12.2-billion hostile bid to buy Time, and Allen's ruling was called "a potentially fatal blow" to Paramount effort.

In 79-page decision, Allen said he had concluded that plaintiffs (Paramount and dissident Time stockholders) "have not shown a reasonable probability that they possess a right in these circumstances to require the [Time] board to abandon or delay the long-planned Warner transaction." He said "there has never been the slightest subjective interest [on part of Time's board] in selling to or submerging Time into another entity." Decision appeared to support Time's claim that Warner deal was culmination of 2 years of negotiations and to reject Paramount's argument in court July 11 that Time had put itself on block with original merger agreement with Warner in March.

Consumer Electronics

COLOR TV STARS in first half, sales at full-year record pace of 22.7 million. Camcorders up 16.6%, VCR decks, projection TV down sharply. (P. 11)

GHOSTBUSTER PROJECT to be expedited by ATSC, which calls for proposals for one-way and 2-way systems. ATSC approves definitions of HDTV, EDTV, IDTV. (P. 12)

WEST, SOUTH GAIN in U.S. total VCR market share, but unit sales are down in all 4 major U.S. regions in 1988, according to EIA regional analysis. (P. 12)

RIVAL CD FORMATS, Intel's Digital Video Interactive and Philips' CD-Interactive, race to get reasonably priced consumer product to market. (P. 13)

MATSUSHITA FREEZES EXPORTS, plans to produce 50% of products overseas and increase imports to Japan. (P. 14)

DAT AGREEMENT may be delayed until fall RIAA board meeting. Legislation sought to make Solocopy inclusion binding on manufacturers not at Athens meeting. (P. 15)

GRUNDIG CONSIDERS 8mm camcorders, cites format's 50% share of European market. Decision next month. (P. 15)

NEW VCR HEAD SYSTEM claimed to make EP picture quality as good as SP is claimed by Sharp. First 9-head recorder using system is scheduled for Oct. introduction in Japan. (P. 15)

Time said: "We are delighted... It is a very big step toward making Time-Warner Inc. a reality. We look forward to completing the acquisition as promptly as possible." Trading in stocks of all 3 companies was halted July 14 before morning decision was announced. At close of trading for day, Time was down 5 to 145, Warner was up 2 to 64-1/4, Paramount dropped 4 to 57-1/2.

Warner's largest shareholder, Chris-Craft Industries (CCI), which intervened in Paramount case, has filed 2 separate suits that it said were to protect its shareholders. CCI owns about 17% of Warner and is only holder with preferred stock. Under terms of Time deal, that preferred (which has more rights than common) must be turned into common stock and can't be reconverted if Time-Warner deal falls through. CCI filed in N.Y. state court seeking to require Time to amend its tender offer to take into account CCI's preferred shares. Second suit, filed in Del. Chancery Court, asked that CCI stake in BHC, its broadcast unit in which Warner owns 42.5%, be preserved if Time is successful in bid for Warner. It's reported that Warner's share of BHC may be spun off to Time shareholders. Time's offer for Warner is scheduled to expire at midnight July 17.

Paramount had submitted its bid after Time and Warner announced proposed merger, subject to stockholders' approval (TVD June 12 p1). Time board almost immediately rejected Paramount bid and made friendly offer to acquire Warner (rather than merge) for \$14 billion. Stockholders' approval isn't required in Warner deal, causing disgruntled Time stockholders to attempt to block Warner acquisition. A major issue before Del. court was whether Time's board put company up for sale in proposed merger with Warner.

Earlier last week, Paramount further amended its \$200-a-share offer for Time to add interest of 9% per year to cover any delays in closing on deal. Interest would begin 60 days from date that Time agrees to accept offer or is ordered by Court to refrain from interfering with Paramount attempt. Time dismissed Paramount interest announcement as "11th-hour posturing." Paramount filed at FCC last week accusing Time of "speaking out of both sides of its mouth" in opposing Paramount offer. It also accused Time of encouraging local authorities, which must approve transfer of Time's ATC cable systems, to oppose Paramount bid.

Paramount told FCC that Time used "sanctimonious language" in opposing Paramount, which is seeking approval of trusteeship to run Time until it can meet all legal requirements. Paramount said it "hereby denies in the strongest possible terms that it has ever 'acted to deceive this agency,'" as Time alleged. Major issue brought up by Time is how soon Paramount can obtain local consent to transfer cable franchises. Paramount said it already has filed transfer applications representing majority of ATC subscribers "in communities where prior consents may be required. Paramount believes it can obtain all necessary approvals within a few months, despite Time's efforts to delay the process." Time also was accused by Paramount of "willful and repeated violations of the Commission's ex parte rules." FCC now is expected to rule early this week on Paramount's request for approval of ex-Secy. of Defense Donald Rumsfeld as trustee in its bid for Time. In unrelated matter, Time announced that it would start new magazine, Entertainment Weekly, in Feb. It will concentrate on TV networks, movies, cable, videos, music, print entertainment.

N.Y. State Commission on Cable TV issued policy statement last week requiring its prior approval of any transaction that would "change the franchisee or change the control of a franchise or cable system." Commission said statement was made in response to Paramount's attempt to take over Time, pointing out that "for the first time ever a hostile corporate takeover effort threatens to have a direct and major impact" on 750,000 cable subscribers in N.Y. served by ATC. Commission also expressed concern over high level of debt that would be required in Paramount takeover.

Meanwhile, Moody's Investors Service downgraded to Prime-2 from Prime-1 commercial paper ratings of Paramount, Time and Warner and placed ratings of all 3 companies under review for possible further downgrading. At same time, Moody's lowered Time's senior long-term rating to Aa3 from A2 and reduced company's shelf registration rating. Service said action was taken as result of "various merger and purchase offers of the 3 companies... Moody's believes that there is a strong probability of increased leverage caused by acquisitions or other forms of reorganization involving additional debt, resulting in substantial contraction of credit quality."

INDEPENDENT STATIONS REJECT MUST-CARRY ACCORD: INTV torpedoed new industry compromise for must-carry rules July 10, refusing to accept proposal endorsed over previous weekend by CATA, NAB and NCTA that would have virtually guaranteed local TV station carriage on cable systems with more than 12 channels. INTV board objected to proposed on-channel reassignments for UHF must-carry signals as technically impossible for half of cable systems, because many don't have enough channels. Also, many UHF

independents currently are on VHF cable channel and want to stay there. Public TV (PTV) also opposed proposed pact. Breakdown in negotiations put on ice possible effort by key House Democrat to move must-carry legislation in House last week, and set off week-long debate over who was at fault in failed effort.

Industry negotiations have been in works for months, at prodding of members of Congress, on developing new carriage accord that could meet constitutional concerns and clear way for congressional action enacting pact into law. House and Senate communications policy-makers are seen as sympathetic to broadcaster carriage concerns and have expressed willingness to move must-carry legislation once fairness doctrine dispute is resolved and new commercial children's TV regulations are in place.

Agreement reached by CATA, NAB and NCTA largely followed earlier industry accord put on back burner after FCC version was declared unconstitutional by U.S. Appeals Court, D.C. Deal would have guaranteed carriage to 3 local stations and single PBS signal, and would have broadened application by changing small system exemption to operators with 12 or fewer channels vs. earlier proposal of 20 or fewer channels. Stations within 50 miles of principal headend would qualify for carriage, with cabler retaining discretion on selection of must-carry signals if there's excess of qualified stations except in case of network affiliate. If multiple affiliates qualify, closest network affiliate must be carried. Cabler couldn't receive compensation for carriage of must-carry signals. Proposal also contains viewing standard and other elements from 1986 version of rules.

Proposal had good chance of being included in House Commerce Committee's budget reconciliation package that panel completed July 13 (see separate story), ensuring its passage by full House and probable acceptance in Senate. Move would have made it more difficult for must-carry to be rejected by President Bush, as some had feared. Industry was working with understanding that pact could be added to reconciliation bill by Committee Chmn. Dingell (D-Mich.).

Sticking point in new proposal was plan to guarantee broadcasters channel positions by shifting UHF's and VHF's to on-channel assignments, sources said. Cable made concession to broadcasters on 2nd-set hookups, apparently agreeing to bar consumer converter purchases. But INTV board wasn't willing to accept on-channel assignments. Deal had been completed July 7 by NAB Pres. Edward Fritts and NCTA Pres. James Mooney, latter also representing CATA's interests.

INTV rejected deal primarily on ground it was "technically impossible" to provide on-channel positioning to more than half of its members under today's technology. That's true of Atlanta area, said INTV Chmn. John Serrao, gen. mgr. of WATL Atlanta (Ch. 36). He said that proposal calls for "21st Century technical abilities in the 20th Century," adding that there would be mass confusion within industry and among viewers.

This would happen, he and other independent operators said, because many independent UHF stations currently are on first tier -- meaning VHF channels, and they want to stay there -- of cable systems that don't have enough channels to handle on-channel positioning for such stations. "We would just be signing our own death warrant" by agreeing to deal as presented, Serrao told us. However, he said, "something good will come from this... It's a good beginning."

INTV Pres. Preston Padden was presented with proposed agreement at his home by Fritts (NCTA has objected to having independents sit in on talks), reportedly was told INTV had to vote it up or down by July 10 -- something that irked independents considerably. Said Serrao: "I'm a little surprised that the football wasn't thrown in our backyard until the weekend." But Padden said: "There are no bad guys in this scenario. We are eager to participate in future negotiations." INTV board unanimously turned deal down in July 11 conference call.

Padden told Congress in 9-point letter later that while on-channel assignments are possible for VHF's, which he characterized as "mostly network affiliates," plan "is not technically feasible for many UHF's" -- mostly independent and public TV stations -- because channel capacity of "many" cable systems doesn't go high enough to place signals on FCC-assigned channels. In many instances, only VHF's with low channel positions would benefit from proposed approach, he said, alluding to 2nd-set cable hookup problem. For many systems, 2nd set can't receive higher channels without converter.

Padden also saw "no proconsumer reason" for UHF's to shift from current cable assignments -- "positions which the cable system selected in the first place," he said. "Channel shifts cause consumers and advertisers confusion." Shifts also represent "unfair competition" by cable operators because of control they already exercise over conduit, content and ad sales in competition with local stations, Padden said.

"The object here is to stop the shifting of our stations out of long-held channel positions [where many UHF's are placed on cable VHF channels] just to favor the cable operator's vertically integrated product," he said, explaining proposed agreement merely would spark "massive" new wave of channel shifts for public and independent stations currently carried on first tier or low-number cable channels.

Mooney saw things very differently from Padden, saying: "The fundamental dispute now is not whether there should be a must-carry rule, but whether a broadcaster whose FCC license says 'channel 33' should have a legal right to occupy channel 5 on a cable system." Indeed, INTV's demand for existing cable channel assignments may not be defensible under First Amendment, Mooney said in letter to Hill. He said cable program networks could object successfully to "arbitrary preference" in channel slots for UHF's that would keep stations among low-numbered assignments. "The First Amendment objection a cable program network would have... is... obvious," he said.

Fritts said NAB TV board's position was that on-channel positioning of UHF stations was proper way to go, but "the INTV people, mostly UHF's, wanted something better... We just have to continue our work toward an industry consensus [and] much progress has been made... Even though this window of opportunity is passing, there will be others."

NAB also had conference call with its TV board July 10 (before INTV's position was known). In followup memo to board (after INTV acted), Fritts said it was essential "that both the cable and broadcast industries achieve a unified consensus on the material provisions of that legislation. We bargained in earnest with the cable industry... and believe that very important progress has been made on channel repositioning, small-system exemptions and notice to broadcasters on repositioning or dropping signals."

However, Fritts said, after INTV's action, "it became clear that an industry consensus could not be reached" on channel repositioning. "We will continue our negotiations with cable to achieve long-term stability. I also believe that Chairman Dingell's offer of this [appropriations] vehicle indicates his strong support for achieving a legislative solution for must-carry." Dingell urged industries to continue talks, calling failure last week "unfortunate... The Committee stands ready to review any industry proposal."

CATA Pres. Stephen Effros also expressed regret at breakdown: "I'm sorry we weren't able to reach an agreement." CATA had endorsed proposed accord. Questioned about INTV's exclusion from talks, he said: "I'm more interested in protecting my members' interests rather than my ego... The indies simply aren't going to get what they want." Latest dispute is unfortunate because main issue always has been must-carry, he said, and "the small [cable] operators gave a little, and when you give, they [INTV] want more."

Public TV (PTV) opposed agreement. Proposed 50-mile limit wouldn't have facilitated carriage of many state network stations, PTV source said, while mandatory carriage of only single PTV outlet on system isn't sufficient in areas with numerous such outlets: "We already have more [carriage] than it would have given us. It didn't make sense." However, PTV remains interested in talks to see whether accord can be reached, source said.

Testing of HDTV systems by FCC Advisory Committee on Advanced TV Service (ACATS) is expected to be delayed beyond planned Jan. start -- primarily because selection of source materials to be used isn't completed. This was word out of meeting last week of ACATS Steering Committee. Group plans fall meeting of proponents of systems to be tested -- now down to 6-10 from original 2 dozen. Full ACATS meets July 19, when it's expected to finalize plans. Meanwhile, announcement is expected soon on cooperation agreement on development of advanced TV between Cable TV Labs and broadcast industries' Advanced TV Test Center.

ABC affiliate KITV (Ch. 4) Honolulu is being sold for \$45 million by Tak Communications to Cassara & Co. Buyer is headed by Anthony Cassara, ex-KTLA L.A. gen. mgr. and former pres. of Wometco Bestg.; George Vandeman, partner in law firm Latham & Watkins; accountant William Schickler. Cassara and Vandeman had bought KTLA in 1982, with aid of Kohlberg, Kravis, Roberts, from Golden West Bestrs. for then-record \$245 million. Station was sold 3 years later to Tribune Bestg. for \$510 million.

Sky TV announced it will spend \$16.3 million in 6-month marketing campaign in U.K., apparently to boost flagging sales of satellite receivers and antennas. Using terms such as "easily obtainable" and "high-quality" in its materials, company is trying to overcome doubts of would-be customers on problems encountered with its satellite-TV network. Campaign will include TV, press, direct mail and radio advertising, company said. Sky TV has set target of reaching 1.15 million homes in U.K. and Ireland by end of 1989, and 2.5 million by end of 1990. Channels goal was to have one million homes equipped with satellite receivers and antennas by now, but actual sales are estimated at 300,000-500,000.

QVC Network, 3rd largest among cable home-shopping operations, is acquiring No. 2 CVN Cos. for \$423 million in cash and stock. QVC is paying \$19 per share, plus 1/8 QVC share, for CVN's 20 million shares. Combined companies claim 37 million cable households, QVC Chmn. Joseph Segel said. This compares with 60 million households (cable and over-air TV) reached by Home Shopping Network. Segel said QVC is adding 10,000 new customers weekly.

COOKE CABLE DEAL SET: Jack Cooke's cable systems will be sold to 6-member consortium headed by InterMedia Partners for amount said to approach \$1.6 billion, in agreement announced July 14. Cooke holdings consist of Cooke CableVision and First Cablevision, which have 660,000 subscribers on 39 systems in 20 states. Overall price, said to consist of cash plus tax certificates to be used by InterMedia and perhaps others, appeared to be \$2,400-\$2,500 per subscriber -- considerably higher than estimated \$2,100-\$2,200 in earlier aborted sale to group with virtually same membership (TVD April 3 p7). Earlier group had suggested it might consider lawsuit against Cooke on belief that conclusive sales agreement had been reached.

Only apparent difference in buying consortium from earlier group is absence this time of rural system owner Rock Assoc. and Hawk Cable, joint venture of Adelphia Communications and Goshawk Corp. Remaining members of consortium are Chambers Communications, Falcon Cable, TCA Cable, TCI, entity including members of family of John Rigas, Adelphia Communications chmn. and principal shareholder. Year-end closing of transaction has been targeted.

Part of consortium headed by InterMedia Partners, in which TCI is minority investor, is acquiring 212,000 subscribers in Tucson and Sierra Vista, Ariz.; suburbs of Atlanta, Nashville and Knoxville; Aiken, S.C., and surrounding communities. Group consists of InterMedia as sole limited partner and Frank Washington, ex-FCC and former White House telecommunications policy adviser, as general partner; systems will be managed as partnerships of Robin Cable Systems and Eastern Tenn. Cablevision. Together with 9,000-subscriber Kauai Cable and 6 Hearst Cablevision of Cal. systems serving 60,000, group said Cooke deal would give it 281,000 total subscribers, making it 38th largest MSO. TCI share has 200,000 subscribers on multiple systems in Ore. and Wash., as well as individual systems in Cal., Ill., Ky., Ohio, Wyo.

TCA Cable stake consists of 5 systems with 86,000 subscribers in and around Bryan/College Station, Victoria and Paris, Tex.; Clovis, N.M.; Greenville, Miss. It currently owns 45 systems with 350,000 subscribers in Ark., La. and Tex., plus single system in Ida. Rigas group is acquiring 79,500 subscribers in Syracuse, N.Y.; Hilton Head, S.C.; southern Va.; northern N.C. Properties will remain with group, which also includes unspecified Adelphia management, unless majority of Adelphia board decides to acquire systems for firm.

Falcon is acquiring systems with 63,000 subscribers in Alaska and Ore., bringing its total to more than 650,000. Systems are in Fairbanks, Juneau and Ketchikan, Alaska; Astoria, Cottage Grove, Florence, Redmond, Rosedale and Veneta, Ore. In 2 other transactions, Falcon Cable is acquiring systems in Ore. with 5,300 subscribers from Northland Cable Tillamook Bay Cable TV Limited Partnership. Systems serve Lakeside, Reedsport, Tillamook and parts of Douglas County.

In other transactions, Cencom Cable Assoc. purchased Choice TV, limited partnership with 138,000 basic cable subscribers on 19 systems in L.A. metropolitan area. When deal closes, Cencom said it will be 30th largest MSO with 400,000 subscribers; St. Louis-based company currently has 260,000 basic subscribers in 10 states. Broker: Waller Capital Corp.

Times Mirror Cable is buying Chillicothe (O.) Cablevision with 29,000 subscribers in 12 Ohio cities...

Citrus Cable of Central Fla., serving 1,400 subscribers while passing 4,000 homes in Orange, Polk and Osceola Counties, has been sold to Tele-Media... James Cable Partners has purchased Watson Cable, serving Pinehurst, Ga. All 3 deals were handled by Communications Equity Assoc.

CBS NET DROPS 8%: CBS had net income from continuing operations of \$118.8 million (\$4.62 per share) for 2nd quarter, down 8% from \$128.7 million (\$5.01) in same 1988 quarter, on revenues of \$771.9 million, up 4% from \$740.8 million year ago. Despite earnings decline -- attributed to drop at TV network caused by increased entertainment programming costs and only 4-game NBA championship playoff -- CBS Pres. Laurence Tisch said: "We were generally satisfied with our operating results that, for the first 6 months, represented record-setting income from continuing operations."

Drop in TV network earnings was offset in part by higher interest income of \$54.7 million (up from \$44.3 million for 2nd quarter 1988), CBS said. Tisch said demand for network advertising remained stronger than expected for 2nd quarter "and up-front sales of network advertising for next year's television season [starting in Sept.] have been particularly robust. The current strength of the 3-network advertising market reinforces our belief that network television will continue to be the leading national advertising medium in terms of its unmatched reach and efficiency."

For first 6 months of 1989, CBS had operating profit of \$175.1 million before taxes (\$6.81), up 1% from \$173.5 million (\$6.74) last year, on revenues of \$1.5 billion, up 5% from \$1.43 billion. Best. Group profit for quarter was \$137.9 million, down from \$155.2 million, on revenues of \$771.6 million and \$740.5 million, respectively.

Meanwhile, Gannett Co. reported 2nd-quarter net income of \$112.1 million (70¢ per share), up 14.9% from \$97.5 million (60¢) year earlier. Revenues increased 6.7% to \$904.1 million from \$846.9 million. Broadcast revenues rose 4% in quarter, with TV station sales up "slightly as gains in local sales were tempered by continuing softness in national advertising." Newspaper advertising rose 6% and circulation 4%, Gannett said.

Thomas Root, pilot of airplane that crashed July 13 in Bahamas after traveling more than 800 miles on autopilot, is attorney representing client that promised investors in FM radio 14-to-1 return on investment, and has filed applications in at least 176 communities, according to FCC documents. Root, head of small Washington law firm, was en route to deposition in Rocky Mount, N.C., from Washington. He was reported to have complained over radio of chest pains. But police chief in Hollywood, Fla., where Root was taken after rescue, said lawyer had been shot in abdomen. In recent months, Root's main client, Sonrise Management Services, had been taking beating at FCC before administrative law judges and has been subject of numerous allegations at Commission of investor fraud and of violations of FCC's rules on party-in-interest.

Cable households still spend nearly 50% of time watching network-affiliated stations, latest Nielsen study said. Breakdown of viewing in typical week includes 49% networks, 24% original cable programming, 22% commercial independents, 11% pay cable, 3% public (total is more than 100% because of rounding and overlap). Study said noncable homes, in contrast, spend 72% of time watching network affiliates, 28% independents, 4% public TV.

FAIRNESS ON TRACK AGAIN: House Commerce Committee voted budget reconciliation package last week that would have Congress refighting battles on fairness doctrine and FCC service or "cost-of-regulation" fees. Measure proposes raising \$50 million to offset FY 1990 federal spending for communications programs by raising FCC fees across-board by at least 12.6% and increasing fines for violations of Commission rules.

Fees also would be applied for first time to public safety and public broadcasting services, among others. Also in package are proposals to codify fairness doctrine into law and curb dial-a-porn. Attempt by Rep. Tauke (R-Ia.) to delete doctrine codification from budget package lost 35-8, with most Republicans among majority. Asked why doctrine was included in budget bill, Committee Chmn. Dingell, he said that violators would be fined -- thus raising money.

Among planned proposals is \$30 fee per filing of Form 740 statement by electronic equipment importers that device coming into country meets FCC guidelines. Committee estimates fee could raise \$18 million alone in next fiscal year because 600,000 such filings are anticipated. Amateur radio license applicants would be charged \$30, raising estimated \$3.2 million. Altogether, proposed increases -- described as mostly moderate -- would raise minimum of \$42 million, sources confirmed. Additional revenues would be generated by Committee's plan to increase civil fines for infractions of FCC regulations.

Increases in cost-of-regulation levies would be on top of cost-of-living fee hikes already proposed by FCC and expected to win congressional approval (TVD March 13 p7). Important part of revenues that would be raised would come in first-time application of fees to public broadcasters, which Capitol Hill expects public TV (PTV) and radio stations to resist, sources said. But PTV source, while professing unfamiliarity with particulars, said fees "in principle" wouldn't be particularly harmful if they were "nominal" and incurred fairly rarely. To meet rest of \$50 million goal, Committee will propose increasing civil fines that could be levied for infractions of FCC rules.

Fees drew immediate fire from NPR, whose board asked Pres. Douglas Bennet to express "strong concerns" about plan. Proposal is inconsistent because it asks federally funded stations to return some money to govt., one board member said -- point seconded by public TV official. Quipped Bennet: "Pushed to its logical conclusion, [plan] is one way to get rid of the budget deficit."

There is nothing in package on children's TV, license transfer fees, spectrum auctions or other communications issues -- including must-carry (see separate story).

Among proposed fees: (1) Equipment certification, receivers (except TV & FM), \$285 vs. \$200 originally (charges have been increased some since original plan; fees were pegged to Consumer Price Index); all others, \$735 vs. \$650. (2) Commercial and public TV stations, new or major change, \$2,535 (vs. \$1,200 for commercial stations only), \$565 for minor changes; transfer assignment \$565 for long-form, \$80 for short-form applications; renewals, \$100; petition for rulemaking for new community of license or higher class channel, \$1,565. Fees for noncommercial stations would be levied for first time; they had been exempted in original fee schedule. (3) Commercial and public radio, new or major change CP applications, \$2,255 for AM stations, \$2,030 for FMs. (4) Hearing charge, all mass media, \$6,760 (\$6,000).

(5) Commercial and noncommercial TV translators and LPTVs, new or major change, \$425, license renewals \$85. (6) Commercial and noncommercial FM translators, new or major change, \$425, license \$85, renewals \$85. (7) ITFS new or major change, \$420; transfers, \$420; renewals, \$30. (8) CARS CP, assignments or transfers and renewals, all \$155. (9) Direct broadcast satellite, new or major change, application to build, \$2,030; issuance of CP and launch authority, \$19,710; license to operate, \$565. There also are charges for point-to-point microwave, MDS, international fixed public radio, offshore radio, earth stations, VSATs, overseas cable construction, other services.

NAB was ranked 2nd behind Tobacco Institute among top 6 spenders last year in honoraria to Congress members, Common Cause reported. Using new filings at House and Senate, Common Cause said NAB spent \$113,500 on speaking fees and other honoraria to lawmakers, with 60% of that (\$68,000) going to members of House and Senate Commerce Committees. NAB also paid travel costs for 24 House members and 5 senators to attend 1988 convention in Las Vegas -- 19 of those from Commerce Committees. Seven lawmakers also were reimbursed for travel to NAB meeting in Hawaii. Those payments usually aren't well detailed in financial disclosure reports, and weren't outlined by Common Cause. But public advocacy group listed recipients and amounts known, with results indicating that freshman Sen. Coats (R-Ind.) received most honoraria and travel reimbursement -- \$5,000. NAB also was 2nd among top 4 honoraria spenders on Senate Commerce Committee members, with \$15,500. NCTA was listed in 18th place overall, spending \$53,700, largely on members of 2 Commerce Committees and House and Senate Copyright Subcommittees. Common Cause said 69% of NCTA honoraria (\$37,200) went to 16 communications and copyright policy-makers. AT&T tied for 35th place overall with \$30,000 in honoraria payments last year, while Computer & Communications Industry Assn. was 64th with \$20,500. Top recipients of honoraria from energy and commerce-related interests on House Commerce Committee, in order, were Reps. Waxman (D-Cal.), \$54,450; Luken (D-O.), \$44,500; Dingell (D-Mich.), chmn., \$33,300; Richardson (D-N.M.), \$31,000; Fields (R-Tex.), \$29,750. Biggest such recipient in Senate was Chmn. Hollings (D-S.C.) with \$27,700.

Cap/ABC and NABET negotiators met 2 days last week under aegis of federal mediator, again failed to settle on new contract. Union submitted 18 counterproposals to ABC's position. Network came back with concessions in 7 areas -- on condition that proposal be resubmitted to NABET membership for vote and that union negotiators either remain neutral or make no recommendation -- but no agreement was reached. As consequence, ABC again said it would unilaterally impose conditions of its March 31 offer (rejected by NABET members) but hadn't done so yet. Network has promised to give NABET 24 hours' notice, which some predicted could come over weekend.

U S West has finalized agreements to build cable TV systems in U.K. Agreements are with United Cable TV, subsidiary of UA Entertainment, for system serving 5 London boroughs south of Thames River, and with Comcast for system in Camden, near London. U S West said that at outset it will invest \$20 million in United Cable venture, which will serve 375,000 households and 25,000 businesses; it now passes 89,000 homes. Comcast and RHC will provide large portion of \$3 million needed to start Camden project next month. Cost of building system, with 92,000 households and businesses, is \$30 million.

FCC NOMINEES GAINING: Three nominees to FCC could have confirmation hearings before month ends. Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) told reporters July 12 that he planned to request that single hearing be scheduled immediately by parent Commerce Committee for all 3 so that panel could vote on them Aug. 1. Plan would permit full Senate to confirm them before recess begins later that week, he said. Inouye saw no hurdle to confirmation of all 3.

Awaiting action by panel, all Republicans: III. Commerce Commission member Andrew Barrett; former FCC and White House aide, Washington attorney Sherrie Marshall; NTIA Dir. Alfred Sikes. Barrett was appointed to one-year term but anticipates reappointment to full 5-year term, while Marshall was nominated for full term (TVD June 19 p1). President Bush also nominated Sikes to full term, replacing ex-Comr. Mimi Dawson, but term was backdated to 1988, meaning Sikes would serve remaining 4 years of Dawson's 5-year appointment. Bush plans to designate Sikes as chmn. after confirmation, according to White House announcement.

Sikes' formal nomination went to Senate only July 11, making quick Committee action a problem, aides said, in part because panel hadn't received any of paperwork on him. Indeed, only part of paperwork for other 2 candidates was in (TVD July 10 p4), although their nominations were submitted to Senate in June (TVD June 19 p1). Committee normally doesn't act on nominations until at least financial paperwork has been submitted, aides said, suggesting last week in July was when hearing would be held. White House has told panel earliest it can expect Sikes' financial statement is this week.

Incumbent Chmn. Patrick is continuing on job while Sikes' nomination moves through Senate. Patrick disputed published reports last week that he would leave in Aug. regardless of status of Sikes, saying he hasn't conducted any job interviews or recused himself from any cases. While he expects Sikes to be confirmed before Aug. congressional recess, "if... not... I will cross that bridge when I come to it. I will have to assess then whether I need to stay on and, if so, for how long... In any case, I have made no decision to leave in August regardless of the situation."

Still on hold is appointment for FCC seat now held by Democrat Patricia Dennis, whose term expired June 30. If she isn't reappointed, and she isn't expected to be, she must be replaced by Democrat. We're told Administration hasn't even started to consider replacement for Dennis, but sources say White House will search for Hispanic as replacement.

Confirmation of Janice Obuchowski as next NTIA dir. also is on fast track, with easy confirmation expected. She's NTIA consultant and former Nynex exec. dir.-international affairs and top FCC aide. As head of NTIA, she will be Commerce Dept. asst. secy. for communications and information, succeeding Sikes. Inouye said he hopes for final Committee action on her nomination Aug. 1, as well, with vote by full Senate same week.

Obuchowski was highly praised at confirmation hearing July 12, drawing support from handful of Senate Commerce Committee members present. FCC Comr. Quello took unusual step of appearing in audience to view proceedings. Invited to make statement, he said Obuchowski had exemplary record at FCC and was "open minded, friendly and knowledgeable... I don't attend other people's confirmation hearings very often, but my entire staff is here to show its support."

Candidate emphasized importance of NTIA as President's principal adviser on telecommunications policy, described HDTV as "key issue." She listed future role for public broadcasting among other coming major policy issues. Senators asked Obuchowski few questions, focused mostly on potential for conflict of interest with her former and her husband's current employers -- same question raised several times in panel's written prehearing questions to her. Obuchowski's husband is Albert Halprin, former FCC Common Carrier Bureau chief and now partner in Myerson, Kuhn & Sterrett law firm. Candidate repeated assurances she made in written submission to Committee (TVD July 3 p1).

In written prehearing questions, senators touched on her management style. Obuchowski said she hoped to maintain good relationship between NTIA and Congress, saying she's "consensus-builder." Since she was senior adviser to then-FCC Chmn. Fowler, with whom Congress frequently sparred on policies, Obuchowski was asked to compare her approach to issues. Although she noted difference in institutional setups between 2 agencies and difference in her background vs. Fowler's, "I share with [him] a dedication to advocate liberalization of international telecommunications policies and openness of international telecommunications markets."

National Communications System should be backed up by satellite and terrestrial radio to provide route diversity for national security emergency preparedness, according to report prepared by federal researchers and telecommunications executives. Report, "Growing Vulnerability of Public Switched Networks: Implications for National Security Emergency Preparedness," warned that land-based systems are relying increasingly on small number of high-capacity fiber optic lines that could be knocked out in emergency. Public communications networks are "increasingly vulnerable to widespread damage from natural, accidental, capricious or hostile agents," report said. It urged further study of VSATs to back up public switched networks. Other recommendations included urging nation to: (1) Assure sufficient national security emergency preparedness resources. (2) Use more technology diversity. (3) Establish nationwide emergency telecommunications service. (4) Provide priority service and additional redundancy. Study was by Committee on Review of Switching, Synchronization and Network Control in National Security Telecommunications, Board on Telecommunications and Computer Applications, Commission on Engineering and Technical Systems, National Research Council.

Claiming that "effective competition" doesn't exist in cable industry as envisioned by 1984 Cable Act, Antitrust Committee of National Assn. of Attorneys General (NAAG) wants Congress to "reexamine carefully all aspects" of Act. However, resolution calling for reexamination was tabled by NAAG at July 9-12 meetings in Lake of the Ozarks, Mo. Assn. asked for more information from Committee, reportedly on procedural grounds, will take it up again at Aug. meeting in Breckenridge, Colo. Resolution also hits increases in cable rates to subscribers in last 2 years, which it said "led all items tracked by the Consumer Price Index."

WSST-TV (Ch. 55) Cordele, Ga., has gone on air as nation's 1,428th TV station -- 1,082 commercial, 346 noncommercial. Independent is owned by Sunbelt-South Telecommunications Ltd. (William Goodson 65%, Phillip Streetman 35%); Goodson is gen. mgr.-chief engineer, Streetman station mgr., Sara Brown gen. sales mgr.

KIDVID CONSENSUS SOUGHT: Proposed kidvid constraints will go on fast track this month in Senate, where Communications Subcommittee Chmn. Inouye (D-Hawaii) said he hopes to move consensus version of competing bills (S-707, -1215). Idea is to get bill in shape in time for markup by parent Commerce Committee Aug. 1. Inouye said he favored tough curbs on commercial kidvid, but said politics dictates that more modest version advancing in House (HR-1677) also move in Senate. View was underscored at hearing July 12 at which Assn. of National Advertisers (ANA) and NAB made clear they oppose stringent bill.

Indeed, ANA Pres. DeWitt Helm argued against imposing any constraints on advertising in kidvid as unconstitutional. He said ad limits proposed in 2 bills are "arbitrary" and likely to be counterproductive. Proposals aren't supported by evidence of widespread abuse in kidvid ads, he said, contending lawmakers were trying to curb legal advertising that's neither deceptive nor false. He said bills amount to censorship and congressional micromanagement of industry.

NAB Pres. Edward Fritts indicated his group's continued support for S-707, identical to bill awaiting final action in House and same as one vetoed last year by President Reagan. NAB helped to craft compromise producing that bill. S-707 "is a fair and reasonable compromise," Fritts said. He said NAB couldn't support S-1215, which he termed "unwise and unworkable." It would force broadcasters to reduce amount of ads in kidvid to 1984 NAB RV Code levels of 9-1/2 min. per hour weekends, 12 min. per hour on weekdays, levels FCC had used as guidelines before deregulation. S-707 would allow 10 min. per hour on weekends and 12 min. weekdays, closer to current industry average. NAB is uncomfortable with lower figure. Broadcasters especially oppose Wirth plan to tie kidvid programming to license renewal as First Amendment violation, Fritts said.

Senators expressed strong sympathy toward kidvid constraints generally, noting impact of commercials -- particularly so-called "program-length" ones -- on their children or grandchildren. Sen. Stevens (R-Alaska) was major exception. He pledged to oppose legislation as violation of First Amendment. Inouye said afterward that it was just such views that made him pessimistic about prospects for tough bill such as Wirth's. He said he had to be "realistic," adding that S-707 had far greater chance of advancing in Senate than S-1215. However, he said he would discuss with others on panel possibility of adding some of Wirth's proposals -- although probably not most controversial, such as tie-in to license renewals.

S-707 was endorsed by ACT Pres. Peggy Charren. While she admitted at hearing that her group would prefer tougher bill -- and wouldn't stand in way of such an effort in Senate if leadership found enough support -- she said best course at present appeared to be S-707 since it represents compromise among public interest groups and broadcasters. Wirth strongly urged his bill's passage, citing evidence of negative impact of ads on youngsters -- particular those under 4-5 years. His bill was supported by representatives of American Academy of Pediatrics, American Psychological Assn., National Education Assn.

M/A-Com Acquisition Corp. said it acquired 5.14 million shares (about 97%) of Adams-Russell Inc. in tender offer that expired May 12. M/A-Com paid \$15.50 a share -- about \$79.7 million -- for electronics and cable equipment manufacturer.

LIN, McCaw TALK MERGER: LIN Bestg. and McCaw Cellular Communications appear on way toward merging, with McCaw paying \$127.50 per share for entire company, including LIN's 7 TV stations. Proposed merger, which would be most expensive in cellular telephone history, calls for McCaw to buy LIN's 48.8 million outstanding shares for \$6.2 billion, giving LIN shareholders minimum of \$110 in cash per share and remaining \$17.50 in McCaw stock. Merger talks began July 13 after McCaw July 10 lowered its cash tender offer for LIN to \$110 per share from original offer of \$120.

Proposal calls for each share of LIN common to be swapped for cash and McCaw Class A common having aggregate value of \$127.50. McCaw and LIN said cash portion of transaction would be at least \$110 per share, and value of Class A common stock would be based on "market price at the time of closing." McCaw spokesman said his company might wind up giving more in cash and less in stock, depending on when -- and if -- merger is consummated.

Both companies said "there can be no assurances that the negotiations will result in an agreement," but said deal is "not expected to be completed before Nov. 1." However, Drexel Burnham media analyst John Reidy said: "Basically, it's a done deal," predicting merger might occur by Nov. 1. McCaw spokesman declined to speculate on how many of its shares would be traded and said financing for stock purchase hasn't been settled, although it's expected McCaw still will use combination of loans, Wall St. financing and \$1.3 billion that British Telecom invested in McCaw to buy 20% of latter.

Companies also said LIN's 7 TV stations would be included in acquisition, thus halting their planned tax-free spinoff into separate subsidiary (TVD July 3 p5). Stations, with network affiliation: KXAN-TV (Ch. 36) Austin, Tex., NBC; KXAS-TV (Ch. 5) Ft. Worth-Dallas, NBC; WAND (Ch. 17) Decatur, Ill., ABC; WANE-TV (Ch. 15) Ft. Wayne, CBS; WAVY-TV (Ch. 10) Norfolk, NBC; WISH-TV (Ch. 8) Indianapolis, CBS; WOTV (Ch. 8) Grand Rapids, NBC. Stations produce about \$80 million a year in cash flow for LIN. LIN has cellular telephone interests in N.Y., L.A., Philadelphia, Dallas, Houston.

Decision by N.Y.'s highest court last month negating LIN's rights to buy Metromedia's interests in N.Y.C. and Philadelphia cellular franchises at below-market 1986 prices led McCaw to lower tender offer to \$110 per share. Some observers speculated this might have scared LIN into talking with McCaw about merger, especially when no other company countered McCaw bid. LIN officials couldn't be reached for comment last week.

TCI has taken equity position in International Cablecasting Technologies (ICT) and has agreed to "wide distribution" of ICT's digital audio cable programming. TCI is purchasing one million ICT common shares for undisclosed price. It will acquire another 2.18 million shares, of which 800,000 already have been issued, by participating in ICT's "stock for subscriber distribution" program, in return for TCI commitment of basic subscribers to ICT service. TCI at outset committed million subscribers to ICT, will add 3 million by undisclosed time. TCI COO J.C. Sparkman will join ICT board.

Sen. Packwood (R-Ore.) introduced companion (S-1207) to radio renewal reform legislation in House (HR-1136). Bills propose 2-step renewal process that would increase stations' certainty of license renewal. House bill has 115 co-sponsors, including 20 from Commerce Committee, Senate bill has none.

TVB AD CAMPAIGN Using theme "Turn on the Power," TvB will launch campaign in Jan. to promote free TV to advertisers, agencies, opinion leaders, viewers. Campaign will complement industrywide "keep free TV free" drive that begins today (Mon.) with simultaneous nationwide airing of spot featuring Walter Cronkite at start of local prime time, TvB Pres. William Moll said. He estimated on-air value of time devoted to year-long TvB campaign would be as much as \$100 million.

Strategy of campaign will be to "use the medium to sell the medium," TvB said. Goal is to increase rate of growth of spots on free TV by building advertiser confidence in medium. Campaign "will remind advertisers of the overwhelming and unmatched effectiveness of commercial broadcast TV," Moll said. "It will bring real-world perspective to the values of television that may have been underestimated during the past few years" of technical innovations and increased competition from cable and VCRs.

"Turn on the Power" will begin in Jan. with "a major television event," Moll said. However, he said: "It is premature to go into the details about the launch at this time. It will be an important event involving some of the industry's most creative people." Kickoff will be followed by 52-week schedule of 20 different on-air promotion spots, marketing activity, print advertising. It will be divided into 2 elements: (1) "The Image Campaign" to illustrate "scope, power and effectiveness of television, the variety of its offerings and its role in society and family life now and in the future." (2) "The Retail Campaign" to display outstanding results by advertisers using free TV. Campaign has been endorsed by TV network affiliates' associations and other trade groups. Campbell-Mithun-Esty is ad agency.

Each participating station will sign contract calling for it to contribute minimum amount of air time. At least 80% of that time will be devoted to promotion, with rest sold to advertisers to help finance industry effort.

IDB Communications Group signed 2-year agreement with CBS News to provide data and voice communications between network's news bureaus in N.Y. and Moscow. IDB said it will provide 64-Kbps duplex circuit for CBS computer, facsimile and voice communications. IDB reached agreement with Cosmicheskia Sviaz, profit-making arm of Soviet PTT, to establish Intelsat Business Services for direct digital communications between countries. It will provide first-ever digital microwave link in Moscow from CBS bureau to Ostankino Tower, digital gateway to Intelsat satellite (332.5°) that links Soviet PTT 12-m earth station at Bear Lake outside Moscow and IDB's 15-m earth station at Staten Island Teleport. CBS also contracted with IDB for channelized 1.544 Mbps connection between Teleport and CBS News on W. 57th St., N.Y.C.

ABC TV Network and ESPN have commissioned Nielsen Media Research to conduct special study of out-of-home TV viewing. New research comes on heels of Bruskin & Assoc. study for ABC and CBS that claimed to have discovered nearly 6 million daytime viewers who aren't counted by research firms (TVD July 10 p5). New study will start with pretest of personal diary research method week of July 27, followed by survey of out-of-home viewing during Nov. sweeps. Nationwide sample of 6,500 persons will be used to measure viewing on battery-operated sets, in colleges, restaurants and bars, at work, in hotels and motels, airports, hospitals, etc. Nielsen said it also may conduct studies during Feb., May and July 1990 sweeps. ABC and ESPN said "possibly other sponsors" will join in study.

FLA. CABLE EXPERIMENT: Cable TV using digital fiber-to-the-home technology will begin in Sept. in planned community of Heathrow, Fla., whose residents also are able to obtain ISDN-like services, videotex, interactive TV. However, only 15 homes will be eligible for cable service, and no ISDN applications or other high-tech communications technologies are available yet.

Communications services in Heathrow, near Orlando, are being provided by Heathrow Communications, unit of development company that's building community and owns cable system, by Southern Bell and by Northern Telecom, whose DMS-100 digital switch in Heathrow central office is used to provide digital fiber-to-home services, including cable. Three companies will demonstrate digital fiber cable TV July 18 at home owned by Northern Telecom, said Robert Morrow, spokesman for Southern Bell. Eventually, up to 256 homes will be built in Heathrow, all with fiber-to-home, he said.

Morrow said cable service won't be available until Sept. because telco has to gear up to take orders and have central office operating. Plans call for Heathrow to use central office's gateway for switching cable channels over fiber lines. Each residence will have 4 video input lines, he said. Eventually, however, lines will be used for interactive TV and videotex, both of which might be a year away.

Hunter's Creek, Fla., fiber-to-home cable TV test project, which teamed Southern Bell with AT&T, probably will end soon, Morrow said, because it's relying on technology "that AT&T is no longer supporting." About 150 homes in community have cable TV via fiber, but no voice or data service over fiber. However, AT&T is stringing fiber in 3 new home developments in Charlotte, Miami and Savannah, all Southern Bell service territory, which Morrow said is most "widespread deployment" of fiber to home in U.S.

Regional cable coverage of Major League Baseball (MLB) "has served to supplement rather than reduce" number of games televised by local TV stations, according to study by NCTA. Disputing broadcasters' claims that growth of regional cable sports channels has caused reduction in over-air telecasts, study said number of such telecasts has increased over last 15 years -- from 1,190 MLB games in 1975 to 1,647 this year. Local stations will televise about 40% of all MLB games in 1989, NCTA said, up from 36% in 1985. MLB rights have been granted to 16 regional cable channels, resulting in 971 cable telecasts this year, and "cable coverage of baseball generally has not overlapped with games covered by local broadcasters," NCTA claimed. Since 1985, NCTA said, 14 of MLB teams have increased their local TV coverage, 7 have maintained same level and only 4 decreased local telecasts. By contrast, it said, only 8 teams have increased their cable coverage over same period.

ABC Radio Networks have signed \$25-million contract to renew satellite distribution service with GE American through July 31, 2001. Agreement calls for extension of Digital Audio Transmission Service (DATS) contract using GE's Satcom C5, latter said. Current agreement, due to expire in 1991, provides for service on Satcom 1R. New contract includes DATS distribution of network programming via Satcom C5, bid that GE will launch in 1991. ABC selected GE because of past performance record and to assure "smooth service transition" into next-generation satellite capacity, GE said. ABC distributes its network programming to more than 2,200 affiliates via GE's DATS service.

Personals

Richard Cotton, ex-govt. official and private attorney in Washington, joins NBC this fall as exec. vp-gen. counsel, succeeding **Corydon Dunham**, retiring; Cotton was law clerk to U.S. Supreme Court Justice **William Brennan** in 1970-1971, U.S. Appeals Court, D.C., Justice **Skelly Wright** 1969-1970; he was partner in Washington office of N.Y. law firm **Dewey, Ballantine, Bushby, Palmer & Wood** 1980-1986, and for last 2 years was pres.-CEO of Washington-based management company **HCX Inc.**

President Bush announced he intends to nominate **Clarence Thomas**, chmn., U.S. Equal Employment Opportunity Commission, to one of 2 vacancies on U.S. Appeals Court, D.C... **John Otter**, ex-senior vp-special projects, **McCann-Erickson**, and one-time NBC, named consultant, newly formed international barter-targeted Advertiser Supported Alliance for Programming. Members of group are **ABC Distribution**, **Central TV Enterprises**, **D.L. Taffner**, **MGM/UA**, **Thames TV International**, **Yorkshire TV International**... **Lawrence Lytle** resigns as senior vp-creative affairs, **Warner Bros. TV**, to start production firm that will have exclusive arrangement with **Warner**... **Jean-Bernard Munch**, dir.-finance and administration, **Swiss Bestg. Corp.**, named secy.-gen., **European Bestg. Union**, succeeding **Regis de Kalbermatten**, who had held post since 1976... **William Temple** promoted to vp-financial planning, **ABC TV Network Group**.

Appointed to new posts at CBS-owned TV stations: **Gordon Hughes**, vp-station mgr., **WCAU-TV Philadelphia**, to vp-mktg. services; **Christine Boeke**, ex-**Newsweek**, to dir.-mktg. services... **Merritt Rose**, ex-dir.-sales and mktg., **Cox's WSOX-TV Charlotte**, promoted to vp-gen. mgr., co-owned **WFTV Orlando**, succeeding **Clifton Conley**, who takes early retirement after 24 years... Changes at Post-Newsweek stations: **Robert Warfield** moves from vp-news/dir.-best. operations, to vp-station mgr. **WDIV Detroit**; **Henry Maldonado**, program/promotion mgr., promoted to vp; **Christopher Rohrs** moves from **WDIV** vp-mktg./station mgr. to join co-owned **WFSB Hartford** as vp-gen. mgr.

Dorothy Marsh advanced to station mgr., **KSCI San Bernardino**... **Don Lowery**, dir.-public affairs and editorials, **WNEV-TV Boston**, elected pres., **National Best. Editorial Assn.**... **Alan Frank**, gen. sales mgr., **WTOG St. Petersburg-Tampa**, adds post of station mgr... **Alice Henderson**, ex-vp, program practices, **CBS Best. Group**, forms standards and practices consultancy **Henderson International Enterprises**, 424 E. 52nd St., N.Y. 10022, 212-758-1717.

Changes at **Warren Publishing**: **Paul Warren** advanced to exec. publisher; **Daniel Warren** adds title of assoc. publisher... **Tony Colabraro**, ex-**Viacom Entertainment Group**, joins **Worldvision Enterprises** as senior vp-finance and administration... **Keith Spicer**, editor, **Ottawa Citizen** newspaper, named chmn., **Canadian Radio-TV & Telecommunications Commission**, succeeding **Andres Bureau**, who resigned in March after 5 years in post... **Dale Bailey** named mgr.-network engineering, **United Video's SCS Satellite Network Services**, new post... **Wayne Cornils**, ex-senior vp, **RAB**, joins **Transtar Radio Network** as vp-communications.

John Hanrahan named managing dir., **D.L. Taffner/Ramsay Group** joint venture **Taffner Ramsay Pty. Ltd.**... **Carol Vernon**, ex-**Tobacco Institute**, named **NCTA** dir.-program publicity... **Gary Klein**, ex-**Boyd**

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International, joins executive search firm **Johnson Smith & Knisely's Communications and Entertainment Group**... **Joseph Marazzi**, onetime NBC, named mgr.-affiliate mktg, **USA Network**.

Keith Lucas, formerly **Sammons**, **Times Mirror Cable** and **Insight Communications**, joins **Multivision Cable** as gen. mgr., **Gulf Coast region**... New officers, public TV-radio group **Southern Educational Communications Assn. (SECA)**: Chmn. **Richard Lehner**, **WUFT-TV-FM Gainesville, Fla.**; Vice Chmn. **Wayne Godwin**, **WKNO-TV-FM Memphis**... **Alyssa Levy** promoted to PR mgr., **Turner Bestg. System**.

Promoted to senior vps, **Daniels & Assoc.**: **Richard Bridgforth**, **Brad Busse**, **Dan Forey**... **John Robinson**, 38-year FCC veteran now deputy chief, **Engineering Office's Authorization & Evaluation Div.**, retires July 29... **Robert Boden**, ex-**Barry & Enright Productions**, joins **ABC TV Network** as dir.-daytime development, new post.

Changes at **Fox Inc.**: **Harris Katleman** named pres. of new TV production division; **Joe Roth**, ex-**Morgan Creek Productions**, named chmn., **Fox Film Corp.**... **Elizabeth Meehan**, ex-**Bankers Trust**, joins **Showtime Networks** as vp-management information systems... Advanced to vps at **Petry TV**: **Carol Charron**, sales mgr., **Detroit office**; **Dave Bell**, sales mgr., **Philadelphia office**... **Shelly Raskov** moves from dir.-current series programming, **Warner Bros. TV**, to dir.-comedy development.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 5th and final statistical week of June and year's first half:

	JUNE 24-30	1988 WEEK	% CHANGE	JUNE 17-23	1ST HALF 1989	1ST HALF 1988	% CHANGE
TOTAL COLOR.....	681,809*	431,705	+57.9	462,826	10,248,555*	8,882,380	+15.4
DIRECT-VIEW...	679,064*	425,807	+59.5	459,581	10,157,923*	8,766,843	+15.9
PROJECTION....	2,745	5,898*	53.5	3,245	90,632	115,537	-21.6
TOTAL VCR.....	362,109*	362,109	+35.5	189,898	4,784,124	5,096,418	- 6.1
DECKS.....	277,167*	222,533	+24.6	154,356	3,907,461	4,344,619	-10.1
CAMCORDERS....	84,942*	44,788	+89.7	35,542	876,663*	751,799	+16.6

Color TV 5-week moving average: 1989--420,812*; 1988--347,416 (up 21.1%).

VCR deck 5-week moving average: 1989--155,137; 1988--151,547 (down 2.4%).

Camcorder 5-week moving average: 1989--42,045*; 1988--36,269 (up 15.9%).

* Record for period.

STRONG WINDUP FOR FIRST-HALF SALES: Consumer electronics industry may be on brink of recession, but you'd never know it from sales figures. Strong final statistical week rescued month of June from disaster. First half was particularly hot for color sales, which easily set new record at annualized rate of 22.7 million, well above full-year record of 20.2 million set last year. Industry's other bright spot in first half was camcorder, up 16.6% from same 1988 period. Bad news was in poor sales performance of VCR decks -- despite slight recovery in June -- and even worse showing by projection TV.

Color TV was highlight of first half, with sales increases in all 6 months and huge 21.1% gain to record 2.1 million in June, putting 6-month total up 15.9% over 1988 first half. Weekly records were set in 15 of 26 weeks, compared with 10 in same year-earlier period. June sales were highest of any month in 1989, and seasonally adjusted annual rate for month was 24.1 million, highest of year and nearly 600,000 above rate for May. Second-quarter rate was 23.3 million -- 15.3% increase over 1988's full-year record sales of 20.2 million. First-half annualized rate of 22.7 million was highest cumulative sales rate of year.

Camcorders had good first half, but sales growth of 16.6% wasn't close to that of 1988's first half (28.9%). Camcorder sales rose from same month of prior year to record in all 6 months in Jan.-June, and set records in 14 of 26 weeks, down from 17 weeks in same 1988 period. Reported retail sales slump in camcorders (TVD July 3 p9, June 26 p11) appeared to be reflected in sales to dealers, with decreases in 5 of final 7 weeks of half, but month's strong 5th week resulted in 15.9% increase in June to record 210,225. Annualized rate for June was 2.6 million, slightly higher than May's 2.5 million. Rate for 2nd quarter was 2.54 million, off first quarter by 3.8%. Through first half, camcorders were selling at annualized rate of 2.6 million, which would exceed full-year record 1988 sales by 27.5%.

VCR deck sales were down 10.1% from 1988's first half, with decreases in 4 of 6 months. Only 3 of 26 weeks had records, and 2 of those were in June, when decks were up 2.4% from year earlier. For 2nd straight year, first-half deck sales failed to reach 5 million. June was at annual rate of 10.1 million, up 1.7 million from 8.4 million in May. Rate for April-June was 9.04 million, down 4.8% from first-quarter pace. First-half rate of 9.3 million would represent 13.1% drop from 1988 full-year sales of 10.7 million.

It was dreadful first half for projection TV sales, which tumbled 23.6% from first-half 1988 and declined in 5 of first 6 months. Projection TV sales decreased in 19 of 26 weeks, setting records in only 4 weeks. June gave no signs that things were getting better, with sales off 26.8% from same 1988 month. It would have been even worse but for 140.1% leap in first week of June (TVD June 19 p11). Annual rate for that month was 213,100, up from 206,000 in May. Seasonally adjusted rate for quarter was dismal 186,200, down

from 245,500 in first quarter. Projection TV sales were at full-year pace of 229,600 through 6 months, down 23.9% in year.

Final week of June was characterized by extraordinary increases that frequently come at end of quarter. Direct-view color TV, total VCR and camcorders all showed huge gains to records, while projection TV plummeted (see State of the Industry). With economic conditions uncertain for 2nd half and reports of very slow retail sales, rest of year is big puzzle -- but first half unquestionably was hot. Here are EIA's figures on sales to dealers for June:

Product	June 1989	June 1988	% Change	June 1987
Total color.....	2,118,232*	1,756,426	+20.6	1,751,552
Direct-view...	2,104,062*	1,737,079	+21.1	1,733,236
Projection....	14,170	19,347	-26.8	18,316
Total home VCR..	985,912	939,066	+ 5.0	1,019,954
Decks.....	775,687	757,723	+ 2.4	886,422
Camcorders....	210,225*	181,343	+15.9	133,532

* Record for any June.

ATSC VOTES TO EXPEDITE GHOSTBUSTER PROJECT: Exec. Committee of Advanced TV Systems Committee (ATSC) voted unanimously in Washington last week to move expeditiously on review of broadcast ghost canceling systems with goal of developing standard as soon as possible. As first move, ATSC technical group is asking for all available ghost-canceling proposals.

Proposal by National Assn. of Bcstrs. (NAB) to develop antighosting system independent of other advanced TV technology (TVD July 10 p7) was accepted by committee and referred to Technical Group on Distribution, chaired by Comsat's Dan Wells, which immediately will start active effort toward technical review of all proposed systems, ATSC Chmn. James McKinney told us. "All of the major players expressed considerable interest," he said, noting that in addition to ATSC and its technical groups, there would be cooperation from FCC Advisory Committee on HDTV, Cable TV Labs, Advanced TV Test Center.

Technical group will explore both ghostbusting proposals -- those that require pilot signal from transmitter and those that operate entirely within receiver, McKinney said. Ghostbuster developed by Japan's Bestg. Technology Assn. (BTA) as optional part of Clearvision extended-definition system that begins this fall is being used as foundation for work "because so much is known about it, but we're interested in any and all systems," said McKinney, adding that most TV manufacturers have ghost cancelers in various stages of development. Among manufacturers represented at ATSC meeting were Philips, Sony, Thomson, Zenith. All parties interested in submitting systems or participating in technical work on project were advised to contact ATSC at 202-429-5345.

ATSC Exec. Committee also approved set of standard definitions to keep record straight on differences among members of "DTV" family. IDTV (improved-definition TV) is system in which virtually all improvements are in receiver, using standard NTSC signal plus any improvements that require little or no FCC action (such as ghostbuster). EDTV (extended-definition TV) is system using improved transmission system compatible with NTSC, and with improvements in receiver as well. HDTV (high-definition TV) means system with double NTSC's horizontal and vertical resolution and 16:9 aspect ratio. Note: Zenith voted against HDTV definition, saying it was unconvinced of necessity for wide aspect ratio.

VCR SALES DOWN IN ALL U.S. REGIONS IN 1988: VCR sales declined in all 4 major regions and virtually every submarket of U.S. in 1988, according to EIA's 1989 Electronic Market Data Book. Decreases were particularly high in Northeast and North Central regions. South and West had first yearly declines since EIA began reporting regional VCR sales in 1984, but still increased their shares of market.

Total VCR sales to dealers -- including camcorders -- dropped 3.9%, compared with 1% gain in 1987 (TVD July 25 p14) and huge increases in earlier years. Figures indicated that average factory value of VCR sold here last year was \$374.57, down 2.7% from \$384.86 in 1987.

West and South regions increased their share of VCR market at expense of North and North Central for 2nd straight year. Changes weren't enough to alter regional market share rankings, which had South first, followed by Northeast, North Central, West. All 4 regions had decrease in VCR units sold, with West showing smallest percentage decline and North Central highest.

Every submarket in country posted decline in unit sales compared with last year except East South Central and West South Central, both in South region. There were some changes in submarket share rankings, with Pacific rising to 2nd place from 4th, East North Central dropping to 3rd from tie for 2nd, South Atlantic dropping to 4th from 2nd, East South Central moving up to 8th from 9th, switching places with Mountain. East South Central was fastest growing submarket, New England had biggest decline of any submarket.

In color TV, South had biggest increase in market share, followed by West. Northeast and North Central had slight declines, but there were no changes in market-share rankings. Every submarket saw unit sales increase over last year, as total sales rose 9.2%.

Here's rundown on VCR and color TV sales by region as obtained from EIA's 1989 Data Book (copies of 140-page book are \$80 from EIA, 2001 Eye St. NW, Washington, D.C. 20006):

U.S. SALES TO DEALERS BY REGION (add 000)

Region	1988 Share	1987 Share	1988 Units	1987 Units	% Change
VCR*					
Northeast.....	24.6%	25.0%	3,147	3,327	- 5.4
Mid Atlantic..	18.5	18.6	2,367	2,475	- 4.4
New England...	6.1	6.4	780	852	- 8.5
South.....	31.2	30.8	3,991	4,098	- 2.6
S. Atlantic...	16.1	16.6	2,060	2,209	- 6.7
E.S. Central..	4.6	4.2	588	559	+ 5.2
W.S. Central..	10.5	10.0	1,343	1,331	+ 0.9
North Central...	22.9	23.3	2,929	3,100	- 5.5
E.N. Central..	16.2	16.6	2,072	2,209	- 6.2
W.N. Central..	6.7	6.7	857	892	- 3.9
West.....	21.3	20.9	2,725	2,781	- 2.0
Pacific.....	16.9	16.4	2,162	2,182	- 0.9
Mountain.....	4.4	4.5	563	599	- 6.0

COLOR TV**

Northeast.....	24.0%	24.6%	4,852	4,555	+ 6.5
Mid Atlantic..	17.6	18.1	3,558	3,351	+ 6.2
New England...	6.4	6.5	1,294	1,204	+ 7.5
South.....	31.9	31.5	6,449	5,833	+10.6
S. Atlantic...	16.2	17.0	3,275	3,148	+ 4.0
E.S. Central..	4.7	4.8	950	889	+ 6.9
W.S. Central..	11.0	9.7	2,224	1,796	+23.8
North Central...	23.5	23.6	4,751	4,370	+ 8.7
E.N. Central..	17.2	17.1	3,477	3,166	+ 9.8
W.N. Central..	6.3	6.5	1,274	1,204	+ 5.8
West.....	20.6	20.3	4,164	3,759	+10.8
Pacific.....	16.2	15.7	3,275	2,907	+12.7
Mountain.....	4.4	4.6	890	852	+ 4.5

*VCR sales, including camcorders: 1988--12,792,174; 1987--13,305,999 (down 3.9%).

**Color sales (excluding institutional): 1988--20,216,183; 1987--18,515,771 (up 9.2%).

Note: VCR percentage and unit totals don't add due to rounding.

INTERACTIVE CD FORMATS SET FOR BATTLE: Fight is shaping up between 2 mutually incompatible interactive Compact Disc (CD) audio-video systems, both racing to get reasonably priced consumer product on market. Philips' CD-Interactive (CD-I), which will operate through TV set, and Intel's Digital Video Interactive (DVI), which is personal computer-based, both are aiming at consumer market by end of 1991.

First consumer DVI players should begin arriving on market next year or in 1991, priced at \$1,000 or less, spokeswoman for DVI licensor Intel said. Intel, which bought CD-Read Only Memory (CD-ROM) technology from GE in 1988 (TVD Oct 17 p14), is in discussions with several OEM manufacturers about development of multimedia players using DVI. Technology, which provides up to 72 min. of digital interactive full-motion TV quality video and audio on standard 5" CD, created much excitement when it was first shown in March 1987 (TVD March 16/87 p10).

Intel expects first applications for DVI to be in industrial and educational markets, and still plans to address those markets at outset, spokeswoman said. Software application tools for DVI are available now from Intel, and company will sign up its first customers within month. Commercial DVI hardware will be sold this year or next. In addition to full-motion interactive video, DVI provides graphics, text and audio on standard CD, used in conjunction with IBM or compatible PC.

Philips will have CD-I player for industrial market by next year and consumer version under Philips and Magnavox brands by late 1991, Magnavox spokesman said. "Ballpark" price of \$1,000 has been given by Philips for consumer player, which will operate as add-on to TV set, provide still and limited-motion video, graphics, text, sound on CD. At least 25 software titles are in development for CD-I, and Philips' American Interactive Media (AIM) is trying to line up software suppliers (TVD July 10 p10).

Consumer market for interactive video on disc potentially is huge, Intel spokeswoman said. "Multimedia is really mushrooming. It's becoming 2nd nature for people to expect video on their computers." But to be viable consumer product, DVI players will have to be priced no more than \$1,000, and preferably much lower, she said. Player "as low as \$500" is not inconceivable in near future, she said. Costs of custom-made chips and boards used for DVI can be reduced when mass production begins.

Announcements of new consumer players should be coming over next year, spokeswoman said, but she wouldn't identify consumer electronics companies considering DVI players. Company took huge step in marketing of DVI in May when it signed up IBM to make DVI hardware for commercial applications. Intel will be licensor of technology, but doesn't plan to make or market its own player, she said. Large rollout of software probably will follow hardware introduction, in 1991-1992. DVI backers see Philips' CD-I as potential competitor to DVI, although technologies differ.

Intel's DVI operation has moved out of David Sarnoff Research Center (former RCA Labs) in Princeton, N.J., and into new facility in nearby Plainsboro. Group has been expanded to 85 persons from 35 at time of Intel purchase from GE.

MATSUSHITA FREEZES EXPORTS: Matsushita will increase overseas production to 50% of total sales by fiscal 1993 from 25% in fiscal 1988, will increase imports and plans no further export growth in Japan. So said Pres. Akio Tanii at July 7 news conference in Osaka. He announced that company will establish "international cooperation promotion office" at its Osaka hq under his direct control.

As example of increased imports, Tanii announced new air conditioner plant in Malaysia, increasing company's annual imports of air conditioners from present 60,000 units to 350,000 in fiscal 1993. He said company also plans to import food from U.S.

Matsushita's overseas production in fiscal 1988 totaled \$4.4 billion. In fiscal 1989, that's expected to rise 22% to \$5.43 billion -- 29-30% of sales. Company's overseas sales (including products made and sold abroad) represented 42% of total sales in fiscal 1988, against 58% domestic sales.

Hitachi is decreasing dependence on Korean OEM products, according to Japanese reports that say its procurement of TV sets from Goldstar will remain same as last year but radiocassette recorders from Goldstar will drop to less than 200,000 from 600,000 originally scheduled. As reported here, Hitachi now is importing Chinese-made 13" color TVs from its own joint venture to U.S. (TVD May 8 p16, May 1 p10).

Antidumping duties were levied on Compact Disc players from Japan and Korea last week by EC Commission, meeting in Brussels. Provisional duties, which must be ratified within 3 months by Council of Ministers, resulted from complaint 2 years ago by Bang & Olufsen, Grundig, Philips. Commission said dumping "seriously held back the development of the Community industry, the main inventor and the major developer of the product." Statement added that most Japanese manufacturers and all Korean firms involved "adopted marketing and pricing policies in clear violation" of international antidumping rules. Dumping margins found for June 1, 1986-May 31, 1987: Matsushita 33.9%, Pioneer 28.8%, Sanyo 27.8%, Yamaha 23.7%, JVC 20.9%, Kenwood 19.3%, Denon 17.5%, Sony 15.9%, Onkyo 8.5%, Funai (Symphonic) 8.4%, Teac 6.4%, Goldstar 32.1%, Inkel (Sherwood) 20.1%, Samsung 23%, Haitai 21.3%.

Mitsubishi will expand production of over-30" color tubes at Kyoto plant to 200,000 from current 180,000 annually by end of year. In addition, company is building new plant adjacent to Kyoto factory, with annual capacity of 500,000 over-30" tubes, to start production in Sept. 1990.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 140 yen = \$1, except where noted.

DAT DELAY TILL FALL? Industry watchers ready to toast end of long digital audio tape impasse were left holding empty glasses at week's end as widely anticipated announcement heralding agreement failed to materialize. Accord reached by DAT hardware-software working group in Athens June 9 presumably still is to be ratified by board of Recording Industry Assn. of America (RIAA), but it's not clear whether there will be special meeting or canvass of board or whether action won't be taken until regular board meeting this fall.

Worldwide push for legislation is almost certain to result from Athens agreement (TVD July 10 p8) if RIAA approves it. Hans-Georg Junginger, member of Grundig board who attended June 9 meeting, told us last week in Fuerth, Germany, that legislation is necessary part of agreement on Philips-developed Solocopy system, which permits making one digital copy at a time from Compact Disc, either one or no digital copies of DAT (depending on version of system).

Junginger explained that agreement on Solocopy, which requires modification in DAT players, will be binding only on companies that participated in Athens meeting -- Grundig, Philips and Thomson from Europe plus representatives of most major Japanese hardware companies. Accord does nothing to prevent unrepresented firms -- Korean manufacturers, for example -- from introducing DAT recorders without Solocopy feature. Legislation thus is necessary to make agreement applicable to all manufacturers. From standpoint of meeting's participants, legislative accord was only one reached in Athens, as we reported last week.

Junginger told us he doesn't expect action by RIAA until its regular board meeting in fall. He said our report on Athens meeting essentially was accurate. At that time we said International Federation of Phonogram and Videogram Producers (IFPI), representing worldwide software producers, had conditioned its agreement on positive vote by board of its affiliate RIAA (TVD July 3 p8). Junginger noted that it would be some time after agreement before DAT recorders would be on market, with Christmas marketing definitely ruled out.

RIAA Pres. Jay Berman declined to answer questions last week on status of next regular or special RIAA board meeting. "You can quote me on 2 things," said Berman, who attended Athens meeting: "One, that proposed legislation has been a normal outgrowth of copyright discussions we've had with the hardware industry, and, 2, that of course I'm much more optimistic about settling the DAT dispute than I was a year ago." Nevertheless, Berman declined comment when asked if a DAT solution is imminent.

LCD TVs are giving way to LCD monitors -- with "optional" tuners -- to avoid dumping penalties. Example: Citizen's 2.9" color monitor will carry suggested list price of \$175 in U.S., when it's available from CBM America this summer. It can be used as camcorder viewer or, with external tuner, as personal TV. Without tuner it's not a TV, therefore not subject to dumping duty of about 20%. Citizen plans to produce 10,000 units monthly, about 3,000 for U.S. market, rest for Japan and Europe.

Seven companies are now offering Clearvision TV sets in Japan designed for reception of Extended Definition TV (EDTV) when broadcasting starts this fall. Latest to announce is Sanio, whose 31" model lists at about \$3,300. Clearvision is compatible with NTSC.

GRUNDIG MULLS 8mm: Most important VHS manufacturer to add 8mm camcorder to date may be Grundig, Germany's No. 1 consumer electronics brand. Board member Cees van der Wiel said at briefing at Fuerth hq that it will make "final decision" on 8mm before Berlin Audio-Video Fair that opens Aug. 25. He said 8mm format's 50% share in European camcorder market "can't be ignored."

Independent Grundig, whose largest stockholder is Philips, reported improved business in fiscal 1988-1989. In answer to question about U.S. operation, Chmn. Johan van Tilburg said: "We are working with a national distributor [Lextronix Inc.]. His aim, and this is supported by Grundig, is to be a small supplier of high-quality consumer electronics equipment sold with good margins all around. It's a token presence, but we are keen to be active in a market which is very important on a global basis."

Grundig's total revenues of \$1.82 billion for year ended March 30 were up 6.5% from preceding year, while profits climbed 22% to \$74.5 million; 75% of sales were credited to TV and video equipment. Company achieved profit-to-sales ratio of more than 4% for first time. It employs 19,421, including newly operational Malaysian plant. Van Tilburg said "some European production may have to shift to Far East if unfair competition continues." He cited "dumping... mainly from South Korea."

VHS EP AS GOOD AS SP? New VCR head system claimed to improve quality of pictures played in extended play (EP) mode has been developed by Sharp. Company, which will introduce first VCR with feature in Oct. in Japan at about \$1,075, claims development results in same quality level for EP as for standard play (SP) mode.

Sharp's "Optimum 9" head system uses 2 newly developed 19-micron heads and 7 standard 26-micron heads. While track width in EP mode for both VHS and S-VHS is 19 microns, same 26-32-micron heads are used for EP playback as for SP to ensure picture quality in slow, still and search modes. However, heads wider than track overlap neighboring tracks and cause picture deterioration during playback in EP mode. In Sharp system, 19- and 26-micron heads shift automatically according to playback mode.

Sharp says it's developing new feature for future decks that automatically change recording mode from SP to EP when tape is too short for programmed recording time.

Korea expects to be world's 3rd largest exporter of electronic equipment by 2000, Ministry of Trade & Industry said. Electronics shipments overseas will total about \$80 billion by that year, accounting for 38% of Korea's total exports of \$208 billion, govt. report said. Electronics exports were \$15 billion last year, accounting for 25% of total. Korea's share of world electronics market will grow to 12.4% in 2000, from 4.8% in 1988 and estimated 8% in 1992, govt. projected.

NEC will return to Winter Consumer Electronics Show exhibit floor beginning with 1990 event in Las Vegas, company said. NEC has been exhibiting at Summer CES in Chicago for last several years, but hasn't had booth at winter show. Company said winter show appearance is part of "expansion effort."

China produced 5.45 million color TV sets in first half of this year, 34.2% increase over 1988, State Statistics Bureau reported.

IUE BOYCOTTS PIONEER: Picket lines at retailers and boycott of products of several consumer electronics brands, approved by AFL-CIO Union Label Dept. Exec. Council, have resulted from strike against Harvey Industries, Athens, Tex., now in its 6th month with no agreement in sight.

Pioneer projection TV, some models of which are assembled by Harvey, are most prominent objects of "informational picket lines" by IUE, said to be nationwide, but particularly evident in Cal. Union also is organizing boycotts and action on products of Funai, Curtis Mathes and Colortyme rental brand as well as private-label Welton stereo and TV-stereo combinations manufactured at plant, said Ed Warshawer of IUE's Southern Cal. Organizing Project.

"It's harassing dealers, but that's about the extent of it," Pioneer Exec. Vp Ron Stone said. "Frankly it's kind of a nonevent." He declined to discuss strike but said "our projectors from Harvey are supplied through another vendor." Pioneer also assembles some of its own projectors in Cal.

Particularly bitter strike began Feb. 3 on expiration of wage reopening of IUE Local 376 contract. Union said strike resulted from 20¢ per hour wage cut demanded by Harvey on top of 25% reduction in 1982. Union said some 300 members went out, and one week later company started hiring nonunion workers.

Georgia Melton, personnel mgr. for Harvey and affiliate Curtis Mathes, said about 475 persons are working at plant now. She said at time of strike, "about 150 union members crossed the picket line, and we hired another 100 then, and will continue hiring because this is our busy season. We normally would have about 600 working at this time of the year, and we have another 100 to hire."

Last negotiating session was June 30, Local Pres. Lonnie Eldridge said, when Harvey modified proposal of 20¢ cut to 18¢ "and proposed to take away a 19¢ wage increase which was written in the contract" still in effect -- "it's obvious Harvey Industries came to the bargaining table without any intent of negotiating with the union."

"This is definitely a union-busting attempt by Harvey Industries," said Carl Scarbrough, pres. of IUE's Furniture Workers Div., promising "immediately [to] step up our boycott drive against all products made and assembled by Harvey Industries."

Harvey Industries, 2nd largest U.S.-owned TV producer (after Zenith), is headed by Ray Harvey, 25-year pres. of Curtis Mathes Sales Corp., who in 1982 bought Curtis Mathes production facilities (TVD Aug 2/82 p8), continuing to produce Mathes sets under contract. Last year, Ray Harvey bought Curtis Mathes and became chmn.-pres.-CEO of that consumer electronics brand and retail chain as well as continuing to head Harvey Industries (TVD Aug 29 p10, July 25/88 p12). Curtis Mathes currently has 400 franchised retailers plus 230 dealers who also handle other brands in 44 states, company said.

Mitsubishi has doubts about current viability of IDTV and has postponed indefinitely plans for 35" version, to Audio-Video Product Mgr. Marc Auerbach said. He cited consumers' and dealers' waning interest in IDTV, high price, undependable delivery schedule. Mitsubishi demonstrated 35" IDTV set in Japan last year using 7 special ICs developed jointly with Hitachi, but said it would sell for well over \$4,000 on Japan market (TVD Aug 1/88 p11).

FIRST HALF AT-A-GLANCE: Here are EIA's figures on sales to dealers for first half, month by month:

COLOR TV SALES TO DEALERS

Month	Total		Direct View		Projection	
	1989	1988	1989	1988	1989	1988
January....	1,396,743*	1,243,556	1,813,992*	1,221,726	14,031	21,830
February....	1,632,492*	1,353,686	1,614,665*	1,336,787	17,827	16,899
March(5 wks)	2,109,362*	1,741,149	2,088,530*	1,718,993	29,832	22,156
April.....	1,471,645*	1,469,858	1,459,768*	1,454,201	11,877	15,657
May.....	1,520,801*	1,317,705	1,508,906*	1,298,057	11,895	19,648*
June.....	2,118,232*	1,756,426	2,104,062*	1,737,079	14,170	19,347
TOTAL.....	10,248,555*	8,882,380	10,157,923*	8,766,843*	90,632	115,537

VCR SALES TO DEALERS

Month	Total VCRs		Decks		Camcorders	
	1989	1988	1989	1988	1989	1988
January....	522,949	820,063	498,526	738,769	94,523*	81,084
February....	657,153	827,664	554,564	740,284	102,589*	87,380
March(5 wks)	1,213,364*	997,373	1,052,513*	880,713	160,851*	116,660
April.....	676,613	802,977	535,492	682,891	141,121*	120,086
May.....	658,113	709,275	490,779	544,239	167,354*	165,036
June(5 wks.)	985,912	939,066	775,687	757,723	210,225*	181,343
TOTAL.....	4,784,124	5,096,418	3,907,461	4,344,619	876,663*	751,799

*Record.

RCA videotape promotions will be extended through year-end by Thomson Consumer Electronics Distributor and Special Products Div. based on early success, company said. One promotion offers RCA high-grade and 2 regular-grade tapes for price of 3 regular-grade tapes, other gives 3-month trial subscription to Video Magazine with purchase of any 3 RCA tapes. New promotion offers quilted VCR dust cover with purchase of RCA super high-grade 10-pack. Division also introduced "GE Survival Kit," with head cleaner, dust cover and GE videotape with lifetime warranty. Division will roll out line of GE blank audiocassettes through selected mass merchants, discount stores and drug chains in fall. In positioning line as promotional brand -- same approach used for GE videotape line -- company is going against grain of blank-tape companies that recently have vied for share in record stores. It's aiming for 4% market share within 2 years -- enough for 5th place ranking behind Fuji, according to independent estimates of current brand shares.

Highland Superstores sales declined 5% to \$69.7 million in June, from \$73.2 million in June 1988. Excluding air-conditioners, sales were up only 1%, retailer said. Same-store sales plunged 17% in month. Sales for 5 months ended June 30 rose 4% to \$329.3 million, with same-store sales down 9%... Newmark & Lewis June sales rose 9.8% to \$27 million and same-store sales 12%... Crazy Eddie reported net operating loss of \$7.5 million in first quarter, compared with \$8 million loss in year-earlier period, on 42.3% lower sales of \$32.3 million. Retailer, which has filed for Chapter 11 protection in bankruptcy court, attributed loss and reduced sales to closing of 17 stores, increased competition, soft consumer electronics market, inadequate inventory levels.

Video Display Corp., largest picture tube rebuilder, posted 24% increase in net income on 61% rise in sales for quarter ended May 31 (see financial table). Ron Ordway, CEO, told annual meeting last week company expects earnings to grow to \$3.6 million on revenues of \$60 million in fiscal 1990. VDC announced that its electronic parts distribution subsidiary, Fox International, has acquired assets of GMB Sales, Centereach, N.Y., and will buy parts distribution firms in Fla. and Cal.

Emerson preliminary report on first-quarter operating results said net income rose 130.8% to \$3 million on 35% higher sales of \$220 million. Final results will be released at end of July.

SALES UP 26% BY 1992: U.S. consumer electronics retail sales will rise 25.6% and factory sales 26% in 1992, as compared with 1988 prices. That's conclusion of new BIS Mackintosh study of traditional branches of the business -- TV, video, audio -- that visualizes retail sales rising from last year's \$23.3 billion to \$29.3 billion in 1992.

Biggest growth -- 37.5% -- is seen in video recorders and players, followed by in-car entertainment (27.2%), TV receivers (24.5%), home audio (20%), personal and portable audio (11.6%). In color TV, report sees unit sales rising to 23.56 million in 1992 from 20.67 million in 1988, with big-screen (30" and over, including projection), showing biggest percentage gain, up 127% to 1.02 million, followed by 26-29", up 76.6% to 5.9 million; pocket TV is forecast at 1 million (\$135 million retail).

Report forecasts VCR deck sales at 12 million in 1992, camcorders at 4.6 million, videodisc players at 450,000, sees VCR penetration reaching 85.2% of homes and camcorder penetration 19% in 1992. In 1992, BIS predicts, 50% of VCR sales will be hi-fi and 35% Super VHS, while camcorder sales will continue roughly in today's format proportions -- 70% VHS, 17% 8mm, 13% VHS-C.

In audio, most daring forecast is for digital audio tape (DAT) recorder, which BIS says is "subject to an early resolution of the political issues which are currently holding back free-market development." With that qualification, survey forecasts sales of home DAT recorders at 30,000 this year, rising to 320,000 in 1992, car DAT players increasing from 10,000 to 120,000, portables from 20,000 in 1990 to 100,000 in 1992.

Details of Consumer Electronics Information Service USA Market Report are available from BIS Mackintosh Ltd., Mackintosh House, Napier Rd., Luton LU1 1RG, England.

Color TV picture tube factory sales in U.S. rose 12.4% to 13.75 million in 1988, according to EIA's 1989 Electronic Market Data Book. Dollar value increased 6.1% to \$1.09 billion. Figures indicate that average price of color tube was \$79.21, compared with \$83.93 in 1987. Monochrome picture tube factory sales rose 35.2% to 89,800, with value up 61% to \$4.2 million. Average price of b&w tube was \$47.04, up from \$39.52 in year. Total of U.S.-made tubes was 13.84 million, up 12.5%. Of color tubes, 12.15 million were used for U.S.-made TV sets and 1.6 million were exported, EIA said.

Chip business stabilized in June, after declining for 2 straight months, Semiconductor Industry Assn. (SIA) said. Trade group's book-to-bill ratio was 0.99 (\$99 in new orders for every \$100 of products shipped), even with May ratio, down from 1.05 in April. Average monthly orders for 3 months to end of June were \$1.31 billion, up 1.6% from \$1.29 billion for 3 months ended May 31.

Decline of Crazy Eddie was subject of front-page story in July 19 Wall St. Journal. "Few high-flying companies have burned out so spectacularly and left such a record of bizarre doings," article said. Story follows massive blow-by-blow report of Crazy Eddie troubles that appeared in Crane's N.Y. Business in June (TVD June 19 p16).

Still video camera announced by Konica is priced in Japan at \$675. Companion TV player, at \$650, has jog/shuttle dial for quick frame-to-frame search at up to 20 frames per sec. High-band camera claims horizontal resolution of more than 500 lines.

JAPANESE MARKET SHARES: Matsushita remains dominant supplier of color TVs and VCRs to domestic market there, holding huge share for each product compared with other leading suppliers, Japanese daily Nikkei Sangyo said in market share study.

In color TV, Matsushita held 23.5% share of Japanese market, same as last year. Next highest was Sharp, with 15.5%, followed by Toshiba 15%, Hitachi 10.5%, Sony 10.5%. Sony was only company to show increase, up 1.5% from 1988. Domestic shipments of 9.4 million were up 3.6% in year.

Matsushita had 24% of home VCR market, unchanged from last year, report said. Following were JVC 15.5%, down 0.5%; Hitachi 13%, down 2.5%; Sharp 11%, unchanged; Toshiba 11%, also unchanged. VCR shipments in Japan totaled 7.2 million, up 13.7%.

Sony dominated Compact Disc player share, with 43% of market, up 11%. Matsushita had 9%, down 0.6%; Yamaha 8%, up 1%; Pioneer 7.5%, down 0.2%; Denon 7.5%, unchanged. Shipments totaled 1.33 million, up 2.3%.

Videodisc player shares: Pioneer 45%, unchanged; Sony 21%, up 1.5%; Matsushita 10.5%, up 3.5%; JVC 10%, down 3%; Yamaha 6%, down 1%. Portable LCD TV: Casio 51.7%, down 0.5%; Seiko Epson 14.3%, up 1.1%; Matsushita 14%, down 3%; Citizen 9.1%, down 7.6%; Sharp 8.1%, up 7.3%. Videotape: TDK 23%, down 3%; Hitachi Maxell 18%, unchanged; Fuji Film 16.5%, up 0.5%; JVC 14%, up 0.8%; Sony 9%, down 0.2%. CDs: CBS Sony 20.9%, up 0.1%; Toshiba EMI 13%, down 0.3%; JVC 10.9%, down 0.8%; Warner Pioneer 8.7%, up 1%; Pony Canyon 7.8%, up 0.4%.

Standard & Poor's lowered subordinated debt rating of Service Merchandise Co., Nashville, to B from B+, affecting \$300 million of debt. Downgrade was prompted by heightened financial risk following bank-financed recapitalization that featured \$500 million special dividend, reducing bondholder protection, S&P said. S&P added, however, that company's recent strong performance "shows ability to meet upcoming cash requirements, including capital spending and principal repayments of over \$100 million annually." It said: "S&P believes past operating problems, caused primarily by an ill-advised diversification attempt and difficulty integrating an acquisition, are solved. Yet the firm remains susceptible to external competitive and economic pressures and any deterioration triggered by these factors would prompt review of the rating."

Increase in 8mm camcorder production is planned by Sony and Canon, Japanese press reports said, Sony reaching 250,000 monthly by year's end and Canon increasing to 50,000 from 30,000 monthly in 1990. Sony estimates worldwide total demand for camcorders at 7.5 million units this year -- 2.4-2.5 million in U.S., 1.7 million in Japan, 1.7-1.8 million in Europe, 1.5 million elsewhere.

Seiko LCD TV designed for car use will be offered in Japan starting next week at about \$415. The 3.3" active matrix set has resolution of 105,196 pixels, is equipped with car stand and film-type antenna that can be attached to rear window. Similar set without car accessories is about \$360.

Landmark RCA sign on 30 Rockefeller Plaza skyscraper will come down before Labor Day, Rockefeller Center said after N.Y. Landmarks Commission approved change. It will be replaced by GE monogram.

Consumer Electronics Personals

James Bonan promoted from mgr., RCA brand video products, to mgr., video product planning, Americas, Thomson Consumer Electronics, succeeding James Newbrough, now with Philips Consumer Electronics (TVD July 3 p14)... Kim McCusker resigns as NEC Audio/Video Div. sales vp to join Walker Group, Canadian company specializing in consumer electronics and appliances aftermarket services; McCusker's responsibilities will be handled by Akira Sugiyama, senior vp, until replacement is named... Abe Grinberg, ex-Crazy Eddie, is pres. of Starlight Electronics America, recently formed subsidiary of Starlight Electronics, Hong Kong (TV, stereo, phones); Steve Isaacson, ex-JVC, is exec. vp; Robert Brill, ex-Canon, sales vp.

Jon Kasle, ex-Technics, joins Manning Selvage & Lee, L.A., PR firm, as consumer and industrial product PR group supervisor on Mitsubishi account... Diane Nakamura, ex-Aiwa PR supervisor at Robert E. Griffin Inc., appointed to Canon business equipment account at Rowland Co., N.Y. PR firm... Gary Beckstrom named national sales mgr., Scosche Industries (autosound and security accessories).

Lisa Barry, ex-U.S. Council on Competitiveness, joins Commerce Dept. International Trade Administration as principal deputy asst. secy. for import administration, responsible for antidumping and countervailing duty investigations, foreign trade zones, import programs, policy, compliance... Correction: Alain Gomez reappointed chmn.-CEO of Thomson, S.A.; incorrect first name was used in our report last week.

David Bixler resigns as Vidmark senior vp in charge of acquisitions and production, will announce plans later... Bernard Vanderfin resigns as RCA/Columbia Pictures Home Video senior vp-chief financial officer to become senior finance and administration vp-MGM/UA Telecommunications, will remain with United Artists (UA) after it's purchased by Qintex; Kevin Wallace, ex-Salomon Bros., joins Qintex America as exec. vp-chief financial officer, is due for same post at UA; Qintex Entertainment Chief Financial Officer Jonathan Lloyd will join UA after acquisition... John Power, American Video Assn. pres.-founder, announces retirement effective June 10... Sal Laudicina promoted to Motion Picture Licensing sales vp, new post... Palmer Video Pres. Peter Balner to be named Billboard and Time Magazine Man of Year/VSDA Retailer at Aug. 7 reception during VSDA convention in Las Vegas.

Matsushita and Philips plan joint development of VCR deck mechanisms for manufacture in Europe starting next year. Goals are to increase local content before integration of European Community in 1992 and to decrease parts cost by standardization. New mechanisms will be phased in gradually starting in 1990, eventually being used in all VCRs manufactured by 2 companies. Matsushita VCRs made in its 3 European plants now have about 70% domestic content. Meanwhile, Sanyo said it expects to sell VCR head cylinders to OEMs from its German Fisher Industries plant. It started cylinder production in Germany last Aug. at rate of 250,000 annually, plans increase to 400,000 in fall, selling the additional 150,000 to other manufacturers.

Tandy will extend to Dec. 31 its 10-million share repurchase of treasury shares. Share purchases through June 30 totaled 3,785,000, it said.

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
CBS			
1989-6 mo. to June 30	1,502,500,000	174,900,000	6.80*
1988-6 mo. to June 30	1,437,400,000	1,040,000,000	40.43*
1989-qtr. to June 30	771,900,000	118,800,000	4.62
1988-qtr. to June 30	740,800,000	128,700,000	5.01
Columbia Pictures Entertainment			
1989-qtr. to May 31	351,101,000	2,003,000	--
1988-qtr. to May 31	410,511,000	4,328,000	.02*
Gannett			
1989-26 wk. to June 25	1,721,733,000	187,005,000	1.16*
1988-26 wk. to June 26	1,604,888,000	171,497,000	1.06*
1989-13 wk. to June 25	904,174,000	112,104,000	.70
1988-13 wk. to June 26	846,944,000	97,526,000	.60
MGM/UA Communications			
1989-9 mo. to May 31	679,996,000	(61,349,000)	--
1988-9 mo. to May 31	515,069,000	(10,838,000)	--*
1989-qtr. to May 31	267,768,000	(7,148,000)	--
1988-qtr. to May 31	175,214,000	(8,272,000)	--
Orion Pictures			
1989-qtr. to May 31	128,841,000	4,026,000	.18
1988-qtr. to May 31	111,248,000	2,517,000	.14
Raytheon			
1989-6 mo. to July 2	4,363,000,000	254,500,000	3.86
1988-6 mo. to July 3	3,990,000,000	235,600,000	3.52
1989-qtr. to July 2	2,290,000,000	133,700,000	2.03
1988-qtr. to July 3	2,041,000,000	122,300,000	1.84
Video Display Corp.			
1989-qtr. to May 31	12,784,000	720,000	.18
1988-qtr. to May 31	7,941,000	580,000	.14
Westinghouse Electric			
1989-6 mo. to June 30	6,064,900,000	417,300,000	2.86
1988-6 mo. to June 30	5,794,300,000	395,800,000	2.72*
1989-qtr. to June 30	3,177,700,000	228,300,000	1.56
1988-qtr. to June 30	3,041,500,000	215,300,000	1.47*

Note: *After special charge. *Includes special credit.
*Restated.

Latest delay in release of definitive study on home taping by congressional Office of Technology Assessment (OTA) may mean that resolution of digital audio tape (DAT) impasse could precede report that controversy originally helped trigger. Spokeswoman for OTA told us last week that late Sept. or early Oct. was best estimate now for release of report, originally scheduled to be completed year ago. OTA study was one of 2 requested by congressional committees in spring 1987 -- other was National Bureau of Standards test of now-defunct CBS Copycode system -- to provide answer for all time to question of effects of home taping on record sales (TVD May 23 p12). Even if DAT impasse is resolved before release of report, as seems likely, copying problem is much larger issue than just DAT. Organized recording industry argues that home taping deprives it of millions of dollars in lost revenues, but those in opposing camp counter that lion's share of tapes made at home is from recordings already purchased and being dubbed for personal use in car stereos or portables.

Color TV buying plans plunged in June, 2nd straight monthly drop following 3 straight gains, Conference Board said. June preliminary survey showed 5.5% of U.S. households planned to buy color TV set within 6 months, down from revised 6.8% in May and 7.5% in June 1988, lowest level in more than year. Board's overall consumer confidence index was 117.5, up from 116.7 in May and 115.7 in June 1988.

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IN THIS ISSUE: Television Digest's 22nd Annual Color TV Market Share Survey

JULY 24, 1989

VOL. 29, NO. 30

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

HDTV TESTING LAGS because transmission systems and program test materials aren't ready. Start date now not till April. Eight systems still in race. (P. 1)

NBC, ABC TO RENEW FINSYN battle with new FCC. Wright cites 'economic clout' of Hollywood to TV critics; Murphy says that may change. NBC head sees continued drop in audience share. (P. 2)

PARAMOUNT BID DELAYED: FCC Mass Media Bureau cites discrepancies on date of stock buy, says normal procedures may be okay. Time, Warner profits up. (P. 4)

NABET, CAP/ABC IN ACCORD: Union members to vote by Aug. 11, with leadership remaining neutral. ABC yields on seniority, agrees to retain some engineers. (P. 4)

BOYCOTT OF MENNEN, CLOROX products announced by CLEAR-TV as alleged leading sponsors of sex, violence and profanity on TV. Other groups hit back; NBC asks sponsors to remain firm. (P. 5)

SENATE EYEING NEW FEES: Spectrum use levy seen strong possibility when lawmakers meet this week. Higher FCC charges planned. Auctions and license transfer tax distant options. (P. 6)

FCC CANDIDATES IN LIMBO: Senate confirmations before congressional recess in doubt because of hearing schedule delays. Sikes files financial report. (P. 7)

HDTV TEST START LAGS: HDTV transmission system testing won't begin until at least April, 4 months later than most recent schedule, officials said at meeting of FCC's Advanced TV Advisory Committee July 19. Chmn. Richard Wiley said first HDTV system won't be ready for testing until at least April, but others said availability of program material to be used in tests also could be factor.

Field of proposed HDTV systems continues to narrow, said Irwin Dorros of Bell Communications Research, chmn. of Advisory Committee's Systems Subcommittee. Dorros wrote to all known proponents of HDTV transmission systems asking them when they would be available for testing. Only 8 said they would be ready by end of 1990 -- Faroudja Labs, MIT, Japan's NHK, N.Y. Institute of Technology, Philips, Production Services of Tucson, Sarnoff Labs, Zenith. NHK will submit 3 different systems, boosting total to 11. Two audio-only systems also have been proposed.

Firm testing schedule will be established at meeting at FCC hq to be called by Wiley in Sept. or Oct., Committee decided. All system proponents will be invited to session with representatives of Advisory

Consumer Electronics

IDTV SETS MAY DISTORT pictures, broadcasters say, urging examination of samples and warning to stations. EIA says it's unaware of NAB probe. (P. 9)

FAX MAKERS PREPARE for fast-growing consumer market as equipment prices drop. Home fax models at under \$299 expected within 2 years. (P. 10)

RCA-ZENITH GAP widens as No. 1 and 2 in color TV market share. Magnavox jumps from 5th place to 3rd in annual TV Digest survey covering 1989 model year. (P. 11)

CAMCORDER PRICE PLUNGE documented by Early Warning Report in June. Double-digit dip indicated. JVC promotion depicts 8mm as minority format. (P. 12)

PRICE-FIXING BILL due for House vote before Aug. 4, but Senate version lags. Measure would reverse Sharp decision, make it easier to prove lawbreaking. (P. 13)

U.S. TREASURY PLAN proposes regulations asking that foreign firms report transactions involving domestic companies. (P. 13)

ZENITH LOSES \$13 million in 2nd quarter, but consumer electronics sales are up. Company predicts profit for year. Sanyo first-half profit soars 624%. (P. 14)

2" COMPUTER DISCS based on video floppy introduced into U.S. by Zenith in notebook computer. (P. 14)

Committee, Advanced TV Test Center (ATTC), Cable TV Labs, others. Systems will be assigned specific 6-week slots for testing by ATTC. They also will be required to submit documentation showing they will be ready in time for trials and will discuss fees to be paid for tests, Wiley said.

Proponents must be locked into test schedule, said Joel Chaseman, chmn. of Post-Newsweek Stations and of ATTC. "At some point, they have to stop tinkering," he said. "That may put a ceiling on the excellence of some systems, but we have to set a deadline." Chaseman said ATTC has ordered testing equipment and hopes it will be available in time to begin checking, but there's no guarantee. "We desperately need the test material," he said.

CBS Vp Joseph Flaherty, chmn. of Planning Subcommittee, said program material to be used in tests "could well be the pacing item" in program. Subcommittee members have had difficulty agreeing on what material would provide best tests of HDTV systems without unfairly disadvantaging some. ATTC is acquiring equipment to transfer programming from one format to another, but it's custom-made and there's possibility it won't work. Wiley said that if subcommittees can't agree on test material in time, Steering Committee will take decision away from them. Test material is "somewhat of an Achilles heel for us," Wiley said.

Test schedule already is tight, and Wiley indicated start might slip even slightly beyond April. If all 11 currently proposed systems are allocated 6 weeks each, May 1 starting date would mean testing wouldn't be finished until Aug. 1991. Committee hopes to make recommendations to FCC by Sept. 30, 1991, and outgoing FCC Chmn. Patrick, in speech to Committee, said Commission would like it even sooner. Patrick also said he has started process for FCC to renew Advisory Committee's charter for 2 years beyond Sept. 30.

FCC declined to decide on number of sound channels for HDTV, Patrick said in letter to Advisory Committee. Panel had asked for guidance on audio channels and whether it could charge fees for testing, as well as for charter extension. Patrick wrote that FCC would rather wait until testing is completed before deciding on number of audio channels. Mass Media Bureau Chief Alex Felker said number of channels will be "significant factor" in FCC decision on which HDTV system to select. He said agency supports concept of testing fees as long as they're reasonable and don't bar good ideas.

Cooperation between ATTC and Cable Labs is good, officials said, but Dorros pointed out that test facilities for HDTV transmission by satellite, microwave, terrestrial and other alternative means are "notably absent." ATTC Exec. Dir. Peter Fannon said center is interested in arrangements with other media, but none is in place. Patrick said Advisory Committee and FCC shouldn't mandate standards for other delivery media, although they "obviously must be considered in the development of a terrestrial standard." He said "force-fitting a standard designed for one set of technical characteristics into a medium with different characteristics could prove disastrous." Patrick also said committee shouldn't automatically reject "creative and unconventional ideas" for allocating HDTV spectrum: "It may turn out that win/win solutions are achievable by resorting to some form of market-based decision making."

NBC, ABC TO RENEW FINSYN BATTLE WITH NEW FCC: NBC Pres. Robert Wright said TV networks lost "a very major battle in 1983" when President Reagan intervened on behalf of studios to stop any "elimination or reduction" of financial interest and syndication (finsyn) rules at FCC and in Congress. And, he told newspaper TV critics in L.A. July 15: "There's a lot of residual difficulty as a result of that... Time is in one sense on our side because the world's changing becomes so obvious to everybody you can't deny it."

Appearing before same group of critics July 20, Cap/ABC Chmn. Thomas Murphy said all 3 networks recently presented their case in Washington against finsyn once again and are insisting on level playing field against cable. He said he expected power of Hollywood lobby in Washington -- which has been successful in keeping network programming restrictions in place -- to be nullified by network efforts.

Wright said that as competitive world changes "it also puts us [networks] at a disadvantage" because of finsyn. "If we can't make some headway... in Congress or at the Commission, then I think what we have to do... is to go and ask to have the record reopened on regulatory areas as they affect us." He said NBC won't ask that competitors such as cable be placed under same regulations as networks: "I don't want to start down a regulator path to help us... I'm saying take the chains off us and let us compete. And we may end up negotiating [with studios] what areas we are going to be allowed to compete in."

Such negotiations should start "somewhere around the end of this year," Wright said. "The new Commission really won't be sitting until October and it's not fair to propose something to a group that isn't even there yet." He said 3 FCC appointees "seem to be all fair-minded. They don't seem to have any

enormous outstanding positions on one side or the other... Our position looks and sounds very smart if you've got people that aren't particularly biased. So, I'll take any crowd that doesn't have a stated position."

Asked why it's difficult convincing Congress and FCC that finsyn laws are outdated and anticompetitive, Wright said: "Well, there's an awful lot of economic clout on the studios' side. I mean, they have done a fine job of lobbying for a long time. And if you are an interesting, exciting senator or congressman, you can get a trip out here to California for a fund-raiser and you can have anywhere between \$60,000 and \$100,000 raised for your benefit in one night... And that's been going on for a long time... That builds long, fast friends."

Wright said he had been following Paramount-Time-Warner battle "with more interest than most and it's fascinating, I mean absolutely fascinating quasi-piece of law, reverse-leverage buyout." He said Time-Warner is "a big problem because we have had no luck at all getting on their cable systems" with Consumer News and Business Channel (CNBC). He said industry now is in "unique time frame [and] I don't think we quite sense what has happened around us" with all the changes. He called NBC's 55 weeks of No. 1 in prime time "an incredible accomplishment... It is actually remarkable." He said launching of CNBC "has been a Herculean undertaking. I am extremely pleased with the product."

Networks' share of audience is going to continue to drop, Wright said, and "if the 3 networks sank to absolute parity -- where we had 50 and they [cable, Fox TV, independents, VCRs, etc.] had 50 -- that wouldn't be so bad... The shares are going to go down... I think what you really have here is the majority of cable channels will be very small, viewer-niche-oriented services and will not command large and ever-growing audiences, and that a few channels, the networks probably... will continue to attempt to command a very large audience."

Wright expressed surprise that Lifetime cable network was able to buy L.A. Law for syndication. He said USA Network is "trying very hard to be an NBC-like network. Turner [TBS] has been trying forever to do that and he's going to go to his grave on that. On one hand, he's going to stand up here and say he hates networks; on the other hand, he goes back and says, 'I want to be a network so bad I can cry.'"

NBC Entertainment Pres. Brandon Tartikoff told critics that network is "in some respects the prisoner of our own success". We only had 4 hours [in prime time] that demanded new product placement." Despite that small amount of replacement needed, Wright said network "spent more money this year than in any year in the prior history of NBC on any basis in the development process... My fingerprints shouldn't be on the schedule, and they aren't... But, I have to be honest with you. The shows that we ended up with are the ones that I scored in my own little evaluation as the highest shows."

"It seems to me CBS is pretty much at risk," NBC pres. said. "I would say what they've done in the last few years is pretty risky. They're trying to take an older based audience and convert it to a younger based audience while the older based audience is sitting in their chairs... That's tricky. That's risky. ABC has a younger based audience and they basically stick with it."

Tartikoff expressed concerns about inroads of Fox TV on Sat. and Sun. nights: "They have carved out a very consistent and well-selling demographic for them. They've become a factor, particularly on Sunday night... They are showmen, and they know how to take advantage of an opportunity." He said networks should be using summer months to "make things interesting for the viewer" instead of airing so many reruns. He said NBC is doing original summer programming on Wed. and Sat. nights: "But I do think there should be more of it and I would say that ABC and CBS have put up 'gone fishing' signs for the rest of the summer." Commenting on Tartikoff's statement, ABC TV Pres. John Sias later told critics that fact people aren't at home -- not reruns -- is prime reason viewership drops in summer months.

NBC News Pres. Michael Gartner said he has accomplished 4 things since moving into that job from newspaper publishing last summer: "I've restructured and reorganized and streamlined the management of NBC. I've redeployed money into newsgathering... and away from the ancillary operations. I've instituted strategic planning. But, most important, I'm about 80% of the way there now toward having a news-driven rather than a program-driven or show-driven division... That will have a big impact on what you see... We'll be quicker out of the box, we'll be less duplicative, we'll be able to use our resources better, we'll be more reactive."

Gartner said his "mandate... was to get NBC News to a break-even situation... We will be at a break-even situation in 1990... I don't think that's an unreasonable request. Nor do I think that it's an undue

burden." As to his own demands of News Div., he said: "I don't think the requests I've made are unreasonable nor impossible. And I intend to meet them."

Asked about proposed congressional restrictions on programming content, Murphy said industry doesn't need or want such input from govt. He said ABC lost \$30-\$40 million on War and Remembrance miniseries. However, he said that he was very proud of program and that ABC would do such series again. Noting that Capital Cities owned cable systems before its acquisition of ABC, he said Cap/ABC would like very much to get back into that business.

PARAMOUNT BID STALLS: FCC has delayed action again on Paramount request for special authority to transfer Time stock temporarily to control of trustee as part of its planned Time takeover. In letter issued late July 21 by Mass Media Bureau Chief Alex Felker, FCC again raises "questions as to when you [Paramount] actually intend to take down Time shares." This is 2nd time FCC has delayed decision on authority and raised question about timing of stock purchase by Paramount (TVD July 3 p4).

Latest letter said FCC will take no further action until Paramount responds. Felker said Commission issues special temporary authority only when normal procedures would delay stock buy beyond period of tender offer. He said Commission's normal procedure would be "sufficient" if Paramount doesn't plan to buy stock quickly. Letter cites several statements in Del. Chancery Court by officials of Paramount and its bankers giving various dates for stock buy. It also lists statements by Morgan Stanley that money to buy stock won't be available until Nov. 30. Felker also wants written replies on whether bank loans for purchase can be held up if legal actions against takeover are pending and whether loan commitments are contingent on original \$175-per-share price, which has been amended twice since. Letter points out that suits have been filed against tender offer.

In another action, Paramount said Del. Chancery Court's rejection of its bid for Time (TVD July 17 p1) would mean corporate directors would be free to reject any offer to buy their company as long as they claim they have long-term strategy. Del. Supreme Court is to hear arguments on Paramount's appeal of decision today (July 24). Paramount said its offer for Time is worth more in present dollars than even most optimistic predictions of Time profits after Warner acquisition, and claimed Chancellor William Allen misinterpreted legal precedents and gave too much weight to Time's long-term strategy.

Time has identified list of assets that could be sold to help finance Warner acquisition, according to documents prepared by its bankers. Documents list merged firm's 17% holding in Turner Bestg., Warner's 42.5% of Chris-Craft broadcasting operations, and stakes in Atari, Cable Value Network (CVN), Franklin Mint, Hasbro, Viacom. Time, which has said it doesn't plan to sell any assets, refused to confirm validity of documents.

Meanwhile, higher profits in most recent quarter were announced by Time, its ATC unit and Warner. Time profits were up 12% to \$94 million, Chmn. Richard Munro said, including \$12 million pretax annual dividend from Time's investment in Turner Bestg. Operating profits in Time's programming business rose 44% to \$52 million, including Turner dividend. Time's ATC cable subsidiary had 32% operating profit rise to \$62 million because of gains in basic cable subscribers and higher per-subscriber revenues. Warner profits were up 19% to \$83 million in 2nd quarter, including growth in film and TV programming (up to \$58 million profit from \$13.7 million year ago).

NABET, CAP/ABC IN ACCORD: Culminating sometimes acrimonious negotiations that began March 1 in San Diego, CapCities/ABC and NABET negotiating committees announced July 20 that they had reached agreement on new 4-year contract. It will be submitted to NABET membership for ratification by Aug. 11, and union leadership said it "will express its neutrality with respect to the package and, therefore, will neither recommend a vote for or against." Leadership had taken strong stand against ABC proposal in earlier vote, which was turned down by NABET membership (TVD May 8 p8).

ABC said it's "optimistic" that agreement will be ratified and provide network "with the flexibility it needs to be competitive in its operations in the future" and at same time provide "important benefits and protections to the 2,150 NABET employees who are integral to our operations." Parties had met twice 2 weeks ago with federal mediator, with union making 18 counterproposals and network responding to 7. However, ABC said compromise became possible as result.

Major issue for NABET was continued seniority for its members, rather than ABC's job guarantee proposal. As result, ABC withdrew guarantee plan, agreed to retain existing seniority and put new plan in effect with separate seniority for TV employees hired after July 20. Network also promised to retain some radio engineers -- among more than 100 scheduled for dismissal under new contract -- "to perform work no longer subject to NABET jurisdiction." In another concession, ABC agreed to replace proposed 4% wage increase in 4th year of contract with 5% lump-sum bonus and to modify pension and work rules.

Senate passed comprehensive spending package late last week containing \$16 million in startup funding for TV Marti -- dealing another blow to broadcaster efforts to block govt. TV propaganda service to Cuba. However, TV Marti's fate remains up in air as Bush Administration hasn't come up with response to Cuban govt.'s threat to service. Cubans have begun broadcasting on Ch. 13, frequency that would have carried TV Marti. International law would bar U.S. from broadcasts on same frequency since Cuba now is using it. Cubans are sending clear signal on channel, underscoring broadcasters' fears that foreign govt. could interfere with just about any U.S. TV service that might be carried in region. Also in spending package were FY 1990 funds for VOA, Radio Marti, other USIA expenses, including construction money for planned relay transmitter in Israel, and for Radio Free Europe and Radio Liberty.

Cable rate review has been set by House Telecom Subcommittee for Aug. 3, when General Accounting Office (GAO) report on cable rate increases since 1984 Cable Act is expected to be released, aide said. GAO study is expected to confirm pockets of large rate boosts across country but indicate general pattern of moderate increases in keeping with tier changes and inflation. Hearing tentatively is set for 9:30 a.m., room to be announced.

MENNEN, CLOROX BOYCOTT SET: Claiming that Mennen Co. and Clorox Corp. are "leading sponsors of sex, violence and profanity" on TV, Christian Leaders for Responsible TV (CLEAR-TV) has called for year-long boycott of companies' products. Boycott was attacked immediately by other groups.

NBC Pres. Robert Wright, appearing before TV critics in L.A. (see related story), called on advertisers to resist such pressures. NBC Entertainment Div. Pres. Brandon Tartikoff termed activities "new McCarthyism." Activities by pressure groups against TV network advertisers continued to be subject of discussion July 20 during TV critics questioning of Cap/ABC executives.

CLEAR-TV, based in Wheaton, Ill., claims 1,600 leaders from some 70 denominations as members. It's offshoot of Donald Wildmon's Christian Leaders for Responsible TV, based in Tupelo, Miss., which has led boycotts of televised products in past. Wildmon predicted "millions of Americans" would join in boycott. CLEAR-TV said boycott is result of work of 3,000 monitors in 33 states during May sweeps. Monitoring "showed that Mennen and Clorox ignored CLEAR-TV's request not to advertise on programs high in incidents of sex, violence and profanity," said CLEAR-TV Chmn. Billy Melvin, who also is exec. dir. of National Assn. of Evangelicals. Group singled out such shows as Miami Vice, Tour of Duty and Midnight Caller as having too much sex, violence, profanity.

Mennen said it shouldn't act as a censor, it prescreens programs and it doesn't advertise on those that don't meet its standards. Clorox said that for years it has had "very stringent standards for the shows it buys time on."

Boycott is threat to independence and creativity of TV industry, said George Lois, head of Lois-GGK ad agency. NBC's Wright said that although "we're a little more sensitive than we were a year ago," network would continue to look for and air programs that contain controversy: "I haven't seen any material evidence at all [where boycotts] had any effect on advertiser sales, which is the bottom issue." He said difficulty comes from fact that CEOs of advertisers, "like politicians, don't watch a lot of television... But what they do is they hear a lot about television from people around them. And they get a lot of memos and advice and comments... And they are always nervous to criticism." Wright said advertisers "have got to stand up on your own and determine whether or not you're being overly sensitive."

Tartikoff said: "What you become concerned about is sort of a new McCarthyism with certain parties out there speaking for what I think is a minority viewpoint... I don't think on the other hand we're going to put a Pollyanna effect on the whole schedule... But I do think there were some shows that were ill-advised to have been broadcast in the form that they were and we've recognized that." He said that *Nightingales* -- featuring sometimes scantily clad nurses chasing doctors (NBC's own description) -- wasn't canceled because of pressure groups: "I don't think there was anything contending on our fall schedule that was eliminated because of these groups."

NBC has "beefed up" its Standards & Practices Dept., adding 10 staff members, Tartikoff said. He said network is conducting \$100,000 study of viewers to determine whether critical special-interest groups truly represent change in standards and values of majority of public.

Cap/ABC Chmn. Thomas Murphy told critics influence of pressure groups isn't any stronger today than in past and networks shouldn't be any more influenced by such groups than they ever have been. ABC Best. Div. Pres. John Sias said such groups tend to take credit any time advertiser pulls out of program. Most major advertisers have their own program standards, he said, and their sensitivity to programming isn't going to go away. Neither do pressure groups have impact on programming development at ABC, he said. Sias said "authority and clout" of ABC Standards & Practices Dept. (which was praised by Murphy) is most important ingredient in questionable programming situations and that authority will remain. It was noted that Mennen had pulled out of sponsorship of ABC's *Heartbeat* because of lesbian character on program.

Cap/ABC Pres. Daniel Burke said "speaking for myself," boycott is legitimate form of protest. He said best way for viewer to have input into network programming decisions is to turn set off, which will have major impact in long run.

People for the American Way said Wildmon "has made a career of lobbing grenades at the television industry. He is on the prudish fringe of American tastes." American Way Pres. Arthur Kropp said: "My advice is to ignore Don Wildmon... Past Wildmon boycotts have failed miserably at the checkout counter and I expect this latest effort will fail as well." Americans for Constitutional Freedom urged Mennen and Clorox to resist "Wildmon's use of the tactics of McCarthyism... Clearly, he hopes to kill these blacklisted shows by depriving them of advertising support."

"Strawman II" proposal for 5-year moratorium on broadcast HDTV is unlikely to be approved, said Pentagon consultant Roy Beasley, who authored document (TVD July 3 p3). Beasley called it "merely a concept paper... It was not a policy proposal." In letter to NAB Pres. Edward Fritts responding to NAB criticism, Beasley said "one can safely assume that its 'outlandish' notions will not be endorsed." Fritts had called Strawman II "an insult to the excellent government-industry cooperation on HDTV." Letter says Strawman II doesn't propose moratorium on developing HDTV receivers or standards, just on start of broadcasts. He said moratorium would prevent sale of foreign-made HDTV sets in U.S. until U.S. can catch up. Contrary to Fritts' letter to FCC, Beasley said, he didn't "call" for spectrum to be taken away from broadcasters and given to land mobile services. Strawman II proposal said: "It may, therefore, be necessary to allocate a greater portion of the broadcast spectrum to the mobile services and to make corresponding reductions in the spectrum available to broadcasters." Beasley said most of NAB criticisms were based on misinterpretations of Strawman II: (1) Pentagon would oversee only development of standards for fiber optic network to connect high-definition work stations, not consumer HDTV. (2) He's "inclined to agree" consumer HDTV will be larger market than nonconsumer applications, although he said there are no "rigorous analytical projections supporting this view." (3) Strawman II doesn't propose curtailing operations of FCC's Advanced TV Advisory Committee or any change in process of developing HDTV standards. (4) His prediction that nationwide fiber optic network could be in place by 2000 doesn't include "last mile" to consumer homes.

Cable transactions: TCI said it plans to repurchase all of its 11-1/8% subordinated debentures due 2003. Broker: Prudential-Bache... **Cable TV Del Norte**, P.R., serving 10,000 subscribers was bought by Cable Systems USA Partners, Crown, Pa. Broker: Communications Equity Assoc.

SENATE EYEING NEW FEES: Senate Commerce Committee is expected this week to vote higher FCC fees and civil penalties along same lines as plan moved recently in House (TVD July 17 p6). Exceptions: Senate draft last week didn't envision extending fees to filings for services provided by local govts. or to public TV-radio (latter of which is being strongly opposed by public broadcasters). Nor did Senate draft propose to reimplement fairness doctrine -- as does House version. Pressure in Senate to raise more revenues for federal treasury has stirred fears in broadcast and other industries that Committee will revive spectrum auctions, spectrum use fees and/or license transfer fees. Markup hadn't been scheduled at our deadline.

Committee had hoped to complete work on budget package at July 20 markup, but stumbled when several senators objected to proposal that fell far short of \$450 million in savings and new revenues that Senate leaders had asked from panel. Senate's version of FCC fees would set higher minimum charge than House -- \$35 vs. \$30. Senate schedule would raise about \$41 million. Auctions or other fees can't be ruled out as possible federal revenue sources, Senate Commerce Committee Chmn. Hollings (D-S.C.) said. Although he said there's been little support in his Committee for idea in past, he told reporters after markup that "everything is on the table." Responding specifically to question about auctions, he said: "I wouldn't rule out anything."

Hollings also said he wouldn't lead drive for license transfer fee and didn't see future for proposal, largely because of contention by Senate Finance Committee Chmn. Bentsen (D-Tex.) that it's tax rightfully under his jurisdiction. "I was accused of chicanery and sneaking around," Hollings said, referring to fact that he made transfer fees proposal at last min. in last Congress. "I am not going to go back up that road and get beat up again," he said. But Hollings didn't rule out possibility that another senator might push license transfer fees. Nor did he rule out possibility of spectrum use fees' reemerging as viable proposal. Idea has been blocked before when he offered it. But he indicated he wouldn't stand in way of effort by another senator.

Indeed, word at our deadline July 21 was that Sen. Danforth (R-Mo.), panel's senior Republican, planned to press proposal when Committee meets this week. Details of plan weren't known, but NAB already had mobilized in opposition, with Pres. Edward Fritts writing Hollings reiterating group's "continued opposition" to spectrum or transfer fees. "We accept the increases in cost-of-regulation fees which are included in the initial staff draft, although the fines and forfeiture provisions seem excessive," he wrote. Fritts also sent mailgram to NAB board, warning of impending threat and asking for grass-roots pressure. "We are putting the full-court press" on Committee, he said. Exec. Vp James May alerted legislative liaison network of "critical" need to get in touch with senators to let them "know of our strenuous objection[s]." Task could be difficult, May warned: "We are in a game of political 'hardball' and will be pitted against other industries who are also on this laundry list" of possible fees. "Whoever generates the biggest and most effective grass-roots lobbying effort will be the one who escapes any new taxes or fees."

RKO General will receive 60% of proceeds from sale of WOR(AM) N.Y. to Buckley-WOR Bestg. for \$25.5 million in transaction approved July 20 by FCC. Rest of money would be split by 5 competing applicants.

Sonrise Management Services sued Washington attorney Thomas Root for \$587,000 in alleged overpayments of legal fees and damages resulting from his work on FM applications for Sonrise. Suit, filed July 19 in U.S. Dist. Court, D.C., claims Root failed to represent investors adequately, double-billed Sonrise, converted funds to own use. Sonrise suit seeks return of more than \$334,000 of \$1.9 million it said it has paid Root since March 1986, plus \$250,000 damages. Sonrise is consulting firm that helps investors apply for FM licenses, most of which are supposed to be for religious broadcasting. It has filed at least 163 applications. None has been approved and those that passed first stage of approval process are being reviewed. Over last few months, Root lost several FCC administrative cases by missing deadlines or failing to appear at scheduled sessions. As he was in air, FCC Administrative Law Judge Walter Miller dismissed Root client in Biltmore Forest, N.C., because applicant didn't appear. Meanwhile, U.S. Attorney office in Miami is investigating possibility of charging Root with filing false information about his flight last week that ended with ditching of his plane near Bahamas, charging him for expenses of search and rescue operation.

"Virtually all" 1,071 commercial TV stations in U.S. carried spot featuring Walter Cronkite July 17 launching year-long campaign promoting free over-the-air TV, NAB said. "This is the first time... where there was unanimous interest and saturation coverage of an industry campaign," said Milton Maltz, chmn. of Free TV Task Force: "Monday night was just the opening shot for this positive statement on behalf of free TV." As follow-up, all TV stations have been sent promotional kits with ideas for continuing campaign. Industrywide effort includes INTV, NAB, TvB, networks, group owners, individual stations. Suggestion was made at June NAB TV board meeting that Jan. be designated "free TV month," but no action has been taken.

Senate Commerce Committee will take another look at Chmn. Hollings' (D-S.C.) technology development bill (S-1191) on July 25, 9:30 a.m., Rm. 253, Russell Bldg. Bill would provide funding for Commerce Dept.'s new Technology Administration (TA), including grants for HDTV R&D. Witnesses scheduled include new TA head, Commerce Deputy Secy. Thomas Murrin, representatives of electronic, manufacturing and other science-related industries. Committee still is awaiting HDTV policy recommendations report from Commerce Secy. Robert Mosbacher, which had been promised by July 1, but reportedly was delayed while Bush Administration debated approach. Panel is expected to ask about report's delay.

Arianespace will launch 2 satellites for Hughes Communications in June 1990 under agreement announced July 17. Terms weren't disclosed. Birds are Galaxy 6, with 24 C-band transponders, which will be located at 91° W, and SBS 6, 19 Ku-band transponders, 72° W. They will occupy single Ariane 4 booster rocket, to be launched from Kourou, French Guiana. As announced earlier, Hughes has new transponder agreements with Arts & Entertainment, CBS, ESPN, TBS/HBO. It said it's "close to finalizing agreements" with other "key" cable and broadcast organizations. Launches, 6th and 7th of year for Arianespace, give it backlog of 35 with value of about \$2.3 billion, company said.

TBS has "clarified" statement to TV critics in L.A. by Chmn. Ted Turner on expected profits in 1989. Turner had said company expected operating profit of \$325-\$350 million; TBS lowered that to \$190-\$215 million, saying chmn. didn't include \$135 million in expected amortization and depreciation expenses.

FCC CANDIDATES IN LIMBO: No dates have been scheduled yet for confirmation hearings for FCC Chmn.-designate Alfred Sikes or nominees for commission posts Andrew Barrett and Sherrie Marshall. But at our deadline last week, there was strong sense in Senate and FCC that Senate Commerce Committee leaders would try to set hearing or hearings sometime this week so candidates could be in place at Commission by congressional recess scheduled to start Aug. 4. Sources said announcement could come today (July 24).

Office of Govt. Ethics (OGE) said Sikes and his wife have agreed to act to avoid possible conflict of interest involving note receivable that he holds with his wife from KRMS Inc., licensee of 2 radio stations in Osage Beach, Mo. OGE said Sikes and his wife will either divest themselves of holding as result of station sale, or Sikes will transfer his interest to wife, who then will take out insurance as protection against possible loss on note as result of FCC actions. Sikes valued holding at more than \$250,000 and put potential capital gain at \$50,001-\$100,000. He also agreed to recuse himself from any adjudicatory matters involving KOMC(AM) or KRZK(FM) Branson, Mo., in which his father and brother have limited partnership.

Sikes provided Committee with other details of his financial holdings. He reported stock in Sikes Sporting Goods in Sikeston, Mo., valued at \$30,000-\$65,000, that paid dividends last year of \$3,501-\$7,500. (Candidates aren't required to detail holdings precisely.) He also has retained holding in Sikes & Assoc., broadcast management and media consulting company he headed before joining NTIA in 1986. Firm has been inactive and he valued asset at \$1,001-\$5,000.

Sikes' various IRA and other retirement and savings investments were valued at \$26,000-\$850,000, and he reported partnership interest in notes from sale of Breckenridge, Colo., radio station held by Summit Communications for which capital gains were estimated at \$15,001-\$50,000. Also listed was sale of lake property in Galena, Mo., valued at \$15,000-\$50,000. He included among recent transactions buying 20-acre tract in Dorchester County, Md., under purchase contract signed April 24. Sikes valued property at \$100,001-\$250,000. Candidate listed liabilities of \$80,000-\$200,000, all of which he said he has discharged recently.

Marshall told Committee she will abstain for one year from participating in adjudicatory matters in which her law firm, Wiley, Rein and Fielding, is attorney of record at agency, and from any matters in which she personally participated at firm, although "to the best of my knowledge, no such matters exist." Abstentions don't extend to general rulemakings or policy matters, OGE said.

Sikes and Marshall were briefed last week by several Commission Bureau chiefs and Chmn. Patrick. Barrett, member of Ill. Commerce Commission, wasn't able to attend. Primary purpose of briefing, which is customary for FCC appointees, was to familiarize them with major issues and prepare them for expected questions at confirmation hearing. Meanwhile, Charles Schott, former staffer in FCC Office of Plans & Policy and currently deputy chief of NTIA, has returned to Commission at request of Patrick to help "smooth the transition." Observers believe Schott will have his choice of jobs at FCC during Sikes administration and could be his chief of staff.

Also last week, FCC Comr. Dennis recused herself from any proceedings that could have effect on "direct and

predictable financial interests" of MCI. MCI confirmed it has held discussions with her on "potential employment opportunities," wouldn't elaborate.

MIXED REVIEWS ON CAMPAIGN ADS: In debate that was microcosm of split in Senate generally, conflicting views on constitutionality of proposed constraints on negative political ads proved centerpiece of Senate Communications Subcommittee hearing July 19. Senators and other witnesses disagreed on legality and effectiveness of measure (S-999)(TVD May 22 p10), but agreed on need for greater accountability in election advertising. Prospects in Senate are unclear.

Bill, by Commerce Committee Chmn. Hollings (D-S.C.) and panel's ranking Republican Sen. Danforth (R-Mo.), would require candidate to appear in ads that make any direct or indirect reference to opponent. Broadcasters would be required to provide free air time to any candidate attacked anonymously in opponent's ad. Measure also would curb use of independent ads, requiring free air time for responses by attacked candidates. Stations also would have to make free air time available to candidate endorsed in unsolicited ad by independent group.

S-999 drew varying degrees of opposition from American Civil Liberties Union (ACLU), Sen. McConnell (R-Ky.), ex-Sen. Mathias (D-Md.), several others. It was endorsed by Sens. Bryan (D-Nev.) and Graham (D-Fla.), Curtis Gans, dir. of Committee for the Study of the American Electorate, and Charles Guggenheim, pres. of media consultants Guggenheim Productions, among others.

Bryan and Graham day earlier offered own bill (S-1346) to curb campaign ad excesses, revising mandatory disclosure labeling in TV-radio-print ads. Idea of disclaimers drew strong interest at hearing from Sen. Inouye (D-Hawaii), who toyed with notion of mandatory full-screen TV disclosures for independent ads. Senators also discussed setting requirements on length and format of all campaign advertising. Sen. McCain (R-Ariz.) questioned bill's free response trigger, giving as example theoretical independent, unsolicited endorsement of Danforth by Ku Klux Klan and Communists. Under S-999, only Danforth's opponent would be entitled to response time.

Broadcasters weren't among witnesses, although industry opposes free air time and other proposed curbs. However, many of ACLU's arguments track with broadcasters' and were presented by group's legislative counsel, Barry Lynn. He said S-999's proposals would be unconstitutional as curb on protected political speech and association. ACLU "has absolutely no problem" with an FCC rule or law that would mandate equal time in paid ads, he said: "However, the First Amendment does not require that licensees give away precisely equivalent free time, nor does it permit a statute which conditions receipt of free time on the content of the original advertisement."

Complete text and legislative history of 1934 Communications Act, compiled by ex-FCC Gen. Counsel Max Paglin, is being published by Oxford U. Press in N.Y. Among volume's 880 pages are texts of congressional hearings and debates on Act and its amendments, committee reports, wide range of other source materials. Book includes articles by ex-FCC Comrs. Glen Robinson and Kenneth Cox, among others. Publication was sponsored by FCBA and Golden Jubilee Commission on Telecommunications. It can be ordered (\$75) via credit card, reference number 0-19-504915-2, by calling 212-889-0206.

Personals

Dick Ebersol, pres., NBC Sports, adds post of senior vp, NBC News, in charge of Today show... Thomas Cookerly, recently retired as pres. of Allbritton Communications Bestg. Div., forms consultancy Cookerly Communications for broadcast management and acquisitions, 7979 Old Georgetown Rd., Suite 200, Bethesda, Md. 20814, 301-657-9191.

Newly elected to RTNDA board: Region 1 -- Craig Kuhlman, KOIN-TV Portland, Ore.; Region 4 -- Stu Kellogg, KTVY Okla. City; Region 5 -- Penny Parrish, KMSP-TV Minneapolis. Elections for 2 at-large seats will be held Sept. 15 at RTNDA convention in Kan. City; candidates are incumbents Debbie Bolton, WTOG-TV Savannah, and Tom Luljak, WTMJ-TV-AM and WKTU(FM) Milwaukee, plus Ed Bruce, WUSY(FM) Chattanooga and Jon James, WHO-TV Des Moines.

Rex Lardner, vp-Goodwill Games, TBS, speaks on international events at July 26 lunch of Washington Metropolitan Cable Club, Marriott Washington Hotel... Wayne Calloway, Pepsico chmn., keynotes Sept. 15 management lunch at NAB Radio '89 convention, Sept. 13-16, New Orleans.

Staff dir. and chief counsel to House Telecom Subcommittee, Lawrence Sidman, expected to leave by Labor Day to join Washington law firm Verner, Liipfert, Bernhard, McPherson & Hand. Also leaving shortly, for law school: Liz Sadove, mass media policy analyst. Mark Horan, ex-Marttila & Kiley, has joined staff as policy analyst for international telecommunications.

Howard Landau, FCC audio-visual mgr. and retired Air Force colonel, retires Sept. 30 after 11 years at agency... Larry Baer, ex-Group W TV Sales, joins KPIX San Francisco as mgr.-mkt. development and strategic planning... Gary Albers, ex-KOB-TV Albuquerque, named promotion dir., WTOL-TV Toledo... James Lynagh, Multimedia Bestg., named to FCC Advisory Committee on Advanced TV Service, succeeding Daniel Gold, ex-Knight-Ridder.

Changes at Viacom: Neil Braun, senior vp, corporate development and administration, adds post of chmn., new Viacom Pictures; Frederick Schneier, exec. vp-programming, Showtime Networks, appointed pres., Pictures unit; Shelley Fisher-Strauss promoted to dir.-human resources information system... George Rosing resigns as senior vp, Group W Productions, continues as consultant... William Bengston, vp-gen. mgr., KSNF Joplin, Mo., advanced to senior vp-TV, Price Communications... Harvey Baker, ex-Harris Graphics, joins Harris Best. Div. as vp-mfg... David Smith promoted to vp-ads and promotion, ESPN.

Edward Campo advanced to vp-controller, WNET N.Y.-Newark... Dale Laackman, ex-dir.-program operations, Tribune Entertainment, joins Mediatech as vp-syndication... Frank Coletto promoted to vp-national inventory, Anixter Bros... Rick Stifel advanced to vp-operations, Telemation... Elizabeth Wagner, ex-People magazine, joins CBS as dir.-entertainment publicity... Susan O'Connell rejoins FCC as legal asst. to Common Carrier Bureau chief... Sandhi Kozsuch, WXEX-TV Richmond-Petersburg, named chmn., ABC TV Network Mktg. Advisory Board... Wallace Snyder, senior vp-govt. relations, AAF, adds post of gen. counsel... Jake Clanderman, ex-Neb. Educational TV, joins Central Educational Network as assoc. dir.-programming... Bruce Beckner, ex-partner, law firm Dow, Lohnes & Albertson,

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joins Fleischman & Walsh in same capacity... Mildred Morse departs as dir., CPB Human Resources Development unit, in elimination of post; she will remain consultant.

Controversial syndicated Morton Downey Jr. Show has been canceled by MCA TV, as expected. "I wasn't shocked," said Exec. Producer William Boggs, who attributed cancellation to lack of advertisers. Program had dropped to rating of less than 2, and "once you fall below 2 you shouldn't be on the air," according to USA Today story quoting Richard Kurlander of Petry TV. Of 71 stations that carried Downey, 41 hadn't renewed. Downey has said he will try to produce show himself as weekly instead of daily program. New programs will be aired through Sept. 15, with last show already taped.

FCC approved GTE of Cal.'s application for fiber optic portion of Cerritos, Cal., cable experiment last week, waiving telco-cable cross-ownership rules "to minimize potential detriments." Fiber will be installed to serve 5,000 homes in Cerritos by end of test, with 1,000 homes receiving fiber in first stages. Commission ordered GTE to submit annual report on construction progress of coaxial and fiber systems, number of hours of operation of fiber system and bandwidth employed, tests conducted and conclusions reached. GTE will be required to contract with other entities for video programming for 5-year test.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first statistical week of July and year to date:

	JULY 1-7	1988 WEEK	% CHANGE	JUNE 24-30	27 WEEKS 1989	27 WEEKS 1988	% CHANGE
TOTAL COLOR.....	228,768	274,723	-16.7	681,809*	10,477,329*	9,157,103	+14.4
DIRECT-VIEW...	225,169	271,491*	-17.1	679,064*	10,383,092*	9,038,334	+14.9
PROJECTION....	3,599*	3,232	+11.4	2,745	94,237	118,769	-20.7
TOTAL VCR.....	85,156	138,205	-38.0	362,109*	4,869,280	5,234,623	- 7.0
DECKS.....	69,632	111,730	-37.7	277,167*	3,977,093	4,456,349	-10.7
CAMCORDERS....	15,524	26,475*	-41.4	84,942*	892,187*	778,274	+14.6

Color TV 5-week moving average: 1989--390,130*; 1988--362,002 (up 7.8%).

VCR deck 5-week moving average: 1989--137,954; 1988--158,092 (down 12.7%).

Camcorder 5-week moving average: 1989--37,378; 1988--38,090* (down 1.9%).

* Record for period.

BROADCASTERS SAY IDTV SETS DISTORT PICTURES: Broadcast engineers are concerned that some improved-definition (IDTV) sets, which are supposed to improve TV pictures, actually cause distortion. National Assn. of Bcstrs. (NAB) is expected to ask for samples of IDTV sets for testing, to request meetings with set makers on subject and possibly even to seek standards on these sets.

Issue came up at recent NAB board meeting when Harold Protter, Gaylord Bestg., reporting for Advanced TV (ATV) Task Force that he heads, charged -- according to official minutes -- that "some new equipment being sold to consumers contains specifications that distort the TV picture." He recommended that NAB ask manufacturers for prototypes and "send out information to stations about this problem."

Sets referred to are "improved-definition" TVs, which double number of lines in picture, changing interlaced scan to progressive scan, using various memory storage and retrieval systems to compensate for fact that picture's frames are rearranged from 2 half-pictures of alternating lines to single full picture with lines presented consecutively. In effect, full 525-line frame is created twice as often. Because sequence of lines is rearranged -- thus differing from order in which lines are transmitted by station -- compensation for motion in picture is required.

"Some IDTV sets don't display some program sources as well as others," we were told by NAB Science & Technology Vp Michael Rau, who declined to identify offending sets. He specifically referred to deterioration of computer-generated graphics superimposed on pictures, as well as some videotape formats. "Small video errors in the NTSC line become magnified when the IDTV set doubles the lines," he said, citing lower quality videotape recorders such as U-matic.

In addition, he said, such fast-paced sports as ice hockey and basketball may suffer as result of inadequate motion compensation (which could result in blur). He said NAB may request product samples so it could evaluate impact of IDTV. He revealed that NAB engineers studied IDTV sets closely at Consumer Electronics Show. Investigation still is in progress, he said, seeing need for increased cooperation between broadcasters and set makers. "Generally, I think the first generation of IDTV sets have problems, and I think manufacturers are aware of this." He cited possibility of developing standards to eliminate incompatibility between IDTV sets and NTSC broadcasts.

EIA Engineering Dept., asked about situation, issued statement that it was not aware of any such problem, had received no complaints and hadn't been contacted by NAB. At our press time, we hadn't been able to reach any TV set makers for comment.

NAB officials didn't list any specific TV brands. Most IDTV sets actually on U.S. market probably have been made by Philips and Toshiba, but since NAB engineering officials evaluated sets at CES and from material presented at IEEE's International Conference on Consumer Electronics, they could have been referring to prototypes not yet on market. IDTV sets have been introduced recently in U.S. by Panasonic and NEC and displayed by Sony. Most Japanese manufacturers have shown models in Japan. Just 2 weeks ago, Mitsubishi indicated it had 2nd thoughts and decided not to field IDTV model in near future (TVD July 17 p16).

SUPPLIERS PREDICT \$299 FAX WITHIN 2 YEARS: Fast-growing work-at-home market is fueling demand for lower priced facsimile machines, which suppliers now say could become mainstream consumer product within 2 years. Some basic home fax machines already are selling for under \$500, and full-function unit priced as low as \$299 is on horizon, manufacturers say. Suppliers are banking on expectation that fax will be among hottest consumer products of 1990s at that price level or lower, and anticipate time when fax machines are as common in households as basic phone.

"Cutthroat" pricing similar to that seen in cellular telephone business is changing fax picture dramatically. Suppliers that had focused only on commercial applications for fax are turning to virtually untapped consumer market, introducing products with some of same features as business faxes but at much lower prices. Market has been heavily penetrated by mainstream consumer electronics manufacturers, including Goldstar, Mitsubishi, NEC, Panasonic, Sanyo, Sharp and Toshiba -- some of which have been in fax market from start -- as well as companies better known for communications and copier products, such as Canon, Northwestern Bell, Ricoh, Southwestern Bell.

Rapidly declining prices could drive some out of market despite growing demand, suppliers indicated. "There are too many players. Demand for fax is high in this country, but the price curve is going down on a daily basis," said Yoon-Jin Sohn, senior mgr. of Goldstar Products, OEM supplier of business fax machines that plans to introduce lower priced line under own brand by 2nd quarter 1990. Sohn said machines have to be priced well under \$1,000 to have wide appeal to home users, and \$400 seems to be home office "barrier" level for "beginner" model.

In order to be "true" consumer product, however, fax must reach sub-\$400 price level, some manufacturers said. "We won't really see a true consumer market until the \$299-\$399 price point, maybe in 2 years," said Dean Shulman, mktg. vp-Brother International Consumer Products Div. In meantime, increased use of fax machines in businesses is educating consumers about equipment and what it does, Shulman said. "More and more people are realizing the advantages of fax, and it's actually becoming a necessity," he said. "Fax is becoming decentralized within companies. Each department has a machine, not just one for the whole company. People are using fax in lieu of mail. Once people have the mindset, and as prices come down further," they'll consider machines for home use, he said.

Fax machines aimed at home office users have many of same features as higher priced business units, including memory dialing, automatic paper cutter, automatic document feeder, contrast control. Phenomenon of "junk fax," such as solicitations for fax paper and other products, has created demand for feature that allows user to program machines to receive messages only from certain callers, blocking out all others. Prices range from \$499 to more than \$2,000 for full-featured machine with built-in phone, copier, answering machine.

Suppliers expect demand for consumer fax in U.S. to approach that in Japan -- which has twice as many fax machines per capita as U.S. -- within next few years. "Fax is becoming a fact of life" in U.S., said Madhu Bhide, product and market planning mgr., Toshiba America Telecommunication Systems Div. "Only a few years ago, it wasn't a consumer product; now it is." Toshiba offers fax machines in \$1,000-\$1,750 range, but \$400 unit is conceivable in future, Bhide said.

Hot product in Japan is fax machine combined with phone and answering machine. "In the future, fax will have 3 functions," said Goldstar's Sohn: "Transmit and receive messages, and connect to a phone answering device. If you have one or 2 lines at home, there will be a switch mechanism that will enable the user to have all those functions." Shulman agreed that typical home fax machine of future will be multifunction combination unit with phone and answering device. Models that also incorporate photocopiers are popular in Japan, and Taiwan firm Teco Electrics & Machinery said it's developing compact unit with all 4 functions, for availability this year.

Facsimile machine production in Japan rose 27.8% in 1988 from 1987, boosted by huge increase in exports, according to Japanese report that said some 70% of production was exported. Here are 1988 overseas market shares of leading Japanese fax machine manufacturers: Ricoh 20.3%, Matsushita 19.8%, Canon 13.2%, Toshiba 12.5%.

By end of 1992, nearly 25% of all facsimile machines installed in U.S. will be for home office and household applications, said Cap International, Boston consulting firm. Contributing to growth of home fax will be expanded retail distribution, with machines available from consumer electronics specialty stores, department stores and office equipment discounters, Cap said. In 1988, direct sales and office equipment dealers accounted for 70% of all fax machine distribution. Their share will decline to 50% by 1992, Cap predicted. Yearly revenues from fax equipment sales will increase to \$2.5 billion in 1992 from \$2.09 billion this year, it said. Sales projections for standalone fax units: 1988 1.13 million, 1989 1.5 million, 1990 1.8 million, 1991 2.2 million, 1992 2.7 million. More than 6 million fax machines were in use worldwide at end of 1988, 2 million of them in U.S.

RCA-ZENITH GAP WIDENS, MAGNAVOX IS NO. 3: RCA's lead as No. 1 color TV brand increased to 4.25 percentage points, widest gap between first and 2nd place since 1975 when Zenith held 5-point advantage. In only other major change, Magnavox jumped from No. 5 to edge out Sony as No. 3 in market share. These are most obvious results in 1989 edition of our annual color TV market share survey, in which manufacturers and marketers of color sets are asked to estimate their competitors' shares.

Responding to year's survey questionnaires were companies representing more than 82% of total color sales. They estimated shares of 33 different brands for 1989 model year (July 1988-June 1989). To compile shares, we use medians of all responses. Where there's tie in market share, we use average of responses to determine ranking.

There was tie for No. 3 position in terms of median -- both Magnavox and Sony coming out at 6.4 median share. However, when we used average of all responses, Magnavox was firm No. 3, with average share of 7.9% to Sony's 6.4%. Same method was used to break 2-way tie for 9th place between Emerson and Toshiba, and 4-way tie for No. 18.

RCA's increased lead resulted almost entirely from Zenith's decline of 3/4 of a percentage point from last year; RCA's 1/10 point gain wasn't enough to be significant factor. The 1989 model year was 8th consecutive year in which RCA held top spot in color. Zenith was No. 1 in 1981 and 1973-78. RCA has been No. 1 brand for 15 of 22 years we have conducted market-share survey.

Significant changes in share were few in this year's survey. In addition to Magnavox, only 3 brands climbed 2 positions or more in ranking -- Emerson from 11th to 9th, Toshiba from 12th to 10th, JVC from 23rd to 19th. And only 2 climbed 1/2 percentage point or more -- Magnavox, 0.55 point, Toshiba 1/2 point. Among top 15 brands we don't consider changes of less than 1/2 point to be significant.

General trend saw more decreases than increases in market share -- "all-other" category rising from 4.45% last year to 5.05% this year, although same number of brands (33) were ranked. Only declines in rankings of more than 2 places were Panasonic, 8th to 12th, and Quasar, 16th to 13th. In market share, drops of 1/2 point or more were registered by Zenith (0.75), Panasonic (0.65), Sears and Quasar (0.5 each).

Because sales to dealers in 1989 model year were 2.3 million units higher than in 1988 year, decline in market share doesn't necessarily mean drop in actual sales. In other words, to maintain same percentage market share as last, brand had to have sales increase of almost 12%. Each percentage point in 1989 share represents 216,000 sets, as compared with 193,000 in 1988 model year (TVD July 25/88 p13).

Measure of brand groupings shows no changes in order. Thomson (GE, RCA) still is No. 1 with 22.15% (unchanged from 1988 model-year), Philips (Magnavox, Philco, Philips, Sylvania) still trails Zenith with 11.1% (up from 10.65%) and Matsushita (Panasonic, Quasar) have 5.15% share (down from 6.3%).

We emphasize that survey actually reflects industry opinion as to brand share, and where marketers listed own brands' shares, we didn't include them in arriving at medians. And we state once again that our pages are always open for rebuttals from those who believe they were shortchanged. Here are rankings and market shares by brand in color TV sales to dealers for 1989 model year:

SHARE OF U.S. COLOR TV MARKET BY MODEL YEAR
Sales to Dealers in Units

		1989 Model Year		1988	1987	1986	1985	1984	1983
Rank	Brand	% Share	Range	% Share	% Share	% Share	% Share	% Share	% Share
1	RCA.....	16.25	13.2-17.5	16.15	17.0	17.5	18.0	19.0	20.0
2	Zenith.....	12.0	9.5-11.0	12.75	14.5	15.75	16.5	17.5	18.5
3	Magnavox.....	6.4	5.3-9.5	5.85	5.0	5.0	5.0	5.7	6.0
4	Sony.....	6.4	6.0-7.3	6.45	6.0	6.0	6.0	6.5	7.0
5	GE.....	5.9	5.0-6.7	6.0	5.95	6.3	6.85	7.6	8.1
6	Sears, XLI.....	5.0	3.9-6.0	5.5	6.0	6.1	6.7	7.1	7.1
7	Sharp.....	4.8	4.0-6.0	4.4	3.9	3.2	2.8	2.5	2.0
8	Mitsubishi.....	3.6	3.2-5.2	3.5	3.0	2.8	2.5	2.0	1.7
9	Emerson.....	3.5	3.0-6.0	3.25	2.7	1.5	1.0	1.0	--
10	Toshiba.....	3.5	3.0-5.3	3.0	2.2	1.825	1.7	1.4	1.3
11	Sylvania.....	3.25	2.0-3.8	3.3	3.5	3.8	3.9	4.5	4.5
12	Panasonic.....	3.15	2.5-4.0	3.8	4.0	4.2	4.0	4.0	3.56
13	Montgomery Ward	2.5	1.0-3.0	2.5	2.5	2.5	2.5	2.45	2.25
14	Hitachi.....	2.5	1.2-3.0	2.5	2.9	3.0	2.9	2.5	2.5
15	Goldstar.....	2.05	1.5-2.8	2.0	2.0	1.5	1.1	1.0	0.8
16	Quasar.....	2.0	1.0-2.7	2.5	3.0	3.9	4.0	4.5	4.5
17	Samsung.....	1.75	1.5-2.5	1.7	1.6	1.6	1.5	1.2	0.6
18	Sanyo.....	1.4	0.3-2.0	1.5	1.5	1.6	1.55	1.55	1.5
19	JVC.....	1.0	0.7-2.0	1.0	0.6	0.5	0.4	0.3	--
20	NEC.....	1.0	0.5-1.7	1.0	0.8	0.5	0.5	0.5	--
21	Curtis Mathes..	1.0	0.5-1.3	1.0	1.0	1.0	1.1	1.2	1.2
22	J.C. Penney....	1.0	0.5-1.3	1.0	1.5	1.5	1.5	1.5	1.5
23	Philco.....	0.8	0.2-1.3	1.0	1.0	1.0	0.8	1.0	1.0
24	Philips.....	0.65	0.3-1.0	0.5	--	--	--	--	--
25	Fisher.....	0.5	0.4-1.0	0.55	0.65	0.5	0.3	0.25	--
26	Daewoo.....	0.5	0.2-0.8	0.5	0.5	0.5	0.5	0.5	0.38
27	AOC.....	0.5	0.2-0.6	0.5	0.55	0.45	0.4	0.4	--
28	Capehart.....	0.5	0.1-0.6	0.5	0.55	--	0.7	0.6	--
29	Teknika.....	0.4	0.2-0.5	0.4	0.4	0.4	0.4	0.4	0.5
30	K mart.....	0.3	0.2-0.4	0.35	0.3	--	--	--	--
31	Kawasho.....	0.25	0.1-1.2	--	--	--	--	--	--
31	KTV.....	0.2	0.2-0.7	0.2	0.2	0.2	--	--	--
32	Symphonic-Funai	0.2	0.1-0.5	0.2	--	--	--	--	--
33	Tatung.....	0.2	0.1-0.5	0.2	0.25	0.36	0.35	0.3	0.3
TOTAL, 33 brands...		94.95							
All other brands..		5.05							

CAMCORDER PRICE PLUNGE IN JUNE DOCUMENTED: First hard statistical evidence of camcorder price collapse in June is contained in Television Digest's Early Warning Report for that month, sent to EWR subscribers last week. Among EWR retailer panel members, June camcorder sales were up median 5.5% in units from June 1988 -- but down 7% in dollar volume.

Unusual combination indicates double-digit percentage price decline in single month -- in May unit sales were up 6%, dollars up 5.5%. It appears to confirm our reports of widespread price-cutting in June on older models to clear them out before new ones arrive (TVD July 3 p9, June 26 p11).

EWR indicates camcorder sales still are climbing at retail, but at far slower rate than last year. Best increase this year was 28.5% (units) in April, but in Feb., March and May increases were only 5-6%. Although some price attrition was evident in earlier months, June showed by far largest differential between unit and dollar changes from last year.

There's good news in EWR for camcorders, though. Short-term sales trend, comparison of end of month with beginning, indicates increasing sales during month -- usually indicator of good sales outlook for following month. Retail inventories of camcorders climbed during month.

All of price-cutting on camcorders wasn't at U.S. level. As reported here, figures from Japan's Ministry of Finance indicate average FOB price of camcorder shipped in May was \$564.40, down from \$647.20 in April and down \$115 from \$680.26 in May 1988 (TVD July 10 p9).

* * * *

Promotion campaigns to bolster place of VHS-C in camcorder market are beginning, and will gain momentum in fall. JVC and Panasonic will lead way with own drives, hoping other manufacturers will join in. However, emphasis won't be on VHS-C but on VHS as single format, as stressed at Consumer Electronics Show by JVC (Japan) Video Div. Managing Dir. Yoshihiro Ueno (TVD June 26 p15).

"What we are getting across," said JVC America Senior Vp Harry Elias, "is that VHS is the standard format, now in more than 200 million homes worldwide. It's the format that overcame Beta, and it's the format that's here to stay. We manufacture it in full-size and in compact size for those who want it." "Lead" of 8mm in camcorders is more imagined than real in that frame of reference, Elias said. If 8mm has 25% of camcorder market and VHS-C 10%, that still means 75% of camcorders are VHS and market is 75% VHS and 25% 8mm, he said.

JVC already has started "good strong floor sales programs" geared to VHS camcorders. "The amount of sales we're seeing now is all right, but it's going to increase with the fall selling season when our ad program starts." He conceded total camcorder market is "not as strong as it should be," but noted total business now is spread thinner than it was as recently as last year because of increase of number of manufacturers and retailers in camcorders. JVC's Sept.-Dec. VHS ad campaign will be heavy in consumer magazines, tying in local dealers.

Note: Camcorder price attrition accelerated last week as Sears Brand Central advertised "closeout," including full-size VHS outfit that has been giving competitors fits at \$999, now cut to \$949 with case, telephoto and wide-angle lens. In same N.Y. ads, Sears pushed virtually identical RCA model with free \$99 carrying case, one-year warranty at \$899 -- after RCA's \$100 mail-in rebate.

PRICE-FIXING CURB PROGRESS: Anti-price-fixing legislation approved by House Judiciary Committee 23-12 is expected to go before full House for final vote before Aug. 4 recess. Similar, but slightly modified, bill was scheduled for Senate Judiciary Committee last week, but was squeezed out by other business and now probably won't be marked up before Aug. recess.

Both bills have influential sponsors and strong support -- House bill (HR-1236) was introduced by Judiciary Committee Chmn. Brooks (D-Tex.), Senate version (S-865) by Antitrust Subcommittee Chmn. Metzenbaum (D-O.).

Bills would make it easier to prove price-fixing. Major effect would be to overrule U.S. Supreme Court's decision in Sharp case last year (TVD May 9/88 p13). That case involved 2 competing retailers. High-price retailer complained to Sharp about discounter, saying he would stop carrying line if discounter wasn't dumped. Sharp did drop discounter. Court ruled that mere agreement to drop competing retailer wasn't sufficient evidence of price fixing, and that it was necessary to show actual agreement stating prices or price levels. Bill would drop that requirement, stipulate that dropping discounter because of complaints from high-price retailer is sufficient evidence of price-fixing.

Bills would codify ruling by Supreme Court 70 years ago, stating that agreement on pricing between manufacturer and supplier is illegal per se. They also would clarify ruling in Monsanto case that said any communication on prices or price levels between retailer and supplier is evidence of conspiracy.

Hitachi S-VHS decks and camcorders will use new "superamorphous" head said to increase signal-to-noise ratio of color signal by 3dB. First model will go on sale in Japan Aug. 10. New head also will be on models shipped to U.S. and Europe.

FOREIGN TAKEOVER CURBS: In development that could have strong impact on foreign investment in U.S. companies, Treasury Dept. has proposed regulations requesting that foreign firms report purchases, mergers or investment transactions involving domestic concerns to U.S. govt. committee.

Proposed regulations stem from provision of 1988 Trade Act allowing President to stop foreign firms' investment in or purchase of U.S. companies if transactions threaten national security. Proposal calls for voluntary reporting to interdepartmental committee, which in turn would report to President.

Action is response to growing number of foreign takeovers of U.S. businesses in recent years. Assn. for Foreign Investment in America criticized plan, saying it doesn't define national security and is too broad.

View-Master Ideal will release Interactivision on schedule in Aug. (TVD Feb 20 p11), but at lower price than predicted -- \$90-\$100 retail, rather than \$150. "We've been getting a very good response everywhere we've shown it," said Interactivision Chief Engineer Ernie Cormier. "We've gotten so many orders, we'll be bumping against our production limit for the year." View-Master has received orders from K mart, Sears, Toys R Us and most other major department stores, he said. System's interactive programs feature Disney, Muppet and Sesame St. characters. It attaches to TV and VCR and allows interaction with on-screen characters through handheld remote control.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 142 yen = \$1, except where noted.

ZENITH BACK IN RED: With consumer electronics results showing "modest" improvement thanks to stable selling prices, Zenith attributed \$13 million loss in 2nd quarter to currency value shifts, increased interest expenses, lower margins on computer equipment sales. Total sales rose 14.8% in quarter. Company had loss of \$12.1 million in same year-earlier period. In first half, Zenith posted loss of \$17 million on 16.1% higher sales.

Company still expects profit for full year, Chmn.-Pres. Jerry Pearlman said. "But, because of our currency position and other factors, we are now less confident that the company will be more profitable in 1989 than in 1988, especially if the dollar stays strong," he said. Zenith had been expecting weaker U.S. dollar in period.

Consumer electronics sales rose 18% to \$292 million in quarter, reflecting higher color TV and VCR sales, Zenith said. "With stable selling prices, consumer electronics operating results improved modestly over a year ago," it said. Zenith color TV sales, report said, "outpaced the industry in the quarter," and improvements are continuing. Pearlman said Zenith still expects consumer electronics operating profits in 1989 to exceed 1988 by \$15 million (TVD May 1 p14). Component sales to other manufacturers increased, as did component operation results.

Sales of computer systems and components rose 12% to \$384 million, and Zenith expects full-year increase in computer sales. Profit improvements from higher computer sales in quarter were "more than offset by lower margins resulting from price reductions and by high interest costs associated with larger-than-normal inventories," Zenith said. Company said it will adjust production schedules to reduce inventories to normal levels.

Sanyo consolidated net income soared 623.7% in first half of fiscal 1989 ended May 31 on 6.5% higher sales. Japan sales increased 9.3% to \$2.82 billion, and overseas sales rose 2.2% to \$1.75 billion. Sales by product segment: Video equipment down 4.2% to \$759.2 million, audio down 19.4% to \$491.2 million, appliances up 4.2% to \$1.09 billion, industrial up 11% to \$758.4 million, communication systems and electronic devices up 27.3% to \$1.08 billion, "other" up 24.6% to \$410.6 million. Parent-only net rose 40.4% on 10.7% higher sales.

3M net increased 5.5% in 2nd quarter on 4.2% higher sales. Company said information and imaging technologies sector, which produces magnetic media among other products, had sharp rise in profits worldwide.

LCD color TVs get once-over in Aug. Consumer Reports, which calls pocket TV "an idea whose time has not quite come," commenting that no miniature set it tested "can quite compare with a normal TV." Report is particularly critical of narrow viewing angle. In ratings of 7 sets (Sharp, Citizen, 2 Sonys, 3 Casios), it finds 3" Sharp best by "small margin," followed by 2 Sony models. Looking at Sony Video Walkman vs. Casio personal VHS-LCD TV model, CR saw "no contest" in picture quality, rated Sony model equal to Sharp's LCD TV set.

Commerce Dept. -- not Pentagon -- would be in charge of HDTV under proposal being considered by Defense Mfg. Board, according to Roy Beasley, who wrote proposal (TVD July 3 p12). From Pentagon's standpoint, proposal actually relates to standardization of high-definition computer displays, not TV, Beasley said. There would be no HDTV "czar" in Defense Dept. under proposal.

2" COMPUTER DISCS: Zenith unveiled its entry into hot new "notebook" computer field -- first U.S. product to use 2" floppy discs. Discs for 5.9-lb. MiniSport are virtually identical in measurements to video floppies used in still video cameras, but openings and notches are in different places to correspond almost exactly to those in standard 3.5" floppy, which it equals in memory (720 Kbps). Zenith said there were at least 3 sources for 2" computer floppies -- those displayed by company at news conference in N.Y. were labeled "Panasonic."

Zenith expects MiniSport to have particular appeal to college students, as well as those who must travel and for whom standard laptops are too heavy. MiniSport with 1 Mbyte of internal memory is \$1,999 list, with 2 Mbyte \$2,799, both including rechargeable battery and built-in modem. Computer measures only 1.3" thick, 9.8" deep, 12.4" wide, has 25-line combination transmissive and reflective ("transflective") LCD screen. It will be available in early Aug. from 1,200 dealers who handle Zenith laptops.

Zenith expects notebook computers to comprise 10% of laptop sales this year. Zenith Data Systems Pres. John Frank estimated 100,000 notebook computers would be sold worldwide this year. Rapid introduction and expansion of features in notebook computers appears to be part of computer's evolution into true consumer product. As heavily featured computers get smaller, handheld reference products -- such as those shown at last month's Consumer Electronics Show (TVD June 12 p11) -- are adding features, the 2 products presumably coming together as notebook computers.

Videogame developer Tengen said it exceeded goal of \$35 million in sales with \$40 million in fiscal year ended March 31. Revenues were generated by sales of 3 videogame software titles for Nintendo system, company said. Tengen, subsidiary of Atari Games, projects full-year 1989 sales of \$70 million. Company plans to introduce 3 new Nintendo-compatible games by end of summer, and 4th by year's end. Tengen said it has doubled staff in last 6 months and moved hq to larger building in Milpitas, Cal. New address: 1623 Buckeye Drive, Milpitas, Cal. 95035, 408-435-2650.

Consumer buying plans, based on more than 58,000 interviews by Verity Group over 90-day period last winter, were led by personal computers, which 16.4% planned to purchase in 90 days. Others, in descending order: Regular TV 15.1%, home stereo 14.6%, VCR 14.2%, camcorder 13.5%, home telephone 12.1%, answering machine 11.1%, car stereo 8.7%, big-screen TV 7.2%, portable stereo 6.7%, cellular phone 5.8%, fax 3.3%. Details: Verity Group, 714-595-1475.

Dayton Hudson agreed to sell Boston-based Lechmere consumer electronics and appliance retail chain to group consisting of investment firm Berkshire Partners, members of Lechmere management, other investors. Terms weren't released. Lechmere chain has 27 stores, predominantly in New England, had sales of \$769 million in 1988. Dayton Hudson said it's selling Lechmere stores to concentrate on its largest division, Target discount stores.

U.S.-made copiers from Ricoh would be considered Japanese products and subject to 20% dumping penalty duties when imported into Europe, under new legislation enacted by European Community. Measure, which took effect earlier this month, defines Ricoh copiers made at Irvine, Cal., plant as Japanese. This would make copiers eligible for 20% tariff that has been in effect since 1987.

PANASONIC REFUND ADS: Consumer claims for cash refunds on 16 Panasonic and Technics products were solicited officially for first time last week in series of two 1-column by 4-1/4" newspaper ads that broke nationally as part of settlement with office of N.Y. State Attorney Gen. Robert Abrams and attorneys general of 48 other states and D.C. over alleged retail price-fixing (TVD Jan 23 p11).

Ads, headlined "Did You Buy Panasonic or Technics Products in 1988?," spelled out terms of settlement filed in Jan. in U.S. Dist. Court, Southern Dist. of N.Y., including offer of cash refunds on "relevant" products purchased March 1-Aug. 31, 1988. Models and refunds specified in ads are same as those outlined in settlement -- 6 VCRs (\$19-\$26 refund), 3 camcorders (\$20-\$45), 3 telephones (\$17 and \$18), Technics CD player (\$18), receiver (\$18), 2 rack systems (\$20 and \$24).

"The legal rights of Panasonic and Technics buyers will be affected by these settlements," ads said. "If you bought Panasonic or Technics products during the time period listed above and you do not want to be bound by the settlement, you must expressly exclude yourself and you will not get a refund."

Ads instructed consumers to write or call Panasonic Antitrust Settlement Fund Administrator in Washington for claim form to be completed and mailed back by Nov. 2 to ensure eligibility for refund. Clerk who answered phone last week when we dialed toll-free number listed in ad took down names and addresses but asked for no other qualifying data and said he didn't know how many consumers had responded.

Costs of placing ads -- which rolled out nationally July 19 following "trial balloon" that appeared preceding week in one Fredericksburg, Va., paper -- were undetermined. But Panasonic spokesman said they were paid for out of funds contributed by company to defray costs of administering settlement, including sending letters and claim forms to consumers, as well as advertising terms of agreement. Spokesman added that under settlement, Panasonic already has paid \$1 million into reserve fund, which has potential cap of \$2 million.

Costs of administering program depend on how many consumers respond to refund offer, spokesman said, adding that agreement prescribes fixed ad frequency schedule during 120-day July 19-Nov. 2 period. He noted that ad placements are made at individual discretion of state attorneys general party to agreement, adding that settlement includes stipulation that no given newspaper can carry ad more than twice in period. Spokesman added that he didn't know how many papers ran ad on first day.

Under agreement, Panasonic will have placed minimum of \$8.5 million into settlement fund to cover estimated refunds, legal fees, administrative costs. Additional funds will be added as needed, which would bring total to \$16 million if all eligible consumers claim refunds. Settlement affects about 83,000 purchasers in N.Y., 665,000 nationally. Panasonic hasn't conceded price-fixing or any responsibility.

Eleventh Conference on Interactive Videodisc in Education and Training will be held Aug. 23-25 in Arlington, Va., along with concurrent sessions on Interactive Instruction Materials and Applications of Artificial Intelligence and CD-ROM in Education and Training. Sony Direct Marketing Co. Pres. Philip Stack will deliver keynote address at opening combined session of all 3 conferences. Details: Society for Applied Learning Technology, 800-457-6812.

Consumer Electronics Personals

Christine Cornely, mktg. administrator, Sharp Consumer Video Div., advanced to asst. mktg. mgr... **Edward Elfman**, ex-JVC east coast regional mgr., joins Toshiba Tampa region as key account mgr... **David Allen** resigns as Dynascan finance vp... **William Parker**, ex-Dayton Hudson, appointed vp-sales at K mart... **Kaneo Ito**, Pioneer (Japan) International Div. managing dir.-gen. mgr., named chmn. of newly formed Pioneer Electronics Eurocenter, Belgium; **Shigehisa Okamura**, Pioneer Electronic (Europe) managing dir., appointed new firm's managing dir.

Richard English, ex-Prudential Bache, named pres.-CEO, Zenox Inc., Atlanta-based startup firm that owns patents for flat-panel fiber optic TV display technique; he succeeds **David Levitt**, retired, who remains on board; **Manfred Lutz** resigns as exec. vp... **Raymond Oglethorpe**, mktg. vp, advanced to vp-gen. mgr., newly formed Harris Semiconductor Mktg. Div... **John Mayer** named asst. mktg. mgr., Ambico (video accessories)... **Richard Machos**, ex-Bose, joins Audio-Technica as senior development engineer, acoustics... **Laurie Dennis**, account mgr., Altec Lansing Consumer Products, promoted to eastern regional sales mgr.

James Bouras, ex-Motion Picture Licensing Corp. and MPAA, retained by JVC Patent Dept. as special counsel... **Ed Hanlon**, ex-J2 Communications and Karl-Lorimar Home Video, joins NAC Home Video as national sales mgr... **Herbert Mendelsohn**, ex-Wood Knapp Video and RCA, retained as consultant with title of vp-market development, VCA Teletronics... **Kohji Kobayashi**, ex-Warner Home Video gen. sales mgr. based in Tokyo, joins CBS/Fox as managing dir. for Japan... **Loris Kramer** promoted to SVS market development mgr... **Albert Price** resigns as Artec key account executive to become VidAmerica eastern regional sales mgr.

Japanese electronics market will grow at average annual rate of 11.7% through year 2000, outpacing worldwide average of 10.9%, according to report by private research group in Japan headed by Fujitsu Pres. Takuma Yamamoto. Study predicted Japanese semiconductor industry would grow at yearly rate of 14.8% and world chip market by 13.6%. Computer industry will have growth rates of 13.3% in Japan and 11.9% in world, said report, submitted to Ministry of International Trade & Industry.

Intel reported net income fell 24% to \$99.3 million in 2nd quarter ended July 1 on 2.8% higher sales of \$747.3 million. In first half, earnings dropped 12.5% to \$196.3 million on 7.2% higher sales of \$1.46 billion. Results include \$17 million charge to cover costs of planned closing of wafer fabrication plant in Livermore, Cal. Intel cited strong demand for 1-Mb semiconductors.

OBITUARY

Nesuhi Ertegun, 71, recording industry executive and sparkplug of WEA International, of which he served as chmn.-CEO, died July 15 in N.Y. from complications following cancer surgery. A major figure in jazz recording, he was first pres. of National Academy of Recording Arts & Sciences and for last 8 years served as chmn. of International Federation of Phonographic Industries (IFPI), which represents all record companies in copyright matters, including current DAT negotiations; he recently was made honorary chmn. He's survived by wife, daughter, 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
AT&T			
1989-6 mo. to June 30	17,915,000,000	1,293,000,000	1.20
1988-6 mo. to June 30	17,191,000,000	1,086,000,000	1.01 ^a
1989-qtr. to June 30	9,256,000,000	699,000,000	.65
1988-qtr. to June 30	8,802,000,000	594,000,000	.55 ^a
American TV & Communications			
1989-6 mo. to June 30	472,806,000	43,044,000	.39
1988-6 mo. to June 30	394,593,000	38,271,000	.35
1989-qtr. to June 30	240,072,000	23,219,000	.21
1988-qtr. to June 30	201,040,000	20,736,000	.19
Cohu			
1989-6 mo. to June 30	16,934,000	1,353,000	.68
1988-6 mo. to June 30	16,996,000	1,238,000	.67
1989-qtr. to June 30	8,454,000	676,000	.34
1988-qtr. to June 30	8,861,000	684,000	.37
Comsat			
1989-6 mo. to June 30	200,200,000	34,800,000	1.88
1988-6 mo. to June 30	173,000,000	31,900,000	1.73
1989-qtr. to June 30	102,800,000	18,300,000	.99
1988-qtr. to June 30	88,900,000	17,600,000	.96
Crazy Eddie			
1989-13 wk. to May 28	32,300,000	(7,484,000)	—
1988-13 wk. to May 28	55,918,000	(7,076,000)	—
General Electric			
1989-6 mo. to June 30	25,400,000,000	1,821,000,000	2.02
1988-6 mo. to June 30	22,400,000,000	1,560,000,000	1.73
1989-qtr. to June 30	13,500,000,000	972,000,000	1.08
1988-qtr. to June 30	11,900,000,000	835,000,000	.93
GTE			
1989-6 mo. to June 30	8,446,094,000	657,999,000	1.95
1988-6 mo. to June 30	8,150,132,000	585,719,000	1.71
1989-qtr. to June 30	4,323,473,000	328,764,000	.98
1988-qtr. to June 30	4,207,528,000	299,449,000	.87
Home Shopping Network			
1989-9 mo. to May 31	586,896,000	11,162,000	.12 ^b
1988-9 mo. to May 31	561,973,000	14,646,000	.17
1989-qtr. to May 31	178,722,000	(5,903,000)	— ^b
1988-qtr. to May 31	183,176,000	6,351,000	.07
LIN Bestg.			
1989-6 mo. to June 30	119,133,000	47,780,000	.90
1988-6 mo. to June 30	108,038,000	35,587,000	.66 ^a
1989-qtr. to June 30	66,236,000	27,559,000	.52
1988-qtr. to June 30	59,770,000	22,356,000	.42 ^a
MCA			
1989-6 mo. to June 30	1,596,711,000	69,313,000	.95
1988-6 mo. to June 30	1,254,834,000	34,942,000	.48
1989-qtr. to June 30	861,389,000	41,972,000	.58
1988-qtr. to June 30	643,621,000	8,081,000	.11
Media General			
1989-6 mo. to June 30	299,178,000	17,947,000	.69 ^b
1988-6 mo. to June 30	382,565,000	27,652,000	.96 ^b
1989-qtr. to June 30	149,912,000	6,056,000	.23
1988-qtr. to June 30	196,590,000	16,158,000	.56 ^b
3M Co.			
1989-6 mo. to June 30	6,042,000,000	645,000,000	2.92
1988-6 mo. to June 30	5,709,000,000	586,000,000	2.58 ^a
1989-qtr. to June 30	3,025,000,000	327,000,000	1.49
1988-qtr. to June 30	2,903,000,000	309,000,000	1.36 ^a
Motorola			
1989-6 mo. to July 1	4,560,000,000	277,000,000	2.13
1988-6 mo. to July 2	4,050,000,000	234,000,000	1.81 ^a
1989-qtr. to July 1	2,385,000,000	154,000,000	1.18
1988-qtr. to July 2	2,095,000,000	120,000,000	.93 ^a
Multimedia			
1989-6 mo. to June 30	227,317,000	15,427,000	1.24
1988-6 mo. to June 30	214,266,000	9,329,000	.77 ^b
1989-qtr. to June 30	121,020,000	10,787,000	.87
1988-qtr. to June 30	114,285,000	8,221,000	.67 ^b

Company & Period	Revenues	Net Earnings	Per Share
New York Times			
1989-6 mo. to June 30	883,375,000	74,828,000	.95
1988-6 mo. to June 30	859,545,000	90,556,000	1.11 ^a
1989-qtr. to June 30	460,307,000	41,312,000	.53
1988-qtr. to June 30	442,623,000	45,073,000	.55 ^a
Park Communications			
1989-6 mo. to June 30	79,796,000	8,674,000	.63
1988-6 mo. to June 30	78,265,000	8,756,000	.63
1989-qtr. to June 30	43,224,000	5,829,000	.42
1988-qtr. to June 30	42,268,000	5,735,000	.42
Pulitzer Publishing			
1989-6 mo. to June 30	197,415,000	9,967,000	.95
1988-6 mo. to June 30	190,583,000	8,859,000	.85
1989-qtr. to June 30	103,306,000	6,920,000	.66
1988-qtr. to June 30	100,037,000	6,385,000	.61
Scripps Howard Bstg.			
1989-6 mo. to June 30	147,103,000	9,181,000	.89
1988-6 mo. to June 30	130,256,000	5,845,000	.57
1989-qtr. to June 30	79,142,000	7,304,000	.71
1988-qtr. to June 30	70,086,000	4,878,000	.47
Texscan			
1989-year to April 30	48,495,000	137,000	.01
1988-year to April 30	39,801,000	3,161,000	.31
1989-qtr. to April 30	12,563,000	352,000	.03
1988-qtr. to April 30	10,874,000	551,000	.05
Time			
1989-6 mo. to June 30	2,354,000,000	143,000,000	2.49
1988-6 mo. to June 30	2,167,000,000	150,000,000	2.58
1989-qtr. to June 30	1,218,000,000	94,000,000	1.61
1988-qtr. to June 30	1,102,000,000	84,000,000	1.45
Tribune Co.			
1989-26 wk. to June 25	1,196,069,000	105,994,000	1.44
1988-26 wk. to June 25	1,134,997,000	95,827,000	1.26
1989-13 wk. to June 25	643,143,000	69,220,000	.95
1988-13 wk. to June 26	613,031,000	63,614,000	.84
TRW			
1989-6 mo. to June 30	3,629,000,000	139,000,000	2.27
1988-6 mo. to June 30	3,616,000,000	137,000,000	2.26
1989-qtr. to June 30	1,844,000,000	70,000,000	1.14
1988-qtr. to June 30	1,817,000,000	71,000,000	1.17
Warner Communications			
1989-6 mo. to June 30	2,756,700,000	184,000,000	1.02
1988-6 mo. to June 30	2,300,300,000	138,800,000	.75 ^a
1989-qtr. to June 30	1,301,000,000	83,000,000	.46
1988-qtr. to June 30	1,128,800,000	69,900,000	.38 ^a
Zenith			
1989-6 mo. to July 1	1,350,900,000	(17,000,000)	—
1988-6 mo. to July 2	1,163,400,000	(11,700,000)	—
1989-qtr. to July 1	676,400,000	(13,000,000)	—
1988-qtr. to July 2	589,300,000	(12,100,000)	—

Note: ^aRestated. ^bIncludes special credit.

In complete reversal of recent trend, projection TV sales to dealers rose in first week of July while all other major video products declined (see State of the Industry). Projection TV sales increased after 4 straight weekly decreases. It was only 3rd gain in last 15 weeks, EIA said. Direct-view color TV, total VCRs and camcorders got off to slow start in month, camcorders showing largest percentage decline from same year-earlier week. Total VCRs sold since 1975 passed 73 million.

Pioneer European regional hq, Pioneer Electronics Eurocentre, will be established Aug. 1 in Belgium with 15 employees. New organization will coordinate all European operations and is part of company's global plan to set up regional hq in Europe, N. America, Asia.

Hitachi is buying VCR heads from Grundig for its W. German plant, increasing local content of its German VCRs to 62% from 60%. Heads formerly were supplied from Japan.

TELEVISION DIGEST®

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JULY 31, 1989

SUMMARY-INDEX OF WEEK'S NEWS

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Broadcast - Cable

NAB BACKS FIBER: Report says telco entry could provide new opportunities -- but only as overbuilds and with no control over programming. NARUC tries to break cable-telco deadlock. (P. 1)

DECENCY GROUPS SLATED to testify today against Sikes nomination to FCC. Candidate's approval seen in no danger. Former Hollings aide Manning likely replacement for Dennis. (P. 2)

MERGER SPARKS SPECULATION: Media stock prices balloon in wake of approval of Time-Warner deal. Paramount withdraws Time offer, completes \$3 billion sale, looks for new acquisitions. (P. 4)

STRINGER WANTS CHANGES to spread pilot production over 12 months. Present system of doing all pilots in spring 'absurd.' Fox TV giving networks most trouble. (P. 5)

FEDERAL CABLE FEES rejected by Senate unit in consideration of FCC filing charges. Industries spared from spectrum fees. (P. 6) Appropriations move in House. (P. 7)

EC TV CURBS HIT: U.S. entertainment industry and govt. officials tell House unit that European plan sets potentially devastating precedent. (P. 6)

HUBBARD EXPECTS BACKER: DBS deal expected in Aug. could open door to others as financial backers. K-1 consortium called 'ridiculous' effort to block true DBS. (P. 8)

FIBER OPTICS COULD BENEFIT BROADCASTERS--NAB: Both broadcasters and American public would benefit from installation of nationwide fiber optic video network, even if it's owned by telcos, NAB staff said in report to joint board last month. Competing fiber network would give broadcasters opportunity to program more channels and eliminate must-carry problems, said report presented by Exec. Vp John Abel. But staff suggested NAB support telco entry only where operational cable system already is in place. Board adopted policies opposing both telco control of programming and telco ownership of existing cable systems (TVD June 26 p4).

Broadcasters would benefit most from overbuilds by telcos, both inside and outside their service area, according to copy of report we obtained. Allowing telcos to buy existing cable systems would be "merely substituting one monopoly for another," it said. Report said allowing, and even encouraging, overbuilds won't make cable industry happy, "but if they fight this strategy, they will be seen as being anticompetitive."

Broadcasters are perfectly positioned to compete in new fiber optic world if telcos can only distribute, rather than also generate, programming. Abel said success will require same skills local broadcasters already have -- packaging and producing programming, marketing and promoting shows, developing and

Consumer Electronics

DAT AGREEMENT TO CREATE new market, provides for legislation mandating circuit to permit unlimited direct digital copies but no digital copies of copies. (P. 10)

HDTV IS NO CURE--ALL for national competitiveness or electronics industry ills, congressional report to say. Three HDTV meetings scheduled on Hill Aug. 1 (P. 12)

IDTV AND DISTORTION don't necessarily go together, TV makers say in response to NAB. Problems may exist in some sets, but they're not inherent. (P. 13)

GE TV AND VCR LINES upgraded with addition of 27" and 31" sets, digital camcorder. Prices unchanged from last year. Thomson sees 1989 sellout. (Pp. 13 & 15)

VIDEO IMPORTS UP IN MAY: Color, monochrome TV, VCR decks rise sharply from 1988. 8mm takes increasingly larger share of camcorder imports. (P. 14)

THOMSON SHOWS WIDESCREEN TUBE designed for advanced consumer TV receivers, to be made in Ind. ACTV progress report cites cable, UHF, tests. (P. 15)

MANUFACTURERS HAIL DAT AGREEMENT, start planning for product, which initially will be more than \$1,500. CBS Records doubts prerecorded tape push. (P. 16)

JAPAN AIR LINES BUYS 500 Video Walkman combos with bilingual feature. (P. 16)

serving network of local advertising contacts. "We see broadcasters as strategically poised to provide that audio and video fare," he said. "While you will not be the only businesses which are able to provide programming and other related services, you certainly appear to be the most ready." Report said telcos have no successful track record with previous service upgrades. It said only 28.8% of telephone customers have adopted call waiting, 10% call forwarding, 7.4% conference calling. As for other new services such as call return, call block, repeat dialing and caller ID, "customer apathy... abounds," report said.

But broadcasters will have to refocus their businesses, Abel said. He said station values no longer will depend on scarcity value and technical aspect of tower and transmitter because more efficient and higher quality distribution systems will handle most dissemination of programming. Instead, he said, value will depend on business organization itself. Report said some TV viewers will continue to receive programming over air, but bulk will be over cable. However, it said, radio probably will continue to serve majority of its audience over air, particularly those who listen outside home.

Proliferation of distribution media will cause price increases for programming because of increased competition to fill channels, Abel said. He said broadcasters may be able to minimize impact by doing more local and original programming. Result almost certainly will be more fragmentation of TV audience, he said: "You might as well be a part of the fragmentation and get some of those fragments as opposed to letting other providers nibble you to death." Increased fragmentation will provide more opportunities for broadcasters to program for niche markets, Abel said: "If broadcasters don't move to multichannel service, then our audience shares will decline."

Telco-provided fiber network will lower cost of entry to local TV market, report said, "so there will probably be excessive competition until the marketplace shakes out." But Abel said NAB is working from basic conceptual guideline that fiber will arrive "whether we like it or not." He said "fiber is probably good for America," even if telcos own it, because it would help international competitiveness. It cited consultant studies that 10.5% of U.S. homes will be served by fiber by 2000, number that could be high as 17% if fiber-delivered video is success.

Broadcasters generally should support telco overbuilds of existing cable systems, both inside and outside service areas, according to report, which Abel said should be called "conceptual guidelines" rather than actual recommendation for NAB position. It also said broadcasters probably shouldn't oppose, but also shouldn't lobby for, moving jurisdiction over Modified Final Judgment from U.S. Dist. Judge Harold Greene to FCC. Report said jurisdiction probably should move, but "we have major reservations about the FCC" so it should be shifted only with "very specific" set of reservations and limitations as well as oversight by Congress.

Meanwhile, National Assn. of Regulatory Utilities Commissioners (NARUC) Communications Committee, at San Francisco convention last week, made first attempt to break deadlock over cable-telco cross-ownership by forming special task force to determine whether consensus is possible. Action came after Communications Committee staff was unable to agree to any of 3 cable-telco resolutions.

Move to create special cable-telco group came after Committee Chmn. Sharon Nelson, chmn. of Wash. Utilities & Transportation Commission, noted that NARUC twice has tabled issue in past and that further attempts to resolve differences haven't worked. Latest futile attempts sought to adopt resolutions including one saying right to create and package programming is necessary to give telephone companies incentive to construct fiber distribution network, another saying independent cable operators haven't "been able to fully satisfy the public demand for new, higher quality and more reliable cable television services at reasonable rates" and that eliminating telco restriction could promote construction and operation of new, advanced networks.

SIKES PROTEST SET: In unusual turn of events for what had been seen as done deal, opponents of appointment of NTIA Dir. Alfred Sikes to FCC are scheduled to testify today (July 31) at Senate Commerce Committee confirmation hearing, aides confirmed. Testimony isn't expected to derail Sikes' confirmation. He's in line to become next FCC chmn.

However, Committee reportedly has agreed to allow representatives of loose coalition of Christian evangelicals and anti-indecency groups to appear. Groups were unsuccessful in winning appointment of their candidate -- Indianapolis attorney John Price, whose Decency in Bestg. group has indecency complaint outstanding at FCC against WFBQ-FM Indianapolis. Groups have been unhappy with Commission since Mark

Fowler was chmn. and had agitated for their own candidate when he stepped down. They believe that exiting FCC Chmn. Patrick has failed in promise to clean up indecency on air.

Witnesses expected include Ed McAteer, founder and pres. of Religious Roundtable; E. Ray Moore Jr., exec. dir. of Palmetto Family Caucus; Donald Wildmon, exec. dir. of American Family Assn. and Christian Leaders for Responsible TV (CLear-TV), last of which has called for year-long boycott of Mennen Co. and Clorox Corp. products. CLear-TV claims companies are "leading sponsors of sex, violence and profanity" on TV (TVD July 24 p5). Another group with Wildmon association, National Forum for Decency, has held protests outside FCC hq. Sikes and supporters will be represented at hearing.

Senators also will examine nominees for 2 other Republican openings -- commissioner-designates Ill. state PSC Comr. Andrew Barrett and Washington attorney and ex-FCC official Sherrie Marshall. Their confirmation also is considered certain. Hearing is set for 2 p.m., Rm. 253, Russell Bldg. and final Committee vote is expected next day. Candidates are thought likely to be confirmed by full Senate before end of week -- which means FCC could soon be up to full strength of 5 commissioners for first time since Dec. 1977. Unofficial word at FCC, although Patrick is holding his own counsel, is that next week is likely to be his last at agency. His going-away party is expected to be Aug. 7 or 8, 5 p.m., Deju Vu bar, Washington. Details: Chmn.'s office, 202-632-6600. NTIA send-off party for Sikes will be Aug. 3, 3-5 p.m., in Great Hall at Commerce Dept. Details: Ken Robinson, 202-377-1551.

Meanwhile, competition continues to heat up for anticipated Democratic opening on FCC, and latest name to surface as leading contender is Mary Jo Manning, Washington attorney now vp with Hill & Knowlton and exec. dir. of TV Operators' Caucus. Manning, prospective nominee to FCC once before, is Senate Commerce Committee Chmn. Hollings' (D-S.C.) candidate to replace FCC Comr. Dennis, whose term expired June 30, sources confirmed. A former top Senate aide, including key staffer to Hollings, Manning later practiced communications law as partner at Wilkes, Artis, Hedrick & Lane before shifting recently to PR firm. She also has endorsement of Sen. Thurmond (R-S.C.), sources said.

Manning reportedly hasn't been approached yet by White House on possibility of appointment. However, sources discounted rumors that Hollings has made deal with Bush Administration to ensure action on 3 pending FCC candidates in exchange for her nomination. Most observers agreed that a Hollings candidate should be shoo-in, in part because key Senate Republicans appear ready to lend him support. Sen. Danforth (R-Mo.), Committee's senior Republican, has indicated he has no objection to Manning, sources said. Sikes was Danforth's candidate for FCC.

Also new to list of potential candidates is Brian Fontes, senior legal adviser to Democratic FCC Comr. Quello. He's said to have strong support of Quello and several western senators of both parties. Other would-be candidates mentioned in recent weeks (TVD July 3 p1): (1) Salvador Lew, ex-pres.-gen. mgr. of WRHC(AM) Coral Gables, Fla., whose name is being advanced by Jorge Mas, head of Cuban-American National Foundation. Group was major force behind creation of Radio Marti and strong advocate of TV Marti proposal. (2) Eli Noam, Columbia U. professor on leave serving as member of N.Y. PSC. At Columbia, he's dir. of Center for Telecommunications & Information Studies. (3) Richard Silkman, dir. of Me. planning office, who helped prepare telecommunications policy statement as state's lead staffer in National Governors' Assn.

White House hasn't indicated whether Dennis would be reappointed, nor has she announced plans. However, she has recused herself recently from number of proceedings before Commission, including those handled by Washington office of Jones, Day, Reavis & Pogue and all those involving MCI.

Prime Network will launch new national cable network to supply sports programming as backup for regional networks, and to new markets, CEO Edward Frazier said. Prime expects startup cable audience of 11 million homes, including those served by existing regional networks. New entity, also called Prime Network, will supply regionals with national sporting events to be telecast when no local programming is available, Frazier said. Programming also will be available to cable operators in areas not served by regional networks. Pricing wasn't disclosed. Frazier said Prime is negotiating with sports programming companies to provide substantial portion of daily program feed and may contract with independent companies for specific events. Prime is partnership of TCI and Bill Daniels.

Corporate Satellite TV Network (CSTN) has introduced education and training programming that uses satellite-delivered business TV to transmit customized organizational development curriculum to workplace. Programming covers such topics as quality improvement, customer service, management leadership, sales skills. CSTN will use GTE's Spacenet 1 to transmit programming. When using system, work groups are organized by function and are instructed together. Each lesson is tailored to work groups' specific tasks and is implemented and measured before next weekly meeting. Each quarter's programming includes live, interactive period when work group members can ask questions. Inaugural broadcast will be held by end of month, company said.

TIME-WARNER IGNITES SPECULATION: Media stocks were in state of flux last week as investors, flush with cash, looked for new media buys and began guessing about next likely takeover targets. Stock prices began climbing almost immediately after Del. Supreme Court refused to block Time Inc. tender offer for Warner Communications, causing Paramount to withdraw its bid for Time. Court upheld lower court ruling unanimously, blocking further appeal. Actual payment to Warner shareholders is being delayed until today (July 31) to determine how to prorate money among those who tendered shares.

Paramount will continue "aggressively" to explore other "available avenues for accelerated growth worldwide, including acquisitions, mergers, joint ventures and partnerships," Paramount Chmn. Martin Davis said immediately after court action. "We believe in making bold moves." Paramount also reported late last week that it will sell its financial services unit, Associates Corp., to Ford Motor for \$3.35 billion cash, and analysts, including Standard & Poor's, expect it to invest money almost immediately into new acquisitions to avoid becoming takeover target itself. Takeover targets haven't been identified, but Paramount officials said it certainly won't be combined Time-Warner.

Owners of Warner shares contributed to runup in media stocks. Even though they won't actually receive their \$7 billion cash until today, analysts said they already had begun placing buy orders that won't close until after they obtain cash. Disney was among biggest gainers, closing July 26 at 109-3/4, up more than 5 for day and 19 since mid-June, but dropping 1 July 27 and to 107 at July 28 close. In addition to takeover speculation, Disney was boosted by high earnings expectations that were realized July 27 when company announced net profit increased 17% to record \$193.3 million in fiscal 3rd quarter ended June 30 and revenues were up 28% to \$915.7 million. Other media stock price gainers included Cap Cities, up 8-3/4 July 26 to 514-1/2 and up another 16 next day before dropping to 527-1/8 July 28, MCA up 3-3/8 to 67 July 27, then slipping to 66-1/4 July 28, CBS up more than 5 July 26 to 218-3/4 and another 1-1/8 next day before dropping to 219 at July 28 close.

Even Time stock began rebounding, despite investors' disappointment that they wouldn't benefit from \$200-per-share Paramount offer. Time price began dropping during oral arguments before state Supreme Court, which were televised live on CNN, first time that court has permitted such coverage. As questioning by justices proceeded, traders became more convinced that court wouldn't block Time's takeover of Warner (because of 3 justices questioning) and that Paramount would drop its bid for Time.

Paramount may come out ahead, despite losing bid that cost it estimated \$50 million, analysts said. Paramount bid forced Time to buy Warner, generating huge debt, instead of debt-free stock swap. Time Warner officials had predicted merged company would seek aggressive growth on international market, possibly positioning itself as competitor with Paramount for acquisitions. In interview July 27 on CBS This Morning, Time Chmn. Richard Munro admitted debt "initially will mean that we probably won't be quite as aggressive in some of the things we had planned to do," but added that company certainly "can manage" debt load.

Time-Warner already faces possible downgrades on its debt, Standard & Poors said. S&P said ratings for all Time and Warner debt, as well as that of their subsidiaries, remain on credit watch for possible downgrade after evaluation of

their "highly leveraged merger." Paramount debt, meanwhile, was removed from S&P credit watch and affirmed at A-1. Fitch Investors Service also said it expects to downgrade debt of Time's cable subsidiary ATC because of debt load of parent. Fitch analysts said ATC operating results remain strong, but Time's need for substantial cash to pay interest on debt is "likely to have at least some negative impact on [its] financial position."

In Del. court, justices reserved toughest questions for lawyers representing Paramount and dissident groups of Time stockholders. Questions indicated opponents must bear heavy burden of proof that corporate board made wrong decision before court would overturn decision. "If it comes down to 2 business choices," Justice Randy Holland asked, "why doesn't the board get the benefit of the doubt?" Justices repeatedly pointed out that Del. law doesn't require stockholder vote and that Time board wasn't required to negotiate with Paramount. Points left Paramount attorneys with few arguments other than that due diligence required Time board to at least gather full information about Paramount offer.

Court also appeared to support right of corporate boards to reject short-term gains, such as Paramount bid, when their long-term plans indicate there are better opportunities as independent. Paramount, in brief filed with Supreme Court, argued that reliance on long-term strategies would mean "any company that announces it has adopted a long-term strategy is takeover-proof." Michael Klein, attorney for group of dissident Time shareholders, said he "would be shocked if any company didn't have a long-term strategic plan."

Telecable has taken itself off market, saying higher-than-expected bids convinced management that cable in general and Telecable in particular have better future than owners believed when they put 23rd largest MSO on market in May. Decision definitely isn't tactical move, similar to that of Jack Cooke, who took cable interests off market, then negotiated higher price, Telecable CEO Richard Roberts said: "I know 90% of the people who read this won't believe it [isn't tactical move], but time will prove that we're not telling a story." Telecable now believes MSO can survive and prosper on its own, Roberts told us. Telecable had said in May that MSO, with 569,000 subscribers, was too small to compete effectively with cable giants and needed to affiliate with larger operator. Size, as well as concerns about industry as whole, caused Telecable owner Landmark Communications to hire Morgan Stanley to find buyer. Roberts said about 30 prospectuses were sent out and 10 preliminary bids received. Telecable winnowed those down to 5 that Roberts described as financially qualified. Some were in excess of \$1.5 billion, he confirmed, more than \$2,600 per subscriber and well above what company had expected. No major corporate strategy change is likely, Roberts said. In other cable transactions: Jacor Communications completed acquisition of Telesat Cable TV by merging BBMS Communications into its Jacor Cable subsidiary... Metrovision purchased rural cable TV system in Bell County, Tex., from CM Cablevision... Telecom Satellite System bought system with 1,427 bulk-billed private cable homes passed in Dallas-Ft. Worth area. Broker in both deals: National Satellite Equity Assoc.

Sen. Metzenbaum (D-Ohio) is featured speaker at seminar on cable TV today (July 31) that N.Y. Mayor Edward Koch is sponsoring for other mayors. Conference, at N.Y.'s Gracie Mansion, is expected to close with issuance of joint statement. Details: 212-566-0545.

STRINGER SEEKS CHANGE: CBS Best. Group Pres. Howard Stringer told TV critics in L.A. recently that industry needs to reexamine system of how and when pilot programs are produced: "The idea of 90 pilots being created simultaneously, employing the diverse talents of Hollywood producers, writers and directors all at one time, is faintly absurd. There is a system there that really doesn't seem to work." In furthering goal of changing way pilots are commissioned and produced, he said CBS executives met with Hollywood producers last week "to talk about the development process and to see if there is a better way of doing it."

"Now, if we were to stagger somehow all the various pilot starting times and gamble on not spending as much money on the pilot system up front... and leave more money for later in the year," Stringer said, "maybe we could use the summer to our advantage... The costs are so prohibitive for us in the summer that we've all been trapped into" using reruns. He said question isn't whether to do fewer pilots but "whether we can stagger them across the entire 12-month period" to give producers and writers more time: "This scramble is destructive. That's the thing we have to work on. And, if it means reexamining the financial structure, the way we do our budgets, then we'll do that."

He said relationship between networks and affiliates is "changing and it has to change... The [CBS] Entertainment Division, in the course of that, is putting together a smart schedule that is not as schizophrenic as in the past -- reaching out the one minute to 18-year-olds and the next minute going to our core audience" of older viewers. He admitted that "we had many confused goals at CBS over the last 2 or 3 years... Managements have changed [but] I think we've rebuilt." (Stringer has been in his job one year, moving from pres. of CBS News.) He said affiliates began to take "us a little bit for granted because we took them for granted," and many of large groups are affiliated with all 3 networks "so there is no loyalty automatically to CBS anymore."

He said Fox TV is giving CBS the most trouble, "only it's really not a network. You know, it's not got any [program] standards and practices. It doesn't have to put on new shows with the same regularity we do, doesn't have to X, Y and Z" to follow FCC restrictions on networks. "We have important regulations... for mass tastes and we abide by them and others don't... The fact of the matter is, you can see full frontal nudity if you're watching Channel Z [on cable] in New York... We're fighting back... It may not work... We used to be much more arrogant. Some of you didn't like our arrogance. But, we'd say, 'Oh, good Lord Tiffany -- we don't have to promote ourselves. We don't have to sell ourselves.' And, what happened? Newspapers and magazines out-sold us, out-smarted us... We were out-hustled. We were out-marketed."

Advertisers also were turned off, Stringer said: "When we jacked up the rates every time we wanted to increase our profits in the golden age of [network] monopoly, we really alienated advertisers... We'd take them out for a martini lunch and give them the bad news. There really was no salesmanship or negotiating involved." However, he said, excellent upfront sales for upcoming fall "represent a feeling [by advertisers] that they need us -- that a mass audience is vital for selling their products and that ten 1.0 ratings [on cable] are not as powerful a selling agent as a 10 rating on a network."

Cable is "broadcasting's equivalent of the one-armed bandit," Stringer said, adding that networks "are the magnet

really which draws in cable viewers. Without us on the cable spectrum, there isn't any cable." Asked why CBS isn't in cable, he said: "I don't think there are any bargains left in cable. I think the prices are now far, far higher than would merit [CBS] getting into cable." However, he said, CBS at some time may supply programming to cable "if the price is right." But he said that for time being "CBS is concentrating all its energies on broadcasting and rebuilding this network."

Entertainment Pres. Kim LeMasters told critics CBS has rights to 2 more runs of successful and critically acclaimed Lonesome Dove miniseries but hasn't decided when or how it will use them. Asked about pressure groups, he said networks should be able to air "just about any topic whatsoever" and carry "a wide spectrum of programming... There's always going to be things on the fringe, on the outside that are going to garner a lot more attention than they should."

Operating U.S. TV stations have increased to 1,431 with 3 recent starts and return to air of WWAC-TV Atlantic City. Of operating stations, 1,083 are commercial, 348 noncommercial. Another 244 construction permits are outstanding -- 220 commercial, 24 noncommercial. WWAC-TV (Ch. 53 independent) went dark in July 1982; William Gross is general and sales mgr., Harry Jennings chief engineer. New stations: (1) KUTF (Ch. 32 independent) Salem, Ore., owned by Dove Bestg. with several general partners. James Thompson is pres., Charlene White gen. mgr., Bruce Polvi gen. sales mgr., Ken Louitag chief engineer, Gary Malsberger program dir. (2) KSCE (Ch. 38 noncommercial) El Paso, licensed to St. Clement's Episcopal Parish School. Ricky White is gen. mgr.-program dir., Tony Lozano chief engineer. (3) KCTF (Ch. 34 noncommercial) Waco, licensed to Central Tex. College in Killeen. Edward Jasuta is gen. mgr., Noel Smith station mgr., Leroy Franklin chief engineer, Don Julian program dir.

Cable Labs will pay Advanced TV Test Center (ATTC) up to \$2.5 million over 3 years for use of ATTC facilities and advanced TV test signals under new agreement. Deal will be submitted to both boards for final approval in several weeks. Cable Labs CEO Richard Green said agreement will mean "substantial savings in time and money" for both Cable Labs and ATTC as they test HDTV systems. Deal would allow Cable Labs to use expensive equipment being developed by ATTC, as well as to run HDTV signals generated by ATTC through Cable Labs' own cable and fiber optic test bed to determine effects of retransmission of HDTV signals on cable systems. ATTC Exec. Dir. Peter Fannon said entire HDTV test effort would benefit because expertise of both cable and broadcast industries would be available to help both efforts.

Pulitzer Publishing is buying WDSU-TV (Ch. 6, NBC) New Orleans from Cosmos Bestg. for \$46.8 million in cash. Pulitzer, which owns 7 TV outlets, all in smaller markets, also will assume station's future obligations of \$6 million, as well as accounts receivable of \$2.5 million. WDSU-TV, 2nd-ranked station in market (behind WWL-TV, which also is being sold), had 1988 net revenue of \$16.5 million, Pulitzer said.

House is slated to take up TV violence legislation (HR-1391) today (July 31) and passage is expected. Bill would give TV-cable industries antitrust immunity to develop voluntary program standards on violence. Senate already has passed different version of bill (S-593) that mandates additional code requirements, making conference necessary later this year to iron out differences.

FEDERAL CABLE FEES REJECTED: Senate Commerce Committee rebuffed effort by Sen. Gore (D-Tenn.) July 27 to include "cable franchise monopoly preservation fee" among new federal levies. Gore proposed levy at Committee's budget considerations in tactic said to be designed to keep heat on cable industry. Proposal was rejected 10-1, with 2 absentions. Spectrum fees also were on table but never reached vote.

Gore clearly intended proposal as facetious. He estimated fee would raise \$50 million and would be in exchange for cabler's right to remain unregulated. He said federal govt. had provided industry "enormous service in preventing local governments from regulating" local cable operations, which has increased value of systems "enormously." Gore said cable operators see their franchises as tradable assets that can be sold at speculative rates while raising local rates freely. Cable industry should pay service fee in return for federal govt.'s keeping localities from regulating systems, Gore argued, alluding to 1984 Cable Act that deregulated industry. Neither Gore nor NCTA had comment after markup.

Spectrum fee was suggested by Sen. Danforth (R-Mo.), as expected (TVD July 24 p6). Several members, including Sens. Burns (R-Mont.) and Stevens (R-Alaska), objected to proposal. Indeed, we're told that majority of panel privately had indicated opposition to fees before markup. Among industry opponents was NAB, which launched grass-roots campaign that Exec. Vp James May said resulted in "outpouring of calls" from local broadcasters to senators that apparently helped tip balance against fees again. Committee Chmn. Hollings (D-S.C.) was among opponents, aides reported. Plan wasn't put to vote. Committee proposed \$450 million in various fees through number of alternatives, including new transfer fee on commercial airlines' airport "slots" or landing rights that could raise \$227-\$230 million, senators said.

Committee unanimously adopted FCC filing fee schedule similar to one advanced by House Commerce Committee. Key exceptions: Senate plan doesn't extend fees to local govt. services or to public broadcasters. Its minimum fee also would be higher than House's -- \$35 vs. \$30. Differences mean that Senate plan would raise estimated \$43 million (up from earlier \$41 million estimate).

Senate unit didn't add House proposals to restrict dial-a-porn services or codify fairness doctrine into law. It rejected effort to extend filing fees to other agencies under its jurisdiction, including FTC. Plan, also suggested by Danforth, was projected to raise \$64 million -- including \$3 million from FTC. Several senators objected to lack of specificity in proposal and potential conflict with similar existing fees at some of agencies.

U.S. Supreme Court Justice John Stevens said public understanding of judicial process would be enhanced if some Court proceedings were televised. "It's my view, it's worth a try," he told 9th Circuit Judicial Conference in Laguna Niguel, Cal. "I thought it was sad," he said of long lines of persons unable to get into recent Court arguments -- such as abortion case. Washington First Amendment lawyer Timothy Dyk reported to conference on recent demonstration of TV coverage in Supreme Court, which so far has produced no results. He said it was conducted "to show the advances that have been made in technology and how it is possible to cover the Court without disruption." Chief Justice William Rehnquist and other justices attended demonstration but have made no public comment.

EC TV CURBS BLASTED: Acting as self-appointed ambassador, media mogul Robert Maxwell told House Telecom Subcommittee last week that he was meeting with American entertainment industry leaders over next few days to attempt to assuage U.S. concerns about proposed European Community (EC) quotas on TV program imports. EC plan is shaping up as next big trade issue for Congress.

Quotas on foreign films shown in W. Europe are part of EC's TV Without Frontiers plan. Plan has come under heavy fire in U.S., with govt. officials repeating at July 26 hearing that quotas are discriminatory and violate General Agreement on Tariff & Trade (GATT). Plan would require minimum 51% of TV programming aired in EC countries to originate in Western Europe. Quotas wouldn't apply to news and other nonentertainment programs. Plan also proposes limits on amount, type and scheduling of ads, and would mandate minimum moral standards. Rules would mean that no EC country could block transborder transmission of programs, including by satellite. EC Council has failed twice to adopt plan and has postponed action until Oct.

Maxwell, chmn. of Maxwell Communications, told Subcommittee that U.S. had nothing to fear in plan, that its failure would be bigger threat to U.S. industry. He said that if EC Council of Ministers doesn't approve plan, decisions on TV program imports would remain with individual nations, where varying stiff import barriers already exist. "This is an extremely sensitive issue with European nations," he said. "This issue speaks to the heart of cultural integrity. European citizens will not sit in their parlors watching their culture replaced by images made in Hollywood."

Maxwell spent week meeting with heads of MPAA, Time, Warner, Paramount and other top American industry officials in effort to explain benefits of EC plan to U.S. Entrepreneur said he hoped to use his influence to help ease U.S. concerns. "American understanding of our perspective, both economic and cultural, should lead to its industry's acceptance of soft quotas," he said. Maxwell had no comment on results of meetings at week's end.

Maxwell stressed that key problem was high cost of American product. He said he hopes to be able to take back to EC officials idea of limits within which U.S. industry leaders can live. EC proposal apparently wouldn't bar co-productions with foreign firms, most witnesses agreed, which Maxwell said he would stress in his informal discussions with U.S. industry.

U.S. sees EC proposal as discriminatory and likely to damage American industry. U.S. dominates world entertainment market, and had EC revenues of \$1.8 billion last year alone, MPAA Pres. Jack Valenti reported. Valenti supported U.S. position, saying loss of European revenues would hurt domestic film production generally and stymie expansion of pay-TV and other media alternatives in EC if revenues supporting production stream dry up. He warned that EC plan could be opening door to trade war, citing U.S. promises of GATT action. MPAA also would seek legislated trade relief from Congress if curbs are adopted, he said. Also among opponents were Richard Frank, pres. of Walt Disney Studios; Earl Jones, chmn. of International Broadcast Systems (IBS); William Shields, chmn. of American Film Mktg. Assn. (AFMA).

Vantage Cable said it will buy systems in 23 communities in Neb. and S.D., serving total of 7,700 subscribers. Seller is Central Neb. Cable Ltd. Partnership. Terms weren't disclosed. Broker: Waller Capital.

SPENDING BILLS ADVANCE: House is slated this week to take up FY 1990 appropriations package that, through quirk of parliamentary procedures, contains no funding for FCC or NTIA, among other agencies. Furthermore, CPB funding would be frozen in another spending package slated for House action this week.

FCC, NTIA and other agencies were left out of massive appropriations plan for Commerce, Justice and State Depts. (HR-2911) during markup last week by House Appropriations Committee. Lawmakers reasoned that agencies hadn't yet received proper congressional reauthorizations, making approval of appropriations inappropriate. Congress is behind schedule in enacting FY 1990 budget authorizations. But Committee reserved funding for agencies for eventual appropriations, once authorizations are advanced.

Besides FCC and NTIA, affected are Board for International Bcstg. (BIB), which administers Radio Free Europe and Radio Liberty, and USIA, parent of VOA, Radio Marti and Worldnet satellite service. However, package did include \$20.44 million for grants in Public Telecommunications Facilities Program (PTFP) run by NTIA. Funding represents \$449,000 increase over PTFP's current appropriation, and flies in face of Bush Administration request to eliminate program.

Committee said in draft report to accompany measure that it "continues to give strong support" to PTFP because "these facilities grants have made a vital contribution to that segment of this nation's populace which has had access to public radio and television." Funding also makes possible public broadcasting's expansion into new communities, Committee said. It said PTFP's goal was "to improve coverage of existing stations and to expand coverage through the establishment of new stations." Administration looks on program as having met its goal, which White House has described as carrying public TV-radio to majority of U.S.

In setting aside funds for later appropriations, Committee provided: (1) \$218.2 million for BIB, plus \$207 million to build transmitter relay "farm" in Israel that will be shared by BIB and VOA. (2) \$109.8 million for FCC, about even with current appropriation. (3) \$16.3 million for FTC, up \$2 million from current level. (4) \$960,000 for U.S. Trade Representative, marginally higher than present total. (5) \$168.3 million for SEC, also up slightly. (6) \$949.3 million for USIA, including \$12.7 million for Radio Marti and \$89 million for radio facilities construction. It's still unclear whether latter will include construction monies for proposed TV Marti service to Cuba.

Committee accepted Bush Administration recommendation that CPB spending for FY 1992 be frozen at FY 1991 level, approving \$242.06 million advance appropriation. Money is part of massive Labor-HUD-Agencies appropriations bill (HR-2990) that goes before full House Aug. 2 for vote. Bill also proposes \$72 million for satellite replacement -- about \$15.2 million more than FY 1991 appropriation for project; Administration had recommended no funding. Project is authorized at \$200 million for 3 years but received only \$57 million appropriation from Congress last year for FY 1991.

Committee will meet early in week to complete work on Defense Dept. appropriations containing proposed \$50 million in FY 1990 spending for HDTV R&D grants by Defense Advanced Research Projects Agency (DARPA). Money would be added to \$30 million DARPA program already under way to help finance HDTV development. Bill is scheduled for House floor action Aug. 4. Requisite

Defense Dept. authorization was approved by House last week. It recommended the \$50 million target for DARPA's HDTV project. Different package cleared Senate floor last week, and preparations for conference to reach compromise were expected to be under way this week.

Diversity arguments that focus on media competitors to broadcasting are "fallacious," according to House Commerce Committee report (H. Rept. 101-153) to accompany bill (HR-315) to restore fairness doctrine. "It is fallacious to refer to the growth of videocassette recorders, for example, to compare them to broadcast stations and claim that they provide alternatives for the timely decision of matters of public importance vital to our citizens," Committee said. "As of today, these new services at best may offer promise of this, but little more." Panel didn't deny that fairness doctrine can impose burden on broadcasters, "but it is necessary and minimal." Any programming "chill," report said, comes only "from an unwillingness on the part of broadcasters to air both sides of an issue, an unwillingness to act as public trustees to vindicate the substantial government interest in the balance of information reaching the public. The argument that the fairness doctrine chills speech is thus an attempt to clothe in First Amendment language a refusal on the part of broadcasters to fulfill the commitments they gave in return for the free grant of a valuable public privilege," report concluded. Committee has proposed restoring doctrine, abandoned by FCC, to broadcasters and cable operators providing "origination cablecasting." Report was released after Committee completed work to insert codification proposal into budget recommendations.

Pa. State U. and Jones Intercable's cable telecourse network Mind Extension U. are joining forces to plan professional development programming targeting such education groups as teachers, school administrators, school board members. Effort will debut in fall with 4 public affairs shows from Pa. State. Topics will be selected in conference of universities, education groups and others to be convened in Washington. U. of S.C. will participate through creation of professional development program for library media specialists. Jones Intercable Chmn. Glenn Jones told news conference last week that venture was "completely disconnected" from Whittle Communications' plan to develop teacher training channel as part of its 3-channel ad-supported high school video network. However, asked if company would consider joining forces with Whittle, he responded: "We'll cooperate with just about anybody to get the job done." While venture is designed for in-home viewing, Pres. Gregory Liptak said Jones would consider using its bulk purchasing capabilities and other mechanisms to help schools purchase TVs and other video equipment for service. Survey conducted by company as part of Cable TV Alliance for Education effort shows that about 1,100 of 1,500 elementary and secondary schools passed by Jones receive cable, he said.

HDTV will be focus of heavy activity in Washington again this week, with key senators apparently headed on collision course over policy development. Chmn. of Commerce and Govt. Affairs Committees are pursuing separate proposals for funding HDTV development that will be aired at separate hearings and markups Aug. 1. Activities come on heels of report from Congressional Budget Office (CBO) that industry assessments of HDTV's economic prospects may be overblown. Also Aug. 1, American Electronics Assn. (AEA) and House HDTV Caucus have scheduled briefing on advances in HDTV and to discuss CBO report. (See details in Consumer Electronics Section.)

HUBBARD EXPECTS SUPPORT: Hubbard Bestg. hopes to get agreement Aug. 9 for "very prominent" broadcast company to make "first meaningful infusion of money" into Hubbard's direct broadcast satellite (DBS) business, Chmn. Stanley Hubbard told us. He wouldn't identify investor, but predicted deal would make it easier to attract additional investments in DBS. He also discounted theories that DBS may not be viable business (TVD July 10 p5).

"No one wants to be the first" broadcaster to make major DBS investment, Hubbard said, adding that "half-dozen" others are "in line" to invest in his DBS project and "once we sign the first major commitment, I think it will be easier to get the others." Hubbard estimated it would cost \$260 million to launch DBS satellite and said his DBS subsidiary, U.S. Satellite Bestg., already has spent \$15 million on project, including \$4 million on market research alone.

Financing is big problem in setting up DBS system, he said. Satellite price of \$260 million is less than half cost of buying major TV station such as KTLA in L.A. (which Tribune Bestg. bought in 1985 for \$510 million), he said, and potential audience is 20 times that of KTLA. Hubbard said bankers and investors are more familiar with TV stations and there's concern satellite will last only 10-12 years.

Broadcasters have been shortsighted on DBS, Hubbard said. He predicted DBS would be "the last opportunity in our lifetimes" for broadcasters to remain "gatekeepers" with true control over what happens to their programming. Along with 3 TV networks, current "gatekeepers" in addition to networks are cable, Fox and Tribune Bestg., he said: "With DBS, you can go right to the public and it's better that broadcasters do it than cable." Without DBS, he said, control gradually would switch to cable systems. But DBS won't compete directly with cable, at least at first, as he thinks first customers to buy DBS dishes also will have cable.

Providing programming for DBS won't be problem, Hubbard said, despite earlier fears. He said market research shows successful DBS programming won't compete directly with cable or broadcast TV because its nationwide service can focus on minuscule market segments: "No TV or cable can program for 2% of the audience, but 2% of 90 million homes is 1.8 million TV homes."

Discussions on cable companies' forming consortium to provide direct-to-home satellite TV on Ku-band GE K-1 satellite are "ridiculous," Hubbard said, because of prohibitive size of dishes. His research indicates satellite TV won't become mass audience until dish is in 16"-18" range.

On other subjects, Hubbard said: (1) "I've had no problem at all with compensation from TV networks." Hubbard owns stations affiliated with NBC and ABC, plus independent WTOG Tampa-St. Petersburg. (2) "I think we should get rid of financial syndication but I agree with INTV in its concern that the networks are going to sell programming back to themselves... I see financial syndication as being a real problem for broadcasting in general, both independent TV stations and network affiliates... because if the networks' ability to create and produce exciting new programming is in any way hampered further than it is already, we all suffer... Who in the hell is INTV helping if we prevent financial syndication? They're shooting themselves in the foot, in my opinion."

FRITTS HITS FCC DEREGULATION: FCC has damaged ability of mature technologies (such as broadcasting) to compete effectively because agency "has become so bedazzled by the politically attractive role of being on the leading edge of fostering new technology and on applying experimental economic theories to the broadcast industry." That is message prepared for delivery July 30, after our deadline, to Ida. Assn. of Bestrs. convention in Sun Valley by NAB Pres. Edward Fritts. "The FCC has replaced electronic engineering with social engineering," he charged. "In fact, if left to some of the FCC theoreticians, there would be no FCC spectrum management at all."

Because of FCC's "Alice-in-Wonderland" allocations policies, agency is faced with growing applications backlog that Fritts said (quoting Mass Media Bureau Chief Alex Felker) could grow from 6 to 18 months: "That kind of delay is not responsible, not workable and not realistic... The real problem is the agency's insistence upon pushing its experimental theories and policies instead of managing its existing backlog." Fritts said broadcasters have accepted concept of paying cost-of-regulation fees, "but, if we're being charged... we have a right to expect timely action and a businesslike approach by the FCC."

Deregulation "has come faster and gone farther than our industry ever asked for or dreamed of," Fritts said in acknowledging that some of it has been good for industry. However, he said, "the FCC has become so obsessed with regulation by marketplace economic theory that it seemingly is interested in providing every man, woman and child their own radio station... The FCC has no apparent concern for preserving the system of local service by financially healthy stations. The FCC has proposed lotteries, auctions and private negotiations to allocate and assign licenses in a manner that would abdicate its responsibility for spectrum management and selecting qualified licensees... It has allowed so many new stations on the AM band that it has created destructive interference and undermined the financial health of many stations to the detriment of local service."

With 3 or 4 new commissioners coming on board, "the opportunity for improvement is at hand," Fritts said. New Commission "will have the opportunity to restore real-world policy initiatives and sound management practices to the operations of the FCC. I can assure you that the NAB will work with the new commissioners," he said in citing several areas.

CapCities/ABC reported 2nd-quarter net income of \$140.1 million (\$7.83 per share), up 15% over \$113.8 million (\$6.78) in same quarter last year. Revenues for quarter were \$1.22 billion, up 6% from \$1.16 billion. Cap/ABC said TV network and stations had "moderately improved revenues," while radio and ESPN showed "somewhat stronger gains." Broadcasting income for quarter was \$243 million, up from \$221 million, on revenues of \$964 million, compared with \$904 million last year. Cap/ABC said TV network had "flat operating earnings compared with 1988 as increased costs associated with the coverage of major news events" and unsuccessful miniseries *War & Remembrance* offset revenue gains. Publishing income was \$32.9 million, up from \$31.3 million, on revenue of \$261.8 million and \$254.8 million, respectively. Net income for first 6 months of 1989 was \$222.9 million (\$12.40), up 21% from \$184.2 million (\$10.93) on revenues of \$2.34 billion and \$2.44 billion, respectively. Cap/ABC said results for both years "reflect reductions in entertainment and sports rights" by TV network. Interest income totaled \$52.6 million, up from \$11.8 million.

Personals

Charles Wick, ex-USIA dir., formally announces formation of international media consultancy Charles Wick & Assoc., 2800 28th St., Suite 170, Santa Monica, Cal., 213-273-9584... **Stewart Bryan**, publisher, Richmond Times-Dispatch and News Leader, adds post of COO, Media General; other Media General changes: **Marshall Morton**, ex-West Point Pepperell, named senior vp-finance and data processing; **David Jordan** advanced to senior vp-acquisitions, planning and investor relations... Changes at ESPN: **Ed Durso**, exec. vp, Major League Baseball, joins in mid-Sept. as senior vp-gen. counsel; **Andrew Brilliant** moves from senior vp-international and legal, ESPN, to senior vp-gen. mgr., ESPN International.

Dom Giofe, ex-NBC public affairs, joins Fox TV PR Dept. in N.Y... **Joyce Kravitz**, ex-dir.-news information, ABC News Washington bureau, joins WJLA-TV Washington Aug. 28 as PR dir... **Claude Lewis** promoted to exec. vp, Canadian Satellite Communications (Cancom)... **Edward Byrnes** advanced to eastern sales mgr., Weather Channel, succeeding **Donald Ershow**, recently promoted to vp-dir.-ad sales... **David Carey**, ex-Greene & Assoc., named dir.-public affairs, Cablevision Systems... **Richard Millet** advanced to operations mgr., KSCI San Bernardino, Cal... **Doug Di Giacomo**, ex-midwest regional mgr., JVC Professional Products, joins Digital F/X in same capacity.

Advancements at Pacific Telecom Cable: **Dennis Elliott** to pres., **David Martin** to vp-program/business development, **Stephen Lovas** to vp-mktg. and sales, **David Walker** to vp-engineering, **Donald Schroeder** to vp-finance and administration... **Carol Lewis** promoted to pres., Ore. Public Bstg. Foundation... **Armand Grez**, ex-national sales mgr., WNHT Concord, N.H., joins TvB as mktg. mgr.

Reed Farrell, pres., AFTRA Chicago local, elected national pres., succeeding **Frank Maxwell**... **Richard Dobson** advanced to vp-exhibits and assoc. membership, NAB... Changes at Showtime Networks: **William Fowkes** promoted to vp-mktg. strategy; **Mark Greenberg**, ex-HBO, named vp-direct mktg... **Stewart Butler** appointed gen. mgr., United Artist Cablesystems' Santa Cruz, Cal., system... Promotions at CPB: **Sylvia Winik** to deputy gen. counsel, **Pamela Brown** to senior staff attorney.

Gregory Ricca advanced to exec. vp-gen. counsel, Viacom Networks Group... **James Meltzer** promoted to senior vp-radio, Price Communications... **David Fisher** advanced to group vp-entertainment and publishing division, Communications Equity Assoc... **Gerri Warren** promoted to vp-corporate communications, Paragon Cable Manhattan... **Jill Ross**, ex-MCI and FCC, joins staff of Senate Commerce Committee member **McCain** (R-Ariz.)... **B. Jay Cooper**, ex-deputy White House press secy., appointed dir.-communications, Republican National Committee... **Carter Maguire**, ex-Request TV, joins Turner Cable Network Sales as vp-account exec.

Douglas Williams, KWOX(FM) Woodward, Okla., appointed to NAB radio board, succeeding **Don Chaney**, Bcstrs. Unlimited, resigned for medical reasons... **Kathryn Bachman** promoted to dir.-advertising and promotion, Arbitron... **Kevin O'Tool** advanced to controller, WUSA Washington, new post; **Michael Evans** succeeds him as mgr.-financial services... **Terry Edwards** promoted to mgr.-affiliate relations, radio network Westwood One.

Lawrence Divney, ex-Arts & Entertainment Cable Network, joins HBO's Comedy Channel as senior vp-ad

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sales... **Susan Howarth** advanced to exec. dir., 5-station Ark. Educational TV... **William Donahue** promoted to gen. mgr., KRJH Tulsa, succeeding **Ben Hevel**, resigned.

CBS Bst. Group Chmn. **Gene Jankowski** -- and its pres. for 11 years -- will take early retirement from network today (July 31) and has formed Jankowski Communications System Inc. (JCS) to buy and run network-affiliated TV stations and to produce programming. JCS has arranged financing with unnamed financial institution and said it is expected to announce first station purchases very shortly. "Discussions are currently under way with a number of stations," Jankowski said, and he's interested in affiliates because "it's a system I've worked with most of my professional life and it's one I strongly believe in." He reached settlement with CBS on his contract, which had 18 months left and paid him \$1.17 million in 1988. On leaving CBS, Jankowski said: "I've been in every part of the organization, and after 3 decades it's time for a new adventure -- one of my own making." Jankowski joined CBS Radio Div. in 1961 as account executive, moving to TV network in 1969, and was named pres. of Bst. Group in 1977. Since becoming chmn. year ago, he has spearheaded CBS attempt to acquire major-market TV stations. However, management turned down all proposed deals except purchase of WCIX Miami as too expensive. JCS will hq in Museum of Bstg. Bldg., 1 E. 53rd St., N.Y. 10022, 212-752-4690.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of July and year to date:

	JULY 8-14	1988 WEEK	% CHANGE	JULY 1-7	28 WEEKS 1989	28 WEEKS 1988	% CHANGE
TOTAL COLOR.....	290,427	296,275*	- 2.0	228,768	10,767,750*	9,453,378	+13.9
DIRECT-VIEW...	287,161	292,786*	- 1.9	225,169	10,670,253*	9,331,120	+14.4
PROJECTION....	3,266	3,489*	- 6.4	3,599*	97,497	122,258	-20.3
TOTAL VCR.....	120,572	151,546	-20.4	85,156	4,989,852	5,386,269	- 7.4
DECKS.....	96,732	123,388	-21.6	69,632	4,073,825	4,579,837	-11.0
CAMCORDERS....	23,840	28,158*	-15.3	15,524	916,027*	806,432	+13.6

Color TV 5-week moving average: 1989--396,545*; 1988--362,370 (up 9.4%).

VCR deck 5-week moving average: 1989--138,975; 1988--161,820 (down 14.1%).

Camcorder 5-week moving average: 1989--38,268*; 1988--37,122 (up 3.1%).

* Record for period.

DAT AGREEMENT COULD CREATE NEW MARKET: Digital audio tape (DAT) recorder finally could become significant new consumer electronic product following agreement -- formally announced last week in U.S., Europe and Japan -- that breaks 3-year deadlock between music industry and manufacturers. It will give birth to new generation of DAT recorders that actually can record digitally from CDs and other digital sources -- something existing consumer DATs can't do.

"Memorandum of Understanding" among 15 Japanese and European hardware manufacturers, International Federation of Phonographic Industries (IFPI) and Record Industry Assn. of America (RIAA), with concurrence of EIA, is almost exactly as we forecast in our series of reports starting July 3 (TVD July 3 p8 et seq): All parties will push for legislation or regulation in their respective countries mandating device in consumer DAT recorders based on Philips Solocopy system, first proposed in 1987. This electronically permits recorders to make direct digital copies in unlimited quantities of CDs, prerecorded DATs or digital broadcasts, but no digital copies of copied tapes.

Electronic copy-prevention technology is called Serial Copy Management System (SCMS) -- by definition, it prevents "serial" copies only, meaning copies of copies, not copies of originals. It also permits music digitally recorded on DAT from analog sources to be copied digitally once, but no further digital copies of that 2nd copy could be made. In new display of harmony and cooperation, EIA and RIAA pledged to work together to get congressional action in U.S. this fall.

Who was winner? Obviously the consumer, who will be able to make digital copies for first time. Because of this, DAT recorders now begin to make sense, as ridiculous technological barrier to making of digital copies (different sampling rate for DAT and CD) is removed. We have heard no criticism from hardware manufacturers -- those we have contacted so far seem tickled to death (see separate report). At same time, criticism already is starting in music circles. Edward Murphy, pres. of National Music Publishers Assn., is quoted as saying that any technical solution is "easy to circumvent," and that while new technical solution will be required for each recording format, royalty would cover all formats.

Each side had to eat a little dirt. Software industry made major concession of permitting consumers to make digital copies, which is what hardware makers wanted all along. But agreement set precedent that copyright problems now will be considered before a product is introduced -- including very important promise to set up working group on recordable CDs, product recording industry says it fears even more than DAT. Hardware people had to give up their opposition to legislating technical standards on their products.

While music and record industries are free under agreement to seek royalty fees on tape and recorders (and hardware manufacturers are free to oppose them), it may be difficult to convince Congress they're entitled to 2nd dip of protection after getting technological specifications written into law.

Final hurdle to agreement was removed when RIAA board met in L.A. July 11 to ratify proposal ironed out at June 9 working group meeting in Athens. But ice first was broken last Nov. at working group meeting in London and subsequent session in April in Amsterdam.

Gary Shapiro, EIA/CEG govt. affairs vp, described prospects for quick passage of appropriate U.S. legislation as "excellent," noting that congressional members and staff already have been notified as prelude to possible introduction of DAT bill this fall. He added that Congress in past "encouraged the 2 industries to sit down and talk, and what we're coming back with is an agreement we've worked out ourselves." There's expected to be little opposition to proposal, which already has been endorsed by officials of Consumer Union and NARDA.

Purpose of legislation, said Shapiro and his RIAA counterpart, Senior Govt. Affairs Vp Hilary Rosen, would be to make SCMS agreement binding on manufacturers not participating in recent DAT working group meetings where pact was ironed out. Agreement didn't have participation of Korean manufacturers, for example, or American companies that would buy parts or have machines assembled overseas. In addition, agreement to push for legislation, as we reported last month, was only safe one under U.S. (and Japanese) antitrust laws that bar pacts to keep products off market.

SCMS technical standards will be proposed to International Electrotechnical Commission (IEC). Legislation in U.S., as well as European Community and Japanese govt. action proposed in agreement, will specify that consumer DAT recorders meet standards in IEC proposal. Once enacted, legislation would make illegal existing DAT recorders now on sale in Japan and parts of Europe that don't contain SCMS circuitry, although machines in warehouses or stores could be retrofitted with SCMS chip once it becomes available late this year or early next. By same token, agreement would make obsolete existing machines, which don't permit direct digital transfers. Nothing precludes manufacturers from importing SCMS-equipped DAT recorders prior to enactment of legislation, but EIA executives declined to discuss possible legal penalties against manufacturers who defy law once it goes into effect.

SCMS must be implemented with development of special chip, and it's not believed any recorders meeting terms of agreement will be available for at least 6 months. When they do arrive on market, they're expected to retail at \$1,500-\$2,000, at least at start.

EIA Engineering Vp Jack Kinn, who helped write "implementation protocol" for manufacturers as first step in commercialization of SCMS chip, said technology is being shared by participating companies in DAT working group and will be put into public domain once IEC issues proposed draft of SCMS standard in Sept. or Oct. Finalization of standard 6 months thereafter, Kinn said, could serve as model for legislation anywhere in world.

Kinn wouldn't estimate possible tooling costs of SCMS chip, noting those considerations are left to individual manufacturers. He said that SCMS-dedicated chip easily could be retrofitted into machines already built, but speculated that manufacturers would find it more cost effective to devise so-called "master chips" in new machines that incorporate functions in addition to SCMS, such as digital-to-analog filtering. As for time needed to develop chip commercially, Kinn said it's conceivable manufacturers could begin testing first samples in 4-6 weeks.

Noteworthy aspects of agreement apply to issues outside bounds of DAT legislation that will be sought. On subject of royalties, agreement states that "it has been and remains the view of RIAA and its allied legislative coalitions that home taping represents a loss of revenue to copyright proprietors for which legislated royalty compensation on the sale of blank tape and recorders is necessary and appropriate," view vehemently opposed by EIA. Pact states that "on this occasion," 2 associations have "agreed to disagree." It adds that "in recognition of the desirability of having legislation quickly enacted" on DAT, RIAA won't pursue royalties in this Congress.

Actual signatories to agreement, in addition to IFPI and RIAA (EIA was observer at final meeting in Athens), were Japan's Fujitsu General, Hitachi, JVC, Matsushita, Mitsubishi, NEC, Pioneer, Sanyo, Sharp, Sony, TDK and Toshiba, plus Europe's Grundig, Philips, Thomson.

Full texts of all documents officially released by parties to agreement and EIA -- including technical summary of SCMS -- are published in today's (July 31) special DAT edition of our companion publication Audio Week. Copies of this special edition are available to Television Digest subscribers at no cost, while they last. Call or write our Washington office.

HDTV NO ELECTRONICS CURE-ALL--CONGRESS REPORT: HDTV isn't the cure-all for national competitiveness or ills of electronics industry that some have suggested, new congressional report will conclude. Report by Congressional Budget Office (CBO) will be a highlight of big day on HDTV legislative scene Aug. 1. Senate's Commerce and Govt. Affairs Committees both will be occupied with HDTV, while American Electronics Assn. (AEA) and House HDTV Caucus have scheduled briefing on advances in HDTV same day.

Govt. Affairs Committee will unveil CBO report as it lays groundwork for legislation that Chmn. Glenn (D-O.) hopes to introduce when Senate returns from Aug. recess, aide said. Glenn's bill will be revised version of proposal that Committee unanimously approved in 100th Congress, which called for creation of separate technology development agency to fund commercial ventures on cost-sharing basis to tune of \$480 million annually.

Hearing's focal point will be CBO report. According to draft we obtained, CBO believes HDTV won't have as much effect on rest of electronics industry as has been widely predicted, even under most optimistic market forecasts. World electronics market grew \$54 billion in 1988 to \$461 billion, more than 16 times size of HDTV market that AEA forecasts by 2010, report pointed out. CBO said improvements in efficiency and growth of overall U.S. electronics industry will have larger impact on future American competitiveness than industry as small as HDTV ever could have. Report, commissioned by Glenn's office and written by CBO's Philip Webre, who will appear at hearing, analyzes HDTV studies done last year by AEA, EIA, Commerce Dept.

Much HDTV interest has focused on effect on semiconductors, with AEA saying HDTV is critical to future of U.S. semiconductor industry. However, CBO said even most optimistic AEA forecasts call for HDTV to use \$1.8 billion worth of semiconductors in 2010, less than 1% of total worldwide semiconductor sales predicted in same AEA report.

HDTV may not be successful as quickly as has been suggested, CBO pointed out, saying even color TV and microwave ovens -- 2 of most successful consumer products -- took longer to develop significant consumer penetration than is predicted by some for HDTV: "Skepticism about the timing, if not the size, of HDTV's eventual market success seems warranted." Report also was skeptical of likelihood HDTV technology developments will carry over into other electronics markets and said HDTV processors aren't likely to lead technological development because they're not any more sophisticated than those currently produced. It said current level of semiconductor research spending indicates most new developments will come from private research anyway.

CBO didn't conclude that govt. shouldn't support HDTV development (AEA has proposed that federal funding of \$1 billion in loans and loan guarantees, \$300 million additional for DARPA's HDTV development, \$50 million for standards development). CBO said govt. support for HDTV still might be justified because of HDTV's effects on employment, national prestige or scientific advancement.

Meanwhile, Commerce Committee plans to complete work Aug. 1 on S-1191, bill by Chmn. Hollings (D-S.C.) to fund Technology Administration (TA) at Commerce Dept. Hollings sees TA as something of civilian DARPA, providing seed grants for commercial technology development. TA was established as part of omnibus trade reforms in last Congress and is intended to help give U.S. industry leg up on foreign competitors. Bill proposes spending \$30 million to support HDTV consortia in effort to spur U.S. commercial HDTV development.

Measure is expected to win Committee approval Aug. 1, after amendment is ironed out clarifying intent of bill's proposed ban on foreign involvement in planned consortia. Efforts were under way at our deadline to water down ban and to let TA money flow to foreign HDTV investment domestically. Commerce Deputy Secy. Thomas Murrin indicated to Committee last week that Bush Administration doesn't favor outright ban on funds to foreign-owned companies, so long as they will create American jobs and plow revenues back into U.S. -- criteria that would make companies such as Philips and Thomson eligible.

Speaking for Committee to Preserve American Color TV (COMPACT), CWA Pres. Morton Bahr told Committee U.S. workers no longer can depend solely on American-owned companies to provide jobs. He

counseled Committee to avoid legislation that would curb funding for foreign companies in U.S. "It is clear to the American worker that the most important question is not who owns the stock," he said. "If foreign-owned companies have made a commitment to domestic R&D and domestic production, they and the workers they employ are entitled to the same treatment as domestically owned companies..."

IDTV DOESN'T INHERENTLY DISTORT--SET MAKERS: Responding to comments by NAB (TVD July 24 p9), TV set manufacturers said last week that IDTV (improved definition) technology is capable of providing better picture than interlaced sets and that system doesn't inherently cause distortion, but conceded that there could be some problems, depending on type of motion compensation and signal processing used.

Three manufacturers who responded to our queries offered to work or talk with NAB to discuss any possible problems, but indicated their own sets didn't have them. NAB Science & Technology Vp Michael Rau said last week that despite his criticism of unwanted distortion that may be caused by some sets, "I should also have said IDTV sets do display terrific pictures in many situations." He said NAB had no formal testing program planned -- "we just want to inform our membership." Another NAB official added: "It's much too early to talk about anything like standards. We just want to familiarize ourselves and our members with these sets, what they do, what their shortcomings might be, particularly under less than ideal conditions which manufacturers may have neglected."

NAB engineers had indicated that at least some IDTV sets distort on-screen graphics, may magnify small video errors originating at station and may blur during fast action scenes.

"Basically we agree with NAB that artifacts of a noninterlaced system do exist" in some IDTV sets, Sony Display Products Mktg. Dir. Brian Klosterman said. Under some conditions, he said, blurring "will occur when 2 fields are displayed at the same time," as they are in IDTV sets. Sony now is shipping its 27" IDTV at \$4,000, also has displayed 43" direct-view version at \$40,000. He said situation doesn't occur with Sony's motion adaptive system, "which compares differences among 4 fields on a constantly updated basis -- not 2, but 4 every 60th of a second" -- noting that Sony uses line memory for moving images, field memory for still images, frame memory for Y/C separation and stills, along with vertical compensation and digital frame noise reduction.

"We believe that non-interlace systems represent the state of technology today -- not just a bridge to HDTV," Klosterman said. "We don't want this technology to be discounted or labeled as a prototype technology, but positioned as it should be as the next generation of TV." He indicated Sony was sending set to NAB for testing.

NEC Asst. Vp-Mktg. Brian Williams had similar comments. He noted that his company's 52" IDTV projector, now being delivered at \$6,499 list (TVD May 15 p10), uses Y/C separation technique for elimination of artifacts and "3D" motion detection system. He said no 2 brands of IDTV sets work same way. "IDTV can't be generically discussed," Williams told us, "because there are so many types of circuits involved." None of problems NAB mentioned have been reported in NEC sets, he said, but "we will do our own tests and see if we can replicate the problems." He promised to cooperate with NAB in any way. Williams commented that ghost canceling technology that NAB likes (TVD July 17 p12, July 10 p7) actually was byproduct of EDTV-IDTV system in Japan.

"Panasonic sets don't have this problem," company said in statement. Panasonic has demonstrated 51" projection TV due in Sept., but hasn't yet disclosed price (TVD April 17 p11). "We don't believe there are fundamental weaknesses in the IDTV technology which would cause these problems, but any performance problems would be related to the execution of this technology." Company spokesman said NAB "will be pleased when they get hold of one of our sets."

THOMSON UPGRADES GE TV-VCR LINE: Seeking to overcome GE line's stepchild image, Thomson Consumer Electronics last week formally introduced that brand's long new line of TV and VCRs, topped by such deluxe products as 31" table model, three 27" sets using new VHP picture tube, digital-effects camcorder.

One reason for upgrading was given by TV Product Planning Mgr. Larry Pesce: "We'll sell every TV we can manufacture in the GE brand this year." Particularly capacity-limited is 27" size with new Very High Performance tube -- so company is concentrating on high-end models. "We can't afford to have a low-end 27," he said.

Thomson's market research shows big-screen sets will continue to represent growing percentage of units and dollars, even as total TV growth levels off, Customer Strategy & Analysis Mgr. Sunil Mehrota said. He forecast 1989 color sales at 21.9 million, climbing to 22.5 million next year.

Pricing situation is fluid, Thomson officials indicated, and, although most suggested list prices in new color TV line are unchanged from year ago, they indicated there could be changes -- presumably in either direction -- as selling season progresses. "Everybody's skittish about prices," one said.

GE line has 35 TVs, including special Monogram sheltered retail models. Where comparison is available with line one year ago, suggested list prices are about same, except for \$10 increase in 9" AC-DC. There now are nine 20" models (up from 6 last year), four 26" table models (vs. 3), ten 26" consoles (vs. 8), three 27" at \$699 and \$849, one 31" table model (Matsushita picture tube) at \$1,899, with Hitachi-made 46" projection set at \$2,299, just \$100 less than similar model (with different cabinet) under RCA brand. The 27" and 31" models have S-VHS inputs. Top-end 31" has new 71-button remote control that features channel captioning (NBC, CNN, etc.) and is programmable to control 49 different VCR brands, 29 cable boxes. Unique feature is picture-in-picture control on remote for use with digital VCRs.

VCR deck line also is expanded, now has 12 models, still procured from Matsushita except for low-end Korea-made models. Unusual new model is 2-head VHS Hi-Fi with MTS designed for viewing movies with stereo sound and for converting TV to stereo without major expense; it carries \$499 suggested list, but GE officials aren't sure what its exact price niche will be. Four-head linear and hi-fi stereo models start at \$499 and \$599 respectively, both down \$100 from year earlier. There are no S-VHS models in line, last year's S-VHS Hi-Fi having been dropped.

Last year, consumers paid average of \$1,200 for camcorder, Thomson research showed. This year's GE versions generally run \$100-\$200 cheaper than year ago, sole 6:1 zoom model listing for \$1,049. New at top of line is digital effects version with boost switch that steps up light sensitivity from 3 lux to one lux -- at \$1,899. Like RCA line, GE has no VHS-C models. For model and price details, see separate report elsewhere in this issue.

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Industry consensus now is for 21 million color set sales to dealers this year, up from EIA consensus forecast of 20.4 million in June. We asked manufacturers to estimate color sales in connection with our market share survey (TVD July 24 p11). Responses from brands representing more than 82% of total color sales ranged from 20 to 22 million, with median of 21 million.

COLOR TV, VCR IMPORTS JUMP IN MAY: U.S. continued to import greater number of TV sets and VCR decks in May, as compared with same year-earlier month, Commerce Dept. statistics showed. Color and monochrome TV and VCR deck shipments all rose sharply in month, in part because of resurgence of imports from Japan. Meanwhile, 8mm camcorders gained greater share of total camcorder imports to U.S. in May, accounting for nearly 40% of shipments.

U.S. received 846,800 color sets in May, up 31.1% from May 1988. It was 5th straight monthly increase and 3rd straight exceeding 30%. Monochrome TV shipments gained 27.9% to 280,300, putting TV grand total at 1,127,100, up 30.2% from May 1988. In first 5 months of 1989, color TV imports rose 10.5% to 3,530,300, b&w TVs fell 6.6% to 1,165,900, total TV increased 5.6% to 4,696,200. Current import figures include kits with complete set totals, so we made necessary adjustments in last year's numbers for accurate comparison.

VCR deck exports to U.S. increased 18.5% to 857,400 in month, as all 3 major source countries boosted shipments. Japan rose 8.5% to 563,700, Korea 27.3% to 190,000, Taiwan 6.2% to 56,600. In Jan.-May, deck imports were up 8.5% to 4,573,800, Japanese shipments down 3.7% to 3,109,900, Korean up 42.1% to 1,049,500, Taiwanese up 7.2% to 259,000. Non-Japanese sources accounted for 32% of import total in 5 months, up from 23.4% in same 1988 period.

Camcorder shipments to U.S. totaled 187,000 in May, down from 202,700 in April. Products in 8mm format accounted for 39.7% of total with 74,191, while VHS camcorders totaled 112,800. Share of 8mm camcorder imports has risen steadily through first 5 months: 11.2% in Jan., 24.6% in Feb., 23.8% in March, 31.2% in April. In first 5 months of 1989, camcorder shipments totaled 884,000, with 240,400 (27.2%) in 8mm, 643,617 VHS.

Imports of flat-panel (LCD) TV sets continued to dwindle in May, dropping 86.9% to just 200. For year's first 5 months, flat-panel TV imports were off 55.8% to 7,900. Projection TV imports were at other

extreme, jumping 123.6% to 8,300 in month, 29.8% to 42,200 in 5 months. Videocassette player imports rose 17.1% to 60,000 in May, 66.3% to 319,200 in Jan.-May. Total TV camera shipments fell 28.1% to 33,400, color was down 75.5% to 5,900 and b&w down 22.5% to 27,500. In 5-month period, total cameras dropped 24.4% to 152,100, color was off 44.5% to 30,400, b&w down 16.8% to 121,800.

Shipments of Compact Disc players increased 55.9% to 475,200 in month, with Japan shipping 357,500, Singapore 43,800, Mexico 21,500. In Jan.-May, CD player shipments were up 21.2% to 1,869,900. Japan, Singapore and Korea were leading sources.

GE TV, VCR LINES: Expanded and upgraded GE line, fielded by Thomson (see report elsewhere in this issue), shows prices relatively unchanged from year earlier in TV, steady to down in VCRs and camcorders.

In TV, only noticeable list price change in holdover models is AC-DC 9" model at \$269, up \$10 from last year. AC-only 9" with signal seek tuning continues at \$199. Series of five 13" models now starts at \$219, off \$20 from year ago; leader model is 68-channel keyboard tuned nonremote model; stepup with cable tuning is \$239, followed by 8-function remote at \$259, cable tuning 19-function remote \$289, 25-function remote \$299.

Enlarged 9-model 20" series (up from 6) starts \$40 below last year's leader with noncable version at \$249, cable-compatible models at \$289 and \$299, remotes at \$289, two at \$359, two MTS stereo monitor receivers at \$369; 26" table models, all remote, start at \$469 and \$499, with MTS stereo monitors with different remotes at \$579 and \$599; two 27" S-VHS models with 11-jack monitors and surround sound at \$699; 31" with 71-button remote, 19-jack monitor, S-VHS, is \$1,899.

Consoles begin with nonremote at \$449, stepping to 2 cable remotes at \$479 and 2 at \$549, with 3 stereo monitors (3 jacks) at \$649, versions with 10 and 20 jacks also \$649; 27" S-VHS console with MTS stereo and surround is \$849. Projection set with 46" screen, stereo, is \$2,229.

Enlarged VCR line begins with basic 2-head machine at \$299, with on-screen display, one-month programming models at \$349 and \$359, unified remote model \$349, linear stereo with MTS \$399, new 2-head hi-fi with MTS \$499; first 4-head models \$399, both with unified remote, 8-program model \$429, linear stereo MTS \$499 (down \$100 from comparable model), hi-fi version \$599 (also down \$100), with flying erase \$649.

Camcorders, all full-size VHS, start with basic 6:1 zoom model at \$1,049 (down \$100 from predecessor), with 8:1 model at \$1,149 (down \$200), flying erase \$1,299, two-speed version \$1,349 (down \$200), new digital effects model with 1-lux light boost system \$1,899.

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Olympus adds new VHS full-size model to its camcorder line that already includes Super VHS, VHS and 8mm units. New camcorder, made by Matsushita, has 270,000-pixel 1/2" CCD, 8:1 power zoom lens, 3-lux light sensitivity, 1/1,000-sec. shutter, infrared auto focus. Other features include audio and video dubbing, flying erase head, time-lapse recording. Camcorder weighs 4.2 lb., will be available in fall. Price wasn't announced.

Microwave oven shipments dropped 0.1% to 788,200 in June, after rising 30% to 906,900 in May, AHAM reported. In 1989 first half, shipments were up 10.3% to 5,443,400 and in 2nd quarter rose 11.3% to 2,519,500.

THOMSON'S WIDESCREEN TUBE: What was described as first widescreen TV picture tube designed for advanced consumer receivers was demonstrated in N.Y. by Thomson Consumer Electronics. It was version we previewed 2 months ago at RCA Picture Tube hq in Lancaster, Pa. (TVD June 5 p8). At news conference held by Advanced Compatible TV (ACTV) developers Thomson, NBC and David Sarnoff Research Center, group also announced completion of first cable TV and UHF transmission tests of ACTV signal, said NBC will test ACTV production equipment on upcoming news, sports and cable events.

ACTV consortium has made "extraordinary progress," conference was told by NBC Operations & Technical Services Pres. Michael Sherlock. Thomson Technology & Business Development Senior Vp Joseph Donahue demonstrated RCA 34W" (16x9) tubes with standard NTSC resolution. They will be made at Thomson's Marion, Ind., plant, Donahue said, when there's market demand.

Widescreen tubes will provide level of brightness "much higher than currently found in professional or industrial widescreen monitors," Thomson said. First widescreen sets are expected to be available by 1990 in Europe and Japan, later in U.S. Donahue said first advanced TV sets are likely to cost twice as much as today's comparable size 4x3 receivers.

NBC will begin field testing advanced TV production equipment at network news and sporting events and on cable programs later this year, as part of its development of ACTV system. Among equipment to be tested will be modified widescreen improved-resolution cameras from "Studio of Tomorrow." NBC said ACTV already has been tested over VHF, UHF, cable and satellite transmission methods, and will be tested over microwave facilities in Aug.

Sarnoff Center, former RCA labs, successfully transmitted ACTV signal in both UHF and cable tests, following commercial broadcast of ACTV on "Live at Five" WNBC-TV N.Y. newscast April 20. UHF test was over public TV WNJT (Ch. 52) Trenton, N.J., and cable test with C-COR Electronics system at State College, Pa., and Jerrold Electronics, Hatboro, Pa.

Survey of 200 persons on NBC studio tours in N.Y. revealed that 77% of respondents would buy widescreen TV set rather than conventional set. Of those, 33% said they would be willing to pay 50% more for widescreen set.

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Japan's worldwide TV exports rose 13.5% to 489,000 in June, according to preliminary figures from Finance Ministry. Value of shipments increased 21.8%. VCR exports rose 6.8% to 1,939,000 and value 9.2%. Camcorder shipments were down 13.8% to 40,101, as value fell 12.8%. In first half of 1989, TV exports gained 3.4% to 3,042,000, value 15.5%. VCRs rose 12.9% to 10,975,000, value 11.8%; camcorders increased 4.2% to 237,431, value 5%.

MANUFACTURERS' DAT PLANS: Agreement that could lead to marketing here of digital audio tape (DAT) recorders was greeted warmly by hardware executives who had suffered through years of false starts and delays (see separate story, this issue). They generally praised spirit of cooperation between worldwide recording and electronics industries. Many declared symbolic victory on basis of stipulation in agreement that now allows direct digital copying of Compact Discs.

At same time, none of executives we polled last week could say for certain how rapidly their companies could begin marketing machines equipped with required Serial Copy Management Systems (SCMS) circuit. Although many manufacturers generally were unfamiliar with specific terms of agreement, most agreed that next spring was most likely timetable for first DAT recorders, which are likely to be priced at more than \$1,500. They added that potential success of DAT market in U.S. hinges heavily on potential commitment of record companies to market prerecorded DAT cassettes.

Yamaha Pres. Don Palmquist, chmn. of EIA Audio Div., typified executives who praised "give-and-take shown by both sides in resolving this dispute," adding that he was particularly pleased "as long as this agreement doesn't involve royalties, which, of course, we're opposed to." Noting that Yamaha has been less aggressive than other manufacturers in promoting DAT in Japan and at worldwide trade shows, Palmquist said his company's "real stake" is in laserdisc technologies. "That's why we're pleased that the agreement has implications not only for DAT," said Palmquist, "but also for other technologies down the road" -- apparent reference to working group meetings on recordable and erasable CD alluded to in deal.

Onkyo National Sales & Mktg. Mgr. Ted Green described publicity surrounding announcement of DAT pact as "good opportunity to give the audio industry a shot in the arm" in midst of current summer sales doldrums. Green, whose company was first to showcase DAT prototype at a Consumer Electronics Show back in Jan. 1986 (TVI Jan 13/86 p14), said Onkyo has dispatched management team to parent company office in Japan to take up DAT among other items on 1990 sales agenda. "I can't strategize on a possible DAT launch from Onkyo until I'm sure what they come up with in Japan," said Green. "But I can tell you we're anxious to make machines available, and plan to sell them to all our existing distribution," including power retailers.

Harman Kardon Exec. Vp Tom Jacoby, another potentially aggressive DAT supplier, noted that product introductions "will likely be slower on the uptake than would have normally happened if a DAT launch had taken place in an orderly fashion 3 years ago." Harman Kardon, like other maverick companies, such as Marantz and Teac, actually took orders for DAT product in past but had to suspend rollout when it couldn't obtain parts from Japanese suppliers.

Jacoby said that despite fact that "much of the luster that would have accompanied our product is now gone forever," company remains high on DAT technology and will be meeting with engineers as early as this week to discuss implementation of SCMS circuitry for possible launch. Pending outcome of discussions with engineers, however, Jacoby declined to speculate on possible timetable.

Denon Exec. Vp Robert Heiblim said his company's top priority is to roll out blank DAT cassettes to support possible launch by other manufacturers in first half of 1990. As for hardware availability from Denon, Heiblim said he was

hoping to have \$800 recorder available in time for showcasing at Jan. Consumer Electronics Show, "but it looks like our first machine will be a more expensive model for introduction next spring" at projected price of \$1,500-\$2,000. Added Heiblim: "The important thing to watch is what the record companies do."

CBS Records Market Development Vp Jerry Shulman broke his years of silence on DAT issue by leaving little hope for imminent prerecorded DAT launch by his company. "On the plus side," Shulman said, "we don't face the operational problems going into DAT that we faced with the launch of CD. We now have experience in digitizing the music and don't face the problem of having to train recording engineers and mastering people on the finer aspects of computer technology."

But negative considerations far outweigh positive ones, Shulman said: "The potential for incremental business is much less than it was for CD, and we'll just have to wait and see how demand develops for prerecorded cassettes in the marketplace." At CD's launch, he said, consumers had incentive to duplicate their record collections with technology that was "up and coming" at same time that vinyl LPs were on wane.

"But if we were to offer a prerecorded DAT version of a title currently available on CD, the consumer, by the terms of this agreement, is entitled to do at home what we at CBS could do for him commercially -- make an exact digital copy." As for titles not owned on CD, he said, "we stand the risk of displacing CD sales with DAT when the market potential for the format is anyone's guess right now, and that's not a risk we're willing to take right now." Yet another complication, Shulman said, is that artists' royalties, renegotiated after CD boom, haven't yet been addressed for DAT, and in many cases may involve more negotiation.

JAL BUYS VIDEO WALKMAN: Japan Air Lines passengers will be able to reserve Sony 8mm Video Walkman (VW) with 4" screens along with their seats, starting in Aug. Available on direct flights between Tokyo and N.Y., London, Paris, Frankfurt and Chicago, VW offered by JAL will be "special airline model" designed for playback only, accommodating 2-pin headphones used on airlines and with dual language switch for English or Japanese playback.

The 500 VWs ordered by JAL will be available on first and executive classes on prior reservation basis and will play back movies containing 2 language tracks. Virgin Atlantic Airways and Japan Air System also have adopted VW for passenger service, Sony said, adding that sets will be joined by other airlines in near future.

Highest resolution CCD pickup to date for consumer product is featured on new S-VHS-C camcorder introduced last week in Japan by Toshiba. Half-inch chip has effective resolution of 420,000 pixels. Camcorder, to be marketed Sept. 1 at about \$1,395, has "Clear Color Circuit," combining color and brightness signals to distinguish textures of solid color images. It has 8:1 zoom lens, 4-title capability, 8-speed shutter, will be produced at rate of 8,000 per month. No plans for U.S. marketing were revealed.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 142 yen = \$1, except where noted.

CAUTION ON CHINA: Other Asian countries -- particularly Malaysia, Thailand and Philippines -- appear to be among major beneficiaries of recent turmoil in China. As dust clears, it's becoming evident that foreign joint ventures already in existence there will continue, but those under negotiation are being held up or canceled, and in many cases shelved for enterprises in other developing nations of Asia.

Although concern about stability of Chinese govt. probably is most significant factor in shelving of plans for enterprises there, sanctions voted by both houses of Congress probably will have some effect on American ventures. While bills are slightly different, both would suspend use of U.S. funds to support trade with China, Senate version calling for suspension of satellite exports for launching in China.

Major ventures already in operation will continue, virtually all parties agree. However, grand opening ceremony, scheduled for July, for big color tube venture, Beijing Matsushita (TVD June 26 p15), now is "impossible," Matsushita official in Japan said. "Beijing is under martial law, and the Japanese government urged Japanese to leave the country," he's quoted in Journal of Commerce. "We can't give the project up -- it would violate the contract. But it's dangerous to be there now, and we don't have enough Japanese at the site to keep it on schedule." Tokyo has postponed discussions on \$5.8 billion in development loans to China.

Corning Glass, involved in big color tube complex in Shenzhen, still hasn't determined when its 50 American employees and contractors will return to China. "It's still frozen," spokesman said.

As for ventures that haven't been signed off, most have been postponed or derailed. Motorola has put on hold plans for plants to make semiconductors and mobile radio equipment. AT&T has indefinitely delayed joint venture for making fiber optics in Shanghai. "I don't think you're going to see many major new ventures," said Richard Gillespie, vp of U.S.-China Business Council, which represents 300 American companies with operations in China.

Hong Kong's Starlight Industrial Holdings, which recently established U.S. subsidiary to sell TVs, stereos and telephones (TVD July 17 p18), is delaying for 3 months signing off on deal to develop large industrial site in Guangdong, and is considering manufacturing elsewhere in Asia, China newsletter Electronics said.

Semi-Tech Microelectronics, Canada-Hong Kong venture that has rights to Singer brand name (TVD Feb 6 p13) and is building consumer electronic products in joint ventures with Shenzhen Electronics Group (SEG), has indicated it has shelved new investments in China. S. Korea is understood to have put off indefinitely all plans for investment and cooperation with China, although existing ventures -- including Goldstar color TV and Samsung boombox plants -- will continue. Integrated Display Technology, Hong Kong, reportedly has postponed plan to expand LCD production in China, and consortium of score of Taiwan manufacturers, Guoqiao Computer Co., is said to have dropped plans for software venture in China and is drawing up new blueprint centering on facilities in Philippines and U.S.

China's State Statistical Bureau, meanwhile, reported that May-June upheaval cost \$800 million in financial losses to country's industrial production.

DESKTOP CD PRODUCTION: Yamaha has teamed with professional audio supplier Fostex to begin marketing 2-piece desktop mastering system worldwide, according to our affiliated newsletter Audio Week. System enables users to move small-scale production of Compact Discs in-house at relatively low cost.

System is tandem of Yamaha's write-once Programmable Disc System (PDS) introduced last fall in Japan and new professional digital audio tape (DAT) recorder, model D-201, developed by Fostex. Yamaha's Tokyo-based Audio-Video OEM Div. owns product's marketing rights and has appointed Japan Interactive Media (JIM) -- joint venture of Yamaha, Pony Canyon and Dutch Polygram International (Philips) -- as sole distributor in Japanese market.

Yamaha plans to market same system in U.S. and Europe in fall, but has yet to choose licensee. U.S. and European license for PDS recorder alone is held by Datalink, Minneapolis-based computer systems company that took delivery of PDS in spring and plans to market it for CD-I and CD-ROM applications. Datalink is leading contender to take on U.S. license for Yamaha-Fostex CD mastering system, spokesman said. System will be sold beginning this fall to broadcast stations, recording studios and other commercial users for making limited in-house runs of write-once CDs.

Tandem sells now for about \$27,000 in Japan and will be targeted to identical audience envisioned by START Lab, joint CD-Recordable venture recently established by Sony and Taiyo Yuden (TVD June 19 p13). Blank Fuji-made discs compatible with PDS currently sell for \$80 apiece, said spokesman, who predicted price will drop to about \$50 within 3 months and to \$30 3 months thereafter. By comparison, START is charging users in Japan \$27 per disc for run of 30 units containing 30 min. or less of music, or \$30 apiece for discs of up to 60 min. Competitive advantage of PDS-D201 in U.S. is that fall stateside introduction is slated, while START executives have alluded only vaguely to possible future introduction in overseas markets.

Matching of DAT recorder with PDS permits custom production of short runs of CDs directly off DAT master. D-201, which subscribes to present DAT standards and is equipped with digital interface and digital in and out terminals, replaces 3/4" U-Matic tape as master, eliminating need for costly PCM recorder and processor. Yamaha estimates D-201-PDS system cost of as low as \$27,000, compared with \$70,500 for U-Matic-based ensemble.

Meanwhile, Datalink's CD-I authoring systems, introduced in Feb., are selling at 10% above projections, spokesman said. Company is marketing system directly to CD-I title developers in U.S. and Europe. First consumer CD-I players aren't expected until 1990-1991.

Panasonic showroom, devoted primarily to office products, was opened last week at 300 Park Ave., N.Y. by Panasonic Communications & Systems Co. The 6,000-sq.-ft. area offers demonstrations and hands-on operation of variety of products, including personal computers, copiers, fax machines, printers, laser disc recording and storage devices, video cameras, recorders, monitors, editing equipment, CCTV, cellular phones, broadcast equipment, HDTV. "Every product on display is available for interactive consumer demonstrations," Panasonic said, "and all visitors are encouraged to look and touch." Opening is reminiscent of days when virtually all major TV manufacturers had nonselling N.Y. showrooms.

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
Andrea Radio			
1989-6 mo. to June 30	1,950,546	133,267	.26
1988-6 mo. to June 30	1,993,283	132,624	.26
1989-qtr. to June 30	1,092,471	53,172	.10
1988-qtr. to June 30	1,025,790	63,776	.12
A. H. Belo			
1989-6 mo. to June 30	200,327,000	12,039,000	.59
1988-6 mo. to June 30	188,566,000	6,961,000	.35
1989-qtr. to June 30	109,277,000	9,654,000	.48
1988-qtr. to June 30	101,233,000	6,065,000	.30
Best Buy			
1989-qtr. to June 30	107,160,000	(1,247,000)	—
1988-qtr. to June 30	111,780,000	(234,000)	—
Capital Cities/ABC			
1989-26 wk. to July 2	2,346,940,000	222,926,000	12.40
1988-26 wk. to July 3	2,448,293,000	184,231,000	10.93
1989-13 wk. to July 2	1,226,499,000	140,153,000	7.83
1988-13 wk. to July 3	1,159,486,000	113,886,000	6.78
Chris-Craft Industries			
1989-6 mo. to June 30	129,927,000	4,722,000	.18
1988-6 mo. to June 30	120,587,000	9,202,000	.38 ^a
1989-qtr. to June 30	71,111,000	3,467,000	.14
1988-qtr. to June 30	67,500,000	7,117,000	.29 ^a
CTS			
1989-26 wk. to July 2	138,646,000	7,731,000	1.42
1988-26 wk. to July 3	143,628,000	6,930,000	1.24
1989-13 wk. to July 2	70,748,000	3,933,000	.72
1988-13 wk. to July 3	71,391,000	3,429,000	.61
Emerson Radio			
1989-qtr. to June 30	221,196,000	3,507,000	.10
1988-qtr. to June 30	163,356,000	1,313,000	.04 ^b
Heritage Media			
1989-6 mo. to June 30	62,790,000	(15,927,000)	— ^c
1988-6 mo. to June 30	21,244,000	(7,452,000)	—
1989-qtr. to June 30	42,029,000	(9,246,000)	— ^c
1988-qtr. to June 30	11,585,000	(2,658,000)	—
Knight-Ridder			
1989-6 mo. to June 30	1,119,444,000	147,342,000	2.82 ^b
1988-6 mo. to June 30	1,005,555,000	78,793,000	1.37 ^d
1989-qtr. to June 30	578,700,000	126,853,000	2.44 ^b
1988-qtr. to June 30	515,890,000	44,998,000	.78 ^d
Lee Enterprises			
1989-9 mo. to June 30	201,955,000	28,447,000	1.14
1988-9 mo. to June 30	188,741,000	26,884,000	1.07
1989-qtr. to June 30	69,382,000	11,047,000	.44
1988-qtr. to June 30	64,758,000	10,655,000	.42
M/A-Com			
1989-39 wk. to July 1	305,809,000	7,698,000	.31
1988-39 wk. to July 2	321,272,000	13,664,000	.47
1989-13 wk. to July 1	102,275,000	2,012,000	.08
1988-13 wk. to July 2	101,065,000	4,290,000	.16
Meredith			
1989-year to June 30	791,984,000	33,154,000	1.75
1988-year to June 30	678,489,000	47,367,000	2.48 ^b
1989-qtr. to June 30	208,905,000	7,395,000	.40
1988-qtr. to June 30	194,118,000	6,738,000	.35
Sanyo^e			
1989-6 mo. to May 31	4,564,599,000	39,141,000	—
1988-6 mo. to May 31	4,285,211,000	5,408,000	—
Tektronix			
1989-year to May 27	1,432,996,000	18,905,000	.66
1988-year to May 30	1,411,864,000	(16,667,000)	— ^c
1989-12 wk. to May 27	361,649,000	(2,126,000)	—
1988-12 wk. to May 30	361,145,000	(17,070,000)	—
Texas Instruments			
1989-6 mo. to June 30	3,124,600,000	190,800,000	2.04
1988-6 mo. to June 30	3,025,300,000	177,300,000	1.97
1989-qtr. to June 30	1,563,500,000	106,100,000	1.14
1988-qtr. to June 30	1,558,000,000	91,800,000	1.02

Company & Period	Revenues	Net Earnings	Per Share
Times Mirror			
1989-6 mo. to June 30	1,700,000,000	153,800,000	1.19
1988-6 mo. to June 30	1,600,000,000	154,100,000	1.20
1989-qtr. to June 30	861,300,000	85,000,000	.66
1988-qtr. to June 30	818,100,000	79,000,000	.62
United TV			
1989-6 mo. to June 30	51,809,000	852,000	.08
1988-6 mo. to June 30	49,748,000	1,213,000	.11
1989-qtr. to June 30	28,554,000	1,557,000	.14
1988-qtr. to June 30	27,896,000	2,489,000	.23
Walt Disney			
1989-9 mo. to June 30	3,249,053,000	490,602,000	3.56
1988-9 mo. to June 30	2,424,745,000	385,621,000	2.81
1989-qtr. to June 30	1,167,606,000	193,295,000	1.40
1988-qtr. to June 30	915,657,000	165,039,000	1.20
Washington Post			
1989-26 wk. to July 2	716,334,000	101,986,000	7.94
1988-26 wk. to July 3	667,485,000	194,124,000	15.08 ^b
1989-13 wk. to July 2	374,457,000	60,486,000	4.72
1988-13 wk. to July 3	346,249,000	49,305,000	3.83
Wells-Gardner			
1989-6 mo. to June 30	19,384,000	184,000	.05
1988-6 mo. to June 30	16,048,000	559,000	.15
1989-qtr. to June 30	9,264,000	1,000	—
1988-qtr. to June 30	9,819,000	473,000	.13

Notes: ^aRestated; adjusted. ^bIncludes special credit. ^cAfter special charge. ^dRestated. ^eAt rate of 142 yen=\$1.

Consumer Electronics Personals

Changes at Zenith: Kell Benson, vp-controller, named finance vp-chief financial officer; Willard McNitt, ex-Gould, joins as staff vp-treasurer... Vernon Moore resigns as CEO, Amstrad Inc., U.S. unit of U.K. personal computer maker... Jerry Rutenbur resigns as HBO Video senior vp, returning to Seattle as Nintendo vp in charge of undisclosed new product category; he's succeeded at HBO Video by Bill Polich; HBO Video Senior Mktg. Vp Eric Kessler promoted to pres.-CEO to replace Pres. Curt Viebranz, who becomes pres.-CEO of Time-Life Books Europe Sept. 1... Akihiko Itoh, Ricoh Business Machines pres., named Ricoh System Products Business pres., succeeding Akira Suzuki, who returns to parent in Japan as Reprographics Products Div. gen. mgr.

Hilary Rosen promoted to senior vp, govt. and business affairs, RIAA... Turner Hasty, acting COO, designated COO, Sematech chip consortium... Arnold Allen retires Sept. 1 as pres.-COO, Richardson Electronics (tubes and semiconductors), continues as dir. and consultant; Edward Richardson, chmn.-CEO, assumes Allen's responsibilities... Mark Gilula, ex-KVC Home Video and Media Home Entertainment, joins Wood Knapp Video as senior sales and mktg. vp... Fredrik Endemann resigns as Baker & Taylor Video vp-merchandising services gen. mgr. to pursue other options; he can be reached at 312-251-4458... Filmmaker Steven Spielberg to be honored by VSDA as "man of the decade" at convention in Las Vegas.

State of laserdisc market, based on projections by Image Entertainment in 10K filing: (1) Player population will grow 40% this year to 280,000 from 200,000 last year, 50% next year to 420,000. (2) Industrywide laserdisc wholesale revenues will increase 60% in 1989 to \$40 million from \$25 million, 75% to \$70 million in 1990. (3) About 1,400 titles will be released on laserdisc in 1990, compared with 900 in 1989, 500 in 1988. Image said in filing it's seeking foreign as well as domestic disc distribution rights, plans to launch own interactive video label in fall, hopes to acquire disc rights to films before production starts.