

TELEVISION DIGEST®

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

With Consumer Electronics

FEBRUARY 3, 1992

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VOL. 32, NO. 5

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SENATE OKAYS S-12 ON 73-18 VOTE: Senate overwhelmingly approved cable regulation bill (S-12) Jan. 31, as expected, despite threat of veto and bid to weaken it with substitute. Broadcasters and consumer groups celebrated 73-18 vote on final bill, but cable interests took heart from 37 senators, including 5 Commerce Committee members who originally backed S-12, who voted to support less-regulatory substitute version. As result of vote, House Telecom Subcommittee Chmn. Markey (D-Mass.) said he will schedule markup of House bill in 4-6 weeks.

Final vote was called veto-proof by EIA and others, which said it would give strong momentum to House bill. NAB Exec. Vp James May predicted legislation is likely to go to President Bush in late summer/early fall, at start of Presidential campaign that's likely to focus on consumer and economic issues, so it would be difficult for Bush to veto it. Even if he did, May said, "if the best they could do in January was 18 votes [against S-12], they don't have a prayer in August."

However, cable industry officials said vote on substitute was more important, and more than enough senators supported it to indicate Senate could sustain veto. Vote on substitute was 35-54 (with 34 needed to uphold promised Presidential veto), but 2 other senators used parliamentary procedure to withhold votes after casting them for substitute. In addition, Sen. Cranston (D-Cal.) spoke for substitute but wasn't present

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1992 IN HOT START -- at least on paper -- with all product sales up substantially over 1991 in first 2 weeks, partly due to change in EIA calendar. (P. 9)

LASERDISC PLAYER SALES to dealers close to 250,000 in 1991 indicated by EIA in official figures for 11 months, exceeding most proponents' estimates. (P. 9)

2/3 OF CAMCORDER SALES last year were compacts, according to EIA data. We estimate 43% of total were 8mm, 32% full-size VHS, 25% VHS-C. (P. 10)

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ANTISCRAMBLING BILL attached as amendment to Cable Bill, passed by Senate. Future in doubt. EIA calls it 'great success' for consumer electronics. (P. 12)

MACY'S BANKRUPTCY FILING shows Sony as largest trade creditor by large margin, with total of \$16.4 million. (P. 13)

for vote and Sen. DeConcini (D-Ariz.), chmn. of Senate Copyright Subcommittee, voted against S-12 itself, as well as against substitute.

Support for substitute "means we will live to fight another day," NCTA Pres. James Mooney said. "This thing has a long way yet to go, including a potential veto." CATA Pres. Stephen Effros discounted significance of final vote: "The 73-18 was a free vote. The real vote was on the substitute. That means there are sufficient number of senators who are uncomfortable with the draconian approach [of S-12] so it is less likely to finally pass in this form." Effros predicted vote on substitute "will send a significant message to both the House of Representatives and the Administration." Markey, however, said Senate vote means prospects for cable legislation this year are "excellent," particularly since House passed its own bill in 1990.

Administration "strongly opposes" S-12 but supported substitute with modifications, it said in official statement. Statement warns directly of veto of original S-12 and was read by some saying that Administration would veto even substitute if it were approved by Congress. Substitute would eliminate or significantly modify many "highly regulatory provisions of S-12," policy statement said, but "the Administration wishes to work with the Congress to modify or eliminate some troublesome provisions" that would remain even in substitute. It cited lack of provision for telco entry, reimposition of must-carry, mandatory rate regulation, narrow definition of effective competition, administrative burden on FCC.

White House said S-12 "would impose unnecessary regulation" and "does not sufficiently emphasize competitive principles." It said expanded rate regulation would hamper development of new services and slow expansion of cable to unserved areas. Current laws are adequate to solve most problems addressed by S-12, Administration said, and FCC can expand rate regulation by redefining effective competition. Antitrust laws are adequate to police abuses and control excessive concentration of cable ownership, White House said, and FCC could adopt ownership rules if necessary. Administration also attacked program access provisions as disincentive to invest in new programming. Must-carry "would raise serious First Amendment questions," statement said, although White House supports retransmission consent without must-carry and if compulsory license is repealed. Administration said cable systems shouldn't have to carry broadcast stations "regardless of whether such inclusion reflects the desires and tastes of cable subscribers."

Basics of bill approved Jan. 31 were largely unchanged from version that came out of Commerce Committee. Measure would require FCC to set basic cable rate regulations applying to all systems without multichannel competitor. It defines basic cable as lowest-cost service purchased by at least 30% of customers. S-12 would require MSO-owned cable networks to sell programming to wireless cable, satellite program packagers, others. It retains must-carry and retransmission consent.

Broadcasters are "especially pleased" that vast majority of senators voted for must-carry and retransmission consent, which were included in S-12 and in substitute, NAB Pres. Edward Fritts said. APTS also applauded retention of must-carry. But issue isn't finished in Senate. DeConcini said his Copyright Subcommittee plans compulsory license hearings in March, with any S-12 conflicts to be resolved in House-Senate conference. MPAA Pres. Jack Valenti said hearings are "absolutely necessary since it is plain and clear that retransmission consent and the compulsory license cannot co-exist."

Senate approved amendment by Communications Subcommittee Chmn. Inouye (D-Hawaii) that would prohibit passing through retransmission consent costs to consumers. He said it's "disingenuous" for cable to claim consent would add 20% to cable bills. Some of most heated debate involved must-carry for stations carrying shopping and infomercials. Amendment to deny must-carry to shopping stations was adopted on voice vote.

Program access provisions drew much of fire during Senate debate, which was spread over 4 days last week (debate was delayed by eye injury suffered by Sen. Packwood [R-Ore.], sponsor of substitute -- cornea scratch by contact lens). Packwood said S-12's program access provision is "like saying that NBC must sell the Cosby Show to CBS and ABC." Sen. Gore (D-Tenn.) called program access most important part of bill because without it new technologies such as wireless cable, satellite dishes and DBS would be "smothered in the crib." He said vote for substitute is "a vote against competition and a vote to increase the stranglehold of companies like TCI."

Rate regulation provisions are way to protect broadcasters, not to protect consumers, opponents said. Sen. Wirth (D-Colo.) said broadcasters were backing bill to hold down cable rates in order to limit amount cable could spend on programming that competes with broadcast: "It's a frontal attack on competition in the industry." Discovery Channel Chmn. John Hendricks said S-12 limits on rates would force cable networks to freeze their production budgets for existing networks "and we can't even think about new channels." S-12 is

unconstitutional, claimed Sen. Stevens (R-Alaska), a co-sponsor of substitute. He said limits on cable rates, for example, would put limits on protected free speech: "This bill is subject to serious attack on constitutional grounds. I can't believe that we would pass an unconstitutional act that is destined for a veto."

One part of substitute bill was approved by Senate on voice vote. S-12 sponsors introduced amendment to own bill adding substitute's provisions increasing rural exemption for telco entry in areas with 10,000 population, making it clear that municipalities can operate cable systems and forbidding exclusive franchises. "The substitute has a few good features that would modestly increase competition," said Sen. Gorton (R-Wash.), who introduced amendment.

Amendments to limit cable indecency introduced by Sens. Helms (R-N.C.), Fowler (D-Ga.) and Thurmond (R-S.C.) were approved. Helms amendments would: (1) Allow cable operators to refuse to carry indecent programs on leased access channels; they're now required to sell time to anyone. If they do carry it, operator must block channel unless subscriber asks in writing that it be available. (2) Require any channels carrying R- or X-rated shows to notify customers of "free weekend" promotions 6 months in advance and block program from those that request blocking. Senate also approved on voice vote amendment by Sen. Fowler (D-Ga.) that would allow cable operators to prohibit sexually explicit programs and ads for such things as escort services on public access channels. Thurmond amendment expressed "sense of Congress" that TV broadcast networks should beef up standards and practices departments to head off indecent programming. Senate rejected proposal to give cable option to add A/B switch instead of mandating must-carry. Inouye said that it would cost \$1.5 billion to provide A/B switches for all cable customers, that current remote-controlled A/B switches don't work and that most cable customers no longer have TV antennas.

Other amendments approved on voice vote included: (1) Amendment clarifying that S-12 would not give cable systems exemption from antitrust rules. (2) Amendment requiring study of impact of S-12 on employment, international trade, municipal expenses. (3) "Sense of the Senate" amendment asking that broadcasters and cable adopt voluntary guidelines limiting violence in ads during "prime viewing hours." (4) By Inouye to require closed-captioning on cable. (5) By Sen. Pressler (R-S.D.) to require that 4-7% of direct broadcast satellite capacity be available for public interest uses on reasonable terms. (6) By Sen. Leahy (D-Vt.) that would require increased compatibility between cable and cable-ready TV sets and VCRs (see separate story this issue). (7) By Gorton that would ban cable use of negative option, such as is used by TCI to market Encore, to sell program services, and would provide new guarantees of subscriber privacy. (8) By Sen. Lott (R-Miss.) that would allow cable systems to itemize franchise fees and other costs on cable bill. (9) By Inouye to encourage carriage of minority programming.

BUSH GOAL--REDUCE GOVT. REGULATION: Stating that "excessive regulation and red tape have imposed an enormous burden on our economy," President Bush last week directed 25 department and agency heads (including FCC Chmn. Sikes) to do something about it in next 90 days, starting Jan. 28. He told them to "weed out unnecessary and burdensome government regulations which impose needless costs on consumers and substantially impede economic growth. We must be constantly vigilant to avoid unnecessary regulation..."

Bush didn't mention any specific area, but senior White House aide said a major target is telecommunications. President told agency heads that regulatory programs that may have been justified when adopted "often fail to keep pace with important innovations. New technologies and markets can quickly make existing rules obsolete [and] often impose unnecessary constraints on emerging technologies." He said govt. isn't doing "nearly enough to review and revise existing programs." In next 90 days, "agency resources should, to the maximum extent possible, be devoted to these efforts":

(1) Identify each regulation and program that imposes substantial cost on economy. Regulations should incorporate "market mechanisms to the maximum extent possible" and should be drafted to "provide clarity and certainty to the regulated community" and to avoid "needless litigation." (2) Repeal and/or change "to the maximum extent permitted by law" regulations that don't meet first criterion. "You should carefully order your agency's regulatory priorities to ensure that programs imposing the largest unnecessary burden are the first to be revised or eliminated." (3) Designate senior official at each agency to serve as "permanent regulatory oversight official." (4) Refrain, "to the maximum extent permitted by law," from issuing any proposed or final rule during 90-day moratorium announced in State of the Union address (TVD Jan 27 p5). In memo, Bush said moratorium on new regulations "will ensure that... agency resources are devoted to reducing the regulatory burden on the economy."

At end of 90 days, each agency is directed to submit written report to White House specifying regulatory changes recommended or made, along with potential savings to economy. Report also is to include summary of rules and regulations remaining in place with explanation of how they're consistent with (1) above. Said Bush: "I am confident that, with your help, the Executive Branch can do much to create conditions conducive to a healthy and robust economy."

As expected, Bush announced his moratorium in State of the Union address. Agency heads (except for FCC Chmn. Sikes, who was on luncheon dais with President at National Religious Bcstrs.) were briefed on moratorium by White House on Jan. 28 and Sikes was to have had his own session next day but that was canceled. He left Jan. 30 for week in Davos, Switzerland, to participate in World Economic Forum. Sikes started ball rolling at FCC before getting memorandum from Bush. In Jan. 21 memo to other commissioners, he asked for their help on review of regulations, concentrating on those less known. FCC bureau and office chiefs will meet this week to make recommendations on what steps agency can take on its own as result of memos from President and Sikes.

Meanwhile, in Jan. 29 memo, Mass Media Bureau Chief Roy Stewart told commissioners that small radio stations, "the bulk of the industry," are in "profound financial distress" today. He said traditional concerns -- economic concentration and diversity -- that caused Commission to restrict number of stations single licensee could own (now 12 TVs, 12 AMs, 12 FM's) "appear largely unjustified in 1992... The Bureau believes the Commission faces an extra burden today in assessing what public interest is served by ownership restrictions that plainly exacerbate the economic problems plaguing the industry." In 18-page memo, plus 2-page summary, Stewart told commissioners that "radio today is a world of large haves and little have-nots." He said 50 top-grossing stations accounted for 11% of all industry revenues and 50% of profits in 1990. In that year, at least half of more than 10,000 radio stations lost money, "primarily stations doing less than \$1 million in revenue." As result of economic pressures, he said, 153 radio stations went silent in 1991 and total of 287 currently are off air.

Trends that led Commission to increase station ownership limits in 1984 from 7-7-7 "have only become more pronounced since that time," Stewart said. As for concentration, he said, radio "has been and remains an extremely fragmented business." It receives only 7% of total ad dollars and 18% of local ad spending, making it "a small fragmented fish in a vast media pond." Pointing to radio diversity and "explosion of formats," Stewart said there's no reason to believe that increased group ownership "will threaten this diversity or quality. Indeed, much evidence suggests that groups have used the benefits of scale to enhance both." Large groups, he said, give their managers autonomy and air more public affairs and news than single-owner stations or smaller groups: "In other media... economic scale is precisely what underwrites the quality we cherish... It seems ironic that while no one calls for the dismantling of these 'hard news' outlets [newspapers] because they are 'too big,' some still balk at allowing greater scale in radio."

Stewart made no recommendations for action to commissioners, saying Bureau is preparing "options to deliver shortly for your consideration." But, he said, "the facts suggest it is time to consider a substantial revision" in radio regulations.

Network TV Assn. (NTA) last week sent 16-min. videotape to 3,000 ad executives urging them not to pull TV spots during telecasts of wars, tragedies or other controversial events. In "Advertising During Times of Crisis," NTA members ABC, NBC and CBS argue that there are huge audiences during such telecasts and that viewers don't object to commercials. Crises "captivate people," said NBC News Vp Don Browne. "That's an excellent environment for an advertiser to be in." Executives of ABC and CBS News also made statements on tape. NTA used study by Bruskin, which interviewed more than 1,000 adults, to show that 70% of viewers support advertising during coverage of such events as Gulf War. At that time, as well as during such events as coverage of hearings on Clarence Thomas nomination to U.S. Supreme Court and San Francisco earthquake, many companies canceled scheduled ads.

Gillett Holdings Inc. (GHI), now under Chapter 11 bankruptcy protection, will file in court Feb. 4 reorganization plan that reportedly has support of GHI bondholders and creditors. George Gillett is expected to reduce size of his holdings considerably.

U.S. delegation to WARC that begins this week in Spain is hoping that other nations will be flexible on spectrum assignments, said Jan Baran, head of American group. U.S. proposals include: (1) Worldwide allocation in 2310-2360 MHz for broadcast satellite sound service and complementary terrestrial sound broadcasting. (2) Authorization of bands at 12 GHz for HDTV satellite service in Western Hemisphere, with potential for additional bands at 17 and 25 GHz. (3) Increase of 1325 kHz in Western Hemisphere for shortwave broadcasting in bands above 5730 kHz. Baran said U.S. has received "expressions of relief" from Japan and Europe for its digital radio proposal in 2300 MHz band because U.S. position is closer to those nations' proposals for designating 2500 MHz band for service vs. those by Canada and Mexico for L-band allocation in 1500 MHz range.

FCC amended its new political rules on broadcasting and cable (TVD Dec 16 p1) to delete phrase "or political advertisement" in definition of "use" by candidates. Definition now reads: "The term 'use' means candidate appearance (including by voice or picture)."

HDTV SCHEDULE CRITICIZED: There's "serious conflict" between HDTV schedule proposed by FCC (TVD Dec 23 p2) and "implementation realities," according to tentative conclusions by Transition Scenarios Working Party of FCC's Advanced TV Advisory Committee. Group said short schedule will increase capital demands, negate expected equipment cost reductions later in product cycle and force stations to choose between risk and cost of early HDTV application and possibility of receiving inferior HDTV channel later. Meanwhile, committee certified HDTV system proposed by consortium of Thomson, Philips, David Sarnoff Research Lab, NBC.

Conclusions won't be final until adopted by full Committee March 24, but transition group said in report that FCC implementation schedule isn't consistent with phased adoption of HDTV preferred by broadcasters. Survey of TV station group owners indicated that about 50% of stations will be able to pass through HDTV signal within 5-year period specified by FCC. Advisory group suggested that FCC consider granting extensions to stations that apply early for HDTV channel. About 2/3 of respondents (representing 260 stations) said they will begin HDTV transition in first 3 years after standard is set. They said they will be able to pass through network's HDTV signal within 1-1/2 to 2 years after transition start. There's no significant schedule variation between large and small stations, survey indicated, and those in larger cities may not be able to meet FCC timetable "no matter how hard they try."

Adequate technical information on winning HDTV system is "the most crucial element" in implementation process, report said. Chmn. Merrill Weiss said "very detailed" information is "an absolute necessity" to make sure manufacturers can build HDTV equipment quickly enough to meet FCC deadlines. He said proponent might have to invest millions of dollars to provide information, and would make investment only after system is selected.

Meanwhile, Paramount said FCC should use HDTV to eliminate broadcast coverage disparity between VHF and UHF stations. Paramount, which owns 6 UHF's, said in comments that HDTV could offer same coverage area for UHF and VHF, and that it would be mistake to assign HDTV coverage areas based on technical limits of UHF.

Advanced Digital HDTV (AD-HDTV) developed by consortium claims lower interference and more interoperability than other systems. AD-HDTV is "practical right away for broadcasters," said NBC Operations Pres. Michael Sherlock. He said its Motion Picture Experts Group (MPEG) compatibility and lower interference levels would allow "smooth implementation" of AD-HDTV. Interference between HDTV and NTSC is reduced by lowering power levels and data carriage in frequencies that carry most NTSC signals, so-called "notch" effect, said James Carnes, pres. of Sarnoff Lab. High-priority data for AD-HDTV are carried in low end of each TV channel, in area protected by already existing NTSC filters, he said.

Dual nature of AD-HDTV signal will allow lower cost low-end HDTV receivers (see separate story this issue), officials said. For example, Philips Labs Pres. Peter Bingham said that dual signal would allow manufacturers to build both low-cost set (probably only in smaller sizes) that receives and processes only high-priority data, as well as full-cost set that gets full HDTV quality.

AD-HDTV developers also touted flexibility of their system, which allows data to be allocated dynamically to

video, sound, data, other uses. Developers said AD-HDTV also can handle both progressive and interlaced scanning and both square and rectangular pixels. AD-HDTV also would allow "graceful degradation" of HDTV signal, rather than "cliff effect" of some other HDTV proponents, they said. Thomson Senior Vp Joseph Donahue said full-quality AD-HDTV signal will reach at least as far as point where other systems' signals become completely unwatchable (cliff effect), then lower quality AD-HDTV signal carried by lower frequency signal will allow lower quality picture to be viewable further distance.

FCC Chmn. Sikes, in op-ed column in Jan. 27 USA Today: "Television news should not necessarily mirror the newspaper.... One of this nation's great strengths is that in addition to practicing free speech we protect pluralism [as] a valuable check on ignorance and arrogance. Pluralism, not the FCC, should be the nation's protector. There should, however, be sobering and instructive understanding on the part of television executives that the most compelling news source today is television. To the extent television operates more like film, it simply won't get it right. Our knowledge should not hinge on whether there are interesting visuals or how they are used... Unfortunately, too often the reality is that interesting visuals characterized by attractive people becomes reality." FCC spokeswoman said Sikes wrote article "because he wanted to do it."

Majority of religious broadcasters are "responsible and should be respected," Roy Stewart, chief, FCC Mass Media Bureau told FCC panel moderated by ex-FCC Chmn. Richard Wiley at National Religious Bcstrs. convention Jan. 28 in Washington. Comment came in response to question from Wiley about recent ABC Primetime Live piece on fraudulent fund-raising methods of some religious broadcasters. Stewart said this type of fraud is "very serious matter" and broadcasters should expect "much more enforcement-minded Commission." However, he said 2 of 3 broadcasters profiled in report weren't NRB members and 3rd wasn't certified by NRB's Ethics & Financial Integrity Commission. He called on group to exercise "self-policing."

Disney Co. and Fox TV have agreed to co-exist in children's TV market during afternoon fringe time, and as result Disney has withdrawn antitrust suit against Fox. Suit was filed in Feb. 1990 in U.S. Dist. Court, L.A., with Disney accusing Fox of pressuring its affiliates not to carry Disney Afternoon children's bloc during time period that Fox was sending affiliates its own animated kid shows. Said Disney Studios Pres. Richard Frank: "It is time to put this conflict behind us and focus on the good and long-standing relationships that have existed between Fox and Disney." Said Fox Bestg. Pres. Jamie Kellner: "We are very happy at Disney's statesmanlike decision to end this litigation."

NAB board member Bayard Walters, Cromwell Group, has entered race for radio chmn., as expected (TVD Jan 20 p1). At recent NAB board meetings in La Quinta, Cal., about 20 radio board members met outside aegis of NAB in successful effort to convince Walters to run against Wayne Vriesman, Tribune Bestg. In letter to radio dirs. seeking their support, Walters pointed out that many of "the things we face today were topics of NAB concern and action" when he previously served on radio board (1984-1988). "I bring that history and perspective that should help on the Executive Committee."

\$153.3 MILLION FOR FCC: FCC would receive \$153.3 million in \$1.52 trillion budget request for fiscal 1993 (starting Oct. 1) sent to Congress by President Bush Jan. 29. FCC figure is up from \$126.9 million projected for current fiscal year (Senate hasn't yet passed authorization bill for 1992 budget), \$118.3 million in fiscal 1991. Under Administration request, USIA would receive \$1.14 billion, up from \$1.08 billion; CPB \$275 million; NTIA \$21.8 million. Increase for FCC would go toward salaries (agency will be authorized 1,778 fulltime employees, same as current year), fixed cost increases, modernization, ISM computer information program.

Because of earlier legislation, FCC would be prohibited from using any funds from new budget to repeal or change its rules on comparative licensing, distress sales, tax certificates, changing rules on minority and women's ownership of stations and reduction in number of VHF allocations for noncommercial stations, and would be required to assess fees sufficient to recover cost of processing applications. Budget calls for FCC to spend \$84.1 million for salaries of fulltime employees, \$2 million for "other than fulltime," \$1.2 million in "other personnel compensation," \$16.1 million in personnel benefits, \$1.2 million for travel, \$13.4 million for rent, and sum not to exceed \$4,000 for "official reception and representation expenses."

FCC announced Jan. 30 where extra \$27 million it's requesting will be spent -- if Congress agrees to increase. Commission said boost is necessary to accomplish 2 major initiatives planned for fiscal 1993: (1) \$14.3 million for consolidation of its hq into single building (TVD Jan 20 p4). (2) \$7.4 million for information systems modernization (ISM), announced last fall. (3) \$5.3 million for "uncontrollable cost increases" (\$5.2 million) and replacement of monitoring vehicles (\$100,000). Commission said ISM computer program will "allow increases in productivity and improved speeds of service with the existing staffing levels." It also will provide public with "substantially greater access" to FCC data, agency said. Commission said it continues to support new user fees to recover operational costs.

USIA would receive \$35 million for TV Marti and Radio Marti (down \$2 million), \$106 million for construction of new facilities. Latter include modernization of VOA facilities, upgrading of existing relay stations and completion of 2 "high-priority" shortwave stations in Middle East and W. Africa.

NTIA funding would rise 24% to \$21.82 million. However, for 9th straight year, Republican Administration recommended no funding for NTIA-administered Public Telecommunications Facilities Grant program (it has been added each year by Congress). Bush also didn't seek additional support for NTIA-administered National Endowment for Children's Educational TV, which currently has about \$2 million in unexpended FY 1992 funds. FTC would get \$87.4 million, up from \$82.5 million, with \$32.6 million allocated toward maintaining competition, \$44.6 million for consumer protection.

Bush recommended level \$275-million appropriation for CPB in FY 1995 (funded 2 years in advance under forward funding), although that's \$15 million more than he recommended last year. He also proposed essentially status quo \$18.41-million support for Star Schools distance learning program, for which he had sought only \$10 million last year. Budget would require that \$10.37 million of Star Schools' support be expended on 4 projects: (1) \$4 million for demonstration of statewide 2-way interactive fiber

telecommunications network that would transmit voice, video, data. Project, which would be awarded competitively, would have "a point of presence in every county." (2) \$4.23 million for "educational partnerships." (3) Nearly \$1.77 million for "territorial teacher training." (4) \$370,000 for Leadership in Educational Administration program. Bush requested \$24 million for Education Secy.'s Fund for Innovation in Education -- \$3 million less than last year -- including \$6 million for unspecified high-technology demonstration grant.

Copyright Royalty Tribunal would get 9% spending boost to \$944,000, according to budget, with \$802,000 (up from \$735,000) to be derived from fee collections.

Saying that "Hollywood simply must stop glorifying evil," Cardinal Roger Mahony has called for new ratings code for movies and TV programs. Mahony, head of L.A. Archdiocese, said public "has a right to decency on movie screens and on our public airwaves." He was scheduled to outline plan at Feb. 1 meeting of Knights of Columbus and Archdiocesan Commission on Obscenity & Pornography. New code isn't designed to replace U.S. Catholic Conference movie and TV rating system, which gives an "O" to programming found "morally offensive." MPAA Pres. Jack Valenti said his Assn.'s movie rating system is adequate and another code system would confuse public. Del Reisman, pres. of Writers Guild of America West, said cardinal's proposal would produce censorship.

U.S. Copyright Office has affirmed earlier decision that satellites and wireless cable don't have right to compulsory license that allows them to retransmit broadcast signal in return for paying fee (TVD July 15 p6). Decision was attacked by industries and by members of Congress, who threatened congressional action. Office said non-wired media don't have right to compulsory license, which applies only to wired media such as cable. Satellite Bestg. & Communications Assn. said that it's disappointed by decision, which it said contravenes appeals court rulings, but that satellite carriers can continue to carry TV programming through alternative compulsory license that expires in 1994.

New to NAB April 12-16 NAB convention in Las Vegas are 3 technical sessions developed by Society of Best. Engineers (SBE). They will be promoted as "SBE Day at NAB '92," cover new technology and "Broadcasters Rules of the Road," which will highlight WARC '92. Also added to convention is 2-day "Law and Regulation Conference," with FCC Chmn. Sikes to speak at April 14 lunch. Conference is designed "for the layperson seeking to cut through the haze of complicated legal and regulatory issues," NAB said -- 202-429-5430.

WFBQ(FM) Indianapolis didn't air personal attack against candidate John Price, FCC ruled last week in upholding earlier staff dismissal of his complaint. Candidate also claimed that he was entitled to equal opportunities under Sec. 315 of Communications Act because he was opposed by WFBQ. FCC said station twice offered Price free time, which satisfied intent of rule to accord opportunity to rebut attack. Also, said FCC, since no candidate appeared on WFBQ program in question, equal opportunity requirement didn't come into play.

Meetings: Practising Law Institute will sponsor **cable law seminar** Feb. 27-28 at PLI Training Center, N.Y.C. -- 212-765-5700... NCTA Chmn. James Robbins of Cox speaks March 16 at **N. Central Cable TV Assn.** convention in Minneapolis -- 612-641-0268.

MEDIA PROFITS MIXED: Most media companies had lower profits in quarter ended Dec. 31, although handful such as Multimedia and Knight-Ridder had small increases.

Multimedia 1991 earnings were \$48.4 million, up from \$45.6 million previous year, which included write-off of \$3.1 million for debt refinancing. Broadcasting cash flow in 1991 decreased 18% to \$45 million, cable cash flow was up 13% to \$68 million, Entertainment Div. up 5% to \$52 million, newspaper cash flow down 18% to \$40.1 million. For 4th quarter 1991, broadcast cash flow inched up 1% to \$13.6 million, cable rose 13% to \$17.8 million and Entertainment 1% to \$13.7 million, with newspapers down 20% to \$11 million.

Knight-Ridder had 4th-quarter net of \$46.3 million, up 10% from \$42 million, because of cost controls and reduced interest payments. Revenue of \$588.5 million for quarter was up slightly from \$588 million. For full year 1991, net income fell 11% to \$132.1 million from \$149 million on revenue of \$2.24 billion, down 2.9%... **A.H. Belo** had revenue of \$431.6 million for year ended Dec. 31, down 1.7% from \$439.1 million in 1990. Earnings totaled \$12.4 million, down from \$29.6 million year earlier. Fourth-quarter revenue of \$121.4 million were up 2.6%. Net earnings for quarter of \$5.9 million were down from \$12.7 million. Broadcast revenues of \$52.9 million were off 1.6%... **Media General**, despite "strong performance" by Fairfax (Va.) cable system, posted 1991 loss of \$62.1 million (\$2.39) on revenues of \$585.9 million, off from \$613.7 million year ago. Media General reported 4th-quarter net income of \$9.2 million.

Gannett said 4th-quarter earnings of \$97 million were down 17% from \$117.3 million last year on revenues of \$901.2 million, down 0.4%. For full year 1991, Gannett said it earned \$301.6 million, vs. \$377 million, with revenues off 2% to \$3.38 billion from \$3.44 billion. TV revenues slipped 3% for year, radio 17%... **Scripps Howard Bcstg.** profit dropped 6.7% to \$10.3 million in 4th quarter ended Dec. 31, despite 9% revenue growth to \$72.8 million because of addition of WMAR-TV Baltimore. Full-year profit was cut nearly in half to \$16.2 million. TV-radio operating income dropped 3% to \$23.3 million for quarter, while cable operating profit grew 28% to \$4.9 million. Parent **E.W. Scripps** profit was up 18.3% to \$24.9 million for 4th quarter.

Disney profit jumped 22% to \$208 million in first quarter ended Dec. 31, and revenue was up 30% to record \$1.9 billion. Filmed entertainment revenue grew 49% to \$968 million... **Playboy** profit dropped 36% to \$1.3 million in 2nd quarter ended Dec. 31, despite 6.6% revenue growth to \$40.4 million. Video entertainment revenue was up 64% to \$7.5 million... **All American Communications** filed SEC registration statement for 4 million shares of new stock and said it will do 1-for-4 reverse stock split.

Turner Bcstg. Chmn. Ted Turner sold 2 million shares of TBS to Time Warner (TW) and TCI for \$15-3/8 per share, according to SEC filing. He retains 56.2% voting control of TBS. Sale boosted TCI's holding to 12.21%, TW's to 10.39%... **European Bcstg. Union** will pay \$275 million for broadcast rights for 1996 Olympics in Atlanta, Organizing Committee said. Figure is about 4 times what EBU paid for Barcelona Olympics, officials said. Organizing Committee Pres. William Payne said early commitment by EBU bodes well for rights negotiations with other broadcasters. No date has been set for start of U.S. TV rights negotiations... **Magavision** said it completed purchase of 98% of stock of competing wireless cable firm, Yardley Ventures. Terms weren't available... **TCI** said it raised another \$600 million through sale of senior unsecured bonds maturing in 2012.

Bonds, part of earlier shelf registration, yield 9.845%... **Viacom** said it extended revolving portion of its \$1.7-billion credit agreement, allowing it to delay any principal payments until 1995 and allowing revolver to increase \$200 million... **Turner Bcstg.** isn't commenting on Wall St. Journal report that it may bid for Orion Pictures.

Turner Bcstg. formally launched Checkout Channel Jan. 27, feeding news and features to 150 grocery stores owned by 24 chains in 14 markets (TVD Dec 16 p5). News and features from CNN and Headline News are recycled every 10 min. on receivers in checkout lines. Free service is fed by Hughes Galaxy 6 satellite to Scientific-Atlanta Ku-band receivers in each store. TBS sees channel as major ad vehicle, citing earlier studies that showed ad recall is twice that of commercials on broadcast TV. Channel will have 25-30 editorial and production employees.

Transactions: **Halcyon Communications** bought 6 cable systems in western Ark. with total of 3,000 subscribers from 3 different owners -- Smith Two-Way Radio, Robert Johnson, Joseph Davis. Terms weren't disclosed... **C-Cor** bought Dutch firm DataCable in bid to expand European marketing. Firm has 13 employees... **Prime Network** signed with Nielsen for audience rating services.

Cox and Scientific-Atlanta jointly will design and test equipment to allow personal communications network (PCN) cells to be connected through cable system. New Cable Microcell Integrator will be tested first on Cox system in San Diego. Cox Vp-Planning William Killen said integrator is "the key new technical link" that would allow cable systems to provide PCN service.

FCC has granted IDB Communications additional circuits to offer service to Russia and other 15 ex-Soviet republics. Action means 25% increase in company's circuits on Intersputnik system. Company also announced that IDB Aeronautical will buy Ocean Satellite TV, Ft. Lauderdale, which supplies satellite news to 50 cruise ships via Inmarsat.

Pay-cable penetration inched up to 28.1% in Nov. from 28% in July but down from 28.6% year earlier and peak of 29.7% in Feb. 1990, Nielsen reported. Percentage of homes subscribing to pay-cable networks had been slipping since Feb. 1990. VCR penetration, meanwhile, reached 73.3% in Nov., vs. 70.2% year earlier.

FCC Office of Engineering & Technology has asked for comments on 3 applicants seeking pioneer preference: ProNet Inc. for electronic tracking service, Satellite CD Radio Inc. and Strother Communications for proposed digital audio broadcast service (Gen. Docket 90-357). Comments are due March 2, replies March 17.

NBC affiliate KSBW (Ch. 8) Salinas-Monterey becomes 5th Cal. station to shift prime-time start to 7 p.m., joining KRON-TV (NBC) and KPIX-TV (CBS) San Francisco, KCRA-TV (NBC) Sacramento, KMST (CBS) Monterey (TVD Jan 27 p1).

"Europe '92" is theme of May 8-10 FCBA seminar at Kingsmill Resort, Williamsburg, Va. Discussions will focus on opportunities for U.S. companies in European Community. Also scheduled are golf and tennis tournaments.

Personals

Advancements at ABC TV Network Sales: **Lawrence Fried** to exec. vp-gen. sales mgr.; **Robert Cagliero** to exec. vp-national sales mgr.; **James Wasilko** to senior vp, Prime Time Sales; **William Cella** to vp-sports sales; **Cynthia Ponce** to vp-news, early morning and late night sales... **William Wilkinson** promoted to vp-human resources, Cap/ABC... **Honey Berman**, ex-Western World/Video Tape Co., appointed dir.-syndication services, Worldwide Services, MGM-Pathe Communications... **Gaye Fowler**, ex-Bravo Cable Network, named dir.-mktg., Nostalgia TV... **Cynthia Smith**, mgr.-mktg., VISN Group, elected pres., Women in Cable.

Michael Elsner, chmn.-CEO, Disney, will receive 1992 IRTS Gold Medal at dinner, Waldorf-Astoria, N.Y., April 29... **Michael Jackson** receives National Assn. of Black Owned Bestrs. Lifetime Achievement Award at Sheraton Washington Hotel March 5... **James Snyder**, who retired last fall as vp-news, Post-Newsweek Stations, will receive first annual Len Zeidenberg First Amendment Award for "outstanding contributions to the defense of First Amendment rights" from Radio-TV News Dirs. Foundation at April 8 banquet, Mayflower Hotel, Washington.

Howard Bell, ex-pres. of AAF, joins law firm Wiley, Rein & Fielding as counsel... **Edmund Williams**, ex-Advanced TV Test Center, joins PBS as mgr., advanced TV (ATV) field test project... **Lucy Strupp**, dir.-mktg., Jones Intercable, appointed vp-student acquisition and consumer mktg., Mind Extension U... **Laura Mow** becomes partner in Washington law firm Gardner, Carton & Douglas.

Therese Byrne, vp-mktg. and new business development, NBC News, appointed pres., NBC News Productions... **David Taylor**, American Financial Corp., named senior vp, Spelling Entertainment... **Don Feldgreber** advanced to vp-business affairs, Warner Bros. TV... **Wayne Blair**, ex-Basic Four, joins Satellite Technology Management as vp-finance and CFO... **Talmage Ball**, vp and dir.-engineering, KSL-TV Salt Lake City, named vp-engineering, parent Bonneville International, succeeding **William Loveless**, deceased... **Suzanne Shepherd** promoted to vp-human resources/corporate facilities, United Video, new post... **Cathie Trotta** promoted to dir.-acquisitions and research, E! Entertainment; **Robert Shapiro**, ex-CBS, joins as dir.-administration.

FCC Calendar -- Feb. 4: Comr. **Barrett** addresses Alaska Telephone Assn., Stouffer Waiohae Hotel, Kaloa, Kauai, Hawaii, 1:30 p.m. Feb. 8: **Ralph Haller**, chief, Private Radio Bureau, participates on FCC panel, Miami Tropical Hamboree, Miami Airport Marriott, 1 p.m... **Kim Lemon** promoted to dir.-market research, Showtime Networks... **Mike Starling** advanced to dir.-technical operations, NPR... **Marc Schneider**, ex-CBS, joins Children's TV Workshop as dir.-planning and analysis... **Ralph Maska**, PBS mgr.-interconnection activities and 15-year employe, retires... **Rick Potrikus**, ex-KVIE (PBS) Sacramento-Stockton, joins Fla. Public TV as operations mgr.

Kevin Senle, ex-Time Warner, named exec. vp-chief financial officer, Landmark Communications; **Bahnsen Stanley**, ex-Scott & Stringfellow Investment Corp., appointed corporate development dir... **Michael Quaid**, ex-McGavren Guild Radio Chicago sales dir., appointed RAB vp with responsibility for Midwest... PBS anchor **Robert McNeil** addresses Advertising Women of N.Y. luncheon Feb. 26, N.Y. Hilton -- 212-593-1950.

TELEVISION DIGEST

Published Weekly Since 1945

With Consumer Electronics
(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

Warren Publishing, Inc. is publisher of Communications Daily, Satellite Week, Television Digest with Consumer Electronics, Video Week, Common Carrier Week, Audio Week, Space Commerce Week, Public Broadcasting Report, Mobile Satellite Reports, Facility Strategies, Television & Cable Factbook, Cable & Station Coverage Atlas, TV Station & Cable Ownership Directory and other special publications.

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This newsletter is available electronically via Newsnet and Predicasts and also may be received through facsimile service.

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U.S. needs to be "nation closer to The Waltons than The Simpsons," President Bush told National Religious Bestrs. (NRB) Jan. 27 in Washington. He called on religious broadcasters to "instill traditional values" in society.

ABC began airing 6-week package of Raycom-produced basketball games Feb. 2, with guaranteed profit. Raycom is paying network \$1.5 million and will sell advertising in games.

OBITUARY

Ashbrook P. Bryant, 82, chief of FCC Office of Network Study in late 1950s and early 1960s, died of pneumonia Jan. 22 at Washington Suburban Hospital. Critic of network business practices, he was, among other activities, author of prime-time access and network financial interest rules. Graduate of Brooklyn Law School, he served in Army in World War II, after which he served at SEC, in 1952 became chief counsel to Senate Armed Services Preparedness Subcommittee before joining FCC in 1954. In 1970, Bryant was appointed law judge at Federal Maritime Commission, retiring in 1974. Wife survives.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for statistical 1992's first 2 weeks, through Jan. 17, as compared with first 2 statistical weeks of 1991 (through Jan. 11), along with full year 1991 and 1990 figures:

	JAN.4-17 (2 WEEKS)	1991 (2 WEEKS)	% CHANGE	DEC.28- JAN. 3	FULL YEAR 1991	FULL YEAR 1990	% CHANGE
TOTAL COLOR.....	542,949	475,757	+14.1	195,926	20,516,224	21,159,798	- 3.0
DIRECT VIEW....	530,515	469,270	+13.1	193,567	20,136,387	20,808,396	- 3.2
TV ONLY.....	514,050	454,923	+13.0	188,256	19,474,018	20,384,860	- 4.5
TV/VCR COMBO..	16,465**	14,347	+14.8	5,311	662,369*	423,536	+56.4
PROJECTION.....	12,434**	6,487	+91.7	2,359	379,837*	351,402	+ 8.1
VCR DECKS.....	269,971	192,101	+40.5	127,127	10,718,336	10,118,839	+ 5.9
CAMCORDERS.....	58,169**	35,108	+65.7	30,559	2,864,395	2,961,691*	- 3.3

Color TV 5-week moving average: 1991-92--298,239; 1990-91--331,374 (down 10.0%).

VCR deck 5-week moving average: 1991-92--166,638; 1990-91--159,190 (up 4.7%).

Camcorder 5-week moving average: 1991-92--40,589; 1990-91--52,612* (down 22.9%).

* Record for any year. ** Record for period.

1992 IN HOT START--AT LEAST ON PAPER: A glance at figures above may tell you happy days are here again -- as 1992 started with increases over 1991 of 65.7% in camcorders, 40.5% in VCR decks, 91.7% in projection TV, 13.1% in direct-view TV in first 2 weeks. While year's start certainly is encouraging, a few words of warning are in order.

Major factor in 1992's increase is change in EIA's statistical calendar. With its insertion of 53rd week in 1991 at end of Dec. (TVD Jan 27 p11), calendar actually is thrown off for 6 days, and first 2 weeks of 1992 are Jan. 4-17, being compared directly with Dec. 29-Jan. 11 in 1991. Thus, 1991 period encompassed New Year's Day holiday while 1992 period had full 10 working days. In addition, 1991 period was ridden with uncertainty over Persian Gulf crisis immediately preceding Mideast war.

Comparison of figures for this year's first 2 weeks with estimate of actual comparable weeks of 1991 results in considerable changes: Direct-view color TV down 9%, projection TV up 77%, VCR decks down 0.1%, camcorders up 19.2%. Another comparison -- with first 2 weeks of more normal 1990 -- also gives different picture: Direct-view color down 3.7%, projection up 225.4%, VCR decks down 25.5%, camcorders up 130.2%. So no matter how you slice it, projection TV and camcorders, both setting record for period, had banner fortnight, while direct-view color and VCRs didn't do nearly as well as EIA's percentage comparisons indicate.

EIA's data will continue to show 6-day parallax relative to 1991 through Feb., after which leap year day will cut differential down to 5 days. Direct comparisons using weekly figures will be difficult throughout year, and more than ever our 5-week moving averages will present better indication of going trends.

1991 LASERDISC PLAYER SALES NEAR 250,000: Consumer laserdisc player (LDP) sales to dealers in 1991, as reported by EIA, exceeded most optimistic guesses -- including those by market leader Pioneer, professional enthusiast Laserdisc Assn. (LDA) and EIA's own estimate released in Jan.

First definitive EIA figures on LDP sales to consumer dealer channels show total of 233,734 in 11 months, Feb.-Dec. EIA started compiling figures in Feb., so it's likely full calendar year total was 242,000-245,000, possibly as high as 250,000.

EIA's industry estimate of 1991 sales, released at Winter Consumer Electronics Show last month (TVD Jan 13 p10), was total of 205,000. Its forecast for 1992 was 250,000, actually about number sold in 1991. EIA hit number on nose year ago, when it forecast 250,000 sales for 1991 (TVD Jan 8 p11), before it lowered 1991 estimate. Its figures caught flatfooted not only EIA, but also professional videodisc touters. Just last week, we quoted LDA's estimate that consumer player sales hit 215,000-220,000 last year and Pioneer's statement that sales in 1991 totaled 260,000 including substantial number of industrial and educational units (TVD Jan 27 p14).

EIA figures include consumer sales only, excluding players designed for educational, industrial and karaoke markets. They include CD combo players, which comprise almost all consumer sales now. Market leader Pioneer is one of manufacture and marketers contributing sales data to EIA pool. There are no comparable year-earlier figures, but last month EIA estimated 1990 sales at 168,000, after sales of 120,000 in 1989 and 90,000 in 1988. Here are EIA's figures on monthly LDP sales, which show big sales months of Oct. and Dec. were responsible for 4 % of 11-month total:

Feb....	11,085	May....	8,429	Aug....	11,486	Nov....	22,168
March..	15,276	June...	22,617	Sept...	24,330	Dec....	44,804
April..	11,511	July...	12,385	Oct....	49,643	TOTAL.	233,734

2/3 OF 1991 CAMCORDER SALES WERE COMPACTS: The 2 compact formats -- 8mm and VHS-C -- composed more than 2/3 of 1991 camcorder sales to dealers last year, up from slightly over half in 1990 (TVD Feb 4/91 p12), according to EIA data. Compacts' share of total varied from 40% in Jan. to 76.6% in Dec., percentage exceeding 70% in 4 different months of 1991. Year's total saw compacts at 67.8% and full-size VHS 32.2%, compared with 51.3% to 48.7% in 1990 and 37% to 63% in 1989.

EIA doesn't break down compacts into 8mm and VHS-C, but latest Commerce Dept. figures, for 1991's first 11 months, show 42.8% of camcorders imported during period were 8mm (TVD Jan 27 p12). Assuming sales followed same trend, that would indicate 63% of compacts were 8mm and 38% VHS-C. In terms of total camcorders, same hypothesis would show 1991 camcorder sales of 2,864,000 broke down into about 1,226,000 (43%) 8mm, 917,000 (32%) full-size VHS and 713,000 (25%) VHS-C models. Here are last year's camcorder sales to dealers, monthly, by size category:

1991 CAMCORDER SALES -- FULL-SIZE VS. COMPACT

Month	Total	Full Size		Compact	
		Units	%	Units	%
January....	104,797	62,864	60.0	41,993	40.0
February...	121,928	51,207	42.0	70,721	58.0
March.....	217,130	77,870	35.9	139,260	64.1
April.....	184,116	54,316	29.9	129,800	70.7
May.....	216,884	67,002	30.9	149,882	69.1
June.....	351,549	98,449	28.0	253,100	72.0
July.....	176,722	54,309	30.7	122,413	69.3
August.....	232,422	82,795	35.6	149,627	64.4
September..	387,877	113,441	29.2	274,436	70.8
October....	192,568	76,311	39.6	116,257	60.4
November...	320,778	100,436	31.3	220,342	68.7
December...	357,327	83,564	23.4	273,763	76.6
TOTAL.....	2,864,395	922,861	32.2	1,941,534	67.8

COMPUTER FIRM SEEKS BANKRUPT CURTIS MATHES: TV retailer and former manufacturer Curtis Mathes Corp. (CM) last week petitioned for voluntary Chapter 11 bankruptcy protection in Tyler, Tex., federal court and simultaneously announced that Stratos Technologies Corp., of Dallas area, planned to acquire "certain assets," including trademark and current business operations.

Thomas Neumann, chmn. of Stratos, which already is producing computers under Curtis Mathes brand name (TVD Oct 21 p16), told us his company has "made a definite decision to go ahead," has plan to "preserve the existing network" of more than 650 dealers and has "deep pockets" financing to continue providing Curtis Mathes branded TVs, VCRs and audio equipment as well as computers. He said new owners would continue former CM policy of selling its branded consumer electronic products only through its brand-name franchised stores but, as previously announced, would sell CM computers to other dealers as well. He said company is "searching for new management," particularly senior executives with marketing and financial background in consumer electronics.

CM's Chapter 11 filing lists assets of \$29,948,000 and debts of \$43,465,000, including \$14 million owed to ITT Commercial Finance. Nevertheless, CM Exec. Vp Horace Kelton told us company continues to have credit relationship with ITT, as well as "large stock of finished product." CM, which had 5- and 6-year warranties on its products, was particularly hurt when EWC Corp. collapsed last summer, owing it more than \$6 million in extended warranty coverage. Kelton said CM's "main problem was undercapitalization."

Some major electronics companies have stake in CM -- including NEC, Pioneer and Samsung, creditors that in past were paid in new class of preferred stock, rather than cash. Under CM's bylaws, the 12 preferred shareholders took over when company skipped preferred dividend. They replaced Pres. Ray Harvey with current new officers, including Chmn. Arthur Unger, described as N.Y. financial consultant, and Pres. Bert Fonseca.

Harvey, who had headed CM Sales Corp. for 35 years, bought CM's manufacturing facility in Athens, Tex., in 1982, renamed it Harvey Industries, 6 years later acquired most of stock in CM itself from Mathes family (TVD Aug 1/88 p10). In addition to assembling CM brand TVs, Harvey's 716,000-sq.-ft. plant assembled sets for Philips, RCA, NEC, Samsung, Funai (Symphonic and Radio Shack) and Pioneer at various times, Harvey calling company "the short-order cooks of the industry." Harvey Industries was one of 2 U.S.-owned TV makers (other was Zenith) for years until it ceased production about year ago.

CM started manufacturing own brand TVs in 1950s, specializing for many years in furniture-styled console products. With disposal of factory in 1982, it switched from manufacturer to retailer, setting up franchised chain of exclusive dealers and adding other video products, including VCRs and camcorders, as well as extensive audio line. Company, publicly owned for a time, said it had annual sales as high as \$250 million in early 1980s. In 1988, same year he purchased control of company from Mathes family, Harvey claimed to have turned company around, raising sales to \$165 million from earlier annual \$55-\$60 million.

CM has hq in Athens, Tex. (214-665-2292). Stratos Computer is Carrollton, Tex., company with background in computer sales, retailing, manufacturing -- 214-934-9966.

Class action suit has been filed in Cook County (Chicago) Circuit Court against Thomson Consumer Electronics (TCE) charging fraud and deception in "the sale of 'stereo' TVs which are not capable of decoding and reproducing MTS broadcast stereo sound." Plaintiff Nancy Cuculich charges violation of state law, breach of contract and deceit, seeks recall to "correct the inadequate circuitry" or refund of purchaser price, damages and fees as well as injunction to stop sale "as stereo TVs, [of] TVs which lack the proper decoding circuit to accurately reproduce MTS stereo sound." TCE, through spokesman, called suit "without merit" and announced intention "to defend our position vigorously." Suit apparently arose as result of charge by dbx Technology Licensing that sets that don't use dbx decoding can't be said to reproduce broadcast stereo; TCE replied that its XS system actually improves broadcast stereo imaging on smaller sets (TVD Nov 4 p11).

RCA-brand DCC home recorder is planned by Thomson Consumer Electronics (TCE) late this year or early next, said Jim Holcomb, global mgr., new product development, TCE Home Audio Systems Div. He said company would introduce DCC portable later, "probably" under same brand.

Sharp announced breakthrough in HDTV receivers last week when it introduced 34W" direct-view widescreen Hi-Vision set at magic million-yen price point (about \$7,875). Cheapest sets previously have listed at about \$30,000. Sharp said low price results from breakthrough in built-in MUSE decoder, which includes 4 chips developed by company, bringing total to 6 LSIs, as opposed to 41 in current decoders. It will be available April 10 and Sharp plans to produce 3,000 monthly.

Sun TV & Appliances, Columbus, O., retailer, said it plans to file registration statement this week with SEC for 1.5-million-share stock offering, half to be sold by company, half by shareholders. Company, which made first public offering in June (TVD May 13 p14), said proceeds will be used to repay portion of debt. Sun has 24 stores in Ohio and Pa.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 127 yen = \$1, except where noted.

SUMMER CES 'UNDECIDEDS': EIA Consumer Electronics Group (CEG) last week released list of 174 companies that as of Jan. 28 had submitted "written confirmations" or space applications -- latter with 50% deposit -- to exhibit at Chicago Consumer Electronics Show (CES), last 1-1/2 days of which will be open to public. List grew considerably from previous roster, but as week ended major defectors surfaced -- including JVC, which cited "corporate decision" as reason why it won't participate.

New list showed 33 companies with applications in, 141 with written commitments. Conversion to consumer format has attracted such majors as Thomson, which will be on floor at summer show for first time in years, and Kenwood, which opted for off-site space at recent Chicago shows but will park its promotional tractor-trailer on McCormick North mezzanine this year.

But major players also will be absent from Chicago show floor. Pioneer told us in Las Vegas that it won't exhibit in Chicago, while Sanyo Fisher spokesman said last week that company was leaning strongly against participating. Yamaha Mktg. & Sales Vp Steve Girod cited budget tightening as reason why company would limit itself to suite in McCormick Center Hotel. Meanwhile, there was no change in status of Sony, which has said only that it hasn't decided about participation.

Virtually all executives we polled who counted themselves among the "undecideds" said issue has been subject of internal discussions for days, without resolution. Fence-sitters included Philips, which was pondering decision last weekend. At Goldstar, Mktg. Vp Jeff Mullarkey said company remains undecided, indicating surprise when EIA listed it as having submitted written confirmation. Decision could come within week, he said. Asked whether consumer format was reason for indecision, Mullarkey called it "a contributing component," his biggest concern being "potential that it will cost me more money for things like staffing and booth reconfiguration." Considering dearth of "appreciable dollar increases," Mullarkey said, "everybody is looking very hard at costs."

In our spot survey of prospective exhibitors, we encountered handful of executives dead set against admitting public, but expressing fear that nonparticipation in Chicago would put their companies at bottom of pecking order at future shows, jeopardizing years of equity and prime booth locations accumulated at past shows. But CEG Vp Gary Shapiro said flatly "we don't retaliate" against companies that may disagree with EIA policy or don't participate in Assn. activities, including Las Vegas and Chicago shows. EIA seniority rules, he said, are more liberal toward exhibitors than those at other trade shows. Equity credits are accumulated separately for Chicago and Las Vegas shows, he said, meaning that status of Chicago participation would have no bearing on company's seniority standing at Las Vegas event. He urged executives to phone him directly with concerns raised by conversion to public show format in Chicago.

Shapiro said success of Chicago event shouldn't be measured by whether every consumer electronics company participates. In vast majority of cases, he said, those that won't exhibit cited business conditions, not dissatisfaction with consumer format. He predicted double-digit increase in space sales over 1991 show, saying number of applications submitted so far is at least even with same point year ago, buoyed by "hundreds" of applications received on eve of Jan. 31 deadline last week.

TANDY'S NEW MULTIMEDIA PLAYER? Tandy reportedly is preparing consumer multimedia player -- code-named Gryphon -- built around Multimedia Personal Computer (MPC) format but that connects to standard TV set. Company already is marketing Philips-made CD-I player under its Memorex brand in selected Radio Shack stores.

Tandy has been leader in Multimedia PC Marketing Council (MPCMC) that was formed in March to promote standardized MPC computer format built around Microsoft Windows operating system (TVD Oct 14 p14). Mike Grubbs, Tandy Electronics senior mktg. dir., is chmn. of MPCMC.

Tandy player is being readied for market introduction in midyear, sources said. Software developer with whom we spoke declined comment, citing nondisclosure agreement he had signed with Tandy, but cited Dec. 23 article in InfoWorld, computer industry publication, as "essentially correct." Article described player that includes Intel 80286 chip at 12 MHz, 1 Mbyte of ROM, plug-in memory and special versions of Microsoft DOS 5.0 and Windows 3.0. Article said player would have remote control but no keyboard and would sell for \$500-\$1,000. Tandy spokesman declined direct comment, saying that "at this point we're dealing with speculation" and "nothing is imminent."

Assuming accuracy of reports, Gryphon project would represent 3rd format to vie for TV-based multimedia computing, following Philips CD-I and Commodore's CDTV system; latter is based on Amiga operating system. Philips, which has announced intention to market MPC products in Computer Div., is member of MPCMC. Gryphon introduction would raise questions again about potential conflict or overlap of multimedia formats. Philips and Tandy said earlier that CD-I and MPC could co-exist since they were aimed at different markets and would be used in different rooms in home. But advent of MPC player connected to TV brings potential for conflict into even sharper focus.

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Eyebrows were raised at AP report last week quoting French Prime Minister Edith Cresson as saying that Apple and Thomson Consumer Electronics (TCE) had formed task force to examine prospects for commercializing multimedia technology. But Apple spokesman said company merely was invited by Cresson representatives to join task force including TCE and other French companies to study multimedia prospects. He said Apple had accepted, but stressed there was no formal business relationship between Apple and Thomson. Apple Chmn.-CEO John Sculley at recent Consumer Electronics Show said Apple was "working this year to build relationships with several well-established consumer electronics company partners" concerning future products.

ANTI-SCRAMBLE BILL MOVES: Legislation to ban scrambling of basic cable channels and to ensure compatibility of cable with home TVs was attached to cable regulation bill (S-12) that was passed by Senate Fri. However, S-12 in present form is given little chance of becoming law (see separate report in Best./Cable Section).

Provisions of "Cable-Ready Equipment Act," introduced by Sen. Leahy (D-Vt.) as S-2036 (TVD Jan 20 p10), are now part of Senate-passed omnibus cable bill. In addition to ban on basic cable scrambling, they would require Multi-Port or equivalent interface between cable and home devices.

EIA hailed passage of Leahy amendment as "great success for the consumer electronics industry, but more importantly for the American consumer."

MACY'S BANKRUPTCY FILING: Chapter 11 bankruptcy filing by R.H. Macy and its affiliate companies surprised nobody, but company's history generated impact far beyond mere business decision. Within consumer electronics industry, Macy's action was only latest in string of retail traumas.

Macy's filing had been widely expected, particularly since company announced 2-week delay in paying suppliers in early Jan. Even as board member (and CBS Chmn.) Laurence Tisch emerged as potential savior (TVD Jan 27 p16), it became clear that even his bid would include prepackaged Chapter 11 filing. By time papers were filed, most pressing questions involved identity and exposure of unsecured creditors.

One Macy's supplier, typical of others, said company had been monitoring situation closely for several months and steadily was lessening its exposure. Loudest alarm bells were sounded when Macy's announced 2-week delay in paying suppliers. "Thank God we have good communications with our truck drivers," supplier said of shipment that was pulled back just before it reached loading dock.

Bankruptcy petition included lists of top 20 creditors for each Macy's div. Consumer electronics suppliers on list for Macy Northeast included Sony (\$11,558,984), Philips (\$2,183,550), Thomson (\$1,016,918). For Macy's Cal., suppliers on top 20 list were Sony (\$3,451,395), Thomson (\$725,592), Nintendo (\$561,424). For Macy's South, those on list were Sony (\$1,397,121), Sharp (\$468,557), Philips (\$356,033).

Biggest surprise wasn't that Sony was largest unsecured creditor among CE suppliers; it often has been among top creditors in past CE-related retail bankruptcy filings, not totally unexpected for company with broad product line and high volume. But extent of its claims -- total of \$16.4 million -- stunned many in industry. Sony spokeswoman, citing company policy of not discussing dealer relations, declined comment.

Beyond specifics of Macy's case is larger question whether recent spate of retail troubles portends basic restructuring of CE business or overall tightening of credit. Latter is difficult for supplier to impose since, in words of one high-volume vendor, "we certainly have to stay competitive in credit standards."

Philips Retail Sales Senior Vp William Ulewicz acknowledged that in planning long-range distribution "we have to think about whether who we're going to be aligned with will be in business in 5 years." As they have in soft lines, department stores have seen their electronics business eroded in decade-long expansion of specialty superstores and other low-margin operators. Whether department stores will continue as major players in CE is major issue.

Losses in retail bankruptcies, Thomson Consumer Electronics Mktg Div. Vp Jack Nick admitted, have "almost become a cost of doing business." He pointed out that "even if people go into Chapter 11, they don't necessarily go out of business," and other companies often take over their locations. At same time, though, "each time one of these guys goes, the companies that supply them are out money."

But sense of humor (of darkest sort) can remain. Newmark & Lewis radio ad for liquidation sale heard last

week had this come-on: "A year ago we were in Operation Desert Storm. This year we're in Operation Desert Store."

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Top creditors with consumer electronics connections in 47th St. Photo bankruptcy petition (TVD Jan 27 p14): Brother, \$523,430; Canon, \$1,501,216; Kodak, \$294,853; Minolta, \$695,740; Nikon, \$2,024,217; Olympus, \$915,742; Panasonic N.Y., \$1,453,093; Panasonic A/V, \$411,491; Pentax, \$586,608; Sony, \$3,819,498; Thomson, \$98,300; Hachette Magazines, \$196,370.

'SUPER TAPE' FOR 8mm: Metal particle (MP) tape that outperforms metal evaporated (ME) variety and is easy to produce using current MP production facilities is claimed by Fuji Photo for new "Super Double Coating" (Super DC) technology, scheduled for introduction in Japan in April. Fuji also is introducing first 165-min. 8mm cassette.

Company claims Super DC provides better high-frequency performance and 3dB higher output than Hi8 ME tape and 6-9dB improvement over conventional MP tape. Fuji says tape is first MP type that can be played in ME position and is based on advance in its double coating technology. Super DC tapes in Japan will be priced about midway between conventional MP and ME tapes, at equivalent of \$8.70 for 30 min., \$10.70 for 60 min., \$12.30 for 90 min., \$14.30 for 120 min. Fuji predicted Super DC process will be widely used in future in digital VCR and in floppy discs of more than 20 MB capacity.

New ultrathin tape process, using thinner base film and coating, results in tape 22% thinner than current types, Fuji says. It introduced 165-min. (2-3/4 hour) 8mm tapes in Japan at \$13.50 in HG type, \$15.85 in Hi8.

Fuji Photo Film U.S.A. Magnetic Products Div. Gen. Mgr. Stan Bauer told us that there currently is no timetable for introduction of Super DC tape in U.S. He said new combination metal (top layer) and titanium (bottom layer) tape has better yield and higher durability than metal evaporated tape.

GOOD GUYS PROFITS SHRINK: Blaming "highly aggressive pricing throughout the consumer electronics field," Good Guys reported 7.5% drop in net income on 24.5% sales increase for quarter ended Dec. 31 (see financial table). Number of shares outstanding increased more than 22% from same quarter last year, so earnings per share dropped to 36¢ from 47¢.

Pres.-COO Robert Gunst said profit pressure has continued into new year: "The company's goals in this difficult retail climate are to continue to build market share and maintain our sales momentum. We continued to achieve both during the quarter and -- while we anticipate difficult earnings comparisons in the current quarter -- we expect to report improved results once we return to a more typical pricing environment."

Gunst said part of "difficult earnings comparisons" relates to continued dilution of company's shares from split, and costs associated with opening 2 more stores this quarter (compared with none in year-ago period). He also expressed hope that competitive environment in northern Cal. will be eased somewhat by Macy's bankruptcy (see report elsewhere in this issue) that "probably says Macy's will look more at profits now than at cash flow."

GATT TREATENS TV DUMP CASES: Proposed amendment to international antidumping code by General Agreement on Tariffs & Trade (GATT) could end dumping penalties on TVs imported into U.S., TV industry-labor group warned Jan. 24 in testimony before Trade Subcommittee of House Ways & Means Committee.

Testimony was presented by COMPACT (Committee to Preserve American Color TV), federation of companies and unions in color TV industry, including -- for this filing -- N. American Philips and Thomson Consumer Electronics, as well as 2 U.S.-Japan joint venture glass makers, Corning-Asahi Video Products and OI-NEG TV Products, plus 10 labor organizations.

Proposal by GATT Dir.-Gen. Arthur Dunkel has been accepted by U.S. negotiators as working document for amending antidumping code -- process that, in U.S., would require legislation. In current atmosphere, it seems unlikely that proposal will be ratified by U.S. in current form. In testimony by attorney Paul Cullen, COMPACT made these arguments against proposed new antidumping code:

(1) It makes no provision for recognizing labor unions as members of domestic industries, and therefore "would be devastating to U.S.-based TV set, tube and glass producers." Cullen said "unions have been the original petitioners in 6 out of 7 pending dumping proceedings concerning color TVs and color picture tubes."

(2) It would end dumping orders after 5 years, which would "play into the hands of foreign electronics manufacturers who have repeatedly demonstrated their willingness to return to unfair pricing practices." Testimony said that while Japanese TV dumping finding is more than 20 years old, "dumping margins in excess of 20% are still quite common today."

(3) Its provision to terminate antidumping investigations where margin is less than 2% (in place of today's 0.5% in U.S. law) would provide loophole in industry as price sensitive as TV, and even in less price-sensitive industries could let dumping companies off hook because margins for individual producers are calculated on average basis. That would, for example, let manufacturer ship 20% of its exports at 10% below cost without having to worry about penalties.

(4) It doesn't contain strengthened provisions against circumvention of current antidumping orders via 3rd-country markets or expedited relief against repeated injurious dumping.

(5) It would prohibit assumption of fixed amount of profit in constructing value of product where home market sales are too few to use domestic prices, provision that runs "directly counter to U.S. law and practice and could have a serious negative impact on antidumping cases involving constructed value calculations."

Ads & Promos: Highland will be seeking new ad agency after 17 years with W.B. Doner ended by mutual agreement, latter said... **Gemstar Development Corp.** is splitting with DDB Needham, seeking new agency for creative work... **Mitsubishi** names Rogers & Assoc., L.A., as new PR agency... **Maxell** expands "Max Awards" frequent purchaser program to include metal and normal bias tapes. Company also is starting "Most Adorable Kid" contest tied in with its 8mm and VHS-C tapes, offering top prize of \$10,000 savings bond.

CHEAPER HDTV SETS, VCRs? "Advanced Digital HDTV" (AD-HDTV), system backed by consortium including Philips and Thomson, No. 1 and No. 2 U.S. TV set makers who claim to make 1/3 to 1/2 of all sets sold here, will make possible lower cost TVs and VCRs, proponents said last week at news conferences in Washington and N.Y.

System was unveiled by Advanced TV Research Consortium (ATRC), which also includes NBC, Sarnoff Research Center and Compression Labs, on occasion of its acceptance for testing by FCC's Advanced TV Advisory Committee (see report in Best./Cable section).

Because system will use anticipated standards of Motion Picture Experts Group (MPEG), proponents argued that chips will be widely available by time system is in use. System has provision for transmission of additional material, which could include computer data, PIP, 3-D TV, interactive programs as well as new services not yet imagined, they said. NBC Operations & Technical Services Pres. Michael Sherlock said system "will do for TV what CD did for audio," pointing to proliferation of CD-based systems.

Because system uses dual signal -- higher powered portion for basic picture information and lower powered transmission for high-definition details -- one possibility would be low-cost small-screen sets using only more powerful signal, said Thomson Consumer Electronics (TCE) Senior Vp Joseph Donahue. Sherlock called system "a gold-plated pipeline," adding "how it will be used will be determined by the market."

In answer to question, Donahue indicated system -- usable for satellite, cable and broadcast -- might be basis for making TV sets more compatible with cable. "We can't correct [incompatibility] in NTSC, but in a new digital system there are opportunities," he said. If FCC should choose AD-HDTV, Donahue said, first sets could appear in 1994, but "more likely in 1995," with "real start" being held up until programs are widely available, probably in 1995-1996. As for pricing, he quipped that he expects "normal price attrition" of consumer electronic products.

ATRC Consortium has stopped pushing for its Advanced Compatible TV (ACTV) widescreen system that improves on NTSC but falls short of HDTV, Sherlock revealed in answer to question, likening ACTV to Wright brothers' first aircraft and AD-HDTV to "a widebody Boeing 747."

SkyPix is target of critical article in Canadian Cable TV Assn. (CCTA) publication Cable Communique. Headlined "SkyPix -- Consumers Beware," story says Aladdin Project, which has been selling system in Canada via "network marketing," was telling St. John residents that DBS programming would be available in late Jan., even though it isn't set to launch in U.S. until April 2. SkyPix Corporate Affairs Dir. Sanjeet Saxena denied Aladdin was making claims and said Canadian introduction would be "around the same time, probably before" U.S. launch. Story also quoted CCTA Planning & Technology Vp Roger Poirier as saying startup date is open to question because SkyPix has moved back its launch several times. Contracts with equipment suppliers haven't been set, Poirier said, "indicating that equipment would not likely be available to consumers before mid-1992." He also said that SkyPix appears to be "on shaky financial ground" and that Canadian consumers would have to pay \$1,200 plus installation for dish. Saxena declined to comment on story except to say: "We are honored that someone of Roger Poirier's stature would take such a great interest in SkyPix."

JAPAN VCR SHARE SLIPPING: Japan continued to diminish as source market for VCRs imported into U.S., according to Commerce Dept. report for Nov. (TVD Jan 27 p12). If current trend continues, 1991 will be first year in which fewer than half of all VCRs in U.S. came from Japan. Korea held spot as 2nd largest source, but Malaysia moved past Thailand as 3rd for both month and year to date. Mexico continued to pick up share as country of origin for imported color TVs, with 52.9% of all sets coming into U.S. sourced there through first 11 months of 1991.

	Nov.	% Chg.	11 Months	% Chg.
VCR Decks				
TOTAL....	1,408,100	+21.4	11,227,200	+ 6.0
Japan....	551,900	-20.3	5,642,600	-20.9
Korea....	411,200	+51.0	2,365,000	+27.1
Malaysia..	235,000	+306.7	1,423,000	+304.1
Thailand..	131,400	+19.1	1,361,100	+29.1
Singapore	33,100	+425.0	195,400	+13.5
Taiwan...	18,100	- 8.0	194,400	+36.1
Indonesia	26,800	*	39,900	*
TV Sets				
TOTAL....	1,330,000	+21.4	10,553,700	- 3.8
color....	1,083,100	+23.1	8,621,500	- 0.6
b&w.....	246,900	+14.4	1,932,200	-15.7
Mexico				
total...	--	--	4,561,400	+ 9.0
color...	581,500	+32.0	4,560,100	+ 8.9
b&w.....	--	--	1,300	*
Korea				
total...	187,600	+15.3	1,517,000	-15.8
color...	109,800	+18.7	803,200	-4.4
b&w.....	77,800	+10.8	713,800	-25.8
China				
total...	176,900	+111.1	1,075,900	+38.9
color...	90,400	+102.0	493,100	+72.5
b&w.....	86,600	+121.6	582,800	+19.2
Malaysia				
total...	99,600	- 8.4	937,100	-14.8
color...	80,100	- 8.1	840,150	-17.3
b&w.....	19,500	- 9.9	97,100	+15.2
Taiwan				
total...	85,000	-20.4	752,900	-45.9
color...	40,900	-14.9	427,800	-53.3
b&w.....	44,100	-24.9	325,100	-37.5
Thailand				
total...	--	--	661,500	-26.2
color...	85,100	+24.1	659,500	-26.4
b&w.....	--	--	2,000	*
Singapore				
color...	41,100	- 7.7	408,500	-35.3
Japan				
total...	30,100	-22.2	347,500	+ 3.8
color...	19,500	-26.3	236,100	- 3.5
b&w.....	10,600	+27.8	111,500	+23.5
Hong Kong				
total...	18,900	-43.1	144,600	-19.2
color...	11,600	-30.2	72,100	+13.3
b&w.....	7,300	-56.0	72,600	-37.1
Philippines				
total...	--	--	100,100	*
color...	16,700	*	98,000	*
b&w.....	--	--	2,950	*
Canada				
total...	--	--	15,800	-84.6
color...	4,900	- 6.1	14,300	-86.1
b&w.....	--	--	1,500	*

* No significant shipments in 1990 period.

Note: Figures for color and b&w TV include kits.

Some totals may not add due to rounding.

CABLE CE PROJECTS: "Adaptive interface unit" (AIU) to bring cable and consumer electronic products into compatibility is one of projects approved by CableLabs, cable industry R&D consortium, for 1992. It listed these plans for consumer electronics systems projects for this year:

(1) AIU, arising primarily as "result of the aggressive technological changes occurring in cable systems, with which the embedded base of consumer electronics hardware is not compatible." In addition, "cable advancements are on the verge of another quantum step which will outpace even future audio and video consumer products, as they are currently conceived." CableLabs cites advent of fiber transmission, new 1-GHz-plus bandwidth hybrid RF distribution amplifiers, digital video transmission, digital audio, compressed NTSC video and digital HDTV as enhancements planned or in progress that will further complicate interface problems.

(2) Program guide project, continuing effort to make on-screen interactive program guide available to cable operating companies. CableLabs is working with InSight Telecast, Preview Guide, SuperGuide. "There will be a consultative reassessment of InSight's technical progress and directions, and printing of several assessment papers supporting the effort."

(3) Direct pickup interference study that "will quantify the ambient RF field conditions experienced by TV receivers and VCRs" in subscribers' homes. Five-month project will collect data and measurements and develop statistical projections on direct pickup of off-air signals as they cause interference to home display equipment.

1991 AT-A-GLANCE: Sales to dealers for major video products, monthly, 1990-1991, from EIA:

COLOR TV SALES TO DEALERS

Month	Total		Direct View (TV only)		Projection	
	1991	1990	1991	1990	1991	1990
January....	1,239,198	1,449,057	1,178,885	1,417,451*	15,475	17,711
February....	1,541,717	1,495,636	1,452,325	1,465,126	30,239*	18,990
March(5 wks)	1,937,642	2,186,752*	1,834,689	2,136,500*	29,987*	29,121*
April.....	1,219,660	1,278,670	1,168,080	1,242,232	17,328	15,807
May.....	1,248,108	1,262,624	1,187,314	1,220,898	17,342*	13,443
June(5 wks.)	1,752,026	2,012,540	1,671,187	1,935,253	22,663	31,529*
July.....	1,199,851	1,148,716	1,131,943	1,096,181	25,662*	16,552
August.....	1,506,752	1,463,655	1,423,844	1,407,238	31,617*	22,018
Sept.(5 wks)	2,534,268	2,697,040*	2,414,713	2,583,719	57,769*	52,046
Oct.....	1,865,070	1,985,846*	1,775,356	1,910,157	37,850	31,341
November....	2,128,065*	1,971,114	2,022,704	1,878,310	41,037	45,078
Dec.(6 wks#)	2,343,867	2,208,058	2,212,978	2,091,795	52,868	57,765*
TOTAL.....	20,516,224	21,159,798	19,474,018	20,384,860	379,837*	351,402

VCR SALES TO DEALERS

Month	Decks		Camcorders		TV/VCR Combos	
	1991	1990	1991	1990	1991	1990
January....	547,680	731,767	104,797	110,967*	44,838*	13,895
February....	605,091	642,272	121,928*	103,369	59,153*	11,520
March(5 wks)	940,365	1,044,552	217,130	222,417*	72,966*	21,131
April.....	624,330	547,220	184,413	173,898	34,252*	20,631
May.....	652,265	564,611	216,884	258,806*	43,452*	28,283
June(5 wks.)	926,524	984,029*	351,549*	305,324	58,176*	45,758
July.....	615,038	531,793	176,722	178,905	42,246*	36,073
August.....	801,550	644,192	232,422*	193,360	51,291*	34,399
Sept.(5 wks)	1,460,594*	1,293,066	387,877	391,677*	61,786*	61,275
October....	1,007,386	931,148	192,568	308,506*	51,864*	44,347
November....	1,078,919	1,055,458	320,778*	300,790	64,324*	47,726
Dec.(6 wks#)	1,458,594	1,148,731	357,327	413,672*	78,021*	58,498
TOTAL.....	10,718,336	10,118,839	2,864,395	2,961,691*	662,369*	423,536

* Record. # 5 weeks in 1990.

Note: 1991 data are for 53 weeks, 1990 data for 52 weeks.

"TV of Tomorrow" conference sponsored by Financial Times will be held in London Feb. 19. 44-71-925-2323.

Consumer Electronics Personals

Changes at Montgomery Ward: **Robert Schoeberl**, senior vp—automotive, named senior vp—Electric Ave., replacing **Phil Garrison**, resigned; **Buck Pohlman** moves from finance vp to exec. vp—stores and finance; Vp—Controller **John Workman** becomes vp—finance; **Don Docken**, responsible for merchandise presentation, adds responsibility for planning, with **Ed Zgonina**, newly named vp—store planning and construction, reporting to him... **David Nagel** promoted to senior vp, Apple Computer Advanced Technology Group (ATG) and named to company's Executive Management Team. He continues as acting gen. mgr., Apple Consumer Products Div.

William White Nintendo ad-PR dir., shifts to dir. of mktg. and corporate communications, new post; company plans to hire new ad dir. and PR mgr... **Edward Volkwein**, ex-Funk & Wagnalls, joins Sega as senior vp, mktg... **John Goldsberry**, ex-Salomon Bros., named vp—chief financial officer, Good Guys... **James Straus** departs as Blaupunkt national mktg. and account mgr., may be reached at 708-945-1685... **Tyler Blake** appointed senior vp—design support and special projects, Philips Interactive Media of America... **Ernst Ranft** joins Ampex as vp—operations.

Promotions at Sony Recording Media Professional Tape Div.: **Kenneth Wiedeman** to vp—sales and mktg.; **Joseph Tibensky**, formerly BASF national key account mgr., succeeds him as dir.—sales and mktg... **John Banks**, Audio Centre, Montreal dealer, appointed vp, Professional AudioVideo Retailers Assn. (PARA); Harman International Chmn. **Sidney Harman** keynotes PARA convention March 13-17, Hilton Head, S.C... HMV USA Mktg. Vp **Peter Herd** leaves to take post with parent company in London; his duties will be performed by Operations Vp **Bob Douglas** until successor is found... Warner Music Group Chmn. **Robert Morgado** delivers keynote at National Assn. of Recording Merchandisers (NARM) convention March 14, New Orleans.

RKO/Warner Video Mktg. Vp **Stephanie Shulman** departs as result of staff cutbacks, can be reached at 516-767-2904... Changes at Blockbuster: Franchising Vp **Doug Kinney** resigns; National Development Vp **Robert Guerin** assumes his duties as domestic franchising vp; Ad & Field Mktg. Vp **Emil Terry** resigns to become franchisee... Super Club exec. board members Mktg. Dir. **Pieter Fitters**, Finance Dir. **Marc Sevenans** and **Darrell Baldwin**, pres. of Super Club N. America pres., will handle duties of CEO **Jaap van Weezendonk**, who stepped down last month... **David Seltzer** promoted to Columbia TriStar Home Video creative services mgr... **Laurent Bosson**, ex-SGS-Thomson Group corporate vp, named pres., SGS-Thomson Microelectronics.

Tandy classified ad in trade papers seeks mktg. mgr. "to oversee the marketing strategy of our digital recording equipment," including DCC and "recordable disc systems," presumably reference to long-awaited THOR project, which last spring was said to have entered "product development stage" at company's San Jose plant. Ad said candidate chosen would coordinate development planning, "divisional marketing activities," OEM sales, PR and communications and "industry relationships."

Videotape sales increase was one reason given by Polaroid for surprise 4% increase in profit and sales in 4th quarter. Also up: Instant cameras and film.

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
A. H. Belo			
1991-year to Dec. 31	431,585,000	12,392,000	.65
1990-year to Dec. 31	439,060,000	29,591,000	1.55
1991-qtr. to Dec. 31	121,358,000	5,907,000	.31
1990-qtr. to Dec. 31	118,241,000	12,760,000	.67
Commodore International			
1991-6 mo. to Dec. 31	575,700,000	45,400,000	1.35
1990-6 mo. to Dec. 31	584,400,000	43,500,000	1.34
1991-qtr. to Dec. 31	371,600,000	40,100,000	1.18
1990-qtr. to Dec. 31	384,100,000	36,500,000	1.12
Gannett			
1991-52 wk. to Dec. 29	3,382,035,000	301,649,000	2.00
1990-52 wk. to Dec. 30	3,441,621,000	376,963,000	2.36
1991-13 wk. to Dec. 29	901,193,000	97,045,000	.68
1990-13 wk. to Dec. 30	904,565,000	117,292,000	.74
Good Guys			
1991-qtr. to Dec. 31	155,013,000	4,584,000	.36
1990-qtr. to Dec. 31	124,510,000	4,954,000	.47 ^a
Harman International			
1991-6 mo. to Dec. 31	299,166,000	134,000	.02
1990-6 mo. to Dec. 31	298,779,000	1,142,000	.13
1991-qtr. to Dec. 31	163,342,000	1,479,000	.17
1990-qtr. to Dec. 31	167,184,000	173,000	.02
M/A Com			
1991-13 wk. to Dec. 28	87,566,000	3,145,000	.13
1990-13 wk. to Dec. 29	90,870,000	3,019,000	.12
Media General			
1991-year to Dec. 29	585,900,000	(62,091,000)	— ^b
1990-year to Dec. 31	613,667,000	25,480,000	.98 ^c
1991-qtr. to Dec. 29	148,046,000	9,181,000	.35
1990-qtr. to Dec. 31	155,723,000	3,078,000	.12 ^b
Multimedia			
1991-year to Dec. 31	524,326,000	48,397,000	1.30
1990-year to Dec. 31	480,724,000	45,580,000	1.23 ^a
1991-qtr. to Dec. 31	143,157,000	14,549,000	.39
1990-qtr. to Dec. 31	127,152,000	17,016,000	.46 ^a
Scripps Howard Broadcasting			
1991-year to Dec. 31	348,541,000	16,155,000	1.56 ^b
1990-year to Dec. 31	325,648,000	30,012,000	2.91
1991-qtr. to Dec. 31	99,463,000	10,279,000	1.00
1990-qtr. to Dec. 31	91,512,000	11,018,000	1.07
Texas Instruments			
1991-year to Dec. 31	6,784,000,000	(409,000,000)	— ^b
1990-year to Dec. 31	6,567,000,000	(39,000,000)	—
1991-qtr. to Dec. 31	1,752,000,000	(85,000,000)	— ^b
1990-qtr. to Dec. 31	1,759,000,000	(56,000,000)	—
Walt Disney			
1991-qtr. to Dec. 31	1,936,638,000	208,126,000	1.56
1990-qtr. to Dec. 31	1,492,383,000	170,444,000	1.28

Notes: ^aAdjusted. ^bAfter special charge. ^cIncludes special credit.

First 4 movies to be released in 16:9 tape format in Europe (TVD Jan 20 p12) are Columbia's Look Who's Talking, Jagged Edge, Adventures of Baron Munchausen, My Stepmother Is an Alien, Thomson Consumer Electronics said. Cassettes use horizontally compressed picture on S-VHS tape with additional code that determines whether TV set is in standard or widescreen format.

First "large-screen" TVs produced in China have received govt. approval, with certification by Commerce Ministry that their quality level is on par with foreign products. The 26" multistandard color sets were made by Conhui (Huizhou) Electronics, joint venture of Hong Kong's Conic Group and foreign trade firm in Huizhou, Guangdong (Canton) province.

TELEVISION DIGEST®

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With Consumer Electronics

FEBRUARY 10, 1992

VOL. 32, NO. 6

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DINGELL FIRES MISSILE ON MORATORIUM: Twice attacking White House 90-day moratorium on new govt. rules and regulations last week, House Commerce Committee Chmn. Dingell (D-Mich.) asked FCC Chmn. Sikes (as well as other independent agency heads) 11 questions about impact of President Bush's order on FCC operations and told him not to discuss questions or answers with anybody in Administration. Dingell also wrote OMB Dir. Richard Darman telling OMB not to tamper with independence of regulatory agencies. At same time, FCC Comr. Marshall sent to Sikes her own recommendations for deregulatory moves that Commission should take on its own. Sikes had memoed other commissioners asking for their ideas (TVD Jan 27 p5).

Dingell, who also is chmn. of Subcommittee on Oversight & Investigations, again expressed concern that FCC and other regulatory agencies not be "impeded, subtly or otherwise," at urging of White House, OMB or Council on Competitiveness in such a way "that will erode their independence and possibly be inconsistent with the law and the public interest. I am concerned, moreover, that the rights of parties to proceedings before your agency not be abridged and that decision-making not be delayed." As independent agency, FCC isn't required to comply with White House moratorium but Sikes has said it will do so voluntarily in areas where there isn't conflict with law.

Consumer Electronics

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SONY WON'T EXHIBIT to public at CES in Chicago, company says, citing own product introduction schedules and its showcase retail store there. (P. 15)

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CD-I AND ELECTRONIC BOOK compatibility being worked on by Sony and Philips, Bastiaens confirms. Kodak shows multidisc Photo CD player at PMA. (P. 16)

Among Dingell's questions to Sikes (response is due by Feb. 28): (1) Bush had said that "Congress has thus far failed to pass most of the Administration's regulatory reform proposals" and Dingell asked: "To the best of your knowledge, which of those proposals apply to or affect" FCC. (2) "Did you (or any persons with your agency)" attend White House briefing on moratorium? If so, "was the briefing (and your agency's participation therein) in accordance with the ex parte rules...?" (3) What is FCC's understanding of "regulations and programs" referred to by Bush? "Do they, for example, include enforcement matters, license applications, permits and contracts?"

(4) What are legal obligations for FCC to take any action, "voluntary or otherwise," as result of President's order? "Please explain and identify the statutes applicable to your agency." (5) "What deficiencies in your rulemaking have you identified that would be corrected by the [White House] memorandum?" (6) Is President's request proper that agencies set aside 90-day period to evaluate rules and regulations and "to identify and accelerate action in initiatives that will eliminate unnecessary regulatory burden or otherwise promote economic growth?... Does the Commission plan to comply with this request? If so, why and to what extent?" (Note: Sikes already has complied by ordering such an evaluation within FCC, which prompted Marshall's memo.)

(7) Please explain to what extent FCC should work with public and other agencies, as directed by President, "taking into consideration the law and regulations... including your ex parte rules." (8) President's phrase "'to the maximum extent under law' seems to establish a test or directive to take actions... What is the effect of such a phrase on your agency...?" Is "consultation" as called for by President permitted under ex parte rules? (9) What is legal basis for President's mandate to designate "senior official [in FCC's case, it's Gen. Counsel Robert Pettit] to engage in consultation with the Council on Competitiveness... The memorandum uses the word 'permanent.' Would this be a permanent position? Why is one needed?

Dingell asked Sikes to provide copy of letter to other commissioners: "I welcome their comments." He also directed that Sikes not consult OMB, White House or "anyone in the Executive Branch about this letter or the contents of your reply."

In letter to Darman, Dingell expressed Subcommittee's concern that 3-month White House moratorium on new govt. regulations might be extended and "improperly attempt to affect the actions" of FCC and other independent regulatory agencies. He wrote that "there is no provision in law, to our knowledge, that would authorize such interference." Lawmaker asked Darman to supply Subcommittee by Feb. 21 assurances that Presidential order "does not apply in any way to any such agency or the actions of such agencies... If you disagree, please provide the legal basis" for applying moratorium to independent agencies "and explain fully the Presidential plan." Dingell also asked Darman for list of agency heads who attended White House briefing on Administration's moratorium.

Marshall offered reform proposals to Sikes that she's said to believe "offer the most immediate or substantial potential for reducing unnecessary regulation, spurring investment and creating new jobs in the communications industries." They include: (1) "Relax or eliminate" 12-12-12 ownership limits, especially for radio. (2) "Significantly relax" duopoly ownership and one-to-a-market rules. (3) Raise ownership nonattribution limits (now 5% for individuals and corporations, 10% for institutional investors). (4) Relax, if not outright repeal, prohibition against TV networks' owning cable systems. (5) "Uncork the licensing of wireless cable systems" to make them much less difficult to obtain. Comr. Duggan had made same suggestion to Sikes last summer.

Marshall also submitted 7-point proposal for reforms she would like on common carrier regulation, among them: Reform of depreciation policies, ground rules for interconnection to facilitate competition in local exchange, elimination of Sec. 214 requirements, simplification of remaining rate-of-return regulation, quicker allocation of spectrum for Personal Communications Services. Marshall said she also wanted: (1) More streamlining of interexchange market rules, with emphasis on speeding up deployment of Signaling System 7 so that prohibition against bundling 800 services with AT&T Custom Tariff 12 deals could be lifted as soon as possible. (2) Inquiry into whether there are spectrum constraints or other regulatory impediments to availability of information services.

Sikes and Comr. Barrett were out of town last week and unavailable for comment on Marshall's suggestions. Comr. Quello told us he agrees with much of what she recommends -- not including network ownership of cable systems. He said he's preparing his own suggestions for Sikes and said it's interesting that Marshall didn't mention finsyn: "The opinion of the majority [Marshall, Barrett, Duggan] was very regulatory." In common carrier area, Quello said: "Our decision on Tariff 12 was terrible" (his was only dissent).

Without commenting on specific Marshall proposals, Comr. Duggan told us they're "constructive, creative and thought-provoking." He said he also plans to send suggestions to Sikes within week, will stress streamlining of how wireless cable can obtain licenses: "We need to keep on top of that one." Sikes has stated that he hopes to have much of FCC regulatory underbrush and unnecessary rules repealed by end of year.

Sen. Burns (R-Mont.), member of Communications Subcommittee, praised Sikes and Marshall by name for their deregulatory efforts. "Our government is good at imposing regulations, and frankly, I'm convinced that a major contributor to the recession... is unnecessary regulation that is strangling American businesses," he said. "Regulation, down and dirty, raises costs, raises operating expenses" and often causes employees to be laid off. He accused Senate of "committing regulation strangulation" in passing S-12 cable bill. As for efforts of Sikes and Marshall, Burns said: "I applaud their bold efforts... and I would ask my colleagues who would criticize the FCC to tone down their reregulatory rhetoric."

PHILIPS WINS GHOST-CANCELING TESTS: Philips ghost-canceling system showed top performance in series of field tests conducted by NAB, but broadcasters and others will have to consider other factors such as economics and use of vertical blanking interval (VBI) before setting standard, NAB officials told us. Decision on standard is likely by June, they said, and first professional ghost-canceling systems could be operational almost immediately, followed by consumer units 6-12 months later.

Philips system performed best in each of tests, which measured picture quality improvements in VHF and UHF and when dealing with different types of ghosts and signal strengths, said Lynn Claudy, NAB dir.-engineering and technology. NAB officials said each system tested -- others were AT&T/Zenith, Japan's Best. Technology Assn. (BTA), Sarnoff/Thomson, Samsung -- was effective in reducing fuzzy multiple images. Claudy said systems developed by BTA or Sarnoff/Thomson generally provided 2nd greatest improvement in picture quality.

Sarnoff/Thomson system has least impact on VBI, portion of TV signal that isn't needed for video that many stations use for closed captioning, test signals, commercial data transfer, etc. Each system places ghost-canceling signal on one of 21 VBI lines, but those of Philips, Zenith and Samsung would limit types of information that could be carried on 2 adjacent lines. BTA would limit only one additional line, and Sarnoff/Thomson would impose no limits on any other line.

Decision between Philips and Sarnoff/Thomson, for example, would require tradeoff between picture quality and number of VBI lines that would be available for other uses. None of systems would need to affect closed captioning, but system that limited use of additional lines could mean that station couldn't use those lines for tests or to generate additional revenue. "The VBI is underutilized in most instances, but that space is seen as a potential 2nd revenue stream," Claudy said. "Broadcasters feel differently about the VBI. Some would say that it's no problem [to affect additional lines], but others might want to do a business analysis." He said NAB tests showed that ghost-canceling doesn't interfere with closed captions.

Economics aren't likely to be major factor in final decision among ghost-canceling tests, Claudy predicted: "My personal read is that most of the cost is in circuits that are common to any system, so in most cases it's likely that the biggest cost factors will be similar. If there are big differences, it's not apparent." BTA already is offering ghost-canceling receivers at \$500-\$1,000, and proponents aren't disputing estimates that mass-manufactured units would add about \$100 to price of TV set.

NAB will be sending results of field tests to broadcasters and proponents within few weeks, NAB Senior Vp Michael Rau said. He predicted that decision among ghost-canceling systems will come "very quickly," possibly at NAB convention in April and almost certainly by TV board meeting in June: "This has been a high priority for 2 years." Results also will go to Advanced TV Systems Committee (ATSC), which supported tests, and Rau said NAB will work with ATSC toward setting voluntary technical standard.

Cable headends and TV translators probably will be first to install ghost-canceling receivers, Claudy predicted, because cost-per-customer is low even before mass production begins. For example, headend would use ghost-canceller to clean up broadcast signal before passing it through cable system, improving picture quality even for TV sets that don't include ghost-canceling equipment. Customers could add own ghost-cancelers to eliminate any ghosts that are added by cable transmission. In addition, cable customers who do so would get better picture even if there isn't one on headend. Claudy said little additional development is required, so ghost-cancelers probably could be available in high-end TV receivers almost as

soon as production cycles allow. Field tests showed that ghost-canceling doesn't affect sets that don't have canceling equipment.

NAB conducted field tests last fall, using UHF and VHF stations (WRC-TV, WDCA-TV and WFTY) in Washington. System performances were measured at more than 100 locations. Test procedures were developed by NAB Advanced TV Task Force, in cooperation with ATSC. Each ghost-canceling system uses "training signal" in VBI that receiver analyzes to determine which image to display.

Just about everything you ever wanted to know about a Chapter 11 bankruptcy filing is contained in 165-page document, plus 9 exhibits, filed last week in Denver bankruptcy court by Gillett Holdings (GH), headed by George Gillett. GH states that filing is "lengthy and complex," covering 8 classes of debtors from "priority claims" on "GNG [George N. Gillett] interests." GH owns 3 TV stations, having taken over 99% of WTVT in Dec., with Pres. Clarence McKee retaining 1%. Other stations are NBC affiliates KSBW Salinas-Monterey and KSBY-TV San Luis Obispo, Cal.; NBC affiliate WMAR-TV Baltimore was sold last summer. One or all 3 of remaining stations will be sold under reorganization, we're told. GH filing also includes Colo. ski resorts, meatpacking plants. Concurrent with Chapter 11 filing, GH submitted reorganization plan, which it said major creditors had approved (including Apollo Investments, controlled by investment banker Leon Black, and TWA head Carl Icahn, although it didn't say whether Icahn approved reorganization plan). Icahn owns \$65 million in GH 13-7/8% bonds, which currently are selling at 10¢ on dollar, according to Wall St. Journal. GH reportedly has debts of some \$970 million and in Aug. 1990 defaulted on bond payments. Filing anticipates that restructuring, which includes elimination of some subsidiaries and change of ownership of others, will be completed by June 20. Under plan, Gillett will remain chmn. of reorganized company. Filing states that reorganized GH doesn't expect to pay any dividends to common stockholders "in the foreseeable future" and covenants in reorganization restrict ability to pay such dividends.

Response among consumer audio manufacturers to AMAX AM improvement program "has varied from people who are very interested in doing it to those who just don't want to do it," said Ted Snider, chmn. of NAB task force on radio receivers. Conceding that "we have run into some resistance" in getting manufacturers to adopt AMAX, Snider said stumbling block has been eligibility requirement on noise blanking because it adds nominally to cost of radio. Although hesitant to describe AMAX program as "the last gasp" for AM service, NAB Exec. Vp John Abel said: "If this does not work, the AM radio industry more than likely will die. The entire AM radio industry, if this does not work, is on the verge of total extinction." NAB is "confident" AMAX effort will be successful, Abel said, but noted that 60% of AM stations in U.S. are losing money. Snider said he believes AMAX is largest promotional undertaking in history of broadcasting, with 1,700 stations committing to air 1.5 million spots publicizing program's benefits and availability of AMAX-certified radios.

Program Notes: C-SPAN said thanks but no thanks to being singled out for inclusion in regulated cable tier in Senate cable bill (TVD Feb 3 p1). Network issued statement saying that effort was "probably well-intentioned," but confused C-SPAN's status with that of public broadcasters and was in conflict with C-SPAN's business philosophy. Proposal is "unnecessary government involvement in our business," C-SPAN said... **Cal-SPAN** signed agreement for Cal. version of C-SPAN to be carried on Times Mirror cable systems.

U.S. Copyright Office has delayed for 2 years effective date of its ruling that wireless cable and others aren't entitled to compulsory license (TVD Feb 3 p6) to allow Congress to act, Register of Copyrights Ralph Oman said in letter to Rep. Boucher (D-Va.). Delay means wireless cable, satellite TV and others will have access to broadcast TV programming at least until Jan. 1, 1994. Oman told Boucher that Copyright Office understands that decision to cut off license is "a controversial one that could have a serious adverse effect on the wireless cable industry." He said it's "clear" from comments of Congress and FCC that policymakers "support the emergence of wireless cable as a source of competition to traditional cable." Delay was "specifically to afford Congress an opportunity to introduce competition into the video marketplace," Oman said. But Senate Copyright Subcommittee Chmn. DeConcini (D-Ariz.) said he still believes wireless cable and satellites are guaranteed compulsory license under current law, so no further legislation is needed. Copyright Office issued new interpretation last year saying that new technologies don't have right to license because they're not directly connected to homes by wire. DeConcini criticized narrow interpretation and promised that wireless cable wouldn't be jeopardized by it: "I am committed to keeping the compulsory license available... and any future modification or elimination of the compulsory license will be accompanied by a transition period designed to protect emerging competitors to cable."

Cable Act alone doesn't give cities right to own cable systems, Judge Franklin van Antwerpen ruled in U.S. Dist. Court, Philadelphia. Case, involving Warner Cable and Pa. borough of Schuylkill Haven, is first in which federal court has decided issue, Warner lawyer Bruce Beckner said. Van Antwerpen said Pa. state law doesn't allow non-grandfathered municipalities to operate own cable systems: "No matter how much we favor, as a matter of policy, allowing the citizens of boroughs and towns to compete with established cable companies... we are powerless to do so." In response to argument that even if municipal ownership isn't allowed by state law, it is by 1984 Cable Act, van Antwerpen said: "Congress had no intention of granting powers to municipalities that the municipalities did not have under state law." He said Cable Act forbade states only from imposing restrictions based on cross-ownership or multiple media ownership. Attorneys for city said other municipal cable ownership cases being litigated deal primarily with other issues.

FCC asked Justice Dept. to begin civil proceedings against Evergreen Media, licensee of WLUP(AM) Chicago, for failure to pay \$6,000 fine after broadcasting what Commission ruled was indecent programming. FCC said it twice has requested payment and since Evergreen has stated that it won't pay, "it is clear that the licensee wishes to contest the matter in court." WLUP was fined for airing "indecent" programming 2:30-4:30 p.m. Aug. 19, 1987. FCC's 24-hour ban of indecent broadcasts has been ruled unconstitutional by U.S. Appeals Court, D.C., and U.S. Supreme Court hasn't yet said whether it would consider govt.'s appeal.

CABLE ATTACKS VDT: FCC's video dial tone (VDT) plan would violate 1984 Cable Act prohibitions on cable-telco cross-ownership, cable groups told Commission, as industry filed comments in rulemaking. Cable groups also said rulemaking is too general and fails to define VDT. Broadcasters said telcos should provide video carriage only on common carrier basis and pushed for must-carry and lower carriage rates for broadcast TV. Telcos said that FCC should expand proceeding to include multifunction, broadband network, and that concept of VDT itself isn't adequate to generate market for video services.

FCC can't allow telco involvement in programming because of Cable Act, according to joint filing by 16 cable entities, including Adelphia, Century, Hauser. NCTA agreed that it's "unlawful" for FCC to modify cross-ownership rules to allow telco provision of video. NCTA said VDT would "substitute a regulatory crystal ball for the workings of the marketplace." Group said it doesn't oppose telcos' carrying video programming as common carrier if they have franchise, but FCC wasn't specific enough in detailing regulatory framework and was too specific in effort to create technical model for VDT. Rulemaking "failed to provide a clear description of this proposal," Consumer Federation of America agreed, and TCI said agency hadn't specified any standards to comment on. Cal. Cable TV Assn. said FCC shouldn't allow VDT until it resolves 3 Cal. cases in which it said telcos cross-subsidized video service -- Pacific Bell/Palo Alto, GTE/Cerritos, Contel/Rancho Las Flores.

Broadcasters backed general concept of VDT if telcos are providing video carriage on common carrier basis. NAB said VDT could help break cable monopoly, but telcos shouldn't be allowed to provide video programming within their service areas, and FCC needs more information on whether Computer III safeguards against cross-subsidies are adequate. Assn. also said that telcos should only be allowed to build new delivery systems, not invest in existing cable systems because that "would allow [telcos] to eliminate their most likely... competitors."

Several broadcasters pushed for special carriage rights if telcos get VDT okay. INTV called for special tariffs for broadcast signal retransmission and said there's no proof that telcos need to control video content to justify fiber investments. Fisher Bestg. asked for must-carry on telco-operated video systems and guarantee that capacity would be available for HDTV. APTS said FCC must give public TV right to carriage either free or at preferential rates.

There's no reason to continue VDT rulemaking "unless the telcos demonstrate a good-faith commitment to make VDT successful," MPAA said. Studios said they are "intrigued" about possibility of alternative way to get programs to homes, but neither programmers nor telcos "have a clear sense of where supply and demand intersect." MPAA suggested that FCC set up advisory committee including program producers, telcos and others before adopting VDT. Consumer groups proposed that FCC hold series of public hearings on issue before acting. They said VDT would "encourage the creation of an unprecedented monopoly over the nation's television and information systems" and would allow telcos eventually to eclipse broadcast and cable as primary delivery system and would increase cost of information substantially.

Telcos don't believe VDT rulemaking goes far enough, they told FCC. Pacific Telesis said proposed regulatory structure is "based on old paradigms of services and

processes which will become increasingly irrelevant" and vision should be broader than simply video dial tone since distinctions among services will become irrelevant over time. U S West said FCC shouldn't limit itself to one approach to VDT because market for product still hasn't been defined. Telecommunications Industry Assn. projected that switched video could be available on affordable basis by mid-1990s and urged lifting of rules that restrict joint ventures and discourage technology trials and adjusting of rural exemptions.

Other comments in filings included: (1) NCTA said FCC should handle telco video on case-by-case basis instead of in overall rulemaking and said there's no reason to believe Computer III safeguards will work. (2) NTIA called rulemaking "an important first step" toward increasing competition and diversity in video market, as well as toward helping promote telecommunications infrastructure development. It said that full benefits will accrue only if telcos are allowed to own video programming in their service areas and that safeguards should be based on Computer III. (3) Action for Children's TV called VDT "the earliest and best possibility of achieving common carrier broadband distribution" of video. (4) Satellite Bestg. & Communications Assn. said it would make just as much sense to use satellites as broadband video distribution medium. (5) Competitive Cable Assn., which represents overbuilders, said VDT is "clearly headed in the right direction," but would do little immediately to help competitive situation. It suggested that FCC promptly ease rules for telcos to build cable capacity for overbuilders.

Appointment of new NTIA dir. to succeed Janice Obuchowski will be delayed until Secy. of Commerce appointee Barbara Franklin is sworn in, we're told. That won't come until Congress returns from Presidential holiday recess Feb. 18. Administration official said Franklin definitely will play role in selection. Said to be heading short list of prospects are Greg Chapados, aide to Sen. Stevens (R-Alaska), acting NTIA Dir. Thomas Sugrue, FCC Gen. Counsel Robert Pettit. Meanwhile, Tex. PUC Comr. Marta Greytok is potential candidate for either FCC seat now held by Comr. Marshall or for NTIA chief, sources said. Greytok has had interviews with White House and can be expected to have support from Hill, particularly Sen. Gramm (R-Tex.). Member of NARUC Communications and Exec. Committees, Greytok has been on PUC since 1987, is serving term that expires in 1993. Franklin's confirmation hearing Feb. 6 centered mainly on trade-related issues, as nominee promised tough enforcement of trade laws. At Senate Commerce Committee hearing, Sens. Rockefeller (D-W.Va.) and Kerry (D-Mass.) criticized past Commerce Dept. leadership. Franklin will succeed Robert Mosbacher, now in Bush Presidential reelection campaign.

Reporters for NPR and Newsday have, as expected, been subpoenaed by Senate special counsel investigating leaks of sexual harassment charges against Supreme Court nominee Clarence Thomas. But lawyers for both reporters -- NPR's Nina Totenberg and newspaper's Timothy Phelps -- said they wouldn't provide undisclosed or unpublished information that both said they received from sources on condition of confidentiality. "This seems to me the beginning of an unnecessary, futile and unconscionable effort to force Nina to break her word to her sources," said her attorney Floyd Abrams. "That she will not do." Totenberg is to answer questions from special counsel Peter Fleming Feb. 25; NPR Vp-News & Information William Buzenberg is to appear before Fleming a week earlier.

COURT REMAND ON COMPARATIVE CRITERIA: When challenged, FCC must explain criteria it uses in comparative hearing cases, unanimous 3-judge panel of U.S. Court of Appeals, D.C., ruled Jan. 31 in remanding FM case to Commission. Court said agency in 1965 adopted its policy statement on comparative hearing criteria, giving great weight to integration of ownership with management and never has explained it further "at any time thereafter... The Commission has not spelled out why an owner/manager will be more sensitive to community needs than an owner who hires a professional manager," and it must do so in this case, Court said.

Case involves 4 competing applicants (one didn't appeal) for new FM in Selbyville, Del. (also to serve Ocean City, Md.). FCC administrative law judge awarded grant to Anchor Bestg. based on integration and fact 4 principals were black. Review Board reversed that, awarding FM to Galaxy Communications, saying that Anchor had failed to establish reliability of its integration proposal. Full Commission then reversed Review Board, again granting channel to Anchor. Galaxy and losing applicant Susan Bechtel appealed, with Bechtel challenging validity of FCC's integration criteria because of changes in rules since 1965 policy statement, such as no-longer-required 3-year holding rule before station can be sold.

Court panel (Chief Judge Patricia Wald and Judges Laurence Silberman and Karen Henderson) told FCC that Bechtel (wife of "experienced" communications attorney Gene Bechtel, as noted by court, who appealed case for his wife) is entitled to answers to questions she raised. Court also noted that Commission grants often go to party proposing to "reach a larger geographical area" and that Bechtel's proposal to serve 40,465 people was 21% larger than Anchor's 33,350. Both Anchor and Galaxy had promised fulltime management control of proposed station, while Bechtel said she would hire experienced manager to run station under her supervision. In appeal, she cited fact that many new stations now are sold within 6 months and asked how it's in public interest for FCC to require integration of ownership with day-to-day management. In remand, Court told Commission to answer that question, saying agency's response to her arguments are "not on point." In refusing to consider Bechtel's petition for reconsideration, Commission had said such issues should be considered in rulemaking, not in comparative proceeding.

Court told FCC to respond to Bechtel's argument that "integration criterion no longer serves its stated objectives" and that "subsequent regulatory events have made the Commission's continued emphasis on 'integration' arbitrary and capricious." Court said that Bechtel challenged her competitors and FCC to point out any cases over last 10 years in which integration played major role in construction and operation of new station: "Neither the FCC nor her competitors offered a single example. Indeed, during the 26 years in which the integration of ownership into management has been an important criterion... there is no instance of which we are aware in which the FCC has publicly examined its effectiveness... The only response [by FCC] to Ms. Bechtel's serious arguments was presented in a footnote" in agency decision, which didn't address substance of her argument, Court said.

FTC Comr. Deborah Owen and Christopher Zimmerman, chief economist of National Conference of State Legislatures, will speak at March 17 AAF govt. affairs conference, Willard Hotel, Washington. Other speakers include Sen. Ford (D-Ky.) and Rep. Gibbons (D-Fla.). 202-898-0089.

NETWORKS NEED INNOVATION: Broadcast networks never will regain audience domination they once had, but with experimentation and innovation they can hang onto those still watching, executives of ABC, CBS, Fox and NBC told IRTS luncheon in N.Y. Feb. 7. "This is a very difficult environment," ABC Entertainment Pres. Robert Iger said. "The proliferation of [competing] product has fragmented the audience and makes it impossible to get them back." He and others pushed for new ideas in programs, scheduling and partnerships to ensure networks hold their ground.

"If we turn the lights on, we can get the audience," NBC Entertainment Pres. Warren Littlefield said. "The audience has rejected cookie-cutter programming." NBC is looking for creative talent with "a separate voice," he said, citing Seinfeld as example of distinctive sitcom. His network would rather fail with such ventures after exposing them to audience than have shows rejected on basis of promotional spots because they're same old thing.

CBS Entertainment Pres. Jeff Sagansky stressed return to "event programming," such as miniseries and short series, rather than sticking with tired strategy of shooting for long-running programs. "In the 80s, some miniseries failed and we went to night after night of strict series," he said. However, "explosion" of foreign markets means more financing is available for event shows. CBS is producing Scarlett and Lonesome Dove sequel with foreign partners, he said. ABC is exploring 6-8 hour series to be scheduled at same time each week as alternative programming, Iger said. If network had ended Twin Peaks after solving Laura Palmer's murder, "it might have gone down in history as a great success," he said.

Opinions differed on how well traditional development process works, with Fox Pres. Peter Chernin, who described his network as having innovative "bad boy" image, calling pilot system "one of the most insane economic processes imaginable." Littlefield agreed "the traditional script-pilot-series system hasn't produced an abundance of excellent shows." Iger countered that process is "useful," but conceded companies need to eliminate waste. Sagansky was strongest proponent of pilots, even though his network ordered 4 series based on scripts alone. He admitted he's willing to go with series stemming from "outstanding" scripts, but said he strongly believes in pilots because "you never know when you have it until you see it."

FCC is expected to finalize technical standards for cable at agenda meeting Feb. 13 (9:30 a.m., Rm. 856). As result of rulemaking, cities and cable groups agreed on proposed set of standards on signal quality and reliability (TVD Oct 21 p6). However, some broadcasters were dissatisfied with compromise, which would set standard for signal quality for retransmitted broadcast stations that they said is somewhat lower than FCC originally proposed. Also on agenda is proposed policy statement clarifying FCC rules on attributing mass media interests of one spouse to other for purposes of multiple ownership and cross-interest rules.

National Endowment for the Arts will provide its largest grant yet to TV series for Behind the Scenes, PBS show focusing on arts creative process to be hosted by comedy team Penn & Teller. Series, co-produced by WNET N.Y.-Newark, will mark first major public TV underwriting commitment by McDonald's, which will be exclusive corporate funder. Program is to be announced at Feb. 11 news conference at WNET.

ABC PROFITS DOWN: Cap/ABC profits fell 34.5% to \$103 million in 4th quarter and 28% to \$343.5 million for year, company said, with most of blame placed on ABC Network and broadcast operations. Fourth quarter was affected by \$31.2-million writeoff of redemption of debt, but profits would have dropped 15% even without move. Meanwhile, Time Warner finalized deal to buy rest of ATC, and Tribune Co. and Washington Post had higher profits, but other media groups posted declines.

Cap/ABC broadcast revenue inched up 0.4% to \$1.3 billion in quarter, although net revenue for network and TV stations was off slightly. Video operations, particularly ESPN, had "significant" revenue increase, company said. For full year, broadcast revenue rose 1% to \$4.3 billion. Network had slight growth for full year, but TV and radio stations had "modest" declines, Cap/ABC said. Broadcast operating profit dropped 19.4% for full year to \$669.7 million, and 16.6% for 4th quarter to \$223 million. Figure represented "substantial" earnings decline for network because of soft ad market, Cap/ABC said, plus "moderate" drops for other broadcast operations. For whole company, operating profit for 4th quarter fell to \$260 million from \$297 million, and for full year declined 17.5% to \$761 million.

Time Warner (TW) and **ATC** said they had agreed on terms for TW to buy 18% of ATC stock it doesn't already own (TVD Nov 4 p4). In \$1.6-billion deal, TW agreed to pay \$82.50 in long-term debt for each ATC share. Debt pays no interest until 1995, then pays market rate up to 11%, and is redeemable at TW's option in 1995 and 1998 for cash or other debt. TW originally had offered \$75 per share. In other financials: **Tribune Co.** broadcast operating profit jumped 40% to \$19.5 million in 4th quarter. Revenue was up 12%, primarily because of gains in Entertainment Div. TV revenue grew 2%, radio 4%. Overall, company had \$32.7-million profit for quarter, vs. \$191-million loss year earlier... **Washington Post** profit was up 11.6% to \$47 million in 4th quarter, but down 59% to \$174.5 million for year. For year, Broadcast Div. operating profit dropped 28% to \$49.1 million and revenue was down 8.9% to \$163.5 million (4th-quarter decline was 5.9%). Cable operating profit rose 20% to \$29.2 million for year, and revenue 9.6% to \$159.5 million... **McGraw-Hill** profit declined 12% to \$45.4 million in 4th quarter, with broadcast operating profit down 23%.

Times Mirror broadcast operating profit skidded 12.9% to \$9.3 million in 4th quarter ended Dec. 31 because of higher programming costs, and 33.7% for year to \$22 million. Revenue was down 4.6% for quarter, 9.9% for year. Cable operating profit declined 5.2% to \$19 million for quarter, 5.9% to \$75 million for year because of higher marketing costs and lower pay channel revenue. Revenue was up 6.8% for quarter and 8.8% for year... **Westwood One** cut its loss to \$1.3 million in 4th quarter ended Nov. 30, from \$3.5 million loss year ago. Owner of Mutual and NBC radio networks had \$41 million revenue in quarter, up from \$38 million.

Scientific-Atlanta profits fell 34% to \$2.2 million in 2nd quarter ended Dec. 27, largely because of continued weakness in cable equipment sales, Chmn. William Johnson said. He said company is "encouraged by the announced phase-out of restrictions on highly leveraged transactions" but it will be "some time before the effects are felt." Total revenue was up 8% to \$133.5 million... **Maclean Hunter** said it had \$19.3 million profit in 4th quarter, vs. \$5.5 million loss year ago, and full-year profit of \$50.6 million, vs. \$15.3 million. It attributed most of growth to broadcast and cable operations... **Viacom** said it will redeem \$193

million of subordinated debt effective March 10. Debt, due 1998, carries 11.5% interest... **Discovery Channel** said it will rebate \$13.1 million of ad revenue to cable systems, based on 1991 revenue. Figure, which amounts to 32.4¢ per subscriber on systems that signed special 5-year carriage agreement in 1987, is up from \$9.1 million for 1990 and \$3.2 million for 1989... **Oak Industries** had \$2.3-million profit in 4th quarter ended Dec. 31, vs. \$532,000 loss year ago. Sales were up 3% to \$31.5 million... **Standard & Poor's** raised credit rating of **Turner Bcstg. System** subordinated debt to B+ from B. Service said higher rating reflected TBS's stronger business profile and improved cash flow coverages.

Is prime-time access rule (PTAR) still necessary to maintain strong market for first-run syndicated TV programs? That's question asked by Robert Pepper, chief of FCC Office of Plans & Policy, in memo to Chmn. Sikes. Answer appears to be that there's viable and strong first-run market and PTAR no longer is needed, said Pepper memo, although he didn't call for its repeal. Memo says that when compared with markets 51-100, there's no discernible impact of PTAR in top 50 markets (rule applies only to network affiliates in top 50). Memo wasn't sent to other commissioners, who later found out about it and asked for copies. Several petitions for repeal of PTAR are pending at FCC and Comrs. Quello (who is strong supporter), Marshall and Duggan in Jan. appearances at INTV and NATPE strongly indicated that they weren't interested in reconsidering issue. Sikes would like to see rule repealed. Position of Comr. Barrett isn't known.

Potential purchase of local competitive access carrier in Pittsburgh by TCI subsidiary has stirred charges of anticompetitive behavior against cable company, which also owns cable franchise in city. Pa. PUC law judge ruled it wouldn't violate Cable Act if TCI subsidiary Digital Direct bought competitor Penn Access, but challenges to Digital Direct's fitness still are on table. Metropolitan Fiber Systems, which also has local fiber carrier operation in Pittsburgh, is challenging \$10-million deal, as are city of Pittsburgh and CWA. PUC has set hearings for Feb. 11-14. City said it's concerned at possibility of intercompany subsidization and predatory pricing, and possibility for interconnection of fiber and cable facilities, which could allow cable to subsidize private communications business. CWA said TCI has been "a poor corporate citizen as a provider of cable television and as a provider of jobs."

N.Y. Times editorialized against Senate Republican leadership's current legislative hold on CPB reauthorization bill. Specifically citing recent POV program "Tongues Untied," which focused on impact of AIDS on gay black men, N.Y. Times said that Senate GOP seemed "bent on pressuring [Corp.] into restricting certain broadcasts... But 'Tongues Untied' wasn't forced on anyone. About 100 stations that usually carry POV rejected that episode. That's the virtue of the system: To let Americans decide locally what to watch."

Rep. Swift (D-Wash.), who isn't running for reelection after 14 years in Congress, will be featured at "Congress 1992" FCBA legislative forum, 12:30 p.m., Feb. 26, Grand Hyatt Hotel, Washington. Among issues to be discussed by as yet unnamed panel: S-12 cable bill, MFJ, telco entry, spectrum fees, retransmission consent, must carry/must pay, HDTV -- Edward Cohen, 202-508-6615.

Clear Channel Communications is buying Fox affiliate WPTY-TV (Ch. 24) Memphis from Chase Communications for \$21 million.

WTVT CHARGED WITH OVERCHARGING: WTVT Tampa "systematically overcharged" candidates during 1990 primary and general elections, according to complaint last week to FCC. "Specifically, WTVT charged candidates rates higher than its most favored customers" in periods when lowest-unit-charge mandate was in play, it was charged by 5 Ga. and Fla. law firms. They also alleged that station "engaged in rate discrimination among candidates" and increased rates during lowest-unit period.

Complaint, filed on behalf of 3 Fla. gubernatorial candidates and another for secy. of state, asks that WTVT be required to refund overpayments, with interest and attorney fees. It alleges that gubernatorial candidates were overcharged: Robert Martinez \$282,082, winner Lawton Chiles \$142,301, William Nelson (in primary only) \$86,316. Complaint also asks that FCC require discovery and "take appropriate disciplinary action" against WTVT.

Meanwhile, Republican and Democratic National Committees asked FCC to reconsider ruling that TV political ads must contain both audio and visual sponsorship identifications (old rule required only video) TVD Dec 16 p1). Move brought strong criticism of both parties from People for the American Way (PAW) and Media Access Project (MAP) for launching "11th-hour legal attack [on] rules designed to hold candidates clearly accountable for their campaign ads."

PAW and MAP disputed parties' contention that up to 6 sec. of each commercial would be required for audio identification, saying it would take no more than 2-3 sec. New political broadcast rules, which became effective Feb. 3, "are in the public interest and must be defended against this transparently self-interested assault," said PAW. "The parties want to hang onto their license to hit and run in these proliferating attack ads. The fact that they're willing to go to such lengths to fight off common-sense regulation bodes ill for the tone of this year's campaigning." MAP: "The new rule is an effective deterrent to attack ads because the sponsoring candidate never wants to be tagged with a negative image... The rule sends a clear message to candidates and consultants to clean up their act."

NAB has asked FCC to partly reconsider and clarify new political broadcasting rules adopted in Dec. Assn. requested agency to abolish "news adjacency" class of political advertising because FCC "now appears to be requiring stations to sell candidates that time at artificially low rates." NAB also asked Commission to reconsider requirement that stations supply sponsorship identification when they're submitted by candidate, saying licensees should be permitted to reject such commercials. FCC also was asked to state specifically what must be in licensee's political file and to rely on "the reasonable good-faith judgment of broadcasters" to comply with political rules, "providing no compelling evidence exists to the contrary."

In interest of clarity and to advance its policy objectives, FCC "should resolve certain questions and ambiguities" raised by new political broadcasting rules, said Cap/ABC: (1) Stations shouldn't be required to offer candidates program sponsorships and billboards because that "would imply station partisanship." (2) Licensees should be permitted to reject political spots not containing adequate sponsorship identification. (3) Requirement for advance payment for political spots "is fair and reasonable."

FCC has fined WNAU(AM)-WWKZ(FM) New Albany, Miss., \$7,500 for violations of EEO rules, ordered stations to file annual affirmative action reports.

New HDTV coding technique that allows gradual degradation of TV picture and is compatible with older TV sets has been announced by Columbia U. Prof. Martin Vetterli, co-dir. of university's Advanced TV Lab, told American Assn. for Advancement of Science meeting Feb. 7 in Chicago that technique would solve problem of compatibility of digital HDTV with analog sets. System is based on "wavelet theory," he said, dividing TV signal into 3 separate "wavelets" of data, each providing successively greater degree of definition. Top-of-line HDTV sets in area that has good signal would receive all 3 wavelets, allowing best picture quality, Vetterli said, while less complex sets and those in areas where signal is starting to degrade still would receive one or 2 wavelets, with lower quality picture that's still viewable: "You could still get a usable picture on a cheap television in an obscure place." HDTV proponents we talked with said they weren't aware of details of Columbia system.

FCC reversed its Review Board and granted new TV station on Ch. 54 in Avalon, Cal., to Es Posible Minority Media over 8 competing applicants. Law judge had favored Es Posible, citing management integration of its 100% owner Rosemary Garcia. However, Board reversed decision and granted channel to Island Bestg. on basis of its qualitative enhancement credit. In restoring grant to Es Posible, Commission again gave Garcia 100% integration credit. In ancillary ruling, FCC said it no longer will assume that broadcaster will terminate existing position at station in same coverage area to fulfill pledge to become integrated into management of new station. In future, agency said, "explicit promise" will be required to end such employment before grant of new facility will be made.

FCC should close docket on potential of giving land mobile interests right to use some UHF channels, MSTV said in filing on HDTV: "The time has come to acknowledge that there will not be enough spectrum available in major markets for land mobile use after the allocation of HDTV channels." MSTV said keeping land mobile/UHF sharing docket open "serves no useful purpose, except perhaps to foster some degree of uncertainty as to the Commission's commitment to HDTV." Assn. also said FCC should begin reclaiming unused land mobile channels in UHF band, pointing out that some were allocated 20 years ago, "more than enough time for these channels to be assigned and fully loaded."

"Left-wing congressmen turn [CPB] into a vanity press for the film-making wing of their party," Wall St. Journal charged in editorial. It cited "sources in and around [CPB who] make a pretty good case that more than a little of this [ideologically unbalanced programming] is shoved down their throats by congressional Democrats." CPB Pres. Donald Ledwig responded that Corp. "is looking to its future and is not rehashing its legislative history." Editorial is at least 3rd recently in major newspapers related to current Senate GOP hold on CPB authorization bill. Ledwig urged Senate to pass bill "in its current form."

Bush Administration endorsed allowing telcos to carry video programming as interim step until Cable Act is changed. Economic Report of the President, released Feb. 6, said there can't be full competition between telcos and cable until law is amended. Report said continued blocking of telcos would ban most likely competitor to cable, approach that "is untenable in the face of unregulated rates and monopoly franchises."

League of Women Voters will give public opportunity to rate political ads for N.H. presidential primary and for other primaries if "trial balloon" there is success, officials said at N.Y. news conference Feb. 4. N.H. residents will use 900 number to rate substance of political ads, primarily on TV, with League reporting results before election. "We hope that just by announcing that we are doing this we will alert the campaigns that we are watching what is going on," spokeswoman said. "The immediate feedback is a powerful incentive to run a substantive campaign and do more responsible advertising." Callers will be able to comment on all types of ads, but League and co-sponsors AAAA and Markle Foundation realistically expect most of them to deal with TV spots, since most political ad dollars are spent there. Callers to 900 number will pay \$1.15 per min., but League said it still will lose money on project because it will use trained personnel to interview callers. Markle Foundation will pick up deficit, which officials said could reach \$25,000. AAAA Chmn. Alexander Kroll of Young & Rubicam said groups decided on 900 number instead of 800 partly to defray costs and partly to be sure that each caller is "serious." Campaign was launched last week with free ads in N.H. media and will move on to other primary states if it's success there, officials said.

Four runoff races are pending for seats on NAB radio board, with results of mail balloting to be announced March 17. Two former board members -- Carl Venters (Dist. 6), Voyager Communications, and Ray Lochart (Dist. 16), KOGA-AM-FM Ogallala, Neb. -- were elected in first balloting, along with 6 incumbents: Charles Blake (Dist. 10), WIKY-AM-FM Evansville, Ind.; Gene Millard (Dist. 12), KFEQ(AM) St. Joseph, Mo.; Don Seehafer (Dist. 14), WOMT(AM)-WQTC(FM) Manitowoc, Wis.; Richard Oppenheimer (Dist. 18), Signature Bestg., Austin, Tex.; Alan Harris (Dist. 20), KUGR(AM)-KYCS(FM) Green River, Wyo.; Robert Fox (Dist. 24), KVEN(AM)-KHAY(FM) Ventura, Cal. On TV side, 12 candidates (including 5 incumbents) are vying for 6 seats.

Public TV (PTV) has asked FCC to declare independently produced interviews with political candidates to be exempt from equal opportunity requirement. Agency in 1989 provided exemption for independent newscasts in case involving John McLaughlin's Oliver Productions, but APTS, PBS and Independent TV Service told Commission in joint filing last month that absence of such determination for interviews "will be a recurring and increasing problem [for public broadcasting] through the 1992 elections." PBS series American Interests broadcast interview with Republican presidential candidate Patrick Buchanan in late Dec., but PBS advised member stations that episode "may, under current FCC policies, give rise to equal opportunities obligations with respect to other presidential candidates."

Frequency assigned to newsgathering functions shouldn't be disturbed, NAB told FCC in Feb. 5 filing. Assn. said broadcasters have invested more than \$150 million in electronic equipment to gather news and get it on air. That investment would be lost if newsgathering function were reassigned to another frequency, NAB said. Commission is considering proposal to shift broadcast news operations from 1990-2110 MHz to make room for new technologies. Another FCC proposal would assign same frequency as part of "spectrum reserve band." Under either proposal, "broadcasters would be reassigned to higher, less workable, microwave frequencies," according to NAB.

Zenith signed 3 contracts in S. America for addressable cable decoders in Caracas, Venezuela, and Buenos Aires and Cordoba, Argentina.

President Johnson prevailed on then-CBS Chmn. William Paley to delete Johnson's statement in interview that he always had thought there was possibility of international conspiracy in 1963 assassination of President Kennedy, according to retired CBS correspondent Walter Cronkite. He told AP that in taped interview in 1970 he asked Johnson about possibility of conspiracy. Johnson's reply, according to Cronkite: "He said he'd never been sure the Warren Commission was right, that he'd always thought there was a possibility of a conspiracy in Kennedy's death... He just tossed it off and then he wouldn't talk any more about it... He indicated he thought it was international" and involved Cuban Premier Fidel Castro. CBS reportedly had granted Johnson 24 hours to make changes in interview before it was aired and he raised no objection to conspiracy theory at the time, Cronkite told AP. When Johnson sought deletion of Warren Commission remarks several weeks later, CBS News told him it was too late. According to Cronkite, Johnson then went to Paley, who overruled News Div. and had conspiracy comments deleted. "It got to be quite a brouhaha" between Paley and News Div., Cronkite said. "But that was his [Paley's] decision."

FCC's proposed HDTV timetable could force broadcasters to invest too quickly in new technology, FTC said in filing. FTC Bureau of Economics said deadline could mean that if superior HDTV technology arrives later, either broadcasters would have wasted investment or inferior technology would become standard. As result, FTC said, FCC should give broadcasters more than 2 years to begin building HDTV facilities. FTC also said: (1) FCC should let market, rather than govt. directive, determine whether stations switch entirely to HDTV from NTSC. (2) Spectrum allocations should remain flexible to respond to changing conditions. (3) Stations should have more flexibility on simulcasting. (4) FCC should consider using lottery instead of comparative hearings to allocate scarce HDTV channels.

"We simply have no guarantee that the future commercial marketplace can serve all the public's needs for high-minded television," FCC Comr. Duggan said. At Aspen Institute conference in Santa Barbara, he foresaw future in which PTV would focus "more directly" on instructional TV and could "become a key force in rejuvenating American education." He suggested that Congress: (1) Put priority on using federal dollars as "seed funding" to attract private support. (2) Establish matching programs and tax incentives to encourage public-private programming partnerships. (3) Identify stable public source of future funding. Duggan also suggested that public broadcasters need to "live by" Public Bestg. Act's fairness and balance requirements.

Ad and business groups say Cal. environmental marketing law is unconstitutional. In suit filed in U.S. Dist. Court, Sacramento, they said 1990 law illegally prohibits firms from using words such as recycled and biodegradable, even when expressing political views or engaging in truthful commercial speech. Law prohibits use of such words in marketing unless stringent statutory definitions are met. "By placing certain words off limits unless the speaker meets an arbitrary standard, the California law chokes off political and commercial speech rights," said Floyd Abrams, lawyer for groups including ANA, AAAA, AAF, business entities.

Olympics Triplecast is being carried by 16 more MSOs, including Continental, Cox and KBLCom, officials said. Others include Acton, Entertainment Express, Greater Media, Great Southern Printing, Hanover Cable, Harmon, McDonald Management, Mid-Hudson, New England Cablevision, Northland Communications, Pencor Services, Rural Mo. Cable TV, Wood Cable.

Personals

Mel Harris, ex-Paramount Pictures, named pres., Sony Pictures Entertainment's new TV Group, succeeding **Gary Lieberthal**, retired... **Char Beales**, ex-vp, Comsat Video Enterprises and NCTA, named CTAM pres., replacing **Margaret Combs**, resigned.

James Moroney, asst. to pres., Belo Best. Div., named vp-gen. mgr., subsidiary KOTV Tulsa, succeeding **Lee Salzberger**, appointed pres.-gen. mgr., WVEC-TV Hampton-Norfolk... **Craig Millar**, vp-best. sales, Great American TV Group, named pres.-gen. mgr., WBRC-TV Birmingham, succeeding **Nick Bolton**, retired... **Paul Bissonette**, vp-creative services, WPIX-TV N.Y., named vp-station mgr., new post... **John Sturm**, CBS vp-govt. affairs, moves to ANPA as senior vp-public policy, new post, Feb. 18; **Claudia James**, vp-legal and govt. affairs, ANPA, joins Washington govt. relations-PR firm Podesta Assoc. as senior vp.

CBS anchor **Dan Rather** speaks at 1992 Freedom of Information Day lunch March 16, National Press Club... FCBA lunch speakers at Washington Marriott: **Sharon Rockefeller**, pres.-CEO, WETA-TV Washington, Feb. 20; **Newton Minow**, former FCC chmn., March 19... **David Plowright**, exec. chmn., U.K.'s Granada TV, forced to resign because of "fundamental disagreement" with board over company management, replaced by Managing Dir. **Andrew Quinn**... **Carl Schulz** promoted to vp-national sales, All News Channel.

Susan Greene, vp-business development and pay-per-view, NBC, leaves Feb. 15 to form production and consulting company, 718-622-0899... **Philip Shyposh**, ex-AT&T, joins ANA as senior vp-member services, succeeding **Peter Eder**; **Peter Thomas** promoted to vp-member relations... **Kenneth Solomon**, vp-eastern regional mgr., Buena Vista TV, N.Y., named exec. vp and gen. sales mgr., 20th TV... Changes at Great American Telecommunications Services: **Carol Tucker**, ex-Keystone Communications, named west coast regional sales mgr.; **Bud Turner**, ex-Kansas City Teleport, joins as Midwest regional sales mgr.; **Patty Patsel**, mgr.-sales, Great American Syndication Services, adds sales duties for east coast telecommunications markets.

Ernie Ford, pres., Society of Professional Journalists, resigns to become exec. dir. of Society, succeeding **Ira Perry**; Pres.-elect **Georgiana Vines** succeeds Ford... **Terri Rabel**, NAB dir.-govt. relations, promoted to vp-Operations Dept.; **Andrew Butler**, ex-WBAL(AM)-WIYY(FM) Baltimore, joins NAB as staff engineer, Science & Technology Dept... **John Hagerty** named vp-special markets, HBO... **Gail Long** promoted to dir.-educational projects, Md. PTV... **Richard Eiswerth**, NPR dir.-station services, joins CPB March 2 as dir.-station relations.

Spain's **Jose Barrinouevo** was elected chmn. of World Administrative Radio Conference (WARC), now under way in Torremolinos, Spain; **Jan Baran**, head of U.S. delegation, was elected a vice chmn... **Jillaina Harbaugh** promoted to regional vp-special markets, Encore... **Russell Bittner**, ex-Kenwood Group, joins Keystone Communications as dir.-sales, northeast region... FCC Calendar -- Feb. 11: Chmn. **Sikes** speaks at Cellular Telecommunications Industry Assn. (CTIA) lunch, Sheraton Hotel, New Orleans, 1 p.m. **Richard Firestone**, chief, Common Carrier Bureau, is panelist at 4th World Communications Seminar, Paris, 4

p.m. Feb. 13: **Thomas Stanley**, chief engineer, participates on "PCS: Friend or Foe or Us" panel at CTIA, same place 8:30 a.m. NTIA Schedule -- Feb 14: Acting Dir. **Thomas Sugrue** addresses Alliance for Public Technology on "Technologies of Freedom: Developing a Telecommunications Infrastructure for the Information Age," Hyatt Regency, Washington, 12:30 p.m.

Changes at Pathe Communications: **Alan Ladd** and **Dennis Stanfill** elected co-chmn. and CEOs; **Charles Meeker** elected pres.-chief financial officer; also, "authority of all Paretti-appointed officers" is suspended... Appointments at Turner: **William Merriam**, exec. vp-operations, Turner Entertainment Networks, named vp-facilities and planning, TBS Properties; **Joel Shapiro**, a controller, Headline News Accounting Dept., named dir.-accounting and finance, Turner Private Networks, new post; **Fred Vierra**, exec. vp, TCI, elected to TBS board, succeeding **Stewart Blair**, resigned... **Frank Garland**, West/Central Div. sales mgr., Weather Channel, named vp-dir.-advertising sales, replacing **Donald Ershow**, resigned... **Brad Dusto**, ex-Cablevision Industries, joins Comcast as vp-Northeast region... **Charles Roegge**, regional dir.-Houston, Showtime Networks, promoted to regional mktg. dir., South Central region... **Michael Klinghoffer**, vp-programming, Comedy Central, resigns to "get back into the business of producing television shows."

For 2nd straight year, PBS's MacNeil-Lehrer NewsHour was named most credible network evening news show in survey of senior congressional staffers by PR firm Fleishman-Hillard. Weekday show was considered most credible program by 43% of those polled in 7th annual survey, up from 27% last year. ABC World News Tonight, at 21%, and CNN World Today, 14%, trailed NewsHour.

Meetings: Providence Journal Pres. Trygve Myhren speaks at Feb. 18 lunch meeting of Washington Cable Club, Sheraton City Centre -- 703-524-6146... CATA begins new round of public affairs courses March 30 in Wichita -- 703-691-8875.

Group of investors led by WQLN (PBS) Erie, Pa., founder-station mgr. Bob Chitester hopes to start cable "Idea Network" featuring speeches of college professors and other intellectual discussions. Plans call for 4-hour weekly feed to cable access channels beginning in Oct., with average of 6 min. of commercials per hour.

OBITUARIES

Roger Colloff, 46, vp-gen. mgr., WCBS-TV N.Y. since 1984, died of cancer Feb. 6 at Mt. Sinai Medical Center, N.Y.C. N.J. native joined CBS in 1975 as dir.-govt. affairs in Washington after serving for 6 years as legislative asst. to then-Sen. Mondale (D-Minn.). In 1976, he joined Carter-Mondale presidential campaign as a senior staffer and served in Energy Dept. until returning to CBS in 1979 as vp and asst. to pres., CBS News. Other positions he held at CBS include vp and dir.-public affairs broadcasts, CBS News, and vp-policy and planning, CBS Best. Group. Survivors include wife, son, daughter.

LaRue M. (Bud) Courson, 68, retired NAB vp-administrative services, died Jan. 11 in Richmond, Va., following heart attack. He retired in 1984 after 33 years with Assn., holding several positions. Courson served in Army Signal Corp in World War II, attended American U. Wife, 3 sons survive.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	JAN. 18-24	1991 WEEK	% CHANGE	2 WKS.TO JAN. 17	3 WEEKS 1992	3 WEEKS 1991	% CHANGE
TOTAL COLOR.....	383,600	351,904	+ 9.0	542,949	926,549	827,661	+11.9
DIRECT-VIEW...	376,619	348,127	+ 8.2	530,515	907,134	817,397	+11.0
TV ONLY.....	364,674	333,902	+ 9.2	514,050	878,724	788,825#	+11.4
TV/VCR COMBO.	11,945	14,225*	-16.0	16,465*	28,410	28,572*#	- 0.6
PROJECTION....	6,981	3,777	+84.8	12,434*	19,415*	10,264	+89.2
VCR DECKS.....	242,524	174,207	+39.2	269,971	512,495	366,308	+39.9
CAMCORDERS.....	35,266	31,256	+12.8	58,169*	93,435*	66,364	+40.8

Direct-view TV 5-week average: 1991--281,471; 1990--319,791 (down 12.0%).

VCR deck 5-week average: 1991--161,079; 1990--187,056 (down 13.9%).

Camcorder 5-week average: 1991--33,058; 1990--43,965* (down 24.8%).

* Record for period. # Revised by EIA.

CAMCORDER GLUT NOT BRINGING PRICE CUTS: In what seems to be landmark show of long-range thinking at all levels of industry, glut of camcorder inventory in manufacturers' warehouses isn't leading to price reductions on retail shelves. Most noticeable effect evidently will be delay in introducing new models as existing product is worked through pipeline.

According to industry statistics, just under 650,000 camcorders were in vendor inventory at end of 1991 -- 2/3 of it in compact formats. That represents little more than 4-1/2 months worth of backlog -- well above desirable levels as traditional period for new model introductions approaches. (All vendors with whom we spoke admit industry stockpiles are high, though none would say their own inventories are swelled.) In past years, similar situations have generated wholesale reductions, translating into retail price drops of \$100 or more.

But combination of strong yen and fear of establishing \$499 as opening price point for fall season seem to have driven whatever price-cutting urges may exist into background. "I've never seen a situation in any category in this industry where inventories are so heavy and you haven't seen some dumps," admits Hitachi Exec. Vp Irv Fulton. "Everybody is sitting back to see what everyone else is going to do." He said: "If you dump, you're going to be setting costs and price at a level that's going to be difficult to live with. Many are struggling to live with the current pricing level."

That's not to say vendors aren't making accommodations to move merchandise. "Deals are happening, but they're tied to marketing programs -- spiffs, market development funds -- not pricing," said top merchandiser for major eastern retailer. He said many deals involve understandings not to advertise "below current going retails."

The stakes are very high, the long-term implications are very significant," he continued. "Everybody's going to be very disciplined and try not to overreact." He pointed out that pressure isn't only on vendors, but also on retailers who are competing with prior year's dollar volume. Vendors who have long been telling dealers that it's in their best interests not to break price are finding more sympathetic ear in era of widespread bankruptcies and store closings. JVC Consumer Video Mds. Vp Donn Barclay said some dealer restraint probably "is a result of the business having been painful for lots of retailers in the fall." Yuki Nozoe, senior vp-gen. mgr., Sony Consumer Video Products, said he doesn't expect much pressure on opening

price points because "dealers know that price is not the issue. We saw during the Christmas period that what people were looking for was value, not price," noting that Sony best seller was Hi8 TR-81, not leader model.

For time being, status quo appears to be holding (although situation could change at moment's notice). "Suppliers have been unbelievably disciplined in terms of price moves. They all say they're not going to fuel liquidations," Philips Senior Sales Vp William Ulewicz said. "If the market comes down, it will be coming out of retail margins."

At last month's Consumer Electronics Show, Panasonic Video Vp-Gen. Mgr. Stan Hametz said company was "trying to find promotional methods other than pricing to move [inventory] through the system," adding that "reasonable time" to accomplish that would be 90 days.

Effect of inventory buildup could be reflected most dramatically in delays in shipping new product this summer. Although Hametz and Nozoe said that they haven't adjusted introduction schedules, one dealer said that "it's clear the introduction dates are being pushed back 90 to 120 days." Philips Consumer Electronics Pres. Donald Johnstone agreed that new model introductions could be fewer and later this year, but said: "We're lucky we were not caught with [excessive] inventories like some of our competitors."

1991 LASERDISC PLAYER SALES 206,554--EIA: "Not ours," said EIA Consumer Electronics Group last week in commenting on our estimate that put 1991 laserdisc player (LDP) sales at "close to 250,000" (TVD Feb 3 p10). Estimate was based on EIA figures obtained from source other than EIA that unfortunately contained transcription error. EIA said its figures on LDP sales to dealers for full year totaled 206,554. EIA collects -- but doesn't publicize -- LDP sales data.

EIA said there were several errors in our report, particularly fact that Oct. figure we cited was "far too high," as well as our statement that no figures were available for Jan. 1991. EIA said we also were incorrect in writing that these figures were "reported" by EIA. Instead, they were "made available" to participants -- we didn't mean to imply that EIA reported them to public or to us. Here are correct EIA figures on laserdisc player sales to dealers in U.S. last year, obtained from unofficial source:

January...	10,144*	April.....	11,511	July.....	12,385	October...	12,319*
February..	11,085	May.....	8,429	August....	11,486	November..	22,168
March.....	15,276	June.....	22,617	September.	24,350	December..	44,804
* Corrected				TOTAL..... 206,554*			

While EIA publicly releases figures on TV and video sales weekly, as well as monthly figures on audio equipment sales and color TVs with MTS stereo (all on delayed basis), some of its data are disclosed only to participants, although they are cited regularly at industry meetings, etc. We regret attributing to EIA an incorrect figure -- one of perils of having to rely on 2nd-hand data.

Note: Japanese Finance Ministry reported exports of 242,166 videodisc players to U.S. in 1991's first 11 months (TVD Jan 6 p9). Japan is source of vast majority, but not all, videodisc players.

TCE SATELLITE PACT TIES TO HDTV, MULTIMEDIA: With announcement last week that it will develop compression technology and provide decoder boxes and antennas for Hughes 100-channel DirecTv home satellite system, Thomson Consumer Electronics (TCE) indicated it hopes to push for compatibility of all systems using digital video compression -- satellite, HDTV broadcast and cable, multimedia, data networks.

Hughes contract was major plum for TCE -- company officials said it won out over such competitors as AT&T, General Instrument, Scientific-Atlanta and JVC. In addition to development pact, it will offer receiving equipment for DirecTv, including 18" antenna, exclusively for first 18 months or until million units are sold, after which it will license other manufacturers to produce equipment. Retail price of adaptor-antenna package was estimated at \$700 plus installation; it was suggested installation could well be do-it-yourself. TCE says it's committing more than \$50 million to design and production of system.

DirecTv will be first direct-to-home high-powered satellite, will transmit 4 live video channels or 8 movies per transponder with S-VHS quality, along with multichannel CD-quality audio, is scheduled to start

service in 1994, offering pay-per-view and other programming, including movies in both 16:9 and standard 4:3 aspect ratios, most popular films starting every half hour. HDTV transmission will be added when U.S. standard is selected, according to backers. Hughes also announced Rupert Murdoch's News Datacom will provide encryption system using smart-card-based access.

TCE said it will offer its RCA DirecTv receiving equipment to all retailers from superstores to TVRO dealers. TCE TV-Americas Senior Vp Joseph Clayton proudly forecast more technological achievements from his company, which he said had "resources to guide its own destiny in the rapidly changing world of consumer electronics."

Real key to TCE's efforts to tie all digital video compression systems together, said James Meyer, gen. mgr., high-end color TV, will be "MPEG++," developed by Advanced TV Research Consortium of TCE, Philips, NBC, Sarnoff Research Center and Compression Labs for its AD-HDTV system (TVD Feb 3 pp5&14). MPEG++ ("plus-plus") isn't actual standard but is described as higher resolution "adaptation" of current Motion Picture Experts Group (MPEG) standard compression system for full-motion video on CD-ROM. MPEG is developing high-resolution standard, and is expected to choose from more than score of proposed systems, of which MPEG++ is one.

"Everything you see from us will be MPEG," said TCE Senior Vp Joseph Donahue, outlining company's digital strategy, and warning that compatibility among digital systems is necessary to assure easy transfer of video among media, including TV and HDTV, VCRs, videodisc, multimedia systems, computers. Additional benefit, he said, will be "broad and economical availability of ICs. "We're talking to suppliers already about MPEG chips," Donahue said. TCE officials suggested MPEG++ could become de facto standard no matter which proposal MPEG finally chooses for advanced video compression.

N.Y. news conference on TCE's role in DirecTv was used as occasion for update on its efforts in area of 16:9 programming to feed widescreen sets, due from company late this year. TCE Widescreen Programming Vp Bruce Babcock reiterated that letterboxed laserdiscs held best promise for early supply. He revealed TCE has agreements with Warner, Fox, Orion, Paramount, MGM/UA, MCA, LIVE, Image, Pioneer and Criterion "to create a unified widescreen laserdisc catalog and demonstration disc to promote the cinema-like format at retail."

BEHIND PHILIPS' \$175 MILLION WHITTLE BUY-IN: Philips' purchase of 25% of Whittle Communications for \$175 million, announced last week, represents one of biggest investments made by Dutch electronics giant in U.S. Press accounts of transaction generally overlooked fact that Philips also is buying into its own largest customer for consumer electronic products and hitching its wagon to what it believes could become star in HDTV, multimedia and other advanced communications technologies.

Philips plans to buy more of Whittle, up to total of about 33% in 2 years, amount of payment to be determined by Whittle's performance. Philips also will participate in R&D for Whittle plan to establish network of new schools. Current shareholders' equity will be reduced by Philips' purchase, Time Warner's interest dropping to 37% from 50%, Associated Newspapers' to 24.6% from 33%, Chmn. Chris Whittle's to 8.5% from 11%.

In 1989, Philips signed biggest single contract in history for TV sets (TVD Aug 21/89 p9), which eventually included more than 250,000 Magnavox TVs for distribution to 9,000 schools, in addition to VCRs, satellite dishes, installation and service, in Whittle's Channel One project. Adding in other sales to Whittle (TVs and laserdisc players for doctors' waiting rooms, etc.), Philips received total more than \$200 million over last 2 years, according to Philips Consumer Electronics (PCE) Pres. Donald Johnstone.

PCE has maintained close cooperation with Whittle, both companies being headquartered in Knoxville. "Being in the same town gives us an advantage in ability to communicate," said Johnstone, who expressed admiration for Whittle as "a leading-edge company." Philips Chmn.-Pres. Jan Timmer, who visited Whittle hq, said involvement will bring Philips "substantial new impetus for the development and application of consumer-oriented electronic technology." Chris Whittle specifically cited Philips' activity in "interactive communications, CD-I, HDTV and LCD-TV" as adding "substantial value to his company's business." In addition to new-schools program, Whittle reportedly is planning European ventures as well as other projects in airports, malls, etc.

PCE's Johnstone called move "a strategic investment completely in line with Philips' move to software." He told us Whittle is "pushing the state of the art in electronics as a way of communicating,"

adding: "Our strategic end [in this investment] is not to sell more TVs, but an opportunity to test new technology in a professional commercial environment." As example, he cited digital HDTV -- area in which receivers initially may be too expensive for consumer sale; commercial communication could let Philips "bring HDTV to market, and test digitally compressed signals in a total system approach," helping pave way for home HDTV sets.

Johnstone also indicated CD-I and other interactive technologies could loom large in future projects with their "unquestioned applicability in the educational and business world... The education market of tomorrow could be gigantic for a product like CD-I." Additional bonus in Philips-Whittle association, Johnstone said, "is the opportunity to improve the educational system, and eventually help schools of tomorrow take better advantage of technology."

Note: Philips received good news on technology front last week when National Assn. of Bcstrs. (NAB) announced that its ghost-canceling system came out on top over 4 competitors in Washington field tests (TVD Jan 6 p11). Sarnoff/Thomson and Japan's Best. Technology Assn. systems were tied for 2nd. (Details in Best./Cable section.)

Philips Key Modules has been established in San Jose as OEM sales and marketing organization for key components for DCC and other products. Philips said in Eindhoven that establishment of Cal. subsidiary and similar one in Tokyo last fall (TVD Oct 7 p12) "reflects a major policy shift" toward OEM sales of key components. Philips said it "wants to take an aggressive position to utilize its vast manufacturing capabilities [and] extensive technology expertise on a much wider scale." Company said it previously had concentrated efforts "only on internal consumption" of component parts. Announcement said "product portfolio" of San Jose subsidiary will include not only DCC "modules," but also laser optical parts, optical data drives, electro-optical components. It said "thin film heads and complete DCC mastering and duplicating equipment will substantially contribute to the OEM business."

Gilbert Hyatt, inventor who claims basic patent on microprocessor, has signed deals with major Japanese manufacturers including Matsushita, NEC, Sony and Toshiba through Philips, which recognized patent earlier and is acting as his agent (TVD Nov 11 p13), according to N.Y. Times. Unnamed industry analysts are quoted as saying his patents could be worth \$100 million. According to Times, Hyatt says 6 Japanese companies have agreed to pay him royalties that are "something more reasonable" than 2-3% of sales of products containing MPUs.

Southeast Region Home Electronics Show (TVD Jan 20 p15) will be launched in Orlando in March 1993 instead of this year, reports former Consumer Electronics Show (CES) Vp Dennis Corcoran, show organizer. Corcoran said he's received "enough positive interest from both manufacturers and retailers" to encourage him about show's viability, but vendors don't have room in current year's budget for March show. He said 12 companies have reserved space, with additional commitments coming in at about 1,000 sq. ft. per week.

Add furniture tie-ins: Hooker Furniture Corp. and Riverside Furniture Corp. are making wall systems designed to accommodate Hitachi projection TV. Hooker and Riverside dealers will recommend Hitachi TVs and Hitachi dealers will be encouraged to refer projection TV customers to appropriate furniture outlets, Hitachi said. In home theater furniture deals announced earlier, Philips and Thomasville are coupled, as are Denon and Henredon.

Macrovision Sales & Mktg. Vp William Krepick told us company's lawyers are checking to determine whether latest Go-Video dual deck VCR violates any of its patents. Deck reproduces but isn't defeated by Macrovision signal (TVD Oct 7 p9). "We continue to get calls from rights holders, particularly the non-Hollywood types, who are very concerned about it," he said. Company has tested unit and it makes "a pretty good copy of any existing cassette on the market with the Macrovision signal," he said. Krepick wouldn't say whether Macrovision is working on improved process to confound machine, but Go-Video Pres. Robert Palko stressed his company isn't aiming to defeat anticopying. "This isn't a horse race to see what we can do to get around Macrovision," he said.

Retail Notes: Tandy has received regulatory approval and will begin building its 160,000-sq.-ft. prototype electronics and appliance megastore (TVD Jan 20 p13) in Wilsonville, Ore., later this month. Ft. Worth Star-Telegram said company is considering "The Incredible Universe" as store's name... **Rent-A-Center** parent Thorn EMI has purchased Remco -- largest competitor in U.S. rent-to-own market -- for \$55 million. Remco's existing management will be retained, but operations will be merged into Rent-A-Center. Meanwhile, Thorn EMI said it will make "phased withdrawal" from electronics retailing in U.K., incorporating its Rumbelows retail business into its UK Rental locations. Rumbelows lost \$8.9 million on sales of \$157 million in year ended March, 1991.

Financial Reports: Sanyo consolidated pretax profit for year ended Oct. 31 rose 12.5% to \$319 million on 7.8% sales increase to \$12.9 billion (see financial table). Net profit, though, dropped 3.8% to \$135 million. Sanyo said it expects net profit in current fiscal year to increase 13% on 4.6% sales increase... With Game Genie attachment for Nintendo Entertainment System accounting for about half of revenues, **Lewis Galoob Toys** sales for quarter ended Dec. 30 more than doubled to \$45.8 million.

THIS WEEK'S YEN RATE

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

SONY OUT OF PUBLIC CES: In delicately worded statement that praised EIA efforts "to broaden the format" of Chicago Consumer Electronics Show (CES) by opening doors to consumers, Sony last week said it won't exhibit "on the show floor" at May 28-31 event.

While Sony sees CES as "an important showcase for the industry," statement said, "our marketing strategies have evolved to a more focused, localized approach of communication and product presentation to our dealers and the media." Company said its current practice, which "we have found... to be a very successful approach," is to introduce product lineup to trade and press through series of 3 "zone shows" in Feb., national sales meeting in April and dealer open houses in April and May.

"We view CES as a twice-a-year opportunity to follow up with our dealers to discuss midyear business results and other strategic issues," Sony said. "These meetings are best held at hotel suites away from the commotion on the show floor." Sony last June set up meeting space and held news conference in Chicago's Four Seasons Hotel, typical of other major companies that maintained presence off site. Controversy over "outboarding" trend ultimately resulted in plan to open doors of 1992 event to consumers (TVD Sept 2 p9).

Referring to its new Chicago showroom (TVD Dec 16 p8), Sony statement said its "Gallery of Consumer Electronics provides an excellent venue to present our products and technologies in their best possible light, not only to consumers but also to the media and the industry as a whole."

Unattributed statement didn't preclude possibility that company could opt for some off-floor presence at McCormick North, such as space in first-ever hospitality "showrooms" being offered at flat \$22,000 rental fee. Promoter EIA Consumer Electronics Group (CEG) said room rental would qualify exhibitor for listing in official show directory, but space would be off limits to consumers attending show on final 1-1/2 days.

About same time as Sony announcement, CEG released own statement saying: "The momentum is building for what is being called the World's Fair of Consumer Electronics by industry insiders." Promoters of Internationale Funkausstellung, with whom EIA officials have reciprocal relationship, applied same tag to last year's Berlin show.

Latest CEG statement said "several exhibitors who have never participated in a CES are now signing up for space," while "some exhibitors that have not participated in recent years" will return as direct result of conversion to new consumer format. It conceded that "we understand that the addition of the public show format has appeal for some exhibitors and not for others."

Among major companies listed as exhibiting in Chicago were AT&T, Casio, Denon, Dynascan, Goldstar, International Jensen, Kenwood, Marantz, Mitsubishi Electronics, Nintendo, Panasonic, Quasar, Recoton, Samsung, Sharp, Thomson, Toshiba, Yamaha. Separate list of "exhibitor written confirmations" included Samsung and Sega. Sony Imagesoft, L.A.-based videogame subsidiary, will exhibit in Nintendo area.

Laserdisc player demand this year will be for 900,000 in Japan and 800,000 in other countries, Dempa quoted Matsushita as predicting. Matsushita says total LDP sales in N. America last year were 300,000 units, up 3% from 1990.

SONY DELAYS TUBE PLANT: Sony's TV set plant in Western Pa. will go on stream pretty much as scheduled in July, but adjacent picture tube facility, originally set to begin production this year, won't be in operation until first half of 1994.

This was revealed last week at tour of facility at New Stanton, in Westmoreland County, near Pittsburgh, for local media. Harlan May, pres. of Sony Display Device Pittsburgh, who formerly headed company's tube plant in San Diego, explained: "Our North American production schedules are affected by worldwide softness in the overall computer industry. This may affect expansion plans for computer monitor production at San Diego and does have some impact on start-up here."

San Diego plant was to accelerate computer monitor output as some tube production moved to New Stanton plant. May said that "an advantage of starting Westmoreland CRT production in 1994 is that it will give us additional opportunity to install state-of-the-art equipment that will help us take advantage of advances in Trinitron technology." Sony official emphasized that delay wasn't related to demand for TV sets. "The consumer TV business continues to be strong," he said. "This is not a reduction."

When TV set plant starts production, it will use tubes from San Diego facility. First tubes to be built in Westmoreland are expected to be 27", possibly of flatter Super Trinitron type.

TV set assembly plant, to be overseen by Vp-Project Mgr. Anthony Abbot, who had similar job for Sony in U.K., will occupy approximately 230,000 sq. ft. of former VW plant. Work is beginning immediately and is scheduled to be completed by end of May, said Sony Engineering & Mfg. of America (SEMA) Vp Iwao Takahashi, with production lines due to start up in July.

In announcing hiring of contractors for plant work, Takahashi said latest pact for TV facility is worth \$9 million, bringing total awarded to local firms for set and tube plants to nearly \$50 million. Hiring for tube plant is to begin in early 1993, with "about 400 company members on site" by that time, Human Resources Dir. John Riordan said.

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VCR deck production at Matsushita's Vancouver, Wash., (American Kotobuki) plant may be phased out, Matsushita spokesman said in Tokyo, although assembly of VCR/TV combos there will continue. Statement was in reply to our question about report in Nikkei Weekly that production had stopped there, which he denied.

If VCR output is terminated in Vancouver, it will mean end of assembly of that product in U.S. Hitachi is phasing out VCR production in Anaheim, and other companies that once announced plans to assemble VCRs here -- including Goldstar, Mitsubishi, Samsung and Toshiba -- never got started.

Consumers' plans to buy color TV in next 6 months dropped substantially (and seasonally) in Jan. from Dec., Conference Board said. Preliminary results of 5,000-household study found 6.5% of sample intended to buy, down from revised 7.2% in Dec. and from 6.9% in Jan. 1991. Figure still was well above 1991 low of 5% in June. Consumer Confidence Index declined 2 points in Jan. from Dec. to 50.4%. In Jan. 1991 it was 55.1; high for 1991 was 81.1 in March.

JAN. RETAIL SALES UP: Publicly held electronics and appliance retailers last week reported double-digit comparable-store sales increases for Jan. Although companies were comparing results with weak Jan. 1991, when Gulf War broke out, reports lend substance to anecdotal evidence that retail upsurge that began after Christmas bolstered entire month's results. Philips Consumer Electronics Pres. Donald Johnstone said Jan. retail sales were "surprisingly good" in all "necessity" areas of consumer electronics -- including color TV and VCRs -- and forecast 1992 industry sales would exceed 1991 by "small percentage."

David Bolotsky, who follows consumer electronics retailers for Goldman, Sachs, said numbers reported by Circuit City and Best Buy "look like more than just a recovery" from Jan. 1991. He said "margins have been under pressure, but not as badly as they were in December."

Circuit City reported 13% comparable-store increase in Jan. as total sales jumped 28% to \$227.3 million. Year ago, its comparable-store sales had dropped 9% (TVD Feb 11 p9). Pres.-CEO Richard Sharp said Jan. sales "continued a strong trend that began at the end of December. Although we are pleased with the results, we do not believe they reflect a sustained turnaround in consumer spending, and we remain cautious in our outlook for the next several months."

Best Buy, reporting 26% comparable-store gains in Jan. as total sales jumped 64% to \$74 million, acknowledged margin slippage. "The promotional and competitive environment continued to place pressure on gross profit margins and the company continues to use this opportunity to expand its market share," news release said. Chief Financial Officer Allen Lenzmeier said much of comparable-store gains came through increased sales of computers, whose low-margin status affected profits. He said such sales would have been up "in the high single digits" if computers weren't included.

Audio/Video Affiliates said comparable-store sales in Jan. were up 11% as overall sales in its 98 stores rose 23% to \$14.2 million. Last Jan. comparable-store sales had risen 6%. For year ended Jan. 31, comparable-store sales rose 8% as total sales climbed 25% to \$194.1 million.

Sears said appliance and home office equipment were among categories that led 7.7% gain in comparable-store sales and 8.6% rise in overall sales for 5 weeks ended Feb. 1. It said results "reflect encouraging signs from consumers who are making increasing commitments to purchase more durable goods..."

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Sound Advice, citing costly promotion, reported 53% decline in net income on 16.9% sales increase for quarter ended Dec. 31 (see financial table). Earnings for quarter also were hurt by \$377,000 settlement with Florida over back taxes. Company said promotional efforts included more competitive pricing (gross margins for quarter dropped to 29% from 30.2% in prior year's quarter), financing incentives and extra advertising "intended to build market share at a time of weak consumer spending." Comparable-store sales rose 4% in quarter. For first half of year, net income dropped 47.2% as sales rose 14.3%, with comparable-store sales up 3%. Gross margins for first half were 29.3%, compared with 30.3% year ago.

Sears, reporting 35.5% net income increase for 4th quarter and 41.8% rise in net income for year, said "low level of consumer confidence hampered sales of durables and big-ticket merchandise throughout the year." Sears Mdse.

Group revenues were up slightly in quarter, off 1.7% for year, but net income in quarter rose to \$289.1 million from \$95.6 million and for year to \$486.3 million from \$257.4 million. Both year-ago periods included \$155.2 million restructuring charge.

CD-I/DATA DISCMAN LINK: Philips is working with Sony on keyboard add-on that would allow future generations of Electronic Book (EB) software to be used on CD-I players, Philips Interactive Media Systems Dir. Gaston Bastiaens told us last week at conference in U.K. EB discs would have so-called "I-track" that identifies multimedia disc as CD-I disc. Current EB discs for Sony's Data Discman player don't include I-track, so can't be played on CD-I player. Sony spokesman in Tokyo had no further information.

Meanwhile, Kodak last week showed 5-disc carousel Photo CD changer at Photo Mktg. Assn. (PMA) show in Las Vegas. Player (along with pair of single-play models) was included in Photo-CD brochures distributed at Consumer Electronics Show last month, but this was first public showing of multiple-disc player; Kodak says player will be available in fall. Philips executives have acknowledged that CD-I changer will be introduced in coming months. If MPEG full-motion video standard is judged adequate for showing feature films, CD-I changer becomes significant development, since most films are longer than CD-I disc's 74-min. video capacity.

Kodak also began taking orders at PMA for Imaging Workstation, which photofinishers will use to process images onto Photo CD discs; company says first workstations will be shipped in April.

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Turner Bestg. has formed division to develop multimedia software and announced agreement with Philips Interactive Media of America (PIMA) to develop CD-I games based on recently acquired Hanna-Barbera characters. Company also was reported by Wall St. Journal as having "informal agreements" to develop CD-ROM software based on Multimedia Personal Computer (MPC) format being championed by Microsoft and Tandy, among others. First programs apparently would be based on CNN material, such as "year in review," including news footage to supplement text and other graphics. Turner spokesman stressed that CD-ROM agreements are "very broad. We've agreed we'll do something, it's just a matter of deciding what that something is."

JUDGE CANS MATHES PRES. Judge Donald Sharp in U.S. Bankruptcy Court, Beaumont, Tex., said late last Fri. that he will appoint trustee to replace recently named Curtis Mathes Chmn. Arthur Unger as soon as possible. Old-line consumer electronics marketer and onetime manufacturer is operating under Chapter 11 (TVD Feb 3 p10). Before it filed voluntary bankruptcy petition, its preferred stockholders selected Unger as chmn. to succeed Ray Harvey as head of company.

Unger and recently appointed associates stopped shipments to company's approximately 650 retailers pending their agreement to new warranty program under which dealers would assume much of cost of warranties on previously sold products. However, Sharp, stressing importance of getting shipments restored as quickly as possible, said he would name trustee on "emergency" basis.

Meanwhile, Thomas Neumann, chmn. of Stratos Technologies Corp. and Curtis Mathes Computer Corp. (which isn't financially related to CM), told us he plans to petition court "within the next week or so" for approval of plan to acquire CM trademark and current business operations.

73.3% OF HOMES HAVE VCR: U.S. VCR household population hit 67.5 million in Nov., representing 73.3% of 92.1 million TV households, according to latest figures from Nielsen. Figure represents 4.4% increase from year-earlier 70.2% penetration (VW Feb 11 p6) and 1.1% rise from May's 72.5%. VCR growth was at expense of pay-TV, which continued steady decline.

Nielsen data indicate 2.14 million new VCR homes were added in 12-month period in which EIA said some 10,385,000 VCRs were sold, showing that just about 80% of VCR sales were as replacements or additional units in homes that already owned VCRs.

Alaska markets continued to battle it out for top of VCR heap. This time around, Anchorage's 86.7% beat Fairbanks' 84.8%. San Francisco claimed 3rd with 81.7%, followed by Idaho Falls 80.4%, Chico 80.1%, Sacramento 80%, L.A. 79.5%, San Diego 79.3%, Boise 78.9%, Boston 78.8%. Number of markets topping 80% fell to 6 from 7 in May.

At low end of spectrum, Laredo's 54.1% VCR penetration earned it dubious distinction of worst VCR market. Other weak markets included Greenwood at 54.7%, Harlingen 55.3%, Glendive 56.6%, Albany, Ga. 59.6%, Montgomery and Ottumwa 59.8%. Here are top 20 markets ranked by total TV households, along with their VCR and pay-TV populations and penetration rates:

	% VCR	VCR Homes	TV Homes
1. N.Y.	76.8	5,164,017	6,723,980
2. L.A.	79.5	3,875,705	4,875,100
3. Chicago	77.9	2,350,188	3,016,930
4. Philadelphia .	74.1	1,952,513	2,634,970
5. San Francisco	81.7	1,810,039	2,215,470
6. Boston	78.8	1,662,451	2,109,710
7. Washington ...	76.3	1,388,584	1,819,900
8. Dallas	76.9	1,353,648	1,760,270
9. Detroit	76.1	1,305,092	1,714,970
10. Houston	73.0	1,055,252	1,445,550
11. Atlanta	77.0	1,112,180	1,444,390
12. Cleveland	71.5	1,027,026	1,436,400
13. Seattle	78.1	1,069,673	1,369,620
14. Tampa	66.5	908,257	1,365,800
15. Minneapolis ..	74.5	1,004,916	1,348,880
16. Miami	68.8	877,881	1,275,990
17. Pittsburgh ...	70.2	792,039	1,128,260
18. St. Louis	73.0	798,438	1,093,750
19. Sacramento ...	80.0	843,328	1,054,160
20. Phoenix	76.0	793,326	1,043,850

Widescreen TV without IDTV resulted when "we put the technicians in the back seat and the marketing men in the front seat," Nokia Mktg. & Sales Vp Michael Schmol said at London seminar last week. Explaining European TV maker's decision to offer 625-line 50-Hz 16:9 sets at lower price than competitors' IDTV versions (TVD Dec 23 p14), he said company originally had planned to double number of scanning lines (as Thomson is doing in U.S. and Europe), but "we believe that 1,250-line double scan is more expensive and actually produces lower picture quality." BBC Asst. Engineering Dir. Charles Sandbank suggested that if Nokia hadn't been so anxious to send engineers out of room, marketing men might have learned that with modern interpolation technology IDTV needn't reduce picture quality. Meanwhile, Philips, which is selling 34W" set in Europe, will introduce "world's first" set with 26W" tube next month in continental Europe.

RECORD YEAR FOR MTS STEREO: Record number of stereo direct-view color TV sets was sold to dealers in 1991. EIA said 37.9% of all sets sold last year had MTS, up from previous record of 32% in 1990 and 27.6% in 1989. Highlight of year came in Sept., when records were set for both highest number of stereo sets and highest percentage of TVs with stereo sold to dealers. In Dec., 39% of color TVs sold were stereo, up from 32.5% in Dec. 1990.

Here are figures on MTS color TV sales to dealers, not including TV/VCR combinations; some monthly figures were revised during year:

MTS STEREO IN DIRECT-VIEW COLOR SETS

Month	1991	% of Total	1990	% of Total	% Change
January..	418,214	35.4	351,906	24.8	+18.8
February.	519,376	37.7	396,285	27.0	+31.1
March....	673,288	36.7	637,730	29.8	+ 5.6
April....	441,194	37.8	355,171	28.6	+24.2
May.....	378,783	31.9	380,940	31.2	- 0.6
June.....	546,987	34.7	651,588	33.7	-16.1
July.....	428,752	37.9	374,493	34.2	+14.5
August...	548,543	38.5	504,706	35.9	+ 8.7
September	1,053,295*	43.6	900,110*	34.8	+17.0
October..	741,905	41.8	677,854	35.5	+ 9.4
November.	786,286	38.9	640,298	34.1	+22.8
December.	840,598	39.0	679,980	32.5	+23.6
TOTAL....	7,377,221	37.9	6,551,061	32.1	+12.6

* Record.

Major VCR manufacturer will be established and heavily bankrolled by Chinese govt. to jump-start stagnant industry there and "deter rampant smuggling," China Daily reported. New company, to be established within 2 years, will combine already strong producers of other electronic products and will have startup production capacity of 1.5 million VCRs per year. Although 11 factories are designated "official" VCR manufacturers, their combined annual production was only 66,300 units in 1990, mostly of poor quality. China Daily said at least million VCRs are smuggled into country annually and quoted "official reports" as estimating 90% of VCRs sold in China enter illegally. No mention was made of any export plans. Meanwhile, new city-owned Shanghai company has been set up to produce VCRs and parts using Sharp equipment and technology, with goal of million recorders annually by end of 1995.

Antidumping margin for Proton TVs from Taiwan has been set by Commerce Dept.'s International Trade Administration at 1.32% in final result of administrative review for latest period (April 1989-March 1990). Preliminary review had set penalty at 0.55% (TVD Aug 12 p12). Margins for other Taiwan producers were finalized in Dec. (TVD Dec 23 p15).

JVC is suing duplicator WRS Motion Picture and Video Lab for patent infringement, company announced last week. Suit seeks injunctive relief, is part of JVC's continuing effort to make sure all companies using its VHS logo are approved.

Philips ended participation in European military electronics with sale of its remaining 20% in Dutch manufacturer HSA to Thomson-CSF at undisclosed price that was arranged in 1990 when T-CSF bought 80%.

Consumer Electronics Personals

Hajime Hazama, former pres. of JVC U.K., named pres. of U.S. JVC Corp. and JVC Co. of America; **Hiroshi Sano**, who held posts for last 8 years, appointed managing dir. for domestic sales at parent Victor Corp. of Japan... **Ed Knodle**, current NARDA pres., leaves own business in Sycamore, Ill., to become NARDA exec. dir. March 1... **Juck Hur** named exec. vp-COO, Inkel (USA) Corp.; he previously headed overseas sales for Korean parent... **Thomas Bracken**, PR mgr., Hughes Communications, promoted to mgr., DirecTV Communications... **Joseph Pagano** resigns as Lieberman Senior Mktg. Vp to become Best Buy senior video buyer.

Anthony Abbott, ex-dir., Sony's U.K. color TV manufacturing, named vp-project mgr. for Sony's Pa. color TV assembly operations; **Harlan May**, formerly head of San Diego color tube production and longtime RCA tube official, appointed pres. of Sony Display Device Pittsburgh, upcoming color tube operation; **Iwao Takahashi**, formerly with Sony Japan and more recently head of site selection team that chose former Volkswagen plant in Pa., now is vp of Sony Engineering & Mfg. of America (SEMA), which operates most Sony plants in U.S. (excluding Terre Haute optical disc facility and Dauphin, Ala., tape plant); **John Riordan**, from Pittsburgh area, is human resources dir. for Pa. facility.

Martin Kelly promoted to chmn., ITT Consumer Financial Corp., succeeding **Peter Laqueur**, who resigned after 2 months in post; Vp **Gerald Crotty** promoted to pres., succeeding Kelly... **David Richardson**, field applications engineering dir., named to head N. American field sales and marketing, Texas Instruments Semiconductor Group... **Susan King**, ex-Steuben Glass pres., named Corning senior vp, succeeding **David Van Allen**, retired.

Newest high-tech buzzword -- flash chips -- was in news spotlight last week when Intel announced alliance with Sharp to develop and manufacture semiconductors called flash memories. Chips promise to substitute for expensive mechanical magnetic and optical memory discs and eventually make possible such products as half-pound full-featured PC with 200-hour battery life retailing at \$200, electronic still cameras or pen-sized digital audio recorders capable of storing entire novel. Intel currently has about 85% of flash memory market. NEC, Toshiba and Mitsubishi recently announced chips. Name "flash" is derived from chips' instant erasability.

LCD car TV system has been developed by Zanavi Informatics, Japanese joint venture of Nissan and Hitachi, and will be sold under Hitachi's "Formula" brand name in Japan. Color 4" display will be priced at about \$640, mono TV tuner \$320, stereo version \$400. System uses newly developed "digital coaxial stabilization" circuit, claimed to provide stable, high-quality pictures in moving car. Company projects monthly sales at 2,000, says it has no plans to export system.

China produced 26,220,000 TVs last year, down 1.5% from 1990, according to State Statistical Bureau. Figure includes "at least" 11,940,000 color sets, up 16.8%. First complete color TV production line exported by China was installed in Pyongyang, N. Korea, according to China Daily, which said Shanghai No. 1 TV Factory set up line capable of producing 80,000 19" color sets annually in Pyongyang's Datongjiang TV Factory.

TELEVISION DIGEST

Published Weekly Since 1948
With Consumer Electronics
(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

Warren Publishing, Inc. is publisher of Communications Daily, Satellite Week, Television Digest with Consumer Electronics, Video Week, Common Carrier Week, Audio Week, Space Commerce Week, Public Broadcasting Report, Mobile Satellite Reports, Facility Strategies, Television & Cable Factbook, Cable & Station Coverage Atlas, TV Station & Cable Ownership Directory and other special publications.

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This newsletter is available electronically via Newsnet and Predicasts and also may be received through facsimile service.

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Department Stores: U.S. bankruptcy trustee named Sony as one of 13 suppliers on committee of Macy's unsecured creditors. Sony is at top of list with \$16.4 million owed by 3 Macy divisions in recent bankruptcy filing (TVD Feb 3 p13)... **Federated Dept. Stores**, which includes elements of old Federated and Allied chains before they were bought by Robert Campeau, emerged from bankruptcy last week. Stores include Abraham & Straus, Bloomingdale's, Burdines, Bon Marche, Goldsmith's, Jordan Marsh, Lazarus, Rich's, Stern's.

Sony's purchase of land in heart of Berlin for its European hq last summer (TVD July 1 p15) was added to European Commission investigation of Daimler-Benz's acquisition of Berlin property, Financial Times reported. Study is to determine whether companies received illegal subsidies from Berlin city govt. Sony paid about \$60 million for 7.5-acre site on Potsdamerplatz for complex that will include hotel, restaurants and shops as well as offices.

Toshiba, which started "flat screen" race in first place, revealed its entry into Japanese "flatter screen" sweepstakes, new 27" Flat Lavender Mask, due March 1, to be followed by 32" version in summer.

TELEVISION DIGEST®

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

With Consumer Electronics

FEBRUARY 17, 1992

VOL. 32, NO. 7

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

TV CLUTTER INCREASING, ANA/AAAA study finds. Non-programming time up to 13.5 min. per hour from 10 min. in 1983. Ad groups seek notice on amount of ads. Panelists disagree on controversial programming, up-front buying. (P. 1)

GSA DROPS PORTALS SITE: FCC opposition to proposed office location heads off move, increasing likelihood agency will stay put. FCC pushes splitting offices among 2 or more buildings. Process resumes in few weeks. (P. 3)

GHOST CLAIMS DISPUTED: ATSC to resolve ghost-canceling fight between Sarnoff and Philips over VBI usage. Philips claims no tradeoff is needed, its system always is better. Sarnoff doesn't agree. (P. 4)

CABLE RULES OKAYED: FCC adopts technical standards with earlier deadlines than joint agreement between cable and cities. Some rules eased. Sikes boosts intra-industry deals. (P. 4)

CBS SEES RED: Sports writeoff causes loss, but better results are predicted for 1992. Time Warner sees first quarterly profit. Fox, N.Y. Times, Viacom and BHC broadcast results up, Chris-Craft down. (P. 5)

CTAM PUSHES MARKETING: Board to deemphasize administration and operations. Beales plans top-to-bottom review, but says change is not expected to be revolutionary one. (P. 6)

ANA/AAAA STUDY FINDS TV CLUTTER INCREASING: There's been "significant increase" in nonprogramming time (or "clutter") in all segments of TV (including cable), according to ANA/AAAA study released at ANA TV Ad Forum in N.Y. last week. Result has been "an unfailing increase in clutter" in prime time, from less than 10 min. per hour in 1983 to 13.5 min. in 1991, with daytime showing "substantial increase" in last 2 years. Study was made Nov. 18-24 by Nielsen and Advertising Information Services.

Survey covered syndicated programming, 4 over-air TV networks and 5 cable networks. ABC had least clutter, 13 min. of nonprogram time (including commercials, promos, public service announcements, etc.) per hour, while Fox TV network had most, with 15 min. ABC also had least in daytime, "most cluttered of all dayparts," according to study, with 17 min. of nonprogram time per hour (other networks averaged 18 min.). Cable networks, NBC, CBS and Fox averaged 18 min. and syndicated game shows 19.5 min., study found. Overall, ESPN averaged least amount of nonprogram time at 12 min. per hour. ANA/AAAA recommended that all broadcast and cable networks tell advertisers in advance how much nonprogram time will be in shows that include their commercials. And, groups said, advertisers who believe that clutter hurts audiences should "apply this knowledge to each negotiation" for time on network programming.

Consumer Electronics

EVIDENCE OF RECOVERY shown in Jan. sales to dealers, up in all categories. Even allowing for change in calendar, camcorders, decks, projection were hot. (P. 9)

GOLDSTAR IS ROCKED by obsolete x-ray rule as FDA check of testing kept 160,000 sets from market in Sept.-Nov., although none showed any signs of radiation. Change in record-keeping rules may be on way. (P. 9)

ZENITH EDGES INTO BLACK in 4th quarter, attributed partly to higher color sales. But Pearlman says first half will see red ink induced by 'difficult times.' (P. 11)

1991 AUDIO SALES DIPPED only 0.1% to \$6.39 billion, EIA says, modest gains in portables and autosound offsetting losses in components and systems. (P. 12)

VIDEOGAME SOFTWARE SLUMP reported by Toy Mfrs. Assn. in 1991. (P. 13)

'NEW GENERATION' HANDYCAM to be introduced by Sony in spring brings miniaturization to 'family' 8mm series. Fuji debuts 2 camcorders with 12x zoom. (P. 13)

FASTER, CHEAPER LCDs promised by In Focus Systems, U.S. firm that claims it has process to make passive matrix models better than active matrix. (P. 14)

PILOT 'SUPER STORE' opened by Radio Shack in Mesquite, Tex. (P. 14)

Closing panel Feb. 12 featured NBC Pres. Robert Wright and Cap/ABC Pres. Daniel Burke, with Wright contending that viewing of ABC, NBC and CBS is "on the upsurge." He said that in last several nights, 3 networks combined have received more than 70% share of viewers and that "we're delivering the goods in terms of audience." Wright said news, particularly, is "an attractive, comfortable place" for advertisers and NBC will stay with new programs longer to permit them to attract audience.

Burke said TV networks "tend to be linked together whether we like it or not, [but] we are still fierce competitors." He said idea of returning prime time to affiliates to get below FCC's definition of network as one that provides more than 15 hours of prime-time programming per week -- under which Fox is exempted from finsyn restrictions -- is "being discussed [but] we have no serious plans at this time to cut back." Even with less programming, Burke said, ABC still would be stuck with same amount of overhead (although there would be fewer expenses for programming). With finsyn, he said, govt. has given networks "economic incentive" to program fewer hours.

Asked about pressure groups, Wright said "we can't let ourselves be intimidated" even though networks lose advertisers as result. Burke said he defended rights of advertisers to cancel spots in controversial programs but said they should look at program in question before they do so.

There was major disagreement within panel on subject of controversial programming and pressure groups. NBC TV Entertainment Pres. Warren Littlefield said such shows give networks high ratings and recognition and are of major value to advertisers who stick. He cited "dangerous" byproduct of pressure groups, said advertisers shouldn't cancel out of controversial shows, should take advice of networks because "we listen to all these groups... We do not give in to power plays by pressure groups." Gregory Lincoln of Pillsbury Corp., last-min. fill-in on panel and chmn. of ANA forum, disagreed, saying ABC, CBS and NBC should "keep the controversy out of programming... It's not your job. Leave it to Fox. Leave it to cable... Is a half a rating point worth the half-million dollars in advertiser defections it costs?" Littlefield countered that NBC doesn't want to become "network of controversy [but] we can't ignore the real world... The audience will not let us."

Networks' practice of selling advertising "up front" in spring for fall season, with advertisers committing to 12 months of commercials in advance, was called "incredibly goofy way to do business" by James Van Cleave of Procter & Gamble, networks' largest advertiser. "What other business holds an annual \$3-billion fire sale," he asked. "The entire system needs reforming, to the benefit of advertisers and networks alike." Van Cleave said it would save "a lot of money" if new shows were introduced as they were ready throughout year, as Fox is doing: "During the typical spring, every 'A list' writer, producer, actor and all available studio space is booked up... It's irrational. It drives up costs."

Jerome Dominus of J. Walter Thompson and ex-CBS sales exec., said that "someone thinks [up-front selling] is serving someone's objectives... [Network programming] is a 52-week business." Asked about practice of selling new fall shows in spring, NBC's Wright said: "We're in the business of serving advertisers... We are flexible" and NBC has many different deals with various advertisers." Said Burke: "I would just echo Bob's remark."

Turning to govt., ANA Pres. DeWitt Helm said regulatory groups on all levels are battling to place new restrictions on advertising, with Congress "raising one restrictive bill after another," as are state legislatures. He said: "Consumers are organizing into a movement with the arch rival, once again, advertising." On state level, he said, advertisers are being forced to "conform to a patchwork quilt of overlapping and potentially conflicting" regulations.

Ex-FTC Chmn. Calvin Collier, gen. counsel-secy. of Kraft General Foods, said there's some hope. He said regulators are gradually gaining better understanding of advertising's value to consumers. But, he warned, "now is not the time to relax on the assumption that the regulators have gone away." Clifford Rabers, McDonald's Corp. vp-govt. relations, said there's "blizzard of activity" in Washington and state legislatures on ad issues and it will "intensify in the '90s." He said ad industry is excellent target for attacks by politicians because there's "very little political risk." Currently alive in state legislatures are 49 ad tax and regulatory proposals, he said, and there's no chance that states can or will attempt to provide uniformity in regulations.

"The issue is government, government," not advertising, with part of problem also news media, said Alexander Kroll of Young & Rubicam and AAAA chmn. "The answer ultimately lies with the people themselves," he said. Kroll expressed great hope for experiment under way in N.H. where voters are being offered 900 number to rate substance of political spots (TVD Feb 10 p9). It's sponsored by League of Women Voters, AAAA, Markle Foundation. Results will be made public.

Helm said industry no longer has "the luxury of meeting our critics one at a time. We're fighting on multiple fronts. Proposed restrictions on advertising are being advanced by every official body -- right down to cities and counties." Deregulation in Reagan Administration "irritated state attorneys general, many of whom stepped in with their own regulations to fill what they perceived as a vacuum." Advertising needs regulation, Helm said, but it should be "centralized, uniform regulation, not a patchwork quilt of scattered local regulations that would make conducting a national campaign a nightmare."

Negative political commercials are "the bogey man of advertising" and are "polluting the process," said N.Y.U. Law Prof. Burt Neuborne, who also is ANA legal counsel. But, he said, more govt. regulation would be "a prescription for disaster [and] should be fought at every level." Major problem, he said, is that there's no message or substance in many candidates' spots so "someone just takes up the time... That's unworthy of a great democracy." Such spots increasingly are using appeals to emotion rather than reason and that's "like a nail driven right through the democratic process." By far best solution to problem is education of voters, Neuborne said.

Nielsen Chmn.-CEO John Holt debunked idea that viewers engage in widespread zapping of TV commercials. He said once viewers find program they like, they stick with it -- commercials and all. TV, he said, continues to be single best medium for mass marketing and presents "enormous opportunities for advertisers." Asked what Nielsen is doing to measure audiences of cable systems, he said research firm already is doing so successfully on Time Warner system in Queens, N.Y. He also said that about 2% of TV audience views outside home and that Nielsen has submitted proposal for measuring that segment to Network TV Assn., is awaiting response. "We're ready to go," Holt said.

Of some 350 registered for ANA "TV Advertising Forum," 23 were from Cap/ABC, 6 from NBC -- zero from CBS. Nor was there CBS participant on any of panels, probably, we're told, because many CBS execs. (including Pres. Laurence Tisch) are at Winter Olympics, where they're hosts to many major advertisers.

GSA DROPS PORTALS SITE: FCC hq probably will remain divided among 2 or more buildings in M St. corridor for long term as result of GSA decision to end procurement involving Portals building in Southwest D.C. (TVD Jan 20 p4), officials said. GSA sent letter to bidders saying that process has been stopped, effectively eliminating Portals building. Regional GSA officials expect to meet with FCC in next few weeks to reopen process of finding office space for Commission.

GSA didn't say why it cancelled Portals rental, although it told bidders that FCC had changed requirements. GSA regional office originally had recommended that FCC move to Warner Bldg. near 14th & Pa., but GSA Administrator Richard Austin rejected that and took over procurement process at GSA hq. In action last week, Austin returned decision authority to regional office, which canceled process.

Decision increases chances that main FCC offices will remain at 1919 M St., although owners of other buildings will have chance to bid. FCC Managing Dir. Andrew Fishel said that "as we define our needs, they are currently being met at 1919." He said building needs some improvements, but "if they are made, the current building would be acceptable." Existing building has some cost advantages over expected competitors. For example, FCC would have to pay to install fully equipped Commission meeting room at any new location, as well as to move antennas from 1919 M. New FCC offices will be labeled officially as "interim," GSA terminology that generally means 10-20 years, said Robert Goodman, GSA acting dir.-Real Estate Div. Goodman agreed that FCC isn't expected now to move into new offices, since it's unlikely that GSA will reopen original bidding process.

Next step won't be determined at least until next meeting between FCC and GSA, but speed of decision "will depend upon the GSA," Fishel said. He said it would be ideal if main FCC hq building were selected first, but that may not be possible because pressure is most intense to move out of FCC's satellite offices at 2025 M St., where NPR wants to expand. (NPR has option to move to D.C. building in another area in 1994.) Current FCC lease has been extended only until July 1993. Lease on hq building expires in May 1993, but can be extended for at least 6-12 months at GSA's option.

FCC set Feb. 26 filing deadline for comments on Chronicle Publishing petition for waiver of prime-time access rule (PTAR) to allow KRON-TV San Francisco to start prime time hour earlier (TVD Jan 27 p1, Jan 20 p8).

FCC hopes to issue notice of rulemaking on market structure for personal communications networks (PCNs) by midyear, FCC Chmn. Sikes said Feb. 12, just after receiving first PCN call transmitted through cable system.

GHOST CLAIMS DISPUTED: Dispute over whether Philips ghost-canceling system needs more vertical blanking interval (VBI) limits than Sarnoff Research Lab system does will go to Advanced TV Systems Committee (ATSC), officials said last week. NAB said its field tests showed that Philips system performed better in virtually all trials than other systems, including Sarnoff's (TVD Feb 10 p3), but officials predicted that broadcasters would have to decide tradeoff between Philips system, which required limits on 2 additional VBI lines, and Sarnoff's, which has no limits.

Philips said limits on additional lines would be essentially same for either system. Philips Labs researcher Stephen Herman told NAB that, even though documentation it submitted for field testing specified that adjacent lines had no signal or stable signal, its system can work in presence of noise from adjacent lines. Sarnoff documentation put no limits on adjacent lines. Herman told us that impact of signal on adjacent lines would be essentially same for either Philips or Sarnoff ghost-canceling systems: "Since under the same operating conditions we came out better, we always would." Herman said Sarnoff documentation merely indicated that its ghost-canceling system would work in presence of noise from adjacent lines. Documentation also should show that it, too, would suffer performance degradation if adjacent lines were used, he said. If Philips system is selected, he said, broadcaster could decide whether to place signal on adjacent VBI lines, potentially trading some ghost-canceling capability for additional revenue from use of lines.

NAB didn't test quality of ghost-canceling in presence of adjacent line noise, said Lynn Claudy, NAB dir.-engineering and technology. After meeting with Philips officials, Claudy said it's impossible to determine validity of their claim absolutely: "On the face of it, it seems to be a valid question to ask. I think their argument deserves a response by Sarnoff. Then it will be up to the ATSC specialists to interpret the results."

Charles Dieterich, Sarnoff's ghost-canceling project mgr., told us that Lab "doesn't completely agree" with Philips, but said it's difficult to be specific without detailed knowledge of latter's system. However, he said that Sarnoff Lab believes that its system would perform better than Philips in presence of adjacent line noise. Dieterich also attributed Philips victory in field tests to fact that it had more time to work on hardware: "Their hardware won, not their training signal." He said results of Canadian ghost-canceling tests, which were released last week, showed no clear winner in ability to eliminate ghosts.

Philips is pushing its ghost-canceling system aggressively because it believes it will boost demand for high-end TV sets, Electronic Systems Research Dir. Amihai Miron said. He said company had invested \$3.25 million in development, and first cable headend equipment would be available in spring at \$2,700 list. High-end TV receivers incorporating ghost-canceling equipment would be available in 1993 or 1994, he said.

NBC Cable will launch Private Financial Network (PFN) in mid-March, Pres. Thomas Rogers said. PFN will be satellite-delivered programming targeted at professionals that will display financial coverage on TV or computer screens. Prototype is being tested by 2 large financial institutions, Rogers said. Programming will include round-table discussions by security analysts, live broadcasts of product announcements, company presentations, interviews with executives.

CABLE RULES OKAYED: FCC adopted cable technical standards that set earlier deadlines than proposed in joint agreement between cable industry and municipalities (TVD Oct 21 p6), but ease some other requirements. FCC Chmn. Sikes said at meeting Feb. 13 that agreement was "excellent example of conflicting interests sitting down and resolving" conflict and that agreement reduces chance of litigation over rules. Comr. Duggan said he hopes joint accord will be "precedential" for other disputes.

FCC ratified most of terms of joint agreement, Duggan said. Parties included NCTA, CATA, National Assn. of Telecommunications Officers & Advisers (NATOA), National League of Cities, other municipal groups. Standards state that signal quality on all cable channels must at least meet current requirements for retransmission of broadcast channels. Cable systems now are allowed to provide lower quality signal for nonbroadcast channels.

FCC set earlier deadlines than joint agreement for systems to meet carrier-to-noise ratio standards (3 years instead of proposed 4), gave cable systems only 3 years to meet color signal standard (instead of 4) and said color signal quality must be tested every 3 years (instead of 4). Audio carrier standards accepted by FCC are lower than those proposed in joint agreement in order to make it easier to add stereo. Commission also decided not to set standards for cable audio services. Duggan noted that agency wasn't setting technical standards for nonvideo uses such as data services and asked whether they might be necessary in future. FCC staffers said it may be difficult to set nonvideo standards because diverse services would have different needs.

FCC called new standards "appropriate balance" between ensuring signal quality for cable subscribers and unduly burdening cable operators. Officials said many of new standards codify former guidelines for signal quality. FCC-enacted standards also preempt local standards, stating that cable systems must set up method of dealing with consumer complaints over signal quality. Disputes would go to local franchising authority because it is most familiar with local condition and because handling all complaints would strain FCC resources, officials said. Continuing disputes would go to FCC, but officials said that its limits probably mean that it would handle only those that appear to involve larger issues. Rules also will allow rural cable systems or those with fewer than 1,000 subscribers to negotiate with franchising authorities for certain lower technical standards. Full text of order is expected this week.

Westwood One executives made illegal contributions. to 1988 Presidential campaign of Sen. Biden (D-Del.) in apparent successful bid to get witness slot in Subcommittee hearing on broadcast station ownership limits, according to recently released Federal Election Commission (FEC) records. As part of conciliation agreement that company and its executives signed with FEC in Nov., Westwood officials admitted being reimbursed illegally for \$13,000 in contributions and agreed to pay total of \$72,300 in penalties. FEC found no evidence of violations by Biden or others in govt. FEC investigation was result of complaint by former Westwood employee Mark Kress, who said Westwood Chmn. Norman Pattiz asked executives to make contributions because that would help get invitation to testify before Senate Communications Subcommittee hearing chaired by Sen. Inouye (D-Hawaii), who headed Biden campaign committee. Pattiz testified at hearing month later, telling Subcommittee that he supported codifying FCC limits on station ownership (TVD July 20/87 p4).

CBS SEES RED: Improved 4th-quarter results weren't enough to boost CBS out of loss column for full year, mainly because of \$322-million (\$195-million after tax) writeoff for Major League Baseball and NFL contracts. Chmn. Laurence Tisch said that no further sports writeoffs would be needed and that rising ratings, slightly improved ad market and lack of costs associated with Gulf War caused him to expect that network would return to profitability in 1992.

CBS had \$9.4-million net profit in 4th quarter, vs. \$156-million loss year ago. Operating profit was \$6.8 million, vs. \$329.5-million operating loss in quarter last year. Revenue grew 2% in quarter to \$937.4 million, with TV network boosted by 7-game World Series (vs. 4 games in 1990). TV stations and radio operations had small revenue declines. CBS still lost \$85.8 million for full year, compared with \$111-million profit year ago. Revenue dropped 7% to \$3 billion, including 7% decline for TV network, 8% for TV stations, 2% for Radio Div. Full-year operating loss was \$271 million, vs \$49.8 million loss year earlier. TV stations and Radio Div. had lower full-year operating profits. TV network's "financial problems were particularly substantial" in 1991, Tisch said, blaming "a stubborn recession, expanding cable competition and rising programming costs." Sports losses occurred largely because CBS wasn't able to charge ad rates as high as it had expected because of recession and cable competition, company said. Ad sales also were hurt by lack of Super Bowl and NBA broadcasts in 1991. Network had written off \$282 million (\$171 million after tax) on sports rights in 1990, for total of \$604 million over 2 years.

In other financials, record profits at HBO and cable group boosted **Time Warner** (TW) to its first quarterly profit since 1989 merger. Cable group reported \$225-million operating profit for 4th quarter ended Dec. 31, up from \$204 million year ago, and full-year operating profit of \$872 million, vs. \$769 million. HBO profit was up \$1 million to \$47 million for quarter and \$195 million for year, vs. \$182 million. Filmed Entertainment Group also set records. Full corporation had \$45 million profit for quarter, vs. \$34 million loss year ago, but still lost \$99 million for year, vs. \$227 million loss year ago. TW's **ATC** subsidiary had \$44.5 million profit in quarter, up from \$33.1 million, and \$161 million profit for year, vs. \$120 million. Quarterly revenue jumped 8.7% to \$311 million, mainly through addition of 150,000 subscribers. For year, cash flow grew 12% to \$567 million... **Chris-Craft** TV revenues dropped for first time in nearly 20 years, falling 6% to \$262 million in 1991. As result, its total profit for 4th quarter dropped to \$17.2 million from \$17.7 million. Full-year profit declined to \$58.3 million from \$292 million in 1990, when it had profit from Time Warner merger... **BHC** profit rose marginally to \$29.7 million in 4th quarter, despite 58% drop in TV station earnings. Full-year profit was cut sharply to \$108 million, from \$481 million previous year, when company had gain from Time Warner merger.

Gains by cable program networks and cable systems improved **Viacom** financial results in 4th quarter and full year, company said. Net loss dropped to \$31.9 million for quarter, from \$87.4 million, and to \$49.7 million for year, from \$89.8 million. Networks' operating profit was up 45% in quarter to \$50.2 million and up 68% for year to \$202 million. Cable system profit jumped 19% for quarter to \$45.5 million and 19% for year to \$170 million. Broadcasting operating profit fell 22% in quarter to \$14.3 million, 16% in year to \$54.8 million.

Broadcast operating profit at **N.Y. Times** increased to \$4.8 million in 4th quarter, from \$4.7 million, but company's total profit fell 27.5% to \$34.6 million... **United TV** profit

was off to \$3.3 million in 4th quarter ended Dec. 31, from \$3.7 million and revenue 1% to \$33.3 million... **News Corp.** profit rose 21.5% in 2nd quarter ended Dec. 31 to \$194 million, partly on gains at Fox and its U.S. TV stations. Growth came despite \$47 million loss by BskyB (vs. \$10-million loss year ago). Fox Bestg. profit soared to \$93 million, from \$8 million year ago... **QVC** said net revenue for 4th quarter ended Jan. 31 increased 13% to \$282 million and full-year revenue 19% to \$922 million. Profit figures won't be released until mid-March.

Pinelands 4th-quarter loss was \$4.5 million, vs. \$7.8 million year ago, and revenue dropped 12% to \$35.4 million. Company, whose main asset is WWOR-TV N.Y.-Secaucus, had full-year loss of \$5.3 million, vs. \$5 million loss year ago, and revenue fell 8.2% to \$166.2 million. Cash flow declined to \$10.3 million from \$38.9 million... **Turner Bcstg.** said it completed private placement of \$200 million of convertible notes, yielding 7-1/4%... **Century Communications** said it's offering \$200 million of senior notes carrying 9-3/4% interest and will begin offering 5 million shares of previously registered common stock.

Cablevision Systems said it wants to restructure A-R Cable subsidiary, pumping in \$44 million of new equity, selling \$104 million of new preferred stock to investment bankers Warburg, Pincus Investors, obtaining \$70 million of new loans from GE Capital and repaying \$272 million of senior debt. Cablevision also said it plans to issue 2.56 million shares of Class A common stock and \$200 million of subordinated debt. Proceeds would be used to repay debt... **Maclean Hunter** said it signed underwriting deal for sale of 15 million common shares, with proceeds of \$173 million after completion of offering in late Feb.

USTA will launch campaign for telco entry into cable, without video dial tone's (VDT) common carrier limitations, as amendment to cable reregulation legislation to be considered by House, Exec. Board decided Feb. 13. Group expects to decide this week what form proposed legislation would take, but it's considered likely to be similar to telco entry bill (TVD June 10 p2) proposed by Reps. Boucher (D-Va.) and Oxley (R-O.). USTA isn't commenting officially, but telcos are said to believe telco entry legislation is achievable because Bush Administration backs it, making it easier to get Republican support. Group also believes threat of Bush veto of S-12, which Administration considers reregulatory rather than procompetitive, makes it more likely that House would consider alternative. USTA also hasn't finally decided what legislators to approach to introduce amendment, but Boucher and Oxley are considered among likely candidates. Exec. Board said it isn't satisfied with limits in FCC's VDT proceeding because it believes only full telco entry into cable will provide real competition. USTA said: "The nation and consumers will be best served by a cable policy that promotes competition. The bill must address the need for competition and establish marketplace incentives for modernization of the nation's public switched telecommunications network." NAB wasn't commenting on telco entry plan, but NCTA spokeswoman said current restrictions are important to preserve ownership diversity, and telco entry would "create the proverbial one-wire world."

Network TV Assn. (NTA) produced 35-min. videotape "The Network Story" and 32-page booklet of same title that will be sent to more than 3,000 advertisers and agencies this week. NTA said story urges use of network TV as ad vehicle and provides "advertising and marketing professions with information about today's ever-changing television industry."

CTAM FEATURES MARKETING: CTAM will focus on marketing rather than administration and operation of cable systems, board decided at meeting at hq in Fairfax, Va., that ended Feb. 13. Decision will lead to review of all CTAM operations, and possibly of staffing, said new Pres. Char Beales: "This will not be a revolutionary change. CTAM is on the right track, but some things need to be re-focused or marketed better, and some need to be changed."

Focus on marketing reverses CTAM policy adopted in mid-1980s, when group decided to broaden activities to include administration and operations. Beales told us change is recognition of increasing complexity of cable marketing in era when cable faces new pricing and regulatory pressures and questions on how to package groups of cable networks, deal with pay cable erosion and pay-per-view, as well as new marketing demands of 150-channel environment. Changes won't occur overnight, Beales said: "The board has given me time to do a top-to-bottom review of our activities. We'll weigh how every activity fits in with our mission, its economics, the benefits it provides, and how it can be staffed." She said board members suggested several new CTAM activities in debate on new strategy, but decision was deferred.

Some of change will be just "making people more aware" of current CTAM activities, Beales said. She said, for example, that some CTAM market research is "a gold mine of information" and group simply needs to "put it in more peoples' hands." Beales also said some CTAM research needs to be conducted more quickly and made available to members faster.

Citing "urgent need for clarity" and "immediacy of numerous primary elections," FCC announced Feb. 14 that it had amended new political broadcasting rules to delete requirement that candidates' TV spots include audio as well as video sponsorship identification. Action was taken less than 2 weeks after new rules became effective. In adopting rule in Dec. (TVD Dec 30 p1), Commission declined to set standard for video sponsorship identification but in new order said printed words must cover 4% of vertical screen and remain in view for not less than 4 sec.; audio sponsorship identification now won't be required in TV spots. Petitions to delete audio requirement were filed by Democratic and Republican National Committees, and FCC said it agreed with them that rule could be "unduly burdensome to candidates," particularly in 10- and 15-sec. spots. To prevent disruption of political commercials already prepared for primary elections, Commission said candidate spots will be acceptable until April 1 if they comply with either old standards or new rules. Also, agency said, "under normal circumstances" licensee should have right to prescreen political spots to ensure that sponsorship identifications are met. However, since that sometimes is impossible in closing days of campaign, licensee will be immune from being charged with violation of Sec. 315 of Communications Act on first airing of spot but must include proper sponsorship identification on 2nd airing. Media Access Project (MAP) and People for the American Way (PFAW) immediately attacked what they said was FCC's "unusual" action as "dramatic departure" from normal procedures and without waiting for public comment on request of Democrats and Republicans. Said MAP Exec. Dir. Andrew Schwartzman: "I cannot remember the FCC moving with such alacrity... The Commission knuckled under to the politicos." Commission said, however, that it had determined "we should act promptly... without awaiting completion of the full comment cycle... Petitioners may request reconsideration of this order, which would enable us to consider further public comment if necessary."

House Commerce Subcommittee has delayed action at least temporarily on bill (HR-1662) that would give Food & Drug Administration (FDA) increased oversight over food advertising on TV and other media. Instead, Subcommittee Chmn. Swift (D-Wash.) and Rules Committee Chmn. Moakley (D-Mass.), sponsor of HR-1662, have sent letter to FTC Chmn. Janet Steiger urging tougher oversight of food ads, which are among largest categories of TV advertising, and giving FTC 60 days to report on oversight efforts and ways to improve coordination with FDA. Meanwhile, Senate Commerce Committee Chmn. Hollings (D-S.C.) has scheduled hearing on alcohol labeling bill sponsored by Sen. Thurmond (R-S.C.). Hearing on measure, which would require that all alcohol ads contain health warnings, is set for 9:30 a.m., March 26, Rm. 253, Russell Bldg. NAB has opposed bill. On 3rd ad front, no action is imminent at FDA on new policies dealing with pharmaceutical ads on TV, said Ann Witt, dir.-Div. of Drug Advertising. She said FDA still is working on proposed policies, which would be subject to public comment before enactment.

NAB formalized its request that FCC freeze FM station licensing and reallocation of FM frequencies (TVD Jan 20 p5) and asked Commission to launch rulemaking to reassess FM licensing rules. NAB board cited "current state of the broadcast economy" (more than half of AM and FM stations lost money in 1990) and overcrowding of airwaves. In request for rulemaking, it said FCC licensing rules had resulted in too many FM stations, diminished FM signal quality, worsened economics of existing stations. Request suggested that reforms mirror actions regulators took to improve AM, which included licensing freeze. NAB also said FCC should expand FM ownership opportunities for minorities, including expanding distress sale and tax certificate policies. Rules "are in dire need of reassessment," it said, and timing is right because FCC already is considering options for such things as DAB licensing. NAB execs. will make rounds of FCC offices this week to lobby for proposal.

FCC repealed its "spousal attribution" policy, whereby media interests of one spouse also are attributed to other in Commission application of cross-ownership rules. Many married couples now pursue "dual careers," FCC said, and revising attribution policy removes "undue restrictions" on married couples. Also, it said, old policy impedes entry of women into broadcast ownership and managerial positions, putting attribution policy at odds with FCC's equal employment opportunity rules. In future, FCC will consider each spousal situation on case-by-case basis to determine whether joint attribution of their media interests is necessary.

Unnamed cable operator paid \$500,000 settlement to MPAA for underpayment of royalty fees, Assn. said. MPAA had claimed that MSO used high installation charge for low-priced broadcast tier to discourage customers from taking tier, resulting in lower royalty payments. In agreement, MSO didn't concede validity of claims but said it was making payment to avoid cost of litigation. MPAA Pres. Jack Valenti said Assn. monitoring of cable compulsory license payments has resulted in payment of total of \$20 million in additional royalty fees.

Programming to instruct Russian Federation in such subjects as free market economics and democratic institutions will be developed by Discovery Communications with U.S.-based Center for Democracy. Russia's Education Ministry also is partner in pact, which envisions programming that also could be shown in U.S. and other countries.

Satellite dish dealers are threatened by transition to latest generation of General Instrument VideoCipher and by arrival of direct broadcast satellites (DBS), they said at Satellite Bestg. & Communications Assn. (SBCA) annual convention in Reno last week. Phaseout of current VideoCipher II satellite descrambler in favor of RS (renewable security) version (TVD Jan 20 p6) caused dealers to worry that many dish customers would give up on satellite TV. GI plans to replace 300,000 VideoCipher II units over next several months with RS units, which use smart cards to make them pirate-proof, said James Bunker of GI's VideoCipher Div. Owners of illegally modified descramblers would have to buy new ones, and dealers fear that high price will convince many simply to give up on satellite TV, even defaulting on loans that dealers arranged so customers could buy equipment. Dealers also worry that participation of large retailers in DBS distribution will squeeze them out. Meanwhile, satellite dish program package PrimeTime 24 said it will replace WBBM-TV (Ch. 2) Chicago with WRAL-TV (Ch. 5) Raleigh as CBS station in its program package. Spokeswoman said company changed stations because of reception problems related to Chicago weather and chose WRAL-TV because it doesn't preempt network schedule for other programming.

FCC "amended and clarified" its pioneer preference rules adopted last April that provide preferential treatment for applicants developing new communications services and technologies. Commission said Feb. 14 that petition for rulemaking won't be required when "relevant" new service or technology already is being considered in another proceeding, and it agreed to waive rulemaking altogether in situations where no change in existing rules is necessary to approve new technology or service. Also, FCC said, no preference will be granted unless applicant has started experiment or submitted acceptable technical showing. In related development, Commission asked for comments on preference applications in Personal Communications Services (Gen. Doc. 90-314) by Sharecom-Austin LP (file No. PP-26) and Time Warner Telecommunications (PP-27). Comments are due March 16, replies March 31.

"Breakthrough" is near, maybe this week, both sides told us in dispute between ABC, NBC, CBS and their TV affiliates over FCC proposal to permit networks to own cable systems. As result, networks, INTV and 3 affiliate associations late Feb. 14 jointly asked Commission for 30-day delay in March 2 deadline for filing comments in rulemaking. So far, affiliates have been adamantly opposed to network-cable ownership, being pushed by ABC and NBC. In seeking delay, networks told FCC that "major differences still divide the parties, but they have agreed that more time is needed so that discussions may continue." Still on table, we're told, is Cap/ABC proposal that networks be limited to ownership of systems with no more than 10% of U.S. cable subscribers as safeguard to protect stations.

ABC, NBC and CBS walked out of negotiations last week between actors and producers for new contract, leading to possibility of Hollywood work stoppage. Networks are said to be seeking 60% reduction in fees paid actors for reruns of prime-time programming. Negotiations are continuing between Screen Actors Guild (SAG) and American Federation of TV & Radio Artists (AFTRA), representing some 120,000 performers, and Alliance of Motion Picture and TV Producers, to replace contract expiring June 30. Current contract pays actors \$1,984 for residuals in reruns of 30-min. programs, \$3,100 for hour shows. Networks say current formula costs them millions of dollars more than studios pay actors for nonnetwork first-run programming that later goes into syndication.

End to Va. PTV funding has been proposed by Gov. Douglas Wilder (D). Under plan, support for state's 5 PTV licensees would be halved to \$1.2 million in year that begins July 1 (FY 1993) and eliminated altogether in FY 1994. Plan is most drastic we're aware of in public broadcasting state funding this year, although state legislatures often provide more money than governors recommend. Citing general "bipartisan" lawmaker support at 2 recent hearings, Va. Assn. of PTV Stations Exec. Dir. Wendy Church said she's "very encouraged" that stations there will be able to roll back recommended cuts. Elsewhere on PTV state support: (1) N.Y. Gov. Mario Cuomo (D) proposed 15% FY 1993 cut to \$14.05 million for PTV, which saw its state support fall 35% in current year. (2) Conn. Public Bestg. would see its state support drop 35% to \$650,000 under proposal by Gov. Lowell Weicker (R). (3) Tenn. PTV stations are hopeful they will see restoration of full \$3.44 million in FY 1993. That was amount they received in FY 1991 that was eliminated for current year. Budget introduced recently by Gov. Ned McWherter (D) would provide half of that support in base portion and rest in improvement budget that's contingent upon state's raising additional revenues.

Transactions: CBS said it will buy MTM's interest in **CBS/MTM Co.**, which operates TV production facilities in Studio City, Cal., for \$27 million plus assumption of mortgage obligations. Studio is used by CBS, studios, independent producers and others to produce TV programs... **Prestige Cable** of Cartersville, Ga., bought cable system with 3,650 subscribers in Forsyth and Cherokee counties, Ga., from Annox Inc. System will be combined with Prestige's N. Atlanta system. Terms weren't disclosed. Broker: CEA... **TCI** purchased cable system with 5,100 subscribers in Roma and LaGrulla, Tex., from Tele View, terms not reported. Broker: Daniels... **Optical Networks International** said it sold fiber cable and electronics valued at \$1 million to TCI for use in State College, Pa., system.

Meetings: IRTS will sponsor seminar on **HDTV** at 6 p.m. Feb. 25, Ed Sullivan Theater, 1697 Broadway, N.Y. Speakers include David Niles of Captain New York, Barry Rebo of Rebo Studios, Robert Zitter of HBO... Digital compression will be subject of **CATA Open Forum** Feb. 26 during Tex. Cable Show at San Antonio Convention Center. Show continues until Feb. 28 -- 512-474-2082... **Ads targeting children** will be subject of seminar March 3 organized by Children's Ad Review Unit of Council of Better Business Bureaus. Meeting is at McGraw-Hill hq in N.Y.C. -- 212-754-1353... Communications Equity Assoc. will sponsor seminar on **Asian cable and satellite TV** March 5-7, J.W. Marriott Hotel, Hong Kong -- 813-222-8844.

FCC study of effects of syndex has been requested by Sen. Nickles (R-Okla.) in colloquy appended to Senate cable bill (S-12). Nickles said there's special problem when stations assert syndex rights across state lines, citing case when Wichita Falls, Tex., station did so against Okla. cable systems. Rules caused Okla. cable system to drop Okla. stations, depriving residents of local weather and other information, Nickles said in letter to FCC Chmn. Sikes. Nickles asked that FCC study extent and effect of syndex across state lines and report to appropriate congressional committees and Nickles within 6 months of enactment of S-12.

KRMD-AM-FM Shreveport have been granted short-term licenses by FCC and fined \$10,000 for violations of equal employment opportunity (EEO) requirements. At same time, Commission dismissed EEO charges against 9 other La. radio stations and renewed their licenses unconditionally.

Personals

Robert Wallen promoted to senior vp-finance and administration, ABC Network TV Sales... **Susan Beckett** advanced to senior vp, NBC Enterprises... **Hal Lieberman** named exec. vp-production, Universal Pictures; **Nina Jacobson** advanced to vp-production... **Debra Langford** promoted to vp-current programming, Warner Bros. TV... **Joanne Burns** advanced to vp-research, Buena Vista TV... **Tanya Neimark**, ex-Tribune Entertainment, joins WTTW (PBS) Chicago as dir.-corporate communications... **Frederick Woskoff**, ex-WGAL-TV Lancaster, named mgr.-programming, Pa. Cable Network.

Ex-Columbia Pictures Entertainment executives **Victor Kaufman**, CEO, and **Lewis Korman**, COO, form Savoy Pictures Entertainment... **John Clough**, staff dir., House Commerce Committee, will leave to join lobbying firm Bergner, Boyette & Bockorny... **Ricki Green** resigns as vp-news and public affairs, WETA-TV Washington, to start Ever Green Communications; she will continue to work with station as free-lance producer... **Mary Jane McKinven**, PBS dir.-national press relations, advances March 16 to dir.-news and public affairs programming... **Hal Rosenberg** promoted to dir.-national accounts and administration, business development, Showtime Networks... **Amos Hostetter**, chmn., Continental Cablevision, received Cable TV Public Affairs Assn. Crystal Beacon award for "personal and corporate commitment to public affairs," at Assn.'s '92 Forum in Denver.

Changes at Showtime Satellite Networks: **Jeni Enright** promoted to dir.-mktg. and sales support; **Brian Glantz**, ex-Cablevision Systems, joins as dir.-telemarketing... **Marty Miller**, ex-vp-gen. sales mgr., WFLD Chicago, joins WFXG-TV Augusta, Ga., as national sales mgr... **FTC Comr. Deborah Owen** speaks on "Playing by the Rules" at ANA Mktg. Communications Forum, Waldorf-Astoria, N.Y., March 12.

FCC Calendar -- Feb. 17: Comr. **Marshall** participates in 1992 World Administrative Radio Conference, Torremolinos, Spain. Feb. 18: **Richard Smith**, chief, Field Operations Bureau, addresses International Mobile Communications Expo on "FCC Enforcement: Today and Tomorrow," Las Vegas Convention Center, 2 p.m. **Ralph Haller**, chief, Private Radio Bureau, addresses same group on international wireless, same place, 8:30 a.m. Feb. 19: Chmn. **Sikes** speaks on "Cooperation and Competition in the Field of Telecommunications" to Commission of European Communities at Annenberg Washington Program, Willard Bldg., noon. **Richard Smith** participates on "FCC Open Forum" panel, International Mobile Communications Expo, same place, 10:30 a.m. Feb. 20: Comr. **Quello** participates on "Growth Strategies for the '90s: Stimulating Growth in Regulated and Unregulated Telecom Services" roundtable, U.S.C., Indian Wells. Feb. 21: **Richard Firestone**, chief, Common Carrier Bureau, participates in same roundtable, same place... NTIA Schedule -- Feb. 19: Acting Dir. **Thomas Sugrue** speaks on "U.S. Domestic Telecommunications Policy" at Annenberg Washington Program, 10:30 a.m.

Democratic leadership of Senate Commerce Committee appears likely to seek floor action on stalled CPB reauthorization bill to force Republicans who imposed hold on measure to identify themselves and their complaints. Hold was placed by Senate Minority Leader **Dole** (R-Kan.), but he isn't believed to have personal complaint. GOP leadership has been very close-to-vest as to reason for hold.

Meeting on compulsory license issues in N.Y. Feb. 11 has been attacked by United Video as way to bypass industry meetings sponsored by House Copyright Subcommittee Chmn. **Hughes** (D-N.J.). In letter to **Hughes**, United Video Vp **Gerald Weaver** said session was held independent of **Hughes** "so that no one will bring up any sticky public interest considerations." Meeting included Fox Chmn. **Barry Diller**, plus officials of TCI, Time Warner, Major League Baseball, NBA. Fox Senior Vp **Preston Padden** said meeting was just "one of many" that **Diller** has held to promote phaseout of compulsory license and didn't include any effort to draft specific legislation, as **Weaver** charged. Meeting, as well as previous ones with broadcast networks "and everyone else in the industry," show growing support for concept, **Padden** said: "After a period of gestation, this appears to be gaining some traction." **Weaver** told **Hughes** that meetings show that "any significant limitation of the compulsory license will benefit the media giants at the expense of the smaller concerns and the consumer."

About 6% of broadcasters sell portion of air time to brokers, who provide programming and sell ad time, according to FCC study released Feb. 14. Figures confirm previously reported results (TVD Dec 30 p3) of FCC Field Operations Bureau audit of practice, commonly called local marketing agreements (LMAs). Audit of 284 stations showed 17 (one TV, 16 radio) engage in some time brokering, including 6 that acquire at least 98% of programming from brokers. Commission said LMAs have long been common way to distribute foreign-language programming, increasing program diversity, but recently it has often been way to keep financially troubled station operating. House Commerce Committee Chmn. **Dingell** (D-Mich.) and Telecom Subcommittee Chmn. **Markey** (D-Mass.) co-sponsored legislation (HR-3715) that would require FCC to begin rulemaking to govern LMAs, although it would allow rules to be waived for failing stations.

FCC dismissed personal attack complaint against KFI(AM) filed by disability rights groups and L.A. broadcaster **Bree Lampley**. Commission said complainants failed to establish clear violation of rule, but refused to decide legality of rule itself. Institute for Justice, Washington-based group that promotes First Amendment rights, called decision "victory for the First Amendment rights of talk radio listeners and broadcasters," but Pres. **William Mellor** said FCC "has again avoided the responsibility to decide the constitutionality of all restrictions on the editorial discretion of broadcasters." He said group is considering appeal in effort to resolve constitutional question. In highly publicized case, KFI(AM) broadcast 2 call-in shows that discussed whether **Lampley** and others with genetic handicaps should bear children.

George Gillett has taken blame for forced Chapter 11 bankruptcy filing of **Gillett Holdings** (GH) (TVD Feb 10 p4). "I caused the problem" by paying too much for WTVT Tampa (\$385 million) in 1987, he said. "It was my error in judgment and timing." If reorganization is approved, financier **Leon Black** would take over majority control of GH, with hearing on plan set for next month. **Gillett** would be left with less than 10%, but still would be in charge of day-to-day operations.

Paramount received limited FCC waiver of duopoly section of multiple ownership rule, allowing it to own up to 10% of WGBS-TV Philadelphia (Ch. 57, independent). Paramount already owns one Philadelphia station and has attributable interest in another. It obtained 4.89% interest in WGBS-TV as result of bankruptcy of former owner **Grant Bestg.**, in partial payment for programming it had provided.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th and final week of Jan. and year to date:

	JAN. 25-31	1991 WEEK	% CHANGE	JAN. 18-24	JAN. 1992	JAN. 1991	% CHANGE
TOTAL COLOR.....	413,150	411,536	+ 0.4	383,600	1,339,699	1,239,197#	+ 8.1
DIRECT-VIEW...	402,893	406,325	- 0.8	376,619	1,310,027	1,223,722#	+ 7.1
TV ONLY.....	366,827	390,062	- 6.0	364,674	1,245,551	1,178,887#	+ 5.7
TV/VCR COMBO.	36,066**	16,263	+121.8	11,945	64,476*	44,835#	+43.8
PROJECTION....	10,257*	5,211	+96.8	6,981	29,672*	15,475	+91.7
VCR DECKS.....	257,334	181,372	+41.9	242,524	769,829	547,680	+40.6
CAMCORDERS.....	60,922*	38,433	+58.5	35,266	154,357*	104,797	+47.3

Direct-view TV 5-week average: 1991-92--300,719; 1990-91--327,272 (down 8.1%).

VCR deck 5-week average: 1991-92--179,391; 1990-91--152,014 (up 18.0%).

Camcorder 5-week average: 1991-92--36,983*; 1990-91--35,153 (up 5.2%).

* Record for period. ** Record for any week. # Revised by EIA.

JAN. SALES SHOW EVIDENCE OF RECOVERY: Sales to dealers in first 4 weeks of 1992 -- EIA's statistical month of Jan. -- ended up in plus column for all TV-video categories, as shown in State of the Industry above. Particularly strong were projection TV, almost double last Jan., as well as camcorders and VCR decks, up 47.3% and 40.6%, respectively. For projection TV, camcorders and TV/VCR combos, it was best Jan. in history.

Applying seasonal factors based on relationship of Jan. to rest of year for last 5 years, all products exceeded their full-year 1991 performance. TV, at seasonally adjusted annual rate of 20.2 million, beat 1991 by 0.5%; VCR decks, at 11.8 million, were up 10.3%; camcorders were at record 3.8 million rate, up 31%, and projection tallied record 522,000, increase of 37.4% over full-year 1991's pace.

In weighing Jan. results, 2 factors should be borne in mind, as we have already noted (TVD Feb 3 p9): EIA's calendar changed this year so that it's running 6 days ahead of last year's -- that is, Jan. statistically this year was Jan. 4-31, 1992, while last year's Jan. figures covered Dec. 29-Jan. 25, 1991, including New Year's Day holiday. Also, Jan. 1991 was depressed by Gulf War crisis.

Even considering both caveats, Jan. still looked pretty good in all categories except direct-view color. Matching Jan. 1992 with corresponding weeks of 1991 shows color down 12.9%, but VCR decks up 11.3%, camcorders up 5%, projection TV up 31.4%. Comparing Jan. 1992 with Jan. 1990 (latter including no Gulf crisis but New Year's holiday) shows color off 8.5%, VCRs up 5.2%, camcorders ahead big 67.5%.

GOLDSTAR ROCKED BY OBSOLETE X-RAY RULE: A 22-year-old govt. regulation -- which even its own administrators say should be dumped or sharply curtailed -- was responsible for keeping 160,000 color sets made by Goldstar off market at height of last year's selling season, costing it tens of millions of dollars as well as devastating internal upheaval.

U.S. Public Health Service rules on color TV radiation, promulgated after passage of "Radiation Control for Health and Safety Act of 1968," caught Goldstar in their net last fall despite fact that not one of 160,000 sets in question was found to be radiating in excess of strict govt. standards. As matter of fact, 3 compliance officials of Food & Drug Administration (FDA), which is charged with enforcing regulations, couldn't remember when last TV set was found to be in violation.

"We haven't seen any in years," Standards Enforcement Dir. Edwin Miller of FDA's Center for Devices & Radiological Health (DRH) told us last week. He could recall problem with only one aircraft projection TV set perhaps 8-10 years ago, and some time before that consumer set whose epoxy-sealed factory controls had come unglued and could have been turned up to higher-than-specified voltage.

X-ray law was passed at time of wild hysteria over possibility that TV sets could radiate beyond environmental background level. Some excessively radiating sets were found in 1960s, before all TVs went solid-state. Radiation could emanate from picture tube or power tube. Following passage of law, special voltage hold-down circuits were put into use in all color sets, causing them to fail rather than exceed specified level; picture tube shielding was improved, and, coincidentally, sets went solid-state, removing power tube as possible radiation source. EIA request to exempt TVs incapable of producing radiation was rejected in 1970, but DRH officials indicated it could get sympathetic hearing now.

Despite complete change in TV sets since 1968, strict regulations remain in effect. DRH makes 10-15 unheralded visits annually to factories to observe test procedures and takes about 150 sets for its own testing. Manufacturers are responsible for certifying that tests showed no radiation, and are required to keep on file names of all TV set buyers for "useful life" of set; dealers and/or distributors are responsible for turning them over to manufacturers. Worst-case factory tests must be conducted with all user and service controls set to produce maximum radiation, with AC line voltage of 130 V and with simulated failure of any component that can possibly fail and cause radiation. Manufacturers must certify sets have been tested.

Goldstar was nabbed when inspection of Korean factory showed irregularities in testing methods, and DRH advised U.S. Customs to detain all imports of company's sets. Customs put hold on some 30,000 sets and Goldstar voluntarily held back another 130,000 from Korea and Mexico, according to Miller. All this occurred in Sept.-Nov. 1991. By our deadline, Goldstar hadn't responded to our request for comment, but situation is known to have caused extreme anguish within company.

Conceding no radiation was found in any Goldstar set tested, Edward Dawson of DRH's Office of Compliance said this was first time in many years for action "of this magnitude." He added: "We will be doing more [testing] in the next few months." He indicated thoroughness of Goldstar tests was result of FDA's increased sensitivity to improper record-keeping as result of publicity about drug industry testing problems.

Goldstar's branded and private label TVs and monitors were involved in last fall's incidents. Here's account as reported in DRH's Radiological Health Bulletin: "During a routine compliance inspection of Goldstar's TV research laboratory and monitor factory in Korea on Sept. 16, 1991, Center personnel found test instruments that did not work, evidence of false X-ray test data and other deficiencies in the compliance test program. As a result the Center issued a warning letter to the firm, disapproving the testing program and advising that all Goldstar TV receivers and monitors manufactured in foreign facilities would be detained by U.S. Customs... The Center also notified the FDA district offices of the detention action because detained units from various districts were to be shipped to the Los Angeles office for testing.

"A review of past inspection reports for all Goldstar facilities revealed similar TV testing problems, although not as extreme. Inspection of Goldstar's TV receiver factory in [Huntsville,] Alabama on Sept. 24-25 showed minor testing problems and incomplete documentation of testing.

"On Sept. 27, Center personnel met with Goldstar representatives from Korea, Mexico and the U.S. to discuss the recently found test program deficiencies as well as similar problems found in Goldstar facilities in the past. The firm left a sample monitor to be tested at FDA's Winchester Engineering & Analytical Center (WEAC). This monitor was tested and, although no X-radiation emissions were detected, discrepancies were found in the firm's test data.

"Throughout Oct. and early Nov., Goldstar submitted daily rewrites and several videotapes of its X-ray testing programs, and Goldstar representatives met regularly with Center staff to discuss review of their test procedures and records. During these meetings, the Center learned that a factory in Malaysia was also involved. Although [it] has discontinued production, units from that factory were still being imported.

"During this period, approximately 30,000 Goldstar units imported from Korea were being accumulated in Los Angeles for retesting. These units included samples from lots in the Chicago, Memphis, Dallas and San Francisco districts.

"In late Oct., the detained monitors from Korea were retested by Goldstar under supervision of the Los Angeles district office. The test method was found acceptable, but problems were found with some of the

test instruments used by the firm. After consultation with the Center and the instrument manufacturers, procedures were modified and testing was completed. No units were found to emit X-radiation, but some had been relabeled and reboxed without appropriate quality control testing by the manufacturer.

"On Oct. 25, Center staff inspected Goldstar's TV receiver plant in Mexico and found similar test instrument problems and test data discrepancies. As a result, Goldstar was required to submit revised test procedures and to retest samples from production units for this plant. On Nov. 1, sample Goldstar TV receivers from Mexico were tested at WEAC. Minor discrepancies were found in the information supplied by the manufacturer.

"Following revisions of test procedures at the facility in Mexico and retesting in Los Angeles, Goldstar submitted revised test procedures along with videotapes and a corrective action plan (CAP) for retesting monitors produced in Korea. The Center approved the CAP, and the firm was allowed to retest samples from more than 100,000 units in stock for certification.

"On Nov. 27, the program disapproval was rescinded. At that time all Goldstar TV imports, except those from Malaysia, were released from detention. In the letter to Goldstar, the Center said the firm had documented many changes in the quality control and testing program to assure that future TV products will be in full compliance with the performance standard for TV receivers. Goldstar units from Malaysia will remain on the imports detention list until the Center receives adequate information about the test program for these products."

* * * * *

Although EIA fought hard to minimize testing and record-keeping requirements in 1970, there has been no organized industry effort on subject since -- quite probably because of sore memories of radiation scare. In 1970, EIA unsuccessfully sought to have all sets made after 1971 exempted on ground that excessive radiation from them was impossible (TVD Feb 23/70 p19). Even low-voltage monochrome sets and monitors are covered by regulation.

More than 9 years ago, on its own initiative, FDA began review of TV record-keeping rules, one official noting that industry had had no x-ray problems for several years and it was possible "we may change our requirements and stop asking for information that's not used" (TVD Dec 20/82 p17). Head of task force in charge of rule change told us at the time that x-ray regulations were written "at a time of great concern," indicating there could be overregulation. Task force proposed to eliminate dealer and distributor record-keeping on TV set purchasers and to "significantly reduce" reporting requirements for sets operating below 25kV. It asked for comments and industry responded, but no action has been taken. Revised rules should have been out at least year ago, said Standards Enforcement Dir. Miller, who added that rulemaking is "now on the fast track," and revised regulations should be issued in couple of months.

We asked Miller: Is it time for industry to request complete deregulation?

"I think it would be reasonable," he replied.

ZENITH REPORTS PROFIT IN 4TH QUARTER: Zenith squeaked into black in 4th quarter, partly because of increased color TV sales, but reported \$51.6 million net loss for 1991 and forecast it would lose money again in this year's first half.

Profit of \$500,000 was first black ink in 12 quarters for sole remaining U.S.-owned TV manufacturer, in quarter when sales rose 5.5% to \$399 million from \$378 million in 1990. Chmn.-Pres. Jerry Pearlman credited quarter's showing to cost reductions, increased consumer electronics sales and nonrecurrence of \$7 million in severance and other 1990 charges. However, he warned of "more difficult times" ahead due to "continuing deep recessionary conditions."

Company's consumer electronics sales in 4th quarter rose 7.6% to \$368 million from \$342 million year earlier, principally due to higher color TV sales, Zenith said. Component sales were down 13.9% to \$31 million.

Loss for calendar year was 6th in 7 years, with \$51.6 million 4.8% less than 1990 loss of \$54.2 million (not including \$11 million charge for discontinued operations in 1990). Year's sales dropped 6.2% to \$1.322 billion from \$1.41 billion, consumer electronics sales were down 1.6% to \$1.211 billion from \$1.229 billion, components fell 38.7% to \$111 million from \$181 million.

Pearlman noted that industrywide color TV sales to dealers for first 5 weeks of year (including first week in Feb., for which EIA hasn't yet released data) were off 13% from "slow levels a year ago." He based his forecast for first-half loss on weak TV industry conditions and production start-up for new sizes of flat tension mask (FTM) computer display tubes and monitors.

1991 AUDIO SALES DROPPED ONLY 0.1%: Recession-ravaged audio industry managed to hold its own last year in terms of factory dollar sales to dealers, according to year-end 1991 EIA statistics. Assn. said factory audio sales declined mere 0.1% to \$6.39 billion from \$6.40 billion in 1990.

Generally flat year could be attributed to modest gains in portable audio and aftermarket autosound offsetting losses in industry's bread-and-butter categories, components, systems. Portables climbed 4.3% and car stereo 3.4%, components suffered 6.7% decline, systems dipped just 0.4%.

Salvaging disappointing year, EIA said, was relatively robust performance in Dec., when sales increased 6.6% from same month year earlier. Components remained sore spot in Dec., dropping 9.1% -- but that was more than offset by double-digit recoveries in portable audio, systems and aftermarket car hi-fi. Here's EIA breakdown of audio dollar sales to dealers in Dec. and for 12 months of 1991:

FACTORY SALES OF AUDIO EQUIPMENT
(add 000)

Category	Dec. 1991	Dec. 1990	% Chg.	1991	1990	% Chg.
Portable Audio*.....	\$164,608	\$143,286	+14.9	\$2,089,927	\$2,004,533	+ 4.3
Components.....	133,845	147,198	- 9.1	1,805,417	1,934,871	- 6.7
Systems.....	100,102	86,622	+15.6	1,264,362	1,269,996	- 0.4
Autosound (aftermkt)	<u>75,388</u>	<u>67,530</u>	<u>+11.6</u>	<u>1,232,565</u>	<u>1,191,625</u>	<u>+ 3.4</u>
TOTAL.....	\$473,943	\$444,634	+ 6.6	\$6,392,272	\$6,401,025	- 0.1

* Includes home radio

Figures may not add to totals due to rounding.

Pioneer's consolidated net income for 3rd quarter to Dec. 31 was equivalent to \$98.6 million, down 5.5% from same period year earlier. Net sales of \$1.459 billion were up 6%, domestic sales 6.7% to \$632.5 million, export sales 5.5% to \$826.5 million. In breakdown by product group, video products represented 37.1% of total (up 11.3%), audio products 32.7% (down 1.5%), car electronics 25.2% (up 11.2%), others 5% (down 2.7%). Company said audio and video sales rose in Japan, reflecting such products as compact stereo system with laserdisc players. Car electronics and video products, mainly in N. America, sparked overseas sales. Decline in profit was attributed primarily to increase in sales cost due to high value of yen.

Zenith is offering free Olympics Triplecast pay-per-view package for Summer Games, valued at \$125, with purchase of TVRO integrated receiver decoders. Participating retailers have been preauthorized to receive and decode Olympics Triplecast, Zenith said at Satellite Best. Communications Assn. (SBCA) convention in Reno. New to Zenith TVRO line is "Video Pal" built-in modem circuit providing pay-per-view capability. In accessories, Zenith introduced ceiling and wall mounts for TV and satellite receiver.

"Industry's first 160-min. hi-fi videocassette" is claimed by TDK for 4th in its line of longer (T-160 and T-180) cassettes.

Investigation of possible monopoly in VHS patent has been started by Japan's Fair Trade Commission, according to Nikkei. Complaint was filed by Tokyo-based C&B venture company, which said it placed OEM order with Sharp in 1986 for version of VHS recorder using its own address format for connecting to computer. However, complaint charged, Sharp rejected order in 1987 after consulting with JVC, which holds basic VHS patent, on ground product would violate VHS compatibility. After being turned down by other VCR manufacturers, C&B gave up on commercializing its product, complaint said. Nikkei said JVC declined to comment because it didn't have details of complaint.

Study of interference to TV sets and VCRs in typical homes will be conducted by Stern Telecommunications Corp. (STC), N.Y., under contract to CableLabs. Research will focus on direct pickup (DPU) interference from broadcast stations in cable homes. Computer and field tests are scheduled for completion by midyear, and CableLabs says it will share data with consumer electronics manufacturers through Joint Engineering Committee of EIA and National Cable TV Assn.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 127 yen = \$1, except where noted.

GAME SOFTWARE DIP SEEN: Steep slump in videogame software last year was reported by Toy Mfrs. of America (TMA) at annual Toy Fair in N.Y. last week. Reported 32% decline in dollar sales of programs for full-size (TV attachment) consoles was enough to drag entire "videogame" classification down 12.1%, despite increases in all game hardware classifications.

Statistics for 1991 vs. 1990 compiled by NPD Group in conjunction with TMA used "limited sample" for videogame category. They put combined videogame hardware and software shipments (based on "first billing value") at \$2.694 billion last year, down from \$3.064 billion in 1990. Software sales were given as 41 million units at \$1.119 billion, down from 65 million at \$1.645 billion, with software unit sales down 36.9%, dollars 32%.

TMA data indicated hardware console sales fell to 7 million last year from 9 million in 1990 but dollar volume was up 2.4% to \$853 million from \$833 million, presumably because of higher price of 16-bit games. Accessories for TV video games were valued at \$141 million, up 48.4%. Survey also found sales of 6 million portable videogames in 1991, up from 4 million, with dollar volume up 29.6% to \$355 million from \$274 million. However, portable game software was relatively static, dropping to 12 million from 13 million, while dollar volume was unchanged at \$215 million. Accessories for portable videogames jumped 450% to \$11 million from \$2 million.

In state-of-the-industry address, TMA Chmn. Harry Pearce said that despite decline in software sales, "this segment [videogames] continues to generate new products with broad commercial appeal." He said "there are significant differences between manufacturers' shipments and retail sales, particularly in the 8-bit video software category," presumably in reference to slowdown in delivery of 8-bit software last year as result of inventories accumulated by dealers. He listed Sega's 16-bit system and Galoob's Game Genie as "outstanding successes" in 1991.

In answer to question, TMA Pres. David Miller said: "I don't know if the decline is a long-term trend. The videogame business is here to stay... Software is down this year, probably in 8-bit, but it is being replaced by 16-bit. Also CD-ROM is on its way. So I think we must look at each component." Is a shakeout on way? "I don't know."

Total toy industry sales were given as \$9.053 billion in 1991, up 5.6% from \$8.575 billion year earlier, excluding videogame hardware and software. If those were included, total for 1991 comes to \$11.747 billion, up only 0.9% from \$11.639 billion in 1990, videogames representing 22.9% of total toy industry sales last year vs. 26.3% in 1990.

EIA Consumer Electronics Group estimate of videogame software (including home computer game software) for 1991, released at Winter Consumer Electronics Show (TVD Jan 13 p11), was \$3.4 billion, up 54.5% from \$2.2 billion in 1990, with increase to \$3.75 billion forecast for this year.

Winter Olympic HDTV telecasts can be viewed in some 50 public places throughout Europe, ranging from city halls to large department stores, using Thomson equipment, said Thomson Consumer Electronics (TCE) Senior Vp Ronald Blunden. Games are being broadcast in HD-MAC using more than 35 HDTV cameras and 15 broadcast vans connected by fiber links to central production unit in Albertville, France. Thomson said it contributed more than half of HDTV equipment used to televise Games.

'NEW GENERATION' HANDYCAM: Despite some manufacturers' reluctance to introduce new models, Sony plans to debut 2 completely new camcorders in April and May. Objective of new models, especially designed for U.S. market, is to "energize the industry," said Sony Consumer Video Products Senior Vp-Gen. Mgr. Yuki Nozoe, who said company hoped to "restore momentum" to least saturated major consumer electronics category.

Two "new-generation" Handycam models represent complete reworking of Sony's "family" (shoe-type) 8mm series, sharply miniaturized and weighing 1.8 and 1.9 lb. Basic model, CCD-FX410, has 10x optical 2-speed zoom, "inner" autofocus system with digital camera circuit plus electronic lens focus ring of type found on SLR cameras.

Programmed auto exposure dial, using icons to display modes, gives user choice between portrait, sports and high-speed positions, governing shutter speed and depth of focus automatically. Camcorder is rated at 2 lux, has wireless remote for camera and VCR functions, on-screen meters to show tape consumed, battery condition and zoom position. Unit, which will list at \$1,100, is designed for simple operation without sacrificing sophistication, Nozoe said.

Stepup, designated FX510, has similar features with addition of LCD window on side showing all camera settings, 8-color superimpose and titling that can be scrolled or reversed. That model has new detachable snap-on connector permitting instant hookup for home playback with lightweight detachable AC adaptor and battery charger that may be carried along while home base unit remains connected to TV. It will list at \$1,200. Sony will advertise camcorders as having 2-1/2-hour recording time, based on new 150-min. 8mm cassette (TVD Jan 20 p17).

Fuji announces 2 new Fujix 8mm camcorders, both with 12x optical zoom and Fuji's unique Multi-Action Handgrip. Both have 7-speed shutter, time-and-date recording, edit search, fade, on-screen menus. Basic model will list at \$1,400; stepup has color LCD viewfinder and wireless remote at \$1,600. Both will be available in summer.

Sega is shooting for 50% of worldwide videogame market this year, according to Nikkei Weekly, which said it plans to sell 12 million consoles this year, up from 7.5 million in 1991. Sega Pres. Hayao Nakayama is quoted as placing worldwide demand for game hardware at 24 million this year. Article said Nintendo's CD-ROM system, to be priced around \$200 when it's introduced in Japan next year, will have 1/3 more capacity than Sega's, which now sells there for nearly \$400 (TVD Jan 13 p13). Meanwhile, Nintendo Pres. Hiroshi Yamauchi, who offered to buy 60% stake in Seattle Mariners baseball team, said he hoped eventually to move company's hq from Japan to Seattle (TVD Jan 27 p15).

Nokia, Europe's 3rd largest color TV manufacturer, last week signed agreement to purchase all stock of Finlux, Finnish TV maker, from its parent Metra for about \$48 million. Finlux specializes in advanced technology and top-of-line design, with annual net sales of about \$142 million, employing 770. Its major markets are Scandinavian countries, where Finlux's market share is 11%, and Germany, which accounts for 1/3 of its sales. Nokia Consumer Electronics had sales of more than \$1.16 billion last year, about 1/3 of total of Finland's Nokia group. It employs 10,000 and has more than 20,000 dealers; its main TV brands are Nokia, Salora, Luxor, Schaub Lorenz, Oceanic.

FAST, CHEAPER LCDs? In Focus Systems, Beaverton, Ore., manufacturer of direct-view and projection LCD systems for computer display and commercial use, last week announced it's developing passive matrix color video LCD system that eventually could surpass active matrix in contrast, speed, resolution.

System, called "Active Addressing," takes complexity out of display itself and puts it in associated electronics, resulting in much lower cost high-quality displays, Technology Vp Paul Gulick said at N.Y. news conference last week. He forecast company would have products using principle next year.

Prototype (not displayed at news conference) has 50-millisecond response time with 30:1 contrast with video speed and high resolution. Pointing out that passive matrix displays cost small fraction of active matrix systems, with higher yields, Gulick said passive matrix displays use aligned glass panels to provide color while active displays require 3 transistors per pixel, one for each color.

Active Addressing treats fast response time as "an electrical problem rather than a physics or chemical problem," said Gulick, constantly refreshing pixels electrically to avoid loss of contrast and making possible resolution much higher than active matrix at same speeds and much lower cost.

Although In Focus products currently are aimed at commercial and industrial markets, Gulick said, in answer to our question: "We'd like to think we can supply the consumer [video] market," adding that potential cost reductions make system viable for "broad applications." What In Focus can't do "on our own" in supplying market, it may do with "partnering, licensing and so forth."

* * * * *

Hughes Aircraft's Light Valve Products Inc. (LVP) unveiled its lowest cost superbright video projectors, industrial and commercial versions selling for \$35,000-\$50,000 using same principle as those built for military and NASA priced at more than \$200,000. System uses high-resolution cathode ray tubes to generate images, which then are transferred onto liquid crystal layer and illuminated by xenon arc lamp. System eliminates all visible pixels and is claimed to be brightest of any projectors. As reported here, LVP officials have been talking with TV manufacturers on possible future consumer version.

Pilot antitrust suit by Atari against Nintendo, filed 3 years ago (TVD Feb 6/89 p15), went to trial last week in U.S. Dist. Court, San Francisco. Suit charges that Nintendo violated law by barring its software licensees from selling their games for use on other systems. Jury trial is expected to last 10 weeks.

HDTV videotape of Feb. 15 Chicago Bulls-N.Y. Knicks basketball game was scheduled to be made by Zenith, using 2 cameras built to specs of Zenith-AT&T digital system by BTS. Tapes will be used for testing and demonstration.

Matsushita Information Technology Lab was dedicated formally last week in Princeton. It currently has staff of 17, eventually will be increased to 40-50. Company now has 9 U.S. labs with 200 research engineers.

Philips' CD-I player is listed for first time in new catalog from Henry Kloss's Cambridge Soundworks, at \$799.

RADIO SHACK 'SUPER STORE': First of 3 experimental 'Super Stores' was opened officially by Radio Shack in Mesquite, Tex., last week with prize drawings and "hundreds of Radio Shack products... given away daily" during 5-day opening, which continues through today (Feb. 17).

As foreshadowed in Tandy annual report (TVD Oct 7 p16), new store has about twice size of current outlets (5,000 sq. ft.) -- still far cry from 160,000-sq.-ft. area of Tandy's brand name megastore planned for Wilsonville, Ore. (TVD Jan 20 p13). New Radio Shack store carries traditional RS products but in greater depth and with greater departmentalization, said Mktg. Vp Lowell Duncan. It features alcove and demonstration areas, including stereo listening room.

Tandy plans 3 Super Stores this year, including one more in West and one in Central U.S., with perhaps another in East later. "We'll use these stores as prototypes, then consider expanding later." Stores also will be used to test "innovating merchandising techniques, product displays and visual information systems aimed at providing Radio Shack customers with the ultimate experience in consumer electronics shopping," company said.

New store features TandyVision, already under test in other stores, touch-screen electronic catalog of parts and other products available by mail (TVD Oct 14 p12).

Amstrad reported loss for first time in its history that it attributed to price cutting and recession in personal computers. British company had pretax loss of about \$27.2 million in 6 months to Dec. 31 vs. \$71.7 million profit in same 1990 period. Sales fell 40% to \$352.7 million from \$587.9 million. Some 70% of decline was represented by videogame business, field from which Amstrad withdrew during period. Company reported bright spots were home satellite receivers, word processors, fax machines. Financial Times noted wryly that Chmn. Alan Sugar made more money from Tottenham Hotspur soccer team, which unexpectedly showed profit, than from making computers.

Sears is reorganizing Merchandising Group field management, eliminating some 600 jobs and saving \$50 million by 1993, company announced. It will close its 10 regional offices and 26 of its 72 merchandising district units by mid-April. Sears also said it's studying Merchandising Group hq staff in Chicago and various field staff offices to determine "best organizational structure in the highly competitive retail environment." Company will announce changes in salespeople's compensation March 1. With latest moves, Sears will have eliminated 40,500 jobs since Chmn. Edward Brennan took over in Aug. 1990.

Japanese camcorder manufacturers are bracing for demands by Honeywell for royalties after U.S. Dist. Court jury in Newark found Minolta guilty of violating patents on its autofocus system in Maxxum still camera. Jury awarded Honeywell \$96 million in damages but dismissed charge Minolta had violated patents wilfully. Among other things, Minolta says its Maxxum cameras use entirely different autofocus system. Camcorder autofocus systems use technology similar to that in still cameras, but last week their manufacturers said they hadn't been contacted by Honeywell.

"There will be no changes in our administration this year," Sony Chmn. Akio Morita is quoted as saying in interview with Financial Times, presumably in answer to hints of shakeup within company (TVD Jan 13 p13).

Consumer Electronics Personals

Kazuo Norioka promoted from deputy gen. mgr. to gen. mgr., JVC Video Products Div. in Yokohama, succeeding **Nobukazu Kaneko**, who becomes dir.-corporate finance and accounting, in charge of general corporate affairs, at company's Tokyo hq... **Richard Lipton**, ex-Princeton U. computer science prof., appointed dir., Matsushita Computer Software Lab, Princeton, N.J... **K.H. Busacker** retires June 1 as head of financial affairs for Philips Germany... **Christopher O'Neil**, Sound Advice senior vp-purchasing, promoted to exec. vp-COO, new post... Changes in Nokia Consumer Electronics (U.K.) restructuring: Mktg. Dir. **David Silver** and Finance Dir. **Colin Veale** appointed joint managing dirs., effective March 1, following resignation of Managing Dir. **Ray Oliver**; **Michael Schmohl**, vp-sales and mktg., Europe, joins U.K. board as chmn., replacing **Manfred Schmidt**.

Appointments at Sony Music: **David Pestkowski**, ex-W.R. Grace, joins as dir. of data and security controls accounting; **Richard Seifert**, formerly senior financial analyst, Philip Morris, becomes internal audit mgr., Sony Music Entertainment; **Daniel Caldwell**, ex-EastWest Records and WEA, joins as assoc. dir., Epic Sales, Sony Music Distribution; **Dwayne Cunningham** named Epic Records national dir., black music promotion... **David Richardson**, ex-field applications engineering dir., named to head N. American field sales and marketing for Texas Instruments Semiconductor Group... **Stephen Traiman**, onetime RIAA vp-exec. dir., departs as assoc. publisher-mktg. of Coming Attractions magazine, may be reached at 201-265-7057... **Richard Bambrick** named editor of Electronic News, replacing **James Lydon**, retiring after 33 years with paper... **William McDonagh** promoted to Broderbund Software senior vp, continuing as senior financial officer... **James Minarik**, formerly Altec Lansing senior sales and mktg. vp, appointed pres., Clarion Sales Corp.

Large-screen TV boom is charted in survey for Quasar by Rutgers U. that found almost 60% of respondents plan to acquire 25-30" set as next buy, representing "potential purchases of 10 to 13 million TVs in this category by 1993," Quasar said. Other findings: A/V jacks were wanted (or used) by 79%; almost 70% said they used or wanted universal remote; among those who have PIP, 80% use it. More than 60% of aging consumers "experienced problems understanding dialog during the viewing of movies on TV," indicating importance of improved audio as TV set feature. Findings were quoted in publicity material for Quasar's high-end SX TV line (TVD June 17 p14).

DiscoVision Assoc. (DVA), Costa Mesa, Cal., worldwide optical disc licensor, said it filed suit in U.K. High Court against Nimbus Records, charging that CD manufacturing equipment used by Nimbus infringes on DVA patent. Suit seeks unspecified "substantial damages," it said, noting that company still has litigation pending from 1988 when it accused Nimbus of violation of 2 other optical disc patents. As DVA is charging infringement only on U.K. patents, Pres. **Dennis Fischel** told us, suit has no bearing on operations in U.S. or elsewhere in world.

Samsung Hungary, TV manufacturing subsidiary of Korean conglomerate, plans stock issue on Budapest Stock Exchange covering almost 50% of company's shares. Korean parent, now 100% owner, will retain control.

TELEVISION DIGEST

Published Weekly Since 1968
With Consumer Electronics
(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

Warren Publishing, Inc. is publisher of Communications Daily, Satellite Week, Television Digest with Consumer Electronics, Video Week, Common Carrier Week, Audio Week, Space Commerce Week, Public Broadcasting Report, Mobile Satellite Reports, Facility Strategies, Television & Cable Factbook, Cable & Station Coverage Atlas, TV Station & Cable Ownership Directory and other special publications.

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This newsletter is available electronically via Newsnet and Predicasts and also may be received through facsimile service.

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Laserdisc titles total more than 5,700 in NewVisions "Laser Video File," current edition adding more than 400, Exec. Administrator Maryann Hastings told us. Catalog, which lists for \$3.95, includes all available discs and players. "We've seen a tremendous jump in new releases," she said, and many consumers who receive catalog in player boxes are responding to questionnaires, indicating rising penetration. Company estimates current U.S. laserdisc player base at 800,000.

Antidumping duties of up to 33.9% will be levied by EC on imports of car radios from some 70 S. Korean companies, European Community Commission said. Inquiry was opened almost 2 years ago in response to complaints by Blaupunkt, Grundig, Philips. Commission found Korean radios undercut EC producers' prices and were sold at 6.3-33.9% below prices they charged on their domestic market.

Thomson reportedly will invest \$100 million over next 3 years in Thomson-Polkolor, picture tube plant outside Warsaw that's joint venture with Polish govt. Financial Times said goal is to boost annual production to 3 million tubes, well above current level. Plant originally was built by RCA Corp.

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
American TV & Communications			
1991-year to Dec. 31	1,220,127,000	160,968,000	1.47
1990-year to Dec. 31	1,105,810,000	120,354,000	1.10
1991-qtr. to Dec. 31	310,773,000	44,534,000	.41
1990-qtr. to Dec. 31	286,032,000	33,096,000	.30
BHC Communications			
1991-year to Dec. 31	262,568,000	108,115,000	3.89
1990-year to Dec. 31	278,080,000	481,191,000	16.56 ^a
1991-year to Dec. 31	74,294,000	29,766,000	1.08
1990-year to Dec. 31	77,534,000	29,627,000	1.04 ^a
Capital Cities/ABC			
1991-year to Dec. 31	5,381,989,000	343,493,000	20.47 ^b
1990-year to Dec. 31	5,385,602,000	477,780,000	27.71
1991-qtr. to Dec. 31	1,559,571,000	103,151,000	6.17 ^b
1990-qtr. to Dec. 31	1,551,225,000	157,452,000	9.34
CBS			
1991-year to Dec. 31	3,035,000,000	(85,800,000)	-- ^b
1990-year to Dec. 31	3,261,200,000	110,800,000	4.30
1991-qtr. to Dec. 31	937,400,000	9,400,000	.61
1990-qtr. to Dec. 31	919,700,000	(156,000,000)	--
Chris-Craft Industries			
1991-year to Dec. 31	283,835,000	58,258,000	2.18
1990-year to Dec. 31	297,555,000	291,697,000	10.89 ^c
1991-qtr. to Dec. 31	80,085,000	17,254,000	.65
1990-qtr. to Dec. 31	82,773,000	17,707,000	.66
Clear Channel Communications			
1991-year to Dec. 31	74,141,940	1,125,781	.17
1990-year to Dec. 31	69,645,105	(349,670)	--
1991-qtr. to Dec. 31	22,138,171	944,046	.13
1990-qtr. to Dec. 31	22,151,614	519,862	.09
Gaylord Entertainment			
1991-year to Dec. 31	600,927,000	1,769,000	.05
1990-year to Dec. 31	580,157,000	6,536,000	.20
1991-qtr. to Dec. 31	143,963,000	2,962,000	.09
1990-qtr. to Dec. 31	136,655,000	(2,982,000)	--
GTE			
1991-year to Dec. 31	19,621,000,000	1,580,000,000	1.75 ^b
1990-year to Dec. 31	19,157,000,000	1,715,000,000	1.93 ^d
1991-qtr. to Dec. 31	5,229,000,000	515,000,000	.57
1990-qtr. to Dec. 31	4,902,000,000	467,000,000	.52 ^d
Koss			
1991-6 mo. to Dec. 31	13,870,783	525,118	.16
1990-6 mo. to Dec. 31	13,047,200	295,275	.09 ^a
1991-qtr. to Dec. 31	7,609,543	274,613	.08
1990-qtr. to Dec. 31	7,213,178	268,783	.09 ^a
LIN Broadcasting			
1991-year to Dec. 31	468,137,000	(170,210,000)	--
1990-year to Dec. 31	378,089,000	(222,844,000)	--
1991-qtr. to Dec. 31	133,471,000	(37,407,000)	--
1990-qtr. to Dec. 31	106,020,000	(54,417,000)	--
News Corp.^e			
1991-6 mo. to Dec. 31	5,272,427,000	355,268,000	--
1990-6 mo. to Dec. 31	5,723,892,000	257,279,000	--
1991-qtr. to Dec. 31	2,609,946,000	248,805,000	--
1990-qtr. to Dec. 31	2,941,671,000	202,557,000	--
New York Times			
1991-year to Dec. 31	1,703,101,000	46,993,000	.61
1990-year to Dec. 31	1,776,761,000	64,836,000	.85
1991-year to Dec. 31	452,468,000	34,596,000	.45
1990-year to Dec. 31	455,976,000	12,247,000	.16
Oak Industries			
1991-year to Dec. 31	124,366,000	5,570,000	.07 ^a
1990-year to Dec. 31	139,325,000	9,669,000	.12
1991-qtr. to Dec. 31	31,462,000	2,279,000	.03 ^a
1990-qtr. to Dec. 31	30,406,000	(532,000)	-- ^b
Pinelands			
1991-year to Dec. 31	166,182,000	(5,277,000)	-- ^f
1990-year to Dec. 31	181,097,000	(6,259,000)	-- ^f
1991-qtr. to Dec. 31	35,387,000	(4,515,000)	-- ^f
1990-qtr. to Dec. 31	40,364,000	(8,078,000)	-- ^f

Company & Period	Revenues	Net Earnings	Per Share
Pulitzer Publishing			
1991-year to Dec. 31	393,372,000	10,559,000	1.01
1990-year to Dec. 31	402,772,000	12,524,000	1.20
1991-qtr. to Dec. 31	104,100,000	5,265,000	.50
1990-qtr. to Dec. 31	105,793,000	5,597,000	.54
Sanyo^g			
1991-year to Oct. 31	12,697,192,000	134,696,000	--
Scientific-Atlanta			
1991-26 wk. to Dec. 27	261,507,000	4,491,000	.20
1990-26 wk. to Dec. 28	252,320,000	8,871,000	.40
1991-13 wk. to Dec. 27	133,506,000	2,213,000	.10
1990-13 wk. to Dec. 38	123,875,000	3,337,000	.15
Sound Advice			
1991-6 mo. to Dec. 31	75,045,000	1,085,000	.29
1990-6 mo. to Dec. 31	65,661,000	2,054,000	.56
1991-qtr. to Dec. 31	43,398,000	703,000	.19
1990-qtr. to Dec. 31	37,133,000	1,523,000	.42
Times Mirror			
1991-year to Dec. 31	3,624,143,000	81,954,000	.64 ^b
1990-year to Dec. 31	3,633,211,000	180,477,000	1.40
1991-qtr. to Dec. 31	975,816,000	(13,024,000)	-- ^b
1990-qtr. to Dec. 31	956,464,000	45,614,000	.35
Time Warner			
1991-year to Dec. 31	12,021,000,000	(99,000,000)	--
1990-year to Dec. 31	11,517,000,000	(227,000,000)	--
1991-qtr. to Dec. 31	3,390,000,000	45,000,000	--
1990-qtr. to Dec. 31	3,291,000,000	(34,000,000)	--
Tribune Co.			
1991-year to Dec. 29	2,034,675,000	141,981,000	1.94
1990-year to Dec. 30	2,353,047,000	(63,533,000)	-- ^b
1991-13 wk. to Dec. 29	526,392,000	32,651,000	.44
1990-13 wk. to Dec. 30	525,283,000	(191,398,000)	-- ^b
TRW			
1991-year to Dec. 31	7,913,000,000	(140,000,000)	-- ^b
1990-year to Dec. 31	8,169,000,000	208,000,000	3.39
1991-qtr. to Dec. 31	2,122,000,000	(231,000,000)	-- ^b
1990-qtr. to Dec. 31	2,066,000,000	42,000,000	.68
United Television			
1991-year to Dec. 31	112,902,000	5,151,000	.48
1990-year to Dec. 31	118,985,000	48,526,000	4.48 ^a
1991-qtr. to Dec. 31	33,291,000	3,323,000	.31
1990-qtr. to Dec. 31	33,659,000	3,686,000	.34
Viacom			
1991-year to Dec. 31	1,711,562,000	(49,657,000)	-- ^b
1990-year to Dec. 31	1,599,625,000	(89,781,000)	--
1991-qtr. to Dec. 31	463,338,000	(31,913,000)	-- ^b
1990-qtr. to Dec. 31	430,480,000	(87,382,000)	--
Washington Post			
1991-year to Dec. 29	1,380,261,000	70,824,000	5.96 ^b
1990-year to Dec. 30	1,438,640,000	174,576,000	14.45
1991-13 wk. to Dec. 29	366,553,000	46,969,000	3.96
1990-13 wk. to Dec. 30	369,399,000	42,087,000	3.55
Zenith Electronics			
1991-year to Dec. 31	1,321,600,000	(51,600,000)	--
1990-year to Dec. 31	1,409,900,000	(65,200,000)	-- ^d
1991-qtr. to Dec. 31	399,000,000	500,000	.02
1990-qtr. to Dec. 31	377,800,000	(27,400,000)	-- ^d

Notes: ^aIncludes special credit. ^bAfter special charge. ^cIncludes special credit; adjusted. ^dRestated. ^eIn Australian dollars. ^fPro forma. ^gAt rate of \$1 = 125 yen.

Japanese received 20% of U.S. patents granted in year to June 30, 1991, Commerce Dept.'s Patent & Trademark Office reported. Of 101,860 patents granted during fiscal year, 21,464 went to Japanese individuals or firms. Second to Japan was Germany with 7,548, then France with 3,094.

Laserdisc player production in Japan in 1991 totaled 1,289,373, Ministry of International Trade & Industry (MITI) said, down 13% from 1,487,452 in 1990. MITI figures indicate 6.4 million have been manufactured since 1983.

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FEBRUARY 24, 1992

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VOL. 32, NO. 8

Broadcast - Cable

FCC GENDER PREFERENCE REJECTED by Appeals Court in 2-1 decision written by Thomas. Court says giving females edge in license application violates rights of males. Consumer groups object. Leak probe requested. (P. 1)

OLYMPICS BOOST CBS: Ratings top promises to advertisers, raising hopes for upfront market and 1994 Olympics. Other networks' audiences stable. HD-MAC demonstration to aid European HDTV introduction. (P. 2)

QUELLO SEEKS FINE LIMIT: Memo on streamlining regulations says bigger penalties aren't needed to enforce compliance. Stewart suggests steps to improve AM situation, including duopoly repeal. (P. 4)

HDTV DELAY NEEDED: Advisory panel calls Sept. 30 deadline 'no longer realistic' because of test delays. Subcommittee rejects plan for special group to select standard, at least temporarily. (P. 4)

NICHOLAS LEAVES TW: Departure after disagreements with Ross gets good stock market reaction. Levin moves up to co-CEO. (P. 5)

TURNER GETS ANIMATED: Cartoon Network to launch Oct. 1, using Hanna-Barbera library. (P. 5)

CABLE OBJECTS TO VDT: GTE legal analysis saying franchise isn't needed for telcos called as flawed as FCC's. (P. 5)

COURT RULES GENDER PREFERENCES UNCONSTITUTIONAL: U.S. Appeals Court, D.C., ruled last week that FCC policy of granting comparative preference to women is unconstitutional because it discriminates against white males in violation of 5th Amendment to Constitution. Vote was 2-1 in decision written by current U.S. Supreme Court Justice Clarence Thomas. Judge James Buckley concurred and called for investigation of leak that occurred in case; Judge Abner Mikva dissented. Five other judges on Appeals Court have joined in calling for investigation of leak last Sept. while Thomas's nomination to Supreme Court was under consideration by Senate, but Court has no procedure in place for conducting such probe. Reaction to last week's decision was swift and unfavorable to decision among women, citizens' and minority groups

Court majority rejected study by Congressional Research Service finding that female licensee would be most likely to offer more programming for women. Study failed "to establish any statistically meaningful link between ownership by women and programming of any particular kind," majority said. "The study, in short, highlights the hazards associated with government endeavors like this one." It also said that gender preference ruling must be related to substantial govt. interest and that wasn't case in this instance. In concurring, Buckley said litigation covered "a sensitive subject and it is not surprising that it has aroused some passion. Unfortunately, this case has also proven the occasion for a most serious breach of trust..."

Consumer Electronics

SONY CUTS PROFIT PROJECTION for current fiscal year for 3rd time as it reports sharp drop in consolidated operating profits for 3rd quarter. (P. 9)

LARGER SCREEN SIZES showed only gains in color TV last year, with all sizes below 25" declining. Models 27" and larger had nearly 15% share. (P. 10)

HOUSE COPYRIGHT SUBCOMMITTEE Chmn. Hughes says vote on digital audio recording bill could come within 6 weeks, calls passage 'top priority.' (P. 11)

EIA SEEKING FDA RULE REVISION on testing for color TV radiation following disclosure that Goldstar sets were withheld during Christmas season. (P. 12)

MINOLTA AND HITACHI introduce jointly developed camcorder featuring dual-CCD system aimed at top end of consumer market. Minolta to ship to U.S. in May. (P. 13)

COMPACT CAMCORDERS continued to hold dominant share of market in Jan. Laserdisc players off to hot start in sales to dealers. (P. 13)

CD-ROM AND MULTIMEDIA software firms position themselves for approaching market. Electronics Arts forms CD Group for what it sees as "dominant platform." (P. 13)

PANASONIC DROPPING PRISM NAME, planning to market SuperFlat TV sets with XF designation in main line. (P. 13)

"The hemorrhaging of confidential information has become endemic in the legislative and executive branches of our government, with untold cost to their ability to function. It is essential that we prevent this disease from invading the judiciary as this would inevitably undermine the public confidence that is one of the major strengths of our legal system."

Grant for new FM in Middletown, Md., was awarded to Barbara Marmet, wife of Washington communications lawyer Robert Marmet, in 1984 based on 100% integration credit, local residence and "credit for being a woman" (quote is Court's). That, said Court majority, violates rights of losing white male applicant Jerome Lamprecht under equal protection provided by Constitution in 5th Amendment. As result, Court remanded Marmet grant to FCC for further action. Marmet has operated station for 2 years with call WAFY(FM).

In 1988, Commission began proceeding questioning its policy of granting minority and gender preferences (with preference for white women being less than that for minorities). However, same year Congress attached rider (which has been renewed each year since) to appropriations bill prohibiting Commission from changing its policy. In his decision, Thomas said: "We have held on the record before us that the Commission's sex-preference policy violates the 5th Amendment. On remand, therefore, the agency must determine who, in the absence of this unconstitutional policy, should receive the permit to build the station in Middletown." Of congressional action, Thomas said: "Congress and the Commission have failed to meet the standards specified by the Supreme Court [Metro Bestg. and other cases]. When the government treats people differently because of their sex, equal-protection principles at the very least require that there be a meaningful factual predicate supporting a link between the government's means and its ends. In this case, the government has failed to show that its sex-preference policy is substantially related to achieve diversity on the airwaves," which Congress and FCC say it will do.

Citing Metro Bestg. case, which Supreme Court decided in 1990 on 5-4 vote and which upheld FCC's affirmative action program (2 justices in majority, William Brennan and Thurgood Marshall, have since retired), Mikva said in his dissent that high court may change its ruling but, "as appellate judges, our duty is to follow Supreme Court precedents, not to anticipate them, and it strikes me as impossible to reconcile the Supreme Court's decision... with my colleagues' decision today... The Supreme Court held that Congress may require the FCC to make certain broadcasting licenses available only to minorities. Yet, this Court reaches the surprising conclusion that Congress may not require the FCC to adopt a far milder and less discriminatory preference program for women." (In his decision, Thomas in footnotes referred repeatedly to "our dissenting colleague.")

Women's rights advocates condemned decision, saying it could affect other affirmative action efforts on behalf of women. However, they said they weren't surprised since views of Thomas had been well known and led to women's opposition to his confirmation to Supreme Court. Case was argued in Jan. 1991 and there had been allegations that decision was withheld to avoid controversy on Thomas's appointment to Supreme Court, charge denied by Thomas and his supporters. Leak that Buckley referred to occurred in a Sept. issue of Legal Times, which correctly predicted that Marmet grant would be remanded on constitutional grounds. Thomas was assigned back to Appeals Court for one day last week to release decision. If case goes to Supreme Court, which observers consider likely, Thomas would be required to recuse himself.

Andrew Schwartzman, exec. dir. of Media Access Project (intervenor in case) said: "This is an ominous portent. Two decades of progress have come to a crashing, but I hope temporary, halt... We now know what we always suspected -- that Justice Thomas doesn't think that it matters who controls the airwaves... This case isn't over and Congress may now have to intervene." Said Michele Edwards, pres. of Women in Communications: "Removing the special preference for women applicants will allow the licensing process to revert to the old, discriminatory practices of the past, which effectively shut women out of ownership... With this ruling, we are regressing to prior practices when discrimination [against women] ran rampant."

FCC hasn't decided what course to take and Gen. Counsel Robert Pettit is expected to send commissioners paper this week outlining their options. They would include doing nothing, seeking en banc rehearing before Appeals Court or appealing directly to Supreme Court. Coincidentally, Commission is expected to place on agenda for March 12 meeting reexamination of its comparative criteria.

OLYMPICS BOOST CBS, HD-MAC: Winter Olympic Games are being called major victory -- in ratings and financially -- for CBS, which delivered audiences substantially above what it had promised to advertisers and boosted prospects for rest of regular season and for 1994 Winter Olympics. At same time, European

HDTV equipment makers were hoping that widespread demonstration of HD-MAC system transmitted throughout Europe would do same for European HDTV that 1968 Olympics did for color.

CBS ratings have trailed slightly behind ABC's for Calgary Summer Olympics in 1988, but average prime-time rating of 18.9 is well ahead of 17 rating that network had promised to advertisers. Some industry officials had even predicted that CBS would fall far below its promise, compounding financial problems caused by \$243-million cost of Olympics TV rights. Ratings success will be big boost for CBS efforts to sell ad time for 1994 Winter Olympics, Oppenheimer analyst Jessica Reif predicted: "Their gamble has really paid off." She said success also would help CBS market share in upfront ad market this summer, and program promotions carried in Olympics coverage would help ratings throughout year.

Other networks haven't lost audience to CBS, figures show. NBC and Fox each had best ratings week of year during first week of Olympics coverage, and ABC matched its yearly average. As result, total TV viewing in first week of Games was highest of season. Analysts said other networks benefited from proliferation of multiple-TV set households and ability of Olympics to attract viewers who usually watch little TV.

First major field test of HD-MAC broadcasting at Winter Games by Vision 1250 consortium involved assembling signals from broad area of Olympic region, processing at temporary broadcast center in Albertville and transmitting 11 hours per day to 25 public locations throughout France and another 25 elsewhere in Europe, including special display at Eiffel Tower. Consortium expressed hope that Albertville Olympics would usher in HD-MAC just as Grenoble Olympics in 1968 gave impetus to color TV launch in France. As viewed on array of 34" direct-view sets and 55" projection TV displayed by Thomson in Olympic region, test produced sharp high-definition picture with no apparent artifacts.

HD-MAC test logistics were difficult because Olympic venues were dispersed over 600-sq.-mile area of French Alps, requiring 35 HDTV cameras and 15 broadcast vans. Images from Meribel, Courcheval and Albertville were transmitted to broadcast center in Albertville via fiber optics; events in Val d'Isere, Les Saixes, Tignes and Les Arcs were recorded on tape at venue, with tape carried back to Albertville. Signal then was carried from master control to HD-MAC encoders (where signal was multiplexed with multilingual commentaries) via coaxial cable.

HDTV broadcast encampment in Albertville included master control, studio, technical center with 8 high-definition tape recorders, 2 editing vans, 2 HD-MAC encoders. Most production equipment was supplied by Thomson and Philips. Facility was assembled in month before Games, and will be reassembled for NBC telecast of Summer Olympics in Barcelona, when transmission to 200 European sites is planned.

FCC should again audit stations' compliance with equal time and lowest-unit-rate requirements during 1992 campaigns, according to leaders of both parties on House Commerce Committee and Telecom Subcommittee. In letter to FCC Chmn. Sikes, they commended Commission's recent clarification of new political broadcasting rules (TVD Feb 17 p6), saying action would help "licensees and candidates understand their respective rights and obligations." However, lawmakers said, "crucial to the success" of Commission's efforts is "vigorous enforcement" of political broadcasting rules. They urged FCC to conduct 1992 audit of stations' compliance with rules, as it did in 1990: "Further, we ask that once an enforcement plan has been prepared that it be publicized... to place licensees on notice." Audit in 1990 in 6 markets was conducted without advance warning to stations. Letter was signed by Commerce Committee Chmn. Dingell (D-Mich.), ranking minority member Lent (R-N.Y.), Telecom Subcommittee Chmn. Markey (D-Mass.), ranking minority member Rinaldo (R-N.J.)

FCC ruled that Elizabeth Younts, applicant for new FM in Southern Pines, N.C., was "evasive and testified falsely and was not qualified to be a licensee" in reversing Review Board grant to her. Board had reversed law judge who ruled that Younts was lacking in candor and granted FM Ch. 273A to competing applicant Green Bestg. Case was remanded for new round of hearings.

Cable operators don't have automatic right to easement to build cable system on private property, 11th U.S. Appeals Court, Atlanta, ruled. Smyrna Cable, franchised cable operator in Cobb County, Ga., had contended that apartment complex owner, McNeil Real Estate, couldn't refuse easement because of 1984 Cable Act and because owner had granted similar easement to utilities and SMATV operator. Court said Congress doesn't have constitutional authority to authorize permanent "physical occupation of owners' private property" because such action would violate 5th Amendment. Appeals Court reversed and remanded decision to lower court.

WLUC-TV Marquette, Mich., will switch to ABC from CBS Feb. 24, Pres. Peter Kizer said. He attributed change to ABC commitment to news and broad-based quality programming throughout day. Meanwhile, ABC said it had licensed 5 Caribbean and Latin American broadcasters and cable operators to carry network's news programs. Deals were signed with AVM TV, new stations in Trinidad and Tobago; CVM TV, Jamaica; Helen TV, St. Lucia; Cable Color of Costa Rica; TV Cable of Colombia. ABC already has similar deals in several other countries.

U.S. cable penetration reached 61.2% in Nov., from 60.6% in July, Arbitron reported. It also said VCR penetration reached 77.5% in Nov., for total of 71.1 million households.

QUELLO, STEWART IDEAS ON DEREGULATION: FCC Comr. Quello has submitted his ideas to Chmn. Sikes -- at latter's request (TVD Jan 27 p5) -- on steps Commission could take to streamline its regulations. And Mass Media Bureau Chief Roy Stewart has followed up on early memo to Sikes saying that AM radio is in "financial distress" (TVD Feb 3 p3) by offering Commission several steps it could take to improve situation. At top of Stewart's list is repeal of duopoly rule (limiting single licensee to ownership of no more than one station of any class in single market) and limit of ownership of 12 AM stations by single licensee. Comr. Marshall had sent her ideas to Sikes earlier (TVD Feb 10 p1).

Saying he has long been advocate of FCC's having authority to increase amount of fines it levies, Quello told chmn. in Valentine's Day memo that agency should reconsider size of those it levies in many instances. He said "given the current economic climate," agency should consider whether it's necessary to increase fines in "every case or in routine cases... I question whether it is necessary to multiply the Commission's base forfeiture amount by 6 times or more to secure compliance from a licensee who may be in a precarious financial situation." He called for reconsideration (several petitions are pending seeking just that) of FCC's policy statement on forfeitures, issued last summer. Maximum fine today is \$250,000 for broadcast licensees, \$1 million for common carriers.

Stating that several thousand applications still are awaiting lottery process, Quello called for reallocation of more resources to speed up system. He said more than 60,000 applications are on file in 220 MHz proceeding alone. He also asked for "more rigorous entry criteria" for land mobile services applicants to reduce filing of "speculative" bids. Same is true in processing MMDS applications, he said, calling for deletion of winners of lottery in 1983 who don't begin construction within 30 days after receiving notice. FCC should "root out" unauthorized spectrum users because they can cause decreased service and harmful interference to licensed operations, Quello said. He called for agency to start proceeding to expedite provisions for digital audio broadcasting: "The Commission should move forward quickly with DAB, exploring both satellite and terrestrial service options."

Stewart's options for Commission included repeal of limit of ownership of 12 AMs and FM's by single licensee. However, he would restrict ownership of FM's to 54 stations -- multiple of increase in stations since 7-7 rule was adopted in 1950s. He also suggested repeal of duopoly rule but limiting licensee to reaching total audience of 25% in any Arbitron market. Said to be sticky issue among commissioners is Stewart's suggestion that licensee not be required to divest if audience goes higher than 25% of possible listeners. For smaller markets (8 or fewer stations), one licensee could own stations reaching up to 50% of potential listeners under Stewart options.

Source said that Stewart options propose to do "little or nothing" on local marketing agreements (LMAs). But, he said that if restrictions were placed on LMAs, then information regarding them should be made part of licensee's public file. Options reportedly would limit to 50% amount of time station could allocate to brokered programs and, echoing sentiment of Sikes, options paper doesn't favor adoption of proposals in LMA restriction bill pending in House. We're told Mass Media Bureau is expected to have radio item ready for FCC consideration at March 12 agenda meeting.

HDTV DELAY NEEDED: FCC's Sept. 30 deadline for HDTV decision by Advanced TV Advisory Committee is "no longer realistic," according to interim report of group's Systems Subcommittee, which proposes asking Commission for unspecified extension. However, Subcommittee failed to agree on proposal to set up special panel to make initial recommendation on which HDTV system agency should select.

Final data for making decision won't be available until late Oct., Subcommittee said in draft report, which isn't final until it's included in full Advisory Committee report to be adopted March 24. Canada's Advanced TV Evaluation Lab isn't scheduled to complete subjective testing of HDTV systems until Sept. 23 and then needs month to evaluate results and write report. Advisory Committee decision to add digital-specific tests had biggest impact on schedule. Group decided to add up to 21 days of testing so it could fully evaluate effects of digital transmission, which wasn't anticipated when original schedule was set. There also were equipment-related delays and decision to add one day to schedule for each HDTV system for system-specific tests. Report said further delays may be needed, for example, to conduct UHF taboo testing. Advisory group officials have contended in past that test delays could be absorbed without violating Sept. 30 deadline. "The moment of truth is coming," said Bellcore's Irwin Dorros, chmn. of Systems Subcommittee. Subcommittee report didn't recommend how long deadline should be extended, but Dorros said "I'm sure it will not be open-ended."

Proposal to set up special panel to select HDTV winner was one of most publicly controversial in 4 years of Advisory Committee meetings. Dorros said suggestion originated with FCC Chmn. Sikes and Advisory Committee Chmn. Richard Wiley, who were concerned that normal committee process would become too cumbersome when selecting winner, causing additional delays. Under plan, small special panel to be appointed by Wiley would include "balance of expertise," but wouldn't include proponents. Panel, whose meetings would be open to public view but not to public participation, would recommend winner to full Advisory Committee, with final decision to be made by FCC.

Zenith Exec. Dir. Wayne Luplow said "there's no way we can support this" without clearer picture of who would be on panel. AT&T also said it wants right to vote on panel. NBC spokesman said it's "discouraging to think that the open process that has served us so well would become a closed process at the moment of decision. Anyone who participated in the process should be able to have a voice in the decision." Subcommittee, which approved rest of report, delayed action on panel while Dorros tries to work out compromise. One proposal is that proponents be allowed to speak in panel meeting, but not to vote. Group also is seeking further details on definition of proponent and who might be selected for panel. Dorros said he hopes Subcommittee can make final decision by March 3.

More than 90% of Pa. residents rate cable service as fair or better, National Cable TV Center & Museum said in report on statewide survey. Survey showed that only 5.4% called cable poor. In separate series of questions on what is best entertainment value, 46.1% cited basic cable, followed by videocassettes (21%), local broadcast TV (15.7%), pay cable channels (11.2%), movie theaters (3.1%). Center officials said they're working with Pa. State U. Data Center to identify ways to conduct similar research in other states, or even nationwide.

NICHOLAS LEAVES TIME WARNER: Stock market reacted favorably to departure Feb. 20 of Nicholas Nicholas as co-CEO and heir apparent of Time Warner (TW), opening up 4-5/8 at 102-1/2 Feb. 21 before marketwide selloff began. Oppenheimer analyst Jessica Reif said investors were "very positive" about change because they feel more comfortable with COO Gerald Levin, who was promoted immediately to replace Nicholas as co-CEO with Chmn. Steven Ross, and because it reduces concerns about Ross's health. Ross, who is being treated for prostate cancer, was perceived as having won power struggle with Nicholas that culminated in extraordinary TW board meeting. "Clearly, this means that he is in charge," Reif said.

Attorney Levin is long-time Time and HBO executive who's credited with conceiving idea of distributing HBO by satellite, opening modern era of satellite distribution of cable programming. He also drafted original study that caused Time executives to begin seeking merger, leading to Time Warner deal. Nicholas departure officially was called resignation, but statements by him and by Ross clearly indicated move wasn't amicable. Nicholas issued statement that "there is sufficient difference between myself on the one hand, and the board and management on the other, so that my resignation should now enable a single and consistent view to prevail." Ross's memo to employees said virtually nothing to credit Nicholas, but heavily praised Levin.

Nicholas opposed Ross's controversial plan to sell new TW stock, as well as \$1-billion deal to sell 12.5% of Time Warner Entertainment to Japanese investors. Sales helped reduce TW debt to about \$8.7 billion, from \$11 billion, and company recently had first quarterly profit since merger. Under terms of 1989 merger, Nicholas is guaranteed minimum of nearly \$1.3 million per year in salary and bonuses for 10 years, then at least \$750,000 per year for another 5 years. Merger agreement also had called for Nicholas to take over sole control of TW when Ross retires in 1994.

TCI announced 2 deals last week, both involving Merrill Lynch. In bigger deal, TCI said it will sell its United Artists (UA) theater holdings to group partly funded by Merrill Lynch Capital Partners. Other members of buying group include Stewart Blair, ex-CEO, UA Entertainment, and other UA execs. Price is \$680 million, including liabilities assumed. TCI will take \$92.5 million of price in preferred stock. Theater group owns 2,398 cinema screens plus other property. Day earlier, Merrill Lynch said it sold 49.9% interest in Teleport Communications Group to TCI for undisclosed sum, deal that still leaves financial firm with 37.6%; 3rd owner is Cox Enterprises, with 12.5%. Merrill Lynch spokesman said sale was part of plan to sell off "noncore" businesses. For TCI, deal is effort to move more deeply into alternative access business. It already has small operations in Digital Direct subsidiary, which operates in several cities around country. TCI is subject of protests in Pittsburgh case in which it wants to purchase local fiber carrier. New deal will allow it much greater synergies with cable business, Vp Robert Thomson said, by giving cable MSO ability to hook up with local access loop as cost-saving measure. Besides connections to cable, TCI found local access to be good business, he said. In Dec., when Cox bought 12.5%, it also took option on additional 37.6% that, if purchased, would give Cox majority control. If Cox doesn't acquire those shares, TCI would have to, but Thomson said TCI "will remain a minority, noncontrolling investor." Cox spokesman John Dillon said his company has until 1994 to exercise stock option, and hasn't made decision.

TURNER GETS ANIMATED: Turner Bestg. will launch its 5th cable channel Oct. 1, this one called Cartoon Network, Chmn. Ted Turner said last week. He said that network will operate 24 hours daily, that it probably won't reach breakeven for some time because of limited cable channel capacity, and that potential for operating local versions of channel around world was one of key reasons for launch.

"We know that there will be a lot of difficulties launching a channel in the current environment," Turner said. "It will be a long time before we get the kind of penetration in the U.S. that we have with TBS and TNT. But even though the environment is difficult, we have already made the investment in programming so there won't be a big charge on earnings. Even though it may be slow at first, we're sure that the cable industry will add channel capacity and this network will be a real winner."

Turner signaled plans for animation channel last fall, just before Turner Bestg. bought Hanna-Barbera film library for \$320 million (TVD Nov 4 p4). Library includes 3,000 half-hours of animated children's programming that will be added to 800 half-hours Turner already owns through MGM library. Company doesn't plan now to develop original programming for network, Turner Entertainment Network Pres. Scott Sassa said, but will consider it as subscribership grows. Turner already has 2 animation studios.

International marketing of channel will begin almost immediately, Turner said. Footprint of satellite to be used for U.S. distribution includes Caribbean and most of Latin America, he said. Turner Bestg. Exec. Vp Terence McGuirk said Asia and Europe, where cross-border advertising is growing at rate of 100% per year, are likely candidates. Turner Bestg. hasn't approached cable operators about idea, McGuirk said, but response from advertisers has been "very strong." He said company expects to begin approaching cable operators for carriage commitments "in the very near future."

CABLE OBJECTS TO VDT: GTE is just as wrong as FCC on franchises for telcos under video dial tone (VDT) proposal (TVD Oct 28 p1), NCTA and CATA said in joint filing at Commission. Meanwhile, yet another group is asking U.S. Appeals Court, D.C., to review FCC's VDT decision, following similar filing in Dec. by NCTA (TVD Dec 30 p6).

GTE had asked FCC to reconsider its policy that neither telco nor entities providing programs needed local cable franchise, saying Commission's legal analysis was flawed and incomplete. Cable groups, in reply to GTE petition, agreed that FCC analysis was "clearly erroneous," but said "GTE's strained construction of the Cable Act is equally erroneous." NCTA and CATA said that even if telco was providing only common carrier services for video, "it is a cable operator and must obtain a franchise." They disputed claims that franchise was needed only to provide service directly to consumer, saying that law states that franchise is needed to provide "cable service," which is defined only as one-way transmission of video programming. Any other interpretation would mean that even cable systems built by telcos for leaseback to cable operators could avoid need for franchise, NCTA and CATA said.

National Assn. of Telecommunications Officers & Advisers (NATOA), along with cities of N.Y. and Lee's Summit, Mo., filed petition for review Feb. 18, saying that FCC decision was "clearly wrong." They said VDT system is "plainly a cable system under the Cable Act," but decision would allow it to operate without either telco or customer programmers' being required to obtain franchise.

Broadcasters and cable should agree on compromise "compilers fee" instead of retransmission consent and repeal of compulsory license, Providence Journal Co. Pres. Trygve Myhren said. Myhren, whose company is part of Media Group, whose members have both broadcast and cable interests, said that proposal still is strictly his company's, but that he plans to seek backing of other Media Group members. Under compilers fee plan, cable systems would pay "modest" fee to local broadcasters whose channels they carry to reimburse stations for cost of compiling and promoting shows. Myhren was reluctant to specify amount of fee, but said it probably would be in "range" of 2-2.5% of gross revenue of tier that includes broadcast signals. Fees would go into pool that would be divided among stations based on "merit," which Myhren said generally would be ratings. He said compilers fee plan, which would include retaining must-carry, would be better for stations than retransmission consent because "few, if any, local broadcasters would benefit" from that consent. Myhren said consent fees would benefit mainly Hollywood and "to a lesser extent" networks: "A number of other group owners share our view that this is a really bad idea for local broadcasters. Local broadcasters haven't thought this through very well." He said broadcasters and cable should rally around compromise and "stop fighting in the halls of Congress and on TV." Myhren said broadcast-cable fight is "self-destructive" because it detracts from industries' ability to hold off joint enemy, which he saw as telco entry into video services: "The problems that threaten us are far greater than the problems that divide us."

U.S. Independent Microwave TV Assn. (USIMTA) is launching lobbying campaign designed to keep program access provisions in cable legislation and head off any proposals to use auctions, rather than lotteries, to award wireless cable licenses. USIMTA, which represents wireless cable applicants and application preparation firms, is relatively new Washington-based group that claims about 1,500 members, up nearly 50% in last 6 months. Cable bill lobbying is new focus for Assn. because "if the bill comes out the wrong way, there may not be a [wireless cable] industry," Exec. Dir. Stephanie Breslin said. In addition to program access, USIMTA Gen. Counsel Adrian Cronauer said, group wants bill to "make it crystal clear" that any must-carry provision doesn't apply to wireless cable. He said govt. had indicated interest in replacing lotteries with auctions in allocation of former federal spectrum, and there has been talk of using auctions for wireless cable. Cronauer said that would mean that only major media companies, rather than small entrepreneurs, could afford wireless cable licenses. USIMTA officials admitted that bad image of some wireless cable application firms, called application mills (TVD Sept 23 p4), can make lobbying effort more difficult. "No one is denying that there have been some bad apples," Cronauer said, "but most provide a legitimate service. Nobody calls H&R Block a tax preparation mill."

House Judiciary Committee Chmn. Brooks (D-Tex.) repeatedly criticized FCC's deregulatory approach on HDTV, cable and other telecommunications issues at hearing Feb. 19 on MFJ: "While that prescription may satisfy those with a child-like faith in Adam Smith's 'invisible hand,' I'm afraid this committee may have to dig a little deeper into the competitive needs of a trillion-dollar industry." Economic & Commercial Law Subcommittee plans follow-up session in next month or so to hear from FCC, Justice Dept., state attorneys general and consumer advocates, sources said. During hearing, Nynex Vice Chmn. Ivan Seidenberg called for allowing telcos to compete with cable.

Number of U.K. broadband cable subscribers grew 80% in 1991 to 268,812, said Jon Davey, dir. of cable for Independent TV Commission (ITC). He told Financial Times cable conference in London last week that U.K. cable operators added average of 10,000 subscribers per month during year, and penetration grew to 20% from 18% year ago despite 62% growth in number of homes passed in year, to 1.3 million. Number of operating broadband cable franchises nearly doubled to 50 in year, Davey said, and for first time number of subscribers to new such systems exceeded total of old narrowband and SMATV. Videotron is largest U.K. MSO, with 49,455 subscribers (233,279 homes passed), ITC data show, followed by United Artists with 48,382 (198,746 homes passed), CUC Cablevision with 32,779 (86,700), Devanha Group with 25,743 (209,842), Comcast with 23,386 (98,305), Southwestern Bell with 17,271 (90,306). Sky One network has most subscribers, with 99.7% of all broadband homes. It's followed by Sky News (99.1%), Sky Sports (99%), Eurosport (94.1%), Discovery and Children's Channel (91.7% each), MTV Europe (91.5%), Lifestyle (90.1%), Super Channel (88.1%), Screen Sport (87.5%), CNN International (83.7%), Bravo (78.5%), Sky Movies Plus (66.9%). Local origination channels are available to 43.4% of subscribers, ITC said. Average U.K. cable home has 1.25 pay channels, up from 1.15 year ago.

There was no "breakthrough" in negotiations between TV networks and their affiliates over stations' opposition to relaxation of FCC rule prohibiting networks from owning cable systems, as some had expected (TVD Feb 17 p7). Groups and INTV had asked FCC Feb. 14 for 30-day delay in March 2 comment deadline in pending rulemaking to permit network ownership. Late Feb. 21, FCC Mass Media Bureau Chief Roy Stewart granted 20-day delay -- to March 23 for comments, to April 7 for replies. NAB TV board last fall had voted 10-6 to oppose networks' request at Commission, and ABC, NBC and CBS affiliates' boards also oppose networks, as does INTV. At Jan. meeting in Cal., NAB TV board told 2 sides to negotiate their disagreements and report back with recommendations by Feb. 15 (TVD Jan 20 p1). That deadline wasn't met, and NAB quietly canceled planned special TV board meeting Feb. 17 on issue. In seeking delay, parties said that "major differences still divide the parties, but they have agreed that more time is needed so that discussions may continue." Progress reportedly is being made, with both sides exchanging position papers.

Cable systems would be required to spell out in writing all rates and service policies under bill introduced Feb. 20. by Rep. Torricelli (D-N.J.). For example, measure would require cable operators to disclose rates for all program tiers, installation and service, as well as refund policies for service outages. Systems also would have to say how many times customer could expect to have to telephone to operator before getting through, how long customer might be put on hold, how many days before service visit, whether cable-ready TVs and VCRs could be connected directly to cable. "At this stage, we can't regulate prices," Torricelli said. "But we can demand better service." Bill doesn't include penalties, but would require operators to provide subscribers with information about possible federal, state and local remedies for customer service problems.

FCC Chmn. Sikes will be among witnesses at hearing Feb. 28 on bill by Sen. Burns (R-Mont.) to allow wider telco entry into cable. Rest of witness list for hearing (9:30 a.m., Rm. 253, Russell Bldg.) is expected to be released today. In addition to telco entry, Burns bill (S-1200) would require construction of "advanced broadband communications network" nationwide by 2015. Burns is expected to hold news conference early this week to promote idea.

Bill to abolish federal funding of public broadcasting will be introduced by Rep. Armey (R-Tex.), he said in recent "Dear Colleague" letter. Rep. Crane (R-Ill.) earlier had announced plan to introduce similar legislation. "The CPB has been overtaken by events, and its programming and services are now obsolete," Armey wrote. "Besides that, in a year when the federal deficit will exceed \$400 billion, we just can't afford it anymore." Recent Heritage Foundation background paper urging privatization of public broadcasting (TVD Jan 20 p6) was influential with lawmaker, his Press Secy. Pat Shortridge said. Meanwhile, in speech at Heritage last week, paper's author, Laurence Jarvik, contended that "if you want balance [in public broadcasting programming], privatization is the way to go." CPB Pres. Donald Ledwig responded in statement that "'privatization' of [CPB] is a subterfuge for the real objective -- to end vital federal funding." Ralph Nader's Teledemocracy Project said that if Heritage "were sincere in wanting public television to serve the public, it would insist that public television live up to its mandate to be noncommercial, to pursue the public interest rather than institutional gain."

Federal judge in Toronto issued show cause order against General Instrument (GI) and others in latest legal skirmish in court battle between GI and Canadian video scrambler-maker Dectec. Order gives Dectec right to subpoena officials of GI, Titan Corp., Cable/Home Communications Corp, First Choice Canadian Corp. and GI's law firm, Stikeman & Elliott. Dectec spokeswoman Karen Howes said those officials are in "contempt of court" because they broke Canadian law on technology and proprietary trade secrets. Judge didn't rule on main charges filed by GI or on Dectec countersuit, and GI called show cause order "routine." However, Dectec said judge had found reason to believe that GI had broken confidentiality. Next hearing is scheduled for April 6 on GI motion for permanent restraining order to prevent Dectec from using technology until final court decision.

Senate Commerce Committee hearing on plan by Sen. Bingaman (D-N.M.) that would require cable systems to provide at least one instructional network for each 10 channels added is set for 9 a.m. Feb. 28, location to be announced. Representatives of NCTA and APTS are expected to testify, and Bingaman is considered possible witness. Other expected witnesses include officials of Prince George's County (Md.) and Dallas Independent School District, both of which use cable extensively. Bingaman is expected to introduce bill following hearing as part of multipronged instructional telecommunications agenda he's pursuing.

Intelsat received 4 bids for construction of its next generation of satellites -- from GE, Hughes, Loral, Matra Marconi Space of France. Consortium issued request for proposals last Dec. to build 3 units with option for 4 more. Bid amounts weren't disclosed, but contract, expected to be awarded later this year, is estimated to be worth several hundred million dollars. Hughes was contractor for Intelsat VI satellites, last of which was launched last Oct. Loral is building Intelsat VII series, which has experienced delays.

FCC actions: (1) Fined MEG Assoc., former licensee of WDAR-AM-FM Darlington, S.C., \$12,000 for "willful and repeated violations" of equal employment opportunity (EEO) rules, imposed reporting requirements and granted short-term renewal to current licensee Radio Carolina Ltd. Partners. (2) Refused to reconsider short-term license and EEO reporting requirements imposed on WOKD(AM)-WXKT(FM) Arcadia, Fla.

Financials: **Turner Bcstg.** said it had record revenue and profits in 1991, despite higher news costs because of Gulf War. Profit grew to \$43.4 million in quarter, from \$7.3 million, and to \$85.9 million for year, from \$4.6 million. Revenue was up 12.6% to \$402 million for quarter and 10.5% to \$1.48 billion for year. Operating profit for WTBS Atlanta and TNT rose 11% to \$159.5 million for year and revenue was up 7% to \$711 million. News segment operating profit jumped 25% to \$167.6 million and revenue 18% to \$479.4 million... **Outlet Communications** said it lost \$1.3 million in 4th quarter ended Dec. 31, vs. \$2-million profit year ago. Full-year loss was \$9.3 million, vs. \$6.1-million profit. Broadcast revenue dropped 9% to \$11.8 million for quarter and 29% to \$39.4 million for year as result of sale of 2 TV stations... **Disney** announced 4-for-1 stock split, effective April 20... **Interactive Network** lost \$2.9 million in 4th quarter ended Dec. 31, \$10.2 million for full year. Revenues for company that began limited test marketing in 3rd quarter were \$27,000 for 4th quarter, \$51,000 for full year.

ABC TV movies and miniseries have found new home on videocassette as result of network's new 2-year agreement with L.A.-based Prism Entertainment. Deal stems from increase in "high-profile programming" from ABC as result of stepped-up production and acquisition activity, ABC Distribution Pres. Archie Purvis said. Agreement covers N. American home video distribution of all types of programming except sports, which are distributed by CBS/Fox Video under earlier agreement, and news, by MPI Home Video. Prism plans to market at least one ABC title monthly, starting in June with *Acceptable Risks*, which aired in March 1986.

Meetings: FCC will sponsor brown-bag lunch at noon Feb. 25 on its **regulations in political campaigns**, in Rm. 856 -- 202-632-7000... National Academy of Cable Programming will sponsor **local programming seminar** March 8-9, Hyatt Regency Capitol Hill, Washington -- 202-775-3611... **Competitive Cable Assn.**, which represents overbuilders, will hold financing and franchising seminar, Mayflower Hotel, Washington, April 28 -- 202-797-700.

American Psychological Assn. (APA) will host Feb. 25 news conference (10 a.m., National Press Club) to release what it claims to be "the first major report in a decade on the role of television in American society." Titled "Big World, Small Screen: The Role of Television in American Society," report (204 pp, U. of Neb. Press) is outgrowth of 9-member task force formed by APA in 1986 to investigate TV's influence on viewers.

RTNDA will offer NATPE*Net computerized system to Assn. members at reduced rates. NATPE*Net is designed to facilitate 2-way communication among TV-radio stations, syndicators, rep firms, distribution companies, other entertainment-related industries. In unrelated action, RTNDA lowered annual dues for one-person newsrooms to \$75.

Atlanta jumped to 10th from 12th, displacing Houston, in Arbitron's latest ADI ranking of top 10 TV markets, while Washington moved up 2 notches to 7th, ahead of Dallas-Ft. Worth and Detroit. Other top 10 rankings remain same, with Houston dropping to 11th.

Scientific-Atlanta will provide set-top converters to Southwestern Bell for its U.K. cable systems. Telco hasn't decided how many units it will buy, but it has 8 U.K. cable franchises passing more than 1.2 million homes. Units are Model 8602 addressable converters.

Personals

Benjamin Hooks, first black FCC member, who served July 1972-July 1977, retires at end of year as NAACP exec. dir. after 15 years, citing long hours and grueling schedule... **William Bernstein**, ex-pres.-CEO, Orion Pictures, joins Paramount Pictures as exec. vp, replacing **Leon Brachman**; **Leonard White**, chmn.-CEO, Orion Home Entertainment, appointed interim pres.-CEO, Orion Pictures, succeeding Bernstein.

Changes at Turner: **Allen Sabinson**, former exec. vp-motion pictures for TV and miniseries, ABC Entertainment, joins Turner Network TV (TNT) as senior vp-original programming; **Betty Cohen**, senior vp-gen. mgr., TNT, appointed exec. vp, new Turner Cartoon Network; **Thomas Kounells** advanced to vp-ads and mktg., TBS; **Thomas Culligan**, ex-McCracken Brooks Communications, named vp-chief mktg. officer, Goodwill Games; **Kim McQuilken** appointed dir.-special projects, Goodwill Games.

Domenick Floravanti, ex-Court TV, appointed senior vp-new business development, Discovery Communications... **Al Ortiz**, CBS News foreign editor, promoted to vp-Europe and London bureau chief, CBS News, new post... **Gerald Weaver**, ex-Evergreen Assoc., joins United Video as vp-govt. relations at new Washington office.

Promotions at PBS Development: **Ann Nall** to dir.-membership, **Kathleen Dawson** to assoc. dir.-corporate support... **John Francois** advanced to dir.-regional markets, RAB... **Robert Astarita** advanced to vp-security, Cablevision Systems... Elected to NATPE board: **Gary Dreispul**, WSYT Syracuse; **Phillip Jones**, Central TV London, international rep; **Pat Fili**, Lifetime TV; **Phil Jones**, Meredith Corp.; **Ed Wilson**, Columbia TV... Speakers at IRTS discussion on "TV in the Courtroom: Positive Force or Unwelcome Intrusion?," March 11, Waldorf-Astoria, N.Y.: **Floyd Abrams**, Cahill, Gordon & Reindel; **Ron Alridge**, Electronic Media; **David Bartlett**, RTNDA; talk show host **Maury Povich**.

Mel Martin, ex-WTSP-TV St. Petersburg-Tampa, joins WINK-TV Fort Myers, as station mgr.-news dir... Promotions at E! Entertainment: **Gabrielle Brand** to mgr.-human resources, **Mark Mauceri** to mgr.-program planning and enterprises... **Scott Dempsey**, ex-Blair TV, named sales mgr., Cap/ABC National TV Sales, Charlotte, N.C... **Kurt Bensmiller** advanced to mgr.-first-run research, Warner Bros. Domestic TV Distribution... **Joyce Mancini** promoted to vp-human resources, Cablevision Systems... **Patricia Cohen** and **Cynthia Irving** advanced to vps-sales, Camelot Entertainment Sales, new posts... **Keno Thomas**, ex-ESPN, named dir.-programming acquisition, DirecTV.

Speakers at Annenberg Washington Program, Feb. 26: "News-Ads: Is There an Effective Way to Report on Political Ads?," 9 a.m., **Kathleen Jamison**, dean, Annenberg School of Communication, U. of Pa.; **Richard Threlkeld**, CBS News. "Broadcast Adwatches: How Well Did They Work?," 10 a.m., **Carol Kneeland**, vp-news dir., KVUE-TV Austin; **Emily Rooney**, news dir., WCVB-TV Boston; **John Sparks**, managing editor, KXAS-TV Ft. Worth. "Covering Advertising in News: A Network Perspective," 11 a.m., **Hal Bruno**, dir.-political coverage, Cap/ABC; **Tom Hannon**, dir.-political unit, CNN; **Lisa Myers**, NBC News; **Martin Plissner**, exec. political dir., election and survey unit, CBS News. Panelists discussing "future of fax technology as a transmitter of information, both for traditional newspapers and for news services

TELEVISION DIGEST

Published Weekly Since 1948
With Consumer Electronics
(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

Warren Publishing, Inc. is publisher of Communications Daily, Satellite Week, Television Digest with Consumer Electronics, Video Week, Common Carrier Week, Audio Week, Space Commerce Week, Public Broadcasting Report, Mobile Satellite Reports, Facility Strategies, Television & Cable Factbook, Cable & Station Coverage Atlas, TV Station & Cable Ownership Directory and other special publications.

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specifically created for the fax machine," March 4, 9:30 a.m.: **Larry Lichty**, Media Studies Project; **Steve Hull**, publisher, Congress Daily; **Kathleen Criner**, vp-telecommunications affairs, ANPA; **Carol Ingley**, consultant.

Peter Herrndorf, ex-publisher, Toronto Life magazine and former vp-gen. mgr., CBC's English language TV-radio networks, named chmn., TVOntario, succeeding **Bernard Ostry**... **Eugene Zastrow**, former exec. vp-dir.-engineering, KQED-TV-FM San Francisco, appointed gen. mgr., Sutro Tower Inc., independent corporation owned by KTVU Oakland-San Francisco and city's 3 network affiliates.

OBITUARY

John M. Burns, 67, ex-vp of Group W Bestg., N.Y. state legislator and ad exec., died Feb. 18 of pancreatic cancer at Lenox Hill Hospital in N.Y. Liberal Republican, he served 2 terms in legislature, was defeated in 1968 primary, after which he joined Group W, where he remained 15 years, became vp-urban affairs and editorial dir., all-news WINS(AM) N.Y. Before entering politics, he was at NBC and Young & Rubicam. Sister survives.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for first week of Feb. and year to date:

	FEB. 1-7	1991 WEEK	% CHANGE	JAN. 25-31	5 WEEKS 1992	5 WEEKS 1991	% CHANGE
TOTAL COLOR.....	256,898	525,604*	-51.1	413,150	1,596,647	1,764,801#	- 9.5
DIRECT-VIEW....	251,967	515,258*	-51.1	402,893	1,562,044	1,738,980#	-10.2
TV ONLY.....	245,147	500,356*	-51.0	366,827	1,490,748	1,679,243#	-11.2
TV/VCR COMBO.	6,820	14,902*	-54.2	36,066**	71,296*	59,737#	+19.3
PROJECTION....	4,931*	10,346*	-52.3	10,257*	34,603*	25,821	+34.0
VCR DECKS.....	142,489	227,971	-37.5	257,334	912,318	775,651	+17.6
CAMCORDERS.....	11,319	59,513*	-81.0	60,922	165,676*	164,310	+ 0.8

Direct-view TV 5-week average: 1992--312,409; 1991--347,796 (down 10.2%).

VCR deck 5-week average: 1992--182,464; 1991--155,140 (up 17.6%).

Camcorder 5-week average: 1992--33,135*; 1991--32,862 (up 0.8%).

* Record for period. ** Record for any week. # Revised by EIA.

SONY AGAIN CUTS PROFIT PROJECTION FOR YEAR: Sony, reporting weak 3rd-quarter results (see financial table), sharply reduced its projections for consolidated operating and net profits for fiscal year ending March 31 and said parent-only results would show \$156-million operating loss.

Predicting that business conditions would turn "more severe" because of weak economy in Japan and elsewhere, price competition and stronger yen, Sony said consolidated operating income for year would drop 45% to 165-billion yen (\$1.3 billion at current rate of 128 yen = \$1); company's forecasts of operating profits have been dropping steadily through year, from 320 billion yen at beginning of year, to 300 billion at end of first quarter and 230 billion at end of 2nd quarter. Similarly, Sony has cut predictions of net income, starting with 120 billion yen at start of current year, dropping to 105 billion, then 95 billion. Sony now expects net income for year to be 123 billion yen, but more than half of that will come from sale of stock in Sony Music Entertainment. Company now projects consolidated net sales for year will increase 5% to \$29.7 billion -- 5% lower than it had forecast earlier. Forecasts assume average exchange rate for 2nd half of about 126 yen/\$1.

In 3rd quarter, consolidated net sales rose 10%, although operating income dropped 17.2%. Net income increased 94%, but without gains from stock sale it would have plunged 38.9%. For first 9 months, net sales were up 6.1%, operating income fell 28.9% and net income rose 39.4%; excluding income from stock sales, net income would have declined 21%.

Sony said world economy "became more sluggish" in 3rd quarter. "In the U.S., economic recovery has been delayed longer than expected, and in Europe the pace of economic growth has significantly slowed," it said in statement issued with results. Total U.S. sales rose 16% over same quarter year earlier, with electronics sales up 13% and entertainment software up 23%. Sales in Japan dipped 0.5%, but were up 14% in Europe "in spite of sharp appreciation of the yen."

Sales by product group for quarter (at 125 yen/\$1): Video equipment, down 2.4% to \$2.04 billion; audio equipment, up 10.3% to \$2.29 billion; TVs, up 3.6% to \$1.37 billion; other electronics up 15.7% to \$1.26 billion; music entertainment up 7.7% to \$1.15 billion; filmed entertainment up 65.4% to \$901 million.

Company said it expects to sell 4.1 million units of 8mm hardware by end of current fiscal year, up 8% from last year; 3 months ago, Sony had predicted sale of 4.3 million units this year. In most recent quarter, sales were flat at 1.2 million units. On other hand, company raised projection for 1/2" video equipment,

saying it expected to sell 3.5 million units this year, compared with 3 million year ago; in just-completed quarter, sales jumped 29% to 1.1 million units. Color TV sales were forecast at 7 million, up from 6.1 million. In 3rd quarter, TV sales rose 17% to 2.1 million sets, CD player sales soared 40% to 3.65 million, Walkman product sales gained 13% to 3.8 million.

* * * * *

Toshiba also revised its profit projection for fiscal year ending March 31. Company now says its consolidated net profit will be \$312 million, 67% lower than last year. In Oct., Toshiba had projected 25% profit decline to \$703 million. It now expects \$860-million pretax profit (off 58% from last year) on \$37.6 billion in sales, up 3%.

BIG-SCREEN TV UP, ALL OTHERS DOWN IN 1991: Large screen sizes showed gains only in color TV sales to dealers last year -- all sizes below 25" registered decreases. While total direct-view color TV sales (excluding VCR combos) declined 4.5% from 1990, sets with tubes 27" and larger were up 17.9%.

Sets 27" and up comprised record 14.7% share of total direct-view sales, up from 12.1% in 1990. Add in projection and total 27"-and-up market came to 3,348,400 sets, up 16.7% from 2,869,000 year earlier. While 20" continued to be single best-selling screen size, its total sales dropped for first time -- down big 13.9% in year. In portable models, 8-10" sets showed biggest percentage decline, while entire console category dropped 21.1% to total only 7.4% of market, although 27"-and-over consoles were up.

Biggest direct-view screen size category, 30" and larger, showed highest percentage gains, up 63.9%, breaking half-million barrier for first time at 535,100. If you include projection, total of 915,000 sets 30" and up were sold, representing 4.5% of total market, up 35% from last year when they were 3.2%. Within projection category itself, biggest sizes increased once again at expense of 44" and under. Here's table of color TV product mix for 1991 and 1990:

COLOR TV PRODUCT MIX, SALES TO DEALERS
1991 vs. 1990

	1991 Sales	1990 Sales	% Change	1991* % Share	1990* % Share
Portable-Table Models	17,950,500	18,453,900	- 2.7	87.5	87.2
8" and under....	171,400	294,500	-41.8	0.8	1.4
9-10".....	319,400	403,400	-20.8	1.6	1.9
13-14".....	3,923,500	3,928,200	-0.1	19.1	18.6
19".....	3,989,900	4,227,900	- 5.8	19.4	20.0
20".....	4,734,200	5,500,800	-13.9	23.1	26.0
25".....	1,852,500	1,430,700	+29.5	9.0	6.8
26".....	686,500	809,200	-15.2	3.3	3.8
27-29".....	1,871,800	1,633,900	+14.6	9.1	7.7
30" and over....	409,300	225,400	+81.6	2.0	1.1
Consoles.....	1,523,500	1,930,900	-21.1	7.4	9.1
25" & under....	660,200	831,500	-20.6	3.2	3.9
26".....	175,900	441,100	-60.1	0.9	2.1
27-29".....	561,600	556,200	+ 1.0	2.7	2.6
30" and over....	125,800	101,100	+23.2	0.6	0.5
TOTAL TV-ONLY.....	19,474,000	20,384,900	- 4.5	96.4	96.3
TV/VCR Combinations.	662,400	423,500	+56.4	3.2	2.0
13" and under...	417,400	N/A	--	2.0	--
14" and over....	245,000	N/A	--	1.2	--
TOTAL DIRECT-VIEW...	20,136,400	20,808,400	- 3.2	98.1	98.3
Projection	379,900	351,400	+ 8.1	1.5	1.3
44" and under...	58,900	77,800	-24.3	15.5**	22.1**
45-49".....	171,100	164,900	+ 3.8	45.0**	46.9**
50" and over....	149,900	108,800	+37.8	39.5**	31.0**
GRAND TOTAL.....	20,516,200	21,159,800	- 3.0	100.0	100.0

* Percentage of grand total, including projection, except where noted.

** Percentage of projection TV only.

Totals may not add due to rounding.

One of last year's surprises is revival of 25" size as economy version of big-screen set. Although 25" consoles were down 20.6%, that size was up 29.5% in table models, bringing total 25" sets to 2,512,700, up 11.1% from year earlier. Sets with tubes 25" and larger last year comprised big 32.6% of total direct-view receivers (excluding VCR combinations). Here's look at 25" and larger sizes over last 7 years:

COLOR SETS 25" & UP

Year	Consoles	% Chg.	% Share	Table Models	% Chg.	% Share	Total	% Chg.	% Share
1991	1,523,500	-20.6	7.8	4,820,100	+17.6	24.8	6,343,575	+ 5.2	32.6
1990	1,930,900	-10.2	9.4	4,099,200	+ 9.1	20.1	6,030,100	+ 2.1	29.6
1989	2,149,200	-12.2	9.9	3,758,200	+16.9	17.3	5,907,400	+13.5	27.2
1988	2,448,200	- 3.1	12.1	3,213,700	+20.0	15.9	5,661,900	+ 8.8	28.0
1987	2,525,500	-10.0	13.1	2,678,600	+16.7	13.9	5,204,100	+ 2.1	26.4
1986	2,804,800	- 6.6	15.4	2,294,400	+20.3	12.6	5,099,200	+ 3.8	28.0
1985	3,002,300	+ 0.4	17.7	1,907,900	+92.0	11.2	4,910,200	+23.2	28.9

HOUSE COPYRIGHT CHMN. CALLS ROYALTY BILL 'TOP PRIORITY': Following hearing last week essentially devoid of opposition, House Copyright Subcommittee Chmn. Hughes (D-N.J.) told us that vote on digital audio recording bill (HR-3204) could come within month and half. He said he would make passage of measure "top priority," but indicated he would study possible language changes suggested by some witnesses to limit scope more clearly to digital audio recorders and media for consumer use.

Although witness list was significantly different from roster of supporters testifying last fall on companion Senate bill (S-1623) (TVD Nov 4 p15), House hearing similarly lacked friction that rocked congressional home taping hearings in previous decade. In opening statement, HR-3204 sponsor Hughes said bill had 57 House co-sponsors, including 8 members of Copyright Subcommittee and its ranking Republican, Rep. Moorhead (Cal.). Hughes said Audio Home Recording Act "represents a dramatic compromise reached between the recording and music industries, the consumer electronics industry and consumers themselves." Bill would assure that "advanced consumer products" are developed and that "copyrights on creative works are properly protected."

Hughes praised those responsible for compromise that served as basis for HR-3204/S-1623. But he said "we must scrutinize this proposal to the same extent we review any legislative proposal" to determine how it meshes with copyright policy, whether it's "flexible enough to accommodate new technological developments" and whether it's "in the overriding public interest." He said Subcommittee "to the extent necessary" would make changes "that will advance these public policy goals."

During questioning, Register of Copyrights Ralph Oman sought to mitigate Hughes's concern that elaborate technical reference document accompanying measure would make copyright law "read like the Encyclopedia Britannica." Oman said Audio Home Recording Act is among unusual examples in which "technology leads the way" on copyright law revisions. Oman praised HR-3204, as he had companion Senate bill in fall, saying Copyright Office (CO) "fully endorses the principles" of bill and "recommends swift favorable action by Congress."

Nevertheless, Oman's 49-page written testimony recommended changes similar to those later incorporated into S-1623, including: (1) That bill apply to products sold after effective date when manufactured or imported before effective date. (2) That annual statements of account be eliminated in favor of quarterly reports. (3) That CO be given authority to close out royalty payment accounts after "reasonable period," such as 3-4 years. Oman said that under cable license, CO has had to maintain separate accounts for each calendar year since 1978, even though some accounts are dormant or "contain only a few dollars."

Oman suggested administration of funds would be more efficient if accounts were rolled over into another year rather than maintained for separate years indefinitely. Responding to Moorhead question on CO's administrative burden in collecting and distributing royalties, Oman said bill stipulates that funds would be deposited in U.S. Treasury after CO's administrative costs have been deducted. He said that FY 1993 budget request seeks 3 additional staffers to help administer royalty plan.

Meanwhile, in letter to Hughes that it asked to have entered in hearing record, Assn. of American Publishers (AAP) asked that bill be amended to exclude "spoken word recordings." Michael Klipper, AAP vp-legal and govt. affairs, who was present at hearing but didn't testify, said proposal had blessing of bill's proponents after series of discussions.

EIA SEEKING FDA RULE REVISION: Electronic Industries Assn. (EIA) within next 2 weeks plans to submit comments to Food & Drug Administration (FDA) seeking significant easing, if not total elimination, of regulations on testing for radiation emanating from color TV sets. Issue was brought to forefront by our report last week concerning 160,00 Goldstar sets that had been kept off market at height of Christmas selling season when FDA inspectors found irregularities in company's testing methods (TVD Feb 17 p9). No sets were actually found to exceed allowable radiation levels -- problem that hasn't cropped up since TV sets themselves underwent complete change, including elimination of power tube when sets went solid-state.

David Poisson, staff vp for govt. and legal affairs of EIA Consumer Electronics Group (CEG), said final shape of comments must be approved by board, though he noted that Edwin Miller, Standards Enforcement Dir. of FDA's Center for Devices & Radiological Health (DRH), said "it would be reasonable" for industry to request complete withdrawal of regulations that date back to 1968. Miller told us that DRH hadn't found any sets in violation "in years."

Goldstar ran afoul of inspector who found irregularities in Korean factory and asked U.S. Customs to put 30,000 sets on hold; Goldstar voluntarily withheld another 130,000 sets from factories in Korea and Mexico in Sept-Nov. 1991. Sets were released on Nov. 27 following retesting and revision of testing procedures.

In response to FDA proposal of regulatory changes published Oct. 25, 1990, EIA last March submitted comments to agency seeking relaxation of number and depth of reports by manufacturers and easing of what Poisson called "onerous provisions" requiring manufacturers to keep detailed records of who owned their sets for the "useful life" of the product. Poisson acknowledged that EIA had taken "minimalist approach, rather than coming out with a broadside," since regulations hadn't been enforced and FDA itself didn't anticipate problems. Poisson said FDA officials, when asked near end of last year about progress on regulations, said process had been delayed through understaffing.

Poisson said CEG is coordinating industry comments on behalf of members. Asked how long he thought it would be before comments are acted upon, he noted EIA had made submission "almost a year ago, and we haven't received a response. I would hope they would respond more promptly this time."

Japanese production of DAT recorders increased 62.5% in 1991 to 271,702 units from 167,122 year earlier, Ministry of International Trade & Industry (MITI) reported. MITI production figures include DAT recorders for professional and consumer markets destined for sale in Japan and overseas. Figures for 1991 represent first full year in which DAT recorders with Serial Copy Management System (SCMS) were available to consumer markets, as MITI directive giving green light to shipment and sale of SCMS-equipped recorders was issued in spring 1990.

TDK reported 24.6% decline in consolidated net income on 4.7% drop in sales for 3rd quarter ended Dec. 31. Company said sales of recording media were off 5.3% for quarter to \$397.2 million "despite greater sales of floppy discs and expanded marketing of such new products as optical and magneto-optical discs." It said audio tape market was "especially sluggish." Sales of electronic devices and components were off 4.4% to \$726.7 million. TDK cited "overall weak demand for electronic components, especially those for computers and TVs" as major contributor to sales drop. On positive side, company said sales of "small, high-performance components" including thin-film magnetic heads "continued to climb in tandem with the emphasis on electronic goods offering greater performance, often in smaller packages."

Projectavision board approved 2-for-1 stock split designed to make company's shares "more readily accessible to institutional investors and a broader segment of the investing public," CEO Marvin Maslow said. He said company is capitalized at about 3 million shares (about 2/3 owned by management), too few to make it attractive to institutions, and split will create more interest. Maslow said Projectavision continues to talk to variety of outside companies on licensing its patented technologies involving depixelated projection TV display systems.

General Electric and Thomson have reached agreement extending latter's use of GE brand for consumer electronics for 10 years through 2007, said Martin Holleran, pres.-CEO, Thomson Sales & Mktg. Co. Americas. Original agreement under which Thomson uses brand was part of deal in which it bought RCA/GE consumer electronics from GE in 1987. Thomson officials often have said they would want to negotiate extension of GE agreement well in advance of its lapsing so it could begin building equity in alternative brand if necessary.

Magneto-optical disc (MOD) "will have a bright future" as recordable medium for both audio and video, says Thomson Exec. Vp-Video Worldwide Pierre Creaux. But he offered caveat that compression techniques must be improved to increase video capacity, saying "the consumer needs 2 hours" of video on one disc to record movies. Comments are reminiscent of stance of recently deceased Shizuo Takano, known for championing of 2-hour recording time as key element in establishing VHS as home VCR standard.

International Conference & Exposition on Multimedia & CD-ROM will be held March 10-12 at Moscone Convention Center, San Francisco -- Cahners Exposition Group, 203-964-0000.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 128 yen = \$1, except where noted.

MINOLTA/HITACHI JOINT CAMCORDER: Hi8 camcorder with 2 CCDs was unveiled in Japan last week by Minolta and Hitachi. First 2-CCD model aimed at consumer market, it's product of joint development, and both companies plan to start selling cosmetically different versions in Japan in April. Minolta will begin selling U.S. version, Master Pro 8-918, in U.S. in May at \$2,200. Hitachi America Product Mktg. Mgr. Bruce Schoenegge said company has no plans for introducing 2-CCD model here.

Camcorder uses two 1/2", 410,000-pixel CCDs. Incoming light passes through dichroic beam splitter, sending green light to one CCD, red/blue to other one, which has alternating red and blue vertical stripe filters. Demonstration last week showed finer detail and more vibrant color than produced by existing Minolta Hi-8 camcorder; Minolta officials said camera can play back image with 420 lines of horizontal resolution. Other features include internal-focus 8X zoom that allows manual control of zoom and focus; hi-fi stereo recording, 2-page character generator, wireless remote. It weighs 2.5 lbs. without tape or battery. Optional accessories include 1.5X telephoto converter and 0.65X wide-angle adapter; when either is attached, camcorder automatically sets appropriate focal length.

Minolta was responsible for development of camera portion, Hitachi for deck. Hitachi, Minolta's primary OEM camcorder supplier, will build units; monthly production of 2,000 is planned at start.

Minolta Photographic Div. Mktg. Vp James de Merlier acknowledged that camcorder uses same autofocus system as Maxxum single-lens reflex cameras. Federal court earlier this month ordered Minolta to pay Honeywell \$96 million for violating patents relating to autofocus system. But de Merlier said relevant patent runs out April 1 "and this won't be shipped until after that," so it won't be subject to any action. He said Minolta "will continue to do business as we have" as it determines next move in legal battle.

* * * * *

Pentax introduced compact 8mm camcorder with 8X optical zoom, 64X digital zoom, digital signal processing, 6 shutter speeds and remote control, \$1,300 list.

CAMCORDER, LASERDISC SALES: Compact formats (8mm and VHS-C) accounted for 65.2% of camcorders sold to dealers in Jan. Of total 154,357 camcorders sold to dealers last month, 100,583 were compacts and 53,774 were full-size.

Figure represents complete turnaround from same month year ago, when 60% of those sold to dealers were full-size. That turned out to be last month in which full-size had majority; its percentage tumbled to 42% in Feb., and didn't top 40% in any month for rest of year.

Laserdisc player sales to dealers got off to roaring start in Jan. as industry sold 25,609 laserdisc players to dealers, up 152.5% from 10,144 in Jan. 1991. Last month's sales were higher than in any 1991 month except Dec., when 44,804 players were sold to dealers. Last Jan. was 2nd lowest month of year for laserdisc players.

"Dead in the water" is how Apple Computer Chmn. John Sculley characterized consumer electronics industry, according to report in Financial Times last week. Report said Sculley, on visit to Tokyo, was commenting on why CE companies were so anxious to align with computer companies to develop new kinds of products.

CD-ROM, MULTIMEDIA MOVES: Although most in industry believe that mass market for CD-ROM is at least year away, software developers are moving to position themselves for new generation of development.

Electronic Arts (EA) last week announced formation of distinct CD Group, saying that "CD technology is expected to supersede floppy discs and videogame cartridges as the dominant platform within the next few years." At Personal Software Conference conducted by Piper, Jaffray & Hopwood last week, EA Senior Vp/Chief Financial Officer Stanton McKee said part of new group's charter will be to develop "infotainment and edutainment" software, categories in which company hasn't participated. He said EA expects CD-ROM software to constitute relative "trickle" in market this year, and it will be "a year or 2 before it starts to take off."

McKee and others expressed frustration about number of CD-ROM formats that have either come onto market or are due to do so in next several months, including CD-I, CDTV and those for upcoming CD-ROM attachments for Sega Genesis and Super Nintendo game consoles. McKee said that EA has counted 15-16 CD platforms on market in next 12 months and warned that sheer number would keep CD software from growing at appropriate rate. Sierra On-Line Chmn. Kenneth Williams, though protesting that his company "is selling an awful lot of CDs today," said that if 15 formats are on market, "we'd like to see 14 of them disappear tomorrow."

Separately, Software Toolworks (ST) announced it had acquired marketing and distribution rights for 3 CD-ROM products developed by Lucasfilm: Loom, The Secret of Monkey Island, and Secret of the Luftwaffe product family. ST is leading publisher of CD-ROM software for personal computers.

PANASONIC DROPPING PRISM NAME: Prism label, launched by Panasonic in 1988 as high-end sheltered brand, is being phased out in first part of year. "We're going to merchandise one brand -- Panasonic," said Thomas Edwards, asst. gen. mgr. for TV, although he hastened to add that "we're not killing the Prism philosophy." Sets that include Superflat picture tube, mainstay of Prism line, will be marketed as part of new XF series at top of Panasonic line, although XF designation won't be nearly as prominent as Prism label has been.

Reason for elimination of Prism goes beyond marketing considerations. Matsushita reportedly had been threatened with lawsuit by Showco, Texas firm that makes Prism speakers for arenas and other concert venues. Showco reportedly was prepared to claim that Panasonic's use of Prism name would keep it from entering consumer electronics market. Showco declined comment last week. Matsushita executives apparently decided company hadn't built enough equity in Prism label to justify costly legal battle. Edwards said Panasonic "never intended to create a brand, but a separate category." Line was being carried by about 200 dealers, he said. He expects new SuperFlat sets to be in about 600 stores this year.

Prism lineup currently includes 4 SuperFlat sets, one projection model, laserdisc player. At its high point, label encompassed 9-10 sets, Edwards said. New SuperFlat lineup will include basic 27" model, stepup that adds PIP, more deluxe model, topped by version with 2-tuner PIP; same array will be available in 31" screen size. SuperFlat will also be in 3 consoles.

LATEST FRETTER AD BATTLE IN COURT: Sun TV & Appliances, Ohio-based retailer, is latest dealer to trade legal charges and countercharges with Fretter on allegations of false and misleading advertising. Fretter late last year became embroiled in similar disputes in Denver with Best Buy (TVD Dec 16 p12) and in Chicago with Montgomery Ward (TVD Dec 23 p13). Fretter Gen. Counsel Stuart Garson said discovery is pending in both of those cases.

Fretter filed suit Feb. 10 in U.S. Dist. Court, Cleveland, and Sun countersued week later, each charging that other's ads are malicious and misleading. Ad battle began in fall when Sun opened 5 stores in northeastern Ohio, where Fretter operates 7 locations. Fretter retaliated with same sort of combative price-comparison ad campaign it uses elsewhere.

Sun, claiming that Fretter's comparisons were misleading, responded with TV campaign using lines such as "Fretter, you've been fooling people for a long time with price comparisons that don't exist," and "We shop Fretter daily to make sure Sun prices are always lower regardless of Fretter's outrageous claims. Shame on you, Fretter."

Fretter said it filed suit because merely running more advertising wouldn't shield it from Sun's attacks. "How do we respond to that? Run an ad that says 'Trust me, we're not deceptive?'" asked Stephen Markus, Cleveland attorney representing Fretter. Garson said Fretter ads are "legitimate, truthful and accurate."

Sun Pres. Robert Oyster defended his company's campaign as "truthful," saying ads are "geared to be a response to Fretter's. We don't believe we did anything wrong."

Consumer Electronics Personals

Appointments at Sears Merchandise Group, effective March 1: **Martin Hanaka** as vp, home appliances and electronics (Brand Central), succeeding **Marvin Stern**, who becomes vp, Sears Home Improvement; Hanaka was mid-South regional mgr., based in Memphis, and Stern had headed Brand Central since its inception in 1988; **Paul Baffico**, national business mgr., Sears Home Improvement, as vp, Sears Product Services, consumer service organization; **William Giffin**, national mgr.-human resources, as dir.-human resources, retail; **Richard Quinn**, vp-quality, responsible for customer service and product quality, adds post of corporate vp-quality... **William Sliney**, Phoenix Service Corp., elected pres., Service Contract Industry Council (SCIC); **Harold Wainwright**, Universal Protection Plan, and **James Bennett**, Delta Warranty, elected to 2-year terms on SCIC Exec. Committee.

Philip Alexander, ex-Warner Home Video, named dir.-sales, Philips Interactive media of America, new post... Changes at Electronic Arts upon creation of new CD Group under management of Senior Vp **Stewart Bonn** and Vp **Luc Barthelet**; **Richard Hilleman**, exec. producer, appointed vp-production; **Donald Traeger**, exec. producer, named dir.-creative development... **Ed Bernstein**, ex-Broderbund Software, joins The Software Toolworks as senior vp-entertainment and reference products; **Mark Beaumont**, ex-Data East, named senior vp, entertainment products... **Elliot Dahan**, ex-Sun Moon Star and Cuesta Assoc., joins Compton's New Media as dir.-OEM sales.

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			
1991-9 mo. to Dec. 31	205,308,000	(102,008,000)	--
1990-9 mo. to Dec. 31	184,191,000	(100,775,000)	-- ^a
1991-qtr. to Dec. 31	70,515,000	(30,769,000)	-- ^a
1990-qtr. to Dec. 31	62,607,000	(33,480,000)	-- ^a
BMC Industries			
1991-year to Dec. 31	203,185,000	8,243,000	1.48
1990-year to Dec. 31	174,998,000	1,846,000	.34
1991-qtr. to Dec. 31	54,011,000	1,963,000	.35
1990-qtr. to Dec. 31	46,052,000	729,000	.14
Certron Corp.			
1991-qtr. to Jan. 31	4,200,000	109,000	.03
1990-qtr. to Jan. 31	4,082,000	(47,000)	--
Image Entertainment			
1991-9 mo. to Dec. 31	42,071,650	179,545	.01
1990-9 mo. to Dec. 31	33,490,321	(478,382)	-- ^b
1991-qtr. to Dec. 31	19,534,797	861,293	.06
1990-qtr. to Dec. 31	13,779,467	34,334	-- ^b
Outlet Communications			
1991-year to Dec. 31	39,434,000	(9,265,000)	--
1990-year to Dec. 31	55,662,000	6,112,000	.93
1991-qtr. to Dec. 31	11,842,000	(1,329,000)	--
1990-qtr. to Dec. 31	13,005,000	2,052,000	.31
Sony Corp.^c			
1991-9 mo. to Dec. 31	23,503,104,000	1,137,656,000	2.76 ^d
1990-9 mo. to Dec. 31	22,144,328,000	816,232,000	1.99 ^d
1991-qtr. to Dec. 31	9,002,944,000	777,320,000	1.87 ^d
1990-qtr. to Dec. 31	8,183,944,000	400,648,000	.97 ^d
TDK^c			
1991-9 mo. to Dec. 31	3,299,592,000	158,416,000	1.22 ^d
1990-9 mo. to Dec. 31	3,300,592,000	185,544,000	1.44 ^d
1991-qtr. to Dec. 31	1,123,816,000	52,064,000	.40 ^d
1990-qtr. to Dec. 31	1,179,352,000	69,008,000	.53 ^d
Turner Broadcasting			
1991-year to Dec. 31	1,480,243,000	85,936,000	.23 ^e
1990-year to Dec. 31	1,393,521,000	4,622,000	--
1991-qtr. to Dec. 31	402,448,000	43,414,000	.16 ^e
1990-qtr. to Dec. 31	357,258,000	7,259,000	--
Warrentech			
1991-9 mo. to Dec. 31	39,203,232	799,134	.06 ^f
1990-9 mo. to Dec. 31	20,400,939	415,574	.03 ^e
1991-qtr. to Dec. 31	11,760,322	322,649	.03
1990-qtr. to Dec. 31	7,475,960	5,303	--

Notes: ^aRestated. ^bAdjusted. ^cAt rate of \$1 = 125 yen. ^dPer ADR. ^eIncludes special credit. ^fAfter special charge.

Image Entertainment, until now solely laserdisc publisher, has established Alternative Programming Div. to seek opportunities in consumer-oriented CD-ROM software. Gen. Mgr. Wendy Moss, formerly of Hanna-Barbera Home Video, will spend next few months identifying potential consumer applications of format, initiate discussions with programming suppliers and analyze existing sales and distribution of product, Image Chmn.-CEO Martin Greenwald said. There are "significant similarities" between early laserdisc and current CD-ROM markets, he said: "We see this opportunity as a strong strategic fit. We envision Image as a provider of programming for cutting-edge technologies -- laserdisc, CD-ROM and other electronic formats."

OBITUARY

Thomas Donohue, 51, 30-year veteran of consumer electronics industry with such companies as Lafayette Radio, Nikko, Uniden, ADC and Proton, died Jan. 25 in Irvine, Cal., of heart failure. Wife, 5 daughters survive.