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With Consumer Electronics

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Broadcast - Cable

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AGGRESSION BLAMED ON TV by psychology group. Study finds 5-6 violent incidents per hour in prime time. 'Positive influences' called possible, but most of report is negative. (P. 5)

SENATE TO REVIEW RADIO: Communications Subcommittee sets hearing March 3 on FCC plan to relax 12-12-12 limit, duopoly rule, LMAs. Stewart memo released. (P. 5)

COMSAT AND HUGHES UP: TV news boosts satellite firms' profits. Comsat head to get \$2.7 million stock profit as he moves to Intelsat. (P. 6)

NAB TO SHOWCASE LAW & REGULATION, FUTURE: Several format changes have been made for April 12-16 NAB convention in Las Vegas Convention Center, but other standbys remain same -- such as participation by all 5 FCC commissioners, several members of Congress, head of NTIA (if successor to Janice Obuchowski is in place by then), prominent outside speakers. For first time, NAB will sponsor 2-day (April 14-15) "Broadcasters' Law and Regulation Conference" and commissioners have been slotted within law programming (Chmn. Sikes as luncheon speaker, other 4 on panel with NTIA head). NAB official told us: "The Law and Regulation Conference is our response to broadcasters' demands for more substantive sessions and to help them get their money's worth out of broadcasters' conventions." Conference will feature 16 sessions, Hall of Fame Awards, first annual Belva Brissett Award (honoring late NAB senior vp-govt. relations). No other sessions, except for engineering, will be scheduled during Law Conference.

A feature of Law Conference will be panel on TV networks and their affiliates, asking "What Kind of Future Partnership Do They Have?" Officials of 4 networks (including Fox for first time) and of affiliate associations will participate. Topics to be covered include transmission consent, network ownership of cable systems, digital compression technology, today's economics and tomorrow's programming options. Several other sessions are scheduled on future of free, over-air TV. In addition to Law Conference, NAB and

Consumer Electronics

PHILIPS HAD \$647 MILLION PROFIT in 1991 in major turnaround despite rough environment. 'Road to recovery has begun,' Timmer says. (P. 10)

MATSUSHITA, JVC LOWER FORECASTS for year ending this month, latest Japanese companies to cite sluggish economy and currency exchange for slide. (P. 11)

JAPAN SHIPPED MILLION EXTRA camcorders to U.S. in 1991, but final 2 months showed declines. CD player exports also at record last year, everything else down. (P. 11)

HEWLETT-PACKARD TO MAKE home controllers for interactive TV Answer system, promising 1.5 million units to sell for around \$700 each in first year. (P. 12)

PHILIPS WILL EXHIBIT at public Summer CES in Chicago. EIA names Video Magazine to publish consumer guide for free distribution. (P. 13)

CURTIS MATHES SHIPPING again to its dealers, after court frees collateral for 4-year warranty. Company veterans named to new senior management committee. (P. 13)

NYCOR WON'T TRY TAKEOVER of Zenith at this year's annual meeting, expressing hope for turnaround. (P. 14)

JVC/SEGA GAME CONSOLE with built-in CD-ROM player will begin shipping with JVC label in Japan April 1, Sega version later in month. No U.S. plans set. (P. 14)

American Bar Assn. will sponsor forum on communications law, with FCC Comr. Duggan as luncheon speaker. Panels also are scheduled featuring FCC and congressional staffers.

April 13-14 Futures Summit will take hard look at "where is the advertising dollar going to go in the future from a worldwide perspective," NAB Senior Vp-TV Charles Sherman said. Keynote speaker is Gordon Link, McCann-Erickson exec. vp-worldwide. Other sessions on first day, which will be for both TV and radio broadcasters, deal with "Lifestyle Trends and Program Decisions" and future of TV research. April 14 is for TV broadcasters only, opening with breakfast "point/counterpoint" technological session featuring Nicholas Negroponte of MIT Media Lab, who painted gloomy report on TV's future at NAB board meeting in Jan. (TVD Jan 20 pl), and Bernard Luskin, Philips Interactive Media.

Among other changes, NAB has done away with formal opening session at which Distinguished Service Award (DSA) was presented, and separate TV, radio and engineering lunches. Instead, all-industry lunch is scheduled April 13, at which ex-President Reagan will be presented his DSA (we're told he doesn't plan to spend night in Las Vegas, will be in and out same day). Featured speakers include Tom Lewis, author of Empire of the Air, and Zenith Electronics Chmn.-CEO Jerry Pearlman at HDTV World Conference. Ironically, Pearlman will be speaking at exact time Advanced TV Test Center is testing Zenith-AT&T HDTV system in Alexandria, Va.

NAB said it "will lay out the red carpet" for international broadcasters, with some 5,000-plus expected. They will be guests at 7:45 a.m. briefing April 13, which NAB said will provide "overview" of convention in general, plus other special sessions. That evening, NAB will host international reception at Hilton and will operate international business center throughout convention, with interpreters in several languages. Three special sessions are planned for international registrants: (1) "Assessing Investment Opportunities in International Media," also designed to help U.S. broadcasters identify opportunities in newly privatized broadcast markets of Europe. (2) "Rise and Shine: Morning Programming for Profit." (3) "Doing Effective Research: An International Experience" will stress importance of audience research and how it can be used to develop successful programming and station marketing campaigns. Convention will go bilingual for first time with April 15 session on Hispanic broadcasting, co-sponsored by American Hispanic-Owned Radio Assn.

More than 700 exhibitors have reserved 440,000 net sq. ft. of floor space in Las Vegas Convention Center: "That's a 10-mile walking tour," NAB said. HDTV World Conference and Exhibition in Hilton, where some 15,000 sq. ft. have been reserved, is down somewhat from last year and exhibit space still is available. Year ago, syndicators were welcomed back into NAB fold for first time in some 25 years and 14 of them hosted hospitality suites in Hilton. This year, 13 have signed up for "offices" in Convention Hall next to exhibit area, and NAB is expecting final total to exceed 1991.

For first time, Tvb will hold its convention in Las Vegas in conjunction with NAB (Tvb customarily had met in fall), and Best. Education Assn. again will be on hand for its annual meeting. New Tvb Pres. Ave Butensky (who was named in Jan. to succeed James Joyella) will address Tvb members for first time at opening session April 11. Meetings are scheduled on economic projections, retail sales outlook, research, promotion, political broadcasting. Tvb and NAB will hold joint registrations. Tvb also has joined NAB in co-hosting April 12 tennis and golf tournaments.

NAB Pres. Edward Fritts said that "with the addition of the Tvb sales and marketing conference and the annual meeting of MSTV, and other allied groups, we are pleased that this year's conference will be the strongest and most productive in history." In its budget starting April 1, NAB is expecting gross of \$7.91 million on convention. It said preregistration is "neck-and-neck" with year ago when some 51,000 attended. Assn.'s convention is locked into Las Vegas through year 2000.

STRONGER TELCO CABLE RULES BACKED BY SIKES, SUGRUE: FCC Chmn. Sikes and Acting NTIA Dir. Thomas Sugrue endorsed concept of separate subsidiaries if telcos are allowed to enter cable. Statements weren't full of enthusiasm, but conveyed officials' willingness to compromise. Officials disagreed on whether govt. should mandate building fiber network by date certain.

Both were testifying on bill (S-1200) by Sens. Burns (R-Mont.), Gore (D-Tenn.) and Dole (R-Kan.) that would mandate broadband fiber network by 2015 and allow telcos into cable. Measure was backed by telco consultant Harry Shooshan, economist Clyde Prestowitz, hearing-impaired advocate Alfred Sonnenstrahl, U-Cal. Prof. Robert Harris. It's not clear, however, that telephone industry totally supports bill. Small companies, even those in Burns' home state, have questioned what they would gain.

Questions about legislation were raised by Ia. Utilities Board Chmn. Dennis Nagel, Pa. Consumer Advocate Irwin Popowski, N.Y.C. Telecommunications Comr. William Squadron, testifying for National Assn. of Telecommunications Officers & Advisers, attorney Philip Verveer for NCTA, and Thomas Gillett, ex-GTE and CableLabs official. S-1200 "assumes we must pick winners -- the telcos -- to ensure that the U.S. can meet foreign competition," Verveer said, but there's no reason to believe telecommunications infrastructure would become 2nd-rate without it. Squadron said video dial tone (VDT) providers should be subject to local franchise rules, as are other cable providers. Gillett, who had coordinated GTE's Cerritos video project, said legislation "should not be technology led, but market driven." Nagel said bill could infringe on rights of states, while Verveer called it "pro-telco industrial policy" and argued that regulatory safeguards weren't sufficient.

While generally defending nonstructural safeguards that FCC has put in place for RHCs, Sikes said separate subsidiary requirement in Burns bill could be "quite constructive" in having that safeguard in place for video services. Sikes also vigorously defended current FCC safeguards and auditing practices, telling Subcommittee that there has been "a great deal accomplished" in last 5 years in keeping track of costs and that some transactions of largest telcos are audited each year. With rivalry from competitive access carriers, it's "just nonsense" that telcos could shift costs to support video, Sikes said.

At first, Sugrue told Subcommittee that legislation should "avoid detailed safeguards" and allow FCC to implement whatever rules are needed. But later, in answer to question, he said NTIA traditionally has opposed separate subsidiaries and doesn't support it in this case. But NTIA doesn't "oppose it violently," Sugrue said, and requirement could be "a useful trade-off" if it smoothed way for bill supporters.

Congress shouldn't mandate completion of national fiber network by specific date, Sugrue said. NTIA has been among biggest supporters of measure to encourage fiber network and end telco-cable cross-ownership restrictions, but he said Administration believes market free from unnecessary regulation will "achieve timely deployment" of fiber. Govt.-mandated schedule isn't necessary or appropriate and "could over time prove to be counterproductive," Sugrue said. "Technology and marketplace conditions... change so rapidly that a rigid schedule could result in misdirection of resources."

National broadband network that at start would link large and medium-sized businesses could boost economic productivity 40%, according to report from Economic Strategy Institute released by Burns. Report was produced by organization headed by Prestowitz, ex-Commerce Dept. official and author who has been critical of what he sees as lagging U.S. trade policy. He said that Europeans are constructing broadband network with target date of 2020, and that Japanese are planning national fiber network by 2015. Unless U.S. catches up, he said, country could lose \$200-\$500 billion in gross national product (GNP) growth.

Accelerated broadband construction would have to be paid for by ratepayers, same method as Japanese would use to finance their system, economist Robert Cohen said at news conference announcing report. He said that potential gains, particularly from corporate users, could mean that network could be built without increase in rates. Prestowitz said telcos replace 3% of network annually, and new network could be financed through shift in planning priorities.

"I will not under any circumstances cooperate in this investigation," NPR correspondent Nina Totenberg told Senate special independent counsel examining leaks of Anita Hill's allegations against then-U.S. Supreme Court nominee Clarence Thomas. Totenberg, who filed one of first 2 reports on charges Oct. 6, said she had received Hill's affidavit alleging sexual harassment "as a result of my unequivocal promise that I would not disclose the identity of my source or sources... Within the next day or two, I destroyed all notes, copies of documents, phone logs or anything else that might lead to the identification of the source or sources of my story."

Republican presidential challenger Patrick Buchanan attacks National Endowment for the Arts (NEA) in campaign spots that began airing in Ga. last week. Analysts say that Buchanan's strong showing in recent N.H. primary led to NEA Chmn. John Froehmayer's forced resignation as effort by Bush Administration to recapture conservative support.

WYBB(FM) Folly Beach, S.C., has been fined \$3,750 by FCC for alleged indecent broadcast at 9 a.m. Aug. 8, 1990, and has been cleared of another charge of indecency. Commission said station's broadcast included "a deliberate and repetitive use of the word 'crap' to heighten the audience's awareness of and attention to the subsequent use of the term 'shit.'" Station said that broadcasts were "severely admonished" and 2 were suspended 3 days without pay and placed on probation for 90 days.

TV program Star Trek will be inducted into Best. Hall of Fame at April 12-16 NAB convention in Las Vegas. Paramount Chmn. Brandon Tartikoff will accept award. Smithsonian Air & Space Museum in Washington opened special exhibit of original Star Trek Feb. 26 with most stars of series attending reception that attracted many govt. officials, including House Telcom Subcommittee Chmn. Markey (D-Mass.) and FCC Chmn. Sikes.

DILLER LEAVES FOX: Fox Chmn. Barry Diller resigned abruptly last week in what he said was move to start his own company. Decision didn't represent rift between him and News Corp. owner Rupert Murdoch, he said, although persons familiar with Fox told us there had been some friction. Departure raised questions as to effect on Fox TV network, as well as Diller's leadership of effort to end cable's compulsory license (TVD Feb 17 p8, Jan 27 p6). Murdoch said he will take direct control of Fox, although insiders indicated that might not be for long.

Diller's departure is "certainly more important" than much-ballyhooed resignation week ago of Nicholas Nicholas as co-CEO of Time Warner (TVD Feb 24 p5), said analyst John Reidy of Smith Barney, Harris Upham: "There wouldn't be a Fox network without Barry Diller and he rescued the Fox studio from the moribund state that the previous owners left it in." Reidy called departure "shocker."

Diller said he's leaving because he wants to be "an actual principal" in his own business: "I have yearned to have my own company in whatever shape or size I am comfortable or capable of creating or acquiring. This is completely amicable. Rupert Murdoch and I have no disagreements." Fox TV has been successful financially (TVD Feb 17 p5), but News Corp. said there was "a poor result" from 20th Century Fox Film.

Diller's departure date hasn't been set, he said, but it will be "weeks, not months" and certainly by April 1. His contract technically requires him to give 6 months' notice. Wall St. has been buzzing with speculation about Diller's next move, with some analysts saying he has enough clout to raise money to buy a TV network.

Succession to Diller at Fox is far from clear, with some speculating that many of responsibilities would be divided since it's unusual to have one person heading both studio and network. Most day-to-day responsibilities for Fox TV, for example, are expected to be handled by Pres.-COO Jamie Kellner, who denied speculation that he would leave Fox; Lucie Salhany, pres. of 20th TV, is likely to expand syndication responsibility. Two days after Diller announcement, Murdoch gave Fox Inc. Exec. Vp Chase Carey additional title of chief operating officer. Diller, 50, became Fox chmn. Oct. 1, 1984, after spending 10 years as chmn. of Paramount. Before that he was vp-prime-time TV, ABC Entertainment, with responsibility for program development and movies. He's credited with pioneering Movie of the Week and miniseries.

Transactions: Great American Bcstg. will buy Arbitron services for its 6 TV stations. KTSP-TV Phoenix and WDAF-TV Kansas City will use Arbitron's new ScanAmerica service, while others will get local market service... Multimedia bought 2 cable systems in suburban Chicago with total of 5,134 subscribers from Dowden Communications Investors. Terms weren't disclosed. Broker: Daniels... Intermedia Partners bought cable system with 1,519 subscribers in Princeville, Hawaii, from United Video Cablevision, price not disclosed. Broker: Daniels... Communications Equity Assoc. will advise Australian Bcstg. Corp. on tender for new pay-TV license, under new deal. Australian govt. plans to issue license in Sept... HBO purchased 29 Ampex VPR-300 D-2 digital VTRs for use in 3 studios and 9 postproduction suites... C-Cor was listed among 100 fastest-growing U.S. exporters by N. American International Business magazine. C-Cor Chmn. Richard Perry said international sales generate 30% of company's revenue.

CONVENTIONS TO MERGE: INTV and NATPE will hold joint convention beginning Jan. 24 in San Francisco under long-discussed agreement reached last week. Assns. had been working toward joint session for months, but had failed to agree on finances. INTV Pres. James Hedlund wouldn't specify how his Assn. would be reimbursed but told us that NATPE will pay INTV amount that "comes quite close to what we netted" from own separate convention.

INTV will compress its normal 3 days of meetings into 2, probably beginning Sun., Jan. 24, and continuing all day Mon., then INTV and NATPE jointly will sponsor govt. relations sessions Tues. morning. That will be followed immediately by NATPE's keynote speaker. NATPE convention, including sessions and exhibits, will continue through Fri., Jan. 29.

Joint convention will put end to screening rooms traditionally bought at INTV by syndicators, who had protested cost and effort of going to both INTV and NATPE. All program screenings now will be at NATPE, under agreement expected to be for at least 3 years, possibly 5. INTV reportedly will gain about \$200,000 in cash and savings of costs of mounting separate convention.

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CableLabs doesn't necessarily endorse findings of NAB ghost-cancelling tests (TVD Feb 17 p4), at least until it finishes analyzing its own tests, said Craig Tanner, CableLabs vp-advanced TV. In NAB tests, Philips system did best ghost-cancelling, but NAB indicated that it may require more vertical blanking interval (VBI) space than that of Sarnoff Research Lab. Philips later contended that VBI usage is same. CableLabs conducted own series of tests, which were described as more extensive than NAB's, involving reception at cable headends and transmission over 4 Washington-area cable systems. Recommendations are to be released March 13, Tanner said in letter to parties. CableLabs results will go first to NAB's Advanced TV Systems Committee, which will recommend standard, Tanner said. Meanwhile, CableLabs said it had received 43 responses to its request for information on digital ad insertion equipment. Pres. Richard Green said next step probably will be issuing formal request for proposals based on information gathered, then field testing. Equipment eventually would be bought by MSOs. Christopher Bowick, chmn. of CableLabs task force, said responses indicate likelihood of "rapid technological advancements in the production, transmission, storage and insertion of compressed digital video commercial spots."

House will "move before Easter" on companion to cable bill (S-12), and President Bush's apparent political weakness may prevent his threatened veto, Rep. Eckhart (D-O.) told FCBA Legislation Committee panel in Washington last week. But 2 other House Telecom Subcommittee members on panel disagreed on likely content of bill. Rep. Oxley (R-O.) said legislation would be "pure competition," not deregulation, while Rep. Schaefer (R-Colo.) said it probably would contain "some form of deregulation." Politics of cable is larger than issues, Eckhart said, because lobbying campaign has been so public. He said there's also issue of preserving free broadcasting, but Oxley said that if broadcasters try to gain unfair advantage at expense of cable they eventually will pay price.

National and local radio spot advertising was down 3.1% last year from 1990 as network advertising grew 1.6%, RAB reported. In Dec., local and spot were up 0.1% from 1990, it said, first monthly increase since July 1991, with network revenue up 0.6% for month.

TV SAID TO CAUSE AGGRESSION: TV violence can cause aggressive behavior and cultivate values favoring use of aggression to resolve conflicts, according to 5-year study by task force of American Psychological Assn. (APA) released at Washington news conference Feb. 25. "Watching sexual violence or violence in a sexual context tends to increase acceptance of rape and other forms of sexual violence and can cultivate values favoring the use of aggression to resolve conflicts," said 204-page study, titled *Big World, Small Screen: The Role of Television in American Society*.

There are 5-6 incidents of violence per hour on prime-time TV, 20-25 per hour on Sat. morning cartoons, APA report said. Study said average child witnesses 8,000 TV murders before graduation from elementary school, plus more than 100,000 "other assorted acts of violence." As for commercials, average child is exposed to 20,000 per year, APA said.

While concluding that TV can have harmful effects on some viewers, task force said that it's "not inherently good or bad and can have very positive influences." But most of 7-chapter report argued that current programming is highly negative indeed, concluding: "The major flaw in American broadcasting is that commercial television must generate revenue through programming that attracts large, heterogeneous, affluent audiences which do not represent the majority of viewers... So long as the primary goal of programming is to lure audiences to advertisements, the needs of many demographic and ethnic minorities will not be met." Govt. should reinforce requirement that broadcast licensees serve public interest, APA said, mandate that has "withered away in the deregulatory trend of the 1980s."

Report said that American children spend more time watching TV than they do in school and that "poor viewing habits can lead to antisocial behavior, gender and racial stereotyping and diminished academic performance... TV devalues and stereotypes social groups (especially women and minorities) by (1) excluding them entirely from programs or (2) by presenting negative images when they are portrayed... Most ethnic minorities are virtually absent from TV. When they do appear, they are often negatively stereotyped as criminals, dangerous characters or victims of violence... Males are shown as major characters on the average of 3 times as often as females" on prime time. Many TV shows in last 3 decades featured single-parent families headed by men: "This bears no relationship to the real world where 90% of single-parent families are headed by women."

Task force recommended changes in public policy to increase quality programming on commercial TV and expand noncommercial funding and support for public TV and educational uses for TV in general. Specifically, said report, TV stations should be required to show at renewal that they're serving needs of different population groups "and that they are reducing advertising directed at children to protect them from unfair sources of persuasion." *Big World, Small Screen* is published by U. of Neb. Press, \$25, 1-800-755-1105.

Compression Labs (CLI) and Private Satellite Network (PSN) announced that PSN will sell CLI's recently announced SpectrumSaver Compressed Digital Video broadcast TV system. Terms of agreement include co-marketing program to develop new business TV opportunities. SpectrumSaver system features ability to transmit at 2.9, 3.3 or 6.6 Mbps for major application flexibility.

SENATE TO REVIEW FCC RADIO RULES: Senate Communications Subcommittee has scheduled hearing on radio oversight March 3, 2 p.m., Rm. 253, Russell Bldg. Issues will include FCC proposal to relax its 12-12-12 ownership restrictions, duopoly rule, local marketing agreements (LMAs). FCC Chmn. Sikes will testify. Other invited witnesses include NAB Radio Chmn. Richard Novik, WKIP(AM)/WRNQ(FM) Poughkeepsie; Richard Ferguson, NuCity; Pierre Sutton, Inner City; Andrew Schwartzman, Media Access Project.

Hearing will come 9 days before FCC holds open agenda meeting March 12. Mass Media Chief Roy Stewart has proposed that Commission do away with its radio ownership restrictions and leave LMAs generally unregulated (TVD Feb 24 p4). Both positions are opposed strongly by influential members of House and Senate Commerce Committees, while Sikes and Comr. Marshall generally support proposal (TVD Feb 10 p1).

Senate hearing also will have panel discussion on S-1101, introduced by Sen. Pressler (R-S.D.), that would require FCC to set single standard for AM stereo. Participants will include 2 broadcasters from Pressler's home state -- Dean Sorenson, Sorenson Bcstg., and Tim Graham, Sencore -- plus FM stereo developer Leonard Kahn, whose system generally lost out in marketplace when Commission refused to specify single standard.

Meanwhile, FCC has put into public record Stewart's report "Overview of the Radio Industry," in which he said that radio is in "financial distress" (TVD Feb 3 p3). However, Commission didn't make public Stewart's follow-up memo with suggestions as to what Commission should do about it or similar suggestions by Marshall. Copies of "Overview" may be inspected and copied in FCC's Public Reference Room (239) or purchased from Downtown Copy Center (202-452-1422).

Meeting Feb. 28 in N.Y., Dept. of Communications of National Council of Churches (NCC) urged Commission and Congress to retain 12-12-12 station ownership. Proposal before FCC "will only bolster corporate profits at the expense of local news and public affairs programs," said Beverly Chain, who introduced resolution: "When will the public and Congress rise up and confront an FCC that has thrown its public trust to the winds and dismissed the fact that the airwaves belong to the public?" Issue is "how many opportunities local people have for access," said Rev. Martin Bailey of NCC communication unit.

European Bcstg. Union (EBU) dirs. approved launch of EuroNews channel, which will be available for cable systems and home dish market early next year. Half of network's \$50-million annual budget will come from broadcasters, 25% from EBU, 25% from ads and sponsorships. EBU said network will need only about 200 employees, including 50 journalists, because much of news will be generated by existing broadcasters and merely retransmitted by EuroNews. Programming will be transmitted in 5 languages.

"We simply cannot tolerate a situation in which the Senate cannot transact business" on Mon. and Fri., Majority Leader Mitchell (D-Me.) said in announcing that for rest of session record votes will be scheduled on those 2 days. Historically, Senate has held such votes only Tues., Wed. and Thurs., so senators could have long weekends in their home states -- or elsewhere. He said move was being made in effort to increase Senate's legislative output as well as reduce number of long weekends.

COMSAT AND HUGHES UP: Both Comsat and Hughes had improved financial results in 4th quarter, although for different reasons. Comsat gain was in comparison with 1990, when it took \$98-million writeoff on Comsat Video Enterprises. Hughes profits were result of growth throughout company, including satellite orders and transponder leasing for video. Former Comsat Chmn. Irving Goldstein, meanwhile, will exercise at least \$2.7 million of Comsat stock options in next 90-120 days, according to information from Comsat proxy statement and officials.

Comsat had \$15.7-million profit in 4th quarter and \$44.8-million for year, vs. losses of \$66.3 million for quarter and \$16.3 million for year in 1990 because of 4th-quarter writeoff. Total Comsat revenue was up 14% to \$523 million for full year. Biggest gain was in Systems Div., up 23.3% to \$107 million on development of satellite earth stations. International Div. revenue rose 19% to \$370 million on increased traffic, such as carriage of news, and lack of year-end tariff reductions in 1991. Video Entertainment Div. revenue inched up 4% to \$54.2 million, but unit still had \$3.9 million operating loss.

GM Hughes Electronics profit jumped 31% to record \$255.7 million in 4th quarter, and revenue 7% to record \$3.1 billion. For full year, revenue was down slightly to \$11.5 billion and earnings fell 23% to \$559.4 million. Hughes Aircraft revenue dipped 1% to \$7.7 billion. Growth in satellites and telecommunications was particularly strong, company said, with backlog of satellite orders up 7 to 32, including 8 to be launched this year. Hughes also said there was significant gain in transponder leasing, in part because of news coverage of Gulf War and U.S. Senate confirmation hearing for U.S. Supreme Court nominee Clarence Thomas.

Goldstein's profit could be much higher because it includes only value of options he received in 1984-1990. Latest proxy, covering 1991, isn't expected to be filed with SEC until this month. Profit figures are based on price of Comsat stock at market close Feb. 26, 39-3/8. Goldstein, who took over as Intelsat dir. gen. Feb. 24, will cash out stock options to comply with Intelsat policy, Comsat spokesman said -- since Comsat owns largest share of Intelsat, he isn't allowed to own Comsat stock. Neither Comsat nor Goldstein would comment. Goldstein received 1990 salary of \$424,996 and bonus of \$200,000. Comsat spokesman wouldn't reveal 1991 salary.

Only 2% of cable subscribers plan to buy TripleCast pay-per-view for Summer Olympics in Barcelona being offered by NBC and Cablevision, according to 2,000-person survey by Strategic Media Research. Survey also showed that only 24% of subscribers were aware of PPV event. Of those who said they wouldn't buy TripleCast, 28% said they weren't interested in Olympics, 27% cited cost, 18% said broadcast networks provide enough coverage, 10% said they wouldn't be at home enough to justify cost. On separate issue of PPV sports in general, only 13% said they were likely to pay to watch major sporting events such as Super Bowl, NBA playoff or championship boxing match, and 80% said they were unlikely to. General Instrument (GI), meanwhile, is distributing special marketing kit for Olympics TripleCast to satellite dish dealers. GI, along with NBC and equipment manufacturers, is offering TripleCast subscription to persons buying new satellite receiver by Aug. 9.

FCC notified all licensees and applicants that provisions of Anti-Drug Abuse Act are in effect and applicant must certify that it isn't subject to denial of federal benefits under Act.

CPB HOLD RELEASED: Sen. Burns (R-Mont.) released hold on CPB reauthorization bill, opening chink in block that has prevented Senate passage of measure that House approved last year. Burns acknowledged that he was among group of unidentified Republicans who had imposed action late last year. No word was immediately available as to whether others also would remove their holds. KCRW-FM Santa Monica, which earlier had urged listeners to protest hold by phoning office of Senate Minority Leader Dole (R-Kan.), announced that it would start thrice-daily reports updating listeners on status of situation.

Burns hold was because of PBS show *The New Range Wars* that he said constituents objected to because they believed it focused on claims of environmental groups to exclusion of ranchers' arguments, senator's spokesman said. Burns released hold after meeting in which CPB Chmn. Marshall Turner reportedly committed to taking concerns into account.

Full extent and nature of additional GOP concerns about public broadcasting that prompted hold remain unclear, although many believe they include National Public Radio (NPR) reports of Anita Hill's allegations against then-Supreme Court nominee Clarence Thomas. In appearance on MacNeil-Lehrer NewsHour, Sen. Hatch (R-Utah) suggested that NPR's Nina Totenberg, who aired those reports, might have greater obligation to divulge her sources than Newsday's Timothy Phelps because Totenberg is "a quasi-government employe, being paid out of public funds."

Based on Nielsen figures, CBS estimates that 75% of U.S. population (180 million) watched some portion of network's 2 weeks of telecasts of Winter Olympics from Albertville, France. That, said CBS, is 10 million more viewers than ABC attracted for 1988 Winter Games from Calgary, Canada. CBS said it won "unprecedented" 15 nights of 16-night coverage (with ABC taking other one). "The audience delivered by the Olympic Winter Games far exceeded the audience levels guaranteed by CBS to Olympic advertisers," said David Poltrack, CBS senior vp-planning and research. CBS had guaranteed rating of 17 and achieved 18.7, Poltrack said. He said there also was "significant out-of-home audience" for Olympics not measured by Nielsen, citing USA-Unified Team hockey game Fri. morning, 26% of whose audience was away from home. Also, he said, ratings for CBS Evening News were up 14% during 2 weeks of Olympics and CBS regular weekend sports programs benefited, with college basketball up 45% and Daytona 500 up 22% from year-ago figures. CBS Best. Group Pres. Howard Stringer said network broke even on Olympics, for which it paid \$243 million for U.S. TV rights. Break-even point was estimated at \$313 million, taking into account some \$70 million in production costs. CBS also has rights to 1994 Winter Olympics from Lillehammer, Norway, paying \$400 million. ABC reported \$65 million loss on 1988 Winter Olympics.

Featured speakers at AAF govt. affairs conference March 17 at Willard Hotel, Washington: Sen. Ford (D-Ky.), ranking member of Commerce Committee; Rep. Gibbons (D-Fla.), ranking member of House Ways & Means Committee; Rep. Ritter (R-Pa.), member of House Commerce Committee; FTC Comr. Deborah Owen; Consumer Product Safety Commission Chmn. Jacqueline Jones-Smith; Edward Scarbrough, dir., Office of Nutrition & Food Sciences, Food & Drug Administration; Chris Zimmerman, National Conference of State Legislatures -- 202-898-0089.

Mandating new cable channels for education would be "an irresponsible waste of funds" unless govt. also provides money to make appealing programming for channels, Discovery Chmn. John Hendricks said at Senate Communications Subcommittee hearing Feb. 28. Hearing involved plan by Sen. Bingaman (D-N.M.) to require cable systems to devote 10% of any added channel capacity to instructional TV (TVD Feb 24 p7). "The challenge isn't one of increasing distribution capacity," Hendricks testified. "The channels are there. The problem is the quality of programming. This would just fragment all of our efforts." Bingaman said there are "a tremendous number of cable channels, but much of it is largely worthless." He said goal is to find incentive for cable to provide more instructional channel capacity, and plan isn't meant to be "punitive." It would be "a national tragedy if we don't go beyond popular TV to the real educational potential of TV," APTS Pres. David Brugger said. Subcommittee Chmn. Inouye (D-Hawaii) said he supports using TV for education and is disappointed with way it's being used now: "It's difficult to believe that people actually turn on some of these channels." Cable is only one of several means of delivering educational programs, PBS Senior Vp Howard Miller said. He and U.S. Distance Learning Assn. Pres. Harry Miller cited ability of satellites to deliver tailored educational programming, and both said interactive computer education can be effective.

Hundred-channel pay-per-view (PPV) can work even on most 550-MHz coaxial cable systems, said Jerrold Pres. Harold Krisbergh, who is promoting concept he calls "Cable-On-Demand." Concept was seen originally as viable only with wideband fiber systems, or at least with systems with fiber backbone, because of channel capacity limits of older systems. But Krisbergh said data from Jerrold marketing tests indicates that it can work by combining compression with coaxial cable. Tests showed that peak PPV buy time is Sat. night, when 8% of all of week's purchases occur during one hour. He said that even if buy rate were 10 times current level, 550-MHz systems could handle demand, studies indicated. Cable-On-Demand assumes that about 120 channels are available for PPV, allowing wide choice of programs and start times. Jerrold said that could be accomplished using 25 cable channels, each using compression to carry 5 programs. Jerrold Vp-New Business Development Geoff Roman called finding "major breakthrough" because it means most modern cable systems could adopt Cable-On-Demand concept.

U.S. Supreme Court ruled that Matsushita purchase of MCA doesn't threaten free flow of political information in U.S. Court without comment rejected arguments against \$6.2-billion buyout, filed by citizens group that said it opposes foreign influence. U.S. Appeals Court, D.C., had rejected similar claims last summer, saying that issue is for Congress, not courts, to oversee.

Four Time Warner shareholders filed suit in Del. Chancery Court in effort to block severance package for ousted co-CEO Nicholas Nicholas. Group said it would be "waste of corporate assets" to pay reported \$44.5 million to Nicholas through 1999 (TVD Feb 24 p5) because he resigned voluntarily. No hearing has been set.

Competitive Cable Assn., which represents overbuilders, will hold financing and franchising seminar, Mayflower Hotel, Washington, April 28 -- 202-797-7500.

QVC and Home Shopping Network are considering merger, they said last week. Companies said they have begun discussions, but no agreement has been reached.

CPB isn't seeking federal funding set-aside for educational activities, as it did last year, despite opposition of much of public TV-radio community. In recent report justifying its request for fully authorized \$375 million for FY 1995, CPB told Senate and House Appropriations Subcommittees that additional \$100 million it's seeking above President Bush's recommended funding would be distributed under its existing statutory formula. Last year, CPB first sought \$76-million education set-aside over which it would have had significant disbursement discretion. However, in wake of heavy opposition by APTS and NPR, Corp. later urged that funding be through its general appropriation, to which station passthrough and other statutory distribution formula apply. Of additional \$100 million sought for FY 1995, CPB told Appropriations panels that \$52.6 million would go for additional public TV grants, \$21.7 million for extra public radio support, \$19.1 million for development of new instructional/educational programming for "special audiences," \$6 million for work force diversity initiative, \$508,000 for additional CPB corporate support. CPB said that if Congress approved Bush's reduced funding request, "it would be impossible for [it] to carry out congressional directions regarding expansion and diversity without materially reducing support to existing public... stations."

Using waivers to change prime-time access rule (PTAR) will "forever change the economics of the first-run syndication business" and impose unreasonable costs on independent stations, INTV said in comments on KRON-TV San Francisco request to FCC for PTAR waiver: "[Effects would be] a high price to pay simply to move the Tonight Show forward by one half-hour." Granting waiver would open door to destroying PTAR "piece by piece," INTV said. MPAA also opposed what it called "rulemaking by waiver," saying FCC should delay action on any PTAR waivers until it conducts full-fledged public inquiry into issue. KRON-TV waiver isn't necessary anyway, MPAA said, since station can carry out most of schedule shift without it. KRON-TV began carrying network prime-time programming 7-10 p.m. on Feb. 8, although Tonight Show begins at 11 p.m. instead of preferred 10:35. NBC defended waiver request, saying it "would be short-sighted not to attempt to learn more about actual audience preferences" through KRON-TV experiment.

Broadcast networks and Turner Bctg. are pushing FCC to allow PanAmSat to interconnect with public switched telephone networks. In joint FCC filing, networks said broadcast news organizations especially need to use PanAmSat for telephony because voice and data circuits to coordinate international satellite transmissions are "uniquely associated with the television transmission service." They said it's impossible to get interconnection agreement on country-by-country basis because "it is impossible to predict where and when the next newsworthy international event will occur." Networks had backed previous PanAmSat request for right to connect to public switched networks, but FCC deferred action until State Dept. and NTIA finished their review of separate satellite system policy. State and NTIA, in letter dated Nov. 27, endorsed goal of eliminating restrictions on interconnection of separate systems with public networks by 1997.

NAB's annual State Leadership Conference is scheduled March 7-10 at J.W. Marriott Hotel, Washington. Conference is for state association presidents, exec. dirs. and members of NAB Legislative Liaison Committee. March 9 speech by FCC Chmn. Sikes will be sandwiched between morning panel of FCC staffers, afternoon panel of Hill staffers. Still to be named as speaker is member of Congress.

Phase-in of VideoCipher II Plus over next few months is causing major changes in Satellite Bestg. & Communications Assn. (SBCA) antipiracy efforts. Senior Operations Vp-Gen. Counsel Deppish Kirkland told us Assn. is shifting focus from traditional law enforcement efforts against pirates in favor of programs to ensure protection of II Plus. As result, dedicated antipiracy staff at SBCA hq has been reduced to 2 from 5, Antipiracy Investigations Dir. Alan Burgess said. Recession wasn't factor, he said, because antipiracy efforts recover lost revenue, so SBCA will maintain and may increase field staff of 70 ex-FBI agents. Assn. will continue to pursue the 1,000 cases in progress, he said. Meanwhile, combining antipiracy operations of SBCA, MPAA and others has been put on hold. Groups had hoped to set up joint effort by end of 1991, but plan was delayed by SBCA restructuring and departure of MPAA Senior Vp William Nix. Lack of participation from other organizations also impaired effort, MPAA spokesman said.

United Artists was top-ranked entertainment company in terms of responsiveness to shareholders, and Orion Pictures, Time Warner and Scientific-Atlanta were least responsive, according to study by United Shareholders Assn. (USA). USA is 64,000-member group representing small stockholders that published widely quoted study on executive compensation last year. Rating system bases 50% of findings on economic performance, 25% on compliance with shareholder rights, 15% on management compensation, 10% on management ownership. Study is critical of such factors as "golden parachutes" for executives, confidential proxy voting procedures, unequal voting rights for classes of stock, "poison pills." Among 1,000 companies surveyed, Orion ranked 3rd from bottom, Time Warner 9th from bottom, Scientific-Atlanta 16th from bottom. United Artists was highest entertainment company, at 199, followed by Turner Bestg. 278, Cap/ABC 460, CBS 586, Chris-Craft 657, Disney 660, Paramount 782, Viacom 837.

Viewers constantly confuse news with political spots and when such ads are analyzed within TV news programs, and viewers remember content of ads more than they do news analysis, according to 3-year study by Annenberg School for Communication at U. of Pa. Study found that when TV reporter gives analysis of what is misleading, distorted or unfair in political spot, "the corrective words are likely to be overridden by the power of the ad" in viewer's memory. "When treating ads in campaign strategy stories, reporters should at least not advantage distortive ads," said Kathleen Jamieson, dean, Annenberg School, and head of study. Speaking at Annenberg Washington Program in Washington Feb. 26, she said: "This is precisely what occurred in many of the campaigns of 1988, 1989 and 1990." She offered suggestions to TV newsrooms to avoid doing just that. Study -- News Coverage of Political Ads -- is available from Annenberg Washington Program, 202-638-2745.

FCC actions: (1) Fined WWOC(FM) Avalon, N.J., \$20,000 for violations of equal employment opportunity rules, granted license renewal subject to EEO reporting requirements. (2) Reversed and remanded Review Board decision disqualifying Evansville Skywave Inc. (ESI) in comparative case for new FM in Evansville, Ind. ESI, sole remaining applicant in what originally was multiparty contest, was disqualified by Board as "a sham" for allegedly misrepresenting its 2-tiered corporate makeup. Board ruled that ESI's single voting stockholder, Sondra Matthews, didn't exercise control as claimed, that control actually rested in Skywave Communications Corp. Pres. Lee Perkinson. (3) Affirmed grant of new TV station on Ch. 32 Kansas City to TV 32 Inc. and denied 4 competing applications.

Taiwan, Poland and Philippines should be added to Priority Foreign Country list for copyright violations, according to International Intellectual Property Alliance (IIPA) filing with U.S. Trade Representative (USTR). IIPA member MPAA, in separate filing, said Indonesia also should be on list and USTR should consider adding European Community (EC). If country is put on list, USTR has 6 months to try to negotiate resolution of copyright problems, then must recommend whether U.S. should take retaliatory action. Groups claim each of countries repeatedly has violated intellectual property rights. MPAA said EC at least should remain on Priority Watch List and USTR should move it up one notch to Priority Country if no progress is made in eliminating European TV and film quotas. IIPA filing also suggested that 9 countries be added to Priority Watch list, and 9 others to Watch List.

Growth of independent stations shouldn't "be jeopardized just to further the private pecuniary interests of those favoring repeal of the [cable] compulsory license," INTV Pres. James Hedlund said in letter to House Copyright Subcommittee Chmn. Hughes (D-N.J.). Hedlund said broadcast diversity encouraged by compulsory license is "far too beneficial to the public to place at risk by such a radical shift in the law," especially since copyright owners already are receiving \$200 million per year under system. Hedlund said professional sports leagues especially aren't justified in seeking additional copyright compensation: "Until and unless these leagues are willing to discuss the elimination of their antitrust exemptions, they have nothing to bring to the bargaining table and should be treated accordingly."

Graff Pay-Per-View went public and strengthened its balance sheet by about \$1 million as result of merger with Jericap, publicly traded shell company that had provided financing for privately held Graff. In deal, Jericap board resigned and was replaced by Graff board, which is to operate merged company under Graff name. Graff shareholders Feb. 21 approved deal in which each Graff share is converted into 3.5 shares of Jericap. Jericap had raised some money of its own, which will be added to new Graff equity, and had made private placement of convertible debt for Graff, all of which automatically converts to stock as result of merger, Graff Exec. Vp Leland Nolan said. Graff provides 2 channels of pay-per-view programming for cable systems, hotels, satellite home dish market.

U.S. Supreme Court said it won't hear PanAmSat's appeal of U.S. Appeals Court, N.Y., decision Sept. 30 that separate satellite system company can't sue Comsat for antitrust violations in its Intelsat signatory role. Decision doesn't affect PamAmSat suit in U.S. Dist. Court, N.Y., alleging numerous antitrust violations by Comsat in its nonsignatory role. PanAmSat lawyer Phillip Spector said he's disappointed Supreme Court didn't hear appeal but is confident of victory in other part of case. Comsat spokesman said Supreme Court ruling backed up Comsat view that entire suit was "frivolous." He said company is confident that remaining claims also will be dismissed or denied.

FCC upheld its refusal to grant new TV station on Ch. 64 Charlottesville, Va., to Lindsay TV Inc. and its revocation of CP to Golden Eagle Communications for Ch. 28 Oroville, Cal. In Charlottesville case, Commission reaffirmed its ruling that grant of Ch. 64 would cause interference to National Radio Astronomy Observatory in Green Bank, W.Va. Golden Eagle received grant in 1986 that was canceled by Mass Media Bureau in 1988 for failure to begin construction. Permittee then attempted to sell CP to Golden Feather Bestg. and both appealed cancellation.

Personals

ABC commentator **Paul Harvey** will receive RTNDA Paul White Award at Sept. 23-26 convention in San Antonio... **James Sefert** moves from pres. to chmn., Cosmos Bestg., succeeded by **James Keelor**, vp-operations... Appointed senior vps, BMI: **Marvin Berenson**, gen. counsel; **Del Bryant**, performing rights; **Richard Mack**, operations; **Ekke Schnabel**, international; **Fred Williams**, chief financial officer.

Beth Comstock, ex-Turner Bestg. System, joins CBS Best. Group as dir.-entertainment publicity... **Larry Rissler**, ex-Satellite Bestg. Communications Assn., named dir.-special counsel, MPAA's Worldwide Anti-Piracy Operation... **Nina Kanter**, ex-J. Walter Thompson USA, appointed dir.-media research, Griffin Bacal... **Jane Petroff**, ex-WNET N.Y.-Newark and KCET L.A., joins WVIZ-TV Cleveland as dir.-community outreach, new post... **Lucille Larkin** becomes Mind Extension U. dir.-sales, southeast region... **David Daniels**, ex-New England Sports Network, appointed dir.-affiliate sales and mktg., SportsChannel, new post.

FCC Calendar -- March 2: Comr. **Barrett** speaks at Education Conference for Comrs., NARUC Winter Committee Meetings, J.W. Marriott Hotel, Washington, 9 a.m. March 3: Chmn. **Sikes** testifies before Senate Communications Subcommittee on AM stereo, 2 p.m., Rm. 253, Russell Bldg. **Richard Firestone**, chief, Common Carrier Bureau, addresses NARUC Communications Committee on "Current Federal-State Efforts -- Outages and International Cooperation," J.W. Marriott Hotel, 10:30 a.m. **Ralph Haller**, chief, Private Radio Bureau, is keynote speaker at FCC's Spectrum Refarming Initiative seminar sponsored by TeleStrategies, Sheraton Crystal City Hotel, 9 a.m. March 5: **Sikes** addresses Communications Week International Network Economy Conference, Paris.

Eric Smith, gen. counsel, International Intellectual Property Alliance, adds duties of exec. dir.; **Fritz Attaway**, senior vp-govt. relations, MPAA, named chmn., Alliance Working Group... **Robert Pini**, ex-PR firm Bender, Goldman & Helper, named mgr.-PR, Group W Satellite Communications... **Don Corsini** promoted to exec. vp-programming and production, Prime Ticket, new post... **Robert Levine**, ex-law firm Pellegrin & Levine, becomes member, Washington law firm Mullin, Rhyne, Emmons & Topel... **Diona De Shields**, ex-WGBH-TV Boston, joins American Public Radio as communications dir... **Alan Eisenberg** advanced to program and mktg. coordinator, Nostalgia TV... **John Francois** promoted to dir.-regional markets, RAB... Elected by Ariz. Cable TV Assn.: **Mary Ruskin**, Post-Newsweek Cable, pres.; **Gregg Holmes**, Times Mirror Cable, vp; **Cathy Hollingsworth**, InterMedia Partners, secy.-treas.

Jerry Sherman returns to Paramount Communications as senior vp-corporate relations, replacing **Nicholas Ashoo**, resigned... **Kate Adams**, gen. mgr., Cablevision of Mich., moves to same post with Cablevision L.I., Hauppauge... Elected to CTAM board: **Marshall Cohen**, MTV Networks; **Jack Gault**, ATC; **Ron Loose**, TCI... **Don Brownlee** promoted to vp-administration, Potomac TV/Communications... **George Castrucci**, pres.-COO, Great American Communications (GACC), retires but remains on GACC and Spelling Entertainment boards.

Kathryn Creech, vp-mktg. communications, A.C. Nielsen, named vp-communications, parent Dun & Bradstreet... Promotions at Jim Henson Productions:

Charles Rivkin to COO, **Debbie Freeman** to vp-corporate controller... **Robert Zinn**, ex-Denver law firm Davis, Graham & Stubbs, joins Jones International as vp-legal affairs... **Manuel Calvo**, vp-gen. mgr., WSCV Ft. Lauderdale, appointed vp-programming, production and promotion, parent Telemundo Group, new post.

Two uncontested applicants for new FM stations have objected strongly to NAB's request to FCC that freeze of undetermined length be put on new grants, applications and reallocations (TVD Feb 17 p6). **Bobby Imbragulio**, applicant for FM in Pearl, Miss., and **Richard Bush**, seeking grant in Bar Harbor, Me., told Commission they were "understandably stunned" by NAB request. They said it's "unprecedented, unjustified and unnecessary," particularly as applied to pending applications, and represents "those fortunate enough to already hold broadcast licenses." NAB's proposed solutions are "all economic and political," applicants said, and Assn. hasn't shown that FM freeze "is in the public interest -- only that it is in the purely private interest of NAB members."

Pay-per-view will have "most profound effect on TV" and it will be at home video's expense, E! Entertainment Pres.-CEO **Lee Masters** told joint meeting of Southern Cal. Cable Assn. and L.A. Ad Club. "If consumers spend \$15 billion and 85% of the time they don't even get what they came in for, just think what kind of business can be done if they do get what they want," he said. In response, Blockbuster spokesman said: "We feel PPV has a tremendous way to go before presenting a serious threat to home video."

FCC actions: (1) Fined MEG Assoc., former licensee of **WDAR-AM-FM** Darlington, S.C., \$12,000 for "willful and repeated violations" of EEO rules, imposed reporting requirements and granted short-term renewal to current licensee Radio Carolina Ltd. Partners. (2) Refused to reconsider short-term license renewal and EEO reporting requirements imposed on **WOKD(AM)-WXKT(FM)** Arcadia, Fla. Commission also affirmed \$18,000 fine against stations for "repeated failures" to comply with EEO requirements.

FCC approved sale of **WINZ(AM)** Miami and **WZTA(FM)** Miami Beach by Guy Gannett Publishing to Paxson Bestg. and waived its one-to-a-market rule. Waiver was necessary because Paxson also has "attributable interest" in **WYHS** (Ch. 69) Hollywood, Fla., which puts Grade A contour over Miami area.

U.S. should set up Radio Free Asia (RFA) similar to Radio Free Europe, said resolution introduced by Sen. **Pressler** (R-S.D.). Similar idea was suggested last year by President Bush's Task Force on U.S. Govt. & International Bestg. Pressler said Asian version is important because "almost 1/3 of the world's population lives under Asian dictatorships without a free press."

OBITUARY

Yale Newman, 68, veteran TV news exec. and major force in founding of Radio Marti, died in his Alexandria, Va., home Feb. 24 of amyloidosis, rare intestinal disease. He was ABC London bureau chief 1953-1963, won Peabody for ABC's coverage of trial of Nazi Adolf Eichmann in Jerusalem. He left ABC to become news and public affairs dir. at WTTG Washington before joining U.S. Foreign Service in 1966, serving in embassies in Argentina, Panama, Venezuela. Newman also was dir. of VOA in Latin America and was deputy dir. of presidential commission that created Radio Marti. Wife, 4 children survive.

Consumer Electronics

A Section of *Television Digest* with *Consumer Electronics*

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd week of Feb. and year to date:

	FEB. 6-13	1991 WEEK	% CHANGE	FEB. 1-7	6 WEEKS 1992	6 WEEKS 1991	% CHANGE
TOTAL COLOR.....	290,217	306,267	- 5.2	256,898	1,886,864	2,071,068#	- 8.9
DIRECT-VIEW...	284,814	298,371	- 4.5	251,967	1,846,858	2,037,351#	- 9.4
TV ONLY.....	274,102	285,642	- 4.0	245,147	1,764,850	1,964,885#	-10.2
TV/VCR COMBO.	10,712	12,729*	-15.8	6,820	82,008*	72,466#	+13.2
PROJECTION.....	5,403	7,896*	-31.6	4,931*	40,006*	33,717	+18.7
VCR DECKS.....	158,997	88,967	+78.7	142,489	1,071,315	864,618	+23.9
CAMCORDERS.....	19,796*	13,638	+45.2	11,319	185,472*	177,948	+ 4.2

Direct-view TV 5-week average: 1992--316,310; 1991--360,543 (down 12.3%).

VCR deck 5-week average: 1992--187,266; 1991--153,714 (up 21.8%).

Camcorder 5-week average: 1992--31,269; 1991--32,079* (down 2.5%).

* Record for period. # Revised by EIA.

PHILIPS REPORTS \$640-MILLION PROFIT FOR 1991: With Chmn. Jan Timmer asserting that "the road to recovery has begun," Philips Electronics last week reported \$647-million profit in 1991, vs. \$2.29-billion loss year ago. Sales last year were about even with those in 1990.

Company said it achieved essentially flat sales ("in line with the forecasts") despite "the difficult economic situation and disappointing markets" in several of its major trading areas. "We are not dissatisfied with what we have achieved," Timmer said at Eindhoven news conference. "We are disappointed, though, by the adverse trading conditions in consumer electronics. We always doubted that the post-Gulf War euphoria would be justified and it wasn't." Indicative of tough climate was company's statement that average selling price for its consumer products dropped 2%, "mainly due to a fall of about 5% in consumer electronics."

Philips reported sales of \$30.7 billion (at 1.852 guilders = \$1), up 2% from \$30.1 billion year earlier, although it said they were essentially flat once currency exchange and accounting changes were factored in. Company took \$39.4 million in restructuring charges last year vs. \$2.5 billion in 1990. Sales of consumer products (including consumer electronics) were off 2% on comparable basis to \$14.5 billion, with \$545.4 million in operating income, off 32.6% from preceding year. "Fierce battle for market share," particularly in Europe, brought pricing down, company said. It also called PolyGram's sales growth "substantial," though it didn't comment directly on software profitability. In news conference, Timmer forecast that software "could become a very important part of our business over a period of 10 years," saying that it could constitute 25-30% of total.

Sales in Components and Semiconductors segment were off 3% on comparable basis to \$4.2 billion. Philips said rise in operating income to \$331 million (vs. \$23.2 million loss year earlier) "is mainly attributable to color picture tubes and semiconductors," citing shift in demand toward higher performance tubes.

For 2nd straight year, Philips doesn't plan to distribute dividend, although Timmer acknowledged that "it would be extremely difficult to ask for the shareholders' indulgence a 3rd time -- and I would be very unhappy doing so." At same time, company acknowledged that economic outlook in many of its markets around world is bleak, with no expectation of revival before end of year. "Against this background, it is advisable to hold out the prospect of only a limited increase in sales and net income from normal business operations for 1992," it said.

Report accompanying results stressed achievements of Centurion restructuring effort, saying "aim is to increase productivity through a sustainable improvement of business processes." Employee rolls were

trimmed to 240,000 from 272,800 during year. Timmer stressed that "top men were not spared," pointing out that high-level Dutch management has been reduced 21% since Sept. 1990. "We have merciless self-inspection," he said. "Our management has started to manage in a more efficient way. Everyone has had to make sacrifices. On the DCC project, for instance, everyone has had to sacrifice spare time to meet targets." Official statement noted that "further adjustments to the size of the work force will be required in organizational units where productivity improvement is lagging."

Timmer touched on wide range of topics in sessions with media. He said reports that Philips has spent "billions" on developing HDTV, CD-I and DCC are "myth," that real total is "hundreds of millions in all." At same time, he acknowledged that company spent less on R&D as percentage of sales in 1991 than in 1990 (6.8%, down from 7.9%), with much of reduction occurring when company decided to halt development of Static RAMs. R&D staff has been cut by 5,000 to 27,400. However, he said, "we are convinced that we have the resources available for all products that need to be invented. We will remain strong in new technology."

Launch of CD-I in U.S. has gone "according to schedule," Timmer said, and player sales are "in the tens of thousands." He was noncommittal about prospects for 5" disc replacing 12" laserdisc as video playback medium, but said "there is a chance that the consumer will find the 5-inch disc more convenient." Timmer called Whittle Communications, in which Philips recently invested \$175 million (TVD Feb 10 p13), "partner for symbiosis." He said Whittle "believes in the value of CD-I in education."

Although they declined to answer directly, Philips officials implied that company has sold more than 3,000 widescreen (16:9) TVs since they came on market in Sept. Timmer said Philips is seeking partner for LCD manufacturing, "but negotiations take time and we decided we should not wait. So we are financing it ourselves, while talking to prospective partners -- in Europe and the USA and one Far Eastern country -- but not Japan." He emphasized that Philips isn't LCD neophyte: "We bring 5 years of pilot manufacturing to the table."

MATSUSHITA AND JVC LOWER EARNINGS FORECASTS: Matsushita and subsidiary JVC are latest companies to issue revised and lowered forecasts for sales and earnings for fiscal year ending March 31, 1992. New forecasts came as Matsushita reported 38% drop in net income on 12% sales increase for 3rd quarter ended Dec. 31 (see financial table).

Blaming "current slowdown in domestic demand in Japan, lingering economic difficulties in the U.S. and Europe and other factors," Matsushita says it expects consolidated net income to plummet 49% to \$1.02 billion; earlier forecast (TVD Nov 25 p10) of 29% drop to \$1.42 billion was itself 22% lower than company's original forecast of 9% income decline issued earlier in year (TVD May 27 p8). Company now says it expects sales for full year to rise 12% (rather than previously forecast 14%) to \$57.05 billion, and operating profit to drop 20% to \$2.93 billion (vs. earlier projected 4% decline to \$3.5 billion).

Similarly, JVC slashed its prediction of consolidated net income for year to \$7.75 million -- 96% less than it had forecast as recently as Oct., and 94% less than last year's actual net income. Company projects sales for year at \$6.59 billion, 13.4% under earlier forecast and 8.2% lower than \$7.2 billion in sales last year. Company cited "sluggishness in the A/V market, a stronger yen against the dollar and European currencies and an increase in marketing cost."

Matsushita said sales growth in 3rd quarter "was achieved despite prevailing market environment" and also reflected inclusion of results of MCA. MCA revenues also helped boost Matsushita's overseas sales 22% in quarter; domestic Japanese sales rose 5%.

Company offered breakdown of 3rd-quarter sales by category (all dollar figures that follow are converted at 125 yen = \$1). Video sales were flat at \$3.93 billion, with lower overseas demand for VCR decks offsetting gains in camcorders and large flat-screen TV sets with satellite tuners in Japan. Audio equipment sales rose 6% to \$1.48 billion, company citing increases in portable CD-radio cassette players, personal stereo, car audio. Communications and industrial equipment was up 6% to \$3.25 billion, partly on strength of mobile telephone sales. Sales of batteries and kitchen-related products rose 7%, led by nickel-cadmium and lithium battery sales.

FROM JAPAN IN 1991--MILLION EXTRA CAMCORDERS: Japan shipped record 3,842,000 camcorders to U.S. in 1991, year in which dealers here bought 2,864,000 -- nearly million less. However, Japan -- sole significant source of product -- showed definite signs of putting on brakes, Dec. shipments here dropping

24.5% from year earlier, following 17.7% decline in Nov. (TVD Jan 6 p9), according to Finance Ministry export statistics, first declines after 14 consecutive months of increases.

In Dec., month when 357,327 camcorders were sold here, Japan exported only 277,382 to U.S. However, in earlier months, shipments were far in excess of sales here for any month -- Sept. saw Japanese exports of 478,468 here and Oct. 415,126, while best U.S. sales month last year (Sept.) saw movement of only 387,877 camcorders. Beginning of cutbacks in Japanese shipments is good sign, but domestic inventories (factory plus distributor but excluding dealer) actually rose from 640,200 at last year's end to 680,400 one month later, equivalent to about 16-1/2 weeks' supply.

Other record high shipment for 1991 is CD players, at 5,940,000 up almost 20% from previous record, set in 1990. VCR decks, at 6,650,000, were 20% below 1990 and down nearly 2/3 from record 18 million exported here in 1986 when Japan held virtual monopoly as source of VCRs; it now supplies only about half of U.S. requirements.

Videodisc player exports, although down slightly from 1990, were higher than domestic sales -- 264,0000 to 206,6000, on basis of EIA figures. Color set shipments sank to virtually lowest point since Japan began exporting them -- fewer than 130,000, down 21.1%.

Dec. shipments were down for all products except CD players, which were up almost 50% over 1990 month. Average camcorder export price from Japan hit all-time low in yen (69,443), down 4.4% from year earlier and breaking 70,000-yen mark for first time. Despite dollar's sharp decline in value in Dec. 1991 from 1990 month (128 vs. 133 yen), average camcorder price in dollars was down 0.7% from year earlier to \$542.53.

In VCRs, however, dollar price in Dec. was highest of year -- \$242.46, up 0.4% (95¢) from Dec. 1990, largely as result of decline in dollar's value. In yen, average VCR price declined 3.4% to 31,035.

Japanese exports to Canada for full-year 1991 (Dec. in parentheses): Color TV 7,360 sets, down 62.4% (300, down 82.4%); VCRs 500,109, down 16.6% (28,602, down 18.9%); camcorders 341,124, up 37.9% (20,407, down 31.7%); CD players 491,867, up 8.2% (42,258, up 6.5%); laserdisc players 20,200, up 26.4% (2,827, up 197.3%). Here's summary of Dec. and 1991 exports from Japan to U.S., with 1990 comparisons:

Product	Dec. '91	Dec. '90	% Chg.	1991	1990	% Chg.
Color TV.....	8,694	18,584	-46.8	129,774	164,473	-21.1
VCR decks.....	473,062	499,410	-5.3	6,649,614	8,338,028	-20.2
Camcorders.....	277,382	367,481	-24.5	3,841,909	3,188,581	+20.5
CD players.....	530,581	354,463	+49.7	5,939,735	4,955,156	+19.9
Videodisc players	21,692	22,579	-3.9	263,858	272,262	-3.1

HEWLETT-PACKARD TO MAKE HOME 2-WAY TV BOXES: Hewlett-Packard (HP), which says it has "played a prominent role in consumer electronics for more than 20 years" via its handheld information products, plans to move into TV by supplying interactive home TV units for 2-way TV Answer (TVA) system.

TVA hopes to launch its unique wireless system in about year as result of FCC's recent allocation of spectrum space for Interactive Video & Data Service (IVDS) or interactive TV (TVD Jan 20 p5). TVA, which uses type of cellular radio system for transmitting from viewer's home to its satellite hub site, says investment in receiving equipment is only expenditure required of consumers. It cites as possible applications shopping, bill paying, personal message services, educational classroom training, home participation in game shows, polls, promotional contests. TVA announced last year that Hughes Network Systems would install satellite personal earth stations called VSATs (very small aperture terminals) for use in cell sites across nation.

HP says it will make more than 1.5 million home units available in first year through retailers at suggested list price of less than \$700, which Personal Information Products Group Vp-Gen. Mgr. Robert Frankenberg called "lower than the first VCR or the first CD player." He conceded price would "decay rapidly" in line with practice in consumer electronics industry. TVA Pres.-Founder Fernando Morales described arrangement with HP as "partnership" rather than contract -- presumably meaning no money has changed hands -- and TVA Exec. Vp Richard Miller told us deal is exclusive for life of TVA's patents. Frankenberg hailed system as "bringing together the TV and the computer."

Home terminal envisioned by TVA and HP will be about size of VCR, attach to TV set by 2 cables, use "wireless hand-held joystick" for control. If FCC approves first applications (chosen by lottery) on schedule by year-end, Morales said first stations or cable systems could be using TVA by this time next year. TVA hopes to start in individual market areas, then develop into full-fledged national network, while HP foresees eventual development of accessories and peripherals for system, such as inkjet printers.

TVA, based in Reston, Va., with manufacturing operations in Chantilly, Va., is privately owned by syndicate of Mexican investors. Morales said company already had spent more than \$60 million on system and estimated it would invest \$200 million more. He said TVA and HP would work through established consumer electronics retailers to sell home attachment. Said HP's Frederickson: "We believe this can create a new resurgence in the U.S. consumer electronics market."

PHILIPS IN PUBLIC CES: Philips will have major exhibit at Summer Consumer Electronics Show (CES) in Chicago May 28-31, according to source at sponsor EIA Consumer Electronics Group (CEG), although Philips itself has yet to make announcement. CEG said company has reserved 10,000 sq. ft. of exhibit space. Final 1-1/2 days of show will be open to public.

Sony last month said it wouldn't be on show floor in Chicago this spring, largely because of scheduling of its own shows for dealers (TVD Feb 10 p15).

Philips is expected to use occasion to feature its 2 latest developments -- CD-I and DCC. Coincidentally, CEG Group Vp Gary Shapiro commented in news release: "The arrival in 1992 of DCC products paints a positive picture for sales of audio equipment. This groundbreaking digital home recording technology will give consumers new reasons to upgrade their current home recording equipment." Statement didn't mention Sony Mini Disc, also due for arrival in 2nd half of year.

Onkyo, which has been fixture at Chicago trade event for years, has opted not to take exhibit on main floor at upcoming consumer event, National Sales & Mktg. Mgr. Ted Green said, citing "corporate decision."

Meanwhile, CEG announced that Video Magazine had been chosen to produce official Consumer Show Guide that will be distributed free to all paying consumer attendees. It's understood choice was made on basis of competing proposals. CEG spokeswoman confirmed that consumer electronics advertisers must be either CES exhibitors or Chicago retailers, although nonelectronics advertising will be accepted. Jay Rosenfield, pres. of Video publisher Reese Communications, said price and mail order advertising would be prohibited. CEG stipulated that at least 40% of space must be devoted to editorial material.

Consumer intentions of buying TV sets in Feb. were down slightly from Jan. and from year earlier, Conference Board reported last week. Some 6.3% of sample said they planned to buy TV in next 6 months, down from revised 6.5% in Jan. and 6.6% in Feb. 1991. Feb. figure was lowest of last 12 months, with exception of disastrous 5% last May. High for year was 8.5% last March. Board found consumer confidence in economy at 17-year low in Feb.

Tandy last week started "Dutch Auction" tender offer to repurchase 12 million of its common shares, about 16% of total outstanding. Holders are invited to tender at price between \$27 and \$32 per share. Offer isn't conditioned on any minimum number of shares' being offered.

MATHES SHIPPING AGAIN: Curtis Mathes (CM) is shipping to its dealers again after U.S. Bankruptcy Court in Tyler, Tex., approved interim release of cash collateral to back 4-year limited warranty on its products, move opposed by creditor ITT Commercial Finance Corp., which sought collateral itself, but strongly backed by Jason Searcy, Longview attorney who was named trustee after Arthur Unger stopped delivery of products during his brief reign as CM chmn. (TVD Feb 10 p17, Feb 3 p10).

After firing Unger and Bert Fonseca, who had been pres. for a time, Searcy named 4 CM veterans to senior management committee: Horace Kelton, William Park, James Jenkins, Thomas Polley. Searcy will administer warranty trust account. Jenkins, who is CM sales mgr., said in commenting on resumption of shipments: "Our franchisees and dealers are very pleased with our new 4-year limited warranty plan. They've shown their approval in the most positive way -- by giving us orders."

Although CM is understood to owe \$14 million to ITT Commercial Finance, list of 20 largest unsecured claims is headed by \$185,533 owed to AD Assoc. Others are local firms and governmental bodies (city, county), utilities, etc. Filing lists assets of \$29,848,000, debts of \$43,465,000.

Asked about proposal by Curtis Mathes Computer (no relation) to take over "certain assets" of CM, including trademark and current business operations, Virginia Guy, Trustee Searcy's administrative asst. told us: "There is no consideration of any purchaser. We are looking for someone who will exercise due diligence in taking over the company." As for current number of CM dealers, she said: "We only know that the company's records list 718."

Bill to withhold most-favored-nation (MFN) status from China unless certain conditions are met was passed last week by Senate, 59-39, and sent to White House. House passed same bill 409-21 last Nov. Among conditions: Release nonviolent dissidents, end religious persecution in Tibet, guarantee freedom of assembly and media. Bill faces veto by President Bush. If China were to lose MFN status, import duties here could become prohibitive -- duty on TV sets, for example, rising to 35% from 5%. Hong Kong, which has major investments in China, also would be affected adversely.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 129 yen = \$1, except where noted.

NO ZENITH FIGHT--NYCOR: As Feb. 28 deadline approached for submitting board nominations for Zenith's April 28 annual meeting, Nycor indicated last week it wouldn't field slate of nominees. Nycor's nominees for Zenith board were soundly defeated at last year's annual meeting (TVD April 29 p9).

Nycor, which still holds about 7.6% of Zenith's stock and believes it's company's largest stockholder, itself is confronted with earnings problems, presumably related to slow air conditioner sales. Nycor is owned by same stockholders as Fedders, which has suffered 2 years of losses and is forecasting loss in first half of fiscal 1992.

"Several factors are optimizing the outlook for Zenith in 1992," Nycor CEO Sal Giordano Jr. said early last week, citing "Zenith's potentially cost-saving shift of production to Mexico, Japanese manufacturers' preoccupation with their losses at home and the improving U.S. market for TVs, VCRs and camcorders. These should promote a turnaround at Zenith without any stockholder initiatives. While current management has consistently racked up losses every year, beginning [in] 1985, present conditions offer Zenith a 'no excuses' opportunity to report a full-year profit for 1992 and avoid management's replacement or loss of the company's independence."

Zenith declined to comment on Nycor statement, except to challenge Giordano's remark that color TV market is "improving." Zenith Chmn.-Pres. Jerry Pearlman said U.S. industry color TV sales are off 13% in year's first 7 weeks in direct comparison with same 1991 weeks. EIA's skewed calendar for this year (which runs 6 days ahead of last year's calendar) shows direct-view color TVs 10.2% behind last year in sales to dealers for first 6 weeks (see State of the Industry).

We've learned, meanwhile, that Nycor no longer is represented by Ogilvy, Adams & Rinehart, PR agency it retained for communication in its battle to take over control of Zenith.

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Pearlman didn't promise profit for full-year 1992 in closed meeting with financial analysts in N.Y last week, according to those attending. He said restructuring and investment costs for 1991-1992 were somewhat higher than expected, but reported \$9-million gain on sale of Taiwan plant and cited move of monitor business to Mexico.

Zenith demonstrated 15" and 17" (overall diagonal) flat tension mask (FTM) computer color monitors to analysts and said that it's shipping 15", will start shipping 17" version soon to first customer and expects to have problems of 22" FTM tube solved by year-end. Pearlman expressed guarded optimism for govt. grant to complete development of 22" tube. Zenith announced earlier it won't offer FTM TV tube smaller than 27" (viewable diagonal).

Pearlman revealed Zenith will offer its first 32" set this year, presumably buying tube from Toshiba. He said company is restructuring nonconsumer business, filling last orders for some products it will drop, such as commodity power supplies and some auto electronics circuit boards.

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Matsushita plant in Vancouver, Wash., still is "producing TV/VCR combinations and VCR products," spokesman at company's U.S. hq said last week, declining to comment further. Tokyo spokesman told us last month that VCR deck production there may be phased out (TVD Feb 10 p15).

JVC/SEGA GAME CONSOLE: JVC and Sega announced plan to begin shipments next month in Japan of game console that will accept both cartridge and CD-ROM software for Sega Mega Drive, known as Genesis in U.S. and Europe (TVD July 8 p12). Neither company announced specific plans for selling similar player in U.S. Sega plans to introduce accessory CD-ROM player for Genesis this summer, kicking off major merchandising effort at Consumer Electronics Show in Chicago.

JVC said "WonderMega" will sell for about \$640, with first shipments set for April 1. Console, 15" wide, 8.3" deep and 3" high, also will be able to play standard music CDs, CD+G discs and is CD+Midi-compatible. JVC will bundle WonderMega with software package including 4 games and 4 karaoke programs with CD graphics. JVC will make console for both companies at its Yamato plant in Kanagawa prefecture, aiming for monthly sales of 4,000-5,000 units. Sega says it's seeking for sales of 100,000 consoles this year.

Sega will sell same console with slightly different cosmetics, but without software, for \$620. Sega will concentrate distribution on toy channels, while JVC will distribute through electronics shops. Sega says it has sold 200,000 CD-ROM players that attach to Mega Drive since accessory came on market last fall.

NEC, which was first to introduce CD-ROM to videogame world with TurboGrafX-16 (PC Engine in Japan), has been selling PC Engine Duo -- combination CD-ROM/cartridge console -- since last summer in Japan. Turbo Technologies, recently formed NEC/Hudson Soft joint venture that will take over marketing of TurboGrafX April 1, will launch U.S. version of PC Engine Duo in fall.

MITSUBISHI'S LASERDISC STAKE: Add Mitsubishi to Japanese names moving into American software business, presumably with long-range multimedia ambitions. Compared with Sony and Matsushita, Mitsubishi's move is small beginning. In \$4-million investment, parent Mitsubishi and subsidiary Mitsubishi Plastics have purchased 3.4% stake -- 380,952 shares -- of Image Entertainment for \$10.50 per share.

Image claims 35-40% share of U.S. laserdisc market and has extensive library of titles and distribution agreements with programmers. Image Mktg. Vp David DelGrosso didn't provide specifics on possibility of Mitsubishi's buying greater share in company, but said companies are left with several options. "Based on recent acceleration in this business, many options are becoming apparent for the future so I think we'll have an excellent opportunity to grow beyond where we are in this relationship," he said. "Together, we think we'll sell more laserdiscs."

In connection with deal, Image entered into nonexclusive pact under which Mitsubishi will "become a significant manufacturing source for Image." Mitsubishi Plastics has focused recently on information media and electronics material.

Just one week earlier, Image announced establishment of Alternative Programming Div. to exploit marketing opportunities in consumer CD-ROM software (TVD Feb 24 p14).

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Moody's Investors Service has assigned Prime-1 rating to yen commercial paper of Matsushita and TDK parent organizations in Japan.

NEWMARK & LEWIS PAYCHECKS: About 250 former employees of Newmark & Lewis (N&L), now-liquidated N.Y. retailer (TVD Jan 20 p15), met last week to coordinate efforts to collect on paychecks that bounced when banks suddenly froze company funds last month. Ray Battisoni, former store mgr. who helped organize meeting, said attendees claimed they were owed total of more than \$600,000 and were holding \$218,000 in bounced checks.

Ronald Fleisher, former pres.-CEO who addressed group, told us that at meeting before liquidation announcement, he and Chief Financial Officer Jeffrey Goldberg had been assured by National Westminster Bank (NatWest) and Chase Manhattan that all payroll checks would be honored during liquidation period, assuming presence of funds. Goldberg said adequate funds were available to cover checks when accounts were frozen. NatWest spokesman said account was frozen because N&L had exceeded preapproved budget during liquidation period, charge that Goldberg denied. Chase spokeswoman said N&L had authorized payments beyond strict payroll (such as back vacation pay) during liquidation, which hadn't been authorized by court. Late in week, Ian Gazes, N.Y. attorney, was appointed by court as trustee -- action that should speed resolution of dispute.

In meantime, various legal actions are being considered by former employees. Battisoni said he had explored possibility of class action suit with private attorneys; at end of week, it appeared that employees would accept offer of legal help from Teamsters Local 966, of which former N&L salespeople are members. Fleisher declined extensive comment on situation, but said he's preparing his own legal action. He said that "what concerns me most is that we did make promises to employees" based on conversations with banks, and that "it's simply not right" that payroll checks weren't honored.

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'Wanted! Newmark & Lewis customers' read bold ad in N.Y. newspapers Fri. P.C. Richard, Long Island retailer that last week received court approval to purchase 8 former N&L stores (3 in Brooklyn, 2 in Queens and 3 on L.I.), ran TV and print campaign offering 10% discount to anyone bringing in old N&L receipt. Smaller print says offer, which expires today, also applies to those holding old P.C. Richard receipts.

CIRCUIT CITY REAL ESTATE: Boston-area retail sources say Circuit City (CC) has taken options on at least 6 sites for stores in that city's suburbs. Company reportedly has signed for stores in Danvers, Burlington and Somerville, as well as in nearby N.H. towns of Nashua, Portsmouth, Manchester. Sources said stores wouldn't open before 1993. CC officials couldn't be reached for comment. Company already operates Impulse stores in Boston area.

Meanwhile, industry sources were skeptical of recent widespread reports that CC would open stores in Chicago this year. Broadcast and print media in Chicago said company was selecting sites. Company refused to comment. Suppliers and competitors said that opening in Chicago would require major acceleration in CC's normal building cycle; instead, they said, retailer apparently is going through normal site scouting process for launching stores next year or later.

CC has said it plans to open about 30 superstores in year beginning March 1, including entries in San Antonio-Corpus Christi, New Orleans-Baton Rouge, Oklahoma City, Tucson (TVD Jan 13 p14). It also left door open for "additional market entries subject to competitive conditions and real estate opportunities." Meanwhile, Best Buy executive confirmed that chain plans to begin opening its first Chicago stores (TVD Nov 18 p13) in Sept.

Consumer Electronics Personals

Job shifts at Philips Consumer Electronics: **Paul Fredrickson**, vp-mdsg. and communications, named vp-Interactive Media Systems (CD-I); **Gerald Calabrese**, who held that post, named mdsg. vp, with Fredrickson's prior communications responsibilities now handled directly by Senior Mktg. Vp **James Newbrough**; **David Berger** named mktg. vp-Personal Information Products (PIP), with **Ralph Palaia**, sales and mktg. vp-PIP, now responsible solely for sales.

Toshikazu Mitsuda, chmn., Sharp Electronics Corp. (SEC), Mahwah, N.J., March 1 became chief exec. of all Sharp European subsidiaries, continuing as a dir. of parent Sharp Corp., Japan. Other changes at SEC, effective same date: **Sueyuki Hirooka** moves up from SEC pres. to chmn., responsible for all of company's N. American activities, succeeded as senior vp-Information Systems Group by **T. Urushisako**, senior vp-Consumer Electronics Group, post that will be occupied by **Perry Clay**, currently group vp; **M. Sawanoi**, gen. mgr., CEG business administration, becomes CEG group vp.

L.T. Hickey Jr., sales and mktg. vp, elected pres., OI-NEG TV Products, joint glass-making subsidiary of Owens-Illinois and Nippon Electric Glass; post had been held on acting basis by **Terry Wilkison**, O-I vp-gen. mgr.-plastics and specialized glass operations... **Eli Harary**, ex-Paris Audio, joins JBL Consumer Products as fulltime gen. mgr., specialty products... **Paul Foschino**, former Technics executive who joined Sony year ago as mobile electronics vp, shifts to unspecified Sony post related to Mini Disc project; he's succeeded by **Douglas Wilsterman**, who formerly handled Sony OEM autosound sales in Detroit office... **Brian Matos** promoted to Allsop key account sales dir. at new Atlanta office, succeeded as national sales mgr. by **John Walstad**, ex-Fuji... **Tommy Freadman** promoted to Altec Lansing Consumer Products vp-engineering, **Paul Tamberelli** advanced to vp-sales.

John Kitler, ex-Sound Advice, named National Electronics Warranty Corp. account development mgr... **Frank Sterns**, ex-Infinity, joins Niles Audio March 9 as sales vp... Alpine Vp **Kazu Akutagawa** assumes additional post of Luxman vp formerly held by **Ken Akiyama**; Luxman Product Planner **Terry Yoshima** assumes national technical services mgr. duties of **Thomas Cumberland**... **Jerry Pearlman**, Zenith pres.-chmn., will be keynote speaker at April 13 opening ceremonies of HDTV World at NAB convention in Las Vegas... **John Mitchell**, vice chmn., Motorola, will receive EIA Medal of Honor at Govt./Industry Dinner March 17, J.W. Marriott Hotel, Washington... Orion Home Entertainment Chmn.-CEO **Leonard White** adds duties of Orion Pictures interim pres.-CEO, replacing **William Bernstein**, named Paramount Pictures exec. vp; both appointments are effective today (March 2)... **Michael Gavigan** advanced to Buena Vista Home Video sales planning and administration dir.



New data on audio sales for 1991 were released last week by EIA Consumer Electronics Group (CEG). It gave breakouts of categories in which 1991 factory dollar sales exceeded those of 1990. EIA issued 1991 results in broader sales classifications last month (TVD Feb 17 p12). Product categories with 1991 gains included: Portable CD players, 36.7%; radio-tape-CD players, 44.2%; compact systems, 28.2%; car radio-tape decks, 12.1%; in-dash CD players, 20.9%; home CD changers, 22%.

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Sony hopes to make Mini Disc (MD) basis of portable computer, video and multimedia products, according to 2 lengthy profiles -- in Feb. 23 N.Y. Times and Feb. 24 Fortune. Both noted scattershot approach that made Data Discman incompatible with company's other information products, such as Palmtop computer. Times's piece, less enthusiastic than Fortune's, mentioned Sony's "secretive agreement... to combine Apple's easy-to-use software with Sony's friendly look and feel." Fortune cited shakeup, reported earlier (TVD Jan 13 p13), that will "restructure the audio, video and computer groups so they can coordinate new products better, [aiming] partly to economize and eliminate overlapping development efforts." Articles reach different conclusions. Fortune: "To Sony's army of product wizards, it's business as usual -- working and dreaming overtime to invent and ride the next high-tech wave." Times: "The true test for Sony... is whether it can sustain its remarkable pace of innovation while management is diverted by Hollywood, by the political tensions between Japan and America and by running an enterprise now half the size of IBM... In Tokyo... the screenplay needs another rewrite."

Cathay Pacific Airlines has signed with Philips Avision to develop complete entertainment system for its new fleet of A330 aircraft.

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
Audiovox 1991-year to Nov. 30 1990-year to Nov. 30	327,966,000 308,147,000	(14,658,000) (3,192,000)	__.a __.a
Cohu 1991-year to Dec. 31 1990-year to Dec. 31 1991-qtr. to Dec. 31 1990-qtr. to Dec. 31	48,364,000 44,031,000 12,507,000 12,776,000	2,642,000 2,728,000 648,000 664,000	1.30b 1.36 .31 .32
Comsat 1991-year to Dec. 31 1990-year to Dec. 31 1991-qtr. to Dec. 31 1990-qtr. to Dec. 31	522,900,000 456,800,000 141,300,000 116,800,000	44,800,000 (16,300,000) 15,700,000 (66,300,000)	2.35a __.a .82 __.a
Craig 1991-qtr. to Dec. 31 1990-qtr. to Dec. 31	-- --	784,000 2,283,000	.12b .36b
Handleman 1992-9 mo. to Jan. 31 1991-9 mo. to Jan. 31 1992-qtr. to Jan. 31 1991-qtr. to Jan. 31	751,918,000 562,520,000 306,285,000 198,222,000	30,146,000 20,919,000 12,054,000 4,248,000	.91 .64 .36 .13
Heritage Media 1991-year to Dec. 31 1990-year to Dec. 31 1991-qtr. to Dec. 31 1990-qtr. to Dec. 31	222,360,000 203,854,000 70,844,000 65,119,000	(14,958,000) (24,950,000) (681,000) (6,376,000)	__.b __.b __.b __.b
Matsushita Electric ^c 1991-9 mo. to Dec. 31 1990-9 mo. to Dec. 31 1991-qtr. to Dec. 31 1990-qtr. to Dec. 31	45,382,000,000 40,251,000,000 16,041,000,000 14,274,000,000	1,041,000,000 1,689,000,000 419,000,000 674,000,000	4.73d 7.65d 1.90d 3.04d
Philips Electronics ^e 1991-year to Dec. 31 1990-year to Dec. 31	30,769,978,000 30,110,151,000	649,028 (2,289,000)	2.17 __.a

Notes: ^aAfter special charge. ^bIncludes special credit. ^cAt rate of \$1 = 125 yen. ^dPer ADR. ^eAt rate of \$1 = 1.852 guilders.

Sharp has signed license agreement with inventor Gilbert Hyatt for 2 portfolios of his U.S. patents relating to microprocessors and LCDs. Hyatt said last week. Company is one of 6 Japanese firms to sign up. Hyatt said others included Sony and NEC, previously announced (TVD Feb 10 p14). Also previously reported as licensee was Toshiba, not identified in Hyatt's announcement, which declined to identify 3 of companies.

Fire destroyed main Denver store and warehouse of Valas TV & Appliance Feb. 7, with damage estimated over \$1 million. Company currently is operating out of its other store in suburban Arvada.

OBITUARY

Lawrence Hilford, 57, former Orion Home Entertainment chmn.-CEO, died Feb. 21 of protracted cancer at his home in N.Y. He started studio's home entertainment unit in 1986 and headed it until his retirement in Feb. 1991. Veteran of cable and video, he founded and served as pres. of pioneering video rental company Cartridge Rental Network based on now-defunct Cartrivision VCR system, launched Showtime pay-TV network in 1970s as Viacom International exec. vp-dir., ran Bravo as consultant and started Playboy pay-TV service and its home video ventures. He joined Orion from CBS/Fox Video, where he was pres.-CEO. Wife, 3 sons survive.

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With Consumer Electronics

MARCH 9, 1992

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

DAB CALLED THREAT: NAB says WARC decision on satellite delivery threatens local broadcasting. DAB interests elated. WARC divided on HDTV. HF broadcasting, satellite uplinks get help. (P. 1)

INDECENCY DELAYS CPB: Reauthorization debate postponed indefinitely as reports surface of controversial riders. (P. 2)

FOX LEAVES INTV: Cost motivates pullout of 7 owned stations. Fox says move isn't intended as signal to affiliates, which back INTV. Hedlund says loss isn't 'body blow.' (P. 4)

INDECENCY BAN BLOCKED as Supreme Court refuses to review lower court ruling. Safe harbor for such broadcasts now 8 p.m.-6 a.m., although rulemaking is due to extend time. (P. 4)

VDT CALLED PREMATURE by cable and city groups. Lack of telco interest means there's no need for rulemaking, they say. Telcos see cable cross-subsidies likely. Broadcasters lukewarm. (P. 5)

CBS STATION PAY UNDECIDED: Executives and affiliates' make little headway on compensation. Network seeking cuts. No figures available. (P. 5)

TV REVENUES DOWN 5.2% in 1991. TvB sees 1992 upturn. Network was off 6.7%, national spot 9.2%, local 4.6%. Syndication (including Fox) shows increase. (P. 5)

DAB DECISIONS THREAT TO BROADCASTERS: NAB called spectrum allocation for digital audio broadcasting (DAB) by World Administrative Radio Conference (WARC) threat to future of terrestrial broadcasting in U.S., but DAB interests were elated by decision, calling spectrum assigned them best available. Americas and rest of world, meanwhile, remain divided on what spectrum to use for satellite-delivered HDTV.

Broadcast satellite sound (BSS) decision at WARC conference in Torremolinas, Spain, that ended March 3, is "a threat to our system of local over-the-air terrestrial broadcasting," NAB said. WARC agreed to allow satellite sound, including DAB, in L-band, although U.S. and handful of other countries took exception that blocks service in L-band in their territory and allows it in S-band. U.S. had proposed that BSS be in S-band (2.3 GHz), while Conference of European Posts & Telecommunications (CEPT) originally had wanted 2.5-2.6 GHz (SW March 2 p1) and Canada and others had backed L-band (1.5 GHz). When CEPT agreed to L-band, balance tipped against U.S.

Canada and Mexico probably will pressure U.S. to move military telemetry operations now in L-band to S-band, making it easier for companies in their nations to deliver L-band DAB, NAB said. Canadians and Mexicans now would have to coordinate L-band DAB with U.S. govt. to avoid interference. NAB also said

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INDUSTRY AT DEAD CENTER as doldrum season begins, awaiting clues for rest of year. Despite uncertainties, retail sales reports are encouraging. (P. 11)

MATSUSHITA INVESTMENT in SMSG, Silicon Valley firm, is reported in Japan, though not confirmed. Deal would be company's boldest move yet into multimedia. (P. 12)

CAMCORDER, CD PLAYER and VCP imports set records in 1991. VCR deck imports were up 8.2%, but for first time Japan accounted for less than half of them. (P. 12)

RETAIL SALES at major chains in Feb. rose significantly, though comparisons with last year must take into account effects of Gulf War. (P. 14)

CES 'OUTBOARDING' hit in letter to hotels on showrooms for nonexhibitors. Public CES ticket plans announced. Goldstar out of summer show. (P. 14)

DCC-MINI DISC 'WAR' seems more likely now. Timmer concedes possibility of standards battle. (P. 15)

POOR FINANCIAL REPORTS from overseas continue, with Europe's Nokia posting operating loss. NEC consumer results down. Samsung, Goldstar decline. (P. 15)

NATIONWIDE PRIME-TIME meeting turns into mini-CES, with more than 100 vendors displaying merchandise and show specials to buying group's members. (P. 16)

that "for the U.S. terrestrial broadcasting system to remain competitive, it is urgent now that all proponents of terrestrial DAB systems develop them quickly." NAB is backing in-band DAB systems.

WARC rejected European proposals to delay allocation of spectrum for BSS service until 2000. Marcor Pres. Martin Rothblatt said he was "elated" at amount of spectrum for BSS. He said 40 MHz in rest of world and 50 MHz in China, Commonwealth of Independent States and U.S. is more than double existing FM band, providing more than enough spectrum to meet foreseeable DAB requirements. Worldspace Chmn. Noel Samara said allocation included "the best available frequencies."

No worldwide compromise on satellite-delivered HDTV was reached at WARC. Instead, conference decided satellite HDTV would be allowed at 21.4-22 GHz in Europe, Africa, Asia and Australia, and in 17.3-17.6 GHz in Americas. Allocations have secondary status until 2007, meaning any interference issues would have to be resolved in favor of other, primary users. HDTV feeder links would be in 18.1-18.4 GHz band in Americas, and in 24.25-25.25 GHz elsewhere. U.S. groups expressed little interest in HDTV allocation since they expect HDTV to be terrestrial service using existing bands.

WARC also allocated nearly 800 kHz additional spectrum for high-frequency broadcasting, figure that U.S. considered helpful but still insufficient to meet need of broadcasters such as VOA. Fixed satellite service gets additional 250 MHz of spectrum under another WARC agreement. Spectrum, which could be used by services such as Intelsat, would increase amount of uplink frequency for Ku-band fixed satellite service by 50%, eliminating imbalance in uplink and downlink capacity that could have led to shortage of satellite capacity, Intelsat official said.

INDECENCY BAN AMONG PLANNED CPB BILL RIDERS: Partisan dispute over crime reforms prompted Senate last week to delay indefinitely debate on CPB funding reauthorization (S-1504) just as reports of potentially controversial riders to public broadcasting bill had begun to surface. Among possible amendments: Revamped ban on indecent programming and restoration of fairness doctrine.

Outlook for CPB bill is uncertain now, aides said, although debate could resume at any time. More likely, debate will be postponed for several weeks, we're told. Once debate does resume, there's every likelihood it will become bogged down by other parliamentary maneuvers to slow, if not derail, vote on CPB funding, according to Sen. Gore (D-Tenn.). Conservative Republicans believe that public TV-radio programming reflects liberal bias and shouldn't be subsidized by taxpayers. "I don't know anyone who wants to kill Big Bird," Sen. Helms (R-N.C.) said in debate. "We are talking about people who pick the issues and the spin they put on them" -- spin he called "left-wing radical." Helms and allies, including Senate Minority Leader Dole (R-Kan.), said public broadcasters should be made more accountable for expenditures. Dole denied that Republicans were holding S-1504 hostage because of concerns about program quality, censorship or NPR's reporting on nomination of U.S. Supreme Court Justice Clarence Thomas, but said Republicans are troubled by what they see as ideological bent of public broadcasting, mentioning PBS's presidential primary coverage.

Senators shed little light on changes they planned to offer. However, we learned that some Republicans are considering amendment that would extend Freedom of Information Act (FOIA) to CPB, which as private, nonprofit corporation is exempted from law but as matter of policy has followed it. Sen. Bingaman (D-N.M.) apparently is considering one or more amendments for CPB to study whether public broadcasting's satellite system could be used for grade K-12 instructional programming and for creation of preschool learning channel. Amendments also are said to be planned for new disclosure requirements for recipients of CPB funding and to cap amount of federal funds that could be expended for salaries by outside program producers. Sources stressed that new disclosure requirements wouldn't extend to NPR and PBS. Also rumored to be under consideration are amendments to limit CPB reauthorizations to single year, require disclosure of interlocking management arrangements and prevent earmarking of production funds. CPB is seeking \$1.1-billion for FY 1994-1996.

Proposed indecency ban reportedly would apply to all commercial and noncommercial stations and extend beyond safe harbor hours ruled unconstitutional by U.S. Appeals Court, D.C. U.S. Supreme Court has let that decision stand (see related story, this issue) (TVD March 3 p2), much to consternation of ban's author Helms. Senator reportedly will support new proposal to be offered by Sen. Byrd (D-W.Va.) for ban in hours 6 a.m.-midnight, sources said. Helms was critical of such public broadcasting programs as Tongues Untied documentary on black gay men. Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) questioned Republican opposition to efforts to restore fairness doctrine, which Democrats repeatedly have been unable to reinstate. Policy was dropped by FCC under Reagan Administration. Subcommittee aides later denied

rumors of Inouye amendment to return doctrine but left open possibility that his comments presaged rider effort by someone else.

Amendments "would tamper with the founding vision of public broadcasting," APTS Dir.-National Affairs John Lawson said at news briefing last week. "They want to turn it into a government agency so that they can control us, so that we don't take [programming] risks." PBS Exec. Vp Robert Ottenhoff agreed, saying, "the real concern is that we are being asked to narrow our focus." Among prospective amendments that public broadcasters say prompt most concern: (1) Change that would provide some form of guaranteed access to air time by individuals or groups who think their views aren't represented adequately in programming. (2) Reduction in CPB reauthorization period to single year from current 3 years. (3) FOIA extension to public broadcasting's national organizations and possibly to stations. That would set "very dangerous precedent" in equating public broadcasting with govt. entities, we're told. Amendment could endanger Independent TV Service, source of much conservative criticism. APTS' Lawson acknowledged that even if Senate bill is amended, it would have to be brought in sync with House bill approved late last year that field generally supports. He said, however, that lack of approved bill could harm prospects for FY 1995 CPB appropriations, with hearings set to start in early April.

Bill had been tied up for months in procedural delays that finally were broken on 87-7 cloture vote last week forcing Senate to consider S-1504 in maximum 30-hour debate. Seven opponents: Craig (R-Ida.), Dole, Helms, Lott (R-Miss.), Nickles (R-Okla.), Smith (R-N.H.), Wallop (R-Wyo.). Although none had publicly acknowledged connection with "holds" that have kept measure from floor, only Helms and Wallop were said not to have had holds. Vote came same day that representatives of some 50 public TV (PTV) stations were on Capitol Hill for prescheduled lobbying day.

Senate debate comes amid period of heightened ideological pressure on public broadcasting, including pledge by Republican presidential challenger Patrick Buchanan to end federal funding of public radio. There also was new study of PBS-distributed public affairs documentaries released by Center for Media and Public Affairs that concluded content was "tilted consistently in liberal direction."

Gillette, Wyo., cable case is "very good news" for cities interested in regulating rates, said Joseph van Eaton, attorney for city. In first case of its type, U.S. Dist. Court in Casper ruled in Nov. that city could regulate rates under FCC's old effective-competition definition, and declared tiering method employed by TCI in city was illegal attempt to avoid rate regulation. Court still is considering whether city can regulate expanded basic. Toughest issue under new FCC effective-competition rule is determining whether satellite dishes meet 10% penetration standard, van Eaton said at National Assn. of Telecommunications Officers & Advisers session in Washington last week. Gillette sent employee around city simply to count dishes, method van Eaton said would be nearly impossible in larger cities. Douglas Webbink, chief of Policy & Rules Div. in FCC's Mass Media Bureau, said Commission still isn't sure what percentage of cable systems could be regulated under new rule: "We're not sure if it's 50 or 55%, but it's clearly a higher number" than under old rules. Lawyer Patrick Grant, who also represents cities, put figure at "maybe 25 to 40%" of cable systems, depending on how broadcast signal availability is defined.

Broadcasters should be permitted "to tailor the EBS [Emergency Best. System] test script to local conditions" and to activate and monitor EBS operations by remote control, NAB told FCC in comments on rulemaking (Doc. 91-301) on proposed revisions. NAB also urged Commission to limit use of EBS to actual emergencies and authorized tests and, during tests, to permit stations to air EBS tone minimum of 8 sec., maximum of 25.

Commemorating 50th anniversary, Armed Forces Radio-TV Service (AFRTS) will receive 1992 Golden Mike Award from Best. Pioneers at Sept. 15 dinner, Plaza Hotel, N.Y.

MPAA and NAB broke off talks March 6 without reaching agreement on retransmission consent and cable compulsory license. MPAA wanted NAB to back off from retransmission and support its plan to phase out compulsory license. NAB Pres. Edward Fritts said it would be "more appropriate" for broadcasters to "continue pursuit of the retransmission consent/must-carry option as part of a comprehensive cable bill... We know that MPAA has a series of concerns with existing copyright law and if, in the future, any specific legislative proposals are introduced, we will be happy to review them." MPAA Pres. Jack Valenti said he had hoped to meet throughout weekend to resolve issue by March 9 and was disappointed about end of talks: "We would love to continue. I think it is far wiser and saner to try to find common ground, but they said there's no more use in the talks, so there is nothing we can do about it." Valenti said he's willing to reopen talks any time.

Advanced TV Research Consortium (ATRC) has asked FCC advisory committee to defer consideration of its NTSC-based Advanced Compatible TV (ACTV). ATRC, which includes NBC, Thomson, Philips and Sarnoff and Compression Labs, had asked that FCC consider ACTV as standard for advanced TV, but also proposed its own simulcast HDTV system. Sarnoff Labs Pres. James Carnes said FCC's Advanced TV Advisory Committee has agreed to defer considering ATRC. "We believe the emphasis should rightfully be placed where the maximum benefit for the United States will reside -- on digital transmission," he said. Carnes said progress on digital HDTV, as well as public preference of FCC Chmn. Sikes for full HDTV, indicates enhanced-definition NTSC systems shouldn't be evaluated until at least after HDTV work is completed. ACTV will remain on table for consideration if there are problems with digital HDTV, officials said.

FOX STATIONS DUMP INTV: Fox Inc. has pulled its 7 TV stations out of INTV in move that Senior Vp-Affiliates Preston Padden said isn't intended "as any kind of signal to our affiliates... We recognize that different stations will reach different conclusions regarding [INTV] membership." Decision was made by Greg Nathanson, pres. of Fox TV Stations, reportedly last Dec. Announcement hasn't been made, but word leaked out last week. Nathanson didn't return our phone call.

Fox stations contributed about \$200,000 of INTV's nearly \$3-million budget. INTV Pres. James Hedlund (who succeeded Padden in that post) told us: "It is not a body blow to the organization... I had no idea it was coming but on the other hand it was not a surprise... We're always sorry to lose members but it may be healthy for Fox affiliates and non-Fox independents for [INTV] issues to be discussed and decided without oversight from Fox." He said no other Fox affiliates have given any indication they plan to leave INTV.

Nathanson decision was kept under wraps until after INTV's Jan. 7-10 convention in San Francisco. Hedlund was informed in late Jan. in letter from Nathanson, which hasn't been made public. Fox gave INTV convention short shrift this year -- sending none of its station executives and shifting its annual affiliates' meeting from INTV to NATPE (TVD Jan 13 p3).

We're told policy disagreements between Fox and INTV had nothing to do with resignation of stations, although Fox and Assn. are divided sharply on compulsory license, with Fox wanting it abolished and INTV strong for its retention. Fox stations: KTTV L.A., WTTG Washington, WFLD Chicago, WNYW N.Y., KDAF Dallas, KRIV Houston, KSTU Salt Lake City. All Fox stations are NAB members but only WTTG belongs to MSTV.

"I'm disappointed but I'm not surprised," Kevin O'Brien, KTVU San Francisco vp-gen. mgr. and chmn. of Fox TV affiliates told us. He called Fox decision "short-sighted... It's a difficult economic environment [but] we're all facing difficult times... The timing is just terrible because of the difficulties facing independents... I hope it doesn't weaken INTV, [which] is crucial in representing the underdog." While Fox wouldn't comment officially, decision to take its stations out of INTV was said to be economic one.

Fox affiliates were quick to praise efforts of INTV after Fox pulled out and have written Assn. that they have no intention of following suit. "You have my full commitment for continued support," O'Brien wrote Hedlund. "Throughout the years, INTV has provided a valuable service to all independent stations -- both Fox and non-Fox-affiliated stations." Wrote James Boaz, pres. of Paramount Stations Group: "Rest assured, that as key Fox affiliates, we intend to continue supporting INTV... Your lobbying efforts... have benefited both Fox affiliated and non-Fox-affiliated stations alike." Harry Pappas, head of Pappas Telecasting: "You should be aware that many Fox-affiliated stations believe that INTV remains vitally important to representing our interests in Washington... Please be advised that my Fox-affiliated stations remain supportive..." None of Tribune Bctg. stations is Fox affiliate and Tribune and Fox have been at cross-purposes many times. Said Tribune official of Fox action: "It was bound to happen... We are with INTV now, then, and for the future as long as it represents independent stations."

FCC invited users of its Mass Media and Dockets Public Reference Rooms to March 19 meeting (10 a.m., Rm. 856) to discuss their operations.

INDECENCY BAN BANNED: U.S. Supreme Court let stand ruling that FCC's 24-hour ban on indecent programming is unconstitutional, refusing to consider unanimous U.S. Appeals Court, D.C., decision. Action also effectively overruled Dec. 1988 rider to Senate appropriations bill directing FCC to ban indecent programming 24 hours per day. Last summer, en banc Appeals Court had refused to reconsider May decision by unanimous 3-judge panel that FCC ban is unconstitutional (TVD May 20 p1).

FCC and Justice Dept., had asked highest court to reconsider case. Coalition of 14 intervenors, including ACT, had opposed FCC in Appeals Court and Supreme Court. En banc Appeals Court said that none of 13 judges who participated "requested the taking of a vote" on whether to rehear case (TVD Sept 2 p4).

On Supreme Court, Justices Sandra O'Connor and Byron White voted to reconsider case; Clarence Thomas didn't participate because he was member of Appeals Court at time of May ruling that ban is unconstitutional. It takes vote of 4 Supreme Court justices to rehear case. In seeking Supreme Court reconsideration, Justice Dept. argued that "anything less than 24-hour-a-day enforcement of the prohibition... would expose large numbers of children to patently offensive depictions of sexual and excretory activity." FCC fined several stations for indecent programming in last year. FCC's definition of indecency: "Language or material that depicts or describes, in terms patently offensive as measured by contemporary community standards... sexual or excretory activities or organs."

With loss in Supreme Court, FCC official told us "we don't have any choices left" but to permit such programming to be broadcast. "We're back to Act I." Commission officials had expected Supreme Court to accept case because Appeals Court had ruled that congressional action was unconstitutional. Source predicted, and other FCC officials agreed, that agency soon will issue rulemaking to make ban on indecent programming later than 8 p.m. In remanding case, Appeals Court instructed FCC to define late-night period after which "patently offensive" terms could be used on air. Before its 24-hour ban, agency permitted such language after 10 p.m., later pushing that back to midnight.

ACT Pres. Peggy Charren said: "It's very exciting for ACT to have won one for the First Amendment. We always knew it's preposterous for the FCC to try to ban speech at 3 o'clock in the morning to protect children... It's very satisfying to have this particular [conservative] Supreme Court agree with us." NAB (which also was intervenor in case) Assoc. Gen. Counsel Steve Bookshester said Supreme Court acted "correctly" in not reviewing lower court decision: "Now, it's up to the Commission to adopt new procedures to determine when such material is permitted to be broadcast." Washington attorney Timothy Dyk, who represented intervenors, said: "I think it's a very happy result... The Court of Appeals decision is exactly where it should be in terms of a safe harbor." Intervenors had argued that 24-hour ban could have adverse impact on news, movies, other programming.

Continuing tough stance on EEO violations, FCC has affirmed \$10,000 fine and short-term licenses for WGNS(AM)/WNMB(FM) N. Myrtle Beach, S.C. Licensee Ogden Bestg. had sought full license and reduction of fine. NAACP and National Black Media Coalition had asked FCC to hold hearing on renewals.

VDT CALLED PREMATURE: Telcos aren't interested in FCC's video dial tone (VDT) plan, so there are "serious questions as to whether that regulatory groundwork is worth undertaking at this time," NCTA said in reply comments that were echoed by other cable interests. Group of cities, in joint filing, citing fact that none of telcos that would benefit most from VDT fully endorsed it, said that "were it not for the fact that [VDT] has been endorsed at the highest level of the Commission, it is doubtful that the proposal could survive its supporters, much less its detractors." There's no demand for VDT outside FCC, CATA agreed. Six telephone Regional Holding Cos. (RHCs) said they won't commit to VDT "unless [they] can secure an unfair advantage over competitors by cross-subsidizing the operations with ratepayers' money," CATA said.

Vertically integrated cable MSOs such as TCI and Cox are more likely to cross-subsidize than telcos because they're unregulated, GTE said. Filing pointed out that MSOs already have more freedom to cross into telco service than telcos have for video. BellSouth said it "would be irrational for the Commission to continue to block telephone company entry into cable programming while at the same time promoting cable company entry into telephone markets." But FCC should resolve telco-cable cross-ownership issues involving Palo Alto, Cerritos and Rancho Las Flores, Cal., before deciding VDT, Cal. Cable TV Assn. (CCTA) said. It said cases illustrate potential problems of accelerated depreciation and cross-subsidization. However, PacTel said that Commission should disregard CCTA's "misleading and unsupported statements," and that PacTel already had answered charges in other forums.

Program providers were lukewarm about VDT. NAB said telco claims that only owning programming would give them enough incentive to invest in fiber ignores results of telcos' own studies saying that consumers are more interested in traditional telephone service than video. INTV said safeguards against cross-subsidies are "unproven" and FCC, which originally pushed cable as competitor to "fat-cat broadcasters," sees VDT as way to do same for cable. MPAA said it's "intrigued" by possibilities of VDT, but many regulatory issues need to be resolved, possibly through federal advisory committee.

Continental Cablevision said FCC is mistaken in basing VDT regulation on framework for telco entry into enhanced services because that ignores difference between video and enhanced services. Filing said much larger video revenues would increase temptations for abuse, and VDT requires complete rewiring of network, vs. simple upgrade for enhanced services. Southwestern Bell said argument that telcos should have franchises for video service "ignores the fact that most [telcos] already operate under state certification... including requirements that cable operators do not have." Ameritech said there's no need for cable franchise since telcos already have right of access to public rights of way.

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FCC has ruled many times that numerous nonbroadcast legal cases against NBC parent GE "raise no substantial and material question" as to NBC's qualifications as licensee, network said in seeking predesignation hearing order from Commission that prior litigation involving GE wouldn't be made issue in competitive challenge to WRC-TV Washington license renewal. In response, competing applicant National Capital Communications Inc. (NCCI) claimed there's "extensive and growing non-FCC misconduct" on part of GE that Commission never has considered.

CBS, AFFILIATES ON COMPENSATION: CBS executives and Futures Committee of TV affiliates' board reportedly made little to no headway at meeting in Dallas March 4 in controversy over network's desire to reduce compensation. We're told that if CBS has arrived at dollar figure, it hasn't informed affiliates, and that network's efforts are being strongly resisted by stations. Attending meeting for CBS were Best. Group Pres. Howard Stringer, CBS Senior Vp Jay Kriegel, Affiliates Pres. Tony Malara, Vp Scott Michels. Two sides plan to meet again during April 12-16 NAB convention in Las Vegas.

Last fall, CBS informed affiliates it would end all compensation for sports programming last Jan. 1 and, with reluctant acquiescence of stations, announced 9-month study of network/affiliate relationship -- result of which is expected to be CBS attempt to reduce compensation further (TVD Oct 21 p4). Network told stations that "changing economics of television in light of the new competitive environment" make cuts necessary.

CBS officials met in Washington month ago with Futures Committee (formed at request of network) and affiliates' board and "accomplished nothing," according to participant. Affiliates reportedly refused to discuss cut in compensation and source said meeting degenerated into "shouting match." Said another: "Shouting match is not right [but] it was a tense affair... You can color it any way you want [but] it all goes back to CBS's desire to get rid of compensation." Committee is considering calling special meeting of all CBS affiliates -- depending on outcome of talks with network.

Network already has stopped compensating affiliates in some very competitive markets (such as where there's strong independent that has sought affiliation with CBS) and greatly reduced it in others. Loss of all compensation reportedly is costing CBS affiliate WEHT (Ch. 25) Evansville, Ind., more than \$400,000 annually. Evansville, 93rd Arbitron ADI market, has one commercial VHF (affiliated with ABC), 3 commercial UHFs.

ABC TV Network recently met with its affiliates, also in Dallas, and we're told compensation didn't arise. ABC still is paying premiums to some affiliates as result of its successful raids in major markets decade ago when it was No. 1 in prime time.

TV REVENUES DOWN 5.2% IN 1991: TvB says that "all indications point to a turnaround" for TV billings this year despite 5.2% downturn in 1991. Network revenues were off 6.7% last year to \$9.5 billion from \$10.1 billion in 1990; national spot declined 9.2% (to \$5.2 billion from \$5.7 billion), local revenues were down 4.6% (to \$5 billion from \$5.2 billion). Only national syndication revenues (which includes Fox TV Network) showed 1991 gain -- 16.6% to \$1.9 billion from \$1.6 billion.

TvB Vp-Research Harold Simpson cited Dec. gains of 3% and 1.3% for local and national spot, respectively, and projected first-quarter 1992 TV revenues would be up 4-6% over 1991. He said last year's losses were due to Gulf War (when networks canceled all advertising for long periods) and "the lingering recession throughout the rest of the year." TV revenues hadn't shown full-year decline since cigarette commercials were banned in 1971.

NBC TV led networks in 1991 billings with \$3.33 billion (down from \$3.72 billion in 1990), followed by ABC with \$3.19 billion (down from \$3.23 billion), CBS with \$2.91 billion (down from \$3.17 billion). TvB didn't provide separate breakout for Fox TV Network.

NAB TOUTS EUROPE: European Community (EC) program quotas shouldn't be concern for U.S. TV producers because American-originated programs fill less than 20% of European TV time and aren't likely to reach 50% EC limit, NAB said in new study. Report also said that there are about same number of pirate radio stations in Europe as total of licensed radio stations in U.S., and that growth of European media will provide attractive investment opportunities for U.S. broadcasters. Report was released virtually same time as MPAA Pres. Jack Valenti's March 6 testimony to Senate International Trade Subcommittee that producers "are challenged by TV quotas" in Europe.

U.S. producers would have "a long way to go" to reach EC program quota, even if no new TV services were created in Europe, according to study by NAB consultant Kenneth Donow. In addition, it said, new TV and radio stations are being built in Europe "at a very rapid pace. Were American program producers to market at the absolute height of their considerable skills, and enforcement of EC-wide and national program quotas proved to be more rigorous than expected, U.S. broadcasting interests will still have plenty of room to grow in Europe."

Study appeared to counter claims by MPAA and others that EC program quotas are severe limit on potential sale of TV shows to Europe. MPAA and others have even suggested trade sanctions against EC because of limits on U.S. programming. When asked if that was purpose of study, Donow would say only "I haven't written a book for the moving picture people, but for broadcasters." He said main purpose of study was to detail opportunities in Europe for U.S. broadcasters. Valenti told us NAB study doesn't break out effect of quotas on prime time and "that is where we are getting killed." He said just-received figures for 1991 program sales by U.S. producers in Europe are down "in double figures. They are beginning to wound us, just like I predicted."

U.S. no longer is "bogeyman" it once was in media ownership, study said: "Of greater concern are the capabilities of a small number of very large European-based media companies" such as News Corp., Fininvest and Compagnie Luxembourgeois de Telediffusion that are buying up European media. Rapid growth of European TV and radio presents "attractive ownership opportunities... for U.S. investors," report said. Most countries there are moving toward rules limiting foreign ownership of media outlets to 25%, same as U.S., Donow wrote. He said that shouldn't be problem for most U.S. broadcasters, and there are opportunities in countries such as Germany and Spain if Americans want larger share.

Dutch govt. is catching up to 10 pirate radio stations per day, study said: "The Netherlands has as many radio stations as the entire U.S., most of which are illegal." It called Italy "the Mother of All Pirates," with about 4,500 pirate radio stations. Number of European radio stations, including pirates, is 200 times as great as 60 that were operational 15 years ago, it said. Amount of piracy is significant because it indicates that there will be many opportunities for U.S. broadcasters if European pirate stations are legitimized, Donow said.

King World Productions said it has entered into "nonbinding letter of intent" with creditors for refinancing of its WIVB-TV Buffalo. Under agreement, station's debt service obligations would be reduced substantially in exchange for equity in WIVB-TV. Agreement is subject to FCC approval.

RIGHT WING BACKS COMINT: Committee on Media Integrity (COMINT), which is pushing for greater conservative viewpoint in public TV (PTV) public affairs programs, is funded largely by familiar conservative groups. Nonprofit COMINT's 4 largest funders, according to 1990 tax return provided to us by Co-Chmn. David Horowitz, are among top 10 "most conservative" foundations cited in study published last year by avowedly conservative Capitol Research Center (CRC), Washington.

Top COMINT funders and their support as listed on its 1990 return, which Horowitz told us is most recent available: Bradley Foundation, \$40,000; Seafire Trusts, \$25,000; J.M. and Olin Foundations, each \$20,000. Other funders listed in return are Fieldstead Foundation, \$10,000, and Spud Merlin, \$5,025.

According to review of federal tax returns we conducted, among projects aided by COMINT funders in recent years: (1) Olin Foundation provided \$150,000 to National Forum Foundation in 1990 for Second Thoughts At Home and Abroad, directed by COMINT co-chmn. Horowitz and Peter Collier. Project focused on political reassessments of former liberals and/or radicals who now are conservative. (2) Bradley Foundation gave \$25,000 to Center for Media and Public Affairs (CMPA), D.C., in FY 1990 to support study analyzing NPR's coverage of 1988 presidential elections. Center, co-directed by Robert and Judith Lichter, recently reported it had found left-wing slant in PBS public affairs documentaries it examined for year ending in March 1988. Former CPB board member Richard Brookhiser urged board to support Center study in highly divisive and publicized affair several years ago but board, without Brookhiser, ultimately opted against providing aid. Brookhiser, National Review editor, is member of COMINT's advisory board.

(3) Olin gave \$10,000 in 1990 to conservative Media Research Center (MRC), Alexandria, Va., for its Mediawatch newsletter. In editorial in Feb. 8 Washington Times, MRC Chmn. Brent Bozell urged elimination of federal funding for public broadcasting, saying "it's time for PBS to get off the taxpayers' dole and survive on its own." Bradley is regular funder of conservative Heritage Foundation, for example providing \$300,000 to D.C.-based organization in FY 1990. Laurence Jarvik, who urged privatization of CPB in recent background paper issued by Heritage, is Bradley resident scholar at that foundation.

Some COMINT funders also have supported PTV programming. For example, Bradley gave \$150,000 to S.C. Educational TV Endowment (SCETV) in FY 1990 for PBS foreign affairs series American Interests. In 1990, Olin gave \$250,000 to PTV regional Southern Educational Communications Assn. (SECA) for 1991 season of conservative William Buckley's Firing Line series and \$300,000 for 1992 season. It also gave \$150,000 to WNET N.Y.-Newark in 1990 for series The Second Revolution: Communism in Crisis and another \$45,000 to SCETV for Wattenberg in the 90s: Trends, hosted by Ben Wattenberg, senior fellow at conservative American Enterprise Institute, D.C.

Total funding of PBS National Program Service (NPS) fare that debuted in 6 months ending Dec. 31 rose 7.5% from same 1990 period to \$185.66 million, PBS said. Combined CPB and station support fell 3.6% to \$84.43 million, but business/corporate foundation funding jumped 10.9% to \$49.47 million and producer support 74% to \$27.99 million. Non-CPB federal funding gained 72.4% to \$14.98 million.

N.J. Cable Office has right to regulate cable service for only 200 of state's 2 million cable subscribers as result of FCC's effective-competition definition, said Celeste Fasone, dir. of Office. "I am not convinced that the FCC inaction [on cable regulation] will prompt action in Congress," she said at opening session of National Assn. of Telecommunications Officers & Advisers (NATOA) regional meeting in Washington March 5. Fasone said "veto-proof" Senate vote on S-12 wouldn't necessarily translate into comparable House action because of different focus and number of expected amendments there. Meanwhile, National Assn. of Counties board adopted resolutions (1) opposing provisions of FCC's video dial tone (VDT) proceeding that would exempt telcos from need for franchise and (2) supporting HR-3560, cable bill sponsored by Reps. Eckart (D-O.) and Cooper (D-Tenn.). VDT proposal "would call into serious question whether there will be effective safeguards regarding cross-subsidization... effective and responsible provisions for public access, education and government channels and... oversight to protect consumers' rights," counties group said. Resolution on HR-3560 said regulatory framework for cable should be in place before telco entry is allowed.

Financials: Televangelist Pat Robertson is selling \$150 million worth of stock in **Family Channel** in public offering, according to SEC filing. Total of 10 million shares will be offered at \$14-\$16 per share, with \$100 million of proceeds to go to Robertson's Christian Bestg. Network... **BET Holdings** profit grew 7% in 2nd quarter ended Jan. 31 to \$2.9 million, reflecting 18% revenue increase to \$15 million, mainly by Black Entertainment TV. Company said it lost money on magazine holdings... **Infinity Bcstg.** filed SEC registration for \$150 million of subordinated debt, due in 2002. Money will finance \$70-million purchase of WFAN(AM) N.Y... **Heritage Media** said it will offer 4.5 million new shares of common to help repay TCI for \$130-million debt maturing in 1994. TCI will get \$30 million cash and \$50 million new debt and stock, ending up with 8.6% of Heritage stock... **Republic Pictures** completed deal to sell 200,000 shares to Technicolor for \$3 million in deal that gives latter exclusive videocassette duplication rights.

Film labeling legislation (HR-3051) was attacked last week by Bush Administration as inconsistent with new agencywide deregulatory efforts and potentially harmful to U.S. trade. "In this case, the benefits of HR-3051 are ambiguous, while the costs appear to be substantial," Commerce Dept. Gen. Counsel Wendell Willkie said in letter to House Copyright Subcommittee Chmn. Hughes (D-N.J.) on bill by Rep. Mrazek (D-N.Y.). Measure provides no "viable remedy to any problem," Willkie said. But creative artists continued to press for postproduction rights at Hughes hearing March 6, despite objections from ad, broadcast, cable, home video and production industries. Many Subcommittee members expressed skepticism on legislation, with some suggesting dispute should be settled case-by-case in contract negotiations among parties.

"War or Peace: The Battle of TV Delivery Technologies" is subject of March 11 (6:30-8:30 p.m., NAB hq) panel discussion sponsored by Washington Chapter of AWRT. Panelists include Thomas Herwitz, vp-gen. mgr., WTTG Washington; Janice Obuchowski, ex-NTIA dir.; Catherine Reid, minority counsel, House Commerce Committee; ex-Rep. Thomas Tauke (R-Ia.), exec. vp-govt affairs, Nynex; Robert Thomson, senior vp-communications and policy planning, TCI; moderator Brenda Fox, Dow, Lohnes & Albertson. Cost is \$5 for AWRT members, \$10 nonmembers -- Carolyn Roddy, 202-632-1356.

Compulsory license should be phased out in 3-5 years, franchise fees should go to public cable channels instead of city coffers and rules on leased access channels should be changed, according to letter by public interest groups to House Commerce Committee Chmn. Dingell (D-Mich.) and Telecom Subcommittee Chmn. Markey (D-Mass.). Letter was signed by Henry Geller, Markle Foundation; Peggy Charren, pres., ACT; Martin Dailey, National Council of Churches; Beverly Chain, United Church of Christ; Emma Bowen, Black Citizens for a Fair Media; John Peterson, Lutheran Church; Andrew Schwartzman, Media Access Project. Group said arbitrator should be used to determine whether cable networks provide programming on reasonable terms, as well as in disputes over access to leased channels. Franchise fees "can and now do largely disappear into the cities' general coffers," group said in March 2 letter. They said franchise fees are "special tax" applied only to special group of users, so money should benefit only that group by such things as supporting public access and educational channels and production of national access programming.

Meetings: Effect of ads on free press will be subject of **Center for Study of Commercialism** (CSC) news conference, 9:30 a.m. March 11, National Press Club. CSC said report details "dozens" of stories affected by advertising, including some on TV networks and regional radio stations... Treasury Secy. Nicholas Brady will be keynote speaker March 17 at **EIA** govt./industry dinner at J.W. Marriott Hotel, Washington -- 202-457-4900... Information services battle among telcos, cable and newspapers will be subject of **National Press Club** forum 10 a.m. March 31 at Club -- 202-662-7501... **TCI** will hold annual investors and analysts presentation 8 a.m.-5 p.m., April 1, Vista Hotel, N.Y.C. -- 303-267-5047... **Scientific-Atlanta** will sponsor technical seminars in Atlanta April 7-10 on headends, earth stations, distribution systems, fiber -- 404-903-5516.

Cable needs to "hold the line on rate increases" as House moves toward action on cable regulation, **NCTA** Chmn. James Robbins of Cox said March 4 in speech to **Cable TV** Public Affairs Assn. in Denver: "More than ever before, we need to ensure that we're providing good customer service, and to step up our community relations efforts." Robbins said he's encouraged by congressional trend toward more moderate cable bill, citing as evidence fact that 37 senators voted for softened substitute to S-12 (TVD Feb 3 p1). He said cable is hopeful that House will continue tradition of "more focused approach" to legislation. News of new cable technology, including ability to provide telephony, "seems not to have spread very far," Robbins said.

CBS affiliate **KPIX** San Francisco has joined **KRON-TV** there in asking FCC for waiver of prime-time access rule during time-shifting experiment of airing network programs 7-10 p.m. Both stations are now carrying local news 10-11 p.m. and **KRON-TV** seeks waiver so it can start **Johnny Carson Show** at 10:35 p.m. **KPIX** said it didn't "technically need" waiver, but "competitive fairness" requires that it be granted same treatment as **KRON-TV**. That station's request for waiver has been opposed by several groups (TVD March 2 p7).

While CBS was going-away winner of Feb. sweeps, bolstered by Winter Olympics, networks were buoyed by fact that combined audiences for CBS, ABC and NBC were up 9% from Feb. 1991. Fox proclaimed it had best sweeps period ever with 8.7 rating, 14 share, up 23% and 27%, respectively, from year ago. CBS had 16.8 rating, 27 share; NBC 13 and 21, ABC 11.9 and 19.

There appears to be "heavy" telecommunications component to design team proposals seeking funding from New American Schools Development Corp. (NASDC), Acting CEO Reid Rundell said at news conference March 5. He based assessment on preliminary examination of fewer than half of 686 proposals submitted by mid-Feb. deadline to NASDC, Bush Administration project seeking to improve K-12 schools. While NASDC officials declined to discuss specific proposals, noting that formal review process hasn't begun yet, one team is led by Bridgewater State (Mass.) College's Center for Technological Applications and includes Continental Cablevision, Nynex, WGBH-TV Boston. At least 4 other public broadcasters -- Wis. Educational Communications Board, WNED-TV Buffalo, WNET N.Y.-Newark and WQED Pittsburgh -- are partners in other prospective teams in which they would have support roles in telecommunications and/or materials dissemination. From corporate side, Apple joined several partnerships and is pledging telecommunications services and equipment, as well as matching funds. NASDC said "most" teams are "typically collaborations of partners from business and industry, K-12 education, higher education, state and local governments, high-technology concerns, foundations and think tanks." Proposals were submitted for all states except S.D., with high of 93 from Cal. NASDC plans to select up to 30 by May 31 for funding of \$500,000-\$3 million each. Following one-year design phase, plan calls for selection of 10-15 "most promising" teams that would be provided with \$2-\$15 million each to develop and refine their plans over 2 years. In final 2-year phase, each of 7-10 groups would get \$2-\$6 million to make final designs available to communities nationally. Private nonprofit NASDC, chaired by former N.J. Gov. Thomas Kean (R), had raised \$40 million as of last month for initiative, and hopes for at least \$160 million more by year-end.

Sens. Burns (R-Mont.) and Ford (D-Ky.) plan to introduce bill that would provide federal loan guarantees to educators to help them acquire dedicated satellite, Burns told National Education Telecommunications Organization (NETO) at its charter board meeting recently. "A dedicated educational satellite will allow us to realize the benefits of [educator] colocation and avoid the problem of preemption" by noneducators, he said. Echoing sentiments of NETO members, lawmaker said distance learning community "is disorganized and fragmented, and commercial market practices leave educational institutions without low-cost, dependable and equitable access to services." However, he said that planned measure was "just a first step," adding that "I believe that ultimately education will benefit most from a national broadband fiber optic network and I am working toward that goal as well."

Congressional appropriations process kicks into gear for FCC March 19 when House Commerce Appropriations Subcommittee holds hearing, 2 p.m., Rm. H-310, Capitol Bldg. Senate counterpart is scheduled for March 25, 10 a.m., Rm. S-146, Capitol Bldg. FCC Chmn. Sikes is expected to testify at both. Meanwhile, House panel will hold NTIA appropriations hearing March 24, 2 p.m., also Rm. H-310. Senate hearing for NTIA hasn't been announced. However, Board for International Bestg. and U.S. Information Agency go before Senate panel April 29, 10 a.m., also Rm. S-146.

Fla. Cable TV Assn. filed petition with PSC asking that new reporting requirements be added to existing regulations for local telephone companies. Petition, filed Feb. 26, asks that telcos be required to separate expenses for competitive and monopoly services in their reports filed each year with PSC, and to describe methods of allocations. Assn. officials said new data could make it easier for PSC to track cross-subsidies.

Christian Science Church has resumed actively offering "strong minority position" in its Monitor Channel, primarily to MSOs, Monitor TV Chmn. John Hoagland told us. He said that church officials are considering sale of about 1/3 of stock of Monitor TV, but figure "could change over time." Hoagland wouldn't confirm Wall St. Journal report that Providence Journal Co. is interested in channel, saying only that "all of the obvious people in the cable business have had a chance to look at" prospectus distributed through Fleet Bank and "a number of people are interested." He said "from the time we started the channel, and even before, we concluded that we would have to conform to the industry practice" of selling stake to cable operators. Providence Journal officials confirmed they're looking at Monitor Channel, but said it's only one of several they're considering. Wall St. Journal speculated that Christian Science Church is pushing sale because of cash crunch, but Hoagland said church has committed to provide enough funding for channel to reach breakeven (25-30 million subscribers in 1995 or 1996), and "I have absolute confidence in the commitment." Sale probably wouldn't include church's interest in WQTV (Ch. 68) Boston, Hoagland said, because recent program experiments there may mean it wouldn't attract adequate price.

ACT asked **FCC** last week to issue declaratory ruling that upcoming Fox TV Network cartoon show "Yo! It's the Chester Cheetah Show" (due to start in fall), "contravenes the public interest" because it confuses children about commercial product. Show isn't in public interest, said ACT (which was joined in filing by 6 other groups) because: "It interweaves program and commercial content in the manner of a program-length commercial and it fails to strictly separate programming material from commercial matter." ACT said "critical factor" distinguishing Cheetah character from toy-based programming is that "his only previous television appearances... have been in traditional commercials spots" designed to sell Chee-tos. Program is "inherently deceptive," ACT said, because it defies common sense "to presume that children... will suddenly be able to distinguish between the commercial and the program character."

KMOL-TV San Antonio reporter Brian Karem was fired Feb. 28, day after station news dir. said he was "a little too persistent" in questioning President Bush at drug summit in San Antonio. Karem had questioned Bush about value of summit and called event "a joke." Said Karem: "My boss told me that I was rude and that I shouldn't have questioned the President of the United States like that." News Dir. Ron Harig said Karem's question was appropriate but that he went too far: "He was insistent and persistent and aggressive." In 1990, Karim was jailed for 13 days for contempt of court for refusing to identify who helped him obtain telephone interview with jailed murder defendant. He was released after naming source, who had released Karem from promise of confidentiality.

Transactions: **Daniels** said it brokered cable deals worth total of \$418.4 million in 1991, figure that it said kept company as number one cable broker for year, followed by **Communications Equity Assoc.** at \$215.8 million and **Waller Capital** at \$84.5 million. Daniels said it also brokered 8 cable investment banking transactions worth total of \$181.5 million, and 35 mobile communications deals totaling \$187.7 million. Total is 6th highest in its history, firm said... **Century Communications** withdrew offering of 5 million shares of common stock. Pres. Bernard Gallagher said decision was made because "present market does not reflect fully the worth of the company"... Warner Cable will buy \$2 million worth of **C-Cor** equipment for fiber cable upgrade in Altoona.

Personals

Arthur Taylor, former CBS Inc. pres., named pres., Muhlenberg College, Allentown, Pa.... **Alan Roth** promoted to chief counsel, House Commerce Committee, succeeding **Jack Clough**, who's joining Washington lobbying firm Bergner, Boyette & Bockorny... Advancements at ABC TV Network: **Daniel Barnathan** to vp and dir. sales-news, early morning and late night; **Brian Sikorski** to vp and dir. sales, sports; **Roger Sverdlik** to vp-eastern sales... **Gerald Smith** advanced to dir.-community development, WTVS Detroit... **Loic Gosselin** named senior mgr.-international relations, Visnews, Rio de Janeiro, succeeded as N. American mgr.-international relations by **Laura Brandt**.

Engineering consultant **Wallace Johnson**, former chief of FCC Best. Bureau, elected pres., Washington Chapter, Best. Pioneers, succeeding **Vincent Curtis**... **William Shafer**, vp-western TV station services, Arbitron, retires... **Peter Wilkes** promoted to senior vp-exec. communications, Sony Pictures Entertainment... **Alan Nichols**, ex-First Boston Media Investment Group, named vp-corporate development and strategic planning, BET Holdings; he also will direct cable network's shareholder relations.

Elected to Museum of TV & Radio board, raising membership to 42: **Candice Bergen**, actress; **Thomas Carter**, Thomas Carter Co.; **Martin Davis**, Paramount... **Jim Ritts** promoted to pres., business development, Whittle Educational Network... **Bruce Rosenblum**, ex-Lorimar TV, joins Telepictures Productions as senior vp... Changes at HBO: **John Billock** named exec. vp-sales and mktg.; **Larry Carlson** appointed pres., HBO Satellite Services, new post; **Bob Grassi** named senior vp-affiliate relations... **Nancy Utley** appointed exec. vp-mktg., media and research, 20th Century Fox Film... Joining Center for Communications board: **Howard Stringer**, CBS Best. Group; **Peter Jennings**, ABC News; **Karen House**, Dow Jones; **Earl Graves**, Black Enterprise magazine; **William Jacobi**, Nielsen Media Research.

Richard Friedland, vp-finance and controller, General Instrument, adds post of chief financial officer... **Bret Marcus**, news dir., WNBC-TV N.Y., named senior producer, program development, NBC News... **Alyce Myatt**, Children's TV Workshop exec. producer, joins PBS March 31 as dir.-children's programming... Panelists at HRTS March 10 lunch, Beverly Wilshire Hotel, L.A.: **Stu Bloomberg**, ABC Primetime; **Peter Tortorici**, CBS Entertainment; **Sandy Grushow**, Fox Entertainment Group; **Perry Simon**, NBC prime-time programs... NTIA Schedule -- March 12: Acting Dir. **Thomas Sugrue** is lunch speaker at N.Y. investment firm Furman Selz Mager Dietz & Birney, 230 Park Ave., noon.

FCC Calendar -- March 9: Chmn. **Sikes** addresses NAB State Leadership Conference, J.W. Marriott Hotel, Washington, 11:30 a.m. **Robert Petit**, gen. counsel; **Roy Stewart**, chief, Mass Media Bureau; **Terry Haines**, Sikes chief of staff; **Michele Farquhar**, Comr. Duggan's legal adviser, and **Robert Corn-Revere**, Comr. Quello's legal adviser, participate on "Meet the FCC" panel, same conference, 10:30. **Beverly Baker**, deputy chief, Private Radio Bureau, participates on panel on "ESMR, ASMR, ISMR: What Does It All Mean to the Future of SMRs?", American Mobile Telecommunications Assn., Hyatt Regency, Tampa, 1 p.m. March 10: **Sikes** and Comrs. **Marshall**, **Barrett** and **Duggan** testify at House Telecom Subcommittee hearing on network outages, 9:30 a.m.,

Rayburn Bldg. **Thomas Stanley**, chief engineer, participates on regulatory issues panel, Telecommunications Reports Wireless/PCS conference, Sheraton-Carlton Hotel, Washington, 10 a.m. March 11: **Sikes** addresses USTA govt. relations seminar, L'Enfant Plaza Hotel, Washington, 8:15 a.m. He and **Stewart** testify before Senate Communications Subcommittee on AM, 9:30 a.m., Rm. 253, Russell Bldg.

Recording Industry Assn. of America (RIAA) Exec. Vp **Hilary Rosen** told Senate International Trade Subcommittee March 6 that U.S. needs to defend performance rights to protect recording companies and artists they support from lost album sales due to home copying in growing digital audio transmission environment. Rosen urged Subcommittee to press U.S. to join 60 other countries that have such protections and to demand their inclusion in relevant General Agreement on Tariffs & Trade (GATT) provisions. "The offensive aspect of [record and disc] rental -- the negative impact of sales due to unauthorized copying that rental produces, appears insignificant when viewed against the dangers of unrestricted and uncompensated delivery of digital audio signals to the home," she said. NAB opposes concept.

Sen. Pressler (R-S.D.) last week introduced spectrum allocation reforms (S-2309) designed to give new technologies quicker frequency assignments than might be accomplished under leadership bill (S-218). Among things Pressler version would allow: (1) Colocation of compatible technologies in certain bands. (2) Easier license transfers between aging and new technologies to accelerate development of new uses. He also would cap amount of spectrum that could be licensed to single entity and affiliates within bands, beef up antspeculation provisions of FCC pioneer preference policy and have Commission reclassify older technologies as secondary users to free up more spectrum for emerging technologies. S-218 is awaiting action by full Senate, when Pressler bill may be amendment.

New tax package (S-1394) advanced last week by Senate Finance Committee doesn't address franchise amortization, issue important to broadcast and cable industries, aides confirmed. House has passed tax package containing proposal (HR-3035) by its Ways & Means Committee Chmn. Rostenkowski (D-Ill.) that would exclude govt. licenses and franchises from new 14-year amortization period for intangible assets. NAB and NCTA -- as well as others in cellular, telephone and software communities -- opposed House bill, with NAB urging shorter depreciation periods tied to licenses and program contracts, NCTA for periods linked to franchise grants. Tax bills still must go to House-Senate conference where industries hope for favorable changes.

NCTA Pres. James Mooney and 4 congressional staffers will be among speakers March 8-9 in local programming seminar at Hyatt Regency Capitol Hill sponsored by National Academy of Cable Programming. Mooney will speak at March 9 lunch. Staffers speaking at 10 a.m. same day include Kim Bayliss of staff of Rep. Synar (D-Okla.), David Eck of staff of Rep. Schaefer (R-Colo.), Marian Marshall representing Sen. Wallop (R-Colo.), Simeon Spencer representing Sen. Shelby (D-Ala.).

E.W. Scripps filed SEC registration statement for 5 million shares of stock owned by Edward W. Scripps Trust, company's controlling shareholder. None of proceeds will go to company itself.

Representatives of CPB and at least 15 public radio groups were expected to attend March 8 meeting to plan initiative in which industry will pursue substantially more federal funding. "Public radio has to date never successfully spoken with one voice," its 7 regional organizations CPB told stations in electronic message last week. "We need to forge a comprehensive, unified vision of public radio which embraces all constituents in the public radio system." Project envisions slight increase in NPR dues for station lobbying/legislative relations workshops; non-NPR outlets could attend for nominal fee.

FCC has issued show-cause orders to 10 AM stations to explain why their licenses shouldn't be revoked for remaining off air "without authority for extended periods of time." Stations: KBRS Springdale and KOKY Jacksonville, Ark.; WKJL Parrish and WAGF Dothan, Ala.; WFRK Coleman and WAPR Avon Park, Fla.; WPSC Pageland, S.C.; KMHT Marshall, Tex.; WDAT Amory, Miss.; WORI Oak Ridge, Tenn. Commission delegated authority to Mass Media Bureau to issue such orders in similar future cases.

Senate Judiciary Committee may try to mark up crime victim legislation March 12 in maneuver related to partisan debate raging on floor on crime law reforms. No details on markup had been released by our deadline, although sources said antiporn proposals aimed at video industry (S-983, -1521) by Sen. McConnell (R-Ky.) were likely to be taken up.

Olympics TripleCast will be offered on daily basis, in addition to previous packages, NBC and Cablevision Systems announced. Daily package will be priced at \$29.95. TripleCast officials also said they had completed carriage agreements with TCI and Time Warner, 2 largest MSOs.

Cable Notes: Hearst and Continental Cablevision launched **New England Cable News** network last week. All-news channel will use some programming from Conus's All News Channel... **Prevue Networks** said it's planning new automated cross-channel promotion insertion service. Name and launch date for service haven't been set... **Telecorp Systems** said it's offering 2 new families of promotion systems for pay-per-view and premium channels -- **CableVoice Services** and **VoiceGuide Services**.

Senate Communications Subcommittee has rescheduled hearing on radio oversight that had been set for March 3. Session now will be held March 11, 9:30 a.m., Rm. 253, Russell Bldg. FCC Chmn. Sikes and Mass Media Bureau Chief Roy Stewart are among those invited to testify (TVD March 2 p5). Hearing was postponed because Senate was busy with CPB authorization bill last week. Hearing now comes just one day before FCC meeting on proposal to relax AM ownership restrictions and other rules.

Cox will buy Merrill Lynch's remaining 37.6% interest in Teleport Communications for undisclosed price, giving Cox 50.1% of company that owns fiber networks in 25 cities. Merrill Lynch sold 49.9% of Teleport to TCI last month. Under agreement, which is subject to regulatory approval, Cox will name majority of Teleport board. Teleport Chmn. Robert Annunziata said company, under new ownership, "looks forward to... establishing synergistic relationships with other organizations."

Europe's Super Channel will carry programming from Monitor Channel on weekly basis under new agreement. Monitor will provide weekly "mini-newsfeed" including up to 10 stories, each 4-7 min., that can be inserted into Super Channel news and current affairs programs.

TELCO/CABLE JUNGLE

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Consumer Electronics

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STATE OF THE INDUSTRY

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

	FEB. 14-20	1991 WEEK	% CHANGE	FEB. 6-13	7 WEEKS 1992	7 WEEKS 1991	% CHANGE
TOTAL COLOR.....	378,184	321,628	+17.6	290,217	2,264,968	2,392,696#	- 5.3
DIRECT-VIEW...	372,979	317,017	+17.6	284,814	2,219,757	2,354,368#	- 5.7
TV ONLY.....	364,447	301,867	+20.7	274,102	2,129,297	2,266,752#	- 6.1
TV/VCR COMBOS	8,532	15,150*	-43.7	10,712	90,540*	87,616#	+ 3.3
PROJECTION.....	5,205	4,611	+12.9	5,403	45,211*	38,328	+18.0
VCR DECKS.....	199,449	125,268	+59.2	158,997	1,270,764	989,886	+28.4
CAMCORDERS.....	27,202*	20,370	+33.5	19,796*	212,674*	198,318	+ 7.2

Direct-view TV 5-week average: 1992--337,854; 1991--377,019 (down 10.4%).

VCR deck 5-week average: 1992--200,159; 1991--159,557 (up 25.4%).

Camcorder 5-week average: 1992--30,893; 1991--32,642* (down 5.4%).

* Record for period. # Revised by EIA.

INDUSTRY AT DEAD CENTER, WAITING... WAITING: As doldrum season approaches, consumer electronics industry -- like much of U.S. -- is looking for sign of better things to come. In midst of worldwide recession, U.S. CE industry so far this year is doing well in VCR decks, with smaller gains in projection TV and camcorders, while color TV sales are down and there are no signs of great resilience in market.

It's not end of world -- 1992 easily could still end up as best or 2nd best year in history of consumer electronics. But in industry accustomed to smashing one record after another, such pause can be disconcerting. Battening hatches and cutting back have been going on steadily for last year or more as industry struggles to make ends meet, lop off unprofitable enterprises. Mini-shakeout actually began nearly 2 years ago when 2 prominent Japanese companies known more for computers than for consumer products -- NEC and Fujitsu General (Teknika) -- dropped out of U.S. TV market.

Plants are closing, biggest shocker being Zenith's move of final TV assembly out of U.S. to Mexico, followed by revelation Hitachi has ended its U.S. TV-VCR assembly, as well as Samsung's shutdown of TV assembly here, together with admission by Matsushita in Japan that its experiment in U.S. VCR deck assembly probably isn't panning out. And Curtis Mathes, "the other" American-owned TV assembler, quietly shut down production in Athens, Tex., about year ago and is reorganizing under Chapter 11.

In picture tube business, industry zoomed from shortage to instant surplus, and it turns out Philips' decision to defer construction of Ann Arbor plant was wise. With computer business dragging, Sony has stretched out its plan to vastly increase monitor production in San Diego and consequently has delayed starting color TV tube output in Pa. for almost 2 years. Mystery is why Hitachi built new picture tube plant here, now in pilot production, at time when it was moving its TV assembly out of U.S. Usual March feelers about price increases lack conviction this year -- particularly in view of fact that when glass manufacturers raised their prices Jan. 1, picture tube makers merely absorbed the extra costs, not even trying seriously to get increases back from set makers, who have little chance of passing them on to consumers.

There's very little delight in Japan-bashing in this industry, and repeated downward revisions in Japanese companies' earnings forecasts and reports of sharply declining sales on their domestic market bring no joy to their American counterparts.

This is supposed to be year of hot new products -- DCC, Mini Disc, CD-I and other CD-ROM-based consumer products, new satellite TV systems, compressed cable channels, widescreen TVs. Whether they will

be salvation or drag on industry presumably depends on worldwide economics, but industry leaders deserve merit badges for determination not to be intimidated into postponement of new products that virtually define this innovative industry.

On bright side are recent encouraging reports from retail scene (see report elsewhere in this issue), where selling definitely is harder but last year's records can and are being broken. Those reports must be taken with grain of salt, though, since first 2 months of 1991 were hindered by Gulf War, which had significant drag on sales. Top sales executive for major A/V producer has told staff he wants to see comparisons only with 1990 figures -- not 1991 -- as yardstick for measuring early-year performance. Even that comparison isn't too upsetting. First 7 weeks of 1992 vs. same 1990 period show direct-view color down 10.9%, projection TV up 52.9%, VCR decks up 5.4% and camcorders up 15.1% on basis of EIA's official calendar weeks.

For immediate future, to look on bright side, preelection boondoggling can make more spending money available, income tax refunds are coming, Summer Olympics are on way. As has been noted frequently in this industry, if one half of year has to be bad, it had better be first half.

MATSUSHITA MAKING INTERACTIVE MULTIMEDIA MOVE? In what could be its boldest move yet into multimedia market, Matsushita reportedly is about to take major stake in SMSG, San Mateo, Cal., technology company whose major investors are Electronic Arts (EA), Time Warner (TW) and Kleiner, Perkins, Caufield & Byers, high-profile Silicon Valley venture capital firm.

Japan's Nikkei last week said Matsushita has reached fundamental agreement with EA to acquire 20-35% interest in SMSG, whose initials are believed to stand for San Mateo Software Group (though company never has confirmed that). Nikkei said Matsushita will manufacture and sell high-end home CD-ROM game machine based on new platform, and will make use of movies from its MCA subsidiary in creating game software. SMSG spokeswoman said Nikkei report is "speculation and rumor, and we don't comment on speculation and rumor."

Matsushita issued statement saying that in order to deal with future of computing, "we are discussing possibilities with a number of people. We have reached no final agreement or contract with anyone." Statement also applied to report of joint venture with AT&T to develop portable pen-based computer with built-in LCD screen.

SMSG, formed last fall, is headed by EA Chmn. William (Trip) Hawkins (TVD Oct 14 p16). EA, among most aggressive and progressive computer and videogame software companies, has 49% stake in SMSG. Vague press release announcing company's creation said it would "investigate new technologies and applications designed to grow the market for interactive multimedia." Lee Isgur, entertainment and technology analyst with Volpe, Welty & Co., San Francisco, said "whole idea has been to create the very best platform to utilize interactive software." Most pressing technology issues, he said, are data compression and -- particularly important for game play and video -- data transfer rates from CD. Greatest marketing challenge, he said, will be "to convince other people that this is the best platform possible to utilize their wares." As originally conceived, SMSG revenues would come from licensing its platform to others for hardware and software manufacturing. TW obviously has major interest in seeing that chosen platform has cable TV compatibility. SMSG platform would be yet another entry into multimedia derby, already crowded with candidates from videogame and consumer electronics field, including Nintendo, Sega, Sony, Philips, Microsoft, Commodore and host of others.

Meanwhile, Philips reportedly will be first company to introduce CD-I player in Japan, planning to start shipping next month at price still to be determined. Player will be made at Philips factory in Hasselt, Belgium (as are players coming into U.S.); as we've reported, forthcoming portable player will be made by Nippon Marantz, Philips subsidiary in Japan.

CD-I Consortium Japan will hold CD-I Fair '92 in Tokyo April 21, with manufacturers demonstrating prototypes. Although several have shown prototypes in past, no Japanese company has specified CD-I launch plans in Japan or elsewhere; Matsushita spokesman told us last week only that player would be introduced this year, declining to be more specific.

CAMCORDER, CDP AND VCP IMPORTS SET RECORDS IN 1991: U.S. imported more than million more camcorders than its dealers bought last year, according to Commerce Dept. figures. Total arriving here was

3,873,300, up 22.5% from previous record set in 1990; sales to dealers last year totaled 2,864,395, EIA said. Import records also were set in CD players (7,440,900, up 13.9%) and play-only videocassette decks (VCPs), at 652,300, up 7.3%.

Camcorder imports in final 2 months of year showed declines, reflecting dropoff in Japanese exports (TVD March 2 p11). Of imported camcorders, 43.2% were 8mm in 1991, up from 35.4% in 1990, 8mm registering 49.5% increase vs. 7.7% for "other" -- full-size and compact VHS. Total of 97.6% of imported camcorders came from Japan, vs. 98.9% in 1990. Most non-Japanese models were from Korea.

VCR deck imports were up 8.2% to 12.55 million, and last year for first time Japan supplied fewer than half -- 49.4%, as opposed to 66.3% in 1990. While Korea continued as 2nd largest source country for VCRs, Malaysia with 286% increase displaced Thailand as No. 3. Taiwan and Singapore were very low 5th and 6th ranking sourcees after big 4 -- Japan, Korea, Malaysia and Thailand, each supplying more than million.

Japan continued as by far biggest supplier of CD players, at 5,875,500 for 1991 -- 79% of total. Biggest percentage increases were registered by China (93.3%) and Korea (33.7%), while Taiwan, Austria and Singapore declined as source countries. Mexico, where Philips assembles players, dipped 4.6% to 240,200.

Mexico supplied 42.5% of all imported color sets, up from 37.8% in 1990. China continued as No. 3 source for total TV sets, but was 4th behind Malaysia in color. Only Mexico (4.95 million) supplied more than million color sets, Malaysia coming closest with 912,000, followed by Korea with 910,000 and Thailand with 753,000. Canada has virtually disappeared as color TV source. Japan is No. 8 as color TV source, between Taiwan and Philippines.

Of record 652,300 VCPs imported in 1991, 58.4% originated in Korea, 27.2% in Japan, 8% in Thailand and 3.4% in Malaysia, with smattering from Taiwan, Singapore and Hong Kong. Here's table of major product imports in 1991 vs. 1990 and Dec. of both years, from Commerce Dept.:

Product	Dec. '91	Dec. '90	% Chg.	1991	1990	% Chg
Color TV.....	845,300	673,800	+25.5	9,466,900	9,347,500	+ 1.3
Monochrome TV....	239,100	201,600	+18.6	2,171,300	2,496,800	-13.0
Flat-screen TV...	21,700	n/a	--	296,000	n/a	--
VCR decks.....	1,320,800	1,005,700	+31.3	12,548,100	11,594,600	+ 8.2
Camcorders.....	271,700	335,300	-19.0	3,873,300	3,161,800	+22.5
8mm.....	133,700	159,700	-16.3	1,674,100	1,119,900	+49.5
Other.....	138,100	175,600	-21.4	2,199,300	2,042,000	+ 7.7
Videocass. players	43,350	62,600	-30.8	652,300	608,200	+ 7.3
CD players.....	710,300	516,300	+37.6	7,440,900	6,532,300	+13.9

Additional \$5 million in funds from Defense Advanced Research Products Agency (DARPA) will go to Zenith for research on high-resolution displays for military applications, according to company, which announced it has signed contract providing for \$2 million in 1992 and anticipated award of \$3 million in 1993. In 1990, DARPA committed \$1.25 million for initial development of flat tension mask (FTM) displays, and state of Ill. funded \$1 million for production process development. DARPA grant will be used to co-fund further development of FTM manufacturing technologies and integration of new equipment into pilot production facilities for 22" FTM tubes, Chmn.-Pres. Jerry Pearlman said. Meanwhile, Zenith FTM tubes are used in new monitors introduced by Compaq last week. Called "QVision," monitors are priced at \$899-\$1,299 in 15" and 17" sizes. They require special graphics circuit board at \$599. Compaq says flat-screen monitors, providing photo quality images, are more than twice as fast as IBM's enhanced graphics system. **Note:** Zenith will introduce additional 32" TV sets this year. We erroneously reported last week that company would offer its first set in that size.

"Ultimate home media experience" was previewed by JBL -- \$47,900 home theater system featuring front projector and carrying "hassle-free" 5-year warranty. "Synthesis One" is expected to be followed before year-end by \$13,500 and \$23,500 packages. JBL's goal is to sign up 150 dealers this year for 3 Synthesis systems, out of universe of 400 suitable dealers it has identified.

Miniaturized tuner for use in TVs and VCRs will be manufactured by Alps using IC developed jointly with Motorola and now in production by Motorola in France. Deal, which results in significant size reduction, is said to be worth more than \$45 million to Motorola over next 5 years. Alps is world's largest independent TV tuner manufacturer.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 132 yen = \$1, except where noted.

FEB. RETAIL SALES UPSWING: There's reason for hope, but not outright glee, in reports of significant comparable-store sales gains reported by major retailers for Feb. Much-discussed reason for restraint is that sales year ago were far from healthy in wake of Gulf War. That said, though, Feb. sales do offer some encouragement that business is turning upward.

Circuit City ended fiscal year with best monthly performance of year -- total sales for month were up 35% to \$205.2 million as comparable-store sales rose 20%. In Feb. 1991, comparable-store sales were off 9%, so most recent month's performance represents significant recovery.

Chmn.-CEO Richard Sharp acknowledged that gains "include the additional Leap Year Saturday and represent comparisons with last year's weakest month, which was at the height of the Persian Gulf War. We expect a significantly lower comparable-store sales pace in March as we face much more difficult comparisons." Its comparable-store sales last March were off only 1%, with total sales up 15%.

For fiscal year ended Feb. 29, Circuit City sales rose 18% to \$2.79 billion. Comparable-store sales were up 1% for year and 8% in 4th quarter. At year's end, it had 184 superstores, 10 smaller Circuit City stores, 34 Impulse mall stores.

Best Buy continued strong sales record with 76% overall sales gain to \$79 million in Feb., with comparable stores up 35%. For full year, sales rose 40% to \$929 million on 14% comparable-store gains. Much of latter's gains are from rapid expansion of computer business. Company ended fiscal year with 73 stores.

Audio/Video Affiliates said Feb. sales rose 27% to \$14.1 million and comparable-store sales were up 16% -- 26th straight month of comparable-store gains. Company ended month with 97 stores in 19 states.

Sears Merchandise Group reported 9.8% increase in Feb. domestic store sales on 8.9% gain by comparable stores. Figures don't include direct marketing sales or finance charges. Chmn.-CEO Edward Brennan said sales in all business categories rose strongly.

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Following are month-by-month sales comparisons with preceding year for Best Buy's and Circuit City's just-concluded fiscal year. First number denotes total sales, 2nd comparable-store comparison:

Best Buy: March +16%, Even; April +39%, +16%; May +42%, +16%; June +25%, +8%; July +23%, +11%; Aug. +33%, +13%; Sept. +29%, +10%; Oct. +40%, +17%; Nov. +35%, +5%; Dec. +48%, +16%; Jan. +64%, +26%; Feb. +76%, +35%.

Circuit City: March +15%, -1%; April +16%, -4%; May +10%, -8%; June +11%, -7%; July +16%, Even; Aug. +18%, +1%; Sept. +16%, -4%; Oct. +19%, +1%; Nov. +20%, +4%; Dec. +16%, +2%; Jan. +28%, +13%; Feb. +35%, +20%.

U.S. will join rest of world in offering Compact Discs in boxes they will be stored in for use, eliminating wasteful and annoying longbox. RIAA's announcement that member companies have chosen shrink-wrapped jewel box as "voluntary" standard for use by April 1993 was greeted by NARM complaints that selling in smaller package invites thievery and that CD displays will have to be redesigned.

CES 'OUTBOARDING' HIT: Manufacturers "outboarding" Summer Consumer Electronics Show "is one of the most severe obstacles to our success that we must overcome as a team," sponsor EIA Consumer Electronics Group (CEG) said in Dec. 27 letter to Chicago hotels.

Letter from Sam Lippman, CEG staff vp-operations and exhibits, said major city agencies and "the Chicago hotel community have all pitched in" to support new summer show format, which "we are convinced will return the Summer CES to its previous level of prosperity." But Lippman said success of show depends on "the cooperation of all hotels in not accepting any business" from manufacturers unless first cleared with CES housing dir.

CEG spokeswoman told us latter point was inserted so that CES housing dept. could alert potential exhibitors to first-time trade-only hospitality rooms being established in McCormick Place for upcoming show. In letter, Lippman noted that Assn. for years has stipulated that hotels cooperate with EIA before accepting CES banquet or other business, "and we ask that you live up to your agreement." Letter concluded by saying: "We are asking you to please alert us of any consumer electronics business that comes your way, in advance of giving space, so we can prevent 'outboarding' and once again bring McCormick Place back to the critical mass of exhibitors that is necessary for our success in... Chicago."

EIA announced, meanwhile, that Consumer Day tickets will be sold through major Chicago retailers -- including Sears, Montgomery Ward, Silo, Service Merchandise, Fretter, Highland, Columbia Audio/Video, Polk Bros., Videoconcepts. NARDA and Radio Shack have agreed to help in promotional program, EIA said. Tickets sold in advance through retailers will be \$8 and on-site sales \$10. Tickets will be sold for either Sat. (noon-9 p.m.) or Sun. 9 a.m.-6 p.m.).

EIA said it had received more than 2,000 calls on its toll-free CES line since announcement of public days, with more than 48% coming from outside 200-mile radius of Chicago.

Note: Goldstar has decided not to exhibit at Summer CES, Mktg. Vp Jeff Mullarkey said. He said company plans instead to introduce product lineups at regional shows in L.A., Dallas, Chicago and N.Y. in late April and early May.

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New antitakeover plan was put into effect by Emerson board, which declared dividend distribution of one new common share purchase right for each outstanding common share. Plan presumably is designed to prevent either of 2 suitors -- Hong Kong's Semi-Tech (Global) Ltd. and Switzerland's Fidenas Investment Ltd. -- from gaining control of company without significant infusion of new capital. Purchase price of new rights is \$6 per share (subject to adjustment), but board may choose to redeem rights for 1¢ each for any group that becomes beneficial owner of 20.47% or more of Emerson stock. Fidenas, currently largest investor, owns 20.46%.

BMC celebrated record net earnings in 1991 and best year since 1982 in operating earnings before profits on equipment and technology sales (TVD 32/8 p14). Biggest color TV shadow mask manufacturer's net earnings jumped 169% in 4th quarter, 347% for full year on net sales increases of 17.3% and 16.1%, respectively. Year's results included major tax benefits and sharp rise in equipment and technology sales.

DCC-MINI DISC 'WAR'? Despite mutual licensing and constant assurances that 2 upcoming digital audio recording formats aren't necessarily competitors, proprietors of both formats -- Philips for DCC and Sony for Mini Disc -- are beginning to sound more competitive.

Chmn. Jan Timmer told Eindhoven news conference that Philips could be reluctant participant in format war if marketplace dictates conflict between his company's DCC and Sony's Mini Disc. In discussion with reporters, Timmer said he has had long history of fending off standards battles. But when asked if he foresees war between DCC and MD, he shrugged and said: "I wouldn't ever want to be involved in another standards battle. But if that is what the consumer wants, and if that is what the industry wants, then I give up. I am afraid to put so many standards in front of the consumer, but if the market decides differently, then we'll just have to see what happens."

Meanwhile, in Japan, senior Sony executive who heads Mini Disc (MD) promotional activities indicated last week that company has selected introduction date, believed to be in late Oct. or early Nov., for U.S., Japan, Europe.

Deputy Senior Managing Dir. Akira Suzuki wouldn't reveal precise introduction dates being targeted, but told us there no longer are technological barriers to launch of either MD hardware or software. He emphasized that major advantage of MD format is ease with which prerecorded software can be produced on existing CD production lines with little additional investment needed.

Suzuki held out hope for portable and car MD players, areas where CDs haven't made important mass market inroads. He foresaw possibility of installation of CD and MD changers in same car. He said both formats will co-exist, revealing that Sony is developing technology to improve sound quality of CD through new mastering system and by improving replication process from master to press. Hinting at possible marketing strategies for later in year, Suzuki said there are opportunities yet to be tapped in giving CDs more value-added functions, such as text-generating feature that hasn't been exploited in format's first 10 years.

Suzuki speculated on possible range of MD hardware configurations -- including decks in hot minicomponent category. As we reported, first Sony record/playback portables will be priced at about same level as existing high-end portable audio gear, but below \$700 ticket of DAT Walkman, according to Martin Homlish, senior vp-gen. mgr. of Sony Audio Component Systems in U.S. Homlish also raised possibility of MD changer designed to fit in car's dashboard. Incidentally, \$700 happens to be anticipated price of first Philips DCC recorder, DCC-900, expected to be available in "mass" quantities in Sept.

First Philips DCC decks will feature 12-character, one-line display on front panel to showcase format's text-generating capabilities. Future players also could include video output that would allow TV to display 21 lines of 40 characters each. There's also future provision for DCC remote with LCD panel to display 2 lines of 40 characters each for identifying tracks or even scrolling song lyrics.

But Philips has confirmed that text capability will be moot point when it comes to homemade DCC copies. Same limitation holds true for table of contents (TOC) feature, which would allow DCC player to search out tracks quickly by switching sectors of DCC tape to find shortest fast-wind

route to selected track point. TOC and text features will be available only on factory prerecorded tapes, according to PolyGram, presumably as deterrent to home copying.

FINANCIAL GLOOM CONTINUES: Nokia, Europe's 3rd largest TV manufacturer and Finnish-based telecommunications giant, reported \$72-million operating loss last year, compared with profit of \$157.8 million in 1990. Sales declined to \$3.44 billion from \$4.91 billion. Company blamed recession in Finland, end of trade with former Soviet Union, poor demand for consumer electronics. Electronics Business Div. reported \$51.1 million operating loss vs. \$122.1 million profit in 1990, as sales dropped to \$1.17 billion from \$1.42 billion due to decline in demand for TVs and VCRs.

NEC first-half sales in "other operations" category dropped 18% to \$773 million from same fiscal 1991 period, company reported, "mainly because of sluggish sales of consumer electronics products." In fiscal 1991, "other," mainly consumer electronics, represented 7% of company's sales. NEC has shifted CE approach to focus on "new media products, such as DBS receiver systems and on high value-added personal intelligence products," such as videogame, "for which we plan to incorporate such functions as personal computing and networking by connecting various peripheral equipment to the main unit." Company outlook for 2nd half of fiscal 1992 is geared to slowdown "in the wake of Japan's collapsed <96>bubble' economy" and slower-than-expected U.S. economic recovery.

Clarion expects operating loss of about \$14 million for fiscal year, blaming lower-than-expected autosound sales, peaked demand for karaoke, decline in overseas sales.

Three Korean electronics manufacturers also reported 1991 results, with 2 largest showing lower earnings on increased sales. (Figures are converted at rate of 753.8 Won = \$1.)

Samsung posted sales of \$6.92 billion, up 15.9% from year earlier. Net earnings of \$91 million were off 6% from 1990.

Goldstar said sales had increased 23.5% last year to \$4.88 billion, but earnings nosedived 44.9% to \$24.5 million.

Daewoo sales for year were up 20.6% to \$2.1 billion and earnings 4.6% to \$18 million.

Retail News: Federated Dept. Stores said it will consolidate operations of Jordan Marsh (JM) and Abraham & Straus (A&S) divisions, with new central organization housed in A&S offices in Brooklyn. Combined entity will encompass 35 stores that had more than \$1.4 billion in sales last year. Company said it will save \$25 million annually, although it will take \$25-\$35 million restructuring charge in current fiscal year. JM hq has about 500 employees, and Federated said it hadn't determined how many would be offered positions elsewhere. Move takes effect April 1. Federated recently emerged from Chapter 11 bankruptcy... Audio King Corp. has been adopted as corporate name of entity formerly known as Image Retailing Group. Only operating subsidiary is Audio King, which operates 8 upscale electronics stores in Minn. and one in S. D. Pres.-CEO Gary Thorne said company believes name awareness brought by operating stores under Audio King name for 39 years "will help our stock in the public markets."

NATIONWIDE MOVES TO 'PRIME TIME': Nationwide buying group staged "Prime Time" merchandise show, mini-CES for its staff in Orlando last week, attracting 110 electronics, appliance and service suppliers and occupying 69,000 sq. ft. of display space. Size of show represented significant example of group's strength (members are estimated to do about \$3.6 billion in electronics and appliances) as well as show of personal support for Nationwide Pres. Lee Guttman. Group had planned on 19,000 sq. ft., but had to expand radically to accommodate larger and more plentiful displays.

It was open question whether show produced extra business for suppliers. Several said privately that Nationwide dealers awaiting show "specials" held back on buying in Feb., so any extra business at "Prime Time" actually was "borrowed" from earlier. At same time, vendors generally welcomed chance for direct contact with as many as 118 dealers at 3-day event. Guttman said no decision has been made on repeating Prime Time format next year, although his "gut instinct" is that it will.

Retail climate was addressed most directly by Dennis Moir, pres. of member Western Appliance, who looked out over packed ballroom crowd and sighed: "Boy, am I glad to see you. You made the cut, too," likening occasion to "a reunion of Titanic survivors." In what has become common call at industry meetings, hope was expressed that group and suppliers could form marketing partnerships instead of emphasizing adversarial relationships.

Subject of adversarial relationships was part of another undercurrent at meeting, specifically place of rapidly expanding Best Buy as it competes with increasing number of Nationwide members. Best Buy Pres. Brad Anderson and Guttman both acknowledged situation and said company understands that ways could part in future. At same time, Best Buy has continually expressed personal loyalty to Guttman, citing his counsel as major help as it grew to present stature. Political situation within group also isn't helped by fact that Best Buy and fellow Nationwide member Fretter are opponents in court battle over chains' advertising in Denver (TVD Dec 16 p12). Companies are also gearing for major competition when Best Buy enters Chicago later in year.

How long does a videotape last? L.A. Times article on "one of the best-kept secrets in home video" quotes Sony and other companies as saying tapes last about 15 years "without significant decay" if owners store them under best possible conditions. Story, which focuses on camcorder home movies, lists storage tips such as maintaining 59-77° temperature and 40-60% relative humidity, storing tapes upright in cases, fast-forwarding and rewinding at least once every 3 years, keeping tapes away from magnetic fields, maintaining VCR. On prerecorded side, Norman Scherer, who sells collectable tapes through his N.Y.-based Video Oyster, disputes idea that tapes don't last more than 15 years. "I just sold a 1977 tape from United Artists," he said. "Some of the older tapes are beautiful. People used to put movies on double tapes if they were over 1-1/2 hours. Now they try to squeeze more on one cassette." Tapes can be watched "hundreds of times" before dropouts occur, he said.

PR agencies: Sega of America appoints Manning, Selvage & Lee, L.A., for consumer marketing, corporate and trade PR, special events... **InterOptica**, Hong Kong-based multimedia CD-ROM publisher with U.S. hq in San Francisco, names HWH Public Relations, N.Y., as PR agency.

ITA SPOTLIGHTS NEW TECH: "New Technologies and the Marketplace: A 5-Year Window to the Industry's Future" is theme of International Tape/Disc Assn. (ITA) seminar March 25-29 at Doral Resort in Miami. As previously announced, Tandy Chmn.-CEO John Roach will be keynoter. Other speakers: Michael Piehl, Philips, and Michael Grubbs, Tandy, on DCC; Michael Vitelli, Sony, on Mini Disc; Bruce Babcock, Thomson, widescreen TVs and VCRs; Michael Marchese, IBM, on 3490E computer cartridge; Mark Frankel, Sony, on Data Discman; Richard Selvage, SkyPix, on pay-per-view satellite system; Thomas Friel, TV Answer, on interactive TV system.

Consultant Gordon Bricker, former RCA vp, will speak on HDTV in 1997; James Bottoms, Understanding & Solutions, on European music, video and tape; Daniel Cheng, Dunwell Industrial Co., on Hong Kong in 1997.

Blank tape panel will feature Douglas Booth, TDK; James Ringwood, Maxell; Frank Russomanno, 3M; Kenneth Wiedeman, Sony. Featured on professional hardware panel will be Steven Bonica, Panasonic, and Anthony Gargano, Sony. Panel on video duplication will include Philip Clement, Rank Video Services; Herbert Fischer, West Coast Video Duplicating; Emmet Murphy, Technicolor Videocassette; William Schubart, Resolution Inc.; William Smith, Allied Film & Video.

Open meeting March 26 will discuss proposal for use of standardized colors on end-tabs of videotape pancakes for identification of tape types. Details on seminar: 212-643-0620.

AM stereo standards legislation (S-1101) was endorsed March 2 by EIA Consumer Electronics Group (CEG). Letter from CEG Vp Gary Shapiro to author, Sen. Pressler (R-S.D.), argued that uncertainty over technology caused by FCC's failure to select AM stereo broadcast standard has damped investment in medium. Bill "quite properly addresses itself" to broadcast side of equation, Shapiro said, and EIA "would strongly oppose any legislation which sought to impose specific AM stereo reception capability in receivers." Pressler introduced bill last spring, saying U.S. must act to keep pace with Japanese govt. decision to adopt Motorola's C-QUAM format as standard. AM stereo transmissions are scheduled to start March 15 in Tokyo and Osaka, early April in Tokai and Fukuoka (AW Feb 24 p6). S-1101 will be among subjects of Senate Communications Subcommittee hearing on radio industry issues set for March 11.

Japan produced 26 million VCRs last year, down 6.7% from 1990, shipped 26.5 million (down 11.6%), exported 22 million (down 14.9%) and shipped 5.2 million on domestic market (down 8.6%), according to EIAJ. Color TV production was 13.4 million (up 1.5%), shipments 13.5 million (up 3.3%), exports 4 million (up 6.1%), domestic shipments 9 million (down 0.4%). VCR and color TV shipments on domestic Japanese market showed biggest decline in history in Jan., VCRs dropping 27.7% and color TVs 20.4%. Biggest plunge was in 25-27" category, down 43.6%.

PolyGram, 80% owned by Philips, reported 24.8% increase in net income last year to \$261 million, largely on basis of turnaround in its U.S. record business. N. American operating profit was \$7.6 million and company said its share of worldwide recorded music market was 18.5%. CDs represented 58% of company's unit sales, up from 48% in 1990. Cassettes were 35% of unit sales, records 7%. CDs brought in 71% of album sales revenue because of their higher prices.

DID NIXON KILL U.S. TV? U.S. govt., starting in Nixon Administration and continuing through Ford and Carter eras, deliberately sacrificed U.S. TV set industry to win Japan to its side in Cold War. That rather astounding theory is advanced in recent TV documentary, "Coming from Japan," in PBS's *Frontline* series.

Written by Shiochi Kato, described as Japanese "writer and social critic," program, presented first on Feb. 18, purported to be look at Matsushita in U.S., "a case study of Japan's troubled expansion in the outside world." Commentator said Matsushita declined to be interviewed for program.

Much of program was rehash of evidence in 2 court cases -- fact that wasn't mentioned on program, nor was it mentioned that both were resolved in favor of Matsushita: Zenith's 16-year attempt to prove Japanese conspiracy to put U.S. TV manufacturers out of business (finally rejected by U.S. Supreme Court) and former employees' discrimination case against Quasar.

"In 1956 and again in 1964 [founder] K. Matsushita helped to organize a cartel that included Sanyo, Toshiba, Hitachi and Sharp," said commentator, presumably translating Kato's words. John Nevin, former Zenith pres. and more recently pres. of Firestone (which was sold to Japan's Bridgestone), was featured prominently on program. He said cartel set artificially high prices in Japan and undercut U.S. manufacturers by illegal rebates to dealers. Swiss Bank Corp. check for \$357,400 to Sears Roebuck was shown, but not signature on check. Matsushita wasn't Sears supplier at time of check (1972) and Sears was acquitted of accepting illegal rebates in 1982, not mentioned on program. Actually, courts never found evidence cartel extended to U.S. pricing.

"The cartel lasted until 1977, by which time at least 90% of the U.S. TV industry was gone," said commentator. He said U.S. TV companies had been "accustomed to large profits" before Japanese came into field, and "when challenged [by Japan], many companies simply gave up the field in favor of short-term profits elsewhere... thus abandoning [future profits from] VCRs and semiconductors."

Most intriguing allegation is that "in 1967, [Japanese] President Tanaka requested a one-year delay in all trade disputes. President Nixon agreed... and so the countries moved to an unspoken agreement... Japan would unfailingly support U.S. foreign policy. The U.S. would overlook our [Japan's] transgressions in trade."

"Quasar was gradually hollowed out from the inside," program said, as "the parent began shipments from Japan." "The entire product was Japanese sourced," said former employee, although later in program it was noted that Matsushita built tube plant in Ohio. "Three-quarters of the American managers were let go, [and] the Japanese managers received wage increases."

In 1977, program alleged, there was "secret agreement with Japanese" by President Carter's Trade Representative Robert Strauss setting quotas on imports of TV sets and promising that other investigations would be curbed. "Secret" agreement was widely publicized in this publication (TVD May 16/77 p7) and others.

Program said that partly because of Strauss letter, only 10% of TV dumping duties owed by Japanese have been collected. By 1980, it said, Matsushita was forced to move to U.S. by "trade tensions," purchasing Quasar from Motorola (actually Matsushita bought Quasar in 1977).

In U.S., Matsushita spokesman said company had received virtually no inquiries about program, and had decided not to discuss broadcast publicly "in view of the fact it was obviously so unbalanced and misleading."

HONEYWELL TARGETS CAMERA MAKERS: In aftermath of legal victory (TVD Feb 17 p14) and subsequent settlement of patent claims with Minolta, Honeywell filed suit last week in U.S. Dist. Court, Newark, N.J., against 6 other camera manufacturers, charging they had infringed on patents relating to autofocus system. Companies charged were Canon, Nikon, Kodak, Olympus, Ricoh and Asahi (Pentax). Canon issued statement in Japan acknowledging it has "been invited" by Honeywell "to discuss an amicable resolution," but refrained from further comment until it had further examined legal filings. Other companies could not be reached by our deadline.

Honeywell spokesman said potential action against camcorder manufacturers will be considered "probably down the road," but "right now our attention is directed at 35mm camera companies." He acknowledged, though, that issue of video companies "has been discussed."

Minolta and Honeywell reached agreement in principle "settling all issues" in dispute, Minolta said in release confirmed by Honeywell. Terms call for Minolta to pay Honeywell \$127.5 million and to receive license to make and sell products under Honeywell patents under dispute. Minolta Corp. Chmn.-CEO Sam Kusumoto said "decision to settle was not an easy one," but company wanted to avoid protracted legal action. "We have settled this dispute in a manner that ensures the continued financial strength and vitality of Minolta, and enables us to concentrate totally" on serving customers.

India's first color TV glass factory will be built by Samcor Glass Ltd. in Kota, Rajasthan. Using technology supplied by Corning, first phase of plant -- for b&w TV bulbs -- will cost about \$73 million. Samcor says it already has govt. approval to produce color glass and plans to go to color early in 1995. Monochrome production will begin in fall of 1993 with annual capacity of some 5 million bulbs. Corning is partner in plant through its French subsidiary, with Samtel Group as other major investor. Only current producer of TV bulbs in India is Bharat Electronics, govt.-owned maker of b&w glass.

Sales of longer videocassettes -- T-130, T-160 and T-180 -- grew 64% in 1991, according to BASF, which claims 84% share of longer-than-T-120 market. In promotion to dealers, BASF urges reduction in assortment of T-120, area where it says there's no brand loyalty. It notes dealer earns average of 50¢ on T-120, but \$1.36 on T-160 and \$3.06 on T-180.

Philips and Fathom Pictures, which it controls, have announced independent "Fathom Pictures" CD-I label, with hq in San Francisco, to produce sports, entertainment and leisure and special events programming for both CD-I and Photo CD. Gary Hare is pres.-CEO of Fathom label.

European PAL TVs are being made in -- of all places -- Ind. Spokesman for Otake Trading Co. said company's Orion plant in Richmond, Ind., is assembling sets for European customers as well as for its prime U.S. customer, Emerson, which accounts for vast majority of receivers.

TELEVISION DIGEST

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Television and Cable Factbook

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Consumer Electronics Personals

Motoharu Iue, a dir. of parent Sanyo Electric (Japan) and former exec. vp, Totori Sanyo Electric, appointed pres.-CEO of N.Y.-based Sanyo N. America Corp., regional hq for company, succeeding **Yoshio Shimoda**, who remains dir. of parent company... **Alex Wijnen** resigns as pres., Harman International Consumer Electronics Group, to pursue other interests... Changes in Yamaha restructuring: Mktg. Vp **Steve Girod** resigns to become exec. vp, H.C. Power Inc., Irvine Cal.; Senior Vp **Roger Stange** adds post of gen. mgr.; **Steven Caldero**, national sales mgr. for one-brand Concert Systems, assumes same title with newly created Home Audio Group, encompassing systems and components; **Tom Graham**, product planning mgr., moves to national mktg. dir., reporting to Stange; **Larry Poor** retains title of national mktg. mgr. for home audio, reporting to Graham.

Changes in Philips' European operations: **Jacques D'Elfant**, who headed Dutch Philips sales and management, appointed a Philips Consumer Electronics International senior managing dir. responsible for marketing, sales and service in Europe; he's succeeded as head of Dutch organization by **Jan Post**, CEO, Spanish Philips; **Wim den**

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
CTS			
1991-year to Dec. 31	229,536,000	4,214,000	.82 ^a
1990-year to Dec. 31	251,044,000	7,340,000	1.42 ^b
1991-qtr. to Dec. 31	56,259,000	436,000	.08
1990-qtr. to Dec. 31	57,335,000	1,101,000	.22 ^b
National Semiconductors			
1992-39 wks. to Feb. 23	1,226,000,000	(147,600,000)	-- ^b
1991-39 wks. to Feb. 24	1,256,900,000	(157,000,000)	-- ^b
1992-13 wks. to Feb. 23	401,800,000	14,500,000	.11
1991-13 wks. to Feb. 24	386,800,000	5,000,000	.02 ^a
Republic Pictures			
1991-year to Dec. 31	81,685,000	648,000	.15
1990-year to Dec. 31	57,351,000	727,000	.17
1991-qtr. to Dec. 31	22,746,000	397,000	.09
1990-qtr. to Dec. 31	21,918,000	697,000	.16

Notes: ^aIncludes special credit. ^bAfter special charge.

Tuinder, a managing dir. of Philips Consumer Electronics International, takes over Spanish operation... **J.A. Feijoo** appointed vp-sales, Philips-affiliated Signetics, having previously served as U.S. sales operations vp for Discrete Products Div., Philips Components... **Minoru Makihara**, formerly at Mitsubishi International, N.Y., moves from managing dir. to pres. of parent Mitsubishi Corp. June 26, succeeding **Shinroku Morohashi**, who becomes chmn.; Chmn. **Yohei Mimura** will serve as counselor.

Changes at Sony Music: **Rosalind Blanch** appointed senior vp, divisional mktg. services; **Glenn Boothe**, formerly alternative promotion mgr. at Island Records, joins as mgr., college mktg.; **Regina Chamberlain** named Midwest mktg. rep, Word/Epic Records; **Deborah Price** promoted to Epic Records assoc. product mgr... **Pekka Alia-Pletila** named pres., Nokia Mobile Phones, succeeding **Jorma Ollila**, now Nokia Group pres... **Michael Goss** elected Oak Industries vp-treas., **Ronald Mason** corporate development vp; **Thomas Sheehan**, controller, adds vp title.

Conferences on distribution strategies for consumer electronics will be sponsored by BIS Strategic Decisions Oct. 5-6 in Geneva and Oct. 19-20 in London, focusing on European distribution -- BIS, 617-982-6500.

Low-cost universal remote, with 14 buttons, preprogrammed and designed to operate TV, VCR and cable box, has been introduced by Tandy's Memtek under Memorex label at \$16 list.

China produced 2.6 million TV sets in Jan., up 5.3% from same 1991 period, according to State Statistics Bureau. They included about 1.2 million color sets, up 14.7%.

Acclaim and PolyGram signed agreement under which latter will be exclusive distributor of Acclaim videogame and computer software in the U.K.

TELEVISION DIGEST®

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With Consumer Electronics

MARCH 16, 1992

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

COMPULSORY LICENSE HIT: Copyright Office calls retransmission consent incompatible with license, suggests copyright overhaul. New technologies would be helped. Senate hearing set. (P. 1)

FCC UPS RADIO MAXIMUM to 30 AMs, 30 FMs. Relaxes duopoly rule on station ownership in single market, sets 25% audience cap. Sikes and Barrett in sharp exchange before vote. No LMA restrictions added but contracts must go in public file. (P. 2)

CABLE-TELCO BILL PROSPECTS dim in Congress. Cable bill seen only communications legislation likely to emerge this year. (P. 5)

NEW FCC REGULATORY AGENDA: Commission opens rulemakings on comparative criteria, investments, raises possibility of adding finder's preference and service continuity. Comments asked on ways to generate investments in broadcasting. (P. 6)

OPTIMISM FOR HDTV: Expected penetration figures assume more consumer attraction, but lack audience research. Auxiliary spectrum for HDTV could delay planned arrival. (P. 7)

NETWORK CABLE OWNERSHIP still opposed by NAB. Even network members of TV board don't object in unanimous vote. Impasse reached in network negotiation with affiliates. (P. 7)

COPYRIGHT OFFICE HITS RETRANSMISSION: Broadcast retransmission consent plan is incompatible with compulsory license, U.S. Copyright Office (CO) said in new study, and major legislative overhaul of copyright law is necessary to make license workable. Study said some compulsory license should be retained, but it should be modified to accommodate new technologies, subsequent court decisions, new regulatory regimes.

House Copyright Subcommittee already is thinking about repealing compulsory license, we're told, and is said to be reviewing suggestion of group including MPAA, TCI and Major League Baseball of phasing out license in 5 years. Among ideas Subcommittee Chmn. Hughes (D-N.J.) and others are said to be considering is tying phase-in of retransmission consent to elimination of compulsory license, source said. No decisions have been made and Subcommittee clearly is split. Key members Boucher (D-Va.) and Moorhead (R-Cal.) introduced long-promised legislation March 12 to extend compulsory license to wireless cable and "other technologies" such as telcos.

Senate Copyright Subcommittee also is undecided, will hold hearing April 6 to consider possibility of legislating reforms. Among planned witnesses: Register of Copyrights Ralph Oman, FCC Chmn. Sikes,

Consumer Electronics

PHILIPS SHOWS HIGH-QUALITY full-motion video CD-I, due on market by Christmas. Kodak says 4 vendors' CD-ROM drives will be compatible with Photo CD. (P. 12)

STRONG FEB. SALES for camcorders and VCRs reported by EIA, both showing double-digit increases. Color TV off. Compacts 72.4% of camcorders. (P. 13)

DOMESTIC COLOR OUTPUT declined 7.3% in 1991, while imports rose 1.3%, but majority of sets were assembled here. Supply and sales in balance. (P. 14)

MITSUBISHI REDUCES BIG-SCREEN PRICES by \$200 and more in apparent effort to take more competitive position. Company calls it normal seasonal move. (P. 15)

GHOST-BUSTER PRODUCT LINE offered by Philips, first product, for cable systems, due in May, and plans to build canceler into high-end color sets. (P. 16)

DID STEREO TV SALES DIP in Jan.? EIA report on sales to dealers included only those with dbx circuitry, so direct comparison can't be made. (P. 16)

AUDIO SALES ROSE 1.2% in Jan. on double-digit increases in portables and autosound dollar sales. EIA data suggest price deterioration. (P. 17)

EMERSON 'CORE BUSINESS' operated at profit in 2nd half. Recoton reports record net for 1991. (P. 17)

MPAA Pres. Jack Valenti, Fox Chmn. Barry Diller, Baseball Comr. Fay Vincent, Turner Bstg. Chmn. Ted Turner, representatives of CATA, wireless cable, satellite and passive carrier industries, INTV and other broadcasters, either from CBS (originator of retransmission consent) or NAB.

It's not possible to have compulsory license if broadcasters have right to deny signal carriage, CO said. Report, requested by Senate Copyright Subcommittee Chmn. DeConcini (D-Ariz.) and panel's ranking Republican, Sen. Hatch (Utah), also said it's "anomalous" to give broadcasters greater proprietary rights over programming than owner of copyright, as would happen with retransmission consent. CO had signaled opposition to retransmission consent less formally last year in House testimony (TVD July 15 p6).

Copyright reform would be "major legislative undertaking," study acknowledged, because "very large economic interests are at stake." Study will be "very helpful" as House determines whether to include issue in cable bill, NCTA spokeswoman said. She said report is "objective presentation" that will provide effective counterpoint to competing industry interests and "rapidly changing environment." NAB rejected Copyright Office findings, Pres. Edward Fritts saying: "It would have been news if the Copyright Office had concluded otherwise." He accused it of "look[ing] through the wrong end of the binoculars," and predicted that Congress would "turn those binoculars around [and] explore the big picture." MPAA's Valenti backed phase-out of compulsory license and said he's optimistic that major reform is imminent. Wireless Cable Assn. Gen. Counsel Nicholas Allard said proposal to make copyright law "technology neutral" is positive for wireless cable.

NCTA didn't comment in detail on report, but Pres. James Mooney said Assn. still opposes retransmission consent. He was responding to Dear Colleague letter circulating in House by Telecom Subcommittee members Eckart (D-O.) and Fields (R-Tex.) that gave impression NCTA had reconsidered position. Letter reprinted Mooney's comments from March 8 N.Y. Times article in which he was quoted as conceding cable industry was "making a buck retransmitting something that's" broadcasters' and that "I guess you could come up with a rationale that says you ought to at least give them some compensation." Mooney contends remarks were taken out of context and were partly inaccurate: "What I [said] is that while I can't say cable will go out of business if retransmission consent is adopted by Congress, it would in my opinion be an atrocious public policy which would lead directly to higher subscriber bills. I also said that while you can make a rational (if unpersuasive) case for retransmission consent, and you can make a rational case for must-carry, you can't make a rational case for having both of them at the same time." Meanwhile, Subcommittee staff at our deadline was redrafting cable bill (HR-1303) in hopes of unveiling revisions this week. Subcommittee Chmn. Markey (D-Mass.) hopes for markup in last week of month, spokesman said.

CO study suggested several options for changes in copyright law: (1) Royalty formula could be simplified with flat per-subscriber rate. (2) Outdated distinction between local and distant signal could be adjusted by using Arbitron's "area of dominant influence." (3) Congress should "give serious consideration" to sunsetting compulsory license if it were extended to wireless cable and satellites. (4) "Less drastic" alternative to retransmission consent could be creation of copyright fee for local component of broadcast signals. (5) Copyright law should be made "technology neutral" so wireless cable, satellites and telcos would be treated same as cable. Report said telcos, for example, wouldn't be covered by compulsory license.

Meanwhile, satellite compulsory license fees could increase 50-100% if Copyright Royalty Tribunal (CRT) endorses findings of panel of 3 arbitrators. CRT has up to 60 days to decide whether to approve boosts, which also could be appealed to courts. Comments are due March 18, replies March 27.

FCC RELAXES OWNERSHIP LIMITS, DUOPOLY RULE: Doing the expected, FCC March 12 adopted new rules permitting single licensee to own up to 30 AMs and 30 FMs nationwide and to own more than one AM and one FM in same market (TD March 12 p1). Comr. Barrett abstained, indicated he would dissent after seeing final report and order, and engaged in brief but very sharp exchange with Chmn. Sikes on issue of whether enough information was available to commissioners early enough to cast informed vote. Barrett said he heard about final proposal "on the street" afternoon before meeting and when Sikes protested, told him: "Don't play those games with me."

On local ownership, licensee would be permitted to own 3 AMs and 3 FMs in markets with 40 or more stations, 3 AMs and 2 FMs in markets with 30-39 stations, 2 AMs and 2 FMs in markets with 15-29 stations. In each case, combined audience share of stations owned by single licensee couldn't exceed 25%. In markets with fewer than 15 stations, licensee could own up to 3 stations (one would have to be AM), provided that licensee owned fewer than 50% of stations in market.

Commission action came after strong pressure from Congress not to go too far in relaxing ownership rules; decision didn't go over well on Hill, where one aide remarked: "I do not know of anybody [here] who is pleased." House Telecom Subcommittee Chmn. Markey (D-Mass.) issued statement expressing "alarm" at expanded ownership levels and potential impact on diversity. House Commerce Committee source wouldn't rule out legislative response, and Markey promised new measure. He's already co-sponsor with Commerce Committee Chmn. Dingell (D-Mich.) of proposal to regulate local marketing agreements (LMAs) (HR-3715), which we're told can be expected now to gain stepped-up Hill attention. New bill would reinstate multiple-ownership and duopoly rules, Markey said. Others in Congress may seek same result through amendment to FCC's pending budget reauthorization or FY 1993 appropriations, we're told.

Dingell's skepticism at FCC plan was evident in letter he sent Sikes next day asking for details of its likely effect, market-by-market nationwide. "I am particularly interested in a 'worst-case scenario' that is limited to commercial stations only and that assumes the maximum number of combinations permitted," he said. Meanwhile, NAB applauded FCC for recognizing "need for structural changes to strengthen the industry's competitive position." Sen. Pressler (R-S.D.), member of Senate Communications Subcommittee and author of radio revitalization bill (S-1101), also praised decision as helping to lift some "burdensome regulations."

On March 9, House Telecom Subcommittee aide Larry Irving warned NAB Leadership Conference that Markey would consider legislation if Commission more than doubled current maximum of 12 AMs, 12 FMs, 12 TVs (14 in each category under minority ownership). "I don't believe 25 is acceptable," he said. Dingell also has leaned heavily on commissioners, and his aide talked to at least 4 of them and/or their staffs in last 2 days before vote. Said David Leach, top Dingell aide: "I made no specific suggestions [on ownership limits] at all. I was returning my phone calls. I did not initiate them... but I'm letting them know my boss's concerns." We understand Dingell would have preferred caps below 25.

Changes in FCC's radio station ownership and duopoly rules will be viewed with extreme skepticism by Senate Commerce Committee Chmn. Hollings (D-S.C.), he said March 11 at hearing on industry regulation. While he didn't flatly oppose reform concept, he left no doubt that he saw little need for expansion of ownership limits when so few station owners had taken advantage of maximums in existing rules. Other lawmakers also expressed concerns, notably on impact of potential changes on minority station ownership and ownership concentration, especially locally or regionally, but joined industry witnesses in supporting reform. Few could agree, however, on specifics of possible rules changes or on likely benefits for ailing radio industry. "[Is this] an aspirin tablet for a major disease?" Sen. Danforth (R-Mo.) asked at one point.

Hollings questioned Commission arguments for radio deregulation, particularly Sikes' contentions, repeated at hearing, that relaxing ownership rules would allow group owners to take advantage of economies of scale, and rescue troubled stations. "Radio... can't consolidate to achieve 'critical mass,'" Sikes said. "Since economies of scale and scope are limited by FCC regulations, radio is forced into a higher cost-to-revenue structure," which he said had radio faltering in intensely competitive U.S. media market. Hollings said that he didn't buy argument and that he feared effects on station program diversity and on ownership opportunities for minorities. He implied certain amount of duplicity on part of Commission by noting contrast between Sikes' arguments that changes would open door to new ownership opportunities for minorities and FCC's opposition to minority preferences.

Barrett, complaining that he didn't have access to final proposal until late March 11, said Commission action would have "long-term impact on short-term problems... Clearly the losers are the small groups, the women of the world" and public. He said that FCC is playing "lip service" to minority broadcasters, that decision doesn't involve "equity and fairness" and that big groups will outbid "small players" for stations. When it came his turn to speak, Sikes took exception to Barrett's complaint, told Mass Media Bureau Chief Roy Stewart to inform reporters at following press briefing when 2 earlier documents (Jan. 29, Feb. 18) were made available to commissioners. Barrett made comment about playing games several times after he asked Sikes whether instruction to Stewart was in response to his statement, and chairman replied yes. Barrett added: "Do not mislead people about what I'm suggesting."

Privately, other commissioners generally sided with Sikes, with one telling us "we had process up to our asses" in proposals and counterproposals before meeting. Said Comr. Quello: "I may not be completely comfortable with our choice, but I am completely at ease with the honest, open and thorough process by which we reached it." At one point, Barrett had proposed 25-station cap, going up to 30 only if FCC minority ownership policies were adhered to. "He probably could have succeeded if he had pushed it," we were told. Barrett told us he was seeking "fundamental fairness" and disagreed with Sikes only on minority issue, which Sikes rejected. "The chairman was always open and always available," Barrett said, "and he and

I simply disagreed [but] we were not that far apart." He said no other commissioner came to him to talk about negotiating. New ownership rules are scheduled to become effective Aug. 1. Commission expects several petitions for reconsideration to be filed.

On LMAs, FCC said it wouldn't impose any additional restrictions on joint ventures other than time brokerage agreements involving stations in same market. "Given today's relaxation of the local ownership rules, widespread and substantial time brokerage... could undermine broadcast diversity and competition," Commission said. Thus, agency ruled one station brokering time on 2nd station will be considered to have "attributable" ownership interest in 2nd station. Also, station A won't be permitted to broker time on station B if A couldn't own B under relaxed local ownership rules. Station also will be prohibited from simulcasting more than 25% of its programming on another station in same service (both AM, both FM) if both stations serve "substantially the same area." Licensees will be required to put LMAs in their public files and to submit such documents to FCC with their annual ownership reports.

FCC said new rules will help stations "remain viable in the increasingly competitive media marketplace... Moreover, the evidence suggests that commonly owned stations tend to offer more public service programming than other stations [and] may be responding to viewer demand for news more effectively than stations not commonly owned. The changes adopted today will significantly strengthen the radio service as a whole and assist radio broadcasters in improving their service to the public in an increasingly competitive environment."

Generally, major market groups owners (who would be permitted to acquire additional AM-FM combinations in markets where they already have them) reacted very favorably to new ownership rules, although none was prepared to announce any plans. Early beneficiary could be CBS, which now has 13 FMs after acquisition of Midwest Communications and would have been required to dispose of one. CBS has been negotiating to sell KLOU(FM) St. Louis, and Stewart said that no longer would be mandatory under new rules.

There doesn't appear to be "rational basis" for FCC distinction between SMATV systems that connect commonly owned buildings (internal SMATV) and those that connect buildings owned by different people (external SMATV), U.S. Appeals Court, D.C., said in unanimous decision remanding case to Commission for further consideration. SMATV operators, including Beach Communications, Maxtel, Pacific Cablevision and Western Cable, argued that FCC rules are unconstitutional when they say that internal SMATV systems aren't subject to local regulation and external SMATVs are. Court rejected operators' claims that rule is violation of Cable Act and that it violates First Amendment, saying First Amendment claims aren't ripe. But Court said local franchising hinges largely on use of rights of way, and there's no rational basis for franchising external SMATV systems that don't cross rights of way. Court said it will give FCC 60 days to reconsider rule to determine whether there's another justifiable basis for franchising external SMATVs. Court, in opinion written by Judge Harry Edwards, said it's "unable to imagine any basis for the distinction." Other judges: Abner Mikva, Douglas Ginsburg.

Monitor Channel will be closed if it's not sold by June 15 (TVD March 9 p8), Christian Science Church said after reorganization that led to resignation of Chmn. Harvey Wood. He was replaced by board member Virginia Harris. Departure was partly result of decision to borrow \$41.5 million from employee pension fund to help finance newspaper Christian Science Monitor and Monitor Channel, officials said. Church already has invested \$250 million in Monitor Channel, which costs \$4 million per month to operate. Restructuring also included resignation of Monitor Channel Chmn. John Hoagland from church's board of trustees and Annetta Douglass as head of Christian Science Publishing Society, but she will continue as pres. of Monitor TV and exec. dir. of TV-radio programming. Hoagland will continue Monitor Channel post.

Rep firm and 7 broadcast groups have challenged FCC staff ruling that licensees may not require advance payment by political candidates for advertising. Group said that staff has imposed "a totally new obligation on broadcasters to extend credit to political candidates. The subject has never been addressed by the full Commission." Staff ruling requires licensee to extend credit to candidates if it accords same treatment to nonpolitical advertisers. Said petition: "This sudden departure from the longstanding FCC policy and industry practice of requiring payment in advance for political advertisers places broadcasters in the precarious position of discriminating between candidates, facing intimidation and coercion from candidates and attempting to collect from penniless candidates." Filing, by Washington law firm Haley, Bader & Potts, was signed by Donrey Media Group, EBE Communications, Fairbanks Communications, Heftel Bestg., Noble Best. Group, Interep, Meredith Corp., Sterling Recreation Organization.

Future of public broadcasting will be examined by 15-20 member task force established by N.Y.C.-based 20th Century Fund. Study will weigh mission, funding, organization. Task force will consist of public broadcasters and representatives of corporate, education and policy-making communities. First meeting is expected in June, with Fund to commission preparatory research in meantime. Study will be its first involving public broadcasting.

Voters in Morganton, N.C., rejected referendum that would have prohibited city-operated cable system in competition with TCI system. More than 2/3 of voters (2,683-1,156) said city should be allowed to operate municipal cable system. Washington-based group called TV Viewers of America was among those opposing referendum, which it said was sponsored by TCI. TCI franchise expired in 1986 and renewal has been tied up in courts since.

LAWMAKERS PESSIMISTIC: House probably won't be able to do more than pass "watered-down" version of Senate cable reregulatory measure (S-12), key lawmakers predicted March 10 at U.S. Telephone Assn. (USTA) conference. House Telecom Subcommittee is expected this week to release new draft of bill. Citing distractions of redistricting and elections, Subcommittee members Bliley (R-Va.), Oxley (R-O.) and Slattery (D-Kan.), and Sen. Stevens (R-Alaska), were pessimistic on prospects this year for any controversial and complicated issues — including telephone industry regulatory reform (MFJ) and cable-telco measures. But they generally agreed it was unlikely President Bush would risk allowing cable reregulation to become election-year issue through veto. Former NTIA Dir. Janice Obuchowski agreed in separate appearance next day.

Lawmakers reported Telecom Subcommittee leaders in quandary over cable legislation (HR-1303), for which no consensus has emerged on retransmission consent or rate regulation, Oxley said. However, panel members agreed there was little likelihood that telco entry language would be attached to cable bill, given resistance by House Commerce Committee Chmn. Dingell (D-Mich.). He wants action on bills kept separate, partly to avoid opening door to larger battle over MFJ-information service reforms in cable bill, Oxley said after recent conversation with Dingell.

Instead, Oxley said he's likely to offer amendment to cable bill to increase rural exemption for telco entry beyond 10,000 population proposed in S-12. Oxley said he hasn't settled on cap, but at USTA he suggested 50,000 as possibility. If adopted, amendment would end major barrier to telco entry, he said. Slattery warned USTA against seeking cable-telco amendment in cable bill, saying that "would kill them both."

Dingell's resistance to cable-telco amendment reportedly already has USTA backpedalling from drive for legislation it announced recently, and Pacific Telesis Vp Ronald Stowe confirmed that industry now was targeting infrastructure bills such as S-1200 by Sen. Burns (R-Mont.). Lawmakers generally discounted possibility that MFJ reforms would be addressed successfully in appropriations legislation, although Stevens warned industry of possibility that spectrum allocation reforms could become issue again in budget process. He said that he's working with Senate Communications Subcommittee leaders on spectrum auction provision for Democratic package (S-218) awaiting vote by full Senate and that compromise on component for competitive bidding experiment was likely.

Bliley also announced plan for amendment to HR-1303 to discourage municipalities from imposing multiple levies on cable operators. He wants to require operators to break out more of charges in monthly cable bills to help expose what he sees as municipalities' tax abuses, and indirectly keep down rates. Subcommittee is considering last week of March for cable bill markup, aide said. Draft reportedly resembles S-12 and includes must-carry and retransmission consent provisions in wake of breakdown of MPAA-NAB talks on compromise (TVD March 9 p3), as well as program access and rate regulation requirements.

Any bill that includes retransmission consent is likely to end up in House Judiciary Committee for resolution of copyright issues, top Markey aide Larry Irving told NAB Leadership Conference last week. (Senate Copyright Subcommittee already has announced April 6 hearing on related issues. See separate story, this issue.) Irving said move wouldn't be intended to bottle up bill although with 1992 legislative year shortened by elections, it's possible

cable bill could die there. Catherine Reid, Republican counsel to Subcommittee, predicted House bill wouldn't have same rate regulation and program access provisions as S-12.

Telco entry into cable probably won't "go very far" in Senate this year, said Senate Commerce Committee aide John Windhausen, because no consensus has emerged, even among telephone companies. He said bill could move next year, but recent hearing on S-1200 (TVD March 2 p2) didn't indicate much momentum behind bill. Irving agreed that House action on telcos' entry isn't likely because companies aren't pursuing it actively. However, he said legislation on telco entry into information services would follow closely behind cable bill.

Obuchowski told AWRT gathering that there's 70% chance Bush won't veto cable bill if it gets to his desk, and 60% chance that it will get to his desk. In first public appearance since leaving post as NTIA dir., she also predicted that any bill that clears Congress will be less regulatory than S-12. Reid, also at AWRT, disagreed, saying House Republicans "take the Administration at its word" that Bush will veto any bill resembling S-12. She believes President wouldn't have political difficulty in vetoing cable bill, even just before election, because it's so low on list of voters' priorities. But Reid said voting against cable bill would be tougher for Congress members. Former Rep. Thomas Tauke (R-Ia.), now Nynex exec. vp-govt. affairs who appeared before AWRT and USTA, agreed Bush will have to veto cable bill to demonstrate Republican commitment to deregulation. Robert Thomson, TCI senior vp-policy planning, said he has "great deal of confidence" that Bush will veto anything resembling S-12, and anything that includes retransmission consent.

HDTV and DAB will dominate technical sessions at NAB convention April 12-16 in Las Vegas. HDTV sessions will include panel on how systems are being tested and assessed, April 14, 2 p.m., followed by nontechnical summary of each proposed HDTV system, 3:15. Executives of HDTV proponents — including Wayne Luplow of Zenith, James Carnes of Sarnoff Labs, Gerald Heller of General Instrument and Takehiro Izumi of NHK — will follow. Technical description of proposed systems will be at April 14, 9:30 a.m.. Other TV technical sessions: April 12, 9 a.m., ghost-canceling, DBS and other new technologies; April 12, 1:30 p.m., interactive TV; April 13, 9 a.m., separate sessions on video production and UHF transmission; April 13, 1:15 p.m., concurrent sessions on station automation and maximizing signal coverage; April 15, 9 a.m., digital TV. General Instrument and MIT said they will conduct live, over-air demonstration of DigiCipher HDTV throughout convention, using low-power signal on Ch. 15. NAB had invited other proponents to produce similar demonstrations, but NHK and backers of enhanced NTSC Advanced Compatible TV declined and others were involved with Advanced TV Test Center. DAB sessions will be April 12 and 13, 9 a.m. and 1:30 p.m. Other sessions will include April 12, 1:30 p.m., report on recently concluded WARC, advanced systems at European Bctsg. Union, EuroCrypt and digital TV developments in Europe; April 15, 9 a.m., AM/FM improvement; April 16, 9 a.m., optical fiber.

ESPN programming will take off to inflight market as result of exclusive agreement with ABC Distribution, companies announced last week. Deal includes package in which advertisers can purchase commercial time on ESPN cable network and in ABC's inflight video programming on United Airlines international routes. ABC parent Cap/ABC owns 80% of ESPN.

NEW FCC REGULATORY PROGRAM: FCC started 2 rulemakings March 12, one to reexamine criteria used in comparative hearings, other on seeking ways to encourage capital investment in broadcasting. Commission noted that it hasn't reviewed comparative criteria since issuing policy statement in 1965 and said "continued use of these criteria... could pose problems." Agency asked for comments on whether to "retain, eliminate or modify" 4 comparative criteria currently used -- integration, proposed programming, past broadcast record, auxiliary power.

Commission also proposed to add 2 comparative criteria -- service continuity preference and finder's preference, and asked for suggestions on other new criteria it should consider. Under service continuity, applicant would be given preference if it pledged to retain new station at least 3 years. Finder's preference would be awarded to applicant who successfully petitions FCC for reallocation of frequency.

Comments also are being sought on use of point system to evaluate various criteria, as well as how to apply tie-breaker if 2 or more applicants end up with same number of points: "Use of such a system may expedite adjudication and provide results that are more certain and defensible." Applications set for hearing before proposed rules take effect would continue under old rules, FCC said.

Comrs. Quello and Duggan strongly endorsed proposed "service continuity" preference, latter saying he would consider adopting mandatory 3-year rule for all new broadcast licensees. However, he said he's "troubled" by proposal to eliminate comparative criteria for proposed programming: "I believe that the public interest is served by encouraging applicants to embrace an explicit commitment to news, public affairs, minority and foreign language programming."

In attempt to encourage capital investment in broadcasting, FCC asked for comments on: (1) Whether, and if so under what conditions, Commission should allow former licensees and lenders to hold "security and reversionary interests" in licenses. (2) Whether attribution benchmark should be raised to 10% ownership in licensee from 5% and increasing same benchmark for "passive" investors to 20% from 10%. (3) Whether it should broaden class of passive investors to include small business and minority enterprise companies. (4) Whether it should change attribution rules to exempt widely held limited partnerships in certain cases.

All 5 commissioners expressed skepticism that lenders legally could be granted rights in license under Communications Act. Duggan expressed "cold skepticism," saying proponents of idea would have "a very, very heavy burden" in convincing him. Chmn. Sikes noted there are conflicting court decisions on issue. In concurring statement, Comr. Barrett referred to his "dissent" on new FCC radio ownership rules -- dissent that never was released (see separate story, this issue). However, he said that in encouraging broadcast investors "we should not totally abandon our past policy objectives based on temporary market conditions." Docket numbers and comment deadlines haven't been released by Commission in either rulemaking.

FCC proceedings also could be speeded up generally under new regulatory reform program Sikes outlined before meeting. He said he was proposing to institute reforms in 3 general areas: (1) Promoting investment in communications industries. (2) Speeding up licensing programs. (3) Reducing unnecessary paperwork for telephone companies. In addition, Managing Dir. Andrew Fishel said Commission

would undertake several management actions designed to speed service to public.

Sikes said he wanted recommendations on: (1) Personal Communications Services (PCS). (2) Cable-network cross-ownership; however, recommendation on cable-teleco cross-ownership probably won't be expedited that much, officials said. (3) Second HDTV report. (4) Reform of broadcast rules.

Under new licensing programs, Sikes said he wanted attention devoted particularly to wireless cable applications, some of which have been in process since 1983. That issue was of particular interest to Duggan. Others on licensing list: (1) Relaxing Sec. 214 application requirements for international authorizations and for receive-only earth stations. (2) Simplifying and expediting FM upgrading for broadcasters, as well as conforming license renewals for main stations and translators.

Fishel gave no specifics, but said Commission would set new standards for "acceptable service." He said it would give heavy emphasis to licenses that involve "large capital investments in facilities, stimulate service competition or have other major economic or social impacts." FCC bureaus will be directed to ask for help from other parts of agency that may have "excess processing capacity," Fishel said. There also will be some reorganizations, he said. Sikes' 3rd area, reducing paperwork burdens, included among "candidates for consideration" Mass Media Bureau's ownership reporting requirements.

NAB task force endorsed "with reservations" proposal to implement radio broadcast data system (RBDS) technology in U.S. through adoption of "comprehensive technical standard" by National Radio Systems Committee (NRSC) of NAB and EIA, but only if AM and FM stations "simultaneously and from the outset" can participate. While RBDS is envisioned for FM stations only, task force said, "technologies are available" to extend technology to AM. "Any effort to exclude AM stations from participation in RBDS technology would be a detriment to the public interest," it said. As for RBDS format scanning, task force said it "recognizes both advantages and disadvantages" for AM and FM. If AM participation in scanning "can be assured," task force said, "NAB should consider endorsing inclusion of a specific list of format codes" in NRSC technical standard. At Jan. Las Vegas Consumer Electronics Show, NAB Exec. Vp John Abel said format-scanning functions of RBDS have encountered criticism among Assn.'s members on ground that broadbased format names tend to obscure finer points of niche marketing that differentiate station from competitor.

RTNDA has taken exception to recent remark by Sen. Hatch (R-Utah) suggesting that different standard of divulging sources might apply to NPR since it receives govt. funding. Lawmaker made comment on MacNeil-Lehrer NewsHour in relation to Senate special counsel's investigation into leaks of Anita Hill's sexual harassment allegations against then-Supreme Court nominee Clarence Thomas (TVD March 2 p3). In March 5 letter to Hatch, RTNDA Pres. David Bartlett said: "We believe it is very dangerous indeed for any government official to suggest that the First Amendment's free press protections do not apply when government funding is involved... NPR is no less a news organization because some of its bills are paid with public funds." Nina Totenberg, who filed one of first 2 reports on allegations, "should not be stripped of her constitutional rights merely because she reports for NPR rather than NBC."

OPTIMISM FOR HDTV: More optimistic predictions on rate of sales of HDTV sets are expected to emerge next month from FCC's Advanced TV Advisory Committee (ATAC), persons involved in project told us. Predictions are based on new and sometimes untested assumptions as to how attractive HDTV will be for consumers, whether prices will fall more rapidly because of global market, whether there will be variety of HDTV delivery media. But ATAC group said lack of broadcast auxiliary spectrum could delay HDTV.

It's still too early to tell how much faster HDTV sets will be sold, said Sony Vp Larry Thorpe, who heads one of 2 ATAC working parties developing new estimates: "I personally think it will be faster, but perhaps not dramatically so." Earlier assumptions "have been found to be untenable in the light of recent technological advances and regulatory proposals," ATAC Planning Subcommittee said in report approved March 11. Earlier HDTV penetration estimates that it would take 10 years for 1% of sets to be HDTV were so pessimistic that they dampened some early manufacturer enthusiasm. Figures were based largely on assumptions about consumer reaction to HDTV based on MIT study (TVD April 14/88 p1). Thorpe said that study has been largely discredited and there's growing belief among experts that HDTV will be "big deal," but he acknowledged there's no new audience research to back up belief: "That's the key thing that's missing. I believe the most serious gap in the entire [ATAC] process is the lack of serious audience research."

Cost of sets will fall more quickly than earlier expected, partly because HDTV won't be only U.S. phenomenon, Thorpe said. Global reach of HDTV will help reduce prices even if rest of world uses analog while U.S. goes digital, Thorpe said, because 40% of cost of HDTV set is display, which is same regardless of whether system is digital or analog. Prices for digital system also should fall faster than earlier projections, which were based on analog, because digital chips are cheaper to produce, he said. Variety of delivery media will encourage faster buying of HDTV sets, according to new analysis. Earlier figures assumed that HDTV would be delivered primarily by stations and cable, but Thorpe said new data suggest satellites, VCRs and videodiscs will have big impact, potentially speeding sales.

"The general consensus now is that HDTV will work," said Joseph Flaherty, CBS senior vp who heads ATAC Planning Subcommittee. "Now the question is when and at what cost." Flaherty said 3 of 10 criteria that will be used to select winning HDTV system are cost to consumer, cost to broadcaster, cost to alternative media: "If you try to finesse this one, it is of fundamental importance. It may be too late when the decision is being made."

FCC wrongly believes no more spectrum will be needed for HDTV, particularly for broadcast auxiliary services such as studio-transmitter links and electronic newsgathering (ENG), according to White Paper by ATAC working party. FCC assumption (TVD Oct 28 p3) would delay HDTV arrival, Flaherty said. White Paper said broadcast auxiliary congestion will limit HDTV even if there are enough VHF and UHF channels. Broadcast auxiliary channels (2-, 7- and 13-GHz band) already are congested, it said, and HDTV arrival will increase demand because, for example, each HDTV broadcast would need additional studio-transmitter link. Even existing NTSC operations, such as ENG, could be disrupted by increased HDTV reliance on bands, report said. FCC had indicated problems could be alleviated through more use of compression and fiber, but paper said it may be difficult to compress HDTV signals further. Fiber often is

difficult to use because transmitters and satellite earth stations are in remote sites not passed by cable, and news events often aren't near fiber, it said.

Controversial panel that ATAC Chmn. Richard Wiley will recommend (TVD Feb 24 p4) would include 20-25 members, plus nonvoting participation by HDTV proponents and others, he told Planning Subcommittee. Panel, which he said will include representatives of all major groups on ATAC, will spend entire week reviewing HDTV test results before recommending system. Recommendation would have to be voted on by full ATAC before going to FCC for final approval.

NETWORK-CABLE OWNERSHIP HIT: Even TV network representatives on NAB TV board didn't dissent March 12 when board "unanimously affirmed" its opposition to permitting ABC, CBS and NBC to own cable systems. Vote, which came on conference call with 18 of 22 TV dirs. participating, followed breakdown of talks seeking compromise between affiliates and networks and INTV -- which also strongly opposes network entry.

NAB vote came after impasse developed in TV networks' negotiations with their affiliates and independent stations on possible agreement to permit networks to own cable systems. Stumbling block was stations' concern on possible local concentration. Networks had proposed 50% cap on homes passed in local ADI, with that figure grandfathered if network went over cap by purchasing another system within same ADI. Stations countered with 25% cap proposal.

FCC had postponed deadline on comments on rulemaking until March 23 to give negotiations chance to succeed. Talks were mandated in Jan. (TVD Jan 20 p1) by NAB TV board. In surprise action, board voted 10-6 last fall to oppose networks, overriding recommendation of Exec. Committee that NAB remain neutral. "We've tried and we can't reach an agreement. So, let's go to the FCC and see who can get 3 votes," it said. Said affiliate: "We're at an impasse... The network proposal isn't any cap at all."

March 12 conference call lasted more than 2 hours and no suggestion or motion was made that NAB either abstain in FCC rulemaking or rescind its earlier vote of opposition to networks. There also was no effort to resolve differences between networks and stations. TV board resolution opposes any network ownership, but states that if FCC does relax entry ban, "the Commission should consider the elements of appropriate safeguards discussed in the filings it will receive..."

Meanwhile, it's reported that informal talks are continuing, at least between NBC and its affiliates and ABC and its affiliates. "A dialog is still continuing and a last-minute agreement is possible" before comments are due at FCC, we were told. At least one network and its affiliates are said to be very optimistic about reaching agreement.

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"Choices and Challenges" facing broadcasters is theme of March 25-28 convention (Doubletree Hotel, Crystal City, Va.) of National Bestg. Society-Alpha Epsilon Rho (student organization). Speakers include FCC Comr. Barrett, White House Dir. of Communications David Demarest, NAB Exec. Vp John Abel -- Gail Wilson, 412-537-3210.

FCC COOL TO FM FREEZE REQUEST: FCC Mass Media Bureau (MMB) Chief Roy Stewart told NAB leadership conference in Washington last week that Assn.'s request for freeze on new FM grants faces tough sledding. He said proposal will be put out for comment in near future, but warned that broadcasters would have difficulty convincing FCC that freeze would be in public interest. Agency also will issue notice soon to establish cutoff date for acceptance of competitors for applications already on file, he said. Terry Haines, chief of staff to FCC Chmn. Sikes, said chmn. is "open-minded" on issue of FM freeze, agreed with Stewart that NAB would have hard time convincing Washington policy-makers. He said freeze proposal also faces political and policy problems at FCC and in Congress.

Conference had its customary panel of FCC staffers that immediately preceded what was billed as "special speech" by Sikes. Michele Farquhar, senior legal adviser to Comr. Duggan, said her boss has his own plans on further deregulation that haven't been made public yet. She said one of his main concerns is that Commission not go "overboard" in zeal for deregulation -- concern shared by members of Congress. Duggan has suggested that FCC's Office of Plans & Policy (OPP) and MMB issue follow-up paper on positive aspects of TV-radio in facing multichannel environment as answer to earlier position papers on problems they face. He has discussed idea with Stewart and OPP Chief Robert Pepper. Commissioner believes broadcasters should form alliances with other media and lease channels from cable systems, Farquhar said.

FCC Gen. Counsel Robert Pettit said agency has "continued to do what it was already doing" during White House-mandated 90-day freeze on new regulations (TVD Feb 10 p1). He said agency will announce soon how it plans to delete remaining "underbrush" from its rules, pointing out that despite deregulation, Commission still uses more than 300 separate forms, and more than 3,000 pages are needed to print its remaining rules. Robert Corn-Revere, legal asst. to Comr. Quello, said Commission is looking at many things it can do to reduce regulatory burden on broadcasters.

On question of fines, Stewart said licensees now have clear set of "ground rules" on transgressions for which they're likely to be fined: "It may be a hell of a lot cheaper in a lot of ways" for broadcasters to comply with rules. "There aren't that many rules left... You've got it under your control." On enforcement questions, he said today's FCC is more prone to act on its own rather than wait for complaints. Stewart said MMB staff is studying comments in response to TV inquiry and will issue rulemaking shortly but said no decision has been made as to what will be proposed.

Pettit said that he can think of no industry, except those involved with life and safety, as heavily regulated as broadcasting. He urged licensees to "take advantage of what's going on in political and regulatory areas" in striving for less regulation. On recent court ruling that FCC's gender preference is unconstitutional (TVD Feb 24 p1), Pettit said he didn't know what agency is likely to do: "I'll have to talk to my client." But, he said, court didn't leave Commission much leeway on question.

After describing his experiences as station owner before coming to Washington in 1986 as chief of NTIA, Sikes said radio business is much different from way it's seen in official Washington circles. He said licensees face real handicap when regulators don't understand broadcasting business, so they should inform Washington of facts. He disputed contention that recession is cause of most of radio's

problems, saying many of them are "fundamental" and have nothing to do with economy. He also said deregulation hasn't hurt efforts of those seeking to enter broadcasting.

Asked about return of rule requiring that licensee own station 3 years before it could be sold, he predicted there would be no "broad application" of such a new rule. Future of ad-supported media is "quite good," he said, but outlook is cautious because there now are so many other ways to reach people.

NAB Chmn. Gary Chapman, LIN TV, and Pres. Edward Fritts stressed partnership relationship between state associations and NAB. In Washington, "the stakes are getting higher," Chapman said. Fritts said that broadcasting is being "buffeted" by economy but less so than other businesses and that there never has been list of Washington issues "so important to the bottom line" for broadcasters than today. Discussing industry's fight for Senate passage of S-12 and current efforts in House for cable bill HR-3380, he predicted next major congressional issue will be proposed mandatory warning in all beer and wine commercials. Fritts said Congress isn't likely to do much this session on telco-cable entry but "it will be a front-burner issue in the 103rd Congress" starting next Jan.

DAVIS--NO INTEREST IN NBC: Paramount Chmn. Martin Davis dismissed rumors that studio is interested in buying NBC. In answer to question at shareholders meeting whether Paramount will be sold or taken over by another company, he said "first priority" is to buy assets: "We're not liquidating the company, we're building it, [and] Paramount will be an entirely different company" in 5 years. Paramount had \$18.4-million profit in first quarter ended Jan. 31, vs. \$7.3-million loss year ago. Revenue was up 19.3% to \$1.07 billion. Results were boosted by owned TV stations, USA Network, Madison Sq. Garden Network and sales of syndicated programming. Other TV programming sales were down slightly because of reduced income from Paramount library, company said.

NBC Inc. had operating profit of \$209 million in 1991, down 56% from 1990, according to letter to stockholders from parent GE Chmn. Jack Welch in GE annual report in advance of April 22 shareholders' meeting. Report said TV Network was in red last year and results at owned TV stations were down. Said Welch: "NBC saw a decline in ratings, and that, in combination with a soft advertising market, made for a significant decline in earnings."

Meanwhile, in first study of its type, Census Bureau said total broadcast revenue was up 3% in 1990 to \$28.5 billion and total operating expenses grew 5% to \$25 billion. Data are from just-released 1990 Annual Survey of Communications Services. Full report, including data on telephone, cellular, cable and pay TV services, will be available later this month from Census Bureau. On TV side, report said total station ad sales were up 3.7% in 1990 to \$12.2 billion, figure that's not directly comparable with TV Bureau of Advertising 1990 figures. Census Bureau said national and regional ads rose 3.8% to \$5.4 billion, local ads were up 2.1% to \$6.3 billion and network compensation dropped 0.6% to \$461 million. Network ad sales were up 3.7% to \$7.6 billion, study said. Biggest cost change was in programming rights, up 8.8% to \$7.6 billion. Payroll costs gained 3.7% to \$4 billion, and depreciation was up 0.5% to \$856 million. For radio, Census Bureau said national and regional ads were up 1.5% to \$1.7 billion, but local ads dipped 0.4% to \$4.8 billion. Biggest radio cost remains payroll, up 2.3% to \$2.6 billion.

Competing satellite niche programmers are aiming for new market -- captive airline travelers. But services will be competing not only against each other, but also against non-satellite-based interactive airline entertainment systems. Expected to be first on line is USA Today, which plans to launch 24-hour ad-supported SkyRadio news channel on 9 Delta 757s next month, spokesman said. SkyRadio essentially will be rip-&-read radio news operation. USA Today spokesman said announcers will rewrite news from wires, USA Today, Gannett News Service. Fulltime reporters won't be used, although news writers can double as reporters if major event breaks, spokesman said. He said news will be updated each hour with new announcer. Passengers will receive service through free headsets provided by airline, except on movie flights, when there will be charge. Its competitor will be satellite TV news system developed by Comsat and Sony. Spokesman for venture said real-time news service should be available in midyear: "We are now negotiating with several airlines." Service will consist of newswire scroll accompanied by graphics flashed on screens in aircraft.

NAB study on European program market is "great disservice" to program producers and broadcasters, MPAA Pres. Jack Valenti said. Study (TVD March 9 p6) said that amount of U.S. programming on European TV is well below 50% quota and that growth of new media outlets assures continuing opportunities for producers, despite quotas. Valenti said study leaves false impression that quotas are imposed on country-by-country basis, rather than station-by-station, and ignores impact on prime time. He said some European broadcasters already have begun cutting back on U.S. buys, resulting in "lessening of demand for U.S. program exports, and a consequent lessening of the prices stations are willing to pay." Valenti said MPAA's economic analysis concludes that lower overseas prices for programming "will ultimately reduce the quality of programming available to U.S. broadcasters." NAB Senior Vp-Research Richard Ducey defended quality of study, which he said was intended mainly to show European investment opportunities for American broadcasters.

FCC Chmn. Sikes opposed legislation (S-1101) that would direct Commission to mandate AM stereo standard. Authored by Senate Communications Subcommittee member Pressler (R-S.D.), proposal has been endorsed by EIA and received conditional support of NAB at Subcommittee hearing. However, Sikes said that: (1) Proposal comes too late. (2) Motorola's C-QUAM system has emerged de facto standard in marketplace and stations should accept it. (4) Costly conversion to stereo shouldn't be required when digital broadcasting already is on horizon. Broadcasters, on other hand, said mandated standard might end station uncertainty and help improve consumer acceptance of AM. Richard Novik, pres. WKIP(AM)-WRNQ(FM) Poughkeepsie, N.Y., and chmn. of NAB radio board, said Assn. could support mandated standard as long as rollout was coordinated with receiver manufacturers. Stations shouldn't be forced to broadcast in stereo until consumers can buy compatible receivers, he said, urging common implementation date for 2 industry segments.

NTIA received applications from 3 groups seeking up to \$300,000 to develop U.S. educational telecommunications plan: Council of Chief State School Officers, U.S. Distance Learning Assn. (USDLA) and 23-member group headed by APTS. Members of APTS group include USDLA, as well as AgSat, Cable in the Classroom, CPB, National Technological U., PBS, Southern Educational Communications Assn., Wis. Educational Communications Board.

Family of Sen. Gore (D-Tenn.) could be big beneficiary of wider use of fiber optics, as envisioned by Gore-sponsored bill to develop high-speed national fiber network. Gore family farm in Smith County, Tenn., is in area that includes one of largest deposits of element germanium in world, according to new arbitration panel decision. Germanium is key component of optical fiber. Gore aide said it's "ludicrous" to think that Gore pushed bill, which he was working on long before mining began, because of germanium. Family won arbitration panel ruling to settle lawsuit against mining firm, Union Zinc, which had been mining zinc and germanium from farm since 1987, but paying royalties only on zinc. Gore family wasn't aware of existence of germanium until recently, and Gore has been backing expanded fiber network for about dozen years. Germanium is valued at about \$482 per lb., zinc 82¢. Gore family gets 4% of value of minerals mined. Gore lawyers said it's impossible to say yet how much royalties family is entitled to. Similar suit is pending from others in Smith County.

Senate Judiciary Committee has put off vote on video porn bill (S-1521) again, and Video Software Dealers Assn. (VSDA) says passage doesn't appear likely. Bill by Sen. McConnell (R-Ky.), which has been delayed several times, would allow victims of sex crimes to sue for damages from retailers, producers and distributors of explicit material. Sen. Grassley (R-Ia.), Committee's primary sponsor of bill, asked for delay "apparently because he wasn't sure there were enough votes for easy passage," VSDA said. Hill sources also told us election-year dispute on crime reforms generally has affected bill's chances. Grassley request came after week of "intense" talks on possible amendments, VSDA said. It said Sen. Brown (R-Colo.), only Republican on Committee who isn't co-sponsoring bill, announced he's opposed to it in current form. Also, VSDA said, there are some indications Sens. Heflin (D-Ala.), Simpson (R-Wyo.) and Specter (R-Pa.) are rethinking their support of bill. VSDA is urging members to continue to oppose bill, which could go before Committee as early as March 26.

Meetings: Bobbi Kamil, exec. dir., **Cable in the Classroom**, will speak March 24, Washington Cable Club lunch meeting, Washington Marriott Hotel -- 703-358-2770... **Bcst.-Cable Financial Management Assn.** (BCFM) will host April 22-24 seminar "Strictly Business Pays... Rather Than Costs," April 22-24, N.Y. Hilton... U.K.'s IBC Technical Services will sponsor one-day conference on **cable and satellites** May 12, Portman Inter-Continental Hotel, London -- 44-71-637-4383. Group also will conduct session on **HDTV** May 19-20, Royal Lancaster Hotel, London... RTNDA and U. of Mo. School of Journalism will co-host **seminar for newsroom personnel** June 7-10 at university, Columbia, Mo. -- 314-882-6883... **Wireless Cable Assn.** convention is July 25-28, Marriott Orlando World Center -- 202-452-7823.

Transactions: Thompson Cablevision of Sissonville, W.Va., bought cable system with 2,850 subscribers in Welch, W.Va., from **TurnerVision**. Terms weren't disclosed. **Broker:** CEA... Shaw Cablesystems of Edmonton signed deal with International Cablecasting Technologies (ICT) to form **DMX Canada**, which will distribute Digital Music Express cable audio service throughout Canada. At same time, Shaw bought one million shares of new ICT common stock at 6-3/8 per share, 15% discount from market price Jan. 31.

Oct. 1991 edition of Title 47 of Code of Federal Regulations (CFR) now is available from Govt. Printing Office. It includes all amendments to FCC rules Oct. 1, 1990, through Sept. 30, 1991.

Zenith demonstration of its HDTV system went off without hitch last week, and testing has begun at Advanced TV Test Center. Zenith Exec. Dir. Wayne Luplow said performance marks 2nd time that HDTV proponents have conducted real-time public demonstrations (rather than simulations) of digital HDTV, increasing confidence that digital systems will work. Zenith touted virtues of its system, including progressive scanning that increases effective definition, eliminates interlace artifacts and makes system more compatible with computers. Zenith's bivariate coding system also extends station coverage area and eliminates "cliff effect" in which HDTV signal precipitately degrades to unviewable, Luplow said. Responding to calls for focus on cost of HDTV systems, he said Zenith system includes 2 decisions intended to cut expense: (1) Vestigial sideband transmission reduces need for demodulators, compared with QAM systems. (2) Technique also allows use of simpler tuner. It's hard to say how much difference decisions make in final costs, Luplow said: "Assessing the differences among systems is difficult in a concrete way because of the prototype nature of all of the equipment."

Privatization of state licensee Ore. Public Bestg. (OPB) has been endorsed by Ore. Gov. Barbara Roberts (D) in action that follows recommendation of Task Force on State Govt. Nine-station OPB would receive same amount of funding from state, which currently provides about 22% of its total support, but would become community licensee. (OPB's state support is expected to drop 20% for year beginning July 1993, but that's because of unrelated property tax limits approved by legislature last year.) Neither parent Ore. Commission on Public Bestg. nor OPB Foundation has taken position yet on privatization, although they're said to be generally supportive. "Biggest" challenge that would result from license shift, OPB Senior Vp Debbi Hinton told us, would be educating public that change wouldn't alter network's program service; some erroneously think it would become commercial, she said. About 68% of OPB's total funding comes from private sector, 10% from CPB.

Continuing its series of meetings on improving Emergency Best. System (EBS), FCC will host regional workshop March 19, Ritz-Carlton Hotel, Kansas City. Earlier sessions were held in Chicago, Boston, Atlanta. In first major effort to modify EBS since 1975, Commission is investigating use of new technology to improve system and shortening of dial tone aired by stations before EBS test. "Broadcasting constitutes the only truly effective means of providing emergency information to the public very quickly," FCC Chmn. Sikes said. "This workshop, and future workshops, will improve and perfect this vital communications link" between govts. and public. Said Richard Smith, chief of FCC Field Operations Bureau: "In disaster situations, lives depend on the quick and accurate dissemination of information. It's crucial for America to have a reliable, nationwide emergency broadcast system" -- Bonnie Gay, 202-632-3906.

Several bills affecting cable are pending in state legislatures of Kan., Mo. and Okla., Mid-America Cable TV Assn. said. Kan. House is considering bill backed by Communications Committee Chmn. George Dean (HB-3089) to declare cable to be public utility that can be regulated by state Corporation Commission. Mo. House bill (HB-1190) would impose sales tax on cable, with revenue to go to Mo. Arts Council. Sales tax amendment was proposed for another bill (HB-1143). In Okla., SB-768 would cut maximum term for cable franchise to 5 years from 25 and SB-866, which cleared Finance Committee, would boost cable system property taxes.

Allowing those with only few microwave channels to launch instructional TV fixed service (ITFS) would "serve no interests other than those of greenmailers, speculators and application mills," Wireless Cable Assn. (WCA) said in FCC comments. ITFS group called RuralVision had asked Commission to modify its new wireless cable rules, which say only entity that has access to at least 4 of 13 microwave channels can apply for commercial ITFS license. Change would allow group to begin ITFS service with single channel, which WCA said would contribute to "balkanization" of spectrum and make it more difficult to set up viable wireless cable system. WCA cited earlier FCC decision that wireless channels would provide more benefit to public if used by single operator in each community. Assn. said it already has received complaints that groups, including RuralVision, "appear to be funding ITFS applications" that effectively would preclude wireless cable systems from getting adequate capacity without buying out ITFS groups. WCA said this showed that "opportunities for using applications for commercial ITFS licenses for greenmail purposes are plentiful."

Videotex has "potential for delivering unprecedented advantages" in education, according to study conducted with 4 classes of 7th grade students at McMillan Jr. High School in Omaha. Project, Videotex in Education: An Empirical Study, was conducted by Vasant Raval, associate dean of Creighton U. College of Business Administration, over 26 weeks Nov. 1990-May 1991. It found that group using videotex system had lower absenteeism, higher homework completion rate, greater honors recognition and more promotions to honors classes than other group. Students had access to electronic mail, chat and other features of service, called McView, set up by Omaha CitiNet. Special section for "homework assignments" posted information on past and current assignments and section for "assignment help." "Academically, the videotex network does make a difference," report said. Study was financed by U S West Foundation.

Financials: Cablevision Systems lost \$68.6 million in 4th quarter ended Dec. 31, vs. \$55.1 million loss year ago, and full-year loss of \$227 million, vs. \$271 million. Despite that, cash flow was up 9% to \$72 million for quarter and 11% to \$269 million for year... **Home Shopping Network** had \$7.8-million profit in 2nd quarter ended Feb. 28, vs. \$24.6-million loss year ago. Sales were up 3% to \$275.5 million... **QVC** profit inched up 0.7% to \$9 million in 4th quarter ended Jan. 31, on 12.6% revenue growth to \$282 million. Full-year profit was \$19.6 million, vs. \$17 million loss year ago... Moody's upgraded **Infinity Bcstg.** credit rating to B2 because of recent equity offering and expectations of improved financial performance.

NBC will launch its own network for supermarkets in competition with Turner Bcstg. Checkout Channel under agreement in principle that NBC signed with Fleming Companies. New NBC subsidiary called On-Site Media will install TVs in supermarkets at first, eventually in other retail outlets. Network will be ad-supported. Joint venture also will buy assets of SilentRadio, which has 2,500-site audio network, and Site Based Media Inc., which also delivers video to retail outlets. Turner launched Checkout Channel in 150 supermarkets in Jan.

After essentially flat Jan., radio ad revenues appear to be stabilizing, RAB Pres. Gary Fries said. "We're beginning to see signs which indicate that the recession's effects on radio... are coming to an end," he said. In Jan., local radio advertising was up 0.7% from 1991, national spot down 3.3%, network down 6.7%.

Personals

Benjamin Hooks, retiring NAACP exec. dir. and FCC commissioner 1972-1977, appointed to Paramount Communications board, succeeding **Henry Walker**, retired... **Richard Connelly**, PR vp, ABC TV Network, retires April 3 after 26 years with network... **Mark Hubbard**, senior vp-radio, Osborn Communications, appointed exec. vp-bcstg.

Mark Effron, news dir., WFSB Hartford, also appointed vp-news, parent Post-Newsweek Stations, succeeding **James Snyder**, retired... **Wayne Barnett**, vp-gen. mgr., WTMJ-TV Milwaukee, named vp-development, new post, succeeded by **Doug Kiel**, exec. vp... **David Zaslav**, vp-business affairs and gen. counsel, CNBC, adds responsibilities for vp-business development, NBC Cable... Additions at KLRN-TV San Antonio: **Linda Bailey**, ex-WHRO-TV Hampton-Norfolk, Va., as development dir.; **Allison Mitchell** as auction mgr... **Christopher Funkhouser**, ex-N.H. Public TV program mgr., joins WLIW Garden City, N.Y., as program dir... **Kenji Saotome** named administrative dir., Canon Best. Equipment Div.

Steve Geimann, Washington bureau chief, UPI, appointed exec. vp, replacing **Al Rossiter**, who moves to Duke U... Named to FCC Advisory Committee on Advanced TV Service: **William Connolly**, succeeding **Neal Vander Dussen**; **Martin Davis**, replacing **Melvin Harris**; **Craig Fields**, replacing **James Lynch**; **Jerry Pearlman**, succeeding **Robert Hansen**... **Thomas McKinney**, pres., CableTV Ad Bureau, receives award of distinction at National Assn. of Minorities in Cable dinner, Park Three Restaurant, Crystal City, Va., March 18.

Allen Alter advanced to foreign editor, CBS News, replacing **Al Ortiz**, named vp-Europe and London bureau chief; **Macy McGinnis** promoted to London deputy bureau chief and dir., CBS Newsnet, Europe... **Anthony Ruopoli** appointed gen. mgr., Cablevision Systems, Mich... **Lila Reinhard**, ex-Discovery Channel, appointed vp-mktg., Monitor Channel... Named regional mtrs.-affiliate relations, Courtroom TV Network, new posts: **David De Kadet**, ex-Learning Channel, western; **Geoffrey Figgis**, ex-Concept Communications, midwestern; **Bill McCall**, southeastern.

Adam Ware promoted to vp-affiliate relations, west-central regions, Fox Bestg... **Susan Pitts**, asst. treas.-development and planning, Comsat, appointed vp-venture management and development, Comsat Video Enterprises... **Bob Cambridge** advanced to vp, new Target Mktg. Div., Tribune Entertainment... Speakers at Columbia U. Institute for Tele-Information seminar, "DAB: Implications for the Future of Radio Broadcasting," March 23, 6 p.m.: **Janice Obuchowski**, Freedom Technologies, and ex-NTIA dir.; **Michael Rau**, NAB; **Paul Donahue**, Gannett Radio.

Changes at Turner: **Lou Dobbs** vp-managing editor, CNN Business News, promoted to senior vp-managing editor, CNN; **William Shaw**, vp-administration, Turner Bestg. System, named to exec. committee; **V.R. (Bob) Furnad** advanced to exec. vp-senior exec. producer, CNN; **Donald Lenehan**, ex-Coca-Cola, joins as vp-mktg.; **Kenneth Tiven**, formerly of cable's Orange County (Cal.) Newschannel, joins CNN as vp-TV systems... **Earl Greenburg**, pres., Home Shopping Network, joins Katz/Rush Entertainment April 1 as pres., new interactive TV Hybrid Transactional TV... **Richard Jensen**, dir.-cable and satellite control systems engineering, Oak Communications,

joins Hughes' DirecTV unit as dir.-DBS information systems... **Michael Starling** promoted to dir.-technical operations, NPR.

Ed Groves, ex-WXTX Columbus, Ga., named vp-gen. mgr., WEMT-TV Greenville, Tenn... **Michael Weiser**, ex-Blair Entertainment, joins ACI as exec. vp-domestic distribution... **Gregg Daffner**, dir.-international policy, NTIA, named participant in U.S.-Japan personnel exchange program April 1-May 22... **Timothy Gunn**, ex-WNET N.Y.-Newark, joins Rockefeller Foundation's National Video Resources (NVR) as dir., succeeding **Gretchen Dykstra**... **Clancy Woods** promoted to mgr., radio group, Nationwide Communications... **James Robbins**, pres., Cox Cable, and chmn., NCTA, speaks at Women in Cable lunch, Sheraton Denver Technology Center, March 30, 11:30 a.m.

FCC Calendar -- March 17: Chmn. **Sikes** addresses San Diego Communication Council, La Jolla Marriott, noon. March 18: **Sikes** testifies before House Commercial Law Subcommittee on competition in telecommunications industry since breakup of AT&T, 9:15 a.m., Rm. 2141, Rayburn Bldg. March 19: **Sikes** testifies before House Appropriations Subcommittee on FCC's FY 1993 budget, 2 p.m., Rm. H-310, Capitol Bldg. March 20: Comr. **Marshall** participates in ABA's Standing Committee on Election Law, Le Meridien Hotel, San Diego.

Two advertisers have been referred to FTC for action by National Ad Div. (NAD) of Better Business Bureaus (BBB) after companies didn't "resolve all of NAD's concerns." Companies weren't identified by NAD, which said one product dealt with antitheft device for cars, other with all-purpose cleaner promoting its environmental benefits. NAD will hold June 2-3 workshop, "Product Performance Tests: Design, Interpretation and Claims," Rye Town Hilton, Rye Brook, N.Y. Registration is \$375 for BBB members, \$475 nonmembers, \$300 govt. and academic -- Cynthia Hampton, 212-832-1359.

"The excitement of the opening of Star Trek [memorabilia exhibit] has not abated" since ribbon cutting 10 days ago, said Martin Harwit, dir. of National Air & Space Museum where Paramount exhibit is housed. Harwit wrote Lawrence Levinson, Paramount senior vp-govt. relations, that gallery housing exhibit "has been completely filled with visitors since the moment it opened... Equally gratifying have been wonderful comments by the visiting public." Exhibit, first ever at Museum to honor commercial TV series, also has received excellent press reviews.

House Commerce Law Subcommittee holds another hearing on telephone entry into information and other competitive businesses 9:15 a.m., March 18, Rm. 2141 Rayburn Bldg. U.S. Asst. Attorney Gen. James Rill and FCC Chmn. **Sikes** will be among witnesses.

FCC is establishing Small Business Advisory Committee to provide advice and recommendations on small business, minority and gender issues; members haven't yet been named. Details: Alan McKie, deputy managing dir., 202-632-6390.

Senate Communications Subcommittee hearing on alcohol ad legislation (S-664) has been postponed until April 2, 9:30 a.m., Rm. 253, Russell Bldg., because of scheduling conflicts.

Third edition of Les Brown's Encyclopedia of Television has been published by Gale Research, 835 Penobscot Bldg., Detroit 48226 (\$39.95, 723pp.).

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 Feb. and year to date:

	FEB. 22-28	1991 WEEK	% CHANGE	FEB. 15-21	2 MONTHS 1992	2 MONTHS 1991	% CHANGE
TOTAL COLOR.....	502,570	388,217#	+29.5	378,184	2,767,618	2,780,908#	- 0.5
DIRECT-VIEW...	492,893	380,831#	+29.4	372,979	2,712,730	2,735,194#	- 0.8
TV ONLY.....	465,596	364,459	+27.7	364,447	2,594,893	2,631,211#	- 1.4
TV/VCR COMBOS	27,297*	16,372#	+66.7	8,532	117,837*	103,983#	+13.3
PROJECTION....	9,677*	7,386	+31.0	5,205	54,888*	45,714	+20.1
VCR DECKS.....	303,278	162,885	+86.2	199,449	1,574,042	1,152,771	+28.4
CAMCORDERS.....	73,942*	28,407	+160.3	27,202*	286,615*	226,725	+26.4

Direct-view TV 5-week average: 1992--361,109; 1991--383,561 (down 5.9%).

VCR deck 5-week average: 1992--212,309; 1991--157,293 (up 35.0%).

Camcorder 5-week average: 1992--38,636*; 1991--32,642* (up 20.5%).

* Record for period. # Revised by EIA.

PHILIPS SHOWS HIGH QUALITY FULL MOTION CD-I: Philips gave dramatic public demonstration of full-screen full motion video (FMV) CD-I last week, supplying renewed impetus to its efforts to establish CD-I player ultimately as central home entertainment console encompassing games, education, motion pictures, music.

Philips Interactive Media Systems Dir. Gaston Bastiaens, in presentation at annual International Conference & Exposition on Multimedia & CD-ROM in San Francisco, showed disc containing clips from Carreras-Domingo-Pavarotti concert videodisc and film License to Kill that drew spontaneous applause from attendees. From our own observation, both audio and video matched or surpassed VHS quality. That's been major point of contention from laserdisc proponents, particularly Pioneer, LD's biggest backer, which predicted MPEG-1 standard would yield FMV picture with only about 180 lines of horizontal resolution -- well below VHS's 240 lines.

Some Philips executives in past have said that CD-I machine eventually could be primary motion picture player. Bastiaens said he has "never made that suggestion -- all I have said is that the quality is as good as or better than VHS. It is up to the movie industry what they do with it." Since under current standards single disc can hold only 72 min. of FMV, any move toward theatrical movies would require hardware makers to market CD-I changer.

FMV players and upgrade cartridges for existing players will be on market by Christmas, Bastiaens said -- slightly less aggressive statement than previous promises of "2nd half" debut. He said he had pushed back release of FMV software to ensure quality -- "we don't want to create the wrong impression." Philips executives didn't volunteer any sales figures for U.S. launch of CD-I, saying only that sales rate has been better than during introduction of CD audio players in 1983, when 35,000 players were sold in first full year.

Bastiaens said advent of FMV with high-quality audio makes CD-I more attractive than laserdisc or tape as music video format. He said it costs \$8 to press laserdisc but only 60¢ to press CD, and software publishers "cannot ignore that price differential." He said LD is and will remain product for movie buffs. "It will still be around in 1996, although I'm not saying how many [will be sold]," he said.

Video data transfer rate was at 1.2 Mbps, with audio at 0.3 Mbps; audio uses same coding principles as Precision Audio Sub Code (PASC) system that forms backbone used in Digital Compact Cassette (DCC),

although at lower data rate, producing high-quality but not true digital audio. Player in demonstration used C-Cube decoder chip, although Bastiaens said both C-Cube and Motorola are ready to supply chips for players. He said current player has board "with many chips," but he expects it to be down to 3 by 1995 and single chip by following year. Philips and Motorola within next few weeks will begin joint multimedia chip design effort. Philips spokeswoman said 10-member group will be housed in Eindhoven.

Philips demonstration was one of several FMV presentations at conference from such companies as Sony and C-Cube; wide range of quality (Sony demonstration revealed numerous artifacts in scenes containing lots of motion, for example) and emphasized that encoding process -- not decoding -- is crucial determinant in image quality. C-Cube spokesman said encoding process currently runs at about 80 times real time, but that it will be reduced to real time by year-end.

Philips officials indicated that when CD-I is launched in U.K. and Europe, company will market decks with and without FMV, in effect offering FMV as stepup feature (although non-FMV decks would be upgradable with plug-in cartridge). In past, Philips has indicated that when FMV deck is introduced here, original deck would be discontinued. Paul Fredrickson, mktg. vp for Philips Interactive Media Systems in Knoxville, said current non-FMV model will be marketed in U.S. at least through rest of 1992, and said company is studying range of options for CD-I product lineup beyond that. Philips said reason for 2-tier strategy in U.K. and Europe is that U.S. launch has shown that FMV isn't overriding concern to consumers in light of partial screen and other motion capabilities that can be achieved without FMV under MPEG-1 standard.

In separate presentation at conference, Commodore International Pres. James Dionne demonstrated quarter-screen FMV for CDTV and said player is being distributed in 20 countries, with total of 110 software titles available. He acknowledged that CDTV hasn't lived up to Commodore's expectations, conceding that "in retrospect it was a mistake" to try to distance CDTV multimedia player from its roots as Amiga computer. Later he told us that although Commodore had downplayed connection between CDTV and Amiga, on selling floor "when it slipped out, it would become a major selling point." He said CDTV system will have FMV at same time as CD-I, time frame that he described as "by early 1993."

Dionne said Commodore will distribute 20-min. demonstration video, aimed at helping those who have been impressed by CDTV at store level to convince decision-makers at home to buy CDTV.

* * * *

Other developments at conference included announcement by Kodak that it is working with Apple "to integrate support for Photo CD images into future versions of Apple's QuickTime system software extensions." When project is complete, users of Quicktime operating system extension (which lets Macintosh users integrate range of multimedia) will be able to click on Photo CD icon and read images off Photo CD disc. Current Macintosh CD-ROM drive can read single-session Photo CDs; Apple plans to introduce drive that is fully compatible with multi-session Photo CDs (discs whose images are recorded in more than one sitting) later this year. Kodak also announced that Philips, Sony, Pioneer and Toshiba will offer CD-ROM drives compatible with multi-session Photo CD discs.

Kodak Mktg. Dir. Georgia McCabe said about 150 Photo CD processing stations will be located around U.S. when system is launched this year. She also said consumers will be able to have their own synchronized soundtracks added to Photo CDs; earlier this year, when Kodak announced Photo CD sound capability, company officials had said that only "canned" audio material could be used. Consumers will be able to add sound at any time, by providing cassette or other audio source material. Kodak officials say they will unveil system that allows consumer to synchronize audio track with specific images next Sept. at Photokina in Cologne, Germany.

Sony showed prototype of what has become known as Bookman -- portable CD-ROM XA device with built-in 4" monochrome LCD screen that's PC-compatible. Device as shown is about 7x2x6", uses standard 5" CD-ROM discs and audio CDs. Sony officials gave no marketing specifics, though news release said it plans to introduce product based on this prototype in U.S. this fall.

U.S. COLOR OUTPUT DOWN, IMPORTS UP IN 1991: U.S. factories held domestic assembly of color TV sets down by 7.3% last year, compared with 1990, while imports climbed just 1.3%, our analysis of Commerce Dept. import figures and EIA production data indicates. Although majority of sets sold here were assembled in U.S. -- some 52.9% -- that percentage represented decline from 1990's 55.1% (TVD March 11/91 p12).

Total supply of color sets (including TV/VCR combos but not projection) came to 20,118,000 last year, down 3.5% from 1990 and extremely close to 29,136,400 sold to dealers in same period, which was down 3.2% from 1990. We derive domestic assembly figure by subtracting Commerce Dept. import numbers from EIA's production (total supply) figure.

Fourth quarter showed huge 44.4% increase in domestic production over same 1990 period, when U.S. plants applied sharp brakes on output. Imports were up, too, in 4th quarter, but not as much as domestic output. Thus, domestic assembly jumped to 54% of total in 4th quarter, up from just 50.1% year earlier.

Monochrome figure we use is from Commerce Dept. import data, which show 23.1% decline in total last year. All monochrome TV sets are imported. Commerce figures could be somewhat inflated due to mistaken inclusion of some computer monitors in total. "Total TV" figure is color plus monochrome. Here's our breakdown of domestic vs. imported TV sets for 1990 and 1991 and for 4th quarter:

TOTAL TV SUPPLY, 1991 vs. 1990

		U.S.- Produced*	% Change	% of Total	Imports*	% Change	% of Total	Total Supply	% Change
Total TV	1991....	10,651,000	- 7.3	47.8	11,638,000	- 1.7	52.2	22,289,000	- 4.5
	1990....	11,492,000	- 9.8	49.2	11,845,000	-13.5	51.8	23,337,000	-11.7
Color TV	1991....	10,651,000	- 7.3	52.9	9,467,000	+ 1.3	47.1	20,118,000	- 3.5
	1990....	11,492,000	- 9.8	55.1	9,348,000	-10.1	45.4	20,840,000	- 9.9
B&W TV	1991....	0	--	--	2,171,000	-13.1	100.0	2,171,000	-13.1
	1990....	0	--	--	2,497,000	-24.3	100.0	2,497,000	-24.3

FOURTH QUARTER

Total TV	1991....	3,676,000	+44.4	48.6	3,888,000	+21.8	51.4	7,564,000	+31.8
	1990....	2,545,000	-31.6	44.4	3,192,000	-17.7	55.6	5,737,000	-24.5
Color TV	1991....	3,676,000	+44.4	54.0	3,133,000	+23.6	46.0	6,809,000	+34.1
	1990....	2,545,000	-31.6	50.1	2,535,000	-13.1	49.9	5,079,000	-23.5
B&W TV	1991....	0	--	--	755,000	+14.7	100.0	755,000	+14.7
	1990....	0	--	--	658,000	-17.4	100.0	658,000	+17.4

* Imports include assembled sets and unassembled but complete kits (chassis with tubes).

U.S.-produced sets include those made from imported chassis.

Figures include TV/VCR combinations, but not projection TV.

STRONG FEB. SALES FOR CAMCORDERS, VCRs: Booming final week sent VCR and camcorder sales to dealers soaring in Feb., with both categories registering double-digit gains for 2nd straight month. Sales of color TV and projection TV, on other hand, were off, although they showed strength late in month. As will be case for rest of year, direct year-to-year comparisons for any period are tenuous, since they don't match exact calendar weeks. For example, last week of Feb. this year was being measured against 3rd calendar week of Feb. (but 4th statistical week) last year; since final calendar week of month generally produces highest volume, most recent week's comparison is somewhat weighted. However, our best efforts to line up equivalent Feb. time periods shows VCR unit sales in Feb. running nearly 30% ahead of 1991, with camcorders up 13.1%.

Rise in video sales also can't be explained away by pointing to poor sales during Gulf War year ago. Feb. 1992 VCR unit sales were up 25.2% from those in Feb. 1990; camcorder sales last month were 27.9% above Feb. 1990 sales.

Seasonally adjusted annualized rate for VCR sales in Feb. stood at 12.3 million, up slightly from 11.8 million rate for Jan., and well ahead of 10.7 million sets sold last year. Rate for camcorders in Feb. was 3.2 million, compared with 3.8 million rate in Jan., and 2.86 million sold in 1991.

Sales of direct-view color TVs were off in first half of month, but showed better than 20% gains in last 2 weeks. For full period, seasonally adjusted annualized rate was 19.4 million sets, off from Jan. rate of 20.2 million. Sales last year totaled 20.1 million sets. Final week of Feb. brought year-to-date direct-view sales virtually equal to 1991 for month. Sales ran ahead of last year through Jan., then dropped to minus column for most of Feb. TV/VCR combos, which were in pipeline-filling phase during early part of 1991, have slowed somewhat since then. Strong final week performance brought Feb. decline down to only 9.2%.

Projection TV annualized rate in Feb. was 377,485 sets, down significantly from 522,400 rate in Jan. (which posted record sales for any Jan.), but much closer to expected market reality. Industry sold nearly 390,000 sets last year. Here are EIA Feb. sales to dealers, with 1991 and 1990 comparisons:

* * * * *

Compact camcorders comprised 68.5% of total sales to dealers in first 2 months of 1992, up slightly from 67.8% for full-year 1991 (TVD Feb 3 p10). In Feb., 72.4% of such sales were compacts, 2nd highest percentage in history (after last Dec.'s 76.6%). In Jan., 65.2% of sales were compacts, 34.8% full-size (95,791 vs. 36,468). In 2-month period, 196,374 compacts were sold, compared with 90,242 full-size. In Feb., compacts totaled 95,971 vs. 36,468 full-size. In Feb. 1991, compacts constituted 58% of total; in Jan. 1991, they were only 40%.

Laserdisc player sales totaled 37,909 in year's first 2 months, up big 78.6% from 1991 period. Feb. sales of 12,300 were up 11% from 11,085 sold in Feb. 1991, while Jan. sales of 25,609 represented 152.9% surge over 10,144 of same 1991 month.

Product	Feb. 1992	Feb. 1991	% Change	Feb. 1990
Total color.....	1,427,869	1,541,717*	- 7.4	1,495,636
Direct-view...	1,402,653	1,511,478*	- 7.2	1,476,646
TV only.....	1,349,292	1,452,325*	- 7.1	1,465,126
TV/VCR combo.	53,361	59,153*	- 9.8	11,520
Projection....	25,216	30,239*	-16.6	18,990
VCR Decks.....	804,213	605,091	+32.9	642,272
Camcorders.....	132,259*	121,928	+ 8.5	103,369

* Record for any Feb. # Revised by EIA.

MITSUBISHI REDUCES BIG-SCREEN PRICES: Mitsubishi last week cut \$200 or more off retail prices of many of its 35" and projection TV sets, apparently trying to bolster its position in face of aggressive pricing from competitors, particularly Thomson Consumer Electronics (TCE).

According to several dealers, company took \$200 off its leader 35" direct-view set, reducing minimum advertised price to \$1,799. Stepup model with color PIP was chopped by \$300 to \$1,999. Company also took at least \$200 off most of its 40", 45" and 50" projection TVs, but left intact pricing on larger sets. Reductions on 40" and 45" sets are effective May 1, others April 1. Although retailers expressed surprise at timing and depth of cuts, Mitsubishi Business Operations Mgr. Michael Stapleton said "we do this every year at the end of the model year," though some of reductions were moved up one month to let dealers plan better for upcoming promotion that revolves around 3-Diamond Card.

Other companies also reportedly have reduced prices on projection sets in last few weeks, but Mitsubishi's healthy share of market made this move particularly noteworthy. Although prices were reduced, margins remained constant, said one dealer who happily noted that he would be able to get Mitsubishi's traditionally healthy margins at prices charged by more tonnage-oriented brands.

One dealer pointed to fact that GE brand 35" set is at \$1,399 advertised price and "you can only be so much above what the leading price is in the market." Several cited aggressive pricing in TCE's RCA and Pro Scan lines as putting greatest pressure on Mitsubishi big-screen sales. "ProScan is attacking them directly, that's their [ProScan's] sales pitch," retailer said. Another said Mitsubishi move is effort to increase company's volume back to prior levels by taking markdowns 6 months earlier than it normally does in advance of new sets for fall season.

Meanwhile, TCE last week announced introduction of its lowest-priced RCA 35" set, with color PIP, matrix surround sound at \$2,049 list price.

PHILIPS OFFERS GHOSTBUSTERS: First products in line of ghost-canceling equipment are being introduced by Philips for delivery in May, possibly even before FCC's Advanced TV Systems Committee (ATSC) chooses system for industry. "We plan to quickly introduce a full range of products based on our system," said Peter Bingham, pres. of Philips Labs at demonstration last week at Labs in Briarcliff Manor, N.Y., where system was developed. Line will include large-screen direct-view and projection TV sets with built-in ghost-busting ability, but Philips officials were reluctant to estimate cost or timing.

First product will be ghost-killer for cable systems, due May 1 at about \$4,000 per unit, Magnavox CATV Systems Div. Pres. Dieter Bauer announced. "Vector Video Echo Canceler" is designed to work with Philips system that showed top performance in NAB's field tests of 5 systems (TVD Feb 10 p3). However, actual winning system isn't scheduled to be chosen until June, although CableLabs is expected to give results of its own tests of 5 systems this week.

Heart of all systems is ghost-canceling reference (GCR) signal transmitted by broadcast stations during vertical blanking interval (VBI). Each proponent has submitted different GCR parameters. Philips officials said they expect company to be leader in developing consumer version to be built into TV set and possibly offered as add-on box as well. To obvious question of what happens if Philips system isn't chosen, Bauer responded that CATV device could be "reprogrammed." Philips Consumer Electronics (PCE) Advanced Product Planning Dir. Brian Smith said Philips system would be most economical to build into TV set, but Philips "White Paper" on ghost-cancellation said that "the Philips system flexibility is such that regardless of the GCR that is chosen, home receivers with the superior performance of Philips cancelers should be on the market in a short time."

What's "a short time?" Philips Labs Electronics Systems Research Dir. Amihai Miron said last month that high-end receivers with ghost-canceling equipment could be on market in 1993 or 1994 (TVD Feb 17 p4), although nobody at Philips demonstration was willing to go on record as to cost or timing. NAB estimate that any ghost-buster circuit eventually would add \$100 to price of set produced no objections. Informally, one Philips engineer last week indicated company may be shooting for launch in late 1993 at \$100 price increment.

Characterizing ghost canceler as "the one major improvement that can still be made in the NTSC signal," Miron noted that Philips has "chips and hardware ready for market." Second-generation chips are being made by Hewlett-Packard. Next step will be to engineer system down from \$4,000 to consumer price. Asked about possible pricing trend, Bingham noted that picture-in-picture (PIP) feature originally added several hundred dollars to cost of set, and now is sold by Philips at \$50 premium. "There's no reason not to expect it to follow the PIP equation," he said.

Bingham emphasized that "our system is cheaper," adding: "We'd like it to be so cheap we can put it in almost every set." He said it must be in 20-30% of TV line to make it "worthwhile."

Demonstration of Philips ghost-canceling system at Labs was impressive, using both ghost developed there (with videodisc as program source) and off-air picture. Unlike demonstrations we have viewed in Japan of system in use there, cancellation seemed virtually instantaneous. Off-air

picture came from WPIX (Ch. 11) N.Y., which is transmitting Philips GCR signal. System can cancel up to 32 ghosts, but some officials suggested lower cost chips also may be marketed with more limited canceling capabilities.

Cable systems will need one canceler per off-air channel, which will cancel ghosts received at its headend. It wouldn't cancel ghosts generated within cable system itself, but that could be accomplished by consumer TV with ghost-canceling chip.

DID STEREO SETS DIP IN JAN? MTS stereo was included in only 32.2% of direct-view color TV sets sold to dealers in Jan., EIA Marketing Service Dept. reported. However, footnote said report includes only sets that incorporate dbx circuitry, departure from past when all sets marked as stereo were counted, so results aren't directly comparable with figures issued for any other month.

Question of what constitutes stereo TV set was subject of bitter charges and countercharges between dbx Licensing Corp. and Thomson last year (TVD Sept 30 p12), dbx charging that sets that don't include its circuitry are "pseudo-stereo". Certain Thomson low-end stereo sets have company's "XS Stereo" sound that doesn't include dbx (TVD Nov 4 p11). Philips and Sharp, which also have marketed non-dbx stereo sets, say they now include dbx in all stereo models.

It was unclear whether EIA officially has changed its policy and now will differentiate between sets that include dbx and those that don't. EIA spokeswoman said subject is under discussion.

If numbers were directly comparable, percentage of sets with MTS stereo reported for Jan. would be lowest for any month since last May, and 2nd lowest since May 1990.

Of 1,245,551 direct-view sets (not including TV/VCR combos) sold to dealers in Jan., 400,704 included MTS stereo circuitry (with dbx). That compares with 418,214 with stereo (but not necessarily dbx) out of total of 1,178,887 sold in Jan. 1991 -- 35.5%.

Ironically, in its summary and forecast of industry sales distributed at Winter Consumer Electronics Show last Jan., EIA listed "Color TV With Stereo" for first time, replacing former "Color TV Receivers with MTS."

Matsushita next month will begin revising its distribution system in Japan to deemphasize network of 25,000 "national stores" operated by small retailers. Such stores account for about 60% of company's sales in Japan. Matsushita said it's restructuring system, which awarded rebates based on amount of company's inventory stocked in store, as part of effort to create more open retail system in Japan, responding to complaints from U.S. trade officials. Rebate now will be based on amount of actual sales rather than on maintained inventory; current method encourages stores to stock lots of product, shutting out competitors' goods.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 133 yen = \$1, except where noted.

AUDIO SALES UP 1.2% IN JAN.: Double-digit increases in Jan. portable audio and aftermarket autosound factory dollar sales couldn't obscure continued bloodletting in industry's bread-and-butter components category, according to statistics released last week by EIA, which issued added data showing price deterioration.

But EIA Consumer Electronics Group (CEG) also said \$468.93 million in factory sales for month was highest figure for any Jan. on record. Buoying overall results for month were 13% and 16.7% increases in portable audio and aftermarket autosound, respectively. At same time that dollars advanced only 1.2% from \$463.52 million year ago, total unit sales rose 6.1%, CEG said, indicating industry was having slightly more trouble making profit on the goods than in moving them out the door.

CEG Vp Gary Shapiro said disparity between dollar and unit sales was most apparent in components, which declined 13.1% in dollars to \$126.71 million but increased 1.1% in units to level he didn't specify (spurred mainly by 19% sales increase in speakers, 26% rise in CD changers). Assn. doesn't release actual monthly unit sales figures in audio, but has resorted more frequently in recent months to quoting unit increases where results are especially upbeat.

Jan. 1992 component sales represented not only 13.1% decline from year earlier, but 19.1% drop from Jan. 1990. CEG said "dollar sales [of components] were unchanged on a seasonally adjusted basis from December 1991."

Unit-dollar disparity also was apparent in Jan. systems sales, EIA said. Dollar volume fell 8% to \$87 million from \$94.56 million year earlier, but unreleased unit sales figure rose 16%, Assn. said. It reported that share of systems equipped with surround sound climbed by unspecified rate to 6% of total unit sales, while unit sales of systems equipped with CD players jumped 48.7% from year earlier.

CEG said vitality of CD technology was evident in all audio categories in Jan., with CD sales in various configurations rising 15.8% in dollars, 39.2% in units. It said CD technology "was part of" more than 15% of overall Jan. 1992 unit sales, compared with 12% year earlier. Here's breakdown of audio dollar sales to dealers in Jan. 1992 and comparisons with same month year earlier:

**FACTORY SALES OF AUDIO EQUIPMENT
(add 000)**

Category	Jan. 1992	Jan. 1991	% Chg.
Portable Audio*.....	\$158,665	\$140,437	+13.0
Components.....	126,705	145,761	-13.1
Systems.....	87,007	94,561	- 8.0
Autosound (aftermkt)	96,557	82,760	+16.7
TOTAL.....	\$468,934	\$463,518	+1.2

* Includes home radio.

Figures may not add to totals due to rounding.

Corning Asahi Video Products (CAVP) and its joint venture parents Corning and Asahi agreed to pay \$1.8-million air pollution fine, Environmental Protection Agency (EPA) is quoted as saying in Wall St. Journal, which said most of violations occurred before Oct. 1988, when plants in State College and Charleroi, Pa., were owned solely by Corning. Consent decree includes measures to avoid future pollution. CAVP makes glass for TV picture tubes.

EMERSON'S 'TURNAROUND': Emerson said its "efforts to achieve a successful operating turnaround by restructuring its operations around its core consumer electronics business" continued to bear fruit in 2nd half of last year. Company reported reduced loss for year and for quarter (see financial table), and said "core" operations achieved profitable operating results for 2nd half and profit margins were higher for full year.

Results for last year were affected by "difficult economic environment," restructuring as well as \$37 million in nonrecurring charges relating to leaving personal computer and high-end audio businesses, company said. Virtually all of Emerson's \$60.7-million loss occurred in first half. Company still is being wooed by Semi-Tech (Global) of Hong Kong and Fidenas of Switzerland, which seek control. Agreement with Semi-Tech and conflicting proposal by Fidenas are conditioned on success in debt restructuring.

Recoton reported record net income for 1991, up 263.5% from 1990 (see financial table). Latest year's net, \$1,781,000, includes reduction of \$490,000 in pretax income as reserve in connection with patent judgment, which is subject of continuing litigation. Net income for 1990 (\$563,000) included extraordinary gain of \$233,000.

Final period in 1991 saw highest quarterly sales in company's history, up 35%, while net income was up 5.8% after reserve for patent case. Company said Dishwasher and Parsec acquisitions contributed to record sales, as did expansion of product lines and increased private label manufacturing by its Calibron Div. For 1992, Pres. Robert Borchardt said company will introduce new wireless products, line of universal remote controls, new CD cleaning system.

Wells-Gardner, reporting loss for 1991, announced restructuring "which will result in a lower sales break-even as well as an increased focus on those manufacturing activities which provide the most value added and profitability." Revenues for year declined 14%, largely because of "continued weakness in the economy." Drop would have been only 7%, company said, if it were not for Majestic TV assembly contract that contributed \$3,441,000 to 1990 revenues but was terminated at end of that year.

Fourth-quarter loss in 1991 was attributed mainly to restructuring charge of \$992,000 for "costs associated with a voluntary early retirement plan, severance for personnel affected by discontinued activities and some inventories and equipment being eliminated." Company's primary products are video monitors, and it forecast its sales of video lottery terminals would more than double in 1992 from its contribution of 5% of company's sales in 1991.

Grande Holdings and Semi-Tech (Global) are seeking to increase their collective stake in Sansui to more than 50% in return for \$80 million in loans to cash-hungry electronics company, Financial Times reported. However, paper said 2 Hong Kong companies have dissolved earlier deal under which they would have acquired joint interest in Sansui in favor of plan to hold their stakes separately. Article said new plan would provide Grande Holdings and Semi-Tech with greater flexibility in monitoring their Sansui holdings throughout world. Sansui reported after-tax unconsolidated loss of \$87 million for year ended Dec. 31.

EIA-endorsed bill to mandate AM stereo standard (TVD March 9 p16) was opposed at Senate hearing last week by FCC Chmn. Sikes. (See report in Best./Cable section.)

BASF REORGANIZES PRODUCTION: BASF is reallocating production resources on basis of efficiency and is consolidating plants on basis of lengthy study in wake of acquisition of Agfa's tape business. Among results, said Mktg. & Sales Vp Daniel Malcorps, will be elimination of some production at its Bedford, Mass. plant, replacing it with imports from Europe.

In course of restructuring, company will reduce staff at Bedford by about 170, Malcorps said, and will help to relocate displaced workers. Audio pancake production for U.S. custom market will be discontinued there. Malcorps said Bedford plant is too small to compete with efficient European operations. Bedford will continue to be U.S. hq and coordinating office for N. American market as well as applications engineering center for N. America. Computer diskettes and tapes will continue to be produced there.

As noted here last week (TVD March 9 p17), BASF says its emphasis on longer videocassettes has been successful, sales of T-130s and longer climbing 64% last year, market in which BASF claims 84% share.

BASF has postponed introduction of its T-200 cassette, which provides 10 hours of recording at slowest speed, despite same length's success in Europe (as E-300), Malcorps said, because it was found to pose problems on some of oldest VCRs sold in U.S. As result, company is changing formulation of tape and is testing it in 1,000 consumer homes. It's not expected to be ready until later this year.

As for DCC tape, BASF will be ready when recorders are introduced, Malcorps said. BASF was pioneer in field, worked with Philips, already is producing cassettes. As in video, BASF will emphasize longer playing cassettes, offering 120-min. length using same backcoating process it uses for videotape.

Industrywide sales of super high-grade videocassettes increased 28% last year, camcorder tapes of all kinds 50%, according to Malcorps.

Once again, BASF will skip Summer Consumer Electronic Show (CES), Malcorps said, because timing isn't in line with its sales plans. Fact that show will be open to public wasn't consideration, he added, noting that even at big public Berlin show, BASF aims exhibit primarily at trade. Contrasting every-other-year Berlin show with twice-a-year CES, he said: "Two shows are too many."

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Toshiba executives in U.S. denied report in Japanese press that company has decided to market 8mm VCR decks in U.S. next year. Martin Fukushima, video mdsg. mgr., acknowledged that feasibility is being studied and that product could be introduced here "at some point." Report said Toshiba would be expecting monthly sales of 10,000 decks in U.S. beginning next year. Company expects to finish development of 8mm decks this summer, with plans to sell them in Japan and U.S., report said. Toshiba already sells 8mm deck with built-in satellite tuner in Japan for about \$1,500.

Major Japanese parts maker Alps is urging customers to standardize parts to help cut costs and reduce inventories. Pres. Masataka Kataoka told news conference he expects Japanese consumer electronics industry to start recovery after next fall when it clears out massive inventories. Alps expects sales for year ending this month to be down 4% from year ago and pretax profit down 40%.

SONY ADDS 2 VCR PLUS MODELS: Sony this week introduces first of 2 new VHS Hi-Fi VCRs that include VCR Plus programming system. In addition to standard controls, handset on VCR Plus models includes 4 buttons dedicated to VCR Plus System -- one that activates it, 3 others that designate normal, daily or weekly programming.

Model to ship this week is replacement for SLV-595HF, which Sony says was industry's top-selling VHS Hi-Fi deck last year, at same \$599 list. Step-up adds flying erase head, A/V insert editing and multibrand unified remote control at \$649 list when it begins shipping in April. Sony also announced new 4-head mono unit at \$449 list.

Home Video Div. Vp James Bonan said company expects VCR sales to reach about 10.5 million this year (down from 10.7 million in 1991), with mix skewing toward more fully featured models as number of 2nd-time buyers continues to increase. He projected 4-head units would account for 36% of market (up from 34% in 1991), with 4-head hi-fi grabbing 21% share (compared with 20% last year) and 2-head dropping to 42% from 45%; S-VHS is expected to remain steady at 1% of total.

Company also has adopted "context-sensitive" on-screen help system that gives specific directions to users instead of relying on their intuitive knowledge of how to set clock or program recording.

* * * * *

Asahi Shimbun, Japan's largest daily newspaper, will begin printing VCR Plus codes next month, marking system's first move into Asia. System is being marketed now in U.S., Canada, U.K. Hardware manufacturers that have licensed technology include JVC, Thomson, Toshiba, Sanyo Fisher, Sharp, Zenith.

TV IN BLACK IN 2ND HALF--ZENITH: "We made money in the TV business in the 2nd half [of 1991], despite the sluggish economy," Zenith Chmn.-Pres. Jerry Pearlman said in annual report, issued last week. "We don't believe any manufacturer was profitable for full-year 1991 in the consumer TV business in the U.S." He said Zenith's color TV market share rose "slightly" last year, although unit sales declined for both Zenith and industry.

There's no contest for control of Zenith this year, and among main business at annual meeting April 28 in Glenview, Ill., will be electing Senior Vps Gerald McCarthy and Albin Moschner to board (see Consumer Electronics Personals).

Annual report uses new product segment breakdowns -- video products (color TV, VCRs and other consumer products, color tubes, video monitors, CATV products and their parts and accessories) and other electronics (power supplies, lighting products, hybrid minicircuits, high-security electronic equipment). Previous division was consumer electronics and components.

New breakdown shows video product net sales at \$1.244 billion last year, down 3.4% from \$1.2884 billion in 1990; other electronics \$77.6 million last year, down 36.1% from \$121.5 million in 1990. Video products operating loss declined to \$20.7 million in 1991 from \$27.5 million in 1990, other electronics rising to \$4.4 million from \$1.7 million and corporate operating loss remaining relatively static at \$17.5 million from \$17.2 million.

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Electronic Arts will split stock 2 for 1 for shareholders of record March 16, with trading at split value on NASDAQ to start March 27.

NEW PACE FOR SCES EVENTS: First public Consumer Electronics Show in Chicago will put new accent on programs and seminars during consumer days noon May 30 to closing May 31. Consumer sessions on those days will have educational tone, feature such subjects as home office, home theater, tips on shooting videos, multimedia, careers in electronics. Some sessions will be repeated for maximum convenience of attendees.

"Industry notables" who will address consumers attending show will include Ray Dolby, Dolby Labs, and Bob Carver, Carver Corp., with more to be announced later. Additional consumer events such as Open Mike/Karaoke Contest and Car Sound & Security Expo will be on program. Highlighting hot new products will be "pavilions" on exhibit floor representing groupings of products and exhibitors with similar themes, stressing hot new areas such as multimedia, CD-ROM, virtual reality, desktop video, mobile office, Hollywood studios, home theater.

Such Chicago institutions as Art Institute, Chicago Symphony, Field Museum of Natural History and Museum of Science & Industry will offer discounts, CES block tickets or special hours. Local events in connection with CES will include high school poster contest based on theme "Consumer Electronics -- Improving the World We Live In," high school marching bands at opening of public portion of show, citywide competition for "1992 Summer CES Grand Marshall," first public member allowed into show, as well as grade school demonstrations of "Classroom of the Future" at show.

Trade-level events on program will be confined to first 2-1/2 days, May 28-30. Among sessions scheduled so far are video outlook (TCE's Joseph Clayton, chmn., Consumer Electronics Group [CEG] Video Div.), audio outlook (Canton Electronics' Steve Teachout, CEG Audio Div. chmn.), home office outlook (Tandy's John Patterson, chmn., CEG Home Information Equipment Div.), multimedia, selling high-end monitors, mobile office, digital and broadcast formats, home office, electronics furniture, specialty audio, mobile electronics installation.

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Jensen brand audio and telecommunications products will be sold through Soundesign Corp. under license from International Jensen Inc. (IJI). New Soundesign subsidiary, JSD America, will be headed by Robert Winer, currently Soundesign exec. vp. Soundesign will staff JSD and provide all its funding. JSD America will be licensed "to develop, produce and market various Jensen brand products in the U.S., Canada, Mexico and Central and South America," according to joint announcement, which said JSD products "in both features and price... will be positioned above those currently offered by Soundesign." First products will be introduced in 2nd half of this year, with shipments beginning in spring or summer of 1993.

Videogame Notes: **JVC** spokeswoman says company expects to market Sega-compatible videogame console with built-in CD-ROM player (TVD March 2 p14) in U.S. later this year. Sega, which like JVC plans to launch unit in Japan next month, hasn't announced U.S. plans... **Nintendo** is sponsoring "Conference on Video Games in American Popular Culture" March 20-21 in Louisville as part of 22nd annual American Popular Culture Assn. conference... **Atari** said it will maintain \$20 reduction to \$130 on deluxe Lynx handheld videogame set that was instituted in Nov. as Christmas promotion. It also said it has created bulletin board within Compuserve that includes help files, playing tips, message board, etc.

Dumping margins were found by International Trade Administration (ITA) in preliminary results of administrative review of imports of color TV sets from Korea for year through March 31, 1991. Preliminary findings indicated dumping margins of 4.25% for Daewoo, 0.85% for Goldstar, 1.09% for Samsung. As for other companies, Quantronics said it had no shipments in period under review, so rate from previous review (3.63%) was used. Three companies -- Cosmos, Tongkook General and Samwon -- didn't respond to ITA requests for information and so were assigned margins of 16.57%, highest rate in any previous review. Since results are subject to revision, previous antidumping duties from last final review continue in effect -- 1.64% for Daewoo, 3.63% for Goldstar and no levy on Samsung, whose margin was found to be 0.11%, and therefore below 0.5% cutoff.

Philips will own 100% of Super Club if bondholders and banks are willing to accept "drastic measures" in refinancing European record and video retail giant, Philips spokesman told us. Philips currently holds 51%. Super Club last week announced \$125-million loss for 9 months ended Dec. 31 because of restructuring and financing costs. Subsidiary Super Club N. America owns 482 music and video outlets. Super Club N. America Pres. Darrell Baldwin expressed optimism about restructured company. Because Super Club would be aligned fully with major hardware giant in Philips, Baldwin said, "we could be the catalyst and influencing agent of how hardware is defined."

Home Media Expo March 31-April 2 in Beverly Hills will feature special presentations by Apple Computer, Philips Interactive Media (PIM), TV Answer, Sega and Electronic Arts. Other sessions: Merging TV, CD, VCR and Computer Technology (Bernard Luskin, PIM; Nolan Bushnell, Commodore; Trip Hawkins, Electronic Arts; Thomas Lopez, Mammoth MicroProductions); Music Industry; Sound Systems; Home Computers; Broadcasting & Cable; Video Dial Tone; Distribution; Digital Technology; Interactive TV; Hollywood, Games & Interactive Entertainment; Pay Per View; Entertainment Licensing; Virtual Reality -- American Expositions Inc., 212-226-4141.

Matsushita's overseas VCR production for fiscal year ending in March 1993 will total 2.5 million, Dempa Shimbun reported. Article said company projects production of 900,000 decks in Europe, 300,000 in Malaysia, 100,000 in Taiwan, 50,000 in Brazil, with Matsushita Kotobuki producing 750,000 in Indonesia, 400,000 in U.S. The 2 companies' Japanese production will total 6 million, article said. Their overseas production this fiscal year will be about 1.7 million.

Sign of the Times: Ads by Pa. State Employment Service for 22 technical team members to work at Sony's new TV set plant drew 2,800 candidates from Pittsburgh area, of whom 1,900 filled out applications.

Home Centers, Ohio consumer electronics and appliance chain, shut doors last weekend and applied for bankruptcy protection. Further information was unavailable at our deadline.

Sony's Columbia House Laserdisc Club mail order operation offers new subscribers choice of 100 laserdiscs, of which 38 are in letterbox format.

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Consumer Electronics Personals

Gerald McCarthy, Zenith senior vp-sales and mktg. and pres. of Zenith Sales Co., and **Albin Moschner**, senior vp-operations, nominated to board; both members of company's Office of the Pres., they will succeed **Robert Hansen**, retired pres. of Zenith Consumer Products Div., and **Arthur Schultz**, retired chmn. of Foote, Cone & Belding, both retiring as dirs... **Stephen Burke** promoted to Sony America vp-public affairs, responsible for govt. and community relations for U.S. electronics operation, reporting to **Jason Farrow**, senior vp-corporate communications... **Robert Winer**, industry veteran and Soundesign exec. vp, named pres. of JSD America, Soundesign subsidiary licensed to produce line of Jensen brand audio and telecommunications products.

David Rosen to leave as dir.-international mktg. at Commodore, but will continue to consult with company on several issues relating to marketing of CDTV system... **Glenn Dardick** has departed as dir.-computer mktg., Circuit City... **William Shepard** resigns as Super Club Retail Operations pres., his duties being assumed by Super Club N. America Pres. **Darrell Baldwin**... **Tracy Dolgen**,

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
BET Holdings			
1992-6 mo. to Jan. 31	28,219,179	5,218,045	.26
1991-6 mo. to Jan. 31	24,262,901	4,706,840	.25
1992-qtr. to Jan. 31	14,996,800	2,908,405	.14
1991-qtr. to Jan. 31	12,666,613	2,660,204	.14
Cablevision Systems			
1991-year to Dec. 31	603,272,000	(227,199,000)	-- ^a
1990-year to Dec. 31	562,989,000	(271,375,000)	--
1991-qtr. to Dec. 31	153,257,000	(68,554,000)	--
1990-qtr. to Dec. 31	146,605,000	(55,102,000)	--
Dynascan			
1991-year to Dec. 31	135,901,000	(5,656,000)	-- ^b
1990-year to Dec. 31	168,987,000	(8,420,000)	-- ^b
1991-qtr. to Dec. 31	35,383,000	(3,332,000)	--
1990-qtr. to Dec. 31	43,896,000	(4,248,000)	--
Emerson Radio			
1991-year to Dec. 31	790,206,000	(60,746,000)	-- ^b
1990-year to Dec. 31	803,687,000	(40,340,000)	--
1991-qtr. to Dec. 31	217,550,000	(4,978,000)	-- ^b
1990-qtr. to Dec. 31	228,355,000	(27,428,000)	--
Esquire Radio & Electronics			
1991-year to Dec. 31	68,014,000	923,000	1.91
1990-year to Dec. 31	74,010,000	2,211,000	4.58 ^a
1991-qtr. to Dec. 31	14,720,000	67,000	.14
1990-qtr. to Dec. 31	33,859,000	1,213,000	2.51 ^a
Home Shopping Network			
1992-6 mo. to Feb. 29	567,200,000	20,900,000	.24 ^b
1991-6 mo. to Feb. 28	559,400,000	(12,100,000)	--
1992-qtr. to Feb. 29	275,500,000	7,800,000	.05 ^b
1991-qtr. to Feb. 28	267,700,000	(24,600,000)	--
Paramount Communications			
1992-qtr. to Jan. 31	1,070,600,000	18,400,000	.16
1991-qtr. to Jan. 31	897,100,000	(7,300,000)	--
QVC Network			
1992-year to Jan. 31	921,804,000	19,625,000	.61 ^b
1991-year to Jan. 31	776,029,000	(16,985,000)	--
1992-qtr. to Jan. 31	281,660,000	9,027,000	.25 ^b
1991-qtr. to Jan. 31	250,043,000	8,965,000	.30
Recoton			
1991-year to Dec. 31	58,224,000	1,781,000	.90 ^a
1990-year to Dec. 31	46,582,000	563,000	.29
1991-qtr. to Dec. 31	18,461,000	582,000	.29 ^a
1990-qtr. to Dec. 31	13,662,000	550,000	.29
TCA Cable TV			
1992-qtr. to Jan. 31	33,602,000	3,416,000	.14
1991-qtr. to Jan. 31	30,331,000	1,955,000	.08
Texscan			
1992-9 mo. to Jan. 25	29,695,000	(899,000)	--
1991-9 mo. to Jan. 26	27,982,000	(257,000)	--
1992-qtr. to Jan. 25	10,627,000	(529,000)	--
1991-qtr. to Jan. 26	8,492,000	(907,000)	--
Wells-Gardner Electronics			
1991-year to Dec. 31	38,814,000	(1,464,000)	-- ^b
1990-year to Dec. 31	45,099,000	1,160,000	.31 ^a
1991-qtr. to Dec. 31	10,054,000	(1,308,000)	-- ^b
1990-qtr. to Dec. 31	9,287,000	(237,000)	-- ^a

Notes: ^aIncludes special credit. ^bAfter special charge.

HBO Video senior mktg. vp, departs at end of month to become group vp, Lucas Arts Entertainment, overseeing all consumer product divs., including THX... **Jeffrey Levy**, ex-Platt Music and Sam Goody, appointed pres. of Smith Alster & Co., Farmingdale, N.Y., wholesaler-liquidator... **Kenneth Durso** named vp, InterOptica Publishing, CD-ROM software publisher, based in company's new San Francisco office; **Victor Medina** appointed operations mgr.

TELEVISION DIGEST®

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With Consumer Electronics

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

RETRANSMISSION CONSENT HIT: Influential House members offer comprehensive alternative with station royalties component. Program access bill unveiled. Cable Act rewrite stalled by controversy. (P. 1)

DAB AND HDTV AT NAB: WARC session added. NHK to unveil ISDB. DAB demonstrations planned. EBU offers day of HDTV sessions. Attendance, exhibits and syndicators expected to set records. (P. 3)

DINGELL INVESTIGATING FCC: Possible violation of deliberative process in radio ownership proceeding to be probed. New cap questioned. (P. 5)

SIKES DEFENDS HQ DECISION, tells House unit that Southwest D.C. site would have posed major problems. Commission's FY 1993 budget proposal reviewed. (P. 5)

NETWORKS, AFFILIATES SPAR on cable. Comments due today at FCC on rulemaking to permit ABC, NBC and CBS to own systems. NBC, affiliates continue talks. (P. 6)

PATENT FIGHT LIKELY: Interactive Network says TV Answer will violate rights, but another planned competitor questions patent validity. TV Answer says its patent is different. (P. 6)

VDT PRESSED BY SIKES as key GOP senators ask White House intervention at FCC to secure telco entry into video. Economic benefits lauded. (P. 7)

BROOKS OPPOSES RETRANSMISSION CONSENT: Retransmission consent concept as contemplated in Senate-passed cable bill (S-12) picked up powerful opponents last week in House Judiciary Committee Chmn. Brooks (D-Tex.) and 2 Copyright Subcommittee leaders. Lawmakers proposed comprehensive alternative of flat per-subscriber royalties for all forms of retransmitted signals -- including payments to TV stations for local and distant signal cable carriage. Bill, designed to revamp existing compulsory licenses, was unveiled same day Rep. Tauzin (D-La.) offered program access proposal to ensure that DBS, wireless cable and other multichannel video providers -- including potentially telcos -- can compete with cable. Activity presages what's expected to be release shortly of vastly tougher, redrafted House deregulatory bill (HR-1303) from Telecom Subcommittee.

Copyright bill is sponsored by Brooks, Subcommittee Chmn. Hughes (D-N.J.) and his ranking Republican, Rep. Moorhead (Cal.), who with Tauzin also sits on Telecom Subcommittee where main Cable Act rewrite is under way. In unveiling his proposal (HR-4511), Brooks left no doubt about his feelings on S-12: "I support the cable bill, everything but retransmission consent... I don't believe [it] treats the cable industry fairly... [or] in a manner consistent with our copyright laws." At same time, cable has matured enough to make continued "special treatment" under compulsory license unjustified, Brooks said: "The compulsory license has served its useful life."

Consumer Electronics

CLAYTON REPLACES HOLLERAN in top Thomson Consumer Electronics marketing post. New exec. vp has broad experience at TCE and RCA. (P. 11)

CAMCORDER PRICES CUT on outgoing lines by at least 6 major suppliers. Late introductions and fewer models also planned to cope with high inventories. (P. 11)

3RD CONSECUTIVE MONTH of camcorder declines shown in Japanese exports to U.S., as average prices hit new low. VCR deck shipments at 10-year low. (P. 13)

CAL. SERVICERS SUE VENDORS on warranty repairs in class action charging manufacturers with unfairly setting rates and overcharging for parts. (P. 13)

CD-I NOT THREAT despite Philips' impressive demonstration of full-motion video, laserdisc proponents say, citing LD's superior A/V quality. (P. 14)

SKYPIX DEALERS SKEPTICAL after many postponements and failure to receive samples. Company insists it never promised April 2 launch. (P. 15)

CHINA 'LIBERALIZES' imports, dropping tariffs on projection TV, camcorders. Senate fails to override veto of anti-China trade sanctions. (P. 15)

HOME CENTERS BANKRUPTCY leaves 14 stores closed and uncertainty as to whether they will reopen. (P. 15)

Legislation would replace existing compulsory licenses for cable and satellite carriers with more technological-neutral approach, as recommended by U.S. Copyright Office (TVD March 16 p1). Hughes said new licensing plan would cover all "broadcast retransmission systems," including wireless cable, home dish programming, DBS, LPTV, telcos, etc. Cable's current percentage-of-gross royalty payments for programming would be replaced with 3¢-per-subscriber-per-month rate for all retransmitted local signals, with revenues distributed by govt. New system would be phased out in 10 years, leaving carriers to negotiate carriage contracts directly with signal owner, programmers, etc.

Hughes said proposal should produce about \$150 million in revenues for commercial and noncommercial TV stations for retransmission of locally broadcast signals. There also would be new charge for cable carriage of distant broadcast signals of 12¢ per subscriber per month, payable to networks, public stations and distant sources that authors said would mean \$295 million in annual payments by cable vs. current \$175 million in distant signal royalties. Lawmakers estimated that new levies would cost cable operators \$5.40-\$8 per subscriber per year, depending upon impact of any new must-carry regulation, which public interest groups again called for last week.

In significant change, bill also would revise definition of local signal from current 35-mile standard to station's total area of dominant influence (ADI). Fox Senior Vp Preston Padden said move would be especially important for independent stations, which for first time would be considered local signals in some communities. Carriage of local broadcast stations within 35 miles of headend has been free to cable. New bill also would accommodate any must-carry plan that might emerge in cable reregulatory bill, Hughes said. Stations that opt for must-carry would be ineligible to collect royalties under new compulsory license, he said -- concept similar to S-12's.

Industry reaction generally was cautious as officials assessed not only bill's implications for them, but also its likely effect on cable reregulatory drive generally in Congress. NCTA Pres. James Mooney said "we still find it difficult to understand why consumers should have to pay extra... to enhance reception of 'free' TV, but this plan has at least the merit of addressing the claims of those who actually own program rights." INTV Pres. James Hedlund said group "strongly opposes" repealing license, which he said "would have a devastating impact" on stations. Plan also would encourage sports move to pay-per-view, he said in view shared by United Video, which carries superstations and was floating proposal at week's end to amend HR-4511 to exempt carriers of antitrust-protected programming.

MPAA Pres. Jack Valenti praised copyright bill for recognizing need to eliminate compulsory license, but said studio opposition was likely if bill is passed without royalties for program copyright owners in Hollywood. NAB Pres. Edward Fritts commended authors for recognizing "the inherent inequities of the current system," but expressed concern that bill would be used to derail cable reregulatory effort in this Congress.

Judiciary Committee leaders, including Brooks, said they didn't plan to block action on Cable Act rewrite this year. However, they made it clear that they hoped their bill would be wedged to Telecom Subcommittee cable bill redraft, with Brooks promising to play hand in any Telecom-produced cable measure containing broadcast retransmission consent language. It's unclear whether Telecom effort will contain such language, although most Capitol Hill aides and broadcast industry lobbyists expect it. Redraft had been expected to be released by now; its absence is being interpreted by many as indications of division within Subcommittee that could derail legislative effort this year. Judiciary Committee leaders plan hearings on their bill April 1-2, aide said.

Telecom panel's rewrite has been complicated by dissent over retransmission consent, as well as controversies over other elements of new bill, aides said. Among latter is new proposal to ensure 3rd party access to cable programming introduced last week by Tauzin. His proposal goes further than any previous ones in calling for all national and regional cable networks -- not just those owned by MSOs -- to make programming available to all competitive delivery media, potentially including telcos. It also would go beyond S-12 in prohibiting any discrimination by networks in sale of programming to various media, including satellites and wireless cable. And it would extend protection to all types of satellite services, including DBS and Ku-band.

Tauzin bill also would guarantee program access for telcos if they are allowed to enter cable business. TV networks would have to sell programming on comparable terms and conditions, but they could offer volume discounts and other market-based differentials as long as same offers are made available to competitors. Bill would prohibit cable operators from requiring financial interest in program network in

return for carriage. Proposal was endorsed by Consumer Federation of America, National Rural Telecommunications Cooperative, Wireless Cable Assn. (WCA), others. Bill essentially would give competitive media all they sought, WCA Pres. Robert Schmidt said. But Mooney said it would hurt investments in cable programming.

Markey's staff has been working behind closed doors for weeks on redraft, and reportedly at week's end had begun to advise Subcommittee members of new content. Early reports indicate it will take tougher line on rate regulation than S-12, propose stiffer definition of effective competition, maintain damage immunity protections for municipalities. It was unclear what drafters planned for retransmission consent, although Fritts hinted his discussions with staff had been "constructive."

Meanwhile, reports elsewhere that Republicans, led by Subcommittee's ranking minority member Rep. Rinaldo (R-N.J.), have sought to delay action on bill were flatly denied by staff. "How can we delay something we haven't seen?" one Rinaldo aide said. Rinaldo did meet with Markey several weeks ago on bill, aides acknowledged, but said that it wasn't "negotiating session," that no specific legislative demands were made and that Rinaldo merely asked Markey to give Republicans "adequate" time to review draft before markup. Democratic sources insisted that request for delay was made at meeting.

In related development, Satellite Bestg. & Communications Assn. (SBCA) and its member satellite carriers filed suit last week in U.S. Dist. Court, Atlanta, challenging Jan. ruling by Copyright Office that satellite systems aren't "cable systems" within definition of 1976 Copyright Act. Suit alleges Copyright Office ruling directly conflicts with 1991 decision by 11th U.S. Appeals Court, Atlanta, that satellite carriers are cable systems.

DAB, HDTV, TO BE FEATURED AT NAB CONVENTION: Special sessions and exhibits on DAB and HDTV will be among highlights of NAB convention in Las Vegas April 12-16, including just-added session on results of World Administrative Radio Conference (WARC), which allocated DAB spectrum (TVD March 9 p1). Convention is on schedule to break last year's records for number of attendees, number of exhibits, exhibit space and syndicators, NAB Pres. Edward Fritts said.

WARC briefing at 2:15 p.m. April 15 will be by Jan Baran of Wiley, Rein & Fielding, head of U.S. delegation to WARC, which decided that DAB can be carried in L-band, although U.S. retained right to put it in S-band. Other key DAB developments at convention include release of test results on interference between DAB and FM. Results are critical in determining whether there's enough spectrum for in-band DAB, NAB Senior Vp-Technical Michael Rau said. Canadian researchers also will release results of their tests of L-band DAB, including DAB reception at edge of service area.

Every major DAB proponent will make presentation at convention, Rau said, and at least 2 -- USA Digital Radio and Struther Lincom -- are expected to demonstrate their systems at least closed-circuit. Broadcast radio data service will be demonstrated, and NAB will show prototype of its "supertuner." New tuner, to be produced by Denon America under license and marketed beginning in June, includes major tuner developments such as AM stereo and noise-canceling.

Potential next step beyond DAB will be discussed for first time in NHK paper at convention (9:50 a.m. April 12), Rau said. Proposed new service would be called Integrated Services Digital Bestg. (ISDB) and would differ from DAB in that each user could decide on data rate and how service would be used (for example, data vs. audio), as opposed to DAB, which uses fixed data rate for strictly audio service. Japanese envision delivering ISDB by satellite, but Rau said it's also compatible with terrestrial delivery. ISDB would be wireless competitor to Integrated Services Digital Networks (ISDN), he said, and eventually could be used to deliver video if enough bandwidth is assigned. Lack of requirement for hard wire would allow ISDB to be used in mobile applications, unlike ISDN.

Europe will make big push for its HDTV system at convention, with Vision 1250 consortium having 2nd largest exhibit at HDTV World. Exhibit will include extensive HDTV footage shot at Winter Olympics. NAB also is touting HDTV over-air transmission demonstration by General Instrument as first such public display. At least 3 proponents of HDTV systems in U.S. will exhibit. HDTV World sessions will include technical presentations on all 5 HDTV systems still in FCC race (9:30 a.m. April 14), as well as panel of top executives of General Instrument, NHK, Sarnoff Labs and Zenith at 3:45 p.m. same day. Zenith Chmn. Jerry Pearlman will keynote HDTV World at 9:10 a.m. April 13. Other important HDTV sessions: (1) Digital HDTV tutorial, 9 a.m. April 14, Robert Hopkins of Advanced TV Systems Committee. (2) HDTV assessment, 2 p.m. April 14,

Peter Fannon of Advanced TV Test Center, Richard Wiley of Advanced TV Advisory Committee, Robert Pepper of FCC Office of Plans & Policy. (3) European Bestg. Union, full-day session April 15, European HDTV developments, including progress toward European digital HDTV. Session will include 4 p.m. panel contrasting European and U.S. progress on HDTV standard.

Convention will draw normal slate of govt. officials, including at least 2 senators and 13 representatives, Exec. Vp James May said. He said 5 other lawmakers are expected to confirm attendance. Key legislators planning to attend include Sen. Burns (R-Mont.) and Reps. Fields (R-Tex.), Lent (R-N.Y.), McMillen (D-Md.), Moorhead (R-Cal.), Rinaldo (R-N.J.), Tauzin (D-La.). For first time, invitation-only congressional breakfast April 13 is open to news media, followed by open congressional panel at 9 a.m. on broadcast/cable/telco issues and 10:30 a.m. session on financial issues in Congress. Legislative staff panel is at 2 p.m. same day.

In addition to previously announced full complement of FCC commissioners (TVD March 2 p1), Deputy Gen. Counsel Barry Umansky said about 20 FCC and NTIA staffers are expected to attend, including acting NTIA Dir. Thomas Sugrue or permanent head if appointed by then. FCC staff panel is 7:30 a.m. April 15, including Pepper, Mass Media Bureau Chief Roy Stewart, Gen. Counsel Robert Pettit, unnamed NTIA official. Other major FCC sessions: (1) Milton Gross, chief of Fairness/Political Programming Branch, 2 p.m. April 14. (2) Kidvid rules, 2 p.m. April 14. (3) Stewart on station ownership and financing rules, same time.

There has been "staggering jump" in number of exhibitors, convention organizer Richard Dobson said. He said current total of 788 exhibitors is about 100 higher than last year, and there's still waiting list of about 30. Exhibits, now about 467,000 net sq. ft., have absorbed all exhibit space added at Convention Center since last year, he said. Dobson said advance registration was slightly behind 1991, but NAB believes last year's trend of registering late will continue. He said he expects attendance to be "right on par" with last year's record, but Fritts said he anticipates new record. Exec. Vp John Abel said international attendance will be about same as last year -- slightly more than 7,000.

NAB has signed up 14 TV program syndicators to rent syndication "offices" -- rather than suites -- and negotiations are under way with 2 others. Assn. said there's "good chance" that all 16 offices set aside for syndicators will be filled this year. Eleven syndicators took suites last year.

At least 11 other broadcast groups are holding meetings in conjunction with NAB convention, including: (1) Best. Education Assn., April 10-13. (2) Tvb, April 10-11. (3) MSTV board April 12; general membership, 10 a.m. April 13; board dinner that night. (4) International Teleproduction Society, 4 p.m., and Royal TV Society, 5 p.m. April 13. (5) National Assn. of College Bestrs. forum, April 15. (6) Best. Pioneers breakfast, April 16. (7) American Bar Assn. communications law forum, April 12. (8) RAB is programming 3 sessions during convention. (9) Society of Best. Engineers, several sessions April 14. (10) Community Bestrs. Assn., 2 p.m. April 15.

House check scandal involves key communications policymakers, among them Commerce Committee Chmn. Dingell (D-Mich.) and Telecom Subcommittee Chmn. Markey (D-Mass.). Both had acknowledged last fall that they had overdrafts; neither appears among top 24 House members who bounced checks. Dingell admits to 9 overdrafts, amounts unspecified. Markey has acknowledged "inadvertent" overdrafts but hasn't disclosed details pending internal audit. His Subcommittee's ranking Republican, Rep. Rinaldo (N.J.), said he had 5 checks totalling about \$200 held by House bank when crediting of investment check was handled improperly. Also from Subcommittee: Reps. Synar (D-Okla), 11 checks totaling \$4,572; Cooper (D-Tenn.), 6 checks, \$1,369; Bryant (D-Tex.); Slattery (D-Kan.), details undisclosed. Others involved who have communications policy roles: Judiciary Committee Chmn. Brooks (D-Tex.), details undisclosed; Information Subcommittee Chmn. Wise (D-W.Va.), single \$1,000 check 6 years ago; Rep. Mrazek (D-N.Y.), author of film-labeling bills, 972 checks in 23 months, which he disputes; Shays (R-Conn.), author of cable legislation, 18 checks, \$46,941. Criminal investigation may be conducted into House bank's handling of matter and into individual cases.

Intelsat board confirmed orders for 3 launch vehicles, including Chinese launch vehicle for first time, at meeting in Washington. Intelsat will divide next 3 Intelsat VII launches among General Dynamics, Ariane, Chinese Long March. Chinese deal is conditional on approval by Bush Administration, prospects for which remain unclear. Intelsat spokesman said 28-member board decided to award order to China Great Wall Industry Corp. in accord with policy of using broad range of suppliers and providers. Board also endorsed concept of issuing bonds to meet medium- and long-term debt and agreed to extend cash on hand for short-term borrowing to \$150 million from \$100 million. Board hopes to reduce cost of capital with first-ever bond issue, spokesman said. Intelsat Dir. Gen. Irving Goldstein will present recommendations on issuing bonds to board at June meeting.

NFL owners have put off until March 30 vote on proposal to cut \$196 million from fees paid by networks, ESPN and Turner Bestg. for final year of broadcast rights. Fee reduction would be in return for 2-year contract extension. Owners also voted last week to do away with instant replay.

DINGELL HITS RADIO RULES: House Commerce Committee Chmn. Dingell (D-Mich.) has ordered his Oversight & Investigation Subcommittee to investigate FCC's handling of radio ownership rules decision for possible violations of required deliberative processes (TVD 16 p2). He also expressed strong skepticism at new multiple ownership caps in letter March 20 to FCC.

Dingell was reacting to Commission submission earlier last week that had suggested as few as 166 radio owners could emerge eventually as result of new rules. Although FCC Chmn. Sikes defended Commission decision in letter as "measured approach" and said its impact on competition and diversity had been "carefully analyzed," he nonetheless acknowledged "worst-case scenario" in which number of radio owners could be reduced dramatically. "Even under a 'worst-case' scenario in which every group owner acquired the maximum number of commercial radio stations allowed" by new rules, he wrote, "there would still be 166 radio broadcasters competing in the national media marketplace." Dingell finds figure "highly disturbing," aide said; in his letter to Sikes, lawmaker called Commission conclusion "curious."

Sikes, too, apparently finds figure questionable. He told House Commerce Appropriations Subcommittee hearing last week that "someone must be smoking marijuana" in reference to projection from FCC staff in his letter. Only 3 radio owners are at current 12-12 cap for AM-FM stations, and station control now is dispersed among about 5,000 owners when present rules could have ownership concentrated at as few as 415 owners, he said. "The record in the proceeding convinced us that our old rules not only were more restrictive than necessary to protect competition and diversity in local markets," he said in letter to Dingell, "but also were undermining those concerns by artificially denying radio broadcasters the much-needed opportunities that stem from being able to spread administrative, equipment, personnel and programming costs over more of an advertising base." Rep. Carr (D-Mich.) said at appropriations hearing that "many" members were concerned about rules' impact on diversity, that "modest" changes would have been acceptable in Congress but revisions with potential to reduce industry ownership to 166 "would not be what we would consider modest."

Congressional insiders say Dingell is concerned that new ownership levels will invite excessive concentration and that caps aren't supported by Commission data. Indeed, one source said lawmakers believe privately that caps were "pulled out of the air." Dingell's investigators were directed to examine Commission documents to determine whether agency conclusions can be supported, we're told. They also will look into allegations that commissioners made decision before some had had chance to review staff analyses, according to sources. That portion of inquiry isn't in response to any complaints to Dingell, we're told, although Comr. Barrett had voiced concerns on matter at FCC meeting. FCC was directed to provide investigators with documentation by end of week.

National Black Media Coalition (NBMC) also is concerned about impact of new rules on minority station ownership, and half-dozen members picketed outside FCC hq last week in protest. NBMC wants Congress to reverse decision, Chmn. Pluria Marshall said. He told us his group believes smaller increase, possibly to 17-18 stations of each type, might have been warranted but larger figures would give big corporations opportunity to dominate local radio markets, forcing out small broadcasters: "If the rule stands, we will probably witness the disappearance of black-owned

stations in America altogether." National Assn. of Black Owned Bstrs. didn't join picketing "but we certainly support their goals," Exec. Dir. James Winston said.

SIKES DEFENDS FCC MOVE STAND: House Commerce Appropriations Subcommittee appeared relieved last week that FCC wouldn't be moving to expensive Portals building under construction in southwest Washington. But key members said they were unhappy that hq consolidation remains unresolved after more than 10 years of debate, pointing to aborted 1981 proposed move to nearby suburb of Rosslyn, Va. Concerns also were raised on new radio station ownership rules, proposed FCC user fees, pending cable-telco proceeding, etc. FCC appears before Senate Commerce Appropriations Subcommittee March 25.

FCC Chmn. Sikes reported aborted Portals proposal should mean immediate \$6 million saving to govt. Portals building would have cost govt. about \$43 per sq. ft. to lease, he said, while new prospectus being drafted by General Services Administration (GSA) will cap rate at \$39 per sq. ft. GSA can be expected to negotiate less expensive temporary leases for 2-3 buildings, some perhaps near present location at 1919 M St. NW, and spend only about \$8 million in location costs in FY 1993, Sikes said. Commission had expected to spend \$15 million on move in new fiscal year. Money is part of \$153,336,000 total request for FCC appropriations in FY 1993, which begins next Oct. 1. Request reflects 21% hike over \$126.3 million current appropriation, Sikes said, and is below \$163,392,000 that Commission had asked Office of Management & Budget to submit to Congress.

FCC's rejection of Portals reflected problems agency had with inadequate space, access by handicapped and probable lease date, Sikes said. Available space would have been 50,000 sq. ft. short of agency's needs, he said, and building couldn't be completed by Jan.-March 1993 expirations of agency's current leases. Subcommittee Chmn. Smith (D-Ia.) urged consideration of cheaper suburban location. Managing Dir. Andrew Fishel said it wasn't Commission's idea to move, that FCC would rather stay put but GSA wanted consolidation. FCC's rejection of Portals building also was criticized sharply in Washington Post by D.C.'s delegate to House, Rep. Norton (D-D.C.), member of House Public Buildings Subcommittee, who has asked for panel inquiry. Fishel wrote newspaper after report, objecting to its negative characterization of Commission decision. "The positions taken by the FCC on the lease competition were motivated entirely by bona fide and well documented programmatic requirements," he said in letter and made same arguments as Sikes in substantiating decision.

On other matters, Sikes: (1) Urged passage of new user fees as part of appropriations measure. New proposal seeks \$71 million in levies -- about \$6 million more than fees FCC proposed unsuccessfully last year. New plan would have revenues go directly to U.S. Treasury vs. earlier plan to have them defray FCC costs directly. Rep. Carr (D-Mich.) questioned if fees reflected agency's costs to do business. said he wanted to make sure they weren't backdoor effort to raise taxes to pay off federal deficit or for some other program. (2) Promised that if there's loophole under which home shopping service stations could get away with most minimal of programming to meet new kidvid law, "that loophole will be closed... Let me put it to you this way -- you can be assured of my vote..." Sikes said he was confident other commissioners would support such action. (3) Reported cable-telco cross-ownership proceeding was likely to be concluded by 2nd or 3rd quarter of this year.

NBC, AFFILIATES TALK ON CABLE: With deadline today (March 23) for comments on FCC rulemaking to permit TV networks to own cable systems, NBC (watched closely by ABC) was continuing negotiations with its affiliates last week in search of agreement, even though impasse was declared 2 weeks ago (TVD March 16 p7). However, both sides told us agreement isn't near but talks will continue after comments are filed. ABC official said hope is that NBC will reach accommodation with its affiliates that "we can sign on to." CBS, which is embroiled in compensation controversy with its affiliates (TVD March 9 p5) and hasn't expressed desire to own cable systems, has pretty much stayed out of negotiations.

Major factors in dispute are "trust factor" of networks on part of affiliates, ownership attribution and safeguards to prohibit networks from gaining concentration in single market. Network Affiliated Stations Alliance (NASA) and INTV (which also has been involved in negotiations) sent "final proposal" to networks, dated March 9, containing 10 "safeguards" to prohibit network domination. In last negotiating session, talks never went beyond first demand of stations: "A network will not own or operate cable systems where the homes passed by such systems exceed 5% of the nation's TV households or 25% of the TV households in a local Area of Dominant Influence [ADI]." Networks want 5% figure raised to 10%, 25% to 50%.

Among other safeguards sought by stations: (1) Network-owned system must carry all local commercial TVs with channel positioning consistent with provisions of S-12, which has been passed by Senate. (2) "No discrimination in any respect" against local nonaffiliates. (3) Network would be required to maintain affiliation in market where it owns cable system and pay compensation "at least as favorable" as that paid affiliates in markets where network doesn't own cable system. (4) Network would be prohibited from bypassing local affiliate with direct feed to cable systems or "leapfrogging" local affiliate to pick up more distant affiliate. (5) If networks obtain domestic syndication rights, local affiliate can't be discriminated against in favor of network-owned cable system.

(6) If cable bill becomes law with retransmission consent intact or if compulsory license is repealed, network-owned system must compensate all local stations for cable carriage on per-subscriber basis "at least as favorable to the stations as that paid by nonnetwork owned and operated cable systems" within market's ADI. (7) Network would be prohibited from retaliating "in any way against any station" that complained to FCC about violation of safeguards or any network-cable rules established by Commission. (8) Network would be prohibited from owning TV station in market where it also owns cable system. (9) "The networks will not seek a waiver or modification of the FCC safeguards proposed herein for a period of 10 years."

As part of any agreement reached, NASA also would require networks to oppose FCC repeal of all other network-affiliate rules and policies, including right-to-reject rule, option time, territorial exclusivity and policy prohibiting programming clearance-based compensation by networks. As for attribution, also prohibited would be common ownership within meaning of FCC cable-telco rules between cable company (or its parent or subsidiary) and network (including parent and subsidiary) in excess of 5% and 25% limits, except that commonly owned "passive institutional investors" may have debtor-creditor relationships with networks and owned cable systems.

In undated press release, NASA said its proposed safeguards "are both reasonable and would in no way inhibit" network acquisition of cable systems. "These rules would, however, protect against the potential abuses which might be promoted by undue concentration of media power to the detriment of the public interest and this nation's over-the-air broadcast system." NASA said it would continue to oppose networks at FCC "in the absence of the adoption of these safeguards in their entirety."

PATENT FIGHT LIKELY: Competitor is threatening patent infringement suit against interactive TV company TV Answer (TVA). David Lockton, pres. of Interactive Network (IN), said he has patent for entire concept of store-and-forward data gathering for interactive TV and "we will defend the patent against any and all infringers." However, TVA spokeswoman said company's patent lawyers believe their system doesn't violate patent because TVA uses wireless communications to forward data and IN patent covers only telephone-based system. TVA, meanwhile, will announce this week that it signed agreements with 5 national retailers, including J.C. Penney, to use its system for direct marketing when it becomes operational in first quarter 1993.

Lockton doesn't expect to file suit immediately because infringement won't occur legally until TVA actually begins operation, he told us: "I don't think they will infringe for 4 years because it will take them that long to write the software, and they clearly haven't started yet. I have a real question whether they will ever get there." Lockton said "army" of patent lawyers for IN investors -- including GE, NBC, Cablevision Systems and Kagan Venture Fund -- have reviewed patent and called it "unassailable." IN began operation in Sacramento last year after receiving \$20-million financing from investors. "

IN patent may not be as secure as Lockton claims, said Scott Jacobs, pres. of another potential competitor, Laser Arts Interactive (LAI). He said there's evidence that there may be prior patent that court would say invalidates IN patent. Court also could say that IN patent is too generic to be patentable, he told us. LAI also has applied for interactive TV patents, Jacobs said, and expects to announce start of service within about 90 days.

"We don't think this is a problem," TVA spokeswoman said of Lockton claims. "These are 2 very different patents and this is a very different use of interactive responses. We certainly hope this [patent fight] never comes to pass because it could be very costly for everyone."

Cable still has long way to go to be viable ad medium, ad agency D'Arcy Masius Benton & Bowles (DMBB) said after its first major experiment with cable. DMBB said cable increased ad frequency in targeted geographic area, but effectiveness was "still largely an unknown." Ad agency, in its newsletter, also complained about problems determining what rep firm represents each cable system, getting confirmation of air time and having invoices handled properly: "Overall, [cable] still has a way to go to fulfill its considerable advertising potential."

White House is expected to nominate Greg Chapados, administrative asst. to Sen. Stevens (R-Alaska), as NTIA dir., probably this week, we're told. If named, he will succeed Janice Obuchowski, whose resignation was effective Jan. 31. FCC Gen. Counsel Robert Pettit and NTIA Deputy Dir. Thomas Sugrue, who currently is acting dir., also have been candidates for job.

SIKES SEEKS VDT SUPPORT: A "universal" video dial tone (VDT) would encompass "an array of competing information services" -- not only news, sports and entertainment -- and if that results in telephone network being bypassed by other technology, then "so be it," FCC Chmn. Sikes said in San Diego last week in urging support for promoting VDT. President Bush separately was asked in unusual letter by Senate Minority Leader Dole (R-Kan.) and Sen. Burns (R-Mont.) to urge FCC to allow telcos into cable immediately by easing Commission rules against their involvement in video.

At conference of San Diego Communications Council, Sikes said that "profound, often tumultuous change" is necessary to achieve new open structures and competitive patterns. But, he said, "universal" VDT means communications system open to all service providers. Current U.S. policy and laws have been "deliberately designed to blockade competition," he said, and that's unfortunate: "There are explicit statutory prohibitions on phone companies' directly competing with cable and, at the state level, regulatory barriers to cable competing with phone companies. When I talk of video dial tone... I'm advocating more competition -- and an end to government market allocation."

Sikes said his concept of universal VDT "encompasses an array of competing information services. Today... we have the potential to achieve spectacular advances in communications at home by fostering more investment, creative partnerships and open systems to accelerate the advent of universal video dial tone." He said that by advocating VDT, "I simply do not accept the familiar contention [that] I'm countenancing the elimination of scores of promising information providers."

Senators, authors of bill (S-1200) to permit telco entry into cable, took similar view in their letter to Bush. They urged immediate deregulation of telcos through VDT proceeding and asked White House to press Commission for decision to: (1) Permit noncontrolling, equity participation by telcos in joint ventures with cable to offer enhanced services. (2) Lower barriers to some video services that telcos currently can't provide. (3) Grant more "good cause" or Sec. 613 waivers of cable-telco ban under Communications Act to allow telcos to build public broadband networks. (4) Raise population level of rural exemption of telco-cable cross-ownership rules.

Also at San Diego conference, ex-NTIA Dir. Janice Obuchowski (now pres. of Freedom Technologies Inc.) saw bright picture for U.S. media overseas. She predicted demand for American programming will increase as Eastern Europe and developing nations privatize their broadcasting systems, and "U.S. suppliers will be called on to fill the air time." However, Obuchowski said, U.S. broadcasting is "hampered by outdated regulation that was enacted when it was the only game in town." Also hurdle are foreign quotas on U.S.-produced programs, she said in calling for change in domestic rules and policies that impede "ability of U.S.-based firms to compete effectively internationally."

One such restriction that should be relaxed, she said, is 25% limit on aliens' and foreign companies' ownership of TV-radio stations -- but only for countries that respond in kind by lifting programming and other quotas. "The rules should be relaxed to encourage both investment at home and open markets overseas," Obuchowski said. Also, she said: "The time has come to eliminate the compulsory licensing scheme so that we can take the lead in combating compulsory licensing overseas."

At conference, San Diego State U. (SDSU) presented Sikes with its first award for "Leadership in Communications and World Community." Also, Time Warner (TW) gave University \$500,000 for its International Center for Communication to support its Pacific Rim study. "The Pacific is undeniably the fastest-growing region in the world," said TW International Chmn. Arthur Barron. He's 1960 graduate of SDSU and was founding chmn. of International Center.

FILM TITLES PPV BACKBONE: Effect of major pay-per-view (PPV) events, most notably Summer Olympics and June 19 Holyfield-Holmes boxing match, on movie side of business can't be predicted, Warner Bros. Pay-TV, Animation & Network Features Pres. Edward Bleier said at N.Y. briefing last week. While acknowledging that 3-channel Olympics service could divert dollars from movies, he said it also could "introduce people to pay-per-view who would not have taken it otherwise." CBS "couldn't be happier" with its experience carrying Winter Olympics, he said, but "so are the other networks. Viewing went up."

Although one-time-only events such as boxing bouts can generate high buy rates at premium price, movies are "meat and potatoes" of PPV business, Bleier said, because they offer "reliable and consistent" entertainment with "broad appeal." For example, he said, top events (all fights) for Time Warner's Queens Inner City Cable System (QUICS) -- which offers 4-channel PPV, including single titles running continuously on 4 channels -- drew 10-17%, while top Warner Bros. movies at same system were 7-16%. Average monthly movie revenue per QUICS addressable subscriber last year was more than \$3 -- more than half of the more than \$5.50 generated from movies and events. Buy rates for events and adult programming are "strong and steady," he said, while those for hit movies show a "powerful upward trend."

While hot topic in PPV industry is experimental services offering 50 or more channels, Bleier said he's looking for more immediate upgrade in standalone systems of 3-4 channels, each using "movie of the week" format to simplify schedule. This year promises to be strong one for movies on PPV, he said. Bleier estimated 21 feature films generating more than \$50 million each theatrically for aggregate box office of \$1.95 billion have run or are slated to run on PPV this year, and figure doesn't include next 3 months of theatrical releases that will hit PPV by year end. In contrast, there were only 21 films in entire 1991 PPV schedule that generated \$50 million or more, for combined \$1.88 billion.

PPV market also has plenty of room for expansion because only about 1/3 of all basic cable households are addressable, Bleier said. Some cable operators provide addressability only to pay-TV subscribers, but he said he believes ideal rate would be in 80-100% range. PPV results are "as good -- or as bad" -- in 100% addressable systems, he said, as they are in systems with only 1/3 addressability.

News Corp. said it's setting up separate division, called Fox News, to handle all of network's news-related activities. Unit will be responsible for news operations of 7 owned stations, Fox News Service and producing prime-time news programs for network. Networkwide news show could be added in future, company said. Division will be headed by Stephen Chao, exec. vp-Fox stations and developer of several Fox "reality" shows.

NCTA convention in Dallas May 3-6 will be heavy on govt. sessions, as well as on new technology issues such as fiber, HDTV, digital compression and personal communications networks, according to early program. Convention will include 5 govt. affairs sessions, beginning with invitation-only public policy roundtables at 2:30 p.m., May 3. Others include session at 10:30 a.m., May 5, with Capitol Hill and FCC staff, followed by reception, separate FCC staff session at 2:30 p.m., May 5, concurrent session on whether diversity of telecommunications infrastructure can be preserved. Sessions on HDTV, digital compression and other technology: (1) HDTV, noon, May 4. (2) Cable-consumer electronics interface, noon, May 5. (3) Digital transmission, 4:15 p.m., May 5. (4) Interactive video and multimedia, 9 a.m., May 6. (5) Conditional access, 10:30 a.m., May 6. (6) Introduction to digital, 3 p.m., May 6. (7) Fiber-related sessions, 1:30 and 3:15 p.m., May 4. (8) Personal communications networks, 4:15 p.m., May 5. Discussion of whether MSOs are building cable systems or networks, 9 a.m., May 6. Ad sessions are at 4:15 p.m., May 5, and 3 p.m., May 6. Others include: (1) Financial, 1:30 p.m., May 4. (2) Olympics TripleCast, same time. (3) Pay TV multiplexing, 3:15 p.m., May 4. (4) International cable, 10:30 a.m., May 5. (5) Programming, 1 p.m., May 6. (6) NCTA board meeting, May 7. Other groups meeting during convention, all on May 3, include Women In Cable board, CablePAC board, Cable TV Public Affairs Assn. board, National Academy of Cable Programming funding committee, NCTA associates, NCTA programming members. NCTA convention last was in Dallas in 1989.

Three incumbents were among 6 broadcasters elected to 2-year terms on NAB TV board, while 2 incumbents in field of 12 were defeated. Reelected were Amy McCombs, KRON-TV San Francisco; Harry Pappas, Pappas Telecasting; John Siegel, Chris-Craft/United TV Group. Newly elected to board: Ralph Gabbard, WKYT-TV Lexington, Ky.; Kenneth Hatch, Bonneville International; Thomas Reiff, H&C Communications. Incumbents defeated: Robert Davis, KMTR Eugene, Ore.; Travis Rockey, Cordillera Communications. On radio side, John Quinn, WJDM(AM) Elizabeth, N.J., defeated ex-board member William O'Shaughnessy, WVOX(AM)-WRTN(FM) New Rochelle, N.Y., in hotly contested race for Dist. 2 seat that featured negative campaigning by loser. Other radio winners: Dist. 4 -- David Luther, WBTM(AM)-WAKG(FM) Danville, Va.; Dist. 8 -- Ex-Dir. Ray Saadi, KHOM(AM)-KTIB(FM) Houma, La.; Dist. 22 -- J.D. Freeman, KMLE(AM) Phoenix. Several other broadcasters were elected to radio board earlier without having to face runoff (TVD Feb 10 p9).

TCI and McCaw Cellular began 6-month market test of personal communications network (PCN) in Ashland, Ore. Companies said public demand for participation exceeded expectations, meaning that all 200 test phones were assigned before experiment began. PCN uses cable system to connect microcells to public switched network. Experiment is one of few in nation that uses cellular frequencies for PCN-type service, McCaw Exec. Vp Tom Alberg said: "With this, we can achieve a lot, if not all, of what we can achieve with PCN. I think we will see a lot more microcells used for cellular." Use of existing cable plant to link microcells makes idea more promising financially, Alberg said. Cable MSOs still are trying to determine how much revenue microcell linkage might generate, but TCI Vp-Engineering Thomas Elliott said it could be substantial. He said as much as 30% of all telephony, which now generates \$200-billion annual revenue, might be wireless by end of decade: "That's a huge amount of revenue. Even if we only get paid for the transport, there's plenty of money for everyone."

Write-offs for some intangible assets held by businesses were retained in compromise tax bill that Congress was racing to complete at our deadline March 20. House Ways & Means Committee spokesman said Chmn. Rostenkowski (D-Ill.) had prevailed in House-Senate conference committee negotiations and won language for final version of bill allowing companies to depreciate such intangibles as reputation or goodwill and logos over 14 years. New bill apparently is generally same on intangibles as original passed recently by House (HR-4210), meaning govt. franchises such as for cable remain excluded, Committee spokesman said. Cable would rather have depreciation tied to franchise periods. Legislation also excludes self-created assets, such as some expenditures written off by advertisers. Also not covered apparently would be "any interest in a film, sound recording, videotape, book or similar property" if asset wasn't acquired as part of a trade or business. That apparently means programming contracts are excluded. Cable had hoped to win depreciation rates tied to length of franchises. Situation still was fluid as we went to press and it was unclear extent of changes that may have been made for compromise affecting communications industry.

"The **commercialization** of too many of our mass media has produced a press less willing to engage commercial power critically," Ronald Collins said in Center for the Study of Commercialism's new report, "Dictating Content: How Advertising Pressure Can Corrupt a Free Press." Report, released at recent Washington news conference, contains numerous cases of alleged advertiser censorship or self-censorship by journalists, including several in which NBC allegedly shied away from negative reporting about corporate parent GE. Collins, Center co-founder who is prof. of commercial and First Amendment law at Catholic U., Washington, makes 9 recommendations for "a freer press," including: (1) Establishment of national clearinghouse to develop public record of censorship. (2) Enactment of whistle-blower laws to protect reporters who disclose conflicts of interest affecting editorial content. (3) Broadcast and press group development of voluntary guidelines discouraging advertiser censorship. Report, \$10 (free to reporters), is available from Center -- 202-332-9110.

In deal that could give outside investors 19% of company, Continental Cablevision signed letter of intent to sell \$400 million of preferred stock to Corporate Partners, \$1.6-billion equity fund associated with Lazard Freres. Preferred stock is convertible to equivalent of 19% of Continental common. Deal will give Corporate Partners 2 seats on Continental board, for Senior Managing Dir. Lester Pollack and Managing Dir. Jonathan Kagan. At same time, Continental filed SEC registration for \$250 million of new senior subordinated debt to be underwritten by group that includes Lazard Freres and Morgan Stanley. Transactions are expected to allow Continental to reduce total debt by \$420 million, it said, and company also expects to sign new agreement for \$250 million line of credit. Continental Chmn. Amos Hostetter said he's "delighted" with Corporate Partners investment, which is expected to close in June.

Cable companies in Md. may have to pay additional \$346,000 per year in pole attachment fees under plan being considered by Baltimore Gas & Electric. Utility is considering charging firms \$6-per-pole annual fee for 50,000 poles that it shares with C&P, for which there currently is no charge. It also is considering increasing fee to \$6 per year, from current \$4, for another 23,000 poles that it wholly owns. Utility hasn't announced raises officially, although it has sent notification to at least one MSO.

Giving free license for 2nd channel for HDTV to every broadcaster is \$1 billion giveaway, Wall St. Journal said in front-page article March 18. Long story rehashes FCC decisions on channel assignments and quotes former NTIA Dir. Janice Obuchowski as saying it's "like writing a check to the economic powerhouses of the country." Article also repeats claims by land mobile groups that HDTV is mainly way to assure that land mobile interests don't get to use UHF spectrum and attributes decision to influence of "tight circle of lobbyists, lawmakers and FCC officials." FCC Chmn. Sikes criticized article as "inaccurate and unfair" because it ignores benefits to public of policy that requires broadcasters eventually to give back 2nd channel and avoids forcing Americans to scrap NTSC sets. Earlier proposals would have required using 2 TV channels per station indefinitely, Sikes said, so new plan is "triumph for efficiency." He also disputed broadcasters' benefits from HDTV transition, as claimed in article, saying that instead of gaining, they will have to invest millions of dollars in HDTV with little immediate hope of major audience gains. Sikes made similar arguments March 19 in testimony before House Commerce Appropriations Subcommittee.

FTC won't participate in expected antitrust suit against cable MSOs that own K Prime medium-power Ku-band satellite service, despite press reports, said Mark Schildkraut of FTC Bureau of Competition. He said FTC hasn't seriously considered taking part. However, other officials said that antitrust suit, if filed, could be largest cooperative effort in history, involving Justice Dept. and attorneys gen. of about 40 states. Investigative effort has been coordinated by Multistate Antitrust Task Force of National Assn. of Attorneys Gen. Officials involved in task force refused to comment on reports that federal antitrust suit would be filed by end of month, but indicated key question is what role Justice Dept. would play, as well as how many states would participate. Suit is expected to claim that cable MSOs conspired to restrain entry of new direct broadcast satellite competitors by setting up own direct-to-home satellite service.

Request TV plans to increase to 4 or more channels of pay-per-view service (PPV) (from current 2) via digital compression sometime this year, Chmn.—CEO Jeffrey Reiss told us. Major hurdle is coming up with schedule for transitional period: "We need to service at least the 2-channel systems." Digital compression test is expected to start this summer, with introduction in late 4th quarter. Meanwhile, odds of blockbuster movies' premiering on PPV before theatrical or home video are very small, Warner Bros. Pay-TV, Animation & Network Features Pres. Edward Bleier told reporters: "Anything is possible, but the best filmmakers make their pictures for the big screen." Theatrical and home video markets are "still very important to us," he said, and PPV universe -- now about 17 million homes -- is "long way" from point where movies can have their first release there.

For first time, FCC preempted local satellite dish zoning ordinance, ruling town of Deerfield, N.Y., had discriminated against earth stations. Commission said it preempted ordinance because law didn't have "reasonable and clearly defined health, safety or aesthetic objective and unreasonably restricts reception of satellite-delivered signals." Commission in 1986 issued rules governing preemption of local dish ordinances, declaring that communities can't prohibit satellite antennas while permitting other kinds. However, Commission said then that it didn't intend to be national zoning board and that individuals requesting FCC review would be expected to show that other remedies had been exhausted.

NPR will ask Senate Rules Committee to block subpoena of reporter Nina Totenberg's phone records that Senate special independent counsel is seeking as part of investigation into leaks of Anita Hill's allegations against then-Supreme Court nominee Clarence Thomas. Special counsel Peter Fleming also subpoenaed phone records of Newsday's Timothy Phelps. Totenberg and Phelps, who filed first 2 reports on allegations, appeared before Fleming recently in response to subpoenas, but declined to divulge sources, which they said provided information on basis of confidentiality. Meanwhile, RTNDA urged Rules Committee to block subpoenas, with Pres. David Bartlett saying in letter that investigative action has "far more to do with the deep embarrassment the Senate was forced to endure... than with any legitimate concern with the confidentiality of committee proceedings." CBS News anchor Dan Rather termed investigation "not worthy of the Senate" in Freedom of Information Day lunch at National Press Club March 16. Purpose of probe, he said, is to "punish those who made them [senators] look bad" and to "limit the kinds of association" staffers have with citizens and reporters.

Sen. Ford (D-Ky.) will fight efforts for health warnings in alcohol ads (S-664), he told AAF conference last week in Washington. Ford as Majority Whip is 2nd-ranking Democrat in Senate and chairs Transportation Subcommittee with ad industry oversight, which plans S-664 hearing April 2. Ford indicated hearing was more than courtesy to bill sponsors, who include Sen. Thurmond (R-S.C.), and said ad industry faces increasing numbers of detractors in Congress, particularly as U.S. economy worsens and pressure mounts for "scapegoats." He still was confident S-664 could be blocked this year because of election politicking. Measure is likely to be resurrected next year with greater possibility of passing, he said. Bill would require health warnings in TV-radio-print ads for alcohol. Content of warnings would be mandated. Ford said he preferred issue be left up to FTC.

Australia's Optus-B-1 telecommunications satellite, formerly Aussat B-1, was scheduled for liftoff March 22 aboard Chinese Long March 2E booster from Xichang. Hughes-built bird is to provide services including voice, fax and data to Australia and New Zealand. Second bird, Optus B-2, scheduled for launch in Sept., will provide mobile services, centralized air traffic control and direct TV broadcast to remote communities and for subscription TV. Optus Communications is Australia's new privately owned carrier that completed negotiations with govt. Jan. 31 for purchase of Aussat, national satellite company. Optus B-1 is 2nd U.S.-built spacecraft to be launched from China.

Viewers of weekend sports programs do most "zapping" of TV ads (using remote to switch to different channel during ads), according to Nielsen study scheduled to be released later this month. Report indicated that there's less zapping than previously believed, particularly once viewer settles on 30-min. show to watch, but zapping increases with length of program. Other findings: (1) Men do more zapping than women. (2) Zapping is higher among younger viewers. (3) There's least zapping in early morning and early fringe, possibly because shows on 3 networks are most alike then.

Fox "reality" shows have helped catch 175 FBI fugitives since 1988, including 15 this fiscal year, FBI Dir. William Sessions testified last week before House Constitution Subcommittee. Sessions said FBI cooperation with such media outlets, as well as several newspapers that publish information about criminals, has been "highly successful." Testimony specifically referred to America's Most Wanted and Unsolved Mysteries.

Personals

James Waterbury, KWWL Waterloo-Cedar Rapids, will succeed **Eric Bremner**, King Bestg., as chmn. of NBC TV affiliates board at April 1-3 convention in L.A... **Robert Hynes**, vp-Washington, NBC, and network's top lobbyist, will retire at end of current congressional session after 20 years... **Pete Barrett**, vp-affiliate mktg. services, ABC TV Network, promoted to senior vp-PR and affiliate mktg. services; while position is described as new, Barrett will replace **Richard Connelly**, who retires next month as head of TV network PR... **Pam Satterfield**, advanced to senior vp-media and affiliate promotion, Fox Bestg., new post.

Elected to NCTA board: **Marc Nathanson**, Falcon Cable TV; **Don Jordon**, KBLCom Inc.; **Donald Sbarra**, Multimedia Cablevision; **Gregory Blow**, Atlas Cablevision... **Melanie Haratunian**, ex-Ginsburg, Feldman & Bress law firm, moves to Halprin, Mendelsohn & Goodman... Disney Chmn. **Michael Eisner** to be recipient of IRTS Gold Medal award at April 29 dinner, Waldorf-Astoria, N.Y... Elected to 3-year terms, CATA board: **James Jackman**, Harmon Cable; **Gregory Liptak**, Jones Spacelink; **James Wilbanks**, Wehco Video.

Gloria Carter, NAB Services, retires at end of month after 30 years with Assn.; NAB awards, to be presented at April 12-16 convention in Las Vegas: **Grover Cobb** Memorial Award to ex-NAB Chmn. **Wallace Jorgenson**, Hubbard Bestg.; **Hugh Beville** Award to retired Katz Radio executive **William Schrank**... **Dick Beahrs**, ex-HBO, joins Time Warner Cable Programming as senior vp... **Cindy Moser** promoted to vp-human resources, Viacom Best. Group... **Judith Allen** advanced to vp-national accounts, USA Network Affiliate Relations.

Changes in ESPN International Dept.: **Richard Stone** promoted to vp-international sales, Caribbean Basin and Latin America; **Jesse Curtis** advanced to mgr.-international sales and promotion; **Alexander Brown**, ex-NBA International, joins as vp-international sales, Asia and Pacific Rim region... **Richard Jensen**, ex-Oak Communications, named dir.-DBS information systems, Hughes Communications' DirecTV... Promotions at ITC Domestic TV: **Jody Hidey** to dir.-contracts and sales administration, **Virginia Hougashian** to mgr.-sales administration.

Audrey Allison, ex-attorney, Peper, Martin, Maichel & Hetlage, joins FCC Review Board as staff attorney... **Edward Damich**, prof., George Mason U., nominated by President Bush to Copyright Royalty Tribunal, succeeding **J.C. Argetsinger**... **Jon Helmrich** promoted to vp-program planning and enterprises, E! Entertainment... **Nathaniel Fuchs**, ex-National Westminster Bank, USA, named dir.-human resources development, Showtime Networks.

FCC Calendar -- March 24: Comr. **Marshall** addresses Steering Committee of Caucus for Producers, Writers & Directors on "Future of Broadcast Regulation," Chasen's restaurant, L.A., 6:30 p.m. March 25: Chmn. **Sikes** testifies before Senate Commerce Appropriations Subcommittee on FCC budget, Capitol Bldg., Rm. S-146, 10 a.m. He speaks at FCBA Common Carrier Committee brown-bag lunch, FCC hq, Rm. 856, noon. March 26: **Sikes** is breakfast speaker at Museum of TV & Radio, N.Y., 8:45 a.m. He speaks at Wertheim & Schroeder/Variety Conference on "Business of Entertainment: The Big Picture," Pierre Hotel, N.Y., noon. Comr. **Quello** addresses Mich. PSC National Conference on



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Telecommunications Issues on "FCC's Role in Shaping U.S. Telecommunications Policy for the 21st Century," Ritz-Carlton Hotel, Dearborn, 10:45 a.m. Comr. **Barrett** is breakfast speaker at National Bestg. Society/Alpha Epsilon Rho convention, Holiday Inn Crowne Plaza Hotel, Arlington, Va., 8 a.m. March 27: **Sikes** addresses National Assn. of Black Telecommunications Professionals, Grand Hyatt Hotel, Washington, 5:30 p.m... NTIA Schedule -- March 27: Acting Dir. **Thomas Sugrue** addresses National Assn. of Black Telecommunications Professionals on "Technology Partnerships -- A New Agenda for Minority Telecommunications Professionals," same place, noon.

Changes at Orion: **Robert Meyers**, pres., Orion Pictures International, adds responsibilities for International TV Div., succeeding **John Laing**, resigned; **John Hegeman**, exec. dir.-mktg. and distribution services, Orion Pictures Distribution, named vp, Orion Classics... **Michael Dingley**, ex-Discovery Channel, appointed assoc. dir-bestg., WETA-TV Washington.

Cable TV rates increased 1.5% in Feb., according to latest Consumer Price Index (CPI) figures. CPI for all items rose 0.3% for month. For last 12 months, cable rates have jumped 6.9%, vs. all-items increase of 2.8%.

Consumer Electronics

A Section of *Television Digest* with *Consumer Electronics*

STATE OF THE INDUSTRY

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

	FEB. 29— MARCH 6	1991 WEEK	% CHANGE	FEB. 22-28	9 WEEKS 1992	9 WEEKS 1991	% CHANGE
TOTAL COLOR.....	361,589	456,229#	-20.7	502,570	3,129,207	3,237,142#	-3.3
DIRECT-VIEW...	355,803	449,801#	-20.9	492,893	3,068,533	3,185,000#	-3.7
TV ONLY.....	347,946	432,683#	-19.6	465,596	2,942,839	3,063,894	-4.0
TV/VCR COMBOS	7,857	17,118*	-54.1	27,297*	125,694*	121,106#	+3.8
PROJECTION.....	5,786	6,428	-10.0	9,677*	60,674*	52,142	+16.4
VCR DECKS.....	127,573	244,583	-47.8	303,278	1,701,615	1,397,354	+21.8
CAMCORDERS.....	19,679	54,454	-63.9	73,942*	306,295*	281,179	+8.9

Direct-view TV 5-week average: 1992--351,691; 1991--392,296 (down 10.3%).

VCR deck 5-week average: 1992--186,357; 1991--169,935 (up 9.7%).

Camcorder 5-week average: 1992--30,388; 1991--35,276* (down 13.9%).

* Record for period. # Revised by EIA.

CLAYTON REPLACES HOLLERAN AS TOP TCE MARKETER: Joseph Clayton late last week was promoted to exec. vp, mktg. and sales, Thomson Consumer Electronics—Americas, succeeding Martin Holleran, who resigned "to pursue new career opportunities."

Clayton, 19-year veteran of TCE and predecessor RCA Consumer Electronics, formerly was senior vp, TV Div.—Americas. In new position, he will report directly to Alain Prestat, now in his 3rd month as chmn.—CEO of French parent Thomson Consumer Electronics (TVD Jan 13 p9). Prestat, who has made specialty of restructuring French govt.—owned corporations, was at U.S. subsidiary's Indianapolis hq last week. Clayton will inherit Holleran's responsibilities and titles, TCE spokesman said, presumably including that of pres.—CEO of subsidiary TCE Sales & Mktg. Co.—Americas.

Clayton has had experience in product management, marketing and sales since 1973, when he joined RCA Consumer Electronics Div.'s executive training program, serving in posts involving color and monochrome TV, VCRs, videodiscs. He was vp-gen. mgr. of company-owned Chicago and San Francisco distributorships and sales mgr. of Detroit branch. He's credited with moving company into high-end sales, pushing program of widescreen TV for U.S. and negotiating contract to develop compression system and decoder boxes for Hughes DirecTv satellite system (TVD Feb 10 p12).

Jack Sauter, industry veteran who headed RCA Consumer Electronics as group vp when GE purchased company in 1986, generally regarded as Clayton's mentor, hailed appointment, calling Clayton "an outstanding marketing person [with] intuitiveness combined with experience and sound background in the economies of the market."

Holleran, who joined GE in 1966, moved to GE/RCA Consumer Electronics in 1986 as vp, sales and distribution, after GE's purchase of RCA, and was appointed exec. vp in 1988 after TCE acquired consumer electronics business. In his tenure, company changed from distributor operation to direct sales company, repositioned both RCA and GE brands, introduced ProScan high-end line and inaugurated new ad approach featuring Nipper and puppy companion Chipper.

CAMCORDERS—PRICE CUTS, MODEL STRETCHOUTS: "Last year our competition was Sony, Panasonic and JVC. This year it's the economy." So said Canon Video Sales Dir. Alan Czeizler, expressing predominant

-- but not unanimous -- view of camcorder suppliers as new model introductions loom in time of heavy inventories of present merchandise.

Economy or no, intrabrand competition is fierce, as reflected by wave of price reductions on existing models now sweeping industry, as well as plans by some vendors to hold off or postpone marketing of new models until later than usual in hopes of clearing out more current inventory.

There are some encouraging signs as well. There's some agreement that retail sales have picked up in March, after Jan.-Feb. period that wasn't too bad. Shipments of camcorders from Japan have declined for 3 consecutive months (see separate report, this issue). And inventories at pipeline level (factory plus distributor) have stopped increasing. In absolute numbers, they dropped 17% from Nov. 1 (686,300) to March 1 (569,900), and didn't grow substantially in weeks' supply -- currently about 12 weeks vs. just over 11 in Nov. at start of Christmas season.

At least 6 major camcorder suppliers have reduced prices on outgoing 1991-model product, and some say they will start actual shipments of new models later than usual to provide more time to exhaust supplies of current versions, with strong indications that many brands will field fewer new models this year following trend being established in Japan. Some manufacturers are blaming competition for their price moves -- generally involving \$100 reductions at mid and high ends of lines -- while others say they're merely following normal procedure for end of model year.

Latter point is made strongly by both Sony and Panasonic. Senior Vp-Gen. Mgr. Yuki Nozoe of Sony Consumer Video Products, which has reduced 2 of its outgoing "family" models \$100 along with one mini version, noted that company announced first 2 models of "new-generation" smaller family series last month, scheduled for delivery next month (TVD Feb 18 p13), and said early April will see introduction of rest of line for availability few weeks later. Nozoe declined to give details of upcoming models, but it's understood they will include 2 models in mini series. Nozoe said Sony's inventories were in good shape thanks to Jan.-Feb. sales increases, with March seeing further improvement.

Panasonic Video Div. Vp-Gen. Mgr. Stanley Hametz told us "some discontinued merchandise," being replaced next month, will be reduced Jan. 1. Although he declined to give details, dealers report 4 Panasonic VHS-C models are down \$100 each, with dealers' margins unchanged. "This is not a price move," Hametz stressed, presumably indicating new models won't be coming in at lower levels. Company's VHS-C inventories are in "very good shape," he said, conceding there's "problem" in full-size VHS models. Although EIA figures show sales up so far this year, Hametz said he saw "no strength" in retail market, with inconsistent trends among dealers.

Thomson Consumer Electronics dropped prices on 6 RCA models -- five 8mm models down \$50 and \$100 to \$899-\$999 range, top-of-line Hi8 down \$350 to \$1,399, one VHS model down \$100 to \$899. In GE line, one 8mm was cut \$50 to \$699, another \$100 to \$799.

Canon so far has reduced only one camcorder, 10X zoom model with remote, light and hard case, down \$100 to \$800, according to Czeizler, who said other reductions in current line are in "planning stage, probably for around April 1." He confirmed that company will delay introduction of new models, which normally comes at end of March or early April. "This year they'll be staggered through the 2nd quarter." Major upcoming promotion will be "the strongest finance program ever involving the Canon Credit Card." As encouraging sign, he said "March started out strongly" for company.

In Japan, Canon reportedly has cut camcorder production 40% from rate at end of 1991 -- to 90,000 units monthly from 130,000-140,000 rate of last winter. It expects to expand production again this summer when it believes demand will improve. Parent company also is quoted as planning to introduce more midline products to expand lineup from existing high-end camcorders.

Hitachi won't delay new model introductions, but has dropped prices \$100 to \$899 on one 8mm unit and one VHS model, Exec. Vp Irving Fulton said. He forecast healthy sales of 3.1 million units this year and noted that, with exception of large-screen TV, camcorder was only product category currently under "price pressure."

JVC's current palm-sized camcorder line will be continued throughout year. Video Vp Donn Barclay said lineup was introduced last year in late summer and fall as 1992 models. Company will have "2 or 3 introductions in summer or fall," presumably in larger VHS-C models. "We have had 2 good months and we have no severe inventory problems," he said. One dealer reported that single JVC model (not palm-size) now

is down \$100. JVC's parent company in Japan reportedly plans to reduce number of total consumer electronics models 30%, and extend time between model changes in VCR products.

CAMCORDER EXPORTS HERE FROM JAPAN DROP 31%: Responding to oversupply, Japan applied brakes on camcorder shipments to U.S. progressively harder in Jan., 3rd consecutive month of declines after 14 months of increases. In Jan., shipments were down 31%, after drops of 24.5% in Dec. and 17.7% in Nov. Japan's Jan. camcorder exports to U.S. were lowest for any month since April 1990.

VCR deck shipments here from Japan, though down less than 3%, were lowest for any month in 10 years. However, situation differs from that in camcorders, where Japan still accounts for 98% of product sold in U.S. Japan has been supplier of progressively smaller percentage of VCRs, and in 1991 provided less than 50% of those imported into U.S. (TVD March 9 p12).

Average price of camcorder exported from Japan in Jan. was lowest for any month in history, in both dollars (\$530.90) and yen (66,893). Hypothetical dollar figure is derived using average exchange rate prevailing during Jan. Camcorder price was down 10.4% in yen and 4.7% in dollars from Jan. 1991, representing \$25.15 drop. Despite fact that Japanese companies have shifted to other Far East countries for low-end VCRs, average price of VCR exported from Japan in Jan. was down 1.4% in dollars to \$238.72 and 8.1% in yen to 30,073.

CD player exports to U.S. were up 46% from year earlier, but at 428,652 units still were well below record 666,289 shipped last Sept. Videodisc players soared more than fourfold from Jan. 1991, but only because shipments year ago were so low. Color TV numbers continued their steady decline.

Japanese exports to Canada in Jan.: 26,238 VCRs (up 6.4% from Jan. 1991), 12,560 camcorders (up 14.4%), 36,298 CD players (up 18.5%), 962 videodisc players (down 25.7%). Here's table of Japanese exports to U.S. for Jan., with full years 1991 and 1990 for reference:

Product	Jan. '92	Jan. '91	% Chg.	Yr. '91	Yr. '90	% Chg.
Color TV.....	8,220	10,943	-24.9	129,774	164,473	-21.1
VCR decks.....	398,227	410,294	-2.9	6,649,614	8,338,028	-20.2
Camcorders.....	180,521	262,689	-31.3	3,841,909	3,188,581	+20.5
CD players.....	428,652	293,498	+46.0	5,939,735	4,955,156	+19.9
Videodisc players	28,804	6,266	+359.7	263,858	272,262	-3.1

CAL. SERVICERS SUE VENDORS OVER WARRANTY REPAIRS: Class action suit has been filed in Cal. Superior Court against 31 consumer electronics, computer and appliance companies, charging manufacturers with unfairly setting rates they pay servicers for warranty repairs. Plaintiffs include 17 servicers and Cal. State Electronics Assn. (CSEA), trade group representing about 8,000 repair and service shops. They're seeking damages of \$200 million, trebled to \$600 million, plus attorney's fees.

Those named as defendants include following companies (or their service or distribution arms): Matsushita, Sharp, Canon, Yamaha, SFS (Sanyo Fisher), N. American Philips, Zenith, Toshiba, Kenwood, Craig, KTV, Goldstar, Hitachi, Sony, JVC, Thomson, Mitsubishi, NEC, Aiwa, Emerson, Onkyo, Pioneer, Samsung, Taknika, Sansui, Proton, Tatung, Daewoo, Whirlpool, Maycor, Zenith Data Systems, Oki America.

Suit alleges violation of Song-Beverly Consumer Warranty Act, 1977 Cal. statute that sets requirements for manufacturers to maintain repair facilities or network of authorized services. Among law's provisions is requirement that manufacturers pay servicers "an amount equal to the actual and reasonable costs of the service and repair... plus a reasonable profit." Suit charges that manufacturers refused to negotiate rate but rather imposed "national rates" that didn't take into account actual service costs. Also, said Richard Fine, attorney for plaintiffs, manufacturers set "oppressive" prices for replacement parts, creating situation where "it costs more to repair a product than to buy a new one." American consumers, he said, "are being gouged on parts prices." Plaintiffs also are alleging violations of Cal. Unfair Practices Act, saying that in addition to paying too little for warranty repairs, manufacturers required servicers to prepay for parts and shipping.

For most part, defendants we contacted declined comment. Exception was Sony, where spokesman said company "negotiates in good faith warranty service rates individually with its authorized servicers in

compliance with the Song-Beverly Act and Unfair Practices Act. The plaintiffs' claims as to Sony are without merit."

EIA hasn't taken official position on dispute, although spokeswoman noted that products now last longer and need fewer repairs. But EIA/CEG Vp Gary Shapiro was quoted in L.A. Times as wondering whether manufacturers should "be supporting the buggy whip industry," reference to viewpoint that servicers are less necessary now than in past when products wore out more easily and needed more frequent service. In past, EIA traditionally has supported service industry with such nonprofit efforts as its Electronic Technician Development Program and still issues books and videos on servicing.

CD-I NOT THREAT--LD BACKERS: Laserdisc proponents insist that Philips' surprise demonstration last week of high-quality full-screen full-motion video (FMV) from CD-I disc (TVD March 16 p12) doesn't represent near-term threat.

"We would still hold fast to our position that this will not compete with laserdisc as the high-quality audio and video delivery system," said Pioneer Home Audio Mktg. Vp Michael Fidler.

Similarly, Image Entertainment Sales & Mktg. Vp David Del Grosso said that "to support another new format that's not as good as laserdisc in quality makes very little sense" for industry. (At industry conference last week, Philips Interactive Media of America [PIMA] Senior Mktg. Vp Richard Arroyo, said that "if perfect picture quality was the key to sales there would be more laserdisc machines in people's homes.")

Del Grosso questioned CD-I's longevity as format, calling it "an interim step that will accomplish nothing." He said public eventually will watch movies on 5-in. discs in digital video "10 years down the road." He said Image is "ready, willing and able" to participate in programming, sales and distribution of any format that succeeds. He cited company's recent establishment of Alternative Programming Div. (TVD Feb 24 p14) to seek opportunities in consumer-oriented CD-ROM formats.

Although it's unclear how quickly Philips would be able to issue theatrical motion pictures on FMV CD-I discs, company has set its sights on issuing music videos in format later this year. PIMA Pres.-CEO Bernard Luskin said late last week that company plans to issue "series" of music video titles on CD-I this fall to accompany launch of FMV capability. He also said he hopes to integrate video clips into "CD-I-ready" discs this year. CD-I-ready discs play in standard CD players as audio-only CDs, but add liner notes, lyrics, biographies, etc., when used on CD-I player. Luskin said 43 CD-I titles are on market now, with 85-100 to be available by end of Dec.

Blockbuster will rent CD-I players to consumers in 2-market test beginning later this spring. Senior Vp-Programming & Communications Ron Castell said details of test (displays, pricing, whether discs will be just rented or also sold, etc.) remain to be worked out, but he believes hardware rentals will stimulate hardware and software sales because "it gives people a chance to play with it." Presumably, Blockbuster would be able to refer consumers who want to buy hardware to local hardware dealers. Company has tested renting laserdisks in as many as 100 stores around country, but currently is carrying them in only about 20 on east and west coasts, spokesman said.

Upcoming test will be first evidence of CD-I promotional boost predicted by Blockbuster Chmn. Wayne

Huizenga when companies first announced that Philips would invest either directly in Blockbuster or in joint venture (TVD Nov 25 p11). Philips has until Wed. (March 25) to define nature of its investment.

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Philips has pushed U.K. launch of CD-I to late April, instead of Sept., as originally planned. Launch for rest of Europe will be in Sept.

JVC will market VCR Plus in Japan starting April 1 when Asahi Shimbun begins carrying program code numbers (TVD March 16 p18). Asahi Shimbun and others also will sell handheld unit through their own distribution channels in Japan. As reported earlier, JVC plans to offer VCR with built-in VCR Plus in U.S. as well as in Japan. Unit, called Video Plus in Japan, will be priced at about \$75. Gemstar Japan, subsidiary of Gemstar Development, is headed by Kazuo Nagasaka, businessman who has been involved in consumer products. Meanwhile, iPlus, another Gemstar company formed to sell idea of "video brochures" -- distribution of promotional or advertising videos via broadcast and cable (TVD Dec 2 p14) -- has established offices at 2425 Colorado Ave., Suite 201, Santa Monica, Cal., Exec. Vp James Agnew said. Gemstar expects to introduce its 2nd consumer product -- as yet undescribed -- at Summer Consumer Electronics Show in Chicago.

French govt.'s plan to merge Thomson Consumer Electronics (TCE) and highly profitable nuclear energy firm CEA into giant high-technology conglomerate (TVD Dec 23 p12) is "getting bogged down," March 26 Financial Times (FT) reported. Article said executives of state-owned CEA "fear that Thomson will be allowed to plunder cash reserves" to reduce its \$1.8-billion debt. France's conservative Senate, newspaper said, "warned in a report last month that [plan] was poorly prepared, the result of ideological dogma and 'unlikely to see the light of day.'" FT quoted unnamed analysts as predicting that TCE would show "another heavy loss" when its 1991 results are released in several weeks, and said that if general election is called soon, change of govt. "would throw doubt on the whole project."

New Watchman handheld TVs with rubberized outer casing will be introduced by Sony next month. Sets have 2.7" high-contrast monochrome screen, voltage synthesized scan tuning, removable battery compartment. Model with AM-FM stereo radio will have \$189 suggested retail price; TV-only version is \$169.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 132 yen = \$1, except where noted.

SKYPIX DEALERS SKEPTICAL: SkyPix launch, most recently scheduled for April 2, appears to be more indefinite and low-key than expected. According to Satellite Business News, company wrote investors that it considers service to have launched when 50,000 units are in use or in stores, now expected in June. That's well below 2.5 million receivers that Pres. Richard Selvage had said dealers had committed to buy as of last summer (TVD June 24 p13).

Company spokesman now claims no definite date has been set for rollout, although he gave April 2 as date as recently as 2 months ago (TVD Jan 20 p16).

TVRO dealers have been promised for 4th time that they will be getting demonstration models of SkyPix's receiver soon, but they're skeptical. "I'll believe it when I see it," said Charles Abbott, pres. of Satellite Bestg. & Communication Assn. (SBCA) Retail Council. Abbott, Las Vegas TVRO dealer, said he was told last week by his distributor that his SkyPix models would be arriving March 30. His reaction: "First it was by the Christmas selling season, then it was January."

Many of SBCA's 400 TVRO dealer members are beginning to wonder whether SkyPix ever will get off ground, Abbott said. Although SkyPix spokesman said dealers definitely will be receiving their models to show customers by late March or in April, Abbott said he's concerned that consumer dishes may not follow. "We don't even know who the manufacturer of their equipment is," he said. He said he also was concerned that SkyPix might be hoping for customer interest generated by demos to spur manufacturer.

Skypix spokesman insisted receiver is being manufactured now. "In the next few weeks, we will be announcing the manufacturer," he said. He said SkyPix also will reveal programming in next few weeks. Of 80 channels planned for launch, 24 are up now and rest will be up by April, he said. He insisted delays weren't unusual for introduction of new product, noting that industry giants such as IBM have delayed introduction of products many times.

TVRO dealers also are upset with \$150 SkyPix fee for training each technician to install equipment. "This is the first time I've heard of a company charging a fee" for technician training, Abbott said. Many dealers including Abbott have refused to send employees to training course.

SkyPix has had more than its share of problems. Last month, Mass. state court granted Federal Deposit Insurance Corp. request to freeze assets controlled by SkyPix managing partners Frederick and Richard Greenberg in number of limited partnerships and corporations established by Greenbergs. Included in order is SkyPix Corp., one of entities that owns SkyPix DBS venture. Injunction, result of suit filed against Greenbergs by receiver for failed Bank of New England, prevents them from selling any of their interests in 10 limited partnerships. Greenbergs also are subject of N.Y. federal grand jury investigation.

But SkyPix spokesman insisted neither injunction nor investigation has anything to do with SkyPix joint venture and won't affect launch in any way. "These are tangential issues," he said. Another problem for company is disclosure by one of equipment suppliers, Mitsubishi International, that relationship with SkyPix is on hold pending results of grand jury probe. SkyPix spokesman said that problems with Mitsubishi will be worked out and that companies have signed agreement and maintain good working relationship.

CHINA 'LIBERALIZES' IMPORTS: Senate failed last week to override President Bush's veto of bill to strip China of most-favored-nation (MFN) status unless it releases political prisoners, curbs arms exports, ends import restrictions. Increasingly sensitive to overseas reactions to its protective import policies, meanwhile, China announced removal of punitive duties on 18 products, effective April 1.

Products include projection TVs, video cameras, small computers. However, in many cases, levies still are considered prohibitive. Special duties, designed to protect Chinese industry, were imposed in 1985 (TVD July 22/85 p18), and tax on imports of projection TV is believed to have contributed to demise of Kloss Video, U.S. projection TV producer (TVD Oct 7/85 p13).

Of 18 products involved, 16 will have tariffs reduced to 61.5% -- regular tax on imported goods -- from 90.1%. However, official import duties on video cameras and cars will be increased April 1, simultaneous with lifting of special protective duties. While special 80% import tax will be lifted from video cameras, official import duty will be increased to 100% from 80%, reducing total duties on cameras to 100% from 160%.

Chinese govt. meanwhile leased 12 sq. miles of land on Hainan Island to Japanese-controlled developer Kumagai Gumi (HK) Ltd., Hong Kong, which says it will invest \$645 million in 2 years in construction of free port in Yangpu. Hainan Province Vice Gov. Mao Zhijin is quoted in China Daily as saying Yangpu will be designated as zone for export-oriented high-technology industries where foreign companies may set up wholly owned operations. Yangpu Development Zone will be exempt from "tariffs or permits on all imports except consumer goods," China Daily said.

HOME CENTERS BANKRUPTCY PLEA: Akron-based Home Centers abruptly shut its 14 Hyperstore outlets and filed for Chapter 11. In filing in U.S. Bankruptcy Court, Akron, March 13, company listed assets of \$33.5 million and debits of \$30.4 million. At our deadline, it wasn't known whether it plans to reopen stores; executives didn't return phone calls.

Filing apparently was triggered by suit filed day earlier in Summit County Common Pleas Court, Ohio, by Whirlpool Financial Corp., which said chain had defaulted on credit agreement and sought more than \$500,000 and return of all Whirlpool merchandise. Judge enjoined Home Centers from selling any Whirlpool appliances.

At time of filing, attorney William Schonfeld was quoted in Akron Beacon Journal as saying company was seeking time to reorganize and didn't plan to liquidate. However, week after filing, stores still were closed. List of top unsecured creditors included following suppliers: Inkel Corp., \$197,471; Welbilt Appliances, \$106,450; Funai USA/Symphonic, \$64,660; Profile Consumer Electronics, \$46,686; Philips, \$31,091; Epson America, \$20,400; Gemstar Development, \$13,093.

Company, which went public in 1986 and was known until 1990 as First Family Group, at peak operated 32 stores. In story that's become increasingly common in consumer electronic and appliance retailing, chain has been buffeted by economic downturn and increased competition in core markets. Competitors in Ohio included Fretter, Northeast Superstores, Sears, Sun TV.

1991 IMPORTS BY SOURCE: Once again, Mexico was dominant import source of color TV sets in 1991, representing 42.5% of total, up from 37.8% in 1990, with Malaysia emerging as very poor 2nd, followed closely by Korea, with Thailand and China next. China is No. 3 as source for total TV sets in units by dint of large number of shipments of monochrome receivers.

In VCRs, 4 countries shipped million or more sets, Japan dropping to less than 50% of total units for first time and Malaysia passing Thailand as No. 4 with big 286% increase over 1990. From Commerce Dept. figures, here are imports of TVs and VCRs for 1991 and for Dec., with 1990 comparisons, by major source countries:

	Dec.	% Chg.	Full Year	% Chg.
VCR Decks				
TOTAL....	1,320,800	+31.3	12,548,100	+ 8.2
Japan....	557,400	+ 0.3	6,200,050	-19.4
Korea....	345,800	+71.3	2,710,800	+31.4
Malaysia.	223,400	+201.2	1,646,400	+286.2
Thailand.	100,800	-24.4	1,461,900	+23.1
Taiwan...	28,800	+ 12.7	232,200	+32.5
Singapore	31,000	+204.6	226,400	+401.6
Indonesia	33,500	*	73,500	*
TV Sets				
TOTAL....	1,084,500	+23.9	11,638,200	- 1.7
color...	845,300	+25.5	9,466,900	+ 1.3
b&w....	239,100	+18.6	2,171,300	-13.0
Mexico				
color...	388,100	+33.1	4,948,300	+10.4
Korea				
total...	170,500	- 7.3	1,687,500	-10.9
color...	106,800	+28.9	910,000	+ 4.1
b&w....	63,700	-37.0	777,500	-23.8
China				
total...	129,500	+35.1	1,224,700	+64.7
color...	64,000	+18.6	557,000	+113.9
b&w....	65,600	+56.2	667,600	+38.2
Malaysia				
total...	99,600	+21.7	1,036,800	- 2.8
color...	71,800	+ 2.5	911,900	- 6.0
b&w....	27,900	+135.2	124,800	+30.0
Taiwan				
total...	70,200	+ 4.6	823,100	-18.8
color...	30,300	-26.4	458,100	-49.8
b&w....	39,900	+54.0	365,000	-32.8
Thailand				
total...	93,400	+96.7	754,900	+92.8
color...	93,400	+96.7	752,900	+93.4
b&w....	0	--	2,000	- 6.4
Singapore				
color...	51,100	+29.6	459,600	-30.6
Japan				
total...	38,300	+19.9	385,900	+ 4.8
color...	26,300	+15.9	262,400	- 1.9
b&w....	11,900	+29.8	123,400	+22.3
Hong Kong				
total...	15,800	+51.4	160,500	-17.1
color...	5,000	+29.0	77,100	+ 7.7
b&w....	10,800	+64.7	83,400	-31.6
Philippines				
color...	4,700	-54.4	102,800	+79.6
Canada				
color...	3,700	+ 2.8	17,900	-82.2

* No significant shipments in 1991 period.

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

Some totals may not add due to rounding.

CD DOLLARS PASS CASSETTES: CD category pushed music industry dollar shipments to record high in 1991, RIAA reported last week. For first time in 9-year history of digital audio format, figures showed CD dollar shipments surpassed those of cassettes, although unit sales just missed overtaking cassette unit shipments.

Overall industry unit shipments fell 7.47% in 1991 to 801 million from 865.7 million year earlier, RIAA said. It said unit shipments recovered somewhat from 11.1% slide at midyear. RIAA said 2nd-half surge in cassette albums (which had been down 23.3% at midyear), enabled category to avoid being overtaken by CD. Nevertheless, CD albums and singles were only categories registering unit gains for year, while cassette albums and singles fell 18.6% and 21.1%, respectively. Moreover, in terms of important industry yardstick -- share of album-length units sold -- CD accounted for 47.7% of shipments compared with 38.7% year earlier, while cassettes fell to 51.6% from 59.7%.

Unit sales of music video titles plunged 33.7% last year to 6.1 million from 9.2 million in 1990, RIAA said, while dollar volume dropped 31.5% to \$118.1 million from \$172.3 million. RIAA spokeswoman blamed drop on recession. Because music video isn't primary music format like CD, she said, it would be most vulnerable to tough economy.

Here's breakdown of RIAA's year-end numbers, including comparisons with 1990 (units and dollars in millions):

	1991		1990		% Change	
	Units	Value	Units	Value	Units	Value
Vinyl Singles....	22.0	\$63.9	27.6	\$94.4	-20.3	-32.3
Cassette Singles...	69.0	230.4	87.4	257.9	-21.1	-10.7
CD Singles.....	5.7	35.1	1.1	6.0	+418.2	+485.0
Vinyl LPs.....	4.8	29.4	11.7	86.5	-59.0	-66.0
Compact Discs....	333.3	4,337.7	286.5	3,451.6	+16.3	+25.7
Cassette Albums...	360.1	3,019.6	442.2	3,472.4	-18.6	-13.0
Music Videos.....	6.1	118.1	9.2	172.3	-33.7	-31.5
TOTALS.....	801.0	\$7,834.2	865.7	\$7,541.1	- 7.5	+ 3.9

NAD Electronics, London, announced completion of restructuring, following "massive" cash infusion by Audio Nord, Danish distributor and longtime NAD shareholder. NAD said that cash investment means "effective control of the company continues in the hands of its leading distributor and management shareholders -- the concept on which NAD Electronics was originally formed." Company said its R&D budget would grow 200% and announced opening of regional warehouses in Netherlands and Singapore. Restructuring began year ago when Lenbrook Industries, Toronto, acquired NAD's U.S. distribution business from Lincolnwood, Norwood, Mass. But Lincolnwood, whose Pres. Robert Brown has served as NAD's dir. of U.S. operations, has remained direct subsidiary of NAD parent. Company announced last week that Lincolnwood Chmn. Peter Tribeman was relinquishing "active role in NAD" to devote himself fulltime to managing Atlantic Technology subsidiary.

Economic signs from Japan, as evidenced in continuing news reports there: **Hitachi** will transfer 2,000 people working in its Home Electronics and Semiconductor Divs. to Heavy Machinery Div. in March-Aug. because of slow business, Nikkei reported... **Sharp**, widely cited as only Japanese electronics company expected to show increase in sales and profits in year ending 1992, said parent-only profits will be down 12% from year ago on 4% increase in sales, according to Dempa.

WILL MATSUSHITA LICENSE MD? Matsushita (Japan) spokesman confirmed reports that company is negotiating with Sony on possibility of taking Mini Disc (MD) license. Matsushita source sidestepped reports that announcement could come as early as May.

Announcement on eve of first Philips DCC shipments for sale to consumers obviously would represent huge publicity boon for rival Sony MD camp, since Matsushita also is crucial DCC hardware partner. Matsushita spokesman emphasized agreement to license MD wouldn't represent commitment to market technology, but merely normal business activity to position company for future in digital media.

JVC signed provisional MD license in Jan., confirming it had started investigating "business possibilities," including prerecorded MD replication, blank-disc production, related hardware business. JVC is 52.4% Matsushita-owned, although companies perpetually have emphasized their independence from each other.

At recent convention of National Assn. of Recording Merchandisers (NARM), side-by-side DCC and MD exhibits courted crowds with long lists of hardware and software licensees purporting to show that each format stands better chance of rapid market acceptance than other. While DCC contingent sought to woo crowds in Marriott Hotel suite with listening tests comparing sound quality with CD, big MD surprise was display of Sony's first home deck prototype. Akira Suzuki, who heads Sony MD Promotion Dept., said nonworking mockup was designed to show conceptually that MD format is adaptable to entire range of consumer audio configurations.

Sony executives, when asked previously about prospects of home MD recorder, have said speculation on range of MD configurations was premature. But Sony America Pres. Ron Sommer indicated last spring that there was no need to offer home deck because portable recorder can be patched into CD player.

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House Competitiveness Subcommittee chaired by Rep. Collins (D-Ill.) plans hearing March 31 on economic and trade issues related to legislation (HR-3204) to establish first royalties on digital audio recorders and blank media. Bill and companion S-1623 in Senate involve grant of new authority to Commerce Secy. to oversee provisions of Serial Copy Management System (SCMS), including adapting SCMS functions to analog domain when and if technology becomes available.

No witnesses have been announced yet for hearing. Bill also is under review by House Judiciary Committee, whose Copyright Subcommittee held hearing last month. HR-3204 also has been referred to House Ways & Means Committee for review of bill's royalty provisions, but insiders told us last week that panel isn't expected to hold hearing.

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More than million pirated videocassettes were confiscated worldwide last year, up 20% from 1990, Motion Picture Export Assn. of America (MPEAA) said. Figure includes previously announced 250,000 tapes seized in U.S. Raids were conducted at 8,422 outlets worldwide, up 27% from 1990. Court decisions against pirates were obtained in 1,812 cases, with \$1.13 million awarded to MPEAA member companies in settlements, judgments or restitution. Another \$4.19 million was awarded from civil lawsuits filed in U.S. Total of 3,181 legal actions were initiated worldwide.

SONY CHARGED WITH BIAS: John Bermingham, who still has title of exec. vp, Sony Electronics Group, filed suit March 13 in U.S. Dist. Court, Newark, charging discrimination against Caucasians was reason for his removal as pres. of Domestic Sales & Mktg. of Sony Magnetic Products Group.

Suit asks \$107 million in actual damages and \$100 million in punitive damages from Sony plus \$30 million damages and \$30 million in punitive damages from his former immediate superior, Shinichi Takagi, pres., Sony Recording Media of America. Defendants in suit are Sony U.S.A., Sony America and Japanese parent, as well as Takagi.

Characterizing lawsuit as "absurd," Sony Corp. Communications Senior Vp Jason Farrow said: "We intend to vigorously defend this matter in court and are confident that all claims asserted by Mr. Bermingham will be found to be without merit. Sony does not permit race to be a consideration in any employee action. Mr. Bermingham continues to be employed by the company at full salary and benefits. Prior to the lawsuit... Sony had offered an attractive opportunity to Mr. Bermingham, and we are perplexed that his response would be a lawsuit whose timing appears to be opportunistic at best."

Bermingham's suit charges that he was "subject of a secret scheme" by Takagi to "destroy his career and position" as result of anti-Caucasian bias. He says Sony "perpetuated that discrimination by refusing to reverse" Bermingham's termination in magnetic media job, although "entire Japanese management of the company was aware of Takagi's secret campaign."

Bermingham charges that his current "newly created position" is one with "no subordinates, no authority, no mission and no agenda" and he was offered assignment that would require him to commute to Cal. weekly. Complaint says that while at Sony, Bermingham developed company's magnetic tape business from \$30 million to \$750 million organization and market share leader in U.S., receiving numerous promotions and salary increases. But his standing went downhill "virtually from the first moment" Takagi became his immediate supervisor April 1, 1990, complaint says.

We were unable to reach Takagi, who's well known in industry as former pres. of Sony Consumer Products. His office referred us back to Farrow, who had no further comment.

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Commodore introduced 2 CDTV hardware and software packages for educational market. CDTV Library includes player, 2 disc caddies and following disc sets: American Heritage Dictionary, World Vista Atlas, American Vista Atlas. Package is \$869. CDTV Early bundle features 13 educational software packages for 6th grade and below, including several bilingual titles in English and Spanish. Price, including player and 2 caddies, is \$1,129.

DiscoVision Assoc. (DVA) announced settlement of patent-infringement against Nimbus Records in U.K. High Court. Case had been scheduled to go to trial last week. Settlement terms weren't disclosed, but it's believed Nimbus agreed to take license from DVA, which says it owns rights to 1,400 worldwide patents on optical disc technology. Nimbus, in denying infringement charges, also had challenged basic validity of patents.

Consumer Electronics Personals

Joseph Clayton named exec. vp, Mktg. & Sales, Thomson Consumer Electronics-Americas, replacing **Martin Holloran**, resigned (see report in this issue)... **Gregory Pratt**, ex-Atari vp-chief financial officer, appointed exec. vp, Intelligent Electronics, new post... **Martha Whiteley**, pres., Whiteley Group PR firm, named exec. dir., DCC Group of America; she will continue handling Technics PR as independent contractor... **Paul Foschino** assigned to new Sony post of mktg. dir.-new technologies, including Mini Disc, reporting to **John Brlesch**, pres., Sony Consumer Products, and **Jason Farrow**, senior vp-corporate communications.

New officers of National Assn. of Retail Dealers of America (NARDA): Pres. **Con Maloney**, Cowboy Maloney's; First Vp **Ron Romero**, Schaefer's; 2nd Vp **Terry Oates**, King's Superstores; Secy. **Chad Chatham**, Chatham-Becker; Treas. **John Ormsby**, Ormsby's. New directors: **Robert Cremer**, Aronson Furniture; **Joseph Bookwalter**, Baker Appliance & Video; **David Borsani**, Service Today; **Mike Fischer**, Nielsen Tire... New officers of National Assn. of Service Dealers: Pres. **Gerry McCann**, McCann Electronics; First Vp **Roberta Chesney**, Quality TV; 2nd Vp **Mary Halldorson**, C&W Appliance; Secy.-Treas. **Larry Bergo**, Box Appliance Service... **Fred Rosenberg**, national dir., store planning, named vp, facilities planning, Sears; **Everett Buckardt** retires March 31 as pres. of catalog and direct mktg. operations, his duties assumed on interim basis by **Alfred Goldstein**, pres., Sears specialty mdsg.

Jesse Rotman assigned new post of Cobra vp-mktg. and communications; Mktg. Vp **Anthony Mirabelli** and Purchasing Vp **Jerry Falasz** depart, plans unannounced... **Michael Pollack**, former Arista Records gen. counsel, joins Sony Music as vp-senior counsel... Board member **Thomas Graham**, ex-Pacific SBG consulting firm, elected Carver Corp. pres... **Alec Shapiro** leaves Ruder & Finn PR Sept. 30 to become gen. mgr.-mktg., Panasonic Audio/Video Systems Group... CEO **David Melster** adds title of pres. of newly renamed Digital Planet Inc., formerly Digital Radio Labs... Promoted to district sales dirs., Artec, software distributor: **Daniel Beaton**, Northeast; **Norman Burrrington**, Mid-Atlantic.

Jane Palmese, ex-A*Vision Entertainment and RCA Records, appointed BMG Video mktg. dir... Changes at Hemdale Home Video: **Andrea Elliott**, ex-Video Sales Organization and Media Home Entertainment, joins as video mktg. dir.; **Ken Norman**, attorney with experience in corporate sponsorships, promotions and product placement, named special projects dir.; **Martin Zucker**, ex-AIP Home Video, joins as sales administration dir.; Video Promotions Dir. **Susan Isaacs** adds same duties for theatrical releases; **Lorena Torres** promoted to Spanish sales dir.; Ad Dir. **Anthony Lettieri** shifts to western regional sales dir.

Optical disc video rewritable recorder price has been reduced by Panasonic Office Automation Group to \$27,500 from \$35,000. Company also announced availability of optical memory disc recorder software drivers for both Macintosh and PC systems.

JVC hopes to become major vendor of VCR parts with start of sale to OEMs in fiscal year beginning next month, according to published Japanese report. Company hopes to build up parts business to \$75 million by fiscal year ending March 1996.

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
Babbage's			
1992-year to Feb. 1	168,375,000	5,586,000	1.06
1991-year to Feb. 2	132,808,000	4,115,000	.78
1992-13 wk. to Feb. 1	77,316,000	6,092,000	1.16
1991-13 wk. to Feb. 2	57,407,000	5,137,000	.98
Comcast			
1991-year to Dec. 31	721,000,000	(155,572,000)	--
1990-year to Dec. 31	650,941,000	(178,406,000)	--a
Comtron			
1992-6 mo. to Feb. 29	273,262,000	4,713,000	.46
1991-6 mo. to Feb. 28	264,304,000	5,036,000	.49
1992-qtr. to Feb. 29	121,580,000	1,833,000	.18
1991-qtr. to Feb. 28	111,859,000	1,883,000	.18
Go-Video			
1992-6 mo. to Jan. 31	6,650,082	(1,051,769)	--
1991-6 mo. to Jan. 31	9,705,439	(984,557)	--
1992-qtr. to Jan. 31	3,009,509	(568,370)	--
1991-qtr. to Jan. 31	2,297,126	(690,124)	--

Note: aRestated.

FoxVideo has become first software supplier to adopt copy protection logo proposed by Macrovision for trade ads and promotional materials, starting with June release. Company, which has been using Macrovision anticoopying process on virtually all its titles since 1986, has extended that arrangement through 1992. Feedback from retailers indicates they want to know whether title is copy-protected before they buy it, FoxVideo Senior Operations & Administration Vp **David Goldstein** said. Macrovision has pitched idea to other suppliers, he said.

Sales to dealers for 9th statistical week of year showed double-digit dips in all categories. But dropoff wasn't nearly as significant when calendar weeks are aligned (EIA added 53rd week to 1991, so calendar weeks don't align precisely on statistical calendar). Comparison with similar 1991 calendar week shows direct-view color TV sales (including TV/VCR combos) up 5%, projection TV down 6.9%, VCR decks off 0.4%, camcorders ahead 22.9%.

Is **Best Buy** looking at L.A. market? Trade sources report that Minneapolis-based retailer has been competing for real estate there for expansion, although not until at least 2nd half of next year. Best Buy Chmn. **Richard Schulze** didn't return our phone calls. **Goldman Sachs** analyst **David Bolotsky** said chain's executives "indicated that such a move is possible, but there are no plans currently in place."

Sierra On-Line completed public offering of 1.5 million shares at \$17.25 per share. Company sold 1,375 million shares, selling stockholders sold other 125,000. Proceeds will be used to fund product diversification efforts (including possible acquisitions) and expansion of **Sierra Network**, on-line interactive entertainment service.

Hitachi will produce 1.7-2 million VCRs at overseas plants in 1993, according to Japanese press report that said company will expand output in Malaysia soon to 800,000 units from current 600,000 and to one million in 1993, of which 20% will be exported to Japan. Company is making 700,000 annually in U.K. and Germany.

TELEVISION DIGEST®

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

With Consumer Electronics

MARCH 30, 1992

VOL. 32, NO. 13

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

NEW HOUSE CABLE BILL: Rate regulation, broadcast retransmission consent and flexible controls among key elements. White House moves to fight back. (P. 1)

HDTV MOVES, SLIPS: GI looks good in first public digital HDTV broadcast. Sikes predicts consumer sets in 3-4 years. Advisory Committee delays recommendation on winning system 4-5 months. (P. 3)

NETWORK-CABLE STANDOFF: NASA, NAB, INTV maintain strong opposition at FCC, call for safeguards if ban is relaxed. Networks say constraints aren't needed. (P. 5)

GHOST-CANCELING DISPUTED: CableLabs files formal complaint on ATSC process, claims Sarnoff Lab outshines Philips in cable tests. McKinney defends ATSC process, says CL issues will get full airing. (P. 6)

MURDOCH TAKES ON CNN: News Corp. to use Fox News and Sky News as heart of new worldwide satellite news channel. Murdoch again hits compulsory license. (P. 6)

NETWORKS 'IN TROUBLE': HBO and CNN each earned more last year than broadcast networks, Wertheim Schroder's Londoner says at conference. Sikes predicts 'micro-networks.' (P. 7)

RADIO RULES WORRY SENATORS: Hollings, Inouye and Rudman signal possibility of move to block FCC action in appropriations bill rider. (P. 7)

NEW HOUSE CABLE BILL: House Democratic leaders tried last week to move into final phase of drive for cable deregulation in 102nd Congress, only to run into White House roadblocks. Telecom Subcommittee Chmn. Markey (D-Mass.) offered new version of controversial Cable Act rewrite bill (HR-1303) that both sides agreed was tougher on rate regulation than predecessors but easier on program access. Draft also contains retransmission consent/must-carry language of Senate-passed S-12, and introduces several new concepts to debate -- such as prohibitions against cable's "anti-buythrough" curbs -- that some feared could delay quick House action. White House moved immediately to keep House Republicans in line against bill, which is scheduled for markup beginning March 31.

New proposal will be used as markup vehicle, with support of NAB, INTV, CWA, Consumer Federation of America, dozen AFL-CIO labor groups, National Council of Senior Citizens, National Rural Telecommunications Co-op, others. It also was endorsed by Telecom Subcommittee members Eckart (D-O.) and Harris (D-Ala.). Markey said at Capitol Hill news conference to unveil redraft that he expects support of parent Commerce Committee Chmn. Dingell (D-Mich.) once they have resolved differences he declined to name.

Consumer Electronics

MORE AGGRESSIVE STANCE by Thomson seen under new Mktg. & Sales Vp Clayton, who terms camcorder oversupply and VCR price erosion biggest challenges. (P. 12)

CAMCORDER IMPORTS DROPPED for 2nd consecutive month in Jan. VCR imports in 7th straight month of million-plus numbers; Indonesia new source country. (P. 13)

CONSUMER-PRICED HDTV sets seen far in future at 2 seminars. Former RCA Exec. Vp Pollack scores 'hype.' Bell Labs chief sees panel display in 2000. (P. 14)

NATM VIEWS CHANGES in CE business, exemplified by membership shifts at convention. Warehouse clubs cited as enemy. NATM member sales at \$2.4 billion. (P. 15)

VIDEO IN 1997: Widescreen TVs seen at 5% of market, camcorders and VCRs going 16:9, camcorder sales running 3-6 million units, in ITA seminar forecasts. (P. 15)

MATSUSHITA RESHUFFLES executives in wake of loan scandal, with 2 high officials demoted, Chmn. Matsushita and Pres. Tanii taking pay cuts. (P. 16)

PHILIPS AND GRUNDIG growing closer, pooling their European video development and production and forming new firm to make cordless phones in Germany. (P. 16)

APPLE AND SHARP in partnership to develop digital personal products. First expected early in 1993. (P. 16)

New proposal draws heavily on measure that passed House overwhelmingly in 101st Congress and was reintroduced last year as HR-1303. That bill had been supported by Republicans until its reintroduction. Redraft also contains key elements of S-12 as widely supported in Senate vote (TVD Feb 3 p1), notably retransmission consent. Redraft bows to Dingell in not proposing telco entry into cable, and departs from S-12 and HR-1303 in several significant ways: (1) It would continue to regulate only basic tiers, but would give cable operators flexibility in determining what's in tier beyond mandated local commercial and public TV signals and PEG (public, education and govt.) channels. (2) It would require that rates charged for basic tier not exceed operator's cost plus "reasonable" profit, which would be monitored by FCC. (3) It stops short of regulating premium service rates directly, as in S-12, but would rein in so-called "renegade" operators by requiring FCC to establish new standard of "reasonableness" for subscription service rates. (4) It would repeal operator's right to raise rates 5% automatically, annually. (5) It avoids addressing cable exclusive contracts question, although aides expect issue to come up during markup. Cable strongly opposes any efforts to constrain its ability to negotiate exclusive program deals.

(6) It doesn't address question of raising population cap for rural telcos to provide cable services. S-12 was amended to increase cap to communities of 10,000 from less than half that currently. Markey said he expects issue to arise at markup and Rep. Oxley (R-O.) recently promised to seek higher cap. (7) It would prohibit operators from requiring subscribers to purchase any tier besides basic in order to get premium services. "Anti-buythrough" language was described as complementing measure's provision that would give operators flexibility in choosing services for most-viewed, basic tier. (8) It includes S-12 language requiring cable equipment to be made compatible with advanced features in TV receivers, VCRs, etc., including picture-in-picture and cable tuning. (9) It adds provision for new consumer group representatives at local franchise level. Such dues-paying "subscriber groups" would need minimum of 5% of operator's subscribers to be "certified" to act as consumer advocates in local franchise process. (10) It would make new rate "reasonableness" test effective nearly immediately vs. S-12's planned phase-in with future rate hikes. (11) It includes superstation in definition of basic services for first time and excludes satellite carriers from retransmission consent coverage. (12) It largely follows HR-1303 in barring discriminatory program pricing, etc., for 3rd party providers and ignores far broader and tougher new approach offered recently by Subcommittee member Tauzin (D-La.).

In accepting S-12's approach to retransmission consent, Markey conceded redraft faces trouble from House Judiciary Committee leaders who want more comprehensive royalty system tied to repeal of compulsory license. But he pledged to fight any Judiciary slowdown of Cable Act rewrite and gave his strong support for S-12's retransmission consent. Jurisdictional matter is unresolved in House. House Copyright Subcommittee plans hearings April 1-2 on its alternative while companion Senate panel plans its hearings April 6 and 29. Eckart believes retransmission consent's inclusion in new Telecom package reflects political practicality. It prompted broadcasters to help drive S-12 through Senate and will serve as "a strong political impetus" to move bill in House, he said.

But retransmission consent is one of bill's red flags at White House, which last week called meeting with House Commerce Committee Republicans to warn them against supporting package, according to sources. Warning has put Republicans in difficult position during already complicated election year. GOP can be expected to respond this week by offering alternative to new cable bill that Hill sources said may strongly resemble unsuccessful substitute for Senate's S-12 offered by Sen. Packwood (R-Ore.). White House had no comment.

Warning to Republicans came at hour-long meeting at Exec. Mansion at about same time Democrats were unveiling redraft. It was called by President Bush's chief of staff Samuel Skinner and domestic policy adviser Clayton Yeutter at last min. and reportedly wasn't attended by all Committee Republicans. Nevertheless, panel's Republican leaders were there to receive high-level reminder of President's threat to veto any reregulatory cable legislation, sources said. But we're told Republicans, including Rep. Rinaldo (R-N.J.), senior GOP member on House Telecom Subcommittee, and others on panel expressed reluctance to take hard line on consumer package in election year already complicated by redistricting. Meeting reportedly turned into strategy session on how to avoid putting Bush in position of having to veto popular consumer bill right before election. Sources told us that Telecom Republicans were steered toward using Packwood measure as possible acceptable alternative and that Bush had no intention of signing bill containing stiff rate reregulation, mandatory program access, retransmission consent.

White House has been pressing more procompetitive approach, but sources said there was some indication at meeting that Republicans' feet wouldn't be held to fire if telco entry language couldn't be obtained for final bill sent to President. Dingell has vowed to resist efforts to keep telco entry out of House bill, if only to avoid opening door to potentially protracted debate on other telephone amendments,

especially on MFJ issues, that could derail bill. RHCs also don't want telco entry addressed for fear it would invite amendments to roll back gains that companies have made in court to ease MFJ constraints. There was no telco entry in Packwood substitute that Republicans understood Bush could sign, one source said.

Meeting reflected seriousness with which White House views Democratic drive to reregulate cable. House leaders last week expressed commitment to moving cable bill quickly, which observers said will improve markedly its chances of reaching Bush this year. Republican Subcommittee members told us privately that they believe opponents want confrontation with Bush on reregulation and will press for extreme bill inviting veto so that issue can be used against them and GOP President in elections. But key Republican aides said their bosses are likely to acquiesce to passage of bill and point to election politics and fact that bipartisan reregulatory package passed House easily 2 years ago. No Republicans are backing new proposal, with most aides saying at week end that lawmakers were holding their fire pending further review. Some GOP members were talking at our deadline about seeking bill more like HR-1303, with addition of retransmission consent/must-carry, while others apparently may propose Packwood's alternative.

Markey proposal is "at least as bad as S-12" on must-carry, retransmission consent and program access, NCTA Pres. James Mooney said. He said it "appears to be less extreme" than S-12 on rates, although industry is concerned about eliminating automatic rate escalator. Proposal represents "micromanagement that is totally unacceptable" to cable industry, CATA Pres. Stephen Effros said. Subscriber advocacy groups also concern industry. Cable spokeswoman speculated that they would be made up of cable activists that she dubbed "cable soviets" that would "agitate" unfairly over industry concerns. Proposal was advocated strongly by consumer activist Ralph Nader. Cable officials also were concerned about diversity of ownership provision, which would require FCC to limit number of cable systems MSO could own. Provision, which wasn't in last House cable bill, is closer to Senate version. Other industry concerns include proposed curbs on foreign ownership and 36-month antitrafficking rule.

NAB is "especially" pleased with retransmission consent section, NAB Pres. Edward Fritts said. NAB joined in letter to Markey signed by other broadcast, consumer and union groups in informal coalition, which called it "a good bill, and we oppose any weakening amendments, particularly in the areas of rate regulation and retransmission consent/must-carry." But MPAA Pres. Jack Valenti said retransmission consent and must-carry provisions go "too far." MPAA would support "moderate bill" similar to that passed by House in last Congress, he said, but opposes retransmission consent, program access and compulsory license-type provisions of Markey plan. Satellite Bestg. & Communications Assn. Pres. Charles Hewitt saw bill as good step forward, but urged inclusion of Tauzin bill, particularly section barring volume program discounts.

GOOD NEWS, BAD NEWS, FOR HDTV BACKERS: First live, over-air broadcast of digital HDTV went off without hitch March 23, mitigating gloom over decision next day that FCC's Advanced TV Advisory Committee (ATAC) needs another 4 months to make its recommendation on winning system. Digital HDTV demonstration by General Instrument (GI) was among events that made FCC Chmn. Sikes "confident" that consumers will be able to receive HDTV at least by mid-1996, and possibly as early as mid-1995.

GI used transmitter of WETA-TV Washington to send taped program to U.S. Capitol. Broadcasting DigiCipher program required WETA-TV to cease normal NTSC transmission 12:13-12:28 p.m. Transmission was at 2% of normal power level, as would be standard in digital broadcasts. Audience of about 50 persons in Capitol Bldg. included House Speaker Foley (D-Wash.), 4 FCC commissioners and representatives of ATAC, NAB, EIA, MSTV, others. HDTV tape machine installed at WETA-TV was used to play portion of HDTV tape that GI will show at NAB convention next month, including retrospective on broadcasting and tricks by magician Harry Blackstone. At Capitol Bldg., broadcast was received through off-the-shelf antenna on Capitol's roof and shown on 65" Hitachi projection set and two 28" Sony monitors.

Jae Lim of MIT, GI's partner in American TV Alliance, said that demonstration proved that HDTV is "working reality" and that it's "notable that an existing television transmitter and cable system were used" for broadcast. GI then showed HDTV programming transmitted through Capitol Hill cable system. Programs were taped at receiving site and replayed throughout afternoon for other visitors. GI Vp Robert Rast said equipment had been set up March 20, with test broadcasts during early morning hours March 21 and 22 to assure that there would be no problems. Broadcast also was received and monitored at headend of TCI cable system in Washington. DigiCipher was first digital HDTV system to complete testing at Advanced TV Test Center.

HDTV schedule slipped another 4 months in latest ATAC report approved virtually without comment March 24. Report also: (1) Recommended that FCC set up phased schedule for stations' transition to HDTV,

beginning with large-market stations, and incorporate more flexibility into stations' startup timetables. (2) Created special task forces to oversee field testing and evaluate HDTV systems. (3) Effectively closed door to any new HDTV systems.

ATAC will make its recommendation on winning HDTV system to FCC by early Feb., rather than current Sept. 30 deadline, report said. Slippage had been expected (TVD Feb 24 p4), but length of delay hadn't been indicated. Until recently, ATAC officials had said repeatedly that delays wouldn't affect Sept. deadline. ATAC Chmn. Richard Wiley said test process "inevitably and unavoidably... encountered some delays." Further slippage is possible, he admitted, but he said everyone is "committed" to making new schedule work. Report blamed slippage mainly on delay in completing Advanced TV Test Center and 4 proponents' switch from analog to digital HDTV. As result, lab tests won't be finished until Sept., and Canadian subjective tests 2 months later. Full reports won't be available to ATAC until at least late Oct.

Task force will meet first week of Jan. 1993 in Washington to evaluate test results and make recommendation to full ATAC. Establishment of task force had been controversial, but panel and its members were approved by ATAC without comment. Task force includes ATAC subcommittee and working party chairmen, additional experts and ex officio participation by FCC staff and representatives of proposed systems and test lab officials. Full ATAC will meet by early Feb. to make what Wiley described as "historic" decision on winning system. Final decision will be by full Commission. Field testing will begin about same time in Charlotte and be completed by June 1993, report said. ATAC plans to test only one system, although runnerup could be added if early tests show problems with winner.

Public still will be able to buy working HDTV sets between mid-1995 and mid-1996, Sikes predicted. He said he's "confident" that Commission, consumer electronics manufacturers and broadcasters will be able to meet that deadline. FCC is "literally weeks away" from decision on HDTV channel allotments plan and implementation schedule (TVD Oct 28 p3), Sikes said. Decision also will include regulations on amount of programming that must be same on both NTSC and HDTV channels, he said, as well as on when broadcasters will have to give back their current NTSC channels.

FCC should adopt "staggered processing" policy for assigning HDTV channels, ATAC report said, with largest markets considered first. Unified deadline would eliminate some of benefits of phased transition to HDTV, said George Vradenburg of Fox, co-chmn. of implementation subcommittee. Broadcasters have been critical of FCC's tight proposed deadlines for transition, saying they would strain technical and financial resources of station owners and increase overall cost of HDTV. Report also said FCC should make allowances for delays beyond licensees' control, allow "liberal" schedule extensions in return for due-diligence showings, eliminate or streamline many formalities in application process.

No other HDTV systems are close enough to hardware to be candidates for testing and inclusion in selection process, Wiley said. Among HDTV concepts that have been proposed but aren't ready for testing: (1) Scientific-Atlanta vector quantization compression for NTSC, which could apply to HDTV (TVD Dec 9 p6). (2) Columbia U. wavelet-based compression system (TVD Feb 10 p8). (3) Ga. School of Technology fractal-based system, which has shown 1,000-to-1 compression but requires more computing power than currently is available. (4) Scabbard Corp. E3TV system that offers more than 2,000 lines of resolution, with prototype expected to be available in July.

Other details of interim report: (1) Additional broadcast auxiliary spectrum may be needed for HDTV. (2) Digital HDTV signals will need "headers" and "descriptors" to make them more compatible with other imaging and transmission schemes. (3) ATAC working party failed to reach consensus on flexible definition of simulcasting and program content requirements. Vradenburg said group will continue to work on issue. (4) FCC should consider requiring HDTV winner to make technology available to others on "reasonable and nondiscriminatory terms." (5) Other groups may be better suited than ATAC to setting formal industry HDTV technical standard, which "must be articulated quickly."

First cable system in China will begin operation in Beijing May 4, New China News Agency reported. System will offer 22 channels to estimated 5,000 households that have signed up. SMATV systems serving hotels and some work units have about one million subscribers, agency said.

NATPE moves hq April 6 to 2425 W. Olympic Blvd., Suite 550E, Santa Monica, Cal. 90404. Phone changes to 310-453-4440.

House Telecom Subcommittee cable bill markups are scheduled for 1 p.m. daily until completed, beginning March 31, in Rm. 2123, Rayburn Bldg., Chmn. Markey (D-Mass.) announced March 27.

Sen. Rudman (R-N.H.) announced last week he would retire at end of current term this year. He's senior Republican on Senate Commerce Appropriations Subcommittee with jurisdiction over FCC and NTIA funding.

NETWORK-CABLE BAN STANDOFF: In continuing effort to reach agreement with stations on FCC rulemaking to permit TV networks to own cable systems (TVD March 23 p6), NBC Exec. Vp-Gen. Counsel Richard Cotton is expected to have another go-round with affiliate leaders at affiliates' convention in Burbank, Cal. Cotton met March 25 in N.Y. with outgoing affiliates' Chmn. Eric Bremner, King Bctg., incoming Chmn. James Waterbury, KWVL Waterloo-Cedar Rapids, and Robert Kalthoff, KBJR-TV Duluth-Superior, and NBC affiliates' rep on NAB TV board.

Although details haven't been disclosed, we're told progress was made in effort to reduce stations' fears of local concentration if networks are permitted to own cable systems, although no agreements were reached on anything. Affiliates and independent stations have submitted list of "safeguards," which networks have rejected, as condition for their withdrawing opposition in FCC rulemaking. ABC has said it's awaiting outcome of NBC talks and hopes network can reach deal with affiliates that will be acceptable to ABC and its affiliates; CBS, which isn't actively seeking to own cable systems, is staying pretty much on sidelines. NBC April 1-3 TV affiliates' convention at Universal City (Cal.) Hilton will be austere affair, with no big parties that have been customary at past conventions.

Meanwhile, first round of comments were filed at FCC last week in Commission's rulemaking (MM Doc. 82-434) proposing to lift its ban against network ownership of cable systems (replies are due April 7). All sides stuck to previously announced positions, with Media Access Project (MAP) coming in on side of networks and NCTA saying it doesn't oppose repeal of ban but attacking proposed safeguards as just continued regulatory protection for TV stations.

Network ban on ownership of cable systems "is more important today than when the rule was adopted," said Network Affiliated Station Alliance (NASA), which failed to reach agreement with networks on safeguards in unsuccessful effort to present united network-affiliate front at FCC: "No persuasive justification for repealing the rule has emerged... Any efficiencies [for networks] that would flow from permitting cross-ownership would pale in comparison to the dangers implicit in repeal of the rule."

INTV repeated that it "staunchly opposes" permitting TV networks to own cable systems: "If the Commission's myopic pursuit of destructive media concentration in the name of competition leads to repeal of the ban, significant safeguards should be adopted to attenuate the impact of its actions" and to provide opportunity to assess effects of network ownership on competition "before the damage is irreversible."

"Impartial government authorities have repeatedly advocated eliminating the network/cable cross-ownership rule," CBS said, because they have found that ban "imposes substantial inefficiencies and that its repeal would enhance competition and promote consumer welfare." And, CBS said, concerns that networks would "act in various ways to harm local broadcasters have been shown... to be hollow." Ban has "outlived its original purpose and no longer serves the public interest goals of competition and diversity," Cap/ABC told FCC. While its major financial stake is in over-air TV, Cap/ABC said, "we believe it is prudent also to invest in businesses in which we have expertise that are less financially volatile than the network business," saying it then would be in better position to invest "\$2 to \$2-1/2 billion dollars" annually in programming.

Case for repeal of ban is "self-evident," NBC said, with Commission itself concluding 10 years ago that repeal was warranted: "Changes in the marketplace have completely undermined the original rationale for the rule and any justification for retaining it." NBC said access to "the healthy and growing revenues" generated by cable systems would provide networks with additional resources needed "to continue their investment in and support of the over-the-air network/affiliate system." Repeal of rule would increase competition in cable industry, which is "becoming increasingly concentrated and dominated by a handful of multiple system owners," NBC said.

NAB, whose TV board 2-1/2 weeks ago "unanimously" reaffirmed its position against networks (TVD March 16 p7), told FCC that allowing network-cable cross-ownership would "exacerbate" existing regulatory imbalance favoring cable over TV stations by "potentially enhancing cable's incentives to engage in discriminatory conduct." Repeal of rule also would "solidify" cable's "monopoly status, thereby further weakening local broadcasters' ability to compete" with cable, NAB said. Assn. said it's "highly skeptical" that any or all of proposed safeguards "could fully insulate local stations from all of the evils that could occur were the rule repealed." Nonetheless, it said, if rule is relaxed, FCC should adopt appropriate "limitations and safeguards."

MPAA, with dissent from 2 members, said ban against networks' owning cable systems "should remain in place. Changes in the rule can only lead to a net diminution in competition and diversity... no matter how the Commission may seek to salve the wound through so-called safeguards." It told Commission that members 20th Century Fox and Warner Bros. "do not support the views expressed herein" and believe cross-ownership ban should be eliminated.

NCTA said it doesn't oppose "total elimination" of ban but views with "considerable concern" safeguards proposed by NASA "purported to restrict anticompetitive behavior" by network-owned cable systems. Such safeguards would represent "little more than traditional regulatory protection for incumbent broadcast stations," NCTA said.

Former VOA Dir. Richard Carlson will become CPB pres. in mid-July, Corp. announced. He will succeed Donald Ledwig, 4-year head who announced his resignation Sept. 12 but has continued to serve while successor was being selected. Carlson currently is ambassador to Seychelles islands. He's 51, was "unanimous enthusiastic choice" of CPB board, said Chmn. Marshall Turner (whose board term expired last week). Board was "particularly impressed" by his 5-year tenure at VOA (early 1986-July 1991), Turner said -- "he drove it right down the middle" -- and by independence with which he managed it. Some 200 candidates were considered for post, he said. Carlson has broad background, including as assoc. dir. of VOA parent USIA. He entered journalism 30 years ago as editorial asst. at L.A. Times, later worked for UPI and Time magazine, before becoming investigative reporter for KGO-TV San Francisco, and political editor and investigative reporter at KABC-TV L.A. where he won Peabody Award in 1976. He has won 17 other broadcast awards, including 3 Emmys. He joined Great First American Bank in San Diego in 1977 and became senior vp 3 years later. On diplomatic front, he was U.S. delegate to annual U.S.-USSR Information Talks in Moscow and Washington for 5 years and in 1986 led official delegation to China.

Family Channel will move to Hughes' Galaxy 5 satellite in 1990s. Terms weren't disclosed.

GHOST-CANCELING DISPUTED: CableLabs (CL) is disputing NAB finding that Philips has best ghost-canceling system (TVD Feb 10 p3) and filed formal written complaint with Advanced TV Systems Committee (ATSC) that its views didn't get full airing. Dispute also indicates basic differences between type of ghost-canceling systems that broadcast and cable need and continues debate between Philips and Sarnoff Labs.

ATSC, which will set ghost-canceling standard, unfairly edited CL submission for final report of specialists' group, CL said in letter to ATSC Chmn. James McKinney. CL appeal of decision to edit report will be considered by ATSC executive committee April 1 in Rochester, but McKinney said he believes edits were appropriate because specialists' group was intended only to gather technical data on ghost-canceling system and forward it to technical group that meets March 31 at NAB. Edits involved CL opinion that decision should be delayed until more data are gathered. McKinney pointed out that full CL submission was distributed with report, but CL officials said submission "loses weight" because it's not included in bound report.

CL misunderstood role of specialists' group, McKinney said, saying it was intended originally only to gather technical data for technical group, which will decide standard. CL paper "went far beyond the technical facts to making recommendations," he said. CL spokesman said group understood that specialists were to make full recommendations. NAB Senior Vp Michael Rau said CL complaint is "without merit" because CL missed deadline for submitting report and wanted to include information beyond purview of specialists group. McKinney said all "appropriate" concerns of CL will be considered by technical group and ATSC executive committee.

Contrary to NAB finding that Philips system performed best in virtually every test, CL said its tests showed Sarnoff Labs system performing better in virtually every test. Officials said difference apparently is because most broadcast ghosts are large and widely separated. Philips system appears to handle large ghosts best, but Sarnoff appears to be best at eliminating "microghosts" such as those often generated by cable systems, they said.

Philips system came in 3rd in CL tests, behind Sarnoff and Japan's Best. Technology Assn. (BTA), CableLabs said, but it said it agrees Philips should be one of 2 finalists because it outperforms BTA in noise impairment conditions. CL also said it believes results were related as much to quality of prototype equipment used as to basic characteristics of ghost-canceling systems. As result, CL said, Sarnoff and Philips should have to fully disclose technical details so experts can decide how well production equipment will perform. Otherwise, it said, "ATSC will have misled the industry."

CL again raised issue of vertical blanking interval (VBI) usage. Sarnoff Labs claimed that wouldn't need restrictions on adjacent VBI lines, giving it edge over Philips, but latter disputed claim (TVD Feb 17 p4). CL said it's "less clear" that Philips won't require VBI limits and "no system should be approved if it does not allow complete freedom from constraints on signals in adjacent lines."

Visions of the First Amendment for a New Millennium is collection of essays published by Annenberg Washington Program of Northwestern U. It surveys important trends and issues on free speech, includes writings of 14 experts -- Nicole Nolan, 202-393-7100.

MURDOCH TO TAKE ON CNN: News Corp. Chmn. Rupert Murdoch plans to use Sky News, his U.K.-based satellite news channel, as basis for what he predicts will become "the premier worldwide electronic newsgathering network anywhere." In speech March 26 at N.Y.C. conference sponsored by investment bankers Wertheim Schroder, Murdoch said CNN remains important, but "Sky News, the Fox News Service and News Corporation's combined reach -- which have together over 3,000 journalists spread over every continent and every country -- leave us with an army of newsgatherers second to none."

Murdoch didn't spell out plans, but officials indicated that his goal is to beef up news service that's available to Fox TV station affiliates in U.S., as well as set up satellite-delivered CNN-type news service around world. In addition to news from Fox stations and Sky News, new service would carry information gathered by News Corp. newspaper reporters. News Corp. said still-unnamed service would have some advantages over CNN, including being "uniquely independent and international" and "flexibility to more fully integrate all our media operations and respond to new technologies."

Murdoch repeated concerns about compulsory license in cable, saying that unless Congress acts quickly to end license "there is no way the broadcasters will be able to stay in the game." Licensing to cable is only beginning, Murdoch forecast: "Standing in a line outside the Judiciary Committees in the House and Senate is a whole gaggle of other retransmission technologies, including wireless cable systems and telephone companies, clamoring for their compulsory license."

Jury in U.S. Dist. Court, San Diego, ruled that Cox Cable didn't engage in predatory behavior in its competition with overbuilder Chula Vista Cable. Chula Vista owner Ultronics had claimed that Cox competed unfairly by matching Chula Vista prices, paying access fees to multiple dwelling units and refusing to sell pay-per-view rights to San Diego Padres games produced by Cox. Jury voted 9-0 March 20 to reject charges. Judge Marilyn Huff earlier had issued summary judgment finding Cox innocent of predatory pricing. Chula Vista, which has about 3,600 subscribers, started out as SMATV operator, but was required to get cable franchise after Cox complained that Chula Vista was crossing rights of way illegally to link apartment buildings.

British High Court has ordered ABC News to turn over tapes and other records of interviews with 2 Libyan suspects in 1988 bombing of Pan Am Flight 103 over Scotland, killing 270. Interviews with Abdel Basset Ali al-Megrahi and Lamen Khalifa Fhiman were conducted last Nov. in Libya by correspondent Pierre Salinger, who said: "I am disappointed, but I have a lot of respect for the High Court. In the United States, we probably would have won this case." ABC, which had appealed lower court order to turn over material to authorities, said it would turn over documents because they disclosed no confidential sources.

Westinghouse Bcstg., which closed govt. relations office in Washington last fall, is shutting down 3-person radio news bureau in capital next month. Bureau opened in 1957 as one of first in Washington and at one time had some 20 employees serving 7 Westinghouse radio stations, 4 of them all-news.

All American Communications shareholders have approved 1-for-4 reverse stock split. All American is purchasing programming, advertiser and TV commitments of LBS Communications, which is in Chapter 11 bankruptcy.

NETWORKS 'IN TROUBLE': HBO and CNN each earned more money last year than broadcast networks, Wertheim Schroder's David Londoner said at N.Y. conference last week sponsored by investment banking firm. Broadcast networks "are in trouble," big 3 having lost \$300 million combined, he said. FCC Chmn. Sikes at same conference predicted that "micro-networks" would attract much of audience after switched video becomes norm.

Despite concerns, CBS Bst. Group Pres. Howard Stringer cited improvement in his network's ratings and forecast that NBC is more likely to fail than CBS. He said he was "extraordinarily optimistic about saving money," indicating overpaying for sports and throwing money at problems were in past. Networks are needed, he said, because they link country together -- and are free. Networks' share of audience will continue to decrease unless they're willing to take same risks on new rate structures as they do on creative side with new programs, said GM Corporate Mktg. & Ad Executive Philip Guarscio. Cable, pay TV and Fox Network are businesses with best prospects, he said.

Tapping "micro-networks" allowed by video dial tone-type concepts should involve transmission costs no greater than local telephone call, Sikes said. Current concept of TV channels will be obsolete in near future, he said, although some mass entertainment will remain. He said audiences measured in thousands rather than millions will support special interest micro-networks "that will increasingly tap the imagination of tomorrow's information entrepreneurs." Sikes said movie Field of Dreams is metaphor for current situation: "If you build it, they will come... And if science and economics make a seemingly infinite video network a possibility, our culture will make it a reality." Biggest roadblock could be govt., Sikes said: "I am convinced the barriers to innovation will fall. But I'm even more convinced they must fall."

Grant Tinker, GTG Entertainment pres. and former head of NBC, suggested that possibly only 2 networks are needed since audience has shrunk and ad dollars have declined. In past, he said, network competition drove up prices, but now "it's the end of the little guy" in programming; independent programmers can't "subsidize the networks." Referring to cutbacks at CBS, Stringer said smaller operation means "we can all get to know each other again" -- phrase Tinker described as "the most benign way I've ever heard downsizing described."

RADIO RULES WORRY SENATORS: Move to block new FCC radio ownership rules may be made by Senate Commerce Appropriations Subcommittee, leadership hinted last week at agency's budget hearing. Senators were reluctant to discuss strategy but they and aides left little doubt in Q&A and afterward with reporters of their concerns with extent of changes and potential impact on minority station ownership. Diversity issue is of particular concern, they indicated. "[It's] as though... it dropped out of the bag," said Sen. Inouye (D-Hawaii), panelist and chmn. of Senate Communications Subcommittee.

Inouye told reporters that senators are looking "very seriously" at possibility of attaching rider to effectuate change but that no decisions will be made until Subcommittee has taken closer look at new rules. He also suggested senators would ease off if FCC revises decision voluntarily, notably giving break for minority ownership. He said he didn't disagree with making changes, saying "some sort of increase is called for" but new cap expanding number

of stations owned "is more than double" current rules and is suspect. Subcommittee Chmn. Hollings (D-S.C.) and ranking Republican Rudman (R-N.H.) also had questions about decision at hearing, which Inouye said demonstrated bipartisan nature of Subcommittee's concerns.

FCC is seeking \$153.3-million appropriation for FY 1993, which begins Oct. 1. Request is below \$163.5-million reauthorization still pending in Senate. Hollings and Inouye could choose to block agency's radio rules through either bill, aide said.

Hearing otherwise was routine, with none of controversy that has marked past sessions. FCC Chmn. Sikes was questioned about hq consolidation, but there was none of probing or commenting on aborted move to southwest D.C. site that had characterized recent House hearing (TVD March 23 p5). On finsyn, Sikes said FCC expected Justice Dept. to file brief in pending court challenge in support of Commission majority on new rules, adopted on 3-2 vote.

SEC PROPOSES TO RELAX RULES: Labeling small businesses "cornerstone of the U.S. economy," SEC has proposed to relax rules to make it easier for such companies to obtain financing. Move comes on heels of similar initiative by FCC to help generate investments in broadcasting (TVD March 16 p6). If SEC proposal is adopted, industry officials are nearly unanimous in agreeing that it will help small broadcast companies in efforts to secure financing. NAB is expected to support good portion of SEC proposal, although Assn. had no formal comment.

SEC rulemaking (File No. S7-4-92) essentially would make it easier for companies to obtain financing under Regulations A and D of agency's solicitation of financing requirements. Among SEC proposals: (1) Small business is defined as company with revenues of less than \$15 million for last fiscal year; excluded would be subsidiaries of larger companies, and foreign corporations. (2) Companies would be permitted to raise up to \$1 million in 12 months without filing disclosure document. (3) Amount that could be raised by filing simple form would be increased to \$5 million from \$1.5 million. (4) Dollar ceiling (unspecified) would be increased on money raised under Trust Indenture Act and new class of venture capital funds would be created. (5) Companies would be permitted to "test the waters" to determine interest before disclosure filing at FCC and payment of fee, which SEC proposes to increase to \$500 "to parallel the increase in the offering ceiling." Only print advertising would be permitted to "test the waters," with broadcast commercials prohibited. (6) "Safe harbor" rules covering SEC filings would be expanded.

In seeking comments (due June 18), SEC said there are about 20 million small businesses in U.S. that employ more than half of domestic labor force. "A critical factor in the viability of these small business ventures is access to capital and debt financing... as well as their ability, when they are ready, to have their securities traded... without undue regulatory complexity and cost," agency said. It said availability of financing for companies not ready to enter public market "has declined dramatically in the last several years... Today, a small business that needs capital beyond the resources of the founder and that of his or her family confronts an array of regulations" and costs that can exceed \$200,000 "without knowing whether there is any interest in investing in his or her business."

EIA, NAB FIGHT OVER RBDS: Stake of beleaguered AM service is at heart of dispute between EIA and NAB that boiled over last week on how to proceed with standards for radio broadcast data system (RBDS). "Tune by format" RBDS technology would create way for radio stations to control receiver functions automatically and transmit alphanumeric readouts on front panels of radios equipped with decoders.

War of words erupted when EIA Consumer Electronics Group (CEG) released statement pledging to forge ahead -- without NAB's cooperation, if it had to -- to complete work on standards for FM-based RBDS technology. CEG was reacting to NAB policy statement March 8 that pledged to endorse work by NAB-EIA National Radio Systems Committee (NRSC), but only if AM stations could participate "simultaneously and from the outset" in market. CEG blasted NAB statement as "11th-hour reversal," saying that RBDS "was envisioned only for the FM broadcast service" because of "relative ease of placing additional digital information" on 57-kHz FM subcarrier.

EIA said it was ready to work with NAB to complete separate RBDS standard for AM, but not if that meant delaying work on FM. CEG spokeswoman said Assn. would approach FM broadcasters directly "if we have to" to complete standards. CEG Vp Gary Shapiro indicated Assn. believed it had been blind-sided by NAB policy statement, strongly implying that it was first time after months of proceedings that NAB had raised AM-based RBDS as condition for endorsement. In reaction, NAB Exec. Vp John Abel said that "once again, EIA is factually wrong" when it said NAB reversed itself on RBDS policy at 11th hour. "As a broadcast organization," Abel said, "it has always been our position and job to represent the interests of AM radio, particularly on RBDS, and we will always defend their interests vigorously. It is wrong to assert AM should be considered later when technology to accommodate AM today is readily available."

NAB Senior Vp-Science & Technology Michael Rau denied that including AM would cause undue delays. He said technologies such as ID Logic can be adapted easily for implementing RBDS in both AM and FM. ID Logic, in current configuration, is being marketed in car radios from Panasonic and Alpine, among others. Rau said "nothing should have surprised EIA" in his Assn.'s policy statement. He said NAB's concerns about protecting AM broadcasting have been well documented throughout history of RBDS standards-setting process. At our deadline, EIA reportedly was circulating documents -- including copies of NAB's own Radio Week newsletter -- purporting to show NAB's support for FM-only RBDS system and little or no insistence on AM as precondition. NAB spokesman said documents lack "a smoking gun" to support EIA position that it had been blind-sided.

Cablevision Systems said it no longer need issue 2.5 million shares of common stock as part of restructuring of A-R Cable subsidiary (TVD Feb 17 p5). Instead, it said it has received bankers' permission to use proceeds from previously announced \$200 million debt offering as its share of new equity for A-R. Bankers originally had required stock issue as part of restructuring. Cablevision also attributed decision not to go ahead with offering to declining price of its stock. Restructuring includes sale of \$104 million of preferred A-R stock to investment banker Warburg, Pincus and new \$70-million loan from GE Capital. Meanwhile, A-R said it was extending deadline for repurchase of outstanding senior subordinated debt.

SKYPIX LAUNCH SET: SkyPix still is targeting April as launch date for its 80-channel DBS service, Pres. Rick Selvage said at seminar sponsored by Kagan. However, he said startup could "slip a few weeks into May." Home satellite retailers have expressed skepticism that debut of service, which already has been pushed back several times, would meet latest schedule. Selvage said retailers have ordered about 2 million units. Company plans to ship demonstration units in April, he said, and is preparing preferred customer program for dealers that use wide-screen receivers for demonstrations.

SkyPix has contracted Atlanta-based National Data Corporate to handle back-room and customer service functions that would have been performed by Home Shopping Network under agreement that was dissolved last year. Company also said it has set deals with Transamerica Commercial Finance to provide dealer-distributor inventory financing program and Radix Logistics to handle fulfillment services to distribute network. Selvage denied allegations that SkyPix owes \$40 million to Compression Labs, which had agreed to provide set-top decoders. Parties subsequently announced they would extend cancellation clause for first production until SkyPix completes preparations to introduce service and obtain funding for decoders.

Skypix would become moneymaking, viable business with sale of 200,000 dishes, Selvage said. Company has revenue-sharing arrangement with 36 studios, he said, so up-front programming charges are eliminated. "If you have a conservative financial model and project that the consumer will only buy 2.5 movies a month, you're still in the ballpark."

SkyPix plans to expand internationally, Selvage said, and he's having "discussions with a number of partners worldwide." He hesitated to put time frame on international launches because of overseas regulations. There are no plans now to sell technology through cable operators, even though it works on cable, fiber and phone lines, he said. "Initially, it will be over DBS."

Senate Rules Committee leaders last week rejected special independent counsel Peter Fleming's request to enforce subpoenas against NPR correspondent Nina Totenberg and Vp-News & Information William Buzenberg. Action is expected to end at least that stage of probe into leaks of Anita Hill's sexual harassment allegations against then-U.S. Supreme Court nominee Clarence Thomas. NPR Pres. Douglas Bennet hailed action of Sens. Ford (D-Ky.) and Stevens (R-Alaska), saying: "It affirms the First Amendment, affirms the role of an independent press in a free society and affirms the Senate's commitment to freedom of inquiry and due process. NPR is committed to a fair and vigorous journalism and we, along with responsible journalists everywhere, welcome the Committee's action."

Freeze on applications for new AM stations and major modifications in existing outlets will be lifted April 19, FCC announced March 27. On same day, new AM technical rules will become effective. Applications still can be filed using old forms (301, 302, 340), provided additional information to comply with technical rules is provided. New forms have been approved by Office of Management & Budget but won't be available until May 7, FCC said, and it will issue order setting date after which new forms must be used. Also, Commission said, applications for stations in expanded AM band (1605-1705 kHz) won't be accepted now, with agency to announce "window" for filing of such applications later.

Congress is likely to fund Public Telecommunications Facilities Program (PTFP) again in FY 1993, key House Republican said last week, despite 12 years of efforts by Reagan and Bush Administrations to eliminate Commerce Dept. program whose primary beneficiary has been public TV-radio. Rep. Rogers (R-Ky.), senior Republican on House Commerce Appropriations Subcommittee, which oversees PTFP and parent NTIA funding, told NTIA Acting Dir. Thomas Sugrue "I think you probably can assume" PTFP funding will be continued in FY 1993, which begins Oct. 1. He said that govt. needed to protect its investment in public TV-radio by ensuring that stations could continue to deliver programming as telecommunications infrastructure evolves. PTFP received about \$21.4 million appropriation in FY 1992, which President Bush has asked be rescinded, claiming program has achieved goal of ensuring public broadcasting can be received by bulk of country. Sugrue reported that since program's 1963 start, about \$406 million in grants have been awarded and that 95% of U.S. can receive public TV, 88% public radio. "The original goal of extending public broadcasting has essentially been accomplished," Sugrue told Subcommittee. But stations continue to request funding, particularly to replace aging equipment, lawmakers noted. Administration also didn't request funding for new Endowment for Children's Educational TV, which received first \$2 million appropriation from Congress last fall. Program's fate in Subcommittee is unclear. However, NTIA is moving forward with plans to establish program as required by Congress's earlier appropriation. NTIA is seeking \$21.8 million appropriation for FY 1993, \$4.2 million more than current level. Request includes funding for 33 new fulltime employees.

Ruling that FCC "has established a clear policy" that lenders have no legal rights in broadcast licenses, Judge Barbara Crabb of U.S. Dist. Court in Madison, Wis., affirmed Bankruptcy Court's grant of summary judgment to Tak Communications in suit brought by 7 banks that hold liens on Tak. Crabb said lenders offered "several unpersuasive attacks" on at least 4 other court decisions upholding Commission policy. She said plaintiffs cited only one case (Rigely Communications) in which Md. bankruptcy court ruled otherwise (TVD Dec 2 p4) and in that case, she said, "the court did not explain the basis for its decision." Tak Communications (100% owned by Sharad Tak), which owns several radio and TV stations, obtained \$175-million line of credit from banks in Sept. 1988. Company filed for Chapter 11 bankruptcy Jan. 3, 1991, and currently owes banks \$169 million principal and \$9 million interest. Peter Fine, attorney for banks (led by New Bank of New England), told us that no decision had been made on appeal.

Gannett Chmn.-Pres.-CEO John Curley received \$1.35 million in salary and bonuses in 1991, according to proxy statement for April 28 shareholders meeting at company hq in Arlington, Va. He also has outstanding stock options and incentive rights worth \$3.05 million. Douglas McCorkindale, vice chmn.-chief financial and administrative officer, received \$1.15 million, has unexercised stock options worth \$1.44 million. Best. Div. Pres. Cecil Walker was paid \$442,671, has options worth \$344,692. Julian Goodman, Gannett dir. and ex-NBC chmn., is chmn. of Gannett's Compensation Committee. Dirs. are paid \$42,500 annually, plus \$1,250 for each board meeting they attend. Committee chmn. receive additional \$5,000 annually, and committee members receive \$1,000 for each meeting attended.

FCC has released new list of TV channel allocations as of Dec. 31 that includes number of stations licensed, CPs granted, channels applied for, fallow channels -- Evelyn Ripka, 202-632-5414.

Public broadcasters are optimistic on prospects for passage of CPB reauthorization, which has been mired in Senate since late Nov. NPR Pres. Douglas Bennet predicted passage March 27, telling NPR board that "lessons have been learned about the popularity and force of this enterprise." Both NPR and APTS have mounted grass-roots lobbying efforts to convince Congress of broad-based support. "This is no National Endowment for the Arts," Bennet said, suggesting that public broadcasting has stronger constituency since people watch and listen to it regularly. Public TV (PTV) official believes one major concern of group of Senate Republicans who have blocked measure -- greater accountability -- can be met by compromise amendment under which CPB would be required to report public TV-radio production investments. "That's not something that isn't already available," source said, although currently from multiple sources. PTV hopes compromise would eliminate need for another possible amendment that would extend Freedom of Information Act (FOIA) coverage to CPB. While Corp. often informally honors FOIA requests, public broadcasters are concerned that formal coverage could set dangerous precedent in equating CPB, which is private nonprofit, to federal agency. PTV official said he didn't doubt that other amendments would be offered in Senate, but cited recent 87-7 vote forcing start of debate on bill in suggesting that any harmful changes could be defeated.

FCC Common Carrier Bureau Chief Richard Firestone is entertaining offers from 2 major Washington law firms, Arnold & Porter and Wilkinson, Barker, Knauer & Quinn. Firestone last week formally recused himself from proceedings involving those firms, including those addressing video dial tone, cable-telco and cellular matters. Commission spokesman James Spurlock characterized offers as "serious" and said Firestone hopes to make decision within couple of weeks, adding that Firestone hadn't decided whether to leave FCC. Recusal will last until discussions with firms are concluded, Spurlock said. Wilkinson, Barker's clients include U S West and Deutsche Bundespost, while Arnold & Porter represents National Assn. of Telecommunications Officers & Advisers (NATO), National League of Cities, U.S. Conference of Mayors, National Assn. of Counties, City of N.Y., City of Dallas. Firestone, who has been Bureau chief for about 2 years, joined FCC with FCC Chmn. Sikes from NTIA, where he had spent 11 years.

Bell Canada Enterprises (BCE) is expected to announce "any day" that it's buying majority stake in one of largest U.K. cable properties, East London Telecommunications (ELT), from Pacific Telesis and Jones Intercable, officials confirmed. Details weren't available, but BCE is expected to acquire PacTel's entire 44.5% of ELT, plus enough of Jones's equity to give it majority control. However, Jones will remain managing partner, we're told. ELT has 5 cable franchises in London area, potentially passing 630,000 homes. PacTel officials wouldn't confirm or deny deal, but originally had said that its goal was to pass one million U.K. homes, and that it wanted effective control of cable systems in which it held stake. PacTel buyout of Masada's U.K. cable systems met million-home goal even without ELT franchises, and PacTel owned less than majority of ELT.

"**Entrepreneurs** in the New Technologies" is subject of brown-bag lunch March 31 sponsored by FCC Consumer Assistance & Small Business Office, noon, Rm. 856. Speakers include Curtis White, Raestreo-Sat pres.; Donald Lintvet, TV Answer exec. vp-mktg.; Suzanne Stanley, International Communications Group vp; Herbert Wilkens, W & J Management Co.

Financials: **Great American Communications** had \$98.9 million profit in 4th quarter ended Dec. 31, vs. \$32.8 million loss year ago, and \$91.9 million profit for year, vs. \$38.9 million loss. Results were boosted by \$75-million gain on sale of investments in Black Entertainment TV and Hanna-Barbera. Broadcast revenue grew 1% to \$55.1 million for quarter, but dropped 4% for year to \$195.9 million. Firm hired investment bankers Donaldson, Lufkin & Jenrette to study possible debt restructuring... **Multimedia** broadcast operating profit dropped 23% to \$34.7 million in 1991, while cable profit grew 12% to \$46.6 million. Broadcast revenue was up 12% to \$150.6 million, reflecting Dec. 1990 purchase of majority interest in WKYC-TV Cleveland from NBC. Cable revenue was up 12% to \$135.5 million... **News Corp.** said it raised \$300 million through new subordinated debt issue convertible to News Corp. stock... **Jones Intercable** said it will redeem \$33.2 million of subordinated debt due 1997, with cash for purchase coming from available credit... **Disney** will ask shareholders to allow it to raise maximum number of common shares to 1.2 billion from 300 million to allow 4-for-1 stock split and to issue 100 million shares of preferred stock, up from current limit of 5 million. Shareholders will vote on change April 20... Moody's assigned B2 rating to **Cablevision Systems** subordinated debt due 2004. Service cited high cash flow, but also high leverage and low interest coverage... Moody's assigned Ba3 rating to **Rogers Communications** senior debt due 2007. Company's financial flexibility is improving, service said, but it remains highly leveraged.

For first time in 10 years, CPB's budget for year beginning Oct. 1 (FY 1993) is expected to be less than current spending. Exclusive of earmarked satellite replacement and Annenberg Foundation support, budget is expected to dip \$230,000 to \$260.2 million as result of expected \$2.5-million decline in interest income to \$6.5 million. Budget & Administration Dir. Linwood Lloyd told board last week that status quo funding will place heavy pressures on spending until FY 1994, when federal appropriation is set to rise \$21.7 million. For example, TV programming allotment is expected to fall \$1.57 million to \$47.22 million from current level, with \$313,000-gain from appropriations rise more than offset by \$1.87-million projected interest income decline. Among highlights of draft spending plan, to go before board for approval next month: (1) \$300,000 for study aimed at recommending future funding directions to large number of TV-radio stations that are experiencing substantial declines in institutional funding. (2) \$350,000 for examination of new technologies, with particular focus on desktop production.

With sole exception of number of break min., Public TV (PTV) Festival pledge drive results were uniformly off for 69 PTV stations that conducted campaign this March and last. In final provisional report March 23, PBS said total dollars fell 7.98% for those stations, number of pledges 5.38%, average pledge 2.74%, dollars-per-min. 13.96%. Break min. increased 6.95%. Overall, PBS said average pledge dipped only 0.97% to \$65.91, although number of pledges fell 7.41% to 509,702, resulting in 8.31% smaller revenue -- \$33.59 million. Results are for 119 stations, vs. 135 that provided data year ago.

Meetings: Annenberg Washington Program hosts "National Coverage of the Drug Crisis" forum, Willard Bldg., Washington, April 1, 9 a.m... Fox Senior Vp Preston Padden will speak April 8 at lunch sponsored by **Media Institute** at Mayflower Hotel, Washington -- 202-298-7512... Joint convention of **Bcst. Promotion & Mktg. Executives** and **Bcst. Designers' Assn.** will be June 14-17, Seattle Convention Center -- 213-465-3777.

PBS is acquiring 195-downlink VSAT network from GE to enable public TV (PTV) stations to increase ties with schools and other local educational institutions. System, expected to be fully operational in 6 months, has two 9.2-m hubs (Rockville, Md., and Cleveland area) with 300-w power that can be operated independently, and 3rd in development stage. Howard Miller, PBS senior vp-broadcast operations, engineering and computer services, declined to disclose terms of GE deal, but told CPB board last week that system was being acquired for about 25% cost of new network. System is "essentially new," he said, with only about 1/3 of downlinks having been installed and only for short period. System's 195 downlinks are exact number PBS needs for member stations. Network also will make computer-based Learning Link (LL) and other PTV educational services more feasible by eliminating costly phone access fees. CPB board approved 3-year allocation of up to \$600,000 to aid LL in expansion to as many as 42 sites from current 17. Computer network, based at PTV regional organization Central Educational Network, Des Plaines, Ill., is used to facilitate communication among teachers and to provide scheduling and other information on PTV educational programming.

Bush Administration is continuing to limit news media access to public information despite end of Cold War, according to Reporters Committee for Freedom of the Press. In annual report, Committee listed 340 actions by Administration that it said were "stifling editorial freedom and limiting public oversight of governmental affairs." Said Exec. Dir. Jane Kirtley: "I think that what we are seeing is secrecy as usual... It's a continuation and even escalation of an intrusion into the editorial process. This Administration continues to be obsessed with ferreting out leakers, dictating standards for expressive activities and manipulating the presentation of government information." White House Deputy Press Secy. Gary Foster responded: "The President is a very strong believer in First Amendment rights, freedom of speech and freedom of the press." Committee also complained that President has held only 2 prime-time news conferences in his 3+ years in office.

Denver-area consortium will begin 18-month market test of Viewer-Controlled Cable TV (VCCT) pay-per-view in April. Consortium including TCI, AT&T and U S West said most construction has been completed and first direct mail marketing has begun. VCCT will offer 24-channel enhanced pay-per-view plus movies-on-demand service, both of which can be ordered with TV remote controls. TCI said it has received commitments from studios and cable networks to provide movies for test, and U S West signed contract for Nielsen to monitor participants' use of VCRs, cable, broadcast TV. First direct mail campaign resulted in nearly half of recipients' signing up for VCCT, TCI said. It begins door-to-door sales in April.

PaineWebber has upgraded recommendation on CBS stock to "buy" from "neutral," based on "repeated remarks by the CEOs of several of the largest consumer packaged goods companies... that lead us to expect that the national advertising business" is on rebound. PaineWebber predicted CBS will earn \$9.45 per share (15.3 million outstanding) in 1992, \$14 in 1993. Brokerage firm also raised Cap/ABC rating to "attractive" (just below "buy") from "neutral," saying company has "screwed the cost lid down with a wrench."

NCTA is offering special deal for system-level employees interested in attending Dallas convention May 6. For first time, they will pay reduced rate of \$95, instead of full fee, to attend last day of convention. May 6 sessions are geared to those employees.

Personals

Reorganization at TCI extends contract of CEO **John Malone** and creates new executive office including Malone, Exec. Vp **J.C. Sparkman**, and Senior Vps **Donne Fisher** and **Fred Vierra**; also, **Brenden Clouston**, senior vp-strategic planning, is promoted to COO; **Lawrence Carlton** is appointed exec. vp-COO, TCI's U.K. cable TV and telephone operations, succeeded as exec. vp-COO, TCI Cable Management Corp., by **Barry Marshall**, vp-COO, TCI West... Promoted to pres.-CEOs, Times Mirror-owned TV stations: **Jeffrey Rosser**, KDFW-TV Dallas-Pt. Worth; **Wayne Thomas**, KTVI St. Louis; **Dow Smith**, WVTM-TV Birmingham; **Jack Harrison**, KTBC-TV Austin.

Speakers at FCC March 31 brown-bag lunch on "Entrepreneurs in the New Technologies," noon, FCC hq, room 856: **Curtis White**, Ratreo-Sat; **Donald Linvet**, TV Answer; **Suzanne Stanley**, International Communications; **Herbert Wilkins**, W & J Management... **Warren Zeger**, acting gen. counsel, Comsat, named vp-gen. counsel... **Kenneth Tiven**, ex-Orange County (Cal.) Newschannel, joins CNN as vp-TV Systems... **Eileen Murphy** appointed dir.-PR, Turner Bestg., N.Y., succeeded on interim basis as dir.-program publicity, NCTA, by **Joyce Kravitz**, ex-ABC.

Panelists at IRTS lunch, Waldorf-Astoria, noon, April 7: **Jack Valenti**, MPAA; **James Mooney**, NCTA; **James May**, NAB... **Walter Cronkite** receives AWRT Silver Satellite Award during May 27-31 convention in Phoenix for "outstanding commitment to ethics and excellence in the industry."

Bob Jones, NATPE pres. 1985-1986, joins Audience Research & Development, Dallas, as vp-sales for syndication and cable... **Nick Aronson**, dir.-communications WMAQ-TV Chicago, resigns effective April 30 to devote fulltime to his company, Beat the Pro Inc... **Randy Plyburn**, ex-dir. creative services, KFOR-TV Oklahoma City, named to same post at WNBC-TV N.Y.; **Terry Doll**, ex-KMOV St. Louis, appointed WNBC-TV dir.-press and publicity; **Lynne Malmud**, ex-WABC-TV N.Y., appointed art dir.

Douglas Moss promoted to pres., Madison Sq. Garden Network... **Sid Ganis** named exec. vp, Columbia Pictures, and pres.-mktg. and distribution... **Gerald Levin**, pres.-CEO, Time Warner, elected to Turner Bestg. board, succeeding **Nicholas Nicholas**, resigned... Additions at Compression Labs: **William Berry**, ex-Optical Shields, as senior vp-finance and administration-chief financial officer; **Wayne Lasson**, ex-Northern Telecom, as senior vp-gen. mgr., Videoconferencing Products Group... **Thomas Newell** promoted to vp-business affairs and operations, CBS Enterprises... **Bruce Thomas**, ex-CBS, appointed vp-mktg. and sales development, Discovery Networks... **Martha Sloan**, prof., Mich. Technological U., elected pres., IEEE.

Caroline Vanderlip promoted to senior vp-mktg. and affiliate relations, CNBC, new post... **David Spiegelman**, ex-Carolco TV, appointed vp-domestic TV distribution, New Line TV... Promotions at CNN's Washington bureau: **Terry Frieden** to exec. producer-editorial planning, **Craig Broffman** to chief assignment editor... **Steve Johnson** advanced to dir.-news and program services, Conus... **Allan Lamberti**, vp-N. American sales, Microwave Networks, named vp-sales and mktg.

Thomas Conway promoted to Tvb senior vp-local advertiser mktg... **Jacques Grenier** advanced to Tel Aviv

bureau chief, ABC News, succeeding **Bill Seamans**, retired... **Lisa Hammer** promoted to dir.-trade and media relations, Showtime Networks... **Patricia Dennis**, ex-FCC commissioner currently vp-govt. relations, US Sprint, named to NPR and RTNDA Foundation boards... **Roger Williams**, ex-ESPN, named pres., Travel Channel... Changes at Children's TV Workshop: **Peter Malen**, ex-pres., Intermark Development, joins as vp-international operations, Products Group, new post; **Paul Kulavis**, ex-gen. mgr., Franklin Mint, joins as vp-N. American operations, new post; **Marian Carlton** promoted to dir.-management information systems.

Bruce Goodman, FYI Network, appointed to Copyright Royalty Tribunal... **Peter Schneider** named pres.-feature animation, Disney Co... **Susan Harris**, ex-Lifetime Cable TV, joins Nostalgia TV as vp-national ad sales... Named district mgrs., Encore: **Mary Eldridge**, ex-TV Guide, northeast region; **Melissa Green**, ex-Disney Channel, southeast; **Tom Snethen**, ex-Sports Channel L.A., central; **Sandra Jostes**, ex-Disney Channel, central... **Sara Lichtenberg**, ex-Turner Bestg., named media relations coordinator, NAB Public Affairs & Communications Dept.

FCC has fined noncommercial KNON-FM Dallas \$5,000 for airing commercials. Agency told station recently that spots produced by Tejano Media Group that it aired in March and May 1991 for remuneration "contain language promoting the services, facilities or products offered by persons engaged in such offering for profit. The announcements do not merely identify the underwriter; rather, they contain qualitative and comparative terms, 'calls to action,' price information and other inducements for listeners to patronize the commercial entities named." Station, licensed to Agape Bestg. Foundation, had claimed in response to FCC that it had taken steps to correct situation, but agency told it that "despite your assurances to the contrary, KNON-FM continued to broadcast announcements that appear to be prohibited."

Heritage Communications has filed at SEC for offering of 4.5 million newly issued Class A shares, following 1-for-4 reverse split of all outstanding Class A, B and C shares and conversion of B stock to A. Shares are being offered at \$14 and transaction is expected to bring in \$72.45 million, with net proceeds of \$60 million to Heritage. Transaction will result in transfer of control of licensee of 6 TV stations, 12 radios. Chmn. James Hoak currently owns 59.04% of voting stock, ex-Pres. James Cownie 17.8%. After stock sale, their interests will decline to 10.35% and 4.92%, respectively.

Request by prospective competing applicants for new TV station on Ch. 4 Utica, N.Y., for waiver of FCC freeze on new TV stations in 30 markets has been denied by Commission. Greater Utica-Rome Services and Mohawk Valley Telecasters had sought waiver, which applies to Rome because it's 159.4 miles from Hartford, one of designated markets to which freeze applies. Freeze, put in place in 1987 by FCC to preserve spectrum for advanced TV, covers 169.5 miles out from 30 designated markets. Comr. Quello dissented, saying he will issue statement later.

Speakers for MSTV membership meeting April 13 during NAB convention in Las Vegas: FCC Comr. Barrett on HDTV and other regulatory issues; attorney Richard Wiley, chmn. of FCC Advanced TV Advisory Committee, will report on work of that group; Paul Bortz, pres. of company bearing his name, will discuss evolving marketplace.

Consumer Electronics

A Section of *Television Digest with Consumer Electronics*

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd week of March and year to date:

	MARCH 7-13	1991 WEEK	% CHANGE	FEB. 29- MARCH 6	10 WEEKS 1992	10 WEEKS 1991	% CHANGE
TOTAL COLOR.....	391,906*	345,089	+13.6	361,589	3,521,113	3,582,231#	- 1.7
DIRECT-VIEW...	386,756*	338,877	+14.1	355,803	3,455,289	3,523,877#	- 1.9
TV ONLY.....	378,962*	326,624	+16.0	347,946	3,321,801	3,390,518	- 2.0
TV/VCR COMBOS	7,794	12,253*	-36.4	7,857	133,488*	133,359#	+ 0.1
PROJECTION....	5,150	6,212*	-17.1	5,786	65,824*	58,354	+12.8
VCR DECKS.....	136,846	128,057	+ 6.9	127,573	1,838,461	1,525,411	+20.5
CAMCORDERS.....	25,213*	16,007	+57.5	19,679	331,508*	297,186	+11.5

Direct-view TV 5-week average: 1992--378,649; 1991--356,980 (up 6.1%).

VCR deck 5-week average: 1992--185,229; 1991--149,952 (up 23.5%).

Camcorder 5-week average: 1992--33,166*; 1991--26,575 (up 24.8%).

* Record for period. # Revised by EIA.

VIDEO PRESENTS BIGGEST CHALLENGE--CLAYTON: Thomson Consumer Electronics (TCE) is expected to chase TV and video market share more aggressively in wake of Joseph Clayton's appointment as exec. vp-sales and mktg., and resignation of predecessor Martin Holleran (TVD March 23 p11). Although saying it was far too early to talk in specifics, Clayton said last week that TCE "needs to capitalize from a commercial standpoint" on its strengths in TV, task that he said "will be easier" than dealing with camcorder industry's oversupply and inherent price erosion in VCRs.

Resignation of Holleran and Clayton's subsequent appointment took many in industry by surprise. Indeed, company didn't immediately name replacement for Clayton as head of TV Div.-Americas, although he said he expected move to be made within 30 days. Change came while Alain Prestat, chmn.-CEO of parent Thomson Consumer Electronics, was at subsidiary's Indianapolis hq, but reason for shift couldn't be determined.

TCE's lackluster performance has been highlighted in recent months by French govt.'s proposal to combine it with civil semiconductor business of Thomson SA and highly profitable govt.-owned nuclear energy firm CEA. TCE lost more than \$500 million in 1990, most recent year for which financial results have been announced, when 8.6% sales decline was attributed primarily to "serious recession" in U.S. (TVD July 15 p9). It has been speculated that company also suffered major losses in 1991. Prestat was named to post earlier this year by Prime Minister Edith Cresson, who has been heavily involved in restructuring of govt.-owned corporations. Stability of that program has been called into question in some quarters following poor performance in local elections by Pres. Francois Mitterrand's Socialist party, with forecasts that Mme. Cresson could be replaced as early as this week.

For Clayton, 42, new position represents return to sales and marketing side of business; before being named senior vp, TV Div.-Americas, in 1991, he had risen through sales, marketing and management ranks since joining RCA's Consumer Electronics Div. in 1973. He said he expects to "get involved with the field sales force, both in serving the key accounts on a regional and national basis, but also I sincerely believe we can serve the independent dealers, both as independents and within local buying groups." At same time, though, he shot down any notion of returning to distributors to service small accounts. "That time in our history has passed as far as the TV business is concerned," he said. "The margins have gotten so slim and the concentration of business so large" that distributors would be impractical, although he didn't preclude their inclusion in other RCA businesses.

Clayton's personal popularity in industry, developed over 19 years at TCE and predecessors, shone through in comments from retailers. "He's come up through the ranks, he's done it all," NARDA Dir. Elly Valas said. She said Clayton's comments about serving independents are "indicative of his background. He's been on the street, he's called on dealers. He's got empathy for people all along the line." Top retail executive expects more active stance from Clayton. "He'll concentrate the company on selling, forget about a lot of this image stuff. He thinks that RCA should be of greater importance to every retailer out there," executive said, calling Clayton "street-smart." Flip side of new aggressiveness, though, is potential for less consistency in approach, others said.

One major retailer, taking wait-and-see attitude on TCE's potential new direction, credited Holleran with taking RCA out of distribution and improving internal operations. "He upgraded their computer systems, improved their logistics, got them into just-in-time inventory control working more closely with the retailers," he said, crediting that to "his GE heritage." Holleran, 49, is also given high marks for introduction and marketing of successful ProScan high-end TV line. He hasn't disclosed plans. TCE subsidiary TCE Sales & Mktg. Co-Americas, formerly headed by Holleran, has been dissolved.

JAN. CAMCORDER IMPORTS DOWN, VCRs UP: Imports of camcorders dropped for 2nd consecutive month in Jan., according to Commerce Dept. figures, following 3 months of cutbacks in exports from Japan, as shown in Finance Ministry Data (TVD March 23 p13). VCR imports were up sharply from low year-earlier figure, Jan. being 7th consecutive month showing arrival of more than million units at U.S. ports.

Although total camcorder imports declined 16.9% from year earlier following 19% decline in Dec. (TVD March 9 p12), balance between 8mm and "others" seems lopsided. Imports of 8mm camcorders actually rose 43% in Jan., while total VHS units (including VHS-C) declined 39.7%. For month, virtually half (47.5%) of all camcorders imported were 8mm, as opposed to 27.6% in same 1991 month and 43.2% for full year 1991. In Jan., 96.2% of camcorder imports came from Japan, almost all of rest from Korea, which was source of 3,200 VHS and 2,700 8mm. About 660 VHS models came in from Singapore, nothing from anywhere else.

Just over one million VCRs were imported in Jan., 34.1% over very slow Jan. 1991. Actually, for full year of 1991, VCR imports ran at average of more than million per month, while sales to dealers worked out to just under 900,000. Nevertheless, inventories continue to be in good shape, indicating that good amount probably were re-exported. Japan was source of only 36.3% of total, probably lowest for any month on record; just under 50% came from Japan for full-year 1991.

Jan. saw first significant VCR imports -- 16,300 units -- from Indonesia, where both Matsushita Kotobuki and Sanyo have plants. Second biggest source country, after Japan, was Korea, shipping 20% -- 268,700, up 45% from last year. Malaysia supplied 192,700, almost triple amount of Jan. 1991; country is home to plants of Funai, Hitachi, JVC-Philips joint venture, Mitsubishi, Sony. Thailand, where Orion has plant that largely supplies Emerson, shipped 146,100, up 4.6%. Singapore (Thomson-Toshiba) almost quadrupled to 24,100. First organized VCR shipments from China (all to L.A. port) totaled just under 8,000 units.

Color TV imports were up 58.1% from very poor Jan. 1991 to 786,000, about half of that number (390,000) originating in Mexico, up 14.3% in year. Other source countries, in order of ranking in Jan. 1992: Malaysia 82,350 (up 29.3%), Thailand 77,800 (up 32%), Korea 72,600 (up 17.3%), Singapore 51,700 (up 23.2%), China 50,800 (down 7.8%), Japan 17,900 (down 13.6%), Taiwan 15,200 (down 56.9%), Hong Kong 11,100 (up 41.8%), Philippines 6,500 (up 9.7%), Canada 7,600 (up 220.8%).

Monochrome TV continues to shrink toward vanishing point, only 151,900 arriving at U.S. ports in Jan., with Korea (65,400), China (39,300) and Taiwan (24,600) only significant sources, and among those only Taiwan showed increase. Imports of flat-panel TVs totaled miserable 7,900 in Jan., about 4 times year earlier, 10 coming from Netherlands, rest from Japan. Videocassette players were down 33.7% to 35,400, of which 22,300 came from Korea.

CD players showed 57.1% increase to 560,700, far short of record 915,500 imported last Oct. More than 3/4 of supply (429,900) came from Japan, whose contribution rose 42.6%. Other source countries: Singapore 41,100 (up 94.5%), Mexico 21,500 (up 215.9%), China 21,000 (up 1,124.5%), Korea 20,800 (vs. none in Jan. 1991), Hong Kong 8,500 (vs. none), Malaysia 8,000 (vs. none), Taiwan 4,100 (up 10.3%).

Here's quick reference table of Jan. imports for 1992 and 1991, together with recap of full-year 1991 and 1990 data:

Product	Jan. '92	Jan. '91	% Chg.	Yr. 1991	Yr. 1990	% Chg.
Color TV.....	786,000	497,300	+58.1	9,466,900	9,347,500	+ 1.3
Monochrome TV....	151,900	183,500	-17.2	2,171,300	2,496,800	-13.0
Flat-panel TV....	7,900	2,100	+270.5	296,000	n/a	n/a
VCR decks.....	1,029,700	767,800	+34.1	12,588,100	11,594,600	+ 8.2
Camcorders.....	178,000	214,200	-16.9	3,873,300	3,161,800	+22.5
8mm.....	84,600	59,200	+43.0	1,674,100	1,119,950	+49.5
Other.....	93,400	155,000	-39.7	2,199,300	2,042,000	+ 7.7
Videocass.players	35,400	53,400	-33.7	652,300	608,200	+ 7.3
CD players.....	560,700	356,900	+57.1	7,440,900	6,532,300	+13.9

CONSUMER-PRICED HDTV SETS SEEN FAR IN FUTURE: No matter what system is adopted, HDTV sets at acceptable consumer price and quality are many years off, panelists agreed at New Media Technologies session of Wertheim Schroder-Variety entertainment business conference in N.Y.

Session started on controversial note as Wertheim Schroder Senior Adviser Herbert Schlosser, onetime NBC pres., called on Roy Pollack, who once headed all of RCA's electronics businesses as exec. vp, asking if HDTV is "real consumer product" and whether sets will be ready by 1995-1996. Pollack, who now has title of Distinguished Lecturer and Senior Counselor at Fordham U., replied: "I don't think so. This is an unfortunate example of hype and wishful thinking, hope and a few other things."

Pollack was challenged by AT&T Bell Labs Senior Vp Solomon Buchsbaum, which is partner with Zenith in proposed Digital Spectrum Compatible HDTV system. Buchsbaum conceded that there was "quite a bit of hype with regard to projected costs of HDTV sets, cameras and so forth" but saw "no reason why HDTV should cost any more than today's set 5 to 10 years from now."

"I don't think there's any possibility in 5 to 10 years the cost of a high-definition set will be the same as the TV set of today," Pollack replied, citing long learning curve required for both monochrome and color TV and calling forecast that HDTV set will cost 3-4 times price of current set "very modest." Buchsbaum retorted that additional cost in HDTV signal processing circuits over NTSC will be "very small," but conceded that "if we must rely on today's [CRT] technology for displays in the future, the cost will be prohibitive." He forecast high-definition flat panel displays in year 2000. "But in 1995 to 1997 we are going to be married to existing technology -- it will be more expensive, but not by a factor of 3. The price will go down... It may take 5 years, 10 years, providing we're not tied to the existing display."

"LCD is still a baby," Pollack, said, referring to flat panels and noting that prices are high and size limited, adding that in future public simply may equate HDTV with "big screen." Among major problems of using CRT display, he said, is "the reality of reducing the spot size by a factor of 3. What happens to brightness and contrast? Will we have to watch HDTV from the bottom of a mine?"

Another former RCA official, Gordon Bricker, retired technology vp, also cast doubt on quick consumer acceptance of HDTV receivers last week. In scheduled March 28 talk at ITA Miami seminar on prospects for next 5 years, Bricker charged that "HDTV is not really about picture quality, but rather screen size," adding that "consideration has not been given to consumers' perceptions as it relates to TV viewing in the home." He said "consumers are not complaining about the picture quality of today's TV service." In fact, he said, consumer is "a neglected element in the equation for market success."

Bricker forecast that HDTV broadcasting won't begin until mid-1997 at earliest, allowing for litigation and challenges to FCC action on subject. Noting that FCC Advanced TV Advisory Committee originally forecast 5% penetration in 5 years after 1% penetration is reached (itself 8 years after broadcasting starts), based on starting price of \$2,250 for 35" HDTV set, he said \$3,000-\$4,000 is "more realistic" price. "If we assume it will take 5 years to reach 1% penetration," Bricker said, it should take 10 years to reach 5% -- the year 2007, if start is in late 1997, "and should grow to 30% by the year 2012."

"Any economic significance from HDTV will be delayed for many years," Bricker concluded, asking whether distribution by fiber will be most practical method to distribute HDTV by that time. He also said there had been little discussion about VCR, which he deemed essential accompaniment to TV. HDTV could be catalyst toward development of national policy on broadband fiber into home, he said. In meantime, he urged development of compatible EDTV standard to improve terrestrial broadcast picture.

NATM VIEWS CHANGING BUSINESS: Annual meeting of NATM Buying Corp. in Miami last week offered array of illustrations of how industry has changed and will continue to do so. Most obvious example is that of group itself: Last week's meeting included 3 new members from short-lived New Marketing Alliance -- H.H. Gregg, P.C. Richard and American Appliance -- and was first since founding member Newmark & Lewis left group and liquidated earlier this year.

Attendance list also was missing beleaguered member Polk Bros., although reason for company's absence couldn't be learned at our deadline. NATM officials declined comment on Polk's status.

Speeches to suppliers featured frontal attack on warehouse clubs, which were derided as prime example of "stack 'em and sell 'em" philosophy that places value-added dealers at competitive disadvantage because, said Exec. Dir. Saul Gold, "we can't sell at 8 points above cost." In videotaped presentation, NARM warned: If warehouse clubs succeed, both retailers and manufacturers will greatly suffer. "You don't have partnerships with warehouse clubs."

At same time, NATM Pres. (and Lechmere chmn.-CEO) George Scala told members and suppliers that "if we don't challenge and change conventional retail practices, we won't participate in the developing recovery." He said that even successful retail formats must be reevaluated: "Continuing what we did yesterday, even if we are doing it well, will not be enough. For us, innovation on an everyday basis will be the only strategy for long-term success."

Retailers, he said, "are faced with a new consumer agenda" born of moves away from trendiness and conspicuous consumption and toward new-found stress on quality and value. He cautioned audience not to expect "a rerun of '80s spending" after recovery because "these fundamental shifts in attitudes evolved before the country entered a real economic downturn."

Scala noted continuing tide of retail bankruptcies and pointedly told crowd that "financial pain now being felt by retailers will move up the channel of distribution. With every bankruptcy comes a long list of unpaid suppliers. Some of these suppliers will find it difficult to sustain their business in the current environment and will go bankrupt."

NATM reported \$2.4 billion in member sales in 1991, up from \$2.2 billion in 1990, although it acknowledged that once addition of new members and subtraction of Newmark & Lewis sales are factored out, group had flat sales year. It reported unit increases of 16.7% in color TV, 14% in projection TV, 10.4% in VCR decks, 14.4% in camcorders. It also said there was 10.2% increase in hi-fi sales, 9.6% in portable audio, 3% in cellular phones and 4.5% in telecommunications, but 4% decline in autosound. With exception of autosound and cellular, Scala said, group's performance outshone industrywide results.

Skypix Pres. Rick Selvage told seminar last week that target for launch of its multichannel DBS service is now April or early May -- one week after spokesman told us company isn't talking about any specific date (TVD March 23 p15). Selvage said retailers have ordered 2 million units. Company plans to ship demonstration units in April and will be training sales and technical personnel using the service, he said. SkyPix is inaugurating preferred customer program for dealers that use widescreen TV for demonstrations. (For details, see Best./Cable section.)

LOOKING AHEAD TO 1997: Video hardware markets will undergo slow but steady growth over next 5 years, with widescreen TV sales growing to about 5% of market and camcorder and VCR industries following their lead, according to panelists at last week's ITA meeting in Miami.

Asked to describe state of 1997 market, panelists dismissed notion that HDTV would have meaningful impact by then. "It will still be a niche market, it probably won't be a mainstream product until the next decade," JVC Exec. Vp Harry Elias said in typical comment. On other hand, TCE Video Products Vp-Americas Bruce Allen expects widescreen sets to account for 3-5% of units by 1997, with much of that concentrated in projection TV. Thomson has announced it will sell first U.S. widescreen sets this year.

JVC's Elias, although not specifying how or when company will roll out widescreen in U.S., expects sales to reach 1-1.5 million sets annually within next 5 years -- 5-10% of total. (JVC in past has said it will be first brand to field widescreen sets in this country.)

Executives disagreed sharply on size of camcorder business 5 years from now. Elias, foreseeing growth in number of 2-camcorder households, projected sales of 6 million in 1997. Assumption inherent in that scenario is that pricing and feature packages will be down to levels at which true mass market business will be in place. Allen and Panasonic's William Manion gave less aggressive forecasts, projecting minimal growth to 3-4 million that year.

Discussion of format breakdown was hampered by late cancellation by Sony representative, resulting in VHS-heavy contingent. Manion projected full-size camcorder sales would level off to 20% of total in 1997, 8mm at 30% and VHS-C half of all sales. Elias was even more optimistic on VHS-camp dominance, relegating 8mm to 20% of total, with full-size VHS dropping to 10% and VHS-C taking lion's share. He also predicted 8mm would hold 37% of unit sales this year, VHS-C would gain 33% share, full-size 30%. Other than assigning full-size to "niche" status, Allen projected only that 2 compact formats would follow European model, fairly evenly splitting sales in U.S. "We're going to be in the compact business, but we'll let the consumer vote," he said.

Ghost-cancelling system developed by Sarnoff Labs and Thomson Consumer Electronics outperformed Philips system in tests by CableLabs. NAB had found Philips system to be best in its tests (TVD Feb 10 p3). CableLabs officials said that while Philips system is best at deleting large ghosts typical in broadcasts, Sarnoff excelled at eliminating "microghosts" generated by cable systems. (Details are in Best./Cable section.)

Ban on scrambling of basic channels and other provisions to assure compatibility of cable with TV sets and VCRs is part of cable regulation bill proposed by House Telecom Subcommittee Chmn. Markey (D-Mass.). That part of bill is identical to provisions in Senate-passed S-12 (TVD Feb 3 pp1 & 12, Jan 20 p10). Markey's proposal was praised by EIA spokeswoman. Details of legislation are in Best./Cable section.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 133 yen = \$1, except where noted.

SCANDAL ROCKS MATSUSHITA: One high official of Matsushita Electric resigned, another was demoted and Chmn. Masaharu Matsushita and Pres. Akio Tanii voluntarily took 50% pay cut for next 3 months, as big Japanese loan fraud scandal engulfed world's largest consumer electronics manufacturer.

Small subsidiary of company, National Leasing, established to finance corporate purchases of Matsushita equipment, loaned \$390 million to Nui Oniue, bankrupt Osaka restaurateur who said she got her financial advice in seances and now is awaiting trial on charge of defrauding financial institutions of more than \$2 billion.

Those directly responsible for loans were said to have resigned several months ago. Two high officials involved in last week's actions had been seen as candidates to become chief executive officer. Incidentally, both were understood to be advocates of broadening Matsushita's operations away from core consumer electronics business.

Shoji Sakuma resigned as exec. vp in charge of affiliated companies and was named corporate adviser. Masahiko Hirata was demoted 3 ranks from exec. vp-treas. to one of 14 corporate directors. There was no suggestion that either had any direct connection with bad loans. In past, Sakuma had called publicly for change in company's direction. Hirata was responsible for Matsushita's purchase of MCA and is one of 3 Matsushita officers on MCA's 5-member executive committee.

Matsushita's action, following its forecast of 43% profit decline in year ending March 31, has led to speculation of possible change in diversification policy. New subsidiary, NL Finance, was formed to oversee National Leasing's loans.

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Price-fixing investigation involving subsidiaries of 4 major consumer electronics firms was instituted by Japan's widely criticized Fair Trade Commission (FTC). Probe is to determine whether companies controlled retailers' advertised discounts in attempt to keep prices high, threatening noncomplying dealers with end of shipments. Some sales companies controlled by manufacturers were raided. There's no charge of collusion or cartel among companies and no penalties will be imposed if they're found guilty; in that case, FTC will issue cease-and-desist order and will monitor compliance.

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Sharp won right to use Hi-Vision insignia on its lower priced (\$7,500) MUSE compatible TV set (TVD Feb 3 p11) when EIAJ ruled it was true HDTV set. Competitors, whose sets sell for 4 times as much, claimed that decoder used in set wasn't true HDTV because its still picture quality wasn't up to HDTV standards. EIAJ decided Sharp could label its set Hi-Vision provided catalog sheets inform prospective buyers that it uses simplified decoder. Competitors also complained that by calling receiver "Home Hi-Vision TV," Sharp was implying that other Hi-Vision sets weren't for home. Set goes on Japanese market April 10, and other TV makers now are expected to field sets with similar "modified" MUSE decoders.

Kingfisher, U.K. company whose bid for hostile takeover was fought off by Dixons in 1990 (TVD Sept 24/90 p17), reported that its Comet electronics stores had 19.7% gain in trading profit on 7.6% decrease in sales for year ended Feb. 1. Company credited improved performance to "store rationalization."

PHILIPS-GRUNDIG DEALS: Philips brought German consumer electronics leader Grundig -- of which it owns 32% -- more closely into its orbit last week with announcement of 2 joint projects: (1) Companies will merge their European production of video equipment and components. (2) Philips' German subsidiary and Grundig will establish venture to produce and sell cordless phones.

Thrown into video pot will be Grundig's Nuremberg production of VCRs, heads, scanners and deck mechanisms as well as its development activities, along with Philips' Video Business Group, with hq in Vienna, "development and production of key components [to] be concentrated in Vienna," Philips said.

New video venture, details to be announced in next few months, also will offer products to "important" OEMs as well as separately designed products under Philips and Grundig brands. "This will help European development and production... be more competitive," Philips said. Company also hopes move will pave way for European manufacture of camcorders and digital recorders. However, European industry expressed fear that some of Grundig's traditional design individuality will be sacrificed in move.

Philips' non-European video operations, including its Malaysia venture with JVC and its Japanese subsidiary Marantz, won't be affected. Stressing that "joint ventures are not unusual for Grundig," its U.K. Mktg. Dir. Nick Sloane said: "We already have such agreements with Sony and Matsushita in VCR and Blaupunkt in car audio plus Siemens and Blaupunkt in color TV in Germany."

With shift of many functions from Nuremberg to Vienna, Grundig said it presumes some affected workers will be assigned to new joint cordless phone operation. Grundig will hold 69% share in that venture, Philips-Grundig Funk joint venture with Philips Kommunikations Industrie (PKI), with hq in Nuremberg.

APPLE-SHARP VENTURE: Apple's first consumer electronics partner in development of new generation of "personal digital assistant" (PDA) products is Sharp. Companies announced joint license and development agreement in Osaka last week. They gave few details about products, but indicated they would combine personal information and communication, and said first one would be launched in early 1993.

In keynote address at Winter Consumer Electronics Show, Apple Chmn.-CEO John Sculley said he was "working this year to build relationships with several well-established consumer electronics company partners to develop PDAs based on Apple-developed software" (TVD Jan 13 p9). Sharp said it will provide expertise in LCDs; it has been a leader in personal reference and memo systems with its Wizard line.

"Strategic partnerships like this one will be the key to business success as the gap between personal computers and consumer electronic products continues to close," Sculley said last week. Sharp Pres. Haruo Tsuji hailed agreement as being in "the spirit of real global business partnerships between Japan and the U.S."

In separate agreement, companies agreed that Sharp will distribute Macintosh personal computers in Japan beginning next month.

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Corning Asahi, which makes glass for TV tubes, is expected to show "modest improvement" this year in spite of softness in TV market, Corning said in annual report.

NEW ROYALTY BILL: Possibly last congressional hearing to decide fate of proposed Audio Home Recording Act is scheduled for March 31 before House Competitiveness Subcommittee chaired by Rep. Collins (D-Ill.). Companion House and Senate royalty bills have traveled smooth road, prompting backers to reiterate last week that they still hoped bills could be passed in time for President Bush's signature by late spring.

But in surprise development March 25, Collins introduced own version of royalty bill (HR-4567) that appeared identical in intent -- but not language -- to HR-3204 and companion S-1623, which has been approved by Senate Judiciary Committee. Among other things, HR-4567 contains changes Senate made in S-1623 on Nov. 21, including proposal for new legal term "audiogram" to replace phonorecord standard currently used in copyright law and adding industry's technical reference document on Serial Copy Management System (SCMS).

In floor statement, Collins shed no light on her motives in offering what's essentially copyright legislation, over which she has small oversight, instead of simply recapping benefits of bill as described by House and Senate authors when originals were put into hopper last summer (AW Aug 5 p1).

Sources close to coalition supporting bills said Collins initiative shouldn't necessarily be construed as kink in drive to have law enacted before first DCC deliveries are scheduled to reach shelves in June. One insider cautioned that only potential problem would be if Collins were to insist on language in HR-4567 that wasn't in House bill backed by key House Judiciary Committee members.

Hearing March 31 is expected to focus on economic and trade issues related to legislation on digital audio royalties. Bills involve grant of new authority to Commerce Secy. to oversee provisions of SCMS -- over which Collins has policy oversight. Tentative witness list for hearing at 10 a.m., Rm. 2322, Rayburn Bldg.: John Roach, Tandy chmn.; Gary Shapiro, vp, EIA Consumer Electronics Group; Edward Murphy, pres., National Music Publishers' Assn.; Jay Berman, RIAA pres.; Dionne Warwick, singer; Harry Manbeck, commissioner, Commerce Dept. Patent & Trademark Office (PTO), accompanied by technical officer of Dept.'s National Institute of Standards & Technology (NIST). PTO testimony is expected for first time to present Bush Administration's views on royalties in bill.

Record high sales to dealers for 10th week of 1992 were scored by direct-view TVs and camcorders, EIA reported (see State of the Industry), although projection TV sales lagged last year. EIA's statistical weeks aren't directly comparable with last year's weeks. However, comparing statistics for 10th week with most closely comparable week of last year (March 7-13, 1992 vs. March 9-15, 1991) shows even greater gains: Direct-view color up 25.9% (vs. 14.1% in EIA's comparison), projection up 5.4% (vs. 17.1% decline), VCRs up 11.5% (vs. 6.9%), camcorders up 66.3% (vs. 57.5%). Week's spurt in camcorder sales brought 5-week moving average to record. All products except direct-view color now are ahead of last year for first 10 weeks.

Gemstar Development Corp. retains Saatchi & Saatchi's Team One Advertising, El Segundo, Cal., for VCR Plus account, estimated at \$10 million, replacing DDB Needham.

DENON DELAYS DCC DEBUT: Denon America, which had hoped to ship its first DCC recorder in Nov., is pondering withdrawal from DCC Group of America. At issue, Pres. Robert Heiblim said, is Matsushita's delay in delivery of specs, transports, other components that would permit it to market deck of its own design before year-end.

Given chance to "slap" Denon name on finished deck produced by Philips' Marantz Japan, Heiblim, just returned from visit to Japanese hq of parent Nippon Columbia, said he rejected that strategy and will sit out launch until mid-1993, according to our related publication Audio Week. "That's not the way we do things," Heiblim said of option to market unaltered Marantz Japan deck, versions of which are expected to be fielded by Philips, Marantz USA, Carver, Tandy, perhaps others.

Nippon Columbia engineers have asked Matsushita and Marantz Japan for quantities of DCC transports "so we can tear them apart and put them back together" in tooling for production of proprietary Denon deck, Heiblim said. "But all they've gotten in return have been quantities of one or 2. You can't do anything with one or 2 parts."

Heiblim agreed that DCC production at Marantz Japan facility is on schedule. At National Assn. of Recording Merchandisers convention in New Orleans, Philips DCC Project Mgr. Gijs (Gerry) Wirtz told us that more machines had come off Marantz Japan production lines in 2 weeks than had been produced worldwide in preceding 2 years.

On related front, Japanese newspapers reported that Matsushita had abandoned plans to develop its own miniature digital audio disc based on phase-change (PC) technology. Reports said company hasn't relinquished plans to develop magneto-optical technology for video applications. News accounts quoted Matsushita source as saying abandonment leaves Sony Mini Disc (MD) as uncontested entry in race to market first low-cost consumer recordable disc format.

Major patent suit involving some 30 consumer electronics companies in Japan and Korea, as well as their U.S. subsidiaries, was revealed by Loral Fairchild Corp. last week. Filed last Sept. in Va. Circuit Court, suit charges companies with violating its patents on CCDs, widely used in camcorders, copiers, fax machines, some TV sets. End product users as well as companies making CCDs are named. Matsushita, Sony and NEC said Loral Fairchild demanded royalties from their U.S. subsidiaries last summer. They denied charges of infringement, Reuter said. Among companies reportedly named are Goldstar, Samsung, Canon, Sanyo, Toshiba.

Videogame Notes: Retail sources report that Sega intends to begin shipping CD-ROM player for Genesis system in Aug. at \$300 retail. Sega Mktg. Vp Al Nilsen said company hasn't made final determination of price or availability... **Atari Entertainment** has moved hq to 500 Waters Edge Dr., Suite 310, Lombard, Ill. 60148. Phone remains 708-629-6500.

Astec (BSR), British computer component and power supply firm 48.9% owned by Emerson, said it lost \$8.64 million last year, compared with \$7.2 million profit in 1990. Emerson bought into company in 1989. Three-year standstill agreement that prohibits Emerson from selling or buying shares expires March 31.

Good news for consumer product industries from Conference Board study: Consumer markets will become increasingly affluent during 1990s. Income gains, report said, will result from economic growth, more multipaycheck families with more working women, more people moving into peak earning years, with average household income rising 15% in 1990s vs. 11% in 1980s. Consumer Research Center Dir. Fabian Linden forecast "steady increase in the living standards of the average American," with millions of households moving to higher income brackets. Households earning more than \$75,000 per year will account for 35% of all personal income by end of decade, up from 25% today, study forecast. Said Linden: "These changes will be of critical importance to businesses catering to the nation's consumers."

Promotions: JVC will sponsor Eric Clapton's 20-city tour this spring and American Cinematheque's Moving Picture Ball honoring actor Sean Connery May 8 in L.A.... Canon will donate 35mm Sure Shot cameras to 1,400 members of U.S. Olympic Team for Summer Games in Barcelona... Maxell introduces Cross-Reference and Compatibility Handbook listing specs and comparisons of Maxell and competitors' diskettes, data grade tape, optical disc products... Saft offers \$5 rebate on any Nicad camcorder battery or \$12 on any 2 batteries.

Thorn EMI has withdrawn from multimedia products, including interactive video and DVI systems, as result of corporate consolidation last year, British company announced last week. It said it's concentrating business communications operations on its core business of "televisual and electronic equipment rental to commercial, hotel and institutional markets where [it] is the U.K. and Europewide market leader."

Snort and chuckle was response of officials of U.S. subsidiaries to report in Japan's Nikkei Sangyo that Canon and Toshiba plan to "raise retail prices" of camcorders and VCR decks, respectively, in U.S. this summer and fall. Canon has cut price on one camcorder here and is planning other reductions. Some manufacturers are beginning to cut VCRs as well.

Five direct marketing retailers will use TV Answer wireless interactive TV system when it goes on air, scheduled for next year (TVD March 2 p12), company said: Bose Express Music, J.C. Penney, CUC Inc., 800 Spirits, 800 Flowers. TV Answer said it will use its 2-way TV service to let customers order and pay for catalog merchandise directly through TV.

NARDA is working with its members and other retailers in Chicago and Rockford, Ill., areas to help place disabled workers in retail-related jobs in conjunction with Electronic Industries Foundation (EIF), funded by EIF from govt. grant and corporate backing.

Commodore has settled "all major issues" related to IRS claim that it owed \$109 million in taxes for 1981-1986, company announced. Only tax liability remaining, Commodore said, is about \$2 million covering restricted interest, already reflected in its financial statements.

JVC introduces video titler with full-featured keyboard, 10-page memory, offering choice of character sizes and colors, fade in and out, superimpose, scroll, etc. It's S-VHS compatible, will be available in April at \$450.

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Consumer Electronics Personals

Michael Williamson, vp, Sharp Electronics Appliance Div., shifts April 1 to vp-sales and mktg., Audio/Video Div., new post... **Henry Suerth**, who has managed Conn. consulting firm since 1986, joins Infinity as exec. vp-COO, reporting to Pres. **Cary Christie**... **Edward Goldfarb** promoted to vp-electronics, Federated-Allied Mds. Services... **Roy Valle** appointed pres., Avnet, Great Neck, N.Y., electronic components distributor; he will be based in Cal... **Harold Glassberg** joins Nikon Electronic Imaging as national service operations mgr.; **Joseph Ponce** named southwestern regional sales specialist, based in Irvine, Cal.

Free-lance talent coordinator **Lols Lerner** joins Sony Kids' Music & Video as assoc. mktg. dir., children's programming... **Cynthia Turk**, pres., Marketplace 2000 consulting firm, elected to Spec's Music board... Correction: **Alec Shapiro** leaves Ruder & Finn PR today (March 30) to become gen. mgr.-mktg., Panasonic Audio/Video Systems Group; we gave incorrect date last week.

Software sales for personal computers last year totaled \$5.1 billion at retail in N. America, Software Publishers Assn. said, up 24.6% from 1990.