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With Consumer Electronics

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Broadcast - Cable

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HOUSE CABLE BILL MIRED IN CONTROVERSY: Despite much haggling, House Telecom Subcommittee ended last week no closer to passing cable legislation than it started, leaving pundits convinced reregulatory drive was near death in 102nd Congress. Situation was complicated by many developments, some conflicting, including: (1) Emergence of House support for expanding proposed new copyright royalty pool to add Hollywood and sports owners (see related story, this issue). (2) Demands for amendments to change finsyn rules and to let telcos into cable. (3) Pressure from House Commerce Committee Chmn. Dingell (D-Mich.) for return to bill (HR-1303/5267) passed unanimously by House in 1990. (4) Threat from 2 Cabinet members to seek veto for Subcommittee Chmn. Markey's (D-Mass.) draft cable bill (TVD March 30 p1). (5) Introduction of Senate-passed S-12 in House. Markey halted markup last week after Democratic support for his draft didn't materialize, but at our deadline he was hoping to resume sessions April 8.

Other key remaining questions included whether: (1) Major League Baseball (MLB) would find sponsor for its proposal to give it greater copyright control over games. (2) Lawmakers would try to attach compulsory license bill (HR-4511)(March 23 p1) by Copyright Subcommittee Chmn. Hughes (D-N.J.) to cable bill during markup. (3) Rep. Tauzin (D-La.) will offer his program access plan as amendment (TVD March 23 p1). Rep. Lent (R-N.Y.), ranking Republican on parent Committee, called for passage of retransmission consent, becoming 2nd well-positioned Republican in House to support broadcasters' position (other is Telecom Subcommittee member Fields [D-Tex.]).

Consumer Electronics

SONY INTRODUCES XBR² color TV models at super high end of line using almost flat Super Trinitron, new digital bus chassis, new cabinets, new remotes. (P. 9)

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Evolving dynamics between Dingell and Markey may prove week's most telling development. Dingell reportedly was stepping up pressure on Markey to back off from controversial draft bill and instead move HR-1303, with retransmission consent refinement. Pressure came as Markey allies were maneuvering to force panel's reluctant Democrats into supporting draft by offering amendments they couldn't support to restore finsyn and allow telcos into cable.

Dingell's displeasure at Subcommittee developments came to head late April 3 in meeting with Markey. Dingell was described by staffers before meeting as irked with breakdown in markup and concerned at reports of possible finsyn and telco-entry amendments -- either of which could cripple its prospects for passage. They said Dingell was "distressed" that Markey had "ignored" chmn.'s earlier "indications" of his preference for modified HR-1303 over redraft. But Markey spokesman denied characterizations as "absolutely incorrect" and said they "haven't disagreed on process." He said after meeting that "we were very happy" with discussions, which he refused to detail.

Markey spokesman also denied that he was behind emergence of finsyn and telco-cable amendments. However, he confirmed that Markey had met in "strategy session" last week with "his lieutenants," Reps. Cooper (D-Tenn.), Eckart (D-O.) and Tauzin, who afterward were seeking support for amendment to repeal FCC finsyn decision. He also confirmed that Markey had spoken with Rep. Boucher (D-Va.) about bill, but couldn't confirm content of discussion. However, Boucher late last week was seeking support in telephone community for planned telco-entry amendment effort, we confirmed.

Amendment moves reportedly were designed to put pressure on opposing Democrats to support Markey draft. Markey was irked, in particular, by Reps. Hall (D-Tex.), Manton (D-N.Y.), Richardson (D-N.M.) and Scheuer (D-N.Y.), who at week-end had aligned with Republicans in opposing his draft, leaving Markey short of votes, sources said. Hall, Manton and Scheuer want to soften rate regulation language by substituting provisions from HR-1303. Bill wouldn't bar cable systems from prohibiting consumers to "buy through" tiers as draft proposes, but it would apply rate curbs on premium services (TVD March 11/91 p4), among other differences. Richardson said he wants to toughen draft's program access provision by adding HR-1303's language to restrict cable's ability to negotiate exclusive carriage deals.

Finsyn amendment was described as designed to pressure Manton's group into supporting draft. Manton's position reportedly was influenced by Time Warner, which owns major system and programming interests in his district. Telco-entry rider could open floodgate to telephone-related provisions and ensnarl bill in MFJ debate, Dingell aides warned. Consumer groups already fear cable legislation may be dead for this Congress, officials said.

Rep. Shays (R-Conn.) told us he believed Markey draft was dead. "It's an outrage" what's going on, he said. Shays last week sought to give Subcommittee way to save face by offering Senate-passed S-12 in House as HR-4760. "The Senate bill makes a lot of sense, especially when the House bill can't even get out of Subcommittee," he said. Passage of HR-4760 would allow House to skip what could be protracted conference over compromise between S-12 and proposals now before Subcommittee, he said, and ensure bill would get to White House before it's too late for Congress to try to override expected veto.

Cabinet officials said last week that veto for Markey draft certainly would be recommended to President Bush. Commerce Secy. Barbara Franklin and Attorney Gen. William Barr told key lawmakers in letter that Administration couldn't support draft's proposed expansion of cable rate regulation or its curbs on cable's ability to negotiate exclusive distribution deals or planned must-carry or foreign ownership constraints. They said draft would stifle program and hardware investment, reduce consumer choice and conflict with President's deregulatory drive, and instead called for repealing compulsory license and removal of barriers to telco-cable. They also again said White Houses could accept retransmission consent if coupled with elimination of compulsory license and must-carry.

Other players and their demands for draft bill: (1) Rep. McMillen (D-Md.) wants new language to clarify that DBS operators must meet Communications Act public interest obligations and that program access provisions can't be interpreted as establishing federal uniform pricing mechanism. (2) Rep. Oxley (R-O.) is pushing for higher population cap in rural exemption to telco-cable cross-ownership rule and possibly sunset on ownership prohibitions. (3) Rep. Slattery (D-Kan.) plans proposal similar to that by Sen. Gorton (R-Wash.) for S-12 to prohibit negative option marketing. Slattery also would propose Sen. Ford's (D-Ky.) S-12 language to make LPTV eligible for must-carry, if Community Bestrs. Assn. can secure enough votes, Assn. said. He also would exempt cable systems with 500 or fewer subscribers from retransmission consent (but not from must-carry) and cable systems with 300 or fewer subscribers and 12 channels or less from

must-carry. And he said he would seek to delete requirement that FCC cap consumer prices of cable equipment.

Meanwhile, emerging Copyright Subcommittee support for expanded royalty pool in HR-4511 was said to be complicating cable bill action. Sources said many on Subcommittee are "sympathetic" with program producers, who would be cut out of revenue stream by HR-4511. However, they said panelists were far from ready to accept MPAA Pres. Jack Valenti's suggestion of flat fee of \$1 per subscriber per month for programmers and that if anything is pursued, it more likely would be in neighborhood of 3¢ flat fee proposed for other copyright owners. However, Subcommittee Chmn. Hughes didn't indicate publicly that any changes would be made, stressing instead that bill's authors had assumed movie producers would be compensated through higher fees negotiated with stations in existing program contracting process. If Hollywood is added to pool, it would represent major victory for program producers and could undermine support for retransmission consent in Markey bill, sources predicted.

HDTV FLEXIBILITY LIKELY: FCC almost certainly won't delay deadline for stations to implement HDTV service, in action to be taken at April 9 agenda meeting, but it's expected to allow them to trade HDTV channel allocations and staggered implementation of simulcasting.

Final decision on latest FCC rulemaking (TVD Oct 28 p3) is expected to give only limited relief to broadcasters, who have been making big push for longer deadlines for implementing HDTV. Stations still will have total of only 5 years to apply for HDTV license and build facility, under expected decision, but mix will change. Proposed rule gave stations 2 years to apply for channel and 3 years to build, but final rule is likely to give 3 years to apply and 2 to build, we have learned. Joint broadcaster filing in rulemaking argued that 5 years is "unreasonably short."

FCC probably will allow simulcasting to be phased in over period of time. Broadcasters had claimed that requiring same program to be carried on both NTSC and HDTV channels from outset would make HDTV startup more difficult and could violate First Amendment. Commission also apparently will give in to broadcasters' request that stations be able to trade HDTV channels after they're assigned. Final rule probably still will limit eligibility for HDTV channels to existing licensees and to say that FCC will try to avoid using noncommercial channels for HDTV assignments, although some noncommercial allocations for commercial use "may" occur.

Commission had considered placing its inquiry into limits on TV station ownership on April 9 agenda, but delayed rulemaking as result of outcry in Congress on agency's recent decision permitting licenses to own up to 30 AM and 30 FM stations (TVD March 23 p5). Rulemaking now is on hold, probably until reconsideration of radio rules is completed, we're told.

Meanwhile, no HDTV decisions are final, FCC Chmn. Sikes warned reporters, although he indicated that Commission is leaning toward more flexibility for broadcasters. He also implied that April 9 decision may not be final: "I would guess that the fine-tuning will be difficult and a decision or 2 may have to be revisited in years to come as circumstances change." Deadline for transition to HDTV could be among most difficult, Sikes said, because it's hard to know such things as when HDTV equipment will be available. He remains adamant that stations must return spectrum for other uses as HDTV transition progresses: "The deployment has to have some pace on it." Issue of simulcasting is "difficult call," he said, but it "would be a mistake to require 100 percent simulcasting immediately."

On other issues, Sikes said radio ownership rules could be "adjusted" as result of expected petitions for reconsideration, but "I believe that for the most part they will survive." He said final radio ownership order is due shortly and petitions for reconsideration "not infrequently" result in adjustments, but it's premature to say what will happen this time. (Other FCC officials told us there surely will be reduction in 30 AMs and 30 FMs that single owner is permitted under new rules and that some accommodation could be made for minority owners, as originally sought by Comr. Barrett.) Sikes said he has "some qualms" about FM freeze requested by NAB because that, combined with "some consolidation" resulting from eased ownership limits, could make it more difficult for new entrants.

Sikes said he will continue to push other commissioners to ease rules on network ownership of cable because market allocation rules are "corrupting" and can "hollow out an industry." Networks still are trying to work out agreement with affiliates in time for April 7 reply comment deadline, Sikes said, "but I don't know if I am optimistic." Same aversion to market allocation applies to telco entry into cable service, he said.

CABLE COPYRIGHT HIKE SEEN: Proposed compulsory license revision (HR-4511) (TVD March 23 p1) would double copyright fees paid by cable systems, according to study United Video Chmn. Jeffrey Treeman presented last week at House Copyright Subcommittee hearing. CATA Pres. Stephen Effros, who also cited study in his testimony, said that would mean higher cable rates. Meanwhile, Subcommittee Chmn. Hughes (D-N.J.) hammered NAB Pres. Edward Fritts at 2nd day of hearings for failing to back HR-4511 in his testimony. Support also emerged for expanding royalty pool to include all Hollywood producers and sports franchises among copyright holders eligible for retransmission compensation. Focus on compulsory license shifts next to Senate Copyright Subcommittee, which plans hearing April 6 and April 29 with many of same industry officials as in House.

"I wonder how we'll explain to our constituents what they're getting for the additional cost," said Subcommittee member James (R-Fla.) in reaction to Effros testimony. He asked witness Ralph Oman, U.S. Register of Copyrights, whether higher copyright fees would mean better programming. "I think that's the act of faith," replied Oman, who supported most aspects of HR-4511. Effros said small cable systems would see fees increase 3,600%, medium-sized systems 790%, large systems 70%. He said systems also would face "extraordinarily high" transaction costs and legal fees.

Royalty pool expansion was demanded by MPAA Pres. Jack Valenti and supported by Oman. Sources said afterward there's growing support for expansion in Subcommittee, in large part because of international trade implications inherent in trying to draw distinctions between kinds of copyright owners. HR-4511 had cut program producers out although they currently share in compulsory license revenues. If Hollywood is added to pool, it would represent major victory for program producers and undermine support for competing retransmission consent bill, sources predicted.

Hughes said it's "hard to argue that the compulsory license doesn't give cable a substantial break. That may be good public policy, but it's not good copyright policy." He accused NAB of making "180-degree" shift on repealing compulsory license in order to support case for retransmission consent. Fritts didn't deny NAB had backed repeal in 1985, but said he believes compulsory license could co-exist with retransmission consent. He said that NAB wasn't rejecting HR-4511 but had committed to retransmission consent before copyright bill emerged.

Oman was among many (notably excepting Fox) to express concerns about HR-4511's definition of local signal. Bill would base definition on Arbitron's area of dominant influence (ADI), but Oman said ADI may be inaccurate because it measures cable viewing as well as broadcast, and is product of private company rather than govt. He suggested definition could be based on Grade B contour, or on study of actual over-air viewing either by FCC or Copyright Office. Others noted ADIs are set by Arbitron and refigured annually, which could confound handling of proposed new royalty scheme.

Program producers need revenue in addition to fees that go directly to broadcasters, Valenti said, but he refused to suggest how large further license fee should be. Sources said that lawmakers were far from ready to accept earlier Valenti suggestion of \$1 per subscriber per month for programmers and that it was more likely that proposed 3¢ flat fee would be applied to Hollywood. However, Hughes didn't indicate publicly that any changes in bill would be

made, stressing instead that authors had assumed producers would be compensated for their part of signals through higher fees negotiated in existing program contracting process.

Failure to set copyright fee for programmers could hurt U.S. producers in international negotiations, Valenti said. He said studios are negotiating European copyright deals, and lack of U.S. copyright fee would allow Europeans to set levy at zero. Valenti also said there may be need for limited antitrust immunity to allow program producers to set up ASCAP-like body to distribute royalties.

Also at hearing, NCTA Pres. James Mooney applauded HR-4511 as saying retransmission consent is "fundamentally inconsistent" with compulsory license: "We find it difficult to understand why consumers should pay extra for using cable as an antenna service to enhance reception of television signals available to them free over the air." Broadcasters who opt for must-carry should be eligible for copyright royalties, INTV Pres. James Hedlund said, but he opposed repealing compulsory license, which is central to bill: "Patch the leaks, don't scuttle the ship." He joined Fox Bestg. Senior Vp Preston Padden, former INTV pres., in claiming repeal could stem migration of sports programming to cable if coupled with new revenue stream for stations that would allow them to stay in bidding for TV rights.

Startup of SkyPix direct-to-home programming service is at "T minus 30 days and counting," Pres. Richard Selvage told reporters last week. "The elements of the system are complete or in the final stages of completion." He acknowledged SkyPix has encountered "holds and delays" similar to "many" launches by other companies. Service was scheduled to start more than year ago but has been pushed back several times, causing skepticism among retailers. SkyPix said it has been running 24 channels around clock since early Jan. and 8 channels since Nov. 1990. Signal is being tested in field with "hundreds" of SkyPix consumer dishes, spokeswoman said. Unit is going into "high-volume" production, Chief Scientist Bob Kniskern said, but he wouldn't identify manufacturer. Meanwhile, SkyPix signed 5-year, \$5.1-million contract for MCI 800 service that will link SkyPix users to customer service center.

In exchange of stock under which Walt Disney Co. will become 45% owner of Pinelands Inc. (licensee of WWOR-TV Secaucus-N.Y.), latter is acquiring Disney's KCAL, L.A. Based on last week's stock price, deal was valued at about \$210 million. Disney will receive 13.7 million newly issued Pinelands common shares, plus 350,000 shares of new series of junior participating convertible stock. Current Pinelands officers, headed by Chmn.-CEO Lawrence Fraiberg, are expected to remain in place. WWOR-TV was owned by MCA until it was spun off to stockholders in late 1990 as result of Matsushita Electric acquisition of MCA. MCA Chmn. Lew Wasserman owns about 12% of Pinelands. Pinelands' new board will consist of 9 members, 4 named by Disney, 5 by Pinelands; not more than 2 may be executives of either company.

FCC notified licensees last week that new rules to implement provisions of Anti-Drug Abuse Act of 1988 now are effective. In new FCC Form 731, individual applicant must certify that he or she isn't subject to "denial of federal benefits" because of drugs. Partnership and corporate applicants must state that no party to application is subject to such charges. New rules also apply to FCC authorizations for which regular form isn't required, such as special temporary authority, student authorizations, etc.

TELCO/CABLE MOVES: TCI and others announced raft of deals last week blurring lines between telco and cable companies, both domestically and abroad. TCI moves involved both technology trials and business partnerships with telcos. GTE and Pacific Bell, meanwhile, announced expansion of plans to enter cable business.

TCI and U S West said they will form joint venture to own telco's interests in United Communications International (UCI), which has cable interests in Hungary, Norway and Sweden, and to explore other European cable and telephony opportunities. Deal would give TCI and U S West each 45% of UCI, with remaining 10% still owned by United International Holdings. TCI Exec. Vp-International Fred Vierra said "our confidence in the international cable marketplace continues to grow."

Pacific Bell is planning video/telephony network in soon-to-be-developed planned community of Sutter Bay north of Sacramento. Fiber-to-the-curb (FTTC) system would deliver normal cable service and telephony, as well as interactive video, videoconferencing, telecommuting, video-on-demand, computerized home shopping, interconnections for computers and local area networks beginning in 1994 if approved by Cal. PUC, and possibly by FCC. Partner is South Sutter Cable, subsidiary of real estate developer. Construction could begin as early as next year.

TCI is launching 2 separate trials of systems to use cable network to deliver broadband data and related services. One set of trials this year is result of agreement with Digital Equipment Corp. (DEC) for joint development of methods of data communications using TCI fiber and coaxial cable systems. TCI and DEC have been cooperating since 1991 in linking 6 schools in Millbrae, Cal., via 2-way fiber and coaxial plant. New agreement will expand market tests to other schools and medical institutions. Equipment could be used for broadband data, video teleconferencing, medical imaging, specialized services. At same time, TCI said it's conducting separate trials using cable system for high-speed telecommuting, called "cablecommuting," in Silicon Valley. Six-month test uses system developed by Hybrid Networks Inc. that combines high-speed data transfer to employees' homes with telephone line return link allowing lower speed data.

GTE plans to begin testing FTTC technology on its Cerritos, Cal., cable testbed this month, it said in annual status report filed with FCC. FTTC, which will be installed for about 50 homes and be fully operational in June, will augment current fiber-to-the-home (FTTH) services, GTE said. FTTC will be used for both video and telephony and will help verify benefits of digital video, filing said. Company also said construction of Cerritos coaxial and fiber networks is virtually complete, with fiber network now totaling 4,072 km. On network reliability, GTE said coaxial network had one outage of 2.5 hours, but 2 FTTH systems and fiber local exchange system had no outages. However, GTE Labs prototype switched video system had 36 unplanned outages totaling 160.5 hours, mainly because of central control processor software problems. In addition, there were 243.7 hours of planned down time for system upgrades.

CPB has established 3-member management committee to help operate Corp. until expected mid-July arrival of new Pres. Richard Carlson, ex-VOA dir. (TVD March 30 p5). Members are 3 senior vps -- Frederick DeMarco, Eugene Katt, Paul Symczak. Source described panel as designed to enable CPB to function following departure of current Pres. Donald Ledwig, who hasn't said when he will leave.

SENATE UNIT SPLIT ON AD BILL: Of 10 senators present at start of Senate Consumer Subcommittee hearing April 2 on bill (S-664) to require health warnings in all print and broadcast ads for alcohol products, most raised questions as to whether such mandatory warnings would be violation of First Amendment. Most of them also had opening remarks, followed by proponents of bill -- Sen. Thurmond (R-S.C.), author of S-664, and Reps. Conyers (D-Mich.) and Kennedy (D-Mass.), backers of House companion (HR-1991) -- as witnesses. They were followed by panel of 5 favoring bill and 5 in opposition. Hearing room had overflow audience, with about 100 standing along 3 sides.

NAB witness Wayne Vriesman, Tribune Bestg. radio vp and member of NAB radio board, contended that mandatory labels on TV-radio commercials "would simply drive [beer and wine] advertisers off the air, encouraging a migration of free sports and other over-the-air programming to pay cable."

Backers cited effects of ads on children, problems of drunk driving and fetal alcohol syndrome among reasons to support bill. But senators who raised questions -- Ford (D-Ky.), Danforth (R-Mo.), Kasten (R-Wis.), Burns (R-Mont.), Breaux (D-La.) and Gorton (R-Wash.) -- argued that public knows well about dangers, position disputed by 2 witnesses from House. Ford praised voluntary efforts of advertisers and broadcast media to inform public. "Advertising restrictions are really a form of censorship," he said. "You just can't get around this issue." Danforth said major issue "is whether this legislation" advances cause of educating public "at all," asking whether "adding more and more" federal regulation is beneficial to public. Burns said Congress shouldn't dwell on negative and ignore positive already being done by broadcasters and advertisers. Said Breaux: "Warning labels don't bring about good conduct. Parents do. Good parents don't need warning labels."

Sen. Helms (R-N.C.), one of witnesses, noted bill has been endorsed by more than 100 groups and Louis Sullivan, secy. of Health, Education & Welfare. Conyers said alcohol abuse is "the leading health and safety problem in black America" with 90% of billboards advertising alcohol and cigarets located in black and Latino communities. He called mandatory warnings "modest regulation" and "quickest and cheapest way to reach the public."

Opponents said there has been no definitive research to show proposed warnings are necessary, would reduce alcohol abuse or would be in public interest. In press release, Wallace Snyder, pres. of American Advertising Federation (AAF), said warnings required in bill would be "unconstitutional and dangerous... This legislation attacks the First Amendment because it imposes government-mandated speech. It also constitutes, as a practical matter, a ban on most [alcohol] broadcast advertising." AAF's formal testimony was presented by Burt Neuborne, N.Y.U. law prof. Vriesman said "broadcasters have a long and distinguished record in... fighting alcohol abuse."

House Telecom Subcommittee members received \$371,367 in contributions from 13 cable political action committees in 1987-1991, Ralph Nader group Essential Information said. Data were released as Subcommittee began markup of cable bill (see separate story, this issue). "These contributions exemplify the need for greater consumer representation in a political process that undemocratically favors the cable monopoly companies," Nader said. Breakdown of contributions to individual Subcommittee members wasn't available immediately.

HEFTY CPB SALARY HIKES: Substantial compensation increases were decidedly exception rather than rule for 3 of public broadcasting's 4 major national organizations last year (FY 1991), according to federal tax returns we examined. CPB awarded double-digit compensation raises to 2 of its 6 executives, but neither APTS nor NPR provided any. PBS's tax return wasn't available. None of 3 groups awarded compensation approaching existing \$138,900 statutory pay cap.

CPB listed total FY 1991 revenues of \$318.09 million -- \$298.87 million in federal support, \$14.44 million in interest/temporary cash investments, \$2.58 million in "program service" earnings and \$2.18 million from Annenberg Foundation, which committed to new \$60-million math and science school project in mid-1991.

CPB expenses totaled \$326.51 million for period, dropping fund balance by \$8.41 million at year-end (Sept. 30) to \$43.77 million. Virtually all of that amount -- \$42.74 million -- was unrestricted, Corp. indicated. Management and general expenses totaled \$12.38 million and compensation \$5.32 million, including following executive pay: Donald Ledwig, pres., \$116,532 (up 11.7%); Paul Symczak, senior vp-gen. counsel-secy., \$102,713 (up 11.7%); Frederick DeMarco, senior vp-station relations-treas., \$96,573 (nearly 9%); Eugene Katt, senior vp-programming, \$92,793 (8.4%); Rozanne Weissman, vp-corporate communications, \$91,546 (5.4%); Gerald Hogan, vp-govt. relations, \$85,315 (8.2%). Sixty-five other CPB employees received compensation exceeding \$30,000, up one from FY 1990.

Total NPR revenues dropped 20% to \$41.45 million in year ended Sept. 30, with combined contributions, gifts, grants and "similar amounts" falling 55% to \$10.06 million. However, we're told that most of difference -- \$11.48 million -- resulted from technical factor: Reduced CPB passthrough of already appropriated satellite replacement funds. NPR's program service revenue gained 4% to \$29.8 million in FY 1991, and expenses -- which also fell 20% from FY 1990, to \$40.38 million -- were \$1.06 million less than revenues. Fund balance balance accordingly grew by that amount to \$11.85 million.

At 299, ranks of NPR employees with compensation exceeding \$30,000 rose 32 over FY 1990 return. Much of increase, we're told, apparently results from smaller-than-usual number of short-term engineering and other employees, with more workers than usual staying long enough to exceed \$30,000. Executive pay: Douglas Bennet, pres., \$117,023 (down 24%, although last year's figure included bonus of unspecified amount); Sidney Brown, vp-finance and administration, \$104,865 (up 6.6%); Jane Couch, former vp-development, \$104,029 (5.1%); Theodore Miles, vp-gen. counsel, \$103,517 (new in period); Peter Loewenstein, vp-distribution, \$91,498 (down 5%); Peter Pennekamp, vp-cultural programming, \$91,399 (down 9.3%); Midge Ramsey, vp-representation, \$91,398; William Buzenberg, vp-news and information programming, \$90,002. Base pay wasn't reduced for Loewenstein or Pennekamp, we're told, with apparent declines instead reflecting changes in pension and other payments. Only nonexecutive with pay exceeding \$100,000 was Morning Edition host Bob Edwards, \$121,100 (up 4.3%).

APTS reported total revenues of \$2.1 million -- \$2 million of which came from membership -- and expenses of \$2.24 million, with fund balance of \$415,000 at end of period. Some \$941,600, or 42% of total expenses, went for pay, with Pres. David Brugger receiving \$121,390 and Vp Richard Grefe \$95,479. Nine others received compensation exceeding \$30,000.

"Compensation is alive and well at NBC," TV Network Pres. Pierson Mapes told reporters April 3 at close of greatly scaled-down TV affiliates' convention in Burbank. NBC Pres. Robert Wright said network is committed to continued compensation of affiliates -- unlike CBS, which affiliates believe is making effort to cut station payments drastically and have had several meetings with network on issue (TVD March 9 p6). Mapes said NBC compensation has dropped 7% since network put in "incentive" plan 2 years ago. Said new Affiliates Chmn. James Waterbury, KWVL Waterloo-Cedar Rapids: "Compensation is not an issue that is causing me to lose sleep." Wright repeated NBC's commitment to its core business -- over-air free TV -- and said biggest issue facing industry in future is how to put forward value of TV advertising. He said networks must do better job of selling themselves. NBC, for first time at full-scale affiliates convention, used "workout" format, with various issues assigned to separate sessions, and Waterbury said affiliates' "comfort factor" went up as result. Considerable time was spent discussing NBC's pay-per-view (PPV) plan for portion of Summer Olympics and as result stations came away with better understanding, reporters were told. Waterbury said affiliates have "a core satisfaction" with NBC plan, in which 94% of stations are participating in PPV revenue-sharing plan. NBC affiliates made up most of audience for April 2 taping of Johnny Carson Show.

TCI and News Corp. bought majority of Reiss Media (RM) in deal that includes buyout of Group W's 50% interest in Reiss's pay-per-view networks Request TV and Request 2. Price wasn't disclosed. News Corp. and TCI acquired their RM stake from original investors, including Warburg, Pincus, and will own equal shares of RM. Chmn. Jeffrey Reiss said deal is "acknowledgement by important cable and film companies that pay-per-view movies... will play an integral part in those industries' future growth." Deal also will provide RM with "resources to aggressively develop the pay-per-view business," he said. Group W deal will give RM 100% ownership of PPV channels. Request subscribers doubled to 9 million households in last 2-1/2 years, and Request 2 tripled to 4.4 million. Group W Pres. Donald Mitzner said company was impressed with PPV growth but "we have... concluded that our thrust in cable programming should focus on meaningful advertising sales components since that is our core competency." Group W continues to own Home Team Sports, Nashville Network, Country Music TV, Group W Sports Marketing.

ABC, NBC and CBS for first time jointly will sponsor major effort with Nielsen to measure accurately all TV viewing in and out of home, Network TV Assn. (NTA) said. Study will include expanded definition of TV viewing to include nonhome viewers that will be issued directly to ad industry by Nielsen. Such viewing will be measured through personal diaries and will cover all dayparts. Special study will be conducted in Oct.-Nov., with results to be made public in Feb. NTA said project "is envisioned as the first step in a long-range plan to report measurement of total viewing on an ongoing basis." Report will be based on sample of 3,500 respondents. Networks have long complained that they aren't credited with millions of viewers because out-of-home TV watching isn't measured accurately and ABC released its own study 2 years ago.

U.S. should deny trade benefits to 4 S. American countries for violations of American intellectual property rights, International Intellectual Property Alliance said in filing with U.S. Trade Representative. Group said copyright piracy in Bolivia, Colombia, Ecuador and Peru costs U.S. movie, music, publishing and computer interests \$136 million per year.

VIDEOCIPHER PRICE QUESTIONED: General Instrument (GI) will start taking orders April 20 for new VideoCipher RS satellite programming descrambler modules as part of campaign to convert program thieves to legitimate subscribers. But some in dealer community called planned wholesale price of \$320-\$336 prohibitive. "Some people are going to give up satellite TV," said Richard Crabtree, St. Charles, Mo., satellite TV dealer.

GI is providing modules free to legitimate VideoCipher II customers as part of its VideoCipher RS (renewable security) program. Up to one million consumers who have modified VideoCiphers illegally will be without programming when data stream for GI's VideoCipher II descrambler module is turned off by end of Sept. Including programming packages, GI estimates pirate consumers will have to pay \$600-\$800 to switch to legal status. "There's definitely concern among dealers that [these] consumers are going to stop watching satellite TV and switch to cable," said Charles Abbott, pres. of Satellite Bestg. & Communication Assn.'s (SBCA) Retail Council and owner of Las Vegas dealership.

Giveaway program is expected to cost GI \$50 million, but company figures to make much more than that from bringing pirates into fold. Greg Gudorf, GI's dir.-original manufactured equipment, said 2nd shift was added 2 weeks ago at VideoCipher Div. P.R. plant and 3rd shift will be added in several weeks. Gudorf insisted module price was fair. He said GI is making units available to consumers for first time, saving them from buying entire IRD receiver, which retails for at least \$1,200. But Crabtree said price in \$200 range would have been more realistic to induce consumers to convert to legal status. Both GI and satellite TV dealers agree there won't be rush to legal descramblers until VideoCipher II data stream is turned off. GI doesn't intend to make modules available until early Sept.

Compensation paid to Cap/ABC top executives in 1991, as detailed in proxy statement for May 5 shareholders meeting, 11 a.m., 7 W. 66th St., N.Y.: Pres.-CEO Daniel Burke, \$842,000 salary, \$118,742 deferred; Chmn. Thomas Murphy, \$735,000 and \$99,349; Exec. Vp and Pres. of ABC TV Network John Sias, \$729,200 and \$104,570; Senior Vp and Pres. of Best. Group Michael Mallardi \$720,500 and \$5,556; Senior Vp-Chief Financial Officer Ronald Doerfler, \$714,000 and \$102,332. Non-employee Cap/ABC dirs. receive annual fee of \$25,000, plus \$1,000 for each meeting attended. At Multimedia, Pres.-CEO Walter Bartlett was paid \$636,703 in salary and bonuses last year, Senior Vp Donald Sbarra, pres. of Multimedia Cablevision \$433,827, Vp-Corporate Group Exec. William Grimes \$403,486, Treas.-Chief Financial Officer Robert Hamby \$341,185, Vp and Pres. of Multimedia Entertainment Robert Turner \$316,728. Multimedia stockholders meeting is April 23, Greenville, S.C.

Financials: TCI said it lost \$102 million in year ended Dec. 31, vs. \$287 million loss in 1990, \$257 million in 1989. Operating profit was up 23% to \$804 million, cash flow 14% to \$1.5 billion, revenue 5.5% to \$3.8 billion... Ackerley Communications said it lost \$24.3 million in 4th quarter ended Dec. 31, vs. \$2.1 million loss year ago. Revenue was down 0.8% to \$51.4 million, but cash flow rose 9.5% to \$11.5 million... Westwood One lost \$7.2 million in first quarter ended Feb. 29, vs. \$16.5 million profit year earlier. Revenue was up 4.5% to \$30.6 million. Operating loss fell to \$3.9 million from \$6.4 million... Digital Planet filed SEC registration statement for initial public offering of 3.2 million shares of common stock at estimated price of \$10-\$12 per share. Underwriters will be Prudential Securities and L.H. Friend, Weinress & Frankson.

USA Network closed deal to buy Sci-Fi Channel, USA CEO Kay Koplovitz announced. Acquisition clears way for Sci-Fi Channel finally to launch on at least 100 cable systems in early fall, officials indicated. Terms of buyout, including whether founders Mitchell Rubenstein and Laurie Silvers will retain any ownership, weren't disclosed, although they will remain as vice chmn. Koplovitz will be CEO of Sci-Fi, which she said has commitments for 5 million subscribers and expects 10 million by launch. She said Sci-Fi will attract "a very desirable demographic that the industry has yet to tap," particularly well-educated 12-34-year-olds. Full details, including launch date, are expected to be announced at NCTA convention in May. Koplovitz said programming probably will be divided by daypart, with animated programming in early day, mix of popular science fiction series later, feature-length movies likely in prime time. Channel will be launched with prime-time presentation of movie Star Wars, and library includes movie's sequels. Network also will use new video technologies, including computer integration and interactive series and games such as Virtual Reality.

More than 45 cable systems in N.Y.C. area will be interconnected by satellite for delivery of ads by Oct. 1, said Paul Freas of TKR Cable, chmn. of New York Interconnect (NYI). NYI system will link computer-controlled data processing system developed by Texscan with Cable Networks Inc. satellite uplink on Long Island. It will allow local ads to be inserted in slots on 10 cable networks for any of member cable systems and will track insertions. In addition to allowing placement for all 3.5-million area cable homes, NYI will give access to smaller zoned regions and eventually will insert system-specific customized messages at end of ads in particular cable systems.

First FCC audit of stations' operations under new children's TV rules showed at least 95% compliance with limits of 10.5 min. of ads per hour weekends, 12 min. per hour weekdays (TVD April 15/91 p7). In unannounced action, FCC field offices audited total of 141 TV stations and 27 cable systems during week beginning Jan. 11, 10 days after new rules took effect. Only 15 of 343 one-hour segments monitored appeared to exceed ad maximum, FCC said, and overall average was 8.8 min. of ads per hour for all stations monitored. Commission spokeswoman said enforcement action is planned against those found to have violated rules, but no details were available immediately.

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For more details, call Lynn Levine or Karen Campbell at Warren Publishing Inc., Market Research & Data Sales Div., 202-872-9200.

Personals

Peggy Charren, pres.-founder of Action for Children's TV, will receive Peabody Award for her "commitment to improving children's television for nearly a quarter century." Award will be presented at June 1 lunch, Waldorf-Astoria Hotel, N.Y., sponsored by Best. Pioneers... **Terry Connelly**, ex-WKRC-TV Cincinnati vp-gen. mgr., appointed to same post at WSYX Columbus, O.

Brink Lindsey, Washington law firm Willkie, Farr & Gallagher, joins Cato Institute as dir.-regulatory studies and senior editor Regulation magazine... **Alan Morris** promoted to vp and dir.-affiliate mktg. services, ABC TV Network... **Henry Ferris** named gen. mgr., Cablevision of Boston, succeeding **Dick Clark**, resigned... **Denny Draghiciu** appointed sports dir., WCCO-TV Minneapolis-St. Paul.

Norman Zeller, divisional sales mgr., Weather Channel, named vp-national ad sales mgr., Travel Channel... **Shannon Clark**, ex-Genesis Entertainment, appointed affiliate mktg. mgr., Nostalgia TV... Inducted into Advertising Hall of Fame: **Neil Borden**, Harvard U., and author of *Economic Effects of Advertising and Problems in Advertising*; **Richard Christian**, ex-CEO, Marsteller Inc. and Northwestern U. Medill School of Journalism; **Theodore Repplier**, first pres., Advertising Council... **FTC Comr. Deborah Owen** will speak at first annual National Infomercial Mktg. Assn. midyear seminar June 4-5, Grand Hyatt, Washington -- 202-962-8342.

Randi Reiten, NAB dir.-advertising, promoted to vp-advertising, succeeding **Robert (Skip) Tash**, ex-Bestg. magazine, who held post 6 months... **Steven Rosenberg**, MCA vp-eastern regional mgr., promoted to senior vp-sales... Changes at Turner: **Patricia Smith** promoted to vp, TBS Creative Services; **Catherine Helean**, ex-WTVD Durham-Raleigh, joins as dir., on-air promotion; **Rick Salcedo** appointed vp, CNN's new creative services dept.; **Dan Sullivan** named dir.-creative services; **Sue Kroll** promoted to senior vp-mktg., TNT; **Richard Davis** to CNN vp-weekend interview programs; **Tamara Haddad** to CNN vp-senior exec. producer, Larry King Live.

William Hooks named managing dir., HBO Asia; **Peter Haring**, ex-Sandler Media Group, joins HBO Inc. as vp-international development... **Robert Mitro** advanced to senior vp-gen. mgr., PictureTel's new worldwide sales and service group... **Bryan Holley**, ex-Microcom, joins Octocom Systems as vp-mktg... **Timothy Sabin**, consultant, named exec. dir., FCBA, succeeding **Mary Blasinky**, now asst. to Sen. Wallop (R-Wyo.)... **Marc Edwards**, ex-Showtime Networks, joins Black Entertainment TV as affiliate mktg. national accounts dir.

Bridget Baker, ex-aide to Sen. Stevens (R-Alaska), named CNBC regional vp, Midwest/West/Canada... **Leonard Haynes**, ex-U.S. Education Dept., joins USIA as dir., Office of Academic Programs... Selected as first fellows of National Cable TV Museum & Center: **Thomas Baldwin**, Mich. State U.; **Ronald Rizzuto**, U. of Denver; **Barry Sherman**, U. of Ga.; **M.J. Bergstein** and **Patrick Parsons**, Pa. State U.

Ted Kavanau, ex-TV Innovations, named acting pres., Channel America... **Don DeMesquita** advanced to senior vp-corporate communications, Sony Pictures Entertainment... **Jim Reiter** ex-Assn. of American Railroads, joins CPB as dir.-internal communications... **Donald Grede**, ex-SoftPedal, named dir.-video products, TV Answer... **Darnell Washington**, ex-KOKI-TV Tulsa,

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appointed mgr., national ad sales, Prevue Networks...
Judith Scaife joins WTVS Detroit as project mgr., community outreach campaign City for Youth.

Public funding constraints on public broadcasting were highlighted at CPB appropriations hearing in House last week. CPB asked House Labor Appropriations Subcommittee to authorize full \$375 million request for FY 1995 -- \$100 million more than recommended by Bush Administration. Citing federal funding crunch and increasing number of stations supported by CPB (partly due to congressional directives), Rep. Porter (R-Ill.) questioned how public broadcasting would "keep up." He suggested some type of "unobtrusive" corporate support beyond enhanced underwriting. But CPB Vice Chmn. Sheila Tate said advertising would change nature of public broadcasting. Advertisers demand ratings, she said, and that could lead to programming targeting lowest common denominator.

House on voice vote passed bill (HR-3292) to require presidential candidates who accept federal matching campaign funds to close-caption their TV ads. Senate hasn't passed similar bill, although White House has indicated its support for proposal.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	MARCH 13-20	1991 WEEK	% CHANGE	MARCH 7-13	11 WEEKS 1992	11 WEEKS 1991	% CHANGE
TOTAL COLOR.....	375,144*	312,162	+20.2	391,906*	3,896,167	3,894,393	+ 0.05
DIRECT-VIEW...	370,269*	307,275	+20.1	386,756*	3,825,558	3,831,152	- 0.1
TV ONLY.....	359,127*	293,695	+22.3	378,962*	3,680,928	3,684,213	- 0.1
TV/VCR COMBOS	11,142	13,580*	-18.0	7,794	144,630	146,939*	- 1.6
PROJECTION....	4,785	4,887	- 2.1	5,150	70,609*	63,241	+11.7
VCR DECKS.....	173,838	122,692	+41.7	136,846	2,012,299	1,648,103	+22.1
CAMCORDERS.....	30,828	15,163	+103.3	25,213*	362,336*	312,349	+16.0

Direct-view TV 5-week average: 1992--395,740; 1991--358,760 (up 10.3%).

VCR deck 5-week average: 1992--188,197; 1991--156,697 (up 20.1%).

Camcorder 5-week average: 1992--35,373*; 1991--26,880 (up 31.6%).

* Record for period. Data for 1991 contain minor revisions by EIA.

SONY BREAKS SUPER-HIGH-END TV BARRIER: Venturing into new and uncharted territory, Sony last week previewed 3 new TV sets with nearly flat Super Trinitron tube, brand new digitally controlled chassis, new cabinet, new sound system, new remote controls -- priced \$300-\$400 above its previous top-of-line XBR series -- and above just about everyone else's comparable size products.

It's clear that Sony isn't positioning its new XBR² ("XBR squared") models as inaccessible esoterica but as key showpieces from which it will borrow features for future models. XBR² ("TV to the highest power," "an exponential difference") received spectacular sendoff with 3 elaborate productions in Marco Island, Fla., for selected dealers, press, Sony personnel. Sony Consumer TV Products Senior Vp-Gen. Mgr. Jim Palumbo called event "the most significant TV introduction in Sony history." And TV Products Vp Brian Klosterman underlined intentions by saying company plans "most comprehensive advertising campaign in Sony history," and XBR² "will be the only [TV] product advertised in fall, backed by more advertising dollars than we've ever spent."

Three XBR² models were introduced, for delivery in Sept.-Oct.: 27" at \$1,899 suggested list, 32" at \$2,599, and monitor with no audio system for use "as the centerpiece of home A/V integration." at \$2,299. For comparison, first 2 models have suggested lists of \$700 and \$800 more than Panasonic's 27" and 31" SuperFlat models.

Super Trinitron, introduced in Japan last fall, was described as flattest TV tube in industry, 33% flatter than conventional Trinitron in 27" size and twice as flat in 32"; viewed head-on in virtually flat-fronted cabinets, it appeared completely flat. Among improvements claimed for tube: New electron gun delivering 30% smaller spot size to provide more than 800 lines of horizontal resolution; "deep black" screen coating increasing contrast 70%; reformulated red (more europium) and blue (higher silver content) phosphors for wider color spectrum; indium cathode and titanium dioxide layer on phosphors for more than 30% higher brightness.

Although tube is same one being used in Japan, chassis and cabinet were said to be of U.S. design. One significant feature is computer-type digital bus control, claimed to virtually eliminate electromechanical devices, make possible future chassis additions (closed captioning, pay TV descrambler, etc.) as well as permitting all key service adjustments without removing back of set (technician uses remote control in "service mode"). All ICs used in chassis are new. Sound system features large tuned port enclosures, with woofers and dual tweeters that can be hung on sides of set, mounted on wall or on floor stands. Sets have large array of jacks, including 3 S-video inputs, one S output.

Also new, on models with sound systems, is "rocker remote," using simple 3-way switch to control on-screen cursor for most functions; it also has regular keypad for use with VCRs and laserdisc players. It controls large number of on-screen menus, including preset adjustments indicated by legends for "movie," "sports," "news," "game." Audio adjustments have ambience labels for SRS, jazz club, dance club, live concert, simulated stereo, etc. Sony's 2-tuner color PIP system is included. Sets with audio amplifiers have 13 w per channel for front audio, 6.5 for rear. Monitor for use with A/V system has remote unit with large LCD touch screen whose labels change for various audio and video components.

At start, Super Trinitron tubes will be imported from Japan, eventually will be made here, probably in Pittsburgh plant scheduled to start tube production in first half of 1994. Sets will be made in Pittsburgh TV plant, due to start work this summer.

Although all of Sony's XBR dealers were invited to last week's premiere, not all of them will qualify as XBR² dealers, Sony officials said. Initially, fewer than 100 are expected to be selected, on basis of requirements for trained sales force, proper displays, ability to advertise and promote as well as commitment to Sony brand. As production increases, XBR² is expected to become available to all XBS dealers.

As demonstrated in Marco Island, new sets, all table models with matching component stands available, had clean, attractive lines, and picture was striking, particularly in terms of colors and contrast, providing definitive blacks. Without calling much attention to it, Sony also showed extremely compact 41" projection TV, and said it would unveil first XBR projection sets (in 46" and 53" sizes) at regional line showings beginning next week.

USPL SEES 435,000 PROJECTION TV SALES IN '92: Is projection TV (PTV) "recession proof?" Judging from 11% increase in sales it estimated for 1991 over 1990, U.S. Precision Lens, biggest maker of projection TV lenses, sees evidence in that direction and makes most optimistic forecast yet -- 435,000 set sales for 1992, increase of 12%, biggest percentage gain since 1986.

USPL believes EIA's figure of 379,837 projection TVs sold last year (8.1% more than 1990) was too low, giving own figure of 390,000, up 11% from 351,000 in 1990 -- falling just short of USPL's forecast year ago (TVD Feb 4/91 p11), which came closer than either EIA's or our own prediction. Its forecast of 435,000 sales in 1992 is more optimistic than EIA's in Jan. (415,000, up 6%) and 400,000 (up 3%) in our own survey. So far this year, EIA figures seem to confirm USPL's forecast (see State of the Industry), with sales for first 11 weeks up 11.7%.

USPL's 10th annual survey -- "Projection TV, Past and Future" -- to be issued this week also sees continued trend to larger screen sizes in projection, with 43% of sales this year in 50"-and up category, vs. 39% last year. USPL sees 45-49" bracket holding its own at 44% (down from 45%) and 40-44" dropping to 13% from 16%. Company says it's time to add new category, and it splits 55"-and-up away from top bracket employed by EIA, forecasting that 9% of 1992 sales will be in that new category, with 34% in 50-54" area.

Report expresses opinion that trend to larger direct-view screen sizes has "helped sell more PTV sets," with manufacturers pushing harder for PTV and other large-screen sets because "margins have been trimmed so low in the small-screen market." In contrast to recent past when component shortages (particularly screens) plagued PTV market, USPL says "level loading" of factories helped relieve problem last year.

Looking to future, report says widescreen 16:9 sets could become popular soon, probably in conjunction with IDTV. It sees drum-beating for "home theater" as promising sign for sets 70" and larger. USPL forecasts "continued slow growth" in LCD projection, with CRT-based systems continuing to compete successfully. Noting that 99% of U.S. sales have been in rear projection, report says that some observers are surprised that "there has not yet been a rear-screen LCD-based system offered in the market" and adds that major unanswered question is whether "LCD-based systems can have a cost advantage over CRT-based systems."

Analyzing seasonal factors, USPL said that last year 35% of sets were sold in 4th quarter, as opposed to 38% in 1990, as result of falloff in last 8 weeks of year, but 65% of sets were sold in 2nd half of 1991, virtually unchanged from 64% in 1990.

Institutional sales in U.S. were down more than 32% to 27,000 from 40,000 in 1990, USPL estimates, attributing drop to economic factors. Foreign PTV markets still are undeveloped, with only 22,000 sets sold

in Europe last year down more than 37% from 1990, while consumer sales in Japan totaled 65,000 sets, up 15%. Unlike U.S., "the percentage of LCD-based systems in Japan continues to grow, with some industry observers estimating that by year-end approximately 40% share was achieved." (Copies of survey are available from USPL Pres. David Hinchman or Vp David Szkutak, 513-752-7000.)

TANDY TO BEGIN 'PILOT' DCC OUTPUT IN JUNE: Tandy plans to start "pilot" production in June of DCC home recorders in its Ft. Worth facility, Chmn. John Roach told House Competitiveness Subcommittee hearing on Audio Home Recording Act last week.

Testifying on trade and business implications of HR-3204 and version introduced March 25 (HR-4567) by Subcommittee Chmn. Collins (D-Ill.), Roach said Tandy's "corporate strengths are in manufacturing exactly the sort of product the DCC will be." Citing legal uncertainties that would abound without enactment of legislation, Roach said that "at long last, there are also American high-technology manufacturers lining up in front, looking forward to the race" to build and market competitive digital audio products such as DCC. "We are not requesting, nor do we need, any advantage or special consideration," he told Collins. "Just fire the starting gun, Madam Chairman. Please pass this bill."

Roach told us later that plan to inaugurate pilot production in June would be followed by "higher volumes" of DCC decks as early as Aug. He indicated that majority, if not all, of decks sold by Tandy in U.S. would be produced at Tex. facility, using thin-film heads from American manufacturer he wouldn't identify. Reference presumably was to Seagate, Scotts Valley, Cal., computer component supplier that joined DCC project officially last year. Production startup would represent first step in Tandy's expressed plan to become "America's preeminent consumer electronics company," with digital products as key vehicle.

Meanwhile, Technics Vp-Gen. Mgr. Michael Aguilar denied reports that company's U.S. rollout would be delayed until 1993. He said that to his knowledge, Matsushita factories were adhering to their internal schedules and project was proceeding smoothly. Standing by his previous assertions that Technics would market home DCC deck and record/playback portable beginning in 2nd half, Aguilar said that company now expects to publicize additional specifics on pricing and availability at Summer Consumer Electronics Show in Chicago.

On Mini Disc (MD) front, meanwhile, Sony will start delivering technical product samples to record companies by May, Sony Software Vp-Sound Technology Mktg. Robert Sherwood said. "We will have working models shortly, and those are things that we must bring to the manufacturers of software to show them that what we say is indeed true," he told seminar sponsored last week by N.Y. chapter of National Academy of Recording Arts & Sciences. First MD record/playback portables are due in Nov. and will sell for about same price as top-of-line CD Discman, Sherwood said, noting that portable CD players in that classification now are about \$500 in N.Y.

Proposed Audio Home Recording Act, which would establish royalties on digital audio recorders and media, won Bush Administration endorsement at House hearing. Possibly last congressional hearing on royalty bills focused on economic and trade implications of Serial Copy Management System (SCMS) and royalties, including long-term effects on copyright protection for U.S. artists in overseas markets.

Michael Kirk, asst. commissioner-external affairs, Commerce Patent & Trademark Office (PTO), said Administration supports bill because it represents "appropriate solution" to long home taping debate. He said it "advocates strong protection for intellectual property" and will assure U.S. consumers of access "to the newest and best technology."

Collins told us she intends to "push forward" on HR-4567, but wouldn't predict timetable for enactment. Noting that delivery of DCC recorders is scheduled to start in summer, she agreed that timing is "critical" to rule out legal uncertainties that might remain: "I would hope that we'd have some results within 2 months, but certainly much sooner than that."

Collins asked RIAA Pres. Jay Berman whether copyright interests would sue audio manufacturers over shipment of digital recorders if legislation died. Berman deferred to Edward Murphy, pres. of National Music Publishers' Assn., which supported 1990 class-action suit against Sony on DAT. Drawing laughter from audience, Berman said that "I threatened [my lawsuits] a long time ago" on DAT, while Murphy's "are a lot more recent." Berman said that "in the absence of this kind of legislation, the only experience that we have would be the unfortunate circumstances surrounding the introduction of DAT... That experience tells us that unless everybody is on board, we will not be able to launch a new recording technology that reaches a

mass-market consumer." Murphy agreed, saying it was "conceivable" lawsuits could be reinitiated if compromise bills weren't enacted, although he indicated scenario was unlikely as long as parties to agreement continued dialog. (More detailed coverage of House hearing will be found in current issue of Audio Week. Sample copies are available from our Washington circulation office.)

SOFTWARE MAKERS FEAR MULTIMEDIA CONFUSION: As it continues to thrash around in early developmental stages, nascent multimedia industry continues to be faced with most basic of issues in building consumer market. As expressed by Thomas Lopez, chmn. of Mammoth MicroProductions software house in seminar at Home Media Expo in L.A. last week, "we have to identify what we do very clearly to our audience, because we've found in the past that when people get confused -- particularly consumers -- they do nothing."

Expo was aimed at software developers, but spotlighted issues that are of vital interest to hardware makers planning on moving new delivery systems into home. Convergence of communications and multimedia technology into homes has become more than just trade talk, as evidenced by last week's Newsweek cover story that promises in subhead "The Marriage of Computers and Electronics Will Span Everything from Smart TVs to Portable Secretaries and Change How You Live and Work."

Challenge to industry runs much deeper than merely defining itself. Numerous speakers emphasized that multimedia won't exist in vacuum, but must compete with existing products for consumers' time, attention, money. Vinod Khosla of high-tech venture capital firm Kleiner Perkins Caufield & Byers, said that in deciding which software developers to back, "I go more for the lust factor than the must factor. People have to want to do it."

"The reason that multimedia hasn't happened yet is that it's just not good enough," Electronic Arts (EA) Chmn.-CEO Trip Hawkins said. "The challenge is to get multimedia good enough, cheap enough and easy enough to use that it can compete with TV." Technology issues inherent in that challenge include question of how fast action on screen responds to user's input. In standard TV transmission, Hawkins said, pixels move at rate of more than 6 million/sec., while best interactive systems today are at one million/sec.

Conference provided unique mix of discussion of both creative and financial sides of multimedia businesses; in both cases, point was made repeatedly that interactivity and multimedia combine to create unique production challenges. Garry Hare, pres. of Fathom Pictures and Philips Interactive Media Europe consultant, cautioned developers on pitfalls of being presented with new tools before they really know what to do with them. Danger, he said, is that "full-motion video is coming on line before interactivity has matured."

Creative community is keeping watchful eye on current TV series "Young Indiana Jones Chronicles" because producers are shooting extra footage in expectation of creating interactive version in future. Member of one panel said "the program is being scripted with obvious pathways" -- points at which viewer presumably would make choices on alternative plot directions. Biggest change over last year, Hare said, is that "people are beginning to think up-front, 'what else can I do with this material?'" On other hand, several panelists spoke of how best to "re-purpose" existing material for interactive programs.

Not surprisingly, plethora of CD-based platforms was major topic of discussion, with developers trying to define winners and losers as early as possible. EA's Hawkins surprised many in audience with assertion that "20 years from now, technology standards will need to be regulated," comparing process with federal regulation of interstate highway system. "If we don't have a standard road system, we won't have an automobile business," he said. Hawkins stressed that he's not encouraging single format, but rather need for data and interchange compatibility among competing formats.

Much of conference reinforced notion that computer and consumer electronics industries are converging -- Philips Interactive Media of America (PIMA) Chmn. Bernard Luskin calling it "The Clash of the Titans." Presenting case for CD-I, he pointedly recalled that Apple Computer Chmn. John Sculley in Consumer Electronics Show keynote "proclaimed Apple as a consumer electronics company. Well, he'd better figure out how he's going to OEM his TVs because the TV is the essence of consumer electronics."

* * * * *

Philips officially confirmed it has moved CD-I launch in U.K. up to early May, with major announcement at CD-I conference in London April 28-29. As we reported (TVD March 16 p13), company plans to take 2-tier strategy in U.K. and later in Europe, marketing players both with and without full-motion video (FMV) capability. As with units now on sale in U.S., non-FMV player will accept add-on cartridge should user want

to upgrade. Philips didn't specify price spread between 2 decks, and company hasn't yet announced price of FMV cartridge.

Philips will introduce CD-I player in Japan April 25, Japanese news accounts said. Sales of CDI-205 will be bundled with Palm Springs Open golf game at package price of \$1,075. Japanese hardware launch will be supported by 34 software titles at start, with additional 8 to be introduced in early May. News reports have said that CDI-205 will be produced at Philips CD factory in Hasselt, Belgium, while CD-I portable with built-in 6" LCD screen expected to debut in Japan by year-end will be made at Marantz Japan facility in Sagami-hara. Reports said Philips has sold 25,000 units of "Imagination Machine" in U.S. since Oct. introduction and same level of sales is projected in Japan.

PIONEER STAYS LD COURSE: Pioneer executive in Japan acknowledged that "it is still difficult to sell" laserdisc (LD) players at retail, and expressed some concern that vendors having trouble moving their players may start heavy discounting.

Kaneo Ito, senior managing dir. of Pioneer's International Business Group, said LD players still need active retail support. "You cannot just sell it off the shelf," he told visiting U.S. journalists. Asked about potential dumping of slow-selling product, Ito acknowledged "that's what we are afraid of. We are trying to get them to understand that this is a difficult product to sell."

Pioneer said it's making making million players annually worldwide, accounting for 2/3 of industry total. Of those, 600,000 were sold in Japan last year, 250,000 in Asia and 150,000 in U.S. (out of 206,554 sold to dealers, as reported by EIA). He expressed confidence that Pioneer would maintain "technology advantage" and hold onto more than 60% of worldwide LD market this year.

Ito said Pioneer will make recordable LD "later on," but declined to estimate when product could be on market. He also downplayed potential of CD-I, saying that "those people who failed to develop LD are trying to develop CD-I." He said that for CD-I to become attractive to Pioneer, its entertainment software "has to be better than Nintendo-style games."

Pioneer will market rear-projection 16:9 TV in 1993, Ito said, probably size larger than equivalent of 45", in standard 4:3 aspect ratio. Company demonstrated new standard projection TV lens system with new convergence system, producing picture with better contrast, brightness and color than current models. Officials claimed 3rd largest share of U.S. projection TV market.

Ito said video accounts for 39% of Pioneer's business and is major growth area; automotive electronics 33%; home audio, which he called "flat," 27%. He said he expects Pioneer's financial results for year ended March 31 will be below last year's, but not as much as declines being reported by other large Japanese electronics companies.

About 54% of Activision common stock now is owned by International Consumer Technologies (ICT) and its affiliates after Activision merger with ITC subsidiary Disc Co. Merger is only most recent of string of moves since Activision, formerly Mediagenic, filed for bankruptcy in 1990. In its original role, Activision was first major 3rd party supplier of cartridges for Atari 2600 videogame system.

Acclaim Entertainment reported 47% sales jump to \$49.2 million for quarter ended Feb. 28; net income for period was \$3.8 million, compared with \$159,000 year ago. Company attributed results to strong sales of Super NES cartridges in U.S. as well as good European business.

SEMI-TECH'S EMERSON DEAL: Although Hong Kong's Semi-Tech (Global) won't gain control of Emerson Radio after all, it has entered "supply agreement" under which it will buy consumer electronic products from Emerson over next 3-5 years. Companies terminated their agreement for Semi-Tech to buy 10 million Emerson shares for \$30 million and name majority on Emerson board, according to Emerson.

Emerson paid Semi-Tech \$500,000 in cash and \$500,000 worth of Emerson stock and issued it 4-year warrants to buy one million Emerson shares at \$4 each and 5-year warrants to buy additional 500,000 shares, latter exercisable only if Semi-Tech buys at least \$40 million worth of Emerson products in 5 years.

Emerson Chmn.-Pres. Gerald Zarin hailed agreement as helping "achieve synergies that can produce substantial growth for both Emerson and Semi-Tech's Singer Co." He said it also "returns to Emerson the unrestricted worldwide rights to distribute consumer electronic products under the Emerson name."

Emerson said it's considering revised proposal by 20.46% owner Fidenas Investment to buy 10 million shares and warrants for additional stock for \$32.5 million, and asked for extension of April 2 deadline for acceptance.

Meanwhile, Semi-Tech reported 70% increase in profit to \$99.6 million in year to Jan. 31, with \$34.6 million of that due to sale of stock in Singer on U.S. market. Sales exceeded \$1.2 billion, up 8.6% from year earlier. Exec. Managing Dir. James Ting said its U.S. retailing subsidiary Consumers Distributing Inc. lost \$3-\$4 million, but sales of Singer brand products increased in U.S.

Ting said Sansui, in which Semi-Tech and partner Grande Holdings have major ownership, will be streamlined, employing Grande's low-cost facilities in China, and Semi-Tech's 30,000 Singer outlets will provide market for Sansui brand products.

U.S. JVC Corp. said it filed suit in N.J. Superior Court charging Nationwide Computers & Electronics, Wayne, N.J., dealer, with unfair trade practices, unfair competition and fraudulent misrepresentation of JVC camcorders. JVC alleges that retailer is giving intentionally faulty demonstrations of camcorders in effort to step consumers to other brands. Nationwide Controller Ray Benz said charges are "absolutely not true" and contended suit is result of complaints from competitors about Nationwide's discounting policies.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 135 yen = \$1, except where noted.

ICCE DATE CHANGED: Annual International Conference on Consumer Electronics (ICCE), premier CE engineering event, has been moved one day earlier than scheduled because of change in Summer Consumer Electronics Show dates.

ICCE, held at Westin O'Hare Hotel near Chicago airport, traditionally overlaps with CES so engineers can visit Chicago and attend both events. This year's summer CES originally was scheduled for May 30-June 2 and ICCE for June 3-4, with educational sessions June 2. However, when CES changed dates to May 28-31, ICCE was moved up. Educational sessions aren't scheduled until day after CES closes and papers don't begin until 2 days after end of show.

Additional problem is that engineers wishing to attend CES day before ICCE will be forced to go to show on a consumer day. Consumers will be admitted to CES from noon Sat. May 30 through close of show next day. ICCE Conference Coordinator Diane Williams told us CES change is causing some worry about this year's ICCE attendance. She noted, however, that number of engineering papers submitted is larger than usual.

Apparently as effort to atone for late switching of dates, CES sponsor EIA is co-sponsoring ICCE welcoming party for first time (with Philips Semiconductors), and is listed as exhibitor as well. Keynote speaker at June 2 awards luncheon will be Matsushita Exec. Vp Hiroyuki Mizuno, speaking on "My Vision for Hi-Vision." Masaru Ibuka Consumer Electronics Award will be presented to Isamu Washizuka, Sharp dir. and gen. mgr. of its LCD Group for "demonstrating the technical feasibility of large-size color LCDs suitable for consumer TV applications."

Evening panel discussion highlights June 3: (1) "Displays for HDTV -- CRT, Flat Panel or Projector?" with speakers from Hitachi, Philips, Sharp, Sony, Thomson, Zenith. (2) "TV -- Where Is It Going?", panel to be announced. Educational sessions June 1 will cover digital video processing and coding for advanced TV, neural networks for TV and video, MPEG video coding and test and measurement for EDTV, HDTV and ATV.

Heavily featured among papers are digital TV and HDTV, covering all proposed systems, with ATV sessions every day. Among intriguing papers: 12-hour HDTV recordings on conventional home VCR (by Sharp); 384-track consumer digital recorder (Thomson); home digital VCR (Hitachi); ghost-cancellation (including NAB report on field test results); CD player skipping (Samsung); half-day session on closed captions and teletext; Precision Adaptive Subband Coding (PASC) for DCC (Philips); 16:9 TV graphics (Thomson); 16:9 camera (Hitachi); multimedia technology and applications, including multimedia extension to Photo CD (Philips); acceptability of widescreen letterbox images (Sarnoff Center); simplifying remote controls (papers by Thomson, CCETT, Philips Semiconductors, Selectech Ltd.)

Bailey Neal, Thomson Consumer Electronics, ICCE technical program representative, told us program will include record 189 papers of 230 submitted. Speakers this year come from 19 countries, including Hungary, India, Israel and Thailand for first time.

Motorola (China) Electronics Ltd., subsidiary of U.S. company, has been approved by Beijing govt. Motorola, which will invest \$120 million, has contract for 70 years' operation in Tienjan, according to China Daily, which said it will make hybrid semiconductors, radio paging systems, cellular phones, computer software.

MOTOROLA CHMN. CES KEYNOTER: Motorola Chmn.-CEO George Fisher will deliver keynote address at Summer Consumer Electronics Show (CES) May 28 in Chicago. CES sponsor EIA Consumer Electronics Group VP Gary Shapiro said Fisher was chosen because of his "contributions to the communications sector of the consumer electronics industry," particularly citing "current boom in popularity of mobile and portable communications products."

Fisher will be 2nd consecutive keynote speaker who heads company that started as consumer electronics manufacturer, left field and now has entered related industry. Keynoter at this year's Winter CES in Las Vegas was John Sculley, whose Apple Computer was founded as one of first home computer companies, then left consumer field because of low profitability and now is returning via personal information devices. Motorola was founded as car radio manufacturer, later expanded into TV business, which it sold to Matsushita in 1970s.

EIA announced revamping of its Design and Engineering award competition (Innovations '92) with larger space, added category of mobile electronics, "live" exhibit with products actually operating. Companies whose products are selected will be listed in new Consumer Guide to CES. New, more restrictive rules provide that (1) CES exhibitors may submit entries only in product category in which they exhibit, (2) nonexhibitors may submit entries at \$1,000 per entry, (3) all products submitted must be functional. Deadline for entries is April 10.

EIA has published new booklet, "How to Succeed at the New Trade/Consumer Days," with sections on displays, handout material ("approximately 75% of all literature distributed at shows ends up in the trash without being read"), shipping setup, consumer staff ("one staff person per every 75-125 sq. ft. of booth space"), promotion, turnaround, crowd control, evaluation, followup -- 202-457-8775.

Multimedia Notes: Sega announced formation of Sega Multi Media Studio "to concentrate on the next generation of games and technology by expanding fully into the realm of high-fidelity audio and video with color, animation, graphics and entertainment"... **Interactive Network (IN)** said it has been granted patent for 2-way wireless technology that will allow home computer and videogame users to compete with each other for prizes in real time without tying up phone lines. Sega is first hardware company to sign joint licensing agreement with IN... **SystemSoft**, Japanese software house, has released Japan Bashing, videogame that simulates trade disputes between Japan and U.S. Company reportedly has no plans to release English-language version... **PolyGram** licensing deal with National Football League announced last week includes provision for series of CD-I discs such as trivia game, Hall of Fame tour, game simulations.

Canon introduced stereo 8mm camcorder with 12X zoom. Other features of E250 are 7 shutter speeds to 1/10,000 sec., character title scroll display, digital title memory, remote control and light, at \$1,499 suggested retail. At Comdex show this week, Canon also is unveiling Hi8 still video camera with \$3,400 suggested retail tag that's aimed at video presentation market. Camera has 3X zoom, built-in flash, 410,000-pixel CCD, 1/2,000-sec. high-speed shutter. Still video camera also is component of pair of hardware/software kits designed to let user integrate still video images into computer-based presentation or desktop publishing. Canon also announced \$2,995 color video printer that can reproduce images from NTSC signal or computer source.

POLK BROS. SHUTTING DOWN: Latest victim of intense competition in retail market is Polk Bros., 57-year-old Chicago area electronics, appliance and furniture retailer that last week announced plans to shut its last 5 stores by end of summer. Move comes as array of companies suffer through fallout from lethal mix of industry oversteering, recession and lack of explosive new product to draw customers into stores.

Severity of Polk Bros. problems had become apparent when executives didn't attend preceding week's meeting of NATM buying group (TVD March 30 p15). Vp Howard Polk (nephew of founder Sol Polk) said board voted March 31 to close retail operations because "it got to a point where we questioned whether it was worth it" to try to turn stores around. He said retailing has been unprofitable for "last few years," and turnaround would take "2 to 3 years, maybe longer."

At its height, Polk operated 18 stores; privately held firm never has disclosed sales volume, but at one time it was estimated to do \$150-\$200 million, about 25% in electronics. Closeout sales will begin later this month. Some 450 employees will lose jobs when retail liquidation is completed.

Polk blamed "competitive pressures and the recession" for driving company from retail business. He traced beginning of decline to 1987 warehouse fire that cost company millions of dollars in merchandise. "They took advantage, pounded away at us and took market share," he said of competitors, "and in a stagnant economy the toughest thing to do is regain market share." Company had closed half its 10 stores early last year (TVD Jan 28 p12), but said then that it could operate profitably in its larger remaining locations.

Chicago-area competition for appliances and electronics has intensified since mid-1980s with Sears and Montgomery Ward both branching out into branded merchandise, intense competition from such chains as Highland, Silo, Fretter. Business will get even hotter when Best Buy begins opening first of 15-20 stores planned for metropolitan area during current fiscal year, and it's generally accepted that Circuit City will enter Chicago market within 12-18 months.

Polk Bros., founded in 1935 by Sol and Sam Polk, was known as one of country's original electronics and appliance discounters and is reputed to be first retailer to sell color TVs. Gerald McCarthy, member of Zenith's Office of Pres. and Pres. of Zenith Sales Co., said he was "saddened" by news of Polk's demise: "It's very unfortunate that the retail climate has changed and unfortunate that Polk was unable to adapt to that environment." He gave credit to Sol Polk and long-time executive Lester Bachmann as "real forerunners in electronics and appliance merchandising."

Polk stressed that parent company, Polk Inc., remains profitable, continuing to manage its real estate holdings, many of which are former Polk Bros. store locations.

Polk will become at least 4th major chain to fold since beginning of year in industry consolidation that had long been forecast by industry watchers since hot expansion of 1980s. Companies that have closed include Newmark & Lewis (TVD Jan 20 p15), Home Centers (TVD March 23 p15) and Sacramento-based Handy Andy, which shut doors in Feb. In addition, New York's 47th St. Photo (TVD Jan 27 p16) and 2 Fla. chains -- Buy Wise and Standard Brands --

are operating under bankruptcy protection. Last week, court-appointed examiner shut 2 of Buy Wise's 7 stores.

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Sears is cutting 2,650 more jobs from Retail Div. and says 3,200 of its highest paid salespeople have accepted severance packages. Most will be replaced by lower paid workers.

U.S. ELECTRONICS UP 2%: U.S. electronics production in domestic factories last year totaled \$271 billion, up 2% from \$265.6 billion in 1990, according to EIA compilation of Commerce Dept. data. Industry's total balance of trade worsened by 11.1% to negative \$5.2 billion in 1991 from minus \$4.7 billion in 1990.

Although consumer electronics is smallest product sector in terms of domestic dollars, it posted greatest percentage growth from 1990 to 1991 -- 11.6%. Other gains were by telecommunications, electromedical equipment and components, while computers and medical equipment declined, along with "other communications" category.

Consumer electronics had biggest negative balance of trade of any segment -- \$12.1 billion in 1991, but that was down 1.2% from \$12.3 billion in 1990. Consumer imports were up 1.2% in 1991 to \$14.9 billion, while exports increased 7.6% to \$2.75 billion. Negative trade balances also were registered by passive components and computer and industrial products, while communications, electron tubes and solid-state components had positive balances. Here are EIA's figures on domestic U.S. factory sales of electronic products by category:

U.S. DOMESTIC FACTORY ELECTRONICS SALES
(in millions of dollars)

Sector	1991	1990	% Change
Components.....	56,395	55,163	+ 2.2
Consumer electronics...	7,124	6,382	+11.6
Telecommunications.....	35,162	33,109	+ 6.2
Other communications...	32,734	34,134	- 4.1
Computers & peripherals	52,382	53,268	- 1.7
Industrial electronics.	24,337	24,960	- 2.5
Electromedical equip...	7,535	7,010	+ 7.5
Other related.....	55,370	51,571	+ 7.4
TOTAL.....	\$271,039	\$265,598	+ 2.0

Heathkit got fond farewell in p.1 story in March 30 N.Y. Times as Heath Co. leaves electronic kit business after 45 years to concentrate on home improvement products and educational materials. Zenith bought Heath in 1979 for \$63 million; its computer unit, Heath Data Systems, spawned Zenith Data Systems (ZDS), which was sold in 1989, along with most of Heath's businesses, to France's Groupe Bull. Groupe Bull sold Heath to present owners in 1990.

Consumer intentions of buying TV sets in next 6 months rose in March to highest level since last Sept. Preliminary results of Conference Board March survey indicated that 7.3% of respondents planned to buy TV sets, up from revised 6.6% in Feb., but still well below 8.5% of March 1991. In contrast, plans to buy cars and homes declined from Feb. to March.

Acclaim says it's first U.S. company to publish 16-bit Nintendo software in Japan. First title is WWF Super Wrestlemania. Company also publishes entertainment software for Japanese computer market.

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
Acclaim Entertainment			
1992-6 mo. to Feb. 28	91,250,000	6,231,000	.27
1991-6 mo. to Feb. 28	71,162,000	478,000	.03
1992-qtr. to Feb. 28	49,217,000	3,763,000	.15
1991-qtr. to Feb. 28	33,569,000	159,000	.01
Corning			
1992-12 wk. to Mar. 22	793,200,000	78,100,000	.41 ^a
1991-12 wk. to Mar. 24	691,200,000	48,400,000	.26 ^b
Falcon Cable Systems			
1991-year to Dec. 31	45,933,500	(10,494,100)	--
1990-year to Dec. 31	39,266,800	(11,574,000)	--
1991-qtr. to Dec. 31	11,652,000	(2,223,400)	--
1990-qtr. to Dec. 31	10,699,000	(3,587,500)	--
Great American Communications			
1991-year to Dec. 31	211,538,000	91,986,000	1.93 ^a
1990-year to Dec. 31	223,580,000	(38,956,000)	-- ^c
1991-qtr. to Dec. 31	54,777,000	98,898,000	1.74 ^a
1990-qtr. to Dec. 31	58,038,000	(32,840,000)	-- ^d
Jones Intercable Inv.			
1991-year to Dec. 31	38,468,689	(7,224,785)	--
1990-year to Dec. 31	35,622,350	(8,113,030)	--
1991-qtr. to Dec. 31	9,699,937	(1,591,132)	--
1990-qtr. to Dec. 31	9,212,784	(1,080,843)	--
Osborn Communications			
1991-year to Dec. 31	24,859,640	(8,813,273)	--
1990-year to Dec. 31	23,799,053	(4,471,275)	-- ^a
1991-qtr. to Dec. 31	6,929,775	(3,302,630)	--
1990-qtr. to Dec. 31	7,081,366	(1,687,436)	--
Spelling Entertainment^e			
1991-5 mo. to Dec. 31	85,049,000	3,603,000	.09
Tektronix			
1992-41 wk. to March 7	986,580,000	14,799,000	-- ^f
1991-40 wk. to March 2	1,009,607,000	34,289,000	1.18 ^e
1992-16 wk. to March 7	394,813,000	(2,886,000)	-- ^f
1991-16 wk. to March 2	397,800,000	13,204,000	.45 ^e
Tele-Communications			
1991-year to Dec. 31	3,827,000,000	(102,000,000)	-- ^a
1990-year to Dec. 31	3,625,000,000	(287,000,000)	-- ^f
Telemundo Group			
1991-year to Dec. 31	134,258,000	(275,001,000)	-- ^a
1990-year to Dec. 31	127,831,000	(11,947,000)	--
1991-qtr. to Dec. 31	42,816,000	(239,720,000)	-- ^a
1990-qtr. to Dec. 31	37,705,000	17,542,000	.47 ^a

Note: ^aIncludes special credit. ^bAdjusted. ^cRestated; includes special credit. ^dRestated. ^eComparative results unavailable. ^fAfter special charge.

Investigation to determine whether Japanese manufacturers and wholesalers are working together to keep foreign production equipment and components out of Japanese market will be conducted by Ministry of International Trade & Industry (MITI), agency said. MITI said probe will cover 3,000 companies in 13 fields, including electronic parts.

Ads & Promos: Nintendo launched 16-market mall tour Fri. to support Super NES game system and SuperScope 6 accessory. Mall displays will be assembled weekends through May 31... Maxell is sponsoring U.S. appearances of Ondekoza drum and dance troupe through 1993.

Tandy will buy 13.5 million of its shares for \$32 per share under "Dutch auction" tender offer, increase from original proposal to buy 12 million (TVD March 2 p13). Tandy said 16.1 million shares were offered. After purchase, company will have 63.7 million shares outstanding.

Consumer Electronics Personals

Robert Scaglione, N.Y. metro district sales supervisor for Sharp audio/video, promoted to TV mktg. mgr... EIA Pres. **Peter McCloskey** named to U.S. Chamber of Commerce board... Motorola Chmn. **George Fisher** delivers keynote speech May 28 at Summer Consumer Electronics Show, Chicago... **Steve Stevens** leaves as Circuit City asst. vp-gen. mgr. of Impulse stores, no replacement named... **Ken Balthaser**, software development dir., named product development vp, Sega America... **Dudley Eustace**, ex-British Aerospace, appointed to Philips Electronics Group Management Committee effective June 1, and exec. vp-finance effective Jan. 1, succeeding **Henk Appelo**, retiring.

Hitachi Chmn. **Katsushige Mita** and NEC Pres. **Tadahiro Sekimoto** to be elected vice chmn. of Keidanren, Japanese Federation of Economic Organizations; Toshiba Adviser **Shoichi Saba** and Sony Chmn. **Akio Morita** will resign after completing 3 two-year terms, but will continue as vice chmn. of organization's board... Changes at Sony Music: **Jerry Lembo** promoted to Columbia Records vp-adult contemporary promotion; **William Frohlich** moves to New England branch mgr., Sony Music Distribution... **Steven Galloway**, ex-Pioneer Artists, joins MCA Music Entertainment Group as vp, long-form music videos... **Patricia Bodner** advanced to New Line Home Video mktg. dir... Changes at PolyGram Video: Sales Vp **William Sondheim** promoted to sales and mktg. vp; **Tim Pearson**, ex-NFL Films, named vp; Mktg. Dir. **Wanda Glinert** advanced to senior communications dir.; Product Mgr. **Paul Freehauf** appointed pop music dir.; Northeast Territory Sales Mgr. **Allan Golden** named sales dir.

Total color TV sales for year to date pulled ahead of same 1991 period for first time since Jan. in 3rd week of 5-week March (see State of the Industry). Increase of 20.2% for week helped to inch cumulative total 0.05% ahead of 1991 -- increase of less than 2,000 sets -- thanks to cumulative gain of 11.7% in projection (although projection sales have been down all 3 weeks of March so far). Direct-view color was running 0.1% behind last year, and TV-VCR combinations fell below last year's cumulative total for first time this year. Camcorder sales to dealers in 11th week were double those of same 1991 week, and year-to-date totals continued at record level.

French govt. plan to merge Thomson's consumer electronics and semiconductor businesses with highly profitable CEA nuclear energy company (TVD Dec 2 p14) reportedly has been abandoned after protests by CEA (TVD March 23 p14). Under compromise plan, CEA will take minority interests in Thomson Consumer Electronics and in SGS-Thomson, semiconductor group jointly owned with Italian govt. Meanwhile, appointment of Pierre Beregovoy as prime minister to succeed Edith Cresson is expected to result in more hands-off attitude toward state-owned industries, according to European press.

Best Buy Pres. Brad Anderson called "entirely untrue" reports that company has committed itself to real estate in L.A. for expansion in current fiscal year. "We're trying to figure out next year's expansion," he said, referring to year beginning March 1, 1993, and said it's "highly unlikely" L.A. would be on that list either. Meanwhile, company broke ground on 242,000-sq.-ft. distribution center in Ardmore, Okla. Scheduled to be completed in July, center will serve stores in Denver and from Kansas City south; currently, all 73 Best Buy stores are serviced out of Minneapolis. Ardmore center will employ more than 100.

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APRIL 13, 1992

SUMMARY-INDEX OF WEEK'S NEWS

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Broadcast - Cable

NAB DRAWS 50,000: TvB joins convention fold, 7,000 international broadcasters expected. DAB, WARC and HDTV among technical features, with 788 exhibitors showing wares. (P. 1)

CABLE BILL MOVES: Telecom Subcommittee okays diluted version 17-7, beating back Republican substitute. Further watering down on program access and rate regulation almost certain. (P. 2)

FCC SETS HDTV CONVERSION, giving TV licensees 15 years. Commissioners say program isn't 'giveaway' to broadcasters. Wireless cable changes proposed. (P. 5)

TECHNOLOGY AIDS CABLE ADS: Regional, national interconnects key to fair share of spots, potentially adding \$3 billion revenue. CableLabs nearing RFP on digital insertion. (P. 6)

SENATE MOVING CAUTIOUSLY on phasing out cable compulsory license. Senators sympathetic to Hollywood plea for royalties. Industry opinion split. (P. 7)

HALLMARK SELLS UNIVISION in \$550-million deal affecting 13 TV stations. Buyers led by Perenchio include Venezuelan, Mexican interests. (P. 7)

NETWORK/CABLE WINDING DOWN?: NBC still negotiating with affiliates to resolve opposition to cross-ownership. Safeguards still at issue. (P. 8)

NAB CONVENTION UMBRELLA HAS U.S., INTERNATIONAL FLAVOR: "We have people coming from every corner of the world to what has become the largest trade show of its type," NAB Pres. Edward Fritts told us on eve of NAB convention, which started yesterday (Sun.) in Las Vegas. "This will be a first-rate conference," he said, and nobody we talked with disputed that evaluation. There will be heavy international flavor, with some 7,000 overseas broadcasters expected among more than 50,000 attendees. There also will be added-on attractions, such as TvB convention for first time, 2 days before formal start of NAB convention.

NAB has high expectations for many of its sessions, including govt. relations, futures summit and first-ever "law and regulation conference" headlining FCC Chmn. Sikes and Comrs. Quello, Marshall, Barrett, Duggan. Said Fritts: "The futures summit will give broadcasters a glimpse of the next millenium, and the law and regulation conference will offer broadcasters the latest inside information on how to comply with the blizzard of changing regulations at the FCC."

In addition to TvB, at least 10 other broadcast groups have or will be holding meetings in conjunction with NAB, including Best. Education Assn. April 10-12, MSTV April 12-13, American Bar Assn.

Consumer Electronics

STANDARDS-CONVERTING VCRs and standalone converter to be sold here by Aiwa. Relatively low-priced models can interchange NTSC and PAL tapes. (P. 10)

RETAIL TURBULENCE CONTINUES as Appliance Store files for bankruptcy, continuing churn that's concentrating more power in fewer chains. (P. 11)

PHILIPS ENDING PC MARKETING in U.S., dropping Magnavox Headstart, cutting 600 jobs, mostly in Montreal; continues OEM computer sales here. (P. 12)

'PAPERLESS' BREAKTHROUGH by FCC and Customs to eliminate forms for importers at large savings in money and time to importers. FDA next. (P. 13)

AUDIO ROYALTY ACTION EXPECTED SOON, with House committees due to schedule bill markups shortly after recess. (P. 13)

'VERY, VERY DIFFERENT' CES approaching, with newly organized pavilions and product groupings created to enhance promotion to consumer attendees. (P. 14)

EIA FLIPFLOPS ON MTS, reversing Jan. move to identify only TVs with dbx, now includes all 'stereo TV' models in monthly market data reports. (P. 14)

CIRCUIT CITY AND A/V AFFILIATES show net increases for 4th quarter and year. (P. 15)

Communication Law Forum April 12, Royal TV Society April 13, Society of Best. Engineers April 14, Community Bestrs. Assn. (CBA) April 15, Best. Pioneers April 16. CBA session theme will be "Working with the Competition," 2 p.m., Rm. N242; speakers include FCC Mass Media Bureau Chief Roy Stewart, CBA Pres. D.J. Everett, counsel Peter Tannenwald.

NAB will have 15 program syndicators exhibiting (2nd year of their return after being absent from NAB for more than 2 decades) and has moved them from hospitality suites to exhibit floor. And, as always is case at NAB, there will be spate of honors handed out, headed by Distinguished Service Award to former President Ronald Reagan at Mon. all-industry lunch. Other awards: Talk show host Larry King and TV program Star Trek will be inducted into Best. Hall of Fame; Grover Cobb Award to ex-NAB Chmn. Wallace Jorgenson; Spirit of Bestg. Award to VOA; first annual Belva Brissett Award to Denise Shoblom, WUHN(AM)/WUPE(FM) Pittsfield, Mass.

Unlike past years, FCC didn't come up with blockbuster decision at last week's meeting to provide major topic of conversation for NAB delegates. At one point, Commission had expected to relax its TV ownership limit (now 12 per licensee, 14 for minorities), but item never went on agenda, primarily, we're told, because of adverse congressional reaction to raising of radio ownership limits to 30 AMs, 30 FM (TVD April 6 p3). Year ago, Commission refused to repeal its finsyn rules just days before start of NAB convention.

Time-honored practice of other associations' conventions of obtaining sponsors to help pay for events has been embraced by NAB, which has attracted 24 corporations, law firms and associations as sponsors of 19 events this year. NAB wouldn't disclose total amount sponsors are paying but range is \$4,000-\$60,000 (latter by France Telecom as sponsor for registration bags and executive lounge). Panasonic is sponsoring 2 events at unreported cost -- VIP engineering dinner and lunch. Comsat is paying \$15,000 to sponsor policymaker lunch.

Other sponsors and events: All-industry lunch, Anheuser Busch; TV brunch, Associated Press; exhibitor registration, Greyhound Exhibition Services; international reception, 5 sponsors -- Harris Allied, Marti, ITC, Belar and Comrex; golf and tennis tournament, Beer Institute; radio lunch, Zap News; ham radio operators, CQ Communications; TV opening reception, Media Professionals and Royal Safeco; engineering reception, Lester Audio; legislative liaison dinner/reception, Assn. of American Railroads; FCC breakfast, AT&T Commercial Finance and law firms Harrison, Bond & Pecaro and Arent, Fox, Kintner, Plotkin & Kahn; VIP dinner, GTE Spacenet; radio opening party, Satellite Music; policymaker reception, Panasonic. FCBA is taking same route as NAB, signing 19 companies as sponsors for its May 8-10 seminar in Williamsburg, Va. They include 7 telephone companies.

On down side this year at NAB convention is sharp reduction in number of hospitality suites in Hilton and other hotels. Where in past years 3 TV networks and passel of radio networks hosted suites (for which they paid premium to NAB), only CBS Inc. and ABC Radio are doing so this year. In total, NAB has signed 53 groups (including 5 Washington law firms) for suites -- down from more than hundred in past years. Asked why NBC wasn't hosting suite this year, TV Network Pres. Pierson Mapes told us: "The NAB is for engineers these days."

NAB has budgeted for \$10.85 million revenue from convention (including \$487,036 from advertising), expenses of \$3.73 million, leaving net income of \$7.11 million. Projections are up from actual revenue of \$10.24 million for 1991 convention (also in Las Vegas) and expenses of \$3.17 million, leaving net income of \$7.06 million. Atlanta convention in 1990 had net of \$7.06 million. Major expenses at this session include \$212,291 by Govt. Relations Dept. (including \$55,000 for members of Congress and staffers, \$51,792 for Legislative Liaison Committee dinner), \$488,803 for Public Affairs Dept., \$163,404 for General & Administrative.

CABLE BILL ADVANCED BY HOUSE UNIT: After days of fits and starts, House Telecom Subcommittee last week passed diluted version of draft cable bill, 17-7, after beating back Republican effort to substitute bill (HR-1303/5647) that had passed House unanimously 2 years earlier. Subcommittee divisions virtually assure that new bill will be watered down again when it goes before House Commerce Committee later this month or next, most lobbyists and aides said after April 8 markup. Biggest areas of contention remain program access and rate regulation, although host of other issues remained unresolved from markup. There nonetheless appeared to be widespread agreement after markup on inevitability of House action on cable legislation this year, ensuring confrontation with White House that's threatening veto. Senate already has passed bill.

Package that Subcommittee approved already is watered down from original tough measure proposed by Chmn. Markey (D-Mass.). Some opponents made clear that they were going along with votes in Subcommittee only to get debate moved along to parent Committee. Republican substitute, which also contained rate regulation and program access proposals but not retransmission consent, was defeated narrowly, 14-12, and is considered harbinger of Committee action to come. GOP plan was offered by ranking Committee Republican, Rep. Lent (R-N.Y.). Three of 5 Democrats who had been reluctant to support draft bill, put together by Markey, sided with Republicans; at least one Republican -- Barton (R-Tex.) -- refused to go along with either bill, abstaining from votes.

Among unresolved potentially explosive issues: (1) Constitutionality of must-carry in general, and application in particular of rules to smallest cable systems. There's still question of eligibility of low-power TV stations and possibility that home shopping network eligibility will be readdressed. Subcommittee adopted amendment by Rep. Ritter (R-Pa.) making home shoppers ineligible. (2) Curbs on cable-competitive venture cross-subsidies, Personal Communications Services (PCS) in particular. (3) Imposition of new competitive renewal process for cable franchises along lines of broadcast license renewals, broached at end of markup by Rep. Cooper (D-Tenn.) -- to clearly great dismay of cable industry. Cable already is at work on what was described to us as "all-out lobbying" to block competitive renewal and cross-subsidy proposals.

(4) Broadcast-newspaper cross-ownership rules and station eligibility for must-carry or retransmission consent benefits. (5) Definition of basic services. Markey package moved somewhat from rigid definitions of previous bills, setting minimum service levels of local broadcast signals, superstations and access channels but not C-SPAN. But there's reported to be some disagreement among members on amount of flexibility that cable operators should have for tier add-ons. Provisions also apparently would leave sports owners feeling constrained. (6) Appropriateness of equipment compatibility requirement since it effectively makes cable systems subject to standards of foreign TV and VCR manufacturers. (7) Change in channel set-aside rules for must-carry, which some legislators believe will hurt minority-owned stations' carriage. Draft eliminated viewership threshold of earlier versions, but marginally increased set-aside to 33% of channels from earlier proposed 25%.

Markey's changes in draft would: (1) Require FCC to create rate regulation formula, with cable operators would be required to implement it promptly. Local franchise authorities would have power to challenge implementation. Commission would be left to develop new dispute resolution mechanism. Rest of rate provision generally is same as his earlier draft, providing regulation of basic tier as interim measure until development of effective competition, for which bill's threshold would be 30% community penetration or presence of at least 2 multichannel video providers passing minimum of 50% of households and subscribed to by at least 15% of homes passed in community. (2) Ease rate regulatory burden on cable systems of 500 or fewer subscribers, leaving approach to FCC to determine.

(3) Recognize that technology isn't available immediately in all systems to implement anti-buythrough provision by allowing systems without addressable capacity up to 5 years to meet requirement. Systems currently using addressable converters would have to allow consumers to "buy through" tiers immediately. (4) Grandfather existing exclusive cable distribution contracts, apparently affecting only Turner Network TV. (5) Prohibit programmers from making exclusive distributorship deals that exclude 3rd party carriers in unwired rural areas. (6) Water down equipment compatibility requirement to allow continued signal encryption to prevent theft. However, FCC would be directed to ensure cable system compatibility with advanced features of TV receivers and VCRs. (7) Prohibit franchisers that operate own cable systems from regulating any cable competitors in community. Revisions didn't include threatened amendments on telco entry, finsyn or expanded curbs on cable cross-ownership, nor did any such amendments emerge.

Amendments accepted for Markey draft included those by: (1) Rep. Boucher (D-Va.), to prohibit broadcasters from unreasonably refusing, under new retransmission consent regime, to negotiate carriage deals with cable competitors. (2) Rep. Slattery (D-Kan.), to exempt cable systems of 500 or fewer subscribers from retransmission consent regime. (3) Slattery, to bar "negative option marketing" by cable programmers. (4) Rep. Oxley (R-O.), to eliminate proposal for new local subscribers watchdog groups. Markey promised new amendment to restore language in some form in full Committee.

Some of amendments promised for full Committee markup include proposals to eliminate must-carry (Barton); allow automatic license shifts for VHF stations willing to serve unserved communities (Lent); unbundle basic tier to allow consumers to purchase a la carte (Oxley). Oxley also will seek to raise population cap for rural telco-cable exemption to 10,000 from current 2,500, he told us. Rep. Richardson (D-N.M.) also may try to replace proposed new foreign ownership curbs with reciprocal trade language, while others said they may seek to refine DBS channel setaside for public broadcast programming

(Tauzin [D-La.]); exempt small cable systems with 300 or fewer subscribers and 12 or fewer activated channels from all of bill's requirements (Slattery). It's Rep. Bryant (D-Tex.) who promised potentially controversial amendment to make TV stations that own or control newspapers in same market ineligible for retransmission consent or must-carry.

Close vote on GOP plan indicates "real lack of consensus" on Subcommittee bill and opens door for "an excellent opportunity to argue our case" at full Commerce Committee, CATA Pres. Stephen Effros said. NCTA Pres. James Mooney thinks multiplicity of remaining problems means bill is near death, in part because it no longer is "real consumer bill," he told reporters. "I think this controversy no longer has much to do with consumer issues, but is now almost entirely about interindustry rivalries. Were that not the case, the bill wouldn't be encountering such determined opposition in an election year." He said NCTA will continue to oppose bill. NAB Pres. Edward Fritts said he believes that debate showed strong support for reining in cable and that broadcast retransmission consent was "idea whose time has come." INTV Pres. James Hedlund thought Subcommittee action sent "a strong signal that cable legislation will continue to progress in this legislative sessions" and that interindustry "economic imbalance" would be righted.

Despite deletion of proposal for new subscriber watchdog groups, Consumer Federation of America's Gene Kimmelman said bill still "comes out pretty good for consumers" because of its rate constraints and program competition requirements. Ralph Nader sharply criticized Subcommittee and especially Oxley, sponsor of amendment removing watchdog provision. "Action to democratize and better balance the regulatory process is required" because current process favors cable, he said.

FCC's new radio ownership rules could save broadcasters up to \$170 million (10% of total operating cost), increasing industry profits 30%, FCC estimated in final order released April 10 (TVD March 16 p2). Savings would come from allowing broadcasters to combine administrative, sales and other functions, as well as share studio space and equipment, order (MM 91-140) said. Savings are needed, FCC said, because "radio's ability to serve the public interest... is substantially threatened" by continuing losses and "these trends are unlikely to be reversed." Expanded group ownership is justified because rapid expansion in number of stations means "the likelihood of a single firm or group of firms exercising dominance... at the national level is extremely remote." Order acknowledges that competition is relevant mainly at local level, and says higher national ownership caps actually could increase variety of programming available at local level. Under "worst-case scenario," FCC said 30/30 limit would mean top 10 radio companies would control 30% of industry revenue, well below current cable and newspaper businesses, where figures are 55% and 45%, respectively. Commission said 2 largest national radio groups (by number of stations owned) are minority controlled and new limits will allow them to grow. In concurring statement, Comr. Duggan called order "genuine victory for the public interest" because "American audience is increasingly ill-served when much of the radio industry... must struggle just to survive." Duggan said his support for increasing radio limits doesn't mean he would back higher TV limits: "The nation's radio and TV marketplaces are different in many fundamental ways." Comr. Quello said he wasn't completely happy with rule -- he initially believed ownership caps could have been relaxed even more, and would have been "somewhat more cautious in altering the duopoly rules."

"MultiMedia World: Merging Video, Audio and Computers" is title of new annual conference and exhibition planned by NAB. First will be held in 1993 in Hilton Convention Center concurrent with April 19-22 NAB convention in Las Vegas. Sessions are planned on postproduction, business video, computer professionals. "The new leading edge of media technology is the marriage of video, audio and computers," NAB Exec. Vp John Abel said. "MultiMedia World will help professionals explore and advance the increasing synergies among those digital media."

TV took it on chin again when Senate Govt. Affairs Committee members concluded in hearing that there's ample evidence to blame TV for increasing violence in society, particularly among children. Hearing examined links between violence and media, with many of school officials, sociologists and others present seeing TV as major part of problem. American Psychological Assn. (APA) task force, in report released in late Feb., accused TV of causing aggressive behavior in children and of cultivating values favoring use of aggression to solve problems. It called for federal TV policy "protecting citizens and society from harmful effects." Leonard Eron, psychologist and APA representative, testified that "there can no longer be any doubt that heavy exposure to TV violence is one of the causes of... crime and violence in society." General Accounting Office, which investigated potential responses to problem for Committee, saw media in general as only one of causes of violence. Its recommendations are contained in new report, Reducing Youth Violence (GAO/T-HRD-92-22). There were no TV industry witnesses at hearing.

None of members of Congress attending NAB convention starting Sun. in Las Vegas and only some of planned govt. relations sessions are listed in official program. Reasons, we're told, are because of late commitments from Capitol Hill and fact that some sessions are by invitation only. Scheduled to be in Las Vegas are 15 House members and one senator -- former farm broadcaster Burns (R-Mont.). Not attending are House and Senate Commerce Committee chmn. and leaders of subcommittees having jurisdiction over broadcasting. Program doesn't list Sun. dinner featuring Washington dignitaries hosted by NAB Legislative Liaison Committee, Mon. breakfast with 4 members of Congress speaking (both by invitation only) and Mon. evening reception hosted by NAB's TV and Radio Political Action Committee (TARPAC).

"Guess" of RTNDA Pres. David Bartlett is that "advertiser-supported media [including news] are on the way out... Advertising revenue is no longer the only revenue stream and I submit it will one day be, at best, a small factor in the equation." Speaking to Ia. Best. News Assn., he predicted future of TV journalism in 21st Century will be framed by 4 concepts: "Fragmentation, interactivity, convergence and broadband delivery." Trend toward "more and more news outlets will continue," he said.

FCC MOVES HDTV TRANSITION: Proclaiming that HDTV implementation has moved out of Washington and into heartland, FCC proposed April 10 to give broadcasters about 15 years from time HDTV standard is established to convert totally from NTSC to HDTV. That would put total conversion around year 2008, with first HDTV broadcasts expected by 1998. FCC also confirmed earlier decision that current broadcasters will get top priority for HDTV licenses.

Commissioners and staff were spirited in their defense of program to award HDTV channels to current broadcasters, disputing charges in Wall St. Journal that decision amounted to \$1-billion giveaway. Comr. Duggan said: "The first principle we establish today is that the spectrum we grant for HDTV is for a conversion process; it is not a giveaway." When broadcasters have completed conversion to HDTV standard, they will have to give back one channel, which will be returned to spectrum reserve, Duggan and staff said. He suggested that "conversion" channel and "reversion" channel be names applied as reminder that HDTV grant is "conditional and transitional." Mass Media Bureau attorney Regina Harrison said giving one HDTV channel to existing broadcasters is best way to implement program quickly, recognize broadcasters' experience and contribution to financing HDTV research.

Commission also changed timetable for licensing and construction, as expected (TVD April 6 p3). It had proposed to give broadcasters 3 years to apply for HDTV and 2 years for construction, but reversed that to 2 years to apply and 3 years to build. At end of that time, facility would have to transmit HDTV signal under FCC standard. Next steps, which will be in next report and order, are to determine channel assignments. Commission said it would issue draft table of allotments in June. Broadcasters will have some latitude to determine which assignments they want, based on interference and other criteria.

At same time, FCC asked for further comment on new batch of issues, including 15-year schedule, among them proposals: (1) To allow broadcasters fixed time period to negotiate channel assignments. (2) To require LPTV to convert to HDTV. (3) To rank class of parties to be first group eligible for HDTV. It suggested ranking of current licensees with constructed facilities and program test authority, permittees with unbuilt facilities and, last, applicants. (4) To give broadcasters notice that when HDTV becomes "prevalent medium" they will have to convert to HDTV, surrendering one channel, and to propose date for conversion. Agency also suggested asking for comment whether review should be conducted in 1998. (5) To require 100% simulcasting requirement at earliest possible time, which Commission pegged as not later than 4 years after first 5-year construction/application period had passed. It also asked for comments on whether simulcasting should be phased in. (6) To review advisory committee conclusion that no other new HDTV technologies are advanced enough to be tested.

In other HDTV action, FCC said it will (1) study changing LPTV interference rules in effort to mitigate number of LPTV stations that would be affected by HDTV; (2) condition HDTV award on agreement for nondiscriminatory patent licensing; (3) direct advisory committee to study new audio issues and ability to apportion data stream flexibly between audio and data.

Comr. Barrett questioned whether there was evidence that consumers would demand service, and whether that demand would "dovetail with the massive expenditures" necessary to produce HDTV. He said he might spend \$1,000

or \$1,500 for HDTV to watch sports but not to watch movies. But Chmn. Sikes and Duggan took opposite view. Citing "the fallacy of Andy Barrett's pessimism," Sikes said American public would take to HDTV as it had taken to color TV, VCRs, Compact Discs. NAB said it was pleased that FCC had acted, but questioned whether 5-year transition period would be long enough and said it would have to determine whether total 15-year conversion plan was realistic.

At same time, FCC proposed series of changes to streamline processing of wireless cable applications, including freezing applications for about 4 months until data base of existing applicants can be compiled. Private Radio Bureau Chief Ralph Haller said that procedure, along with rules barring partial settlements, could curb activities of application mills. FCC also proposed to process wireless cable applications at Gettysburg, Pa., facility by Mass Media Bureau.

In joint statement, 3 news groups asked Defense Secy. Richard Cheney to approve 9 principles governing press coverage of military. Saying "restrictions faced by the press during last year's Persian Gulf War were unacceptable," groups -- RTNDA, American Society of Newspaper Editors and American Newspaper Publishers Assn. -- and military agreed on principles after several meetings following press complaints about restrictions on reporters during Gulf War. "Censorship is a disservice to the press, the military and the American people," groups said. Among proposed principles: (1) "Open and independent reporting will be the principal means of coverage" of U.S. military operations. (2) Pools "are not to serve as the standard means of coverage," but may be appropriate for specific events such as in remote areas or where space is limited. (3) Journalists with accreditations "will be required to abide by a clear set" of military rules. (4) Military public affairs officers should act as liaison with press "but should not interfere with the reporting process." Media and military weren't able to agree on standards for security review of copy by military censors.

Senate compromise agreement could be nearing on terms under which CPB reauthorization would be returned to floor for debate. Senate adherents and opponents of bill are "getting pretty close" to compromise, said key source at Senate Commerce Committee, which has brokered discussions. Aide, who declined to discuss details, predicted that agreement could be reached as early as this week. However, citing press of other Senate business, source said early accord probably wouldn't lead to passage before recess. Senate is to return April 27 before recessing again May 25-29. One apparent holdup to compromise appears to be issue of program objectivity/balance. Dissenting Republicans are said to have pushed for some type of change under which CPB board would take lead role, perhaps through directing Corp.'s Program Fund to finance projects in areas where it's felt that fairness requirements -- stipulated by 1967 Public Bestg. Act -- haven't been met. Dissenters reportedly pushed earlier for some type of objectivity/balance direction as part of CPB's station grant programs, but public TV has deemed that unacceptable.

AWRT is cooperating with People to People International to send delegation of broadcast professionals to Eastern Europe to "share ideas and discuss areas of common interest" with broadcasters in that area. Group, to be headed by Patricia Mahoney, immediate past pres. of AWRT, will visit Poland, Lithuania, Russia and Czechoslovakia Sept. 7-23. Cost is \$5,175 per person, departing from N.Y. Kennedy Airport -- 202-429-5102.

TECHNOLOGY AIDS CABLE ADS: Regional and even national interconnects are key to gaining fair share of advertising for cable systems, speakers said at Cabletelevision Ad Bureau (CAB) convention in N.Y.C. last week. Cable system spot and local ads should total about \$3.75 billion per year, based on actual viewing share, rather than current \$761 million, said Gary Kerr, TCI gen. mgr.-advertising. Much of conference focused on using cable to make TV personalized, rather than mass, medium so it's more attractive to advertisers.

Main factors limiting cable ads will be solved within 3 years, Viacom Gen. Sales Mgr. John Walser said, including difficulties in placing cable ads on enough systems to get reasonable national viewership, billing and verification, lack of reliability of current ad insertion technology. CableLabs plans to issue request for proposals for digital ad insertion equipment to solve many of problems by end of summer, said Christopher Bowick, Jones vp-technology and chmn. of CableLabs task force. He told us that he hopes proposals will be submitted by end of year and some tests will begin this year, with operation of digital system beginning by 2nd half of 1993. Digital ad insertion would use satellites and eventually fiber to deliver digitized ads to cable headends, store ads in digital form and automatically air them and bill for them, CableLabs Dir.-Technical Projects Scott Bachman said. He said arrival of digital video compression associated with HDTV, plus cheaper digital storage capacity, has made digital ad insertion possible.

Automated national ad insertion system for local cable systems would help solve what David Verklin, senior vp of Hal Riney ad agency, called "Byzantine nature" of doing business with cable: "The problem is... logistic. The amount of paper we have to process [to place ads on local cable systems] makes doing business with you extremely difficult." Cable has 25% share of TV viewing, but only 7.5% of TV ads, Kerr said, and most of that is on cable networks where it's comparatively easy to buy national market. Cable hasn't focused on spot advertising until recently, he said, but TCI is making big push for system-level advertising, backing digital ad insertion initiative and planning to invest \$100 million rebuilding its ad infrastructure.

Advertisers welcome move of TV from mass medium to "highly personalized" one, Saatchi & Saatchi Senior Vp Erica Gruen said. "Contrary to popular belief, advertisers are not interested in the mass audience. They want to reach the right person at the right time. If the technology is available to target advertising, TV becomes a much more powerful and flexible medium." Personalized marketing via TV may be possible within half-dozen years, USA Network Business Affairs Vp Stephen Brenner acknowledged, "but the fact that technology allows it doesn't necessarily make it a successful business." Citing cost of producing programming and ads for small audiences and work that ad agencies would have to do to find target audiences, he said "that it is technologically possible is almost irrelevant."

Even niche channels are looking for smaller niches. Weather Channel CEO Michael Eckert said his channel and newly acquired Travel Channel are looking at spinoffs. Company isn't disclosing details for competitive reasons, but he said Weather Channel, for example, could make greater use of its technology to localize weather reports. Travel Channel spinoffs could include networks devoted to subsets of travel industry, he said, as well as channels on life-style activities, as well as "many international opportunities."

Broadcast and cable should stop competing with each other for ad dollars, NBC Pres. Robert Wright said in CAB

keynote. Instead, TV in general should compete more effectively for advertisers' promotion budgets, which total nearly 4 times as much as their ad budget, he said: "We are just shifting ad dollars around. We need to tap the \$100-billion promotion budget." Wright said real measure of success of NBC's Olympics TripleCast won't be immediate financial results but "whether it will be a breakthrough event to increase cooperation between broadcast and cable."

Cable ad growth is just beginning, CAB Pres. Thomas McKinney said. He predicted that cable ad revenue would grow to \$5.2 billion in 1995, from \$3 billion in 1991 and \$3.6 billion in 1992. By 2000, figure will be more than \$9 billion, he said, partly because of cable's ability to target specific neighborhoods and "make niche marketing an understatement."

Key cable industry ally and former House Telecom Subcommittee chmn., Sen. Wirth (D-Colo.), announced his retirement at end of term this year. He cited frustration with policy-making process and inability to achieve significant legislation as among reasons for leaving. Wirth was Subcommittee chmn. when 1984 Cable Act was passed and is expected to play role this year in House-Senate negotiations on cable reregulatory package. Senate in Jan. passed its version (S-12) after significant input from Wirth. As senator, he also played major role in shaping kidvid law. Wirth has served only one term in Senate, after 6 in House.

Annual meeting of A.H. Belo Corp. shareholders will be May 6, Dallas Museum of Art. Compensation (salary and bonuses) of principal Belo executives in 1991, according to proxy statement: Chmn.-CEO Robert Decherd \$524,000, Pres.-COO James Sheehan \$419,600, Vice Chmn.-Pres. Best. Div. Ward Huey \$371,200, Publisher-Editor Dallas Morning News Burl Osborne \$354,000, Pres.-Gen. Mgr. WFAA Inc. David Lane \$265,000. Belo dirs. were paid \$15,000 annually last year (increased to \$22,500 in 1992), plus \$1,000 for each board meeting attended.

WOST-TV (Ch. 69) Block Island, R.I., went on air April 2. Independent is owned by Gen. Mgr. Raymond Yorke (95%) and Lisa Gomez (5%); John Frank is chief engineer. Station will carry programming of cable's Monitor Channel.

WARREN PUBLISHING WINS TELEVISION & CABLE FACTBOOK COPYRIGHT SUIT

Warren Publishing's copyright in its Television & Cable Factbook has been infringed by the Microdos Data Corp. and its principal officer Robert Payne, the U.S. District Court in Atlanta ruled March 31.

In its suit, filed in Aug. 1990, Warren charged that Microdos' copying of the cable information from the Factbook into a computer data base constituted infringement. Microdos sold the data in competition with Warren's own computerized research services.

Judge J. Owen Forrester of the U.S. District Court for the Northern District of Georgia agreed that Microdos had infringed the Factbook, saying, in granting summary judgment: "Because Microdos has substantially appropriated the copyrightable selection of communities portion of the format of Warren's Factbook, Microdos has infringed Warren's copyright in the Factbook."

SENATE MOVING CAUTIOUSLY: There was no rush to support phaseout of cable compulsory license last week in Senate Copyright Subcommittee, which held first of its 2 hearings on issue. However, senators expressed sympathy for Hollywood's plea for continued share in royalties. Industry opinion split along same lines as at 2nd day of hearings in House week earlier (TVD April 6 p4). Second Senate session will be April 29, with cable, sports owners and others testifying.

Lawmakers generally appeared sympathetic to making changes in existing compulsory license rules but were split on approaches. "I do not know where I stand," said Sen. Hatch (R-Utah.), panel's senior Republican. Retransmission consent "is still another regulatory device to control the marketplace," said senator, who generally advocates deregulation. However, compulsory license also may have outlived its usefulness, he said, because "its clear purpose was to stimulate the then-infant cable industry." Hatch's Q&A with industry witnesses left no doubt that he believes cable is beyond infancy, and what he most wanted to know was whether any of pending changes would affect program quality. Subcommittee Chmn. DeConcini (D-Ariz.) also hasn't taken position, saying that he hadn't been able to figure out what would be in public's best interest but that he sympathized with broadcasters who feared eventual loss of sports programming to cable. Sen. Kennedy (D-Mass.), meanwhile, said he wants to ensure creative artists are compensated adequately in whatever new millenia may be and reminded witnesses of his support in Jan. for Senate passage of cable deregulation measure (S-12), which contained broadcast retransmission consent provision.

Industry sentiment also remained divided along same lines as at House hearings, with departing Fox Chmn. Barry Diller endorsing license repeal so that broadcasters could negotiate for signal compensation and INTV Pres. James Hedlund opposing repeal for fear it would encourage more sports programming to move to cable. Turner Bestg. System Chmn. Ted Turner also opposed license repeal on sports programming grounds, as well as "heads I win, tails you lose" approach of retransmission consent. He was adamant in his opposition to retransmission consent, questioning why cable should have to pay for what he called "sleazy mass violence and sex" programming by over-air networks. Turner accused broadcasters of trying to get their hands into cable programmers' cash drawer, "now that we're a success," and that most cable viewers subscribe to see what Turner said was higher quality programming produced by cable networks. He also lamented what he described as sports owners' "iron control" over national TV rights, which he said are curbed only by compulsory license. MPAA Pres. Jack Valenti again called for modified license phaseout under which producers have shared temporarily in program royalties from cable carriage.

Wireless cable operators said they wanted clarification of their right to compulsory license benefits, and satellite carriers asked for extension of their license past planned 1994 expiration. They also agreed that 3rd party providers must be protected under any new cable regime and nondiscriminatory access to cable programming must be ensured. NAB Pres. Edward Fritts said: "The NAB isn't arguing that the compulsory license is perfect, or must remain in perpetuity... We are saying only that retransmission consent will work with or without the compulsory license." Diller supported repealing license in favor of retransmission consent as way to ensure stations fair compensation for signals: "If you don't repeal the compulsory license, there will eventually be nothing left worth watching" over air.

HALLMARK SELLS UNIVISION: In bid to focus resources on cable, Hallmark is selling Univision Holdings to investor group led by Jerrold Perenchio for \$550 million. In addition to transferring control of Univision's Spanish-language network and 13 TV stations, deal is expected to result in merger of Galavision cable network and program service into Univision, although officials said there won't be net reduction in Hispanic programming.

Perenchio will own 75% of station group, which includes 9 full-power Spanish-language stations (KMEX-TV L.A., WXTV Paterson, N.J., WLTV Miami, KDTV San Francisco, KUVN Garland, Tex., KWEX-TV San Antonio, KLUZ-TV Albuquerque, KTVW-TV Phoenix, KFTV Hanford-Fresno) and 4 low-power TV stations. He also will own 50% of Univision network, which is available to 90% of U.S. Hispanic households.

Rest of Univision will be split between Venezuelan broadcast firm Venevision, which already distributes Spanish-language programming in U.S., and Mexico's Grupo Televisa, owner of Galavision. Perenchio was CEO of Tandem Productions 12 years, co-owner with Norman Lear of Embassy Communications and of Loews Theater chain and was partner with Zanuck family in Zanuck Co. He also owned L.A. TV station that did subscription and Spanish-language TV, as well as Spanish-language station in N.Y.C.

Univision, which had \$200 million revenue in 1991, wasn't on market until Perenchio approached Hallmark, spokesman said, but offer "crystallized what some people had been thinking." Hallmark Chmn. Irvine Hockaday said company had been pleased with Univision performance, "but it would have been difficult to expand both Univision and our cable television properties." Hallmark's Crown Media subsidiary has made several major purchases of cable properties recently, including Cencom Cable and several Jones systems. Spokesman said network-cable cross-ownership rules hadn't been problem yet, but company expected they would become so soon. On whether eliminating problem and getting \$550-million payoff will mean more cable acquisitions, spokesman said: "I think you can anticipate some more cable buys soon."

Perenchio group plans to file for FCC approval of deal by May 1, said Robert Cahill, former FCC official who's in-house counsel for Perenchio. Until approval is received, company can't comment on planned changes at Univision, but Cahill said management will be retained: "We plan to continue to grow Univision and build on Hallmark's record."

Arbitron and VNU Business Information Services announced joint venture to combine their ad spending, tracking and reporting services, to be marketed under name Competitive Media Services. Project, to be owned 50-50, will combine Arbitron's MediaWatch and Radio/TV Reports with VNU's Leading National Advertisers service and Radio Expenditure Reports. VNU CEO Ernst de Fines said combination will make it easier to develop tailor-made information products.

N.Y. legislature approved negotiated budget under which state support of public TV (PTV) will fall 15% to \$14.05 million for fiscal year 1993, amount proposed originally by Gov. Cuomo (D). State support was cut 35% for FY 1992. Michael Ziegler, WSKG-TV-FM Binghamton pres. who also is chmn. of Assn. of Public Bestg. Stations of N.Y. State, didn't think back-to-back declines would put any outlet at risk, but said it would cost his station 20% of its total support.

NETWORK/CABLE COMMENTS: What may be last round of comments on FCC's rulemaking to allow networks to own cable systems (MM Doc. 82-434) were filed last week, although NBC still is negotiating with its affiliates in attempt to resolve their opposition (session was held in conjunction with NBC TV affiliates' convention; another is planned later this month). Principal issues are what "safeguards" to protect local stations both sides would accept and stations' lack of "trust" of networks (TVD March 30 p5). ABC is standing by, hoping its affiliates will agree to something similar to NBC deal. CBS hasn't shown interest in owning cable systems, is staying pretty much on sidelines, didn't file comments. Neither did Media Access Project, which has said it's "reluctantly" on side of networks, and NAB, which opposes networks on orders of TV board.

NCTA said "there is not much new to be said" since this is 4th time in 10 years FCC has sought comments on network-cable ownership: "Virtually nobody contends that the rule remains necessary to serve its original purpose." Assn. repeated its opposition to "preferential protectionism... in the guise of safeguards" sought by stations: "What the broadcasters transparently seek is not protection from anticompetitive conduct but protection from competition."

Network Affiliated Stations Alliance (NASA) said proponents of repeal are "ignoring or haughtily dismissing the critically important current role played [by rule] in controlling cable market power and preventing an untoward aggregation of cable and network market power... Only the parties constrained by the rule -- the networks and the cable industry -- even arguably support wholesale repeal." INTV quoted 19 times from arguments of networks, followed each time by phrase: "Hey! Wait a minute." Independents and others that would have to compete with "media behemoths [networks]" are decidedly not "enthused" about possible repeal of rule, INTV said.

Cap/ABC said it wants to own cable systems to balance "what we hope and expect to be long-term profitable network operations that are inherently risky with long-term profitable cable operations that have far less risk. This is not cross-subsidization and is certainly not 'contrary to free market principles,'" as asserted by INTV. Cap/ABC said "litany of safeguards" proposed by NASA and INTV "would make it so cumbersome and difficult" as to negate purpose of modifying restrictions. Stations want 5% national subscribers' cap on networks; Cap/ABC backs 10% cap.

Two MPAA members, govt. agencies, others and NBC said question is whether TV networks should be only ones excluded "from fully participating in a world where cable is becoming increasingly dominant." NBC repeatedly quoted from 3 speeches by FCC Comr. Duggan in which he said broadcasting and cable are "converging [and] will inevitably become more and more intertwined." MPAA (with dissents by members 20th Century Fox and Warner Bros., which are on networks' side) said network ban serves public interest. MPAA said there's no basis for changing rule "that was intended... to protect critical First Amendment interests by promoting diversity of media ownership."

FCC scheduled May 6 lottery to select tentative winners for LPTV stations in 17 markets. Number of competing applicants in various markets range from 2 to 11 -- 202-632-3894.

Discovery Channel CEO Ruth Otte will present first Edward Jacob Foust Lecture at National Cable TV Center & Museum, University Park, Pa., April 22 -- 818-865-3133.

Senate Judiciary Committee again delayed markup of antipornography bill (S-1521) because of apparent partisan division among members related in part to election-year disputes over crime-fighting legislation. Judging from Committee discussions at aborted markup and earlier hearings, bill won't make it out of Committee in current form, if at all, predicted Richard Karpel, dir.-Video Software Dealers Assn. govt. affairs and regional chapters. Bill by Sen. McConnell (R-Ky.) would allow victims of sex crimes to sue for damages from retailers, producers and distributors of explicit material. Committee has discussed several changes in bill, including adding requirement that perpetrator must have prior criminal conviction. But skeptics, who include Chmn. Biden (D-Del.), have questioned precedents that proposal could set in linking crimes with such incentives as violence or sex on videos. By that measure, gun ownership and similar links to crime could be made, critics said at markup and hearings. White House also opposes bill on similar grounds but reportedly would favor passage if intent can be clarified. "The discussions were very favorable for us," Karpel said. "They said some things that indicated they were having trouble with the bill." Adding to sentiments against bill, major newspapers such as L.A. Times, N.Y. Times, Philadelphia Inquirer and Washington Post have published editorials in opposition, he said. Committee spokesman said markup now isn't likely before late April-mid-May.

House passed House-Senate compromise on campaign reform (S-3) containing new lowest-unit-ad rate requirements. Reforms would require stations to sell federal candidates nonpreemptible ad time at lowest preemptible rates, but would shorten periods before primaries and general elections during which discounts would apply. Change was worked out with broadcasters, who had indicated willingness to accept original deal. However, NAB opposes language from Senate bill that would require stations essentially to increase discount for public-financed Senate candidates. Bill proposes new govt. voucher payments systems for election ads purchased by Senate candidates who voluntarily hold line on spending. Senate is expected to approve compromise bill upon return from 2-week congressional recess later this month.

What's being termed largest public broadcasting capital campaign yet was announced by WNET N.Y.-Newark. Station will seek \$65 million over next 3-5 years. Effort includes \$35 million for permanent endowment for programming and educational projects; \$15 million for broadcast/production upgrades; \$15 million for contingency fund. Campaign has raised more than \$21 million to date from 60 donors, including record \$5 million from Chmn. Henry Kravis, partner of investment banking firm Kohlberg, Kravis, Roberts, to establish Kravis Multimedia Education Center (KMEC).

Recent developments in integrated circuits allow noise-blanking technology "to be implemented in virtually any AM receiver at low cost," NAB said in Radio TechCheck fax to broadcast engineers. Noise-blanking was raised as issue at Las Vegas Consumer Electronics Show when Ted Snider, chmn. of NAB task force on receivers, said "we have run into some resistance" in getting audio manufacturers to adopt AMAX enhancement program because satisfying of noise blanking requirement under AMAX standards would add nominally to cost of radio.

GE Supply contracted for companywide business TV network with PSN. PSN will install, operate and maintain satellite video network connecting GE Supply hq in Conn. with 114 branch offices.

Personals

Newly elected members, NBC TV affiliates board: **Ken Elkins**, Pulitzer Bestg.; **Alan Frank**, WDIV Detroit; **Jon Ruby**, KVOA-TV Tucson... **B.J. Arnold** promoted to vp-sales research and mktg., Fox Bestg... **Rick Bieber**, ex-Stonebridge Entertainment, joins Fox TV as pres., made-for-TV movie unit FNM Films... **Sharon Moloney**, ex-WGBO-TV Joliet, Ill., appointed vp-gen. mgr., WXTX Columbus, Ga... **Kenneth MacQueen** resigns as vp-bestg., Palmer Communications; he was involved in Hughes Bestg. Partners' unsuccessful proposal to buy Palmer's WHO-TV Des Moines and other stations, Palmer said, and is leaving to "pursue other interests"... **Daniel Billy**, ex-dir.-corporate mktg., WNET N.Y.-Newark, joins Public Best. Mktg., N.Y.C., as vp.

Roger Williams, ex-senior vp, ESPN, named pres., cable's Travel Channel... **Ken Farabee**, ex-TCI, rejoins Daniels Communications as senior vp-gen. counsel... **Michael Ward** advanced to vp-counsel-sales and mktg., Showtime Networks... **Richard North**, ex-Whittle, joins Courtroom TV as senior vp-sales and media mktg... **Sue Panzer** advanced to dir., field operations, Showtime Networks... **Betsy Kellman**, ex-United Artists Cable, joins Viewer's Choice as dir.-affiliate relations; **Leslie Colacello** named mgr.-affiliate relations... **Sue Wilson**, Tenn. Valley Cable, elected pres., Midsouth Chapter, Women in Cable... **Mark Harrad**, ex-MPAA, appointed dir.-corporate relations, Viacom International... **Marlowe Froke** retires as dir., Cable TV Center & Museum, Pa. State U., duties to be shared by staff on interim basis.

James Knight, 6-year vp-gen. mgr., WEWS Cleveland, retires May 15... **Carl (Bud) Carey**, Times Mirror Bestg. pres., joins WCBS-TV N.Y. May 4 as gen. mgr... **Roy Clem**, ex-KTVO Kirksville, Mo.-Ottumwa, Ia., joins WSET-TV Lynchburg-Roanoke, Va., as news dir... **Christopher Walden**, ex-WJAR Providence, joins Preview Media's News Travel Network as dir.-national sales... **Jane Fergus**, ex-Long Island cable News Channel 12, joins KCCO-TV Alexandria, Minn., as news dir... **Milton Clipper**, ex-Design Concepts, named dir.-mktg., development and creative services, WHMM Washington... Advancements at WCEU New Smyrna Beach, Fla.: **Sanoma Robertson** to dir.-development/mktg., **Sandra Session-Robertson** to dir.-PR and outreach services... **Salvador Lew**, veteran of Hispanic broadcasting in southern Fla., joins President Bush's Advisory Board for Cuba Bestg... **Donald Derheim** promoted to dir.-corporate support, KQED-TV-FM San Francisco... **Walter Hampton**, ex-W.B. Doner, appointed vp-creative dir., Turner Advertising & Mktg.

Rod Zimmerman, ex-CBS Radio, named vp-gen. mgr., KMOX(AM) St. Louis, succeeding late **Robert Hyland**... **Dale Bell**, exec. producer, PBS series WonderWorks, appointed managing dir., program sales entity Public TV International (PTI), succeeding **Mary Herne**... Changes at KCET L.A.: **Lynne Gugenheim**, ex-L.A. Theatre Center, joins as assoc. dir.-national program mktg.; **Malissa Foster** advanced to mgr.-viewer services... **Pamela Green** promoted to vp-community education services, Children's TV Workshop (CTW), succeeding **Evelyn Davis**, retired after 23 years.

Great American has been granted waiver of duopoly rule by FCC to permit it to buy KOPA(AM)/KSLX(FM) Scottsdale, Ariz., from minority-owned Cook Inlet Radio Partners. Great American already owns KTSP Phoenix, whose Grade A contour covers Scottsdale.

FCC acted with "blinding speed" that "undermined public confidence" in granting requests of Republican and Democratic National Committees to delete requirement from new political broadcasting rules that all TV commercials include audio as well as video sponsorship identification. That was contention of People for the American Way (PFAW) and Media Access Project in seeking reconsideration. Citing "urgent need for clarity," Commission approved parties' requests just 11 days after they were filed and without accepting comments. Parties had claimed audio requirement would be "unduly burdensome to candidates," and FCC agreed, particularly in 10- and 15-sec. spots. PFAW/MAP responded that requirement for audio announcement "is hardly burdensome," and even so, "standing alone, is not a basis for repealing it." Without waiting for comments, Commission "creates the unfortunate appearance that [it] is more responsive to political organizations than to the general public," petitioners said.

Full FCC should review staff decision requiring broadcasters to provide free production service for political candidates, 4 broadcast groups and one radio ad sales rep firm said in joint filing. Group -- Donrey, EBE Communications, Fairbanks Communications, Heftel Bestg. and Interep Radio Store -- said new requirement would be essentially "another perk for the politician" that isn't mandated by Communications Act. Filing also claims that decision deprives broadcasters and cable operators of due process and exceeds FCC's congressionally granted authority. Meanwhile, group of 8 parties that earlier sought review of ruling requiring that broadcasters extend credit to politicians said FCC should seek public comment on decision. Filing was coordinated by law firm Haley, Bader & Potts.

Up to \$10 million to improve educational access and equity via telecommunications would be provided under bill approved by House. Similar measure was voted earlier by Senate. Groups eligible for funding under House bill (HR-3553), reauthorization of Higher Education Act, would have to include public broadcasting entity/consortium and higher education institution/consortium, and would have to match federal grant on one-to-one basis. Eligible activities include: (1) Acquisition of receive and distribution equipment. (2) Preservice and in-service training for K-12 teachers through interactive videoconferencing. (3) Preparation of video and computer programs that provide teaching materials not otherwise available.

Wireless cable application fraud is "fastest growing investment telemarketing scam in the U.S.," according to N. American Securities Administrators. Group said it would issue new "Investor Warning" on wireless cable, along with Council of Better Business Bureaus. Alert will warn of potential problems with new technology and spectrum allocations that could lead to "bigger bonanzas for con artists" as application mills inflate investors' prospects. It also will warn of new "2nd phase" of lottery-related fraud in which boiler-room salespeople pitch for construction funds for wireless cable licenses they already have acquired.

Local radio revenues increased 4% in Feb. but national revenue was down 17.1% and network off 4.4%, according to RAB measurement of more than 100 markets. RAB Pres. Gary Fries called local results "an encouraging sign... Retailers are beginning to bounce back."

Citing "tremendous growth of the billion-dollar-a-year infomercial industry," infomercial marketing conference will be April 29-May 1, Loews Hotel, Santa Monica. Sponsor: Infomercial Marketing Report, 310-289-7900.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th week of 5-week March and year to date:

	MARCH 21-27	1991 WEEK	% CHANGE	MARCH 13-20	12 WEEKS 1992	12 WEEKS 1991	% CHANGE
TOTAL COLOR.....	534,268*	353,214	+51.3	375,054*	4,430,435	4,247,607	+ 4.3
DIRECT-VIEW...	526,807*	348,352	+51.2	370,269*	4,352,365	4,179,504	+ 4.1
TV ONLY.....	504,260*	337,814	+49.3	359,127*	4,185,188	4,022,027	+ 4.1
TV/VCR COMBOS	22,547*	10,538	+114.0	11,142	167,177*	157,477	+ 6.2
PROJECTION....	7,461*	4,862	+53.5	4,785	78,070*	68,103	+14.6
VCR DECKS.....	233,563	189,310	+23.4	173,838	2,245,862	1,837,413	+22.2
CAMCORDERS.....	68,202*	44,165	+54.4	30,828	430,538*	356,514	+20.8

Direct-view TV 5-week average: 1992--426,506*; 1991--365,027 (up 16.8%).

VCR deck 5-week average: 1992--195,020; 1991--169,506 (up 15.1%).

Camcorder 5-week average: 1992--43,573*; 1991--31,639 (up 37.7%).

* Record for period. Data for 1991 contain minor revisions by EIA.

AIWA INTRODUCING STANDARDS-CONVERTING VCRs: Sony affiliate Aiwa plans return to video in U.S. with unique set of products -- consumer-priced VCRs with built-in NTSC/PAL standards converters and standalone converter that can change NTSC to PAL and vice versa. Designed to make it possible to play European tapes on U.S. sets -- or make NTSC copies of PAL tapes (or vice versa) -- they will be priced in \$400-\$500 range, according to Aiwa America Sales & Mktg. Vp Rusty Bennett.

First product will be dual-standard VCR without tuner, to be followed by standalone standards converter, both in Aug.-Sept. Model with NTSC tuner will be available early next year, Bennett said. Particularly startling about these products is their price -- VCR at 1/4 to 1/6 the cost of only other widely available converting recorder, Panasonic's industrial version universal VCR, which lists at \$2,550. Aiwa is embracing product for U.S. because it's "niche market not occupied by anyone else," Bennett told us.

Product was introduced in U.K. last week at London Brown Goods Shows, patched-together series of showings for dealers by manufacturers at hotels scattered around city. Three versions were demonstrated there -- model HV-MG330DH with PAL tuner at suggested list of £400 (\$700), due in June; model HV-M110 without tuner at £350 (\$610), for July delivery, to be followed by separate converter at around £250 (\$440) in summer. VCR prices are very little above those of standard VCRs in U.K.

Standards-converting VCR may have somewhat greater attraction in Europe than in U.S., because movie cassettes usually are released in U.S. in NTSC long before their European PAL release. However, there's also big market for interchange of personal tapes among friends and relatives in U.S. and Europe. New VCRs can play tape of either NTSC or PAL standard through either NTSC or PAL TV or copy it onto either NTSC or PAL recorder. Standards converter may be used between VCR and TV or between any 2 VCRs to change standards. U.S. version also will play back SECAM, but only in b&w.

Aiwa VCRs and converters contain solid-state memory that stores each TV field as it's read off tape. When it reads NTSC field out to TV or another VCR it reads 50 of stored lines twice to build 262.5 scanning lines up to 312.5 lines of PAL field. It skips every 6th field, to convert 60Hz to 50. It converts color coding system to PAL from NTSC by changing frequency at which color information is carried piggyback on b&w information, thereby delivering true PAL signal. Converting PAL to NTSC, it does just opposite, eliminating 50 lines of each field, converting color coding frequencies, reading out every 6th field twice.

Pictures delivered to PAL screen from NTSC tape aren't as good as original, according to our London correspondent, but "quite good enough for most viewers wanting to watch family tapes from abroad."

Professional converters used by broadcasters give better quality but cost tens of thousands of dollars. Aiwa product isn't to be confused with "dual standard" or "multistandard" VCRs, which will play back tape only in same standard in which it was recorded. Standards-converting VCRs are sold in U.S. by Instant Replay, Miami, which offers modified Matsushita and Mitsubishi decks at \$795-\$2,000, lowest priced unit being PAL-to-NTSC only.

RETAIL TURBULENCE--BANKRUPTCIES, RECORD SALES: Unsettled nature of consumer electronics retailing came into sharp focus last week as Pittsburgh-based Appliance Store became latest significant industry player to file for Chapter 11 bankruptcy, coincidentally day after Circuit City (CC) reported surprisingly strong 4th-quarter earnings (see separate story, this issue).

Juxtaposition of events spotlighted what suppliers and analysts say is increasing concentration of electronics business into fewer retail accounts, plus encroachments from mass merchandisers and warehouse clubs. William Ulewicz, senior sales vp for Philips Consumer Electronics (PCE), said recent industry analysis showed top 10 accounts doing "at least 50% of the business" in categories in which PCE competes, and that top 100 retailers were doing 80% of business. Putting that much buying power into hands of relatively few companies inevitably leads to more pressure on their suppliers, although Joseph Clayton, Thomson CE exec. vp, sales and mktg., Americas, acknowledged it also "can also cut my costs to serve them."

Even as well-known retailers such as Newmark & Lewis and Polk Bros. have shut their doors, number of storefronts selling electronics hasn't declined. "As soon as one guy vacates a market, another one jumps in and leases the stores," said Hitachi Exec. Vp Irv Fulton. Just as importantly, nature of those selling floors has been changing. Last few years have seen rapid spread of warehouse clubs and Best Buy's Concept 2 format, and commoditization of TV and video products has given mass merchandisers such as Wal-Mart, K mart and Target larger role in business.

Increasing number of consumers feel "they're able to make the buying decision without a salesperson getting in the way," Ulewicz said. He said that in categories in which PCE participates (including audio and video hardware, but not including such things as tape and batteries), percentage of volume being done by "nonselling" retailers "is really trending up," currently standing at 60% for those with selling floors, 40% for companies such as warehouse clubs and mass merchants. Fulton said: "Until a year ago, warehouse clubs were like an ingrown toenail -- annoying but not fatal" -- but now are forcing vendors to make hard decisions on whether and how to do business with them.

Suppliers are quick to stress that industry still needs dealers who can merchandise and sell new technologies. However, Ulewicz wondered whether chain executives who espouse such principles are making sure they're followed through to selling floor. "If they can execute what they say, they've got a valuable place in the market and we want to be there with them," he said. Clayton said recent rash of chain closings and bankruptcies showed that "even at long-established companies, if they don't adapt to the changing market and mix, they're vulnerable." He said companies such as Circuit City aren't "only competing on price, but they're selling a good mix." But Fulton noted that warehouse clubs and mass merchants were picking off increasing percentage of flat or declining industry, which "is putting pressure on retailers" that carry similar goods, even though slightly more upscale. "They've been unable to generate a sufficient number of sales at margins to cover expenses," he said of struggling chains.

Bankruptcy filing for Appliance Store and related company Northeast Consumer Technology Stores listed combined assets of \$38.75 million and nearly \$80 million in liabilities. Appliance Store Finance Vp-Chief Financial Officer Frank Quigley said company will decide within 2 weeks which of its 50 stores will be closed in wake of bankruptcy filing. Company operates electronics and appliance stores in Pa., Ohio and W.Va. and was 2nd in region to file for bankruptcy within last month, following Akron-based Home Centers (TVD March 23 p15). Privately held Appliance Store is estimated to have sold slightly more than \$100 million in electronics last year.

Pres. Louis Bernucca said company is "completing trade financing negotiations and this reorganization will enable us to continue operations while we conduct a strategic review of the company." (Bernucca's only statements came via news release, since he was hospitalized for unrelated medical condition shortly before filing. He was expected to be conducting business by phone by end of last week.)

Quigley said combination of slumping economy and several subpar store locations had been major factors driving Appliance Store business down. Founder Ronald Violi opened first store in 1975 outside Pittsburgh. In addition to Appliance Store locations, company bought Cleveland-based Northeast Superstores in 1989,

about year after Shansby Group -- San Francisco investment firm -- bought majority stake in company. Violi was replaced as pres. by Bernucca last fall (TVD Sept 16 p16). Under Violi, company was known for independent stance, never joining major buying group. It had reached preliminary agreement to merge with Indianapolis-based H.H. Gregg last year, but talks broke off over what Violi called "cultural" differences (TVD April 1/91 p19).

Largest unsecured creditors for Appliance Store listed in court filings were Equitable Life Assurance and separate partnership that Equitable manages, for total of \$21.9 million. Rest of list of top 20 unsecured creditors: Sony, \$975,000; Samsung (amount unavailable); Hallmark Advertising, \$402,000; Bose, \$394,000; Pittsburgh Press, \$285,000; Maytag Financial Services, \$275,000; Canon U.S.A., \$266,000; Glenwood Range, \$258,000; Dayton Newspapers, \$220,000; WCI Acceptance Corp., \$200,000; Ronald Violi, \$116,700; B.I.C. America, \$98,000; GE, \$96,000; James Violi, \$92,000; Pioneer, \$96,000; Caloric, \$92,000; Bush Industries, \$90,000; Miller/Zell Design Center, \$79,000.

PHILIPS ENDING PC MARKETING IN U.S.: Philips gave up last week on hotly competitive personal computer marketing in U.S. and will drop its Magnavox brand PC line. "Due to the unfavorable market environment in the U.S., Philips Electronics will cease to distribute PCs through traditional consumer electronics and PC specialty channels," said announcement last week from Eindhoven hq.

Ax fell less than week after release of Philips annual report showing that U.S./Canada was only geographic region to operate in red last year, although loss was 97% less than in 1990 (see separate report in this issue). Philips says it won't leave PC manufacture or sales, but will "reshape its worldwide PC activities." Production facilities in Montreal and in Tilburg, Netherlands, will be "slimmed down," company said, as part of decision "to considerably reduce overhead costs."

Hq of Personal Information Products, part of Consumer Electronics Div., will be transferred to Tilburg from Best, near Eindhoven, and production will be concentrated in Montreal, while Tilburg plant will handle bundling activities, including "addition of software downloading for the European market." Philips emphasized that exit from its own distribution applied to U.S. only and that it will "focus on OEM opportunities" in this country from its Montreal plant while intensifying efforts in "Europe, Canada and the Far East" under own brand name as well as in OEM market. Official said brand name of company's computers would be changed to Philips from Magnavox to conform with practice in rest of world.

Company said work force will be reduced by about 600, out of total of 1,800. In Montreal, 280 production workers and 100 management and office employees were laid off effective April 30, and up to 100 more office jobs will be cut in May, "including some vps," Philips (Canada) Exec. Vp Robert de Ridder was quoted in April 8 Montreal Gazette. Montreal plant employed more than 1,000 two years ago but now has only 672 and latest cuts will reduce that to 200, according to Gazette, which quoted union workers as fearing "complete shutdown." There also will be layoffs in Tilburg and presumably in Knoxville, but spokesman in latter city said details hadn't worked out yet.

Philips, whose Magnavox brand PC is widely handled by mass merchants, is 2nd consumer electronics company to exit chaotic computer field in less than year, Emerson having pulled out last year (and its desktop PCs with software now are being advertised at less than \$400). Philips sold its business minicomputer operation to DEC last year and folded its PC operation into Consumer Electronics Div. (TVD July 29 p16).

Philips bought U.S.-based Headstart computer operation in 1989 from Vendex International, big privately held Dutch conglomerate, for undisclosed amount (TVD March 27/89 p10). At that time, line was made in Korea by Samsung, Daewoo, Hyosung. Philips switched manufacture to Montreal, sold PCs in U.S. and Canada under its Magnavox brand name. Company never has revealed total sales, but N. American Philips (NAP) Chmn. Gerrit Jeelof told us in 1989 that company would sell about 500,000 PCs in U.S. that year (TVD May 22/89 p15). Following year, Philips Pres. Jan Timmer commented on "heavy losses" at Headstart operation, and 1990 annual report attributed deficit in U.S./Canada operation to "considerable losses in computers and ICs."

Magnavox was first brand to offer CD-ROM-equipped computer through consumer electronics dealers. Philips will continue to market CD-ROMs and computer monitors in U.S. It announced last year it planned to start production of notebook computers in Taiwan, later put that plan on hold. Magnavox brand notebook PCs were sourced from Taiwan. NAP spokesman told us company has intensified efforts in OEM computer market in last several months and has "firm orders and promising prospects." Magnavox PC inventories will be phased out through existing distribution channels, starting immediately.

PAPERLESS BREAKTHROUGH: Electronics manufacturers and importers hailed what was seen as dawn of "paperless" age in importing as FCC and U.S. Customs Service started new program to substitute electronic data transfer for paper certification of RF equipment. Similar program is expected soon for Food & Drug Administration (FDA) forms.

Currently, all imported equipment capable of emitting radio frequencies (RF) -- TVs, VCRs, computers, microwave ovens, etc. -- must have attached FCC Form 740 indicating they meet Commission standards. Under new system, Customs will replace paper certification with scanning of same information electronically, forwarding it weekly directly to FCC computers.

New program, according to FCC, is expected to eliminate processing of some 500,000 copies of Form 740 annually and reduce number of forms handled by Commission's Field Operations Bureau to less than 4,000 per month from 40,000. System, which went into test operation April 6 at San Francisco International Airport and Seaport, could be operable at all major ports in next 6-12 months.

New system will bring "tremendous savings just in cost of paper," said Sony Import/Export Vp Judith Barzilay, who explained that certifications required by FCC and FDA are last bastion of import paperwork. All customs forms now are electronic and even communications about shipments from Sony Japan to U.S. use no paper, but are mainframe-to-mainframe interchanges, she said.

Every model imported must be accompanied by Form 740, and Barzilay said Sony currently pays customs brokers \$100,000 per year to fill out and file FCC and FDA forms. Electronic data transfer will save not only money but time, she said. Most Sony imports move through port of L.A.-Long Beach, she said, and "we'll be delighted" when that port is brought into program.

"This is a very big issue for importers," she said, noting that various govt. certifications are "very paper intensive." Next step, she said, will be similar arrangement with FDA, which requires paper filing for every product using laser -- CD and laserdisc players and optical reference devices such as Data Discman. She hailed Customs Comr. Carol Hallett for forward-looking attitude. FCC Chmn. Sikes and Comr. Hallett signed Memorandum of Understanding on subject April 2, climaxing 1-1/2 years of work to develop computer interface -- finally bringing electronics importing into electronic era.

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Draft of letter to FDA seeking revision of record-keeping requirements on sales of color TV sets has been circulated to members and should be forwarded to FDA within 10 days, said David Poisson, EIA Consumer Electronics Group (CEG) staff vp. He said letter as drafted renews CEG concern that regulations requiring manufacturers and dealers to keep detailed records of TV purchasers serve no useful purpose (TVD Feb 17 p9). He said industry "is not looking to lighten standards" on testing for radiation, but potential recalls could be handled in "much more efficient and less costly ways" that don't place needless, onerous burden on industry.

Psion, U.K. company that originated handheld computer market, lost \$3.9 million before taxes last year, compared with profit of \$980,000 in 1990. Sales dropped 32% to \$38.3 million. Financial sources blamed recession, which reduced demand for its computers, and failure to introduce new version of pocket Organizer on time.

ACTION DUE SOON ON ROYALTY BILLS: House committees with jurisdiction over Audio Home Recording Act (HR-3204/HR-4567) are expected to schedule markups shortly after Congress returns from 2-week spring recess starting April 17, said David Poisson, staff vp-govt. and legal affairs, EIA Consumer Electronics Group. "We're ready to move in the Senate," he said of companion S-1623, which was sent to floor in fall (TVD Nov 25 p13), but has been awaiting reports from staff of Senate Judiciary Committee.

Legislation is on track to receive signature of President Bush "certainly" by congressional summer recess that begins in Aug., although supporters are "hopeful" for passage as early as June, Poisson said. "The feeling within EIA is that we'd love to be able to announce this at the Chicago show," he said of Summer Consumer Electronics Show scheduled for May 28-31. Mindful of possibility that first Philips DCC recorders are scheduled to be sold to public in June without legislation in place, Poisson said issue "truly has not come up as a problem" among members of hardware-software coalition supporting bills. Copyright Coalition executives and other software interests generally have discouraged talk of new litigation in unlikely event legislation were to fail as long as parties to compromise agreement maintained close dialog.

Poisson said Commerce Dept. endorsement of HR-4567 (TVD April 6 p11) served to "take the wind out of the sails" of scattered opposition "that had interpreted the Administration's silence as reason for hope." As he reported, Commerce officials praised legislation as "appropriate solution" to years-long debate on home taping, although they recommended "further study" of reciprocal treatment of American music copyright holders in overseas markets.

Service Contract Industry Council (SCIC) announced establishment of minimum financial standards for warranty companies applying for membership. SCIC said standards are intended for use as "yardstick" by which dealers can differentiate financially viable warranty firms from instable ones. Prospective members must meet one of 2 requirements: (1) Claims liability must be 100% insured by company licensed in all states where warranty company does business or has contracts. (2) Cash reserves must be sufficient to meet all contractual obligations. In addition, reserves that exceed half of company's audited net worth must be held in trust. SCIC said its financial disclosure statements, revised to reflect new membership standard, are available to dealers upon request.

Wells-Gardner realized just under \$3.5 million from its assembly agreement for ill-fated Majestic brand color TV. Chassis were supplied by Zenith for high-end TV line terminated last year by Majestic Industries, headed by principals of D&H Distributing, once RCA's biggest distributor (TVD Feb 25/91 p9). W-G annual report said revenues from assembly agreement totaled \$3,441,000 in 1990 and \$42,000 in 1991. Color video and data monitors accounted for some 98% of W-G's revenues last year. Illustration in annual report indicated W-G is making 31" color monitor for super-high-end computerized Frox System Home Theater.

THIS WEEK'S YEN RATE

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

'VERY, VERY DIFFERENT' CES SET: Series of themed "pavilions" and new product groupings to spotlight emerging trends and categories will dot floor of Consumer Electronics Show (CES) May 28-31 as industry prepares to welcome consumers for last 1-1/2 days of tradefest. McCormick North will house pavilions devoted to multimedia and mobile office products, while main floor in McCormick East will have Home Theater pavilion and special display promoting high-end audio products being featured at Chicago Hilton. Also for first time, multimedia and home theater vendors will be grouped in distinct areas of show floor to acknowledge their emergence as separate businesses.

EIA Consumer Electronics Group (CEG) held news briefing last week to preview layout and new concepts being installed at Chicago show for what Vp Gary Shapiro called "a very, very different show." He said trade preregistration is running 20% ahead of year earlier. He said 1,000 tickets have been sold through toll-free hot line to consumers, 40% of whom are outside Chicago area. Several ticketing details have been changed since original announcements: (1) Admission will be charged for all children over age of 2, in deference to security and safety concerns raised by EIA consultants. Under first guidelines, children under 6 were to be admitted free, but Shapiro said nothing in rules would have precluded adult from "bringing in an entire Boy Scout troop." (2) Tickets will be valid on specific days, lessening chance of overcrowding from overabundance of consumers on either day of weekend.

Shapiro urged reporters to "go beyond quantitative comparisons" in assessing success or failure of first-ever consumer show. He said that it "would take an act of nature" for show "not to be a success" and that decision by some companies not to exhibit had more to do with "individual business considerations" than dissatisfaction with consumer format. Asked what details might give CEG management sleepless night on eve of first consumer day, Shapiro cited Chicago weather on May 30 as factor influencing consumer turnout "over which we obviously have no control." He said promoters were hoping for weather that "isn't too nice" as to deter consumers from attending indoor show, but not bad enough to keep public from attempting trip to McCormick and other venues.

Captive consumer audience on final 2 days of CES hasn't escaped notice of Dolby Labs, which will team with CEG to mount Home Theater demonstrations on main show floor. Project's intent, Dolby Technical Mktg. Licensing Dir. John Kellogg said, is "to get consumers interested enough in home theater that they want to go into a store and buy something."

Area will have series of demonstration rooms measuring either 16x12' or 16x24', organized to showcase wide variety of home theater products in prices of \$1,000 and up. Participating manufacturers will rent space for \$5,000-\$10,000, depending on size, including basic amenities such as drayage, security, carpeting, lighting.

Dolby officials will supervise event to fend off possibility of individual companies' using promenade for self-serving purposes. No selling or literature will be allowed in demo rooms, Kellogg said, and "we don't want any carnival barking." Common program guide will describe all systems on display and provide list prices. Dolby-created demonstration laserdisc will be common source fed to all participating systems so that one particular product can't gain perceived advantage because of superior program material. Dolby executives will monitor sound-pressure levels to be sure noise doesn't exceed 80-82-dB threshold.

Kellogg downplayed competitive aspects of event, saying that organizers aren't trying to establish "a shootout," but just to "leave the impression that you can have home theater in all price ranges."

EIA FLIPFLOP ON MTS: EIA revised its Jan. figures on stereo color TV to include sets without dbx, reverting to original definition of "stereo TV." Its Jan. figures identified sets as "MTS" and for first time included only those with dbx noise reduction (TVD March 16 p16).

Feb. figures, issued last week, are headed "Stereo Color TV Sets," eliminating reference to MTS or dbx, and include revised Jan. figures, presumably encompassing those that don't use dbx, such as Thomson's lower priced sets that employ company's own "XS" circuitry. Revised Jan. figure for stereo color is 445,599, indicating that 35.6% of color sets sold to dealers that month had stereo, up from original 400,704 -- 32.2%. Thus, it's indicated that 44,895 sets in Jan., or about 10% of stereo units sold that month, didn't include dbx circuit.

EIA spokeswoman said Marketing Services Committee reverted to more general figures to avoid revealing proprietary information.

Feb. sales of sets with stereo totaled 549,058 -- 40.7% of total color sales. Stereo sales rose 5.7% from year earlier in month when total color TV sales (excluding projection) declined 7.1%. In year's first 2 months, 40% of sets had stereo, up from 35.6% in same 1991 period. To keep record straight, here are EIA's figures on unit sales of direct-view color TV sets with stereo for Jan. and Feb.:

STEREO IN DIRECT-VIEW COLOR SETS

Month	1992	% of Total	1991	% of Total	% Change
January..	445,599	35.6	418,214	35.4	+ 6.5
February..	549,058	40.7	519,376	37.0	+ 5.7
TOTAL...	1,038,657	40.0	937,590	35.6	+10.8

Where's the X!#@!! remote? Question that's sent more pillows and seat cushions flying than teenage slumber party could be eliminated by selected sets in new Philips TV line that include "remote locator" system. Three 27" sets, one 31" and one 35" have RF transmitter wired to chassis. When viewer pushes power button on set, remote handset chirps for 30 sec. or until any button on handset is pushed. Similar feature (with beeper activated by handclap) was planned for 1988 Tera TV line, but later dropped as too expensive and "frivolous technology" (TVD July 25/88 p16).

"Simplified" Hi-Vision receivers are coming in Japan, following EIAJ acceptance of Sharp's lower priced (\$7,500) receiver as true HDTV. Matsushita on July 1 will introduce sets with 34W" widescreen Superflat picture tube and simplified MUSE decoder at about \$9,000, to be followed by others. Full-featured MUSE sets, without "simplified still picture processing," generally sell for around \$25,000-\$30,000. Matsushita is introducing "lowest priced full-spec Hi-Vision receiver" at \$19,000.

Report that Sony Japan raised prices 3% on products it's shipping to U.S. subsidiary, which appeared in Japanese and U.S. press, represent normal course of negotiations at least partly designed to cope with currency fluctuations, according to Sony in Japan. Spokesman said 3% wasn't across-board figure, which differs by product. Previous press reports in Japan referred to increases in Canon and Toshiba products (TVD March 30 p18).

CIRCUIT CITY, AVA NET UP: Circuit City (CC) and Audio/Video Affiliates (AVA) reported strong gains in sales and earnings for recently completed fiscal years.

Circuit City credited improved expense controls and "opportunistic product purchases" as it posted 65.1% jump in net income on 21.8% sales gain for 4th quarter ended Feb. 29 (see financial table). For year, sales rose 17.9% and net income was up 38.1%, excluding \$53.5-million charge taken in preceding fiscal year for change in accounting related to extended warranties.

Chmn.-CEO Richard Sharp said CC, in posting gains, was able to offset "a highly promotional climate that resulted in significant pressure on store level margins." Sharp stressed that point-of-sale computer system installed in 1990 "supported an increased organizational focus on inventory control, which produced a sizeable 4th-quarter adjustment to the annual inventory shrinkage allowance."

CC sales in March, first month of new fiscal year, were up 17% to \$212.6 million, with comparable stores up 3%. Sharp said March results "were in line with our expectations," predicting comparable-store sales would continue in "mid-single digits" for rest of year. "While many of last year's challenges remain with us in fiscal 1993, we believe that continued geographic expansion and the ongoing strength of our operations should yield healthy sales and earnings growth," he said.

Audio/Video Affiliates reported 9.9% increase in net income on 20.9% sales gain in 4th quarter ended Jan. 31. For year, sales rose 23.3% and net income 3% after factoring out charge for extended warranty accounting change in prior fiscal year. Company also reported March sales rose 11% to \$14.5 million as comparable stores were up 3%.

Chmn.-CEO Stuart Rose said most of sales gains came from "doing a better job in selling larger screen TVs" and better mix of sets overall. He also cited store remodeling program that accompanied merchandise upgrade. AVA, which tested jewelry departments in 2 stores last year, plans to add them to 5-10 stores this year. In all, company expects to open 5-10 stores this year, with next 2 scheduled for Waterloo and Sioux City, Ia.

* * * * *

Good Guys reported sales in 2nd quarter ended March 31 rose 21% to \$118.6 million and comparable-store sales 3%. For first half, sales were up 23% to \$273.6 million and comparable stores 5%. This was 4th straight quarter in which comparable-store gains were lower than in preceding quarter. Pres.-COO Robert Gunst acknowledged that comparable-store gains weren't "as strong as we have recorded in the past," but noted that comparisons were with strong year-earlier quarter in which company extensively promoted introduction of its private label credit card.

Best Buy said sales for 5 weeks ended April 4 rose 63% to \$96 million and comparable-store sales 24%.

FCC revised closed-caption rules at request of EIA Consumer Electronics Group to eliminate requirement that captions in sets made before July 1, 1993, deadline must work on encoded cable channels. Commission also clarified rules for sets made after deadline with regard to cable systems, relieving manufacturers of responsibility for making caption systems compatible with "unconventional cable security systems that are virtually unknown to the marketplace." FCC said it "intended only that its compatibility requirement extend to all commonly used cable security systems."

U.K. 16:9 BROADCASTS: Widescreen TV receivers shown by Philips and Nokia at U.K. Brown Goods Shows April 5-12 in London were able to display actual broadcasts from British Sky Bestg. (BSkyB), which will continue April 13-15 during Cable & Satellite Show.

Broadcasts resulted from last-min. decision by BSkyB after agreement was reached with Astra satellite (Luxembourg), Philips, Europe's Eureka project and satellite receiver manufacturer Pace. Astra loaned Ch. 29, EC chipped in some money and Philips worked with Pace to produce widescreen decoders for D2-MAC signal. Signal was scrambled with Videoguard encryption. Test transmissions carried pan-and-scan information in vertical interval, enabling pictures to be displayed on standard 4:3 sets as well.

Broadcasts, 8 hours daily, consisted mainly of feature film clips. Surprise transmissions represent landmark by demonstrating for first time BSkyB commitment to widescreen TV. Demonstrations included first sets offered in U.K. with smaller than 34W" screens (36" European size). Nokia showed all 3 sizes -- 34W" at \$3,765, 30W" at \$2,450, 26W" at \$1,925.

Also at London shows, Mitsubishi showed 2 VCRs with "Twin Intelligence Feature" that optimizes recording and playback parameters to tape being used. When blank tape is put in VCR it automatically records test signal for instant, then rewinds, replays and adjusts recording parameters for best picture. VCR accomplishes feat in 1.5 sec. Two of 4 heads record test signal, other 2 play it back. Akai has similar feature in European market.

Sony is expected to announce U.S. marketing plans this week for digital microrecorder that uses postage-stamp-size cassette, sources close to Sony Japan said. Late spring deliveries are anticipated of NT-1 recorder, which went on sale in Japan Feb. 21 at nearly \$800 (TVD Jan 20 p14). Product is being positioned for voice recording in business, educational and newsgathering applications, last apparently reason why recorder was called "Scoopman" in early Sony Japan news releases, although name isn't likely to be applied in U.S. or other markets. It has Serial Copy Management System, presumably in accordance with agreement to incorporate feature in all digital audio recorders sold through consumer channels.

JVC is subject of rare antitrust probe by Japan's Fair Trade Commission (FTC) to determine whether it is abusing its patents on VHS format. Case being investigated involves Japanese firm called C&B, which in 1986 developed system permitting VCR to be controlled by computer, and signed OEM contracts for NEC and Sharp to make it. After several shipments, 2 companies are alleged to have stopped production on order of JVC. C&B Pres. Kim Moon-Jae is quoted as saying C&B lost some \$40 million as result of JVC's intervention. JVC spokesman expressed confidence company hadn't broken law and said it was important to protect consumers by assuring compatibility of VHS products.

Compression Labs Inc. (CLI) has been signed by Thomson Consumer Electronics (TCE) to develop and manufacture compressed digital video encoding system for Hughes DirecTv high-powered satellite system. Encoding system, based on Thomson and Sarnoff Research Center developments, is based on MPEG standard. Contract calls for up to \$5 million in development and purchases through 1993. TCE and CLI also are working together in Advanced TV Research Consortium on digital HDTV system. TCE has contract for compression technology and decoder boxes for DirecTv (TVD Feb 10 p12).

PHILIPS U.S. LOSS DOWN: Although U.S.-Canada was only region where Philips showed loss from operations in 1991 and in 1990, that loss was reduced more than 97% to about \$10.1 million from \$339.2 million in 1990, according to Philips annual report just issued. Report noted that 1990 figure was "influenced by considerable losses in computers and ICs." Using average rate of guilder to dollar for each year, sales deliveries in U.S. and Canada rose to \$7.4 billion from \$7.12 billion, as result of consolidation of Super Club retail operation and higher sales of medical and industrial equipment.

In Europe, operating income increased to \$1.02 billion from \$686.7 million on sales of \$18.66 billion in 1991 and \$19.2 billion in 1990. In Netherlands alone, income declined to \$241.5 million from \$454.1 million, while sales dipped to \$9.06 billion from \$9.8 billion. "Considerable sales increases" by PolyGram and Marantz were major contributors to sales increase in Asia to \$5.37 billion from \$4.8 billion and rise in profit to \$237.2 million from \$196.7 million.

Pres. Jan Timmer emphasized in report that software will play major role in reshaping company. He indicated that Philips plans no more major selloffs of complete divisions, but "we will continue to dispose of businesses that do not fit in with our major activities or offer insufficient prospects of profit." Annual report was released less than week before Philips announced it was cutting back activities in personal computers (see separate report, this issue). Timmer said future cutbacks will involve only "relatively small units" of company, and "we have no intention of reducing our [79%] interest in PolyGram."

Although he said company's existing divisions offer "sufficient potential for making profits," he said that "in addition, we shall gradually extend our interests in electronics-related software activities. The criteria by which we shall be guided are the profit potential of the businesses in question and their ability to support our hardware and existing software activities."

Philips still has "a long way to go," he said, although restructuring efforts so far have exceeded expectations. "Our ultimate goal is to be considered world class in everything we do."

Among companies in which Philips has partial interest, as listed in report: Philips Matsushita Battery Corp. (Belgium) 50%, Grundig (Germany) 32%, Super Club (Switzerland) 50%, Marantz Japan 51%, Matsushita Electronics 35%. In China, Philips is involved in 7 joint ventures -- Car Audio Electronics 70%, Shenzhen Shen Fei Plastics & Metalware 60%, Philips Semiconductor Corp. of Shanghai 51%, Beijing Philips Audio/Video Corp. 50%, Shenzhen Shen Fei Laser Optical Systems 50%, Yangtze Optical Fibre & Cable Co. 50%, Hua Fei Colour Display Systems Co. 30%.

* * * * *

Philips now owns about 4.5% of Blockbuster common stock, having chosen to take its \$66 million investment in company in form of 6 million shares at \$11 each. Dutch electronics giant previously had purchased 2 million shares from Blockbuster Chmn. Wayne Huizenga (TVD March 23 p14). Revised agreement allows Philips to buy up to 5 million more shares through Dec. 15. Because Blockbuster had closed at \$13.75 on April 7, day before Philips exercised option, transaction represents 25% gain.

Philips had alternative option of taking 49.6% stake in Blockbuster's U.K. operations, which consist mainly of

Cityvision chain acquired in Feb. Philips spokesman in Eindhoven told us company decided "direct participation in the worldwide activities of Blockbuster forms the best basis of cooperation." Example of such cooperation, he said, would be showcasing of CD-I format in Blockbuster stores, since amended agreement calls for companies to discuss "possible distribution of Philips software and certain hardware" throughout chain's 2,829 stores. Blockbuster had been planning 2-market CD-I test later this spring.

Meanwhile, Philips has set April 22 meeting in Geneva to propose terms of its plan to buy out Super Club record and video chain, spokesman said.

SEGA WINS FIRST ROUND IN COURT: Sega Enterprises, Japanese parent of Sega of America, won preliminary injunction in U.S. Dist. Court, San Francisco, against Accolade, software publisher that it charged with trademark infringement (TVD Nov 11 p12). Once injunction becomes effective, Accolade will be enjoined from manufacturing or shipping software it makes for Sega Genesis videogame system. Accolade is largest unlicensed 3rd party software publisher for system.

At heart of dispute is screen emblazoned "Produced By or Under License from Sega Enterprises, Ltd.," that flashes when programs are loaded into system. Accolade's cartridges, though not licenced, generate same screen because it developed its software by reverse-engineering Sega system. Judge Barbara Caulfield ruled that since Accolade copied and reproduced code that generates offending screen, it's responsible for violation. In granting injunction, she ruled that "Sega is likely to succeed on the merits of its claim."

Sega Corp. Counsel Riley Russel said ruling "defines the meaning of 'reverse engineering' and recognizes there is substantial damage to business and goodwill when copyright and trademarks are infringed."

Accolade said it will take steps to reverse court's decision. Chmn.-Pres. Alan Miller said company believes "the complexity of the issues involved... created substantial confusion... resulting in an order which, in our judgment, is not supported by existing law or the facts. As it stands now, this decision could potentially set a new legal precedent that would give computer hardware manufacturers, both foreign and domestic, complete control over the software developed for their systems. Such a change would be a significant setback for the entire software industry." Accolade had charged suit was attempt by Sega "to force Accolade into agreeing to what amounts to a nonnegotiable, 3rd party licensing arrangement."

Sales to dealers of color TVs and video products for 4th week of statistical March showed healthy increases over last year, according to EIA Mktg. Services Dept. (see State of the Industry). But, as has been case near end of calendar months, EIA's addition of 53rd week to 1991 numbers creates somewhat misleading comparisons between individual weeks. For example, sales of direct-view color TVs (excluding combos) were up 13.6% vs. most comparable calendar week of 1991 (official numbers showed 49.3% increase). Similarly, projection TVs were off 1.8% from calendar equivalent, instead of up 53.5% when statistical weeks are compared, and VCRs were off 8.7% instead of being up 23.4%. Problem of comparing individual weeks is exacerbated near end of calendar month, which generally represent highest volume period.

Consumer Electronics Personals

Arnold Valencia retires late in summer from Thomson Consumer Electronics after 38 years in CE business, most recently as vp, Regional Sales Div., responsible for RCA and GE regional sales, Americas; he will consult with Exec. Vp Mktg. & Sales Joseph Clayton until his retirement... **Ronald Fleisher**, ex-Newmark & Lewis pres., named pres., Roberds of Atlanta, replacing **Gerry Lischke**, who remains as operations vp... **Robert Walsh** resigns as asst. to exec. dir., NATM Buying Corp, plans unannounced; he assumed position last year when New Mktg. Alliance, of which he was exec. dir., dissolved, with 3 of its members joining NATM (TVD Dec 23 p13)... **Douglas Norby** resigns as pres., LucasArts Entertainment, Lucasfilm subsidiary that includes THX Div., to pursue other interests; he's succeeded on interim basis by Group Vp **Gordon Radley** while company seeks full-time replacement... **Douglas Glen**, ex-Lucasfilm Games, named dir. of multimedia products at Sega of America to coordinate launch of Mega CD video game system... **Steven Yuhas**, senior vp, named pres. of Panasonic Communications & Systems Co.

Elected to Carver Corp. board: **Robert Fulton**, ex-chmn., Wash. State Software Assn., and onetime pres., Generic Software; **Walter Howe**, pres., Washington Roundtable and former Weyerhaeuser vp-environmental, energy and govt. affairs... Promotions at Columbia Records: **Michi-Chan Benjamin** to southwest promotion mgr., black music; **Ashley Fox** to east coast promotion mgr., black music... **Robert Horvath**, ex-Jones, Day, Reavis & Pogue law firm, joins National Electronics Warranty Corp. as vp-gen. counsel... **Deborah Lee** appointed Conde Nast Traveler magazine sales rep for consumer electronics ad accounts.

Susan Rosenberg, ex-Jukebox Cable Network and one-time Vestron, joins Goodtimes Home Video as licensing and acquisitions dir., managing new Fisher-Price Home Entertainment Div... Promotions in Columbia TriStar Marketing Group: **Tracey Colona** to senior mktg. mgr., **Amanda Karr** to asst. ad mgr., **Chuck Fillietaz** to asst. video production mgr., **Stefani Canin** to mktg. services administrator... **Cordelia Hazen** advanced to CBS/Fox mktg. mgr... **Dan Thompson**, ex-Creative Services, Ingram Entertainment and Sound-Disktributors, joins Wood Knapp Video as midwest sales representative based in St. Louis... **Mark Harrad**, ex-MPAA, named Viacom International corporate relations dir... **Mary Herne**, ex-Public TV International, appointed senior international distribution and development vp, Playboy Entertainment Group... **Don DeMesquita** promoted to Sony Pictures Entertainment senior corporate communications vp... **William Marone**, ex-David Michaels flavoring and extract manufacturer, joins A.I. Rosenthal tape and consumer electronics distributor as finance vp.

OBITUARY

Milton Rackmil, 86, Decca Records founder and onetime pres. of Universal Pictures, died of stroke April 2 at DeWitt Nursing Home, N.Y. He helped launch Decca in 1934, becoming pres. in 1949, presiding over prosperous catalog of swing-era artists including Bing Crosby, Ella Fitzgerald, Glenn Miller, Duke Ellington, others. In 1951, he began his affiliation with Universal when Decca became its largest shareholder, advancing year later to post of Universal pres. Rackmil became vice chmn. of MCA board after conglomerate bought Decca and Universal in 1962, remaining active in record and film companies until retirement in 1972. Wife, daughter survive.

ITC LOOKS AT TV INDUSTRY: Japan- and E.C.-owned manufacturers each had 35% of U.S. retail color TV market in 1990, U.S.-owned 13% and "other" 17%, according to International Trade Commission (ITC) "Industry & Trade Summary" on TV receivers and video monitors, which notes that just 4 years earlier, U.S.-owned set makers represented 50% of market, Japan-owned 30%, E.C.-owned and "other" 10% each.

Report, prepared principally by ITC International Trade Analyst John Kitzmiller, onetime EIA Marketing Services official, notes that in 1990 there were 19 color TV manufacturers in U.S., "the largest number ever," with 26,000 workers in 34 plants in 4 states: Tenn. (29% of employment), Ind. (19%), Cal. 16%, Mo. 12%. As for distribution, report said just under 30% of TV sets are sold by "electronics superstores like Circuit City," slightly less than 25% by electronics specialty stores and appliance stores, 15% by mass merchandisers. Institutional sales (hotels, hospitals, etc.) represent estimated 3%.

Citing govt. price indexes, report noted that while TV retail price dropped more than 10% from 1986 through 1990, producers' costs declined just over 5% in period. Consumer Price Index showed TV sets fell 10.3% in period when average for all items rose 19.3%.

Comparing import duties in various countries, report gave U.S. duties on complete TVs as 5%, on some TV parts 3.7%, with "trade-weighted average duty rate" in 1990 at 4.8%. Japan's duty on TVs from General Agreement on Tariffs & Trade countries, including U.S., is 4%. Korea charges 30% on color TVs, 20% on monochrome receivers and parts. Canada assesses 6.6% on color sets and combos and 6-6.5% on other sets, but its duties are being reduced gradually as result of free trade agreement and are to be eliminated by 1998. Mexico charges 20% on TVs and 10% on parts, but levies no duties on imports of U.S. parts and assemblies into maquiladora border plants. EC's rate for imports from external countries is 14% on TV sets and parts.

U.S. balance of trade in TV sets and parts improved from negative \$3.2 billion in 1986 to negative \$2.1 billion in 1990, largely because of decline in imports from Japan to \$400 million from \$1.3 billion in period. Biggest U.S. TV trade deficit is with Mexico, which exported here \$1 billion more than it imported, most imports from Mexico to U.S. being by U.S. producers with factories there.

"Industry & Trade Summary" is USITC Publication 2445 (ET-1) -- Kenneth Mason, Secy., U.S. International Trade Commission, Washington 20436.

Toshiba's new collection of home theater product, to be called "Cinema Series," will include 4 TVs, pair of 4-head VCRs (one hi-fi model) and laserdisc player when it's introduced in 2nd half of year. "We believe the growth of home theater will be fueled by products with reasonable price, ease of operation and installation, while offering hi-tech design and innovation," Color TV Mktg. Dir. Steven Nickerson said. Cinema Series TVs will include 20", 27", 30" and 32" models, all with "enhanced audio system without additional space required for side-firing or double baffled speakers," Toshiba said.

Corning posted 61.4% jump in net income on 14.8% sales rise in first quarter to March 22 (TVD April 6 p16). Excluding one-time gains in both years, net income was \$56.4 million, 21% above 1991 figure. Company cited "Samsung-Corning Co.'s continued excellent performance" and "solid growth" of emerging LCD glass business in Japan.

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Electronics industry employment was down 90,000 (3.6%) to 2.39 million from 2.48 million in Dec. 1991 from Dec. 1990, American Electronics Assn. (AEA) reported. Industry has shown no growth for 28 consecutive months, AEA Pres. Richard Iverson said, losing 210,000 jobs since Aug. 1989. If software segment is eliminated from total, he said, employment dropped almost 300,000 in period. He blamed lack of govt.-industry approach to U.S. competitiveness. In breakdown of data, segment called "other," including consumer, medical and instruments, was shown to employ 808,900 last Dec., down 2.5% from 829,900 in Dec. 1990. Only segment with increase was prepackaged software, up 14% to 133,400 from 117,000.

Tandy executives will remove some of mystery surrounding megastore project (TVD Jan 20 p13) when they hold news conference Wed. (April 15) in Arlington, Tex., announcing 2nd such store. Company has begun building first 160,000-sq.-ft. store in Portland suburb of Wilsonville, Ore., with opening set for late summer or early fall. Several vendors participating in project have questioned whether Portland area can support store with 100,000 sq. ft. of selling space; Arlington, in middle of Dallas-Ft. Worth "metropolitan" region, would seem to represent concept's test in more heavily concentrated market.

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
Ackerley Communications			
1991-year to Dec. 31	182,200,000	(39,100,000)	— ^a
1990-year to Dec. 31	183,100,000	(14,500,000)	—
1991-qtr. to Dec. 31	51,400,000	(24,300,000)	— ^a
1990-qtr. to Dec. 31	52,000,000	(2,100,000)	—
Atari			
1991-year to Dec. 31	257,992,000	25,619,000	.44 ^b
1990-year to Dec. 31	411,471,000	14,874,000	.26
1991-qtr. to Dec. 31	96,213,000	(4,423,000)	—
1990-qtr. to Dec. 31	151,883,000	8,798,000	.15 ^b
Audio/Video Affiliates			
1992-year to Jan. 31	201,804,000	3,006,000	.45
1991-year to Jan. 31	163,653,000	(1,857,000)	— ^a
1992-qtr. to Jan. 31	79,275,000	2,222,000	.33
1991-qtr. to Jan. 31	65,550,000	2,022,000	.30
Circuit City Stores			
1992-year to Feb. 29	2,790,232,000	73,233,000	1.65
1991-year to Feb. 28	2,366,901,000	3,151,000	.07 ^a
1992-qtr. to Feb. 29	903,325,000	44,038,000	.92
1991-qtr. to Feb. 28	741,169,000	26,674,000	.58
Media General			
1992-13 wk. to Mar. 29	141,667,000	2,748,000	.11
1991-13 wk. to Mar. 31	145,554,000	2,387,000	.09
Raytheon			
1992-qtr. to Mar. 29	2,128,000,000	143,400,000	1.07 ^c
1991-qtr. to Mar. 31	2,253,000,000	133,700,000	1.02 ^c

Note: ^aAfter special charge. ^bIncludes special credit.
^cAdjusted.

"Multimedia World" isn't anyone's registered trade name so far as we know. Both SMPTE and NAB have announced conferences with that name. First Multimedia World will be all-day tutorial Nov. 9, preceding SMPTE Technical Conference Nov. 10-13 in Toronto. Conference itself will feature "hands-on workshops and demonstrations" of "multimedia and the integration of video and computer technology." Details: SMPTE, 914-761-3115. NAB will inaugurate "Multimedia World" at its 1993 convention April 19-22 in Las Vegas as aid to broadcasting professionals in coping with "the marriage of video, audio and computers."

Image stabilizer, originally developed by Canon, is featured in new Sony Hi8 camcorder that goes on sale in Japan April 20. "Active Prism" system uses sensor to detect camcorder motion and compensates by changing angle of prism in front of lens for picture stability. Sony emphasized that because system is optical it doesn't affect resolution or change picture angle and produces steady pictures even under low light conditions or with lens fully zoomed. New TR900 camcorder, priced at \$1,390 in Japan, is first consumer product to use new 410,000-pixel CCD, Sony said. Introduction of similar model in U.S. is expected soon.

NARDA Scholarship Foundation is accepting applications for scholarships for 1992-1993 year. Applicants must be employees of NARDA member firm for at least 2 years and be graduate of NARDA Institute of Management — NARDA Scholarship Foundation, 10 E. 22nd St., Lombard, Ill. 60146.

Unified European warranty for all products bought in E.C. and European Free Trade Assn. (EFTA) was announced by Philips. "European Guarantee" provides for 12 months' parts and labor, is good in all member countries.

TELEVISION DIGEST®

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APRIL 20, 1992

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NAB SETS RECORD for attendance and for new technology. Exhibitors pleased with traffic, but sales soft. International attendance up 20%. Mass media no longer 'mass,' says Sikes. (P. 1)

FOX BACKS CABLE HDTV as way to 'prime pump' so broadcast HDTV can be profitable. Negroponte says stations will have to give back all spectrum. (P. 3) HDTV technology wrap-up. (P. 6) HDTV Notebook. (P. 7)

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BROADCAST LICENSE DEDUCTIBLE U.S. Tax Court rules. Jefferson-Pilot decision said to apply to any FCC license in ruling likely to help IRS negotiations. (P. 7)

FCC NOT ANXIOUS to revisit PTAR, commissioners tell NAB. Only Barrett shows willingness to reopen proceeding whereas others are noncommittal on matter. Radio's 30/30 rule defended. (P. 8)

HILL SENDS WARNING: Legislators tell NAB it can have must-carry or retransmission consent -- not both. Cable bill veto still probability, ad limits debated. (P. 9)

CBS NET DOWN but NBC results improve in first quarter. Both cite strengthened ads. Gannett and King up, United down. (P. 10)

NEW TECHNOLOGIES OVERWHELM NAB ATTENDEES: Unprecedented wave of new and still-to-come broadcast technologies helped boost attendance last week at NAB convention in Las Vegas by 3% to record of more than 53,700. Attendees spent much of their time at sessions or visiting exhibits trying to make sense of implications for their businesses of such things as HDTV, DAB, radio broadcast data service and even multimedia, which will emerge as separate Multimedia World exhibit next year, replacing now-venerable HDTV World.

As detailed in reports throughout this issue, the attention paid to technology doesn't mean politics and regulation were ignored; indeed, multiple convention sessions were featured on new radio station ownership limits, cable reregulation, prime-time access rule, local marketing agreements, congressional panels. And, as you may have heard somewhere, an antinuclear demonstrator created excitement during April 13 speech of former President Reagan accepting NAB Distinguished Service Award.

HDTV was good example of flux in broadcast technology. HDTV World exhibit was much smaller than expected, largely because maturation of technology left fewer competitors but also because potential Japanese and European exhibitors weren't sure whether to focus on current analog or future digital

Consumer Electronics

TANDY'S 'INCREDIBLE UNIVERSE' megastores to open in fall in Tex. and Ore. Salespeople will tote handheld terminals to enter orders. (P. 14)

PROJECTION TV RECORD highlights middling March report on sales to dealers. VCRs, camcorders and combos were off, but TV sales showed gains. (P. 15)

SONY EXPANDS IN RECESSION, pledges record ad and promotion spending, adds more new products, plans to move some production to U.S. from Mexico. (Pp. 16 & 21)

TV-CABLE COMPATIBILITY decreed in bill passed by House subcommittee that would give FCC power to make exception for scrambling. Passage in doubt. (P. 16)

FIRST-QUARTER CAMCORDER sales were nearly 70% compacts. Inventories show laserdisc players up. (P. 17)

TOSHIBA WILL MAKE digital HDTV sets in U.S. soon after FCC makes choice, company says at dedication of Princeton lab. It joins GI-MIT consortium. (P. 18)

EMERSON IS SUED by biggest stockholder Fidenas, demanding stockholder meeting so it can try board takeover. From 2 suitors to none in 2 weeks. (P. 18)

CE TRANSFORMS NAB equipment exhibits, as technology that once trickled down from pro market now flows upwards. S-VHS and Hi8 are now broadcast formats. (P. 19)

technology. Attendees were even less sure about what to buy -- should they, like Fox, start placing orders for HDTV equipment to have better chance of meeting FCC deadlines, or wait for more hints as to which technology will win? Partly as result, exhibitors said there was little buying during convention, but traffic and interest levels reportedly were high. "They say talk is cheap, but until they start talking they won't spend any money," said David Taylor of Scientific-Atlanta, who found many convention-goers "talking."

Somewhat improved market conditions contributed to apparent generally good mood at convention. Exhibitors said lower interest rates, slightly heftier ad buys, higher stock market and soon-to-come end of highly leveraged transaction rules are making stations more interested in upgrading. Meanwhile, cable and TV stations were reported at NAB sessions to be finding new ways to do deals, although TV station prices continue to lag. Zenith Chmn. Jerry Pearlman made most optimistic prediction on HDTV set sales ever at convention, saying they will reach 1% penetration within 2 years after broadcasts begin and grow "very rapidly" thereafter. Debate continued on what constitutes U.S.-made TV (see Consumer Electronics section).

Convention is continuing to assert itself as international show, with foreign attendance up 20% to 8,600, representing more than 40 countries, exceeding 7,000 that NAB projected. Last official registration figure released by NAB (at close of business April 14, halfway through event) was 52,704, up 2.9% from 51,217 at middle of 1991 convention. Growth in international attendance accounted for virtually all of increase. Situation was apparent on exhibit floor, where it seemed that every 4th or 5th conversation was being conducted in foreign language, or at least with foreign accent.

Exhibitors were generally pleased with floor traffic, although there still was relatively little buying, according to exhibitors we talked to. Despite that, exhibitors said there was some increase in interest in future buys. One down side we're told was traffic through 14 programmers' "offices" (as NAB called them) in convention center. We toured area about 3 p.m. April 15, found all but one closed and most of signs removed. Programmers returned to NAB convention last year with suites in Hilton Hotel, but were very unhappy with results. Shift to convention center was made in effort to increase traffic.

NAB and its Pres. Edward Fritts were happy with results. "It was a success beyond all imagination," he told us. "We're exceedingly pleased with the overall results and thrilled that the mood was so upbeat." He said all exhibit space already is sold for April 28-30, 1993, convention at same site and that there's waiting list.

Man who rushed podium while Reagan was speaking was identified as Rick Springer, founder of antinuclear group "Hundreth Monkey Project." Before Secret Service could react, he grabbed Distinguished Service Award crystal statue that Reagan had just been given and smashed it, with pieces hitting Reagan in face. Springer then said "excuse me, Mr. President," and attempted to take over microphone before being grabbed by Secret Service agents and hustled off stage. Reagan immediately returned to microphone and finished speech before shocked audience, jokingly asking: "Is he a Democrat by chance?" Springer was arrested and charged with assault on a former President, a felony, and taken to Clark County Detention Center in Las Vegas, from which he was released next day without bail.

After Springer incident, NAB tightened security. Springer was wearing NAB news media badge as photographer at time of attack, which was applied for in his name by woman. At April 14 sessions (day after attack), there were at least 2 guards (along with others patrolling hallways) at every entrance to all sessions, who were told to pay special attention to persons with news media badges. Several reporters were required to show picture identification and we were stopped twice in hallway same day on way to Fritts' office. NAB also had plainclothes security agents at lunches and evening functions after attack.

Assn. officials said they were expecting further demonstrations and negotiated with Hundreth Monkey member to host news conference April 15 for group (which also asked NAB to provide food for antinuclear demonstration at test site) in convention center at which only one person was to speak. However, Springer sought to participate in news conference and bring other demonstrators after he was released from jail. That caused NAB to pull out, we're told, and Hundreth Monkey held its events on court house steps in Las Vegas. Asked about greatly increase security, both visible and not so, Fritts said: "We had reason to believe there could be other problems... We wanted to err on the side of caution."

FCC Chmn. Sikes took theme of "broadcasting in the year 2001" in traditional NAB convention speech April 14. "Today," he said, "many broadcasters seem back on their heels. They see other media businesses growing rapidly... We used to have continuity with some change, but today we have change with only a little continuity... In short, broadcasters see the mass being stripped away from mass media... They see advertiser and audience priorities changing" and they frequently fail to prepare for future.

New markets in communications "are sprouting like mushrooms," Sikes said, and traditional markets are "being radically redefined." What is needed, he said, is "imagination, innovation and adaption -- combined with capital and talent." Broadcasters' role, he said is "to adapt to these new realities and capitalize on them" while govt.'s role "is to let you adapt -- to ensure that you have the freedom to compete on your own talent and merits." He decried fact that govt. regulation "changes its own habits begrudgingly" and "tends to act on yesterday's record." He said traditional recipe for success also is changing: "Today's TV broadcasters have been accustomed to reconciling mass tastes and producing a mass product. But mass alone no longer commands the premium value it once did."

Fox now is known as "today's rock-and-roll network" and big 3 networks, Sikes suggested, "are probably wondering if they are going to end up as 'middle-of-the-road television.'" Broadcasters prepared to experiment and adapt have proved able to grow, prosper and better serve their audiences, he said. Stations need more competitive freedom: "A single cable company can control literally dozens of video channels in a community... But a TV broadcaster cannot own a UHF station in both Baltimore and Philadelphia... That just doesn't make sense... By hobbling broadcasters' efforts to attain 'countervailing power,' don't we just protect other media?"

At news conference before speech, Sikes said there wouldn't be "wholesale changes" during reconsideration of new radio rules. He predicted TV ownership cap also would be increased, based not on whether it's "politically desirable" but on changes in marketplace. "The problem I have is that everybody is making decisions based on yesterday's record," he said.

Fritts stressed technology in his annual State of the Industry report. "Technology has propelled broadcasters across a competitive threshold that requires more than business-as-usual procedures," he said. "Our audiences have heightened expectations about the programming and the signal quality we provide... Our competitors have stepped up efforts to get into our business... It is time to take charge of our destiny and to focus our view of the horizon." Broadcasting's future, Fritts said, depends upon "maintaining our role as the medium of local service. Without that commitment, broadcasting becomes one of the blur of technologies on a widening horizon... This is the secret of our strength. We must tend it. We must continue to do better than anybody else."

In speech to ABA/NAB legal forum titled "A Democrat Defends Deregulation," FCC Comr. Duggan said that "on balance, most of these pro-competitive, deregulatory policies benefited both the broadcast industry and the public it serves. Deregulation, for example, surely helped set off an explosion of consumer choice [and] cable deregulation and the open skies satellite policy created a whole new video industry." FCC, he said, is near forefront in new technology -- "opening gates, removing barriers, setting markers, occasionally raising a red flag."

As for future, Duggan said this is "no time to create a regulatory bottleneck... We need to assure that established delivery systems are able to adapt as new competition develops... I am convinced that the process is now irreversible." However, he said it's possible to do "the right thing in the wrong way," citing repeal of fairness doctrine: "Harsh, ideologically driven behavior by the Commission inevitably depletes the FCC's political capital and creates a lingering atmosphere of confrontation." Way FCC repealed doctrine "had the direct and immediate effect of poisoning the Commission's relationship with Congress... The ill will... still haunts the Commission's dealings with Congress. Resentment, disaffection and skepticism linger."

Duggan described agency's current relationship with Congress as "like a wary, shotgun wedding. We can do better than this, and we should. Yet, I think we are less than completely effective when some residue clings to every FCC action that is even mildly interesting to the Hill... The last 2 months, in short, have reopened old wounds [on Hill] not fully healed from the episode of the fairness doctrine." Duggan didn't mention relaxed radio ownership rules, but we're told that's what he was referring to. He said local owner "who cares deeply about his community is better than a bloodless, remotely owned station... doing nothing for the community." He also decried demise of research arms in broadcasting, saying that with exception of HDTV, "broadcaster-driven research seems to be a shadow of its former self."

FOX EXECUTIVE BACKS CABLE-DELIVERED HDTV: Broadcasters may want to feed HDTV signals directly to cable, at least on interim basis, to "prime the pump" for broadcast HDTV, Fox Exec. Vp George Vradenburg said at NAB convention in Las Vegas. Meanwhile, Europeans were predicting that they may end up with better digital HDTV system by delaying switch to digital, and MIT Media Lab head Nicholas Negroponte predicted that Japan and Europe will go digital quickly.

Using cable to transmit HDTV could be "a very useful transition device" for broadcasters, allowing TV stations to avoid cost of installing HDTV antenna until enough sets are operational to make service profitable, Vradenburg said. Broadcasters still will want eventually to make transition to broadcast HDTV at some point, he said, but he's not sure whether that would be in 2 years or 10. "Eventually, we will want standalone capability," he said, so broadcasters won't lose control of distribution. Under concept, HDTV signal would be delivered directly to cable headend instead of being broadcast.

Broadcasters will need 2nd revenue stream for HDTV, Vradenburg said: "If broadcasters have to rely on advertising, we will drag our heels because we will wait for there to be enough sets" to support ads. Retransmission consent or repeal of compulsory license would allow broadcasters to charge about \$1 per subscriber per month for HDTV channel, he suggested. Idea has "familiar ring," said former NCTA Gen. Counsel Brenda Fox, now of Dow, Lohnes & Albertson. She said cable has known that HDTV must-carry issue was "lurking out there" and solution may be for FCC to require A/B switches on HDTV sets.

In long run, all TV spectrum must be taken away from broadcasters and given to mobile communications, Negroponte said. That would mean TV would migrate to wired media, he said, and cable would have to change to switched architecture. He said FCC should begin transition to nonbroadcast TV within about 10 years and said transition could take decade or more. Change wouldn't affect radio broadcasting because that's mobile market, he said.

Industry and FCC are making mistake by focusing on HDTV rather than on digital TV in general, Negroponte said: "The next step is not HDTV. The industry has stumbled into the real next step of digital TV." For example, he said, digital compression could allow TV station to broadcast 4 channels of NTSC on single 6-MHz TV channel, or 3 NTSC channels, 2 radio channels, several data services and even broadcast delivery of newspapers. PBS Senior Vp Howard Miller said PBS and others are very interested in using digital compression for multichannel NTSC: "It's essential that we get in the multichannel game. We should at least consider using digital TV for multichannel rather than HDTV."

FCC regulations won't allow using new digital channels for non-HDTV services, Negroponte acknowledged, and it probably would take 5 years to change rules (no change is in works, Commission officials said). He said FCC should stop telling broadcasters how to use their "bit radiation business," and if that happens, industry will find many new sources of income, at least until Commission takes spectrum away for mobile services.

Japan and Europe are nearing decision to switch from analog to digital HDTV, Negroponte said. He predicted Japan would abandon MUSE system within 8 months, as soon as it finds "graceful way" to do so and how to use current HDTV equipment. Europe will abandon analog HD-MAC system "within 30 days" after big HD-MAC demonstration at Barcelona Olympics this summer, he said. NHK remains committed to analog HDTV, at least for near term, said Takehiro Izumi, who heads NHK HDTV work. He said digital has "very good potential for the future" but NHK will "wait a while" because reliability of digital transmission has to be proved: "It will take some time to gain that confidence." Advanced TV Systems Committee Chmn. James McKinney, who moderated panel of top HDTV executives, said: "I predict that you won't wait too long."

Europe is counting on "latecomer factor" in race for best digital TV system, David Wood of European Bestg. Union (EBU) said. He said TV transmission technology has made big leap every 4 years since 1970s, so "why shouldn't digital TV be even more advanced in 4 years?" Rapid change means there's even greater need for worldwide digital TV standard, he said, as "insurance policy" that U.S. digital system, for example, would have some commonality with next generation. U.S. "didn't necessarily get the best analog TV system" (NTSC) by being first (reference to higher resolution European PAL system), said Bernard Pauchon, deputy dir.-international for French network TDF. "There may be the same risk for digital." John Forrest, CEO of National Transcommunications Ltd. (former division of U.K.'s Independent Bestg. Authority), said he's "amused" by claims that U.S. digital systems work. He said that they work only under lab-like conditions and there's "still a lot of work to be done" to prove that they're really practical. It's still difficult to justify HDTV, let alone digital HDTV, Forrest said: "The current pictures are perfectly acceptable to the public. They don't feel a real need for something better." He said there's also lack of "quantified financial justification" for move to HDTV, and competing media such as cable and satellites are more interested in adding to number of channels than in improving picture quality. Real threat is likely to be from HDTV on videocassettes or videodiscs, he said.

In meantime, Europe continues to work on interim systems. Brian Scott of Vision 1250 said group will demonstrate final version of widescreen PALPlus in July and it will be ready for full service in 1995 if

demand justifies it. Report on testing of analog HD-MAC will be submitted to EBU technical committee in May, said Jose Tejerina, head of EBU ad hoc group on advanced TV. Testing was completed in March but Tejerina wouldn't provide results, although he said there was nothing "unexpected." There was some disappointment with HD-MAC coverage of Albertville Olympics, he said: "HD-MAC works well when the optimum conditions are met, but they were often not met at Albertville."

Scientific-Atlanta (SA) and Mediatech, duplicator and distributor of video commercials, plan to install what they described as broadcast industry's first operational digital compression satellite delivery and insertion system for TV advertising, they announced at NAB convention. System based on S-A's Vector Quantization compression system will be installed at Mediatech's Chicago hq by early 1993, would allow simultaneous receipt of commercials by TV station and cable headend. It would replace current mechanical duplicating of videotapes and their distribution by express mail or analog transmission. Financial terms weren't disclosed. While system at outset will be used for satellite distribution of commercials, it's expected that syndicated programs also will use it, SA Strategic Planning Vp Robert Luff said. System is based on existing SA satellite transmission, conditional access and digital compression technologies. SA CEO William Johnson said system is designed to co-exist with and augment existing station hardware used for ad insertion. It provides instantaneous conversion of material to format used by each TV station or cable system, allowing cost-effective hybrid analog/digital broadcast systems. Technology can support 4-10 programs simultaneously per satellite transponder, which should be significant factor in reducing distribution cost, Luff said. Meanwhile, **Cycle Sat** demonstrated Automation Protocol Converter (APC) to automate satellite delivery of commercials. APC includes new version of Sony software that's combined with Cycle Sat's addressable receiver/decoder. New system includes ability to record audio timecode channel.

Congressional Budget Office (CBO) last week supported spectrum auctions for private land mobile services, notably cellular services, adding fuel to Capitol Hill drive for legislation that eventually could affect broadcast allocations. CBO said that by auctioning 50 MHz in 1.7 GHz-2.2 GHz, on basis of what official described as 2 licenses per market, govt. could generate \$1.3 billion-\$5.7 billion in new revenues over 3 years that could help bridge budget gap and end license speculation. Report was response to inquiry recently from House Budget Committee, which is beginning annual money chase to help close budget gap. "As long as the FCC allows licenses to be transferred in post-assignment sales, they will tend to migrate to the users who value them most, regardless of the mechanism used to assign them initially," it said. Auctions already are under consideration in congressional bills to reallocate govt.-owned spectrum to commercial users to improve spectrum management and free up frequencies for new technologies. CBO report is likely to add fuel to debate, particularly for proponents who have had trouble in past convincing lawmakers that auctions won't undermine public interest obligations of licensees.

Main Street TV Network is being beamed on Spacenet 2, TR 7 to TV stations all over U.S., Canada, Mexico. Network began telecasting and test marketing Jan. 19, and is scheduled for official launch May 21. Format will include nostalgic and first-run syndication programs.

US Sprint offered NAB convention attendees free long distance phone calls to promote what it said were "special discounts [20%] on long distance service for your station."

ABC and its attorneys destroyed evidence and harassed witnesses in defending against employee discrimination suit, Judge Royce Lamberth ruled in U.S. Dist. Court, Washington, last week in rare default judgment that was entered for 2 workers. With damages to be determined at future hearing, he said conduct by ABC and its law firm, Wilmer, Cutler & Pickering, "mandates imposition of the most severe sanctions for abuse of the judicial process... The court finds that the abysmal record of the defendants, their counsel and their photocopied evidence in lieu of the real evidence compels the conclusion that the defendants have engaged in bad faith and fraudulent conduct." ABC will appeal decision, spokeswoman Julie Hoover said: "We believe this ruling is a mistake. The judge has apparently drawn the most egregious conclusion from our inability to produce an original document." One of employees, LaRue Graves, contended he was fired after participating in Oct. 1985 meeting of minority employees at Washington bureau. Judge Lambreth rejected ABC's denial that it had sent another worker to spy on meeting and blasted network for purportedly losing 4 copies of memo on meeting that that employee had relayed to superiors. Other employee who sued is Michele Shepard, who still works in bureau.

Compensation was major issue at NAB convention panel on future of TV networks and relations with their affiliates. CBS is negotiating with affiliates for what stations say is major compensation cut, leading CBS's Tony Malara to say: "It's a no-win situation... The network needs to be profitable. CBS is not profitable." CBS reportedly pays \$122 million per year in compensation, with Malara saying that system is "a fact of life" but that money can and should be spent more efficiently. NBC's Pierson Mapes said compensation is very important and can be "lifeline" for small-market stations. ABC's George Newhi predicted compensation will continue to drop, saying there's "no rhyme or reason" to present system. Four network spokesmen (including Preston Padden of Fox), said they have no plans to bypass affiliates through satellites, although Fox is experimenting in reaching rural areas that way. Padden said affiliates bring "an awful lot" to relationship. Malara said there's "a reservoir of respect" between network and affiliates. Mapes: "It's too bad that we squabble."

National Basketball Assn. (NBA) rule limiting telecasts to 20 games per season on superstations WGN-TV Chicago and WTBS Atlanta, of Chicago Bulls and Atlanta Hawks, respectively, has been ruled violation of Sherman Antitrust Act by 7th U.S. Appeals Court, Chicago. NBA adopted rule in 1990, and Appeals Court order affirms Jan. 1991 ruling of U.S. Dist. Court, which said league's attempt to reduce superstations' telecasts of games was "a classic example of a joint venture to eliminate competition." Since 1990 rule was adopted, WGN-TV and WTBS have aired 30 games each of Bulls and Hawks, under agreement with NBA. Ruling was appealed by Bulls and WGN-TV.

Noncommercial WTBU (Ch. 69) Indianapolis went on air April 10, raising total of operating U.S. TV stations to 1,487, of which 366 are noncommercial, 1,121 commercial. WTBU is licensed to Butler U. Kenneth Creech is gen. mgr., Jack Tiller chief engineer.

FOX PLANS HDTV: Fox announced at NAB convention in Las Vegas that it will install HDTV transmitters at all its owned stations (N.Y., L.A. and Washington first, then Chicago, Houston, Dallas, Salt Lake City) after FCC standard is set. Transmitters will be based on Harris TVT 20-kw Sceptre Series UHF transmitter, modified to accommodate chosen standard. Financial details weren't available. Fox became first major broadcast group actually to order HDTV transmission equipment. Fox Exec. Vp George Vradenburg said: "We've been invited to [FCC Chmn.] Al Sikes' HDTV party, and we accept."

Meanwhile, PBS Senior Vp Howard Miller, vice chmn. of Advanced TV Test Center, said FCC probably should pick interlaced HDTV system because progressive scanning will be too expensive for stations. Miller advocates 2-step transition to HDTV, beginning with interlaced system and possibly migrating to progressive scanning later. He told us progressive system would cost broadcasters 20-30% more because of expense of developing production equipment. Miller said progressive systems such as Zenith could be married with interlace scanning. Decoupling transmission and scanning standards could make it easier to agree on international common image format, he said, so it would be easier for HDTV programs produced in U.S. to be sold overseas. It also would make it easier to assure that production standard allows highest quality possible. CBS Senior Vp Joseph Flaherty agreed that "we shouldn't launch an HDTV production standard that's only as good as the final delivery channel."

There doesn't have to be decision between progressive and interlaced HDTV, General Instrument (GI) Exec. Vp Jerrold Heller said, because research indicates that it's possible to have system that can handle either progressive or interlaced HDTV with "extremely small" increase in complexity and cost. GI is working on chip set for HDTV that could use either of HDTV scanning systems. GI's DigiCipher can have interlace system that would be compatible with progressive scanning with some augmentation data, Heller said. He also said Advanced TV Test Center test results for DigiCipher system, which haven't been released yet, were "well in line with our expectations."

Progressive scanning equipment, such as Zenith's, won't be more expensive, Zenith Advanced TV Systems Div. Vp Wayne Luplow said. He said progressive scanning production equipment requires only "trivial" modifications of existing equipment, so cost shouldn't be important. Despite claims, Sarnoff Research Labs Pres. James Carnes said "the equipment manufacturers keep telling us that [progressive] will be more expensive." Sarnoff is part of consortium developing interlaced system.

All 3 proponents showed HDTV hardware or hardware-generated programming at convention. General Instrument demonstrated first live digital HDTV broadcast, airing on Ch. 15 in Las Vegas. Zenith and ATRC showed programming generated by encoder and decoder in hardware form, rather than previous simulations. "It's very significant that we're all showing that digital HDTV really works," NBC Operations Pres. Michael Sherlock told us. To untrained eye, there was little difference in picture quality among competing systems, although expert viewers said each system had strengths and weaknesses. Lack of major difference could mean that competition will come down to service area and cost, Carnes acknowledged. All are claiming advantages in both areas, but Sherlock said "a lot of claims can be made now, the proof is in the testing."

GI, meanwhile, formally announced partnership with Japan's Toshiba. Toshiba said it was endorsing DigiCipher and had developed working prototype of consumer VCR that can display HDTV programming. Prototype uses internal mechanics based on current 8-mm consumer unit, and cassette shell and tape width conform to 8-mm standard. As result of commonality, cost of HDTV VCR can be kept down, Toshiba said.

Other than hardware demonstrations by HDTV proponents, there was little new to be seen at HDTV World exhibition, which NAB officials said is likely to be last as separate entity. Only handful of major exhibitors other than proponents had booths, marking what one exhibitor said is growing maturity of industry since competition is nearing completion. Notably missing was large number of Japanese HDTV exhibits dealing with MUSE-based HDTV. Japanese booths in general seemed smaller and only minimal HDTV equipment was shown. Some companies, including NHK, didn't exhibit at all. Europe's Eureka project had large booth, mainly focusing on systems to convert programming among U.S., European and film formats.

FINSYN APPEALS BRIEFS: FCC's finsyn rules violate First Amendment guarantees of free speech, according to briefs filed last week in U.S. Appeals Court, Chicago, in opposition to rules (TVD April 15/91 p2). Fox and Media Institute said finsyn rule limits right to free speech; other networks said they're not adequately justified and may be "more draconian" than old finsyn rules; and studios said rules need to be toughened.

Finsyn imposes "arbitrary and absolute... limit on Fox's ability to speak over its own facilities," network said. Fox dismissed claims that rule benefits public, saying there's no harm to redress and that even if there were harm, Fox clearly isn't guilty: "Limiting Fox's growth profoundly deserves the Commission's professed objectives of competition and diversity." Media Institute dismissed FCC claim that scarcity of spectrum justifies limiting speech, saying doctrine "is not carte blanche for ignoring... the First Amendment." It said Commission gave only "cursory" justification for limiting constitutional rights.

FCC didn't adopt adequate safeguards to protect program diversity, said Coalition to Preserve the Finsyn Rule. Biggest flaws are 30-day separate negotiation rule and refusal to adopt subcap on network carriage of miniseries and similar programs, Coalition said. Instead of requiring 30-day separation between network's accepting show and negotiating for financial interest and distribution rights, producers said 2nd round of negotiations shouldn't begin until show is on network prime-time schedule. Subcap for miniseries would prevent network from forcing smaller producers to produce shows in-house, Coalition said.

New rule is "nearly as draconian as the old, and in some respects more so, NBC said. Real question isn't how restrictive it is, network said, but whether FCC has provided adequate justification for retaining any finsyn limits in light of "undisputed facts... that any market power the networks may have had when the finsyn rules were first imposed in 1970 has evaporated." Even though FCC is claiming that it's easing finsyn rule, NBC said, Commission "cannot avoid offering a reasoned explanation" for having rule and for ignoring its own previous decision and staff analyses.

CPB FY 1995 appropriations hearing before Senate Labor Appropriations Subcommittee that had been set for May 12 has been canceled because of press of other business.

HDTV NOTEBOOK: Sarnoff Research Labs and Philips are nearing agreement on jointly developed ghost-canceling system, potentially ending their sometimes acrimonious debate over last few months. Each ghost-canceling system won one of 2 competitions -- one by NAB and one by CableLabs -- prompting complaints to Advanced TV Systems Committee by companies, which are partners in Advanced TV Research Consortium for HDTV. Sarnoff Labs Pres. James Carnes said companies have made "a lot of progress" toward merging systems, combining better over-cable performance of one with over-air performance of other. Result, he said at NAB convention last week in Las Vegas, would be "superior" system that outperforms either, as well as ending dispute.

FCC wants to make sure that adequate standards are adopted for HDTV and to understand "implications for the long haul," Comr. Barrett told annual **MSTV meeting** in Las Vegas. He said Commission's Advanced TV Advisory Committee has done good job. Committee Chmn. Richard Wiley said group "is just a few short months behind" schedule in its work. He said 2-channel concept for TV stations in transition period is "imperative" in development of over-air TV and predicted "a lengthy evolutionary" period. Now isn't "the time to equivocate and falter," Wiley said. MSTV increased board to 25 members from 23.

Despite much convention focus on HDTV, Japan's **NTV** showed latest generation of its enhanced-definition TV system, called New NTSC. Engineering Vp Nobuo Katsura said New NTSC is similar to system shown last year, but includes capability to adapt to both analog and digital and includes broader line of production equipment. Katsura said NTV believes widescreen New NTSC will be attractive to U.S. stations that want to avoid cost of transition to full HDTV, and company hopes it will be used in Japan for terrestrial broadcasting.

Kodak had one of larger displays in HDTV World, focusing on use of 35-mm film as way to make transition to HDTV production. "Film is still where it's at," spokesman said. "People said TV and videos would kill film, but we're still here and we'll still be here in an HDTV world." Kodak exhibit highlighted telecines and other methods of transferring video between film and digital or electronic media.

Next year's NAB convention will feature **Interactive Media World** display, replacing HDTV World that's been highlight of last few conventions, Senior Vp-TV Charles Sherman said. HDTV World dwindled to fewer than dozen exhibitors this year as many moved much smaller exhibits into main exhibit hall or abandoned them altogether, prompting NAB to announce it would drop HDTV World next year.

Interactive media company **TV Answer** had large but simple exhibit at convention. It set up banks of free slot machines on exhibit floor, accompanied by signs saying that "virtually anyone can enter" FCC's interactive TV lottery and "win an FCC license." Attendants at slot machines asked players to provide names and addresses so they could be notified when FCC announces lottery dates, presumably so TV Answer can suggest they pay and play.

NBC "already [is] talking about" beginning HDTV production, Operations Pres. Michael Sherlock said. He said network expects to be ready to air "most" of prime-time schedule in HDTV by 1995-1996, as well as much of its sports programming.

Sony was one of few companies showing new HDTV products at convention. It demonstrated 3rd-generation HDC-500 CCD-based HDTV camera. It also said: (1) Time Warner will use its Hi8 equipment for electronic newsgathering at its N.Y.C. cable News Channel. (2) PBS has bought 6 Sony DVR-28 composite digital video recorders. (3) Cap/ABC has converted to Sony D-2 system.

Proponents of **HDTV 1,125/60** as high-definition standard for video production held what has become annual news briefing at NAB show, this year introducing series of 4 papers covering role of SMPTE standard in such areas as computer imaging and new all-digital TV environment. At same time, American Film Institute announced it will hold conference Oct. 21-23 in Orlando that will focus on convergence of film, video and computer technologies for production, business, medical, other applications.

LICENSE RULED DEDUCTIBLE: Portion of value of acquired TV-radio station that can be attributed to its holding of FCC license is tax deductible, U.S. Tax Court ruled last week in decision with potentially broad implications. Ruling April 13 in case brought by Jefferson-Pilot squares with same court's Dec. 1990 decision in similar case involving TCI that's being challenged by IRS. Michael Hines, tax attorney with Dow, Lohnes & Albertson, saw broad effect of Jefferson-Pilot decision (Tax Court 1488-89), saying it "would appear to apply to any FCC license," not only broadcasting.

Jefferson-Pilot claimed that licenses of KIMN(AM) Denver and WQXI-AM-FM Atlanta that it purchased in 1974 constituted franchises under terms of IRS code that provides for tax deductibility for such acquisitions. IRS disagreed, saying that FCC licensing process doesn't involve consideration or bargained-for exchange as is case between franchisor and franchisee. But Judge Robert Ruwe found for Jefferson-Pilot, saying that "an FCC license is an agreement between the federal government and the licensee under which the licensee agrees to provide the service of radio broadcasting within a specified area in exchange for the right to broadcast."

Judge Ruwe also supported Jefferson-Pilot's claim that \$5.4 million of radio stations' total \$15-million purchase price stemmed from their licenses -- figure based largely on valuation prepared for company by Best. Investment Analysis. IRS argument that "an FCC license has no value separate and apart from goodwill does not withstand logical analysis," judge said.

Most broadcasters have been claiming license deductibility since late 1980s, Hines said. However, he saw Tax Court decision as strengthening their hand when negotiating agreements with IRS on portion of station acquisitions that are deductible. Before Jefferson-Pilot and TCI decisions, he said, many broadcasters compromised for lesser deductibility out of fear of losing if case were litigated. Hines said it was unlikely IRS would abandon its stance against deductibility before ruling is handed down in appeal of TCI case, which was argued March 11 in 10th U.S. Appeals Court, Denver.

Timothy Pecaro, principal of station-evaluation firm Harrison, Bond & Pecaro, called decision "potentially very significant," particularly for companies that acquired stations in high-priced 1980s and still can amend their annual tax filings on which those purchases are reflected. That's because law then provided for amortization over 10 years; effective Oct. 1989, period was changed to 25 years.

FCC NOT ANXIOUS TO REVISIT PTAR: Of 4 FCC members on panel at packed NAB convention session in Las Vegas, only Comr. Barrett expressed willingness to reopen debate on prime-time access rule (PTAR). "I'm open to take a broad look at anything," he said in answer to question from moderator Richard Wiley. Comr. Duggan said PTAR "is an evil baby brother of finsyn" and he expected similar battle to erupt if FCC opens rulemaking to repeal rule that prohibits network affiliates in top 50 markets from airing off-network syndicated programming. Comrs. Quello and Marshall didn't commit themselves. Pending at Commission are several petitions to repeal rule. Commissioners faced overflow crowd, with people waiting outside to get into room despite setup of additional chairs.

Commissioners aggressively defended new radio ownership rule that permits single licensee to own 30 AMs and 30 FMs (TVD April 13 p4). Quello called it "a common-sense solution" to financial woes of radio industry. Rule caused much consternation in Congress. Commented Duggan: "What's needed is for everyone to simmer down" and study FCC order (which was released April 10) and reasons for action. He said Commission didn't order forced divestiture if licensee goes over 25% audience cap because that would be "punishing success." Barrett predicted required annual report from Mass Media Bureau on how new rules are working in marketplace would "go in the wastebasket and no one will see it." Acting NTIA Dir. Thomas Sugrue called new ownership cap "moderate," saying that it's better for FCC to act now than to wait until radio industry goes bankrupt before trying to help.

Marshall said she hoped new rule will eliminate another problem for FCC -- local marketing agreements (LMAs). If not, she expressed willingness to adopt restrictions on LMAs. Duggan said LMAs can be big help to radio stations in short-term situations. Quello said there's "justification" for also relaxing TV ownership restrictions -- proposal that's working its way up from staff with encouragement of Chmn. Sikes. In March, it was tentatively scheduled for FCC's April 9 meeting but reportedly was taken off because of adverse reaction of Congress to radio rules (TVD April 6 p3). Quello said FCC should wait few months before acting to allow "turmoil" from Hill on radio to subside. However, Marshall said Sikes wants to bring item up at May meeting.

Asked about rulemaking to permit TV networks to own cable systems, Duggan said "safeguards [as sought by affiliates] will be the name of the game for me." Sugrue said White House endorses video dial tone (VDT), strongly supported by Sikes, and when asked if President Bush would sign cable reregulation bill he said it's conceivable that he would "sign something." Quello called VDT "a very important first step" in new mass media structure.

Commenting on Wall St. Journal story, picked up by other publications, that FCC assignment of 2 channels to stations in development stages of HDTV would be "giveaway," Duggan said: "I thought those stories were dumb... The whole talk about a giveaway is wrong." He stressed that 2-channel operations would be "transitional," with one channel eventually returned for reassignment. Quello said 2-channel operation (one for NTSC) is only way to get HDTV started.

Commissioners defended U.S. system of local broadcasting, which Barrett said plays "an extremely important role." Duggan said he wouldn't "say no with a capital N" to satellite broadcasting but said affiliate system must be protected to preserve local service. Ideal solution, he said, would be some form of hybrid system that protects local service.

New radio ownership limits are of "enormous" concern to members of House Commerce Committee, and FCC's "rather curious math" will be examined closely, Committee staffer David Leach acknowledged at related session. He was seconded vigorously by Larry Irving, senior mass media counsel to House Telecom Subcommittee, who described panel's Chmn. Markey (D-Mass.) as "not a happy man," especially in light of private assurances Irving said that Markey was given by commissioners that changes in current ownership limits would be "slow and incremental." He said some small stations were opposed to changes, fearing competition from stations in their markets suddenly strengthened by new ownership, but radio broadcasters in audience who took issue with him were applauded.

On other matters, panelists representing both sides of aisle agreed that telco entry into cable will be among next year's hottest issues. Irving predicted that NAB lobbying would be effective, adding that its recent efforts on retransmission consent were best he had seen in his 10 years on Hill. Catherine Reid, Telecom Subcommittee minority counsel, predicted that telco entry debate would focus on how far, if at all, telcos would be allowed to control cable content. Other hot legislative area will be LMAs. Leach called such time brokering a "subterfuge" that in some cases amounts to de facto transfer of control. Reid praised FCC action to establish guidelines, but wondered whether they could be enforced.

On panel of FCC staffers, Mass Media Bureau Chief Roy Stewart predicted commissioners will reach independent decision on whether to adjust new radio ownership rules. He acknowledged that FCC is "creature" of Congress, which has pressured agency to change decision, but "I hope that Congress will let the FCC do its job." In response to questions whether higher limits would hurt small and minority broadcasters, Stewart said they will have same right as big broadcasters to cut costs by consolidating.

Mary Helen Barro, pres. of National Hispanic-owned Bestrs. Assn., said small broadcasters often don't want to merge and can't afford to buy others, so FCC action could force them out of business. "You have no constitutional right to stay in business," Stewart replied. "That's your business judgment not to consolidate, but we're looking at a whole radio business going down the tubes." Panelist Lewis Paper of Keck, Mahin & Cate said new rules will benefit some broadcasters by encouraging new investment in radio. By allowing group owners to acquire more stations "the FCC has created a whole new class of buyers," Paper said. He also said FCC could encourage more financing for broadcasters by clarifying that, even though banks can't put lien on broadcast license itself, they can have security interest in proceeds from any sale of station.

At separate policymakers breakfast, FCC Gen. Counsel Robert Pettit said agency has made "excellent record" in defense of new radio rule. Comment came after Stewart explained how relaxed rules would help broadcasters. Robert Pepper, chief of FCC Office of Plans & Policy, whose memo to Commission prompted relaxation of rules, said broadcasters need to become "multichannel competitors" and develop revenue source other than advertising.

TV Answer was awarded exclusive U.S. patent for technology that allows company to link its nationwide network of cell sites. Technology creates satellite-based 2-way TV system in 218-219-MHz band that will link consumers, local cell sites and central data processing center into nationwide wireless communications network.

HILL SENDS CABLE BILL WARNING: Broadcasters were given clear warning at NAB convention congressional session in Las Vegas: In any cable reregulation legislation, you can expect to win either must-carry or retransmission rights -- but not both. Rep. Fields (R-Tex.) said it's an "either or" situation, that restoration of retransmission is "a standalone issue." Responded Sen. Burns (R-Mont.): "He's exactly right." NAB official told us Assn. doesn't expect to get both, although both are included in current House bill.

Fields and Burns agreed that cable bill would be sent to President Bush in this session of Congress, but disagreed on whether it would be vetoed. They also promised that if retransmission rights become part of bill and cable systems cite that as reason for increasing subscriber rates, "Congress will turn on them quickly," as Fields put it. Rep. Lent (R-N.Y.) said of retransmission and House bill (HR-1303) "there's plenty of wiggle room in there." Rep. Tauzin (D-La.), who called himself "token Democrat" on panel (4 others were Republicans), said that if retransmission is approved, Congress must require "interim rate regulation" in pending bill.

As for possible veto, Fields said White House Chief of Staff Samuel Skinner understands "perils" if President doesn't sign bill. Tauzin cited "delicate balance" that Commerce Committee is trying to strike in bill to forestall threatened veto. Burns, asked about veto, said: "I think you can plan on that" and said Senate would sustain it.

In congressional session later same morning, Rep. Rinaldo (R-N.J.), ranking minority member of Telecom Subcommittee, said current House version is "veto bait... you only have to look at the vote" in Subcommittee (17-7, with 3 Democrats voting present.) Those who think Bush is bluffing are wrong, he said, adding that his view is that "there is something out there that can be signed."

Lent said that House bill "is an extremely regulatory" measure and that Republicans came very close to getting substitute measure approved by Telecom Subcommittee. He said he expected House Commerce Committee Chmn. Dingell (D-Mich.) would "be supportive to water it down" so that Bush would approve. Tauzin said House bill is "mainly a pro-competition bill" rather than reregulation: "It will be pro-consumer and I hope the President will be pro-consumer." NAB convention-goers clearly want cable reregulated. For example, NAB TV Dir. Harry Pappas, Pappas Telecasting (2 independent TV stations), let loose blistering attack on cable: "These are evil people. There must be rate regulation so those bastards can't pass it on." Pappas was roundly applauded, with Lent leading from podium.

On separate panel, Rep. McMillen (D-Md.) described passage of any cable legislation as "problematical" in light of White House call for telco entry rather than reregulation. Rinaldo said he saw such entry as inevitable "down the road sometime" as long as "safeguards are promulgated" against cross-subsidization. Lawmakers at congressional breakfast agreed that telco entry was coming. "It's hard to tell when, but we're going to do it," Rep. Scheuer (D-N.Y.) said. Rep. Holloway (R-La.): "We have to be careful how we proceed" and "must provide for competition in cable." Rep. Schaefer (R-Colo.) and others complained that FCC doesn't have wherewithal to regulate telcos and prevent cross-subsidies. Rep. Barton (R-Tex.) said Congress must erect "strict firewalls and adequate safeguards" before permitting telco into cable.

Later panel, on Congress' effect on broadcasters' bottom line, examined list of industry concerns, including:

(1) On advertising, Rinaldo and McMillen agreed with Rep. Smith (D-Fla.) that limiting ad deductibility has little support in Congress but that legislators hungry for new sources of revenue could look to taxing ad purchases. "This is not a First Amendment issue," he said. None of lawmakers saw much chance for beer and wine ad ban, either, although Smith warned of possibility of requiring health disclaimers as appealing middle option.

(2) All agreed that virtually certain veto of House-passed campaign reform bill doesn't mean Congress will return to issue soon, or that any new bill would address broadcasters' lowest-unit-rate and other concerns. (3) In response to question from audience, Rinaldo and McMillen agreed that nonprofit operations of public broadcasting entities may deserve oversight by Subcommittee. (4) Panel was noncommittal on Local Marketing Agreements (LMAs), Rinaldo saying that issue will be aired fully at hearing set for "later this spring... I have a very, very open mind."

FCC should conduct full examination of underused govt. spectrum with eye toward allocating some of that bandwidth to Personal Communications Services (PCS) as alternative to moving incumbent users off 2 GHz commercial band, Assn. of American Railroads, Large Public Power Council and American Petroleum Institute (API) told Commission. They asked in April 10 petition that FCC suspend its proceeding on emerging technologies until full study is conducted on govt. spectrum. Groups also wrote Acting NTIA Dir. Thomas Sugrue same day asking that his agency make govt. spectrum available for use by emerging technologies. Both letter and petition to FCC made same point -- that allowing underused govt. spectrum to be used for PCS would be preferable to kicking incumbent users out of bandwidths they now occupy. Letter said: "An opportunity exists for a win-win situation."

FCC's interactive video data service (IVDS) rules are too closely tailored to system developed by TV Answer, competitor Radio Telecommunications & Technology (RTT) said in petition asking Commission to reconsider its recent IVDS order. RTT said new rules are so close to TV Answer system that it will be difficult for others to compete fully: "Unless the Commission modifies these standards, particularly with respect to power and the use of outdoor subscriber antennas, the result will be to force the creation of IVDS systems that are too expensive, do not work as efficiently or effectively as they should, will be more likely than they should be to cause interference to TV channel 13, and will expose users to higher than necessary levels of RF radiation." RTT said its system offers benefit of open architecture: "Forcing IVDS into the TV Answer mold may spell the death of IVDS before it is born."

Former Intelsat Dir. Gen. Richard Colino has been ordered to pay \$25.8 million to Intelsat for defrauding former employer of \$8.6 million in kickback scheme. He pleaded guilty in 1987 to charge of interstate transportation of money received by fraud. He was ordered then to pay \$865,000 in fines and served 3 years in jail. But last week, Judge Royce Lamberth in U.S. Dist. Court, Washington, ordered Colino's penalty tripled to \$25.8 million, ruling that kickback scheme was pattern of illegal activity under Racketeer Influenced & Corrupt Organizations Act. It's questionable whether any of that ever will be collected because Colino has indicated to court that he has no money and can't pay. His former deputy, Jose Alegrett, and 2 others also pleaded guilty to related charges of kickbacks on construction of new Intelsat offices in Washington.

CBS NET DOWN: CBS Inc. said last week that its net fell 20% to \$18.6 million in first quarter ended March 31, but that network and TV stations units narrowed operating losses by unspecified amounts -- "substantially" in case of former. Their improved performance offset sizable decline in interest income on investments -- to \$7.5 million from \$65.8 million. Revenue jumped \$320 million (42%) to \$1.08 billion vs. year earlier, but all but \$45 million of that stemmed from income from Winter Olympic Games and Super Bowl. That was offset by comparably high rights and production costs, it said.

Net income per share dropped 1¢ to \$1.20, but slightly more than half of figure -- 67¢ -- resulted from resolution of price CBS received for selling its records unit to Sony several years ago. Operating profits at CBS Radio fell undisclosed amount in decline parent attributed to weak FM station ad sales. Noting network's recent winning of prime-time ratings mantle, Chmn. Laurence Tisch was optimistic on outlook for 2nd quarter, saying that ad scatter prices for that period "have firmed noticeably. We are encouraged by this steadying of demand for network time in the face of general economic weakness."

In other reports, broadcasting (including NBC) was one of only 4 GE business units that posted better results in quarter. Despite slightly lower revenue, broadcast operating profit was up a bit because of stabilized ratings and modest improvement in ad rates. Comparison also was aided because of high cost of covering Gulf War in 1991 first quarter. Further broadcast details weren't provided, but overall GE profit was up 6% to \$1.06 billion.

Other reports: **Gannett** net rose 10% to \$55.4 million (39¢) and revenues 1% to \$793.1 million. Broadcasting revenues gained 3%, but total newspaper revenues were flat. **United TV** net loss increased to \$2.12 million (-20%) from \$1.7 million, while revenues inched up 1% to \$24.92 million. **King World Productions** reported triple crown for its 2nd quarter ended March 31 -- record net, earnings per share, revenue. Net rose 15% to \$21.3 million (55¢) and revenue 17% to \$125 million. Cash position increased \$28.2 million to \$283.9 million, and Exec. Vp Stephen Palley said some of that would be used for stock repurchases, acquisitions or other new business opportunities.

Westinghouse said new accounting standard contributed to \$246-million loss. Operating profit was up slightly in broadcast operations... **McGraw-Hill** profit rose 11.8% to \$12.7 million, in part because broadcast unit's operating profit was up 6.8% on improved ad market... **N.Y. Times** earned \$13.9 million, vs. \$5.1 million year ago. Broadcast operating profit jumped nearly 50% to \$2.9 million.

Scripps Howard Bcstg. had net income of \$3.70 million on revenue of \$85.87 million, vs. loss of \$3.84 million on revenue of \$74.25 million. Company said results didn't reflect \$12-million pretax charge related to settlement of litigation involving company's Sacramento cable system.

Meanwhile, **Time Warner** said it plans to place \$1 billion of long-term debt with institutional investors, reducing its \$8.7 billion commercial bank debt. Its \$7.5-billion debt remains on Standard & Poor's CreditWatch, subject to satisfactory conclusion of restructuring transactions, rating firm said. Senior debt rating will rise to BBB- from BB if restructuring is completed, it said.

Hughes' DirectTV operation has moved to new offices in El Segundo, Cal.: 2230 East Imperial Highway, El Segundo 90245 -- 310-535-5027.

STATION VALUE WOES PERSIST: Days of go-go 1980s when stations were selling at multiples of 15 times cash flow are gone for good, most panelists agreed at NAB session on station valuation. But chief culprit -- cable -- is becoming ally of some hardworking broadcasters. Steven Rattner, founder of Lazard Freres' Communications Group, said stock market is valuing shares as if broadcasting were going through largely cyclical downturn, but private deals are based on assumption that TV stations are in more or less permanent decline.

But Susan Harrison, principal of Harrison, Bond & Pecaro, Washington-based station evaluation firm, said downturn isn't cyclical, in fact represents "major fundamental change." Main factors: (1) Advertising. Supply exceeded demand beginning with growth of UHF's in 1980s, she said, and that represents "sea change." (2) Competitive risks. She defined those in single word: "Cable." (3) Costs. Here there's good news, Harrison said, as programming costs are coming down, stations are being forced to learn how to promote cheaply, and recession has kept labor costs down. On troublesome side is wild card of costs to upgrade to HDTV. (4) Financing. Examining first 3 factors, banks are willing to look at financing purchases in perhaps top 30 markets, focusing on currently hot independents over network affiliates.

Malrite Chmn. Milton Maltz called for unleashing foreign investors into U.S. broadcasting, saying that "throwing up in the Japanese Prime Minister's lap" isn't enough. He said banks are retreating from broadcasting "like a thundering herd, destroying good companies in their path... Now buffalo herds are extinct."

Making alliances with cable is one way for station owners to cope, panelists agreed at another NAB session. "Practice, practice, practice -- how to beg" was advice of Allbritton Communications Legal Affairs Vp Jerald Fritz, who said cable systems "hold all the cards" when broadcasters seek to expand their activities with such offerings as Allbritton's Ch. 8 all-news channel carried on all of Washington area cable systems.

Fritz listed several priorities in approaching co-ventures, telling broadcasters to: (1) Deal with people who can make decision. (2) Include "most-favored-affiliate" clause so that cabling know that no other system is getting better deal. (3) Consider variety of compensation forms in return for carriage, including equity (which Allbritton declined to do), cash up front, local time availabilities, back-end royalties at end of contract, charter subscriber discounts. (4) Include provision denying right of systems to insert their own material.

Fox TV Senior Vp-Affiliate Relations Preston Padden said that cable industry isn't "monolithic" and that individual MSOs and operators are open to deals, at least if local broadcaster isn't given to "gratuitous shots" at cabling over such issues as service price caps: "I am unable to detect how it's in TV's interest that there be rate regulation of cable."

But INTV Vp David Donovan repeatedly emphasized broadcasters' disadvantage under current law and encouraged audience to support legislative initiatives as way eventually to bring about fairer partnerships. "Most local broadcasters are not in Fox's position," he said.

TVRO subscribers who use AT&T's Telstar 303 satellite will need to reorient their antennas as company moves satellite to 123° W from 125° W over next 2 weeks.

ACORN CLAIMS DAB GAINS: While saying that "true proof of the pudding" will be later this year when system is subjected to mobile demonstrations, officials of Project Acorn plan told NAB convention in Las Vegas that in-band DAB project has overcome last year's shortcomings, defying "skeptics." Backers said they plan to deliver sample Acorn hardware as combined AM and FM system by April 1993 deadline set by EIA Digital Radio Subcommittee. Acorn -- financed by consortium of Gannett, CBS, Group W Radio and others -- appeared to emerge from convention as DAB front-runner against smaller in-band entrepreneurs who spoke openly about difficulty of luring investors.

Acorn has resolved questions raised year ago, CBS Radio Engineering Vp Anthony Masiello said. Consortium demonstrated prototype using "extraction" phenomenon that is system's keystone. In mockup, NAD tuner was used to receive analog FM signal from Las Vegas station, then combined it with digital signal using DAB modulator and Musicam data compression generator. Combined analog and digital signals were sent to beta prototype extractor containing chip sourced from unidentified U.S. supplier. Masiello said that tests have shown that system doesn't extend station's coverage area, but signal is improved within area. Beauty of "on-channel" in-band scheme such as Acorn, Masiello said, is that service would operate within station's existing licensed spectrum "mask." Mask could be best guarantee that stations automatically would get existing spectrum in digital age, he said.

Responding to question on whether FM multipath reflections would have negative impact on extraction system on which Acorn would rely, Masiello said that "the true proof of the pudding obviously is putting this in a vehicle and driving around. But we're confident the extraction process will hold up under multipath conditions." As for AM-based Acorn, Group W Radio Engineering Dir. Glen Walden said that "I'm here to report that there is hope for AM radio." He said group is committed to AM, but refused to disclose details for competitive reasons.

Reactions to World Administrative Radio Conference (WARC) from 2 sides of Atlantic were divided at convention. Washington-based consultant Donald Jansky said DAB proved to be most controversial agenda item at month-long meeting in Torremolinos, Spain. Results "weren't entirely satisfying to the U.S.," he said. Among "principal hurdles" remaining is establishment of "sharing criteria" along Canada-U.S. border as Canada is "most likely" to proceed with terrestrial DAB in 1452-1492-MHz band, while American system would have to operate at 2300 MHz. Jansky said "rather intense negotiation would have to take place" before satellite DAB service could be implemented in Canada or Mexico in 1467-1492-MHz spectrum.

George Waters, dir. of European Bestg. Union (EBU) Technical Dept., said Europeans "for years" have sought DAB allocated at 1.5-GHz L-band, so WARC designation along those lines represented "a major step forward." Development work on Eureka 147 project "has been completed" and standardization work will begin shortly at EBU hq in Geneva.

HDTV aid totaling more than \$1 billion over 5 years has been approved by Commission of European Community. Funding still must be approved by 12 national govts. About 75% of money would help companies develop HDTV technology, with rest going to boost development of HDTV programming.

RBDS DEBATE: Fragile 30-day truce in recent war of words between NAB and EIA on Radio Broadcast Data System (RBDS) effectively emerged from April 11 meeting of RBDS subgroup of National Radio Systems Committee (NRSC). Meeting in Las Vegas on eve of NAB convention, subgroup agreed to give PRS Corp. -- licensor of ID Logic format-tuning technology -- 30 days to submit specific technical document describing tasks awaiting implementation of stepup ID Logic "B."

Technology is among few, if any, considered to be available for extending FM-based RBDS to AM, heeding recent policy statement by NAB task force that pledged to endorse RBDS standard only if AM stations can participate "at the outset." PRS, which suggested 30-day deadline, is expected to deliver report at subgroup's next meeting June 1, following Summer Consumer Electronics Show in Chicago. PRS Pres. Pierre Schwob said development "culminates 5 years of work" in bringing ID Logic B to fruition. He said that most of technical report will discuss receiver implementation issues on ID Logic B, as broadcaster involvement requires only that single station in each major market acquire RBDS generator. Schwob quoted licensing royalty of \$1 per radio in ID Logic B plan.

In tabling final standards work on FM-based RBDS system to await PRS report in 30 days, subgroup bowed temporarily to wishes of major broadcasters on NRSC to reject FM-based RBDS outright system if AM service couldn't be accommodated. EIA decided it would await outcome of meeting before making good on threat to approach FM broadcasters unilaterally to complete RBDS standards work. Tabling of issue caused some receiver makers to walk away from Las Vegas meeting grumbling about delay. Audio makers such as Denon and Delco are known to be anxious to finish work on standards and proceed with RBDS marketing plans for early next year.

Transactions: Home Shopping Network filed SEC documents for proposed spinoff of its integrated voice operations, called Precision Systems Inc. PSI recently received \$15-million expansion of its MCI contract, and Chmn. Roy Speer said spinoff would allow HSN and PSI to focus on core businesses. HSN, meanwhile, said it had ended talks on possible merger with QVC... Ponca/Universal Holdings agreed to buy 100% of Universal Cable Holdings, which has cable systems with 30,000 subscribers in Colo., Kan., Neb., Okla., Tex., terms not disclosed. Broker: Waller... TCI subsidiary United Cable TV bought stock of Northwest Ill. Cable, which owned systems with 14,000 subscribers in Galesburg and Monmouth, Ill. Broker: Daniels... Home Shopping Network co-founder Lowell Paxson said he sold most of his stock (about 20% of company) for \$69 million. Paxson, who also owns 8 Fla. radio stations, said most of proceeds will go into his radio business... Philips said it will buy 6 million shares of Blockbuster Entertainment stock for \$66 million, giving it 4.5% of company. Philips also has option to acquire 5 million more shares... Lake Cablevision of Birmingham, Ala., bought cable systems in Barrow County, Ga., with 2,650 subscribers, from Summit Cable Services of Ga. for undisclosed price. Broker: CEA.

Buyers, sellers and regulators of sports programming on TV will participate on April 30 panel (5:30 p.m.) at Washington Marriott Hotel, to be moderated by Philip Hochberg, attorney for National Basketball Assn. and National Hockey League. Seminar is co-sponsored by Federal Communications Bar Assn. and D.C. Bar Assn. -- 202-632-6446.

FCC should replace its method of awarding spectrum through lotteries if it can't come up with system that doesn't lead to fraud, head of trade group representing state securities officials said last week. Lewis Brothers, pres. of N. American Securities Administrators Assn., said at news briefing that FCC's wireless cable lotteries already have cost consumers at least \$25 million, figure he called "conservative estimate." Brothers also said newest and fastest-growing form of scam to grow out of FCC proceedings is "build-out" swindle, in which potential investors are told they can invest in building of wireless cable franchise for which frequencies already have been awarded. Unlike applications for wireless cable frequencies, for which consumers are charged about \$5,000, so-called "build-out" schemes are charging public \$10,000 to purchase share in franchise. However, FTC investigators have found that in some cases company that has claimed to hold wireless cable license for which it wants new investment money hasn't been awarded license by FCC. Brothers said: "Our worst nightmare is that wireless cable is going to prove to be only the tip of the iceberg. We are deeply concerned that the federal lotteries which may be held for new technologies and the reallocation of the radio spectrum will dwarf the serious problems we have seen to date with wireless."

Meetings: Reps. Tauzin (D-La.) and Boucher (D-Va.) will be among speakers April 28 at day-long seminar sponsored by **Competitive Cable Assn.**, Mayflower Hotel, Washington -- 202-797-7500... Fox Bestg. Pres. **Jamie Kellner** will address April 30 lunch of Washington Cable Club, noon, Washington Marriott Hotel -- 703-358-2770... UCLA Extension Service will hold one-day program on legal and business aspects of **syndicated TV** May 9, Miramar Sheraton Hotel, Santa Monica -- 310-206-1411... U.K.'s Cable TV Assn. and IBC Technical Services are sponsoring conference on **cable telephony** June 4, London's Inn on the Park -- 44-71-637-4383... **Private Cable Show** is scheduled for Nov. 11-13, Marriott at Sawgrass Resort, Ponte Vedra Beach, Fla. -- 713-342-9655... **British Academy of Film & TV Arts** will sponsor conference June 25-26 on subscription TV in London -- 44-81-742-3286.

Group of small cable operators formed **ACTIV** (America's Cable TV Independent Voice) to lobby on cable and small business issues. Group doesn't plan to add professional staff immediately and hasn't selected hq. location; it will publish monthly newsletter. Key issues cited in "white paper" include modification of reregulation bill to avoid hurting good actors, opposing telco entry into cable, inviting broadcasters and newspapers to get involved in cable issues, making Congress aware that cable bills put disproportionate burden on small operators. Group says membership fee at start is \$500, to be sent to Treas. Dean Petersen, Southwest Mo. Cable (417-358-1313). Other founders include Elkhart TV Cable, Kansas Cablevision, Pine Telephone Co., Rural Mo. Cable TV, Sumner Cable TV, Transwestern Video, Triax Cablevision USA.

Domestic satellite company GTE Spacenet sponsored international dinner (which featured cash bar) at NAB convention to tune of about \$20,000. Official said action doesn't indicate plans to move toward international satellite services, just recognition that "all of our clients are going international." GTE Spacenet also launched international satellite scheduling service that allows broadcasters to contact GTE to schedule time on any satellite in world and international broadcasters to have "one-stop shop" for scheduling time on any domestic U.S. satellite.

Program Notes: NCTA formally changed name of its **ACE Award** for best original cable programming to CableACE. NCTA has been in trademark dispute with American Cinema Editors on use of ACE... **ESPN** bought international distribution rights for NFL games and programming. Regular and postseason games will be distributed by ESPN International to Southeast Asia, Pacific Rim, Latin America. ESPN also gets syndication rights in Europe, Japan, Canada, Mexico... **CNN** added 9 station affiliates in deal with Brissette Bestg... Turner Bestg. said it's looking into possibility of launching **Fitness Channel** to be carried in health clubs, but hasn't made final decision. Format would be similar to that of Airport Channel and Checkout Channel. Fitness video star Jane Fonda, wife of Chmn. Ted Turner, isn't involved in project, company said.

TvB held its annual convention (it skipped 1991) for first time in conjunction with NAB's -- and officials said they were happy with results, although attendance was down considerably from 1990 in Dallas. "We want to raise our visibility," new Pres. Ave Butensky said. He said scope of ideas presented and "quality of audience participation was top-drawer. Our sales managers now go home with new ideas, and approaches leverage more sales in a sluggish economy." Butensky, who has been TvB pres. only since Jan. (when he replaced James Joyella, now with Katz TV), outlined plans for TvB's immediate future and steps TV stations should take to increase their share of local ad dollars: "Agencies do not see spot as 'user friendly'... We need to put American television back on top of the pedestal."

Glendale, northern L.A. suburb of 200,000, hopes to begin testing this summer new municipally sponsored videotex system that could be one of most ambitious such projects in country. Full system could be offered by fall. Systems so far sponsored by local govts. have been built around text-only presentation and feature electronic mail and conferencing capabilities. Glendale system, called "Lynx," would have sophisticated, full-color graphics for personal computer (PC)-based version and video capabilities for version of service planned for public access terminals. City also plans to sell ads for its own Electronic Yellow Pages to go along with other business listings it will offer.

Bcst. Education Assn. (BEA), which annually holds its convention in conjunction with NAB, attracted record crowd of 575 this year. Major topic of conversation -- and controversy -- was NAB's withdrawal from supporting joint annual book award with BEA. Winner this year was "Three Blind Mice", highly critical of TV networks, by Ken Auletta. NAB staff was ordered not to discuss issue with reporters, and Assn.'s unofficial explanation was that "it seemed like a good time to get out." Assn. official said that network's presented no pressure on NAB in relation to award to "Three Blind Mice."

NAB published Broadcasters Daily News during Las Vegas convention and produced daily hour-long program NAB-TV News on TV sets in Las Vegas hotel rooms on convention developments. TV show was telecast throughout Convention Center on large-screen sets and sent to TV stations via Ku-band, SBS-6, TR 15. It also was sent to Latin America and Europe at 11:30 a.m.-12:30 p.m. eastern time.

QVC and Home Shopping Network have ended discussions on possible business combinations, former said. Discussions "have not produced a framework for a mutually acceptable agreement," QVC said, and "no further details will be disclosed."

Personals

Carolyn Wall, vp-gen. mgr., WNYW N.Y., named exec. vp-corporate development and sales, News America and appointed a dir., News America Holdings... **Pat Servodidio**, vp-gen. mgr., WKYC-TV Cleveland, appointed pres., parent Multimedia Bestg... **Lynn Christian**, NAB senior vp-radio for last 3 years, is resigning following Sept. NAB radio conference in New Orleans.

Cheryl Tritt, legal adviser to FCC Chmn. Sikes, will become first woman to head FCC bureau as chief of Common Carrier Bureau, replacing **Richard Firestone** May 1... **Bert Salke** ex-Winkler/Daniel Productions, named dir., current programming, Fox Bestg.; **Steve Friedheim**, pres., Pezold Bestg. and gen. mgr., WFXG-TV Augusta, appointed to Fox Bestg. board... **Robyn Goodman**, ex-Second Stage Theatre, appointed ABC dir.-daytime programming... Changes at Viacom: **Michael Kelso** named exec. vp-operations, Entertainment and Best. groups; **Susan Kolar** appointed senior vp-chief financial officer, Best. group... **Jeffrey Custer**, ex-Kerrey presidential campaign, joins AAF as dir. of media relations.

Trish Walsh advanced to vp-best. services, IDB Best. Group... Changes at KRMA-TV Denver: **Donna Sanford** promoted to dir.-programming; **Linda Wilson-Mirarchi**, ex-Ohio U., joins as dir.-educational services... Joining Washington law firm Wiley, Rein & Fielding from Shaw, Pittman, Potts & Trowbridge: **Steven Lucas**, partner; **John More**, of counsel; **John Guyot**, assoc... **Ellen Mullins**, ex-N.Y. Post and N.Y. Times, named dir.-mktg., N.Y. 1 and Time Warner CityCable... President **Bush** nominated **Edward Kubasiewicz**, group dir., U.S. Patent &

Trademark Office, to be Asst. Comr. of Patents & Trademarks, succeeding **James Denny**.

FCC Calendar -- April 21: Chmn. **Sikes** addresses Business Week Conference on "Future of World Telecommunications," McGraw-Hill hq, N.Y., 8:35 a.m. April 22: Comr. **Marshall** addresses Daughters of American Revolution, Capitol Hilton Hotel, Washington, 7 a.m. April 24: **Sikes** speaks at Wash. State U., Pullman, 8:30 p.m. **Thomas Stanley**, chief engineer, participates at Mitre Corp.'s Jason Spring meeting, 725 Colshire Dr., McLean, Va., 8 a.m. NTIA schedule -- April 23: Acting Dir. **Thomas Sugrue** addresses National Governors Assn. Science & Technology Council, Commerce Dept., Rm. 4830, 2:30 p.m.

OBITUARY

Charles Ginsberg, 71, head of team that developed first practical VTR, died of pneumonia April 9 in Eugene, Ore. Ginsberg, who previously worked at San Jose radio station, joined Ampex in 1951. Then-small magnetic recorder company stunned broadcast world in 1956 by beating industry giants in developing black-and-white broadcast VTR (TVD April 14/56 p4). Exhibiting prototype in small room in Chicago's Conrad Hilton Hotel during that year's NAB convention, Ampex drew orders for 80 recorders, totaling \$4 million, during NAB alone, TV stations vying to buy device in "near-stamped proportions," bringing what Television Digest described as "birth of a new era in TV technology" (TVD April 21/56 p1). He remained at Ampex for rest of his career, retiring in 1986 as advanced technology vp. Ginsberg is survived by wife, 5 daughters.

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Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 5th and final week of March and year to date:

	MAR.28- APRIL 3	1991 WEEK	% CHANGE	MARCH 21-27	1ST QTR. 1992	1ST QTR. 1991	% CHANGE
TOTAL COLOR.....	369,463	470,952	-21.5	534,268*	4,799,898	4,718,559	+ 1.7
DIRECT-VIEW...	361,877	463,354	-21.9	526,807*	4,714,242	4,642,858	+ 1.5
TV ONLY.....	343,727	443,874	-22.6	504,260*	4,528,915	4,465,901	+ 1.4
TV/VCR COMBOS	18,150	19,480*	- 6.8	22,547*	185,327*	176,957	+ 4.7
PROJECTION....	7,586	7,598	- 0.2	7,461*	85,656*	75,701	+13.2
VCR DECKS.....	232,084	255,723	- 9.2	233,563	2,477,946	2,093,136	+18.4
CAMCORDERS.....	41,824	87,341*	-52.1	68,202	472,362*	443,855	+ 6.4

Direct-view TV 5-week average: 1992--400,302; 1991--381,531 (up 4.9%).

VCR deck 5-week average: 1992--180,781; 1991--188,073 (down 3.9%).

Camcorder 5-week average: 1992--37,149; 1991--43,426 (down 14.5%).

* Record for period. Data for 1991 contain minor revisions by EIA.

TANDY UNVEILS 'INCREDIBLE UNIVERSE': Tandy's Name Brand Retail Group (TNBRG) will use capabilities of another subsidiary, Grid Systems, in effort to provide unprecedented service level for mass merchandise retailing at "Incredible Universe," (IU) megastore chain officially unveiled last week at Tex. news conference by Chmn. John Roach.

Tandy officials confirmed much of what we have reported about 160,000-sq.-ft. stores (TVD Jan 20 p13), including fact that 2nd store will open in Arlington, Tex., in fall about same time as one being built in Wilsonville, Ore. (TVD April 13 p18). IU stores essentially are minimally devoted to electronics, computers, appliances, software and accessories, designed as destination stores drawing people within 30-min. driving time. TNBRG Pres. Vic Sholis said each store requires population base of about million people. Main entrance, as depicted in model, bears striking resemblance to IKEA, highly successful Swedish-owned worldwide furniture chain that has several stores in U.S. IKEA is among several retailers Tandy studied (including Tower Records, HMV, F.A.O. Schwartz, Price Club, Nordstrom) in formulating IU.

IU salespeople will be equipped with handheld computer terminals developed at least in part by Grid. When customer selects product to buy, salesperson will punch in code to signal highly automated backroom to have it delivered to checkout, theoretically by time customer has made it there. Richard Hollander, TNBRG vp coordinating project, declined in interview to give more details about terminal, describing it as "one of John's mysteries" to be revealed in future. Roach told us that possibility that elements of IU might be patentable is "one of the reasons" for company's selective reticence on project. "John really invented this store," Hollander said of Roach, calling himself "kind of a midwife" in seeing project to fruition.

Hollander said overriding emphasis will be on customer service, taking cue from acknowledged experts in field; IU's training dir. was sent to customer service training course run by Disney organization. "I don't think anyone's as good at taking care of a large number of customers as Walt Disney is," Hollander said. Tandy's research showed consumers "really do want somebody out on the sales floor to help them make a good buying decision. What they said they don't want is having things shoved down their throats." That's similar to conclusion reached by Best Buy management when it developed Concept 2 format, which combines more bare-bones decor with laissez-faire service unless customer requests help.

IU salespeople, who will spend 10% of their time in training, will work under "unique" compensation plan tied in large part to their specific department's performance and overall store success and will be more

highly specialized than in other stores. Hollander said that "people who sell VCRs won't sell camcorders, rack system people won't sell components and specific salespeople will sell loudspeakers." Product lineup will include vendors that aren't represented in Tandy's other retail chains (Radio Shack, McDuff, VideoConcepts, The Edge, Computer City), including some high-end audio and video products, although Sholis declined to identify added suppliers.

Tandy declined to disclose IU's projected volume or breakeven point, although Roach said he expects store to turn over its \$6-\$8 million inventory 8 times per year. Hollander expressed confidence that customers would adopt attitude that "once they're in their cars, driving 10 minutes more to see everything in a big-ticket category [about 300 TVs and 90 VCRs, for example] is not an inconvenience." He also noted presence of CAD/CAM stations for designing home theater arrangements and kitchen layouts and stressed IU's entertainment aspect, which includes restaurant, child care center, technology demonstrations, karaoke station where customers will be able to buy tapes of themselves performing, etc. As we have reported, pricing is designed to be "competitive."

IU will stock more than 5,000 different items, not including computer, audio and video software; latter 2 categories will occupy slightly more than 8,000 sq. ft., operated as joint venture by Tandy and Trans World Music. Only other department not run entirely by Tandy will be restaurant, Hollander said. He acknowledged Tandy has been exploring potential IU sites elsewhere in country, but said no agreements have been signed for future stores.

PROJECTION TV RECORD HIGHLIGHTS MIDDLING MARCH: Trend-spotters have difficult task discerning patterns in EIA's report of sales to dealers for first quarter 1992 (see State of the Industry). Individual categories took roller coaster rides through first 3 months -- up one week, down the next -- with sales in all classifications finishing ahead of last year's first quarter. But note of caution that we've sounded before must be repeated: Last year's first quarter was weak performer in all categories except projection TV and camcorders, so slight gains this year aren't necessarily significant.

Sales reported for 5-week March are indicative of lack of identifiable patterns. Projection TV provided brightest story for month, finishing slightly ahead of record set year ago. Sales in March ran at seasonally adjusted annual rate of more than 393,000 sets, and through first 3 months were at hot rate of 424,460, which would be well above 379,837 actually sold to dealers in 1991, and very much in line with U.S. Precision Labs' forecast of 435,000 unit sales this year (TVD April 6 p10).

March sales of direct-view color TV ran at highest seasonally adjusted rate so far this year (more than 21.3 million sets). For quarter, sales were at annualized rate of 20.4 million, slightly ahead of 20.1 million actually sold to dealers last year. Weakest performance in month was turned in by camcorders and VCRs, both of which were up more than 25% for first 2 months of year. March camcorder sales were off 14.5%, which translates to annualized sales rate of 2.75 million. For first 3 months, camcorders were at seasonally adjusted rate of 3.17 million, which if kept up would represent more than 10% increase over 2.86 million sold to dealers in same 1991 period.

VCR deck sales were off 3.9% in March, and seasonally adjusted rate of 9.8 million was 2 million lower than for either Jan. or Feb. Taken as whole, though, first-quarter sales hit annual rate of 11.1 million decks, which would surpass 10.7 million sold in 1991. Here are March figures on sales to dealers, from EIA:

Product	March 1992	March 1991	% Change	March 1990
Total color.....	2,032,280	1,937,646	+ 4.9	2,186,752*
Direct-view...	2,001,512	1,907,659	+ 4.9	2,157,631*
TV only.....	1,934,022	1,834,690	+ 5.4	2,136,500
TV/VCR combo.	67,490	72,969*	- 7.5	21,131
Projection....	30,768*	29,987	+ 2.6	29,121
VCR Decks.....	903,904	940,365	- 3.9	1,044,552
Camcorders.....	185,746	217,130	-14.5	222,417*

* Record for any March. Data for 1991 contain minor revisions by EIA.

SONY EXPANDS LINE, OUTPUT, MARKETING: Promising major expansion despite recession, Sony America announced record ad and promotion budget for 1992, introduced large number of new products and revealed plans to transfer some production from Mexico to big new TV plant near Pittsburgh.

"While our competitors downsized," Sony expanded production capacity and increased its promotional and ad activity, Consumer Products Group Pres. John Briesch told news media in N.Y. in advance of first of 11 regional product showings. He said Sony America consumer product sales experienced double-digit growth in all major product categories last year, consumer electronics sales totaling record \$5.5 billion "with substantial profits," up from \$4.7 billion in 1990 and \$4 billion in 1989.

"We will expand our line, not pull back," Briesch said, discussing prospects for current year. He said Sony will invest record sum of more than \$150 million in "advertising and cross-merchandising promotions" this year, increase of at least 15% over 1991. "We will have more advertising than any other consumer electronics manufacturer in 1992," he said. "Three primary engines" are driving consumer electronics industry, he said: Personal entertainment, personal information, personal communication. Despite sluggish economy, Briesch said, there are growth opportunities for 1992. Sony will have "most comprehensive" ad campaign in history for its camcorders, turning VHS-C's slogan inside out by advertising that 8mm "can be plugged into any TV, it doesn't have to be plugged into a VCR." It also will stress long-playing aspect of 8mm: "Spend time shooting tape instead of changing tapes"... Ask questions first, shoot later."

In addition to its super-high-end XBR² TVs (TVD April 6 p9), Sony launched more XBR models with new chassis, including some with flatter Trinitron tube, plus new line of projection TVs featuring "slimmest" models less than 20" deep, in 41", plus XBR projectors in 43" and 53" models (see separate report for details of Sony TV and video introductions). When Pittsburgh plant goes on stream this summer, first product will be 41" projection at end of Aug., followed by 27" direct-view model in Sept., XBR projectors in 46" and 53" sizes in Oct., we were told by Consumer TV Products Senior Vp Jim Palumbo. Projection TV and one 27" model currently are being made in Tijuana, Mexico, plant. Pittsburgh will be in full production in 2 years, he said.

Sony backed its confidence with spate of new product categories, highlighted by nontracking digital voice recorder to be sold first through specialty, professional and govt. channels at \$1,000 list. "Scoopman" name (TVD Jan 20 p14) has been dropped for more prosaic "NT-1." Stamp-size 60- and 90-min. cassettes will be available at \$10 and \$14, with 120-min. version due in fall.

Among other new "personal" products: (1) New version of Data Discman with sound added, at \$550; earlier mute version has been cut \$100 to \$440. (2) CD-ROM XA portable player (nicknamed "Bookman"), due in fall, at target of under \$1,000; it has monochrome LCD screen, but RS-232 color output for computer. (3) Prototype Data Discman printer and computer interface, both due later. (4) Company's first portable cellular phone, due next month. (5) Discman portable CD player with memory chip circuit similar to that in MiniDisc, providing 3-sec. playback delay to eliminate skipping due to shock, but described as "walkable, not joggable."

Sony said it's not cutting back camcorder introductions, showing 4 new models, including Hi8 mini with "Steady Shot" optical image stabilization system, developed with Canon (TVD April 13 p18). Five of Sony's 15 camcorder models are Hi8, and Video Products Senior Vp Yuki Nozoe said Hi8 will represent 10% of industry's 8mm sales this year. Sony is trying again with tuner-equipped 8mm deck, new offering being 355mm (14") wide, as well as editing deck with PCM. Sony feels 8mm deck's time has come since "more than 5 million 8mm camcorders have been sold." Sony also debuted 3 laserdisc players, new series of monochrome Watchman, undercounter kitchen TV.

There was plenty of advance promotion -- but little new information -- on Sony's upcoming MiniDisc introduction, due in Nov.

HOUSE BILL DECREES TV-CABLE COMPATIBILITY, BUT--: New version of cable bill, as approved by House Telecom Subcommittee (TVD April 13 p2), would prohibit scrambling and other measures that negate features of cable-ready TV sets but would give FCC power to make exceptions to protect against "substantial theft of cable service." EIA gave tentative approval to language in bill, but spokeswoman conceded trade association preferred Senate-passed version (S-12) (TVD Feb 3 p12, Jan 20 p10).

Entire issue may become academic when bill comes out of full Commerce Committee some time next month, most lobbyists and aides agree, with TV-cable compatibility section one of many expected to be

watered down. Already, there is hint that some lobbyists and representatives plan to play Japan card, objecting to requirement that makes cable systems subject to standards of "foreign TV and VCR manufacturers."

New draft would dump matter into FCC's lap, requiring Commission within 270 days of enactment to prescribe regulations to ensure that cable signals "are compatible with all operational functions of cable-ready VCRs and VCRs, [but] taking into account the need for cable operators to protect their signals against unauthorized reception." Commission also would be instructed to prohibit scrambling or encryption that "interferes with or nullifies" such functions as watching one program while taping another, taping 2 consecutive programs on different channels, picture in picture. Bill said rules must permit use of aftermarket cable box remote controls and require cable operators to tell customers which types of purchased units will work.

In section headed "exception," Commission would be put in position of permitting scrambling if that also would let consumers "benefit from premium features and functions" of TVs. Within year after bill is enacted, FCC would be directed to report to Congress on how it would assure compatibility of cable and consumer products, after consulting with representatives of both industries. Within 2 years, it would be required to issue regulations "to require the use of interfaces" for compatibility. Unlike Senate bill, House draft doesn't specify Multi-Port universal connector approved by both cable and electronics industries, but many feel that's too late to revive.

FIRST-QUARTER CAMCORDERS, LDPs: Almost 70% of camcorders sold to dealers in first quarter were compacts, up from 56.8% in same 1991 quarter, and laserdisc player sales were up nearly 50%, according to EIA data.

Although total sales of camcorders rose 6.4% in quarter (see separate report), compacts jumped 30.3% and full-size camcorders were down 25% from year earlier. In March, compacts represented 71.1% of sales, up from 64.1% year earlier. Month when total sales were down 14.5% saw full-size off 31.1%, compacts down 5.2%.

Camcorder pipeline inventories were 606,000 at end of quarter, representing just over 11 weeks' supply at current sales rate. Of inventories, 71.6% were compacts. Here's breakdown of camcorder sales to dealers in first quarter:

Month	Total	Full-Size	%	Compact	%
January...	154,357	53,774	34.8	100,583	65.2
February...	132,259	36,468	27.6	95,791	72.4
March.....	<u>185,746</u>	<u>53,676</u>	28.9	<u>132,070</u>	71.1
TOTAL....	472,362	143,918	30.5	328,444	69.5
	* * * *				

Laserdisc player sales to dealers were up sharply in quarter as result of relatively high sales in Jan., as opposed to low number for Jan. 1991. Here's first-quarter count of LDP sales:

Month	1992	1991	% Change
January.....	25,609	10,144	+152.5
February.....	12,300	11,085	+11.0
March.....	<u>15,629</u>	<u>15,276</u>	+ 2.3
TOTAL.....	53,538	36,505	+46.7

Patent royalties on LCDs are being demanded by Dai Nippon Printing in communications to more than 30 manufacturers. Company applied in 1974 for patent, granted in 1990, on composition of pigments bonded to glass. Companies contacted said they were investigating.

Transamerica Commercial Finance Corp. withdrew request to U.S. Bankruptcy Court that 47th St. Photo be forced into Chapter 7 liquidation. Hearing on withdrawal of request, subject of extensive negotiations since it was filed April 1, is scheduled for April 29. N.Y. retailer filed for Chapter 11 protection in Jan., in large part because of major debt owed Transamerica. Retailer has closed stores in lower Manhattan and in East Meadow, L.I. Vp Stuart Held acknowledged that vendors "became cautious" about shipping goods to 47th St. since liquidation request was filed: "They shipped, but on a very tight string." Withdrawal of Transamerica request "puts everybody's mind at ease. Everybody here feels as though a 10-ton weight has been lifted off our chest." Held said company expects to file plan to reorganize by year-end, although hinting it would come much sooner than that.

Fretter reported 35% sales increase to \$293 million for year ended Jan. 31 as net income rose to \$4 million. In preceding year, Fretter reported \$10-million net loss, much of it attributable to change in accounting practices on extended warranties as mandated by Financial Accounting Standards Board. Sales for just-completed year include those of Denver-based Fred Schmid Appliances, which Fretter acquired last year (TVD Oct 7 p13). Fretter's comparable-store sales, which don't include Schmid outlets, were up 12.2% for year but in 4th quarter dropped 2.6% even as net sales rose 39.3% to \$103.2 million. Earnings before taxes and extraordinary credit were \$3.6 million, compared with pretax earnings and accounting change of \$2.7 million in prior year's quarter.

Philips confirmed reports (TVD April 6 p12) that it will introduce CD-I player in Japan Sat. (April 25), bundled with golf game, at \$1,050 retail price. Of 34 software titles available at debut, 8 will be in Japanese.

THIS WEEK'S YEN RATE

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

TOSHIBA'S DIGITAL HDTV: Toshiba will be manufacturing HDTV sets in U.S. "soon after the standard is set," said Gregory DePriest, head of company's new Advanced TV Technology Center at dedication of center's new hq in Princeton, N.J., April 10. Engineers at facility indicated receiver could be designed and ready to manufacture within year after FCC names winning system.

Dedication came shortly before Toshiba was officially announced as member of American TV Alliance (ATVA), whose other members are General Instrument and MIT. With announcement, Toshiba became first Japanese manufacturer to line up with an American-developed digital HDTV system, as opposed to only Japanese entry in HDTV competition, NHK's Narrow MUSE system.

Center uses high-performance computers to emulate all proposed HDTV systems, shortening development time. Although Toshiba endorses ATVA's DigiCipher system, it will be prepared for quick development of whichever system wins. Currently center is working on aspects of digital HDTV in which all systems are similar, engineers said. Computers can emulate all proposed systems, they said. "In the technical community, we'll have a very good feeling before the final decision" as to which will be winning system, presumably on basis of test results, said Senior Research Mgr. Mikhail Tsinberg, engineer, who added that center expects to have prototypes before FCC decision.

"Digital technology is manufacturable," said DePriest, who said Toshiba's target is to do all development and production in U.S. Goal of center is to produce HDTV set at "close to present prices." Toshiba America Consumer Products Pres. Hitoshi Ohashi noted that Lebanon, Tenn., plant is producing some 1.5 TV million sets per year. DePriest said new technology center "will combine 10 years of Japanese HDTV manufacturing experience and American research to provide American consumers with one of the most dramatic and exciting technological advances in recent decades."

Toshiba's commitment to digital HDTV was demonstrated at NAB convention last week, when company displayed prototype 8mm consumer digital VCR designed to work with DigiCipher system. About size of early Betamax recorder, it used consumer type transport to record and play compressed signals on metal evaporated tape for 2 hours in standard 8mm cassette.

Sony Chmn. Akio Morita reiterated earlier statements on need for Japanese companies to lighten up on hypercompetitive business practices, telling AP last week that "Japanese industry must live for a long time in the future as the world's global suppliers. We cannot live only in Japan. We should not be disliked by our customers." Morita said companies should raise prices and salaries, cut workers' hours and distribute more dividends. He also urged Japanese to concentrate on areas other than manufacturing. "Where we can have real competition is the area where we use our brain."

Sharp LCD color TV introduced in Japan has 5.6" screen, with speakers on both sides, with 1.5 w-per-channel stereo amplifier for both TV audio and FM-AM. LCD has 168,480 pixels. Although designed primarily to be operated from AC line, set has built-in rechargeable battery permitting about hour's viewing. Suggested list price in Japan is about \$1,050. Sharp also introduced 4" LCD car TVs at \$590-\$1,080, depending on accessories (wired remote, diversity antenna systems, etc.).

FIDENAS SUES EMERSON: Emerson's largest stockholder, Fidenas Investment Ltd., last week said it will seek control of Emerson board, and filed civil action in N.J. Chancery Court to require Emerson to hold stockholders meeting June 16.

Emerson had rejected bid by Hong Kong's Semi-Tech (Global) for control and indicated it was considering expired Fidenas offer, asking for extension of April 2 deadline (TVD April 6 p13). Last week's suit was Fidenas's answer. Thus, in 2 weeks, Emerson went from 2 suitors to none.

Fidenas said Emerson hasn't had stockholder meeting since Sept. 7, 1989, in violation of N.J. law, N.Y. Stock Exchange rules and Emerson's own bylaws. Fidenas, which owns 20.2% of Emerson common stock, has 2 members on Emerson's board, and said company repeatedly refused its members' requests to hold stockholder meeting. Fidenas Pres. Geoffrey Jurick, one of board members, last week demanded Emerson supply it with list of stockholders and addresses as well as bylaws, and asked court to compel it to comply.

Petition to court said that only 4 of 8 members of board were elected, others (including Fidenas's 2 representatives) being appointed by board. Since last stockholder meeting, complaint said, "3 different individuals have served as chief executive officer of Emerson [and] Emerson has suffered losses well in excess of \$100 million, resulting in the virtual elimination of shareholders' equity."

Fidenas said that if its nominees are elected, it "anticipates that the new board of directors will seek to develop and implement plans to resolve Emerson's current financial situation."

Emerson responded with statement that it's "in the process of trying to hold an annual meeting as soon as practicable." Statement noted that Fidenas "has 2 representatives on the board of directors and is well aware of this. We therefore were somewhat surprised by Fidenas's action."

Reporting increases of 7.4% in sales and 3.1% in profit for quarter ended March 27, Apple Chmn. John Sculley said company "is growing our core business while putting in place the partnerships and technology directions to support future opportunities." He pointed to announcements that Macintosh computers will be sold in Sears Office Centers and of technology agreements with Sharp for "new class of personal information devices" as examples of Apple's new directions. At Consumer Electronics Show, Sculley outlined Apple's plans for technology partnerships on range of consumer electronics products, and said Apple would introduce consumer versions of Macintosh later this year.

Video Review, 12-year-old monthly consumer magazine covering hardware and software, has folded. Publisher Richard Ekstract had been unsuccessful in efforts to sell magazine. Magazine had paid circulation of 342,255, showing double-digit declines in subscription and newsstand sales in last year.

Toshiba will lose 5 billion yen (about \$38 million) in financial accounts in year ending March 1993, according to company officials quoted in Nikkei. Depressed state of market prevents company from raising equity financing. Biggest single debt due is 65 billion yen (\$500 million) to be paid to Time Warner for stake in several ventures.

CE TRANSFORMS NAB: Technology that once trickled down from professional to consumer market is flowing in opposite direction now, as evidenced at last week's NAB convention in Las Vegas. Rising tide of CE technology was complemented by video-oriented computer programs and boards designed for low-priced powerful personal computers.

While consumer CD and DAT technology has been embraced by radio stations and recording studios, S-VHS and Hi8 now are having significant impact on professional video. Pro divisions of JVC, Panasonic and Sony, among others, are pushing what essentially are enhanced consumer technologies for budget-conscious broadcast and professional customers.

S-VHS and Hi8 gear was ubiquitous at computer software displays as well as desktop video decks and lines of accessories. JVC's pro division, which makes S-VHS its centerpiece, premiered first deck with broadcast quality still and slow motion. First Sony S-VHS pro gear made debut -- models designed for computer control for such applications as insertion of commercials and remote satellite recording.

Highlighting expanding pro Hi8 use was Sony's announcement that Time Warner's N.Y.C. News Channel would adopt Hi8 for electronic newsgathering. Sony showed new Hi8 products including 3-chip fully integrated camcorder, editing recorder and single frame recorder designed for computer control. Minolta launched first camcorder product at NAB with its 2-CCD Hi8 model, developed with Hitachi, previewed earlier this year for advanced consumer and pro use (TVD Feb 24 p13).

Canon showed pro version of its Hi8 consumer camcorder with interchangeable lenses, while Toshiba and Hitachi demonstrated pro Hi8 models previewed at last year's NAB exhibit.

Digital 8mm prototypes are beginning to show up. Toshiba offered consumer model designed to record DigiCipher HDTV system (see report elsewhere in this issue). Sony demonstrated 8mm-based broadcast digital VCR as concept product as possible electronic newsgathering ENG recorder, using one-hour metal particle cassette.

Among computer names at NAB were IBM, Apple, AT&T and large number of software firms. Explosion of low-cost powerful consumer computers is behind development of widely displayed PC- and Mac-based software for video editing, graphics, animation.

Consumer electronics showed greatest increase in U.S. domestic factory sales of any segment of electronics business in first quarter, according to preliminary figures released by EIA. Total U.S. electronics factory sales in quarter were \$67.1 billion, up 5.6% from \$63.5 billion year earlier. Consumer component totaled \$2.3 billion, up 16.7%. Other segments: Components \$14.3 billion, up 5.5%; telecommunications \$8.9 billion, up 8.2%; other communications (defense, specialized) \$7.3 billion, down 2.3%; computers and peripherals \$13.2 billion, up 9%; industrial \$5.9 billion, up 0.2%; electromedical \$1.9 billion, up 4.4%; other \$13.2 billion, up 6.5%.

Aiwa is latest Japanese manufacturer to take stake in U.S. software company, buying 26% equity in Core International, peripherals manufacturer, for about \$5 million. Sony affiliate Aiwa supplies computer data cartridges to Core on OEM basis.

WHO'S AMERICAN? Lines between American and "alien," never too distinct in consumer electronics industry, continue to blur. Among week's developments, as reported in this issue: Sony is moving some TV production from Mexico to U.S., even as Zenith, last American-owned TV manufacturer, moves TV assembly from U.S. to Mexico. Toshiba joined American TV Alliance, previously "all-American" General Instrument-MIT HDTV consortium. Japanese-owned Toshiba will develop HDTV sets in Princeton, N.J., and make them in Lebanon, Tenn.

Despite fact that 55-60% of TV sets sold here are built in U.S., legend persists that all TVs are imported. Effort in Congress to kill provision in cable bill decreeing compatibility with cable-ready sets will include argument that it "effectively makes cable systems subject to standards of foreign TV and VCR manufacturers."

Prime example of confusion by those who should know better came at HDTV World session last week during NAB convention in Las Vegas. In Q&A period following presentation by American TV Research Consortium (ATRC) of Philips, Thomson Consumer Electronics (TCE), Sarnoff Research Center, NBC and Compression Labs, engineering magazine editor questioned ATRC's U.S. job-creating clout by stating that Philips and TCE TVs were foreign made.

Up from audience sprang TCE Exec. Vp Joseph Clayton, who treated audience to rousing "clarification," noting that 70% of TVs sold here by Philips and Thomson were made in U.S., pointing to 2 of biggest TV plants in world at Bloomington, Ind., and Greeneville, Tenn. (TCE and Philips), biggest picture tube manufacturing venture, glass and cabinet making here. He said workers in Bloomington wouldn't react kindly to being called "foreigners." Chastened editor remarked later that he would do penance by attending Summer Consumer Electronics Show.

PEARLMAN SEES FAST HD GROWTH: HDTV penetration will reach 1% within 2 years after broadcasts begin and grow "very rapidly" thereafter, Zenith Chmn.-Pres. Jerry Pearlman said last week in keynote speech at NAB convention in Las Vegas. Other HDTV proponents generally agreed with prediction, which far surpassed earlier forecasts that it might take 7 years to reach 1% (million-set) level.

About 500,000 sets will be sold in first year after broadcasts begin, Pearlman predicted. That's roughly equivalent to number of high-end NTSC sets now sold, and he said virtually all of those buyers "who today are shelling out \$2,000 and up" for sets would convert to NTSC. Sales will grow to million sets 3rd year after broadcasts start, he said.

Although Zenith has been pushing its flat tension mask (FTM) picture tube as future HDTV display device, Pearlman indicated it plans to go projection route, at least at first. "In our case," he said, "HDTV projection sets based on the Digital Spectrum Compatible system should sell for just \$1,000 over the price of conventional projection TVs."

Pearlman couldn't resist taking poke at competitor Thomson, which in past had pushed for EDTV and currently is planning to introduce widescreen sets for current broadcasts. He noted FCC now has assured "that America does not have to settle for 2nd-class schemes like so-called enhanced TV or widescreen NTSC."

Philips Labs Pres. Peter Bingham agreed with Pearlman that high HDTV penetration rate is "highly likely" because low prices resulting from broad-based standard will spur consumer acceptance.

SEGA LOSES PATENT SUIT: Jury in U.S. Dist. Court, L.A., awarded Nev. inventor Jan Coyle \$33 million from Sega Enterprises and U.S. subsidiary for infringing on patent relating to display of background colors on videogame. Sega immediately announced intention to appeal.

Verdict came only days after Sega won first round of another court battle when U.S. Dist. Court issued preliminary injunction barring Accolade from selling its cartridges for Sega Genesis system as infringing Sega's trademark and copyrights (TVD April 13 p16).

Coyle settled out of court for undisclosed amounts on similar claims against Atari and Nintendo. Sega of America Counsel Riley Russell said company had declined to negotiate settlement because it thought terms offered were "too high for a patent we didn't infringe." Coyle attorney Patrick Bright said Sega was offered \$2.5-million settlement when suit was filed in 1990, \$5-million deal until day it went to trial. He said parties are continuing to talk, with "figures going back and forth." Meanwhile, though, inventor's lawyers have filed motion asking court to treble damages, which it can do in cases of willful infringement, Bright said.

As quoted in Financial Times, Sega Enterprises Pres. Hayao Nakayama expressed frustration at "amateurs" sitting on U.S. juries deciding technical cases. "We have concerns about the jury's level of understanding. This is a rather simple case and it's clear that we should be okay. We had certainly taken professional advice before the hearing, and our professionals told us we would win."

Meanwhile, U.S. Dist. Court Judge Barbara Caulfield ordered Accolade to write to all its dealers and distributors by April 23, asking them to stop selling offending cartridges and to return them to Accolade. Accolade called order "a surprise decision... more evidence that the court has greatly misunderstood the facts surrounding this case."

Sega posted \$1-million bond pursuant to earlier injunction, and Russell said he would file motion for directed judgment against Accolade in court hearing at end of May. In turn, Accolade filed motion asking court to increase amount of bond, which is intended to cover Accolade's losses in event Sega wins case. Russell said companies are discussing possible settlement: "We have no desire to put Accolade out of business."

At issue is method Accolade used to develop Genesis compatible software, for which it's only major 3rd party developer not licensed by Sega. Accolade said it "reverse-engineered" Sega system, and Chmn.-Pres. Alan Miller said court's decision, "if left standing, will have far-reaching effects on the entire American software industry."

Sega, on other hand, said Accolade merely copied its software codes, as evidenced by fact that Accolade's cartridges prompted Genesis to display screen emblazoned "Produced By or Under License from Sega Enterprises Ltd." Asked whether Sega would be mollified if Accolade's software didn't violate trademark by prompting offending screen, Russell stressed importance of underlying issue of copying of software code. Ironically, he said, "the reason we found out about the copyright issue at all was because of the trademark issue."

Minolta unveiled new VHS-C camcorder, palm-sized model with 8x zoom, 4 shutter speeds to 1.400 sec., 1-lux rating in gain-up mode, \$1,085 suggested list price.

CAR AUDIO, PORTABLES UP: Feb. factory dollar sales of portable audio and aftermarket autosound staged remarkable comeback from year earlier, when malaise associated with Gulf War had caused audio industry sales to crash. But according to EIA data, recovery didn't extend to bread-and-butter components category, which hasn't enjoyed monthly rise since last June when sales gained mere 0.6%, and continued tailspin in Feb.

In latest report, overall Feb. factory dollar sales increased 14.3% as industry was buoyed by gains of 32.6% in aftermarket car audio and 29.8% in portables. Systems category held its own in Feb., rising 6% to \$88.23 million from \$83.25 million. However, components remained in minus column, falling 6.7%.

Unabated erosion in components caused 10.1% decline in category for first 2 months of year as systems also declined -- 1.4% -- as result of 8% drop in Jan. But strong performance in portables and car audio pushed those categories to gains exceeding 20% for first 2 months. Here's breakdown of audio dollar sales to dealers in Feb. and in first 2 months of year:

FACTORY SALES OF AUDIO EQUIPMENT
(add 000)

Category	Feb. 1992	Feb. 1991	% Chg.
Portable Audio*.....	\$160,638	\$123,747	+29.8
Components.....	118,283	126,818	- 6.7
Systems.....	88,233	83,253	+ 6.0
Autosound (Aftermarket)	<u>105,371</u>	<u>79,487</u>	+32.6
TOTAL.....	\$472,526	\$413,305	+14.3
	2 Mo. '92	2 Mo. '91	% Chg.
Portable Audio*.....	\$319,304	\$264,183	+20.9
Components.....	244,989	272,580	-10.1
Systems.....	175,240	177,814	- 1.4
Autosound (Aftermarket)	<u>201,928</u>	<u>162,246</u>	+24.5
TOTAL.....	\$941,461	\$876,823	+ 7.4

* Includes home radio.

Figures may not add due to rounding.

Consumers will buy 13-14 million laserdiscs this year, Laserdisc Assn. (LDA) predicts. Figure is 40% increase over 1991's 9-10 million and more than twice 1990's 5-6 million. Suppliers released 300 new titles on laserdisc in March, more than twice March 1991's 140, raising total to 7,500. Manufacturing capacity doubled to 1.8 million discs per month from 900,000 in same period.

Japanese manufacturers produced 6.4 million laserdisc players in last 8 years (1984-1991), according to Ministry of International Trade & Industry (MITI), which put number of DAT recorders produced in last 4 years at 513,500. In first 2 months of 1992, Japan produced 208,500 LDPs, up 15.9% from same 1991 period, and 28,500 DAT recorders, down 48.1%.

New members of EIA Consumer Electronics Group: Autotek Corp., CyberLYNX Computer Products, DiRAD Technologies, ICTV/Inteletext Systems, Karaoke King U.S.A., Labtec Enterprises, National Captioning Institute, Olympus Corp., PhoneMate, Russco Electronics, WestTest Engineering Corp. Joining as associate member is Arbitron Co.

NEW SONY LINES: Sony's new TV line, sparked by its 3 super-high-end XBR² sets, also includes, as forecast here, most compact projection TV shown to date as well as first XBR projection sets (TVD April 6 p9), additions to conventional XBR line and to small-screen models.

As already reported, XBR² sets carry suggested list prices of \$1,899 for 27" and \$2,599 for 32", both with detachable speakers, and \$2,299 for 32" version without sound system, designed for use in A/V system. In standard XBR line, Sony introduced 4 models. One 27" and one 32", at \$1,550 and \$2,200, include infrared wireless headphones and 2-tuner PIP; headphones can receive sound from either tuner, resulting in "2 TVs in one unit," permitting 2 viewers to watch different programs. All 4 sets have same chassis as XBR² and new 3-way speaker system similar to that introduced in Japan last fall. Two 27" sets have flatter tubes of same dimensions as Super Trinitron but without some of features of that tube, which is used exclusively in XBR² models. Sets with one-tuner PIP are \$1,350 (27") and \$2,000 (32").

Sony's 41" projection set is less than 20" deep, slimmer than most 20" sets, credited to new short focus lens. System also has new tubes and screen, PIP, cursor controlled on-screen menu, to be available in fall at unannounced price. Also unpriced are first XBR projectors, with features similar to newly introduced direct-view XBR models, in 46" and 53" sizes, due in fall. At other end of size spectrum are 2.7" b&w Watchman models with hand strap, at \$169 for TV only, \$189 with AM-FM stereo.

Video introductions include 4" Video Walkman 8mm VCR-TV that's 20% smaller than previous model at \$1,400, compact 8mm deck at \$600, Hi8 editing deck at \$1,900. VHS Hi-Fi VCRs with VCR Plus are \$595, editing model \$649, mono 4-head model with shuttle control is \$449.

Camcorders are highlighted by (TR-101) Hi8 "Steady Shot" model using "active prism" optical image stabilization system developed with Canon (TVD April 13 p18), with 10x zoom, 1/3" 410,000-pixel CCD, stereo zoom microphone, \$1,800. TR-71 has 10x zoom, 3 programmable shutter and aperture settings at \$1,200. Previously previewed here (TVD Feb 17 p13) were 2 new-generation models in "family" series, FX-410 and FX-510, at \$1,100 and \$1,200. New laserdisc players are \$599, double-side play at \$699, karaoke model \$1,199. Full-frame color video printer with special effects and remote is \$1,500.

N.Y. public broadcaster WNET has received record \$5 million donation from its chmn., Henry Kravis, to establish Kravis Multimedia Education Center, which will develop interactive products and teaching tools combining video and computer technologies for schools and homes. Kravis is partner of investment firm KKR.

PolyGram will close vinyl pressing plant in Baarn, Netherlands, by Dec., "due to the continuing worldwide decline in vinyl record sales as a result of the growth of the CD," company said. Factory, which employs 90 people, produced some 11 million records last year, is expected to make fewer than 6 million in 1992.

Fuji is cranking up production of videotape at Greenwood, S.C., plant toward startup capacity of equivalent of 6 million T-120 cassettes per month, to be doubled when plant reaches full capacity.

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BMC Industries, biggest manufacturer of shadow masks for color TV tubes, reported significant improvement in performance in 1991 annual report. Among important contributors to earnings was sale of equipment and licensing of technology to Nanjing Electronic Shadow Mask Co. amounting to 76¢ per share, or almost half of company's \$1.48-per-share earnings. BMC forecast growth of both high- and low-end CRTs, high-end growth attributed to 31"-and-larger tubes, HDTV and 16:9 widescreen tubes. Company says it's optimizing process for manufacturing high-resolution masks.

First seminar on custom installation has been scheduled for annual meeting of American Society of Interior Designers (ASID), July 19–Aug. 2, Anaheim. "What Interior Designers Need to Know About Custom Electronic Installation," 9–11 a.m., will be conducted by Ferdinand Steyer, chmn. of PR committee of Custom Electronic Design & Installation Assn. (CEDIA).

Murata claims No. 1 spot in retail fax market in 1991, quoting Personal Technology Research (PTR) as giving Murata/Muratec brands 22.8% share, 2.2 points ahead of Sharp. PTR estimates 1.25 million fax units were sold through retailers last year.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
AT&T			
1992-qtr. to March 31	15,375,000,000	883,000,000	.67
1991-qtr. to March 31	15,274,000,000	758,000,000	.59 ^a
Audiovox			
1992-qtr. to Feb. 29	77,231,000	1,019,000	.11
1991-qtr. to Feb. 28	70,930,000	91,000	.01
BHC Communications			
1992-qtr. to March 31	55,662,000	17,925,000	.65
1991-qtr. to March 31	58,254,000	23,991,000	.86
CBS			
1992-qtr. to March 31	1,082,000,000	18,600,000	1.20
1991-qtr. to March 31	762,000,000	23,300,000	1.21
C-COR Electronics			
1992-39 wk. to March 27	35,586,000	1,427,000	.31
1991-39 wk. to March 31	25,460,000	(1,941,000)	--
1992-13 wk. to March 27	15,120,000	1,031,000	.23
1991-13 wk. to March 31	7,347,000	(847,000)	--
Chris-Craft Industries			
1992-qtr. to March 31	61,056,000	10,689,000	.40 ^b
1991-qtr. to March 31	63,265,000	12,429,000	.46 ^b
Gannett			
1992-13 wk. to March 29	793,121,000	55,460,000	.39
1991-13 wk. to March 31	786,485,000	50,111,000	.32
General Electric			
1992-qtr. to March 31	13,500,000,000	1,058,000,000	1.23
1991-qtr. to March 31	13,300,000,000	999,000,000	1.15
Granite Broadcasting			
1992-qtr. to March 31	8,046,000	(1,963,000)	--
1991-qtr. to March 31	7,531,000	(2,444,000)	--
GTE			
1992-qtr. to March 31	4,823,000,000	427,000,000	.47
1991-qtr. to March 31	4,694,000,000	201,000,000	.22 ^a
Jones Intercable			
1992-9 mo. to Feb. 29	104,369,000	28,875,000	2.39 ^c
1991-9 mo. to Feb. 28	73,807,000	(22,071,000)	-- ^c
1992-qtr. to Feb. 29	52,953,000	49,121,000	4.00 ^c
1991-qtr. to Feb. 28	24,026,000	(9,285,000)	-- ^c
King World Productions			
1992-6 mo. to Feb. 29	329,418,000	57,836,000	1.48
1991-6 mo. to Feb. 28	282,347,000	54,755,000	1.40
1992-qtr. to Feb. 29	125,021,000	21,276,000	.55
1991-qtr. to Feb. 28	107,323,000	18,538,000	.47
Motorola			
1992-qtr. to April 4	3,055,000,000	127,000,000	.96
1991-qtr. to March 30	2,743,000,000	116,000,000	.88
New York Times			
1992-qtr. to March 31	440,435,000	13,943,000	.18
1991-qtr. to March 31	416,876,000	5,109,000	.07
Park Communications			
1992-qtr. to March 31	35,853,000	2,395,000	.12
1991-qtr. to March 31	33,336,000	1,562,000	.08
Pathe Communications			
1991-yr. to Dec. 31	921,702,000	(352,935,000)	--
1990-yr. to Dec. 31	525,886,000	(54,976,000)	-- ^a
1991-qtr. to Dec. 31	218,737,000	(127,887,000)	--
1990-qtr. to Dec. 31	311,079,000	(84,440,000)	-- ^a
Pulitzer Publishing			
1992-qtr. to March 31	92,508,000	1,563,000	.15
1991-qtr. to March 31	91,362,000	(726,000)	--
Scripps Howard Bcstg.			
1992-qtr. to March 31	85,871,000	3,703,000	.36
1991-qtr. to March 31	74,252,000	(3,843,000)	-- ^d
Texas Instrument			
1992-qtr. to March 31	1,694,000,000	40,000,000	.35
1991-qtr. to March 31	1,647,000,000	(54,000,000)	--

Company & Period	Revenues	Net Earnings	Per Share
TRW			
1992-qtr. to March 31	2,031,000,000	41,000,000	.65
1991-qtr. to March 31	1,195,000,000	35,000,000	.57 ^c
United Television			
1992-qtr. to March 31	24,923,000	(2,127,000)	--
1991-qtr. to March 31	24,748,000	(1,701,000)	--
Video Jukebox Network			
1991-year to Dec. 31	15,498,000	(2,687,000)	--
1990-year to Dec. 31	13,641,000	(1,230,000)	--
1991-qtr. to Dec. 31	4,061,000	(796,000)	--
1990-qtr. to Dec. 31	3,820,000	(216,000)	--
Westinghouse Electric			
1992-qtr. to March 31	2,826,000,000	(246,000,000)	-- ^d
1991-qtr. to March 31	2,777,000,000	98,000,000	.34

Note: ^aRestated. ^bAdjusted. ^cIncludes special credit. ^dAfter special charge.

Consumer Electronics Personals

William Casamo, gen. mgr., national accounts, named Thomson Consumer Electronics sales vp, adding duties of Regional Sales Div. Vp **Arnold Valencia**, who will retire in summer (TVD April 13 p17)... **Peter Steriti** appointed BASF national accounts mgr., wholesale clubs, handling audio and videotapes and floppy discs; **Andrew DaPuzzo**, national sales dir.-audio and video, will have overall responsibility for floppy disc sales to retail accounts... **Garrett Pierce** adds CEO title to presidency of Sony subsidiary Materials Research Corp.

Vallery Kountze, ex-Republic Pictures Home Video and RCA/Columbia Pictures Home Video, named ITC Home Video Div. exec. vp-gen. mgr., effective May 4... Goodtimes Home Video Mktg. Dir. **John Gaffney** resigns to become editor of Video Software Magazine, which has been purchased by Video Business parent CapCities Media; Video Business Publisher **Bill O'Brien** assumes same position at Video Software; Video Software Publisher **James Herman** will remain as consultant... **Jerry Ruttenbur**, ex-Atari, Nintendo and Uni Distributing, joins Impel Marketing (recently renamed SkyBox International) as senior sales and mktg. vp.

Jake Lamb, ex-SBI Video, joins Ingram Entertainment as dir., spoken-word audiocassette sales... Promotions at Artex Harrisburg software distribution center: **Scott Morse** to center mgr., **Roberta Stanley** to operations mgr... 20th Century Fox Exec. Corporate Affairs Vp **James Griffiths** named exec. pay-TV and international video vp, absorbing duties of FoxVideo International Pres. **Ele Juarez**, who will return to Madrid in mid-June to oversee Fox theatrical and video operations in Spain... **David Bannon**, ex-Thorn-EMI, joins Sybervision Systems as retail distribution and programming vp... Playboy Home Video Sales Vp **Barry Leshtz** also will oversee marketing operations; **Jonathan Siegel**, ex-Paramount Home Video, joins as mktg. and operations mgr.; **Tony Borg** advanced to coordinator; **Debbie Meyer** promoted to exec. asst... **Sarah Olson**, ex-Seiniger Adv. and Village Roadshow Pictures, joins New Line Home Video as mktg. mgr.; **Michele Bell** advanced to asst. mktg. mgr.; **Stephanie Sigel** promoted to mktg. coordinator.

Flatter Trinitron tubes are moving down through Sony line. Company last week began marketing 20" and 23" (U.S. sizes) sets in its "Kirara Basso" series in Japan, joining 27" and 32" sizes.

TELEVISION DIGEST®

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IN THIS ISSUE: TELEVISION DIGEST'S ANNUAL VCR AND CAMCORDER MARKET SHARE SURVEY

APRIL 27, 1992

VOL. 32, NO. 17

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Broadcast - Cable

NEW FCC FEES PROPOSED: Latest version would make major adjustments in planned AM-FM and UHF-VHF levies and eliminate link to agency appropriations. (P. 1)

SIKES HITS TV NEWS, which as primary news source leaves 'our democracy disabled.' Cites 8 'blind spots' in TV news that affect ability to respond to problems. (P. 2)

NRTC PLANS DBS, signs \$250 million deal for Hughes transponders. Twenty-channel agreement depends on Hughes ability to sign cable programmers. (P. 3)

NAB BOARD CONTESTS loom for minority, gender seats. Five women running for single seat on radio board, 3 on TV side. Two vie for minority seat on TV board, 3 seek radio seat for major groups. (P. 3)

NCTA TARGETS TECHNOLOGY: Convergence of cable, telephony and computers are convention focus. Regulation still on agenda. Exhibit registration down. Three of 4 FCC commissioners, several lawmakers to speak. (P. 4)

CAP/ABC DOWN: Network in red, station earnings off. Tribune, Multimedia, Meredith, Knight-Ridder up. Time Warner and other cable companies show strong gains. (P. 5)

'POCS' CHANGING: Time Warner's Collins says 'plain old cable service' will evolve to data, telephony, multimedia. Cable bills branded as unacceptable. System sales improving, but few sellers are seen. (P. 6)

FCC PROPOSES NEW FEES: Commercial VHF stations in largest markets face prospect of even higher charges under latest version of FCC's proposed "cost-of-service" (user) fees for all industries. Proposal released last week would raise levies for 16% of nation's VHF's while restructuring AM-FM and UHF-VHF fees generally. It also backs away from earlier effort to use fee revenues to reduce govt. spending on FCC, with funds instead going to Treasury.

Changes in mass media fees had been signaled by FCC Chmn. Sikes earlier this year at appropriations hearing (TVD March 23 p5). New plan nevertheless is significantly different from version that had passed House last year (HR-1674) (TVD Aug 5 p1) and continues to be opposed by many in industry, notably NAB, as not tied clearly to FCC's cost of regulation. NAB said: "The system as proposed is entirely arbitrary and based strictly on the type of FCC license issued or on the fact that a particular industry is subject to FCC regulation of some kind. As such, these fees represent nothing more than a tax on existing spectrum users."

Consumer Electronics

CAMCORDER MARKET SHARES dominated by Sony with 24.5%, survey indicates. Magnavox moves to 2nd for VCR decks as RCA keeps top spot. (P. 12)

'TV DATA SYSTEM' to be proposed by EIA to FCC, using same hardware as closed captions but with program ID, VCR setting, weather warning. (P. 14)

BEST BUY NET SOARS although margins are hit by competition, market entries. Tandy sales gain but profits drop despite strong Radio Shack results. (P. 15)

SONY'S FIRST CD-I PLAYER will be portable business product introduced in Japan in June, supported by custom-pressed software. No exports seen. (P. 17)

ZENITH FIRST-QUARTER LOSS increases 20% as sales decline 13%. Pearlman blames weak economy and competitors' price reductions. (P. 17)

DOLBY SHOWING PROTOTYPE of new surround sound system that could be adapted from cinemas for use in audio, video or broadcast formats, including HDTV. (P. 18)

SHARP USING SERVICE as 'major product feature,' new program aiming for 85% of warranty repairs to be done in one week, better pay for servicers. (P. 18)

NEC TO STOP MAKING VCERS for Japanese market and is discussing OEM arrangement with Sanyo. (P. 18)

Under revised plan, FCC would continue to charge all "beneficiaries" of its regulatory activities related to its "nonapplication processing costs... attributable to the policy and rulemaking, enforcement, user information and international activities." Fees would apply to most current licensees and to cable or other entities that benefit from agency regulatory activities not directly associated with licensing or applications-processing functions, it said. Among few exempted would be public TV-radio licensees.

FCC again based plan on its budgeted costs for 4 functions named above for each bureau. Fees were reconfigured from earlier plan to reflect Commission's increasing costs, it said in explaining how total revenues generated by latest would be about \$6 million above earlier version -- \$71 million, vs. \$65 million. Money would be deposited in U.S. Treasury rather than used to offset Commission costs, as proposed in controversial earlier version -- move that House advocates had hoped could reduce agency appropriations. That approach won little support in Senate.

New proposal would make 2 major changes in mass media levies: (1) Original 6 categories of AM radio charges would be reduced to 4 which would generate more money for govt. -- \$651,725 vs. \$524,300. New plan categorizes AMs according to A-D class, vs. earlier complicated Day II and III and Full-I, II, III and IV groupings. Commission also proposed raising radio levies to charge largest AMs and FMs to \$550 vs. earlier \$500, all others \$125 vs. previous \$100.

(2) Commercial TV charges would be expanded to 4 categories from 2, to reflect industry conventions, agency said. Stations would be categorized by market size and station type (VHF-UHF). FCC also reconfigured charges for most of big stations. Nearly half (45%) of licensees would face same levels as in earlier proposal, Commission said, and 39% of TV licensees would pay less. But largest stations -- all VHF's in largest markets (16% of total commercial TV licensees) -- would pay more, which Hill source said would invite new trouble in Congress. Plan already has come under attack from telephone industry, whose fees range as high as \$2 million.

Commission called new commercial TV charges "tiered," with highest fees set at \$4,000 yearly for 176 VHF's in top 50 markets. Commission said fees would generate \$704,000 in FY 1993. UHF's in markets 1-50 and VHF's in 51-150 would pay \$2,000 annually, generating estimated \$1 million. UHF's in 51-150 and VHF's below 150 would pay \$1,000 annually, producing \$340,000, while UHF's in remaining markets would pay \$500 each for total of some \$50,000 in revenues, agency said. Earlier version had assessed all commercial TV's same \$2,000 annually.

New plan would increase fees for LPTV-translator-booster and auxiliary categories to \$125 from \$100. CATV fees would be raised \$0.175 per subscriber (or \$175 per 1,000 subscribers) to \$0.225 each (\$225 per 1,000 subscribers) to generate \$12.5 million vs. previously proposed \$9.7 million total -- another likely controversial change, we're told. Commission said CATV revenues would account for same 50% of all mass media fees collected as previously proposed. However, it said, boosts are necessary to account for anticipated "increased regulatory costs" in FY 1993, which starts Oct. 1. Fees apparently don't take into account any possible new regulatory burdens FCC may have to shoulder from cable legislation. NCTA had no immediate comment except to say cable industry already pays about \$800 million annually in fees to local municipalities.

Other proposed assessments important to TV-cable industry include levies on fixed earth stations 9 m or less operating in 4-6 GHz, \$75 per meter for transmit-receive and transmit-only sets and \$50 per meter for receive-only stations (affecting such companies as CNN, GTE Spacenet, AP and Rockdale Cable TV, agency said). Commission said category would generate about \$1.7 million from about 6,000 earth stations. Fees for stations 9 m and larger would be \$100 per meter for transmit-receive and transmit-only sets and \$75 per meter for receive-only. Thirty-one licensed orbiting communications satellites would be assessed \$30,000 each annually. Proposal would affect PanAmSat, Hughes, GE Americom and GTE Spacenet, with companies' payments varying according to number of birds licensed to each (they range from 1-8). Commission said category would generate estimated \$930,000 in FY 1993.

SIKES SAYS PUBLIC IS ILL-INFORMED BY TV NEWS: TV journalists provide "the only word" to majority of Americans and as result "our primary news source leaves our democracy disabled." So said FCC Chmn. Sikes April 24 in address to Edward R. Murrow Symposium at Washington State U., Pullman, in which he cited 8 "blind spots" of TV news that he said lie "at the heart of our ability to govern ourselves... I believe it is time Americans and TV's leaders examine carefully the way TV news affects us here at home... I believe that the norms and habits of TV news now threaten to undermine our collective ability to respond as a nation to the most serious problems we face."

Among "blind spots" cited by Sikes: (1) Visuals -- "the notion that good pictures equal good TV journalism... Nightly parades of grisly disaster and crime scenes... or heated exchanges in congressional hearings that are often so much empty grandstanding... The public needs to know the hard realities and face up to hard choices, not be lulled into complacency by the picture that misleads." (2) Stenography -- "that unwritten code that too often defines news as being what our public officials say or do and TV's corresponding reluctance or inability to independently challenge an official view (or official silence)." (3) Acceptance of lame response -- "even when they pose the right question, correspondents infrequently note that politicians are full of flimflam."

(4) Ignorance -- "nothing is easier for a public official than bamboozling journalists who don't do their homework." (5) Govt. spending -- "in which TV news invariably equates more government spending with solving more problems." (6) Pettiness -- "in which sideshows like the House bank fiasco get dissected for weeks while the seemingly intractable and core problems -- like the deficits we're running -- get scarcely a sound bite." (7) Celebrity -- where "brand-name TV newsmen grow to love their status more than their duty... The reason, I'm convinced, is poor preparation." (8) Fickleness -- "the mysterious hit-and-run, ebb-and-flow rhythm that characterizes TV news coverage."

How should govt., public and TV news proceed, Sikes asked: "First of all, by not simply pointing fingers [and] by recognizing our shared responsibilities... To inform ourselves by going beyond easy yet superficial news sources... It seems to me that our public discussion of job formation, international competitiveness, tax policy and other important economic issues suffers unacceptably... when the newsmen is behind a camera."

NRTC PLANS DBS: National Rural Telecommunications Cooperative (NRTC) and Hughes Communications agreed to provide 20-channel DBS package of broadcast and cable programming to potential market of 12 million households that can't receive cable TV. Hughes will be responsible for convincing cable networks and broadcasters to provide programming at reasonable fees. "Traditionally, cable programmers have marked up costs of their programs from 500 to 800 percent for satellite use," NRTC Pres. Robert Phillips said, but he believes programmers will see benefit of offering shows to unserved customers.

Hughes spokesman said talks with programmers began recently and they have expressed willingness to provide shows at fair cost. Agreements would be boost for Hughes DBS service, scheduled to start early in 1994. It entitles NRTC and affiliates to market and distribute package of 20 channels of programming transmitted by Hughes' planned DirecTV, plus other DirecTV programming. Agreement calls for NRTC to pay distribution fee of up to \$250 million to Hughes for providing DirecTV service on 5 transponders on first DBS satellite, to be launched in Dec. 1993. "We have to provide programming or the deal is dead," Hughes spokesman said. Hughes Communications Senior Vp Eddy Hartenstein said rural market is key to development of DBS in U.S.

Hughes will use digital compression, security encryption, uplinking and satellite control system developed for DirecTV distribution system. Thomson-built receivers will cost about \$700 and monthly fees will be similar to cable fee, Phillips said.

Cable system prices are rising and there's 12-18-month "window of opportunity" to sell them, Daniels brokerage firm said. Uncertainties of election-year politics mean that window could close within year after vote, it said. Market has been stimulated by lower interest rates, relief from highly leveraged transaction (HLT) rules, increased ad revenue, strong stock market and steadily rising cash flows, analysis said. Daniels said HLT changes, for example, allowed Time Warner to be removed from HLT list, making it easier for MSO to make new investments, and encouraged investment bankers KKR to renew interest in cable.

MINORITY, GENDER RACES AT NAB: Five women are seeking single gender seat on NAB radio board and 3 on TV side, while 2 minorities are running for seat on TV board in special election process now under way. Nomination period ended over weekend and ballots are to be mailed this week to radio and TV dirs. (only board members vote), who fill special seats established on both boards for minorities and women.

Running for gender seat on TV board (to replace Judith Johnson, KFVR-TV Bismarck, N.D.) are former TV Dir. Donna Zapata, WWOR-TV Secaucus, N.J.-N.Y.C.; Elizabeth Burns, Morgan Murphy Stations; Patti Hoth, Pikes Peak Bestg. Seeking minority seat on TV board are Richard Lobo, gen. mgr., NBC's WTVJ Miami, and John Oxendine, Broadcast pres. who also is head of Black Star Communications, which owns 3 TV stations. Vacating minority seat is Mauricio Mendez, KTMD-TV Houston.

Candidates for gender seat on radio board, to replace Denise Shoblom, WUPE(FM)/WUHN(AM) Pittsfield, Mass.: Connie Balthrop, UNC Media; Jeanette Banoczy, Pennino Best.; Mary Beal, New West Radio; Terri MacDonald, KDNP(AM) Port Angeles, Wash.; Carol Reilly, Merv Griffin Group. Minority seat on radio board currently is held by Skip Finley, WKYS(FM) Washington. Still another contest involves seat on radio board assigned to major market radio groups. Candidates include Owen Weber, Summit Communications; Randall Odeneal, Scennix Bestg.; Joseph Field, Entertainment Communications. Results are expected to be announced within next 2 weeks.

Technical Notes: Scientific-Atlanta will provide advanced set-top converters, headends and other equipment valued at \$20 million to U.K.'s Bradford Cable... C-Cor said it signed deal for Hutchison subsidiary Pan Asian Systems to distribute C-Cor products throughout Asia and Middle East.

Sale of majority interest in WPHL-TV (Ch. 17) Philadelphia to Tribune Bestg. by Taft Bestg. has been approved by FCC, which also granted waiver of overlap rule because WPHL-TV Grade B contour overlaps with that of Tribune's WPIX N.Y.

NCTA TARGETS TECHNOLOGY: Technical and regulatory convergence of cable, telephony and computers will be main topic at NCTA convention May 3-6 at Dallas Convention Center. Opening general session and at least dozen others will deal with topics such as digital transmission, fiber, HDTV, network architecture, personal communications networks, interactivity, multimedia. (Convention Chmn. Joseph Collins of ATC discusses technology issues in separate story this issue.)

Convention is expected to be about same size as last year's in New Orleans, despite effects of recession, organizers said. NCTA Vp Barbara York said preregistration is about same as last year and convention is expected to match 1991 attendance of 13,975. Total of 259 exhibitors (55 new) have signed up for 186,000 sq. ft. of space. That's down from 280 companies and 190,000 sq. ft. last year, but officials said 2% falloff in exhibit space is less than expected, considering 6-12% drop in industrywide revenue. Withdrawal of nearly 80 exhibitors has been largely offset by increases in size of exhibits of companies such as Turner Bestg. (highlighting new Cartoon Channel) and Scientific-Atlanta (digital compression, fiber and DMX audio), as well as several new firms involved in telemarketing, cable ads, back-office services, data processing, ad insertion.

NCTA expects special day for system-level employees to boost registration somewhat, although York said only handful of registrations have come in so far. For new \$95 fee, system-level employees can visit exhibits Wed. morning, attend lunch general session, then sit in on Wed. afternoon special seminars on system-level issues. Also for first time, Assn. is holding big programming fair infomart 7:30-8:45 a.m., Wed.

Top executives in cellular, computers, telephony and cable will participate in opening general session at 10 a.m., May 4, which NCTA said is first to bring industries together in public forum. Speakers include TCI Pres. John Malone, IBM Multimedia Gen. Mgr. Lucie Fjeldstad, McCaw Cellular Chmn. Craig McCaw, Rogers Cablesystems CEO Colin Watson, AT&T Pres.-Consumer Services Robert Ranalli. Other technical sessions: (1) HDTV, noon, May 4. (2) Fiber, noon and 1:30 and 3:15 p.m., May 4. (3) Digital, 10:30 a.m. and 2:30 and 4:15 p.m., May 5. (3) Personal Communications Networks, 4:15 p.m., May 5. (4) Network architecture, 3:15 p.m., May 4, 10:30 a.m., May 5 (including Warner Pres. James Gray, ATC Senior Vp James Chiddix, Satellite Bestg. & Communications Assn. Senior Vp Andrew Paul, FCC Chief-Plans & Policy Robert Pepper), and 9 a.m., May 6.

Three of 5 FCC commissioners will speak -- Chmn. Sikes at breakfast May 5, and Comrs. Duggan and Marshall in general session with Larry King same day. Duggan also speaks at Dow, Lohnes & Albertson breakfast May 5. FCC staffers William Johnson, Byron Marchant, Ronald Parver, John Hollar, Robert Pepper, Peter Ross, Robert Pettit, Roy Stewart, Robert Corn-Revere, Michele Farquhar and Thomas Stanley participate in May 5 breakfast infomart. They, plus Lorrie Secrest, Richard Smith, Linda Solheim and John Wong, participate in Meet the FCC Staff session, 2:30 p.m., May 5.

As usual, NCTA isn't disclosing congressional attendance. Lawmakers will participate in closed-door public policy roundtables, noon-4 p.m., May 3, and invitation-only CablePAC breakfast, May 4. Hill staffers participating in Washington Insiders session, 10:30 a.m., May 5, include John Bliss, Herbert Brown, Lisa Gursky, David

Leach, Donald McClellan, John Orlando, Michael Regan, Cathy Reid, Gerard Waldron, James Wholey.

Convention will feature 2 sessions on cable finance: May 4, 1:30 p.m., with Comcast Vice Chmn. Julian Brodsky, Century COO Bernard Gallagher, Goldman Sachs Vp Barry Kaplan, Donaldson, Lufkin & Jenrette Senior Vp Dennis Leibowitz. May 5, 4:15 p.m., Chief Financial Officer panel includes James Cownie of New Heritage, Glenn Britt of Time Warner Cable, Alan Gerry of Cablevision Industries, Timothy Rigas of Adelphia, George Smith of Viacom. Other meetings: (1) Closing general session May 6, 1 p.m., features E! Entertainment CEO Lee Masters, Cablevision Systems Chmn. Charles Dolan, Black Entertainment TV Pres. Robert Johnson, USA Network CEO Kay Koplovitz, Time Warner Enterprises CEO Robert Pittman, Turner Bestg. Chmn. Ted Turner. (2) May 5, 4:15 p.m., Cable Ad Bureau Pres. Thomas McKinney moderates ad panel. (3) May 4, 1:30 p.m., local politics, Colony Chmn. Jack Clifford and Cal. Assemblywoman Gwen Moore. (4) May 4, 3:15 p.m., channel multiplexing forum.

New program channels that will exhibit include Game Channel, Idea Channel, Fishing Channel, Latin American pay channel Canal SUR, New Inspirational Network, Three Angels Bestg. Network, ZTV Music Network. Still-to-launch Talk TV also will make its annual appearance and Encore will make debut. Many of new exhibitors provide back-room services for cable systems, including data processing and telemarketing.

Assn. will hand out bunch of awards during convention. Vanguard awards will go to Ted Turner, Patricia Thompson of Daniels, Timothy Robertson of Family Channel, Winston Cox of Showtime, Phillip Hogue of Daniels, Nicholas Hamilton-Piercy of Rogers Cablesystems, John Liskey of United Cable, Gordon Herring of TeleCable. President's Awards will go to John Alchin of Comcast, John Hendricks of Discovery, Bernard Schotters of TCI.

Heard on the street: (1) Walt Disney Co. either has or plans to put in bid for 3 independent TV stations owned by **Combined Bestg.** -- WGBS-TV (Ch. 57) Philadelphia, WBFS-TV (Ch. 33) Miami, WGBO-TV (Ch. 66) Joliet-Chicago. Combined owners are Exec. Life Insurance, MCA Inc., Magten Asset Management Corp. Disney recently sold its KCAL L.A. to Pinelands (WWOR-TV N.Y.) in exchange for 45% of Pinelands in deal valued at \$210 million (TVD April 6 p4); MCA is largest shareholder in Pinelands. (2) Rumors continue strong on impending sale of **NBC** by GE, with principal suitors said to be Paramount and ex-Fox Inc. Chmn. Barry Diller. "That is more fact than rumor," we were told of possible Diller bid. NBC said "we don't comment on rumors," but Pres. Robert Wright no longer is saying definitely that network and/or its owned TV stations won't be sold (TVD Jan 13 p4).

Cablevision of Newark completed \$78-million deal to buy Gateway Cable, which has 43,500 subscribers in Newark and South Orange, N.J., from Gilbert Media Assoc. Cablevision of Newark is joint venture of Cablevision Systems and investment bankers E.M. Warburg, Pincus. Warburg, Pincus also is involved in refinancing Cablevision's A-R Cable subsidiary.

KLAS-TV Las Vegas has been fined \$12,500 for "apparently" violating FCC rules by illegally broadcasting ads for promotions conducted by Las Vegas casinos. Commission ruled that promotions were lotteries "containing the elements of prize, chance and consideration."

CAP/ABC RESULTS DOWN: It wasn't good first-quarter 1992 for Cap/ABC, with net revenues and operating income showing sharp declines, CEO Daniel Burke reported. TV network lost money (after showing "slight operating profit" for 1991 quarter) and had "substantial decrease in revenues," he said without giving details. Earnings at owned TV stations "declined significantly" on "moderate" revenue loss. Burke said despite "recessionary environment," improvement is expected for 2nd quarter and "modestly favorable... earnings comparisons could be achieved."

Cap/ABC net revenue for quarter dropped 13% to \$1.095 billion with broadcast revenue down 16% to \$842.77 million because of lack of major sports events such as Super Bowl, Academy Awards (which network aired in April this year) and "continued weakness in overall advertising demand." Operating income of \$97.9 million was off 25%, with broadcasting down 28% to \$86.22 million. ABC Video Enterprises, which includes ESPN and other cable networks, had "moderate" revenue increase and "flat" earnings, while radio revenue was down slightly but earnings improved. Net income of \$41.7 million for Jan.-March was down from \$58.6 million in 1991. Publishing revenue was up 1%, to \$252 million, with earnings up 9%.

In other financial developments: **Tribune Co.** broadcast operating profit grew 55% to \$5.9 million in quarter, while revenue was up 6% to \$127.3 million. Company attributed profit to lower program expense and higher ad revenue from syndicated shows. TV revenue dipped 1%, while radio was up 2%. Full company's profit fell 27% to \$15.4 million... Higher broadcast results helped **Meredith Corp.** operating profit rise to \$7.5 million for 3rd quarter ended March 31, vs. \$6.4 million year ago. Decline in interest income caused net profit to drop to \$5.1 million from \$5.4 million... **Knight-Ridder** profit jumped 58% to \$25 million in first quarter ended March 29... **Multimedia** said it had \$10.4-million profit in first quarter ended March 31, up 15.5%. Revenue rose 5.7% to \$126 million, mainly because of cable growth.

Gaylord Entertainment cut first-quarter loss to \$2.8 million from \$8.8 million year ago, in part because of growth of cable cable networks. Network revenue gained 14.8% to \$40.6 million and system revenue 5.4% to \$19.5 million. Network operating profit was up 9.1% to \$9.6 million and systems loss dropped to \$7.1 million from \$7.7 million. Broadcast operating loss fell 13.2% to \$1.5 million, with 2.9% revenue drop to \$27.9 million... Broadcast and cable growth at **Washington Post** helped boost overall profit to \$19.7 million in first quarter, vs. \$35.4 million loss year ago. Broadcast revenue was up 2%, cable grew 8%. Gains there and at **Newsweek** offset newspaper losses... **Times Mirror** broadcast and cable operations boosted overall profit to \$36.6 million in first quarter ended March 29, vs. \$23.3 million year ago. Broadcast revenue rose 19.6% to \$23.2 million and cable 6.7% to \$104.8 million. Broadcast operating profit jumped to \$5 million from \$767,000 and cable profit was up 4.3% to \$20 million.

BHC board approved repurchase of up to 1.5 million shares of Class A common stock (of total of 9 million) at market price, in addition to 268,000 shares already authorized for repurchase. Deal doesn't affect Class B stock, all owned by Chris-Craft... **United TV** decided to buy one million additional shares, on top of 304,000 already authorized, subject to market conditions.

Outlet Communications cut first-quarter loss in half to \$2.1 million on 14.8% revenue increase (to \$9.3 million) at its TV stations. Outlet said it's exploring possibility of

buying up to \$5 million of its senior debt either on open market or in privately negotiated deals, subject to market conditions... **Jefferson-Pilot** profit grew nearly 19% to \$49.3 million in first quarter... **Compression Labs** had \$758,000 profit in quarter ended March 31, up from \$604,000 year ago, mainly because of sales of new video codec... **Oak Industries** had \$6 million net profit in quarter ended March 31, vs. \$460,000 year ago.

Cable Financials

Time Warner had \$3 million net profit in first quarter ended March 31, vs. \$50 million loss year ago. Total revenue was up 5.8% to \$3 billion, including 8.5% cable growth to \$511 million, programming and HBO 6.7% to \$351 million, filmed entertainment 5% to \$777 million. Cable operating profit gained 5.8% to \$561 million, programming 4% to \$52 million, filmed entertainment 1% to \$96 million. Company's **ATC** subsidiary had \$47.9 million profit in quarter (up 36.5%), on revenue of \$323 million (9%), cash flow to \$152 million (13%).

TCI CEO John Malone exercised stock options generating \$18.5 million net profit in 1991, in addition to his \$453,000 salary, according to 10-K filing at SEC, and paper gain of nearly \$7.5 million on options for Liberty Media stock. TCI Chmn. Robert Magness had same \$453,000 salary, exercised option to buy 900,000 TCI shares for net gain of \$13.9 million, and received \$4.3 million payment to forgo option to buy 300,000 more shares. Options to buy stock for \$1.10 per share (vs. year-end market price of \$16.50 per share) were awarded to executives decade ago. Meanwhile, TCI said it will redeem \$250 million of convertible subordinated debt effective May 21.

Century Communications posted \$18.7-million loss for 3rd quarter ended Feb. 29, improvement from \$42.6-million loss year ago, and revenue was up 14% to \$79 million... **TCA** had \$3.4-million profit in first quarter ended Jan. 31, vs. \$2 million year earlier. Revenue rose 10.8% to \$33.6 million... **Jones Spacelink** had \$33-million profit in 3rd quarter ended Feb. 29, vs. \$4 million-loss year ago. Revenue more than doubled to \$60.5 million because of partnership liquidation distributions... **C-Cor** reported \$1-million profit in 3rd quarter ended March 27, vs. \$847,000 loss year ago. Revenue more than doubled to \$15.1 million because of "improved buying levels in the cable industry," Chmn. Richard Perry said.

U.S. Appeals Court, 11th Circuit, Atlanta, overturned earlier decision that would have limited TV networks' protection against video clipping services. Full Appeals Court said 3-judge panel shouldn't even have heard appeal by Video Monitoring Services (VMS) Inc. CNN had obtained permanent injunction prohibiting VMS from copying portions of its news programs and distributing copies to clients named in reports, similar to newspaper clipping services. Full court rejected VMS appeal on procedural grounds. Appeal of injunction itself still is possible, said lawyers familiar with case.

In change mirroring general trend in public TV (PTV), Md. PTV's (MPT) nonstate support has exceeded its state funding for first time, Pres. Raymond Ho reported, with former -- including member support, corporate and foundation funding -- now accounting for 55% of network's \$23-million annual budget. In last 8 months, MPT suffered 7 rounds of state budget cuts and "major reduction" in staff, Ho said.

SPECTRUM DEAL OFFERED: Debate on spectrum policies appears to be nearing critical mass, with developments in Bush Administration, Congress and FCC thought to be converging on compromise for legislation to reallocate govt. frequencies to commercial users, we're told. Latest significant development appears to be letter by House Commerce Committee Chmn. Dingell (D-Mich.), opening door to possibility that Congress would accept change important to govt. users in spectrum reallocation bills (S-218, HR-531) pending in Senate. But if deal is sealed, there's fear among broadcasters that debate on related auctions trial will escalate and lead to support for wider use of bidding process, including for TV-radio licenses. Idea already has been beaten back before by industry.

Dingell held door open to compromise in debate at FCC on clearing spectrum for new technologies, notably Personal Communications Service (PCS), by writing colleagues to say he was willing to consider counting shared use of frequencies currently used exclusively by govt. in 1710-1850 band, toward 200 MHz that his bill would require to be reassigned to commercial uses. Dingell left no doubt that he believed FCC needed to make hard decisions and shuffle existing users around to make room for new services. Problem is that others on Hill want to propel such changes through auctions, with some Republicans recommending bidding for everything, including new mass media licensees. NAB opposes mass media auctions as likely to endanger public service obligations of broadcasters. "Broadcasters already 'pay' for the use of spectrum through their public service activities. This contract has provided the best broadcasting system in the world," NAB said. Broadcasters also argue that auctions combined with proposed new FCC fees (see separate story this issue) would add unfair burden on industry.

Auctions also have been broached as solution in emerging technology proceeding. Dingell remains uncomfortable with auctions, spokesman said -- and some in industry, particularly cellular interests, vigorously oppose any competitive bidding proposal targeted to their services, industry official said. Interest in auctions nevertheless has been growing in Congress because of budget deficit, with increasing numbers of people telling us recently that approval for approach is inevitable. Latest proposal came from Sen. Domenici (R-N.M.) (S-2612) to auction 200 MHz that would be shifted from govt. users to bankroll his proposal for short-term economic investment.

Negotiations for auction component of spectrum reallocation bill in Senate are nearing fruition, sources said. Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) and Sen. Stevens (R-Alaska) reportedly have agreed in principal on giving FCC authority to choose service for which auctions would be permitted and restrict amount of spectrum that would be auctioned. Exact amount still is issue, with 20-30 MHz said to be among figures discussed, and there were hints to us that spectrum might not necessarily be drawn from federal preserve. Plan apparently wouldn't affect mass media users.

Inouye and Stevens are expected to circulate proposal as staff draft soon on Capitol Hill to gauge acceptance. Sponsors are hoping for final floor vote soon on S-218 -- possibly in May. Strong Senate support for limited-use plan in S-218 could force reluctant Democratic leaders to accept trial auctions as part of final spectrum bill negotiated in House-Senate conference and give FCC room it needs to maneuver in completing emerging technologies proceeding.

'POCS' CHANGING: Cable version of "Plain Old Telephone Service" (POTS) is changing and "Plain Old Cable Service" (POCS) will be very different in 10 years, said Joseph Collins, chmn. of Time Warner Cable and ATC. As result, he told us in interview, cable executives may be more interested in learning about new cable architectures at upcoming NCTA convention in Dallas (see separate story this issue) than about status of cable regulation: "We literally feel that this change is right in front of us. As we redesign our cable systems, we have got to look at it."

Industry isn't ignoring regulatory situation, Collins said: "This is part of what everyone does every day." Both cable bills -- S-12 in Senate and new HR-4850 in House by Telecom Subcommittee Chmn. Markey (D-Mass.), which Collins said "staggered out of committee" -- are "way too regulatory," he said. Prospect of getting bill signed, and resulting regulatory stability, is appealing to industry, he said, so cable would back "fair and balanced" bill. But when asked what changes would have to be made to make them acceptable, Collins said: "There are sufficient things wrong with either that we would sort of need to start over again. Neither comes even close."

Industry realizes "fundamental change" is coming in way cable systems are built and operated, said Collins, who is chmn. of NCTA convention committee, vice chmn. of full NCTA and leading candidate to become next NCTA chmn. He said convention program and exhibits reflect perception that executives are most interested in learning about cable architectures that will affect industry for decades. It's difficult to tell how much cable revenue will come from POCS in decade, Collins said, and how much from new video-on-demand, data services, multimedia, interactive media, telephony: "There will be such a variety of things that we can deliver to you that even the definition of plain old cable service will change." Collins said new cable architectures are perfect for providing backbone to connect personal communications networks minicells, but it's impossible to tell what percentage of cable revenue will come from direct provision of telephony or intracell transport.

Cable system sales market has been "fairly disrupted" since late 1980s, Collins said, but new highly leveraged transaction rules and improved financial climate are helping. More systems have been sold in last 6 months, he said, but he doesn't think there will be avalanche of sales because prospects for improved cable financial performance means there's shortage of willing sellers: "Clearly this is an attractive business that a lot of people like being in."

There's room for more cable program networks, despite many delays of start-ups and deaths in last few years, Collins said: "New channels are the mother's milk of the cable business. Some of each year's crop will succeed." He discounted concerns that lack of channel capacity or subscribers' willingness to keep paying more for new basic cable networks would severely limit number of successful new basic channels.

Time Warner will team with pop singer Madonna in \$60-million deal to form Maverick, described as multimedia entertainment company including records, music publishing, TV, film, merchandising, book publishing. Among other things, Maverick is expected to develop feature films, network TV specials and series, cable and pay-per-view programs, music videos, books. All future Madonna records will be released through Maverick.

Meetings: Annenberg Washington Program hosts "Fair Use and Electronic On-Demand Publishing of Scholarly Journals" seminar, Willard Bldg., April 27, 9 a.m. -- 202-393-7100... **Columbia U. Business School** sponsors seminar on role of local govt. in video dial tone, 6 p.m., April 29, Uris Hall -- 212-854-4222... **National League of Cities** and law firm Miller & Holbrooke sponsor seminar on cable franchise renewal process May 1, Mark Hopkins Hotel, San Francisco, and May 8, Peabody Hotel, Memphis -- 202-626-3170... Triennial report on ad agency compensation will be presented by James Trodden of Polaroid at May 3-6 **ANA** advertising session, Biltmore Hotel, Phoenix. Other speakers will include Harry Davis, Du Pont; Robert James, McCann-Erickson; Richard Fizdale, Leo Burnett. Registration is \$755 for ANA members, \$875 nonmembers -- 212-697-5950... Spring management conference of **National Assn. of Black Owned Bcstrs.** is May 7-10, Hilton Resort Hotel, Hilton Head, S.C. -- 202-463-8970... Washington chapter of **AWRT** will announce winner of Esther Van Waggoner Tufty Award at 12:30 lunch May 13, Sheraton Washington Hotel -- 202-632-0935. Meanwhile, AWRT "final" program for May 27-31 convention at La Posada Resort Hotel, Paradise Valley, Ariz., includes FCC Comrs. Quello and Barrett. Keynoter will be Secy. of Labor Lynn Martin; Walter Cronkite will receive Silver Satellite Award -- 202-429-5102... **CTAM** pay-per-view conference will be May 26-28, Disney's Yacht Club Resort, Orlando -- 703-549-4200... Annual convention of **Canadian Cable TV Assn.** June 1-3 at Vancouver Convention Center will include speeches by CRTC Chmn. Keith Spicer, Groupe Videotron Chmn. Andre Chagnon, Rogers Communications' Ted Rogers, Encore Chmn. John Sie, CableLabs Pres. Richard Green -- 613-232-2631... **AAF** expects more than 700 executives for national ad conference June 12-16, Portland (Ore.) Hilton. Conference, with theme "Quest in the West," will focus on advertising future. Industry's **ADDY Awards**, with more than 60,000 entries, will be presented -- 1-800-991-2231.

Marketing council of Satellite Bestg. & Communications Assn. (SBCA) has adopted \$101,000 operating budget for 1992 projects that include: (1) Consumer and trade ads in industry publications to communicate upgrade and conversion process. (2) Summer 1992 media tour to promote value of satellite TV and to address consumer confusion on transition to new encryption technology. (3) Satellite industry exhibit at Summer 1992 and Winter 1993 Consumer Electronics Shows. (4) Dealer referral project that will provide names and addresses of SBCA dealer members to program provider back offices to facilitate referrals to dealers and dealer recruitment. (5) Kit to introduce new and prospective retailers to satellite industry. SBCA Pres. Charles Hewitt said projects are designed "to support industry through the technology transition and maintain a positive consumer and industry perception of home satellite TV."

Senate Copyright Subcommittee hearing April 29 on cable compulsory license will feature FCC Chmn. Sikes, Baseball Comr. Francis Vincent and 2 panels, Subcommittee Chmn. Deconcini (D-Ariz.) announced: (1) Gene Kimmelman, legislative dir., Consumer Federation of America; Stephen Ross, U. of Ill. professor; Jeff Treeman, senior vp, United Video. (2) Stephen Effros, pres., CATA; James Mooney, pres., NCTA; Robert Phillips, CEO, National Rural Telecommunications Co-op. Hearing is set for 10 a.m., Rm. 226, Dirksen Bldg.

TV-Japan signed carriage agreements with Paragon Cable (Torrence and Gardena, Cal.) and Cencom Cable (Alhambra and Pasadena, Cal.). Network relays live Japanese news and other programming to U.S. subscribers.

FCC hosted day-long conference in Washington April 23 of its advisory committee on Emergency Best. System (EBS), with Chmn. Sikes and Emergency Commissioner Barrett addressing group. Sikes, who shifted EBS from jurisdiction of Mass Media Bureau to Field Operations Bureau (FOB) after he became chmn. 3 years ago, said Commission and outside advisers are in position to go beyond fine-tuning and to "dramatically improve" EBS. He said his own broadcast experience underscores importance of taking new look and "invigorating" system. Currently pending at FCC are inquiry and rulemaking on improving EBS, particularly on technical side. Barrett said "flexibility and redundancy" will become "increasingly important" in EBS in months and years ahead. He praised broad range of industries represented on committee and said that "as new technologies unfold," it's important for FCC to have views from representatives of broadcast, cable and telephone industries. Committee, which last met in 1987, will make recommendations to Commission for EBS improvements. FOB Chief Richard Smith said his Bureau is well positioned to handle emergency broadcasting with 35 field offices from P.R. to Hawaii. He said there still are many gaps in system, such as (1) fact that emergency signals aren't carried by cable and (2) periods when home sets are using VCRs or are tuned to cable. FCC has been hosting regional EBS workshops, last in conjunction with NAB convention, next in Dallas next month tied in with NCTA convention. Smith said stations' participation should remain voluntary, not required by govt., as proposed in pending legislation.

Local broadcasters should be able to bargain collectively with cable operators on retransmission consent, and sports leagues shouldn't be allowed to limit their broadcasts, INTV Pres. James Hedlund said in letter to House Copyright Subcommittee Chmn. Hughes (D-N.J.). INTV had said earlier that there are 2 problems with repealing compulsory license: (1) Control that sports leagues have over sale of TV rights. (2) Ability of "monopsonist" cable operators to negotiate transmission rights unfairly with local broadcasters. Hedlund proposed "very narrow antitrust exemption" to permit local stations to bargain collectively with cable operator, allowing combined broadcasters to offset what he said is monopoly cable power in negotiations. He said exemption wouldn't apply in "rare instances" when there's cable competition. INTV suggested 2 alternatives to solve sports problem: (1) Keeping compulsory license for sports where league restricts TV licensing practices of individual teams or (2) amending leagues' antitrust exemptions to allow individual teams to license telecasts as they see fit.

Transactions: Home Shopping Network filed SEC documents for proposed spinoff of its integrated voice operations, Precision Systems Inc. (PSI), which recently received \$15-million expansion of its MCI contract. Chmn. Roy Speer said spinoff would allow HSN and PSI to focus on core businesses. HSN, meanwhile, said it had ended talks on possible merger with **QVC**... Ponca/Universal Holdings agreed to buy 100% of **Universal Cable Holdings**, which has cable systems with 30,000 subscribers in Colo., Kan., Neb., Okla. and Tex., terms not disclosed. Broker: Waller... TCI subsidiary **United Cable TV** bought stock of Northwest Ill. Cable, which owned systems with 14,000 subscribers in Galesburg and Monmouth, Ill. Broker: Daniels.

FCC has amended forfeiture rules to permit chief engineer and bureau chiefs to fine licensees up to \$20,000 under delegated authority. Previous maximum was \$2,000. Exception is that chief of Mass Media Bureau isn't delegated authority to fine stations for violations of EEO rules.

Ad-supported Channel One high school newscast service was only marginally helpful in improving students' knowledge of current affairs, said study commissioned by parent Whittle Communications. Study by Jerome Johnston of U. of Mich.'s Institute for Social Research found that students who viewed service scored on average "educationally unimportant" 3.3% higher on 30-item current events test than did nonviewing respondents. Study -- of 900 teachers and 4,400 students in 24 schools, half of which receive Channel One -- said participating students alternated in attention and inattention to service's news content but unfailingly remembered commercials. Whittle reportedly refused to pay researchers to study impact of ads and how Channel One compares in content with Turner Bcstg.'s noncommercial CNN Newsroom. Study had some favorable findings for Whittle, with "A" student viewers scoring average 6% higher than nonviewing counterparts, while 60% of participating teachers said they would recommend Channel One. Whittle said that it was pleased with findings, but that they present "clear challenges for improving our program and making it more usable."

Owners of Prime Network are preparing for May 20 "trigger" date for possible buyout of regional cable sports network, officials confirmed, but few other details were available. Beginning May 20, either Liberty Media, which owns 54% of Prime, or group led by Bill Daniels, which owns rest, can offer to buy out other. Under trigger clause of ownership agreement, if either refuses buyout offer, it must buy out other at same price. Daniels spokesman confirmed that group was trying to line up financing, but said money could be used as "defense" in case partner tries buyout at price too low. Liberty Media spokeswoman said company wouldn't comment on "pending negotiations." Wall St. Journal said Daniels group, which includes Westinghouse and Houston Sports Assn., has approached ESPN owner Cap/ABC, NBC, Paramount and Time Warner on arranging financing. Prime Network owns and operates 6 regional sports networks, has 7 other regional networks as affiliates and has program exchange agreements with 2 more. It has total of 25 million cable subscribers.

FCC Chmn. Sikes said he frequently encounters optimism in communications field because of belief that "tomorrow's markets -- and tomorrow's investment opportunities -- will increasingly cluster around communications and information." Speaking in N.Y. last week at Business Week symposium, he said one facet of communications, "especially the competitive parts... is the high probability that actions on one front will start actions on another and often actions that no one, especially no one in the government, ever anticipates." As example, he cited FCC's "open skies" satellite policy that led to burgeoning growth of cable TV networks. As for emerging technologies, Sikes said U.S. is on "a new frontier of mobile communications [and] few, if any, have any real understanding of what new radio-based technologies might produce."

Among 1992-1993 fellows of Freedom Forum at Columbia U., along with title of their research work: Les Brown, veteran reporter-author, "Television: The Box That Changed Everything"; Daniel Brenner, dir., UCLA Communications Law Program, "Freedom in the Telephone Culture"; Suzanne Levy, BBC, "Comparative Broadcasting in Britain and the U.S."; Randall Rothenberg, on leave from N.Y. Times, "The Sponsored Society: Blurring the Lines Between Sponsored Messages and Media Content"; Rev. Donald Shriver, Union Theological Seminary, "Religion and the Media."

CPB board member Victor Gold is expressing frustration at board's exclusion from program decision-making. In self-initiated interview with Washington Post that he confirmed to us, Gold said last week's Frontline program "The Betrayal of Democracy" was "unrelenting, unremitting portrait of America as the equivalent of [deposed dictator] Ceausescu's Romania and a similar show was [Bill] Moyers' Listening to America, which aired same week. Gold, who co-wrote President Bush's autobiography and was press secy. to former Republican Vice President Spiro Agnew, said that what he described as unbalanced shows should be balanced with other programs and that Congress needs to provide board with greater authority. Board members now are "shills" rather than intended "heat shield" for controversial programming, he said. Gold stressed that "vast majority" of public TV fare "is fine," but expressed belief that field "needs to be beyond suspicion" when covering controversial issues.

Many questions on future technology in communications were raised by Exec. Vp John Abel at NAB convention policymakers breakfast recently, but he made no attempt to answer them. Subjects he discussed included HDTV, DAB, DBS, telco entry into cable, compression, fiber, datacasting. Said Abel: "Technological developments and advances in communications are proceeding at a pace much faster than they can be evaluated by the policymakers [who] face a dizzying array of technologies, marketplace questions and business issues... Technologies blur, if not completely obsolete, many of the long-held distinctions that have anchored traditional government communications policies... Technological change can paralyze the very process of policymaking... Policymakers face the staggering task and challenge of dealing with a broad array of technological impact studies and evaluation."

All operations of Bonneville's KSL-TV-AM Salt Lake City have been "functionally integrated," Pres. Bruce Reese announced. "Our primary product is news [and] we have benefited from increasing cooperation between the 2 newsgathering organizations... It is only natural that we recognize that cooperation in our organization structure." Similar ties exist in sales, he said. Appointments under new organization: KSL-TV Exec. Vp-Gen. Mgr. William Murdoch given additional responsibility for radio; KSL-AM Vp-Gen. Mgr. Russ Wood becomes vp-corporate sales; Cliff Snyder named vp-TV and radio sales; Al Henderson, vp-news and programming.

Compression Labs (CL) announced agreement under which Keytech S.A. will sell CLI's SpectrumSaver Compressed Digital Video Broadcast System in Latin America. Keytech placed \$1.4-million order for SpectrumSaver encoders and integrated receiver decoders to be installed at Argentine Televisora Color (ATC), state-run TV network. ATC currently broadcasts single channel of programming over partial Intelsat satellite transponder (18 MHz). SpectrumSaver will allow ATC to offer 3 different channels at 6.6 Mbps in same transponder space.

Subscribership to regional cable sports networks had grown to 36.6 million by Sept. 1991, according to new guide issued by NCTA, up from 11.6 million 4 years earlier. Partly as result, total ad revenue for regional sports networks reached \$117 million in 1991. New directory is first of its type issued by NCTA, which previously has produced directories of entertainment and news cable networks.

WKNT (Ch. 40) Bowling Green, Ky., has become 139th affiliate of Fox TV Network. As WQQB (call letters were changed in Jan.), it carried religious programming.

Many NPR member stations appear upset with board-approved 8.7% hike in basic/news dues for next year, but it's unclear how they will vent their frustration at May 5 annual meeting during Public Radio Conference (PRC) in Seattle. Petition to NPR early this month that would have given membership binding (vs. current advisory) vote on future dues increases was in process of being withdrawn last week. Author, W. Coast Public Radio Pres. Ronald Kramer, said he was rescinding measure based on NPR management's concern that it could interfere with bond issue for new NPR hq building in Washington. There was speculation on several other resolutions that could be offered at meeting, including proposals: (1) Focusing on number of nonpublic radio representatives on NPR board and how they're appointed. (2) Addressing NPR's role as public radio's preeminent representation body for legislative and public affairs. (3) Seeking to gauge degree of station confidence in NPR management.

Warnings of wireless cable scams "have about as much to do with the legitimate wireless cable operators as those telemarketers who sold entry into the... oil and gas lotteries had to do with Mobil," Wireless Cable Assn. (WCA) Pres. Robert Schmidt said. He called wireless cable application mills criticized by state attorneys general and others "fly-by-night operations whose only goal is to defraud the public," but said wireless cable itself has "demonstrated ability" to serve public and be legitimate business. Despite that, Schmidt said, WCA understands that "some in the cable industry have been attempting to tar legitimate wireless cable operators with the misdeeds of the so-called application mills. It would be a shame if the cable industry were able to deflect attention from the serious public policy issues... by unfairly attributing to the wireless cable industry the misdeeds of a small group of scam artists."

Continental Cablevision formed alternative access joint venture with Hyperion Communications to serve Jacksonville area, companies said. Venture will use Continental's fiber infrastructure, as well as laying new fiber, to provide local access telephone voice and data connections between commercial customers and long distance carriers. "A substantial portion of the network already exists and is being used to transport video," Continental Senior Vp Jeffrey DeLorme said. Customers also will be able to lease point-to-point communication circuits and use network to interconnect LANs. Network, which will use Synchronous Optical Network Transport System, is to be operational in June. Hyperion is new Fla.-based firm headed by former Penn Access officials Charles Drenning, Randolph Fowler, Paul Fajerski.

All American Communications said it has received preliminary agreement from creditors of TV syndicator LBS Communications to acquire assets of bankrupt LBS (TVD March 30 p6). All American will pay \$5.2 million, provide \$1.5 million of new financing and warrants for purchase of 250,000 shares of its stock at \$11 per share. Proceeds will be shared among creditors. Bankruptcy court approval is expected this summer.

Public can get first look at full set of HDTV test results April 30, when task force of Advanced TV Advisory Committee begins analyzing results for NHK's MUSE system, officials said. MUSE was first true HDTV system to complete testing. Results of first digital HDTV system, General Instrument's DigiCipher, are due in about 6 weeks. Task force meets at 1 p.m. at PBS hq in Alexandria, Va., and expects to resume at 10 a.m. Fri.

Bell Canada Enterprises (BCE) has bought out Pacific Telesis stake in 6 U.K. cable franchises, as expected (TVD March 30 p9). In addition to PacTel's 44.5% of East London Telecommunications (ELT), BCE bought enough of Jones Intercable holdings to give it majority of ELT. However, Jones will remain managing partner of ELT, which has franchise to pass 630,000 homes in London area. Financial details weren't disclosed. BCE also owns 30% of Videotron Corp., which has U.K. cable franchises for 1.1 million homes in London and Southampton areas. PacTel had said earlier that it was interested in selling ELT because its buyout of Masada systems had allowed it to reach goal of one million U.K. cable homes and it wanted effective control of cable systems in which it had stake.

Me. legislature has approved merger of state licensee Me. Public Bestg. Network (MPBN) and institutional WCBB (Ch. 10) Augusta into community licensee Me. Public Bestg. (MPB). MPB will be headed by WCBB Pres.-Gen. Mgr. Robert Gardiner, who plans to start 2nd TV program service that would be distributed partly by cable, and to foster collaboration in MPB's TV and radio news and public affairs programming. Merging broadcasters are guaranteeing combined staff of about 125 that there will be no layoffs in first year, and Gardiner said there's "very little likelihood" of cuts later. They expect marginal falloff of private support in short term -- declines of 5% in membership and 10% in underwriting have been projected -- but Gardiner said he expects support soon will return to current levels.

FCC renamed Motion Picture Radio Service (MPRS), now calling it Video Production Radio Service (VPRS), and expanded eligibility criteria for use of spectrum. VPRS/MPRS authorizes use of radio frequencies for on-location production of movies. Rules haven't been changed since adoption in 1937 and FCC said amendments would accommodate technologies and services developed since then.

Overruling protest of Listener's Guild, FCC has affirmed Nov. 1988 transfer of WNCM(FM) N.Y. from GAF Corp. to privately held company owned by GAF management group. Guild had charged GAF with misrepresentation in earlier renewal proceeding, age employment discrimination and fraudulent practices in nonbroadcast business and claimed that debt incurred by purchasers would adversely affect WNCM programming.

At least 2 listed members of America's Cable TV Independent Voice (ACTIV) organizing committee -- Elkhart TV Cable and Pine Telephone -- said they aren't actually members. They said they participated in conference call on ACTIV but didn't decide to join. In fact, Treas. Dean Petersen of Southwest Mo. Cable said group has only 3 fully paid members out of 13 firms represented on original list.

HDTV aid totaling more than \$1 billion over 5 years has been approved by Commission of European Community. Funding still must be approved by 12 national govts. About 75% of money would help companies develop HDTV technology, with rest going to boost development of HDTV programming.

Broker Blackburn & Co. has relocated from Washington to 201 N. Union St., Suite 340, Alexandria, Va. 22314, 703-519-3703.

FCC made what it called minor amendments in rules on comparative hearing cases to eliminate "ambiguity" in processing such applications -- James Mullins, 202-254-6530.

CBS Chmn. Laurence Tisch was paid total of \$1,505,422 in 1991 -- \$927,885 salary, \$455,000 bonus and \$122,537 for supplemental life insurance, according to proxy statement issued in advance of May 13 shareholders meeting. CBS Best. Group Pres. Howard Stringer made \$936,486 -- \$640,577 salary and \$280,000 bonus. Statement also details 3-year contract running through July 31, 1994, that Stringer signed last year. He will be paid in succeeding years aggregate salary and bonus of \$950,000, \$1 million and \$1.05 million, with possibility of additional bonus each year. Peter Lund, CBS Best. Group exec. vp-Mktg. Div. pres., made \$902,701 in 1991, including \$250,000 payment "to compensate him for the loss of a bonus from his previous employer" (Multimedia). Lund is guaranteed \$650,000 in aggregate salary and bonus for current contract year and \$700,000 in each of following 2 years. Entertainment Div. Pres. Jeffrey Sagansky was paid \$751,134 last year, and is guaranteed minimum of \$750,000 in salary and bonus annually for 4-1/2 year contract not yet finalized. News Div. Pres. Eric Ober made total of \$625,004 last year. He is getting \$425,000 salary for current year ending Aug. 31, \$475,000 in each of following 2 years. His minimum bonus is \$191,250 for calendar 1992, \$213,750 for each of following 2 years.

Two N.Y. law firms set up "Libel Hot Line" for members of N.Y. Press Assn. Lawyers at Rogers & Wells in N.Y.C. and Bond, Schoeneck & King, Albany, are on call around clock to review editorial and ad copy for libel and privacy issues.

FCC started rulemaking to exempt from Privacy Act of 1974 records concerning "criminal investigative files" and "general investigative files" of present and former Commission employees -- William Cline 202-632-7513.

CPB is coordinating initiative to help public stations that are experiencing significant losses in state and/or institutional licensee funding. While extent of problem in public TV remains to be gauged, it's believed that at least 50 and as many as 100 public radio stations have been hit with cuts of 5% or more this year. Scope of CPB project, which includes APTS, NPR and PBS, remains to be determined, but it could include: (1) List of consultants to help affected outlets. (2) Development of clearinghouse of information on stations that have defeated proposed funding cuts and/or successfully made transition from institutional to community licensees. Some heralded project as representing more proactive stance than usual for CPB; Congress directed it to pursue 2 recent major initiatives -- public radio expansion and station grants programs review.

FCC has scheduled lottery May 6 (10 a.m., Rm. 856) to pick tentative winners of LPTV grants in 22 markets -- Margie Hinebaugh, 202-632-7698.

Obituary

Stephen A. Cisler, 84, veteran radio station owner and performer, died April 14 of bone cancer in Louisville nursing home. He became active in radio while in high school in Omaha, and in late 1920s-early 1930s was chief announcer of WLS(AM) Chicago for such programs as National Barn Dance. He later was associated with many midwestern and southern stations before becoming principal owner of WGRC(AM) Louisville in 1939. Cisler served as Marine officer in World War II and recorded Japanese surrender ceremonies aboard USS Missouri on wire recorder for broadcast in U.S. After war, he built WKYW(AM) Louisville, which featured amphibious transmitter in Ohio River that still is used today. Survivors include daughter, son.

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Personals

William Grimes promoted to pres.-COO, Multimedia, from vp-corporate group executive; **Walter Bartlett** remains chmn.-CEO. Grimes, former Univision CEO, also joins Multimedia board... **Barbara Brogliatti**, ex-Lorimar, appointed senior vp-TV publicity, promotion and PR, Warner Bros... **Janice Gretemeyer** advanced to vp and dir.-PR East Coast, ABC TV Network, new post.

FCC Calendar -- April 27: Comr. **Quello** speaks at inauguration of WCHB(AM) Inkster, Mich., clear channel power increase, St. Regis Hotel, Detroit, noon. April 28: **Thomas Stanley**, chief engineer, addresses National Spectrum Managers Assn. conference on "Creating New Bands for Emerging Telecommunications Technologies," Stouffer Concourse Hotel, Arlington, Va., 9 a.m. **Walda Roseman**, dir.-Office of International Communications, speaks at World Conference of Bestg. Unions on "Perspectives on Open Skies Policy/WARC," Stouffer Presidente Hotel, Mexico City, 10 a.m. April 29: Chmn. **Sikes** testifies before Senate Copyright Subcommittee on cable compulsory license, 10 a.m., Rm. 226, Dirksen Bldg. **Ralph Haller**, chief, Private Radio Bureau, addresses Land Mobile Communications Council, Washington Marriott Hotel, noon.

Mike Soltys promoted to dir.-communications, ESPN... **Julie Fields**, ex-Columbia Pictures TV, joins E! Entertainment as dir.-creative services... **James Griffiths** promoted to exec. vp-pay TV and international home video, 20th Century Fox TV... **Maura Lynch** advanced to vp-creative affairs, Lee Rich Productions... **Mark Smith**, ex-CNN, appointed dir.-international TV, AP.

Appointed vps, National Geographic TV Div.: **Todd Berman**, mktg. and distribution; **Susan Borke**, business affairs; **Julia Mair**, programming development; **Tom Simon**, programming and production; **Lowell Soffer**, finance and planning... **Jan Meshon** promoted to dir.-field and affiliate training, Showtime Networks... **Doug Duitsman**, vp and senior exec.-publicity, promotion and ads, Warner Bros. TV, retires June 1... **Paul Wise**, KPLR-TV St. Louis, appointed chmn., TvB Ad Sales Advisory Committee.

Alan Fields, former exec. vp-COO, Madison Sq. Garden Corp., appointed to same post at Adtime USA, subsidiary of Dorna Corp., Canoga Park, Cal... **Craig Apatov** promoted to vp-corporate mktg. and account management, Turner Advertising & Mktg... **Robert Rose**, ex-Children's TV Workshop, named vp-regional sales, Courtroom TV Network's Affiliate Relations Dept.

Changes at Children's TV Workshop: **David Jacobs** moves to vp-mktg. and program development-international TV group; **Nathan Rose** promoted to dir.-production supervision; **Kathy Lee** advanced to dir.-product development, international operations... **Jean Reid**, ex-PR dir.-special asst. to Nashville Mayor Richard Fulton, joins WDCN (PBS) there as promotion dir... **Matthew Zelkind**, ex-KAKE-TV Wichita, appointed asst. news dir., KCNC-TV Denver... **Alan Foster**, ex-WGBH-TV Boston, named dir.-creative services and production, WITF-TV Harrisburg, Pa.

David Talley promoted to vp-business affairs, Fox Bestg.; **Michael McDougall** to vp-systems and administration, new post; **Elliott Chang**, ex-MGM/UA Entertainment, joins as dir.-photography... **John Luginbill**, ex-Turner Bestg. Sales, appointed vp-eastern region, NBC Cable Sales... **Lorne Michaels**, exec. producer, Sat. Night

TELEVISION DIGEST

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Live, named "Broadcaster of the Year" by IRTS with award to be presented at May 13 lunch, Waldorf-Astoria, N.Y.

Promotions at Turner Bestg. System: **Suzanne Donino**, to vp-network operations, Turner Entertainment Networks, new post; **Michelle Thomas** to vp-human resources, entertainment and sports; **Jane Weathersby** to vp-human resources, news and information; **Virginia Tanawong** to dir.-human resources, West Coast; **Sandra Upchurch** to dir.-human resources administration, new post; **Mark Crowley**, vp-industrial relations, Turner Entertainment Co., adds same duties for subsidiary Hanna-Barbera... **Cynthia Braddon**, dir.-federal and state govt. affairs, McGraw-Hill, appointed vp-Washington affairs, succeeding **William Giglio**, retired... **Diane Lamb** advanced to mgr.-programming information, ESPN... **Sandy Tepelidis** promoted by MCA TV to dir.-operations and promotion, Creative Services Dept... **John Papanek**, ex-managing editor, Sports Illustrated, becomes Time Inc. dir.-New Media Development.

Radio Chattanooga, licensee of WGOW(AM)/WSKZ(FM) there, has been fined \$11,000 for violations of FCC's equal employment (EEO) rules. At same time, stations' licenses were renewed subject to EEO reporting requirements.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	APRIL 4-10	1991 WEEK	% CHANGE	MAR.28- APRIL 3	14 WEEKS 1992	14 WEEKS 1991	% CHANGE
TOTAL COLOR.....	314,400*	251,523	+25.0	369,463	5,114,298	4,970,082	+ 2.9
DIRECT-VIEW....	311,247*	247,496	+25.8	361,877	5,025,489	4,890,354	+ 2.8
TV ONLY.....	299,944	241,921	+24.0	343,727	4,828,859	4,707,822	+ 2.6
TV/VCR COMBOS	11,303*	5,575	+102.7	18,150	196,630*	182,532	+ 7.7
PROJECTION....	3,153	4,027*	-21.7	7,586	88,809*	79,728	+11.4
VCR DECKS.....	160,863	114,061	+41.0	232,084	2,638,809	2,207,197	+19.6
CAMCORDERS.....	36,942*	11,883	+210.9	41,824	509,304*	455,738	+11.8

Direct-view TV 5-week average: 1992--391,391*; 1991--341,070 (up 14.8%).

VCR deck 5-week average: 1992--187,439; 1991--161,969 (up 15.7%).

Camcorder 5-week average: 1992--40,602*; 1991--34,912 (up 16.3%).

* Record for period. Data for 1991 contain minor revisions by EIA.

SONY DOMINATES CAMCORDER MARKET WITH 24.5%: Nearly one out of every 4 camcorders bought last year carried Sony brand name, according to our annual market-share survey. Although Sony has been in first place for 3 years, in 1991 it leaped unprecedented 6.5 percentage points to 24.5% of sales to dealers at expense of most other brands in top 10 (with exception of Canon, rated No. 7, which almost doubled its share in single year).

In VCR decks, Magnavox edged out Panasonic for No. 2 position, jumping from 5th place, but actually gaining only one point, with RCA continuing as No. 1 but dropping by one percentage point to 10%.

Our annual surveys represent best thinking of industry's market analysts. In our questionnaires, we ask brand manufacturers and marketers to estimate their competitors' shares, but not their own (if they give their own we don't count it). Shares derived from these surveys are medians. We think this method gives reasonable estimates of market shares and trends, although we're first to concede it doesn't result in pinpoint accuracy.

Sony's 6.5-point advance came on top of 3-point jump in 1990 (TVD May 6 p10). So positive was its gain that even lowest share estimate given by any respondent was 3 points higher than actual share of runner-up Panasonic. Sony's 24.5% of total camcorder market, we reckon, represented about 56% of 8mm sales, which are estimated at 44% of total camcorder sales last year). Survey respondents expect 8mm to make further inroads this year, median forecasts coming out to slightly over 50% of market, with VHS-C at 26% and full-size just under 24%.

Other leading exponent of 8mm, Canon, jumped to 7th place in rankings from 10th, its estimated share increasing to 5.95% last year from 3% in 1990. Canon itself says its share of U.S. market last year was 11% (TVD Dec 2 p11); as noted before, we don't factor companies' own estimates of their own shares into results. On basis of survey results, however, Sony and Canon together enjoy nearly 70% of 8mm market, leaving 20 other brands participating in 8mm market to fight it out for rest.

Sony and Canon gains of 7.5 percentage points came out of hides of others in top 10, RCA dropping 3 points, Magnavox 1.7., GE 1.5, Panasonic and Quasar one point each. There were few other significant gainers, although JVC moved to 4th place from 5th, holding its own at 7.5%. All rankings are by brand name, not manufacturer, and don't take into account private label or OEM business. In our rankings below, each

percentage point represents about 28,600 units. Percentages are medians of survey replies; in case of ties, averages are used to determine rankings.

TELEVISION DIGEST CAMCORDER MARKET-SHARE SURVEY

1991 Rank	Brand	1991 % Share	1991 Range	1990 Rank	1990 Share	1989 Share	1988 Share	1987 Share	1986 Share
1.	Sony.....	24.5	16.0-28.5	1	18.0	15.0	12.0	10.0	8.4
2.	Panasonic.....	13.0	10.0-18.0	2	14.0	15.0	15.5	13.0	13.7
3.	RCA.....	10.0	3.5-13.0	3	13.0	15.0	16.0	17.74	18.0
4.	JVC.....	7.5	2.8-8.5	5	7.5	4.5	5.3	7.0	7.0
5.	Sears.....	7.5	2.0-10.0	4	7.5	9.0	7.0	5.25	3.0
6.	Sharp.....	7.0	4.0-10.0	6	6.8	6.1	3.0	2.5	2.5
7.	Canon.....	5.95	2.2-10.25	10	3.0	2.0	1.4	1.65	2.0
8.	Magnavox.....	5.0	3.0-8.0	7	6.7	6.7	6.5	6.25	6.0
9.	GE.....	3.0	1.0-5.0	8	4.5	5.38	6.0	6.75	7.0
10.	Hitachi.....	3.0	2.0-5.0	9	3.2	4.0	4.0	4.0	4.2
11.	Zenith.....	1.5	0.5-2.0	13	1.5	2.3	3.0	6.0	6.0
12.	Montgomery Ward	1.5	0.8-2.0	12	1.5	1.8	1.5	0.5	0.5
13.	Quasar.....	1.0	0.5-3.0	11	2.0	1.9	2.1	3.0	3.0
14.	Sanyo.....	1.0	0.1-3.0	19	0.9	0.9	1.0	1.0	2.0
15.	Minolta.....	1.0	0.2-2.0	17	1.0	1.0	1.3	2.0	1.0
16.	Fisher.....	1.0	0.4-1.5	16	1.0	0.8	1.0	--	--
17.	Memorex*.....	1.4	0.3-2.0	14	1.4	1.2	1.0	--	--
18.	Ricoh.....	1.0	0.3-1.5	18	0.9	0.8	--	--	--
19.	Olympus.....	0.5	0.3-1.1	21	0.7	1.0	1.0	1.25	1.0
20.	Kyocera(Yashica)	0.5	0.2-2.0	22	0.5	0.65	0.5	1.0	0.5
21.	Nikon.....	0.5	0.3-1.0	24	0.5	0.5	0.5	--	--
22.	Goldstar.....	0.5	0.2-1.0	--	--	--	--	--	--
23.	Sylvania.....	0.5	0.2-1.0	20	0.8	1.0	1.0	1.0	1.0
24.	Fujix.....	0.5	0.1-1.0	--	--	--	--	--	--
25.	J.C. Penney....	0.4	0.1-0.7	23	0.5	1.0	1.0	1.0	0.75
26.	Samsung.....	0.35	0.1-1.0	--	--	--	--	--	--
27.	Chinon.....	0.3	0.1-1.0	26	0.4	0.5	0.5	--	--
28.	Pentax.....	0.3	0.1-0.5	27	0.4	0.5	0.8	1.1	1.0
	Others.....	5.25							

* Includes Realistic and other Radio Shack Brands.

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VCR deck ratings show much closer race, in which small fraction of point can affect rankings. Top 5 in deck race totaled 39.55% of market, as opposed to 55% for first 5 in camcorders; top 10 were 61.2% vs. 86.45% in camcorders. In deck market, Sony also was one of gainers, pulling up to 7th place from 13th, although its share was up only 3/4 of a point. Magnavox, now in 2nd place, gained one full point, Hitachi gained 0.65, Quasar and Montgomery Ward were up 1/2 apiece. RCA and GE each lost one point, Toshiba dropped 0.8, Panasonic 0.5. Memorex is shown losing 0.6 point, but there was some confusion about brand name, since we intended it to include all Radio Shack brands (Realistic). Where respondents listed Realistic, we added that to Memorex score.

Top 3 VCR brands were RCA, Magnavox and Panasonic, although results weren't decisive, No. 2 Magnavox beating No. 4 Emerson by less than one percentage point. Taking results by manufacturer rather than brands, Thomson Consumer Electronics (RCA and GE) had 14% of market, Matsushita (Panasonic, Quasar) 10%, Philips (Magnavox, Sylvania, Philips, Philco) 9.8%. Survey for 1990 showed Thomson with 16%, Matsushita 10.5%, Philips 7.75%. Sanyo and Fisher together totaled 4.75%, down from 5.3%. If you take OEM business into consideration, Matsushita is undisputed leader, since it makes VCRs for many other brands.

In VCR decks, each percentage point represents 107,200 units. As usual, our pages are open to anyone who feels slighted by survey results. Here are results of our VCR market-share survey for calendar 1991:

TELEVISION DIGEST VCR DECK MARKET-SHARE SURVEY

1991 Rank	Brand	1991 % Share	1991 Range	1990 Rank	1990 Share	1989 Share	1988 Share	1987 Share	1986 Share	1985* Share
1.	RCA.....	10.0	8.0-11.0	1	11.0	11.0	10.25	11.0	12.0	13.75
2.	Magnavox.....	8.0	6.0-10.0	5	7.0	6.55	5.5	4.25	4.0	4.0
3.	Panasonic.....	7.5	6.5-9.0	2	8.0	8.5	8.45	10.0	11.25	12.05
4.	Emerson.....	7.25	6.0-10.0	3	7.0	8.0	7.7	5.0	4.0	2.0
5.	Sharp.....	6.8	5.0-7.0	4	7.0	7.0	7.5	6.0	4.8	4.0
6.	JVC.....	4.7	2.5-6.0	7	4.25	3.15	2.7	2.5	3.5	3.6
7.	Sony.....	4.5	3.2-6.0	13	3.75	2.3	2.0	2.5	3.1	4.75
8.	GE.....	4.0	3.0-5.0	6	5.0	5.0	5.25	5.0	5.0	5.0
9.	Zenith.....	3.75	3.0-5.2	8	4.0	4.5	4.45	4.0	4.0	3.45
10.	Sears.....	3.7	1.0-6.2	9	4.0	5.0	4.8	4.5	5.0	5.0
11.	Goldstar.....	3.6	1.7-7.0	10	4.0	3.0	3.5	2.9	1.5	0.85
12.	Mitsubishi.....	3.5	2.0-4.0	11	3.95	4.0	4.15	4.25	4.0	3.25
13.	Toshiba.....	3.0	2.4-4.0	12	3.8	3.9	4.0	3.5	3.5	3.05
14.	Hitachi.....	3.0	2.0-4.9	15	2.35	2.0	2.0	3.0	3.0	3.5
15.	Fisher.....	2.75	1.0-3.5	14	3.3	3.3	4.0	5.0	6.75	7.65
16.	Samsung.....	2.5	2.0-4.0	16	2.3	2.675	2.45	2.5	2.0	0.9
17.	Quasar.....	2.5	1.0-5.0	19	2.0	2.0	2.0	2.5	3.0	4.05
18.	Montgomery Ward	2.5	1.0-4.0	17	2.0	2.0	2.0	1.75	1.5	1.5
19.	Sanyo.....	2.0	1.5-3.6	18	2.0	2.0	2.2	3.1	4.0	4.0
20.	Symphonic/Funai	1.8	0.9-3.0	20	1.7	1.5	2.0	0.5	0.35	--
21.	Shintom.....	1.0	0.1-2.5	23	1.0	0.5	0.55	--	--	-
22.	Sylvania.....	0.8	0.4-2.0	22	1.0	1.0	1.35	1.2	1.5	1.5
23.	Broksonic.....	0.78	0.2-3.4	27	0.5	--	--	--	--	--
24.	Memorex#.....	0.5	0.1-1.5	21	1.1	1.0	1.2	1.0	0.625	0.5
25.	Philips.....	0.5	0.1-2.0	--	--	--	--	--	--	--
26.	J.C. Penney....	0.5	0.1-1.0	24	0.75	1.0	1.3	1.0	1.5	1.75
27.	Philco.....	0.5	0.1-0.8	--	--	0.4	0.5	0.5	0.5	0.5
28.	Daewoo.....	0.5	0.1-1.2	--	--	0.4	0.5	0.4	--	--
	Others.....	7.17								

* Figures for 1985 include camcorders.

Includes Realistic and other Radio Shack brands.

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EIA TO PROPOSE 'TV DATA SYSTEM' TO FCC: In little over month, EIA is expected to propose TV program identification system to FCC using same technology and hardware as closed captions. Assn. hopes Commission will authorize use of ID system -- which eventually could offer automatic VCR programming and even clock-setting -- to go into effect at same time as closed captions become mandatory July 1, 1993.

Big advantage of system is that it will rely on existing hardware that will be in millions of sets starting in 1993, at no extra cost to manufacturers. "There will be no chicken-and-egg syndrome," said Mitsubishi's Julius Szakolczay, who heads EIA engineering subcommittee and task force that developed system.

At time FCC approved closed-caption system, which uses line 21 of field 1 of vertical blanking interval (VBI), it also proposed using line 21 of field 2 as 2nd data channel (TVD April 22/91 p15). EIA task force plans to hold semifinal meeting April 28 to work out minor details of proposal, submit it to formal vote and file it with FCC by midyear, "give or take a month," Szakolczay told us last week. Task force hopes FCC will approve system in 6 months, to let manufacturers add any software updates needed to offer program ID-capable TVs and VCRs by late 1993 or early 1994.

Use of line 21 of full frame will make possible complete closed captions in 2nd language, including special foreign characters, and add new options to permit variety of background colors. As described by Mitsubishi's David Broberg of EIA task force in engineering paper at NAB convention in Las Vegas, system simultaneously will add new features to TV set, at no extra hardware cost. Since broadcasters already have required captioning equipment, "the encoding hardware is almost free," Broberg said. Among features

envisioned, some requiring no additional modifications to TV sets or VCRs, others needing only changes in software:

Extended text service. Second field would make possible 2 additional text services in same format as single caption provided by first field. Other features could be added without eliminating captions.

Program identification service. This would permit program providers and broadcasters to offer such on-screen information describing programs and accessible by viewers from remote control unit. Information could give station call letters, network affiliation, channel number, title or subject of program, type of program, time remaining, etc. "Channel browsers will be able to identify the names of programs quickly by on-screen program titles that are generated by the TV," Broberg said.

Automatic features. Additional software in TV or VCR could make possible such features as aspect ratio information, instructing widescreen TV on dimensions of picture, so it automatically could zoom to fill screen; automatic clock-setting (eliminating forever the "blinking 12:00" so beloved of comedians); on-screen weather warnings for specific areas as quickly as they're issued.

Program schedules and VCR programming. Stations would be able to send their advance program schedules. Receivers could be programmed to seek and store such information and compile it into on-screen table for easy program selection via remote controlled cursor. Second screen could give more detailed information about programs. VCRs could be designed to record by program name, rather than by channel, recording complete program, even if it ran overtime or was delayed. Receiver and VCR manufacturers could employ their ingenuity to develop other uses for transmitted signals.

EIA's TV Data Systems Subcommittee participants are receiver manufacturers JVC, Matsushita, Mitsubishi, Philips, Samsung, Sanyo, Sony, Thomson and Zenith; caption equipment suppliers EEG and NCI; caption providers Caption America, Caption Center (WGBH), Real-Time Captioning; plus Texas Instruments, NAB and NCTA representatives. Also participating are 2 developers of simplified VCR tuning systems -- Gemstar Development Corp. (VCR Plus) and InSight Telecast, developer of more elaborate on-screen programming system being tested on PBS's vertical interval (TVD July 23/80 p13).

BEST BUY NET SOARS, TANDY DOWN BUT IMPROVING: Best Buy reported sharply higher sales and net income for year and quarter ended Feb. 29, while Tandy cited improving Radio Shack performance in posting 7.4% sales increase but 4.3% earnings drop in 3rd quarter ended March 31 (see financial table).

Buoyed by 14% comparable-store sales growth, Best Buy more than doubled profits in year ended Feb. 29. As reported earlier, company's overall sales jumped 40% for year (TVD March 9 p14). It earned \$9.6 million in most recent year, compared with \$4.54 million in preceding year before one-time \$14-million charge for accounting change relating to warranties; that charge caused Best Buy to report \$9.5 million loss for fiscal 1991.

For 4th quarter, Best Buy's earnings soared 41.4% on 57.6% sales gain, with comparable-store sales up 22%. Chmn.-CEO Richard Schulze told us that about 2/3 of comparable-store gains for quarter and year are attributable to rapid expansion of personal computer business and, to lesser extent, increased sales of entertainment software.

"Earnings were adversely affected by the timing and cost of entry into the Colorado and Houston markets," company said in statement accompanying earnings report. Best Buy had particularly tough time in Colo. during Christmas season after entering in Nov., fighting heavy promotional battles with Silo and Fred Schmid following latter's acquisition by Fretter (TVD Dec 9 p10). Best Buy's Houston invasion Thanksgiving weekend came about 3 months after Circuit City opened its first stores there. Schulze said company would have preferred entering those 2 markets earlier to prepare better for Christmas sales, but actually had pushed its openings well forward to take advantage of competitive opportunities -- Schmid's troubles combined with availability of newly closed Child World stores in Denver, and Highland's withdrawal from Houston that left Circuit City as only major player there. He emphasized that climate in both places has cooled since holiday season.

Gross margins took beating, falling to 17.8% for quarter (vs. 20.5% year earlier) and 19.5% for year (vs. 21.3%). Company cited competitive pressures, weak economy, higher percentage of low-margin personal computers in mix and reduced emphasis on service contract sales as Concept 2 format becomes more dominant. At same time, though, lower Concept 2 operating costs helped cut 2.2 percentage points off SG&A (selling, general and administrative) expenses for both periods compared with year earlier.

Meanwhile, Schulze admitted "we're not happy about" Sony's decision not to supply Best Buy's Chicago stores when they open later this year (TVD Nov 18 p13). "They never gave us any indication at the time we were planning Chicago that they weren't giving us full-line supply," he said, surmising that Sony was "under pressure" from other dealers there not to add significant new distribution in city. Sony told Best Buy it "wanted a year to study the market," Schulze said, expressing hope his company would carry Sony in Chicago in future.

Anthony Piazza, senior vp-gen. mgr., Sony Consumer Sales Co., said decision was made in annual market-by-market budgeting process in Feb. and "we told him as soon as we made the decision." Piazza said Sony has anticipated its moves in event that additional players drop out of Chicago -- Polk Bros. has announced it's shutting (TVD April 6 p15) -- so Best Buy situation won't be reevaluated until next year "unless there's a huge surprise."

Sony's decision sent Best Buy executives back to top 12 suppliers to reaffirm their commitments to provide product, including sufficient additional quantities to cover sales that otherwise would have gone to Sony. Schulze admitted that Best Buy would lose customers who want nothing but Sony, but said others could be switched to other brands. He said Best Buy probably wouldn't add vendors to take up slack.

Best Buy also announced signing of 20 leases for new stores to open in fall, part of 25-30 store expansion planned for current year (TVD Nov 18 p13). Along with first 10 sites identified in Chicago area, company announced single outlets in Evansville, Little Rock and Albuquerque and 2 in Oklahoma City -- its first in those states. It also announced leases in Amarillo, El Paso and Beaumont, which would give chain 18 stores in Tex. Chicago-area sites that were identified include Fox Valley, W. Dundee, Bloomingdale, Matteson, N. Halsted, Bedford Park, Arlington Hts., Downers Grove, Skokie, Chicago Ridge.

Tandy's 4.3% earnings drop in quarter represents dramatic improvement over 2nd quarter, in which net income dropped 21% on 1.1% dip in net sales. Chmn.-CEO John Roach said 3rd-quarter report "underscores the success in our efforts to revitalize the core business units." Radio Shack sales were up 5% in quarter, although at cost of about 3 percentage points of margin, because of "structural change" in approach to computer business that has led to sharper pricing and "appreciably shorter life cycles" as new technologies are brought to market more quickly, Investor Relations Dir. Philip Bradtmiller said. Computer unit sales rose 34% in quarter, but revenues dropped 1.4%. At same time, he said, "real upturns in Radio Shack revenues and profits are being generated in core categories" such as accessories and specialty electronics. Radio Shack's April sales are running at even better pace.

"While we would certainly like to see a stronger overall economic environment, we believe Radio Shack is benefiting from its position as the 'ultimate convenience store' in electronic and technology products," Roach said.

Story isn't as positive for Tandy Name Brand Retail Group (TNBRG). Comparable-store sales for McDuff and VideoConcepts were off 10%, Bradtmiller said. He said weak economy has hurt McDuff more than competitors because of chain's particular emphasis on big-ticket items, particularly projection TV. He also cited hot competition in Tex. from such companies as Best Buy and Circuit City as they moved into state last year. Acknowledging that factors he named aren't likely to change in foreseeable future, he said that "a number of issues are being studied as to how Name Brand is likely to respond." New megastore project, "Incredible Universe" (TVD April 20 p14, Jan 20 p13), is being run under TNBRG umbrella, and performance of first 2 test stores would have broad implications for future direction of McDuff and VideoConcepts, analysts said.

Toshiba is not member of American TV Alliance (ATVA), which is composed only of GI and MIT, GI spokesman said in commenting on reports in these pages (TVD April 20 pp18&19). Spokesman noted that GI has "working relationship" with Toshiba America, which endorses its DigiCipher HDTV technology and has built prototype VCR for system.

Pioneer has bought British designer of digital components for image signal processing, Bristol Development Center, from its parent Brooktree Corp., San Diego, for \$3.7 million.

Ninth U.S. Appeals Court, San Francisco, granted Accolade stay of lower court order that would have prevented retailers from selling Accolade's Genesis-compatible software during its battle with Sega over alleged trademark and copyright infringement (TVD April 13 p16).

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 134 yen = \$1, except where noted.

SONY'S PORTABLE CD-I PLAYER: Sony plans to introduce its first CD-I player in Japan June 1, but not as consumer product. Company said last week it will begin selling portable player with 4" color LCD screen and speaker at \$1,475 purely for business use. Spokesman said company is negotiating with software vendors to press custom discs for specific accounts; projected uses in business setting are as medium for in-house training, product catalog, reference tool for repair workers, etc.

Spokesman acknowledged that other companies planning to introduce CD-I in Japan expressed disappointment over Sony's strategy, given its expertise in promoting new technologies to consumers. But Sony announcement expressed concern on launching CD-I as consumer medium at current pricing without full-screen full-motion video and without broad software catalog. It emphasized it has no plans to export player.

Portable player, dubbed Intelligent Discman, weighs 2.6 lbs. (without AC adapter), measures 5.5x2.5x7.5" in. (about as deep as but slightly longer than stack of 6 CD jewel boxes), has 110,000-pixel color LCD screen and comes with mouse controller. Sony said it was able to achieve compact design by integrating most processing functions onto single chip.

Sony said it believes it can avoid compatibility confusion between Intelligent Discman and similarly named Data Discman because new product is being marketed by direct sales force that can explain differences. Company is prepared to rethink that proposition before consumer player is introduced, spokesman told us. As we've reported (TVD April 6 p12), Philips was scheduled to launch first consumer CD-I player in Japan Sat. (April 25).

Separately, Nikkei-Sangyo newspaper reported that Sony Music's CD-I software launch in Japan, originally scheduled for early April, has been postponed indefinitely because of poor economies of scale. Report quoted Sony Music source as saying that CD-I software is 3 times as costly to produce as music CDs. Volume order of 30,000 CD-I discs is necessary to permit custom-pressing price comparable with that of music CDs and hardware base of one million CD-I players is necessary to justify software production runs on that scale, source said.

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Sega, NEC and Pioneer reportedly are preparing to develop home videogame machine using Laserdisc-ROM (LD-ROM) as storage medium. Nikkei Sangyo, Japanese newspaper, said companies will sign agreement soon to begin developing machine that NEC would put on market early in 1993. Report said Sega wouldn't sell machine, but would work on development and supply game software. Limited amount of LD-ROM software -- museum tours, guidebooks, data bases, etc. -- for use with Macintosh, IBM-PC and NEC PC9801 (top seller in Japan) already has been released by Pioneer in Japan.

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New Panasonic videotape line that company says produces "near-broadcast quality" reproduction will be available in June in variety of formulations and lengths. Zetas series features particles that "are practically devoid of pores and dendrites that cause noise," company said. Consistent shape also allows for more consistent particle orientation and dispersion. Series will include T-60, T-120, T-160 and T-180; T-120 stereo; T-60 and T-120 S-VHS; T-20 and T-30 VHS-C and S-VHS-C. New packaging will have Zetas logo and bold word "Pro." Pricing hasn't been announced.

ZENITH LOSS WIDENS IN FIRST QUARTER: Zenith blamed recessionary pressures and effects of lower color TV unit sales and prices in reporting \$28.6-million loss in first quarter ended March 28 (see financial table). Loss was 20% greater than year earlier. Sales were off 13%.

"The results were affected significantly by color TV price reductions initiated early in the first quarter by a major competitor [Thompson-RCA]," Chmn. Jerry Pearlman said. "Our unit sales suffered while we identified the effects of this pricing move on each major channel of distribution. By the end of the quarter, Zenith implemented lower prices in response."

Zenith also said its performance had been hurt by "inventory-adjustment actions," presumably buying slowdowns, by several major dealers. Statement acknowledged that Zenith's color TV unit sales "were down more than the industry's recession-induced decline." Official EIA first-quarter figures showed 1.4% first-quarter gain in direct-view TV sales (not including combos). Zenith spokesman said reference was to actual calendar quarter; EIA figures are skewed by addition of statistical 53rd week to 1991.

Pearlman said he expects 2nd quarter to be "difficult because of the slow economic recovery," and effects of cost-reduction programs will be "most pronounced" in 2nd half.

First limited shipments of 15" and 17" flat tension mask monitors to "a leading computer manufacturer" were begun in quarter. Zenith said results were hurt by launch costs associated with new larger screen and high-resolution monitors.

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Harman International reported sales rose 2% in 3rd quarter ended March 31 to \$151.99 million and net income was \$1.71 million compared with \$11.47 million loss in 1991 quarter. For 9 months, sales rose 0.7% to \$451.16 million, while net income was \$1.85 million, vs \$10.33 million loss year earlier. Chmn. Sidney Harman said 3rd-quarter results "demonstrate the company's ability to deal with the soft economic climate in most major markets and the success of the turnaround programs we have put in place." He cited "significant" sales and earnings increases in speakers and professional products, but declines in automotive and international products. Virtually every division showed earnings improvement compared with year earlier, Harman said.

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Price of CD-ROM attachment for TurboGrafx-16 videogame has been cut to \$150 by Turbo Technologies, joint venture company that took over marketing of NEC game system April 1. TurboGrafx-CD has had \$300 list since it was introduced in 1989. In Sept., NEC will stage limited rollout in Southern Cal. of console already on Japanese market that integrates CD-ROM and its IC card software. Sega next month officially will announce shipping schedule for CD player for Genesis system; player (and new combination unit) already is being sold in Japan by both Sega and JVC (TVD March 2 p14). Nintendo has said it will have \$200 player for Super Nintendo early next year.

Citizen says it will double its output of LCDs with startup of production last month at its Hachinohe factory in Aomori prefecture. LCDs will be used for personal computer and game machine displays, and company plans to begin production this year of LCDs for color camcorder viewfinders.

DOLBY SHOWING SYSTEM PROTOTYPE: Dolby Labs executives are touring electronics companies in U.S., Japan and Europe, demonstrating first and only working prototype of consumer adaptation of digital surround system, SR.Digital (SR.D), which is scheduled to debut in cinemas shortly. Basis of SR.D commercial sound system is multichannel, low-bit-rate digital audio coding system called AC-3.

Dolby plans to adapt AC-3 to wide range of multichannel consumer audio, video or broadcast formats, including HDTV and DAB (and was mentioned in Dolby paper on HDTV audio delivered at recent NAB convention in Las Vegas). Intent of tour is to have potential licensees think ahead to next wave of home theater sound, leaving adequate space for AC-3 in bitstream of any future innovations in digital realm.

To demonstrate how system can be adapted to consumer realm, Dolby engineers have stored AC-3 sound on hard disc of laptop computer (30-Mb disc that reportedly can hold more than 2 hours of 5.1-channel hi-fi sound). Disc also stores "time code" pulses that synchronize sound with videotape containing excerpts of films *Hunt for Red October* and *Apocalypse Now*. In demonstration last week for our London correspondent, sound was played through 5 small speakers and 2 subwoofers. Our reporter found it very impressive. Even though each channel operated at rate of 64 kbps, quality was similar to that of CD, with very good imaging from most listening positions in room.

Executives of JVC, Matsushita, Philips, Pioneer, Thomson and others have seen AC-3 working prototype, as have members of consortia developing digital HDTV systems in U.S. "All we are suggesting is that system and format developers should plan ahead and leave 320 kbps of space in their data streams," Dolby Vp-Mktg. Edward Schummer said. "The next step for home video has to be the release of movies with 5- or 6-channel sound, straight from the cinema version." Company has said that first likely consumer manifestation of AC-3 would be as "higher performance alternative to today's Dolby Surround."

Dolby says it has signed deal with Zoran Corp., Santa Clara, Cal., custom designer of DSP microchips, which plans to have AC-3 chips ready in 1993 to sell to manufacturers for about \$20 each, making AC-3 commercially viable as consumer product.

Ad Notes: Highland Superstores names Lois/USA, Chicago, as agency for all broadcast advertising. Print ads will continue through in-house department... Sega has begun agency review for ad account currently split between Bozell, L.A., for Genesis home console, and Della Femina, McNamee for Game Gear handheld game. Decision is scheduled in summer... Magnavox was only U.S. consumer electronics advertiser to win Ad Age's "The Best" TV advertising awards for 1991. Company was cited for John Cleese commercials. Sony Canada won award for "Art Gallery" spot, in which each "painting" is picture on TV set... Panasonic has signed track star Carl Lewis as worldwide spokesman, with ads for camcorders and Superflat TVs in U.S., breaking during Summer Olympics.

Miracle Piano Teaching System will be carried in all company-owned Radio Shack stores and in annual catalog, said Software Toolworks. System, which includes piano keyboard, computer interface and software, was tested in 750 Radio Shack stores in 1991 4th quarter.

SHARP USES SERVICE TO SELL: Major new program, based on concept that "service can be marketed as a major product feature" was kicked off by Sharp at unprecedented trip for 120 servicers and guests, along with officials of service organizations, to Puerto Vallarta, Mexico, earlier this month.

Sharp's principal goal in program is to shorten turnaround time for servicing consumer electronic products. Aim is for 85% of all warranty repairs to be completed in less than one week and 98% within 4 weeks. Current rate is 52% in one week and 88% in 4. Sharp has named 120 "master service stations," major independent organizations covering 52% of population, plus 1,400 "select servicers" and 700 self-servicing dealers to handle authorized service, reducing number of servicers to 3,020 from 7,200 in 1988. Eight-member Servicer Advisory Council is chosen from master servicers to "discuss mutual problems," said Art Sherman, vp and group gen. mgr., Service & Parts Group.

Among other major departures are increase in compensation for servicers and incentive programs including award of service trucks to 3 top service organizations. Master servicers will be reimbursed for in-home service even when no problem is found. They also are being given discretion to authorize warranty extensions under certain circumstances and access to hot line to resolve warranty issues.

Sharp's independent parts distributors have agreed to ship parts on same or next day after order, guaranteeing 2-day delivery. Servicers that carry recommended parts supply are compensated for parts used for warranty repairs at 20% above cost (vs. former 10%), and Sharp will provide full refund for unused parts.

Company has revised warranty terms in TV, switching from one year parts and labor to 90 days on labor and one year on parts for sets 25" and smaller, leaving former terms in place for larger models. Microwave oven warranty terms also have been reduced.

NEC TO STOP MAKING VCRs: NEC, which left U.S. audio/video market 2 years ago and has small share of domestic Japanese business, said it will stop manufacturing VCRs for domestic market. Company confirmed Japanese press reports that it's talking with Sanyo about latter's supplying NEC with VCRs. NEC is estimated to have only 1-2% of Japanese VCR market, mostly in low end. With small share there and none in U.S., company apparently decided it didn't have sufficient volume to justify making VCRs on its own.

In 1988, it was first to introduce VCR with built-in satellite tuner, which gained it more significant role, but such models now are common in several companies' lineups there. Consumer electronics never has played as large part in NEC's business as it has with most other Japanese suppliers; through 1980's, home electronics' portion of NEC's overall business declined to about 7% from more than 10%. It originally was communications company supplying equipment to NTT.

Sanyo and NEC have had numerous dealings. Sanyo has been supplying NEC with variety of household appliances for nearly 3 decades and will make laptop computer work station for NEC. Sanyo sales force also has been selling NEC workstations in Japan.

BLOCKBUSTER REVENUES, NET UP: Blockbuster Entertainment posted 62% jump in net income on 44% revenue rise in first quarter (see financial table) and instituted first dividend, starting with 2¢-per-share payout July 1 to stockholders of record May 4. Dividend reflects "our continued confidence in the company's prospects for the future," Chmn. Wayne Huizenga said. "With the company's substantial cash flow, we are in a position to pay our shareholders dividends and to continue to fund the company's aggressive capital requirements."

Treas. Joseph Burke attributed higher revenues to increases of 8% in comparable-store revenues and 27% in company-owned stores in year and inclusion of results of U.K. Cityvision chain, acquired in Feb. Comparable-store revenues for year are starting out just above analysts' estimates of 5-7% increase over 1991, he said. Blockbuster reported 37.8% jump in chainwide revenues, including franchise stores, to \$446.4 million from \$324 million.

Philips has invested \$93 million in Blockbuster common stock and has option to buy 5 million additional shares before Dec. 15. Shares owned or subject to option by Philips represent 7.1% of company. Blockbuster sees combination with Super Club (51%-owned by Philips) as "an opportunity to be addressed in the future," Burke said, although parties haven't done so yet. While company is "always entertaining" potential acquisitions, he said, there's "nothing specific in front of us now."

Meanwhile, Philips is moving toward acquiring remaining interest in Super Club. Latter's shareholders voted last week to liquidate holding company, resulting in resignations of board members, Philips spokesman said. Replacing them will be 5-member liquidation committee, including Super Club Chmn. and Philips Corporate Finance Dir. Cam Busch and Super Club minority shareholder Gos Delcroix, as well as 3 members not affiliated with either Philips or Super Club. Philips expects to negotiate with liquidators on price to be paid minority shareholders, spokesman said, with price to be announced to them at Geneva meeting in mid-May. Once Philips completes acquisition, he said, Super Club operations would be reorganized as 100%-owned subsidiary.

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Audio King, Minn. retailer, said improved results for 3rd quarter ended March 31 "confirm the effectiveness of our promoting a specialist strategy which utilizes larger stores." Company reported gains of 38.1% in sales to \$7.8 million and in net income to \$75,472 from \$5,067 in year. For first 3 quarters, sales increased 27.2% and net income to \$255,000 from \$78,000. Company operated 9 stores in quarter, vs. 12 year earlier.

Audio King also announced it had raised \$1.2 million in private equity financing through sale of 533,337 shares of common stock, saying it would use proceeds for further expansion and remodeling of stores. Company said that following completion of offering, it has 2,604,228 shares outstanding.

Polaroid reported lower shipments of videotape in U.S. in first quarter of 1992 than in 1991 period. Company said reduced tape shipments were more than offset by increased U.S. shipments of instant cameras and film. Its worldwide sales were down 2% to \$431.3 million in quarter, while earnings declined 62.2% to \$6.2 million.

Sanyo has cut its European VCR production by 1/3, reducing annual rate at its German factory to 300,000 units from 450,000 at end of last year.

Consumer Electronics Personals

Promoted at Microsoft: **Robert Glaser**, gen. mgr.—Multimedia Systems Group, to vp—Multimedia & Consumer Systems Group, responsible for developments of software products that "enable the creation of new, consumer-oriented digital appliances;" **Susan Boesch**, gen. mgr., to vp—Consumer Div... **Paul Foschino**, of Sony Mobile Products Group, named dir. of Sony New Technology Communications, first to coordinate company's activities in support of Mini Disc launch... **Steve Hayashi**, branch dir., Canon U.S.A.'s western regional hq., named vp-gen. mgr. of company's Customer Relations Div.; he's replaced by **Nobuo Koshimura**, gen. mgr., General Affairs Div. at Canon's Nagahama office.

James Peterson, ex-Architectural Audio custom installation firm, joins Sonance as national sales and product trainer... **Kazunori Yamamoto** named managing dir. of newly renamed R&D subsidiary Pioneer Digital Design Centre Ltd., following Pioneer's acquisition of Bristol Development Center from Brooktree Corp., San Diego... **Peter Weber**, PR mgr., Thomson Consumer Electronics R&D Labs, Villingen, Germany, departing April 30 as "result of company downsizing," no replacement to be named... Appointments at Sony Music: **Melani Rogers**, ex-Arista Records, joins Epic Records as vp-press and publicity; **Colin Willis** moves to midwest branch mgr., Sony Music Distribution, from L.A. branch; **Robert Watson** and **Michael Archie** join Columbia Records as west coast and mid-Atlantic mgrs., respectively, of black music promotion... **Robert Carpenter**, ex-Square D, joins AT&T Network Systems as vp-mktg. and sales operations.

Appointments at Academy Entertainment: **Mark Roche**, ex-Columbia TriStar and Vestron Pictures, joins as mktg. dir.; **Anita Forsman**, ex-Media Home Entertainment and JCI Video, named production mgr.; **Sheri Silver**, ex-MGM/UA Home Video and Disney Studios, appointed ad and promotions mgr... **Andrew Stern**, industry consultant and one-time exec. vp of LIVE predecessor IVE, joins Celebrity Home Entertainment as CEO, succeeding **Lawrence Hariton**, who resigned to pursue interests outside entertainment industry; **Mae Brown-Coleman**, ex-Laws Entertainment Group and also one-time IVE, named exec. asst... **Dawn Holding** advanced to Republic Pictures Home Entertainment Group mktg. dir... **Albert Price**, ex-VidAmerica and Artec, forms Hinesburg, Vt.-based New Market Sales specializing in independent sellthrough titles; he will handle Midwest and **Barry Lyons**, ex-Fries and United Home Video, will cover East... Turner Entertainment Industrial Relations Vp **Mark Crowley** adds same duties for Hanna-Barbera subsidiary.

Nearly all categories showed double- or triple-digit gains for first week of April in weekly report on sales to dealers issued by EIA Mktg. Services Dept. (see State of the Industry). Lone exception was projection TV, which trailed last year's record week by 21%. Weekly records were set in camcorders, direct-view color TV and TV-VCR combos, and all categories in report were running ahead of last year's pace. Although weeks don't line up precisely because of inclusion of 53rd week in last year's report, it's noteworthy that our 5-week moving averages for camcorders, VCRs and TVs all are showing double-digit advances.

Goldstar illuminated new 4,200-sq.-ft. neon billboard above Times Square in N.Y. Sign wraps around corner, facing west on Broadway and south on 45th St.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
American TV & Communications			
1992-qtr. to March 31	323,331,000	47,908,000	.44
1991-qtr. to March 31	297,512,000	35,138,000	.32
Audio King			
1992-9 mo. to March 31	22,459,505	254,790	.12
1991-9 mo. to March 31	17,658,542	78,343	.04
1992-3 mo. to March 31	7,755,997	75,472	.04
1991-3 mo. to March 31	5,616,459	5,067	--
Avnet			
1992-9 mo. to March 31	1,253,600,000	35,200,000	.99
1991-9 mo. to March 29	1,310,100,000	47,800,000	1.33
1992-qtr. to March 31	425,600,000	12,400,000	.35
1991-qtr. to March 29	435,500,000	14,700,000	.41
A. H. Belo			
1992-qtr. to March 31	114,708,000	6,453,000	.33 ^a
1991-qtr. to March 31	94,240,000	(1,918,000)	--
Best Buy			
1992-year to Feb. 29	929,692,000	9,601,000	1.00
1991-year to March 2	664,823,000	(9,457,000)	-- ^b
1992-13 wk. to Feb. 29	339,929,000	5,108,000	.44
1991-13 wk. to March 2	215,746,000	3,612,000	.44
Blockbuster Entertainment			
1992-qtr. to March 31	253,966,000	25,679,000	.15
1991-qtr. to March 31	176,788,000	15,895,000	.10
BMC Industries			
1992-qtr. to March 31	47,207,000	726,000	.13
1991-qtr. to March 31	44,490,000	484,000	.09 ^a
Capital Cities/ABC			
1992-qtr. to March 29	1,095,421,000	41,746,000	2.51
1991-qtr. to March 31	1,255,279,000	58,598,000	3.50
Carolco Pictures			
1991-year to Dec. 31	601,110,000	(265,055,000)	-- ^b
1990-year to Dec. 31	269,145,000	17,298,000	.49
Cohu			
1992-qtr. to March 31	12,253,000	608,000	.30
1991-qtr. to March 31	11,377,000	487,000	.24 ^a
Communications Satellite			
1992-qtr. to March 31	127,900,000	15,500,000	.80
1991-qtr. to March 31	126,900,000	(8,600,000)	-- ^b
CTS			
1992-qtr. to March 31	59,342,000	867,000	.17
1991-qtr. to March 31	55,840,000	1,019,000	.20
Electronic Arts			
1992-year to March 31	162,129,000	15,654,000	.73
1991-year to March 31	104,214,000	8,731,000	.42 ^c
1992-qtr. to March 31	45,417,000	4,720,000	.21
1991-qtr. to March 31	25,837,000	1,914,000	.09 ^c
Gaylord Entertainment			
1992-qtr. to March 31	124,185,000	(2,756,000)	--
1991-qtr. to March 31	115,735,000	(8,759,000)	--
Harman International			
1992-9 mo. to March 31	451,159,000	1,845,000	.21
1991-9 mo. to March 31	447,843,000	(10,331,000)	--
1992-qtr. to March 31	151,993,000	1,711,000	.19
1991-qtr. to March 31	149,064,000	(11,473,000)	--
Jones Spacelink			
1992-9 mo. to Feb. 29	124,294,000	10,174,000	.13 ^a
1991-9 mo. to Feb. 28	86,514,000	(11,541,000)	-- ^a
1992-qtr. to Feb. 29	60,531,000	33,026,000	.43 ^a
1991-qtr. to Feb. 28	29,964,000	(4,207,000)	-- ^a
Lee Enterprises			
1992-6 mo. to March 31	178,979,000	15,967,000	.69
1991-6 mo. to March 31	176,940,000	16,822,000	.73
1991-qtr. to March 31	84,776,000	6,342,000	.27
1990-qtr. to March 31	81,954,000	5,249,000	.23

Company & Period	Revenues	Net Earnings	Per Share
Meredith			
1992-9 mo. to March 31	531,665,000	12,640,000	.78
1991-9 mo. to March 31	559,322,000	76,231,000	4.53 ^a
1992-qtr. to March 31	180,348,000	5,061,000	.32
1991-qtr. to March 31	189,074,000	5,392,000	.32
Microdyne			
1992-6 mo. to March 31	38,542,000	4,532,000	.31
1991-6 mo. to March 31	21,780,000	3,300,000	.31
1992-qtr. to March 31	21,515,000	2,757,000	.19
1991-qtr. to March 31	12,257,000	1,941,000	.18
Minnesota Mining & Manufacturing			
1992-qtr. to March 31	3,406,000,000	288,000,000	1.32
1991-qtr. to March 31	3,389,000,000	300,000,000	1.37
Multimedia			
1992-qtr. to March 31	126,006,000	10,370,000	.28
1991-qtr. to March 31	119,175,000	8,976,000	.24 ^d
Oak Industries			
1992-qtr. to March 31	35,983,000	5,985,000	.07 ^a
1991-qtr. to March 31	32,127,000	460,000	.01
Outlet Communications			
1992-qtr. to March 31	9,256,000	(2,052,000)	-- ^a
1991-qtr. to March 31	8,062,000	(4,417,000)	--
Tandy			
1992-9 mo. to March 31	3,604,334,000	155,734,000	1.90
1991-9 mo. to March 31	3,576,622,000	176,554,000	2.21 ^b
1992-qtr. to March 31	1,085,185,000	35,091,000	.41
1991-qtr. to March 31	1,010,430,000	36,666,000	.45
Time Warner			
1992-qtr. to March 31	3,007,000,000	3,000,000	--
1991-qtr. to March 31	2,841,000,000	(50,000,000)	--
Times Mirror			
1992-qtr. to March 29	867,827,000	36,620,000	.28
1991-qtr. to March 31	854,466,000	23,276,000	.18 ^c
Tribune			
1992-13 wk. to March 29	471,358,000	15,415,000	.17 ^c
1991-13 wk. to March 31	470,132,000	21,077,000	.26
Washington Post			
1992-13 wk. to March 29	329,071,000	19,680,000	1.66
1991-13 wk. to March 31	317,132,000	(35,353,000)	-- ^e
Zenith Electronics			
1992-qtr. to March 28	265,200,000	(28,600,000)	--
1991-qtr. to March 30	303,700,000	(23,700,000)	--

Note: ^aIncludes special credit. ^bAfter special charge. ^cRestated. ^dAdjusted. ^eAfter special charge; restated.

Electronics industry lost 90,000 jobs in 1991, according to American Electronics Assn. (AEA), on basis of Bureau of Labor Statistics data showing employment of 2.39 million in Dec. 1991, down 3.6% from 2.48 million year earlier. Category called "radio/TV receivers" in Dec. 1991 employed 60,400, down 600 or 1% in year. Others categories: Computers and office equipment 408,600, down 5.5% from 432,400; communications equipment 243,700, down 4.7% from 255,700; semiconductors 224,600, down 3.8% from 233,400; other components 318,800, down 4.9% from 335,300; search and navigation equipment 252,000, down 8.8% from 276,300; prepackaged software 133,400, up 14% from 117,000; other (medical, industrial, instrumentation, consumer electronics other than TV-radio) 748,500, down 2.7% from 768,900.

Partners in Progress awards were announced by Sears, honoring following consumer electronics suppliers (among 73 throughout store) for "their dedication to consistently high quality and impeccable attention to manufacturing and production details:" Hitachi, Panasonic, Sega, Sony, Thomson.