

# TELEVISION DIGEST®

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

With Consumer Electronics

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VOL. 32, NO. 18

### Broadcast - Cable

**CABLE BILL CHANCES SHRANK** in last month, Mooney says on eve of NCTA show, but legislation still is as likely as in 1984. Consumer issues called easy, commercial fight tough. Technology interest growing. (P. 1)

**REGULATORY MORATORIUM EXTENDED** 4 months by Bush. He orders agencies to use cost-to-benefit analyses on new rules. Sikes responds to earlier order. (P. 2)

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**FOX SEEKS CABLE DEALS:** Kellner hits lobbyists as 'hired guns,' says cable and broadcast should work out compromise on cable bill. Network signs 3-way deal with NBC affiliate and TCI. (P. 8)

**DECONCINI PLANNING BILL** to reform cable compulsory license, focusing on emerging technologies. Sikes presses for repeal. Future of televised sports is focus of Senate hearing. (P. 9)

**MOONEY SAYS CABLE BILL CHANCES HAVE SHRUNK:** Chances that cable legislation will be enacted are somewhat lower today than month ago, but procedural situation that some see as making it unlikely is "exactly the same" as in 1984, when Cable Act was enacted, said NCTA Pres. James Mooney. Congressional cable fight has degenerated into dispute "almost exclusively among commercial interests for commercial advantage," he said in interview on eve of NCTA convention that opens May 4 in Dallas: "This is no longer a fight about consumer interests. If the various sides wanted to work out the consumer issues, they could do so fairly quickly."

Mooney acknowledged that some cable legislation is likely, sooner or later, and that industry would like to see "reasonable" bill to assure regulatory stability and raise confidence of financial institutions. But he said there's no "laundry list" of what cable would consider "reasonable." Industry decided not to mount active opposition to 1990 version of bill, which had milder provisions on program access and other regulations, plus version of must-carry developed in interindustry negotiation. Despite that, Mooney said, it's "very difficult to accept any cable bill at all."

### Consumer Electronics

**REPORTS VARY WIDELY** on L.A. retail damage in wake of riots. Silo in Hollywood and Circuit City on La Cienega Blvd. are among stores hit hard. (P. 15)

**INSIGHT PROGRAM GUIDE** to be incorporated in Zenith TV sets under one-year exclusive deal. System provides on-screen VCR programming by title. (P. 16)

**ZENITH MAY QUIT CAMCORDERS**, Pearlman hints, saying company won't subsidize profitless business. He sees no market for widescreen NTSC, plugs FTM for HDTV. (P. 16)

**CAMCORDER IMPORTS CONTINUE TO DIP**, with sharp drop for 3rd straight month, and 2nd month in last 3 with major drop in 8mm camcorders. VCRs, TVs climb. (P. 18)

**GOOD GUYS REPORTS** 53.1% drop in 2nd-quarter net, blames 'highly aggressive pricing' in Cal. Highland lost \$17.6 million in year, exclusive of charges. (P. 19)

**NAP IN BLACK** in 1991, annual report shows, moving to \$52.5 million profit from \$69.7 million loss. (P. 19)

**INTERACTIVE TV PLANS** accelerate, IBM and Warner and Toshiba discussing on-demand video. Philips and GTE to test CD-I programming on demand this year. (P. 19)

**THOMSON TO PRODUCE** 20" TV sets in Mexico starting in 1993, having delayed plan for 2 years. Almost all of Zenith's output will be in Mexico May 15. (P. 19)

If debate in full House Commerce Committee is more positive, prospects could improve dramatically, Mooney said. He thinks chances dropped in last month, during which Telecom Subcommittee Chmn. Markey (D-Mass.) got his draft through panel by narrow margin. Despite clearing Subcommittee, Mooney said draft showed that there are widening differences of opinion between industry and Congress, among members of Congress and among industries, on what would be acceptable.

Mooney discounted claims that it would be difficult for President Bush to veto pro-consumer cable bill in Presidential election year: "All kinds of possibilities and impossibilities get attributed to presidential election years. I think it's hard to say if he is more or less likely to veto a bill during an election year. But I am fairly certain that the President will veto any bill that looks like S-12 or the House substitute bill."

If bill isn't signed this year, there's concern in industry that harsher version would be introduced in next Congress, possibly including telco entry into cable, Mooney acknowledged, "but that is nothing like a certainty." He said enacting bill with telco entry would be "much more complicated" than simple cable deregulation package. In response to predictions that next Congress will have 100-150 new members, many of whom will be more liberal and more consumer-oriented, Mooney said that's just speculation: "I don't think anyone has done a philosophical study of who is running where."

Program access issue is primarily question of how to allocate profits that wireless cable and other distributors would get because their distribution system has lower capital cost, Mooney said. He said access to cable programming isn't issue, price that programmers charge is: "They want the same wholesale price as cable operators, despite having lower capital and operating costs. This is essentially an argument about who gets to keep the margin. I don't know why the government should step in and arbitrate what should be a negotiation among businessmen." Cable industry "sweat blood" to transform itself into original programming medium "and did so entirely at our own risk," Mooney said. "As a consequence, we really don't feel good about the government coming in and appropriating our programming for the benefit of a bunch of people who have deep pockets... that don't seem to be inclined to take their own risks."

Retransmission consent is "brutally anti-consumer" because it will mean higher cable rates for consumers, Mooney said. Advocates contend its cost would be so low, and cable profits already are so high, that cable could absorb costs without raising bills. Mooney dismissed claims of monopoly profits as "one of the more cynically disingenuous positions that I've seen any group of Washington representatives take in my entire stay in this city. Anyone with a rudimentary understanding of cable finance would understand that there aren't any monopoly profits to absorb new costs like this one. All they have to do is read the balance sheets."

There's "valid concern" about consumer electronics interface (ability to use full capability of cable-ready sets and features such as picture-in-picture in conjunction with cable converter box), Mooney said: "It is incumbent on us to try to get together to try to resolve this." He said there's effort under way to get consumer electronics and cable industries together on issue, but refused to provide details. "Legislation never fixed anything, particularly things of this nature," Mooney said. "But if the industry doesn't get together, we shouldn't be surprised to see legislation."

Expectations about new technology, and new business opportunities it could provide, have "sharpened" since last NCTA convention, Mooney said. In state of industry speech year ago, he said groundswell of interest in technological breakthroughs created atmosphere of excitement and new expectations. Rate of change in industry is accelerating, he told us, and it probably will change more in next decade than in last, but he said it would be "idle" to speculate as to how it would do so.

FCC's video dial tone (VDT) rulemaking could accelerate change, Mooney said: "We fear something which conceivably could be used to sharply undercut the statutory provision against telco entry." Commission is likely to take some action on VDT this year, he predicted, but it's difficult to attack specific provisions because rulemaking isn't specific enough: "This is an NPRM [notice of proposed rulemaking] with no R, so it's hard to say what needs to be changed."

**BUSH EXTENDS REGULATORY MORATORIUM:** President Bush has extended for additional 4 months original 3-month moratorium on new federal regulations first announced in Jan. State of the Union address. Moratorium was designed as spur to economy (TVD Jan 27 p5). Extension was announced in Rose Garden ceremony April 28 attended by FCC Chmn. Sikes and Gen. Counsel Robert Pettit, chief honcho of Commission's deregulatory efforts, with controversy erupting after Bush left. Same day, Sikes submitted 3-month "Report of the Federal Communications Communications" to President on FCC deregulatory

actions, plus plans for future, which irritated other commissioners because they said they weren't given opportunity to provide input. Commissioners received draft of report day before it was sent, and at least one reportedly suggested changes and was told it was too late. Pettit disputed this, saying that edits were received from every commissioner's office and that most suggestions were incorporated in final draft that went to White House.

Sikes divided response to Bush into 5 parts: (1) Actions taken by FCC during 90-day review. (2) Regulations that Commission hasn't changed and doesn't plan to. (3) Proposed legislation. (4) Process agency uses to review regulations. (5) How FCC intends to "institutionalize" that process. "The Commission's regulatory approach reflects a growing appreciation of the impact that regulation of communications industries can have on the nation's economy," said Sikes. "Explosion in new choices for American consumers would have been impossible but for initiatives undertaken by the Commission..."

Listing FCC actions in last 3 years, Sikes said agency has "compiled a solid record of accomplishments." He listed 16 additional deregulatory actions taken by Commission since Bush announced moratorium and highlighted "broadly gauged regulatory reform initiatives" announced in March (TVD March 16 p6): "Collectively, these initiatives [on broadcast investments, licensing and reducing paperwork] are designed to order and accelerate the Commission's work toward promoting economic growth and ultimately greater competition."

As for FCC actions on deregulatory front still to come, Sikes listed: (1) Introduction of personal communications services "within the next few months." (2) Rulemaking, which is pending, to authorize low-Earth-orbiting satellites (LEOS) (3) "Reform of TV broadcast rules." Several options have been presented to commissioners to relax ownership and duopoly rules, similar to but less extensive than new radio ownership rules (TVD March 16 p2). While proposed rulemaking is scheduled to be on agenda for May 14 FCC meeting, Sikes told White House only that "a [staff] proposal will be presented within the next few months." (4) Reexamination of TV network-cable cross-ownership ban, with rulemaking currently pending and strongly opposed by TV affiliates. (5) Reexamination of cable-telephone cross-ownership ban, as mandated in 1984 Cable Act, and whether to permit telcos to offer video dial tone. (6) Expanded interconnection by competitors with local telcos, with only "very limited opportunities" permitted by current rules.

Also, (7) Reform of renewal rules and procedures for broadcast licensees. (8) Private radio umbrella licensing to permit large companies to receive single license for many different transmitters and to provide common date for renewals. (9) Streamlined FM allotment procedures. (10) Relaxation of annual ownership reporting requirement, which Sikes called "extremely onerous, especially for widely held corporate licensees." Other actions to come dealt with nonbroadcast matters.

In regulations where FCC has made no changes, and plans none, Sikes listed rules required by statute, such as prohibition against indecent broadcasts that courts have declared unconstitutional, children's TV rules and "rules otherwise deemed necessary, such as cable technical standards" adopted in response to court remand. Chairman's letter to White House didn't mention recent changes in prohibitions against networks' syndicating TV programming (where we're told there was "an obvious dispute" about including FCC's failure to repeal rule on 3-2 vote), nor did he mention several petitions pending to repeal prime-time access rule.

On legislative wish list, Sikes included reform in initial licensing process, repeal of ban against telco-cable ownership, encouragement of local competition to cable systems, repeal of mandate that FCC license all radio equipment on ships and aircraft. Sikes concluded: "Finally, this regulatory review has pointed out the fact that the Commission historically has not formally used either the cost/benefit or economic impact analyses as a means of evaluating regulatory proposals and programs... In the future, the chairman will direct that rigorous cost/benefit or economic impact analyses be prepared for major decisions that come before the Commission."

Toward end of Rose Garden ceremony, Fred Krupp of Environmental Defense Fund took over microphone for 20 min. to denounce White House deregulation efforts, calling them "a wholesale handout to the American business community... I don't think the [regulatory] freeze will help the economy and it certainly won't help the environment." Bush's regulatory moratorium has received much flack from Congress, particularly from House Commerce Committee Chmn. Dingell (D-Mich.).

Bush chose subject of deregulation in April 30 speech to Ohio Bstrs. Assn. in Columbus, day after he extended moratorium. "We are fighting hard to get the burdens of unreasonable government off the backs of the people," he said. "Let me take this occasion to salute the FCC for its actions to relax needless

restrictions on ownership of radio stations. The FCC also has taken action to allow competition among international satellite companies... These are very welcome reforms. Al Sikes, the FCC chairman, believes in free markets and he believes in innovation."

In Washington, Sen. Glenn (D-O.) criticized White House action. Chmn. of Govt. Affairs Committee with general oversight of agency regulations, Glenn said that while he "fully supports" Bush's goal of reducing unnecessary regulation, "an extension of the moratorium will not accomplish this goal. We don't truly know what the White House is up to with the regulatory process outside of these vague moratoriums. I've tried to find out." He accused White House of "secretive activity" and said he has been rebuffed in written requests for information and for face-to-face meeting with Vice President Quayle "for information about the secretive Council of Competitiveness" headed by Quayle.

**TOP 100 MSOs CONTINUE MODEST BUT STEADY GAINS:** Basic subscribers of top 100 cable operators have grown 2.6% since Oct. 1991, almost even with 3.8% rate for previous 8 months (TVD Nov 18 pl), and pay units rate improved slightly. New figures below reflect improved reporting and consolidation of United Artists into TCI. For first time in several years, we believe there's no significant duplication of any figures reported in our semiannual survey, causing totals to drop slightly. To provide useful growth rate comparison, we compared basic and pay numbers for March 1992 with Sept. 1991 for 88 of top 100 companies listed in both surveys and not involved in major acquisitions. Here are key figures from our latest survey:

(1) Top 100 had 52,470,836 basic subscribers as of March 1, up 2.6% from Sept. 1. They now serve 57.2% of U.S. TV households, using latest estimates from Arbitron. (2) Pay units were 37,836,667, up 0.81%, vs. 0.78% gain in previous 8 months. Pay-to-basic penetration continued slide to 72.82%; previous 3 surveys were 74.49%, 76.72% and 79%, respectively. (3) Homes passed were 86,024,195 -- 93.7% of TV households. (4) Of 55 operators who answered question about plans for fiber deployment, 42 said they plan to install 5,674 miles of fiber in next 6 months, up 62.3% from previous survey.

Improving financial environment for system trading is reflected in number of companies gone from, and new to, top 100. Only 2 companies moved in or out last survey. Gone are: United Artists (last ranked 3), absorbed into TCI; Cencom (23), sold to Crown; King Videocable (41), sold to Colony; G.C. Assoc. (52), included with Prime Cable; Mission Cable (75), sold to Fanch; C4 Media (79), sold to Cablevision of Tex. and Vento & Co. Moving into top 100 are: Crown Cable (18), Americable (92), Rock Assoc. (95), Benchmark (96), Vista (99), Amzak Cable (100).

**Note:** We continue to offer most up-to-date cable TV data anywhere, based on our 43 years of tracking details on cable systems. Data are available for use on your own computers or as customized reports. For details, call Lynn Levine or Karen Campbell in our Market Research & Data Sales Div., 202-872-9200.

## Top 100 Cable System Operators

Status as of March 1, 1992. Data obtained directly from operators.

### FIRST 50

Rank	System Operator	Number of Subscribers	Pay-Cable Units	Homes Passed by Cable	Miles of Plant	Miles fiber optic to be built in 6 months
1.	Tele-Communications Inc. <sup>a</sup>	8,900,000	5,900,000	15,312,500	160,000 <sup>b</sup>	N.A.
2.	American TV & Communications Corp. <sup>c</sup>	4,760,000	3,120,000	7,456,491	68,300 <sup>d</sup>	N.A.
3.	Continental Cablevision Inc.	2,834,000	2,581,000	4,921,000	51,000	800
4.	Comcast Corp.	2,585,000	1,865,000	4,384,600	48,960	N.A.
5.	Warner Cable Communications Inc.	1,899,650	1,430,600	3,527,800	34,350	60
6.	Cox Cable Communications	1,677,769	1,264,380	2,718,411	25,626	500
7.	Cablevision Systems Corp.	1,661,748	3,319,939	2,717,959	26,000	N.A.
8.	Storer Cable Communications	1,659,000	1,025,200	2,793,009	36,200	N.A.
9.	Jones Spacelink Ltd.	1,500,000	865,400	1,989,000	29,290	N.A.
10.	Newhouse Bcstg.	1,309,771	1,061,941	1,449,713	28,154	175
11.	Adelphia Communications Corp.	1,189,000	629,356	1,613,844	21,500	150
12.	Times Mirror Cable TV	1,126,063	670,000	1,960,969	18,470	N.A.

Rank	System Operator	Number of Subscribers	Pay-Cable Units	Homes Passed by Cable	Miles of Plant	Miles fiber optic to be built in 6 months
13.	Cablevision Industries Inc.	1,164,036	729,317	1,700,761	29,469	N.A.
14.	Viacom Cable	1,086,800	780,200	1,749,100	14,000	N.A.
15.	Falcon Cable TV	929,000	308,900	1,101,600	23,975	N.A.
16.	Sammons Communications Inc. <sup>d</sup>	925,400	602,326 <sup>d</sup>	1,383,050 <sup>d</sup>	15,500 <sup>d</sup>	N.A.
17.	Century Communications Corp. <sup>d</sup>	866,000	486,000	1,584,000	17,981	250
18.	Crown Cable Inc.	708,750	441,612	1,367,708	21,000	50
19.	Scripps Howard Cable Co.	649,181	505,746	1,096,344	12,000	400
20.	TeleCable Corp.	644,364	519,437	964,179	12,900	375
21.	Colony Communications Inc. <sup>f</sup>	596,683	411,260	978,669	5,037	N.A.
22.	KBLCOM Inc.	561,069	410,954	1,146,009	9,067	N.A.
23.	Maclean Hunter Cable TV	530,323	645,190	1,128,896	6,707	89
24.	Prime Cable Corp. <sup>g</sup>	525,000	500,000	1,150,000	9,200	10
25.	Lenfest Communications Inc.	520,328	442,557	824,120	9,579	N.A.
26.	Tele-Media Corp.	502,900	170,600	731,900	10,774 <sup>e</sup>	N.A.
27.	MultiVision Cable TV Corp.	485,400	299,700	827,111	12,493	N.A.
28.	TCA Cable TV Inc.	454,852	235,621	643,585	9,950	N.A.
29.	Post-Newsweek Cable Inc.	452,878	255,498	664,073	8,800	16
30.	Wometco Cable Corp.	396,372 <sup>h</sup>	255,291	727,094	6,260 <sup>e</sup>	N.A.
31.	Multimedia Cablevision Inc.	369,859	314,147	633,235	7,500	270
32.	Rifkin & Assoc.	344,419	173,534	511,629	9,200	40
33.	Simmons Communications Inc.	343,000	170,000	593,000	8,500	20
34.	Hauser Communications	323,000	280,000	595,000	7,500	0
35.	TKR Cable Co.	318,147	337,024	468,887	5,247	39
36.	InterMedia Partners	317,519	198,948	557,564	8,137	1,120
37.	Western Communications	311,984	154,407	413,444	4,281	N.A.
38.	Triax Communications Corp.	304,734	133,385	482,918	10,879	N.A.
39.	C-TEC Cable Systems	246,381	123,764	392,896	9,030	218
40.	Greater Media Inc.	236,447	204,959	391,664	3,630	N.A.
41.	Service Electric Cable TV Inc.	235,000	82,000	342,000	5,400	N.A.
42.	Columbia International Inc.	222,000	195,500	370,000	5,608	300
43.	Harron Communications Corp.	219,022	153,649	332,169	6,279	9
44.	Media General Inc.	208,333	188,050	311,515	4,031	9
45.	Palmer Communications Inc.	193,112	70,575	269,632	3,012	25
46.	US Cable Corp.	190,510	123,800	337,300	4,827	14
47.	Kansas City Cable Partners	176,164	151,085	342,258	3,300	49
48.	Star Cablevision Group	175,416	73,225	271,634	6,041 <sup>d</sup>	N.A.
49.	Sutton Capital Group	174,180	173,960	297,274	2,714	N.A.
50.	Fanch Communications Inc.	172,000	80,000	280,000	N.A.	N.A.
Total—First 50		48,182,564	35,115,037	78,807,514	897,658	4,988

## SECOND 50

Rank	System Operator	Number of Subscribers	Pay-Cable Units	Homes Passed by Cable	Miles of Plant	Miles fiber optic to be built in 6 months
51.	Armstrong Utilities Inc.	171,277	95,911	217,569	4,009	75
52.	Summit Communications Group Inc.	156,690	100,639	244,368	4,430	30
53.	Bresnan Communications Co.	148,230	61,138	225,303	3,947	108
54.	Blade Communications Inc.	145,000	68,275	225,000	2,100	40
55.	McDonald Group <sup>d</sup>	142,548	61,841	208,873	2,500	N.A.
56.	Booth American Co.	142,170	72,181	193,751	3,788	25
57.	Northland Communications Corp.	141,315	47,752	203,200	7,500	N.A.
58.	United Video Cablevision Inc.	140,803	77,193	208,003	5,840	36
59.	Insight Communications Co.	130,000	82,000	275,000	4,500 <sup>e</sup>	N.A.
60.	Pencor Services Inc.	129,388	60,432	134,837 <sup>e</sup>	3,929 <sup>e</sup>	N.A.
61.	Barden Communications Inc.	114,766	251,639	381,488	2,046	0
62.	Gilbert Media	114,000	197,000	245,000	1,040	10
63.	Sonic Communications	110,000	46,300	179,000	2,250	N.A.
64.	Midcontinent Cable Co.	109,783	45,942	145,342	1,938	N.A.
65.	Susquehanna Cable Co.	108,000	67,000	158,000	2,300	40
66.	WEHCO Video Inc.	103,629	49,104	147,670	2,515	15
67.	Cooke Cablevision	101,000	87,000 <sup>e</sup>	220,000 <sup>e</sup>	3,200 <sup>e</sup>	N.A.
68.	Coaxial Communications	100,158	83,846	186,766	3,320	40
69.	Chambers Communications Corp.	88,696	31,081	135,437	945 <sup>d</sup>	N.A.

Rank	System Operator	Number of Subscribers	Pay-Cable Units	Homes Passed by Cable	Miles of Plant	Miles fiber optic to be built in 6 months
70.	Cardinal Communications Inc.	82,521	62,491	111,802	1,856	25
71.	Marcus Cable Partners L.P.	81,857	52,130	117,674	2,125 <sup>d</sup>	0
72.	Douglas Communications Corp. II	78,800	34,375	128,425	2,955 <sup>d</sup>	N.A.
73.	James Cable Partners	78,559	28,124	127,183	3,425	0
74.	North Coast Cable	76,000	116,000	217,000	1,035	24
75.	Buford Television Inc.	72,709	42,913	156,598	5,753	0
76.	Prestige Cable TV Inc.	70,787	27,864	100,257	2,996	0
77.	Star Cable Associates	70,775	36,769	126,381	N.A.	0
78.	Helicon Corp.	66,452	20,271	90,916	1,963	20
79.	Leonard Communications Inc. <sup>d</sup>	66,000	29,000	112,000	2,800	N.A.
80.	Masada Corp.	64,849	35,771	115,156	3,878	N.A.
81.	State Cable TV Corp.	60,399	28,341	63,000 <sup>d</sup>	1,350 <sup>d</sup>	N.A.
82.	Telesat Cablevision Inc.	60,039	38,586	121,653	1,480 <sup>d</sup>	N.A.
83.	Wade Communications Inc.	60,000	102,400	157,000	590	0
84.	Bill Daniels	57,749	44,199	74,941	884	0
85.	Omega Communications Inc. <sup>d</sup>	56,000	24,000	98,000	1,950	N.A.
86.	New England Cablevision Inc.	55,804	33,496	77,616	1,500	200
87.	Twin County Cable TV	55,000	12,248 <sup>e</sup>	125,000	2,600	38
88.	Great Southern Printing & Manufacturing Co.	54,624	36,710	78,910	1,515	N.A.
89.	Donrey Media Group Inc.	54,236	22,235	77,020	768	0
90.	Schurz Communications Inc.	54,037	39,250	71,879	855	0
91.	Verto Cable TV	54,000	24,000	79,000	932	N.A.
92.	Americable International	53,600	21,440	105,000	1,049	20
93.	Cable America Corp.	53,000	34,164	118,672	2,100	10
94.	Galaxy Cablevision	52,335	35,226	96,400	2,500	20
95.	Rock Assoc.	52,000	27,500	77,000	1,100	N.A.
96.	Benchmark Communications	51,922	38,640	77,767	1,215	0
97.	World Co.	50,362	17,843	62,112	900	0
98.	Three Sixty Corp.	50,047	23,559	152,978	1,533 <sup>d</sup>	N.A.
99.	Vista Communications	48,356	21,221	79,734	2,347	N.A.
100.	Amzak Cable <sup>d</sup>	48,000	24,590	85,000	902	N.A.
Total—Second 50		4,288,272	2,721,630	7,216,681	118,953	776
GRAND TOTAL—Top 100		52,470,836	37,836,667	86,024,195	1,016,611	5,764

<sup>a</sup> Numbers represent TCI & consolidated subsidiaries where ownership interest is greater than 50% as of Dec. 31, 1991. <sup>b</sup> Warren Publishing's estimate.

<sup>c</sup> Includes Paragon Communications, does not include Kansas City Cable Partners. <sup>d</sup> As of March 1, 1991 or earlier. <sup>e</sup> As of Sept. 1, 1991. <sup>f</sup> Includes Copley Press Electronics Co. figures. <sup>g</sup> Includes G.C. Assoc. figures. <sup>h</sup> Includes Robert M. Bass Group figures.

**TV news organizations** are responsible to viewers -- "not to the government" -- RTNDA Pres. David Bartlett told us in responding to speech by FCC Chmn. Sikes charging that Americans are ill-informed by TV news (TVD April 27 p2). Bartlett said TV news isn't perfect, nor should it be immune from criticism, "but it also is one of the most genuinely democratic of American institutions. Viewers have lots of choices. But they don't necessarily share the views of Al Sikes or other government regulators." Bartlett said system works best through diversity and free choice: "It breaks down when politicians interfere... If the [FCC] commissioners are serious about giving the American people the opportunity to watch what they want, rather than what the government thinks they ought to see, they have the power to make it happen." RTNDA head noted that Commission "so far has refused to act" on requests "to do away with the last vestiges of content regulation," citing personal attack and political editorializing rules, both of which Assn. asked FCC to rescind in 1987.

**Home Shopping Network** has set up National Call Center as separate subsidiary to handle call processing. Chmn. Roy Speer said separate subsidiary would make it easier to market call center services.

**Broadcasters are entitled to bigger share of royalty revenues** from distant signals, Copyright Royalty Tribunal ruled in allocating 1989 revenue. Instead of previous 5% of royalty revenue, broadcasters got 5.7% in decision published in April 27 Federal Register. Actual dollar figure for broadcasters is only about \$10 million, but NAB Pres. Edward Fritts said industry is pleased that decision "provides an increased recognition of the value of broadcaster-produced programming to viewers." Lion's share of \$225 million of 1989 royalties goes to MPAA members, Tribunal Gen. Counsel Robert Cassler said. He said Tribunal increased share to broadcasters because it gave more weight to Bortz & Co. survey of program preferences of cable operators, which supported demand for broadcast signals. Tribunal also uses Nielsen survey to determine who is entitled to royalties. Cassler said Tribunal emphasized cable operator survey more because it has become more reliable.

**Time Warner Cable** completed acquisition of Carolina Cable, 17,000-subscriber system in Chapel Hill, from Prime Cable Income Partners, terms not disclosed. Time Warner already has systems with nearly 130,000 subscribers in same metropolitan area.

**MUSE CLEARS HURDLES:** NHK is blaming equipment failures rather than system design for some shortcomings in its Narrow MUSE HDTV system that showed up in testing at Advanced TV Test Center (ATTC). Data made public late last week indicate that MUSE did well on co-channel interference, random noise, VHF taboo channel interference, interference with NTSC and on cable systems, but less well on adjacent-channel interference, ghost-canceling, one audio channel. Despite that, NHK Senior Scientist Keichi Kubota told us that he's generally pleased with results, that shortcomings are easily fixed and that tests clearly show that MUSE would be adequate HDTV system for U.S.

Weighty set of test results published by ATTC (available for \$400) is careful not to draw conclusions as to MUSE performance, and test center officials aren't allowed to analyze it. But NHK comments about findings that are included in report clearly acknowledge that system met expectations in many areas, but fell short in others. FCC's Advanced TV Advisory Committee already has begun long process of analyzing results, and officials pointed out that significant finding probably will be how well MUSE compares with other systems. Test results for first digital HDTV system, General Instrument's DigiCipher, are to be released in about 6 weeks.

NHK said MUSE passed all critical tests to determine whether it's feasible for terrestrial distribution of HDTV, particularly on interference. Lack of co-channel and NTSC interference showed that MUSE "cleared one of the most critical issues for the introduction of advanced TV," NHK said in report. "We feel comfortable with the test results." Kubota said it's impossible to say whether MUSE is best because results of other tests aren't available, but "the most important thing is co-channel interference and we got good results on that."

"In some ways, the results were what we expected," Kubota said, "but in some ways they were poorer." He told us that all of problems involved hardware shortcomings that can be rectified easily. In its comments, NHK said problems "can be fixed without modifying the system itself and without causing unfavorable effects on the good performance of Narrow MUSE." Kubota acknowledged that claims about fixes could be proved only through more ATTC testing. Biggest problems involved 2 integrated circuits at receive end of MUSE system, Kubota said. He said phased locked loop (PLL) circuit, which handles synchronization for channel acquisition, and AGC/ALC (automatic gain control/automatic level control) circuit that controls energy level fluctuations caused problems. He attributed PLL problem partly to design and read-only memory, partly to fact wrong chip was inserted before testing. NHK tests since then have shown "correct" results, Kubota said. Solving ghost-canceling problem will require easy software changes, he said. One of 2 audio channels tested worked perfectly, but other had shortcomings because of hardware failure, NHK said. Fact that one worked well and no compression artifacts were found indicates system is good, NHK said.

MUSE was generally "transparent" for cable, test results showed, although NHK acknowledged that it "did not have excellent performance" in phase noise modulation and residual FM. Problems are easily fixed, NHK said. MUSE also caused significant delays (5-20 sec.) in picture's becoming stable after channel change. NHK attributed that to circuitry problems and said lag can be reduced to less than one sec.

Ratings of picture quality in subjective tests by viewers at Advanced TV Evaluation Lab in Ottawa were "slightly

lower than expected," NHK acknowledged in report. Viewer appreciation would be higher if production (rather than prototype) equipment had been used, it said. Report indicated that perception of picture quality was lower in motion scenes than in static scenes because MUSE's dynamic picture resolution is lower than static. ATTC officials acknowledged that there were problems with still pictures used in some of testing, but NHK said it believes comparisons with other systems still can be adequate if results are adjusted to compensate for problem.

\* \* \* \* \*

Two leading proponents of ghost-canceling systems agreed to merge their technologies, as expected (TVD April 20 p7), apparently opening door to easy resolution of sometimes heated dispute between Philips and Sarnoff Research Labs. Sarnoff Labs Pres. James Carnes said new system will combine best features of 2 systems, using Sarnoff ghost-canceling reference (GCR) signal for short-delay "microghosts" exclusively on one frame of picture followed by Philips GCR for long-delay ghosts on alternating frame. As result, each GCR will get roughly same energy level as it would have under single system, Carnes told us: "And we solve a whole host of political problems at the same time." New system also will give broadcasters option of improving signal quality by using longer GCR signal that infringes on additional vertical blanking interval line or, if most ghost-canceling capability isn't needed they could keep line free for other uses, Carnes said.

Testing by NAB showed that Philips GCR signal is best at eliminating long-delay ghosts, which are typical of broadcast environment, but CableLabs tests showed Sarnoff is better at handling short delay "microghosts" that are typical in cable. Tests by Communications Research Centre of Canada and EIA showed little difference between systems. "By combining the best attributes of both systems, we will be able to provide a system that eliminates ghosts effectively and affordably," said Philips Labs Pres. Peter Bingham. James McKinney, chmn. of Advanced TV Systems Committee (ATSC) that will select ghost-canceling standard, told us that other candidates were eliminated from competition as unacceptable, so if Sarnoff-Philips system works well "they probably are a shoo-in." Question, he said, is what happens if combined system works less well than either separate system, which some engineers believe is possible.

ATSC is scheduled to begin testing combined ghost-canceling system early this month and have results by June 12. ATSC then would conduct 6-week mail ballot to ratify winner. Carnes said Philips and Sarnoff believe they can be ready for test, but McKinney said there's still some doubt: "I wouldn't be surprised to see it slip a little, but that shouldn't be a big problem." Officials of 2 companies weren't available immediately.

UPI said it won't be able to meet May 15 payroll in asking Federal Bankruptcy Judge Francis Conrad to auction off its assets May 12. Conrad, who is overseeing UPI in Chapter 11 bankruptcy (wire service filed for protection last Aug.), agreed to auction and called for sealed bids by May 11. Auction will be held in Rutland, Vt., Conrad's home base. UPI listed liabilities of \$52.8 million, assets of \$18.2 million. Wire Service Guild is one of biggest creditors and its members recently agreed to 20% pay cut. Among UPI assets are client list, employees, equipment. "We will be looking forward to an auction in which there are several bidders," UPI Editor Steve Geimann said. He said wire service is talking with potential buyers, didn't identify them.

**L.A. RIOTS COVERAGE:** TV news operations defended their live and heavy coverage of riots and looting in L.A. last week against questions raised in newspapers -- alongside pictures of same riots and looting aired on TV night before -- and elsewhere that such reportage contributed to violence. Repeatedly, we were told by TV news executives that it obviously wasn't troublemakers who sat home watching TV coverage: "The people out looting aren't the ones at home watching our coverage," NBC's Peggy Hubble told us. NBC Sun. Today was to devote program to questions raised by TV coverage of riots. As for showing violence from L.A., NBC Today Producer Jeff Zucker said: "It never crossed our minds that we shouldn't show it." Violence and looting erupted April 29 after 4 white policemen were acquitted of excessively beating black Rodney King in arrest shown hundreds of times on TV.

TV news executive (who asked not to be named) said questions raised about repeatedly showing looting and violence had led to "some soul-searching here and in other operations." But, he said, he wouldn't change thing about what had been done so far. Trumpeted USA Today cover story headline: "Live Footage Underfire as L.A. Erupts." Washington Post asked "whether showing so much of the violence on TV contributes to escalating it, especially when the violence is shown live."

CNN L.A. Bureau Chief David Farmer told us: "The media in L.A. and CNN in particular cannot be held responsible for what is happening here. We are accurately and responsibly portraying the events right now." CNN and L.A. stations were giving considerable time to civic leaders to urge end to rioting and looting. CNN has 7 camera crews regularly assigned to its L.A. bureau, sent in 3 more crews.

All networks sent additional correspondents and crews to L.A., with Sam Donaldson originating ABC's Prime Time Live from there April 30, followed by Ted Koppel's Night Line May 1. Hubble said NBC is careful to show graphics of where violence is happening "so we won't leave the impression that the entire city is going up in flames... Putting this into context is what we're really talking about."

All networks, including Fox TV, planned to carry President Bush's live address at 9 p.m. May 1. Earlier in week, he had urged L.A. civic leaders to go on air in attempt to help cool situation, move strongly supported by NAB: "In response to the President's request, I hope that all area stations will redouble their efforts to restore calm in their community," Pres. Edward Fritts said. Speaking to Ohio Assn. of Bcstrs. in Columbus April 30, Bush said anyone watching L.A. riots on TV could have no "reaction other than revulsion and pain... The total loss of respect for human life was sickeningly sad..."

Reuven Frank, NBC News pres. in late 1960s, was quoted in Washington Post as saying it's fair to raise question as to whether TV coverage contributed to violence: "Technology has made so many things possible that are questionable, both in terms of journalistic ethics and public policy considerations. People in the business are going to have to face these things, but they're not facing anything but the competition." L.A. happenings also have raised question as to whether news crews that witness violence should attempt to intercede. At our deadline, no media personnel had been injured or seriously threatened although CNN Producer Veronica McGregor was punched in face when 2 men broke into remote truck.

Situation has provided trial under fire for all-night news operations recently started by ABC, NBC and CBS for

affiliates. All 3 sent live pictures overnight to affiliates, rather than usual practice of recycling taped footage. Networks said about 90% of their overnight broadcasts late last week were devoted to coverage of riots and looting. Most national radio talk shows at weekend were devoted to situation in L.A., and Sun. morning TV network public affairs shows all planned to devote programs to riots.

Riots caused shutdown of most L.A. production studios and network offices, and extensive damage to consumer electronics retailers (see related story, Consumer Electronics section). Major studios such as Sony and Paramount, along with ABC and CBS, still were closed as we went to press. Fox Inc. in Century City area and NBC in Burbank remained open. However, NBC canceled April 30 Tonight show taping and several other productions.

**FOX PUSHES CABLE DEALS:** "Hired gun lobbyists" for broadcast and cable "are dangerous and should be electroshocked" because they "won't or can't give up the fight" between broadcast and cable, Fox Pres. Jamie Kellner said. He told Washington Cable Club lunch April 30 that both sides should "step back from hardline industry positions just enough to allow for the necessary common ground." Kellner also announced 3-way partnership of Fox, TCI and NBC affiliate in Brownsville, Tex., to launch new Fox cable affiliate in market by late summer.

It's "fashionable among broadcasters to bash the cable industry" on rate regulation, Kellner said, and rates are "legitimate public policy issue... [But] there is no legitimate basis for broadcasters to gratuitously pile on. For the life of me, I can't see any benefit to broadcasters from regulating cable rates." He said cable should agree that broadcasters deserve compensation for carriage on cable systems, and broadcasters and programmers should work out equitable sharing of compensation: "Continued wrangling over the basis for compensating broadcast programming could result in a stalemate with no compensation at all."

Fox deal with NBC affiliate KVEO (Ch. 23) Brownsville "shatters industry conventions and is sure to draw criticism from the hardliners in each of our camps," Kellner said. KVEO will assemble cable channel using FoxNet programming and syndicated shows, to be carried on TCI cable systems with 85,000 subscribers in Brownsville, Harlingen and McAllen, Tex. KVEO also will sell and keep revenue from all local ad availabilities on channel, will cross-promote Fox cable operation on its own station and will carry some Fox programming for 6-8-week period to "prime the pump" for cable station, Kellner said. Fox gets larger audience for national ads and TCI becomes more attractive to cable subscribers, he said.

KVEO owner Associated Bcstrs. hasn't told NBC about new arrangement, even though it would be promoting competitor that could siphon audience from NBC programming, Vp Clark White said. "I really think they will support it," he said, because network is looking for new revenue sources for affiliates and even discussed similar types of deals at recent affiliates meeting. White also said there will be promos for NBC programming on Fox cable station: "Because they are so different, we have got something for everybody." NBC reaction to deal was guarded, with spokesman saying only that "it's a unique local situation and it probably makes sense from that station's point of view."

**DECONCINI PONDERING BILL:** Drive in House to reform cable compulsory license could be matched soon in Senate, where Copyright Subcommittee Chmn. DeConcini (D-Ariz.) is considering offering alternative focusing on fostering development of DBS, wireless cable, other emerging technologies, he disclosed last week after his panel's hearing on future of license. He said his proposal still was in genesis stage, but wasn't likely to be identical to HR-4511 by House Judiciary Committee Chmn. Brooks (D-Tex.) and his Copyright Subcommittee Chmn. Hughes (D-N.J.), which would repeal license within 10 years for all beneficiaries. FCC Chmn. Sikes urged panel to abandon license altogether, was opposed by CATA, NCTA.

DeConcini's plans are far from settled, he told reporters, and won't be pursued if there's chance to accomplish goal through amendment in House to cable bill (HR-4850) with HR-4511 or some piece of proposed reforms as increasingly is expected. Significantly, Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) attended DeConcini hearing to warn against any efforts by panel to tie compulsory license reforms to cable bill for fear of hurting prospects for its retransmission consent. DeConcini hopes to introduce his bill within 2 months, and aide said his approach would focus on implications of license reforms for over-air sports telecasts, ability of 3rd party packagers and small cable operators to gain access to cable programming, development of new technologies.

Nothing short of complete elimination of license would satisfy Sikes, he said again: "It would be a serious mistake for Congress... to build on what is a fundamentally flawed system." He not only wouldn't extend license to more technologies but also indicated he wasn't too thrilled with HR-4511's plan for broadcasters and urged license phaseout in 3 years. If quick phaseout isn't possible or cable bill with retransmission consent is enacted, Sikes advised Subcommittee to encourage Copyright Royalty Tribunal to try to "replicate" market rates better for programming in dividing license royalties as transition step toward phaseout.

Sikes also advocated fees for cable carriage of distant network signals, and said satellite carriers should be barred from delivering additional local TV station signals without station consent. Congress should resist ever extending compulsory license to DBS or HDTV, he said, but if existing system is retained for interim period, it "makes sense" to extend benefits to cable competitors in wireless cable and TVRO industries. "However, the compulsory license system shouldn't be part of the long-term plans of these providers," he said, "nor should [DBS] licensees preparing to establish service be induced to make investments on their functioning under a compulsory license."

DeConcini was sympathetic to home dish industry's demand for retention of compulsory license for TVRO programmers beyond planned 1994 expiration under Satellite Home Viewer Act, advocated by National Rural Telecommunications Co-op (NRTC) Chmn. Robert Phillips. He also urged legislation to give dish programmers standing to sue satellite carriers for discrimination in program marketing and recommended maintaining compulsory license for program distributors serving rural areas.

CATA Pres. Stephen Effros and NCTA Pres. James Mooney separately opposed eliminating compulsory license. "There really is nothing broke here," Mooney said. System has worked well to ensure widest distribution of local TV, they agreed, while helping foster program diversity. Repealing license would create chaos in program marketplace, Mooney said. "Every [cable] system on average

carries around 6 local signals and 3 distant signals," he said. "Negotiations for clearances for all of the programs carried on these stations would be an impossible task, even for large systems." Consumer Federation of America also opposed repeal.

DeConcini was especially interested in impact reform could have on sports telecasts, which some witnesses predicted would encourage migration to cable and pay-per-view (PPV). United Video Senior Vp Jeffrey Treeman forecast demise of superstations without license. But Major League Baseball Comr. Fay Vincent denied that cable or PPV were attractive to baseball, saying salable games packages can't be predicted in preseason. He committed to keeping major baseball events on over-air TV.

**TAUZIN PUSHES OVERBUILDS:** Cable bill amendment to let telcos sign lease-purchase agreements with cable overbuilders is "worth thinking about" as way to encourage telcos to help finance and build competitive cable systems, House Telecom Subcommittee member Tauzin (D-La.) told Competitive Cable Assn. (CCA) conference in Washington last week. He said idea could help consumers get benefits of competition quickly. Rep. Boucher (D-Va.) said at same meeting that he believes Congress should consider creating dual revenue stream for broadcasters from retransmission consent and expanded compulsory license.

Telcos would be able to buy into cable overbuilder only if Congress later approves telco entry, Tauzin said, but would be able to sign agreement now giving them right to do so. He said telcos are reluctant to provide financing for overbuilders and build systems for leaseback now because they hope eventually to set up own cable systems. Tauzin said "small amendment" to cable bill (HR-4850) "would open the door to partnerships" by giving them incentive to start process now in anticipation of eventual passage of teleco-entry legislation. Others in industry, including NCTA Pres. James Mooney, told us they believe telcos already could sign -- and in some cases have signed -- such agreements outside service areas, but apparently would need FCC waiver inside service area.

"If there has ever been a chance [to enact cable bill], this is the year," Tauzin said: "This is the consumer issue of the year, and one that we can win." He said chances are better now than in 1990 because veto is less likely in presidential election year and there's been no clear veto signal from White House. Tauzin almost certainly won't vote for bill if program access provision is watered down, he said, because program access is "heart and soul and life" of bill. CCA Pres. Harry Cushing of Telesat Cablevision said that if program access is reduced, overbuilders should "tell them to save their breath, we'll try another day."

Boucher said he doubts Bush would sign deregulatory cable measure, although lawmaker is confident package will clear Congress this year. Member of House Copyright and Telecom Subcommittees, Boucher also wasn't optimistic that cable compulsory license bill would go far this year, but he expects it to come up again next year, when he's considering proposing expanding existing rule to include broadcasters. He said stations should be paid for value of their signal through retransmission consent, and individual programming. Boucher said he can't support proposal by Judiciary Committee leaders for phasing out compulsory license, saying that would strengthen cable's competitive position by making it more difficult for stations to obtain copyright clearances for local signals and by undermining 3rd party program packagers such as wireless cable operators, who at least need to be granted standing under copyright law to sue competitors for discriminatory program marketing practices.

**IBM SEEKS MULTIMEDIA PARTNERS:** Time Warner (TW) is one of several companies considering multimedia joint ventures with IBM, officials said, but immediate decision isn't likely. IBM Multimedia Gen. Mgr. Lucie Fjeldstad is expected to discuss computer company's plans at opening general session of NCTA convention in Dallas May 4. Any joint venture, such as possible TW link-up first reported by AP, apparently would marry new generation of IBM-developed personal computers and high-capacity digital switches with TW software and marketing. Other companies mentioned as possible IBM partners include Apple, Disney, MCA.

IBM's multimedia plans involve merger of PCs, TVs and VCRs, allowing consumer to mix broadcast-type video with interactive games, data, audio and other services to create new generation of entertainment and information, spokesman said. For home use, he said, IBM has developed Multimedia M57 computer, which adds such things as CD-ROM drive, 16-bit audio card and specialized software to PS/2 computer. One of key developments would be high-capacity data switch that could route video to homes, much like telephone switch. Reports indicate that IBM expects to have switch available by June, possibly based on 45-Mbps digital router (called the 6611), used in National Research & Education Network.

For TW, interactive multimedia system would allow company to use fiber cable network and IBM-developed digital video storage system to bypass video stores, delivering movies on demand to all cable subscribers. Programming also could involve interactive games, business-related data and other services, including connecting networks of personal computers. One source told AP that prototype system would be operating within 18 months.

Meanwhile, consumer testing of interactive multimedia software and hardware developed by joint venture of GTE ImagiTrek and Philips Interactive Media will begin later this year, companies said. Among other things, system would include cues in broadcast TV programming that would tell Compact Disc-interactive (CD-I) system when to display additional information such as baseball player's statistics during game telecast. Joint venture, which uses software and programming developed by GTE and hardware by Philips CD-I, "will create an important platform for growth in interactive multimedia," Philips Interactive Media Systems Dir. Gaston Bastiaens said.

House unit last week approved 1/3 reduction in Public Telecommunications Facilities Program's current (FY 1992) funding. Bush Administration had urged rescission of full \$22.92 million, but House Appropriations Committee accepted subcommittee recommendation of \$7.67 million cut. Action was championed by Commerce Appropriations Subcommittee Chmn. Smith (D-Ia.), who was reported as saying that NTIA-administered facilities replacement and enhancement program had completed mission since great majority of Americans receive public TV and/or radio signal. Further PTFP funding could lead to "gold plating" of stations, he said. House Commerce Committee Chmn. Dingell (D-Mich.) and Telecom Subcommittee Chmn. Markey (D-Mass.) were critical of partial rescission, terming it "as pernicious as the previous unsuccessful and misguided attempts to end funding." In April 28 letter to Appropriations Committee Chmn. Whitten (D-Miss.), they said rescission would prevent 46 facilities projects from being funded this year; slightly more than 120 were funded last year.

**INDUSTRY WINS ONE IN TAX DEBATE:** Tax treatment of intangible assets should be simplified and applied to govt. licenses, Asst. Secy. of Treasury Fred Goldberg told Senate Finance Committee last week. Renewing Bush Administration support of efforts to allow broadcasters, cable, etc., to depreciate assets such as customer lists, he said current system fosters uncertainty and inequity while imposing extra costs on companies and depriving Treasury of tax revenues. NCTA Pres. James Mooney also endorsed simplification in written submission.

Goldberg outlined how Administration had worked with broadcast, cable and other industries for language in earlier bill (HR-4210) to provide amortization right for such intangibles as cable franchises. But bill was vetoed by President Bush in larger dispute with Democrats over tax policy. White House had opposed amortization of govt. grants year ago but "we have been persuaded that the economic value of certain perpetual, government-granted rights may have finite, if indeterminable, economic life" and "we no longer oppose 14-year amortization for government-granted rights," Goldberg testified.

Mooney said excluding govt. licenses and permits from proposed 14-year writeoff "has no logical basis since other intangibles with indefinite lives, most notably goodwill, could be amortized" under proposals. "To permit the amortization of such intangibles as goodwill and to deny amortization of government licenses would not only perpetuate the conflicts inherent in the current system, but also create new grounds for further dispute."

Goldberg also endorsed excluding freestanding purchases of films, sound recordings, videotapes, books, etc., from coverage unless acquired in larger transaction and opposed retroactive application of new amortization plan. Simplification efforts received sympathetic reception from Committee Chmn. Bentsen (D-Tex.). Standalone bill is being given good chance of passage.

**New front in telco-cable war** broke out when USTA filed petition asking FCC to reject Cox's purchase of 50.1% of Teleport Communications. USTA said petition was based on "unfair competitive ground rules" and violations of Cable Act. Cox Vp Alexander Netchvolodoff said he hadn't seen filing and couldn't comment specifically, but said telco policy appeared to be: "It's no-holds-barred on some competition and all-holds-barred on others." USTA says Cox shouldn't be able to provide telecommunications services in same area as it offers cable service. Cable operators have been less restricted in their ability to offer telecommunications services provided by telephone companies than are telcos that want to offer video services, USTA said: "USTA believes that as long as the Cable Act proscribes telephone company-cable television cross-ownership, the proposed acquisition of Teleport by Cox and TCI presents a fundamental issue of competitive fairness."

FCC Mass Media Bureau gave noncommercial WHMM (Ch. 32) Washington special temporary authority (STA) April 29 to air Pittsburgh Penguins-Washington Capitals hockey playoff game, commercials and all. WDCA-TV (Ch. 20) Washington has rights to game but station has been off air because of transmission problems. Income from sale of commercials went to Capitals, with game also aired on WDCA-TV's normal spot on area cable systems through WHMM signal. Public Bestg. Act prohibits noncommercial stations from airing paid spots, so STA from Commission was necessary for WHMM to carry game.

**Franchising cable overbuilder** doesn't violate Storer Cable's First Amendment or due process rights, U.S. Dist. Court Chief Judge William Bertelsman, Covington, Ky., ruled in case involving 50,000-subscriber system in Boone and Kenton counties, Ky. Storer had claimed that its rights were violated when counties franchised overbuilder, Jacor Cable, in 1985 and 1989. Storer said approval of overbuilder violated its right to speak and due process, since Jacor received more favorable franchise terms on number of required channels and levels of public access. As result of overbuild, Storer said its own franchise had become "commercially impracticable." Bertelsman rejected due process claim, which Storer had based on fact that it wasn't allowed to bid on competing franchise, on ground that Storer was "arguing that it had a right to bid against itself." Court also cited Ky. law that franchise award can't be voided without proof of fraud, collusion or dishonesty. To make First Amendment claim, Bertelsman said, Storer would have to prove that Jacor received more favorable treatment as result of attempt to censor Storer, but "no suggestion is made that the defendants' motives in letting the competing franchise were anything other than economic." Court did leave open possibility of eventually finding that Storer was denied equal protection because Jacor won more favorable terms. Bertelsman said Storer must prove that difference in conditions had no rational basis, and court couldn't decide that without full evidentiary hearing. He said Storer clearly is entitled to hearing, but warned that "the expense of this case is so great as to attract intense media attention and criticism. In the opinion of the court, both sides have failed to recognize the public interest in reaching a prompt resolution... and have failed to negotiate in good faith." As result, he said "various experimental procedures" to expedite process will be used. Storer was awarded 15-year franchise in 1980.

**Best way to make small fortune** from FCC spectrum lotteries "may be to start with a large fortune," said Ralph Haller, chief of FCC Private Radio Bureau. He told Land Mobile Communications Council meeting in Washington last week that FCC was receiving 1,000-1,200 wireless cable applications per month, even though it already had 20,000-30,000 on file and most major market licenses have been awarded. More FCC enforcement isn't way to stop application mills, he said, and alternative of comparative hearings is "expensive, lengthy and often turns upon some very fine differences." He suggested using spectrum auctions: "It's not clear to me why spectrum is that much different from other government property." Auctions would benefit users, Haller said, because "as long as you obtain your spectrum for free from the government, the government will always have a large say in how you run your business."

**ABC TV Network** is claiming extra 1.2 rating point and additional 2 million male viewers 18 and over for 17 weeks of Mon. Night NFL Football telecasts in 1991 season, based on special study by Nielsen commissioned by network. Study used personal diaries and national random sample, rather than in-home people meters used by Nielsen for its regular ratings. Said Richard Montesano, ABC vp-mktg. research: "This is the first time we've had research to verify that there is a sizable audience watching each and every game... in out-of-home locations." Normally unmeasured locations audited by Nielsen in special study included restaurants, bars, private clubs, colleges, hotels/motels, work sites, "other locations." Nielsen has issued special rating book on Mon. Night Football that adds 7% to regularly measured audience. Network TV Assn. has commissioned Nielsen to measure all out-of-home viewing in study starting in fall.

**Satellite Bcstg. & Communications Assn. (SBCA)** has set preliminary strategies to fight covenants and deed restrictions against satellite TV dishes. Buddy Davis, chmn. of SBCA's Committee on Covenants, Conditions & Restrictions, told us that group plans to shift focus away from zoning issues to covenants and deed bans. He said that through court action, education and publicity, many of restrictive zoning ordinances against outside antennas have been eliminated. But he said covenants and deeds remain biggest issue facing satellite TV industry today. "Eighty percent of new housing developments have restrictive clauses against outside antennas," Davis said. Committee's first step, he said, will be to create U.S. database of restrictive covenants and deed restrictions. Davis, TVRO dealer in Waldorf, Md., said it's essential to define extent of problem in order to raise money from satellite TV industry to fight battle. Study is expected to be completed in 60 days, but costs aren't yet known. Next step will be to file petition asking FCC to take stand against covenants and deed restrictions or to support suit against offending home owner associations on basis of First Amendment rights. Davis said he favors suit, noting that Commission still hasn't acted on April 1991 SBCA petition that asked it to clarify its 1986 order that communities couldn't discriminate in zoning ordinances against satellite dishes. FCC on March 19 preempted local satellite dish zoning ordinance in Deerfield, N.Y., ruling that town had discriminated against earth stations. Davis believes ruling and Commission's 1986 order have done little to change restrictive covenants and deed restrictions.

**Financials:** **Viacom** had \$7.1-million profit in first quarter ended March 31, vs. \$3.7-million loss year ago, mainly because of 15% earnings growth by **MTV** to \$46 million and 14% operating profit gain to \$29 million in Cable Div. Interest expense dropped 22% to \$56 million. **Showtime** operating profit jumped 25% to \$10 million and broadcasting profit 73% to \$3 million, reflecting revenue gains of 10% in TV and 9% in radio. Entertainment segment operating profit dropped 17% to \$23 million... **Disney** profit was up 30% to \$164 million in 2nd quarter ended March 31, and revenue 15% to \$1.65 billion. Filmed entertainment revenue rose 5% to \$641 million and operating profit 28% to \$85.4 million.

**Ad Notes:** Cable networks are carrying more ads per hour than broadcast networks, according to Arbitron study commissioned by **Network TV Assn.** Study of one week in Nov. said cable networks carried average of 11 min., 12 sec. of ads per hour, vs. 9 min., 12 sec. for ABC, CBS and NBC, and 11 min., 4 sec. for Fox. Leader was CNN at 13:22 per hour, followed by CNBC at 13:09 and Nashville Network at 12:54. Lowest was Arts & Entertainment at 9:35. Average independent station carried 11:21 of ads per hour and syndicated programming averaged 13:21.

**Meetings:** **President Bush** heads list of speakers for May 3-6 ANPA convention, Waldorf-Astoria Hotel, N.Y. He addresses lunch May 6, preceded May 5 by Ross Perot and Bill Clinton. Other speakers include German Chancellor Helmut Kohl; N.Y. Mayor David Dinkins (keynoter); U.S. Ambassador to Russia Robert Strauss; ANPA Chmn. Robert Erbura, L.A. Times Co.; ANPA Pres. Cathleen Black; Hearst Corp.'s Frank Bennach; Sen. Moynihan (D-N.Y.); Rep. Eckhart (D-O.).

**Encore** has contributed to 42% drop in pay cable erosion, TCI said after study involving its cable systems that carry new channel. Pay-to-basic ratio increased 52% (including Encore) after Encore was introduced, TCI COO Barry Marshall said. Analysis involved 906 systems with 6.8 million subscribers.

**Jefferson-Pilot** (JP) management is expressing confidence it will win proxy fight against dissident stockholders at annual meeting May 4 in Greensboro, N.C., although several analysts who follow company say they expect vote to be close. Fight is being led by Louise Parsons (granddaughter of JP founder), who owns about 300,000 shares (1%) and who filed suit against company because of "unrestricted" stock options granted executives. Proxy statement for 1990 meeting had said shares would be "restricted." Last month, U.S. Dist. Court Judge Richard Erwin in Greensboro ruled that JP officers couldn't vote or sell disputed shares because company had misled investors. JP said use of word "restricted" in 1990 statement was "inadvertent" and is asking holders at meeting to ratify 1990 stock option plan being contested. Parsons' group has nominated candidates for 7 of 20 JP directors to be elected -- including her and her husband. Major holder Cal. Public Employees Retirement System has endorsed dissidents, and Parsons said they had support of insurance company's largest "institutional shareholder" (unidentified). JP owns WWBT Richmond, WBT Charlotte, 9 radio stations, Jefferson-Pilot Sports programming. According to proxy statement, JP Chmn.-Pres. Robert Soles received \$1.57 million in "cash compensation" in 1991, Exec. Vp William Blackwell \$341,360, Senior Vp John Warmath \$320,626, Senior Vp-Treas. Thomas Free \$294,461, Senior Vp Randolph Ferguson \$253,684. Soles, who is 71 and has headed company 25 years, said he won't seek renewal of contract when it expires at end of year.

**Cable groups** want minor changes in cable technical standards adopted by FCC (TVD Feb 17 p4), they said in filings May 1. In joint filing, NCTA and CATA seek clarification and partial reconsideration of several sections of rules, especially on number of test points. They said that in adopting rule, FCC went beyond agreement between cable interests and municipalities, saying additional tests are needed for mechanically continuous cables. Filing said standards agreed to by municipalities would accomplish same result. Cable groups said they're generally pleased with rules but want clarification as to proper location for testing involving converters and channels to be tested. Cablevision Systems, in separate petition for reconsideration, asked Commission to revise rules for notifying subscribers of complaint procedures, saying they were adopted without prior notice and would affect cable operators adversely without commensurate public benefit. MSO said it doesn't object to notification, but urged simplified method because it serves 70 L.I. communities from single headend, requiring voluminous mailings to subscribers.

**Fees for inspecting pole attachments** charged by Va. Electric & Power Co. (VEPCO) are unreasonable, FCC Common Carrier Bureau ruled. Bureau said VEPCO should "negotiate in good faith" with Newport News Cablevision on dividing costs of inspections among pole users, but refused to award attorney fees to cable system. Bureau based decision on policy that pole-related costs should be paid by beneficiaries of work, and said cable system wasn't only beneficiary. However, it didn't find VEPCO's technical requirements for pole attachments to be unreasonable.

**Gannett Co.** is in acquisition mood, with first quarter 1992 marking "the end of the difficult earnings picture," Vice Chmn. Douglas McCorkindale told shareholders at annual meeting in Arlington, Va.: "If the right opportunity presents itself in broadcasting or [billboards] or any other line of business that is related to news or advertising or information, we are ready to pursue the acquisition." Gannett said negotiations for acquisitions are continuing, but didn't elaborate.

**Program Notes:** **Discovery Channel** said it will increase its original programming more than 50% with fall schedule. Instead of current level of 21% original, co-produced or commissioned programming, 1992-1993 level will be 33%. Another 20% will be heavily repackaged, Discovery said, and 81% of schedule will be U.S. premieres... **Turner Bcstg.** said its 4 cable networks -- CNN, Headline News, TNT and WTBS -- drew total audience in 12-month period ending in Feb. that exceeded that of any broadcast network. Despite end of Gulf War before beginning of period, Turner said its 4 networks had combined Nielsen share of 10.8, vs. 10.3 for CBS, 9.4 for NBC, 8.5 for ABC. Meanwhile, **CNN International** will be distributed throughout Japan on Japanese Superbird-B satellite beginning in July. Network received Japanese govt. license April 21 for direct-to-home service.

**RTNDA is continuing fight** against legislation (HR-3614, S-2297) that would turn Landsat program over to Pentagon, claiming news media access to information would be limited. Bill would give jurisdiction over govt.'s remote sensing program to Defense Dept. and NASA, allowing DoD to bar release of satellite photos for national security reasons. RTNDA Pres. David Bartlett said measure is unacceptable because it would give DoD power to decide what will and won't be released. "There is no appeal process," he said. "They do not have to justify their decision." House Science Committee approved bill last month; Senate Science Subcommittee has scheduled hearing for May 6.

**Ex-FCC Chmn.** **Newton Minow** and former NBC Pres. Robert Mulholland have been added to "faculty" for NAB TV management seminar at Northwestern U. July 19-24 to discuss "state of broadcasting." Seminar will feature case study on station-syndicator negotiations for programming rights, sessions on financial and strategic planning, marketing policy -- Debra Lewis, 202-429-5368. NAB also is hosting radio management seminar June 7-13 at Notre Dame U. that will stress business strategy, sales and marketing, economics and human dynamics, marketing and joint sales agreements, ownership rules and music licensing -- Jacqueline Kane, 202-429-5402.

**Ex-KDKA-TV Pittsburgh** news anchor Ron Klink last week defeated incumbent Rep. Kolter (D-Pa.) in Democratic primary race for state's 4th Dist. seat in House. Kolter's defeat made him 6th House incumbent to fail in primary bid so far this year and was attributed to divisions of 4-way race, Klink's high name recognition after 20 years at station and allegations about incumbent's ethics. Kolter ran 4th in race with 19% of vote and Klink had 45% in what's generally Democratic district, making him likely winner in Nov. against Republican college Prof. Gordon Johnston.

**FCC Gen. Counsel's Office** approved settlement agreement, clearing way for grant of Ch. 15 Las Vegas to **Tierra Alta Bcstg.** Tierra Alta had been favored in Review Board decision, prompting appeal by losing applicant Lorraine Arms. However, parties reached agreement in Feb. for Arms to withdraw her application in return for payment of legitimate expenses -- which she said amounted to \$60,226.91. Gen. Counsel approved payment of \$60,003.81. Among claimed expenses disallowed was \$65.50 for delivery of documents to Arms' attorney.

**Outspoken critic** of public broadcasting, Committee on Media Integrity (COMINT) Co-Chmn. David Horowitz, will have weekly half-hour interview show on public KCRW-FM Santa Monica beginning May 15.

**TV Answer** is "clearly" different from license application mills, it said in news release last week responding to Better Business Bureau "investor alert" on application mills. Rather than application mill, interactive video data service (IVDS) firm TV Answer said it's "provider of lottery application assistance services" and several aspects "clearly differentiate TV Answer... from licensing mills": (1) TV Answer is involved in financing, technology and other services, in addition to application process. (2) It has invested \$60 million and 6 years in developing IVDS. (3) It doesn't make promises of return on investment. (4) Its application fee is much less than typical mills and "in many cases... does not cover the costs of producing" documentation. (5) TV Answer itself won't apply for IVDS license. (6) TV Answer isn't franchise firm. It also said that FCC has acted to discourage any IVDS fraud by requiring \$1,400 application fee, prohibiting license transfers until system is 50% built, setting minimum construction deadlines. Meanwhile, company announced it has completed construction of \$2.1-million satellite network hub site at corporate hq, Reston, Va. Hub is central collection point of TV Answer's national satellite transmission system. It houses technology to collect, process and transmit information between product/service providers and local cell sites.

**CableLabs** will develop guidelines for digital delivery of program guides, data, multimedia and others services, Pres. Richard Green said last week. He said first guidelines, which will be useful for delivery of program guides, should be ready "very soon." CableLabs also signed teaming agreements with Liberty Media's X\*Press Information Services and Canada's Videoway for joint R&D on data service guidelines. Guidelines will recommend such things as protocols, digital packet structure, bit rate, error correction procedures and cable transmission parameters including modulation, bandwidth, channelization, spectral location. Plans would allow for both one-way, low-bit-rate channels and 2-way interactive high-speed channels, Green said: "A guideline-driven approach will allow great efficiencies by encouraging the delivery of such services in the same format with similarly configured hardware." Walter Ciciora of ATC, chmn. of CableLabs Technical Advisory Committee, said guidelines also are needed to assure creation of "shelf space" for cable carriage of new services and are "vital to our industry's ability to move quickly to be a preeminent provider of these services."

**Technical Notes:** **Jerrold** is featuring customer-premises equipment in its exhibit at NCTA convention in Dallas May 3-6. Key products include CFT-2000 on-screen display addressable converter, PC-based ACC-4000 addressable controller, variety of remote control units. **Jerrold** also said Viacom will use its equipment for 1-GHz fiber rebuild of 18,000-subscriber system in Castro Valley, Cal. System eventually will have 150-channel capacity... **Scientific-Atlanta** and **Sega** Enterprises will demonstrate **Sega's** Hologram Time Traveler video game, distributed over cable system, at NCTA convention. **Sega** is touting videogames as way to use cable's expanded bandwidth. In system, relatively expensive computer and video storage device is located at headend, relatively inexpensive display and control in consumer's home.

**FNN** creditors and shareholders overwhelmingly approved reorganization plan under Chapter 11 bankruptcy, company said -- more than 90% of creditors and 99.7% of shareholders. **FNN** will transfer remaining assets (exclusive of cable network sold to **CNBC**) to new company that will continue to operate stock quote service and other offerings.

**Senate** passed controversial compromise campaign reform bill (S-3) April 30 by 58-42, margin too thin to override President Bush's expected veto. House on April 9 also passed bill by too-small margin, 259-165. Nonetheless, proponents called votes milestone as first-ever successful 2-chamber action on comprehensive campaign reforms. They vowed to continue drive for legislation in 103rd Congress. Bill contains numerous provisions important to broadcasters, particularly changes in periods for which lowest unit rate would apply to campaign ads. S-3 would have shortened windows for discounts to 30 days before primaries and 45 days before general elections, vs. current 45 and 60 days, respectively. Senate candidates who abided by bill's spending limits also would be able to buy broadcast time at half of lowest unit rate for up to 45 days before general election, and receive vouchers worth up to 20% of their campaign spending limit to cover cost. Air time bought also would have to be nonpreemptible and candidates clearly identifiable in ads. They would be required in all ads to make statement taking responsibility for content. Ads would have to be closed-captioned. Bush has vowed to veto bill because of proposed spending limits, govt. offsets and variety of other larger, partisan issues.

Saying that "4 years of procedural wrangling, while a TV assignment made nearly a decade ago remains unused, were enough," FCC has ordered expedited hearing into revocation proceeding of Black TV Workshop CP for noncommercial KEEF-TV (Ch. 68) L.A. Permit was granted in April 1983, and after 4 extensions to construct, station went on air in March 1987. However, FCC soon determined that KEEF-TV was broadcasting from different tower location, using different type of transmitter and different power than specified, ordered station off air, started revocation proceeding. Since then, there have been several disputes and lawsuits among stockholders, petition to disqualify FCC Law Judge Joseph Chachkin and attempt to sell station. However, Commission ruled proposed price was "excessive" under its distress sale policy. Agency said it will bypass Review Board consideration of exceptions to Chachkin's decision and rule directly.

**Intent to buy** Olympics TripleCast has doubled in last 4 months to 3.4%, according to new survey by Strategic Media Research. Expected buy rate is still well below 6% level that NBC and Cablevision Systems reportedly need to break even on pay-per-view event, but officials pointed out 3 prime sales months remain before Olympics. Survey showed that awareness of TripleCast has grown to 44% from 25%, including more than 50% among men 18-24 and 35-49 and among college graduates. Awareness hasn't topped 50% among viewers of any major cable network -- including ESPN, survey showed. Intent to purchase was same 3.4% level for both men and women.

**Hearst Corp.**'s WIYY(FM) Baltimore has been fined \$2,500 by FCC Mass Media Bureau for "willful and repeated violation" of prohibition against broadcasting ads for lotteries. Bureau ruled that in Jan. 1990, station aired 12 commercials for "Ball's the All-American Bar" in conjunction with Super Bowl party for which \$20 admission was charged and prizes were awarded.

#### OBITUARY

**Allan W. Ginsberg**, 53, exec. vp-gen. mgr. of WTTG Washington 1980-1983, died in Cincinnati hospital April 28 following stroke. Graduate of U. of Wis., he spent 17 years with Metromedia (then WTTG licensee) at various stations. After leaving Metromedia, he started broadcast management consulting company. Wife, stepdaughter survive.

## Personals

**Edward Joseph**, on loan to House Telecom Subcommittee, returned May 1 to General Accounting Office's Information Management Technology Div. In other panel turnover: **Lisa Gursky**, mass media policy analyst handling cable bill, and staff asst. **Craig Margolis** will leave at summer's end to attend Yale Law School; counsel **Howard Homonoff** already has left to become dir.-corporate and legal affairs, Continental Cablevision.

**Leslie Lurie**, vp-comedy development, NBC Entertainment, and **Vicki Horwitz**, writer/producer, Patchett/Kaufman Enterprises, form unnamed production company to be owned by NBC Enterprises... **Donald Ledwig**, CPB pres., on June 1 joins American Production & Inventory Control Society, nonprofit information clearinghouse based in Falls Church, Va., as exec. dir.; his last day at CPB is expected to be May 29. New CPB pres., former VOA Dir. Richard Carlson, is expected to take over in July.

**Harriet Seitler**, senior vp-mktg. and promotions, MTV Networks, appointed senior vp-new business development, VH-1, new post... **Jonathan Housand**, ex-pres., Ameritrust National Bank, South Bend, named pres.-gen. mgr., WNT-TV (PBS) there... **Gillian Rees**, ex-NBC, appointed vp-publicity, E! Entertainment TV... **Scott Marshall**, ex-Providence Capital, appointed dir.-finance, Cap/ABC Radio... **Michael Weber**, ex-SRO/Pace Promotions, becomes dir.-communications, Turner's World Championship Wrestling... Elected to NAB radio board in designated seats for major-market group owners: **Joseph Field**, EnterCom Best. Group; **Randall Odeneal**, Sonnix Bestg.; **Owen Weber**, Summit Communications; they succeed **Ted Dorf**, Greater Media; **Richard Harris**, Group W; **Michael Osterhout**, Edens Bestg.

Competitive Cable Assn. Exec. Dir. **David Foster** is resigning to devote more time to personal business interests, will be replaced on interim basis by **Linda Gieseler**, associate at law firm Farrow, Schildhause & Wilson... **James Eaton**, dir., KYW Enterprises, Philadelphia, adds duties of program coordinator for parent Group W TV... Changes at Harron Communications: **Greg Bicket**, ex-United Artists Cable, joins as exec. vp-COO; **Gregory Raymond** promoted to vp-operations; **Joel Cohen**, ex-United Artists Entertainment, joins as chief financial consultant... **Chris Cathcart** resigns as CNN and Headline News PR mgr.

**Michele James**, ex-Westinghouse Bestg., named vp-mktg., US FiberCom Network... Additions to Akin, Gump, Hauer & Feld, Washington law office: **Tom Davidson**, ex-Sidley & Austin, as partner; **Margaret Tobey** of counsel... **Richard Thorne**, ex-New Choices magazine, named vp-national sales and mktg., Cabletelevision Ad Bureau... **Barry Kluger** promoted to senior vp-media and network relations, VH-1... **Kathy Leverett**, ex-KCBS-TV L.A., joins NBC News at Sunrise as senior producer, replacing **Michael Clancy**, named co-producer, Sat. Today and Sun. Today... **Jeff Derome**, ex-ABC TV Network, appointed dir.-publicity, East Coast, Fox Bestg.

**Kevin Reymond**, ex-Westinghouse Bestg., named vp-chief financial officer, Viacom Best. Group... **Greg Veon**, publisher, Decatur (Ill.) Herald & Review, appointed station mgr., KOIN-TV Portland, Ore... **Tim May**, ex-FCC Office of International Communications, joins Freedom Technologies as dir.-international and regulatory matters... **Marc Bressack** promoted to dir.-cable TV systems sales, A.F. Assoc.

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FCC Schedule -- May 4: Comr. **Barrett** speaks at National Engineering Consortium's Information Industry banquet, Rye Hilton Hotel, Rye, N.Y., 6:30 p.m. May 5: Chmn. **Sikes** speaks at NCTA breakfast at Assn.'s convention at Dallas Convention Center, 8:15 a.m. Comrs. **Marshall** and **Duggan** participate in general session moderated by CNN's **Larry King**, same place, 9 a.m. **Walda Roseman**, dir.-Office of International Communications, participates on panel at National Engineering Consortium, Rye Hilton Hotel, 8 a.m. May 7: **Richard Smith**, chief, Field Operations Bureau, attends Emergency Best. System regional workshop, Hyatt Regency at Dallas-Ft. Worth Airport, 8 a.m. May 8: **Sikes** is keynote speaker at International Small Satellite Organization, Watergate Hotel, Washington, noon. NTIA Schedule -- May 6-8 Acting Dir. **Thomas Sugrue** addresses International Research on Electronics & Automation Conference on "Telecommunications 2000: From Myth to Reality," Venice, Italy.

Two N.Y. law firms have 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 24 hours per day to review editorial and ad copy for libel and privacy issues.

# Consumer Electronics

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd statistical week of April and year to date:

	APRIL 11-17	1991 WEEK	% CHANGE	APRIL 4-10	15 WEEKS 1992	15 WEEKS 1991	% CHANGE
TOTAL COLOR.....	277,391	258,231	+ 7.4	314,400*	5,391,689	5,228,313	+ 3.1
DIRECT-VIEW...	274,530	254,051	+ 8.1	311,247*	5,300,019	5,144,405	+ 3.0
TV ONLY.....	261,390	248,564	+ 5.2	299,944	5,090,249	4,956,386	+ 2.7
TV/VCR COMBOS	13,140*	5,487	+139.5	11,303*	209,770*	188,019	+11.6
PROJECTION....	2,861	4,180*	-31.6	3,153	91,670*	83,908	+ 9.3
VCR DECKS.....	197,611	149,743	+32.0	160,863	2,836,420	2,356,940	+20.3
CAMCORDERS.....	37,119*	23,737	+56.4	36,942*	546,423*	479,475	+14.0

Direct-view TV 5-week average: 1992--368,946; 1991--324,105 (up 13.8%).

VCR deck 5-week average: 1992--199,592; 1991--166,306 (up 20.0%).

Camcorder 5-week average: 1992--42,983\*; 1991--36,458 (up 17.9%).

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

**REPORTS VARY WIDELY ON L.A. RETAIL DAMAGE:** Only thing clear about effects of L.A. riots on local businesses there is that consumer electronics stores were among primary targets in many of hardest hit areas. It was more difficult to ascertain with any degree of confidence at our deadline accurate count of what stores had been hit and how badly they had been damaged. Rumors of major damage to wide variety of stores were flying around country. All stores that still were open were operating with sharply reduced hours, with managers empowered to shut doors and leave if staff felt threatened. Among damage reported by area retailers:

Silo Exec. Vp Danny Hourigan said Hollywood store was looted Thurs. night of 80-90% of its merchandise and suffered severe damage to its fixtures and exterior. He said store would remain closed "for quite some time." He also said there had been "incidents" in Long Beach and attempted break-in at Canoga Park store.

Circuit City spokeswoman said store on La Cienega Blvd. in L.A. had suffered major looting, with lesser looting in Hollywood and West L.A. stores. She said stores had suffered no structural damage. With many other stores operating for reduced hours, she said Compton, La Cienega and Hollywood stores would be closed as weekend began.

Good Guys Pres. Robert Gunst said none of company's L.A. area stores had been damaged and said armed off-duty police officers were present in 2 stores, including one across from Beverly Center. He said all stores were open and he was attempting to ascertain whether Beverly Center store could be safely staffed and opened "more as a statement to the community that things would return to normal" than as economic decision. Gunst said only Good Guys stores damaged were in northern Cal. -- one in Berkeley and one on Van Ness St. in San Francisco having windows broken, with some merchandise stolen from one store.

Rogersound Labs Pres. Murray Dashe said none of company's 11 stores had problems, although incidents occurred within mile of at least one location. Stores would be operating on reduced hours, he said. Sales late in week were off "considerably," although chain still was doing some business.

In addition to larger chain stores, it was apparent that smaller outlets in central areas were among hardest hit. Among those reported with severe damage were Central TV & Appliance, David Distributing,

Sammy's Camera. Said one local rep: "There's going to be a ripple effect here. There are going to be a lot of people who aren't going to be able to pay their bills, and they employ a lot of people in the area."

EIA Consumer Electronic Group Vp Gary Shapiro said Assn. would be exploring ways this week of helping dealers get back on their feet in aftermath of devastation. He also noted irony of situation for electronics dealers, which were major targets: Camcorder that recorded beating of Rodney King was what ultimately set off entire incident.

**ZENITH TO MAKE TVs WITH INSIGHT PROGRAM GUIDE:** Zenith will offer TV sets with built-in decoding for InSight Telecast's on-screen program guide and VCR programmer starting next year as part of 5-year development agreement companies announced last week. Zenith and InSight will preview cable box for InSight system at NCTA convention this week, for sale to cable systems this year, they said.

InSight system, demonstrated in 1990, provides on-screen interactive program listings for all available TV shows (TVD Sept 17/90 p13). Viewer can choose program to watch or tape with remote control unit by title rather than time and channel, or can call up short on-screen description of any program. Program listings may be viewed as well by channel or category -- "movies," "sports," etc. On-screen program titles can be superimposed on screen to identify shows when tuning from channel to channel. Information is carried in compressed digital form during vertical blanking interval of PBS stations, leased by PBS's for-profit National Datacast, reaching some 90 million households, InSight's estimates.

Most intriguing part of InSight system is ability to program VCR merely by selecting program by on-screen title and pushing button on wireless remote. Although InSight originally said system would be built into VCRs (which Zenith said it plans to do later), first Zenith TVs will be able to program VCRs by means of infrared transmitter built into set that can be programmed for any VCR's remote control codes.

InSight is privately held company backed by Viacom, Tribune Co., Spelling Entertainment, TV Host/TV Listing (which provides computerized program listings nationwide), Sumitomo Corp. Sumitomo, major Japanese trading company, said in 1990 that it was organizing "VCR manufacturing consortium with companies throughout the Far East" to include InSight feature in their recorders, which at that time was estimated to add \$50-\$150 to price,

On-screen program listings, constantly updated and individually tailored to viewer's area and cable system, if any, will be available by subscription at cost of "less than \$10 a month." InSight Pres. Michael Faber told us goal was to offer service at "less than the cost of TV Guide," or about \$4 monthly. To register for service, consumer calls 800 number, gives location of home, zip code and name of cable system and is included on "map" providing program listings designed for each specific area. Updated program listings are supplied by TV Host to PBS's Alexandria, Va., satellite uplink, where it's relayed to all PBS affiliates during blanking interval.

Under terms of agreement, Zenith will be exclusive manufacturer of TV sets with InSight decoding for one year after production begins. Zenith, which has widespread experience with teletext and captioning, will work with InSight to develop electronics for inclusion of program guide into TVs, VCRs and cable decoders. Faber told us Sumitomo still is involved in licensing foreign VCR manufacturers.

Faber said InSight system is compatible with TV Data System developed by EIA, which can be used for foreign language captions, program identification and limited VCR tuning (TVD April 27 p14). InSight was member of task force that developed that system and will propose it to FCC. That system, which will involve captions and program labels transmitted by individual stations or networks, is relatively slow and far more limited than InSight. It could be extended to programming VCRs, but on-screen program selection displays would be limited to single channel's programming.

TV Guide, meanwhile, is planning interactive on-screen program guide in conjunction with Liberty Media, to be delivered by cable. Liberty Media said system may require unspecified hardware in viewers' homes and could carry advertising. Two other interactive video ventures featuring major corporate players were announced last week, meanwhile -- by IBM and Time Warner, and by Philips and GTE. Details are elsewhere in this issue.

**ZENITH MAY QUIT CAMCORDER RACE:** Chmn.-Pres. Jerry Pearlman hinted broadly that Zenith may drop out of camcorder marketing unless some way is found to restore profitability to that segment of consumer electronics. In news conference before company's annual meeting, Pearlman also: (1) Blamed

principal competitor's price cutting for company's failure to achieve goals in first quarter. (2) Conceded that flat tension mask (FTM) tube program is behind schedule and indicated its first use in TV set could be in high definition. (3) Saw no market for 16:9 widescreen non-HDTV sets.

"There's no margin left in camcorders at all," he said in answer to question. Asked if Zenith will "get out" of that market, he replied: "We don't have a history of hanging around for a long time subsidizing markets." He indicated Zenith will discuss with its vendors "if there is a means for us to stay in essentially as a commission agent, but we're not going to take any substantial capital risk for owning a lot of inventory in a marketplace where there is no margin."

Asked if move out of market was imminent, Sales & Mktg. Senior Vp Gerald McCarthy indicated company still felt VHS-C could become viable product and was taking wait-and-see approach, hoping for "more sensible business environment," while negotiating further with suppliers.

Pearlman told stockholders that company "improved profits by tens of millions of dollars in 1991" in consumer electronics, but that was "masked by soft conditions in Zenith's other businesses and by the high R&D investments." One week earlier, Zenith reported first-quarter loss of \$28.6 million, attributed mainly to lower color TV unit sales (TVD April 27 p17). Other topics covered by Pearlman:

First-quarter results. "Moderately disappointing" figures were "a little bit worse than our corporate budget of last fall," he said. Difference was "almost totally related to price movement" by competitor (obviously Thomson). In addition to lower revenue per set as result of 2% price decline, Zenith "lost some unit volume while we were implementing" competitive cuts. He said he thought competitor was reacting to earlier cuts in over-30" sets by another company with "large investment in a tube factory" (presumably Toshiba). However, he said, big-screen price cuts "trickled down very rapidly" throughout entire line down to 20" models.

He said it was obvious that production capacity for large-screen tubes was "very substantially in excess of market demands" and that quality and performance of projection TV was another factor putting pressure on big tubes. Normally higher margins on bigger sets have been "squeezed out of the marketplace," he said.

Flat tension mask (FTM) tube. He said launch in computer monitor field was "harder than we thought and the pricing environment worse than our expectations," and program is 6-12 months behind schedule, but Zenith is delivering 15" and 17" monitor tubes using float glass faceplates from Pilkington in U.K. He predicted FTM tube would be "ideal in HDTV" and indicated its first use in TV would probably be for HDTV, although he reiterated forecast that Zenith's first HDTV sets would be projection models (TVD April 20 p19). When FTM does go into production for HDTV, he said, "most likely we will seek to do this in some kind of partnership -- our technology and someone else's facility."

Widescreen 16:9 tubes for NTSC. "We certainly don't think it's a market, don't think it's logical, don't think there's going to be any demand for that product line," referring to Thomson's plans to introduce models in U.S. this year -- "but then we don't have a 16:9 picture tube plant in Italy that we're trying to figure out how to fill."

Color TV assembly in Mexico. Pearlman expressed surprise about publicity and "overfocus on where the final assembly sticker gets put on" after announcement of move from Springfield to Mexico. He said that many other companies were assembling TVs in Mexico and that Thomson "has just broken ground for a new final assembly plant in Juarez" (see separate report, this issue). In speech to stockholders, Pearlman said Zenith's picture tube plant in Melrose Park, Ill., employs more than 3,000, and even after move to Mexico is completed this summer, company will employ more than 6,000 in U.S.

"Flat" means "flatter." Zenith lost first round in its complaint to Better Business Bureaus' National Advertising Div. (NAD) about Panasonic's use of "SuperFlat" to describe its not-quite-flat picture tubes (TVD Oct 7 p13), Pearlman revealed. NAD responded that word "flat" is commonly used to mean "flatter," he said, adding that Zenith would continue to fight to prevent use of word flat "for something that isn't flat."

Home multimedia. It isn't going to be high-resolution system and will have less resolution than most computer monitors, Pearlman believes. "What it needs to make it a market is good software and good functionality. Players costing \$600 to \$800 that don't play anything you want to view more than one time are... a waste of money."

Relationship with Goldstar. "We are buying components and VCRs and selling some components to them, including tens of millions of dollars annually in picture tubes." He said agreement offers profit opportunities for both companies. "We meet at the CEO level periodically. It's a very good relationship." For strategic operating reasons, both companies agree it makes sense to keep Goldstar's ownership of Zenith below 5%, he said.

Financing. Pearlman said Zenith would be more comfortable with more capital, but had no immediate plans for financing, while "looking at lots of different ways to have more financing flexibility." Asked if Zenith would "hunker down," getting out of some businesses, Pearlman replied: "We're pretty hunkered."

**CAMCORDER IMPORTS, INCLUDING 8mm, CONTINUE DIP:** In apparent reflection of continuing inventory glut, camcorder imports showed sharp drop for 3rd consecutive month, with Feb. receipts off 32.2% from same month last year, Commerce Dept. reported. For 2nd time in last 3 months, imports of 8mm camcorders declined -- off 28% in Feb. -- while "others" ran 35.6% behind last Feb.'s pace.

Boosted by triple-digit gains from Korea and Malaysia and fast rampup in production in Indonesia, VCR imports continued to climb, showing 30% gain over last Feb. Although they continued to run well ahead of last year's pace, Feb. represented first time since June in which fewer than one million units came into country. And although it maintains status as largest source, Japan's share of total continues to wane: Imports from Japan were off 9.3% for month (to 443,100), accounting for 44.7% of total. Indonesia continued to build steam as significant VCR source with 46,800 machines shipped here in Feb. That's largest number from Indonesia, where Matsushita Kotobuki and Sanyo operate plants, for any month since it started showing up on Commerce Dept. reports in Oct.

Feb. color TV imports were 15.6% ahead of Feb. 1991, which was 2nd lowest month of year. Mexico was most prolific source by far, with 58.2% of Feb. total, 53.2% in first 2 months. That dwarfs next largest sources -- Malaysia and Thailand -- each of which accounted for 9.4% (72,000). Monochrome set imports continued to dwindle, with 144,900 arriving in Feb; shipments are off 17.8% for year. Largest percentage of monochrome TVs imported (38%) are small TV/radio combos. Flat-screen imports were up 92.5% in month.

CD player imports rose 27.1% in Feb. to 532,900, with 79% coming from Japan. Next largest source was Mexico, with 5% of total. Here's tabular summary of major imports in Feb. and for first 2 months of 1992:

Product	Feb. '92	Feb. '91	% Chg.	2 Mo. '92	2 Mo. '91	% Chg.
Color TV.....	769,200	665,850	+15.6	1,555,200	1,298,900	+19.7
Monochrome TV....	141,900	161,600	-12.2	295,150	359,000	-17.8
Flat-screen TV...	16,650	8,900	+92.5	24,600	11,100	+121.9
VCR decks.....	990,900	762,350	+30.0	2,020,550	1,530,100	+32.1
Camcorders.....	187,200	276,200	-32.2	364,300	490,400	-25.5
8mm.....	89,000	123,700	-28.0	173,600	182,900	-5.1
Other.....	92,200	152,500	-35.6	191,600	307,500	-37.7
Videocass. players	44,300	35,200	+25.9	79,700	88,500	-10.0
CD players.....	532,900	419,300	+27.1	1,093,600	776,200	+40.9

**Unit sales to dealers of direct-view color TVs, combos, VCRs and camcorders all registered gains for week ended April 17, according to EIA (see State of the Industry).** Just as in month's first week, projection TV was only category to decline from last year. For first 2 weeks of April, unit sales to dealers of color TVs were up 14.4%, VCRs 35.9%, camcorders 56.4%, TV/VCR combos 121%. Projection TV sales lagged 26.7% behind last year, but continued 9.3% ahead for year to date. Through first 15 weeks, all categories were exceeding year-ago results.

**Thomson Consumer Electronics (TCE) lost 2.48 billion francs (about \$446.4 million) worldwide last year, down from loss of 2.7 billion francs (\$486 million) in 1990, parent Thomson S.A. reported.** TCE's loss includes 1.5 billion (\$270 million) restructuring costs. Its sales dipped 6% to 31.16 billion francs (\$5.61 billion).

**Videogame accessory line** will be introduced this summer by Tengen, software publishing subsidiary of Atari Games Corp. Virtually all of first offerings will be electronic products, including joysticks, control pads, RF switches and cleaning kits for Nintendo Entertainment System (NES) and Sega Genesis, along with battery packs, AC adapters, magnifier/light and cleaning kits for Game Boy and Game Gear handhelds. Package design will be consistent with Tengen's software presentation.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 134 yen = \$1, except where noted.

**GOOD GUYS, HIGHLAND RESULTS: Good Guys**

Pres.-CEO Robert Gunst said 53.1% drop in company's net income for 2nd quarter ended March 31 (see financial table) "continues to reflect highly aggressive pricing in the California consumer electronics market." As we reported (TVD April 13 p15), chain's sales for quarter rose 21% and comparable-store sales 3%. In first half, Good Guys' earnings were off 18.6% on 23.2% sales gain, with comparable stores up 5%. While acknowledging impact of competitive pricing on bottom line, Gunst said company is confident "our continued statewide expansion program and the market share gains we continue to believe we have achieved in our existing markets have positioned the company well for the future."

**Highland Superstores**, apparently nearing end of long negotiations with creditors on out-of-court restructuring, reported \$154 million loss for year ended Jan. 31. Loss includes \$68.6 million in restructuring charges related to company's exit from N.Y. and Minn. (TVD April 8 p13) and from Tex. and New England (TVD June 10 p15). It also includes \$67.8 million related to effects of change in accounting for extended warranties. Factoring out those charges, chain lost \$17.6 million for year, compared with \$11.8 million loss in prior year.

In 4th quarter, Highland's earnings jumped 63.5% as sales declined 46%. It operated 49 stores at end of year, down from 92 year earlier. In statement accompanying earnings report, Highland said it will report operating loss for quarter ended last week, although it will be "substantially less" than in first quarter year ago. It said sales "continue to be soft."

Separately, Stuart Hertzberg, attorney for Highland's creditors, said negotiation process "is moving into the documentation phase." He said he expects restructuring agreement will be drawn up and approved by creditors' committee within 30 days.

**NAP IN BLACK IN 1991:** Although parent Philips Electronics' annual report showed loss from U.S. and Canadian operations in 1991 (TVD April 13 p16), annual report of subsidiary N. American Philips (NAP) reveals that NAP as whole moved into profit column last year, and that its consumer electronics operation advanced from operating loss of \$52.5 million in 1990 to income of \$67.9 million in 1991.

Net sales in NAP's consumer electronics segment were down 2.1% in 1991 to \$2.034 billion from \$2.078 billion in 1990, report said, attributed to "low consumer demand for video group products in a weak economy." Report said move to consumer electronics operating profit resulted from "reduced losses in the personal computer business, lower advertising expenses and savings resulting from cost-reduction measures." Philips has announced it's ending marketing of personal computers in U.S. (TVD April 13 p12). Loss in 1990 included \$22.4 million provision for restructuring.

NAP as whole posted \$3 million profit for 1991 as opposed to \$681.3 million loss in 1990, while net sales of \$6.065 billion were down less than 1% from \$6.119 billion year earlier.

NAP entered 1991 with backlog of \$219.2 million in consumer electronics orders, up from \$186.3 million year earlier. It reduced number of employes to 43,300 in 1991 from 48,600 at beginning of year.

**IBM, GTE AND INTERACTIVE TV:** Major data processing companies continue to explore new aspects of interactive TV, with 2 new tie-ins coming to light last week. Time Warner, only company with both movie studios and cable interests, is negotiating with IBM to create libraries of material -- movies, text and other matter -- that cable subscribers could call up with remote control unit or computer.

Last year, Toshiba and C. Itoh agreed to invest \$1 billion in joint ventures with Time Warner (TVD Nov 4 p4), and it's believed both could be involved in new TV project. At same time, it was revealed in Japan that IBM, Apple and Toshiba are discussing joint venture to develop multimedia hardware and software for consumer market. It's understood that Time Warner also is involved in those discussions, which include such possible products as audiovisual travel guide.

GTE ImagiTrek, Carlsbad, Cal., CD-I software developer, is working with Philips in Eindhoven on system that would let broadcast or cable TV program control CD-I player, using TV's vertical blanking interval to hunt out sections of CD for on-screen display. For example, batting averages could be called up during baseball game telecast. System also is seen as ideal for education by TV, and live tests are planned later this year in southern Cal. At Redhill, England, meanwhile, Philips engineers are working on system to let viewers send back signals to TV transmitter by phone line.

Apple's first "personal digital assistant," to be launched next year, will be called "Newton," according to Financial Times, which quoted "industry insiders" as saying it would be "notebook-sized tablet with a pen instead of a keyboard," incorporating "diary, phone book and other personal organizer programs."

**TCE TV PLANT IN MEXICO:** Thomson Consumer Electronics (TCE), which announced it would build assembly plant to produce 20" color TV sets in Juarez, Mexico, almost 2 years ago (TVD Aug 27 p10), finally is proceeding with plan. TCE noted that "all major manufacturers except Thomson" now are producing 20" sets in Mexico.

Company said it plans to produce 500,000 20" sets in Mexican plant next year. "Beyond that point," it said, "specific production plans are subject to competitive conditions in the industry." TCE originally had intended to start Mexican production of sets in 1991. Company has plant in there that makes circuit boards and other components, but not complete TV sets. It said it will continue to produce large-screen sets, including 16:9 widescreen models, in Bloomington, Ind. TCE said pointedly that "a principal competitor has begun moving all of its TV receiver production to Mexico," presumably in response to Zenith Chmn.-Pres. Jerry Pearlman's comment that TCE has broken ground for new Juarez plant (see separate report, this issue).

Zenith's move of final assembly to Mexico is scheduled to be completed this summer. In fact, only 2 assembly lines remain at Springfield, Mo., plant, and one -- a night line -- is scheduled to close May 15, union source there said. Portion of last remaining line will remain ready for pilot production and for output of special orders. Plastic molding and distribution functions will continue in Springfield.

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**EIA Trade Directory** and Membership List for 1992, listing more than 1,000 member companies, is now available at \$85 per copy for members and \$200 for others -- Carol Benda, 202-457-4905.

**TAIWAN TARGETED ON COPYRIGHT:** U.S. Trade Representative (USTR) Carla Hills ratcheted up debate on international protection for intellectual property trade last week, identifying Taiwan as next country that U.S. will target for bilateral talks to end unfair trade practices. Taiwan joins India and Thailand, already on U.S. list, as denying "adequate and effective protection" and permitting continued piracy and other violations of U.S. copyrights for sound recordings, films, books, etc.

Action was applauded especially vigorously by Nintendo of America (NOA) Gen. Counsel Lynn Hvalsoe, who issued statement expressing company's hope that "U.S. government will succeed in negotiating changes that will resolve the serious deficiencies in Taiwan's intellectual property laws and ensure adequate and effective protection of our copyrights and other intellectual property rights. Failing that, Nintendo would support the imposition of tough trade sanctions against Taiwan."

In Feb., NOA and several of its software developers asked for action against Taiwan, charging that "the preponderance of the ROM semiconductor chips used in the counterfeit videogame cartridges are manufactured by one company -- United Microelectronics Corp. -- which was created, funded and is 30% owned by the Taiwanese government." NOA estimated that more than \$1.5 billion in retail videogame sales were lost to counterfeiters in 1990.

Six trading partners also were added to list of countries with which U.S. already is seeking reforms. Newcomers, including Korea, were added to 3 that included European Community (EC), which U.S. views as problem in part because of discriminatory policies on film-TV imports. "We need to see significant progress in addressing deficiencies in intellectual property protection or market access," Hills said. There also are 22 nations on 3rd list representing group for which negotiations can be expected to be launched eventually. These include China, Italy, Japan, Saudi Arabia, Spain, others. U.S. will monitor political developments in republics of former Soviet Union before tackling trade problems there, Hills said.

Action also was applauded by wide range of groups from variety of software disciplines, including Recording Industry Assn. of America (RIAA), Motion Picture Assn. of America (MPAA) and other members of multi-industry International Intellectual Property Alliance (IIPA), which also pushed hard last fall for copyright-related trade sanctions against China (TVD Dec 9 p16).

MPAA Pres. Jack Valenti said: "Ambassador Hills has demonstrated once again that she is committed to opening markets for U.S. intellectual property and ensuring that it's adequately protected. It should be apparent to all our trading partners that our government will no longer tolerate market access barriers or lack of intellectual property protection." Valenti said most significant element of USTR announcement was that progress was being made on some fronts, notably in India and Indonesia, which have agreed to remove import restrictions on U.S. films and videocassettes. However, he was disappointed Italy didn't make priority negotiation list in light of what he called "flourishing" video piracy there. Move had been pushed earlier last month to Hills by IIPA, of which MPAA and RIAA are members. Valenti also attacked EC's restrictive TV-film import quotas and endorsed U.S. efforts to remove those barriers.

**JVC opens liaison office in Beijing, plans one in Shanghai this year and one in Guangzhou in 1993.**

**TECHNICS-MCA ANNOUNCEMENT?** Technics has scheduled "major" news conference for 7 p.m. May 5 at Universal Studios, L.A., fueling speculation that it plans joint announcement with Matsushita affiliate MCA Records on DCC. (As we went to press Fri., it wasn't possible to assess how situation in riot-torn L.A. might affect preparations for Tues. evening festivities.)

Technics has been as cautious about revealing DCC marketing plans as Matsushita was in even acknowledging its DCC development role year ago. PR spokesman declined to discuss subject of planned news conference or confirm whether it was DCC related, other than to say it would include audio announcement that was "very, very big." However, it's believed company plans link with Japanese news conference scheduled simultaneously for 11 a.m. May 6, Tokyo time. While U.S. reporters weren't being told nature of announcement, Japanese journalists were told it would be about products "that are DCC-related."

Technics Vp-Gen. Mgr. Michael Aguilar wouldn't comment about event, but reiterated that company planned to make DCC pricing and availability specifics known at Chicago Consumer Electronics Show. Japanese sources said companies in L.A. were preparing to discuss hardware and software availability and possible cross-promotion activities, but not pricing. One unconfirmed report indicated that MCA-affiliated labels would reveal slate of 100 or more DCC software titles to support Technics hardware launch. All that Aguilar would confirm last week was that company would carry through with plan to run "teaser" DCC ads in consumer magazines starting later this month. He said ads would depict image of inverted city skyline with tagline telling readers that Technics will turn audio world upside down.

**COMMODORE PROFIT UP:** Commodore reported sharply increased net earnings in quarter to March 31, although sales were down 21% (see financial table). Company said sales decline resulted primarily from discontinuation of unprofitable low-end MS-DOS line and economic softness in certain markets, partly offset by 10% increase in unit sales of Amiga line and continued growth in professional PCs. Consumer version of Amiga has been "well received," it said.

**BMC Industries**, posting 50% increase in profit for first quarter on 6.1% rise in sales, credited its Cortland, N.Y., color tube aperture mask plant along with lens operation. German mask operation, however, "was negatively impacted by the soft economy in Europe," which particularly hurt large tubes.

**Wells-Gardner** first-quarter sales were up 37% and company was in profit column as opposed to loss in last year's same quarter. Leading sales advance were monitors for video lottery terminals, sales of which quadrupled to \$1.7 million. Coin-op videogame and leisure segments also were up. Wells-Gardner said it expects financial benefits of recently announced restructuring plan to be realized later in 2nd quarter.

**Tops Appliance City**, 4-store N.J. retailer with estimated annual consumer electronics sales volume of \$175 million, announced intention to convert from partnership to corporation and to make initial stock offering in July. Owner Les Turchin would remain majority stockholder. It's expected that proceeds of offering will be paid to company and be used to fund expansion and retire existing debt.

**SEGA, NINTENDO TRADE CUTS:** Sega and Nintendo traded price cuts on 16-bit videogame systems last week in dual efforts to seize dominant share of market that's expected to hit 6 million units this year.

Sega announcement of \$20 price cut on Genesis console came first, restoring \$50 price advantage it had enjoyed during holiday season, when it sold for \$150, compared with \$200 for Super Nintendo Entertainment System.

"With this price reduction, we plan to further expand our market share," said Sega of America Pres. Thomas Kalinske, who said company is "well on our way to doubling last year's sales and [we] have just increased our forecast for 1992."

"They're making a bold statement that they won't relinquish their position," said Ted Hoff, senior sales and mktg. vp for Tengen, software publisher, calling it "a pretty smart strategic move."

But late Fri. Nintendo, which had dropped SNES price to \$180 early this year (TVD Jan 13 p13), cut it further to \$150. Nintendo of America Mktg. Vp Peter Main said cut will enable company "to expand our leadership position in 16-bit systems." In news release, Nintendo claimed 60% of 16-bit market.

History of 16-bit market over last 9 months has been one of conflicting claims of superior sales by Sega and Nintendo. General industry perception has been that significantly more SNES consoles are sitting in dealer inventories at this point, which give Nintendo greater price protection liability as it institutes price reduction.

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Jury in U.S. Dist. Court, San Francisco, gave Nintendo victory Fri. in antitrust suit filed by Atari Corp. that had charged Nintendo with using its preeminent position in 8-bit videogame market to force software publishers not to create programs for competing systems. Jury ruled in favor of Nintendo on 7 counts and was unable to reach verdict on 2 others. Attorney William Jaeger, who represented Atari, expressed disappointment that "the jury did not understand the negative impact Nintendo's exclusive contracts had on competition because of Nintendo's power over its suppliers and customers." Trial took 10 weeks and jury deliberated less than week.

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**Nokia will invest** \$42 million in adapting part of its Esslingen, Germany, picture tube factory to manufacture widescreen TVs. Company said production of 16:9 tubes would begin by end of 1993. Plant will continue making range of conventional 4:3 tubes and will be outfitted to make black matrix tubes, to replace current Black Planigon and Black Planigon Invar models.

**China produced** 3.06 million color TV sets in 1992's first quarter, up 6.3% from 1991 period, State Statistics Bureau said. Indicated monochrome TV production was 3.69 million. Because of decline in b&w, total TV output of 6.75 million units was down 0.5%. For comparison, domestic color TV production in U.S. is estimated at 2.4 million.

**Projectavision** said last week it has sold \$1 million in common stock to 3 private European investors. Board voted to offer preferred stock at no cost to holders who exercise their warrants to buy 2 shares of common stock at \$1.50 per share, subject to SEC approval.

**Go-Video** will introduce uniquely styled TV/VCR remote that controls basic functions of both machines through use of only 5 buttons. Scheduled to be delivered in Sept. at \$60 retail, unit is shaped, in words of Pres. Robert Palko, like "bar of soap" with thumb controller. Controller selects channel when it's moved up and down and volume when moved left or right. Similarly, when in VCR mode, it controls stop and play functions when moved up or down, rewind and fast forward when moved left and right. Meanwhile, Palko said that sales for quarter ended last week were more than 50% higher than Nov.-Jan. quarter, and that Go-Video expects to report "significant reduction in operating losses" for quarter. Palko said company will introduce "quality guarantee" program at Chicago Consumer Electronics Show under which customers who have any problem with dual-deck VCR in first 90 days can call toll-free number and arrange for pickup of defective deck and replacement with new deck directly from Go-Video.

**Ads & Promos:** TDK will sponsor Free Tickets for Students program at Chicago Symphony Orchestra's Ravinia Festival in Highland Park, Ill. Company will make 50 free lawn passes for festival concerts available to middle school and high school students on day of event. TDK is continuing for 4th year to sponsor similar program at Tanglewood, providing up to 4 free children's lawn tickets per parent or guardian on day of concert... JVC will be one of 8 sponsors of 1994 World Cup soccer tournament to be held in 9 U.S. cities June 17-July 17, 1994. Cities named as game sites are Boston, Chicago, Dallas, Detroit, L.A., N.Y., Orlando, San Francisco, Washington, D.C... Nintendo will sponsor promotion with Video Jukebox Network May 16 and 23; those who call special line 6-9 p.m. those days to request specific video to be played will be given free 2nd choice courtesy of Super Nintendo.

**Sony's plans** for moving into former AT&T hq in Manhattan include intention to convert former AT&T Infoquest telecommunications exhibition to "Sony Media World," design and exhibition center for audio and video technologies. Area probably would include small souvenir-type shop that could sell what spokesman called Sony "trinkets" and such things as Columbia Pictures T-shirts. Sony America spokeswoman was noncommittal on whether building eventually would house N.Y. version of Sony's "Gallery of Electronics" that opened in Chicago late last year (TVD Dec 16 p8). Under Sony's proposal, some of what now is open arcade would be converted into retail space, but Sony USA spokesman said possible tenants haven't even been discussed.

**Pioneer executives** last week sought to clarify trade reports on April 9 ruling by FTC granting its request to modify 17-year-old order (TVD Aug 25/75 p7) barring it from setting minimum advertised prices (MAP). Mark Smith, senior mgr.-planning and coordination for Pioneer home electronics, said FTC gave company green light to establish MAP program so long as it's "unilaterally applied," meaning that policy on termination of dealers and withholding of co-op allowances related to MAP must apply equally to all accounts. Company's purpose in seeking FTC modification was to put Pioneer on equal plane with "most of our top competitors" that already have MAP programs in place, not to use programs as weapon against dealers, Smith said.

**Plans to buy** TV sets dropped in April, although Consumer Confidence Index rose and optimism for next 6 months increased, Conference Board reported. Just 6.5% of households planned to buy TV sets in next 6 months, according to preliminary figure, down from revised 7.2% in March and 6.7% in April 1991. However, April figure was far from the low for last 12 months -- just 5% in June 1991.

## Consumer Electronics Personals

**James Meyer**, ex-gen. mgr., High End TV Product Management, named Thomson Consumer Electronics senior vp, TV-Americas, succeeding **Joseph Clayton**, now exec. vp., mktg. and sales (TVD March 23 p11). Meyer is responsible for TV product management, manufacturing, advanced TV product development, industrial design and engineering. He joined RCA in 1976, has held key positions in finance and sales... **Gerald McCarthy**, sales and mktg. senior vp, and **Albin Moschner**, operations senior vp, elected to Zenith board, as expected (TVD March 16 p20); slate of 8 other dirs. was reelected... **Patrick Wilson**, ex-Philips Consumer Electronics PR dir., forms Hanley-Wilson & Assoc., Knoxville, PR and marketing communications firm (615-922-3380).

**Lynn McCullough** named Radio Shack product mgr. responsible for acquiring goods for sale through TandyVision in-store multimedia kiosks... **Louis Lopez**, Sherwood national credit mgr., promoted to dir. of corporate general administration... **Sen. Gore** (D-Tenn.) is keynote speaker at EIA 5-Year Forecast Conference of Federal Information Needs, May 20, J.W. Marriott Hotel, Washington... **Robert Carlson**, who resigned last July as BMC Industries chmn.-pres.-CEO, resigns from BMC board... **Bruno Bieler**, ex-pres., Professional Computerized Notebooks Inc., named pres. of new Medical Publishing Div. of Franklin Electronic Publishers.

**Phaedra Valencia** promoted to Republic Pictures Home Video product mgr. for Hallmark Hall of Fame titles... **Dan Huslin**, ex-AP, joins MPI Home Video as asst. PR dir... **Stephen Schwartz**, ex-Schwartz Bros., named Star Video Md. branch mgr.; former Schwartz Bros. credit mgr. **John Samuels** appointed branch credit mgr... **Robert Allen**, ex-vp, Westwood, N.J.-based Videorent, which had kiosks in Newmark & Lewis consumer electronics chain, joins Coming Attractions as circulation dir., replacing **Charles Passy**, resigned to pursue other interests... **Jutta Miotkowski**, ex-German toy and gift manufacturer Bullyland, named Turner Home Entertainment international and merchandising vp, based in London.



**Laserdisc Graphics (LD-G)** will be introduced by Pioneer this month on Japanese market to superimpose titles and other on-screen material on laserdisc programming. Aside from obvious karaoke function, Pioneer suggests system can be used for optional translation of dialog in foreign films, information on artists, language lessons, etc. First LD-G/CD combi player, karaoke unit, will list at about \$970, some \$225 higher than similar player without DL-G. Company plans to introduce decoder in Sept. for use with conventional LD players. LD-G discs will sell for same price as standard LDs, Pioneer said, noting that addition of graphic material adds only about \$7,500 to cost of making disc master. Pioneer also introduced in Japanese market pair of combi players containing separate trays for CD and LD that operate independently.

**Emerson** was ordered last week to hold shareholders meeting July 7 by Hudson County, N.J. Chancery Court. Ruling on request by 20.2% stockholder Fidenas Investment (TVD April 20 p18), court ordered both sides not to take "extraordinary actions" that might unfairly influence proxy solicitation and confirmed Fidenas's right to names and addresses of shareholders. Fidenas says it plans to propose slate of nominees to give it control of Emerson board.

## 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
<b>Clear Channel Communications</b>			
1992-qtr. to March 31	15,794,572	275,311	.03
1991-qtr. to March 31	16,346,214	(814,928)	---
<b>Commodore International</b>			
1992-9 mo. to March 31	770,300,000	49,500,000	1.47
1991-9 mo. to March 31	830,700,000	44,900,000	1.37 <sup>b</sup>
1992-qtr. to March 31	194,600,000	4,100,000	.12
1991-qtr. to March 31	246,300,000	1,400,000	.04 <sup>b</sup>
<b>Franklin Electronic Publishers</b>			
1992-year to March 31	53,757,000	3,129,000	.47
1991-year to March 31	54,449,000	(5,837,000)	---
1992-qtr. to March 31	11,363,000	308,000	.04
1991-qtr. to March 31	6,824,000	(1,362,000)	---
<b>Good Guys</b>			
1992-6 mo. to March 31	269,337,000	5,333,000	.41
1991-6 mo. to March 31	218,675,000	6,550,000	.50 <sup>a</sup>
1992-qtr. to March 31	116,705,000	749,000	.06
1991-qtr. to March 31	96,240,000	1,596,000	.14 <sup>a</sup>
<b>Lin Broadcasting</b>			
1992-qtr. to March 31	123,925,000	(37,221,000)	---
1991-qtr. to March 31	99,759,000	(54,961,000)	---
<b>Viacom</b>			
1992-qtr. to March 31	430,568,000	7,088,000	.06 <sup>b</sup>
1991-qtr. to March 31	407,196,000	(3,680,000)	---
<b>Walt Disney</b>			
1992-6 mo. to March 31	3,591,722,000	372,223,000	.70 <sup>a</sup>
1991-6 mo. to March 31	2,931,372,000	297,089,000	.56 <sup>a</sup>
1992-qtr. to March 31	1,655,084,000	164,097,000	.31 <sup>a</sup>
1991-qtr. to March 31	1,438,989,000	126,645,000	.24 <sup>a</sup>
<b>Wells-Gardner Electronics</b>			
1992-qtr. to March 31	10,589,000	74,000	.02 <sup>c</sup>
1991-qtr. to March 31	7,709,000	(670,000)	---

Note: <sup>a</sup>Adjusted. <sup>b</sup>After special charge. <sup>c</sup>Includes special credit.

**Videotape conversion service** via prepaid mailer is being launched by VidiPax International, startup company based in Eldred, N.Y. Service is merchandised in box that's size of VHS tape, containing mailer and instructions in English, Spanish, French. For \$39.95, consumer can get one-hour conversion from one format (or transmission standard) to another; beyond that, conversion is at rate of \$7.50 per hour, with complete duplicates at \$15 each.

**Ghost-cancelling** systems of Philips Labs and Sarnoff Research Center in collaboration with Thomson Consumer Electronics have been combined, companies announced last week. Former was selected as best in tests by NAB and latter by CableLabs. Details are in Best./Cable Section, this issue.

**Smaller screen sizes** led March's 5.4% increase in direct-view color TV sales (excluding TV/VCR combos), EIA said, noting that sales of sets under 27" were 6% higher than in March 1991, while larger sets were up only 2.3%.

## Obituary

**Reuben (Mark) Markman**, 63, pioneer audio rep, died of cancer April 25 in L.A. after long illness. Founder and owner of Markman Co., at various times he represented Pilot, H.H. Scott, Infinity, BSR, Sherwood, Onkyo, Sony magnetic products. Wife, 2 daughters, son survive.

# TELEVISION DIGEST®

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

With Consumer Electronics

MAY 11, 1992

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**DOLLAR SIGNS IN DALLAS:** Upbeat cable operators crowd convention floor, looking for technology bargains. NCTA attracts 13,758, about same as last year. Board meetings uneventful (P. 1) NCTA Notebook. (P. 5)

**FCC EYES TV RULES:** Ownership, network, political and hoax rules on agenda this week. Station limits and audience cap expected to be increased. (P. 2)

**CABLE BILL WRANGLING** intensifies in Congress as jurisdictional dispute breaks out between key House committees. Lawmakers, staff, industry assess bill prospects at NCTA convention. (P. 3)

**COMPRESSION RACE SET:** Five-way battle to sell NTSC compression. Cable ready to buy. Bid for broadcast NTSC compression likely. (P. 4)

**CABLE GOING MULTIMEDIA:** Time Warner talking with 'quite a few people' about possibility. Apple Computer demonstrates multimedia CNN. Koplovitz says 3rd generation may be virtual reality. (P. 6)

**CABLE LEADING TELCOS?** FCC commissioners and others bolster growing cable confidence that it can challenge telcos. Little mention of service or rate problems. (P. 6)

**COLLEGE FOOTBALL PPV:** ABC to provide regional games at under \$10 on Showtime subsidiary. Proposes 45% split of revenue for systems. (P. 7)

**CABLE INDUSTRY SEES DOLLAR SIGNS AT CONVENTION:** Relentlessly upbeat cable operators with dollar signs in their eyes and cash flow in their pockets crowded booths and hallways at NCTA convention in Dallas last week, ogling raft of new technologies with potential to hike revenue even more. Despite not having tourist draw of New Orleans (site of last year's gathering), Dallas attracted 13,758 attendees, virtually same number as in 1991. Figure included several hundred attracted as result of new NCTA initiative giving reduced rates for Wed.-only appearances by system-level employees. Next year: San Francisco.

Telephone issues and new technology competed for biggest conversation makers at convention. Maybe for first time, cable officials expressed some confidence that their advantages -- incumbency, new fiber networks, control of programming, sheer entrepreneurial verve -- might give them competitive edge over telcos, despite latters' financial clout. At least 2 FCC commissioners agreed with that assessment (see separate stories this issue on telco entry, new use of cable systems as alternative access carrier, PCNs).

Digital video compression clearly was biggest technological draw, with all 5 proponents showing off their systems in shootout that didn't appear to have clear winner (see separate story this issue). Like

### Consumer Electronics

**TECHNICS TO SHIP DCC DECKS** to U.S. dealers in Oct. Unit will sell for \$1,000 in Japan, but company is mum on U.S. pricing. Portable won't come at same time. (P. 13)

**CONSERVATIVE OUTLOOKS** for 1992 are rule despite fast start in sales to dealers. Thomson shows new aggressiveness, claims gains in major market share. (P. 14)

**PANASONIC ADDS 9 SUPERFLAT TVs**, due for delivery in late summer at \$700-\$1,900. Begins producing SuperFlat tube in U.S. with faceplates from Japan. (P. 15)

**FIRST-QUARTER CAMCORDERS** from Japan down 30%, but still 31% higher than number U.S. dealers bought in same period. Prices may have bottomed out. (P. 16)

**PHILIPS EARNINGS IN FIRST QUARTER** dragged down by consumer electronics, as company cites lower prices and 'unfavorable market conditions' for color TV. (P. 17)

**SOUND ADVICE REPORTS INVESTIGATION** sparked by accusations by former employee that it had made 'intentional misstatements' in financial reports. (P. 17)

**AKIO MORITA** sees flat panel for HDTV still many years off, denies 'format war' between MD and CDD, leaves door open to manufacture DCC hardware. (P. 18)

**APRIL RETAIL SALES REPORT** shows comparable-store gains by Circuit City, Best Buy and AV Affiliates. (P. 18)

telephony, cable operators see compression, with its expanded pay-per-view opportunities, as big revenue generator that will pay for itself quickly. But they were nearly as excited -- for same reason -- with new digital ad insertion equipment, multimedia services, data possibilities (see separate stories).

Technological opportunities appear to be coming at perfect time for cable industry because MSOs are looking for investments (one official cracked that TCI and Comcast are in real danger of being forced to show paper profit soon unless they find something to buy, quickly). Cable cash flow already is booming because MSOs are investing less in buying new systems, Century Pres. Bernard Gallagher said. He said industrywide free cash flow grew to \$1.5 billion in 1991, from just \$60 million in 1987. Partly as result, most operators will be able to pay for new technology from internal cash flow, he said.

Even continued threat of cable reregulation couldn't dampen enthusiasm, with many officials at show privately indicating that they believe chances of bill this year are fading as election year legislative cycle runs down and procedural roadblocks arise (see separate story).

NCTA board and executive board closed-door meetings during week were virtually uneventful, according to officials who attended. May 7 board meeting adjourned after just over hour of reports detailing status of reregulation legislation, FCC's video dial tone and HDTV proceedings, NCTA's PR campaign. No major issues were decided, we're told. Time Warner Cable Chmn. Joseph Collins was elected NCTA chmn., as expected, after being vice chmn. and chmn. of convention. TeleCable CEO Richard Roberts moves up from treas. to vice chmn., position that usually advances to chmn. next year. New officers are Times Mirror Cable CEO Larry Wangberg, secy., and Comcast Pres. Brian Roberts, treas. New board members are Simmons Communications Pres. Steven Simmons and Apache Cablevision Pres. James Monroe. Reelected board members are New Heritage Chmn. James Cownie, Marvin Jones Assoc. Pres. Marvin Jones, Newhouse Cable Pres. Robert Miron, USA CEO Kay Koplovitz, Landmark Communications Pres. John Wynne, Comm/Scope Chmn. Frank Drendel, Antec CEO John Egan, Cablevision Systems CEO James Kofalt, TCI's J.C. Sparkman.

**FCC TO ACT ON HOAXES AND TV OWNERSHIP:** Several actions in broadcast area are planned by FCC at May 14 agenda meeting, most of which will be welcomed by licensees. Single exception may be new rule on hoax broadcasts, which will state that licensees are responsible for actions of their employees. However, under proposal such broadcasts wouldn't be actionable by Commission unless "substantial public harm" was caused directly by hoax broadcast. Asked how proposed rule on hoaxes would fit in with Administration's 120-day moratorium on any new regulations (TVD May 4p2), FCC official responded: "We're working that out."

Expansion in number of TV stations that single licensee could own, along with increase in cap on national audience coverage, follows closely on similar changes in radio rules (TVD March 16 p2). Staff has proposed range to commissioners, rather than firm recommendation, that would raise 12-station ownership cap to 18-24. Coverage cap is likely to be raised to 35% of U.S. TV viewers from 25%, we're told. Cross-ownership prohibition (radio and TV station under same owner in same market), which has been waived repeatedly in recent years, is likely to be repealed, as is ownership of 2 TV stations with Grade B coverage overlap and ban against UHF-VHF combination in same market.

TV networks will get something they have asked for -- right to send down line 2 or more separate programs simultaneously -- plus something they haven't sought: Repeal of rule prohibiting them from buying stations in small markets unless there's strong independent in that market. In another change, FCC is expected to require that any network program preempted by affiliate be offered to independent in same market before it can be offered to network affiliate.

No major changes are contemplated in FCC reconsideration of its new political broadcast rules and declaratory ruling preempting courts from ruling on political broadcasting complaints. "On balance, licensees are getting most of what they want" on political rules, Commission official said. NAB also said it's satisfied with what it has been told about any planned changes in rules.

**KMSP-TV Minneapolis** reporter Julia Sandidge and photographer Rod Wermager were beaten and knocked unconscious May 8 by mob angered at false report that 15-year-old had been shot by police. Wermager's camera was stolen. Sandidge was in hospital in serious condition with brain trauma, possible broken nose; Wermager wasn't hospitalized.

**Senate Judiciary Committee** delayed action another 2 weeks on crime victim legislation (S-1251) that would allow suits against producers, distributors and retailers of film, record, video, etc., cited in court as motivation behind sex crimes. Committee is planning to act on revised version with tighter definitions and new hurdles to bringing suits against industry. Video industry remains opposed to bill.

**WRANGLING ON CABLE BILL:** With clock ticking on 102nd Congress, cable industry was heartened by news at Dallas convention last week that procedural dispute has broken out in House that could imperil immediate action on deregulatory legislation. Antitrust aspects of program access were reported to have reemerged as key issue in jurisdictional fight between House Commerce and Judiciary Committees, with settlement unlikely unless bill advocates back off, sources indicated at weekend. Battle already had been brewing between panels on copyright implications of retransmission consent.

Key Commerce aide David Leach said told convention that House parliamentarian was considering whether 2 provisions as currently drafted (HR-4850) justify request by House Judiciary Committee for crack at bill before it's sent to floor. He said parliamentarian has indicated Judiciary has strong case, which Commerce staffers reportedly were unable to dislodge after lengthy meetings last week, sources said. Commerce reportedly cited differences between copyright code's protections for rights owners and Communications Act's protection of broadcast licensees against unauthorized use of station signals in defending its right to bill.

But Judiciary tied bill's antidiscrimination program marketing language to antitrust law. There were hints at weekend that Commerce might seek to protect its jurisdiction by drastically rewriting or removing program access provision in markup. Should Judiciary win referral, bill's retransmission consent is likely to be replaced by bill (HR-4511) to reform compulsory license and require cable to pay broadcasters to retransmit local signals.

Judiciary referral could be big block to final bill action this year, Leach said, because panel deliberations could need more time than there's left before scheduled Oct. adjournment. (However, parliamentarian could set deadline for Judiciary Committee action.) Commerce still could avoid referral, Leach said later. He wouldn't specify what changes could be, but said 2 provisions wouldn't necessarily have to be removed entirely.

There was much speculation at convention on bill's prospects, with Republican lawmakers and staffers claiming that President Bush would veto HR-4850 or S-12, while Democrats were upbeat. Most lawmakers appeared to believe there's still "reasonable chance" legislation will emerge before adjournment, with Sen. Brown (R-Colo.) saying there's "50-50 chance" while Rep. Hoyer (D-Md.), head of Democratic Congressional Caucus, predicted bill would reach House floor by late May or early June. (Forecast was contradicted in Washington, where aides late last week were suggesting Commerce Committee markup may be delayed to June.)

Cable officials pushed concerns about unintended consequences of cable bill in closed meetings with lawmakers. While latter may have split on prospects of passage, most agreed bill probably would face major modifications first. Only 16 members of Congress were listed as attending convention this year, fewer than half of last year's total, and only about half of those 16 actually were spotted. NCTA attributed decline to pressures of election year.

Potential side effects of cable bill were pressed most strongly by Colony Communications Chmn. Jack Clifford, we're told. He said rate regulation, program access and retransmission consent provisions would mean higher rates for consumers, less new programming, less money for

improving customer service. Rep. Bryant (D-Tex.) said there wasn't much new at meetings with MSOs, but said he was impressed with arguments on "unintended consequences of the cable bill." He said, for example, that if cable systems have to pay for retransmission consent but can't raise rates it will mean fewer program channels or less service, and "the public will be mad." Rep. Schaefer (R-Colo.) said current version of bill would lead ultimately to poorer service "because the money will not be there to improve service." Both sit on House Telecom Subcommittee, which originated bill.

NCTA Pres. James Mooney predicted that if S-12 is passed and vetoed, override vote won't succeed because 37 senators -- 3 more than needed to block override -- have said they consider S-12 excessive. Mooney called those votes "gutsy, probably unpopular." He said legislation could cost cable industry almost \$6 billion and broadcasters another \$5 billion so "these bills would probably make cable rates go up, not down."

Minor dispute over cable's willingness to meet with House Telecom Subcommittee Chmn. Markey (D-Mass.) erupted during and after NCTA session. Key Subcommittee staffer Larry Irving accused NCTA officials of unwillingness to discuss issues before bill was advanced this year: "There hasn't been the open debate between the Committee and the industry that there should have been." Visibly upset, Mooney confronted Irving after session but wouldn't speak on record. NCTA spokeswoman later said NCTA and industry leaders had made "repeated efforts to make our views known," including several meetings and phone calls with Markey, and other meetings that Markey called and then canceled: "It is simply not accurate to indicate that the cable industry has not been responsive to the Subcommittee."

At least few in industry want just about any bill to end regulatory uncertainty and boost stock prices, Comcast Vice Chmn. Julian Brodsky acknowledged, but he said: "I think the industry will fight a bad bill. We'll live with the uncertainty rather than the nonsense in S-12." Brodsky said he's "never seen as much unity" on issue. Century Communications Pres. Bernard Gallagher agreed that industry will "live with" currently depressed stock prices: "Wall Street has to recognize that there may not be certainty this year. The regulatory environment just goes with the turf."

**NPR membership** reluctantly voted in Seattle May 5 to sign on to objectivity/balance amendment that has been proposed for CPB reauthorization bill by group of Republican Senators led by Minority Leader Dole (R-Kan.). APTS also is lending conditional support to measure, which some see as virtually last chance to win Senate passage of bill this year. Action could lead to Senate floor debate as early as this week, although public broadcasters also want to ensure that measure won't interfere with stations' editorial discretion. It would charge CPB board with examining objectivity and balance of national programming in previous year, and with funding other programming to provide balance if absence is found. However, stations wouldn't have obligation to broadcast such shows. Among amendments that may be offered on Senate floor: (1) To eliminate Independent TV Service (ITVS) for PTV, although that might spark fight with House, which approved continuation in its version of bill. (2) To reduce level of authorization. (3) To prohibit indecent broadcasts outside of midnight-6 a.m., likely to be filed by Senate Majority Leader Byrd (D-W.Va.). (4) To authorize study of viability of preschool "ready-to-learn" channel, by Sen. Bingaman (D-N.M.).

**COMPRESSION RACE SET:** What's expected to be tough 5-way competition to sell NTSC digital compression equipment to cable programmers and operators began in earnest at NCTA convention last week in Dallas, with all 5 groups drawing large crowds to displays and demonstrations. None of systems was new, but perception was that cable industry is taking situation seriously and may be ready to buy.

"We were knee-deep in people," Thomson's James Hailey said. "We were really surprised how much interest we're seeing." General Instrument (GI) Vp-Technology Geoffrey Roman said "people are even asking for prices." GI expects to have first customer actually using digital compression by July, he said, but he wouldn't name client because contract hasn't been signed. Roman also said GI expects at least 5 digital compression satellite uplinks to be operational by fall. Scientific-Atlanta (S-A) announced first digital compression customer, MediaTech, at NAB convention in April. AT&T, Oak Communications and consortium of Philips and Thomson said they're close behind. Most systems use compression algorithms developed for HDTV.

MSOs are more interested in compression now than ever because "they believe compression is real now -- they're actively shopping," Roman said. "Compression is the next big wave because it's a proven revenue producer," AT&T CATV Transmission Mgr. Stanley Holcomb said. All 5 projects are on fast track. In addition to GI, which is nearing first product delivery: (1) S-A has demonstrated its system on both satellite and cable and expects to field test 2nd-generation system by end of month. It conducted live demonstration of compression at convention. (2) AT&T expects to demonstrate satellite equipment this year and be ready for sales in early 1993, with cable equipment in 1994, Holcomb said. (3) Philips/Thomson equipment will be ready for full hardware demonstration by end of Aug. and ready for delivery in early 1994. (4) Oak plans to demonstrate its digital compression system on satellite by Oct., Exec. Vp Anthony Wechselberger said, and have first hardware ready for sale by March. He said system development is on schedule.

Oak, like others, has offered it in response to several digital compression RFPs that have been circulated by CableLabs and others. Oak believes its method has advantage over other compression systems because of totally variable data rate, which allows operator to decide how channel capacity is divided among video, audio, data.

It's difficult to distinguish among systems. Video demonstrated at convention by all 5 showed virtually studio-quality NTSC even at low data rates (1.5 Mbps, which would allow 18-20 channels of video to be transmitted on single satellite transponder or 10-12 for 6-MHz cable channel). To casual observer, they appeared to approach HDTV quality at higher data rates, which allow fewer channels. Expert viewers said all systems showed artifacts at low data rates, but there was little to choose among them based on picture quality. All 5 claim virtually same compression ratio -- 18-20 channels per transponder at lower data rates -- and same quality level, VCR-quality at 20-channel level, progressively higher quality at higher data rates. Market is dividing into 2 segments, said Allen Ecker, S-A chief technical officer. He said cable programmers generally want highest quality video signals for satellite delivery to cable headends, meaning fewer channels per transponder, but cable operators "want as many movies as they can pack into a 6-MHz channel, as long as it's as good as VCR."

Similarity of systems and picture quality may mean competition will turn on issues such as cost and alternative uses of compression. Philips and Thomson are pushing benefits of basing their system on international compression standards including MPEG. They said sheer volume of international orders will mean lower prices, and use of MPEG will make system easily compatible with computer data. Open compression system based on MPEG also could allow decoder to be built directly into TV sets, reducing cost and complexity, they said. Philips and Thomson will combine to develop signal standards for open system for compressed digital video. Thomson Exec. Vp Joseph Clayton said open standard would be available to other manufacturers: "With an open standard, we expect that the set-top converter will eventually be incorporated into the television, eliminating the expensive and user-unfriendly set-top converter."

AT&T said it's teaming with Comstream and News DataCom, subsidiary of Rupert Murdoch's News Corp., to develop compression system. ComStream will provide equipment to transmit compressed channels via satellite and News Datacom will offer systems to process customer requests for programs. Compression technology is based on system AT&T and Zenith developed for possible HDTV standard.

In addition to NTSC compression, several companies demonstrated HDTV systems, with Thomson (making debut at NCTA convention) showed widescreen 16:9 receivers. FCC may face major new regulatory issue soon, Comr. Duggan acknowledged -- desire by broadcasters to use HDTV channels to carry compressed video and converting them into multichannel providers. He said Commission won't allow broadcasters to keep 2nd channel permanently, but it hasn't addressed issue of whether they could opt for multichannel NTSC instead of HDTV: "I think compression is a question that will come to us forcefully in the near future."

Meanwhile, NHK's MUSE HDTV still "has some work to be done [TVD May 4 p7]," said Brian James, who heads CableLabs work on HDTV testing. He told NCTA session that NTSC gives significantly better phase noise results than does MUSE, for example. He refused to say MUSE problems are insurmountable, saying analysis isn't complete and some of problems are result of hardware rather than MUSE design.

**HDTV royalties will be split** among AT&T, General Instrument, MIT and Zenith if any of their 3 digital HDTV systems is selected by FCC, under agreement in principle announced last week. Deal makes it less likely that HDTV decision will be contested in court since even losers would have incentive to back ruling. Agreement also calls for losers to help winners improve systems after selection, and to have royalty rights that allow them to enter production quickly, officials said. Systems won't be merged immediately, and each consortium will continue to back its systems throughout selection process, they said. Specific terms weren't disclosed and are subject to negotiation and signing of definitive agreement. Fourth digital HDTV system was developed by consortium of NBC, Philips, Sarnoff Lab, Thomson. Japan's NHK submitted analog system.

**Home Shopping Network (HSN)** plans to spin off Silver King Bcst. Group (licensee of 12 TV stations) into separate entity. HSN Pres. Robert Sutton will become chmn. of new station group, and licensee said it plans to file documents at SEC May 18 to effectuate change. Video retailer didn't give reasons for spinoff.

**NCTA NOTEBOOK:** Las Vegas Mayor Jan Jones, chmn. of Communications Committee of U.S. Conference of Mayors, and Elkhart, Ind., Mayor James Perron warned NCTA convention attendees last week of political importance of keeping cable rates affordable. Jones said reality is that mayors' organization "is not going to move against increased competition" in provision of cable service because that stance is "in the best interests of all concerned." However, she said telcos would be required to pay same franchise fees as current cable operators. Cities "will always insist on franchises" because that arrangement contributes dollars to community, Perron said. He praised cable for involving citizens in local politics by covering city council meetings, "making people feel they are a part of the public debate." But he also said cable could be better and his constituents still believe service "costs too much."

**Discovery Channel** said 20 of 30 largest MSOs have signed new carriage contracts, including all of MSOs that have equity in Discovery plus Adelphia, Cablevision, Colony, Continental, Jones, Prime, Sammons. New contracts extend carriage commitments 5-7 years. Discovery's Learning Channel, meanwhile, said it added record 324,000 subscribers in April.

Times Mirror said it bought equity stake in **Digital Cable Radio**, joining Adelphia, Comcast, Continental, Cox and Jerrold as investors. Times Mirror has begun launching audio service on its cable systems. Digital said number of subscribers has doubled in last 4 months and it plans to launch on 6-8 systems per month rest of year.

**Game Channel**, product of Family Channel, will consist of 24 hours of game shows, including familiar syndicated programs and some original ones. Organizers are pitching Game Channel as first interactive basic cable service. They said they plan to start service Jan. 1 with 10 million subscribers. Interactivity consists of allowing viewers to call 900 numbers to answer questions and win prizes. Prices for 900 calls haven't been set, but Vp Ronald Harris said it's looking at \$1-\$2 per min., split with cable operator. Programming will be supplied by Game Technologies Inc. of Hollywood.

Meanwhile, in L.A., Sony and United Video announced **Game Show Channel**. Sony claims "tremendous expertise in game show creation and a library of over 10,000 game show episodes." Game Show Channel said it plans to launch in 1993. It "will be a powerful cable network franchise," said Mel Harris, pres. of Sony TV Group. United Video CEO Larry Flinn predicted that nearly 75% of cable subscribers would watch on regular basis.

**Monitor Channel** won't go off air June 15 after all, officials told cable operators at convention. "We will keep operating until we find a buyer," said Donald McGill, vp-affiliate sales. "That's what we are here at the show for, to tell people that we're not going away." McGill told us Monitor is in discussions with "several very interested parties" that could buy channel, which already has ceased carrying new programming and has laid off most of staff. Despite concerns about Monitor's fate, no cable operator has dropped channel, McGill said: "We're getting incredibly strong support."

St. Louis-based **Satellite Service Co.** was trying to sell satellite dishes to cable systems at convention. Company did first marketing mailings to cable systems 2 months ago and backed effort up with booth at convention, National Sales Mgr. Richard Hebert said. SSC said dishes, which can be leased for \$20 per month, are cost-effective

way to extend cable service into areas where customer density doesn't justify traditional cable installation.

**Mind Extension U.** has rechecked its numbers since L.A. riots and found that minorities have even greater interest than whites in cable educational channel. Pres. Gregory Liptak said 77% of blacks and 76% of Hispanics want educational channel, vs. 63% for rest of populace. Liptak said it has been one of fastest growing, more than doubling subscribers to 18 million in last 9 months: "This is the right channel at the right time."

**Eastern Microwave** unveiled new name -- EMI Communications -- at convention. CEO Dennis Dundon said name "more clearly defines our continuing evolution as a total communications company." EMI also said it bought new cable program guide, Cable Teleguide, that already is being distributed nationally. And it said it's working on interactive version of guide.

**National Captioning Institute** (NCI) expects by 1996 to more than double amount of captioned cable programming, Vp Jane Edmondson said, predicting 124% growth to 6,000 hours annually by then. As part of growth, NCI said it wants 85 members within 4 years, up from current 24 cable programmers and operators.

**Graff Pay-Per-View** said it bought Room Service TV (RSTV), which provides credit-card-based in-room movies to small and medium-sized hotels. RSTV unveiled 80-channel PPV ordering system designed for hotels and small cable systems. In another PPV development, Oak Communications said it signed deal with I.T.M. Enterprises to launch PPV system based on Oak's Select-A-View 9500.

**Fox Bcstg. and NCTA** announced program to combat theft of cable signals. Fox produced series of public service announcements starring John Walsh, host of Fox TV program America's Most Wanted. Message is that "theft is theft." Spot will be broadcast on Fox TV affiliates and will be available to cable industry for carriage elsewhere.

**Prime Network** said it will expand programming to 24 hours beginning Sept. 1, with additional hours to be used to experiment with sports news. Prime now provides 19 daily hours of programming to 15 regional sports networks. Prime CEO Edward Frazier said addition of sports news is "next step in the development of regional sports networks." Prime Gen. Mgr. Daniel Wilhelm said sports news concept "is presently in the development stage."

**Video Jukebox Network**, reinventing itself as "The Box," cut prices for its music videos. Pres. Andrew Orgel said videos now would cost 99¢ each, sold as minimum of 2 for \$1.98.

In program notes: **HBO** said it will add 23 test sites for its multiplexed service by June, raising total multiplex subscribers to 800,000 for HBO and 400,000 for Cinemax. It said Nielsen research indicates that HBO viewing is up 74% in homes that are multiplexed... **Digital Cable Radio** signed contract to move its digital audio service to GE Satcom C-3 after satellite is launched in Sept... **Playboy's** pay-per-view service will reach 7 million addressable households by June 30, Senior Vp Michael Fleming said. Figure is up 2.6 million from last year.

House Competitiveness Subcommittee has set markup May 12 for DAT legislation (HR-4567), 10 a.m., room to be announced, Rayburn Bldg.

**CABLE GOING MULTIMEDIA:** Time Warner (TW) is talking with "quite a few people," not just IBM, about multimedia projects, Time Warner Enterprises CEO Robert Pittman said at NCTA convention in Dallas. Apple Computer also made first appearance at show, touting what it hopes will be cable-based multimedia system, and USA Network CEO Kay Koplovitz said cable someday will even carry virtual reality.

"Quite a few people are coming after a company like Time Warner that has software capability," Pittman said. "Quite a few people are talking to us." IBM also has been careful to point out that TW is only one of several companies it's talking to. "Big problem" with TV is that it's "sequential medium," requiring viewer to watch program in order it's presented, Pittman said: "If we made you read a magazine straight through from front to back, you never would. The minute that we can put random access in, we will create a whole new service."

Apple's presence at convention is "certainly not our last," Media Architecture Research Mgr. Michael Leibhold said. He had impressive demonstration of prototype multimedia version of CNN based on Macintosh personal computer. CNN was presented in magazine format, with index that can be used to select individual stories and still pictures that serve as windows opening to full-motion video and audio, similar to normal broadcast reports. Viewer can access maps, additional data and other services, depending on interest. Leibhold said cable provides perfect architecture to deliver such multimedia news shows to homes, where they could be stored for access at viewers' convenience. Telcos also will have role, he said, with cable providing broadband carriage for video itself and switched telco networks used for interactive data and transaction management: "There is enormous revenue potential on each side if they cooperate." Leibhold said he couldn't say whether Apple would produce set-top converters, saying only that multimedia will require "a whole variety of new devices in the home and we're interested in the entire range."

Third generation will be even more specialized than 2nd-generation niche networks such as Sci-Fi Channel, potentially even including virtual reality, Koplovitz said. Specialization will cause some ad sales problems, she said, because no matter how much advertisers talk about targeted ads, they still want "substantial numbers." But Koplovitz said interactivity will give cable "new ways to reach the consumer."

At opening general session, AT&T Consumer Services Pres. Robert Ranalli, IBM Vp-Multimedia Lucie Fjeldstad and McCaw Vice Chmn. Wayne Perry, sent same message: We're willing to work with the cable industry. Fjeldstad said that just as cellular and fax technologies had opened new vistas for productivity for voice and text, "cable TV has the unique opportunity to do the same thing with video." But, she said, cable also would have to improve its network. Ranalli said that if cable network is upgraded all sorts of exciting applications are possible, including merging cable with AT&T's voice recognition technology. Panelists agreed that there's need for common cable technical standards. Fjeldstad cited IBM's success with open standard for personal computers.

First operating data indicate 40-60% of homes will use interactive TV within 15 years, Interactive Network (IN) CEO David Lockton said. Households hooked up to IN now spend average of \$20 per month on interactive services, he said, and "have a very low drop rate." Interactivity in conjunction with broadcast game shows can boost audience ratings in interactive homes by multiple of 20 or more,

according to initial IN research, he said. Enterprises Videoway Pres. Michel Dufresne said 20% of households with access to Videoway interactive services subscribe and interactivity isn't siphoning audience from regular TV because interactive household watches average of 30 min. more TV than before it became interactive.

**CABLE LEADING TELCOS?** Cable has good chance of winning possible telecommunications fight with telcos, according to FCC commissioners and staff, cable technologists and even some financial analysts at NCTA convention last week in Dallas. Cable's best chance of standing off telcos, or making inroads into telco business, is through advanced technology built around its broadband network, they said, so convention speeches and panels concentrated on technology, with little mention of service problems and high rates that have caused Congress to consider deregulation of industry.

Opening speech by NCTA Pres. James Mooney and first panel, which included representatives of IBM, AT&T and McCaw, made strong statement that cable is prepared to take on telephone industry on network technology -- ground that telcos have long thought they dominated. Mooney said: "The biggest telecommunications story of the decade may turn out to be not telcos' creating broadband networks, but cable technology and architecture proving to be the most efficient means of delivering the next generation of communications services." Cable technology quickly is becoming "cable telecommunications technology," Mooney said.

FCC Chmn. Sikes, speaking at breakfast, assured cable operators: "Just as broadcasters survived, you will survive a broadening and deepening of tomorrow's video marketplace. You will adapt. Indeed, everyone will adapt." And in general session May 5, Comr. Duggan said cable had "incalculable advantages," adding: "The competitors are at a greater disadvantage than anyone imagines." Cable had advantage in "brilliant, innovative technology" and track record in programming, Duggan said, conditions that should "sober them [telcos] up a little bit."

Technical advantages of cable operators also got boost in panel presentation from James Chiddix, ATC senior vp-engineering and technology. He said new cable architecture made possible by use of fiber would allow use of 75 analog channels, with 200 or more compressed digital channels at upper end of spectrum, with room for personal communications services. It will be question of when to introduce such services and at what price, he said.

One of strongest statements against FCC policy came from Andrew Paul, senior vp, Satellite Bestg. & Communications Assn. (SBCA). Defending current marketplace that he said worked well, Paul challenged "disturbing policy questions" at Commission involving "telephone companies in the television business." He quoted from 1988 BellSouth memo in depreciation case in Fla. that said BellSouth should plan on paying for fiber to home with revenues from telephone service, and then sell capacity to cable overbuilders.

But Robert Pepper, dir. of FCC Office of Plans & Policy, disagreed, saying cable still is being led by first generation of bold entrepreneurs who created industry, while telephone, broadcasting and newspaper industries are being led by 5th or later generation of executives who are "caretakers more than risk takers." Pepper predicted it would be more difficult for telephone and other industries to enter cable than it would be for cable to enter telephony.

**ABC/SET OFFER FOOTBALL ON PPV:** ABC Sports and Showtime Event TV (SET) announced plans last week to offer regional college football games on pay-per-view (PPV) cable TV in fall. ABC said it has PPV contracts with College Football Assn. and Big 10 conference and is in "final discussions" with Pac-10. Concept was offered to systems at NCTA convention in Dallas last week, with price per game to subscribers expected to be under \$10, ABC/SET said.

Over-air regional football will continue this fall on ABC, with PPV games offered outside regions of free broadcasts using regular ABC telecasts and announcers -- with commercials. ABC said it will offer one to 4 games (depending on cable system channel capacity and PPV equipment) on PPV each Sat. -- with no free games to be dropped from regular network regional telecasts -- that will be promoted over air by ABC, move that surely won't make ABC affiliates happy. ABC/SET said "significant local press efforts" also will be utilized to promote PPV games. Currently, they said, they're "thinking about" allocating 45% of revenue to cable systems, 55% to ABC/SET and colleges. ABC said its goal is to sell games to 20,000-40,000 homes weekly. Currently, cable systems that reach about 20 million homes have PPV capability.

PPV games will be picked 10 days in advance, ABC said, with telecasts starting Sept. 5, ending Nov. 14. Game on free TV in one region could be on PPV in another under plan. ABC has about 40 college football games per weekend to choose from. ABC/SET said "this exciting project is being undertaken on an experimental basis" for 1992 season. ABC last fall announced plans to offer Notre Dame-Penn State game on PPV, canceled them because of lack of time for promotion, network said.

In markets where PPV game is offered, ABC affiliates will be carrying regular game in most instances, thus competing with themselves, some complained. However, ABC contends that won't be case with average nationwide audience for college football of 6 million each Sat., compared with some 20,000 nationwide for PPV. ABC starts 2nd-year this fall of 10-year college football contract.

PPV of college games was tried last year by Ivy League, whose games rarely are carried by networks, with disappointing results. At \$9.95 per game, only about 400 households ordered them.

NFL TV Committee Chmn. Art Modell of Cleveland Browns said pro football plans similar PPV experiment in couple of years. NBA Comr. David Stern said that league has no similar plans.

**FCC on May 1** released order it adopted in Feb. granting interim DBS license to TCI subsidiary Tempo to provide service from 2 or more satellites. Overruling objections, Commission said Tempo is "basically qualified" to hold interim DBS authorization. Hughes plans to launch DBS bird in late 1993 and will share transponders with Hubbard Bestg. "It would take Tempo at least 3 to 4 years to launch a satellite," Hubbard Pres. Stanley Hubbard said. "They are going to be far behind us. I don't think it's going to happen." FCC decision doesn't allow TCI to use DBS as fill-in service where cable isn't available. "We are concerned that Tempo not be allowed to market its proposed DBS to existing TCI cable subscribers exclusively or primarily as an ancillary, expanded tier of cable service," Commission said. "Such a result would seriously undermine one of our principal goals in regulating the multichannel video marketplace -- promoting effective competition to cable."

**HDTV TIMETABLE PROPOSED:** Stations should do 100% simulcasting of HDTV and NTSC signals within 9 years after HDTV standard is set, FCC tentatively concluded in order released May 8 (TVD April 13 p5). Order also seeks comment on cost and timing of HDTV equipment and on whether Commission should review overall 15-year HDTV conversion schedule in 1998 as way to alleviate concerns about premature termination of NTSC. Comments are due July 17, replies Aug. 17.

Nine years is long enough for HDTV to establish itself, FCC said, and 100% simulcasting will serve twin goals of protecting consumer investment in NTSC sets and ensuring spectrum efficiency. Commission also seeks comment on plan to give broadcasters complete flexibility on simulcasting in first 2 years after broadcasts begin (within 5 years after standard is set) and 50% simulcasting between years 7 and 9.

Fifteen-year total conversion to HDTV should be enough to allow owners of NTSC sets bought before HDTV standard is set "full use of their NTSC equipment," FCC said, in part because inexpensive HDTV-to-NTSC down-converters are expected to be available then. Commission said it's especially interested in hearing from manufacturers and others on likely availability and cost of HDTV equipment. Review of HDTV conversion deadline in 1998 "would leave room for adjustment if the advanced TV implementation should proceed more or less swiftly than we envision," order said.

Negotiations among broadcasters on channel assignments "should be an integral part of the advanced TV assignment process," FCC said, because it would "ensure the most expeditious and efficient implementation" of HDTV. Under proposed plan, broadcasters would have fixed period to negotiate channel assignments in each broadcast area, with Commission to resolve any disputes on first-come, first-served basis. Both commercial and noncommercial stations would participate in negotiations, and FCC predicted that varying needs of different stations would ease negotiations -- one station might favor channel that's close in frequency to NTSC channel, for example, while another wants widest possible coverage area.

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**Pinelands**, licensee of WWOR-TV Secaucus, N.J.-N.Y.C., has left Walt Disney Co. out in cold by agreeing to unsolicited tender offer from Chris-Craft subsidiary BHC Inc. in deal worth about \$310 million. In so doing, Pinelands canceled agreement with Disney whereby it would acquire latter's KCAL L.A., with Disney obtaining 45% of Pinelands. BHC is paying \$18 per Pinelands' share (50% premium over May 7 price, day of announcement) and stock shot up 5-5/8 next day to 17-5/8. Edward Hatch, UBS Securities analyst, estimated that BHC is paying 10 times cash flow of \$29 million. BHC operates 7 TV stations, 2 of which it owns outright and 5 others owned by United TV, which is 52% owned by BHC. After takeover of WWOR-TV, BHC stations will reach 20% of U.S. TV homes (cap is 25%). Mario Gabelli, Pinelands' largest holder and also Chris-Craft shareholder, reportedly played major role in acquisition. Chris-Craft owns 67% of BHC equity, controls 95% of voting power. Disney had no comment on Pinelands move. WWOR-TV is Pinelands' only property; company was formed in 1990 when station was spun off to MCA after Matsushita acquired MCA.

**National Private Cable Assn.**, based in Portville, N.Y., said it set up toll-free 800 number to increase contact with members and other parties -- 1-800-995 NPCA.

**MURPHY AND BURKE BULLISH:** In light of recession, 1991 Cap/ABC results were in line with expectations, Cap/ABC Chmn. Thomas Murphy told annual shareholders' meeting in N.Y. May 5. And, he said, "the overall outlook for the company is more hopeful than it has been in a long time." Pres.-CEO Daniel Burke said company continues to search for acquisitions in a "sellers" market, "but we have entered a period where [growth in] internally developed businesses makes more sense for us... The company is in sound financial condition." However, for first time in 36 years, company's record of increases in earnings per share ended in 1991 (TVD April 27 p5).

While 3 other TV networks in aggregate operated at loss last year, Murphy said ABC TV network "reported a profit," gave no details. Burke said ABC finished 3rd in prime time for season just ended by 0.1 of rating point and that must be considered against "several key business decisions involving sports rights expenditures" for which ABC didn't get into bidding contest. Said Burke: "While I live for the day I can report to you that the network ranked first, or even 2nd, I would rather report that it made a respectable profit. This year, we will work hard to combine both goals and I believe we have the programming strength and talent to do that."

Generally speaking, Burke said, ABC's programs across board are "young and still have years of life. We have the highest rated new shows this year, creating building blocks for future seasons." Citing TV stations and radio, he said "all operations are sound but the quality of these franchises is also a priority." As for acquisitions, "our conclusion is that there still are far better opportunities for sellers than for buyers. We have been priced out of most media purchases in recent years or we have found long-term implications of a minority position too uncertain to pursue." However, he said, Cap/ABC is "looking with interest" at new FCC rule on ownership of radio stations and rulemaking to permit networks to own cable systems.

As for internal growth, Burke said risks generally are higher but "somewhat offset by the advantage of enlisting a partner in such enterprises -- the U.S. government. When we build from within, we reduce taxes while creating long-term value. And when real success is achieved, the return on investment far surpasses most acquisitions." As for internal ventures, he cited ABC Productions (which produced 7 pilots for new season), ABC/Kane Productions specializing in nonfiction programming, specialized publications. He said Cap/ABC also intends "to be a player of consequence" in global marketplace, citing partnerships in 7 international ventures at total investment of \$120 million.

Murphy said company is encouraged that erosion of network viewing "seems to have leveled off." He said cable penetration has reached point where new cable networks are beginning to have more of adverse impact on existing cable services than on over-air networks. And, he said, Cap/ABC performance drop in 1991 must be measured "against the backdrop of our excellent underlying financial health over more than 3 decades. There are few companies in any industry with the strength of our balance sheet."

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**In commemoration of "Public Service Recognition Week" May 4-10, FCC Chmn. Sikes presented awards to 13 employes May 7 for "exceptional performance of their day-to-day responsibilities or through performance beyond their normal job requirements." Award has been renamed "Catherine Forster Public Service Award" in honor of Commission employe in N.Y. field office who was shot to death on street last Nov.**

**CABLE SEEKING ACCESS:** Cable operators that might consider using their networks to provide alternative local access telephone services got encouragement and some warnings from panelists at NCTA convention in Dallas. Others told panel discussions that, in yet another inroad into telco territory, cable's broadband network and ability to combine those facilities with cellular will give industry advantages over telephone companies in providing personal communications services (PCS). They said it will be possible to bypass landline telephone network entirely through combination of cable and cellular facilities.

CableLabs Dir.-PCS Roger Hay said cable's existing broadband network will allow "richness of service" that will need to be offered. Industry is developing, and has tested, small PCS transmitters that literally are hung from existing cable facilities on telephone poles to transmit signals to cellular switch. Those facilities allow cable to have choice of many elements of provision of PCS, Hay said. Cable could be entire service provider, could offer only links between transmitters or cell sites or could present wide range of ancillary services.

Comcast Strategic Planning Vp Mark Coblitz said that combination of cellular and cable services, particularly when hooked into interexchange carrier, could make it possible to roll out PCS sooner than many in industry think and that service would be introduced with roaming capability, fraud prevention, other advantages. But, he warned, PCS has to be close in cost to regular landline telephone service if it's to be effective, point with which Cox Planning Vp William Killen agreed. PCS customers also will have to realize, however, that PCS isn't exactly like cellular. For one thing, technology isn't sufficiently powerful to transmit and receive calls in cars moving at 60 mph, Coblitz said.

This was Teleport's first appearance at NCTA show, following purchase of Teleport by TCI and Cox. Industry consultant Thomas Gillett warned that cable operators have better ways of spending their money. And Thomas Herr, AT&T vp-network services, engineering and access management, said that if they do want to join Teleport, Metropolitan Fiber Systems and others, they will have to meet rigorous quality standards.

Audience got taste of what that new access business could entail as Gillett's presentation was loaded with statistics on topics such as interstate and intrastate access, carrier common line charges and the like that are common (if still arcane) in telephone industry but foreign to cable operators. Similarly, Teleport Communications Group Pres. Robert Annunziata began his talk discussing fractional T-1, DS-3 service and other offerings of his company. Cable and alternative carriers are natural allies, he said. He suggested 2 methods by which companies might work together: (1) Having Teleport use fiber of cable companies instead of building its own in given market. That could extend Teleport's reach outside of its basic downtown business core markets into suburbs. (2) Operating joint ventures on construction. He said Teleport could help link headends to make cable network more efficient.

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**Ex-FCC Comr. Patricia Dennis** (June 1986-Sept. 1989) reportedly is in line to be appointed Asst. Secy. of State for human rights. Customary FBI check on her background is under way, we're told. She currently is vp-govt. affairs for US Sprint in Washington. Former ABC labor attorney and ex-member of National Labor Relations Board, Dennis was considered for appointment as Secy. of Labor while still commissioner.

**DIGITAL CALLED AD 'ENABLER':** Cost of digital ad insertion equipment shouldn't be barrier to installing it, and cost may even become "enabler," said Christopher Bowick, Jones Intercable group vp—technology, at NCTA convention last week in Dallas. Speakers also said digital systems will make cable more attractive to advertisers by allowing them to target audiences more effectively. Digital ad equipment soon will cost less than replacing analog systems, Bowick said, so price should be attractive feature, in addition to making ad insertion easier and more accurate. Several companies showed such equipment at show, and CableLabs is evaluating proposals.

Ad staff should be involved in planning cable fiber architecture, Times Mirror Vp Connie Pettit said: "There may be advertising benefits in the way nodes are planned that the engineers wouldn't think of." Bowick agreed that carefully planning of fiber nodes (which determine what neighborhoods could be targeted for programming and ads) can create demographic profiles that are attractive to advertisers. He said digital ads are simply data files that can be tagged to specific zip codes, and eventually even to individual homes. National digital ad network isn't enough, speakers said, because there's still need for adequate computer systems to process ad orders, report on missed spots, handle billing. National Cable Advertising Pres. Robert Williams said he's "very pleased" with progress, but said there's still long way to go. Ability to target ads at specific zip codes is "very important," said Karen Coffey, senior vp of ad firm Bloom FCA.

Video Jukebox Network CEO Andrew Orgel said advertisers will pay significantly higher cost-per-thousand for targeted audience, such as that delivered by interactive TV. Interactive TV will allow "really focused advertising," said Michel Dufresne of Canadian interactive TV firm Enterprises Videoway. He said interactivity and multimedia will allow each programmer to provide full multimedia database for ads, mixing data, video and audio and even being able to complete actual transaction. Interactivity also means ads will focus on people directly interested in product, he said. Concerns were raised about subscriber resistance to cost of interactive TV, but Interactive Network CEO David Lockton said such factors as ads and couponing provide new revenue source that can be used to lower interactive cost.

Channelmatic showed what it called first operational digital ad insertion system at show. Digital Adcart/D is designed to replace tape-based equipment. It also demonstrated new line of Sony S-VHS equipment designed for ad insertion.

**Jefferson-Pilot management** claims it "soundly defeated" dissident stockholders in fight for control of company at shareholders' meeting in Greensboro, N.C., May 4, although final count of vote won't be available for several days. Leader of dissidents (TVD May 4 p12), Louise Parsons -- granddaughter of Jefferson-Pilot founder and owner of 1% of stock -- said group would try again next year. In separate action, C.D. Spangler, pres. of U. of N.C.—Chapel Hill who owns 3.9% of company, was elected vice chmn., move that dissidents supported.

**KKAK (Ch. 61) Porterville, Cal.**, went on air May 6 as 1,491th TV station licensed by FCC -- 1,125 commercial, 366 educational. Commercial independent KKAK is owned by Kralowec Children's Family Trust; Mel Querro is gen. mgr., Roger Mills chief engineer, Hans Hansen promotion mgr., Arthur Kralowec business mgr.

**TV COVERAGE OF MINORITIES HIT:** Current TV practices in covering minorities may contribute to problems for society, according to report of working group on TV news coverage sponsored by Carter Center of Emory U. and Aspen Institute. Among practices cited: TV news "may enforce negative stereotypes"; TV news may focus bulk of attention on negative aspects of ethnic minorities; TV tends to neglect less powerful or powerless minority groups, ignoring smaller groups altogether "unless they are involved in violence or natural disaster"; minority views are underrepresented. Conference was funded by Markle Foundation.

Recommendations and report, titled TV News Coverage of Minorities: Models and Options, was released last week, working group said, "in view of the recent events in the United States following the verdict in the Rodney King case." Normally, it wouldn't have been made public until group's parent Commission on TV Policy (CTP) acts on recommendations in Nov. in Alma Ata, Kazakhstan. Co-chmn. of CTP are ex-President Carter and Eduard Sagalaev, vice chmn. of Ostankino (state broadcasting organization) of Russia. Working group was meeting April 27-29 at Wye River House on Md. Eastern Shore when rioting in L.A. broke out following King verdict. No votes were taken by 17-member group (which includes RTNDA Pres. David Bartlett, CBS TV Stations Pres. Johnathan Rodgers, ex-FCC Comr. Stephen Sharp, CNN Vp Jay Suber) "and each person was not necessarily in agreement with each item in report," group said.

Societies that give respectful voice to ethnic minorities help to forestall "effects of pent-up frustration," report said. Working group identified 3 general policy goals: (1) Increase news programming shaped by minorities and focus more on needs and interests of minority audiences. (2) Provide more access for minority perspectives, "consistent with the values and practices of professional and independent journalism." One suggestion was to "allocate free time outside of news programs (subsidized by the government) for minority groups to voice their perspectives." (3) Avoid stereotyping minorities: "The working group believes that as a general rule it is better to cover than to suppress news... However, this general rule does not preclude a heightened sensitivity to the ways in which news can be conveyed without reinforcing painful and socially damaging ethnic stereotyping." (4) Base "journalistic decisions... on the intrinsic significance of stories, not the availability of visual images."

**Meetings: FCC Chmn. Sikes** will join broadcast regulatory heads of Britain, France and Germany on panel at NAB Radio Montreux (Switzerland) symposium June 10-13. Similar panel on public broadcasting will feature NPR Pres. Douglas Bennet and his counterparts from France, Germany, Italy, Russia, Switzerland, Sweden. Euro Disney Pres. Robert Fitzpatrick will speak at symposium dinner; other speakers include VOA Dir. Chase Untermeyer, NAB Pres. Edward Fritts, RAB Pres. Gary Fries. Symposium will be preceded by June 8-9 seminar on DAB organized by European Bestg. Union... Lunch meeting of **Washington Cable Club** has been changed to May 19 from May 11. Speaker is Nickelodeon Pres. Geraldine Laybourne -- 703-358-2770... **National Infomercial Mktg. Assn.** will meet June 4-5 at Grand Hyatt Hotel, Washington -- 202-962-8342... **Bcst. Promotion & Mktg. Executives** conference in Seattle will feature panel on using broadcast media to market cable June 16. Convention is June 14-17 at Seattle Convention Center -- 310-836-4381... Telestrategies will sponsor conference on **cable-telco opportunities** June 23-24, Hyatt Hotel, Arlington, Va. -- 703-734-7050.

**President Bush** has set deadlines and issued guidelines to FCC and 23 other departments and agencies in mandating increased efforts at deregulation for next 120 days (TVD May 4 p2). He said that response to his earlier 90-day moratorium on new regulations -- announced in State of the Union Address (TVD Jan 27 p5) -- has been "excellent," but that "much remains to be done... We must make every effort to implement as quickly as possible those proposals that will create jobs and enhance economic growth without endangering public health or safety." To that end, President imposed deadlines on departments and agencies in fulfilling his mandate: (1) Reforms that don't require public comment "should be implemented as quickly as possible," but not later than June 1. Rulemakings already put out for comment should be completed by Aug. 1. (2) Other reforms requiring public comment should be put out "as soon as possible," but not later than June 15, with view toward issuing final rules no later than Aug. 27. (3) Each agency must report to White House by Sept. 1 summary of its "progrowth reforms" implemented since Jan. 28. Such reports also must estimate potential cost savings or other benefits to economy. (4) "You should submit to me, in advance, a complete regulatory impact analysis of each major rule proposed to be issued" during new 120-day moratorium "to the extent it does not duplicate existing regulatory review processes." Bush also ordered agencies to coordinate their activities with White House Competitiveness Council. At briefing last week for reporters, Michael Boskin, chmn. of Council of Economic Advisers, said agencies have acted on some 200 regulatory reforms since Bush established first moratorium. Those actions will save taxpayers roughly \$15-\$20 billion per year, he said: "Regulation is a hidden tax. It gets passed forward into the prices of goods and services."

**Financials:** **Turner Bcstg.** is proposing to give holders of Class A stock larger share of dividends, according to proxy statement. Chmn. Ted Turner owns 80% of Class A stock. Class A now receives 90% of dividends paid to Class B, but that would increase to 100% under plan to be voted on by stockholders... **Infinity Bcstg.** had \$22.8-million loss in quarter ended March 31, vs. \$14.8 million year ago. Revenue inched up 4.5% to \$26.6 million... Infomercial marketing firm **Regal Communications** said its profits more than doubled to \$2.1 million in quarter ended March 31 and revenue soared to \$29.7 million from \$4.2 million... **Republic Pictures** said it has presented plan to Orion Pictures to fund latter's financial reorganization that would result in merger of companies. Orion said proposal is under review by its advisers and it will discuss it with creditors. Meanwhile, Republic announced revenues of \$14 million for quarter ended March 31, operating income of \$983,000, net income of \$494,000... **M/A-Com** posted 2nd-quarter (ended March 28) net income of \$4.3 million, up from \$4.26 million year earlier. Revenue of \$92.2 million was down from \$94.6 million... **Pinelands**, licensee of WWOR-TV Secaucus, N.J.-N.Y.C., reported 16.6% revenue drop in first quarter to \$28.6 million. Net loss for 3 months was \$5.3 million, compared with \$2.1 million loss year ago... Fitch gave BB+ credit rating to \$150 million in TCI subordinated notes due April 15, 2022, and BBB- for \$200 million senior TCI notes due April 15, 2002... Moody's assigned B1 rating to 2 proposed debt issues of **Continental Cablevision** -- \$150 million of senior subordinated notes due 2002, \$100 million of senior subordinated debentures due 2007.

**RJR Nabisco** will be principal retailer tied in with CBS's promotion of its new fall schedule, replacing K mart, although latter said it would continue to be involved. NBC had joint promotion with McDonald's last year, Sears year before. ABC never has had tie-in to promote its fall schedule.

**House Rules Committee** Republicans charged Democratic leadership with censorship last week after Committee barred C-SPAN from televising panel's consideration of budget rescission package (TVD May 4 p10). C-SPAN was ordered to remove cameras after Committee, on 6-2 party-line vote, agreed May 5 to bar TV coverage at request of member Rep. Frost (D-Tex.). He said he made request because of increasing grandstanding for TV cameras. "[It's] a prologue to tragedy and a farce perpetuated by the Democratic Party to begin selectively applying the First Amendment," said Committee's ranking Republican, Rep. Solomon (R-N.Y.), in House floor speech afterward. Rep. Drier (R-Cal.) said decision was "an unprecedented act of censorship on the part of the Committee Democrats" and arrogant. C-SPAN Vp Bruce Collins blasted action in letter to panel: "The Committee's decision to ban television cameras from coverage of an important meeting at which national spending issues were decided is disturbing in its own right." Collins said Committee compounded "injustice" by allowing print reporters to remain. C-SPAN has agreed to give Committee advance notice of plans to cover meetings to give members time to be polled by telephone for objections. C-SPAN also regularly is barred, along with other broadcast reporters, from recording Executive Branch briefings or announcements, including at White House. Same day as imbroglio at Capitol Bldg., White House barred sound and camera coverage of briefing on President Bush's deregulatory reforms. Also, White House wouldn't permit live TV coverage of President Bush's tour of riot-torn areas of L.A. last week, citing security reasons.

**Senate Foreign Relations Committee** plans to consider economic aid package for former Soviet republics that could include funding for Children's TV Workshop (CTW) co-production of Sesame St. with All-Russian TV & Radio Bcstg. Co. (RTR). That was indicated by Sens. Biden (D-Del.) and Brown (R-Colo.) at Senate European Affairs Subcommittee hearing on role of children's TV in democratization of former Communist countries. No decisions have been made, aide said, but senators are "very interested" in notion that TV can be used to help transform Communist society cost effectively. Sesame St. already appears in nearly 100 countries, CTW Pres. David Britt told hearing, with foreign-language co-productions in 13. RTR wants to have next co-produced Sesame St., in which snippets of U.S.-produced program are interspersed with foreign production starring characters unique to other culture, RTR Chmn. Oleg Popotsov said. CTW and RTR estimated costs for startup and 2 years of Russian-language Sesame St. segments at \$20 million, which Biden aide said certainly was more than Congress could make available. However, senators are said to be unlikely to support full funding, may just resort to encouraging Bush Administration to find adequate set-aside.

**Senate rejected efforts** to rescind FY 1992 funding for NTIA's Public Telecommunications Facilities Program (PTFP) last week, setting stage for conflict with House, which has approved sharp reduction in PTFP funding. Congress had been asked by Bush Administration to withdraw \$21,425,000 of PTFP's current \$22,925,000 federal appropriations, but Senate Appropriations Committee in bill report (S. Rept. 102-274) indicated that was unthinkable when "14% of the American population is still without access to any public radio signal." Senate retained full funding for PTFP in its bill (S-2403) while House approved 1/3 reduction (\$7.67 million). Aides predicted Senate position would prevail. Senate also rejected House's plan to rescind \$13,748,000 in for relay station in Israel that VOA would share with Board for International Bcstg.

**Legislation (S-1940)** to update FOIA to reflect advances in electronic storage was endorsed by trade groups ANPA, ASNE, Society of Professional Journalists, National Newspaper Assn., NAB, RTNDA and Reporters Committee for Freedom of the Press. USA Today Editor Peter Prichard testified for groups before Senate Technology & Law Subcommittee hearing. He described kinds of stories that have been reported using FOIA, which was enacted before computerization. "An agency which today collects, maintains and uses information in electronic form can construe the Act literally to apply only to government records or documents in paper or 'hard copy' form," he warned. "Without this bill, as agencies continue to quibble and squabble about formats and database searches, the advance of technology may lead" to withholding of valuable information. S-1940, by Subcommittee Chmn. Leahy (D-Vt.), would clarify that FOIA applies to all forms of govt. records. It also would encourage govt. use of new technologies to keep records and make certain information available on-line. Justice Dept.'s Steven Schlesinger, deputy dir. of Office of Policy & Communication, urged caution in development of any legislation.

**House Judiciary Committee** version of bill to ease business curbs on telephone Regional Holding Cos. (RHCs) was offered last week (HR-5096), setting stage for potentially titanic battle in Congress. New bill would roll back some of gains that RHCs have made in courts, notably removal of barrier to entering information services, while creating new rules for their participation in long distance and manufacturing. Chief sponsor is Chmn. Brooks (D-Tex.), who told news conference that he plans quick hearing and markup, but gave no schedule. It's believed that Committee will move on bill within 2 weeks. Bill wouldn't allow telcos into cable directly, aide said, and would delay RHC participation in electronic publishing for 7 years. But other business ventures could be launched as early as 3 years under new petitioning process to Justice Dept. that he proposed with support of key House members Bryant (D-Okla.) and Synar (D-Okla.). RHCs used unusually harsh language to denounce bill as special interest proposal for their competitors. There's possibility that debate on bill could open door to action on telco entry into cable.

**Stephen Sharp**, FCC commissioner Oct. 1982-June 1983 and agency's gen. counsel before that, was indicted last week in Alexandria (Va.) Circuit Court on one count of fondling 12-year-old boy in 1982, 2 counts of oral sodomy. Two other indictments accuse Sharp of oral sex performed on 14-year-old in 1982-1985 and with 16-year-old boy last summer. Sharp, partner in Washington law firm Patton, Boggs & Blow, was released on \$7,500 bail.

**Program Notes: Prevue Networks** said it plans to expand field test of its interactive program guide to 4 more cable systems. Previous field tests showed consumers are willing to pay \$2-\$3 per month for service, it said... **Digital Music Express** announced carriage agreements with Chattanooga Cable TV, Sacramento Cable, TCI of N.Y.

**Encore** has contributed to 42% drop in pay cable erosion, TCI said after study involving its systems that carry new channel. Pay-to-basic ratio increased 52% (including Encore) after Encore was introduced, TCI COO Barry Marshall said. Analysis involved 906 systems with 6.8 million subscribers.

**News organizations** without Washington representation can get free election information and political research assistance from Reporters' Resource Center, arm of Project Vote Smart -- 503-737-4000.

**House Commerce Committee** Chmn. Dingell (D-Mich.) is questioning FCC Mass Media Bureau decision April 29 to give noncommercial WHMM (Ch. 32) Washington special temporary authority to air hockey playoff game, including ads, when WDCA-TV (Ch. 20) Washington went off air because of transmitter failure. "I have no quarrel with the Commission's apparent desire to ensure that championship hockey games be available over free television," he wrote FCC Chmn. Sikes May 8. "Nor do I question whether WHMM's decision to exhibit this game was a service to its viewers." But Dingell said he was concerned by apparent violation of Communications Act prohibition against use of public broadcasting facilities for broadcasting ads. WHMM is licensed to Howard U.

**Citing riots in L.A.** and unrest in other cities, NBC canceled movie "In the Line of Duty: Street War" scheduled for airing over weekend. Network said: "Given the recent events in Los Angeles and other parts of the country, NBC and the... producers feel it would be inappropriate" to carry movie at this time. Ironically, movie (which received good reviews) was scheduled subject of cover story in Washington Post's TV Week magazine, also over weekend, which is printed in advance. To give studios (most of which closed during riots) more time, NBC said it would delay announcement of new fall schedule to May 21 from May 19, while CBS is moving its announcement forward to May 21 or 22 from May 27. ABC is sticking to May 12 date.

**For 2nd time in 3 years**, NPR membership has rejected dues increase approved by board. In 124-47 vote May 5, membership adopted resolution offered by Rural America Radio Network that urged board to approve dues increase for next year (FY 1993) "substantially less" than 9.7% level board adopted on management's recommendation. At meeting following day, board cut increase to 8.7% and eased policy under which some stations can apply for dues relief. Actions come as great majority of public radio stations are experiencing financial distress, with some reluctantly leaving NPR. NPR Pres. Douglas Bennet said board would examine dues again with goal of distributing burden more equitably among members.

**Walter McCormick**, chief Republican counsel and staff dir. of Senate Commerce Committee, reportedly is about to be tapped by President Bush to become gen. counsel of Transportation Dept. FBI checks are said to be under way. Sources said McCormick will be replaced in Committee post by Jon Chambers, legislative dir. to Sen. Danforth (R-Mo.), panel's ranking Republican for whom he would continue to work. McCormick has played major role for years in advising Danforth on communications policy. Sources said Chambers would be succeeded by Peter Leibold, currently one of Danforth's legislative assistants.

"**Prompt, comprehensive and remedial action**" is needed to correct "the current FM allocations and licensing scheme," NAB said. In reply comments to FCC, Assn. said action is mandatory to avoid same regulatory mistakes and inactions that hurt AM. NAB said Commission is "overpacking the FM airwaves" with too many stations, causing interference and stymying licensees' ability to upgrade facilities. Earlier, NAB petitioned FCC to impose temporary freeze on all new AM grants (TVD Jan 20 p5).

**Fox TV Network** will begin its 6th night (Wed.) of prime-time programming July 1 with *Beverly Hills, 90210* spinoff *Melrose Place*. Fox will program 8-10 p.m., hasn't announced other Wed. night shows, has said it will add 7th night of programming next year.

## Personals

**John Hayes**, pres.-gen. mgr., WCNC-TV Charlotte, promoted to vp-TV of parent Providence Journal Co., succeeded by **John Llewellyn**, vp-gen. mgr., WKYC-TV Cleveland... **Steve Merren**, ex-KWCH-TV Wichita, named vp-gen. mgr., WKTV Utica... **Vance Van Petten**, ex-Paramount, appointed senior vp-business and legal affairs-domestic TV, 20th TV.

Promotions at General Instrument's VideoCipher Div.: **Jim Shelton** to vp-programmer services, **Richard Segil** to dir.-DigiCipher sales and mktg... **Jim Birschbach**, ex-United Artists Cable, joins Mind Extension U. as vp-national program mktg... **Rob Sussman** promoted to dir.-financial planning and analysis, Showtime Networks... **Jim DeBellis** advanced to mgr.-transponder sales and traffic, Conus Communications... **Leonard Suchanek** resigns as chmn., General Services Administration's Council on Accessible Technology.

**Eric Illowsky**, ex-Cox Cable, appointed dir.-national account affiliate relations, USA Network; **LeslieAnne Wade** promoted to mgr.-press relations... **Victor Russek**, ex-Microband Wireless Cable, named dir.-mktg., Turner Private Networks... **Sally Wells**, vp-development, WETA-TV Washington, resigns, remains a consultant... **Buz Buzogany**, exec. dir., NATPE-Net, resigns to form Buzogany Communications with NATPE-Net as client... **Gary Robinson**, ex-WLWT Cincinnati gen. mgr., moves to WEWS Cleveland with same title.

**Charla Rath**, telecommunications policy specialist, NTIA, named FCC Chmn. Sikes' telecommunications adviser, succeeding **Cheryl Tritt**, now chief, Common Carrier Bureau; other changes in Bureau: **Jill Meltzer**, assoc. chief, adds duties of directing day-to-day activities of Bureau and coordinating interdivision policy matters; **Kathleen Levitz** named deputy chief-policy, succeeding **Carl Lawson**, appointed asst. gen. counsel; **Gregory Vogt** named chief, Tariff Div.; **John Cimko** appointed chief, Mobile Services Div... FCC Calendar -- May 11: Chmn. **Sikes** addresses International Mobile Communications conference, London, via satellite from Chicago, 8:30 a.m. He's keynote speaker at SS-7 Summit Meeting, Swiss Grand Hotel, Chicago, noon.

**Richard Mandelbaum**, ex-U. of Rochester, N.Y., named dir., Brooklyn Polytechnic U. Center for Advanced Technology in Telecommunications, succeeding **Ivan Frisch**, named provost... **Wayne Smith** named attorney, Viacom... **Michael Perlis**, publisher, Playboy magazine, adds responsibilities of exec. vp, Playboy Enterprises... **Mary Beth Hughes**, ex-Chicago ad agency Eisaman, Johns & Laws, joins Tribune Entertainment as dir.-creative services... **Michael Liburd** named mgr.-promotion, Showtime Networks; **Carol Dalgish** appointed dir.-national accounts, Showtime Satellite Networks... Promotions at KAET Phoenix: **Kelly McCullough** to asst. mktg. mgr., **Dana Shaul** to membership mgr... **Barry Zorthian** renominated by President Bush to Board for International Bestg... **William Padalino** promoted to vp-affiliate relations, Lifetime TV; **Beverly Hermann** to vp-affiliate relations, eastern region.



**Clarification:** NCTA Pres. James Mooney said that he's fairly certain that President Bush will veto any cable bill that looks like either S-12 or House subcommittee bill (TVD May 4 p1).

**FCC's high filing fees** for licenses for interactive video and data services (IVDS) such as that proposed by TV Answer "will not discourage speculation," said IVDS equipment manufacturer Radio Telecom & Technology (RTT). In filing May 7, RTT said that "based on firms that have contacted RTT, application mills are already hard at work preparing to file thousands, if not tens of thousands, of IVDS applications when the filing window opens. RTT would prefer to market to an industry of serious and capable operators rather than speculators." Instead of discouraging speculators, high fee will keep serious operators, including RTT, from filing in many markets, it said: "But it will not discourage application mills." Only way to discourage speculation is to structure rules in way to force lottery winner to operate IVDS system itself, rather than selling out or serving as front for real operator, RTT said.

**Newspaper publishers** see signs of economic recovery in their business but warned at Morton Media Forum in N.Y. last week not to expect fast rebound from deepest ad slump in years. They said there has been upturn in classified ads, often indication that general advertising is about to rebound. "There is a touch of optimism in the air and we are cautious participants in that mood," Knight-Ridder Chmn. James Batten said. Tribune Co. Pres. Charles Brumback said he expects increases "a little better than inflation," while McClatchy Newspapers projected 6% increase in ad revenues for 1992.

**News media** would have to pay 3% telephone excise tax under legislation (HR-776) advanced by House Ways & Means Committee. Proposal would raise estimated \$99 million over 5 years ending FY 1996, Committee said in bill report released at weekend (H. Rept. 102-474). Change is designed to replace revenues that would be lost through another proposal to lower tax rates relating to nuclear energy industry. Prospects are unclear for enactment of HR-776, which proposes massive reform of federal energy policies.

**Comments are being sought** by NTIA on March report (ET Doc. 92-9) on govt.'s current and planned use of 1710-1850 and 2200-2290 MHz, along with NTIA, congressional and international technology initiatives. Report can be purchased from Downtown Copy Center, 202-452-1422. Comments are due June 5, replies July 6 -- Fred Thomas, 202-653-6204.

**FCC-licensed broadcast stations**, as of April 30, according to Commission: UHF commercial 580, VHF commercial 558, UHF noncommercial 236, VHF non-commercial 123; AM 4,982, FM 4,652, FM noncommercial 1,530; FM translators and boosters 1,894, UHF translators 2,350, VHF translators 2,503; UHF low power 785, VHF low power 452.

**House Copyright Subcommittee** completed work on bill (HR-4412) that would allow journalists to use portions of copyrighted material without permission of author. Measure would allow publication of portions of unreleased works under fair use doctrine of copyright law, which allows unauthorized uses of copyrighted materials if it's in public interest. Bill still must clear House and Senate.

## OBITUARY

**Edward J. Brown**, 79, FCC attorney for more than 20 years, died May 2 of heart failure in Sibley Memorial Hospital, Washington. Graduate of U. of Wis. Law School, he was in Navy during World War II and Korean War. He joined FCC in 1953, serving as asst. chief of old Cable TV Bureau and chief of Renewal Branch of Best. Bureau before retiring in 1974. Wife, 5 children survive.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

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

	APRIL 18-24	1991 WEEK	% CHANGE	APRIL 11-17	16 WEEKS 1992	16 WEEKS 1991	% CHANGE
TOTAL COLOR.....	412,895*	255,976	+61.3	277,391	5,804,584	5,484,289	+ 5.8
DIRECT-VIEW...	407,636*	252,713	+61.3	274,530	5,707,655	5,397,118	+ 5.7
TV ONLY.....	393,739*	242,286	+62.5	261,390	5,483,988	5,198,672	+ 5.5
TV/VCR COMBOS	13,897*	10,427	+33.3	13,140*	223,667*	198,446	+12.7
PROJECTION....	5,259*	3,263	+61.2	2,861	96,929*	87,171	+11.2
VCR DECKS.....	213,629	140,595	+51.9	197,611	3,050,049	2,497,535	+22.1
CAMCORDERS.....	56,827	40,779	+39.4	37,119*	603,250*	520,254	+16.0

Direct-view TV 5-week average: 1992--376,419\*; 1991--313,193 (up 20.2%).

VCR deck 5-week average: 1992--207,550; 1991--169,886 (up 22.2%).

Camcorder 5-week average: 1992--48,183\*; 1991--41,581 (up 15.9%).

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

**TECHNICS TO SHIP HOME DCC DECKS TO U.S. DEALERS IN OCT.** Technics said it will start shipping its first DCC decks to U.S. dealers in Oct., expecting all retailers to have models on selling floor by first week of Nov. -- about same time as first Sony Mini Disc (MD) portable recorders are expected to hit streets.

Technics deck is same one introduced day earlier in Tokyo as scheduled to go on sale Sept. 21 in Japan at equivalent of \$1,000 list. But executives at last week's national sales meeting in Scottsdale, Ariz., refused to be pinned down on U.S. pricing of same unit, saying company policy discourages speculating about ticket 6 months in advance of market introduction. Other significant element to emerge in long-awaited Technics announcement was its decision not to market portable recorder simultaneously with home deck. Executives said DCC products in all existing Technics audio configurations will be available in "very near future." They said decision reflects company's belief that DCC should be positioned strongly as home hi-fi product first, later as portable and car audio configuration. Scenario, they said, should parallel that of successful CD rollout in 1980. Vp-Gen. Mgr. Michael Aguilar said DCC sound quality is "equal to that of the CD," echoing sweeping claim made for some time by Philips.

Latest positioning is at odds with statements by Aguilar himself since fall that company was committed to marketing record/playback portable at same time as its first U.S. home deck introduction. He said decision to forgo portable DCC launch now didn't represent shift in positioning or problems in developing portable at factory, but was response to "competitive" factors in marketplace. Aguilar wouldn't answer directly when asked whether new plan to position DCC strongly as home hi-fi medium was in direct response to Sony's positioning of MD as personal audio format. He and other officials also sidestepped questions as to when portable DCC could be introduced, although Matsushita executives day earlier told our Tokyo correspondent that DCC personal stereo could be ready for introduction there by spring or summer of next year.

Aguilar fended off questions on pricing of first home deck in U.S., saying news reports quoting \$1,000 price point on same model due in Japanese stores Sept. 21 merely was result of reporters' having made "simple translation" by taking 135,000-yen price cited for Japanese deck and dividing by 133 (approximate yen/dollar exchange rate). He said history showed pricing decisions in Japan seldom are adaptable to U.S. or Europe. Fact is that products brought to U.S. shores ordinarily carry higher price than their direct Japanese equivalent because of costs such as duty and freight. While Aguilar reiterated that company never gives pricing of new products "6 months out," when asked whether tag would be about \$1,000 he said: "I would

certainly say it would never be higher than that." Major power retailers are "dying" for opportunity to sell DCC products without even knowing what price will be, he said. At \$1,000, deck would be significantly higher than current \$599 street prices on some Sony DAT recorders. Aguilar said record companies had pledged software pool of 540 titles to support first DCC hardware launch in fall -- advantage that DAT never enjoyed.

Matsushita at Tokyo news conference day before Scottsdale briefing said that 1,000 units would be produced monthly at start and that it planned to sell recorder overseas, although it wasn't specific on latter point. Technics said first deck will use thin-film head sourced from Philips, but said component manufacturers, including Matsushita, are proceeding with plans to produce heads "gradually" themselves. Yunan Esaka, gen. mgr. of Matsushita DCC Business Promotion Office, told our affiliated publication *Audio Week* that Matsushita hardware to be introduced next spring would incorporate Matsushita heads. He repeated statements last fall to reporters in Osaka that development of thin-film heads has been difficult, but indicated R&D work has been completed. Like Philips DCC-900, RS-DC10 will feature 12-character text capability.

While Aguilar wouldn't be pinned down on DCC sales projections, Matsushita executive in Japan predicted that market worldwide would reach 60,000 units in 1992, chiefly as result of Philips and Matsushita introductions, although executives said other manufacturers still might launch product by year-end. Company predicted market would grow to 500,000 units worldwide next year and 2 million in 1994. It said analog cassette "has carved itself a huge market" with combined annual sales of 3.1 billion units of blank tapes and musicassettes and 180 million cassette-related hardware products. "However, there has lately been an acute demand for improved, digitalized sound quality in cassette tapes." Long-awaited marketing of its first DCC deck "marks Matsushita's first effort to combine both its hardware and software businesses to create a new market," company said without referring by name to MCA subsidiary. Company said it will seek support of entire software industry and "is making a firm commitment to the establishment of DCC as an essential new audio medium."

Matsushita said it would continue to pursue R&D in "technologies which have the potential to create new markets, offering consumers valuable new products." Sony has used similar rhetoric in positioning MD as personal audio product designed not to replace old markets, but to create new ones. Matsushita has acknowledged it has talked with Sony on possibility of obtaining MD license, and Matsushita-affiliated JVC announced it had signed provisional MD license in Jan.

At Tokyo news conference, Tadazaku Yamamoto, managing dir. of Matsushita Audio & Video Sector, reiterated that Matsushita is working to develop miniature optical disc for future applications. Japanese newspapers reported recently that company hasn't relinquished ambitions to develop magneto-optical technologies for markets other than consumer audio, but said it had abandoned plans to develop its own miniature digital audio disc based on so-called "phase-change" technology (TVD March 30 p17). Yamamoto dismissed suggestions that DCC would compete with MD, suggesting that customers who prefer tape- or disc-based technologies will constitute 2 complementary markets in years to come.

In Tokyo, company said it will support DCC hardware launch with rollout of 90-, 60- and 45-min. blank tapes to be produced at rate of 100,000 monthly at facility it didn't identify. Senior executives said pricing on blank cassettes hadn't been finalized, but said blanks were expected to sell for about same price as blank DATs or high-end metal analog cassettes. Aguilar said U.S. introduction would be supported by "teaser" ads starting in June and running through Oct. At that point, company plans large mass-market campaign including tie-ins with MCA Records "sister company." Details of MCA-Technics tie-in were to have been announced at May 5 news conference in L.A., but session was postponed because of riots. Aguilar said he was hopeful that announcement could be rescheduled with 3-4 weeks.

**CONSERVATIVE OUTLOOKS FOR 1992 DESPITE FAST START:** Despite EIA reports of impressive gains in sales to dealers for first 3rd of year (see *State of the Industry*), industry executives at round of new line previews last week essentially are holding to conservative predictions of relatively flat sales in core categories in 1992. That's particularly true for VCR and camcorders, categories that have gotten off to surprisingly swift starts this year.

Even though camcorder sales for first 18 weeks were up 20% over last year, industry doesn't seem to be expecting year-long boom. JVC's Donn Barclay said VCR sales should end up "anywhere between 10 and 10.5 million" and "I think the industry's going to run into some shortages" if rate continues higher. Thomson Video

Product Vp—Americas Bruce Allen was more upbeat, saying sales could surpass 11 million this year. Both Allen and Barclay expect about 3 million camcorders will be sold this year.

Most aggressive note was sounded by Joseph Clayton, recently named as exec. sales and mktg. vp for Thomson Consumer Electronics, Americas (TCE), who said company regained significant share in first quarter in major categories: 5 points in total color TV, 8 points in projection TV, more than 2 points in VCR, 3.5 points in camcorders. Company also is claiming "dominant" share of 35" market, saying that it's selling more than half such sets. Acknowledging that "we lost some share" year ago when TCE tried to institute price increases on camcorders and color TVs, Clayton said company "will price to the market. The days of kicking sand in our faces are over." He said Thomson will continue pricing large screen aggressively, but insisted that "with the exception of large screen, we are not the price leader."

James Meyer, senior vp—color TV—Americas, said Thomson will start selling 34" widescreen TVs in Nov.—Dec., following with projection sets in first half of 1993. Clayton, while stressing Thomson's efforts to line up software support in laserdisc community, also pointed to interest in widescreen he said was shown by cable industry at last week's NCTA show, where Thomson had booth for first time. "The bandwagon is getting fuller of people and we're moving," he said. "We will be up on the learning curve much in advance of anyone else."

Others are less aggressive in their stance. JVC, which earlier this year had expressed intention of being first on U.S. market with widescreen set, is taking more measured stance. Color TV Div. Gen. Mgr. Al Levene said company, which is selling widescreen set in Japan, has "a plan for 16:9," but doesn't have firm date for introduction here. Toshiba Color TV Mktg. Dir. Steven Nickerson said Toshiba "has the capability" of producing 16:9 sets but will be spectator initially. He said he's concerned that if HDTV begins to hit consumer market sooner rather than later, industry will be chasing after same early—adopting customer to whom it had just started selling conventional widescreen: "There's got to be some broadcast programming to make it truly acceptable."

Thomson introduced wide range of new TVs, including new 60" projection adaptable for in-wall installation. New, shorter VCR collection with all-new chassis and cosmetics features larger fluorescent displays and 2 models with VCR Plus. All models in new camcorder line, split among all 3 formats, are capable of producing widescreen picture.

Toshiba's introductions at recent zone shows were highlighted by expanded range of Super Tube sets and formal introduction of Cinema Series home theater sets. Company also showed range of new VCRs highlighted by model that combines VCR Plus with Auto Speed Select feature for optimal programming.

JVC's TV line includes new family of 27", 31" and 35" sets that feature enhanced sound systems with spatial audio enhancement circuits, and separate audio output for PIP channel sound. Company also added 2 new models to VHS-C camcorder line and introduced completely redesigned VCR line that has 2 models incorporating VCR Plus.

For more details on RCA, Toshiba and JVC lines, see stories elsewhere in this and subsequent issues.

**PANASONIC ADDS 9 SUPERFLAT TVs, \$700—\$1,900:** Building on introduction of first 2 SuperFlat TV sets last summer (TVD Aug 19 p11), Panasonic last week introduced 9 more in 27" and 31" sizes, priced below and above initial offerings, along with 51" projection system said to use much of same technology as SuperFlat system. New models include first Panasonic sets with closed-caption decoding.

Due for delivery in late summer, new sets were shown at dealer meeting last week in Scottsdale, Ariz., and vary in suggested list prices from \$700 to \$1,900, providing complete line up and down from original sets, first introduced under Prism label (and now carrying Panasonic brand) at \$1,200 and \$1,800. Original sets used tubes imported from Japan, but Troy, O., plant began producing SuperFlat tubes last week, using faceplates imported from Japan.

Lowest priced SuperFlats with 27" and 31" tubes will carry suggested lists of \$700 and \$1,300, respectively, all with standard SuperFlat features including invar mask, barium cathode, multiprefocus gun, velocity scan, CCD comb filter, etc. Basic models have more than 700 lines of horizontal resolution, 2 S-video inputs, Dome Sound system, timer; 31" has surround sound circuitry. Models with PIP are \$850 and \$1,500, while high-end table models with 2-tuner PIP, artificial intelligence contrast adjustment, closed

captioning, 750 lines, Active Dome sound, on-screen graphic equalizer, are \$1,300 and \$1,900. First SuperFlat consoles are \$900 for 27" without PIP, \$1,000 with, and \$1,600 for 31" with PIP. For comparison, Sony's XBR<sup>2</sup> Super Trinitron models are \$1,899 for 27" and \$2,299 for 32" (TVD April 6 p9).

Panasonic's 51" projection has artificial intelligence, new screen and lens system, PIP, Dolby Surround, 20w-per-channel amplifier, is available immediately at \$3,000 list. Also introduced was laserdisc combi player that can play both sides of LD, with time base corrector, 2 S-video, 2 composite and one optical output, at \$999. Panasonic also added 3 "in-line" VHS-C camcorders, all with 10x optical zoom, digital effects, wireless remote, light, mono at \$999, stereo \$1,199 and S-VHS-C stereo at \$1,499.

**FIRST-QUARTER CAMCORDERS FROM JAPAN DOWN 30%:** Japan exported 30% fewer camcorders to U.S. in first quarter of 1992 than year earlier, but the 564,621 shipped here still were 31% more than U.S. dealers bought in same period. While price of camcorders exported from Japan continued to decline, there were signs that VCRs have hit low point and are headed sharply upward.

March was 5th consecutive month to show decline in Japanese shipments of camcorders here, with exports down 20.1% in month after declines of 38.1% in Feb. and 31.3% in Jan. Those drops are significant, since Japan is source of more than 96% of camcorders imported into U.S. Shipments in Feb. were lowest for any month in 2 years.

At least partly because of weaker yen, average price of exported camcorder hit all-time low of \$519.77 in March, down \$11.73 from year earlier. Average exchange rate in March was 133 yen to dollar vs. 127 in Feb. (but both still well below the 137 of March 1991). Average camcorder exported cost 69,133 yen, 2nd lowest in history (after Jan.'s 66,893, when rate of 126 yen brought dollar price to \$530.90).

VCRs seem to be headed in opposite direction, average dollar price hitting \$257.39 in March, up \$35.63 in one month to highest in more than 5 years (since Sept. 1986) while yen price (34,233) was highest since June 1990. Presumably main reason for rise in average price of VCRs is that Japan now accounts for less than half of U.S. camcorder imports, low-end models coming from other Far East countries. VCR deck shipments from Japan to U.S. were down 5.1% in both Feb. and March, but ran equal to last year for full first quarter.

Color TV exports to U.S. continued to drop toward vanishing point, totaling only 2,362 in March, down 86.4%, and at 18,706 in first quarter about half of year-earlier figure. Videodisc player shipments in quarter were more than double last year. First-quarter CD players set record for period at 1,390,425.

First-quarter exports from Japan to Canada (March figures in parentheses): Color TV 1,484 sets, down 48.6% (24 sets, down 98.3%); VCR decks 101,627, up 17.4% (38,238, up 43.9%); camcorders 43,285, down 7.4% (19,687, up 10.4%); CD players 115,741, up 46.4% (40,184, up 82.2%); videodisc players 3,633, up 34.9% (280, down 41.7%). Here are Japan to U.S. exports in Units for Feb., March and first quarter:

Product	Feb. '92	Feb. '91	% Chg.	Mar. '92	Mar. '91	% Chg.	3 Mo. '92
Color TV.....	8,124	8,348	- 2.7	2,362	17,366	-86.4	18,706
VCR decks....	540,649	517,329	+ 4.4	517,868	532,838	- 1.1	1,456,744
Camcorders....	157,685	254,810	-38.1	226,415	283,241	-20.1	564,621
CD players....	399,790	331,090	+20.7	561,993	462,427	+21.5	1,390,425
V'disc players	18,915	10,621	+78.1	12,879	11,830	+ 8.9	60,598

New edition for 1992 of U.S. Consumer Electronics in Review, subtitled "Education and Entertainment -- Yesterday, Today and Tomorrow," handy narrative and statistical summary of \$47-billion (retail) industry, is now available free from EIA Consumer Electronics Group -- 202-457-8728.

Groundbreaking for new Thomson Consumer Electronics N. American hq was held last month in Indianapolis. Complex will incorporate 274,000-sq.-ft. technical center and 173,000-sq.-ft. administration center, is expected to open in 1994.

Another computer brand in trouble: KLH Computers, Houston, and subsidiaries Premier Innovations and KLH Electronics, filed for Chapter 11 bankruptcy, listing assets of \$69.6 million and liabilities of \$61.8 million, but to continue in business. In recent months, Philips, GoldStar and Emerson have left brand-name computer marketing.

#### THIS WEEK'S YEN RATE

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

**CE PROBLEMS HURT PHILIPS EARNINGS:** Despite slower-than-expected recovery in its consumer electronics operations, Philips posted 29% increase in first quarter net profit as comparable sales rose 4% (see financial table). Earnings gain stems mainly from Centurion restructuring program begun in 1990. Company said it considered first-quarter results "satisfactory" and forecast "a limited increase in sales and net income from normal business operations for 1992."

In statement accompanying earnings report, Philips blamed lower consumer electronics (CE) sales on "continuing pressure on prices and unfavorable market developments for a number of products, including color TV sets." Financial Times quoted Henk Appelo, group finance dir., as saying that operating losses in CE were less than \$55 million (at current rate of \$1 = 1.832 guilders), which he called satisfactory in face of 5% decline in CE pricing in quarter. "We believe we fared relatively well in comparison with other Europeans, the Japanese and the Koreans," he said. Sales for consumer products segment (of which CE is major component), rose 3% on comparable basis, while income from operations plummeted to 106 million guilders (\$58.9 million) from 298 million in year-ago quarter to 106 million guilders.

At shareholders meeting last week, Pres. Jan Timmer acknowledged that CE had constituted "only major setback" for Philips last year "and the first quarter did not show an improvement." He continued to express confidence that CE market would improve, although he declined to forecast timetable for turnaround.

Components and semiconductors sector saw 6% drop on comparable sales, with Philips citing lower demand for color TV picture tubes, components and integrated circuits for consumer application, "mainly because of reduced working hours within the TV industry in Europe."

Statement said personnel had declined 400 since beginning of year, "particularly in consumer electronics." It made no specific mention of recently announced decision to leave U.S personal computer market (TVD April 13 p12), which it said would result in reduction of about 600 people during current quarter.



**Aiwa's reentry into video**, first reported here month ago (TVD April 13 p10), was announced formally last week. Standards-converting VCR, without tuner, will be priced at \$500 when available in Aug. It will be operable at 90-260 volts, have digital auto tracking, auto noise canceling, wireless remote. Standalone standards converter for NTSC, PAL and SECAM will be \$400, also available in Aug. It has 3 input and output terminals, stereo-mono switching, 500-kbps field memory, 7-bit A/D converter, 240 lines horizontal resolution. Sales & Mktg. Vp Rusty Bennett said first target markets will include people who swap personal videotapes with friends and relatives in other countries as well as educational institutions. Version with NTSC tuner is expected early next year.



**Is recession over in consumer electronics?** It's not exactly evident at some retailers, but EIA figures show record sales of camcorders, projection TVs and TV/VCR combos in 1992's first 16 weeks, with VCR decks up 22.1%. On basis of data for 3 of 4 weeks in April, month seems certain to set record in direct-view color. All color TV products -- direct view, projection, combos -- set records for April's 3rd week, and VCR decks and camcorders were up substantially from same 1991 week (see State of the Industry).

**SOUND ADVICE INVESTIGATION:** Sound Advice (SA), 20-store Fla. retailer, has hired special counsel to investigate charges by former employee that company's financial statements for year ended June 30, 1991, "included intentional misstatements which may be material." Spokesman said "there is no evidence at this time to suggest intentional misstatements," but company has made series of adjustments totaling \$3.5 million in financial reports for most recent quarter in what it "believes to be a worst-case scenario" concerning allegations.

Spokesman declined comment on specific nature of allegations. Sound Advice said "adjustments" in report consist primarily of "writedowns of doubtful accounts receivable, merchandise inventory and service parts; an allowance for redemption of future credits; and adjustments to miscellaneous accruals and other expenses." Spokesman said \$3.5 million in charges were taken now "rather than have an unspecified amount of exposure" pending outcome of investigations.

"Adjustments" left company with \$2,079,000 net loss for quarter, as sales rose 33.5% to \$32.9 million; comparable-store sales were up 20% in period and were running 13.5% ahead for first 9 months of fiscal year. Pres.-CEO Peter Beshouri said probe shouldn't "prevent the company from successfully pursuing its stated business plans."

SA spokesman said investigation was begun 4 weeks ago when former employee approached its auditors, Deloitte & Touche, with charges of misconduct. He said Deloitte "essentially reviewed its prior audit," although complete examination probably won't be finished until numbers for full year are examined later. Spokesman said Deloitte has kept identity of accuser from SA management. SA board hired Miami law firm as special counsel that essentially is conducting simultaneous inquiry, he said.

As part of review, Beshouri said, board "will determine whether more resources should be devoted to accounting and general administration functions." He said SA will seek additional outside director with strong accounting background.



**First major reformulation of videotape line** since 1989 was announced by TDK with debut of "Sound & Color" series. New line comes in 4 grades, each using Avifine particles that have cobalt layer to increase coercivity and stability of iron-oxide material, enhancing video and audio output. HS grade will be available in T-30, T-60, T-120 and T-160 lengths. E-HG will come in T-120, T-160 and T-180 and in compact TC-20 and TC-30. New Hifi tape will be in T-160 and T-120 and HD-X Pro in T-120 and compact TC-20 versions.

**Polaroid tape promotions** for 2nd half: "Special Events" pack of 2 high-grade T-120 tapes and one high-grade T-160 for price of 3 T-120s. Company is continuing "8mm Variety pack" containing two 30-min. and one 120-min. cassettes for price of three 30-min. tapes. "Football Value Prepack" contains 2 standard T-120s and one high-grade T-120 for price of 3-pack of standard T-120s.

**Closed Circuit TV** Mfrs. Assn. (CCTMA), division of EIA, will sponsor first CCTV Educational Seminar June 8-12 in New Orleans, designed for both users and designers -- 202-457-4931.

**GIANT LCD FAR OFF--MORITA:** Sony Chmn. Akio Morita in recent interview sought to demolish myth that ultrathin wall display is near-term answer to problem of viewing HDTV. In Bayonne, France, to dedicate new parts factory, Morita was asked about progress toward non-CRT display.

"Many people are looking for ways of making a wall display, but we still don't have a solution," he replied. "We might have a great breakthrough some day -- we have been looking for many years, but still there is no solution. It is always just around the corner." He drew analogy to electric car. "We have been looking for a breakthrough" in batteries to power electric autos. "There has not been a breakthrough, but it is developing slowly." For HDTV, he said Trinitron is most practical tube because its cylindrical faceplate makes it easy to develop widescreen version.

"We are not in a format war" with DCC, Morita told our correspondent, discussing Mini Disc (MD). "If the market is ready to accept DCC, we may also come out with it -- especially the software, which is system independent." Asked about possible consumer confusion between MD and DCC introductions this year, Morita said: "I think the customer should have a wide range of choice." Sony has "no objection" to those who continue to prefer tape over disc, he said: "Some people will want to use disc [because of] the advantage of random access... We will never force our customer to choose one system... We would, of course, prefer to have one standard. However, from our point of view as a software manufacturer, we are willing to make our software available on any standard. So we do not have to have a single standard." As for Sony perspective as hardware manufacturer, Morita said: "We are willing to make any format... If necessary, and if DCC is okay, we are willing to make it available, along with MD and CD."

Morita justified Sony's continual launch of new products: "Our aim is miniaturization of everything. Technology is endless. The needs of [different] customers are very different. We will never reduce our investment in R&D. This must be done for long-range success, even if profits go down." But technology isn't everything, he said. "What is also needed is creative marketing. Walkman was not creative technology, but it created an enormous market."

**Top 10 trading partners** for U.S. in electronics last year, ranked by EIA, showed Japan No. 1 supplier by more than 4-1 margin over No. 2 (Singapore), and Canada as No. 1 customer. Here are top 10 foreign markets for U.S. electronic products last year (dollars in millions): (1) Canada \$11,728. (2) Japan \$8,282. (3) U.K. \$5,621. (4) Germany \$5,339. (5) Mexico \$4,876. (6) Singapore \$3,245. (7) Netherlands \$3,041. (8) France \$2,928. (9) Korea \$2,525. (10) Taiwan \$2,523. Top 10 suppliers: (1) Japan \$27,610. (2) Singapore \$6,995. (3) Canada \$6,377. (4) Taiwan \$6,373. (5) Korea \$5,145. (6) Mexico \$5,103. (7) Malaysia \$3,819. (8) Germany \$2,565. (9) U.K. \$2,024. (10) China \$1,879.

**Philips** has taken different marketing tack in launching CD-I player in U.K. (TVD April 6 p12). Consumers buying player there receive voucher instantly redeemable for about \$100 of CD-I software of their choice, instead of having predetermined disc assortment packed in with player, as is practice in U.S. Also, U.K. consumers earn credits toward future free software every time they purchase CD-I disc. Philips spokesman in U.S. acknowledged company is constantly considering marketing options for U.S., but said U.K. plan won't necessarily be adopted here.

**APRIL RETAIL SALES REPORT:** Three major electronics and appliance superstore companies reported comparable-store sales gains for April, but pace of that growth slowed from prior months.

**Best Buy** said comparable-store sales were up 16% last month and overall sales 44% to \$72 million. Comparable-store gain is lowest for any month so far this year. For last few months, Best Buy executives have acknowledged that much of their comparable-store gains have come from increased sales of personal computers.

**Circuit City** (CC) comparable-store sales rose 2% and total sales 11% to \$179.4 million; like Best Buy, Circuit City's comparable-store gains were lowest for any month this year. Pres.-CEO Richard Sharp blamed weakness in S. Cal. economy and fact that Easter fell in April this year, instead of March as in last year. Company also postponed planned entry into New Orleans (TVD Jan 13 p14), citing inability "to obtain the necessary real estate." CC didn't announce new schedule for entering New Orleans, but added Tulsa to list of cities it will enter in current fiscal year.

**Audio Video Affiliates** (AVA) comparable-store sales were up 1% in April, weakest comparison for any month since June. Overall sales gained 10% to \$13.1 million. April was 28th straight month that chain had comparable-store increases.

**K mart**, announcing 7% April sales gain in general merchandise stores (4.9% in comparable stores), said "sales in a number of big-ticket categories, most notably home electronics, continued to improve, strongly indicating that the economic environment continued to strengthen..."

Commtron, distributor being acquired by privately held Ingram, reported 2.7% net earnings drop in 2nd quarter ended Feb. 29 on 8.4% revenue increase (TVD March 23 p18). Video software revenues rose 10.4% to \$103.4 million from \$93.7 million, 85% of total, on strong rental release slate. Consumer electronics sales of \$18.2 million were same as year earlier.

**Mass-production** techniques for lithium ion batteries, said to have twice life of nickel cadmium type, will be developed by Japanese venture of Asahi Chemical, Toshiba, Toshiba Battery. Product will be commercialized within 2 years, Tokyo news accounts said. Lithium battery will have double electric capacity, 3 times average operating voltage, require only 1/4 to 1/8 normal charging time, companies said.

**Annual report** of Netherlands Foundation for Technical Sciences is presented in pictures and sound on CD-I. As Philips Consumer Electronics Div. Chmn. Henk Beld pointed out at ceremony in The Hague, CD-I is "publishing medium for entertainment, education and information and is not only intended for the consumer market, but is equally suitable for professional use."

**Top camcorder format** in U.K. is 8mm, which had 50% of market there last year, up from 47% in 1990, G&A survey reported. VHS-C had 37%, S-VHS-C 5%, Hi8 4%, VHS 3%, S-VHS 1%. Sony dominates 8mm cassette market with 54.5% share, JVC in VHS-C market with 45.1%; 3M in total VHS blank cassette market with 23.7%, followed by Memorex with 19.5%.

**MORE TV SETS FROM MEXICO:** Mexico continues to pick up steam and dominate as primary source of color TV imports. For first 2 months, imports from there increased 27.9% as all color TV imports were up 19.7%. More than 58% of TVs imported into U.S. in Feb. came from Mexico, raising its share to 53.8% for first 2 months.

	Feb.	% Chg.	2 Months	% Chg.
	VCR Decks			
<b>TOTAL....</b>	<b>990,900</b>	<b>+30.0</b>	<b>2,020,500</b>	<b>+32.1</b>
Japan....	443,100	- 9.3	816,500	- 2.8
Korea....	238,700	+126.9	507,400	+74.7
Malaysia.	162,400	+133.4	355,100	+156.4
Thailand.	61,100	-18.3	207,200	- 3.4
Indonesia	46,800	*	63,200	*
Taiwan...	23,400	+11.3	31,300	-13.9
Singapore	15,000	+376.5	39,100	+305.1
TV Sets				
<b>TOTAL....</b>	<b>911,200</b>	<b>+10.1</b>	<b>1,850,300</b>	<b>+11.6</b>
color...	769,200	+15.6	1,555,200	+19.7
b&w....	141,900	-12.2	295,150	-17.8
Mexico				
color...	447,700	+42.9	836,700	+27.9
Malaysia				
total...	81,400	-19.7	168,900	+ 0.0
color...	72,000	-25.7	154,500	- 3.5
b&w....	9,400	+112.8	14,500	+63.9
Korea				
total...	75,200	-42.3	215,300	-27.2
color...	41,900	-10.6	116,500	+ 5.6
b&w....	33,400	-58.3	98,700	-46.7
Thailand				
color...	72,100	+95.1	149,600	+56.0
China				
total...	70,400	+41.1	160,500	+ 2.3
color...	38,200	+84.3	89,000	+19.4
b&w....	32,200	+14.2	71,600	-13.2
Taiwan				
total...	63,800	+ 4.4	105,000	- 0.6
color...	17,400	-53.0	33,900	-54.1
b&w....	46,400	+93.0	71,000	+125.0
Singapore				
color...	43,200	+53.9	94,900	+35.6
Japan				
total...	28,000	+19.9	54,400	+16.1
color...	16,000	+ 3.1	33,900	- 2.5
b&w....	11,900	+53.8	20,500	+69.4
Hong Kong				
total...	9,500	+10.9	30,100	+18.6
color...	3,300	+54.3	14,400	+44.5
b&w....	6,200	- 3.5	15,700	+ 1.8
Canada				
color...	8,400	+1,104.7	16,000	+492.0
Philippines				
color...	8,100	+104.5	14,600	+47.8

\* No significant shipments in 1991 period.  
Note: Figures for color and b&w TV include kits.  
Some totals may not add due to rounding.

First PAL laserdiscs issued in U.K. in 7 years will be released this month by Pioneer LaserDisc Corp. of Europe (LDCE), company said. Titles will include Total Recall, The Doors, Angel Heart and Next of Kin, with retail prices at \$35-\$52.

**FINAL CES DETAILS:** The 46th Consumer Electronics Show, 26th "Summer" show (although held in spring) and first with days for consumer attendance, will have 55,000 trade attendees and 50,000-100,000 consumer visitors, according to estimates of sponsor EIA Consumer Electronics Group (CEG). Estimated 800 exhibitors will occupy half-million net sq. ft. in Chicago's McCormick Place, McCormick Center Hotel, Chicago Hilton. Show will run May 28-31, with public admitted noon-9 p.m. Sat. May 30 and noon-6 p.m. closing May 31.

CEG says it has received more than 6,500 calls for information on its 800 phone line, about half of them from outside 200-mile radius of Chicago; 42% of ticket sales have been from beyond Chicago area. Among dedicated product areas and pavilions planned: Multimedia, featuring exhibits by Philips Interactive Media, Apple Computer, Tandy, Compton New Media, Eastman Kodak, Roland. CD-ROM pavilion will have displays by Bureau of Electronic Publishing, Grolier Electronic Publishing, Geoworks, Multimedia Products Corp., National Geographic. Other pavilions and areas will be dedicated to home theater and mobile office.

Special events for consumers will include, in addition to educational sessions: (1) Cafe Karaoke, singalong with \$2,500 worth of prizes. (2) Sales Spree sweepstakes with prize of \$10,000 worth of consumer electronics at retail store of winner's choice. (3) Car Audio and Security Expo, featuring demonstration of 15 vehicles of International Autosound Challenge Assn. finalists.

Fifteen Chicago dealers with 258 storefronts are selling show tickets (\$8 in advance, \$10 at door), CEG said, including such major entities as Sears, Montgomery Ward, Fretter, Highland Superstores, K mart, Polk Bros., Service Merchandise, Silo and Videoconcepts, and were listed in full-page ads in both Chicago dailies.

Although CEG rules strictly ban sales of electronic merchandise at show, management has decided to permit sale of apparel -- T-shirts, baseball caps, etc.

In last-minute change, Philips has rearranged display to provide almost 10,000 sq. ft. of exhibit space by eliminating special separate display on DCC and devoting entire space to Philips products and accessories, including DCC and CD-I. Missing from exhibitors, incidentally, is Commodore, which has been active participant in recent shows with its CDTV multimedia system.

—————  
Rent-to-own dealer convention and trade show of Assn. of Professional Rental Organizations (APRO) is scheduled for New Orleans July 22-26. Among highlights will be release of APRO's annual statistical summary for 1992. Program features full schedule of seminars, with more than 100 exhibitors, including Brother, EIA, Hitachi, JVC, Magnavox, Mitsubishi, Quasar, Sears Contract Sales, Soundesign, Thomson, Zenith. Reception July 25 will be sponsored by Thomson, while Magnavox will publish "APRO Convention Daily" -- 512-794-0095.

TDK has built integrated magnetic tape production facility in Luxembourg to serve European market -- its first such facility outside Japan. At full-scale production in midyear, factory will have monthly capacity of 8 million audiocassettes and 4 million videocassettes, as largest tape facility in Europe.

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## Consumer Electronics Personals

Promotions at Thomson: **Elliot Broadwin**, mgr., strategic product development, high-end color TV, named gen. mgr., product management, same div.; **Louis Lenzi**, industrial design mgr., named gen. mgr., industrial design & consumer interface; **Jack Nick** moves from vp-mktg. to vp-mktg. communications and services; **Gill Ravelette**, gen. mgr.-operations planning, TV Div. Americas, named gen. mgr., brand management; **David Ruby**, mgr., customer service and distribution, appointed gen. mgr., logistics and sales administration; **Gary Savadove**, gen. mgr., customer service and new business development, named gen. mgr., strategic development... **Evan Krachman**, ex-Turner Engineering, named video products sales specialist, Nikon Electronic Imaging.

**Ron Geslin**, ex-EMI Records vp-pop music promotion, appointed promotion vp, new Columbia Records-affiliated Chaos Recordings, reporting to Label Mgr. **Jim Cawley**... **Randy Miller**, who has taken new post at MCA Records, resigns as promotions dir., DCC Group of America, replaced by **Rick Rogers**, vp-sales and mktg., PolyGram Special Markets.

## 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
<b>Esquire Radio &amp; Electronics</b>			
1992-qtr. to March 31	28,940,000	591,000	1.22 <sup>a</sup>
1991-qtr. to March 31	13,667,000	146,000	.30
<b>Heritage Media</b>			
1992-qtr. to March 31	52,422,000	(7,191,000)	--
1991-qtr. to March 31	51,434,000	(5,664,000)	-- <sup>b</sup>
<b>M/A-Com</b>			
1992-26 wk. to March 28	179,726,000	7,450,000	.31
1991-26 wk. to March 30	185,463,000	7,285,000	.29
1992-13 wk. to March 28	92,160,000	4,305,000	.18
1991-13 wk. to March 30	94,593,000	4,266,000	.17
<b>Philips NVC</b>			
1992-qtr. to March 31	7,076,965,000	94,978,165	.57 <sup>d</sup>
1991-qtr. to March 31	6,830,240,100	73,689,956	.46 <sup>d</sup>
<b>Pinelands</b>			
1992-qtr. to March 31	28,635,000	(5,345,000)	--
1991-qtr. to March 31	34,336,000	(2,120,000)	--
<b>Republic Pictures</b>			
1992-qtr. to March 31	14,027,000	494,000	.11
1991-qtr. to March 31	28,409,000	448,000	.10
<b>Sound Advice</b>			
1992-9 mo. to March 31	107,966,000	(994,000)	--
1991-9 mo. to March 31	90,326,000	2,633,000	.72
1992-3 mo. to March 31	32,920,000	(2,079,000)	--
1991-3 mo. to March 31	24,664,000	579,000	.15

Note: <sup>a</sup>Includes special credit. <sup>b</sup>Adjusted. <sup>c</sup>At rate of 1.832 guilders = \$1. <sup>d</sup>Per ADR.

RKO Warner Video Store Operations Dir. **Michael Dougherty** promoted to pres., replacing **Steve Berns**, who resigned to pursue other interests... Blockbuster plans to announce new chief financial officer to handle duties relinquished by Vice Chmn. **Steven Bernard**, who will seek investment opportunities for company... Orion Home Entertainment Public Affairs Vp **Paul Wagner** named Orion Pictures senior vp-corporate public affairs... **Harry Steck**, ex-L'eggs pantyhose, appointed pres-CEO, Rank Retail Services... Changes at Columbia TriStar International Div.: **Alyssa Padia**, ex-Hanna-Barbera Home Video, joins as retail mktg. dir.; **Rudolfo Vila** advanced to mktg. vp; **Janet Almroth** promoted to exec. licensing dir... **Michael Glorieux**, ex-Walt Disney Studios, joins Academy Entertainment as mktg. coordinator.

LIVE Entertainment Senior Vp-Chief Financial Officer **Theodore Bean** departs; LIVE Home Video Chief Financial Officer **Rodney Trovinger** succeeds him on interim basis pending selection of replacement... **William Shpall**, ex-Bankers Trust, joins Carolco Pictures as exec. vp responsible for strategic planning and film financing; Bankers Trust is one of Carolco's main lenders... **Julie Smith** promoted to A\*Vision mktg. dir.

**Vestel**, Turkish consumer electronics subsidiary of **Polly Peck International**, said profit fell 53% to \$11.1 million in 1991 despite 53% sales rise to \$257.5 million. Company blamed increased financing costs following Polly Peck's collapse in late 1990. Vestel had relied totally on Polly Peck for short-term credit. Vestel later negotiated line of credit with Goldstar, joint venture partner.

# TELEVISION DIGEST®

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With Consumer Electronics

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**TV MARTI COSTS CRITICIZED:** GAO hits expense, program bias and signal delivery problems in new report to Congress. U.S. has spent \$35.7 million, and GAO said small audience doesn't appear to justify costs. Congress poised to continue program. (P. 1)

**CABLE AIMS AT TELEPHONY:** Cable architecture and technology could threaten franchise if laws are changed. ONI and Iptek showcase network designs, First Pacific Networks plugs equipment that turns cable network into telephony network. (P. 2)

**MASS MEDIA AGENDA ADVANCED:** FCC issues rulemaking to relax TV restrictions, adopts rule on hoax broadcasts, affirms political broadcast rules and court preemption on LUC. (P. 5)

**TBS DOWN, NEWS CORP. UP:** TBS profits cut by Olympics coverage. Lower interest costs boost News Corp. and Fox. Time Warner refinances. Scientific-Atlanta down. Cablevision Systems results improve. Other financials. (P. 6)

**FCC MOVING ON 28 GHz:** Sikes said to be among backers for new wireless cable service. First broadcasts expected next month. Nearly 300 applications already received, although markets haven't been defined. (P. 7)

**FCC DISCRIMINATION CHARGED:** Civil rights groups seek to have their petitions added to comparative renewal rulemaking, get stay in comment deadline. (P. 7)

**GAO HITS TV MARTI:** TV Marti "doesn't practice the pluralism that it preaches," is costly and isn't reaching Cubans, General Accounting Office (GAO) concluded in new report highly critical of govt. program. GAO questioned continuing federal subsidy already in excess of \$50 million in direct appropriations. Criticisms were applauded by NAB, perhaps TV Marti's harshest critic.

Report comes as TV Marti is facing new challenges from Cuban govt. for its efforts last month to expand daily broadcast hours to include 30-60 min. program to be aired weekdays at various times between 12-2 p.m. EDT. TV Marti since Aug. 1990 had been broadcasting only 3:30-6 a.m. daily while Cuban state TV was off air to avoid possible interference and violations of international broadcast rules. Long-standing Cuban govt. animosity toward predecessor Radio Marti prompted immediate retaliation to TV Marti in form of jamming and 12-hour broadcasts of TV test pattern on same frequency. That retaliation was stepped up significantly when TV Marti expansion was tried, spilling over to American radio station signals and forcing U.S. service into retreat. TV Marti is back to shorter hours.

GAO found TV Marti's audience probably nonexistent for programming that it suggested was biased anyway. "The evidence suggests that TV Marti's audience may be limited," GAO said in commenting on

### Consumer Electronics

**NEW-LINE INTRODUCTIONS** in pre-CES surge. Highlights of RCA, Philips, Magnavox, Zenith, Sharp, JVC, Sanyo, Fisher, GoldStar and Samsung lines. (Pp. 10 & 16)

**SALES RECOVERY ROLLED** along in April, which shows best advance of year in color TV, all other products increasing. EIA begins release of weekly LDP sales. (P. 13)

**MATSUSHITA AMERICA SALES** at record \$5.8 billion for year, convention is told. Chmn. Matsushita denies dictating to MCA, sees upturn in U.S. and Japan. (P. 14)

**APPLE'S OWN 'CES'**, half-day affair, to compete with main affair for press attention in Chicago in 2nd day of show, as widely heralded 'Newton' is previewed. (P. 15)

**DIGITAL AUDIO ROYALTY** bill advances, clearing House subcommittee and on agenda for final floor vote in Senate. Passage seen before Congress adjourns. (P. 18)

**GO-VIDEO SUED** by stockholders claiming waste of corporate funds and mismanagement. (P. 18)

**SEGA SETTLES PATENT SUIT**, agreeing to pay inventor \$43 million; company also sets introduction of CD attachment at \$299 in Nov. (P. 18)

**AUDIO SALES UP 7.5%** in first quarter, despite significant decline in components. Portables up 20.3% as autosound rises 15.3% in dollar volume. (P. 19)

likelihood anyone was watching to its predawn broadcasts and on substantial jamming that it has experienced. It also said telecasts don't always conform to govt.'s program objectivity and quality requirements for Voice of America (VOA) broadcasts with which 2 Martis are associated. Consultants employed by GAO to assess TV Marti content found programming on Cuba and Cuban-American community lacked balance and wasn't in compliance with VOA journalistic standards.

Indeed, GAO called some programming biased or "lacking in diversity" of views. "I was left with the sensation that only certain portions of the Cuban-Americans were voicing their opinions and the news had been written with them as the target audience and not the Cubans in Cuba," one consultant said. TV Marti "doesn't practice the pluralism that it preaches," another said, while 3rd called for improvements in Marti's objectivity, accuracy and balance. At least one program was branded "trivial" and "ineffective" by consultant.

Small audience doesn't appear to justify TV Marti's high costs, GAO also said. Agency admitted audience data is sketchy since Cuba is closed society, but with signal blocked completely in central Havana by Cuban govt., there's every likelihood that very few people were receiving service. GAO earlier had denounced audience survey done for TV Marti's parent U.S. Information Agency, which had concluded at least 28% of households in metropolitan Havana had, on occasion, been able to view service. Penetration may be less than 10%, according to reports of unpublished TV Marti findings. GAO concluded Cuban interference with U.S. signal certainly has had toll on penetration.

Retaliatory Cuban interference with U.S. signals certainly is continuing and effective threat, GAO nonetheless indicated in reporting results of April jamming that followed day trial of expanded TV Marti broadcasts. Cuban govt. considers TV Marti "tele-aggression," and turned on Radio Havana, medium-wave radio service on 830 and 1100 kHz that govt. operates. Broadcasts opened with tough English-language statement clearly directed at U.S.: "Cuba says it will respond firmly to escalation of radio and electronic warfare unleashed by the U.S. against its territory." Interference followed immediately that was felt by AM stations as far north as Cleveland. At least 6 stations nationwide, and probably more in Fla., reportedly experienced interference, which prompted FCC to complain to Cuba and International Frequency Registration Board (IFRB). Cubans also complained of illegal frequency use by U.S. because Ch. 13 used by TV Marti is registered with IFRB to Cuban state TV. IFRB already once has agreed with Cubans and renewed complaint is slated for Board review shortly, GAO said. State Dept. maintains use is legal since American broadcasts don't harmfully interfere with Cuban station.

TV Marti costs \$28,000 per broadcast hour. U.S. to date has spent \$35.7 million of \$52.6 million that Congress has set aside for TV Marti, with \$16.9 million slated for expenditure this year alone. Spending doesn't include U.S. Coast Guard costs for helicopter used in 1991 search when aerostat in Fla. Keys bearing Marti's transmitter broke tether and drifted into Everglades -- nor for ship used in original installation, GAO said. USIA also isn't charging TV Marti for use of its studios, valued at \$19,000 annually. GAO report (NSIAD-92-199) contains spending breakdown (GAO -- 202-275-6241).

Despite costs, TV Marti isn't targeted for rescission of current budget authority nor is next year's spending slated for ax. Congressional leaders met repeatedly last week to reach accord on rescissions, which include 1/3 reduction in FY 1992 appropriation for Public Telecommunications Facilities Program. However, TV Marti has powerful advocates in Congress, notably Sen. Hollings (D-S.C.), chmn. of Senate Commerce Appropriations Subcommittee with USIA spending oversight, and we're told chances of cutting Marti budget are slim. GAO's report was requested by another appropriator, Rep. Alexander (D-Ark.) of companion House panel who has tried before to cut TV Marti. His office had no immediate comment on Alexander's plans. Alexander's previous efforts occurred at last min. in House Appropriations Committee and on floor as massive spending bill containing TV Marti was in last leg of congressional review.

NAB would likely applaud efforts to eliminate TV Marti, which spokesperson called "wasteful and inefficient; it's not getting any information to Cubans and it's clearly damaging domestic AM radio broadcasters." Fla. broadcasters in particular are fierce opponents to both Martis because of retaliatory Cuban interference. FCC spokesman said Fri. that there had been no new station complaints last week although Cuban AM interference was said to be continuing.

**CABLE AIMS AT TELEPHONE TECHNOLOGY:** While most of technology discussion at NCTA convention in Dallas dealt with provision of personal communications services (PCS) by cable companies, there also were elements, particularly on exhibit floor, that show cable may seek more ambitious goal -- competing with telephone companies in provision of telephone service. Cable Act prohibits that competition now in U.S., as

cable is barred from supplying telephony. Situation is different abroad -- U S West in U.K. cable venture with TCI could show whether telephony can be provided over cable network. Equipment that may be used in project was designed and built by company that received seed money from Southwestern Bell (SWB).

One of cable's first goals in U.S. will be to push fiber closer to homes. Optical Networks International (ONI), Englewood, Colo., 2-year-old subsidiary of Antec, displayed Star-Star-Bus-500 system that it said can serve groups of 500 homes. Current fiber-to-feeder architecture pioneered by ATC carries service to only 2,500-2,700 homes, ONI Sales Vp Michael Sparkman said. With new flexibility, cable can be more applications-driven, whether for personal communications services, HDTV or others, possibly including telephony, he said.

ONI offered figures showing that total cable system rebuild using fiber-to-feeder technology could be done for \$54.89 per subscriber and using ONI's technology for \$54.66. Sparkman said new architecture eliminates need for many amplifiers in coaxial-based system and has better reliability and technological advantages. System is designed from customer end first, he said, by planning for groups of 500 or so users, then working backward to headend. As result, customers are closer to optical power devices, for greater reliability, Sparkman said. He said one such system is being designed for cable franchise in Conn. that he wouldn't name. Along same line, Ipitek of Carlsbad, Cal., showed plans for its "FiberHub System" of distribution designed along similar lines but with different electronics.

Key to challenge to telephony, however, will be telephone equipment, and First Pacific Networks could supply solution. There's no doubt where First Pacific and its "Personal Xchange" system are going, promotional brochure describing it as "True Digital Telephony on CATV Networks." Display of First Pacific's equipment capabilities also showed up at Jerrold booth at NCTA. That company is partner in U.K. cable venture and will be distributing equipment in Europe. First Pacific equipment transforms cable network into equivalent of local area network by attaching unit to individual telephones. Switching architecture is totally distributed as in true data network, not forced into pyramid architecture that telephone company uses. Promotional material said First Pacific's "Multiple Hub PX System" can provide local voice traffic along with connections to regular telephone network for off-net calls and for long distance calls. Voice services could include digital voice to every home, use of standard telephones, uniform numbering, easily expanded network, network management, feature packages for service providers.

There's also no doubt where First Pacific and cable industry are going with their technology. Monograph distributed at booth at NCTA said target is clear -- telephony. Booklet, "The Personal Xchange System: A Voice Solution for the Cable Television Industry," recognizes that cable companies are laying fiber more quickly than telcos and that video broadcasting and entertainment are "cable operator's specialities -- skills the phone companies lack." But monograph, by Robert McNamara, First Pacific's chief scientist and exec. vp, and Loui Moffitte, also suggested: "The most strategic way for cable operators to fight back in the telecommunications arena is in offering plain old telephony -- giving their current cable subscribers telephone service. An all-encompassing service: One company, one bill [emphasis in original]." Booklet said vendor who provides best service at lower price will be successful: "Bundling of voice, data and video services onto a ubiquitous distribution plant would allow the cable television operators to be the low-cost provider."

Cable industry has lacked technology to provide voice service, publication said. Promotional literature said Basic Service Elements (BSEs) of telephony can be provided over equipment, including call forwarding, conference calling, direct inward and outward dialing, stutter dial tone, speed calling, others. First Pacific executives weren't available for comment, nor were officials of U.K. cable project.

First Pacific was founded in early 1980s as Tsunami Technologies, which wanted to use equipment invented by McNamara, ex-Bell Labs, to compete in PBX and Centrex markets. Later, chief financial officer and minority shareholder Donald Marquart complained that SWB, which provided seed money, was violating MFJ. He was ousted from company, but later was brought back to manage new company after Justice Dept. investigation. DoJ recommended no action be taken, but Bell's participation quickly became controversial MFJ issue and could have become first true MFJ violation controversy. Eventually, SWB sold company to officers, including Marquart and McNamara, in 1988.

If cable systems are able to provide telephony, there's question how they would be regulated. In panel discussion, N.Y. PSC Deputy Chmn. Gail Schwartz said cable companies would be treated as "new entrants." She said later that cable at first could be subject to common carriage requirements "if they have aspects of service that suggest it's not a totally private network." But while cable-provided telephony might have those requirements for nondiscriminatory access and the like, that service might not be subject to price

regulation as telco-provided telephony because it's competing with telephone company and its prices are presumed to be lower.

**Schwartz** said: "It's very clear that the cable companies are positioning themselves to provide any and all services. They may not provide all of them, but would be able to." Ultimate question, she said, is what happens to obligation to serve that regulated utilities now assume? Ultimate answer, she said, is that obligation may disappear if arrangements between carriers can be worked out.

**Televangelist Pat Robertson** is remaining mum on his plans for UPI in wake of May 12 announcement that he was apparent winner in bidding for bankrupt wire service. Robertson left his Va. hq immediately after doing 700 Club show May 13, spokeswoman said, and won't be available to talk to press or even his own staff until at least early this week. Officials at CBN and Family Channel said they weren't aware of bid until it was announced and don't know what Robertson plans to do with UPI. He did tell AP after U.S. Bankruptcy Court auction in Rutland, Vt., that he's mainly interested in UPI's overseas newsgathering, especially in Latin America, and in its radio operations: "It would complement... some of the things we are doing." However, CBN and Family Channel officials said they're at loss as to how UPI would complement existing services, since neither has news-related operations. One analyst suggested that Robertson's main interest may be satellite earth station equipment owned by UPI. Robertson discounted concerns that he would require religious orientation for news service, telling AP: "I don't interfere in editorial policy of our stations." He said he had been interested in buying UPI "for years. I wanted to buy it... years and years ago." He bid \$6 million for UPI through United States Media Corp., wholly owned subsidiary of privately held CBN, but no connection to publicly owned Family Channel, which he spun off 2 years ago. Bid, which far exceeded total of \$197,000 that 3 other companies offered for small portions of UPI, was tentatively accepted by lawyers for UPI and creditors' group, as well as by U.S. Bankruptcy Judge Francis Conrad. Robertson has 30 days to review UPI finances and amend or withdraw his bid. In meantime, he has provided \$300,000 in immediate cash to meet payroll and keep wire service functioning until deal closes, expected about June 30.

**CBS TV Network ascension to No. 1** in prime time in season just completed "cannot hide the fact that free television continues to face formidable problems," CBS Inc. Chmn.-Pres. Laurence Tisch told stockholders at annual meeting in N.Y. May 13. Fiscal problems of TV network "were substantial," he said, with its losses exceeding earnings of TV-radio stations and "our investment portfolio." Network incurred "a large loss" on sports programming, he said, but baseball and football contracts "have been reduced to their net realizable values... and no further write-downs are anticipated." In 1991, he said, CBS reduced overhead and improved operating efficiencies at savings of more than \$100 million: "As a result of all these actions, CBS is well positioned to improve its financial performance in 1992-1993." In answer to question, Tisch said "CBS is not up for sale. I said it last year. I said it 2 years ago. I said it 3 years ago."

**Transactions: InterMedia bought 2 Cooke Media** Group cable systems for undisclosed price in private transaction. One system has 47,000 subscribers in Knoxville suburbs, other has 28,000 in Nashville area. Systems will be operated by InterMedia subsidiary Robin Cable Systems II, owned by Sacramento cable executive Frank Washington and InterMedia Partners V, L.P. Deal gives InterMedia total of 400,000 subscribers.

**Long-expected motion by Antitrust Div. of Justice** Dept. to remove networks from syndication strictures of consent decrees was filed May 8 in U.S. Dist. Court, L.A. Said Antitrust Chief James Rill: "These decree provisions... were originally intended to curb the purchasing power of the networks as against program suppliers. The television industry has changed significantly since these decrees were entered. There is no longer any competition rationale for maintaining restrictions that impede efficient marketplace transactions." Decrees are outgrowth of 1974 antitrust suit filed by Justice against networks; ABC signed decree in 1978, NBC and CBS in 1980. They prohibit networks from acquiring financial interests in any program they broadcast obtained from independent producer and from syndicating such programming. Justice said decision is "tentative" and established 60-day comment period. Networks had no comment. Diane Killory, counsel for Coalition to Preserve the Financial Interest and Finsyn Rule, said: "We're going to fight this. We think that eliminating all the restrictions on the networks will lead to a loss of competition and diversity... and the public will be harmed." Last fall, FCC refused on 3-2 vote to reconsider its decision not to repeal finsyn rules (TVD Oct 28 p5). Case now is before 7th U.S. Appeals Court, Chicago, with both sides seeking to overturn FCC action -- networks arguing for outright repeal, programmers saying Commission went too far in relief granted ABC, NBC, CBS.

**Senate fell well short of 2/3 majority** needed to override veto in voting 57-42 May 13 to uphold President Bush's rejection of campaign reform bill (S-3). Bill contained political ad reforms spearheaded by Sen. Danforth (R-Mo.) and Rep. Dingell (D-Mich.), including revisions sought by broadcasters in lowest-unit-rate ad rules. Veto and Senate's failure to override had been expected. In veto message, Bush maintained his long-standing objection to measure's public financing, including govt. voucher system envisioned to pay for some campaign ads, spending limits, failure to eliminate contributions to political action committees (PACs). He called bill "taxpayer-financed incumbent protection plan" and said it would "limit political speech protected by the First Amendment." However, he didn't object specifically to industry-supported compromise to shorten periods before elections and primaries during which lowest unit ad rates could apply. Senate Republican epithets about bill during debate ranged from "turkey" and "muzzle [on] free speech" to "election-year rigged thing." Senate Commerce Committee Chmn. Hollings (D-S.C.) was among lawmakers to vote against bill in end, for reasons unrelated to ad reform provisions that he co-sponsored. Bill appears unlikely to be resurrected again this year, and is umpteenth time in last 2 decades that campaign reforms efforts have failed.

**KMTX-TV (Ch. 46)** Roseburg, Ore., went on air last month as satellite of KMTR Eugene, Ore. Robert Davis is gen. mgr., Richard Solberg chief engineer, Robert Rector sales mgr., Julie Strandlien program dir. KMTX-TV raises operating U.S. TV stations to 1,492 -- 1,126 commercial, 366 noncommercial.

**FCC ACTS ON HOAXES:** In meeting unusually heavy with praise for staff presentations, FCC did as expected May 14 on 4 agenda items dealing with mass media matters (TVD May 11 p2). Commission adopted new rule permitting it to fine stations for hoax broadcasts and, as follow-up to notice of inquiry issued last summer, it asked for comments on "5 specific issues" dealing with video marketplace without endorsing any of 5. This, sources speculated, was to avoid same type of criticism agency received from Congress when it relaxed radio ownership rules in March (by stating what it planned to do in advance) (TVD March 16 p2). In fact, Comr. Duggan said he hoped agency would get Capitol Hill views before it finalizes rulemaking. Issues on which FCC asked for comments:

(1) Raising maximum number of TV stations single licensee could own from 12 (14 if minority controlled) and national audience cap of 25%. One plan is to increase numerical cap to 20-24 stations, audience cap to 35% or 18 and 30%, respectively. FCC also is asking whether incentive to encourage minority ownership should be included.

(2) Basing duopoly rule on Grade A contour rather than Grade B. Under current rule, licensee is prohibited from owning 2 TV stations whose Grade B signals overlap (although several operations are grandfathered and others have received waiver). "The increased level of competition warrants consideration of relaxation of this rule," FCC said. Comments also are sought on permitting licensee to own 2 TV stations (if at least one is UHF) in same market.

(3) Relaxing rule that prohibits ownership of TV-radio in same market, although dozens of licensees have been grandfathered or received waivers. Proposal is to permit ownership of TV-AM-FM in same market or, in alternative, just TV-AM.

(4) Relaxing dual network rule, which prohibits station from affiliating with network offering 2 or more simultaneous programs to same geographical area. (Rule is drafted that way because FCC doesn't regulate networks directly.) Current rule prohibits networks from becoming "multichannel competitors" and competing "on a more equal footing," agency said in seeking comments on repeal.

(5) Modifying or eliminating rule under which networks currently are prohibited from owning TV stations in smaller markets "in view of the changes in even small TV markets." Agency also asked whether there's any reason to retain rule that requires networks to offer any program not cleared by affiliate to independent station before offering it to affiliate of another network.

All commissioners said proposals recognize changes in video marketplace and increased competition faced by stations. They reflect "the new realities of the video marketplace," Comr. Marshall said. Proposals consider "market realities," Comr. Barrett said. Comr. Quello: "They acknowledge that we live in a much different world today." "A very progressive action," Chmn. Sikes said, since recent changes in TV marketplace have been "revolutionary" rather than "evolutionary."

In written statement, Duggan said FCC "should do all that it can to help free, over-the-air television broadcasters compete against multichannel video providers with a dual revenue stream... However... I do not assume that actions that are appropriate for the highly fragmented and economically embattled radio industry are necessarily advisable here... Whether greater concentration of TV station ownership is the appropriate regulatory response... is

very much an open question for me." But, Duggan said, "I certainly see no harm in asking the question, particularly in terms of the relatively moderate proposals set forth in this notice."

Deadline for comments is expected to be 60 days after report and order are published, with replies in another 45 days. NAB didn't take stand on FCC proposals, with Pres. Edward Fritts saying agency "has raised a number of complex and far-reaching issues." He said options will be presented to June TV board meeting before position is taken.

In presenting proposed rule on hoax broadcasts, Mass Media Bureau attorney Kathleen Ham said that it is "narrowly crafted... in deference to First Amendment concerns," position also taken by commissioners. Rule "expressly prohibits" broadcast of false information "if it is foreseeable that broadcast of such information will cause substantial public harm and broadcast... does in fact directly cause harm." New rule would permit FCC to levy fine of up to \$25,000 for hoax broadcasts. Under current policy, Commission can only admonish station or attempt to revoke its license. Several stations have been so admonished in recent months. Investigation of WNOR-AM-FM Norfolk currently is under way because of April 1 hoax broadcast.

Marshall said rule "would not, should not chill" creativity of broadcast programmers. However, she said some "hoaxes are clearly going to cross the line." Duggan expressed hope rule "will be seldom used" by Commission. Rule runs crosswise of Administration's 120-day moratorium on new regulations (TVD May 4 p2) and Mass Media Bureau Chief Roy Stewart told reporters that was taken into consideration before FCC decided to adopt rule.

NAB's Fritts doesn't like hoax rule, saying: "We have already made clear to the Commission our concerns about the possible 'chilling effect' on programming... Now that they have decided to move forward, we hope they will be sensitive to this concern in their application of the rule."

In political broadcasting arena, FCC said it had "confirmed, clarified or revised" new rules adopted late last year (TVD Dec 23 p4). Commission had received 11 petitions for partial consideration and on Feb. 14 revised requirements on sponsorship identification. Changes made at May 14 meeting were mostly for purposes of clarification. Commission also affirmed its preemption of state courts in consideration of candidates' complaints against stations involving lowest unit charge (LUC) mandated by Communications Act. Agency said preemption "comes within its broad, congressionally delegated authority."

Milton Gross, chief of FCC Fairness/Political Programming Branch, told reporters that Commission still is getting many telephone calls with political questions but that letters seeking rulings have slowed to trickle. Duggan speculated that eventually "a legislative approach" may be needed on political broadcasting but for present FCC is making right move. Sikes' comment was succinct: "I really don't have anything to add."

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**Toshiba extended deal to cooperate with General Instrument on HDTV**, officials said. Firm had announced during NAB convention that it would cooperate with GI to develop HDTV VCRs. New agreement in principle calls for Toshiba to produce HDTV sets and digital processing circuits at its Lebanon, Tenn., facility, and for GI to develop HDTV decoders. Formal contract is to be signed this summer, Toshiba spokesman said.

**TBS DOWN, NEWS CORP. UP:** TBS net profit fell to \$700,000 in quarter ended March 31 from \$3.8 million year ago, primarily because of cost of Turner Network TV (TNT) coverage of 1992 Winter Olympics, Chmn. Ted Turner said. Operating profit of entertainment segment, which includes TNT, dropped to \$16.1 million from \$27.9 million, despite 20% revenue growth to \$170.5 million. Much of decline was offset by news segment operating profit of \$42.4 million, vs. \$31.1 million year ago, primarily on growth of CNN International and because 1991 results included cost of covering Gulf War. TBS networks continue to add subscribers, quarterly report said: WTBS Atlanta had 58 million March 31, vs. 55.5 million Dec. 31, 1990; CNN 59.1 million vs. 56.7 million; Headline News 48.7 million vs. 44.7 million; TNT 56.3 million vs. 51.2 million; CNN International 26.5 million April 15 vs. 15.5 million Dec. 31, 1991 (network switched to Astra 1B satellite during period, adding 8 million cable subscribers) and 6.9 million Dec. 31, 1990.

**News Corp.** had \$69.4-million net profit in 3rd quarter ended March 31, vs. \$162.6-million loss year ago, despite 8.3% revenue drop to \$1.8 billion, mainly because of lower interest costs since debt reduction and drop in interest rates. Profits at 7 Fox TV stations were up 15%, but dipped slightly at Fox Bestg. despite higher ratings because of lower ad sales. Results were called "disappointing" at 20th Century Fox Film. News Corp. said British Sky Bestg. showed first profit in March, in part because satellite dish sales more than doubled in first quarter to 242,000.

**TCI** cash flow increased 5% to \$405 million in first quarter ended March 31, and net loss dropped to \$22 million from \$25 million. Total revenue was up 5% to \$1 billion, and cable revenue was up 7%. CEO John Malone said he's "extremely pleased" with results but "while the core business continues to produce solid growth, much of our efforts still remain focused on future opportunities," including Teleport Communications. TCI's share of losses of **Liberty Media** was \$2 million, according to report, and its share of losses of other affiliates was \$19 million, vs. \$11 million year ago.

In other financial developments, **Time Warner** said consortium of banks has agreed to refinance \$6.2 billion of its debt through loan to Time Warner Entertainment (TWE) subsidiary. Deal is expected to close by June 30, ending concerns that balloon debt payments in 1993 and 1994 could cause company difficulties. At same time, TW said Minoru Akimoto, exec. vp of C. Itoh, one of its TWE partners, would become CEO of TWE. C. Itoh and Toshiba each own 6.25% of TWE... **Times Mirror** filed shelf offering with SEC for \$200 million of new debt, in addition to filing last year for \$100 million. No underwriter has been selected and no decision made on when debt actually might be offered.

**Cablevision Systems** had \$51.3-million net loss in quarter ended March 31, vs. \$51.9-million loss year ago, mainly because of interest and depreciation. Revenue grew 5.6% to \$153.6 million and cash flow was up 11% to \$68.7 million... **Scientific-Atlanta** profit dropped 9% to \$8.5 million in 3rd quarter ended March 27, despite 11% gain in revenue to \$407.9 million. Chmn. William Johnson said that "while traditional domestic cable industry spending remains depressed due to capital restrictions and deregulation uncertainties, there are some signs of additional distribution upgrade activity and reevaluation of spending plans following the easing of restrictions on HLTs [highly leveraged transactions]." He said it may be premature to predict cable market recovery, but he's "confident" of "future capital spending increases".

**Falcon Cable** had \$1.9 million net loss in quarter ended March 31, vs \$3 million loss year ago. Revenue was up nearly 12% to \$9.1 million... **Jones Intercable Investors** L.P. net loss dropped 37% to \$1.5 million in quarter ended March 31 as revenue grew 5% to \$9.8 million... **Itel** net loss dropped to \$13.9 million in quarter ended March 31 from \$16.1 million year ago, mainly because of improvements in its Anixter and Antec cable supply businesses... **Pathé Communications** had \$407.5 million loss in quarter ended March 31, up from \$66.8 million loss year ago, mainly because of \$338.7 million writeoff resulting from sale of MGM-Pathé stock to Credit Lyonnais. Operating loss was \$3.5 million, vs \$1.8 million... **MGM-Pathé** had \$54.7 million net loss in quarter, vs. \$100.6 million loss year ago, because of lower writedowns on TV programming and feature films.

**Great American Communications** had \$27.2-million loss in quarter ended March 31, vs. \$34.9-million profit year ago when figures included \$70.7-million profit from discontinued operations and refinancing. Revenue was up 3.6% to \$42.8 million... **Maclean Hunter** had \$13.6 million profit in quarter ended March 31, vs \$8 million year ago, and revenue inched up 3% to \$385 million. Company attributed half of earnings growth to lower interest costs, plus strong growth in cable... **Spelling Entertainment** profit more than doubled in quarter ended March 31 to \$2.7 million on 49% revenue growth to \$57.6 million... **Graff Pay-Per-View**, under temporary name Jericap, announced 10-for-1 reverse stock split and said it will change corporate name back to Graff and will reincorporate in Del. It merged with shell company Jericap as part of going public.

House parliamentarian and Speaker Foley (D-Wash.) haven't made decision yet on how to handle possible sequential referral of cable reregulatory bill to House Judiciary Committee once Commerce Committee has completed its work. Decision doesn't need to be made until package has emerged from Commerce but aides there are reported convinced from flurry of recent meetings with parliamentarian that bill in current form most certainly would be referred to Judiciary -- move our sources said Commerce Committee Chmn. Dingell (D-Mich.) is determined to avoid. What that will mean remains matter of speculation off Capitol Hill, but sources indicate changes in program access provision now appear a "given" since that's language Judiciary Committee apparently has argued successfully to parliamentarian falls under its jurisdiction. Work already is under way to modify program access language. There's also renewed interest in Committee to simply moving earlier version of bill (HR-1303), which had passed House easily 2 years ago and which Republicans and even cable industry are believed able to accept, according to many govt. and industry sources. Commerce markup hasn't been scheduled yet. Cable bill advocates told us that they're hopeful bill will emerge "clean" enough to bypass Judiciary, whose leaders also want to replace retransmission consent language with cable compulsory license reforms.

"A strong case can be made that the rule [banning TV network ownership of cable systems] should simply be eliminated," Thomas Sugrue, acting NTIA dir., wrote FCC Chmn. Sikes May 13. However, Sugrue said, if Commission believes rule should be relaxed along with adoption of safeguards, "it should be careful not to burden unduly the process so that it is taking away with one hand the regulatory relief it is conferring with another." In 1988 report, NTIA concluded that original justifications for ban against network-cable ownership no longer were valid. "We continue to hold that view," Sugrue wrote Sikes.

**FAST TRACK FOR 28 GHz:** FCC is fast-tracking rulemaking on proposed new wireless cable service that already has attracted nearly 300 applicants. Service, which would use 28 GHz band, is backed by FCC Chmn. Sikes, among others. N.J.-based firm, Cellularvision/Suite 12, expects to begin 50-channel commercial broadcasts in 28 GHz band by next month, officials said.

Main advantage is that 28 GHz band could support 100 channels of video. Even divided between 2 applicants, as is expected in rulemaking, each operator would have immediate access to 50 channels, significantly more than current wireless cable operators. "MMDS has to split a gut to get enough channels," said Washington lawyer Sol Schildhause, who is encouraging clients to apply. "If the 28 GHz guys can get 50 channels this way, MMDS has got to be worried." Cellularvision, which patented technology, isn't trying to put wireless cable out of business, said Shant Hovnanian, partner in firm: "We just want to build a better mousetrap."

There are problems with 28 GHz, said Robert Schmidt, pres. of Wireless Cable Assn. (WCA), because 28 GHz won't cover large enough area to generate economics equivalent to MMDS. WCA doesn't object to concept of 28 GHz band, Schmidt said: "We welcome competition in all shapes and sizes. But we do not believe that in the very immediate future that awards of spectrum for multichannel video should be parceled out willy nilly unless procedures are in place to assure that there is not further abuse by speculators and application mills."

FCC is facing wave of speculative applications for 28 GHz band, which currently is allocated to point-to-point common carrier use but is almost unused. Common Carrier Bureau officials said application total is rapidly approaching 300, even though FCC hasn't even defined 28 GHz markets, set filing restrictions or made other decisions. Most applicants plan to use Cellularvision/Suite 12 technology, and officials there said they're discouraging new applications. Cellularvision/Suite 12 has only current license for wireless cable system at 28 GHz for system in Brighton Beach area of Brooklyn where it's been transmitting trial video signals. FCC officials wouldn't speculate on when rulemaking will be issued, but confirmed that it's on fast track. Officials, including Sikes, are said to believe 28 GHz band could provide another viable competitor to terrestrial cable.

Cap/ABC has expressed support for full funding of CPB, telling Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) in letter "that not all the programming provided by public broadcasting is, or could be, duplicated on cable." Letter comes as Senate is expected to resume debate on CPB reauthorization (S-1504), with reductions in authorization levels among possible amendments. Cap/ABC Chmn. Thomas Murphy and Pres. Daniel Burke told Inouye: "We continue to need a strong broadcast system free from day-to-day commercial constraints to ensure that high-quality programming that may not be commercially viable is delivered to all Americans regardless of their ability to pay. An arbitrary cap on federal payments to the system would endanger the ability of public broadcasters to fulfill this mandate."

Justice Dept. plans to file notice this week in 7th Circuit Appeals Court, Chicago, that it won't participate in appeals of FCC's finsyn decision (TVD April 20 p6). Case is set for argument in Oct. During FCC rulemaking, DoJ had backed TV networks, favored repeal of rule.

**FCC DISCRIMINATION CHARGED:** Three minority groups got rapid response from FCC last week after accusing agency of "2 decades of studied ignorance, delays and pocket vetoes" of rulemaking proposals filed by minorities. They asked Commission to amend its rulemaking on comparative renewal criteria, to stay proceeding (MM Doc. 90-264) and extend comment deadline. Groups, saying they represent 750,000 people, said 12 such petitions have "been sitting on the shelf at the FCC since September 1990" -- 4 of them "germane" to renewal rulemaking. They charged FCC treatment of their petitions is "squarely at odds" with handling of petitions for rulemaking by nonminorities: "Its treatment of the civil rights organizations' proposals is legally, intellectually and morally indefensible." Groups that filed petition: NAACP, League of United Black Americans, National Black Media Coalition.

Groups are particularly upset that FCC included in rulemaking petition to grant "finder's preference" as comparative criterion in hearings (TVD March 16 p6), while none of their proposals was included. Effect of granting finder's preference (petition was filed by Jeffrey Rochlis) would be to "completely neutralize and nullify the minority preference," groups said. It also would "significantly reduce the economic incentives for minorities" to apply for stations:

"Minorities and minority-sensitive nonminorities would hardly be eager to undergo the risk and torture inherent in a comparative hearing knowing that the 'finder,' regardless of who he is, will have a preference." In order released May 13 (but dated May 11) FCC Gen. Counsel Robert Pettit extended deadline for comments in rulemaking from May 26 to June 2, with replies now due June 22. He said commenters are "expressly invited" to submit views on minority group's proposals.

TV stations appear to be making little change in their children's programming despite educational requirements -- albeit vague ones -- under new Children's TV Act. Survey by Washington-based Citizen's Communications Center found that 27 of 32 Ark., La. and Miss. stations that submitted license renewal applications Feb. 1 had no locally produced children's shows, and vast majority sought to justify such existing fare as Super Mario Brothers and Teenage Mutant Ninja Turtles as educational and informational. Tail Spin meets Act's requirements, one station said, "because it teaches the unquestionable value of being human." Study excluded public stations because they're not required to include additional material on children's programming as part of renewal filings. It was conducted for Campaign for Children's TV, which has pledged grass-roots organizing effort to ensure stations abide by Act. Meanwhile, FCC recently surveyed stations and cable systems on their compliance with Act's ad caps -- 10.5 min. per hour weekends, 12 min. per hour weekdays. Of 343 one-hour segments monitored, it said only 15 "apparently" exceeded those limits. Audit involved 141 stations and 27 systems, and Commission said some fines are likely.

New venture to invest in small cable systems has been set up by Communications Systems Inc. (CSI) and Hector Communications. CSI will contribute \$500,000 capital to cable venture and Hector \$250,000. In addition, each firm is making rights offering to existing shareholders to raise additional capital. Joint venture, called North American Communications, already is working on cable system in Hudson Township, Wis., and agreed in principle to build cable system in Garrison, Minn.

**Project meant to give voice to black and Hispanic community concerns in presidential election year** involves Univision Network and public TV's (PTV) American Program Service. Voices of the Electorate, funded by Carnegie Corp. and MacArthur Foundation at \$500,000 and \$300,000, respectively, has 2 parts: (1) Town meetings of black and Hispanic citizens this month and next. Univision will provide live June 7 coverage of latter, which will link gatherings in L.A., Miami, N.Y., San Francisco. (2) Two one-hour prime time specials on PTV this fall through which presidential candidates will have opportunity to respond to concerns. Markle Foundation ultimately decided to provide most of its election coverage project funding to CNN when agreement on scope couldn't be reached with PTV. But Carnegie Corp., which reportedly had planned to help fund PTV project, urged Perlmutter to submit new proposal.

**Contest has developed** for vice chmn. of NAB TV board with entry of John Siegel, Chris-Craft/United TV, who was reelected to board this spring. Other candidate is Harry Pappas, Pappas Telecasting, who announced during NAB convention in April. Ronald Townsend, Gannett TV, is unopposed for reelection as chmn. On radio side, both Chmn. Richard Novik and Vice Chmn. Richard Harris are leaving board. Candidates to replace Novik are Wayne Vriesman, Tribune Bestg., and Bayard Walters, Cromwell Group; for vice chmn. candidates are Alan Box, EZ Communications, and Robert Fox, KVEN(AM)/KHAY(FM) Ventura, Cal. Both boards have several new members elected this spring who will be in Washington May 20 for orientation meeting with NAB Exec. Committee and candidates have been invited to address new members.

**John Barger**, owner of KWCB(FM) Floresville, Tex., and former exec. of McLendon Corp. and Clear Channel Communications, has asked FCC to reconsider its relaxed radio ownership rules and local marketing agreements (TVD March 16 p2). He argued that notice issued year ago amounted to inquiry with no formal new rules proposed. "A whole new genre of station transactions, leasing stations without securing Commission approval, has been folded in the new ownership rules," he said. "Such a massive and far-reaching regulatory change should not be done this way." He said new rules "reflect largely the Commission's own intramural homework and thinking" and proposed what he said was "a simple, 3-step procedure" to determine whether licensee should be permitted to acquire station of same service in same coverage area.

**FBI has subpoenaed** aired and unaired videotapes from 6 TV stations and unpublished pictures from newspapers of riots in L.A. Govt. said it wants tapes to help identify suspects in violence as well as looters. Aired videotapes were used to identify and arrest several suspects in beating of truck driver Reginald Denny. While most stations are resisting, KCOP's Jeff Wald said station has agreed to turn over about 90 hours of riot tapes. L.A. Times Editor Shelby Coffey said state constitution protects paper against govt.'s request. "We don't want the press and its unpublished material to be regarded as an extension of law enforcement," he said.

**FCC failed to "rationally consider the issues"** in more than doubling (from 24 to 60) number of radio stations single licensee could own, charged National Assn. of Black-Owned Bestrs. (NABOB) in petition for reconsideration. Group said new rules are unfair, unfounded and illegally eliminated one of Commission's policies to encourage minority ownership by not providing minority incentive in new rules. FCC adopted changes, scheduled to become effective Aug. 1, 2 months ago.

**Teleport responded** to USTA's petition to deny license transfer to TCI and Cox by characterizing USTA's arguments as "contrived interpretation" of cross-ownership rules. In asking to deny Teleport license because company is now owned by cable companies that also have cable franchises in areas that Teleport operates in, USTA has alleged violation of cross-ownership rules. But Teleport said it's not local exchange carrier, has no monopoly ownership of telephone poles or conduits, doesn't provide any facilities to cable television companies and has no telephone service area as required by cross-ownership rules: "USTA's petition is sheer political grandstanding, and a disingenuous effort, without a shred of legal support, to shield its members from competition."

**RTNDA has made its 3rd appeal** to FCC for repeal of personal attack and political editorial rules. Said RTNDA Pres. David Bartlett: "Delay in repealing these rules, which may have been justified initially out of deference to... Congress, has ceased to be justifiable." He said rules are "clearly unnecessary by any cost-benefit analysis and they violate the First Amendment... Our argument becomes even stronger with the passage of time as diversity in the radio and television marketplace increases." RTNDA maintains that personal attack and political editorial rules are mere extensions of fairness doctrine, which Commission has repealed.

**FCC should avoid changing rules** on interactive video and data service (IVDS), MSTV and NAB said in filing. Groups said Commission has "crafted a balanced solution" to allowing IVDS without interfering with TV Ch. 13. MSTV and NAB said FCC should reject proposals by IVDS companies to avoid minimum separation distances and allow higher antenna height if power is reduced, saying proposals "fail to account for a variety of factors." However, they said they would support allowing flexibility through use of modified waiver procedure.

**Monitor Channel** is in "serious dialog" with potential buyers of troubled cable channel, it said May 14. It said bids for channel are to be submitted by early June and "the parties involved have expressed interest in providing quality informational and documentary-based programming with a multicultural emphasis." Monitor Channel officials were telling cable operators at NCTA convention earlier this month that channel won't go off air June 15 because buyer will be found (TVD May 11 p5).

**Deal to carry new Game Channel** has been signed by consortium of cable operators with 2.4 million total subscribers, according to International Family Entertainment. Letter of intent was signed by Telesynergy, consortium of 11 small cable operators.

**FCC revised Form 301** (application for new commercial station), combining it with Form 155, is available for use by applicants. Commission said it would accept old Form 301 until June 15 but urged use of new form, obtained by calling 202-632-FORM.

**Cable rates increased 1%** in April, according to Bureau of Labor Statistics, compared with 0.1% rise in Consumer Price Index (CPI) for all items. For last 12 months, cable rates have jumped 8.2% as CPI has gone up 3.2%.

**RTNDA had 1991 deficit of \$334,165**, annual report said. Assn. had expected revenue of \$2.11 million, but took in only \$1.66 million. Expenses were \$1.99 million, vs. \$2.08 million projected.

## Personals

Elected to NAB TV board in gender and minority seats, respectively: **Elizabeth Burns**, pres., Morgan Murphy Stations, and **Richard Lobo**, pres.-gen. mgr., NBC-owned WTVJ Miami; **Carol Reilly**, gen. mgr., Griffin Group, elected to gender seat on radio board... **Peter Lund**, exec. vp, CBS Best. Group, elected pres., IRTS, for one-year term beginning June 1... **Gerard Petry** promoted to senior vp-finance and business operations, NBC Productions.

**Harley Park**, ex-Intermart Bestg., named senior vp-chief financial officer, RAB; **Roann Evans** promoted to vp-member services... **Fred Hamilton**, ex-EDS Video Services, joins Satellite Network Systems as sales mgr... **Dan Jones**, ex-Monitor TV, named Eastern Educational TV Network's American Program Service dir.-engineering and operations... **Faith Popcorn**, BrainReserve Inc. and trend forecaster, will be keynote speaker Sept. 9 at NAB radio conference in New Orleans.

**William Hart** retires May 31 as senior vp-feature film sales, Warner Bros. Domestic TV Distribution... **Richard Borchiver** named pres., Toronto-based Paragon Entertainment Corp... **Catherine Talmadge**, ex-ATC, joins Time Warner Cable Programming as dir.-programming development... **Iris Gelt** named dir.-corporate communications, MCA... **Richard Cutting**, NBC corporate communications mgr., moves to dir., corporate communications, New Orleans oil company Freeport McMorano.

Changes at FCC effective May 18: **Diane Cornell**, legal asst. to Comr. **Marshall**, becomes chief, Common Carrier Bureau International Policy Div., to be succeeded by **Kathleen Abernathy**, who in turn will be replaced by **Sara Seidman**, ex-Common Carrier Bureau, as special asst. to Gen. Counsel **Robert Pettit**... FCC Calendar -- May 19: Comr. **Marshall** speaks to Direct Mktg. Assn. breakfast, Capitol Hilton Hotel, 8 a.m. May 20: **Robert Pettit**, gen. counsel, speaks to Assn. of National Advertisers, N.Y. hq, 11 a.m. May 21: Chmn. **Sikes** addresses Mass. Institute of Technology's Media Lab on "Digital TV: More than HDTV," Cambridge, 9:15 a.m.

**Robert Briskman** named chmn.-CEO, Satellite CD Radio, succeeding **Martin Rothblatt**, who remains a dir... **Steven Bonica** named pres., Panasonic Best. and TV Systems... **Demetrios Hadjis**, ex-Orange County (Cal.) News Channel, named vp-promotion and programming, KWQC-TV Davenport, Ia... **Jonathan Marder**, who formerly headed his own company, appointed vp-publicity and promotion, BBC Lionheart, N.Y.

**Cheryl Walter** promoted to vp-finance and administration, KTEH-TV San Jose... **Christopher Verrill**, ex-asst. mgr., WBJC-FM Baltimore, joins KIXE-TV Redding, Cal., as mgr.-ownership resources... **Ted Turner**, chmn., Turner Bestg., will be keynote speaker at RTNDA Environmental Reporting Symposium, Sept. 25, San Antonio.

**Meryl Cohen** promoted to exec. vp-mktg., Paramount Pictures Domestic... **William Reed**, former PBS senior vp, named exec. vp, KCPT (Ch. 19) Kansas City; he'll eventually succeed Pres. **Robert Fuzy**, who recently announced plans to retire... **Sharon Williams**, ex-Columbia Pictures TV, joins Sony Pictures Entertainment as vp-corporate communications... **Thomas Davidson**, ex-FCC Mass Media Bureau, joins Washington law firm Akin Gump Hauer & Feld as partner from Sidley & Austin; **Margaret Tobey** leaves Akin Gump to become of counsel to Sidley & Austin.

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House companion (HR-5057) to Senate's S-2377 proposing up to \$270 million in federal loan guarantees for dedicated education satellite was introduced May 5 by Rep. Brown (D-Cal.), chmn. of House Science Committee.

## OBITUARIES

**Thomas Ervin**, 80, retired NBC executive, died May 7 of cerebral hemorrhage in N.Y. He joined NBC law dept. in 1948, holding several positions before retiring in 1974 as exec. vp-gen. counsel. He was member of NBC President's Council. Ervin was in Army in World War II and served as a civilian prosecutor at Nuremberg trials after war. He was 1932 graduate of Ohio State U., received LLB from Columbia Law School in 1946. Wife, son survive.

**Oliver S. Gramling**, 89, AP veteran of 40 years who led wire service into broadcasting during World War II, died May 9 of congestive heart failure in Waterman Medical Center, Eustis, Fla. He switched from reporter to sales at AP in 1936 and was membership dir. when he convinced wire service to start providing news to radio stations. Newspaper owners of AP had looked upon radio as competitor but Gramling overcame their resistance. He was author of "AP: The Story of News," published in 1940, which became best-seller. He also authored "Free Men Are Fighting" on World War II. There are no immediate family survivors.

# Consumer Electronics

A Section of *Television Digest with Consumer Electronics*

## STATE OF THE INDUSTRY

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

	APR. 25- MAY 1	1991 WEEK	% CHANGE	APRIL 18-24	4 MONTHS 1992	4 MONTHS 1991	% CHANGE
TOTAL COLOR.....	377,577	453,928	-16.8	412,895*	6,182,161	5,938,217	+ 4.1
DIRECT-VIEW...	370,646	448,070	-17.3	407,636*	6,078,301	5,845,188	+ 4.0
TV ONLY.....	345,933	435,307	-20.5	393,739*	5,829,921	5,633,979	+ 3.5
TV/VCR COMBOS	24,713*	12,763	+93.6	13,897*	248,380*	211,209	+17.6
PROJECTION....	6,931	5,858	+18.3	5,259*	103,860*	93,029	+11.6
VCR DECKS.....	240,567	219,931	+ 9.4	213,629	3,290,616	2,717,466	+21.1
CAMCORDERS.....	84,047	108,014*	-22.2	56,827	687,297*	628,268	+ 9.4
LASERD. PLAYRS #	3,267	3,015	+ 8.4	N.A.	65,099	48,016	+35.6

Direct-view TV 5-week average: 1992--345,187; 1991--333,136 (up 3.6%).

VCR deck 5-week average: 1992--208,951; 1991--169,886 (up 18.7%).

Camcorder 5-week average: 1992--51,352; 1991--54,351\* (down 5.5%).

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

# Includes combi players, excludes karaoke types.

**NEW-LINE INTROS, TOUCH-UPS AND FILL-INS:** Caution, conservatism and uncertainty about immediate future marked avalanche of new-line introductions in advance of Consumer Electronics Show, which opens 4-day stand May 28 in Chicago.

In direct-view TV, many brands held over large parts of their lines, deferring any major overhauls for a year, since new closed-caption chassis must be phased in by mid-1993. Zenith still was only manufacturer with line of captioned sets, although Panasonic introduced a couple and Sharp has captioned VCR. Projection TV lines were generally upgraded, continuing gradual improvement of that category.

VCRs were given cosmetic changes, with emphasis again on easy program systems and sleek profiles. With some exceptions, manufacturers conceded this isn't year for S-VHS, making no specific efforts. In camcorders, something like despair has set in, with fewer 8mm models this year and addition of more VHS-C, as some brands virtually concede turbulent 8mm race to Sony and Canon. There's unspoken fear that camcorders "have gone as far as they can go" and market is reaching plateau just as prices have hit irreducible minimum.

Very cautious optimism was rule at sales meetings, but some marketers appeared on verge of upgrading their forecasts on basis of good April sales figures (see separate report, this issue). Here are highlights of sales meetings and introductions, with details spelled out elsewhere.

**RCA--Big Screens, Aggressive Pricing:** Thomson Consumer Electronics continued pursuit of higher end TV business with introduction of aggressively priced new large screen direct view and projection sets for new model year. At same time, though, company also is maintaining distinct delineation between RCA brand and upscale ProScan label, maintaining invar mask for ProScan TV and trimming RCA VCR model count to eliminate overlap with higher end brand. At press preview in Indianapolis, company showed completely new VCR and camcorder lines, 6 new projection TVs, numerous additions to Home Theater direct view sets, and core TV line that features ongoing attention to 360-degree design.

Home Theater TV series includes four 35" models -- 2 table models and 2 consoles -- and trio of 31" sets, 2 table and one console. All have comb filter, color PIP, 13-jack panel, commercial skip, sleep and

alarm timers, universal remote, automatic VCR/cable setup, automatic programming. Top 35" console (\$2,600) and table model (\$2,200) have "high drive" picture that can produce 700 lines of horizontal resolution, advanced PIP with zoom, pan and freeze. Top 31" console (\$1,700) and table model (\$1,400) can deliver 650 lines of horizontal resolution. Top 35" and 31" sets also have wideband video amplifier, Hughes SRS and 10w per channel output. Elliot Broadwin, gen. mgr., product management for high end color TV, said company is "looking at" including Dolby Pro-Logic in future RCA models, but is limiting it to ProScan for time being.

Projection TVs are topped by first 60" model under RCA brand (\$3,300) and 52" set (\$2,900) that can be installed as in-wall unit (not 60" as erroneously reported last week). Six-model projection TV line includes another 52" unit and three 46" sets. All except low-end 46" model (\$2,300) have SRS, 10w per channel amplifier with matrix surround, advanced PIP, universal remote, 13-jack pack. Leader model has PIP, 5w per channel.

Unique feature in one Colortrak model is revival of old "meatball" logo with lightning bolt, unused by RCA since days of Gen. Sarnoff (although Bertelsmann is using it on recordings). It's featured on set and cartons for 25" TV with molded cabinet incorporating speakers at sides of screen, to get special marketing push under "UVU" name.

Two models in new VCR line include extension of VCR Plus capability to remote-capable cable boxes. They have extra IR window on top of VCR to send channel information to cable box. Same 2 models also have Pro-Tect Plus, which prevent use of VCR by unauthorized person when it's set for timer recording.

Under "Zoom Plus" name, RCA is promoting 2x digital zoom on one 8mm camcorder and pair of full-size VHS models. Literature describing Pro870 (\$999) carefully refers to feature as "16:1 Zoom Plus/Max 64X," as way of expressing confidence that camcorder will produce acceptable picture within "zoom plus" range, though it has technical capability to extend to longer zoom with less definition.

TCE Exec. Vp Joseph Clayton said new programs aimed specifically at regenerating RCA business with independent dealers (TVD March 30 p12) will be in place by fall, coordinated by Gil Ravelette, newly named gen. mgr. for brand management (TVD May 11 p20). "The RCA brand drives more floor traffic for retailers than any other brand of color TV or VCR, and I am convinced there are many independents who can use that kind of marketing support," he said, estimating that independents account for "15-20% of sales in most consumer electronics categories."

**Philips--Redesigned Line, Cautious Outlook:** Prominence of Philips brand -- including redesigned TV and VCR lines and formal launch of new audio series -- was major theme of Philips Consumer Electronics (PCE) press preview last week in Chantilly, Va. For most part, company's marketing executives issued forecasts that were heavy on caution, light on optimism, redolent of tough economy.

Philips brand is positioned at mid-to-high end of business, with some overlap of mainstream Magnavox line at mid price points. Philips brand is "not esoteric, but a step line" that will be "more selectively distributed" than Magnavox, said Color TV Mktg. Vp John Strobel. In line with new goal, Philips label is being used to introduce new technologies -- CD-I, DCC -- to build upscale image. Asked about company's previous on-again-off-again attempts to establish brand in U.S., Strobel noted that "Jan Timmer made it clear. Philips will have a presence [in U.S.]. You will not see the Philips name disappearing again."

Senior Mktg. Vp James Newbrough left open possibility that company could import limited number of widescreen TVs -- probably with 34" tubes -- from Europe before year-end. "It's possible we'll make the decision within the next month or 2 to bring them late in the 4th quarter or early next year," he said, positioning them as statement pieces designed to gauge consumer interest.

PCE recently raised its projection of 1992 color TV sales, now expects factory sales to rise 2% to 21 million units, 19.75 million of them sold to dealers (versus earlier predictions of flat year). Most significant change in color TV business over last year, Strobel said, has been major shift in percentage of business at lower price points. He described "tremendous price pressure" on 19-20-in. sets, with 75% of that business at under \$300. Equally fundamental change is going on in larger screens, where sharp prices on 30-31" sets are limiting chances of selling more profitable stepup 27" models. "There's a tremendous amount of concern here," Strobel said, noting that he hasn't "seen too many ads for 30-in. below \$900, but the [pricing] trend is definitely down."

Outlook is more positive in projection TV, with Mktg. Dir. Gregg Chason expecting strong early season sales to continue unconstrained by component supply problems, increasing 4-5% and reaching at least 415,000 sets this year. He expects 40-41" to continue decline, 45-46" (which account for about half of total) to grow in units but decline as percentage of market, with 50" and larger sets gaining significant share.

Philips color TV line, which adopts "family look" with dedicated cabinetry, includes two 13", two 20", four 27" three 31" and three 35" sets, PCE's first entries in 35" market (with tubes from Thomson). Remote Locator circuitry -- set emits RF signal that sets off beeper in remote handset (TVD April 13 p14) -- is feature of 6 sets. Seven sets contain Automatic Volume Leveler, which smoothes varying audio level when commercial comes on or channel is switched. With exception of lead 13" set, all are stereo.

PCE Video Mktg. Vp. Mark Stephenson is anticipating flat VCR sales year "in spite of the fast start." Hi-fi models currently account for 24% of sales, though he cautions that it is "difficult feature concept to demonstrate" in most stores, which could inhibit growth. Magnavox line, he said, is aimed at \$200-\$350 actual selling prices, while Philips goal is \$350-\$500 range. He said PCE is staying away from "stratospheric pricing," area in which "you don't need a salesman, you need a detective" to find customers. Stephenson downplayed desirability of VCR Plus system, citing setup difficulties and "marketing problems with the distribution of the codes."

Camcorder inventories are down to 13-14 weeks, Stephenson said, hopefully projecting flat sales compared with 1991. New Magnavox line includes pair of full-size models -- low end with 8x zoom, high speed shutter, 1 lux, 2-hour battery (\$1,100) and stepup 10x zoom model with flying erase head, light, A/V dubbing, \$1,150. Three-model VHS-C lineup (all 8x zoom, high speed shutter, flying erase, 1 lux) is topped by model with digital zoom up to 80x, electronic stabilization, digital effects, light, \$1,500 suggested retail.

PCE officials reported that CD-I players, since Oct. launch, have achieved greater rate of sale than either CD players or VCRs did during first calendar year. Selection of new software featuring human characters was shown to media last week, but company didn't demonstrate full motion video hardware or software that it has said will be available by year-end; it's expected to be shown at CES next week. Newest accessory to be added to CD-I lineup will be wired adult trackball handset (\$80 list), available later this month. Company also said it will have Photo CD player at \$499 list in Sept.

On audio side, PCE executives announced new \$799 list on DCC-900 recorder due to ship in mass quantities starting in Sept. Revised list price compares with \$700 ticket announced for DCC-900 at Las Vegas CES and yen equivalent of \$1,000 list in Japan for same model under Technics brand in Japan (TVD May 11 p13). Frans Schmetz, Philips mktg. vp-audio, said that higher price is designed to heed dealers' requests for "more flexibility" in pricing and margins when DCC-900 hits streets. In announcing \$700 ticket in Vegas, Schmetz said that "street" price would remain "very close" to list. Company is "on target to deliver the most important audio product" since CD, Schmetz said. Company will start Sept. deliveries in key markets of N.Y., L.A. and Chicago, with 9 markets to be added shortly thereafter.

**Zenith--Drops 8mm, Adds 8 Caption TVs:** Like others, Zenith made only minor modifications in its TV line, which had biggest styling change in its history last year (TVD April 29/91 p8). Most notable additions for new model year are 8 closed caption receivers in 13", 20", 25" and 27", in each case adding \$20 to cost of comparable set without captions. Gerald McCarthy, senior vp sales & mktg., explained that company wanted to establish pattern of premium for caption sets -- "we're not giving them away, we don't want to set that precedent." Zenith also added one VCR with closed captions, as did Sharp.

On touchy subject of profitless camcorders, Zenith is closing out 8mm and full-size, holding over 2 JVC-made VHS-C models. "The camcorder business doesn't make a whole lot of economic sense," said McCarthy. "We're pleased with VHS-C, which will be our focus for the rest of the year." He noted that camcorder inventory position is improved but still "much too high" and said company will "continue C for the remainder of the year if the retailer continues to view it as a profit opportunity." Full-size and 8mm have been "brutalized," he said, forecasting little increase in camcorder sales volume. Pres. Jerry Pearlman indicated at recent news conference that Zenith could drop camcorder business unless profitability is restored (TVD May 4 p16).

Zenith quietly slipped out of another business. For 7 years the only major brand to offer all-digital TV set as well as teletext in U.S., company quietly dropped its digital-teletext chassis, although McCarthy said its projection sets have "some digital aspects" of former chassis. Zenith entered builder market with

projection model providing 52" to 120" picture which can be installed in space of closet at "less than the cost of a fireplace."

All signs are good for improvement in economy for rest of year, McCarthy said, indicating company plans to raise its forecast of color TV sales to 20.5 million from 20.3 million presented to distributor convention in Las Vegas. He forecast 400,000 projection set sales, 11.5 million VCRs. In giant-screen sizes (30" and up, including projection), he predicted sales of 1.1 million units this year, up from 906,000 in 1991, with 25-26" table models comprising 14% of total sales, up from 12%, and 27-and-up increasing by one point to 12% of total direct-view mix.

Color TV inventories are "excellent, reflecting continued attempt to be rational," McCarthy said, representing less than 6 weeks supply. Camcorder inventories at 16-18 weeks are "much too high," while projection TV stocks are rising and "need watching."

**Sharp—4" LCD TV, 650,000-Pixel Projector:** Sharp fine-tuned its product lines with handful of unique offerings. Despite dumping penalties on color TV sets from Japan, Sharp finally introduced LCD 4" color set with TV tuner, which in past it has sold only in Japan. Unit has 112,000-pixel resolution, 60:1 contrast ratio, will sell for about \$600. At other end of size spectrum, Sharp formally introduced "3rd-generation" LCD projection Sharpvision with 650,000 pixels, 400 lines of horizontal resolution, \$7,495 suggested list. (Philips said it's delaying introduction of LCD projector with similar resolution because cost would be prohibitive for consumer market.)

Two specialized VCRs were added to Sharp line. VHS Hi-Fi model with middrive (at \$430 list) has 2 additional recording and playback heads with 19-micron width especially designed for EP speed. Narrower heads eliminate noise frequently associated with EP, where head gap is wider than track. As demonstrated, narrow head effectively improved picture on playback; to observer, EP picture appeared as good as SP. Also added to line is first VCR with closed-caption decoder, which can play back captioned videotapes as well as captioned broadcasts, available in July at \$450 list.

Combining 2 of Sharp's popular product ideas is twin-lens Slimcam, extremely thin full-size camcorder with 2 lenses -- idea taken from company's tiny 8mm palm-size unit. Even smaller than original single-lens Slimcam, twin-lens model weighs 3.5 lb., will be aimed at street price of \$999. Three single-lens Slimcams are in line -- 8x zoom at \$900 list, 12x at \$1,250 and 12x model with artificial intelligence and color LCD viewfinder at \$1,700. Twin-lens 8mm camcorders are \$1,389 for mono model and \$1,700 with stereo sound and color viewer.

**GoldStar, Samsung Stress U.S. Design:** Korea's 2 premier TV manufacturers last week showed forerunners of their first major products designed specifically for U.S. market, and both pledged complete lines keyed to their respective "new looks."

Samsung, burnishing its image with outside PR firm of Geltzer & Co., which for many years handled Sony account, pledged new "brand identity," adding "distinctive quality styling" to its traditional value image. Most striking products are 27" and 25" monitor receivers with smooth contours following line of picture tube, designed by Design Continuum, Boston, in consultation with U.S. marketing and Korean manufacturing officials. Also redesigned were new VCRs in slim, uncluttered decor.

Goldstar displayed first set designed specifically for U.S. market with input from its new Design Center in Dublin and in consultation with American retailers and Korean engineers. Showing definite European and Japanese influence, new 20" monitor receiver -- first of series -- has distinctive curved front and vertical speaker housing built into both sides of cabinet. GoldStar's 9-model VCR/VCP line has also been completely redesigned, including new center-load models.

Like Sharp, GoldStar has decided that LCD TV needs a tuner, despite penalties under antidumping laws. Scheduled for shipment in July is 6.5-lb. combination 4" LCD TV and full-size VCR in lunchbox-size package with audio and video input jacks and on-screen displays at suggested \$1,250.

**SALES RECOVERY ROLLED ALONG IN APRIL:** Color TV sales scored best advance of year in April, with all other video products showing increases over 1991 in EIA sales-to-dealer figures released last week.

Direct-view color sales increased 13.5% over April 1991, as opposed to 4.9% increase in March, 7.2% deficit in Feb., 7.1% gain in Jan. On seasonally adjusted annual basis, color sales ran at nearly 20.9 million rate in April, short of hot 21.3 million of March but still nicely above 20.1 million sales of last year. For year's first 4 months, color sales were up 4% and at seasonal rate of slightly more than 20.5 million (see State of the Industry). Color TV/VCR combos were up big 84.1% for month to record 63,000.

Only other record for month was set by camcorders, up smart 16.6% and running at record for year to date, up 9.4%. Annual sales rate for camcorders came out to 3.5 million, which would easily be record, and represents 2nd best annual rate this year, after 3.8 million in Jan. For first 4 months, camcorder sales were at 3.3 million rate --- easily record level but not high enough to absorb excess in inventories.

In April, compact camcorders (8mm and VHS-C) represented record 75.8% of total sales to dealers -- 162,944 compacts vs. 51,991 full-size. For first 4 months, compacts accounted for 71.5% of sales, vs. 60.8% year ago. Pipeline inventories totaled 588,600, down 2.9% from 606,300 at end of March.

April was shining month for VCR decks, up whopping 30.2% and at annual rate of 13.6 million, exceeding 13.3 million sold in record year of 1987. Deck sales were up 21.1% for year to date and selling at rate of 11.65 million, almost million better than actual sales in 1991.

Projection TV fell short of record in April, but still was at record level for year's first 4 months and 11.6% above last year. In April, increase was just 5.1% and seasonally adjusted annual pace was 382,400, just above last year's record 380,000. Thanks to strong start, 4-month adjusted rate was 416,400.

Something new has been added to weekly and monthly statistics released by EIA -- laserdisc player sales figures (see State of the Industry). EIA spokeswoman said 10 companies, representing 12 brands, are reporting LDP sales figures to EIA, giving broad enough response base to represent industrywide survey. She said Pioneer, by far biggest LD supplier (both branded and as OEM for others) had given its blessing to public disclosure of weekly figures, waiving its right to invoke security. For year's first 4 months, LDP sales were up 35.6% over last year. Figures for April are included in table below.

Product	April 1992	April 1991	% Change	April 1990
Total color.....	1,382,263	1,219,658	+13.3	1,278,670
Direct-view...	1,364,059	1,202,330	+13.5	1,262,863
TV only.....	1,301,006	1,168,078	+11.4	1,242,232
TV/VCR combo.	63,053*	34,252	+84.1	20,631
Projection....	18,204	17,328	+ 5.1	15,807
VCR decks.....	812,670	624,330	+30.2	547,220
Camcorders.....	214,935*	184,413	+16.6	173,898
Laserdisc players	11,561	11,511	+ 0.4	N.A.

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

**MATSUSHITA AMERICA PROJECTS \$5.8 BILLION SALES:** Masaharu Matsushita, chmn. of world's largest consumer electronics manufacturer, paid his first visit to American Panasonic dealer meeting in 3 years -- celebrating not only his 80th year but new record in N. American sales. Company officials forecast final results for year ended March 31 will show sales of \$5.8 billion by Matsushita Electric Co. of America (MECA), up from \$5.4 billion in preceding year and \$4.7 billion at time of Matsushita's last visit here.

"Recovery now has spread to every corner of the nation," said MECA Chmn. Akira (Andy) Imura, forecasting "much better economy in the latter part of the year." Sales projection, which doesn't include MCA, is part of \$55.3 billion estimated worldwide Matsushita sales, up from \$46.8 billion preceding year. As for Panasonic, it achieved "100% of its goal" during fiscal year, with sales up 5% over preceding year, according to Panasonic Pres. Kirk Nakamura. Panasonic sales so far this calendar year have been growing at rate of about 2.5%, but Nakamura said April sales were up around 5%.

Traditional news conference by Matsushita chmn. brought forth flat denial of recently published reports that company is dictating policies of entertainment subsidiary MCA. "We are a manufacturer -- we make and sell consumer electronics," Matsushita said. "Therefore at the beginning we thought we should leave management of MCA in the hands of present management, and we continue to do so."

Asked whether company was following similar policy with subsidiary JVC, Matsushita replied situation was completely different. "We are in the same consumer electronics and appliance fields. We have many people at Matsushita who are well versed in consumer electronics, so in that case we send our people to subsidiary companies and [advise] members of management."

Conceding Japan was in "difficult economic situation," Matsushita forecast "upturn in the not too distant future" and said company had "no plans to reallocate our resources." In U.S., according to MECA Pres. Richard Kraft, sales increases were registered in "all categories," including VCRs and camcorders, although industrial systems showed larger gains because of starting from lower base.

Among other points made by Matsushita officials at meeting in Scottsdale, Ariz., where company announced 9 new TVs in SuperFlat series (TVD May 11 p15): (1) Next major feature after SuperFlat could be "much thinner cathode ray tubes" as interim step before LCD panels. (2) Panasonic currently is considering introduction of 16:9 widescreen projection TV on U.S. market, according to Imura, "but timing has not yet been decided." (3) Matsushita is looking into interactive TV, and developing CD-I, according to Vp Adam Yokoi, but has "no particular plan for U.S. introduction," preferring to "watch and see how the market develops." (4) Last assembly of VCRs in U.S. has ceased. Stanley Hametz, vp-gen. mgr. of Consumer Video Group, told us American Kotobuki plant in Vancouver, Wash., is now devoted exclusively to combining TVs and VCRs into combos rather than assembling VCRs themselves.

**APPLE'S OWN CES:** Apple Computer, whose Pres. John Sculley created wave of excitement as keynoter of last Winter's CES (TVD Jan 13 p9) which hasn't died down yet, aims to be main attraction at Summer CES in Chicago next week.

Apple not only will exhibit at CES but will host "special event" for news media and selected VIPs. Company is previewing its first "personal digital assistant" at Park West, far north of McCormick Place site of show. Apple showing actually will compete with 2nd morning of CES; it will start at 9 a.m., end about 1 p.m. May 29. It will compete not only with show floor exhibits but with full schedule of seminars and events, including Video Outlook conference. Room at Park West is said to have capacity of about 300.

In recent years, most exhibitors have avoided scheduling special events during show hours, and, in fact, show management has sought to coordinate such "off-campus" activities. Asked about Apple's event, EIA Shows & Exhibits Staff Vp Sam Lippman said he hadn't heard of it, adding he was "thrilled" to have Apple as major exhibitor but hoped company eventually would become "more sensitized to the way we do things."

Apple's scheduling is particularly upsetting to some publications because of extremely abbreviated trade segment of show, limited to 2-1/2 days before public is admitted and top executives presumably become scarce and mobility is sharply restricted.

Despite Apple's attempt at security for its new product, enough has leaked out to speculate that it's 6x8" handheld device (to be built by Sharp), targeted at \$700-\$1,000 for shipment early next year. It presumably will incorporate pen-based computer, modem and fax.

Elaborate invitation contains picture of CD, calling it "the hottest new publishing medium," as well as image of color screen displaying "Baseball's Greatest Hits -- Great Moments of the '60s" in text and photos and reference to Apple's QuickTime video software.

Sony and Time Warner are members of different groups competing for new commercial TV channel in U.K.

**Promotions:** **ABC Warehouse** inaugurated 50% cash-back promotion on all items costing more than \$199. Under program, consumers receive rebate vouchers from 50 Percent Cash Back Inc. -- up to \$10,000 per year -- that are redeemable within 90 days of 10th anniversary of their purchase. Certificate, which is insured, cannot be transferred... **Daytons Dept. Store** will stage consumer electronics exposition in 12,000 sq. ft. auditorium in its downtown Minneapolis store June 10-13. Billed as "What's Next?", event will be supported by 28 manufacturers, featuring such products as 16:9 TV, Mini Disc, videophone, recordable CD, virtual reality, etc... **Mitsubishi** sponsors \$200,000 Jackpot Lottery sales incentive contest for big screen TVs, with drawing for Eclipse automobile and cash prizes for all salespeople who have sold at least 5 big screen TVs by end of May. Entries must be in by June 12.

**Sun TV & Appliance** reported increases of 42.1% in net income, 50.9% in sales and 5% in comparable-store sales for 4th quarter ended Feb. 29 (see financial table). For year, net income rose 63.1%, sales 28.2%, with comparable-store sales up 2%. "While all major markets contributed to the improved results for the year, we are particularly pleased with Sun TV's initial results from our entrance into the Cleveland and Northeastern Ohio markets, and the continued improvement in our Pittsburgh operations," Pres. Robert Oyster said. Sun's aggressive promotion and pricing have been among major factors cited in Akron-based Home Centers' exit from business (TVD March 23 p15) and bankruptcy filing by Pittsburgh-based Appliance Store (TVD April 13 p11), which has announced it will shut 11 stores -- mostly in Ohio -- as part of reorganization.

**China's top 10** joint ventures, based on return on investment, include 3 electronics companies -- Shenzhen Konka Electronics (3rd), China Hewlett-Packard (6th), Beijing Matsushita Color CRT Co. (10th). No. 1 was Shanghai Volkswagen.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 130 yen = \$1, except where noted.

**NEW MODEL INTRODUCTIONS:** Bumper crop of new set introductions came in advance of next week's early Summer CES. In addition to highlights elsewhere in this issue, here are details of additions to lines:

**RCA:** Main RCA color TV line encompasses 31 models -- 27" console and table, 4 consoles and 3 table sets in 26" line, three 25" consoles, two 25" table models, ten 20", four 13", pair of 9" AC/DC models and single 5-1/2" color set with AM/FM. Of particular note are 3 Colortrak 13" sets with modern design featuring "igloo-shaped" rear cabinet.

All 7 RCA VCRs (down from 12 models last year to limit overlap with ProScan) have on-screen programming, high-speed rewind, quick-start, autotracking. Line is led by clockless 2-head model (\$279 list) with 1 year/4 event timer; stepup 2-head (\$319) adds clock that's part of fluorescent display with characters 50% larger than in past. Lead 4-head VCR (\$359) has 1 year/8 event timer, remote that can operate RCA TVs. Step-up (\$399) adds VCR Plus and remote that can operate 30 other TV brands.

Next is 4-head mono model with front jacks, auto head cleaner, VCR Plus with cable box channel control and "Pro-Tect Plus" locking system (\$419). First 4-head hi-fi VCR (\$499) has 1 year/8 event timer, universal remote. Top-of-line 4-head hi-fi (\$549) has same feature package as top mono model. Video Products Vp Bruce Allan said output of RCA VCRs from plant it operates in Singapore with Toshiba has doubled since year ago.

RCA is adding pair of laserdisc combi players, both with more CD-oriented features than carryover model. Lower priced model (\$549) has clever CD-tray that slides out independently from LD tray when machine is in CD mode. Stepup (\$749) has 5-disc CD changer.

Comeback of VHS-C format is reflected in new camcorder line, which features 3 VHS-C models (up from single unit in RCA line year ago), four 8mm camcorders (down from 6) and 3 full-size VHS units. All have 16:9 recording capability in support of forthcoming introduction of widescreen TV sets.

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**Philips/Magnavox:** Of 35 models in Magnavox TV line, 13 are new. All sets over 13", with exception of leader 19" and 20" models, have "Heads Up" universal remote with major buttons positioned at top of handset to facilitate looking at screen while making adjustments. Monochrome PIP capability is in 9 sets, color PIP in only one. Color TV Mktg. Vp John Strobel said monochrome rather than color PIP "is more an issue in dealing with the retailer. Consumers prefer the contrast" between main color picture and b&w inset, since they use latter for scanning and monitoring, rather than closely watching it, he said.

Only new 20" set is at top end, incorporating stereo sound, TV/VCR/cable remote, comb filter, variable audio out, \$450 suggested retail. Added to 25" collection is new high-end stereo set in 2 versions) with PIP with digital freeze, TV/VCR/cable remote, A/V inputs, \$750. Of eleven 27" models, 8 are new, including only Magnavox brand set with color PIP (\$750). Line also includes pair of 31" sets -- \$1,000 table model and \$1,300 console.

Philips projection TV line includes 46", 52" and 61" sets, each featuring new dedicated chassis with dual CCD comb filters, 90-degree dynamic focus tubes, 800 lines of resolution. All have Dolby Pro Logic, 125w, 6 amplifier audio system. Suggested prices: 46", \$3,100; 52", \$3,400;

61", \$3,700. Magnavox projection sets include two 46" models, pair of 52" sets and single 61".

Philips is making major push in prepackaged home theater systems, both for furniture retailers and CE dealers. Home Theater Mds. Mgr. Ralph Coker acknowledged that Wallvision system "did not accomplish what we wanted -- to create a home theater for the mass consumer... We firmly believe there is a market -- a mass market -- under \$10,000 if you give people what they want." Company last year began joint project with Thomasville to create home theater electronics and furniture combinations to be sold through Thomasville dealers (TVD Oct 28 p16). Newly announced effort uses furniture built in Philips plant with prepackaged assortments of electronics.

"Lifestyle Systems", with electronics package that includes 52" TV, DCC deck, combi player, 100w amplifier, hi-fi VCR, among others, come in 3 furniture styles, all at \$10,000 suggested retail in Sept. Wallvision 2 system, designed only for in-wall installation, features slimmed down 52" (\$9,000) or 61" (\$9,500) projection TVs that can be installed in 24"-deep wall space. Slimvision freestanding systems include 52" TV, full complement of A/V gear at \$10,000 in Sept.

Both Philips brand VCRs -- cosmetically consistent with new Philips audio components -- are 4-head units with jog shuttle remote that allows user to vary speed of search and playback functions, with 11 positions from still to 7x in either forward or reverse. Mono version will be \$400 next month, hi-fi stereo \$500. Six-model Magnavox VCR lineup includes 2 hi-fi units; all have new step-by-step on-screen programming system that walks consumer through functions.

TV/VCR combo line (PCE has raised 1992 forecasts to 800,000-900,000 units) includes 9" AC/DC (\$600), 13" (\$600) and 20" (\$750) models, all with single tuners. Video Mktg. Vp. Mark Stephenson said consumers are willing to pay 10-15% premium for combos over price of separates, and that 13" models account for half of sales, 19-20" for 40%.

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**Zenith** 48-model color TV line is largely held over from last year at same suggested list prices, although actual prices are believed to have dropped due to competitive conditions. New to line are closed caption models, which add \$20 premium over conventional sets: 13" monitor receiver at \$340; 20" at \$430; 25" at \$629 and \$649; 27" at \$729 and \$769; 25" console at \$629; 27" console at \$999.

New rear projection systems have dynamic black level expansion, SEq (Spacial Equalization) audio, surround sound, PIP, 2 remote controls, at \$2,395 in 46" and \$2,995 in 52", Sound by Bose projectors containing new audio system with Studio Surround at \$2,995 (46") and \$3,295 (52"). Zenith is courting builder market with version of its 2-piece projector modified for rear projection designed to be built into any space about size of closet, providing picture of 52-120" with 6-channel dual subwoofer surround sound at cost "less than a fireplace."

Zenith VCR line now has 14 models, including 4 carryovers starting at \$340 list. New models: 4-head with learning remote, \$380; same with built-in VCR Plus \$439; 4-head hi-fi, \$499; with VCR Plus also \$499. Other new models are 2-head with unified remote \$340; with closed captions \$350. Laserdisc combi player is \$649. Palm-size VHS-C camcorder carryovers are \$1,199 for 6:1 zoom, \$1,299 for 8:1.

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**Toshiba** officially unveiled "Cinema Series" (TVD April 13 p17) that includes 20", 27", 30" and 32" TVs, all with

enhanced sound systems. Color TV Mktg. Dir. Steven Nickerson said 35" set will be added to series in first part of 1993. All sets in series have velocity scan modulation, black level expander. Series also includes pair of 4-head VCRs -- one monaural (\$530 list) and one hi-fi stereo (\$650 list) -- each with universal remote, VCR Plus, front A/V jacks, quick access system, automatic head cleaner, high-speed rewind/fast forward. Cinema Series laserdisc combi player (\$800) has double-sided play, 8-sec. intro scan for CDs, S-Video output.

Rest of color TV line has 6 new sets, topped by new 48" projection and pair of 35" SuperTubes. All new direct-view sets have velocity scan modulation and black level expander. Top new 35" model has color PIP, 3-language display, digital sound processing with 4 audio environments, MTS, 10w per channel output, \$2,500 list. Model without PIP lists at \$2,300. New 32" set has color PIP, preprogrammed universal remote, front surround sound, \$1,700 list. Similarly featured 30" model has \$1,500 list, while 27" without front surround system is \$900.

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**JVC** VCR line includes pair of models with VCR Plus system. Higher end version (\$550) is 4-head hi-fi machine with bass enhancement circuitry, jog/shuttle on multibrand remote control, Spanish and English menus, digital tracking, A/V Compu Link for ease-of-use connection to other JVC Compu Link components. Monaural version has \$400 list. Rest of standard VCR line is topped by 4-head hi-fi deck (\$600) featuring random assemble editing that allows user to designate 8 tape segments and automatically reassemble them in correct sequence on another JVC deck that has Pause-In terminal. Top-of-line S-VHS hi-fi model (\$1,000) incorporates many audio and video enhancements, including random assemble editing, Compu Link, jog/shuttle remote.

New TV collection is highlighted by family of sets that includes live "Effex" spatial audio enhancement; color PIP with extra audio output for those who want to listen to audio from inset picture through headphones; child timer that automatically shuts off set at predetermined time, with code needed to turn it back on; A/V Compu Link. Titanium-colored 27" model, available in Oct. (\$1,100) has 20-w Hyper Bass Amplifier, forward firing subwoofer. Black version, in Sept., is \$1,100. A 35" model with dynamic focus circuit for corner clarity will be \$2,300 in Aug.; 31" model with closed-caption decoder will be \$1,500 in Sept.

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**Fisher** brand adds compact, traditional style 8mm camcorder with 8x zoom, 1 lux rating, high speed shutter, fuzzy logic exposure control, \$800 list. Series of 5 new Fisher VCRs all have front and rear A/V jacks, OSP, 1 year/6 event trilingual programming, head cleaner, daylight savings time adjustment. Line is led by 2-head mono (\$280) and 4-head mono (\$330), with next model (\$370) adding VCR Plus. Top 2 models use mid-mount design, one adding VHS Hi-Fi (\$450), stepup adding jog/shuttle control, flying erase head, A/V dubbing (\$600).

New Fisher TVs include 27" (\$700) with MTS, front firing speakers, matrix surround, comb filter, universal remote. New 31" set with similar feature package (\$1,100) steps up to top (\$1,500) 31" set with color PIP, 10w super woofer speaker system. Fisher brand also features prepackaged A/V system (\$2,200) that includes 120w per channel receiver with Dolby Pro Logic, 27" TV, 5-disc CD changer, dual cassette deck, speakers.

**Sanyo** brand adds 5 TVs with on-screen display of major channel and picture controls, beginning with 19" mono set (\$260). New 20" model (\$330) has MTS, one-button color

control; new 25" set (\$380) has similar features. New 27" (\$530) has 600 lines of resolution, comb filter, channel recall. Top of line is 31" set with universal remote (\$980). New VCR line includes 7 models, all with 1 year/6-event timer, instant start loading system. Lead 2-head model (\$270) is followed by stepup unit with trilingual programming (\$290), then 4-head (\$300) with English-only programming, auto head cleaner, remote to operate Sanyo TVs. Next model (\$350) adds VHS Hi-Fi. Top 2 models add VCR Plus, top of line featuring mid-mount design.

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**Goldstar**'s new 20", prototype of redesigned TV line, is stereo monitor (bearing dbx logo), with unified remote, variable audio output and carries suggested retail price of \$380. VCR line, completely redesigned, available in July and Aug., starts with 2-head on-screen model with one-year timer at \$270; bilingual model is also \$270; 4-head center loading model with index search is \$330, as is similar bilingual model; hi-fi versions are \$430. New VCP, with quick start and auto repeat, is \$230, AC-DC version \$240, remote AC-DC \$250.

**Samsung**'s new 31" color TV model in striking new design, companion to previously introduced 25", carries \$670 list. New 20" and 31" stereo TVs are \$430 and \$1,470. VCRs with distinctive identities, strongly resembling high-end audio components, all have auto tracking and fast start. Line begins with 2-head slimline model at \$340 suggested list, stepping to 4-head version at \$400; 2-head model in different design is \$380; 4-head in same configuration is \$450; hi-fi model is \$580.

**Sharp** adds high-end 20" due in Aug. at \$500 list and deluxe 27" with color PIP and artificial intelligence at \$900.

**Pioneer** redesigned its high-end Elite projection line to include new-automatic digital convergence, black screen, short focus lens with green tint to deliver increased brightness and contrast without internal reflection. Available in July, Elite Pro monitor receivers will carry suggested retail prices of \$3,600 for 45", \$4,000 for 50" and \$4,500 for 55".

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**Final antidumping margins for color TV sets from Taiwan for year ended March 31, 1991, generally followed preliminary margins (TVD Jan 20 p16).** International Trade Administration denied request by Sanyo, which has not exported TV from Taiwan to U.S. in 7 years, to revoke its dumping penalty. RCA (TCE) and Tatung aren't required to post antidumping duties because their margins are less than 0.5%. Companies assessed maximum penalty of 23.89% either had no shipments during period or didn't cooperate in ITA investigation. Here are margins for latest period, representing cash deposit required with imports of sets from Taiwan: Action 1.64%, AOC 23.89%, Funai 23.89%, Hitachi (Taiwan) 23.89%, Kuang Yuan 0%, Nettek 23.89%, Paramount 23.89%, Proton 4.13%, RCA Taiwan (TCE Taiwan) 0.41%, Sampo 0.78%, Sanyo (Taiwan) 4.66%, Shinlee 23.89%, Tatung 0.23%, Teco 23.89%.

**New videotape formulation, Zetas, will be marketed by Panasonic next month.** Company said new tapes use highly elliptical magnetic particles that can be packed densely, along with innovative binding system. Zetas formulation, already used by some Japan broadcasters, will be offered to consumers in T-60, T-120, T-160 and T-180 lengths, stereo T-120, S-VHS T-60 and T-120, VHS-C and S-VHS C in TC-20 and TC-30 lengths.

**ROYALTY BILL ADVANCES:** House Competitiveness Subcommittee completed work last week on digital audio royalty legislation (HR-4567) by Chmn. Collins (D-Ill.), getting ball rolling finally on House action for companion to S-1623, which now is on Senate floor agenda for final vote.

HR-4567 emerged from Collins' panel essentially same as S-1623 except for technical changes to clarify that bill doesn't apply to computer software, aide said. Revisions were accepted unanimously by panel, and by recording and consumer electronics industries in letter last week to Collins from EIA Consumer Electronics Group, National Music Publishers' Assn., RIAA, Tandy.

"This legislation will remove the uncertainty that has existed for over a decade surrounding the introduction of digital audio recording technology in the United States," letter said. "The bill will provide consumers with a broad range of new digital audio technology, while providing protection and compensation for music creators and copyright owners."

Collins said that "to date, American consumers haven't had wide access to revolutionary digital audio recording technology due to litigation and disagreements" in industry, urging members to support bill at markup. "By embodying a compromise reached by various concerned parties, the legislation is designed to end the stalemate and facilitate the widespread introduction of digital audio recording technology to the American consumer." Bill proposes fee on hardware and tapes to be used in compensating copyright holders for rerecordings. It still must be approved by House Commerce Committee, which appears likely to meet on issue in early June. HR-4567 also has been referred to House Judiciary Committee, where aide to Copyright Subcommittee said markup should be scheduled soon.

Copyright Subcommittee is likely to treat HR-4567 as successor to HR-3204, original version of House bill and duplicate of S-1623 before latter was marked up in Senate. S-1623 was introduced by Senate Copyright Subcommittee Chmn. DeConcini (D-Ariz.), HR-3204 by House Copyright Subcommittee Chmn. Hughes (D-N.J.) and parent Judiciary Committee Chmn. Brooks (D-Tex.). Authors expect nearly identical versions of House and Senate bills to emerge in time to be reconciled for compromise to be sent to President Bush for signature before 102nd Congress adjourns, aides said. Senate may take up S-1623 at any time without awaiting Committee bill report, we're told.

**GO-VIDEO SUED:** Four stockholders have filed suit against Go-Video and its officers and directors in U.S. Dist. Court, Phoenix, seeking class action status and alleging waste of corporate funds, mismanagement and improper expenditures.

Among charges: (1) Company improperly paid CEO Terren Dunlap \$200,000 to serve as lawyer "in name only" at time company was losing money. (2) Company made improper loans to directors. (3) It bought "master license" for wireless video system for 46,000 shares, but later carried license as worthless in its 10K report. (4) It pays Samsung excessive amount to make VCR-2 dual deck VCRs. (5) It erroneously led stockholders to believe it had valid antitrust evidence against Japanese companies it sued.

"This complaint is riddled with errors," said Dunlap in statement, denying accuracy of charges. "The legitimate business decisions of our company will be vigorously defended," he added.

**SEGA SETTLES SUIT, SETS CD:** In face of potential trebling of earlier \$33 million judgment against it for patent violation (TVD April 20 p20), Sega last week agreed to pay inventor Jan Coyle \$43 million settlement. Agreement came May 11, literally minutes before parties were scheduled for hearing before U.S. Dist. Court judge in L.A. If he ruled that Sega had intentionally violated Coyle's patent -- which relates to display of background colors on videogame screen -- judge could have awarded up to 3 times original \$33 million award.

"Rather than prolong this case in a lengthy appeals process that could have a negative effect on the entire videogame industry, we felt it was best to settle now and focus on what we do best," said Sega America Pres. Thomas Kalinske. First part of payment (\$23 million) is due today (May 18), remainder by Aug. 17.

Sega Enterprises Chmn. Hayao Nakayama had expressed irritation at original jury verdict, doubting "the jury's level of understanding" of complex technical cases. This is 2nd time this year that major Japanese company has reached large settlement in patent dispute; Minolta agreed to pay Honeywell \$127.5 million after losing patent case relating to autofocus system.

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"Sega CD" attachment for Genesis videogame console will be in retail stores in Nov., packaged with 3 pieces of software at \$299, company said last week. Bundled software includes "collector's edition" that contains 5 top Genesis cartridge games; CD+G sampler (player supports CD+G format) and one "multimedia game" that incorporates live actors, though reportedly not in MPEG full motion video. (Philips has shown ability to successfully synchronize audio and video of live actors at equivalent of 17-18 frames/sec. in non-FMV CD-I software shown at recent public forums, including last week's press preview.)

Nintendo said at last winter's Consumer Electronics Show that it will introduce \$199 CD-ROM attachment for Super NES in Jan. 1993, so Sega's move apparently would give it at least 2-month lead over main rival. CD player for TurboGrafx-16 system has been on market since 1990.

Sega also announced Nov. introduction of sequel to Sonic the Hedgehog, cartridge credited with igniting sales of Genesis system last year. New game is on 8MB cartridge, double power of original game.

**RECOTON'S RECORD SALES:** Recoton's net income rose 76.8% in first quarter on record sales, up 18% from same 1991 period, company reported last week (see financial table). Pres. Robert Borchardt attributed sales growth to increased penetration of large retail chains and such new products as wireless audio and video gear, CD accessories and antennas as well as expanded private label business. Company's Discwasher, Parsec, Rembrandt, Transcriber and Calibron brands all contributed to increases.

Atari reported its first-quarter operating loss doubled to \$2.4 million on 30.4% sales decline. Significant portion of its business is derived from Europe, company said, and "subject to fluctuations in exchange rates." Its exchange loss totaled \$12.1 million in 1992 period, vs. \$4 million year earlier. "During this difficult time," Pres. Sam Tramiel said, "we are balancing inventories to be in line with sales and reducing costs."

**AUDIO SALES UP 7.5%:** Significant decline in components for 9th consecutive month didn't seriously damage factory audio dollar sales in March or first quarter, according to EIA Mktg. Services Dept. Robust recovery in systems, fueled presumably by sales of minicomponent packages, pushed that category into plus column for first time in 1992.

In latest report, overall March factory dollar sales increased 7.9% from year earlier. Rate of increase was less than 14.3% climb reported in Feb. sales, spawned by strong recovery in aftermarket autosound category. By comparison, March car stereo climbed 3.2%. Month's big star was systems, which jumped 21.5% -- marked contrast to 8% decline in Jan. Portable audio continued its hot streak, rising 19.2%. But there was little sign of hope in components, which fell 9.4%.

Factory components shipments fell 9.9% in first quarter and represented only down category among 4 broadbased classifications through year's first 3 months. Portable audio rose 20.3%, while aftermarket car stereo was up 15.3% and significant gain in systems sales for month pushed category into plus column for first time this year.

EIA said industry set dollar sales records in month and quarter, adding that consumer price index for audio equipment fell for 3rd consecutive month in March and by 2.5% annualized rate through end of quarter. In portable audio, EIA said, unit sales in quarter rose 9.8% while dollars were increasing 20.3%. Dollar gain in 3 months was buoyed mainly by 68.1% increase in portable CD sales, which accounted for 38.5% share of overall portable dollar shipments. As for systems, category was marked in Jan.-March by 31.5% gain in unit sales of shelf systems -- including minicomponents -- though dollar sales rose only 19.5%. Dollar erosion in rack systems, meanwhile, was evident in fact that units rose 17.3% in quarter while dollars fell 4.1%.

EIA said that individual component product classifications "performed well" when overall market was in significant tailspin. Unit sales of component cassette decks rose 7.6% and unit sales of multi-play CD changers rose 19% in quarter. Here's EIA's breakdown of audio dollar sales to dealers in March and in first quarter:

FACTORY SALES OF AUDIO EQUIPMENT  
(add 000)

Category	March 1992	March 1991	% Chg.
Portable Audio*.....	\$163,871	\$137,426	+19.2
Components.....	116,432	128,456	- 9.4
Systems.....	108,453	89,252	+21.5
Autosound (aftermarket)	125,379	121,539	+ 3.2
<b>TOTAL.....</b>	<b>\$514,135</b>	<b>\$476,674</b>	<b>+ 7.9</b>
	<b>3 Mo.'92</b>	<b>3 Mo.'91</b>	<b>% Chg.</b>
Portable Audio*.....	\$483,175	\$401,610	+20.3
Components.....	361,421	401,036	- 9.9
Systems.....	283,693	267,066	+ 6.2
Autosound (aftermarket)	327,308	283,785	+15.3
<b>TOTAL.....</b>	<b>\$1,455,596</b>	<b>\$1,353,497</b>	<b>+ 7.5</b>

\* Includes home radio

Figures may not add due to rounding.

In controversial decision, FCC last week ruled that cellular service can be sold as package with heavily discounted phone hardware equipment without violating its rules.

**NINTENDO RESULTS, COURT RULING:** Nintendo reported consolidated net income rose 26.4% to \$670 million on 19.2% sales increase to \$4.3 billion in year ended March 31. Consolidated pretax profit was up 14% to \$1.24 billion. For current year, Nintendo expects pretax profit to rise 4.5%, net income to inch up 1% on 3.2% sales increase. Company is expecting increased U.S. sales of Super NES, spurred by recent price cuts (TVD May 4 p21), and plans to introduce Super NES to Europe this year.

Separately, Judge Fern Smith, U.S. Dist. Court, San Francisco, dismissed remaining portion of Atari's antitrust suit against Nintendo, saying jury's earlier verdict on 7 other counts (TVD May 4 p21) had essentially resolved case. When jury was unable to reach verdict on remaining 2 counts (concerning restraint of trade and illegal monopoly), judge declared mistrial; in last week's ruling, she reversed herself, instead throwing last 2 counts out, saying "a retrial on those issues would be meaningless" given earlier verdict. Atari attorneys expressed disappointment in original decision and most recent action, and at week's end were discussing possibility of appeal or other course of action.

**39% OF TVs HAVE STEREO:** Stereo sound TV sets continue to increase as percentage of total, EIA data showing they comprised 39.2% of direct-view color sets sold to dealers in first quarter, up from 36.1% in same 1991 period and 27.6% in 1990 (TVD May 20/91 p16).

Percentage of sets with stereo declined to 38.1% in March from 40.7% in Feb., but each month this year saw increase in both percentage and number of sets with stereo as compared with same month of 1991. Record month, in terms of percentage with stereo, still is Sept. 1991, when 43.6% contained feature. Here are EIA's stereo figures for first quarter:

MTS 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
March....	736,230	38.1	673,288	36.7	+ 9.3
<b>TOTAL..</b>	<b>1,774,887</b>	<b>39.2</b>	<b>1,610,878</b>	<b>36.1</b>	<b>+10.2</b>

**FROM JAPAN IN FIRST QUARTER:** Japan's camcorder shipments to U.S. in first quarter were 30% below same 1991 period, according to Finance Ministry figures, while laserdisc player exports were more than double and VCR deck shipments were unchanged. Due to computer error, comparison of first-quarter 1992 and 1991 shipments was omitted from our report last week (TVD May 11 p16). Here are first-quarter comparison:

Product	3 Mo.'92	3 Mo.'91	% Chg.
Color TV.....	18,706	36,657	-49.0
VCR decks.....	1,456,744	1,451,461	+ 0.4
Camcorders.....	564,621	806,794	-30.0
CD players.....	1,390,425	1,087,015	+27.9
Videodisc players	60,598	28,717	+111.0

Joint IC venture in China, 51% owned by Philips and 49% by Shanghai No. 7 Radio Factory, will make chips for use in TV, remote control, radio and telephone applications. It's 9th Philips joint venture in China.

## Consumer Electronics Personals

**Gary Covault** resigns as Fretter senior mdsg. vp, plans unknown; no replacement named.... **Philip Garrison**, who resigned as Electric Ave. senior vp earlier this year (TVD Feb 3 p16), named senior mktg. vp at Highland Superstores, post vacant since **Louis Bernucca** left to become pres. of The Appliance Store (TVD Sept 16 p16)... **Paul Newman** promoted to senior vp-sales and distribution, Gemstar Development Corp. (VCR Plus), overseeing activities for N. America and Europe, and serving as managing dir. of company's European operations with hq in London; **Jeffrey Conroy**, former Code-A-Phone national sales mgr., becomes dir. of sales for N. America.

**Andrew Mougis**, ex-Sony Communications Products, named senior vp, sales & mktg., Consumer and Professional Tape Divs. of Sony Recording Media of America, reporting to Pres.-COO **Shin Takagi**... **Mary Carlsson**, ex-music/video software mgr. for Pioneer Laser Entertainment, named to head music software div. of Pioneer Artists... Freelance editor/writer **Stewart Wolpin** accepts 6-month Philips PR assignment starting in June related to company's U.S. DCC launch... Promotions at Audiovox: **Mark Woolery** to vp-sales, Carolina region; **Loulla Carroll** to vp, OEM Div... **Rick Kerkow** advanced to Sight & Sound Distributors Minneapolis branch mgr.

**Philips** will offer \$4.50 cash per share to Super Club minority shareholders as part of plan to buy the 49% of company it doesn't own, according to May 15 Financial Times. Instead of cash, they also can take warrants on Philips shares worth \$6.79 each, story said. FT said leading minority shareholders had agreed to \$4.50 price, although it's not clear whether everyone would accept it. Total value of deal, if Philips pays entirely in cash, would be more than \$38 million.

**Fuji** officially dedicated its first videotape manufacturing facility in U.S. as part of existing complex in Greenwood, S.C. Plant, which occupies 290,000 sq. ft., is expected to make equivalent of 12 million T-120 videocassettes annually when it reaches full capacity early in 1993; current output is about half that. Plant will supply domestic markets as well as exporting to Canada, Europe, Japan, Pacific Rim. Fuji makes offset printing products in adjacent plant on same site.

**Matsushita** is restructuring retail network in Japan that currently consists of some 27,000 small individually owned shops called National stores after company's brand name. System of rebates and interest on savings has given company tight control over stores, only 50-60% of which are expected to survive after rebate and savings systems are altered, Financial Times said.

**Cable systems** can set up Gemstar's VCR Plus programmers automatically using new Autoset device being marketed to cable operators. At present, VCR Plus programmers must be set up by users, telling them what channel carries each program service or station. Autoset, introduced at NCTA convention in Dallas, eliminates that step, Gemstar said.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>Ackerley Communications</b> 1992-qtr. to March 31 1991-qtr. to March 31	47,000,000 48,600,000	(4,000,000) (5,300,000)	-- --
<b>Atari</b> 1992-qtr. to March 31 1991-qtr. to March 31	44,079,000 63,444,000	(13,848,000) (1,987,000)	-- --a
<b>Babbage's</b> 1992-13 wk. to May 2 1991-13 wk. to May 4	37,210,000 29,381,000	259,000 93,000	.05 .02
<b>Cablevision Systems</b> 1992-qtr. to March 31 1991-qtr. to March 31	153,585,000 145,405,000	(51,348,000) (51,855,000)	-- --a
<b>Comcast</b> 1992-qtr. to March 31 1991-qtr. to March 31	196,521,000 174,715,000	(36,670,000) (42,325,000)	-- --
<b>Dynascan</b> 1992-qtr. to March 31 1991-qtr. to March 31	24,379,000 28,852,000	(2,161,000) (1,298,000)	-- --
<b>Great American Communications</b> 1992-qtr. to March 31 1991-qtr. to March 31	47,390,000 45,609,000	(27,163,000) 34,888,000	-- .98a
<b>Koss</b> 1992-9 mo. to March 31 1991-9 mo. to March 31 1992-qtr. to March 31 1992-qtr. to March 31	19,332,812 18,563,725 5,462,029 5,516,525	499,031 252,016 (26,087) (43,259)	.16 .08a -- --a
<b>News Corp.<sup>b</sup></b> 1992-9 mo. to March 31 1991-9 mo. to March 31 1992-qtr. to March 31 1991-qtr. to March 31	7,731,915,000 8,316,851,000 2,459,488,000 2,592,959,000	437,136,000 52,622,000 81,868,000 (204,657,000)	-- -- -- --
<b>Nintendo<sup>c</sup></b> 1992-yr. to March 31 1991-yr. to March 31	561,843,000,000 471,417,000,000	87,104,000,000 68,885,000,000	-- --
<b>Osborn Communications</b> 1992-qtr. to March 31 1991-qtr. to March 31	4,787,000 4,501,000	(1,905,107) (1,676,472)	-- --
<b>Recoton</b> 1992-qtr. to March 31 1991-qtr. to March 31	14,464,000 12,289,000	670,000 379,000	.32 .20
<b>Scientific-Atlanta</b> 1992-39 wks. to March 29 1991-39 wks. to March 29 1992-13 wks. to March 29 1991-13 wks. to March 29	407,892,000 366,637,000 146,385,000 114,317,000	8,505,000 9,349,000 4,014,000 478,000	.37 .42 .17 .02
<b>Spelling Entertainment<sup>d</sup></b> 1992-qtr. to March 31	57,601,000	3,060,000	.08
<b>Sun TV &amp; Appliance</b> 1992-year to Feb. 29 1991-year to Feb. 28 1992-qtr. to Feb. 29 1991-qtr. to Feb. 28	270,602,000 211,107,000 102,461,000 67,903,000	5,763,000 3,607,000 2,494,000 1,755,000	.98 .70 .39 .34
<b>Telemundo</b> 1992-qtr. to March 31 1991-qtr. to March 31	30,252,000 26,262,000	(13,321,000) (15,229,000)	-- --a
<b>Turner Broadcasting</b> 1992-qtr. to March 31 1991-qtr. to March 31	365,170,000 325,154,000	731,000 3,827,000	--a --a

Note: <sup>a</sup>Includes special credit. <sup>b</sup>In Australian dollars.

<sup>c</sup>In Japanese yen. <sup>d</sup>Comparative results unavailable.

**Floppy disc shipments** by manufacturers last year rose 12% in units and nearly 10% in dollars over 1990, according to International Tape Assn. (ITA).

# TELEVISION DIGEST®

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

With Consumer Electronics

MAY 25, 1992

VOL. 32, NO. 21

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**USIMTA MEMBERS LINKED** to firms investigated by FTC. Nearly 1/4 of corporate members connected to companies that have been subject of govt. action. No members have been direct targets, but concerns raised. USIMTA says it's cleaning house. (P. 1)

**HDTV TEST DELAYED:** ATRC isn't ready to start. Truncated tests could affect chances. Length of delay uncertain. Extension denied. Zenith to demonstrate over-air HDTV. (P. 3)

**FCC SAYS 'NO'** to reconsideration of fines policy. No rulemaking needed since it's not a rule but policy statement, agency says. It will retain discretion in specific cases. Quello dissents, Duggan concurs. (P. 4)

**NAB HITS RADIO RULES:** Will ask FCC to cut back from 30 AMs-30 FMs to 25 and 25, back up to 30 if additional 5 are controlled by minorities, urge FCC to drop national audience cap and tiered approach on duopoly rules. FCC officials surprised and disappointed. (P. 4)

**ASCAP LOSES ROUND** on music licenses at Supreme Court, which refuses to hear cases that might have increased license fees. Negotiations to begin as ASCAP still seeks higher fees. (P. 5)

**'AUCTION-LOTTERY' PROPOSED:** Veteran attorney Plotkin suggests licensing system to avoid costs and delays of comparative hearings, application mills, etc. (P. 5)

**USIMTA MEMBERS LINKED TO FIRMS INVESTIGATED BY FTC:** Nearly 1/4 of 60 corporate members of USIMTA (U.S. Interactive & Microwave TV Assn.) have connections with companies that have been subject of cease-and-desist orders, injunctions or other actions by FTC and state govts. as result of charges of improper marketing of wireless cable application services. Managing dir. of USIMTA is Lynnea Bylund-Dalton, wife of Marcus Dalton, former executive of several firms including Applied Telemedia Engineering & Management (A-TEAM), that have been subject of FTC and state actions.

In general, USIMTA members haven't been direct targets of action by FTC or state govts., and contacts with A-TEAM, American Microtel and others have been of varying degrees of closeness. But number of such firms that are active members of USIMTA has caused some officials, including Wireless Cable Assn. Pres. Robert Schmidt, to raise questions about USIMTA. Schmidt said USIMTA members seem to be "a lot of the same people that we have tried to keep out" of WCA, which USIMTA was set up to compete with.

USIMTA officials didn't deny that some members have been involved with A-TEAM, American Microtel and others that have been subject of various govt. proceedings alleging fraudulent marketing of application services, but said they're trying to clean up industry and such connections don't necessarily indicate that

### Consumer Electronics

**CES HIGHLIGHTS:** DCC, MD, full-motion video on CD-I, widescreen TV -- and especially J.Q. Public. (P. 11) Sony mum on press conference, reportedly on Mini Disc. (P. 16)

**GIANT THIN HDTV SCREENS** based on breakthrough ferroelectric LCD technology planned by Canon, investing \$770 million in production facilities. (P. 11)

**AVERAGE COLOR TV PRICES** rose slightly for 3rd consecutive year in 1991, but VCRs and camcorders dropped to all-time lows at factory/import level. (P. 12)

**SONY, MATSUSHITA EARNINGS** down sharply for 4th quarter and year, with Sony showing loss for quarter. Companies blame world economy and competition for slump. (P. 14)

**MARTIN HOLLERAN DESIGNATED** as Emerson pres. if Fidenas's insurgent board slate is elected. (P. 15)

**IWAKI TO HEAD SONY U.S.** operation, succeeding Masaaki Morita. New Sonam chmn. served here in 1970s. (P. 16)

**HITACHI'S FULTON FORECASTS** 2% gain in industry's audio and video sales this year, urges retailers to get back to basics. New Ultravision sets on tap. (P. 17)

**SEGA AND SONY** Electronic Publishing announce alliance for CD software, but stress deal has no effect on Sony's planned Nintendo-compatible hardware. (P. 17)

corporate members are "bad apples." Adrian Cronauer, gen. counsel of USIMTA, said wireless cable industry "is a relatively small world, and many of the players know each other formally or informally." He said Assn. is trying to "set our own house in order" through code of ethics and other actions and said A-TEAM and American Microtel no longer are members, although latter remains on list of corporate members that Bylund-Dalton provided last week. American Microtel recently stopped processing applications after court froze firm's assets in March as result of FTC complaint, and Nev. officials shut down operation there.

Besides his marriage to USIMTA's managing dir., Marcus Dalton is: (1) Pres. of USIMTA member Technosource Ltd., identified as consulting firm. Lynnea Bylund-Dalton is Technosource vp, but told us she's on leave. (2) Son of Arthur Dalton, pres. of consulting firm MicroMedia, also USIMTA member. (3) Son-in-law of Fran Bylund, principal of consulting firm and USIMTA member Bylund & Assoc. Fran Bylund is mother of Lynnea Bylund-Dalton. None of these companies has been reported to be subject of FTC or other proceedings.

A-TEAM has been subject of cease-and-desist order and injunctions issued in Miss. and elsewhere. In federal case in Miami, A-TEAM agreed to asset freeze and conditions on future operations as part of stipulation that led to restraining order. Firms and persons listed as corporate members of USIMTA include: (1) Communication Access Technology Pres. Jack Parolini, who was involved in filing A-TEAM applications as pres. of PML Telecommunications. (2) Washington attorney Gerald Rourke, listed in A-TEAM brochures as group's "FCC counsel" and signed FCC filings for A-TEAM. (3) Dean Manson, listed in A-TEAM brochures as senior vp of Multiple Southwest Investment Corp., which brochure indicates is available to provide financial services for A-TEAM customers. (4) A-TEAM brochure devotes more than 3 pages to Satellite Systems International, which it says is on A-TEAM's "consulting team."

FTC has obtained injunctions against American Microtel, based on evidence agency submitted that Microtel fraudulently marketed its wireless cable services. Ariz. Corporation Commission also issued cease-and-desist order against American Microtel on similar charges. USIMTA corporate members include Spectrum Resources Group Pres. James Greenbaum, former pres. of American Microtel. In court documents that resulted in restraining order against Microtel, First Atlantic Equity is identified as firm that offers Microtel application preparation services. Codima Inc. was identified in same documents as firm offering Microtel services. Last 2 firms were on USIMTA corporate member list provided 3 weeks ago but not on most recent. Another application firm, English, McConnell & Summer, was on original USIMTA membership list, but Bylund-Dalton said it never was USIMTA member. Firm was subject of Ariz. cease-and-desist order involving unregistered securities.

"USIMTA is abundantly aware of the problems the industry has," including application firms that are "less than ethical," Cronauer said: "We are trying to get public perception of the fact that we are trying to be a legitimate trade association representing legitimate operators within a legitimate business. There are bad apples, but we are trying to weed them out to keep the legitimate operators from being tarred by the same brush." Cronauer said every new technology since radio has attracted "both respectable and less-than-respectable people" and USIMTA structure can be useful to "warn people about being taken by unscrupulous operators."

Corporate membership list is only small portion of total USIMTA members, Bylund-Dalton told us. She said group has 1,100-1,300 individual members. However, she said 60 corporate members through voluntary assessments provided 85% of USIMTA operating funds in first quarter of year, with 15% coming from membership fees of more than 1,000 individual members.

USIMTA is in process of selecting board and new exec. dir. "The whole industry has a perception of being less than savory, but the industry has lots of savory people," Cronauer said. "If we can get those savory people on the board, it will do a lot to clean up our image." When asked whether she will remain as managing dir., who oversees exec. dir., Bylund-Dalton said "I don't think so," but said she hopes to remain as board member. She told us she organized and ran USIMTA from beginning, although Stephanie Breslin was listed as exec. dir. and consistently made all USIMTA public appearances. Breslin left USIMTA last week for what were described as personal reasons.

Letter "I" in USIMTA originally stood for "Independent" but was changed recently to "Interactive" as part of plan to represent applicants for interactive video data service (IVDS) licenses. Bylund-Dalton said IVDS technology is good fit with wireless cable and several USIMTA members are interested in IVDS.

USIMTA has "semantic problem" with term "application mill," Cronauer said. He compared it with filing income tax returns, which he said are much simpler than filing FCC wireless cable applications: "No one

calls H&R Block a tax preparation mill." He said application preparers "do provide a legitimate, needed service. Granted, there have been companies that have been unscrupulous, but that is fraud and the government has efficient means of dealing with that. To condemn every single firm that helps prepare applications with the derogatory term 'application mill' is unfair."

**HDTV TEST DELAYED:** Advanced TV Research Consortium faces incomplete HDTV test results -- and potentially reduced chance to become U.S. HDTV standard -- because its system won't be ready for June 3 start of trials at Advanced TV Test Center (ATTC), officials acknowledged. Impact on tests, and on prospects that AD-HDTV could become HDTV standard, depends on how quickly consortium of Philips, Thomson, Sarnoff Research Center and NBC can debug system, officials said.

There's no way to know how long delay will last, Thomson Senior Vp Joseph Donahue said. Consortium said system should be ready "in the very near future," and Sarnoff Pres. James Carnes told N.Y. Times that delay shouldn't be more than 2 weeks, but acknowledged it could be longer. ATTC will try to compress trial schedule and do most important testing first, FCC's Advanced TV Advisory Committee Chmn. Richard Wiley said, so one-week delay probably wouldn't have big impact on results, but 3-4 week lag probably couldn't be made up: "We have learned that some tests are more important than others. We hope there will be enough time for a good understanding of their system, but if any tests that are not done prove to be the swing between their system and another, they could be hurt." Delay is "not a big setback," Donahue said. He said problem isn't with system design but in debugging hardware: "The 8 subsystems work beautifully independently. You expect some bugs when you put them together, and that is what we are going through."

Wiley rejected consortium request to delay start of testing, giving group full 8 weeks even if trial starts late. "It's important to keep all of the parties viable," he said. "But the integrity of the testing process and fairness to the other parties means we can't do everything." Consortium had said fairness required delay because testing of Zenith/AT&T system was given 8 extra days for retesting after Zenith replaced chip that was installed in error. "There is all the difference in the world" between situations, Wiley said, because Zenith case involved clear human error and finite length of delay: "In this case, we're not sure what the situation is. Their system is not ready to go. It's not a case of human error. We don't know how much time we're talking about."

In letter to Advisory Committee members, Wiley said group will do all it can to "maximize the time available," but "the delay undoubtedly will truncate the testing that can be performed and... impede the Advisory Committee's ultimate evaluation."

Meanwhile, first on-air broadcast of Zenith-AT&T HDTV system is scheduled for 10 p.m. May 30 when WMVT Ch. 36 (PTV) Milwaukee suspends regular broadcasts for test transmission, which will be received at Zenith Research Center in Glenview, Ill., 75 miles away. Event will be held during Summer Consumer Electronics Show (CES) in Chicago. Only digital HDTV system previously shown in public off-air demonstration was General Instrument's, which was broadcast by Washington TV station and received at Capitol in March.

Industry should be talking about DATV (Digital Advanced TV) rather than HDTV, FCC Chmn. Sikes said May 21 in address to MIT Media Lab symposium. While acknowledging that most still use term HDTV, Sikes said: "The importance and implications of this transition [to DATV] cannot be overstated." In addition to providing high definition, he said, DATV uses spectrum more efficiently, is more flexible, allows easier and cheaper transcoding, easily increases cable channel capacity. Sikes said production community is "salivating at the potential of enhanced production values." In selecting HDTV standard, Sikes said, robustness and interference "will be especially important," but potential for future improvement also will be important consideration.

ATTC is actively marketing book of test results of HDTV systems. Book on NHK's MUSE system is out; 2nd, on General Instrument's DigiCipher, is due next month. Books are \$400 each, \$350 for 5 or more. Employes of groups that have contributed to ATTC can get even better price, \$300 -- 703-739-3850.

**Independent WUBI** (Ch. 34) Baxley, Ga., has gone on air. Station is owned 100% by Gen. Mgr. Jimmy Upchurch; Bart Black is asst. mgr., LeLaine Johnson program dir. WUBI becomes 1,493rd operating U.S. TV station -- 1,127 commercial, 366 noncommercial.

**Correction:** Scientific-Atlanta net profit increased to \$5.4 million in 3rd quarter ended March 27, from \$694,000 year ago, and revenue was up 28% to \$146.4 million. Previous report included figures for year-to-date (TVD May 18 p6).

**FCC KEEPS NEW FINES POLICY:** In decision we're told nearly went other way, FCC denied several petitions (including from NAB) for reconsideration of general policy statement on fines adopted last summer. Comr. Quello dissented and Comr. Duggan concurred, both planning to issue statements later. We're told Duggan was prepared to vote for reconsideration also if 3rd commissioner had gone that way.

FCC said rulemaking before new fines schedule could be adopted, as sought by several parties, was unnecessary since its statement "simply provides some general guidelines" and doesn't constitute "a binding rule." Commission "reiterated" that agency and staff "do not intend to be bound" by provisions of policy statement and that it will "retain discretion in specific cases."

FCC did make one change: All services will be fined \$8,000 for failure to comply with tower lighting and marking requirements. This was done, Commission said, because licensees in various services commonly share towers. Under policy statement, basic amount for fines for marking and lighting violations had been set at \$80,000 for common carriers, \$20,000 for broadcasting and cable, \$8,000 for all other services.

In 1989, Congress amended Communications Act to raise maximum amount of permissible fines to \$250,000 for continuing violations by broadcasters and cable, \$1 million by common carriers, \$100,000 by common carriers for single violation, \$25,000 by broadcasting and cable, \$10,000 maximum for all other services. Under policy statement, base fines range from 20% of maximum set by Congress for minor violations to 80% for serious infractions. For instance, failure to identify station properly is called minor, with \$2,500 fine. In separate action, FCC delegated fine authority to Field Operations Bureau, just as it had delegated such authority to other bureaus last month.

Quello's dissent reportedly was based on what he saw as "disproportionate" increases in fines while in other areas deregulation is the byword; Duggan is said to believe FCC policy needs more flexibility.

Meanwhile, FCC fined KGB(FM) San Diego \$25,000 last week for airing programming ruled indecent by Commission on 3 separate occasions in 1990. Station carried song "Candy Wrapper" on Feb. 23 that Commission said was "the cause of previous FCC indecency enforcement actions," and song "Sit on My Face" March 16 and April 13. Licensee agreed with FCC that lyrics of latter song were offensive and shouldn't have been aired and said "Candy Wrapper" was broadcast despite station policy against it. Commission noted that it could have fined station \$12,500 for each violation (total of \$37,500) and said "violation in this case was exacerbated because the broadcast of indecent material was repeated" and in case of "Candy Wrapper" it was "egregious, given the prior Commission determination that that particular material was indecent." In separate order, Commission refused to reconsider \$10,000 fine against KIEV(AM) Glendale, Cal., for "willful and repeated" violations of sponsorship identification rule.

FCC also fined 54 "freebanders," which transmit illegally just outside CB band. Fines of \$250-\$3,500 depended on nature of violations, whether they were repeated, other factors.

Discovery Channel TDC magazine is planning relaunch in Sept. with new name, Destination Discovery.

**NAB HITS RADIO RULES:** NAB radio board voted in conference call May 20 to seek several changes in FCC's new rules, including reduction in number of stations single licensee could own from 30 AM and 30 FM stations to 25-25 -- unless at least 5 AMs and 5 FMs are minority controlled. NAB also will ask Commission to eliminate cap of 25% based on national audience share, using Arbitron figures, reached by any one licensee, as well as "multitiered approach" for dealing with duopoly rule in various-sized markets.

There's undisguised surprise and consternation on FCC's 8th floor (offices of commissioners) at NAB's action. "We're surprised that they would do an about-face like this," said Terry Haines, chief of staff to FCC Chmn. Sikes. Among other comments on action from 8th floor: "It doesn't make our task any easier" in defending new rules in Congress -- where there has been adverse reaction, particularly in House. "They've cut the legs right out from under us." Commission sources told us, and NAB official agreed, that at one stage in proceeding Assn. was urging no limit on number of stations licensee could own. Comr. Barrett, only dissenter in FCC's action, said he would stand on his written statement (TVD March 16 p2).

Adoption of 30-30 ownership limits stirred sharp exchange between Chmn. Sikes and Barrett at FCC March meeting -- and Barrett, in fact, had proposed just what NAB now has come up with for minority ownership but never went public with idea or pushed it with other commissioners.

On local ownership, new rules permit licensee to own 3 AMs and 3 FMs in markets with 40 or more stations, 3 AMs and 2 FMs in markets with 30-39 stations, 2 stations of each service in markets with 15-29 stations, up to 3 stations in markets with fewer than 15 stations if at least one is AM. Assn. wants that reduced to 2 AMs and 2 FMs in all markets with 15 or more stations, with multitiered approach dropped altogether.

NAB Exec. Vp-Gen. Counsel Henry Baumann raised 3 points in defending board's decision: "(1) [It] was the result of a great deal of thought and deliberation by large-, small- and medium-market broadcasters. (2) The industry consensus was that ownership of 6 stations in one market [which new FCC rules would permit in largest markets] was dangerous from an economic perspective and not in the public interest. (3) The only political concern [in NAB decision] was that without any reasonable proposal [to change FCC decision] Congress could undo any liberalization of the radio ownership rules." NAB proposal is due at FCC May 29 and new rules are scheduled to go into effect Aug. 1.

NAB Radio Chmn. Richard Novik said that board's discussion "centered on the needs of small-market broadcasters, who are suffering the most in this economy. We believe these recommendations will help ensure small-market radio receives maximum benefit from modification of the radio structural rules."

Pacifica Radio acknowledged "there were 2 instances" in "clear violation" of its policies during recent 30-hour African Mental Liberation Weekend. (CPB board member Victor Gold recently charged that program, independently produced, was anti-Semitic and racist). But Pacifica Exec. Dir. David Salniker also said last week he was "suspicious" of Gold's attack: "We suspect that this program is being used for a political agenda that goes far beyond the program in question." CPB Pres. Donald Ledwig said last week management would review matter and "we will then assess what steps CPB can take in light of the facts obtained."

**COURT BACKS CABLE LICENSES:** ASCAP and BMI each lost round at U.S. Supreme Court May 18 when justices refused to hear cases that would have expanded their rights to collect music license fees. ASCAP decision means that ASCAP, and probably BMI, will have to continue licensing music to cable networks same way, rather than selling licenses to individual cable systems. Cable officials had said ASCAP's proposed system could double license fees, which amount to millions of dollars per year per network, although ASCAP said total wouldn't have changed significantly. BMI case involved licenses for retail stores that use loudspeakers to provide radio music to shoppers.

Supreme Court decision not to hear cases appears to end long-running dispute between cable and ASCAP, which threatened that cable networks wouldn't be able to carry any programming that included music (TVD Aug 26 p3). Lower courts had ruled that licensor wasn't entitled to sell license to cable systems themselves under terms of decades-old antitrust decree. Attorney Bruce Sokler, who represented Turner Bctg. in ASCAP case (Turner was joined later by 15 cable networks), said decision probably will "clear the underbrush" so rate court similar to that for ASCAP can be set up. Cable networks prefer rate court, which adjudicates license fee disputes, Sokler said.

"Now we will start quoting fees and negotiating deals," said ASCAP Gen. Counsel Bernard Korman. ASCAP will have to quote license fees on program basis, as well as blanket basis. Blanket license gives cable network right to use any music licensed by ASCAP, while per-program license fees are paid only for specific performances. ASCAP had claimed that it wasn't required to offer per-program license.

ASCAP will seek higher license fees in negotiations, Korman told us, but he wouldn't be specific: "We hope that we can work out something that makes sense without going through the courts." Current license fees are "not appropriate," he said. ASCAP plan to license cable systems "theoretically" wouldn't have increased license fees, Korman said, because same number of end users would hear music. He said ASCAP would have set up per-subscriber or percentage-of-revenue formula for cable systems, avoiding need to negotiate with each system. He said most cable systems have to get own ASCAP and BMI licenses for programs they originate, so total transaction cost would have been lower under ASCAP plan.

In BMI music store case, Supreme Court refused to hear BMI arguments that retail outlets that provided radio-over-speaker for shoppers were circumventing copyright law. Lower courts had ruled in 2 separate cases -- involving Claire's Boutiques of Chicago and Edison Bros. Stores of St. Louis -- that stores didn't need BMI license. BMI has been more aggressive than ASCAP in seeking license fees from retail outlets. Music industry lawyers had told courts that millions of dollars were at stake.

Proposed rescission of FY 1992 appropriation for Public Telecommunications Facilities Program (PTFP) was halved last week before being approved by Congress and sent to President Bush. House had sought 1/3 reduction (\$7.67 million) in PTFP's current \$22,925,000 federal funding, which Senate resisted. House-Senate conference agreed on \$3-million cut, which House accepted May 21 in approving, 404-11, govt.-wide rescissions totaling \$8.2 billion (HR-4990). Senate approval vote was 90-9. Bill exceeds President's request for cuts by \$308 million and rearranges many of his spending priorities, leaving its approval by Administration uncertain.

**'AUCTION-LOTTERY' PROPOSED:** To avoid costs and delays in service caused by comparative hearings, and to eliminate pure lotteries that clog FCC processes and generate fraud, veteran attorney Harry Plotkin has suggested that Commission adopt unusual "auction-lottery" process. Deadline for comments on FCC rulemaking on comparative hearings (GC Doc. 92-52) now is June 2, replies June 22.

One of most influential FCC staff members 1940-1951, Plotkin is now retired from firm Arent, Fox, Kintner, Plotkin & Kahn. He filed as an individual in FCC's proceeding reconsidering basic license-awarding process. His suggestions: (1) Each applicant, for any kind of license, not only broadcasting, would file bid -- with ceiling, such as cost of a comparative hearing. (2) If there's only one highest bidder, that applicant would upon payment get license if it's otherwise qualified. (3) If there are 2 or more filing highest price, lottery would choose winner. (4) If winner is otherwise qualified, that applicant would get license. (5) FCC could give preference, if it wishes, to minorities, women, etc., by giving applicant 2 tickets to lottery instead of one. (6) Losers could appeal to courts; if court remands, Commission could repeat auction-lottery.

(7) "A renewal expectancy exists." In renewal, FCC must be satisfied licensee operated in public interest; if it didn't, licensee could sell station or face new auction-lottery. (8) Sale of station "should not be viewed as a necessary evil." If there's one proposed purchaser, that applicant gets station if otherwise qualified. If Commission finds purchaser isn't qualified, seller could find another buyer.

Plotkin says Commission could adopt new system through rulemaking or present it to Congress. He was major shaper of policy in early years at FCC, was with Arnold, Fortas & Porter 1951-1956, taking out time to serve as special counsel to Senate Commerce Committee 1954-1955, joined Arent, Fox firm in 1956. Plotkin was passionate believer in comparative-hearing procedure when at FCC, obviously finds times have changed.

Meetings: **Annenberg Washington Program** will host seminar May 29 (8:30 a.m.-12:30 p.m., Suite 200, 1455 Pa. Ave.) on media coverage of complex issues -- 202-563-7100... **CTAM** will sponsor breakfast meeting June 4 at 30 Rockefeller Plaza, N.Y., featuring panel of broadcast and cable executives, including Showtime Pres. Matthew Blank, Time Warner Cable N.Y. Pres. Richard Aurelio, USA Network CEO Kay Koplovitz, NBC Cable Pres. Thomas Rogers, CBS Senior Vp David Poltrack, TCI Senior Vp Robert Thomson -- 201-585-6469... **CATA** has another round of public affairs training programs in June and Aug. in Cleveland, Nashville, Princeton, St. Louis, San Francisco -- 703-691-8875... **Wireless Cable Assn.** and **Private Cable** magazine will sponsor legislative and regulatory seminar June 10, Hyatt Capitol Hill, Washington -- 800-937-6776... **Bct. Promotion & Mktg. Executives** convention will be June 14-17, Washington State Convention Center, Seattle -- 213-465-3777. **Bct. Designers Assn.** has concurrent conference -- 415-788-2324... **Eastern Cable Show** is set for Sept. 9-11, Atlanta Inforum -- 404-252-2454.

**CBS** announced it will offer \$125 million in notes at 7-3/4%, due June 1999, and \$125 million at 8-7/8%, due June 2022, through Salomon Bros. Proceeds will be used for retirement of existing debt, CBS said.

**CABLE BILL ATTACKED:** Applying proposed program access mandate to superstations is "redundant and unnecessary," United Video (UV) complained in letter last week to House Commerce Committee Chmn. Dingell (D-Mich.). UV was trying to capitalize on signs that Dingell would support sharply modifying or removing language from cable reregulatory package (HR-4850) to keep measure out of House Judiciary Committee (TVD May 11 p3). UV lobbyist Gerald Weaver wrote: "There is no need to 'guarantee access' to compulsory license signals. And no price control can function as effectively as competition does." Proposal is awaiting final Committee action, which hasn't been scheduled.

Letter came as Dingell was nearing decision on how to proceed in Committee with controversial program access provision that would (1) prohibit cable programmers from refusing "unreasonably" to sell shows to cable competitors and (2) mandate that programmers couldn't discriminate among resellers on prices, terms and conditions of such sales. House parliamentarian apparently has indicated that bill as drafted would have to be referred to Judiciary Committee if moved out of Commerce unchanged. Dingell already was unhappy with sweeping reforms proposed in HR-4850, and was known to prefer its simpler predecessor, HR-1303 (TVD April 13 p2). Judiciary problem gives Dingell new opportunity to push for revisions that could move bill more into line with earlier version, which passed House on voice vote 2 years ago and has drawn favorable new interest from Republicans reluctant to go along with reregulating cable.

However, talk in Congress that Dingell may have engineered brouhaha with Judiciary to accomplish his aims was discounted by aides. Bill advocates said they were suspicious because Judiciary didn't seek referral of HR-1303, which also contained program access language. Dingell aides declared unthinkable notion that lawmaker would concede any legislative jurisdiction. There's every indication that Dingell is prepared to change bill to keep it from going to Judiciary. One of options said to have been discussed apparently would permit only operators who face "effective competition" in their franchise areas to take advantage of exclusive program contracts.

UV's Weaver lashed out at bill's curbs on superstation marketing, citing recent Hughes deal with National Rural Telecommunications Cooperative (NRTC) for exclusive 20-channel DBS program package (TVD April 27 p3). UV's WGN-TV Chicago may be among Hughes targets for package or could be uplinked by Hughes separately since signals are accessible under existing compulsory license, Weaver said. NRTC has been engine driving Capitol Hill efforts for program access rules. Said Weaver: "It is no small irony that the NRTC, which has pitifully whined for access to distributors' superstation signals at controlled prices, plunks down a quarter of a billion dollars to prove [that] they already have access to superstations and can use that access if they don't like our prices."

NCTA still was assessing impact of Hughes-NRTC deal on cable bill, but spokeswoman said: "We find it interesting that [they] find it appropriate to have an exclusive distribution arrangement, yet on Capitol Hill they're lobbying hard to deny the same right to cable networks and cable programmers." NCTA downscaled campaign against HR-1303 when language was added giving cable some program exclusivity rights, which some insiders believe could hold answer to some of HR-4850's problems.

**QUAYLE AND MURPHY'S BABY:** Vice President Quayle caused nationwide furor last week with remark about CBS's fictional Murphy Brown having baby out of wedlock. "It doesn't help matters when prime-time TV has Murphy Brown... mocking the importance of fathers by bearing a child alone and calling it just another 'life-style choice,'" he told Commonwealth Club in San Francisco May 18.

Following up on comment next day in L.A., Quayle said: "My complaint is that Hollywood thinks it's cute to glamorize illegitimacy... Probably the only reason they chose to have a child rather than an abortion is because they knew the ratings would go up higher." TV-radio talk shows and newspapers across country had field day with Quayle's remarks and President Bush and his press secy. became involved.

Bush said that he didn't endorse Quayle's statement, but that children should "have the benefit of being born into families with a mother and father." President refused to discuss CBS show specifically. White House Press Secy. Marlin Fitzwater first said that he agreed with Quayle's characterization and that "the glorification of the life of an unwed mother does not do good service to most unwed mothers who are not highly paid, glamorous anchorwomen." Later same day, he told reporters he didn't mean to criticize program, calling it excellent show and saying star Candice Bergen "is my personal favorite." He said that Murphy Brown character demonstrated "pro-life values which we think are good" and that her decision not to have abortion was "a responsible decision that dramatized the values we think are important."

Responded Murphy Brown Producer Diane English: "[Quayle] believes that a woman cannot adequately raise a child without a father, then he'd better make sure abortion remains safe and legal." Bergen, who plays Murphy, had no comment.

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**FCC Chmn. Sikes' office** is sounding out sentiment among other commissioners about placing on agenda for June 18 meeting rulemaking on prime-time access rule (PTAR). Several petitions are pending at Commission -- some more than 2 years old -- to repeal rule, and majority of commissioners have made it clear on various panels that they aren't anxious to bring issue to fore. Also likely to be on agenda is finalization of rulemaking to permit TV networks to own cable systems, and vice versa, with safeguards to protect stations. ABC and NBC negotiated at length with affiliates on what those safeguards should be but were unsuccessful in reaching agreement. INTV and NAB are opposed to permitting networks to own cable systems.

**Galaxy Communications**, which lost in bid for new FM in Shelbyville, Del., under FCC's minority preference policy, has challenged constitutionality of that policy in U.S. Supreme Court. Overruling its Review Board, Commission in Feb. 1991 granted station to Anchor Bestg., composed of one general partner and 3 limited partners, all black. Galaxy's sole owner Alexander Soroka is white. FCC decision was upheld by U.S. Court of Appeals, D.C. Galaxy asked Supreme Court to rule on whether Commission's policy of awarding "substantial preferences" to minority applicants when its "minority status is the only comparative factor in its favor" violates Constitution.

**Board of Ia. State U.-owned WOI-TV Des Moines** has voted 6-3 to accept \$14-million offer for station from Citadel Communications. WOI-TV was put on market several weeks ago, then taken off because of low bids.

**Senate plans 2-hour debate June 2 on CPB budget reauthorization (S-1504), Majority Leader Mitchell (D-Me.) said.** Plan marks end of long wait on fate of bill, which was being blocked by Republican conservatives seeking concessions involving program accountability. Under bipartisan agreement, Senate debate will proceed with Democratic substitute advanced out of Commerce Committee months ago. Additional language on program accountability and balance will be considered, as well as Democratic amendment to incorporate key elements from House companion (HR-2977) that had been accepted informally by leaders last year. Amendments will be allowed only from: (1) Leadership, to change number and terms of board members as well as revising members' disclosure obligations. Substitute contains elements said to be acceptable to House. (2) Sen. Helms (R-N.C.), to freeze or reduce funding levels. (3) Sen. Dole (R-Kan.), to fund Independent TV Service (ITVS). He at first had been expected to seek to delete all ITVS funding, but word late last week was that more modest approach of funding reductions may be forthcoming. (4) Sen. Byrd (D-W.Va.), to ban indecent programming on commercial and noncommercial TV. (5) Sen. Bingaman (D-N.M.), for report on establishing preschool "ready-to-learn" channel. (6) Sen. Pressler (R-S.D.), for report on using public broadcasting satellite for distance learning. (7) Sen. McConnell (R-Ky.), to require public TV programs financed by CPB to include some kind of credit stating CPB is nonprofit corporation created by Congress. Public broadcasters believe proposal is unnecessary because CPB logo already signifies federal funding, and also believe that it may be unconstitutional to specify any language for stations to air. We're told that proposal is in flux. General debate terms include provision that would prohibit opponents from seeking to have measure returned to Commerce Committee for reconsideration if their amendments are unsuccessful. Debate is scheduled to begin after vote on another bill set for 2:15 p.m. Meanwhile, Sen. Simon (D-Ill.) plans to ask General Accounting Office (GAO) to examine revenue potential of spectrum fees to finance public TV, spokesman said. GAO also will be asked to examine tax on consumer electronics, presumably TV receivers; transfer fee on sales of TV stations; tax on TV commercials, and taxpayer checkoff on income tax returns, aide said. Mechanisms all have been debated in past by Congress. GAO request won't be made until Senate completes CPB bill, he said.

**Chmn. of House Interior Committee** is mounting campaign challenging House Commerce Appropriations Subcommittee leaders' continued support for TV Marti. Rep. Miller (D-Cal.) is circulating letter for colleagues' signatures that would ask Appropriations Subcommittee Chmn. Smith (D-Ia.) to halt funding for govt.'s TV service to Cuba because of program's limited viewing there. TV Marti penetration is estimated at 10% or less of potential Cuban viewers (TVD May 18 p1). "It is obvious that TV Marti is the most costly and ineffective U.S. intervention in Cuba since the Bay of Pigs," Brown said. "Surely there are more effective ways to illuminate Cubans than by asking our own taxpayers to spend their tax money on broadcasts that are completely ineffective. What is next: TV Mars?" Letter draws links to "political assaults" on funding for public TV-radio, which he noted conservative members of Congress have attacked repeatedly while supporting TV Marti: "Isn't it ironic that many of those who have launched political assaults on federal support for National Public Radio and the Public Broadcasting Service, which provide news and entertainment to tens of millions of Americans, can be expected to devoutly defend the expenditure of tens of millions of dollars on a broadcast service that entertains and informs no one?"

**FCC Mass Media Bureau** decision to allow commercially supported broadcast of professional hockey game on noncommercial WHMM (Ch. 32) Washington was defended by Chmn. Sikes in letter responding to inquiry by House Commerce Committee Chmn. Dingell (D-Mich.). Latter had questioned FCC authority to allow broadcast, complete with ads, April 29 when rights owner WDCA-TV (Ch. 20) went off air because of transmitter failure (TVD May 4 p10). Sikes quoted Communications Act Sec. 316 provision granting agency right to limited-time decision modifying license if change is in public interest and immediately necessary. Special temporary authority (STA) was restricted to duration of game and applied only when commercial stations failed to accept WDCA offer of game, Sikes reported: "The Commission, as the creator of noncommercial educational TV station licenses, respects the fundamental differences that exist between commercial and noncommercial facilities. In these extraordinary circumstances, however, where all commercial TV station alternatives were first exhausted, it appeared to the staff that the public interest could best be served through the license modification and waiver process." Dingell is concerned about possibility that decision represents change in license control without comparative hearing or other proper due process at agency, we're told.

**Independent code** for production of TV programs and movies has been called for by Knights of Columbus (KC), largest men's Roman Catholic organization. KC said standards should be based on old "Hays Code," which was standard for movie production 1934-1966 and which, among other things, proscribed man and woman being shown in bed together unless one foot was on floor. KC adopted resolution at May 16-17 convention in Fresno charging that "glorification of evil" in TV and movies "worsens the problems of rape, date rape, sexual harassment, child molestation, sex addiction, serial killings, AIDS and venereal disease." Resolution said that "much of the motion picture and television industry is robbing our families, our nation and our world of decency by presenting nudity, fornication, promiscuity, obscene language, excessive and graphic violence, blasphemy and antireligious bigotry." KC backed updated version of Hays Code proposed by Ted Baehr, head of Christian Film & TV Commission in Atlanta. Said Baehr: "Society cannot allow any industry to operate without restraint, especially one that does as much harm as Hollywood. Letting Hollywood regulate itself is like letting the Tobacco Institute regulate the tobacco industry."

**Nickelodeon** is considering producing feature movies, Pres. Geraldine Laybourne told Washington Cable Club last week. She said only "small fraction" of movies target children, so there's "good opportunity" for new productions. Laybourne told us later that network is "probably 6 months away" from decision and gave no details on what it's considering. When asked whether movies would be aimed at theatrical release or run on Nickelodeon, Laybourne said: "We never want to narrow our thinking." She said network will consider, among other things, "an environment where pay-per-view will play a bigger role" in cable. She said networks are getting smaller share of children's TV viewing -- now 14%, down from 60% fifteen years ago -- while Nickelodeon's share is about 28%. Children are likely to be leaders in interactive TV viewing, Laybourne predicted, and that means "we can put even more educational value in our programming without turning off the kids." Nickelodeon will launch 2-hour block of original children's programming in 8-10 p.m. slot on Sat. beginning Aug. 15, she said, because there's virtually no children's programming then, when many children are watching.

**Financials:** Profit of **Family Channel** owner International Family Entertainment jumped 28% to \$7.2 million in first quarter ended March 31 and revenue 16% to \$32.1 million. Report is first since company went public in April... **QVC** reported \$11.1-million profit in quarter ended April 30, up from \$1.4 million year ago, as revenue jumped 21% to \$233 million... **Viacom** said it will redeem all outstanding 14-3/4% debt due 2002. About \$356 million is outstanding. It also said it will offer \$100 million of 8.75% senior subordinated debt, due 2001. Proceeds will be used to repay higher interest debt. S&P assigned B+ rating to debt, citing well-diversified business and cash-flow stability of cable and programming operations... S&P affirmed A- rating of **CBS** debt in assigning rating to new \$125-million issue. S&P cited strong cash flow from stations, expectation of improved network performance, strong CBS financial condition... S&P lowered credit rating for **Storer Communications** preferred stock to C from B because company didn't pay preferred dividend due in March.

**Defense Dept. and coalition** of broadcast and print organizations agreed May 21 to guidelines military would use with news media in coverage of future wars. Guidelines, which attempt to resolve disputes between military and reporters in coverage of Gulf War, were developed in negotiations between Asst. Secy of Defense Peter Williams and committee of Washington media executives. They cover obstacles confronted by journalists in Gulf, such as pool coverage restrictions, military escorts' interference with reporters and lack of logistical support, which prevented timely filing of copy and videotapes from war zone.

**Senate Judiciary Committee** failed again last week to mark up legislation (S-1251) that would permit suits against producers, distributors and retailers of films, records, videos, etc., linked to sex crimes. Videocassette industry, producers, publishers and media and privacy rights groups are among opponents who saw postponement as victory because clock is running out for enactment of legislation by Congress this year. Senators are said to be divided on measure, and meeting didn't draw quorum. Chmn. Biden (D-Del.) said bill would be given priority attention at next session, expected in 2 weeks.

**Evergreen Media** is buying KMEL(FM) San Francisco from Century Bcstg. for \$38 million cash, plus \$6 million for noncompete covenant. Evergreen Chmn. Scott Ginsburg recently announced plans to purchase WTOP(AM)/WASH(FM) Washington, D.C., and KASP(AM)/WKBQ(FM) St. Louis. Licensee currently owns 6 radio stations and recently informed FCC it wouldn't pay indecency fine levied against its WLUP-AM-FM Chicago. Century said it has no plans to sell 3 other stations it owns.

**WPMC (Ch. 54)** Jellico, Tenn., has gone on air as independent. Station is owned by Pine Mountain Christian Bcstg.; Wayne Marler is pres.-gen. mgr., Ron Cassady chief engineer, Douglas Bruce program dir. Starting May 11 was noncommercial KJRE (Ch. 19) Ellendale, N.D., as satellite of KFME Fargo, N.D. Both are owned by Prairie Public Bcstg. Inc. There now are 1,494 operating U.S. TV stations -- 1,127 commercial, 367 noncommercial.

**Young Bcstg.** (controlled by Vincent and Adam Young) is buying 5 TV stations owned by H & C Communications (William and Oveta Hobby), price not announced. H & C stations: KPRC-TV Houston, WESH Daytona Beach-Orlando, KSAT-TV San Antonio, KCCI-TV Des Moines, KVOA-TV Tucson. Young currently owns 6 TV stations in smaller markets than H & C outlets, station rep firm.

**Senate advocate** of lowest-unit-rate ad reforms, which were folded into unsuccessful campaign reform package (S-3), won't take "no" for answer, his aides said. Senate Commerce Committee member Danforth (R-Mo.) is likely to seek another vehicle for proposal, which would have required broadcasters to offer nonpreemptible discounted air time to congressional candidates but in shortened periods before primaries and general elections. It also would have required candidates to appear in ads that make charges against opponents. Aides confirmed Danforth's interest in finding another vehicle this year to move proposals, or in renewing effort for standalone bill (S-251). That effort probably would occur without S-3's separately authored broadcast-related provisions, such as additional ad discount and govt. voucher system for payments of spots of Senate candidates who voluntarily hold line on spending.

**CPB board member** Victor Gold criticized KPFK-FM L.A. last week for early Feb. program block, African Mental Liberation Weekend, that he said featured "such luminaries of racial harmony" as black separatist leader Louis Farrakhan and was "anti-Semitic and racist to the extreme." At board meeting, he asked management to examine ways to prevent dissemination of such material by stations that Corp. funds directly or indirectly, terming such programming "inimical to the... mandate given this board by the Congress." Comments came as group of senators, led by Minority Leader Dole (R-Kan.), was expected to propose rider for CPB budget bill that explicitly would charge CPB board with assessing objectivity and balance of national programming. KPFK-FM Gen. Mgr. Alan Fong strongly defended 30-hour block and said it included wide range of views.

**L.A. News Service** (LANS) has sued ABC and NBC, charging networks violated its copyright in airing videotape of beating of truck driver Reginald Denny during riots in L.A. Suit, filed in U.S. Dist. Court, L.A., alleges that all 3 networks were provided videotape and that its use was restricted to 48 hours and only on network newscasts. Networks reportedly distributed tape to affiliates. LANS said it wants to make sure tape isn't played repeatedly, as was case in beating of Rodney King by L.A. police. Helicopter news service is seeking \$2 million from each network and said it's negotiating terms with CBS. LANS also said it refused to supply tape to CNN because of previous disagreements with cable network.

**Cox Teleport** has urged FCC to reject U.S. Telephone Assn. (USTA) petition seeking to block transfer of control of Teleport to Cox from Merrill Lynch. Cox Teleport said in May 15 pleading that cross-ownership provision in Cable Act cited by USTA "doesn't apply to cable provision of common carrier services. A reading of the entire Cable Act, rather than the single provision on which USTA focuses, demonstrates that Congress intended to permit cable companies to provide common carrier services." Teleport said it isn't local exchange carrier, controls no "essential facilities and is not in a position to cross-subsidize."

**NBC** hasn't made final decision whether it will apply for interactive video data service (IVDS) licenses, but "we have certainly been very active in that area," said Thomas Rogers, NBC Cable pres. who handles new projects. NBC is part-owner of Interactive Network, which began operation in Cal. last year. "We are considering whether [interactive TV] is applicable to projects that we are involved in," Rogers told us. He said there's no timetable for NBC to decide whether to apply for local IVDS licenses, but decision "will certainly be made by the filing deadline."

**Public radio station** managers should put some of their money where their mouths are, Radio Program Fund (RPF) Dir. Richard Madden essentially told them last week in response to petition urging continued RPF support of documentary series Soundprint. In message to heads of 124 CPB-supported stations that Madden said signed petition, he said that under 1987 change, 93% of CPB's radio funds now flow through Corp. to outlets: "If the stations believe additional funding to sustain Soundprint is a higher priority, they will find a way to fund it. If stations decide that sustaining Soundprint is not such a high priority, then that too is a reflection of station interest." Madden said that CPB will have provided about half of weekly show's \$2.8-million production costs through 1992, and that only about 20% of eligible CPB stations carry it: "Which is the more genuine measure of stations' commitment to Soundprint? A petition or the reality of the 20%" carriage of show?

**Seven L.A. TV stations** are expected to ask U.S. Dist. Court, L.A., to quash 2nd subpoenas served by FBI for outtakes of stations' riot coverage earlier this month. Said RTNDA Pres. David Bartlett, in urging FBI to drop subpoenas: "It is never wise for news organizations to let themselves be used as agents of law enforcement... Our job is to cover the story as completely, fairly and accurately as possible." He asked govt. to "live up to its law enforcement responsibilities without endangering the constitutional rights of reporters..."

**N.Y. state legislators** have reached agreement to permit cameras and microphones to return to state courtrooms, but with stiff restrictions designed to protect witnesses in criminal trials. Earlier 4-year experiment in N.Y. courts ended when legislators weren't able to agree on provisions for new test. New proposal, which hasn't been approved yet by Assembly, would be for 2-1/2 years starting July 1. As was case in earlier test, no coverage would be permitted if judge objects.

**Home shopping TV stations** are required to air "standard-length" children's programs under new rules that became effective Feb. 1, FCC said May 20, and such stations "cannot escape application of the commercial limits [of rules] by airing children's short-segment programs alone." In denying petitions for reconsideration, Commission said home shopping stations are expected to air educational and informational children's programs of half-hour or longer. Rules limit commercial time in kid shows to 10-1/2 min. per hour on weekends, 12 min. weekdays.

**Japan's DBS pay-TV service**, Wowow Home Theater Channel, said it has licensing agreements with all major Hollywood studios after signing Fox. Fox joins Columbia, Tri-Star, MGM/Pathé, Orion, Paramount, Universal, Walt Disney, Warner. Wowow broadcasts 24-hours per day with mix of films, Broadway shows, music, variety, sports. Wowow says it reaches 800,000 homes.

**IBM is discussing** multimedia projects with TCI, Continental and Viacom, AP reported. Quoting anonymous sources, service said discussions are similar to those reported with Time Warner -- IBM would supply hardware and partners would offer programming and cable carriage. TCI spokesman confirmed talks were under way, but refused to provide details.

**New Harris poll** has found that 70% of respondents favor changing rules so that telcos could provide cable service in competition with existing franchises, while 21% oppose idea. Poll reported 87% said they agreed with statement that because cable companies are monopolies, they can charge too much for service; 25% were "very satisfied" with cable company, 36% "somewhat satisfied," 25% "somewhat dissatisfied," 13% "very dissatisfied." Poll wasn't all good news for telcos. It also found split on question whether telcos would be better for competition, with 49% agreeing that they "would have an unfair advantage" over other companies, 45% disagreeing. Asked what company could provide widest programming selection at reasonable cost in competition with cable, 32% selected local telco, 26% "some other company," 24% another cable company. Survey of 1,255 adults was conducted March 19-24.

**Program Notes:** **Discovery** will do co-production with ABC affiliate KUSA-TV Denver, companies said. Cable network and broadcaster are working on 6-hour miniseries, *How the West Was Lost*, to be offered simultaneously in spring 1993... **Mind Extension U.** will carry *America 2000* Satellite Town Meeting at 8:30 p.m. May 26, moderated by Education Secy. Lamar Alexander. Teleconference is to be carried only on Hughes Galaxy 6 and Ku-band SBS-6 satellites, which most cable systems can't pick up. ME/U will relay it on Hughes Galaxy 3 cable bird and will allow even systems that don't normally carry ME/U to pick up teleconference.

**FCC has granted waivers** of one-to-a-market rule to permit TV stations to acquire radios in 2 markets: (1) It permitted Mary Moran, owner of unbuilt KBQE (Ch. 50) Albuquerque, and Guadalajara Chile Pepper Co., licensee of KIDI(FM) there, to sell their stations to Ramar Communications. KIDI has operated at loss since going on air and has been unable to find buyer that didn't need waiver, Ramar told Commission. (2) It approved sale of KEZB-AM-FM El Paso to Paso Del Norte Bestg., licensee of KINT-TV (Ch. 26) El Paso, under "failed station" standard.

**New way to job hunt:** Noncommercial WUFT Gainesville will uplink resumes of recent U. of Fla. communications graduates to TV stations May 28, 2 p.m., Galaxy 6, TR. 11 (C-band) -- WUFT News Dir. Rick Schneider, 904-392-4311.

**Police in Beijing** confiscated videotape of German TV crew and detained it for 5 hours after it taped woman taking off her clothes on street. Crew of 3 also was attacked by crowd. Incident came 4 days after secret police searched apartment of Washington Post reporter Lena Sun and seized her notes and documents.

**Members of SAG and AFTRA** have ratified 3-year contract with Hollywood studios for movies and TV. New contract, effective July 1, raises minimums for featured performers to \$466 daily, \$1,620 weekly. SAG also won jurisdiction over extras.

**In addition to Monitor Channel**, financially troubled Christian Science Monitor has put independent WQTV (Ch. 68) Boston on market. Bids for cable channel and TV station are due June 1.

## Personals

**Greg Nathanson**, pres.-Fox TV stations, resigned May 18 to "pursue other interests" without further explanation, but Fox official said action was "totally voluntary;" Nathanson is replaced by **Stephen Chow**, who also remains head of Fox news; **Mitchell Stern** promoted to senior vp-COO, Fox TV Stations... **Steven Bonica**, ex-NBC, appointed pres., new Panasonic Best. & TV Systems; **Alec Shapiro**, ex-Ruder-Finn, joins as gen. mgr.-mktg... **Andrew Kaplan**, vp-production, finance and administration, Columbia Pictures TV, named exec. vp, Sony Pictures Entertainment TV group, new post... **David Baylor**, ex-NBC, joins Hughes Communications as vp-DirecTv Operations.

**Steven Bell**, senior vp-gen. mgr. of Tribune Co.'s KTLA L.A., appointed pres., 20th TV, responsible for "all aspects of development and production of television programming;" **Harris Katleman**, resigns as pres. of network TV programming for 20th TV to establish his own production firm with backing of 20th... **Jim Boyer**, ex-KOMO-TV Seattle, appointed gen. mgr., KATU Portland, Ore... **Alan Holzer**, ex-KMOV St. Louis, appointed news dir., KRON-TV San Francisco, succeeding **Al Goldstein**, resigned... **Jose Rios** promoted to news dir., KTTV L.A., succeeding **Frank Gardner**, senior vp-news and special projects, who had been in post on temporary basis.

President Bush last week formally nominated **Greg Chapados**, administrative asst. to Sen. **Stevens** (R-Alaska), as dir., NTIA (TVD March 23 p6), succeeding **Janice Obuchowski**, who left in Jan... **Thomas Olson**, ex-USA Network, named dir.-ad sales, Sci-Fi Channel... Newly elected officers, CPB board: Chmn. **Sheila Tate**, PR executive, succeeding **Marshall Turner**, whose term expired in March; Vice Chmn. **Leslee (Honey) Alexander**, children's advocate who's wife of Education Secy.

FCC Calendar -- May 27: Comr. **Duggan** addresses N.Y. FCBA chapter lunch, CBS Bldg. Chmn. **Sikes** addresses National Technological U., Ft. Collins, Colo., via satellite, 10 a.m. May 29: Comr. **Quello** participates on "DBS, DAB, HDTV and Competition for Spectrum Use" panel, AWRT convention, LaPosada Hotel, Paradise Valley, Ariz., 9:30 a.m. Comr. **Barrett** is lunch speaker at same convention.

**Patricia Breman** joins TvB as mgr.-local advertiser mktg., new post... **Steve Leblang**, consultant to Turner Program Services, appointed vp-mktg. and sales... **Robert Wussler**, recently resigned as Comsat Video Enterprises pres. and onetime CBS and Turner Bctg. System, will receive NATAS Trustees' Award June 4, Marriott Marquis Hotel, N.Y... **Eric Pleskow**, chmn. of Orion Pictures, said he plans to resign effective July 1 for "personal reasons"; Arthur Krim, founding co-chmn., to be released from contract same day; Orion, which is under bankruptcy protection, said they won't be replaced.

**David Kantor** and **Bart Catalane** promoted to exec. vps, ABC Radio Networks. Kantor remains pres., Satellite Music Network and adds responsibilities for ABC's programming, sales and affiliate mktg. operations; Catalane's duties include engineering, research, finance, management information systems, international departments... **Stanley Well**, ex-Turner Entertainment Networks, moves to senior vp-sales, Turner Bctg. Sales... **Sharon Arnett** advanced to vp-production, FCB Entertainment... **Ronald Geagon**, ex-Blair TV, appointed dir.-southeast TV sales, Samuel Goldwyn Co... **Shari Leventhal** promoted to dir.-ads, ESPN.

Appointments at Comcast: **Fileen Lopez** advanced to vp-ad sales; **Connie Sholz** joins as dir.-PR; **David Wells** named gen. mgr., Southeast Mich. system... Cinemax Mktg. Vp **Dan Levinson** shifts to HBO field mktg. and sales development vp... **Stacey MacIlwaine**, ex-National Telecommunications Services, named mgr.-market research, Discovery Networks, new post... **Robert James**, chmn.-CEO, McCann-Erickson Worldwide, appointed chmn., National Captioning Institute's Corporate Advisory Council, succeeding **Frank Blondi**, pres.-CEO, Viacom.

**NBC** plans to promote its joint political party convention coverage with public TV (PTV) with spots on its news and public affairs programs. Joint PTV coverage will run approximately 8-10 p.m. EDT during this summer's Democratic and Republican Party conventions, with each offering separate reportage afterward. Details of combined effort are to be provided to NBC affiliates and PBS member stations at joint videoconference Wed., 12:30 p.m. EDT. Plan calls for NBC News team to focus on breaking coverage and PTV's MacNeil-Lehrer NewsHour to stress interviews and analysis. There's no mechanism for resolving editorial disputes, NewsHour Exec. Producer Les Crystal told us, with organizations entirely in agreement on how effort will function. Plan calls for PTV to raise nearly \$1 million for joint coverage, with PBS to foot any portion not received.

**Romania's first commercial TV station**, Channel 2, expects to go on air by end of year, according to 80% owner Atlantic TV, which said it will invest \$25 million in project. Channel 2, based in Bucharest, will reach only about 25% of country at start, but Atlantic said it plans expansion to eventually reach 60% of homes. Half of station's programs will be produced domestically and 15% of air time will be devoted to commercials, Atlantic Managing Dir. Robin Edwards said. Echo TV in Wroclaw, Poland, has been on air 18 months as first independent commercial station in Eastern Europe.

**The Broadcast Century**, subtitled "A Biography of American Broadcasting," has been published by Butterworth-Heinemann, 80 Montvale Ave., Stoneham, Mass. 02180. Written by educators Robert Hilliard and Michael Keith, it traces history of communicating from development of semaphore in 1794 through 1991. In preface, authors state: "We are openly concerned with the power of the American media. When broadcasting is used to manipulate and control the public -- as, for example, it has in our electoral system... we have tried to show it."

**IBM Information Network (IIN) and Cable Services Group (CSG)**, division of First Data Corp., will link more than 8,000 terminals in cable TV companies to master records held by CSG. Cable operators will use network to respond to customer requests for service or for billing inquiries. CSG's on-line management system, Cable Control System (CCS), will be offered on more than 425 leased-line connections to IIN's nationwide network. IIN provides networking services including electronic mail and electronic data interchange.

## OBITUARY

**John Van Buren Sullivan**, 78, longtime Metromedia radio executive, died of heart attack May 18 at his home in Larchmont, N.Y. He spent most of his career at WNEW(AM) N.Y., joining Metromedia when it acquired station in late 1960s. Sullivan became first pres. of Metromedia Radio, later was named pres. of company's Publishing Div. After retiring from Metromedia, he was pres. of N.Y. State Bestrs. Assn. Wife, 3 daughters, son survive.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

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

	MAY 2-8	1991 WEEK	% CHANGE	APR. 25- MAY 1	18 WEEKS 1992	18 WEEKS 1991	% CHANGE
TOTAL COLOR.....	286,113	357,696	-20.0	377,577	6,443,760**	6,295,913	+ 2.3
DIRECT-VIEW...	282,468	351,781	-19.7	370,646	6,336,255**	6,196,969	+ 2.2
TV ONLY.....	271,622	341,532	-20.5	345,933	6,077,029**	5,975,511	+ 1.7
TV/VCR COMBOS	10,846*	10,249	+ 5.8	24,713*	259,226*	221,458	+17.1
PROJECTION....	3,645	5,915	-38.4	6,931	107,505*	98,944	+ 8.7
VCR DECKS.....	141,577	199,241	-28.9	240,567	3,432,193	2,910,707	+17.7
CAMCORDERS.....	29,516	49,904*	-40.9	84,047	716,813*	678,172	+ 5.7
LASERD. PLAYERS#	2,066	1,879	+10.0	3,267	67,165	49,895	+34.6

Direct-view TV 5-week average: 1992--329,305; 1991--310,823 (up 5.9%).

VCR deck 5-week average: 1992--190,849; 1991--164,714 (up 15.9%).

Camcorder 5-week average: 1992--48,890\*; 1991--46,863 (up 4.3%).

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

# Includes combi players, excludes karaoke types. \*\* Revised due to computer error.

**CES HIGHLIGHTS--DCC, MD, MOVIE CD-I, CONSUMERS:** Biggest change in its 25-year history -- and biggest unknown -- marks Summer Consumer Electronics Show May 28-31 in Chicago. With general public expected to flood into exhibition locales at McCormick Place and McCormick Center and Hilton Hotels, show will change from trade event to public debut of new technologies, particularly Digital Compact Cassette (DCC) and 16:9 widescreen TV.

For trade, highlights undoubtedly will include news conference demonstration of full-motion video (FMV) on CD-I by Philips, which dazzled viewers at International Multimedia Conference in San Francisco (TVD March 16 p12), as well as currently top-secret Sony Mini Disc (MD) news conference on eve of show. At our deadline, it still was unclear whether showgoers other than press would get to see FMV demonstration. Third top trade highlight will be widely ballyhooed preview of Apple's plans for consumer electronics field (TVD May 18 p15).

Overshadowing all else, of course, will be conversion of CES into combination public and trade show, with sponsor EIA Consumer Electronics Group (CEG) estimating attendance of up to 100,000 extra visitors who will change last 2 days of show to "Consumer's" Electronics Show. Show highlights and related reports will be found elsewhere in this issue and in upcoming issues.

**CANON PLANS GIANT-SCREEN LCDs FOR HDTV:** Giant thin color LCD screens 40" and larger with no flicker, wide viewing angle and HDTV resolution, designed for digital TV systems, already are in planning stage at Canon as result of what company said is significant breakthrough in technology that had been rejected by most of industry. So confident is Canon that product is next generation of TV screens that it has committed 100 billion yen (\$770 million) over next 10 years to building factories for mass-producing giant-screen TV panels.

Company already has demonstrated prototype still color screen with close to HDTV quality, plans to show working system next year, produce 5,000 24" color computer screens monthly next year, graduating before end of decade to plant producing tens of thousands of HDTV screens monthly with at least 40" diagonal. Product being developed by Canon, drawing on its know-how in color printers among other technologies, is ferroelectric LCD (FELCD), technology first brought to light in 1974.

Canon abandoned all further work on conventional LCD materials by end of 1980s to concentrate on FELCD, which then was made "companywide project," Chmn. Ryuzaburo Kaku said. Project has been highly secret -- company executives declined to discuss it with us as recently as last Nov. -- but we were given full cooperation in tour of Canon's labs and talks with engineers and officials this month.

"Once we have solved production problems for medium-sized screens," said Hirokuni Kawashima, senior gen. mgr., display business operations center, "there is no theoretical limit on the size of panels we can make." Breakthrough came earlier this year at Canon's Research Labs in Atsugi, outside Tokyo. FE material differs from conventional LCD materials in that it's "bi-stable" -- it can only be switched off or on, making it ideal for monochrome computer screens but generally considered unsuitable for TV with its wide variation in gray scales and color hues. Calling on its work in color printers, Canon developed both color and gray scale system that makes TV display possible and overcomes many drawbacks of conventional twisted nematic LCDs -- such as necessity to use thin film transistor for every pixel.

LECD's very off-or-on nature makes it well suited to digital TV. Since LECD molecules have memory -- once switched on they remain switched until fresh electrical charge is applied -- system becomes ideal for digital TV because only parts of picture that move need to be switched. That same property completely eliminates flicker and provides high contrast (at least 40-1) between light and dark areas, giving wide horizontal and vertical viewing angles. Because switching voltage is low (around 10v DC), there's no x-ray or electromagnetic radiation and no static electricity to collect dust. Switching power is low (around 10w for 15" display) and focus is as crisp at corner and edges as at center.

Color displays use filters -- 4 per cell, one each for red, green, blue and white -- and ingenious method developed for color printers to provide wide variety of color shades. Even planned 15" computer display has 1,280x1,024 pixels, close to HDTV resolution, and 16:9 HDTV screen is scheduled to have 1,920 pixels in each of 1,152 horizontal lines. Color display already has resolution 4 times better than computer VGA tube monitor.

By end of year, Canon plans to market desktop word processor with 15" monochrome FECD screen, to be made at pilot plant that has produced prototypes being shown now. Intermediate plant, under construction, will be ready to produce 24" color screens to be sold next year as computer monitors, Canon says, with giant HDTV screens coming from new factory in large quantities -- several tens of thousands monthly, Kawashima said -- shortly before end of decade. Company plans to leapfrog today's conventional TV systems and go straight to mass production of large screens for digital HDTV now under development in U.S., and expected to be introduced eventually in Europe and Japan.

Canon has history of successful diversification, having started in 1935 as camera company, moving also into electronic photography; currently more than 75% of its business is in office equipment, mainly laser printers and copiers. Master patents on FELCDs were filed in Europe 10 years ago by Noel Clark and Sven Lagerwall. FELCD materials were discovered by Robert Meyer in Paris.

**Note:** TI has signed contract with Japanese public broadcaster NHK to develop semiconductors for color plasma displays for HDTV. Also involved with NHK in project are Matsushita, Oki, Dai Nippon Printing. Goal is prototype 40" wall-hanging display this year (Matsushita already has shown 26" version), 55" by 1995, commercialization around end of century (TVD Oct 14 p15).

**COLOR AVERAGE PRICE UP, VCRs AT ALL-TIME LOW:** Color TV squeaked out tiny increase in average factory price last year for 3rd consecutive year, due solely to enrichment of mix, while VCR decks and camcorders fell to all-time lows, according to EIA data. Increase in color price would appear to reflect higher percentage of large-screen models and perhaps greater proportion of stereo models last year.

Average prices, based on factory sales in dollars and units, are derived from data in EIA's just-published 1992 Electronic Market Data Book. They show average factory price of color set sold last year was \$307.64, up puny \$2.11 from 1990, only \$16 above all-time low set in 1988 -- but almost \$62 below modern high, set in 1981.

Average color price changes seem to run in cycles. Ever since first year of 5 million unit sales, we've seen 7 years of almost unbroken declines followed by 8 years of consecutive increases, then 7 more years of steady declines. Color TV now is in 3rd year of increases, which should continue through 1995 or 1996 if cyclical trend continues. Cycles brought decrease of 17%, increase of 20%, decrease of 21%. Increases of last 3 years, however, have been about 2% annually, for total of just 5.8% since 1988.

Projection TV average price rose only \$11 last year, as sales of larger screen sizes increased. For last 3 years, prices have leveled off at just about \$1,800 level after declining from \$2,000 in 1991. Last year's average is \$51 above all-time low, set in 1988, same year as direct-view reached its own pricing nadir.

VCR decks show picture of continuous declines ever since category became mass market item. The 1991 low of \$229 is more than 60% below the \$766 of 1981, first year of more than million-unit sales. Last year's drop was \$12 in average price, less than half of 1990's decline. Camcorders fell \$63 to \$703, total average decline of \$261 in 2 years. Nevertheless, fact that average factory (or FOB) price was \$703 underscores difficulty of making profit in area where street retail prices now start around \$499. Here's table of approximate average factory prices, derived from EIA figures:

**COLOR TV AVERAGE FACTORY PRICES**  
**Excluding Projection**

Year	Sales (000)	Av. Price	Change	Year	Sales (000)	Av. Price	Change
1963	747	\$345.38	--	1977	9,398	349.99	+ .93
1964	1,404	347.58	+\$2.20	1978	10,498	350.02	+ .03
1965	2,694	355.97	+ 8.39	1979	10,234	360.02	+10.00
1966	5,012	371.31	+15.34	1980	11,459	367.40	+ 7.38
1967	5,563	362.21	- 9.10	1981	11,769	369.57	+ 2.17
1968	6,215	335.64	-26.57	1982	11,673	364.34	- 5.23
1969	6,191	328.08	- 7.56	1983	14,310	349.95	-14.79
1970	5,320	316.54	-11.54	1984	16,563	334.34	-15.21
1971	7,274	323.76	+ 7.22	1985	17,145	324.43	- 9.91
1972	8,845	319.39	- 4.37	1986	18,768	321.01	- 3.42
1973	9,660	307.52	-11.87	1987	19,753	317.49	- 3.52
1974	8,016	315.94	+ 8.42	1988	20,886	291.62	-25.87
1975	6,651	341.02	+25.08	1989	23,013	294.78	+ 3.16
1976	7,894	349.06	+ 8.04	1990	21,654	301.36	+ 6.58
				1991	21,211	307.64	+ 2.11

**Projection TV**

1981	139	\$2,059	--	1986	308	1,721	- 89
1982	118	1,998	-\$61	1987	300	1,756	- 35
1983	141	1,901	- 97	1988	300	1,746	- 10
1984	204	1,885	- 16	1989	274	1,801	+ 55
1985	269	1,810	- 75	1990	359	1,786	- 15
				1991	398	1,797	+ 11

**VCR DECK AVERAGE FACTORY PRICES**  
**Excluding Camcorders and Portables**

Year	Sales (000)	Av. Price	Change	Year	Sales (000)	Av. Price	Change
1975	40	\$862.30	--	1983	3,374	467.21	-177.97
1976	70	921.84	+\$59.54	1984	6,966	416.00	- 51.21
1977	250	721.65	-200.19	1985	10,683	353.00	- 63.00
1978	415	785.15	+ 63.50	1986	12,167	320.00	- 33.00
1979	488	796.68	+ 11.63	1987	11,627	296.00	- 24.00
1980	802	773.13	- 22.95	1988	10,676	261.00	- 65.00
1981	1,471	766.13	- 7.61	1989	9,805	269.00	+ 8.00
1982	2,020	645.18	-120.95	1990	10,117	241.00	- 28.00
				1991	10,809	229.00	- 12.00

**Camcorders**

1985	517	\$1,093	--	1988	2,057	964	- 65
1986	1,199	1,082	-\$11	1989	2,271	878	- 86
1987	1,604	1,029	- 53	1990	2,962	763	-115
				1991	2,879	703	- 63

**MATSUSHITA AND SONY EARNINGS DOWN SHARPLY: Confirming their own earlier projections,**

Matsushita and Sony last week reported sharp declines in net income despite revenue increases for year ended March 31 (see financial table). Although both predicted modest improvement in current year, they also cited challenging economic climate and tough competition over next several months. Both companies had steeper declines in 4th quarter than for full year. Matsushita's net income dropped 42.3% to \$21 million despite 13.3% sales increase and Sony posted \$166.1 million net loss on 4.2% sales increase. In last year's quarter, Sony had \$112 million in net income.

**Matsushita cited "the many factors of uncertainty"** such as world economy, yen strength, international trade friction and "environmental protection concerns" in forecasting increases of 1% in consolidated sales, 6% in pretax income and 9% in net income for year ending March 31, 1993. At recent Panasonic national sales meeting, Matsushita Electric Corp. of America (MECA) Chmn. Akira Imura forecast "much better economy in the latter part of the year" in U.S., saying that "recovery now has spread to every corner of the nation" (TVD May 18 p14).

**With nod toward costs related to MCA acquisition**, Matsushita said consolidated operating profit dropped 18% to 389 billion yen (\$2.92 billion) and net income 49% to 132.9 billion yen (\$999 million) although sales increased 13% to 7.45 trillion yen (\$56.02 billion). Income reflects write-down for "expected loss on bad loans incurred by Matsushita's domestic leasing subsidiary" -- situation that resulted in shuffle of top executives and voluntary 3-month pay cut by Chmn. Masaharu Matsushita and Pres. Akio Tanii (TVD March 30 p16). Company also blamed world economy, strengthened yen and "increased future-oriented capital and R&D investment" as major drags on earnings. MECA officials earlier said that N. American sales for year reached \$5.8 billion, up from \$5.4 billion year earlier.

**Consolidated sales by product group** (in billions of dollars): Video (including TV), \$12.78 (unchanged); communication and industrial equipment, \$12.6 (+8%); appliances, \$7.39 (+9%); electronic components, \$6.49 (+3%); audio, \$4.75 (+6%); entertainment, \$4.71 (no comparison available); batteries and kitchen products, \$2.77 billion (+5%); other products, \$4.52 (unchanged).

**Company said sales gains** in camcorders and flat tube color TVs with satellite tuners were offset by weakness in VCR sales. Audio gains, it said, were driven by increases in CD-related products and car audio. Also cited as strong categories: Compact cellular telephones, nickel-cadmium and lithium batteries, variety of home appliances. Matsushita said it plans to launch \$1-billion global bond offering in July, mainly in U.S. and Europe, proceeds to help repay debt associated with MCA acquisition.

**Sony, in forecasting current year's results**, warned that economic environment "is expected to remain severe," citing worldwide slump, uncertainty over exchange rates, stiffer price competition and "prolonged stagnancy in Japanese capital market." Assuming yen remains at about 130 to U.S. dollar, company expects to show increases of 9% in net sales, 8% in operating income and (factoring out current year's gain from stock sale), 20% in net income.

**Citing world economy that "continued to stagnate,"** Sony said consolidated operating income last year dropped 44.1% to 166.3 billion yen (\$1.25 billion U.S.) (all figures converted at rate of \$1=133 yen) as sales rose 5.7% to 3.82 trillion yen (\$28.7 billion). Net income rose 2.7% to 120.1 billion yen (\$903.6 million), but more than half of that (\$463 million) was derived from sale of stock in Sony Music Entertainment (Japan). Without those proceeds, net income would have fallen 49.9% to 58.6 billion yen (\$440 million). Results were along lines of Sony prediction earlier this year in 3rd major revision of its forecasts (TVD Feb 24 p9). In dollar terms, sales of electronics in U.S. increased 16% (although due to yen appreciation, they were up only 5.2% in yen).

**On consolidated basis, electronics operating income** for just-concluded year dropped 54.8% to \$846.3 million despite 6.2% sales gain to \$23.7 billion. Sony reported following consolidated sales by product group (in billions of dollars): Audio, \$7.13 (up 7.5% from preceding year); video, \$6.74 (-1.3%); TVs, \$4.46 (+7.3%); other electronics, \$4.64 (+13.7%); music entertainment, \$3.3 (-7.4%); filmed entertainment, \$2.48 (+27.8%). U.S. continued as largest contributor to sales at \$8.34 billion (+5.2%), followed by Europe's \$8.12 billion (+6.1%), Japan's \$7.37 billion (+1.6%), rest of world's \$5.01 billion (+12.3%). In 4th quarter, video sales dropped 6.7% to \$1.4 billion, audio sales rose 4.4% to \$1.58 billion, TV sales were up 6.4% to \$1.06 billion, sales of other electronics rose 8.3% to \$1.2 billion, music entertainment revenues plummeted 15.8% to \$705 million, filmed entertainment gained 65.2% to \$698 million.

**Sega Enterprises reported 83% jump in net profits** to \$251.9 million as sales doubled to \$1.6 billion for year ended March 31. Net profits were dragged down by \$28.7-million write-off related to \$43-million

settlement of patent infringement case with Nev. inventor Jan Coyle, \$23 million of which was to be paid last week (TVD May 18 p18). Sega of America Co-Chmn. David Rosen said more than 1.6 million Genesis systems were sold in U.S. in calendar 1991 (double unit sales of prior year) and claimed 63% share of 16-bit systems market. Sega said sales in first part of 1992 are double those of year ago.

**TDK** posted 0.9% dip in consolidated net income for year through March 31 to \$4.02 billion, net income falling 24.1% to \$162.4 million. Company said it was first time since 1986 fiscal year that it had suffered sales and earnings declines in same year, blaming "industry slump" that prevented Hong Kong magnetic head and U.S. IC operations "from repeating their strong contribution to fiscal 1991 sales." Sales of recording media worldwide "remained sluggish throughout the year," declines in audio and videotape sales negating modest gains in floppy disks for overall 4% loss, TDK said. Company said it doesn't "anticipate further growth" in conventional magnetic-media products or in its current geographic markets and therefore is "aggressively pursuing such product markets as optical and magneto-optical recording media" and is making "solid inroads" in Asian countries outside Japan that represent "largely untapped" markets. Overseas sales fell 2.3% and accounted for 50.6% of overall sales, down from 51.3% share year earlier.

**Pioneer** reported 18% drop in net income to \$214.1 million on 2.2% sales increase to \$4.6 billion. Company said sales of video products rose 4.9% to \$1.53 billion, audio was essentially flat at \$1.44 billion, automotive electronics grew 3.4% to \$1.37 billion, and sales of other products dropped 5% to \$267.5 million.

**HOLLERAN FOR EMERSON PRES.:** Martin Holleran, who recently resigned as pres.-CEO of Thomson Consumer Electronics Sales & Mktg. Co.-Americas (TVD March 23 p11), will be nominated to Emerson Radio board on slate of insurgent Fidenas Investment Ltd., which plans to name him pres.-COO and member of Exec. Committee if elected. Fidenas said last week that if it gains control of board it also will name Alex Wijnen, ex-pres. of Harman International's Consumer Electronics Group, as Emerson's senior vp.

Fidenas, Emerson's largest stockholder with 20.2% of its common stock, last week end filed proxy materials with SEC for scheduled July 7 annual meeting, listing proposed slate of nominees. If its slate is elected, Fidenas said, it intends to reinstate its expired proposal to buy some 10 million additional shares of Emerson for \$32.5 million (TVD April 6 p13), subject to stockholder approval.

Emerson was ordered by Hudson County, N.J., court to hold shareholders meeting July 7 after Fidenas filed civil action charging Emerson violated N.J. law, SEC regulation and its own bylaws by failing to hold annual meeting since Sept. 7, 1989 (TVD May 4 p22, April 20 p18). Fidenas, Switzerland-based investment company, proposed this slate of directors to replace current group headed by Chmn.-Pres. Gerald Zerin:

Fidenas Chmn. Donald Stelling as chmn.; Fidenas Pres. Geoffrey Jurick as pres.; Holleran; Peter Bunger, described as specialist in trade and international finance; attorney Eugene Davis; Jerome Farnum, ex-CEO of Swiss subsidiary of Seattle-First National Bank; Arch McGill, former pres. of AT&T's AIS/American Bell, who currently heads own venture capital firm; Richard Steele, exec. vp, Pacholder Assoc., investment advisory firm; banker Colin Honess; Lenard Tessler, described as corporate restructuring and acquisitions expert; Robert Brown, dir.-Corporate Finance Dept., Rouscher Pierce Refsnes Inc.

Emerson urged rejection of Fidenas's nominees, saying independent Dirs. Walter Mondale and Lyle Gramley agree that it's not in best interest of stockholders. Emerson said Fidenas "wants control of Emerson without putting any money directly into the pockets of Emerson's shareholders." It noted also that terms of Fidenas's original proposal to buy Emerson shares were "highly conditional."

New stepup Sharp audio and video line will be introduced at Consumer Electronics Show. At outset, series will include TVs, VCRs and Hi-8 camcorder, carrying "Sharp SE" designation; audio products will be added later. Sharp Consumer Electronics Group Senior Vp Perry Clay said line is aimed at "profit-oriented dealer who delivers a high level of customer service." While Sharp is "phasing out" high-end Optonica brand it introduced in 1988, Clay says SE isn't direct replacement, but is positioned as stepup line for many existing Sharp customers. He said Sharp was unable to balance need to maintain very selective Optonica distribution with concurrent need to generate volume.

Sales to dealers in all categories reported on weekly basis by EIA Mktg. Services Dept. continued to run ahead of last year, though by smaller margins in wake of slow beginning in May (see State of the Industry). Sales in all major categories were down for week (lone exceptions were TV/VCR combos and laserdisc players), partly due to fact that 18th statistical week this year compares first calendar week of May 1992 with what essentially was final week of April 1991. EIA also said that, because of computer error, it previously had overreported 1992 color TV sales by 24,514 sets (less than 0.5%). Correct figure appears in this week's report.

**C-Cube Microsystems**, Milpitas, Cal., firm specializing in digital video compression, announced immediate availability of production quantities of what it says is first single-chip MPEG decoder. Chip, developed in cooperation with Philips, was used in Philips' public demonstration of full-screen full-motion video (FMV) at San Francisco CD-ROM conference earlier this year (TVD March 16 p13). C-Cube quoted sample price of \$250 each and said CL450 would be "priced below \$50 per unit when purchased in consumer electronic quantities." Philips has scheduled May 28 briefing for reporters to demonstrate FMV capability for CD-I.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 130 yen = \$1, except where noted.

**CES SPOTLIGHT ON DCC, MD:** Sony executives were tight-lipped last week about details of Chicago news conference scheduled for May 27. Event reportedly will update progress of Mini Disc (MD) developments leading up to scheduled U.S. launch in fall, and will come day after Sony MD news conference in Tokyo to be presided over by Pres. Norio Ohga, specifics undisclosed.

Meanwhile, DCC camp, seeking to blunt Consumer Electronics Show (CES) spotlight on MD, will place at least partial emphasis in Chicago on software support for format now scheduled for mass hardware debut in fall. MCA last Fri. became first to unveil slate of DCC titles "to coincide" with Oct. launch of Technics deck (TVD May 11 p13), and PolyGram is expected to follow suit with announcement that could come as early as May 26, presumably to support launch of Philips (\$799) recorder starting in Sept. through N.Y., L.A. and Chicago retailers (TVD May 18 p12).

We've learned that Sony event Wed. at Chicago's Four Seasons Hotel will tout worldwide "family" of MD supporters, with executives of Aiwa, Alpine, Clarion, Sanyo, Denon, TDK, among others, expected to offer testimonials. Company is expected to showcase variety of MD product "concepts," including mockups of record-playback portable Sony definitely has scheduled as first introduction.

Sony also is planning technical sessions during week to demonstrate MD recordability and to audition sound quality of MD's ATRAC coding system for key dealers and news media. Capping off week of MD activities will be first radio broadcasts (on Chicago's WFMT) using MD as signal source.

True beneficiaries in frenetic week of new-format activities at CES undoubtedly will be trade publications and buff books, which could reap needed windfall from spate of DCC and MD advertising scheduled to break in Chicago. We've learned that Sony has placed 20-page MD insert in show issues. Response from DCC camp includes 3-page gatefold ad in show issues of Billboard, boasting huge artist repertoire that will support DCC. Also joining fray will be first Technics teaser ads carrying theme that in Oct., company will turn audio world "upside down" with its DCC launch.

Broad distribution is aimed for rollout of BASF DCC Maxima 90-min. blank cassettes, company told U.K. audio journalists, declaring itself "the first magnetic tape manufacturer for which DCC is already a marketable product." Company will seek wide distribution "in stages" for cassettes priced in U.K. at 4.99 pounds (about \$9).

Cambridge SoundWorks, Newton, Mass., direct marketer, claimed unofficial honors as first U.S. merchant to advertise Philips DCC-900 with sale price to consumers. Home recorder, which now carries \$799 list, is featured in latest Cambridge "sneak preview" catalog with \$699 introductory price.

China's TV set manufacturing industry operated at less than half capacity last year because of high inventories, State Council's R&D Center said. Center issued list of such products, of which govt. has cut output because potential supply exceeds demand. China Daily said list "can be used to steer investors away from contributing to products that would add to the surpluses." R&D Center said China now has capacity to produce 21.25 million TV sets annually, but output was cut to 10 million last year. Other overproduced products: Refrigerators, cotton and wool, autos, washing machines, air conditioners, ethylene, crude oil refining.

**IWAKI TO HEAD SONY U.S.:** Ken Iwaki, 56, Sony deputy pres., on June 26 will become chmn. of Sony America (Sonam) and exec. vice chmn.-COO of its nominal parent Sony USA, succeeding Masaaki Morita, 65. Morita, younger brother of Sony Chmn. Akio Morita, will return to Japan to become chmn.-pres. of Sony Life Insurance, but will continue as chmn. of Sony USA Foundation, which administers company's philanthropic activities in U.S.

Iwaki thus becomes top U.S.-based official of Sony, serving under Sony Pres. Norio Ohga, who also is chmn.-CEO of Sony USA, superstructure organization for all Sony activities in U.S., including Sonam, responsible for hardware. Iwaki is no stranger to U.S., having served at Sonam in 1971-1977. As member of Corporate Planning Group, he was instrumental in planning for Sony's big San Diego plant. He also served in Sonam's Audio Group, received MBA degree from Stanford U. in 1971.

Iwaki, known as straightforward plain-spoken executive, was last in news early this year in Wall St. Journal interview in which he forecast "internal structural breakup" at Japanese company to cope with slower growth (TVD Jan 13 p13). An architect of Sony's dominance in HDTV equipment field, he conceded "miscalculation" of speed at which HDTV and multimedia would come and forecast increased efficiency in company by eliminating duplication.

Iwaki joined Sony in 1966, serving in various planning posts, becoming a dir. in 1985, then managing dir., senior managing dir. and currently deputy pres. and representative dir. of parent company. Masaaki Morita, who joined Sony in 1951, starting in magnetic products, served in many manufacturing and consumer product activities. He moved to U.S. in 1987, when he was named to current post here, while continuing responsibility for worldwide manufacturing and sales activities.

Sony's general shareholders meeting, scheduled for June 26 in Tokyo, will vote on these nominees for board: Sony Life Insurance Pres. Tamotsu Iba, TV Group Senior Gen. Mgr. Suehiro Nakamura, R&D Senior Gen. Mgr. Toshiyuki Yamada, Audio Development Group Senior Gen. Mgr. Katsuaki Tsurushima. Retiring from board, in addition to Masaaki Morita, will be Bank of Tokyo Chmn. Yusuke Kashiwagi. Toshio Sakai will retire as statutory auditor, becoming corporate adviser, to be replaced by nominee Tsunehiko Ishizuka, chmn. and representative dir. of Sony Finance International.

**Southeast Region Home Electronics Show** has been scheduled for March 26-28 as first in planned series of regional trade shows organized by former CES Vp Dennis Corcoran (TVD Jan 13 p15). Trade-only show at Orange County Convention Center is designed to showcase video, audio, car audio, phones and cellular products, home office and small business equipment, novelties and health and fitness gear, with space priced at \$12 per sq. ft. if reserved before July 15. It will be backed by direct mail campaign to 20,000 retailers in 12 southeast states -- 703-684-4465.

**Philips and Matsushita** have another joint venture in Gramercy Pictures, formed by Philips' 80%-owned PolyGram and Universal Pictures, part of Matsushita-owned MCA, to distribute low-budget movies in N. America. Among other joint efforts of Matsushita and Philips are Matsushita Electronics, in which Philips has minority interest, and cooperation on Digital Compact Cassette (DCC) system.

**HITACHI OUTLOOK, PRODUCTS:** With Exec. Vp Irv Fulton forecasting "meager" 2% rise in industry factory sales of audio and video products this year, Hitachi is introducing range of products at Consumer Electronic Show (CES) that include water-resistant 8mm camcorder and 5 new Ultravision projection TVs.

In remarks prepared for news conference on eve of show Wed. (May 27), Fulton identified 8 product categories -- large-screen direct-view TV, projection TV, TV/VCR combos, camcorders, hi-fi VCRs, laserdisc players, CD boomboxes and high-performance CD shelf systems -- with "low saturation rates and plenty of sales growth and profit potential" as opportunities for aggressive retailers.

Fulton predicted that "20% of the CE retailers operating today will not be operating by the end of 1995 if they do not adapt to the changing business environment," citing rise of warehouse clubs ("taking an estimated 10% share of the consumer electronics market by the end of 1995") and discount mass merchants as making largest gains in next 3 years. As he has in past, Fulton urged specialty dealers to "get back to basics" in such areas as training and merchandising, saying that "many in the retail community are still failing to provide a motivation for the consumer to buy anything but price."

Fulton's predictions of 1992 factory sales: (1) TV and video hardware -- \$12.4 billion (up 3% from last year). (2) Color TV, 20.1 million units (+3.5%), with 27" and larger sets growing at 12.7% rate to 3.35 million sets, including 30% growth in 30" and larger. (3) Projection TV, 410,000 units (+8%). (4) VCR, 10.8 million units (+1%, though he expects dollars to fall 1%), with 4-head hi-fi models up 10%. (5) Camcorders, 3.1 million (+8%), with full-size VHS at 28%, VHS-C 23% and 8mm 49%. (6) TV/VCR combos, up 13%. (7) Laserdisc players, 250,000 units (+21%). (8) Total audio market, \$9.4 billion (up 1%), with CD boomboxes up 25% to 3.3 million units, over-\$200 shelf systems up 15% to 1.85 million units, rack systems shrinking 5% and separate audio components off 2%.

Additions to Hitachi projection TV line feature 5 new Ultravision models and 2 new Maxus series units. Ultravision sets have new higher resolution "Quick-Freeze" PIP mode and added red lens filtering system, with claimed capability of 1,000 lines of horizontal resolution for 60" set, 900 lines for 46" and 50" models. Additions to line are 46" model in 2 finishes (\$3,000 each in Aug.), pair of 50" models (\$3,300 in black now, oak next month) and 60" (\$4,400 next month). All have 30w Dolby Pro Logic surround, 2 remotes (one full-featured universal, other with basic functions). Additions to more moderately priced Maxus line are 46" (\$2,300) and 50" (\$2,600) models with 750-line resolution, PIP, dual remote.

Trio of new 31" TVs is headed by model in swivel-base cabinet with VCR storage shelf, 700 lines, PIP, 3-way surround sound, \$1,800 next month. More basic table model has 600 lines, surround sound, "Super Bass" 4-speaker audio, \$1,200 in Aug. Stepup has 650 lines, adds Quick-Freeze PIP, \$1,400 in Sept. Pair of new 27" sets have new "Slim Genius" preprogrammed remote, surround sound, message timer. Lower priced version (\$730) has 500 lines, while stepup (\$830) adds improved PIP, 600 lines.

Added to Hitachi camcorder line are "splash-proof" 8mm with 16x digital zoom, autoexposure modes, widescreen switchable, built-in remote control, \$1,500; full-size VHS with "AccuShot AX" exposure system, 1-lux rating with gain-up, 16x optical zoom, \$900 in July. Company also adds

3 hi-fi VCRs, all with multibrand remote, shuttle ring, high-speed rewind, auto head cleaning, movie return switch. Low end of series has \$500 list price, stepup adding VCR Plus, synchro-edit, program edit (\$530) and top model adding flying erase head, A/V dubbing, front inputs (\$600). Hitachi also is adding 3 mono VCRs, led by trilingual 2-head model with multibrand remote (\$280), followed by 4-head unit with illuminated remote (\$330), topped by VCR Plus model with high-speed rewind (\$370).

**SEGA-SONY SOFTWARE PACT:** Sega and Sony Electronic Publishing (SEP) announced broad-based alliance under which Sony will publish programs for forthcoming Sega CD-ROM player (TVD May 18 p18) as well as cartridges for Genesis and handheld Game Gear. Announcement was latest development in what is shaping up as heated marketing battle between Sega and Nintendo for CD-ROM game. Nintendo uncharacteristically announced year in advance at Jan. Consumer Electronics Show (CES) that it would introduce \$199 CD-ROM player for Super NES (SNES) in Jan. 1993.

Sony spokesmen in both Japan and U.S. stressed that Sony-Sega agreement has no effect on Sony's previously announced plans to introduce "Play Station" console that will accept cartridges and CD-ROM for SNES. Sony announced Play Station almost exactly year ago on eve of Summer CES (TVD June 3 p9) but quickly became involved in protracted dispute with Nintendo in apparent disagreement over licensing rights and compatibility of Play Station's CD-ROM format for SNES. Several times in last year -- most recently last week -- companies have described talks as "ongoing," with no timetable set for agreement.

SEP spokesman said there are "no changes" in Sony's intention of introducing SNES-compatible Play Station -- "this is a software-only announcement," he said. Sega spokeswoman agreed that "Play Station isn't under consideration at all" in company's discussions with Sony. Sega has agreement for unit that integrates Genesis cartridges and CDs; JVC, which earlier said it planned to sell unit in U.S. this year ("Wonder Mega" already is on sale in Japan), recently said introduction here probably will be early in 1993.

Sony spokesman said "it is in our best interests to produce software for as many systems as are viable." Sony Imagesoft, subsidiary of SEP, publishes SNES software and was exhibitor in Nintendo booth at last 2 shows. "We will continue to develop for all Nintendo formats, including CD," he said. Nintendo's own CD introduction schedule is in question; none of several software developers contacted last week said they had seen or received software authoring systems for Nintendo CD programs. One developer who said he has been licensed to develop Nintendo CD-ROM games, said company postponed scheduled developers' conference in April, and he hoped to get further word at CES this week. Nintendo hasn't publicly changed its introduction schedule.

Waters were muddied by widely read Wall St. Journal article that appeared in advance of official announcement, saying "it's unclear whether Play Station will be compatible with all Sega CD software."

Agreement calls for Sony to become "primary publisher" for Sega CD, developing "substantial" number of Sega titles in near future, "some of which will be available before Christmas." Sega plans to launch its CD player in Nov. One of major appeals of Sony as licensee is its ability to tap into its music and film divisions for game material. Pact also "opens SEP's distribution channels, which extend beyond the traditional videogame market, to Sega."

**FRETTER ADDING 5 STORES THIS YEAR:** After year in which it increased store roster more than 1/3 (mostly by acquiring 18-store Fred Schmid), Fretter plans to open 5 stores in current fiscal year, which would give company 69 stores at end of next Jan. According to recent annual report and 10-K filing, Fretter plans to add 2 stores in Ill. (which would give it 20 in that state), 2 in Mass. and one in N.H. (making 13 in New England).

Company reported 35% sales jump to \$293 million, much of it from Schmid acquisition (TVD Oct 7 p13). Net income was \$4 million, vs. \$10-million loss year earlier. Fretter said comparable-store sales rose 12.2%, but didn't specify how much volume Schmid stores generated following purchase. Fretter reported sales of \$414 per weighted average selling foot, up from \$389 year earlier, and first such increase in at least 5 years.

Category sales breakdown for year showed significant gains in video and major appliances, which could reflect addition of Schmid, which was more focused on those areas than is Fretter. Sales were as follows, with prior year in parentheses: Video, including color TV and video accessories, 37.4% (vs. 35.9%); major appliances, 34% (31.7%); home audio, 10.2% (10.2%); personal electronics, including automotive electronics and home office, 12.4% (15.5%); service contracts, 6% (6.7%).

Documents spelled out terms of Schmid acquisition, under which newly created Fretter subsidiary issued 150,000 Fretter shares to Schmid Employee Stock Ownership Plan (ESOP) and guaranteed \$640,000 Schmid debt to ESOP. Fretter also bought 8 Schmid stores and "received certain concessions from various of Schmid's creditors." At time of deal, several Schmid suppliers told us they had accepted 40¢-60¢ on dollar for Schmid's past obligations.

Proxy statement listed Senior Mds. Vp Gary Covault, who resigned earlier in month (TVD May 18 p20), as by far highest paid member of senior management, with 1991 compensation reaching \$771,845 (including \$136,855 payment for taxes related to Covault's exercise of stock option). By contrast, Chmn. Oliver Fretter was paid \$325,600, Pres. John Hurley \$305,762. Covault's 4-year contract ran out year ago and new agreement running through Jan. 3 was signed; proxy statement dated May 11 said Covault still was employe "and the terms of such agreement continue at the pleasure of both Mr. Covault and the company."

**DCC IN FORD'S FUTURE:** Ford is "approaching the challenges of DCC technology head-on" and plans to introduce first in-dash DCC/radio combos as dealer-installable option on 1995 Lincoln Continentals available in Sept. 1994, Ford DCC Project Mgr. Gerald Tarpley, told ITA seminar in Atlanta.

Tarpley said Ford also is studying possibility of marketing Mini Disc (MD) changers for installation in areas of passenger compartment that have been too small to accommodate trunk-mountable CD changers. While Ford doesn't yet have "any firm timing for the introduction of MD," it expects to announce more specific plans later in year, he said.

Ford is "not taking sides," Tarpley said, but will adopt "dual-media" approach that envisions MD and DCC products installed in same vehicle. "We see potential for both formats. While most people argue over which format... will win in the marketplace, we're moving ahead supporting both formats. We've taken what I like to call 'the Japanese baseball position,'" suggesting that if possible format

skirmish were to end in tie, it would represent "a sensational outcome."

Company has taken "a good look at the lessons learned" from its DAT experience and is "structuring our investments, designs and development programs with more flexibility and efficiency," Tarpley said. "This will allow us to react to the consumer demand for one, both or -- worst case -- [neither] of the formats and still remain competitive." Ford sold Sony-made car DAT deck as \$1,000 dealer-installable option starting with 1988-model Lincoln Town Cars and Continentals.

Ford plans at start to "purchase the entire DCC mechanism with the electronics and then package it into our radio chassis," Tarpley said. "If the format's successful, we'll evaluate incorporating the electronics into the radio chassis and then purchasing the mechanism." He said Ford's competitors in Japan are taking wait-and-see approach on DCC, while American car maker community "actually is being more aggressive." GM and Chrysler "will have DCC radio offerings in 1994," Tarpley said. Matsushita has had long-standing OEM partnership with GM and is likely to be its DCC supplier, while Philips most likely will be Chrysler's DCC supplier through joint venture Philips established with Chrysler's Acustar electronics subsidiary 2 years ago.

**INCREDIBLE UNIVERSE UPDATE:** Tandy hopes to copyright shelf-tag system it has developed for Incredible Universe (IU) stores (TVD Jan 20 p9), first of which are set to open in fall in Ore. and Tex. Vp Richard Hollander declined to describe tags, other than to say they're "designed to help the customer make a logical decision" in selecting product.

Shelf tags also will have absolute floor price, Hollander said. "We won't haggle on the floor. The customer doesn't want it, the manufacturer doesn't want it, retailers don't want it." At same time, he said IU customer "will get the right price, and know that he's getting the right price," although he didn't give details of IU price guarantee system. Among other points Hollander made in interview, beyond what we have reported previously:

(1) IU product selection will include "several high-end manufacturers" that don't sell to other Tandy retail chains; only such vendor Hollander identified was Alpine. He said upper-crust vendors are protected since IU "isn't getting into item-price advertising in the newspaper" and "Tandy is known as a company that respects gross margin, although that doesn't mean we won't be price competitive."

(2) Rotunda, first area consumer sees after passing through entry and having membership card scanned, will include eight 10x8' billboards that will be leased to CE suppliers (no outside products) on annual basis "at cost."

(3) Among promotions Tandy will use to encourage repeat business is some form of "frequent buyer" program through which customers will accumulate points toward award.

**Harvey Electronics**, N.Y., posted 9.6% sales increase in year ended Feb. 1 to \$28.09 million, with operating profit climbing to \$701,000 from \$341,000 year earlier. Company formerly reported results under name Harvey Group, which encompassed unprofitable food brokerage business it sold last year.

**HOME COMPUTER SALES SURGE:** Computer sales to home offices will total 1,154,000 units this year, up 27.1% from 908,000 last year, according to BIS Strategic Decisions. Total personal computer sales will rise only 4% to 11,658,000 from 11,231,000, while 2,317,000 will be sold to small businesses, up 16% from 1,998,000 in 1991, survey indicated.

Despite nearly 20% increase in home and small business sales, retail dollar volume will be flat, BIS said, average prices dropping 5%. Decline would be more than 20% if consumers weren't buying models with more memory and more advanced MPUs this year, company's research found.

"Three years ago, only 5 companies were actively courting small business and home office customers," said Raymond Boggs of BIS. "Today over 20 suppliers have market efforts aimed at small offices." BIS credits 3 factors for growth of PC sales in those areas:

(1) Growing familiarity, as result of use of PCs in schools and large companies. "A PC is one of the first products obtained by a startup business, even if it is based in the home." (2) Declining prices. "Customers looking for power, ease of use and a price tag of... \$1,500-\$2,000 for a system are finding a warm welcome in the market [and] will help to build industry sales through the middle of the decade." (3) More advanced software. Windows-based programs are "particularly appealing to customers who are relatively new" to PCs, as are Macintosh and OS/2 programs" -- BIS, 617-982-9500.

"Rubbish" is veteran computer journalist John Dvorak's opinion of widely heralded merger of TV and computer (although he concedes he believed it in early 1980s). Writing in June PC Computing magazine, he sees "a few full-motion uses of the computer" (teleconferencing, data animation), but no interest in watching "Days of Our Lives" on VGA monitors or using family's 31" TV to edit corporate spreadsheet. He blames "Nintendo phenomenon," but says videogame isn't "computer" any more than microwave oven is. CD-I, he says, "is like Nintendo, cable TV, the videodisc player and the VCR: They entertain or superficially educate, but not much more." He accuses Apple Pres. John Sculley and Microsoft Chmn. William Gates of "loopy visions" involving "outmoded concept of the home computer."

Consumer electronics imports in first quarter were worth \$3.37 billion, up 23.4% from \$2.731 billion in same period of 1991, according to preliminary tabulation by EIA based on Commerce Dept. figures. Exports rose 25.6% to \$735 million from \$585 million, but balance of trade declined 22.8% to negative \$2.635 billion for quarter. For electronics industry as whole, imports totaled \$19.532 billion in 1992 period, up 12.3% from \$17.391% year earlier, while exports increased 4% to \$18.821 billion from \$18.092 billion and trade balance fell to negative \$711 million from positive \$701 million.

Commodore is promoting CDTV to video buffs as tool for editing home tapes. Ad in June Videomaker offers free videocassette showing its editing uses. "With the available CDTV genlock and selection of video titling, editing and special effects software you will be adding new life to your old videos," ad says. "Connect your camcorder and VCR and add special effects like fades, wipes and transitions. You can also add CD-quality audio to your videos by using CDTV's built-in CD drive."

**CONSUMER REPORTS—CD-I, CDTV:** "Interactive multimedia could transform the home in much the way VCRs have," Consumer Reports says in June issue article reviewing CD-I and CDTV. It sees both as promising, but urges caution while they're "too expensive, the number of worthwhile programs is too limited and the chance of choosing a quickly obsoleted format is too great."

Both Philips' CD-I and Commodore's CDTV "performed impressively overall," article says, noting CDTV player was able to "skip from track to track faster than any other CD player we've tested, and it was the best we've seen at resisting the bumps and thumps that can cause mistracking." CDTV, it says, had better remote control.

It lists what it called "some of the best and worst titles," citing CD-I Sesame St. disc as "the best of the titles we tried," and CD-I Time-Life Photography as "entertaining alternative to an introductory photography book." It also seemingly liked CDTV's Grolier Electronic Encyclopedia, but cited as drawbacks CDTV's lack of keyboard and printer (both of which are likely to be corrected as product evolves into version of Amiga computer). It didn't like CDTV's Music Maker and Garden Fax (nonintuitive commands and menus on both, and delays with blank screen and poor illustrations on Garden Fax).

**Ads & Promos:** Panasonic will feature sprinter Carl Lewis in its first global ad campaign. Beginning in July, Lewis will appear in TV spot for Super Flat TVs, 2 spots for camcorders and variety of print ads... Maxell is sponsoring "Silver Summer '92" concert series at Garden State Arts Center in N.J.... Toshiba double-page ad supporting home theater systems says that "unless you're a masochistic rocket scientist, connecting an oversized, overcomplicated home theater system is not what most people consider fun".... Hughes names Lintas Campbell-Ewald, Detroit, as agency for launch of DirecTV direct broadcast satellite system, set for early 1994... HWH PR, N.Y., and Myers Co., L.A., form affiliate relationship for representation in East and West.

"TV Sets Burst Into Flames in Netherlands," headlines May 20 AP report stating that more than 200 people called consumer hot line last week reporting TV fires and explosions. Line was set up by Dutch govt.'s Consumer Safety Institute after it received reports of 10 fires since Jan. Institute said it was baffled by reports, which involved "variety" of brands. Fire Dept. official is quoted as saying "remote control devices" could be cause.

Statistics on \$271.4-billion U.S. electronics industry are available now in EIA's 1992 Electronic Market Data Book. Each EIA member company receives one complimentary copy. Additional member copies are \$75. Nonmembers pay \$125 for single copies. For multicopy rates, orders, etc.: 202-457-4955.

First promotional tie-in of Sony Imagesoft with videocassette will involve Columbia TriStar's sellthrough campaign for Hook starting July 24. Imagesoft's Hook videogame for Super Nintendo will have package insert promoting cassette, and those who buy both video and game will receive free Hook soundtrack cassette.

Maxis, developer of computer games including best-selling SimCity and SimEarth, plans to establish own distribution when agreement with Broderbund expires Feb. 28. Both companies emphasized relationship remains cordial.

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## Consumer Electronics Personals

**Marc Lefebvre**, Whirlpool vp-sales and operations, Europe, and former Grundig official, to join Thomson Consumer Electronics as exec. vp-mktg and sales, Europe and Asia; **Ronald Blunden**, Thomson Consumer Electronics senior vp-communications, at Paris hq, will leave at end of June, to be succeeded as vp-communications by **Simon Gillham**, now human resources vp; Blunden, who has served in post for 4 years, said he's considering several options, will announce plans this summer; **Anne Waterman** leaves as TCE press relations mgr., U.K., plans unannounced; PR for U.K. will be handled directly from Paris hq.

Appointments at Apple: **Kenneth Wirt**, ex-NEC, as mktg. dir. for new Personal Interactive Electronics (PIE) group; **Burt Cummings** as dir.-product mktg., Advanced Product Group, responsible for forthcoming "Newton" product; **Michael Tchao** as product mktg. mgr., Newton Group, in PIE... **Dennis Cox**, ex-Packard Bell mktg. dir., joins computer manufacturer AST Research as dir.-gen. mgr., Consumer Products Group, with responsibility for Advantage computer line.

## 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
<b>Craig</b> 1992-6 mo. to March 31	--	409,000	.06
1991-6 mo. to March 31	--	4,842,000	.77 <sup>a</sup>
1992-qtr. to March 31	--	(375,000)	-- <sup>b</sup>
1991-qtr. to March 31	--	2,559,000	.41 <sup>a</sup>
<b>Falcon Cable Systems</b> 1992-qtr. to March 31	12,405,100	(1,882,800)	--
1991-qtr. to March 31	11,104,300	(3,013,000)	--
<b>Gray Communication Systems</b> 1992-9 mo. to March 31	20,287,000	(1,268,000)	--
1991-9 mo. to March 31	20,823,000	2,640,000	.54 <sup>c</sup>
1992-qtr. to March 31	6,624,000	(2,090,000)	--
1991-qtr. to March 31	6,126,000	369,000	.08 <sup>c</sup>
<b>International Family Entertainment</b> 1992-qtr. to March 31	32,125,000	7,172,000	.35
1991-qtr. to March 31	27,626,000	5,593,000	.29
<b>Jones Intercable Inv. L.P.</b> 1992-qtr. to March 31	9,840,700	(1,468,336)	--
1991-qtr. to March 31	9,365,353	(2,329,025)	--
<b>Matsushita Electric</b> <sup>d</sup> 1992-year to March 31	56,015,000,000	999,000,000	4.56 <sup>e</sup>
1991-year to March 31	49,418,000,000	1,947,000,000	8.81 <sup>e</sup>
1992-qtr. to March 31	13,362,000,000	21,000,000	--
1991-qtr. to March 31	11,789,000,000	359,000,000	--
<b>Prism Entertainment</b> 1992-year to Jan. 31	10,625,000	(2,183,000)	-- <sup>b</sup>
1991-year to Jan. 31	16,000,000	(614,000)	-- <sup>f</sup>
<b>QVC Network</b> 1992-qtr. to April 30	233,168,000	11,144,000	.28 <sup>b</sup>
1992-qtr. to April 30	192,169,000	1,433,000	.05
<b>Sony Corp.</b> <sup>d</sup> 1992-year to March 31	28,733,699,000	903,165,000	2.20 <sup>e</sup>
1991-year to March 31	27,191,857,000	879,135,000	2.14 <sup>e</sup>
1992-qtr. to March 31	6,827,045,000	(166,060,000)	--
1991-qtr. to March 31	6,529,902,000	112,000,000	.29 <sup>e</sup>
<b>TDK</b> <sup>d</sup> 1992-year to March 31	4,021,549,000	162,316,000	1.23 <sup>e</sup>
1991-year to March 31	4,060,045,000	214,053,000	1.66 <sup>e</sup>
<b>Tele-Communications</b> 1992-qtr. to March 31	1,007,000,000	(17,000,000)	--
1991-qtr. to March 31	963,000,000	(25,000,000)	--

Note: <sup>a</sup>Includes special credit. <sup>b</sup>After special charge.  
<sup>c</sup>Adjusted. <sup>d</sup>At rate of \$1 = 133 yen. <sup>e</sup>Per ADR. <sup>f</sup>Restated; includes special credit.

**Robert McElreavey**, ex-Sterns, named electronics mdse. mgr., Federated Merchandising, buying office for Federated Dept. Stores... Named as mgrs. of first of Tandy's Incredible Universe stores: **Ken Bradley** moves from Radio Shack zone mgr. for Oregon to manage IU store in Wilsonville, Ore., and **Riki Tokuno**, N. Cal. zone mgr. for Tandy Name Brand Retail Group, to manage store in Arlington, Tex.

**Leslie Poulsen** departs as Sansui exec. vp to accept post of exec. vp-sales and mktg. at MXC America, North Hills, Cal., marketer of MXC-Crown audio products and Telequest telecommunications products; his duties at Sansui to be assumed by **Warren Mann**, promoted to senior vp-sales and mktg... **Beverly Knudsen** has left IEEE PR Dept., where she was editorial projects coordinator -- 212-677-8278... **John Bailey** promoted to asst. vp, Audiovox Custom Products Div.