

TELEVISION DIGEST®

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

With Consumer Electronics

JUNE 1, 1992

VOL. 32, NO. 22

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CBS COMPENSATION KEY WORD at affiliates meeting, but numbers weren't available immediately. Cuts considered likely, cause talk of organized affiliate action on nonclearances. (P. 4)

YEUTTER SUPPORTS VDT in what Senate supporters are taking as highest-level Bush Administration interest yet in related telco-cable legislation. Endorsement made in letter to Burns and Dole. (P. 4)

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SPECTRUM AUCTION COMPROMISE FLOATED: Key senators have reached agreement on tentative proposal for 3-year spectrum auction test involving up to 30 MHz and 3 services, none from mass media, according to staff draft released May 27. It comes as General Accounting Office reportedly is finishing spectrum report for House Telecom Subcommittee, and budget leader has proposed using auctions or user fees to reduce federal deficit. Activities signal increased Capitol Hill interest in tapping spectrum for revenues that opponents fear could open door to widespread use of auctions for assigning licenses.

Crafted by staff of Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) and Sen. Stevens (R-Alaska), proposal is designed as amendment to spectrum reallocation legislation (S-218) and reflects agreement in principle between legislators. However, it lacks formal endorsements from either or from Commerce Committee leadership or Bush Administration, although staffers were optimistic on passage this year; S-218 has been held up since last summer by negotiations on auctions component. Senators will seek comment on plan until June 12, when draft will be finalized in anticipation of summer Senate debate on S-218.

Auction authority would be limited under staff draft along lines first proposed by Stevens (TVD July 1 p5). It would give FCC discretion to use competitive bidding in FY 1993-1995 for assignment of any service

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HEAVY TRADE TRAFFIC marks first 2 days of spruced-up CES, with wide aisles and slick new exhibits. (P. 9)

APPLE'S FIRST CONSUMER electronics concept is Newton, pen-based handheld computer, first of 'family,' due for first-half 1993. (P. 10)

HUGHES AIRCRAFT AND JVC form joint venture to develop, make and sell projection TV based on Hughes liquid crystal lightvalve. (P. 11)

NINTENDO AND SEGA PRICE MOVES liven CES as both offer stripped-down versions of 16-bit games for under \$100. (P. 12)

JVC PROFITS PLUNGE 88% on consolidated basis for fiscal year, while sales drop 9%. Hitachi, Toshiba, Mitsubishi, NEC, Sharp profits also down. (P. 13)

FULL-MOTION VIDEO for CD-I gains speed, with real-time encoding set for next year. Player adaptor would be priced under \$200. (P. 13)

SONY DELAYS 27" SET assembly in new Pa. plant for year, but is 'on schedule' toward production of 41" and 46" projection TV receivers there. (P. 14)

CIRCUIT CITY AND BEST BUY annual reports reveal plans. CC expects annual 15-20% sales and earnings growth, BB hopes for 25% average annual rise. (P. 15)

involving competing applications, with exception of licenses involving: (1) Renewals and modifications (which alone could cover terrestrial TV-radio incumbents). (2) Federal, state or local govts. or entities. (3) Over-air TV-radio, and public safety and radio astronomy services. (4) Private radio end users. Commission would have authority to exempt other licensees or services from auctions -- provision inserted to protect smaller company applicants, aides said.

Spectrum that would be subject to auctions would be up to FCC but couldn't exceed 30 MHz. Drafters weren't specific, in part to keep process flexible for FCC, in part because of pending proceedings such as controversial emerging technologies docket for Personal Communications Services, aides said. They also avoided requiring that spectrum auctioned be drawn from frequencies reassigned from govt. users under S-218 because reassignment process is expected to be slow, with identification of spectrum that might be available for reallocation to commercial users likely to take 3 years or more, Stevens aide said. But auctioned spectrum could end up being counted toward govt.'s reallocation total once reassignment process is completed, which should help sweeten bill for now-reluctant Administration, we're told. NTIA's only reaction was to call proposal "positive step." Administration wants broad auction authority for FCC.

FCC authority to use auctions would expire at end of trial, after which agency would have 6 months to assess test's success, examining among other things whether auctions made license process more efficient and speeded new services to public. Bill would provide additional 6-month period for Congress to review results. Auction authority would become permanent on annual renewable basis on Oct. 1, 1996, if not blocked by Congress. Authority would have to be renewed in Commission's annual appropriations legislation to ensure that lawmakers retain oversight role, aides said. Appropriations bills rather than FCC's regular 2-year reauthorization legislation were picked because they're more apt to be passed, aides said. Left unspoken but still fact is that money bills generally can't be used to make fundamental policy changes -- such as expanding auctions to additional services.

Authority would be renewable in part to head off constant efforts elsewhere in Congress to use auctions as general revenue raiser, which has proved particular headache for broadcasters -- stations have been targets in recent years for variety of user fees, gross receipts taxes and other levies tied to their use of spectrum. Latest such move emerged last week when House Budget Committee Chmn. Panetta (D-Cal.) proposed 3 approaches to enforcing balanced budget proposal pending before Congress: (1) He would reduce spending through mechanism including spectrum auctions that he believes would raise \$2 billion in FY 1994, \$1.6 billion in FY 1995 and \$700 million following year -- \$4.3 billion over 5 years. (2) He would call for higher taxes, including what he termed spectrum royalty user fee of 4% of gross receipts that could bring in estimated \$8.8 billion in FY 1993-1996. (3) He would offer mixed plan of 2/3 spending cuts and 1/3 new taxes, including from auctions.

Stevens aide said auctions would remain open game for congressional number crunchers as long as communications policy-makers fail to drop initiative. "That's [Stevens'] worst fear," he said -- that Congress will implement auctions without any of safeguards for licensees proposed by Inouye and Stevens. Their proposal envisions using revenues to offset govt. appropriations for various communications programs, including to support public broadcasting -- either CPB or NTIA's Public Telecommunications Facilities Program (PTFP) -- or for spectrum management or other federal telecommunications spending, such as for Commission or NTIA budgets.

PIRACY INFLATES CABLE FIGURES: Actual cable penetration may be 56-57%, rather than 61.1% figure used by Nielsen and repeated endlessly by everyone from NCTA to Congress to cable operators themselves, according to our analysis and Nielsen's own numbers. Higher Nielsen figure apparently includes more than 4 million cable viewers who are pirating signals, generating no subscriber revenue for cable operators. Dichotomy in totals apparently is perpetuated by cable officials who want prestige and ad revenue generated by higher figure, but are happy to pay lower program prices justified by lower number, some officials believe.

Nielsen estimates there are 56,235,340 cable households, based on assumption from May sweeps that 61.1% of 92.1 million U.S. TV households watch cable. Spokeswoman said 61.1% figure is based on returns from Nielsen's diary ratings system, as well as on results of much larger number of telephone calls to prospective diary households: "We think this figure is very accurate." According to Nielsen figures released last week, cable penetration is up 24% in last 5 years (from 49.2% and 43.3 million cable households). May 1991 cable penetration was 60.3%, Nielsen said (56.1 million households).

But actual number of cable subscribers probably is somewhere between 52 million and 53.6 million, according to data assembled for Warren Publishing's Television & Cable Factbook and other sources,

including Nielsen itself. Cable systems included in Factbook report total of 52.1 million cable subscribers, although Factbook estimates figure actually is 53.6 million because of underreporting and because some systems don't provide figures. Factbook figure is remarkably close to another Nielsen number -- 52.02 million cable subscribers. Second Nielsen figure is based on contacts with individual cable systems by Nielsen's Cable Online Data Exchange, which has obtained details from 10,829 of estimated 11,300 cable headends.

Difference between 52 million and 56.2 million is almost exclusively attributable to piracy, cable officials believe. "We don't ask people how they get cable, but whether they watch it," Nielsen spokesman said. "The 56-million figure would include any pirates, because it doesn't matter to us." Nielsen figures are used mainly by advertisers, who also are only concerned about eyeballs -- not whether watcher paid for cable service.

Actual piracy figure may be even higher, since cable viewers who know they're violating law by pirating programs may not tell Nielsen about cable viewing, some officials believe. NCTA's Office of Cable Signal Theft, in most recent estimates, said there may be more than 8 million illegal basic cable viewers nationwide, and more than 3 million for pay cable. Figures are "as conservative as possible," said James Allen, head of Signal Theft office. "We have got to believe the actual number may be higher." Office currently is "crunching the numbers" on new piracy survey that should be finished in month or 2, Allen said. Warner Bros. Pay TV Pres. Edward Bleier said he believes cable piracy rate is "at least 10%" and difference between Nielsen and actual numbers "has to be an immense amount of theft of service." There may be as many as 60 million cable viewers, if all piracy is counted, in addition to 3 million satellite dish households, virtually all of which watch some cable programming, he said.

Piracy has huge financial impact on industry. NCTA estimates that cable loses more than \$3 billion in revenue per year, assuming that each pirate would owe about \$26 per month for basic and pay service. Even if figure is the 4 million pirates indicated by difference between Nielsen diaries and actual subscriber counts, loss would be at least \$1.2 billion.

Difference in cable numbers is important, Bleier believes: "The basic cable networks have very mixed emotions [about difference]. The bigger audience base is very important for advertising, so they want to get credit for reaching the whole audience. And they want the subscriber fees." But, he pointed out, pay cable networks and to lesser extent basic networks pay program fees to Hollywood based on number of subscribers, so lower count is helpful. Industry could solve piracy problem largely by accelerating installation of addressability, Bleier said: "Some people believe addressability pays for itself in theft reduction alone, and pay-per-view is a bonus."

Participation by women and minorities in broadcasting could be hurt by increased ownership concentration and blurring of lines among media, FCC Comr. Barrett said May 29 in speech to AWRT convention in Phoenix. Concentration probably will increase regardless of FCC action on issues such as ownership limits, he said, but Commission moves will affect it. Concentration will result in operating efficiencies and economies of scale, Barrett said, that will result in "further consolidations of the work force." "Cumulative impact" of several FCC rulemakings encouraging new technologies and entrance of new groups such as telcos into media will encourage further media concentration, he said, so "future broadcast job opportunities will become more limited... There may be unintended consequences of lost diversity in employment and ownership among women, minorities and small business players." Barrett said those issues must be "given a high level of priority" in deciding on rulemakings. Good side, he said, is that more jobs may become available in niche program services allowed by technological changes.

Correction: American Microtel remains member "in good standing" of U.S. Interactive & Microwave TV Assn. (USIMTA), USIMTA Managing Dir. Lynnea Bylund-Dalton said. She also said Applied Telemedia Engineering & Management (A-TEAM) never was member of USIMTA (TVD May 25 p1).

Another round of political ad rate complaints was filed May 29 with FCC, this one involving 3 Cap/ABC stations in 2 states as well as CBS affiliate in Tallahassee. Cap/ABC stations are KABC-TV L.A., KTRK-TV Houston, KFSN-TV Fresno. Fourth is WCTV Tallahassee-Thomasville, licensed to John Phipps Inc. L.A. and Fresno cases involve complaints that stations overcharged Gov. Pete Wilson, Lt. Gov. Leo McCarthy, gubernatorial candidate Diane Feinstein, others. KTRK is charged with overcharging Gov. Ann Richards, opponent Clayton Williams, others. WCTV is accused of overcharging Gov. Lawton Chiles, former Gov. Robert Martinez, others. Other stations previously accused of charging more than lowest unit rate for political ads include WXIA-TV Atlanta and WTVT Tampa. Latest complaints, all filed by Atlanta lawyer Robert Kahn, are essentially same, saying stations engaged in activities to skirt lowest-unit-charge requirements. Suits seek refunds and FCC disciplinary action.

Less than 4 weeks after Fox announced 6th night of programming (TVD May 11 p11), network said it will expand to 7 nights in 1992-1993 season. Seventh night will be Fox Nights at the Movies to air 8-10 p.m. on Mon. Sixth night (Wed.) begins July 1. Fox avoids finsyn complications by keeping total number of weekly prime-time hours under FCC limit. New shows to roll out in July include 6 half-hour comedies, one half-hour drama, 4 one-hour dramas.

CBS COMPENSATION KEY: Word on every station executive's lips at CBS TV affiliates' meeting in N.Y. last week was "compensation." Network was saying nothing about its plans to cut payments to stations until closed session with affiliates Sat. (May. 30, after our deadline). "It's not a happy partnership right now," said one station executive after affiliates' closed meeting (without network people).

Affiliates Futures Committee, chaired by Cathleen Creany, WTVH Syracuse, held special meeting to discuss compensation issue after opening reception. We're told that no decisions were made at meeting, but there was some talk of organized affiliate action on nonclearances in response to compensation cut. However, other affiliates told us that wasn't likely to happen. Some stations even had threatened to take walk from convention over compensation issue but that, too, didn't come about. Futures Committee, formed last year at request of CBS, had been negotiating issue with network for several months but broke off talks following unsuccessful meeting with network at NAB convention in April.

There was talk in corridors that CBS would make concessions for stations in smaller markets, where payment amounts to as much as 1/3 of affiliates' revenue, while percentage is much less in major markets. Several affiliates said CBS just can't order blanket across-board cuts and must work individually with stations. Many affiliates also said they were surprised CBS wouldn't present its plan until Sat. and believed it was being worked out at last min. In any case, network wasn't saying anything -- only time word compensation was mentioned was at May 29 lunch when Pres. Laurence Tisch was applauded when he said: "We believe in compensation." Responding to report on unidentified N.Y. public radio station May 29 that CBS planned to cut compensation 25%, CBS Best. Group Pres. Howard Stringer said: "That station didn't know what it was talking about."

R.M. (Mick) Schafback, CBS affiliates chmn. from KOIN-TV Portland, Ore., said at closed dinner meeting, in speaking of network-station relationship: "We have our problems and our concerns. We understand that our network must be financially successful if we are to be successful. We share your concerns. We hope you share ours in mutual respect."

Network presentations were very low key, with no multiple screens and major hoopla of recent years. Affiliates also were restrained in their responses to network effort. Tisch predicted CBS would remain No. 1 in prime time (position it achieved for season that ended in April after 10 years of being 2nd or 3rd) "for a very long time." To drop to 3rd is unthinkable, he said. He again pledged that CBS would remain "pure" broadcaster and wouldn't move into competing media as have ABC and NBC. Stringer said network had spent more than \$2 billion in programming development to attain top spot and promised similar commitment for future. Affiliate Relations Pres. Tony Malara said network had received "terrific reception" to its new schedule in presentation to advertisers and agencies last week.

CBS News Pres. Eric Ober stressed "team play" in his presentation, which featured Dan Rather and usual complement of correspondents. Ober was cheered when he announced that CBS News has signed Gulf War hero Gen. Norman Schwarzkopf to 3-year contract as host of documentaries and news specials.

WHITE HOUSE IN VDT FRAY: FCC video dial tone (VDT) proposal received enthusiastic endorsement May 21 from Clayton Yeutter, White House domestic policy adviser, who sided with groups that had said agency has authority to open door to telco-provided cable immediately (TVD Feb 10 p5). "Much can be done within existing law to remove regulatory barriers and foster competition," Yeutter said in letter to Senate Minority Leader Dole (R-Kan.) and Sen. Burns (R-Mont.). He lent White House support to FCC's proposed approach to VDT (TVD Oct 28 p1) and said: "We expect the Commission to take additional steps to permit greater telephone company participation in video services." Yeutter was replying to letter from senators urging Bush Administration to intervene in telco-cable proceeding at FCC (TVD March 23 p7).

Lawmakers had written President Bush seeking White House pressure on FCC to implement VDT proceeding as interim step while Congress considers measures, particularly Burns' S-1200, which would permit telco entry into cable to encourage accelerated U.S. telecommunications infrastructure development. Letter had named approaches that they believed Commission could implement, which Yeutter endorsed, along with S-1200, in what was highest level Administration interest yet in Burns bill.

Yeutter offered unusually strong advice on policy to an independent executive agency, concluding as he did with statement that "the Administration therefore expects that the FCC will move forward with procompetitive reforms such as those discussed [here]." He supported 4 proposals raised by senators, including expanded rural exemption from cross-ownership curbs on telco provision of cable. Burns aide said senator took letter as indication that White House wanted FCC to move even more aggressively on VDT, going beyond proposals in proceeding.

Yeutter's letter went farther than Administration position articulated at Senate hearing by elevating support for S-1200 closer to President. However, it didn't get as specific as had FCC and NTIA officials at hearing in endorsing requirement for separate video subsidiary for telco-provided cable (TVD March 9 p5). Letter came at time Democratic presidential hopeful Ark. Gov. Bill Clinton was believed to be developing telecommunications infrastructure policy platform. He endorsed 2015 target date for nationwide fiber network along lines of Burns bill in speech at U. of Pa. Yeutter letter echoed same theme in saying fiber network was critical to "better[ing] the lives of all Americans."

FCC commissioners have been presented "gamut" of options on revising network-cable cross-ownership rules, officials on 8th floor said, and decision is likely at June 18 agenda meeting. Options were presented last week in staff paper, we're told, and run "across the board." Most drastic alternative is said to be proposal to allow broadcast networks to own cable systems reaching 10% of cable households and up to 50% of homes passed in metropolitan area.

Commission on Presidential Debates rejected proposal that broadcast networks and CNN organize and sponsor debates (TVD Sept 30 p5). Each network would have produced debate at its own expense and provided feed to others without commercial interruption. Format would have been different from previous debates, including banning of studio audience and encouraging of direct exchanges among candidates. Commission instead will decide format and location of debates and invite networks to air them.

NAB HITS RADIO RULES: FCC should back off on radio ownership limits and drop reliance on Arbitron and other ratings services, NAB said in petition for partial reconsideration of rules (TVD March 16 p2). Petition, which was approved by NAB board last month (TVD May 25 p4), asked that station limit be set at 25 AMs and 25 FM, instead of 30 of each approved by FCC, and said Commission could encourage minority ownership by expanding tax certificate and distress sale policy.

There's "more than ample justification" for liberalizing ownership limits, NAB said, but "the considerable political controversy" they generated, particularly in Congress, could offset benefits by increasing doubt that they would be permanent: "The enhanced flexibility which the Commission sought to provide... will be of little practical value if it is accompanied by continuing uncertainty regarding such crucial issues as the number of stations that ultimately will be allowed to be commonly owned. Broadcasters need certainty so that they can proceed immediately to implement business plans."

NAB said it's "most troubled" by use of Arbitron and other ratings data to determine audience shares (which can limit number of stations group can own in market). Data don't accurately assess concentration or diversity in market and "unnecessarily immerse broadcasters, the Commission and the survey organizations in a morass of conflicts and uncertainties," NAB said. Filing cited major changes in station ratings in 29 Arbitron markets between spring and fall periods. Swings, which ranged up to 11 rating points for single station, were large enough to affect ability of buyers to close deals, NAB said: "Station owners simply cannot be expected to make rational, predictable station acquisition plans based on such vicissitudes."

NAB said that reducing national ownership limit would be disincentive for group owners to buy into "truly smaller markets" and that raising limit for minority-controlled enterprises would encourage minority ownership. It made other recommendations: (1) Eliminate use of Arbitron data. (2) Eliminate use of market share as limitation. (3) Reduce number of commonly owned stations in 30-station market to 2 AMs and 2 FM. (4) Allow common ownership of only 50% of station in market with fewer than 15 stations.

Benno Schmidt, Yale U. pres. since 1986, will head Whittle Communications project to establish system of 1,000 for-profit private schools. Signing of Schmidt, highly regarded for his advocacy of freedom of expression and liberal arts education, is seen as major coup for Whittle's Edison Project, which plans to open first 100 campuses in 1996. Schmidt's fund-raising skills -- during his tenure, Yale endowment grew \$1.3 billion to \$3 billion -- could be significant asset as Whittle seeks corporate investors for project. Plans call for schools to cost no more than per-pupil rate of public schools, and for 20% of students to be provided with full scholarships in areas where there's no school choice.

John Kluge, largest shareholder of Orion Pictures, has offered creditors \$25 million to rescue company from Chapter 11 bankruptcy and said he would forgo \$29 million Orion owes him. Offer was made at hearing in U.S. Bankruptcy Court, N.Y. Orion is considering merger proposals from Savoy Pictures Entertainment, Republic Pictures and Metro-Goldwyn-Mayer (formerly MGM-Pathe Communications) and was told by Judge Burton Lifland to come up with reorganization plan by June 21 or he would impose one.

HDTV PRODUCTION RECONSIDERED: Advanced TV Systems Committee (ATSC) will reopen issue of HDTV production standards in bid to have equipment ready in time to meet FCC deadlines for start of HDTV broadcasting (TVD May 11 p7), group's Exec. Committee decided. Idea, proposed by PBS Senior Vp Howard Miller, is to select appropriate production standard to match whatever transmission standard Commission selects next year.

T3 subgroup of ATSC will look at production standards over summer and is expected to report back in Oct., ATSC Chmn. James McKinney said. Subgroup will report "on where everyone stands" on issues such as interlaced vs. progressive, square pixels and number of active lines in production standards, he told us. New standard, if approved, wouldn't replace 1,125/60 production standard that ATSC approved in 1988, he said: "1,125/60 will remain a standard, but we could have another." McKinney said he doesn't expect ATSC to select new production standard until FCC acts, but group can "line up the issues so that we're ready."

It could take years after FCC decision on transmission standard to set new production standard, Miller said: "I'm not even sure that we could set a production standard then. But if you look at the FCC time line [which requires start of HDTV broadcasts within 5 years], people are going to have to make equipment decisions fairly rapidly. If we don't even know the standards and we don't start the debate until October 1993, we could have a real challenge on our hands." He said arrival of digital HDTV systems since establishment of 1,125/60 [later 1,125/59.94] production standard increases need because digital pixels are "quite different" from those in existing production system.

Selection of 1,125/60 standard was "painful" in 1988, Miller and McKinney acknowledged, and sometimes-heated Exec. Committee meeting May 22 indicated it might be difficult again. Exec. Committee didn't back Miller completely, rejecting his suggestion that winning transmission system might even be modified slightly to allow for best possible production system.

Pay-per-view conference last week in Orlando set record attendance (572), according to organizer, Cable TV Administration & Mktg. Society (CTAM). Spokeswoman said it's even more important that more than half of attendees are cable operators, "showing a heightened interest in, and commitment to," pay-per-view. Conference Chmn. Kevin Leddy of Warner Cable said in opening comments that increased govt. regulation will pressure cable companies to expand PPV revenue. Mark Greenberg of Prime Cable said PPV won't put video stores out of business: "We're just trying to get into the business." He worried, however, that PPV is "losing the battle for channel capacity." Gregory DePrez of TCI said MSO's goal is 2% buy rate for Olympics TripleCast.

Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) will propose providing window for public TV-radio stations that go off air at midnight from planned premidnight ban on indecent programming that Sen. Byrd (D-W.Va.) is expected to offer as rider to CPB budget reauthorization (S-1500) (TVD May 26 p7). Byrd amendment would bar commercial and public TV (PTV) stations from airing indecent programs before midnight. Inouye amendment, which we're told has Byrd's support, would allow PTV stations that go off air at midnight to show such programming as early as 10 p.m. It reportedly is designed to benefit Hawaiian stations, among others that end broadcast day at midnight.

DUGGAN HITS NICHES: Network-affiliate relationship will become more important as video marketplace continues to change because "localism works," FCC Comr. Duggan said in speech to N.Y. chapter of FCBA meeting at CBS hq May 27: "If the networks demean the network-affiliate relationship and squander their advantages in pursuit of a niche [programming] strategy, they may wreak upon themselves a wound that cannot be healed by gains sought elsewhere," such as deregulation.

Commissioner attempted to debunk what he said were 3 "myths" about future of networks: (1) "The myth of [networks'] inevitable death." (2) Myth that to survive, networks must become "niche programmers." (3) Suggestions that total deregulation of networks will ensure their future. Citing report by FCC Office of Plans & Policy, he said industry and regulators should take TV's downward trends in audiences and revenues as "warning" and "resist extrapolating them into predictions." Forecasts of doom "fly in the face of history," he said, citing radio's survival against TV. Duggan pointed out that in prime-time season just ended, over-air networks increased audience share while cable "slipped in the ratings... Could this, too, be a trend? I hope so, for I believe the video majority wants such a home base" as networks.

Future deregulation, Duggan theorized, will be through "cautious incrementalism." That's less likely to set off "alarm bells of outrage" in Congress, he said. "To a divided and wary Congress, incrementalism appears more reasonable and more concerned with fairness to all -- perhaps because it is." Duggan said he accepted thesis that network rules need changing because marketplace has changed: "The Commission has an obligation to loosen the straps of regulation" but said change should be gradual through "an approach of exquisite care, progressively lessening regulation [and] imposing safeguards where necessary."

Duggan urged TV industry to return to pioneering research days of CBS and David Sarnoff Research Labs: "Today, television research and development is only a shadow -- a shell -- of its former self," with only CableLabs and Advanced TV Test Center in action and with latter scheduled to sunset at end of year. He said Test Center has "contributed enormously" to process of developing HDTV: "What a sad waste of a potentially valuable resource" if it closes as scheduled, he said. "I would like to propose, therefore, that the Test Center be given a new lease on life as a permanent research center for the industry."

Multimedia Mktg. Networks (MMN) awarded \$2-million contract to EDS Video Services Div. to install and operate Interactive Information Networks (INN), digital TV network that will merge multimedia and business TV, companies said. Network will deliver live news conferences, product introductions and emergency announcements via satellite from companies such as IBM, Digital Equipment and Apple Computer to journalists, industry analysts, investment firms. INN, which plans first broadcast in Sept., uses 1.2-m antenna, receiver/decoder, work station, TV monitor, VCR and laser printer at receive site.

Clarification: Toshiba announced plans to produce HDTV receivers based on General Instrument's DigiCipher technology, assuming it's selected by FCC, as part of original agreement announced at NAB convention (TVD April 13 p5). Report by Japanese wire service had indicated that receiver plan was part of followup agreement (TVD May 18 p5).

Reception of Zenith/AT&T HDTV demonstration in Glenview, Ill., May 28 was good enough that it "could have been closed circuit," despite 75-mile transmission and NTSC broadcast on same channel from LPTV station 9.6 miles away, according to outside observer of first public over-air demonstration of system. Broadcast used transmitter of WMVT (Ch. 36) public broadcasting station in Milwaukee that has normal NTSC Grade B contour of 51 miles. Station's NTSC broadcasts normally can't be received in Glenview, but HDTV programming was clear despite power level 10% of that used for NTSC. LPTV station in Palatine, Ill., also operating on Ch. 36, didn't interfere with HDTV broadcast, but no reports were available immediately as to HDTV's impact on LPTV station. Zenith wasn't about to compress video itself in Milwaukee because equipment still is at Advanced TV Test Center, officials said, but videotape of compressed video was transmitted using WMVT's regular transmitter and tower. Programming included material from HDTV studio cameras, still HDTV images, fast-motion film of Chicago Bulls game, 60- and 24-frame film images, computer graphics, upconverted NTSC images. Use of videotape and existing station facilities was important, said Wayne Luplow, Zenith division vp-advanced TV: "We showed how broadcasters can enter the HDTV age with minimal investment." Among attendees at Glenview receive site was FCC Comr. Duggan.

Saying that data collected to date are "inconclusive," KCRA-TV Sacramento has asked FCC for one-year extension of waiver of prime-time access rule (PTAR) to permit station to air network programming 7-10 p.m. KCRA-TV's current waiver is due to expire June 1 but Commission ruled May 26 that station could continue 7 p.m. start for prime-time programming at least until 30 days after agency acts on request.

Venture leasing group is looking for holders of low-power TV (LPTV) CPs who are interested in leased LPTV transmission equipment, said Perry Morton, managing dir. of entity called Creistre Financial Group. He said group eventually might raise up to \$100 million to finance LPTV equipment, although initial investment is likely to be smaller, and startup could be this summer.

Intelsat 603, satellite, which will be used for video as well as telephony, has been placed in geosynchronous orbit and has completed solar drum and antenna array deployments after space shuttle rescue, Intelsat said. Organization said it will test satellite's mechanical and communications systems for "about 6 weeks" before it joins network at 325.5° E over Atlantic Ocean.

MGM-Pathe Communications has changed name back to Metro-Goldwyn-Mayer, Inc. (MGM), name when it was founded in 1924. MGM will remain unit of Pathe Communications, at least until French bank Credit Lyonnais completes tender offer. Investor Giancarlo Parretti had changed name to MGM-Pathe after he took over company; he was ousted last year.

Major hitch has developed in plan of Ia. State U. to sell WOI-TV Ames-Des Moines to Heritage Media for \$14 million (TVD May 25 p6). Ia. state legislature passed bill that prohibits university from selling station without approval of Ia. Exec. Council.

TV and Radio Marti will lose leading advocate in Congress with retirement at end of year of House Foreign Affairs Committee Chmn. Fascell (D-Fla.). His panel has jurisdiction over U.S. Information Agency. Fascell, 75, had served 19 terms in House.

National Technological U. (NTU), consortium of 43 engineering colleges, said it has become world's largest digital broadcast TV network since it converted 38 uplinks and 275 receiving sites from analog to digital May 1. Pres. Lionel Baldwin said in teleconference last week that NTU went from operating 4 analog channels on 2 transponders to 12 digital channels on one transponder with use of compression, SpectrumSave CDV, developed by Compression Labs. He said NTU's transmission costs will be cut to \$1 million annually from \$2 million, and consortium now has capability of sending "VCR quality" video, audio, fax, data. Network has capability for 2-way audio and one-way video, Baldwin said. Equipment costs \$130,000 for each uplink site, shared by NTU, member schools and Defense Advanced Research Projects Administration, which contributed \$1.5 million, he said. At each receive site, cost is \$8,500 and equipment is owned, leased or rented by institution or corporation there. Baldwin said other benefits of using digital technology (besides reduced transmission costs) include: (1) Convenience, because NTU now can deliver most courses live. (2) Inclusiveness, because it no longer has to exclude courses because of lack of capacity. (3) Better signal quality, even though network uses G-Star 1, 20-w satellite deployed in 1985. (4) Added features, including auto tune receivers, ability to turn on remote VCRs and transmit fax, data channel for administrative data. (5) Accommodation on network, when multimedia is fully developed. "Multimedia won't be on CD-ROM, but on networks," Baldwin predicted.

NCTA says cable legislation would cost \$8.8-\$10.8 billion over 5 years. In letter to House Commerce Committee Chmn. Dingell (D-Mich.), NCTA Pres. James Mooney said bill has moved "so far from its proconsumer origins that it will probably result in cable rates' going up, not down." Mooney said anti-buy-through provision, which would forbid cable systems to require subscribers to pay for nonbasic tiers to get access to pay services, would require \$5.8 billion capital expenditure to install addressable systems. Letter acknowledged figure could be cut to \$3.8 billion over 5 years because many cable operators already plan to install addressable equipment. Second main additional cost is retransmission consent, Mooney said. He said it's difficult to estimate full expense, but cited testimony of CBS Chmn. Laurence Tisch that it could be \$1 billion per year. Bill would require at least 17 FCC proceedings, adding to regulatory costs, NCTA said.

"Just change the channel" is advice of Canadian Radio-TV & Telecommunications Commission (CRTC) for persons who object to TV violence. CRTC report last week said there's connection between violence on TV and in society and urged broadcasters voluntarily to avoid especially violent shows. It acknowledged it can't control content directly.

Freedom Forum has opened international office in Zurich, Switzerland, to handle European activities. It immediately hosted first international conference -- "Putting Free-Press and Free-Market Principles into Practice" -- in St. Petersburg, Russia. It established International Div. in Sept. 1991.

Cable Networks Inc. developed IBM-compatible software package for scheduling spot ads on cable systems, which will be available for 6 metropolitan areas this month, 6 more by year-end.

Newchannels ordered fiber equipment from Jerrold to upgrade Troy, N.Y., system to 550-MHz, with eventual capability of 750-MHz.

Creation of National Center for Public Bestg. is part of WETA-TV-FM Washington's plans for new \$25.4-million broadcast facility to be located on D.C. campus of George Washington U. (GWU). Center, plans for which are in formative stage, would include auditorium for public events as well as activities for congressional delegations and possibly interactive technology displays in lobby. Idea would be to familiarize public and others with variety of programming and other activities in which public broadcasting is involved. Overall broadcast facility, joint venture of station and GWU, would have 8 stories above ground and 2 for parking below. Mid-1995 completion is targeted. About 70% of space would be occupied by WETA-TV-FM, although there also would be space for GWU's National Center for Communications Studies and its relatively new Center for History in Media. Unspecified portion of cost would be borne by issuance of industrial revenue bonds. Washington Mayor Sharon Kelly, who appeared at news conference announcing venture, committed to helping pursue that as well as zoning change that project will require. Zoning derailed stations' earlier plan to relocate from long-time Arlington, Va., facilities to downtown Washington site near CPB hq. Station's vp for relocation project, Francine Trachtenberg, is wife of GWU Pres. Stephen Trachtenberg, who said he had recused himself from negotiations with broadcaster for that reason.

PBS announced funding commitments of more than \$68.5 million for continuing programs and said it would spend another \$21.35 million, largely on new shows. With aim of aggregating funds for new shows, PBS is cutting support for 11 of 22 continuing series it's backing, by our count. Programs to which commitments apply will begin airing in fall 1993. Biggest loser, we tabulate, is WNET N.Y.-Newark, which would see PBS support drop \$1.4 million each for Great Performances and Nature to \$5.5 million and \$4.1 million, respectively, and \$442,000 for Travels, to \$1 million. PBS funding will remain same or slightly reduced for 3 series to which it provides largest amount of support: MacNeil-Lehrer NewsHour, \$12.84 million; Frontline, \$11.34 million; Nova, \$6.87 million.

Recently formed group is trying to organize boycott of Olympics pay-per-view TripleCast, calling it "first step in the sellout of the American television viewers to the cable monopoly." If TripleCast works, said Gary Frink, pres. of TV Viewers of America, "we could be witnessing the beginning of the end of sports on free TV." He said there's "strong move at the FCC to allow network ownership of cable systems." Group was formed by Frink, attorney in Washington, D.C., who's launching membership drive. Although he said group has few members, he plans to get on radio talk shows to promote boycott.

Local radio spot advertising was up 6% in April in 100 markets monitored by Radio Ad Bureau (RAB), more than offsetting 8% loss for national spot and resulting in 3% overall gain, RAB said. Radio network revenue was down 20% for month. Said RAB Pres. Gary Fries: "Traditionally, the first signs of local recovery are seen on local revenue [and] with local dollars accounting for roughly 3/4 of radio ad revenue, this upturn bodes well for our industry." For first 4 months of year, local was up 4%, national down 11%.

Satellite Bcstg. & Communications Assn. said it has sold "over 90%" of available booth space for 1992 convention at Baltimore Convention Center Aug. 6-8. It said DBS technology will be at forefront of agenda. Other highlight is expected to be reception for international executives co-hosted by Association Mexicana De La Industria Del La TV and Satellite Communications Assn. of Canada.

Personals

Daniel Brenner, dir.-communications law, UCLA School of Law and of counsel to L.A. law firm LeBoeuf, Lamb, Leiby & MacRae and ex-FCC, joins NCTA as vp-law and regulatory policy; **Michael Schooler** advanced to gen. counsel... **Joseph Tirinato**, ex-MGM/UA Entertainment, joins TvB as senior vp-national sales and mktg... **Jamie Tarses** promoted to vp-comedy development, NBC Entertainment... **Joaquin Blaya** resigns as pres., Univision Holdings, to become pres.-CEO Telemundo Group, is succeeded by **Ray Rodriguez**. Also promoted at Univision Holdings, Network and Station Group: **Raul Torano** to exec. vp, **George Blank** to exec. vp-chief financial officer... **Timothy McAuliff**, pres., Blair TV, promoted to pres.-CEO of John Blair Communications, succeeding **James Rosenfield**, who remains chmn., in CEO spot.

Richard Plepler, consultant, appointed senior vp-corporate communications, HBO... **Scott Greenstein** named vp-counsel/enterprises, Viacom... **Henry Schlenker**, ex-Learning Channel, appointed vp-operations, National Information Technology Center... **Charlene Lambert** promoted to dir.-network operations, Turner Entertainment Networks, new post... **Robert Golden**, ex-Time Warner Direct Entertainment, joins Courtroom TV Network as vp-sales planning and development... **Anthony Lynn**, ex-MGM-Pathe Communications, named pres., Playboy Entertainment Group and elected exec. vp, Playboy Enterprises, succeeding **Robert Friedman**, resigned.

Linwood Lloyd, dir.-budget and administration, CPB, joins WETA-TV-FM Washington July 6 as senior vp-finance-chief financial officer... **Mike Moran**, fired as KJCT-TV Grand Junction, Colo., news dir. in Feb. for comments about slain newscaster, hired to same post by KREX-TV there... **Michael Davis**, ex-WTTV Bloomington-Indianapolis, appointed program operations mgr., WRGT-TV Dayton... **Donald Mohr** named national best. supervisor, Griffin Bacal.

Changes at 20th TV: **Peter Roth**, ex-pres., Stephen Cannell Productions, named pres.-production, network TV; **David LaFountaine**, ex-WCBS-TV N.Y., joins as senior vp-ads and promotion for domestic TV; **Stuart Sheslow** resigns as exec. vp-creative affairs, to form production company... **Eric Tarnow**, ex-contractor for Du Pont, named Children's TV Workshop mgr.-quality control, new post... **Raymond Oglethorpe**, ex-Harris Corp., joins Redgate Communications as exec. vp and COO of subsidiary Multimedia Mktg. Networks (MMN); **Les Baer**, ex-Private Satellite Network, joins MMN as vp-operations, Industry News Network.

Meetings: **Cable TV Administration & Mktg. Society** 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... Center for Strategic & International Studies will sponsor seminar on telecommunications aspects of N. American Free Trade Agreement June 12, National Press Club -- 202-887-0200... "Public Television: Dawn of a New Era or Twilight?" is subject of panel at June 18 IRTS lunch, Waldorf-Astoria, N.Y. Participants include William Baker, CEO of WNET Newark-N.Y.; Les Brown, senior fellow, Freedom Forum for Media Studies; Richard Hubert, TV producer-writer and pres. of Medical Economics Video Publishing.

Cable consortium can begin buying digital compression and transmission equipment faster than expected, CableLabs Pres. Richard Green said. As result, he said cable companies are ready to begin selecting digital systems for testing and signing individual contracts to buy equipment. "We have found that there is an abundance of vendors that can meet the needs we set out to meet in the request for proposals," Green said, citing "world-class nature" of companies responding to RFP. TCI, Viacom and PBS expect to begin testing digital compression equipment by midyear, officials said, and be ready to buy equipment late this year or early next.

A.H. Belo said it will invest \$23 million in new limited partnership with Falcon Cable and Butler Capital to buy medium-sized cable systems. Total capitalization will be about \$58 million and Falcon will be managing partner. Partnership said it expects to buy systems with total of about 70,000 subscribers as part of first agreement, although that could be expanded later.

Children are watching less TV, according to Education Dept. report released May 28. Report, which linked heavy TV viewing to reduced reading ability, said 62% of 4th graders watched more than 3 hours of TV per day in 1990, down from 69% in 1988. Figure for 8th graders was 64% (down from 71%) and for 12th graders 40% (vs. 49%).

FCC fined Cal. FM applicant \$25,000 for failing to report change in transmitter site, saying that Ellwood Beach Bestg. of Montecito was trying to deceive Commission. Fine level was set by administrative law judge, who also approved settlement agreement between other 2 applicants.

OBITUARIES

Herbert Sharfman, 82, FCC law judge (called hearing examiner then) 1944-1974, died of Parkinson's disease May 19 at his Orlando home. He handled many controversial hearing cases, including Miami Ch. 10 comparative hearing (which resulted in indictment for bribery of then FCC Comr. Mack and his subsequent forced resignation) and 1955 hearing on charges that licensee Edward Lamb was pro-Communist. After retiring from FCC in 1974, he served for 2 years as hearing examiner at Postal Rate Commission. Sharfman was graduate of U. of Pa. and Columbia Law School. Daughter, son survive.

Dan Enright, 74, TV game show pioneer in 1950s, died of cancer May 22 in Santa Monica. He and Jack Barry (who was host of several game shows) formed Barry & Enright in 1947, producing Tic Tac Dough and Twenty One, among other game shows, both of which Enright admitted at congressional hearing had coached contestants and given them answers in advance. Enright has said he was exiled from TV for years and discussed his role in rigging shows on PBS program last Jan. After working abroad for several years following scandal, Enright resurrected Barry & Enright in 1975, successfully recreating game show formats without rigging. He also produced several movies and won 1990 Emmy for "Caroline" episode of Hallmark Hall of Fame.

Robert G. Seaks, 79, 1940-1942 asst. to FCC Chmn. James Fly and long-time communications lawyer in Washington, died May 25 of stroke at Forsyth Hospital, Winston-Salem. Graduate of Duke U. Law School in 1934, he worked for Tenn. Valley Authority before moving to FCC. After World War II service in Navy, Seaks joined Justice Dept. as special asst. to attorney gen. In 1949, he moved to Wheeler & Wheeler law firm where he remained until his retirement. Wife, son survive.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	MAY 9-15	1991 WEEK	% CHANGE	MAY 2-8	19 WEEKS 1992	19 WEEKS 1991	% CHANGE
TOTAL COLOR.....	272,762	253,616	+ 7.5	286,113	6,716,522	6,549,529	+ 2.5
DIRECT-VIEW...	269,794	251,115	+ 7.4	282,468	6,606,049	6,448,084	+ 2.4
TV ONLY.....	259,036	241,336	+ 7.3	271,622	6,336,065	6,216,847	+ 1.9
TV/VCR COMBOS	10,758*	9,779	+10.0	10,846*	269,984*	231,237	+16.8
PROJECTION....	2,968	2,501	+18.7	3,645	110,473*	101,445	+ 8.9
VCR DECKS.....	119,864	123,353	- 2.8	141,577	3,552,047	3,040,060	+16.8
CAMCORDERS.....	30,261	37,413*	-19.1	29,516	747,074*	715,585	+ 4.4
LASERD. PLAYERS#	1,964	2,086	- 5.8	2,066	69,129	51,980	+33.0

Direct-view TV 5-week average: 1992--321,015; 1991--311,546 (up 3.0%).

VCR deck 5-week average: 1992--182,650; 1991--166,573 (up 9.7%).

Camcorder 5-week average: 1992--47,554; 1991--51,969* (down 8.5%).

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

Includes combi players, excludes karaoke types.

CES STARTS WITH HEAVY TRADE TRAFFIC: Sprightly, spacious and spruced up for company -- the consumers who pay industry's bills -- Summer Consumer Electronics Show (CES) in Chicago began with unexpectedly heavy traffic in its wide aisles. Biggest topic of conversation was expected insurgence of consumers -- perhaps 50,000-100,000 -- in last day-and-a-half of show from Sat. noon through Sun. (May 30-31). Our deadline fell Fri. after 2nd day of show, before "consumer days."

To say show had "new look" would be understatement. Exhibits were spanking fresh, virtually all new, aisles were spacious and new theme "pavilions" provided added attractions to make up for what otherwise might have been empty space. Crowds on first 2 days generally were attributed not to any really upbeat business climate but to fact that as far as trade was concerned, it was 2- or 2-1/2 day show, so attendance was concentrated in that period. There were some complaints that big crowds were concentrated at major exhibits on McCormick Place Mall level at sacrifice of exhibits in other areas.

Most exhibitors were scheduling appointments with dealers, media and other usual visitors only during trade portion of show, and many off-campus sideshows and hotel hospitality suites were rented for only first 2 days, under obvious impression that trade visitors would leave as soon as consumers moved in.

Exhibits were elaborate and many were larger than usual, with plenty of deliberately eye-catching sideshows. HDTV "theaters" and other spectacles were designed to titillate consumers. Digital HDTV systems were on display by 3 manufacturers -- Thomson and Philips showing their Advanced Digital HDTV system and Toshiba demonstrating GI/MIT DigiCypher, for which it's designing receivers and VCRs. (In suburban Glenview, Zenith demonstrated reception of its own HDTV system from Milwaukee TV station, 75 miles away.)

New "pavilions," with sampling of home theater systems, high-end hi-fi (as sort of magnet to attract McCormick Place visitors to audio exhibits in 2 official hotel display areas) and home office were designed to stimulate consumer interest, as was more wide-open design and engineering show. In anticipation of waiting lines for some of pavilions -- and particularly design area -- EIA planned to have live jazz band entertaining during public days.

Even before first genuine consumer ventured onto show floor, Gary Shapiro, group vp of show sponsor EIA Consumer Electronics Group, could proclaim CES success in terms of consumer information, as result of

what probably was biggest media ballyhoo of show and its products in 25-year history of Consumer Electronics Shows, with prominent coverage on all TV networks and cable, as well as widespread reporting in newspapers (including special 16-page CES supplement in May 29 Chicago Tribune and 3 separate supplements on consecutive days in Sun-Times).

CEG was able to spread good news of signs of industry recovery, putting out bulletin on first-quarter results showing color TV sales up 5.8% in dollars, 1% in units; projection up 5.1% and 14.5%; TV/VCR combos up 5.8% and 4.5%; VCR decks up 27.5% and 18.4%; home information equipment up 4.5% in dollars; blank media and accessories up 3% in dollars (but camcorders down 12.9% in dollars while up 6.3% in units, and laserdisc players down 21.4% in dollars and up 45.9% in units). Total consumer electronics factory sales in first quarter, according to EIA, came to \$8.2 billion, up 5.5% from \$7.78 billion in 1991 period (dollars are factory sales, units are sales to dealers).

Keynote speakers provided optimistic pep talks and challenges to industry. Just as last Winter CES keynoter John Sculley of Apple promised new generation of "personal digital assistants," so last week Motorola Chmn.-CEO George Fisher talked of coming "personal messengers" revolutionizing communications and consumer electronics in new digital age. He envisioned consumer "handheld device that would extend the brain. It could communicate, compute and provide interactive entertainment." He forecast that "virtually everything you see in this show may have a wireless version, combining voice, data and images."

Frank Myers, EIA chmn. and chmn. of Wells-Gardner, proposed major recovery program to combine military technological skills with consumer mass production and marketing know-how. He suggested "joint ventures, partnerships, licensing arrangements... that will marry the best technologies and expertise developed for defense with the consumer manufacturing, sales and marketing talents..." He said that as first step EIA is inviting defense companies to participate in special technology briefing in Oct. at EIA fall conference in San Diego. Focus will be on digital technologies, and Myers expressed hope "it will bring together senior executives from both the defense and consumer electronics industries."

Other reports on Summer CES 1992 will be found in this and subsequent issues.

APPLE DEBUTS NEWTON CONCEPT AS FIRST CE MOVE: Apple's official announcement last Fri. (May 29) of Newton "personal digital assistant" stood as somewhat of anticlimax after weeks of widespread leaks and speculation about product's shape and technology. In broad terms, most of what had leaked about Newton was on target. As seen at last week's news conference and earlier briefing, Newton conceptually is pen-based hand-held computer that automatically will classify, format, clean up and transmit documents and designs that are scribbled on screen.

Communications factor was stressed as most important element in project by Apple Chmn. John Sculley at news conference. "From the very beginning, we looked at Newton as a telecommunications concept," he said. "I think telecommunications will be as important to Newton as graphics have been to the Macintosh." Device that Sculley showed off was less than inch longer and wider than original Sharp Wizard, with flip-down lid that covered screen. "Pen" clips onto side of unit. Although Apple executives had cautioned at earlier briefing that this wasn't necessarily unit that would be first Newton on market early next year, Sculley and Product Mgr. Michael Tchao gave no indication otherwise. Unit will be priced at "well under \$1,000," Sculley said. Sharp also showed off Newton-compatible product -- with side-opening cover rather than flip-top -- at its CES booth.

Sculley stressed that "the big idea behind Newton is not pen-based computing, not character recognition, but the difference between tool and assistant." "Newton intelligence" lets device learn about user's patterns, for example blocking out hour at noon in datebook when user writes note scheduling "lunch." In that vein, Sculley referred to Sharp Wizard as "reptilian" on evolutionary path of personal assistants, saying Wizard "came out of the water, but it doesn't fly. Newton will fly."

Sharp, which has had working agreement with Apple since last year, will manufacture first Newton, Sculley said, although he quickly added that Apple will manufacture some future versions. Sharp was only consumer electronics partner announced at news conference. Other licensees so far are Motorola, Pacific Bell, Random House, Bellcore, Traveling Software. Video presentation that announced licensees mostly stressed Newton's potential as portable communications terminal.

Newton project, launched 5 years ago, is only part of Apple's planned entry into consumer electronics market, as outlined by Sculley in keynote speech at Winter CES in Jan. (TVD Jan13 p9). Sculley last week

repeated earlier references to Apple's plan to introduce Macintosh with built-in CD-ROM drive designed for consumer market. Also last week company announced that Silo, Office Depot and Office Max would take part in pilot program in fall "to help pave the way for sales of new Apple-branded computers through expanded consumer channels this summer." Selected Macintosh models to be sold through those retailers will be customized to include applications software, one year of toll-free telephone support and on-site service. Pilot program is planned to introduce consumer-oriented computers into 1,800 office product, CE and specialty mass merchandise storefronts in fall.

Apple executives acknowledge that consumer product marketing is new ballgame for company (though not for Pepsico alumnus Sculley) since, as one said, "we don't sell applications software, so we don't have closeness to end users." Aim was to develop device that's easy to buy, use, customize, personalize and enhance for future applications -- in short, to make technology transparent. "It takes more technology to make something easy to use," one Apple marketer said.

At Newton's core are character recognition technologies that form basis for pen-based computing. Personal Digital Assistant (PDA) will have broad-based built-in recognition capabilities for hand printing (state of art doesn't yet permit use of script) and also will be designed to accept software cards for specialty needs -- characters used by doctors, engineers, architects, etc. It also will learn to recognize writing patterns (such as how user shapes specific letters). First model will take optional modem but Cummings said future versions will have "built-in support for wireless communications," enhancing prospects for Newton variation to become interactive programming device.

With Newton project and other recent alliances, Apple has broken from past practice of keeping its technologies home, reaping rewards of exclusivity. Cummings said products made by licensees will carry "Newton mark, a la Dolby." He said Apple's quest to license technology "is really a matter of choosing" rather than seeking partners, and company wants partners with "complementary core competence, complementary channels, innovative technologies, with joint development under way." Sharp, he said, adds expertise in manufacturing and screen technology. Although consumer product marketing is new game for Apple, company understands that it "needs to bring in software and services" to balance out low margins inherent in CE hardware.

* * * * *

Meanwhile, Tandy and Casio announced agreement in principle to develop new generation of "Personal Information Processors" (PIPs). Tandy Chmn. John Roach said companies "specifically chose to base these products on an open software environment, while not compromising on the necessary technology required to implement low-power, small and lightweight systems at consumer price levels." Devices will use GEOS operating system, supplied by GeoWorks, and applications software developed by Palm Computing, recent startup company founded by Jeff Hawkins, former research vp of Grid Systems Corp., Tandy subsidiary. Palm computing provides expertise in character recognition systems for pen-based computing. First products are expected next year.

HUGHES, JVC, IN PROJECTION TV VENTURE: Hughes Aircraft and JVC last week announced joint venture to develop, design, manufacture and market worldwide consumer and professional projection TV systems based on Hughes' liquid crystal lightvalve (LCLV) technology.

For several years, Hughes has been looking for partner with consumer know-how to work with it on lower cost version of system that has been used in Pentagon war room and other high-cost govt. projects. System combines high-resolution CR tube for image generation with separate liquid crystal panels and external light source to provide very high resolution and extreme brightness, and thus has been envisioned as new generation of PTV suitable for HDTV (TVD Feb 17 p14).

Formation of new firm, Hughes-JVC Technology Corp., was announced last week at Tokyo news conference by JVC Pres. Takuro Bojo, Hughes Senior Vp Robert Dankanyin and Joseph Bear, who heads Hughes projection TV operation and will be pres. of new firm. Hughes-JVC will be capitalized at \$62.5 million, Hughes investing 60%, JVC 40% with option to increase its ownership to 50%. Facility will be located in Carlsbad, Cal., site of current Hughes operation, and will employ about 200 by end of 1993, including about dozen JVC technical personnel and 100 now employed by Hughes.

First products to be marketed by new company will be professional models already developed by Hughes and scheduled for sale this fall, with sales target of 5,000 units in 1993, increasing to 20,000 annually after few years. Professional models will be priced from about \$8,000 to more than million dollars, while consumer versions could vary from \$2,000-\$3,000 to about \$7,000, according to Bear.

JVC also will be licensed to manufacture and distribute LCLV projectors worldwide through its existing sales network. Consumer projectors and key components will be manufactured by JVC in Japan. JVC Pres. Bojo, noting that JVC produces neither picture tubes nor LCDs, forecast that LCLV will be successor to both as video display, calling it ideal for HDTV. JVC was first approached by Hughes in Oct. 1991, he said.

Bear said HDTV resolution has already been achieved with LCLV, and 35mm film resolution will be achieved soon. Resolution, he said, is limited only by screen size. Present brightness of professional models is 2,000 lumens, he said, and this will soon be increased to 5,000. System is fully compatible with all existing broadcast standards as well as HDTV. Bear forecast success of system as consumer product before arrival of HDTV era.

NINTENDO AND SEGA PRICE MOVES LIVE GAME ARENA: Videogame price wars achieved heated intensity of airline fare wars on eve of Consumer Electronics Show (CES) in Chicago last week when first Nintendo, then Sega, announced stripped-down versions of their 16-bit game systems designed to retail for \$99.95. In both cases, systems will come with single controller and without packed-in software.

Although neither move could be defined strictly as price cut -- consumers still will have to buy software to play on game consoles, probably raising combined price at least to prior levels -- they create "magic" price point below \$100 that's expected to spur business in soft economy. New packages will be on market this summer; current 16-bit packages -- \$150 for Super Nintendo Entertainment System (SNES) with Super Mario World and 2 controllers, \$130 for Genesis with Sonic the Hedgehog and one controller -- still will be sold.

Sega booth featured major marketing push for CD-ROM accessory scheduled for 4th-quarter introduction at \$300. Company expects to have about 20 CD-ROM titles on market at time of introduction. Nintendo, which at Winter CES announced it would introduce \$199 CD peripheral in Jan. 1993, downplayed near-term importance of CD. Mktg. Vp Peter Main said: "We think it's a wine before its time." Nintendo's unit will be on market in "first part of next year." Sega and Nintendo officials predicted new \$99.95 packages would stimulate rapid increase in hardware sales. Sega of America Pres. Thomas Kalinske raised projection of Genesis sales 25% to 5 million units this year. Nintendo's Main said there had been "tremendous escalation" in SNES sales since price reduction to \$150 May 1, although he stuck to same prediction of sales of 6 million SNES units in 1992 that he had made at beginning of year.

Nintendo's move represented more significant departure. Its executives often have sniped at Sega's practice of selling Genesis with single controller, saying that Nintendo top brass was committed to selling system that could be played to fullest right out of box. It's been year since dispute between Sony and Nintendo over licensing and CD compatibility issues relating to Sony's planned Play Station burst into public. Since then, both companies have characterized talks as "ongoing." Main termed current conversations as "intimate" and said he expects resolution possibly "as soon as the 4th of July. Certainly we regard Sony as an ally and partner in our business." Sony has said it plans to introduce Play Station -- console that would use SNES cartridges and compatible CD-ROM discs -- in first part of 1993. Dispute apparently centered on licensing control over CD software for unit.

Meanwhile, Turbo Technologies Inc. (TTI) officially unveiled TurboDuo, console that integrates CD-ROM player into TurboGrafx-16 system at \$300 retail price. TTI is company formed earlier this year as joint venture of NEC and Hudson Soft to continue marketing of TurboGrafx system previously sold by NEC here.

Ads & Promotions: JVC will be one of 8 official sponsors of 1994 World Cup Soccer Games, to be held in 9 U.S. cities in June-July. It will be JVC's 14th year of World Cup participation... BASF promotion in connection with Summer Olympics will plug Super Grade T-180 videocassettes as "the 9-hour tape," including dealer listings in Sports Illustrated.

Exhibit with highest retail attendance day before Consumer Electronics Show opened in Chicago may have been Sony Gallery. In 10-min. period that afternoon, visitors to store on N. Michigan Ave. included top merchandisers from Circuit City, Best Buy, Good Guys, Appliance Store and May Co., plus representatives of Philips and Harman Kardon.

Longest VHS tape -- T-200, which plays for 10 hours at EP speed -- finally was introduced by BASF at Consumer Electronics Show, for shipment in fall at \$9.99 suggested list in "extra quality" (EQ) grade. Same length, called E-300, was introduced in Europe in 1989 (TVD Sept 11/89 p10). Debut in U.S. was delayed by extensive testing and reformulation for NTSC recorders.

THIS WEEK'S YEN RATE

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

JVC PROFITS PLUNGE: JVC's consolidated net income collapsed by 88% in fiscal year ended March 31 to about \$15.4 million from \$124.1 million in preceding year (based on yen's current value), while total sales fell 9% to \$6.5 billion from \$7.18 billion. Other Japanese electronics companies also continued to report dismal results, following pattern set by Sony and Matsushita (TVD May 25 p14).

JVC posted recurring loss of \$17.9 million in year "due to a drop in sales and increased sales costs caused by severe competition." Company will cut yearly dividend.

On consolidated basis (including subsidiaries), sales of all product lines except entertainment (recorded music and video) were down from year ago. Video and related equipment sales (representing 41% of total in fiscal year) were off 16%, audio equipment (18% of total) down 5%, TV sets (15%) down 10%, "information-related and other" (10%) down 8%, entertainment (16%) up 7%. Overseas sales (56% of total) were down 11%.

Audio and video sales "have suffered deeply from the slumping domestic market, along with the sudden video equipment sales slowdown during latter half" of last fiscal year, company said, with "lackluster private capital spending" for special equipment and information gear also contributing to drop. JVC cited inventory reduction as result of slow sales in Japan, U.S. and Europe. "The overseas market, including the U.S. market," JVC said, "worsened toward year-end and sales during the Christmas season in the U.S. and Europe were slower than expected."

JVC expects sluggish Japanese economy to continue during current fiscal year "in view of slow personal consumption and severe competition." It anticipates further decline in consolidated sales to about \$6.28 billion this fiscal year, with net income improving slightly to \$17 million. Highlights of other financial reports:

Hitachi consumer products business had operating loss of \$110 million (at 132 yen = \$1), contributing to 45% decline in net income for fiscal year on roughly unchanged sales. Net for latest fiscal year was \$959 million, down from \$1.73 billion, while total sales rose slightly to \$58.4 billion from \$58.2 billion.

Net sales of company's consumer products dipped 4% to \$8 billion from \$8.33 billion, dropping to 12% of company's total sales from 13%. Consumer loss compares with \$13.38-billion profit in preceding year. Company cited "bleak economic operating climate brought about by the recessions in the U.S. and Europe and the slowdown in Japan's economy." Results cover Hitachi, 799 subsidiaries, 22 affiliates.

Toshiba said its pretax consolidated profit dropped 56% on 1% sales gain and forecast 27% profit increase and 5% rise in sales in current fiscal year. **Mitsubishi Electric** pretax profit fell 41% on 1% sales rise, with forecast of further 12% profit decline, while sales inched up 0.2%. **NEC** pretax profit collapsed by 62% as sales rose 2%. It forecast 46% recovery in profit this year, with sales up 4%. **Sharp** consolidated pretax profit fell 19% to about \$570 million.

Go Video reported \$120,683 net profit on \$4.8 million in sales -- its largest net sales quarter ever -- for 3 months ended April 30 (see financial table). In last year's quarter, company posted \$1.4 million profit, including \$3.26 million in net income from settlements of its antitrust cases relating to introduction of dual-deck VCR.

CD-I FMV ENCODING GAINS SPEED: First work stations capable of real-time encoding of full-screen full-motion video (FMV) on CD-I will be available for testing in early 1993, Philips Interactive Media Systems Managing Dir. Gaston Bastiaens said at Chicago Consumer Electronics Show (CES) news conference last week. He also said software producers would be able to acquire non-real-time encoding systems in Sept. Currently, he said, engineers in labs are encoding FMV at about 40 times real time. "By the end of this year, the system will be complete and ready for future enhancements," Bastiaens said, holding mockup of FMV plug-in cartridge he said would retail "below \$200" before year-end.

CD-I player with FMV built in will be available early next year, Bastiaens said, although he declined to give marketing or pricing details. Philips also showed prototype of portable CD-I player with Philips-made 6" LCD screen, due on market next year at less than \$1,500. Bastiaens downplayed role of feature films in overall scheme of CD-I, but in virtually next breath said Philips "early next year" will market 5-disc CD-I changer that, through software, will make quick transition from one disc to next in course of film viewing. Current generation of CD-I can provide up to 75 min. of FMV on single 5" disc that's at least equal to VHS quality, Philips said.

Demonstration at CES last week using clips from James Bond movie and performance of 3 great tenors -- same clips shown to rave reviews at other conferences -- apparently were inconclusive, although quality of screen, rented front projector and lighting quite probably were to blame. Philips executives continued to decline to give specific CD-I sales figures. Bastiaens said only that he expected first calendar year total "will be close" to first year of sales of audio CD players in early 1980s (about 35,000 machines).

FMV adaptor price of \$200 can be met easily with full profit, said Mauro Bonomi of C-CUBE, manufacturer of FMV chip for MPEG encoding. Chip will cost \$50 in "consumer quantities," he said, and other components of plug-in adaptor probably won't cost more than \$25. He said future improvement could more than double compression capability of chip, leading easily to S-VHS picture quality even before development of MPEG-2 higher resolution standard. C-CUBE forecast sales of 50,000 CD-I players this year, rising to 704,000 next year, 984,000 in 1994, 1.65 million in 1995, 2.35 million in 1996.

Elsewhere at show, Denon showed off Digital Video Interactive (DVI) system that it said can display up to 70 min. of FMV. Company indicated it expects system's initial applications to be aimed toward point-of-sale, presentation and institutional applications.

NARDA will host meeting aimed at supporting L.A. area retailers who suffered damage in recent riots. June 12 breakfast, co-sponsored by Key America Far West, AVB L.A. and SEBA buying groups, will feature talk by Hugh Pates, psychology prof. at U. of Cal.-San Diego, who will discuss dealing with loss and looking toward future. Also attending will be representatives of Greenspan Co., public adjusters, advising members on insurance issues. Meeting, to be led by NARDA Dir. Elly Valas, whose main Denver store was destroyed in riot fire, is free, but preregistration is required -- 800-621-0298 or 303-758-4394.

China imported 630,000 TV picture tubes in March, up 50% from year earlier, but only 30,000 TV sets, down 81.6%, State Statistics Bureau said.

SONY DELAYS 27" TV IN PA.: While proceeding with plans to assemble projection TV at its new plant in Westmoreland County, Western Pa., starting in July, Sony is delaying assembly of 27" direct-view TV there for year to mid-1993, officials said last week.

"It's a matter of balancing existing production capacity to meet demand" for direct-view and projection TV, said Sony America Public Affairs Vp Stephen Burke. He denied published reports that delay in direct-view assembly resulted from "worldwide softness in TV products," as stated by Sony spokesman in Pa. Last Feb., picture tube plant at same site was postponed for about year to 1994 first half. Action then was attributed to softness in computer market, which made it possible to supply near future TV tube needs from San Diego plant, which also makes computer monitors (TVD Feb 10 p15).

Installation at Pa. plant is on schedule, Burke said, and 250 workers will be employed by midsummer to assemble new model 41" and 46" projectors to "meet growing demand." Projection sets are assembled now in Tijuana, Mexico (TVD April 20 p16). Plant had been scheduled to start assembling 27" sets in late spring of this year. The 27" sets are being assembled in San Diego, where 19", 20", 27" and 32" tubes are produced. The 19", 20" and 32" sets are assembled in Tijuana.

Sony's new XBR² sets with Super Trinitron (ST) tubes (TVD April 6 p9) are being produced in Japan, as are ST tubes. Burke said it hadn't been decided whether to make ST tubes or assemble XBR² sets in Pa., although Sony officials in past have said tubes "eventually" would be made in U.S. Sony's plans to invest \$370 million in Pa. plant, employ 1,800 and produce million 27" tubes and sets annually are unaffected, spokesman said.



Music is banned from increasing number of trade shows by their managers rather than signing blanket music license agreements with BMI and ASCAP, according to survey by National Assn. of Exposition Mgrs. (NAEM). EIA Consumer Electronics Group (CEG) Gary Shapiro, who chairs NAEM's Industry & Govt. Affairs Committee, said many managers consider blanket licensing fees unfairly high in comparison with fees BMI and ASCAP charge some cable companies. He said more and more managers are finding paperwork requirements too cumbersome to justify effort. CEG pays combined maximum of \$8,000 to ASCAP and BMI for each Consumer Electronics Show, Shapiro said. Blanket license protects rights of participating exhibitors to play music from ASCAP and BMI repertoires, he said, and blanket music license fees generally cost 4¢ per attendee to ceiling of 20,000 attendees.

FTC announced it had reached proposed consent agreements with Circuit City and Good Guys under which chains agreed to adhere to Presale Availability Rule, making manufacturers' warranties available to consumers before sale. FTC complained chains hadn't followed rule by posting warranties or signs letting customers know they could be viewed on request. Retailers admitted no violations, but agreed to inform all managers and asst. managers of their responsibilities. Settlement is subject to public comment for 60 days.

Tandy will show gain of 15¢ per share in quarter ending June 30 as result of sale of Japanese subsidiary that primarily owns real estate, company said. Company representative said sale mainly involved building in Tokyo owned by Tandy.

MINI DISC AT \$620? Development of Mini Disc (MD) "has truly been a family affair," Sony America Chmn. Masaaki Morita told news conference last week on eve of Consumer Electronics Show (CES), in what may have been his last public appearance here. (Morita will be replaced by Ken Iwaki June 26). Event was billed as progress report on U.S. launch scheduled for 4th quarter and to showcase support from such licensees as Aiwa, Alpine, Clarion, Denon, Sanyo, TDK.

But Sony America executives offered few specifics on U.S. rollout beyond details provided day earlier at Tokyo news conference at which company announced "target" pricing of equivalent of \$620 for record/play portable and about \$465 for playback-only takealong. Mainstream news accounts were quick to proclaim MD winner in mythical price war with higher priced DCC models such as Technics version introduced last month in Japan at equivalent of just above \$1,000. Sony executives in Chicago preferred to let parent company do talking on MD marketing specifics. Consumer Products Pres. John Briesch sidestepped questions on U.S. pricing and on more specific availability date than Tokyo's statement that products available in Japan Nov. 1 would be sold overseas by Christmas.

At CES, Sony held first U.S. demonstrations of MD recordability, using minicomponent-size deck labeled "for professional use only." Sony executives said prototype was first to incorporate component circuits, due for sample quantity shipments starting this month. In Tokyo day earlier, Pres. Norio Ohga, referring to list of 33 MD-licensed companies, said there was 34th he couldn't name, raising speculation that it was Matsushita, which has been rumored to be preparing MD licensing announcement. Sony executives in Japan said blank MDs would sell for 1,000 yen (about \$8) and recorded discs would carry same price as CDs.



Photo CD is well on way to becoming standard, latest endorsement coming from Polaroid, major competitor and legal enemy of Photo CD's co-developer Eastman Kodak (with Philips). In deal with Polaroid, Kodak agreed to extend Photo CD system to include ability to digitize instant photos and 35mm prints. Polaroid will supply digital photo scanners on OEM basis to Kodak, which will sell them to photo finishers under Kodak brand as accessory to Photo CD imaging work station. Other photographic companies supporting system are Fuji, Konica and Agfa, while computer makers backing it include Adobe Systems, Aldus, Apple, Autodesk, IBM, NeXT, Olivetti Software, Sun Microsystems. Photo CD players are due this summer at about \$400.

Panasonic, one of last holdouts, has taken out license to build VCR Plus into its recorders, said Gemstar Development Corp., inventor of system. However, Panasonic Consumer Video Vp-Gen. Mgr. Stanley Hametz said company had no current plans to use VCR Plus in its U.S. product, instead will push its Program Director system, which it has claimed is easier to use than VCR Plus. Among other licensees listed by Gemstar in news release are Hitachi, JVC, Mitsubishi, Sanyo Fisher, Sharp, Sony, Thomson (GE, RCA, ProScan, Ferguson), Toshiba, Zenith.

Taiyo Yuden is discontinuing production of audio tape, will switch output of Japan factory to electronic parts. Company earlier stopped output of videotape, but is continuing videotape sales by buying from Singapore companies on OEM basis. It briefly sold its tape in U.S. under "That's" label.

CIRCUIT AND BEST BUY REPORT: Annual reports of Circuit City (CC) and Best Buy (BB) offer interesting tidbits as to how companies operate and where they're going. Earlier, Circuit City posted 38.1% rise in net income on sales of \$2.79 billion (TVD April 13 p15) while Best Buy's profits more than doubled on \$930 million in sales (TVD April 27 p15).

In letter to shareholders, CC Pres.-CEO Richard Sharp said that despite near-term challenges posed by economy and competition, "we believe CC can grow sales and earnings 15-20% annually for several years." Company plans to open 30-35 superstores per year for next several years, he said, but plans are less certain for Impulse mall-based chain, on which Sharp said only that CC "will continue evaluating locations and marketing strategies." Company also said it "continued to test" Impulse last year.

Report said that in last fiscal year, CC installed in 1/3 of its markets new "customer service information system" that "maintains an on-line history of customers and their purchases." System is described as "immediately accessible," and is said to offer "direct marketing opportunities based on customer purchasing patterns and history." System is scheduled to be installed in all stores.

CC blamed its 3rd straight year of declining superstore sales per selling sq. ft. on difficult economy and strategy of concentrating its stores more heavily "to more completely cover the trading areas within our markets." Figure of \$1,083 last year was down from \$1,141 in prior year and \$1,288 year before that.

CC claimed 23% of CE business and 10% of major appliance sales in its markets last year, for 18% total store share. Its total CE volume represents 9% of national CE sales; combined CE-major appliance share is 7% of national total, company said. It offered following sales breakdown (with 1991 comparisons: TV 23% (-1 percentage point), VCR 20% (-2), audio 20% (-1), appliances 19% (+1), other electronics 17% (+3). Results in last category reflect growth in portable audio and especially in personal computers and related products.

Computer business also has given notable boost to Best Buy. Home office products accounted for 22% of its sales last year, up from 14% year earlier, more than doubling to \$203 million. Other categories: Video (including TV) 28% (down 4 points), audio 22% (-2), appliances 13% (-1) and entertainment software 7% (+2), with sales almost doubling to \$67 million and expected to more than double in current year.

This will be year in which BB's annual sales pass \$1-billion mark, Chmn.-CEO Richard Shulze said in report, and "would like to accomplish a minimum average annual revenue growth rate of 25% for the balance of this decade." At same time, though, BB "anticipates that as a result of continued expansion, changes in product mix and increased competitive pressure from discount stores and warehouse clubs, its gross profit margins will likely decline" this year. Company cited planned Aug. opening of new distribution center (DC), company's 2nd, in Ardmore, Okla., as key to growth, saying it would service 49 of 103 BB stores to be operating by year-end. Between them, 2 DCs have potential to handle 140 stores, report said. BB also said improved information systems helped it increase inventory turns to 5.1 from 4.5 in 1991.

* * * * *

Best Buy Pres.-COO Brad Anderson denied published report that company had committed to entering Indianapolis

market in fall. However, he did confirm that BB "is looking at real estate" there and could open this year if circumstances permit. Anderson wouldn't specify kinds of locations Best Buy is eying, but shot down speculation it would take over group of Highland locations in Ind. Best Buy earlier announced plans to open 30 new stores in current fiscal year, at least 15 in Chicago area, but hadn't previously said anything about Indianapolis expansion.

EMERSON SUES FIDENAS: Charging Fidenas Investment Ltd. with "illegal scheme to take control of Emerson," Emerson Radio last week accused Fidenas and its officers of violating federal securities laws by failing to make "appropriate... disclosures about the identities of those who control and manage Fidenas, the source of funds it used to purchase Emerson shares and its plan and intentions to control Emerson." At same time, Emerson announced it had reduced its net loss more than half in first quarter (see financial table).

Fidenas, Emerson's largest stockholder, has proposed its own insurgent slate for election to Emerson board at July 7 annual meeting. Included in slate is Martin Holleran, ex-Thomson Consumer Products, who would become pres.-COO if insurgents were elected (TVD May 25 p15). Emerson filed suit in U.S. Dist. Court, N.Y., charging disclosure violations make Fidenas's acquisition of its stock unlawful, and market for its shares has been "manipulated and disrupted." Fidenas couldn't be reached for comment by our deadline.

Emerson, meanwhile, reported that it had raised more than \$18 million from 3 suppliers and obtained commitment from lenders for restructuring of its debt. Noting sharply reduced loss, company said more than half of that -- \$3.7 million -- came from restructuring charges and said that first-quarter loss had been anticipated "primarily because of the seasonality of the business." Net sales were up 7%, and sales of Emerson's "continuing core business products" rose 27%, while gross profit climbed to \$11.8 million from \$2 million.

Emerson also said Fidenas had reinstated for one week its proposal to invest \$32.5 million in Emerson stock and warrants in exchange for control of Emerson board and other conditions. Emerson board said it would consider unconditional proposal if its counsel ruled it was legal.

Pioneer introduces "ProVision" series of projection TVs, all with proprietary black screen, 3-line digital comb filter, Dolby Pro-Logic 5-channel amplifier. Like ProVision, lower priced standard line features short-focus lens system and digital convergence. All except one model have PIP. Standard models start with 40" at \$2,199, with 770-line 45" (without PIP) at \$2,099, version with PIP at \$2,299, ProVision 45" at \$2,899, standard 50" model with 830 lines at \$2,699, ProVision 50" at \$3,199, ProVision 50" with doors \$3,599 and two 55" ProVision models at \$3,699 and (with doors) \$4,099.

JVC adds 2 VHS-C camcorders to line: GR-M3U, with one-lux sensitivity, 8x zoom and auto head cleaner, has new feature called Twilight Mode, which automatically adjusts all settings for such events as sunset, fireworks, etc. Unit also has widescreen (cinema) mode, age insert, black fade, lists at \$1,000. GR-M5 has same features plus 2-sided remote control unit, with basic controls on one side and more sophisticated controls such as animation, variable time lapse, insert edit and auto dub on other. List price is \$1,100.

TELEVISION DIGEST

Published Weekly Since 1945
With Consumer Electronics
(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

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

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Consumer Electronics Personals

Fumio Sato, 63, longtime Toshiba employee, named to become pres.-CEO of Japanese parent company June 26, succeeding Joichi Aoi, 66, who will become chmn... Dean Foster, ex-Alpine/Luxman, joins Infinity Systems as car audio mktg. and sales dir... Nicky Lee advanced to PolyGram Video mktg. services mgr., new post... Michael Sellars, ex-Baker & Taylor and Federated Group, joins Barr Films as special markets mgr... James Scully named senior vp, sales, Epic Records, serving as primary sales liaison with Sony Music Distribution Branch system.

TV set-buying intentions were down slightly in May, according to Conference Board, which said preliminary results showed 6.5% of families surveyed planned to buy set within 6 months. In April, 6.7% expressed intentions to buy, and figure for May 1991 was 7%. Highest in last 6 months was 7.7% in Aug., and lowest was 5% in June 1991. Confidence in economy is rising -- May Confidence Index (1985=100) was 71.6, up more than 24 points since Feb.

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
Emerson Radio			
1992-qtr. to March 31	171,498,000	(6,976,800)	-- ^a
1991-qtr. to March 31	160,388,000	(14,972,000)	-- ^a
Go Video			
1992-9 mo. to April 30	11,492,825	(931,086)	--
1991-9 mo. to April 30	10,776,892	446,614	.05 ^b
1992-qtr. to April 30	4,842,743	120,683	.01
1991-qtr. to April 30	1,071,453	1,431,171	.14 ^b
Hitachi Ltd.^c			
1992-year to March 31	58,387,556,000	959,481,200	--
1991-year to March 31	58,172,639,000	1,730,714,200	--
Video Display			
1992-year to Feb. 29	54,509,000	1,682,000	.41
1991-year to Feb. 28	54,113,000	1,552,000	.38
1992-qtr. to Feb. 29	14,585,000	216,000	.05
1991-qtr. to Feb. 28	12,672,000	(273,000)	--

Note: ^aAfter special charge. ^bIncludes special credit.
^cAt rate of \$1 = 133 yen.

What's "Dogasys?" If you really want to know, it's not a canine disease but new karaoke system introduced in Japan by DK Media Lab, subsidiary of Daiichi Kosho, country's largest karaoke distributor. Dogasys can store as many as 800 CDs recorded with video using Intel's DVI (Digital Video Interactive) system, as opposed to karaoke changers' normal capacity of 144 laserdiscs. Video sequences are played back from audio CDs using CD+Graphics system. Singer may select which video to accompany each song, or can trust Dogasys to make decision. Prices and export plans haven't been announced.

Sluggish first 2 weeks of May followed strong April in sales to dealers of major video products, according to EIA figures (see State of the Industry). Only categories with gains in first half of month are TV/VCR combos (up 7.9%) and laserdisc players (up 1.7%). Camcorders, whose unit sales were ahead 16% at end of April, were off 31.5% so far in May. Other categories showing declines in month: Projection TV (off 21.4%), VCRs (off 19%), color TV (off 9%). For year to date, though, unit sales in all categories covered by EIA on weekly basis were running ahead of last year's pace.

Nintendo expects its sales of hardware and software for Super NES (and Japanese counterpart Super Family Computer) to rise 66% to \$2.39 billion in current fiscal year to April 1, 1993. In revised forecast, it said it expects record profits of about \$1.3 billion, up 6% from record set in year just ended (TYD May 18 p19), on 6% sales increase.

NARDA Institute for Business Management July 25-29 at Vanderbilt U., Nashville, will feature 33 classes covering such topics as family business, personnel, general management, advertising and promotion, selling, finance. Fee of \$495 covers tuition, dormitory, meals -- 708-953-8950.

Japanese camera makers posted poor results for fiscal year ended March 31, Minolta reporting \$199-million post-tax loss, \$130 million of that due to settlement of patent dispute with Honeywell. Nikon reported 62.4% drop in pretax profits, while Ricoh's pretax net dropped 70.7%.

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JUNE 8, 1992

VOL. 32, NO. 23

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

NEW INDECENCY BAN for TV-radio advanced by Senate as part of CPB budget bill. White House threatens veto over spending provisions. Quality of public TV decried. (P. 1)

CBS PLANS 15-25% CUT in affiliate compensation. Stations promise rebellion. Largest markets would get biggest cut, middle 20%, smaller 15%, totaling \$16-\$20 million. Affiliates: 'Totally unacceptable.' (P. 3)

ABC TRIES TO ALLAY FEARS of affiliates on PPV, suggests joint station-network committee to study issue, particularly proposed on-air promotion. Burke optimistic on future. (P. 3)

DINGELL BLASTS RADIO RULE as unfounded, based on 'no analysis whatsoever.' Sikes defends decision, seeks hearing. Dingell likely to comply. Radio rules comments. (P. 5)

CABLE BILL HUNG UP on program access dispute. Satellite programming allies in House said to be reluctant to compromise. Dingell seeks industry talks. (P. 5)

INTEGRATION CREDIT HIT in comparative licensing comments. Three-year ownership backed. Most concerned about points system, auxiliary power credit. Minority preference supported. (P. 6)

FCC DROPS 20 COMPLAINTS against controversial PTV show. Neither stations nor attorneys notified. Complainants invited to restate concerns at renewal. (P. 6)

NEW CURBS ON INDECENT TV-RADIO PROGRAMMING: TV-radio industry faces prospect of new curbs on indecent programming with overwhelming 93-3 Senate vote June 3 for pre-midnight ban. Proposal was among nearly dozen changes debated for CPB budget bill (S-1504) before it was approved, 84-11, next day. Senate defied Bush Administration veto threat and beat back, 22-75, Republican proposal to reduce CPB's forward funding sharply.

Indecency proposal calls for curbs on carriage of such programming before midnight by all except public TV (PTV) stations that go off air at midnight. Latter could carry such programs 10 p.m.-signoff. Offered by Sen. Byrd (D-W.Va.) with support of Communications Subcommittee Chmn. Inouye (D-Hawaii), proposal was directed at what he called "smutty" programming that he said glorifies "gutter speech and antisocial behavior" and is little more than "packaged corruption for the soul." Amendment would reduce children's exposure to "the profanity, the vulgarity, the violence and crudeness" of U.S. TV, Byrd said. Proposal falls far short of 24-hour ban that Byrd said he preferred, but at least "we can get this corrupting, unfit 'mental junk food' off the air [during hours] when our children are most likely to be watching and listening... We need protection from the salacious and prurient imaginings of irresponsible scriptwriters."

Consumer Electronics

APPLE, TOSHIBA in major alliance to develop and produce computer-related consumer and commercial products. Is 'Sweetpea' flash memory CD-ROM the first? (P. 11)

PUBLIC CES A HIT with most exhibitors and Chicago area dealers, with 98,720 consumer attendees, but it may not do anything to revive summer trade show. (P. 11)

TARGET PRICE FOR 16:9 widescreen 34W" set by Thomson at \$4,000-\$5,000, but company hopes to bring it down to price of 35" 4:3 when tubes are made in U.S. (P. 13)

PEN-BASED PRODUCTS beginning to proliferate: Sharp shows new Wizard here and new 'notebook' in Japan; Motorola and Samsung announce venture. (P. 14)

8mm Hi-Fi DECKS to be offered by Samsung and RCA this year as adjuncts to camcorders. Samsung plans dual-deck 8mm/VHS model similar to Go Video's. (P. 14)

'DEATH OF THE SALESMAN' is headline of ad Highland used last week to unveil to consumers new mktg. plan using noncommissioned 'customer advisers.' (P. 15)

AUDIO RECORDER ACT establishing royalties on digital recorders is cleared by committee to House floor. (P. 15)

MULTIMEDIA BULLS & BEARS argue at N.Y. seminar. CD-I criticized and defended. (P. 16) Sony to market CD-ROMs like audio recordings. (P. 17)

Byrd amendment was designed as response to recent U.S. Appeals Court, D.C., decision that declared Senate's earlier 24-hour ban was unconstitutional. However, there were indications "safe harbor" approach limiting curb to hours children were most likely to be in audience might withstand constitutionality test. "I was surprised and dismayed by the Court's decision," said Sen. Helms (R-N.C.), original ban advocate, in prepared statement. (He was recovering from heart surgery in N.C.) He endorsed Byrd's proposal, but promised further legislation if it's overturned by courts. Bush Administration issued veto threat for bill but focused on proposed spending levels without commenting on indecency provision. NAB said proposal "unconstitutionally restricts speech which the courts have found to be protected by the First Amendment," and if measure becomes law, Assn. will consider "joining with others to challenge it in court."

PTV's program content also was subject of concern, with attack led by Senate Minority Leader Dole (R-Kan.). In hour-long speech, Dole focused on what he described as PBS's "chronic tendency" to produce documentaries that "lean to the left." He hit Frontline in particular, as well as what he called public broadcasting's regular "dreary, gloom and doom reports" on what's wrong with U.S. and its questionable taste in such programs as "Tongues Untied" (see related story, this issue) and "The Lost Language of Cranes," both about homosexuals.

"One of the mandates of public broadcasting... is to serve the diversity of the American population," Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) said. "That means programming for and about segments of society that are represented by small groups or a minority of the audience... What we must remember is public broadcasting programs are... sometimes provocative... Informing and challenging people to think about what's right and what's wrong in our society is part of the mission... When they succeed, there will always be some who disagree with what they see and hear."

However, Dole effort to strike back at public broadcasting through its Independent TV Service (ITVS) fell to strong bipartisan counterpressure from PTV defenders. He was forced to settle for passage of watered-down amendment directing CPB board to review objectivity and balance of national programming and to fund "balancing" shows if it found shortcoming in any area. His proposal to eliminate ITVS ended up as requirement that its program grants be spread out more among filmmakers across country.

Objectivity and balance proposal would require CPB regularly to review national programming supported by Corp. financing from govt. for "quality, diversity, creativity, excellence, innovation, objectivity and balance." In assurance that public broadcasting specifically sought, Dole admitted board wouldn't have, "and this amendment doesn't grant," authority to dictate what public broadcasters put on air. But he said that "if the board finds it needs additional authority to successfully enforce the balance standard, this senator believes that request should be made in the annual report to Congress" mandated by proposal. "The board cannot simply wash its hands of this legal requirement, for that would be in direct conflict with this law." Commerce Committee Chmn. Hollings (D-S.C.) stressed that proposal "in no way impinges on the editorial freedom and independence of producers" -- major concern of all broadcasters.

Watered-down objectivity amendment was accepted with relief in public broadcasting, which had feared tougher outcome. CPB Chmn. Sheila Tate said Senate action reaffirmed Corp.'s confidence in current system under which public broadcasting can receive federal support and remain "independent organization, free from the concern of government interference in First Amendment-protected matters." APTS Pres. David Brugger said Senate had acted in good faith: "Our concern was to protect the editorial integrity of public broadcasters and the principles of noninterference by the government in the programming choices of PBS, NPR and the stations."

Republicans led by Sen. Lott (R-Miss.) also hit legislation's planned 50% increase in CPB funding to \$1.1 billion in FY 1994-1996, as unconscionable in current federal deficit crisis. "We simply can't pay for all the good things we 'have to have,'" Dole said, after castigating PTV as govt. entitlement program for the rich.

Administration agreed with Senate Republicans in veto threat issued by Office of Management & Budget (OMB). President Bush wants sharp cuts in CPB forward funding, OMB said, including: (1) Elimination of \$42-million 3-year annual appropriation for NTIA's Public Telecommunications Facilities Program (PTFP), move denounced on Senate floor by bill's sponsors. (2) Reduction in CPB federal support to \$275 million in FY 1995. Lott amendment would have frozen CPB funding at \$275 million in each of FY 1994-1996. Amendment was rejected, 22-75, after Sen. Stevens (R-Alaska) emphasized federal support already accounts for only small portion of public broadcasting funding. Bill's wide margin of victory in Senate, in which 19 Republicans joined 65 Democrats on passage, should make any veto unsuccessful. Word from House was that most of changes had been precleared there, with exception of indecency ban that no one expects lawmakers to oppose. Senate changes still must be accepted formally by House before bill may be sent to Bush.

CBS PLANS 15-25% CUT IN COMPENSATION, AFFILIATES REBEL: CBS TV affiliates got word they long had expected from network May 30 at close of convention in N.Y. -- 20% aggregate cut in station compensation, effective Jan. 1, which would save network \$16-\$20 million annually, plus network takeback of \$4-\$5 million in spots from daytime and Sat.-Sun morning. This means, said CBS, "\$20 to \$25 million net" income for network's bottom line.

Affiliates' reaction was totally negative, with one former chmn. of CBS affiliates' board calling it "a move in the wrong direction." "Very, very ingenious," said another affiliate executive: "I take my hat off to them, but it's totally unacceptable." Responded CBS Affiliate Relations Pres. Tony Malara: "Our action was telegraphed... We didn't expect the affiliates to stand up and cheer or send us flowers.... This will keep us competitive." Move came after months of negotiations with affiliates' Futures Committee that broke down in April (TVD June 1 p4). CBS had given no indication to stations what new plan would entail until it was presented at closed meeting in N.Y., and network said all affiliation contracts would be renegotiated before Jan. 1, leading group executive to tell us: "We have no idea what we'll be negotiating."

Cathleen Creany of WTVH Syracuse, chmn. of Futures Committee, said she hopes for affiliates' meeting "soon." She said affiliate leaders are "taking the pulse" of stations on variety of options, including simply refusing to pay charge for popular shows, making up lost revenue by "rampant preemptions," even refusing to sign affiliation contracts: "It's hard to say yet what the affiliates will do."

Basic to plan is CBS "affiliation charge" to stations for popular, high-rated programming, amounting to 25% in top 100 markets, 20% in markets 100-150, 15% in markets smaller than top 150. Charge actually would be paid to affiliates, which then would be required to return money to CBS. Result would be to reduce net compensation to stations to about \$100 million next year from \$120 million this year. (NBC compensation in 1991 was about \$115 million, ABC \$107 million.) CBS also is creating \$4 million "bonus fund" to reward affiliates for "performance, clearance and support."

Malara said network is restructuring "our economic relationship [with affiliates] by the establishment of a new 'affiliation charge' to reflect the 'added value' your station derives from our network's entertainment and sports programming, advertising, promotion, sales and marketing efforts, news and public affairs. This charge represents a contribution to the maintenance of the network/affiliate system." He gave no details, but said: "Common sense says that we should not pay the same amount for 60 Minutes or Murphy Brown as opposed to other programs that are not as highly rated. These reallocations are not intended to reduce compensation but to use our compensation dollars more wisely."

In talking with affiliate executives, we found no one who would comment on record, although several told us they probably would later. Some stations have issued call for special meeting -- without network executives -- to discuss what to do. "Obviously, the cut is going to be more than 20%," one said. "We don't even know what the formula is... It's the start of a 2nd revenue stream [for CBS]. I think it's totally unacceptable." Head of group with 3 CBS affiliates told us new round of cuts would result in 52% drop in compensation for those stations since 1988.

Affiliate told us: "If it's such a partnership... those are the kind of things that should be worked out together... It's a fundamental change in the relationship and that's dangerous." He called CBS mandate "a very insidious, well-thought-out plan but I don't think the affiliates will buy it... There's got to be another meeting and it shouldn't be with the network present." There's talk of organized affiliate opposition to CBS plan.

Malara presented plan in 3-hour closed meeting, and he and CBS Best. Group Pres. Howard Stringer then answered what was described as series of "tough" questions from affiliates. CBS Pres.-CEO Laurence Tisch wasn't present, although he had met with Futures Committee until after midnight May 28, but stations were given no details of compensation plan at that time. Said Malara at May 30 meeting: "CBS has no intention of eliminating or phasing out compensation, which will remain a critical part of the future relationship" with affiliates. However, he expressed concern that existing compensation "does not fully reflect the complex nature of the relationship, in which the benefits flow both ways."

ABC ATTEMPTS TO ALLAY FEARS ABOUT PPV Major concern of ABC TV affiliates at June 4 closed meeting in L.A. with network officials was network plan to offer college football games this fall on cable pay-per-view (PPV), and Cap/ABC executives did their best to allay those fears. Stations are upset by network's plan to promote PPV games over air and fact that affiliates (which will be airing game at same time as PPV games could be offered in their markets) would be competing with themselves for audience.

Network and affiliates are expected to attempt to resolve dispute with joint committee to work out agreement.

Cap/ABC Pres.-CEO Daniel Burke and Sports Pres. Dennis Swanson stressed that PPV games will be experiment only, that network will do nothing to "jeopardize" free TV. Burke said PPV "is going to come but it's not going to be the tomato that ate New York [and] it cannot work without substantial local promotion." He said college football games Cap/ABC plans to put on PPV this fall constitute "unused inventory upon which we are losing money." Swanson said plans for promotion of PPV games still are in exploratory stage. Joint committee to be formed also is expected to explore ways that affiliates can share in revenue from PPV. Said Edward Reilly, pres. of McGraw-Hill Bestg. and leader in move: "At this stage of the game, everybody is looking for a new stream of revenue."

Network predicted that maximum PPV national audience for any one game would be 35,000. Burke said ABC is losing money on college football but pledged no sports now on free TV would be "siphoned off" to cable or PPV. Affiliates also heard reports on HDTV and Washington activities. Cap/ABC Gen. Counsel David Weston said network will support FCC proposal to permit dual networking but has no specific plans.

Burke, outlining plans and goals of Cap/ABC in several areas (but giving few details), said that while 1991 was "a difficult year... the network's future is sounder than it was a couple of years ago... I'm optimistic about the future." He said company would "love to buy more" TV stations -- if permitted to do so by FCC -- and affiliates could view that as symbol of Cap/ABC's commitment to free, over-air broadcasting. Responding indirectly to recent statement by FCC Chmn. Sikes on gloomy prospects for TV, Burke said if his children asked (all are grown), he would recommend that they make career of over-air broadcasting. As for expanding company's ownership of radio stations, he said: "There's nothing on the griddle now."

Half-dozen group executives we talked to who attended both CBS and ABC affiliate conventions said mood at ABC was far more positive than at CBS -- which is engaged in bitter dispute with stations on compensation (see separate story) that's sure to continue for several months.

Truncated business session June 3 opened with announcement (and laughter) by Exec. Vp-Affiliate Relations George Newhi that ABC is "No. 1 -- alphabetically." He also was applauded when he promised "no surprise announcements" about compensation (TVD June 1 p4). Newhi and research chief Alan Wurtzel stressed network's success in May sweeps -- despite fact that it finished 3rd, with only 0.4 of a percentage point separating 3 networks in closest sweeps month ever. Newhi said ABC is first in audiences 18-49 -- demographic at which new fall schedule is aimed. Advertisers, he said, won't buy spots in programming popular with 55-and-over audiences. "We have a lot to look forward to and celebrate," he said.

ABC News Pres. Roone Arledge (recuperating from prostate operation and speaking to affiliates via videotape from N.Y.) was joined by ABC TV Network Group Pres. John Sias (in person), in making plea for increased clearances by affiliates -- particularly for 11:30 p.m. Nightline. Sias said that Ted Koppel-hosted program has only 67% live clearances.

Arledge also said clearance "slippage" has been heavy on Sat. mornings -- "our only opportunity to reach our future viewers." Arledge, who said he was missing his first affiliates' convention in 20 years, said: "We are at a crossroads with Nightline" and there's "a great possibility" program will go off air if live clearances don't improve. Many stations, particularly in central time zone, delay program to 11:30 p.m. from 10:30 p.m. to air profitable syndicated programming. With Johnny Carson off air, Arledge said Nightline has good chance to lead its time period if more stations air it live.

ABC live news presentation was led by Koppel and included surprise guest that Arledge always has provided. This time it was Democratic presidential candidate Bill Clinton and his wife Hillary. Clinton (escorted to Century Plaza Hotel by 14 motorcycle policemen, 4 police cars and unknown number of Secret Service agents) answered questions for about 30 min.

ABC TV affiliates expanded board by one, making room for Cox Bestg.'s Andrew Fisher to be elected as representative of group owners. Also newly elected to board: Deborah McDermott, WKRN-TV Nashville; John Sawhill, WJLA-TV Washington; Carlos Fernandez, KMIZ Columbia, Mo. Peter Desnoes, Burnham Bestg., has another year to go as chmn.; John Garwood, WPLG-TV Miami, was reelected vice chmn.; Fisher treas., Fernandez secy.

DINGELL ATTACKS RADIO RULES: In unusually strong letter blasting FCC, House Commerce Committee Chmn. Dingell (D-Mich.) said Commission has "no analysis whatsoever supporting the specific changes" in radio ownership limits (TVd March 16 p2). Letter to FCC Chmn. Sikes said "careful review" of agency's documentation on decision "leads inescapably to the conclusion that the Commission is preoccupied with the profitability of the radio business, and cares little about the benefits of diversity to the public."

Sikes replied that FCC decision was "amply justified... and the decision-making process was both thorough and analytical. If Congressman Dingell disagrees, it would be my hope that he would hold a hearing." Dingell is "highly likely" to hold oversight hearing on FCC decision, staff aide said.

"While the staff has apparently served the commissioners well by culling from the record material necessary to support the Commission's decision, it appears that this is a case of post hoc decision-making in which the facts have been manipulated to fit the conclusions of the commissioners," Dingell said.

Dingell said he concluded that FCC "worries about the health of large group owners, and gives scant attention to the likely effect its decision will have on small operators." He said analysis appeared to be based on antitrust law, but FCC "failed to recognize that policy arguments supporting diversity in the ownership of media outlets are fundamentally different than traditional antitrust considerations..."

Meanwhile, several broadcasters charged in petition to FCC that radio ownership rules would burden TV stations by requiring them to keep records of all time brokerage agreements, potentially including network affiliation and barter deals. Other filings said rules would limit minority ownership and ignore economic realities and new tax rulings. Osborn Communications urged FCC to implement new ownership limits quickly to end uncertainty.

New regulations for TV stations require that all commercial broadcast licensees maintain copies of brokerage deals in public files, according to filing by law firm Leventhal, Senter & Lerman, representing unnamed TV clients. Rule isn't limited to radio and there's no definition of brokerage agreement, firm said, so "virtually any agreement by which a program supplier retains the right to sell commercial spots [including] most network affiliation and barter agreements would be included."

Media Access Project said rule was based on industry-generated figures that "make the broadcast industry appear to be in worse health than is truly the case." FCC also ignored recent Tax Court decision allowing broadcasters to amortize licenses, which would increase station value up to 10%, MAP said. League of Latin American Citizens said that FCC could solve financial problems of radio broadcasters by expanding its failed station waiver policy, and that new rules would reduce minority access to broadcast stations by boosting station prices and reducing overall employment.

Osborn said it "disagrees with the NAB's objectives" in seeking lower ownership limits (TVd June 1 p5) because even with new rules "radio ownership in the nation could not even begin to approach the concentration levels of print media or cable." Osborn owns or manages 18 radio and 5 TV stations.

CABLE BILL HUNG UP: Program access was holding up final action on cable legislation (HR-4850) by House Commerce Committee last week, with delay centering on reluctance of Rep. Tauzin (D-La.) to permit provision to be stripped from bill in interest of avoiding messy jurisdictional battle with Judiciary Committee, sources reported. Tauzin was said to be under pressure from Chmn. Dingell (D-Mich.) at end of week to accept deletion of provision in exchange for guarantee of right to offer amendment on House floor to restore language. Wrangling left panel unable to include markup in announcement June 5 of its plans for this week.

Committee problem is sparked by confirmation by parliamentarian's office that program access section as currently drafted will trigger bill's referral to Judiciary if maintained in final version passed by Commerce Committee. Dingell has decided he wants to avoid referral, aide confirmed, and is "looking for a mechanism" to accomplish objectives.

However, supporting Tauzin's right to offer amendment on floor would make it impossible for him to bring HR-4850 up for vote on House suspensions calendar under which only noncontroversial items may be considered, as some in industry said they understood he had hoped to try. On other hand, to secure place on suspensions calendar, under which no amendments are permitted, Dingell would have had to allow retransmission consent language to be removed, possibly angering others on panel. He's considering following that course, nonetheless, and leaving issue to be resolved in House-Senate conference committee. "There's no question that program access is the key to the puzzle," said one source.

Risks are high with either option, sources said, but broadcast industry officials said they would be willing to go along on retransmission consent because of strong Senate support for its comparable language. Tauzin and satellite industry allies apparently were reluctant to accede to their portion of scenario, which prompted Dingell last week to seek industry compromise, aide confirmed. At Dingell's request, NCTA and Satellite Best. Communications Assn. (SBCA) met several times last week on whether there "could be any basis for compromise," we're told. Talks were inconclusive, except that Tauzin was reported to have been in contact with SBCA after first meeting, demanding that industry officials hang tough on provision. His aides had no comment. There's additional complicating factor -- Dingell announced at recent markup that nationwide rail strike looms week of June 21. He said that if it occurs, all other Committee activity would have to take back seat until situation was resolved.

Meanwhile, Major League Baseball (MLB) was working back rooms seeking sponsor for amendment that would require cable systems to black out distant signals whenever broadcast stations or cable networks have local rights to telecast of same event. No sponsors were said to have emerged yet, and proposal's prospects weren't bright, given that it would be offered as amendment to retransmission consent provision. Proposal was being opposed strongly by Turner Bestg. System, Tribune Bestg. and United Video, whose argument that proposal would cause loss of sports programming on superstations and possible death of some superstations was said to be playing well to fears of those in Congress seeking to protect free sports TV. At least 5 Committee members reportedly met last week on sports provisions, including on effort for amendment to curb migration to pay-per-view (PPV). Latter apparently is being led by Committee members Kostmayer (D-Pa.) and Sikorski (D-Minn.), who long have advocated separate legislation on issue.

INTEGRATION CREDIT HIT: Eliminating integration credit for broadcast comparative hearings was backed by most commenters in FCC rulemaking (TVD March 16 p6), although public broadcasters and joint filing by minority and public interest groups supported credit. Most comments endorsed requiring licensee to keep license 3 years, as well as eliminating credit for auxiliary power supply. Most expressed concern about FCC's proposed points system for weighing applications.

Competitive environment provides "ample incentive" for stations to meet local needs, Cap/ABC said in criticism of comparative hearing integration credit: "There is nothing inherent in the management of a station by an on-site owner that leads to superior local service." NAB, citing recent loosening of radio ownership rules, said integration credit fails to acknowledge efficiency of group ownership and is "irrational" contradiction to radio ownership policy. But joint filing by Black Citizens for Fair Media, Media Access Project and minority and church groups said local owners have closer connection to community.

FCBA said it's "particularly concerned" about proposal to award points for each credit and select license winner based on point total. It said that system could encourage "sham applications" and that there's still need for discovery and cross-examination to verify claims. AWRP called points "inflexible mechanism" and said system may create "lottery-type scheme." Rulemaking asks comments on whether lotteries should be used to break point ties. NAB said FCC should reject any random selection process, and Black Citizens group said point system is unlikely to reduce litigation.

Most comments supported 3-year rule, although Cap/ABC said FCC should waive rule for "compelling circumstances." Black Citizens group said goal of encouraging diversity of ownership is "frustrated by licensees' ability to transfer their station after only one year of operation," possibly to group that doesn't meet diversity goals. Most comments supported continuing preferences for minorities and women, although CBS said standard for awarding minority credit should at least be as high as for distress sales or minority tax certificates (at least 20% minority ownership). Joint filing by Women In Communications, Women's Bar Assn. and feminist and gay groups said Congress had "expressly forbidden" Commission to abandon or weaken minority and female preferences.

Credit for proposed programming was attacked by networks and others. CBS called proposals "mere paper promises" and NBC said "past record of performance is the best indicator of future service." Black Citizens said FCC should continue preference for promised programming of local or minority interest. FCBA attacked overall rulemaking as "vague," saying it didn't include specific rules on which to comment. AWRP agreed there were no details on how point system would work. NAB said FCC should focus attention on new standards for comparative renewal hearings for existing broadcasters, saying existing separate renewal rulemaking could reduce number of hearings. NBC said FCC's proposal should apply only to new licenses and for comparative renewal hearings if broadcaster hasn't earned renewal expectation.

APTS and NPR jointly recommended maintenance of current noncommercial criteria, with additional guidance, but National Federation of Community Bestrs. (NFCB) urged that current standards be replaced with criteria to foster diversity of programming. It recommended weighted point system rewarding applicants that propose minority

controlled boards, have no broadcast station in their service area, deliver noncommercial signal to "a significantly greater area or population," are locally controlled and originate most programming.

FCC DROPS COMPLAINTS: FCC 3 months ago quietly dropped indecency complaints against controversial PTV program "Tongues Untied," but invited complainants to refile concerns as affected stations come up for renewal. In unannounced action, Complaints & Investigations Branch on Feb. 28 dismissed more than 20 documented (including taped) complaints against PTV stations for airing show about black homosexuals. However, Commission didn't alert either affected stations or their lawyers and didn't disclose action as part of its daily news announcements.

Program, July 1991 episode in PBS "point-of-view" series POV, was frequent target of conservative criticism in congressional debate on funding for public broadcasting, which Senate last week passed after 6-month delay (see related story, this issue). FCC action came month after Republican presidential challenger Patrick Buchanan began using campaign ads attacking National Endowment for the Arts for funding show.

Several attorneys who represent stations against which complaints were lodged expressed surprise last week that they hadn't been notified of dismissals, but Roger Holberg, supervisory attorney for FCC branch, said it "typically" doesn't notify stations unless it's investigating indecency/obscenity complaints. All of "Tongues Untied" complaints, we're told, were dismissed routinely because show aired after 8 p.m., which FCC considers "safe harbor" for allegedly indecent broadcasts. "While we agree that the subject material may be offensive to many," FCC Complaints & Investigations Branch Chief Edythe Wise told Holland, Mich., complainants in one letter of dismissal, "we are simply unable to find the necessary legal basis for further Commission action. Nevertheless, we will place your complaint in the stations' files. You are free to bring this issue to our attention as a public interest concern when the licensees come up for renewal." Attorney Larry Miller, whose firm represented at least 2 stations against which complaints were filed, was critical of that language, terming it "a gratuitous invitation to complain about [programming] already found not to have violated any Commission rule or policy."

FCC avoids being compromised when employees are detailed to other agencies by ensuring that they are sent out "only when they will further the goals and objectives of the Commission, and then only after approval by the senior Commission management," Chmn. Sikes told House Commerce Committee Chmn. Dingell (D-Mich.). He was responding to recent inquiry regarding James Gattuso, deputy chief of Office of Plans & Policy who's on detail to White House Council on Competitiveness until June 14 to help write telecommunications policy position statement for Administration. Dingell was worried about impact employees on loan could have on FCC activities. Detailing employees is unusual and "a detailee isn't considered part of the Commission's decision-making staff and is subject to the Commission's 'ex parte' regulations," Sikes said. Gattuso is only FCC employee currently on detail, he added. Dingell is concerned about cross-influences and ability of FCC to maintain its independence, neither of which Sikes appeared to see as problem. Competitiveness Council has been sharply criticized by news media as extra-governmental body heavily influenced by business and for working in secret.

MULTIVISION TO USE DIGICIPHER: Mexican cable programmer will become first user of digital video compression for satellite delivery of programming to cable headends, beginning by late summer. General Instrument (GI) signed deal with Mexico City-based Multivision for 2 satellite uplinks and receivers for about 115 cable headends, all using DigiCipher video compression. Multivision will deliver programming first throughout Mexico, but eventually plans to use either Intelsat or PanAmSat to cover all of Latin America.

First redundant DigiCipher uplink will be delivered this summer, with capability at start for up to 6 video channels per transponder and ability to expand to 10 channels. Multivision will receive 2nd uplink by early 1993, GI said. GI said it can't release cost figures because it's involved in stock offering. Eventually, Multivision expects to make programming available to satellite home dish market, and GI expects to be involved, but home dishes aren't part of first contract, companies said.

Multivision is providing few details on programming to be uplinked via Mexican Morales bird, but said it has deal with United International Pictures, which distributes films for MGM, Paramount, Universal Pictures. At least some of channels are expected to be pay. Morales satellite serves only Northern Latin America, but Multivision said it's working on agreements in Argentina, Venezuela and elsewhere for eventual separate satellite feed to rest of S. America. Multivision is subsidiary of large Mexican family-owned company, JV Corp., which owns strings of gas stations and restaurants, FM stations, Teleray production facility, Mexico City wireless cable system and version of GI's Digital Cable Radio, also distributed by wireless cable.

It's not surprising that Mexican company is first to use digital compression, said Geoffrey Roman, GI vp-technology and new business development. He said excess demand for satellite transponder capacity is greater outside U.S. Existing base of TV receive-only dishes in U.S. also makes it more difficult to make transition to digital here, Roman said. Despite that, he predicted that U.S. market won't be far behind.



Liberal media watchdog group Fairness & Accuracy in Reporting (FAIR) has accused Robert Lichter's Center for Media and Public Affairs (CMPA) of deception in its recent study that found leftist tilt in PBS public affairs documentaries. In research memo, FAIR said Lichter study "relies on methodology that ignores the overwhelming majority of material in PBS documentaries. It then draws sweeping conclusions based on the remaining, out-of-context material, and frames these conclusions in ways that are misleading at best and deliberately deceptive at worst." Memo criticized CMPA for excluding from study PBS shows "most often criticized for having a conservative slant" -- specifically citing American Interests, Firing Line, MacNeil-Lehrer NewsHour and Wall St. Week -- saying that first 2 are "underwritten by the Center's biggest funders" -- Olin and Smith Richardson foundations. Lichter responded in statement that it's true that CMPA is "supported by conservative foundations" but it also is backed "by such organizations as the [NAB], Assn. of American Publishers, TV Guide and the American Jewish Committee." Separate FAIR report on same day said that "a key strategy behind the assault on PBS [by conservative groups] has been to focus on a few controversial documentaries, while shifting attention away from public TV's conservative weekly public affairs lineup."

VOA is making "big push" to sign up Latin American cable subscribers, and already has made Worldnet program feed available to more than 500,000 in last 3 months, said Stephen Murphy, senior adviser to VOA dir. VOA's 24-hour video feed, which includes programming from PBS, C-SPAN and others, as well as VOA, already is carried on many European and Eastern European cable systems as result of similar push over last 3 years, Murphy said. In Latin America, "things are happening really fast and furious," he said. "Latin America is a really unique opportunity because its communications systems are opening up." Similar efforts are likely elsewhere in future, he said. VOA is carried on cable systems with 300,000 subscribers in Argentina, which Murphy described as largest Latin cable market, 100,000 in Mexico, 50,000 in Venezuela, smaller numbers in Colombia, Brazil, Costa Rica, Bolivia. Murphy said deal is likely in Ecuador in next few weeks. VOA provides free satellite feed (GTE Spacenet 2 or Intelsat VI) to cable operator on condition that system complies with copyright laws for all its channels. Murphy said VOA also is willing to work with U.S. commercial cable programmers and equipment suppliers to identify business opportunities in Latin America.

FCC and GSA are trying to work out potential roadblock in finding new offices for Commission staffers now at 2025 M St., where lease expires in July 1993, FCC Managing Dir. Andrew Fishel said. Key question, he said, is whether congressional approval is needed for prospectus for lease of 70,000 sq. ft. Normal maximum without congressional okay is 60,000 sq. ft., but GSA is contending such approval isn't needed for this lease since it's short term. Second key issue is location of temporary offices -- FCC wants them within few blocks of main hq at 1919 M St., but Fishel acknowledged that there may be some outside FCC who are looking at space farther away, situation that he said "is not in the interests of the FCC." Meanwhile, Commission and GSA are continuing to work on short-term extension of lease at 1919 M St., which expires in April 1993. Fishel told us he defines "short term" as about 2 years, which he says is needed to allow GSA to go back to Congress for authorization to reopen bidding process for 335,000 sq. ft., solicit bids, prepare building, move in. Decision would be needed relatively soon if FCC is forced to move out of 1919 M St., he said.

Half LPTV stations offer local programming and 57% devote bulk of air time to national religious programming, according to new study by Pa. State U. communications prof. Study also showed that about 1/3 of 536 operating LPTVs are primarily translator stations. Prof. Janet Keefer, who headed study, concluded that FCC should reexamine current status and future role of LPTV. Median LPTV station that offered any local programming carried 6 local hours per week, according to recently published study, based on survey of LPTV stations in late 1990 and early 1991. LPTV stations that originated most local programs were most likely to be carried on cable, Keefer said. Overall, only about 1/3 of LPTV stations are on cable, study indicated. Study said most of religious stations espouse Protestant fundamentalism, with most of programming coming from Trinity, which owns 61 LPTV stations.

TV news editors and producers believe that TV coverage of L.A. rioting contributed to violence in other cities, according to poll by Nielsen and Medialink, but they don't think footage of beatings specifically instigated more violence. Telephone poll of nearly 100 news executives in late May showed 55.7% believe TV contributed to violence; 36.1% said it didn't play role. One-quarter of stations expanded newscasts or preempted programming for riot coverage, poll found.

TV ad revenue continued positive turnaround that became visible in Dec. figures, TvB said in report on first quarter 1992. Total TV ad revenue grew 3.7% to \$5.2 billion for quarter, following 1991's first full-year decline since 1971 (when cigaret ads were pulled from TV). Despite overall 5.2% drop in 1991, TvB figures showed slight upward blip in Dec., when syndicated, local and spot ads all rose. Trend continued for all areas, including networks, in first quarter 1992, TvB said. Local TV ads were up 5.3% to \$1.1 billion, spot up 4.1% to \$1.13 billion, syndicated TV up 3.1% to \$445 million, network ads up 2.9% to \$2.4 billion. For full year 1991, spot dropped 9.2%, networks 6.7% and local 4.6%, with much of decline attributed to Gulf War (ads on syndicated shows were up 16.6% for year). Much of first-quarter growth was driven by autos, which increased local ad spending 31% and spot 16%. Chrysler more than doubled spot, TvB said, with Ford up 34% and GM 21%. However, network auto ads were up only 1%. Local ad sales were boosted by department stores (+29%), restaurants (+12%), health clubs (+17%), legal services (+16%).

FTC hasn't singled out "infomercial" industry for enforcement action, although its actions have gotten more attention because they're new, FTC Comr. Deborah Owen said in keynote speech June 5 to National Infomercial Mktg. Assn. in Washington. She emphasized that FTC applies same standards to infomercials as to regular ads, and infomercials "are a legitimate, beneficial form of commercial speech." FTC hasn't taken position on proposed FCC rule that infomercials carry continuous disclosure that they're ads, but Owen said FTC hasn't ever required continuous disclosure and believes in general that current disclosure rules are adequate. She said consumer awareness of infomercials is increasing, potentially affecting type of regulation that's needed without unduly burdening industry: "I would encourage the industry to help the Commission keep abreast of the changes in consumer understanding." Industry self-regulation has made "significant strides," Owen said.

Advanced TV Systems Committee (ATSC) will be responsible for detailing many of HDTV specifications after FCC selects overall standard, according to FCC filing June 5. Rest of work will be divided among SMPTE, IEEE, EIA, NAB, NCTA, SBCA. ATSC will oversee issues where quick decision is needed and those involving several sectors, including RF characteristics, U.S. production standard, international standard setting. SMPTE will do standards for interstudio distribution and connectivity of production equipment; EIA, standards for nonvideo services, receiver interface, VCR and videodisc, consumer testing and measurement.

Singapore Telecommunications (ST) will become equal partner with Comcast in U.K. cable/telephony franchise for Cambridge under new agreement. Comcast and ST will split equally 100% of preferred stock of subsidiary owning franchise, and 82.5% of common; rest is held by local interests. U.K.'s Independent TV Commission and Dept. of Trade & Industry have approved deal. Cambridge franchise allows cable/telephony system to pass 132,000 homes and 7,000 businesses. Construction of fiber system, already partly operational, began late last year.

WFTV Orlando-Daytona Beach-Melbourne is latest subject of political ad rate complaint filed with FCC. Complaint charges that Cox-owned station overcharged Gov. Lawton Chiles (D), former Gov. Robert Martinez (R) and others.

Local TV stations wouldn't benefit from proposed cable bill, NCTA Pres. James Mooney said in letter to House Commerce Committee Chmn. Dingell (D-Mich.). He said money would flow through to networks and sports rights owners, and new bill would put "more and more pressure... on cable's cost base, and therefore on cable consumers." Mooney cited CBS decision to charge affiliates for carriage of popular shows (see related story, this issue): "It is not hard to see how... money would flow from the cable subscriber to the operator to the local TV station and finally to CBS." He also cited "mandatory" directive from Major League Baseball to team owners requiring them to include language in all broadcast contracts guaranteeing that baseball would get share of any retransmission consent fees. It's easy to see how CBS and sports leagues would benefit from bill, Mooney said, "but less and less clear that local TV stations would be aided in any lasting ways."

Program Notes: **USA Network** said it bought rights to 184 additional hours of Paramount programming for Sci-Fi Network... **Australia** set 35% foreign ownership limit on pay-TV services that it expects to set up in about 2 years... In bids to widen international viewership, **CNN** signed new deals in Germany and France. German deal calls for CNN International to be carried on cable systems in Munich with 200,000 subscribers beginning June 15. CNN already is carried in Berlin and Hamburg. In France, CNN will be subtitled in French and distributed on Paris Cable for 10-week trial beginning in mid-Sept.

Sumitomo-owned Satellite Japan (SJ), Tokyo, and APT Satellite, Hong Kong, agreed to buy 3 satellites from Hughes in delivery-on-orbit deals. SJ said it will buy two HS 601 satellites in "\$300-\$400-million" delivery-on-orbit deal and APT said it will acquire one HS 376 for more than \$200 million. SJ plans to offer video, data, voice transmission and leased services in Japan for supplying programs to cable operators, satellite newsgathering and "DBS in the future." APT will use HS 376 to provide general communications services.

Denver partnership to train women, minorities and low-income residents for careers in electronic media has 2 public broadcasting partners, KBDI-TV Broomfield, Colo., and KUVU-FM Denver. Project, announced last month, entails establishment of \$2.6-million media center in redeveloping city neighborhood that would house those stations as well as Denver Community TV (DCTV), cable access operation that KBDI-TV manages under contract. Members of target groups will be offered internships at public stations.

GE subsidiary organized limited partnership to invest \$55 million in major market radio stations, company said. About \$50 million comes from GE Investment Management Inc. and other GE entities, spokesman said, with rest from SBC Technologies (formerly Sage Bestg.) and George Sosson, ex-head of CBS FM radio group. Sosson will manage group, to be known as Radio Equity Partners, L.P. Spokesman said group will invest in "as many stations as possible" in top-30 markets, is ready to begin buying immediately.

Christian Science Church said it will fold Monitor Channel June 28 and lay off 362 employees. Managing Treas. Donald Bowersock said church turned down 4 offers for Monitor Channel because "the economics were not sufficiently attractive," but gave no details. Monitor Channel was put on market 3 months ago, and church still is trying to sell WQTV (Ch. 68 independent) Boston. Station will remain on air pending sale, church said.

In what was called risk-free deal for networks, ABC and ESPN agreed to lead consortium to televise 52-game World Cup soccer tournament beginning June 17, 1994. Consortium members include advertisers Snickers candy, MasterCard and Coca-Cola, which agreed to buy enough ads to finance broadcasts, spokesman said. Advertisers also agreed commercials won't be aired during game, although they will be before, after and at halftime, and advertisers' logos will be shown on-screen during game. Soccer's nonstop action in two 45-min. halves traditionally has either limited ad time or raised viewer concerns on ads' interrupting live action. ABC will televise 11 games and ESPN 41, and there's possibility some games will be on pay-per-view channels. Network wouldn't release financial details, but Wall St. Journal put price at \$11 million, citing unnamed sources.

Financials: It's too early to claim broad-based recovery in cable equipment sales, **Scientific-Atlanta** (S-A) CEO William Johnson told N.Y. Society of Security Analysts June 4, but he said there are signs of renewed activity. He said S-A is well positioned for anticipated recovery because it has accelerated R&D and strategic market development investments... **Galaxy Cablevision** said it has hired unnamed investment banking firm to advise it on buying wireless cable assets of Supreme Cable Co. and Cablemaxx... Standard & Poor's assigned BB- rating to \$150-million debt issue of **Heritage Media**, citing company's strong position on in-store marketing and broadcasting, but limited flexibility because of heavy debt load.

NAB urged FCC to reject Satellite CD Radio (SCDR) request for allocation of DAB frequencies in 2310-2360 MHz range. Assn. said it would be premature and prejudicial to allocate satellite-only frequencies for DAB because world's direction in digital audio "is not by any means clear." Commission should wait until overall U.S. DAB policy is adopted before allocating frequencies on "piecemeal" basis, NAB said. SCDR Pres.-CEO Robert Briskman told us band that company seeks is "not really suitable for terrestrial use" and it's "not clear what harm could possibly come" if SCDR is allocated spectrum.

FCC refused to allow proposed new TV station in New Haven to relocate planned transmitter to site short-spaced with station on adjacent channel. Owner of WTVU-TV, K-W TV Inc., claimed that originally proposed site no longer is available and no correctly spaced site is acceptable. Commission also refused to order owner of WTNH-TV New Haven to allow WTVU-TV to co-locate on its antenna. FCC said K-W TV hadn't met burden of demonstrating site unavailability, gave it 6 months to find appropriate site.

Transactions: TCI affiliate bought L.A.-area cable system with 26,000 subscribers from United Cable TV of L.A. County, L.P., for undisclosed price. Broker: CEA... Marks & Assoc. bought cable system with 11,000 subscribers in Rancho Cucamonga, Cal., from Dickinson Cal. Assoc. for undisclosed price. Broker: Daniels.

Technical Notes: C-Cor announced new line of cable equipment with 1-GHz bandwidth. It also said it was offering new line of UHF AM fiber equipment designed for international market... GTE said it will use Pioneer laserdisc system for pay-per-view at its Cerritos, Cal., cable testbed. Laserdisc system will replace manually operated VCRs.

NAB, ad groups and Media Institute joined in several amicus briefs filed with U.S. Supreme Court in Cincinnati case involving free speech for advertisers. Discovery Network Inc. (DNI), small Cincinnati firm that provides adult learning courses but is unrelated to cable network, is appealing city ordinance banning distribution of "purely commercial" handbills through sidewalk newsracks while permitting newspapers to use racks. Brief by NAB, AAF, AAAA, Media Institute and Direct Mktg. Assn. claims that original free speech provision of Bill of Rights clearly applied to ads, citing history dating back to 17th century. Separate brief by ANA, AAAA and others attacks claim that speech by commercial speakers is "less important" than newspaper speech. Court is expected to hear argument in fall.

Dedicated educational satellite capacity is scheduled to debut in Aug., National Education Telecommunications Organization (NETO) and its EDSAT subsidiary said. NETO/EDSAT said it had reached agreement for unspecified capacity on existing GE Americom satellite. Capacity will be offered to schools, libraries and others for instructional programming, videoconferencing, special events. Pact, under which satellite time would be nonpreemptible, is viewed as bridge arrangement, after which organization is likely to move to new bird, EDSAT Pres. Shelly Weinstein said. She said NETO/EDSAT expects 35-40 educational programmers to colocate on GE Americom satellite for next 6 months, and for total to top 75 by next school year.

PBS series Frontline for first time last week aired half-hour of viewer feedback to previous shows. Segment, which featured viewers reading their complaints and queries both on air and off as well as update of some shows, followed 90-min. documentary on China that, spokeswoman Stephanie Murphy said, originally had been scheduled for 2 hours. Idea to provide feedback has "been around for a while" she said, and there was no connection to current ideologically charged environment in which some have criticized PTV for its purported lack of accessibility to opposing views. Frontline is interested in continuing practice, she said, perhaps on quarterly or once-per-season basis.

FCC Political Programming Branch provided more details of requirements for TV political ad sponsorship identifications in letter June 2 to Dalton Media Studios. In answer to questions, Branch Chief Milton Gross said: (1) Identification must be at least 20 scan lines high in normal TV format. (2) FCC set no standards for type face, but reasonableness standard applies. (3) Identification can be at beginning or end of short ad, must be at both for one that's 5 min. or longer. (4) Key words in identification can't be abbreviated and actual name must be included in full.

In 2nd political ad complaint against WTVT Tampa this year, group of Fla. political candidates has accused station of "flagrant disregard" of public political file requirements and of additional ad overcharges. Second complaint, filed June 4 with FCC, also is on behalf of Gov. Lawton Chiles, former Gov. Robert Martinez, other candidates.

Meetings: Investment banker **Felix Rohatyn** of Lazard Freres will speak at lunch meeting of Washington Cable Club June 16, Sheraton City Center -- 703-358-2770... **Private Cable Show** is set for Nov. 11-13, Marriott Sawgrass Resort, Ponte Vedra Beach, Fla. -- 713-342-9826.

Personals

Sherrie Rollins, ex-ABC News dir. of news information, resigns as White House dir. of intergovernmental affairs because her husband, GOP political consultant **Ed Rollins**, has joined **Ross Perot** campaign... **Laura Melillo** advanced to deputy press secy., White House, replacing **Gary Foster**, who joined President **Bush's** reelection campaign... **Michael Eigner**, exec. vp-gen. mgr., WPIX N.Y., named to same post, KTLA L.A.

Jack Rehm, pres.-CEO, Meredith Corp., adds duties of chmn., succeeding **Robert Burnett**... Fox TV Stations promotions: **Gerry Friedman** to senior vp-business and legal affairs, **Denise Van Patten** to dir.-business and legal affairs... **Steven Agase** advanced to vp-west coast sales, NBC... **Trish Silvas**, ex-KHTV Houston, joins WPHL-TV Philadelphia as program dir... **Bruno Cohen** named vp-news dir., WNBC-TV N.Y... **Priscilla Weck** promoted to dir.-station grants administration, CPB.

Kim Schlotman named vp-TV, AdValue Network... **James Merrill** promoted to senior vp-mktg., Nostalgia TV... Changes at Warner Bros.: **Joel Wayne** named exec. vp-creative advertising projects, new post; **Michael Smith** appointed senior vp-worldwide creative advertising... **Robert Greenberg** promoted to asst. chief.-engineering, FM Branch, FCC Mass Media Bureau Audio Services Div... **Linda Frankenbach**, ex-Comedy Channel, named vp, Time Warner Cable Programming... **James Rodgers**, ex-Poquet Computer, joins Interactive Media Network as vp-sales and mktg... **Ritajeane Butterworth**, project dir., Seattle's Discovery Institute and former NPR board member, nominated by President **Bush** for 5-year term on CPB board... **Jacquelin Bracco** promoted to dir.-operations and engineering business affairs, ESPN... **Helaine Ahern** advanced to development dir., WETA-TV-FM Washington.

Stephen Ross, former chief, FCC Cable TV Branch, joins Washington office of Chicago law firm **Ross & Hardies**... **David Parnigoni** appointed vp, Eastern Div., Noble Bcstg. Group... **Susan Bender** promoted to vp-Latin American sales, Paramount International TV... **Betsy Vorce**, vp-PR, Viacom Entertainment Group, N.Y., named senior vp-PR, Viacom Entertainment and Bcst. Groups... Ameritech CEO **William Weiss** speaks at Midwest Chapter of FCBA on "Observations of the Future of the Local Exchange Industry and Local Exchange Regulation," McCormick Palace Hotel, Chicago, June 18, 11:30 a.m.

Kim LeMasters, ex-CBS, appointed pres., Stephen J. Cannell Productions, succeeding **Peter Roth**, named pres.-network production, 20th TV... **Sheldon Rabinowitz**, ex-Hanna Barbera Productions, appointed senior vp-finance, Sony Pictures Entertainment Motion Picture Group, succeeding **Frank Kohler**, named senior vp-finance, Sony Pictures Studios... **Nan Halperin**, ex-Hanna Barbera, appointed vp-ancillary sales, Saban Entertainment... **Guillermo Martinez** promoted to senior vp-news and sports, Univision.

FCC Calendar -- June 8: Comr. **Duggan** addresses National Assn. of State Utility Consumer Advocates, St. James Hotel, Washington, 11 a.m. June 10: **Duggan** addresses NAB International Radio Symposium on "Future of Broadcasting Regulation," Montreux, Switzerland, 2:30 p.m. June 11: **Wald Roseman**, dir., Office of International Communications, addresses Caribbean Assn. of National Telecommunications Organizations on "Implementation of WARC 92," Marriott Sam Lord's Castle, Bridgetown, Barbados, 11 a.m. NTIA Schedule -- June 11: **Gregory Chapados**, dir.-designate, testifies at Senate Commerce

TELEVISION DIGEST

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

PUBLISHED BY WARREN PUBLISHING, INC.

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

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

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Committee confirmation hearing, 11:30 a.m., Rm. 253, Russell Bldg.

Request for preliminary Injunction to ban Whittle's Channel One high school news service in Cal. was denied by state court judge June 4. Ban was requested by Cal. Schools Supt. William Honig, Cal. PTA and 2 teachers who objected to Channel One's use at Santa Clara High School. Superior Court Judge Jeremy Fogel ruled that there's no urgent need for injunction since school year ends soon. But he set trial on merits of case for Sept.

OBITUARY

John Ivey, 73, educational TV pioneer, died May 31 in Chapel Hill, N.C., of Parkinson's disease complications. Raleigh native spent 2 years in late 1950s as exec. vp of N.Y.U., then was founding pres. of Learning Resources Institute, which promoted use of films, TV and radio in education, and of Midwest Project on Airborne TV Instruction. Latter used transmitters on airplanes to deliver courses to rural schools in 6 midwestern states. Ivey was secy. of American Council on Education and on panel that made specific recommendations to President Kennedy on establishing Peace Corps. Survivors include wife, 2 daughters, son.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	MAY 16-22	1991 WEEK	% CHANGE	MAY 9-15	20 WEEKS 1992	20 WEEKS 1991	% CHANGE
TOTAL COLOR.....	390,662*	290,900	+34.3	272,762	7,107,184	6,840,429	+ 3.9
DIRECT-VIEW....	386,224*	287,384	+34.4	269,794	6,992,273	6,735,468	+ 3.8
TV ONLY.....	372,547*	276,210	+34.9	259,036	6,708,612	6,493,057	+ 3.3
TV/VCR COMBOS	13,677*	11,174	+22.4	10,758*	283,661*	242,411	+17.0
PROJECTION....	4,438	3,516	+26.2	2,968	114,911*	104,961	+ 9.5
VCR DECKS.....	208,603*	143,341	+45.5	119,864	3,760,650	3,183,401	+18.1
CAMCORDERS.....	70,403*	44,180	+59.4	30,261	817,477*	759,765	+ 7.6
LASERD. PLAYERS#	3,905	1,941	+101.2	1,964	73,034	53,921	+35.4

Direct-view TV 5-week average: 1992--343,354; 1991--318,213 (up 7.9%).

VCR deck 5-week average: 1992--184,848; 1991--165,292 (up 11.8%).

Camcorder 5-week average: 1992--54,211; 1991--56,058* (down 3.3%).

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

Includes combi players, excludes karaoke types.

MAJOR ALLIANCE CEMENTED BY APPLE, TOSHIBA AND --: Announcement could come any day of significant world-class enterprise involving Apple, Toshiba and at least one other important electronics company to develop and manufacture computer-related products in consumer, commercial and industrial fields.

Neither Apple nor Toshiba would confirm upcoming announcement, which could be made first in Japan, but it could well dwarf ballyhoo about Apple's Newton project. Final agreement hasn't been signed by all parties, but it's expected that news conference will be called as soon as i's are dotted and t's crossed. Some of products involved are expected to be related to Toshiba's big "VCCSS" project, which stands for "video, computers, communications, software and systems."

One product already developed cooperatively by Toshiba and Apple carries code name "Sweetpea" and has been shown to large prospective customers, with delivery promised next March. It's handheld information device incorporating 3.5" CD-ROM and flash memory chips -- ultrafast, instantly erasable, high-capacity devices developed by Intel and licensed to Toshiba, among other companies (TVD Feb 10 p18). Sweetpea device has extremely high-resolution monochrome LCD screen (one source described it as 400 dots per inch, with 600 dpi version promised) and uses flash cards to provide extremely fast readout of CD-ROM and to update CD-ROM, so new CD needn't be made when some of information becomes outdated. One possible suggested use is extremely detailed and up-to-date maps.

Toshiba's top engineers are on record as rejecting current efforts at interactive systems, including CD-I and Data Discman, and claiming more time is needed to create meaningful products (TVD Jan 13 p11). Toshiba is partner, with IBM, in Display Technologies Inc. (DTI), important joint LCD venture. As for flash memories, they're seen as promising substitute for magnetic and optical disc memories, with forecasts that they will make possible 1/2-lb. full-featured PC at \$200 and pen-sized digital audio recorders that can store entire books (TVD Feb 10 p18). Incidentally, another Apple partner, Sharp, is allied with Intel in joint production and manufacture of flash memories.

PUBLIC CES A HIT, BUT TRADE SHOW IS IN DOUBT: What Summer Consumer Electronics Show (CES) 1992 proved: There's real public hunger for a wide-open show displaying consumer electronics industry's wares, a la Auto Show and Boat Show. What it did not prove: Trade show and public show can be combined.

And comments from exhibitors and dealers continued to raise question about value of summer trade show at all, whether with consumers or without them.

What many exhibitors feared would be barbarian hordes swiping everything in sight on "public days" of show (noon Sat. May 30 through Sun.) turned out generally to be knowledgeable consumers with genuine thirst for industry's products who asked meaningful questions and whose behavior was at least as orderly as industry visitors on trade days (Thurs. through noon Sat.). CES Staff Vp Sam Lippman said: "There were less security problems than in recent years."

At noon Sat., throngs moved in, and show sponsor EIA Consumer Electronics Group (CEG) said they ultimately totaled 98,720 -- near top of anticipated 50,000-100,000 preshow estimate. Despite defection of many major past exhibitors and curtailment of trade show to 2-1/2 days, CEG reported verified trade attendance of 51,850, down less than 7% from 55,629 reported at last year's 4-day show. Reports of trade traffic were highly controversial -- from "stinks" to "excellent," depending on attendee asked.

Many dealers spent far less time on show floor than in past years, and less time in Chicago; many cleared out of town as early as Fri. night. CEG's count of public visitors was met with some skepticism, but Group Vp Gary Shapiro assured us it was "good figure." Spokeswoman said tally was based solely on manual count of used ticket stubs, while Shapiro said other yardsticks were used, including count of consumer guidebooks distributed on weekend.

Portent for next year still is complete mystery. As best we can determine from talks with CEG officials, they will sound out members and exhibitors during summer, and board won't take action until EIA's fall conference in late Oct. Interestingly, official show directory made no mention of next year's summer show dates (as it has in past), indication that there currently is no specific commitment to Chicago. Obviously, many options will be considered: Return to trade-only show, change to public-only show, move of show to another area, series of regional public shows, single trade show at different date.

There was no question that crowds were heavy. Orderly lines formed at theater exhibits on Mall Level, particularly Thomson HDTV demonstration and Philips show that included HDTV, at "events" such as Pioneer's karaoke demonstration, even at escalators and \$3 hot dog wagons. As expected, biggest throngs jammed videogame section in North Hall, where one father was heard to say price of admission was less than equivalent time spent in video arcade. Some exhibits closed entirely on public days or were closed to public. Nintendo software producers' booths were roped off, but their games were available for playing at main exhibit. Smaller exhibitors on lobby level sprouted hand-lettered "Trade Only" signs, and many trade publications simply abandoned their booths on Sat. Playboy closed its booth, but Penthouse stayed open.

Toshiba, with its prominent display at main entrance to Mall exhibits, scored major PR coup, giving out 40,000 distinctive plastic shopping bags and 7,000 car sunshades before supply ran out. Teal Toshiba bags became ubiquitous mark of showgoers on last 2 days. CES employees gave out about 100,000 ad-laden official Show Guides, published by Video Magazine. Consumers lined up at Thomson Consumer Electronics (TCE) booth to have their pictures taken with real live Nipper, who sat stoically without blinking at repeated flashes from Polaroid camera, his trainer feeding him tiny treats after each snap. Crowds also surrounded 16:9 widescreen TV demonstrations. TCE Exec. Vp Joseph Clayton, who was seen giving his RCA lapel pin to small boy in exchange for promise to buy RCA product when he grew up, said: "I was ecstatic -- the consumer portion exceeded our expectations. I do feel I'd like to have more time for the trade -- 3 full days." Aiwa America Sales & Mktg. Vp Rusty Bennett hailed Chicago exposure for his products. "We're well known on both coasts, but not in between," he said, "and this has been an opportunity to get some welcome midwest exposure."

It wasn't lost on consumer visitors that some major consumer electronic powers were absent, including Sony, Mitsubishi, Pioneer, JVC, Hitachi, Zenith. Canon, with its traditional flair for exhibit showmanship, also would have been real asset. One dropout former exhibitor said: "My biggest fear is that if they do it again next year, fewer dealers will go. This probably will give rise to more preshow [private showings]." This manufacturer had suite in hotel and said everybody who had appointment showed up. "I spoke to one buyer who had 25 appointments in hotels and only 4 on the show floor."

Local dealers' reactions generally were favorable to public show -- major negative being high-profile displays of widescreen TVs by vendors that won't be marketing them at least until next year. Joseph Barrett of Barrett's Audio-Video, Chicago area chain, said his company's custom installers worked SharpVision area at invitation of Sharp, and he sold \$15,000 worth of SharpVision projectors Mon. morning. His salesmen also

worked Marantz and Sonance booths and got leads in both places. As postshow tie-in, 8-page Barrett's insert with SharpVision on back page was scheduled to land in more than 400,000 area homes weekend following show. Shelley Miller, United Audio, Niles, Ill., said it was too early to tell whether show stimulated business, but saw high attendance as "a major victory for a first-time event." He added: "From the standpoint of the retailers, it was a great idea, but I can see why suppliers can say it wasn't worth it."

Sears probably spent most money of any retailer -- and created most trade talk -- in connection with CES, with full-color center spread in Chicago Tribune special show section advertising 35" LXI TV (made by TCE) for \$1,499.99, or \$32 per month, 31" for \$899.99 or \$19 monthly. Sears said 35" price will be nationwide as soon as it gets enough sets.

In near future, 14 Chicago-area dealers who had sold CES tickets before show will be asked to fill out detailed questionnaires on how promotion had affected their business before and after event.

Out-of-town buyers were less enthusiastic about how consumer days had affected their CES experience. "I congratulate the EIA for trying to build consumer awareness," PRO Buying Group Exec. Dir. Art Westburg said. "I don't think this is [the right vehicle], but it was a good try. We should have one show and take all the other money that manufacturers spend [on trade selling] and have EIA sponsor a widespread marketing campaign along the lines of the Beef Industry Council or the dairy industry. If you're going to have consumer shows, they must be separate from trade shows. Anybody who goes to [Summer] CES without their purchase plans set for the back half of the year is too late."

"We were out of there Saturday morning," said Service Merchandise Senior Mdsg. Vp Frank Bisceglia, who said company's buyers spent about 70% of their time in hotel suites, compared with 20% at previous shows. "Normally, we would have stayed there through Sunday night. We spent only half the time we would have stayed normally. As more and more companies go for earlier and earlier introductions, there's less reason to go to the summer show. It used to be just one or 2 bigger guys had [preshow], but now everybody has them." Asked whether he could have spent first 2 days at CES and next 2 in hotel meetings, Bisceglia said "that option wasn't really open to us because so many of the guys closed up shop for the weekend."

Unquestionably, most exhibitors enjoyed meeting the people who make their industry possible, and public CES was fine gift to people of Chicago. However, it did little to salvage summer trade show. As consumer show, if it's repeated next year, question arises: Why Chicago? Would there be more value in rotating it from area to area, or even perhaps changing it to series of very high-quality regional shows? And if this was attempt to resuscitate summer trade show, it was irrelevant.

TCE WIDESCREEN TARGET PRICE--\$4,000-\$5,000: With competitors tentatively straddling bandwagon by showing 16:9 widescreen TV sets at Consumer Electronics Show (CES) but giving no clue to their U.S. market plans, Thomson Consumer Electronics (TCE) plowed ahead toward its goal of introducing product this year, with "larger 16:9 screen sizes in projection TV in 1993," in words of Exec. Vp Joseph Clayton (note that "sizes" is plural).

Although versions being sold in Europe carry price tags of \$6,000-\$7,000 (including value-added tax), Clayton told us price of widescreen 34W" direct-view set, when introduced here, will be in "range of \$4,000-\$5,000." He said TCE plans to produce 16:9 tubes in U.S. in 1994, and 34W" set then will cost no more than 35" in conventional 4:3 format. (TCE 35" sets are selling now as low as \$1,699.) Robert Lorch, gen. mgr., marketing, sales and new business development, for TCE's N. American Tube Div., told us new large-tube furnace at company's Circleville, O., glass plant -- which eventually will make widescreen bulbs -- is in operation. It will feed TCE's giant tube plant in Marion, Ind., which has capacity to make 34W" tubes.

In address to press dinner in Chicago on eve of CES, Clayton made it clear that TCE plans to be at forefront of consumer electronics technology beyond 16:9 in this "decade of change," which could involve further "strategic alliances." Presumably, they would be on order of TCE's HDTV venture with Philips, NBC and Sarnoff Research Center or its pact with Hughes Communications to provide decoders and 18" antennas for 150-channel DirecTv home satellite system (TVD Feb 10 p12).

Market potential for DirecTv receivers exceeds million units, Clayton said. Hughes Communications Senior Vp Eddy Hartenstein, who addressed same dinner, corrected Clayton, predicting that "more than a million units" would be sold in first year of satellite service, scheduled to launch in 1994, and that system would reach 10% penetration of U.S. homes in 1990s. "Mass niche appeal," Hartenstein called it, saying

primary target would be the 10 million homes beyond reach of cable. TCE has exclusive on decoders and dishes for first 18 months or until million units are sold.

While Clayton welcomed alliances with computer manufacturers, he scoffed at forecasts of "holographic theaters, multimedia, hyperreality and other visions of the electronics future," and particularly combination computer and TV set. "The delivery vehicles for future information devices may not be the all-in-one package that some have envisioned in the living room," he said: "I fail to see that the TV receiver will be turned into a classroom or video arcade in the family's principal room for visual entertainment."

Ignoring gloomy reports of slow consumer electronics sales and TCE's problems elsewhere, Clayton was exuberant. "The RCA brand is unarguably our company's most valuable asset," he said, "and we are on a roll." RCA is market share leader in 30"-and-above direct-view TV, with industry sales due to increase by 30% this year. RCA and GE brands combined currently account for nearly 50% of 35" market, and company's share of projection TV market rose to nearly 17% this year from 5% in 1989, with industry sales expected to increase 10%, he said.

First major RCA exhibit on main CES floor since videodisc days emphasized future, with HDTV theater, 16:9 sets and DirecTV satellite system subjects of displays, along with stress on large-screen sets and styling. Panasonic and Toshiba showed 16:9 TVs, former demonstrating 40W" projection and 34W" direct view. Toshiba emphasized its Time Warner software connection, playing trailers for yet-to-be-released Warner movies (Malcolm X, Batman Returns, etc.) on 12 widescreen 34W" sets. Representatives of both companies indicated they had no plans for widescreen sets in U.S. this year. Clearly, competitors plan to wait for TCE to act first in this area, entering field only if 16:9 shows signs of market success.

MORE PEN-BASED PRODUCTS: Roster of "pen-based" handheld devices is expanding quickly, with Sharp announcing 2 new entries -- aside from its version of Apple's Newton (TVD June 1 p10) -- and announcement of alliance between Samsung and Motorola for development of wireless palmtop computer.

At Consumer Electronics Show, Sharp demonstrated pen-based addition to Wizard organizer line. Device, which Sharp says will ship later this year at undetermined price, features "electronic scrapbook" function that stores jottings made on touch screen; however, it doesn't recognize characters or convert them to type. Data from new Wizard will be transferable to PCs or other Wizard via cable attachment or adapter for wireless communications. Device has QWERTY keyboard (about 75% size of standard keyboard, 256 kbps of memory, 320x240 pixel touch screen.

Earlier, Sharp announced in Japan "Hyper Electronic Management Notebook" to be shipped in July at about \$1,000 retail. Device features pen-based input, window function, optical and wireless communications capability.

Meanwhile, Motorola (which was named by Apple as Newton supporter) and Samsung announced plan to launch palmtop computer that includes both pen-based input and wireless communications, aimed at business and professional markets. They said companies plan to complete joint development of computer by end of year, with marketing rollout set for 1993.

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Apple made last-min. decision to insert small Newton presentation into booth at CES for consumer days. Earlier in show, booth was devoted entirely to Macintosh computers, but Apple, correctly anticipating raft of consumer inquiries about heavily publicized device, began continuous showings of same Newton promotional video shown at news conference day before. On Sat., monitor was manned by member of Newton software team, who acknowledged "I thought I'd be back in California by now."

8mm DECKS & DOUBLE-DECKS: Among minor surprises at Consumer Electronics Show was appearance of compact 8mm VCR decks at Thomson Consumer Electronics press event and at Samsung's display on show floor, along with indications that there will be at least 2 brands of combination 8mm/VCR double decks on market next year.

TCE's RCA brand deck obviously was manufactured by Samsung -- they're remarkably similar. Both are hi-fi stereo models with 8-event one-year programming, weighing 4.4 lb and measuring about 9x8x2.5". Samsung model carries suggested list price of \$750, while Thomson was talking "street price" of around \$499 when it appears later this year. Both companies emphasized that it's well suited to owners of camcorders for showing home tapes or for editing, although both models have 181-channel tuners for taping from air or cable.

Next logical move would be dual-deck recorder for transferring 8mm home movies to VHS. Go Video promises one next year, showing mockup of proposed model, but said actual design hadn't yet been determined. Samsung indicated it also have model. Asst. Gen. Mgr. David Patterson, expressing Samsung's desire for "family of product" in 8mm, said plans to introduce dual deck are "firm," but feature package and pricing still are under discussion.

Samsung makes Go Video's dual-deck recorders and under agreement has right to market similar products under own name but not to sell them to other manufacturers. TCE representatives indicated dual deck of that type was under study, but wasn't in plans for 1993.

THIS WEEK'S YEN RATE

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

'DEATH OF THE SALESMAN': That's headline on newspaper ad last week announcing Highland's new marketing approach that has taken salespeople off commission and turned each of them into salaried "customer adviser." Plan was unveiled to Highland personnel just before Consumer Electronics Show and explained to vendors at show meetings. Highland, which continued to deal with many of its suppliers on cash basis, still is negotiating financial reorganization with major creditors; prospective agreement reportedly is being put into writing for approval by creditors' committee.

Along with taking sales staff off commission, Highland marketing plan includes more casual dress code (knit shirts and sweaters instead of jackets and ties), brighter in-store graphics and new TV and print ad campaign featuring slogan: "Highland. The Best Price. And Honest Advice." TV ads, some of which are category-specific, feature comedians such as Judy Tenuda, Paula Poundstone, Victoria Jackson, Carol Liefer, Michael Winslow. TV campaign was created by new ad agency, Lois/USA, Chicago (TVD April 27 p18). Print ads apparently will feature fewer loss leaders than in past to lessen strain on bottom line. Focus will be more on brands and features, vendors report.

Although Highland's ads and news release announcing new approach billboard fact that "our people work for you, not for a commission," vendors who met with Highland at CES said company has set up incentive plan based on overall store performance, although parameters weren't clear. Highland spokeswoman would say merely that "we will sell the customers what they want" and that no spiffs (sales incentives) would be used to help move specific items. ("The only incentive will be to keep your job," cracked one cynical adviser, asked how management would control mix.) Highland continues to guarantee that it will beat competitors' prices.

Reformulated marketing attack was met with mixed reviews by suppliers with whom we spoke. Most applauded Highland's effort to institute change and recent addition of Senior Mktg. Vp Phil Garrison (TVD May 18 p20). (Spokeswoman said that plan was formulated before Garrison joined company, but that he had "valuable input" in implementing it.) On other hand, they also wondered how company could avoid selling much lower margin mix without incentive for sales staff to show off advanced features. "The demand brands will do more business, and the brands with a lower profile will do less business," said top sales executive for one step-up supplier. Thomson's Joseph Clayton described himself as "cautiously optimistic" on Highland's latest turn, saying that "the changes in the selling focus are right on."

Highland turnaround philosophically follows same path taken by Best Buy in developing Concept 2 merchandising plan and Tandy's in formulating upcoming Incredible Universe, said top Sony executive who met with Highland. "They found the same thing: Customers are intimidated enough coming in to buy electronics, they don't want to be pushed into buying something they don't want to buy, but they want good help," he said.

"Death of the Salesman" ad hits most perceived consumer hot buttons -- indirectly indicting past practices of Highland itself along with competitors. "No commission. No pressure. No kidding," reads one subhead. "You won't believe the difference this makes. Instead of a salesman on your back, you've got an unbiased expert on your side."

Later in body copy: "And here's another shocker. Nobody at Highland is going to try to scare you into buying more warranty than you need. Our Customer Advisers have no reason to recommend more than you need."

New tack is seen by many as effort to blunt Best Buy's scheduled entry into Chicago and anticipated arrival in Indianapolis later this year. Lack of high-pressure sales force has been significant element of Best Buy marketing plan for Concept 2 format. Best Buy Pres.-COO Brad Anderson said new Highland direction won't change way his company enters those areas. "That's never been a really major focus of our advertising, though we'll continue to mention it as a plus," he said.

AUDIO BILL PROGRESSES: House Commerce Committee last week unanimously approved Audio Home Recorder Act (HR-4567) that would establish first royalties on digital audio recorders and blank media and require hardware to include Serial Copy Management System (SCMS) to bar 2nd-generation digital copying.

Action, which placed legislation on House floor, was greeted warmly by supporters as significant step in race to have bills enacted before first DCC and Mini Disc (MD) recorders are scheduled to be sold to public in fall. Companion S-1623 already was on Senate floor agenda awaiting final vote, expected soon. In what is considered formality, separate House bill (HR-3204) virtually identical to HR-4567 still must be considered by Judiciary Committee, which hasn't announced plans for action. However, sponsors said they expect legislation to reach White House this year, probably by end of summer.

HR-4567 was authored by Rep. Collins (D-Ill.), chmn. of House Competitiveness Subcommittee. She said at June 2 session of full Committee that bill would "end the stalemate" that had developed between consumer electronics manufacturers and music industries over sales of units because of debate on revenues allegedly lost to home copying. It would make home recording legal and "facilitate the widespread introduction" of digital recording products to consumers, Collins said. Rep. McMillan (R-N.C.), Subcommittee's senior Republican, also lauded bill as "winning situation for all involved."

Panel accepted change specifying that bill wouldn't apply to "general purpose" computers or telecommunications systems, which had been advocated by computer and telecommunications industries, including AT&T. House committee action was applauded by EIA and RIAA. EIA Consumer Electronics Group Vp Gary Shapiro said Assn. was "pleased that this bill is moving so quickly through the Congress." With HR-4567 and companion S-1623 now on House and Senate floors for final debate, Shapiro said "we expect to see this bill enacted before the 102nd Congress adjourns." RIAA spokesman told us Assn. considers committee's ratification of HR-4567 "a real critical step forward" because developments related to Audio Home Recording Act "had quieted down somewhat" since last hearing on issue March 31. RIAA executives expect Senate action on S-1623 "within the next several weeks," spokesman said.

Man arrested June 1 in connection with 1978 murder in Scottsdale of Hogan's Heroes star Bob Crane is John Carpenter, Kenwood national service mgr. L.A. Times reported that Carpenter has held Kenwood post for 4-1/2 years and served previous stints in West Coast offices of Sony and Akai.

MULTIMEDIA BULLS AND BEARS: While multimedia products were being spotlighted at Summer Consumer Electronics Show in Chicago, panelists at Multimedia Expo in N.Y. -- mainly from computer side of industry -- were pointing out how far category has to go as consumer product. Speakers cited often-discussed problems such as plethora of platforms, shortage of software, lack of distribution channels.

Formats such as CD-I were criticized as being "way too low" in quality by Allen DeBevoise, pres. of software developer AND Communications, L.A. Hollywood creative community is "not interested" in producing programming in those formats, he said. "They must be full motion and high resolution."

Sony's James Sandy took different view. "The consumer doesn't always want the best," he said, citing failure of Sony's Beta format and success of "inferior" VHS. "People won't pay top dollar for the highest resolution," he said, calling CD-I picture quality "acceptable."

Rather than try to develop titles for CD-I and other multimedia formats, DeBevoise said software producers should concentrate on ideas behind programming. "It's the difference between distributing software for its own sake [and] helping to sell the hardware." Titles created specifically for current formats could have short exploitation period, he said. Studios take more "sensible" approach by aiming high with good production values and strong concepts that then can be adapted to other media, he said. For now, however, future of software is tied to hardware because of limited distribution channels.

Sandy said Sony requires dealers who carry Data Discman to stock software, as Philips does its CD-I retailers. "It may not be the most logical way to do it," he admitted, "but it is a way to see that the titles are available." Adherents of Multimedia Personal Computer (MPC) format generally don't have that luxury, he said, with exception of Tandy, "and they're doing the best with MPC."

Multimedia must develop "the quality of TV, the communications capability of the telephone and the instant response of the computer" to succeed, DeBevoise said. "Until then, people will just be playing in niche markets." However, Sandy said Sony has sold 700,000 Data Discman units since debut in Japan 15 months ago. Larry Samuels of Creative Labs, which markets CD-ROM drives, estimated industrywide sales of those products at 100,000 monthly. "There are companies making money now," he said, citing major chains such as Software Etc. and Egghead Software, which have begun stocking multimedia titles. In Chicago, meanwhile, Sony launched major CD-ROM software distribution program (see separate report, this issue).

Taking bullish view of consumer multimedia market was N.Y.-based Link Resources. Although home market is far behind business market, estimated at \$866 million this year, Interactive Media Services Dir. Steve Reynolds predicted it would "almost catch up" in 1993-1994 when hardware reaches consumers, prices come down and "true applications" become available. "The groundwork is being laid," he said, "but the next couple of years is still the ramp-up mode." By 1996, Link predicted home market would exceed \$5 billion and business segment would approach \$6 billion. Nintendo is best current example of consumer multimedia, said Ziff Desktop Publishing Design Dir. David Rollert, because of "extraordinary" production values of "the better games," their user friendliness and "good entertainment value."

Note: Philips apparently changed mind, and quietly demonstrated full-motion video (FMV) CD-I on Consumer Electronics Show floor in Chicago after inconclusive news conference showing was blamed on maladjusted rented front projector (TVD June 1 p13). As displayed on direct-view set after our May 22 deadline, performance was up to standard set in earlier demonstrations -- achieving VHS quality (TVD March 16 p12). Officials of C-CUBE, which developed FMV chip, said video data transfer rate gradually will be increased to 3 Mbps from 1.2 using current MPEG standard, resulting in S-VHS quality.

MD GETS WARNER BACKING: Sony last week got Mini Disc (MD) endorsement it apparently had expected at Consumer Electronics Show (CES) when Wall St. Journal quoted Warner Music Group (WMG) Chmn. Robert Morgado as saying it would participate in MD launch in fall and "intends to release titles on the format."

Report followed Morgado statement May 28 that WMG was working on MD and DCC development, but wanted assurances from hardware manufacturers in both camps that new digital formats wouldn't "adversely impact CD's continued growth." Paper quoted Morgado as pledging that WMG would launch MD titles on basis of "verbal assurances" by Sony, although he was awaiting "further and more elaborate response" from Sony and other hardware makers on marketing and distribution of new formats.

Report said that Morgado's statement June 2 followed call from Sony Software Pres. Michael (Mickey) Schulhof protesting WMG's May 28 remarks. Sony Software spokesman confirmed Schulhof and others had called Morgado, but wouldn't give details of conversations.

Schulhof himself told us that Sony empathizes with concerns of WMG about possible cannibalization of CD sales caused by new formats, but said that "it would be foolish on our part to do anything that hurts CD." He said: "We have a terrific working relationship with Warner... Our future and Warner's future are in lockstep together. It is important for Sony Music that the emphasis in MD be on portable hardware" including boombox stereos, Walkman battery-operated units and car players, "and that is an area where I believe Sony will concentrate. Nobody uses CD today for those purposes in any significant quantity." Schulhof said he believed newspapers had overplayed entire Sony-WMG affair.

Morgado's original statement hardly was MD endorsement Sony anticipated, judging by comments Sony executives had made earlier in week. Sony Software Sound Technology Mktg. Vp Robert Sherwood strongly indicated at Chicago news conference May 27 that Warner would issue MD endorsement next morning. Moreover, Sony Pres. Norio Ohga said flatly at Tokyo news conference day earlier that Warner would endorse MD at Chicago CES.

WMG's MD endorsement represents significant credibility boost for Sony format, but also comes against backdrop of Warner's strong public support for DCC. Time Warner Senior Vp Geoffrey Holmes serves as vice chmn. of DCC Group of America and has been among format's chief software boosters. At Chicago CES workshop, Holmes restated his backing of DCC, sounding DCC tagline on subject of backward compatibility he hopes will become household phrase: "DCC is the future, but it allows you to take the past with you."

FIDENAS vs. EMERSON (cont.): Dispute between Emerson and Fidenas, its largest stockholder which seeks to take over control of company at July 7 annual meeting, was in both federal and state courts last week.

In latest development, Shigemasa Otake, U.S.-based former pres. of Japan's Otake Trading Co., bought stake of nearly 9% in Emerson by purchasing 3.8 million newly issued common shares for \$2.89 each, according to filing with SEC. Otake has option to sell back shares to Emerson for purchase price plus interest between Nov. and Jan. if Emerson fails to list new shares on N.Y. Stock Exchange and restructure its bank debt.

Otake still is leading force in Otake Trading, which, in turn is commonly owned with Japan's Orion, major supplier of VCRs and TVs to Emerson. It owns big-screen TV assembly plant in Princeton, Ind., whose biggest customer is Emerson. It isn't clear whether Otake (or Orion) is one of 3 suppliers from which Emerson said it has raised \$18 million (TVD June 1 p15).

In addition to announcing infusion of equity, Emerson said it had restructured debt, announced improved financial results and filed lawsuit against Fidenas in federal court, charging violation of securities laws. It also asked N.J. Superior Court for declaratory judgment that latest actions -- taken on last day of record for stock eligible to vote at annual meeting -- were consistent with court's order that both sides avoid "extraordinary actions" to unfairly influence proxy solicitation (TVD May 4 p22).

In reply to Emerson state court filing, Fidenas charged Emerson violated court order. Eugene Davis, Fidenas lawyer and member of Emerson board, called Emerson's equity transaction "a sham" because it's qualified by impossible conditions. "It's an attempt to park votes," he said. He said restructuring is dependent on June 30 equity infusion that won't occur. Court scheduled hearing on propriety of Emerson actions June 11.

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Sansui will sell Capetronic manufacturing operations to Grande Holdings for about \$104 million. Capetronic, with 14 factories, mostly in Far East, is former U.S.-owned operation acquired by Polly Peck International (PPI) and put under Sansui. At same time, Semi-Tech Global, Hong Kong company headed by James Ting, said it will increase its ownership in Sansui to 51% from 19%, buying additional shares from bankrupt PPI. Grande, electronics manufacturer controlled by Ting associate Stanley Ho, has 32% of Sansui. Ting said Semi-Tech will invest \$31 million in Sansui.

Transactions will decrease Sansui's debt to \$39 million from \$165 million. Sansui will retain its Japanese factory and will continue to buy from Capetronic on OEM basis. Ting said Sansui will be profitable within 18 months. Meanwhile, Semi-Tech, which owns Singer brand name, plans major rights issue to raise money to establish Singer Credit Corp., consumer finance operation. Semi-Tech once had agreement to invest \$30 million in Emerson and name majority on its board. Agreement was terminated with cash and stock payments to Semi-Tech, which agreed to buy consumer electronic products from Emerson (TVD April 6 p13).

Creative Technology, maker of Sound Blaster audio card for personal computers, filed suit in U.S. Dist. Court, San Francisco, charging Media Vision with copyright infringement relating to Media Vision's development of software compatible with Sound Blaster.

MAY RETAIL SALES: Circuit City reported 9% comparable-store increase as total sales rose 19% to \$232 million in May. For quarter ended May 31, comparable stores were up 5% and chain's sales were up 15% to \$644.3 million. Pres.-CEO Richard Sharp acknowledged May gains were helped by "easier comparisons against prior year results and a favorable calendar change." Last May, CC registered its lowest sales gain for any month, and 8% comparable-store drop that month was largest of any in last fiscal year.

Best Buy said May comparable-store sales were up 9% as chainwide revenues jumped 39% to \$78 million. For first quarter, comparable-store sales gained 17% and total sales 48% to \$246 million. May comparable-store increase was lowest for any month since last Nov. Pres.-COO Brad Anderson said Best Buy had strong 16% comparable-store increase last May, and said cool weather in Midwest had depressed air conditioner sales last month. Best Buy also announced signed leases or commitments for 24 of 30 stores it expects to open in current fiscal year.

Audio/Video Affiliates (AVA) saw string of 28 consecutive months of comparable-store sales gains broken in May. Company blamed unseasonably cool May weather (compared with unseasonably warm weather in May 1991) for sharp drop in air conditioner business that cut comparable-store sales 6.3%. Factoring out air conditioners, AVA said, comparable-store sales would have been up 2%. Chainwide revenues, including new stores, rose 3% to \$14.5 million. AVA also posted 40.9% rise in net income to \$248,000 on 14.6% sales increase to \$43.4 million for first quarter ended April 30 (see financial table).

SONY'S CD-ROM 'LABEL': Program to distribute CD-ROMs in same manner as audio recordings was launched by Sony Electronic Publishing (SEP) in Chicago during Consumer Electronics Show. "Affiliated Label Program" starts with 20 titles developed by other software companies that will be manufactured, marketed and distributed by SEP. Discs are in standardized package, using publishers' original artwork on cover, along with SEP's quill pen logo.

Affiliated Label titles at start will be carried by 4,700 retail outlets, which Sony said will be expanded to include consumer electronics dealers, book, record and video stores and mass marketers in addition to computer software dealers. SEP Pres. Olaf Olafsson said "the CD-ROM market is poised for tremendous growth."

Sony estimates 2.5 million CD-ROM drives are in use, 40% of them Sony-made. Company forecast 2.9 million in use by year-end, rising to 6.9 million by end of 1995. SEP plans to add more entertainment and education titles beginning this fall, said Vp Robert Hedrick, and Sony aims at "widest possible consumer market."

Rollout titles include American Business Phone Book, Bible Library, Classic Book Collection, PC Globe 5.0, College Handbook, Library of Art, Baseball's Greatest Hits, Beethoven Symphony No. 9 Companion, Mac Globe, Mozart Dissonant Quartet, Macmillan Dictionary for Children. Program will support DOS, Mac and MPC personal computer platforms.

Staples reached definitive agreement to acquire Office Mart Holdings, parent of WORKplace, 10-store office products superstore chain in central Fla.

CES PRODUCT INTROS: Projection TV and other home theater products highlighted new model introductions at Consumer Electronics Show (CES) in Chicago. Some highlights:

Mitsubishi added 13 projection TV systems, including 8 "Slim Depth" models, with chassis 30% slimmer than "traditional" projection sets. All sets have PIP, liquid coupling and dual antenna connections and will be available in fall, except as noted. New sets start with single 40" model at \$2,499, with 2 slim 45" sets (less than 21" deep) at \$2,999. Two slim 50" sets (less than 23") are \$3,199; stepups with digital comb filter, wideband amplifier and Viewpoint on-screen menu system are \$3,499, due this summer; ultraperformance high-end conventional depth 50" is \$4,599.

Projection 60" models start with slim version at \$4,199, stepping to slim higher featured model at \$4,399 and standard depth version at \$4,999, topped by high-end ultraperformance model at \$6,599; sole 70", with midline features, is \$6,399; 120" model is continued.

Six new 35" sets have been added, and super high-end model with new wide-neck tube, ghost reduction and dual conversion shown year ago (TVD May 27/91 p11) is being delivered at \$7,499 list. New 35" sets, all with PIP, start at \$2,199, with 2 VCR storage consoles at \$2,599; table model with learning remote, CCD comb filter at \$2,399; invar shadow masks and Viewpoint operating system are featured in table model at \$2,999 and VCR storage console at \$3,099.

Remaining TV line starts at \$329 for 13", with MTS stepup at \$379; on-screen menus start on 20" models, of which 4 are new at \$399–\$579. PIP models start with 26" at \$699, with 3 new 27" sets at \$799–\$999 and four 31" at \$1,599–\$2,199.

New VCRs, all 4-head, include one mono at \$399, stereo model with 200x rewind speed at \$599; stepup at \$699 has dynamic tracking, quasi S-VHS playback, dubbing features and 250x fast forward and rewind; S-VHS model with dynamic comb filter, luminance compensation and Viewpoint operating system is \$999. Recently introduced 3-model VHS-C camcorder line is carried over.

Sharp added to SharpVision LCD projector line with new version using company's "micro lens" technology that increases brightness 50% (TVD Jan 27 p13). Model has reduced throw distance (12 ft. for 100" picture), has 330,000 pixel resolution, 5w-per-channel audio, available in Aug. at \$3,995.

Displayed to get reaction was 11-lb. single-LCD projector, designed to display 30–60" picture. It has around 300,000 pixels, could be priced at \$2,500–\$3,000, Sharp said, but company currently has no firm plans for model.

Sharp's new SE line (TVD May 25 p15), aimed at about 300 dealers, at outset includes 20" sets at suggested list of \$470 and \$500 and 27" MTS set at \$900. Two middrive VCRs with separate 19-micron heads to enhance quality of EP recording are \$430, with hi-fi model at \$570. Hi8 Twincam dual-lens camcorder will be added.

Quasar adds SuperFlat tubes to its high-end SX series. All of brand's new TV sets have A/V jacks and all SX models have one-year parts and labor warranty. New SuperFlat models are 27" table at \$1,100 list, console at \$1,800, 31" table at \$1,250, console \$1,900. Other SX 27" sets are \$750–\$970, with 31" at \$1,350. In regular line, 27" is \$690, with 25" consoles at \$590 and \$670; 20" models are

\$380 and \$430; 19" holdovers \$370 and \$400, with 13" at \$300 and 20" at \$290.

New Quasar projection sets with advanced PIP, 700 lines resolution and up to 450 ft. lamberts brightness are 45" at \$3,250 and 51" at \$3,400, each in 2 cabinet styles.

Six VCR decks have been added to Quasar line for 1992. Two-head model is \$260, 4-head \$290, 4-head hi-fi \$400. Models with quasi S-VHS playback, childproof door lock and artificial intelligence picture control are \$370 and hi-fi \$500. S-VHS model is \$750.

Quasar camcorders include 6 VHS-C and 6 full-size VHS. One-lux 8x zoom models (in 2 finishes) are \$960; with color light \$1,050; with 80x digital zoom and electronic image stabilization (EIS) \$1,300; S-VHS-C models are \$1,200, hi-fi version \$1,400. Full-size VHS models have flying erase, left- or right-hand operation, with 8x zoom, \$970; stepup with color light and carrying case \$1,100; color viewfinder \$1,300, with 20x digital zoom, EIS and fade \$1,400; 30x digital zoom at \$1,600; S-VHS \$1,800.

Samsung introduced 42" rear projector with claimed 700 lines of horizontal resolution and 550 ft. lamberts brightness. Also new was "world's fastest color video printer," producing 5.5x3.9" videoprint in 45 sec., due in July at \$1,100.

Toshiba Video Communications adds satellite receiver at \$1,795 with new VideoCipher RS module designed to accept smart card for pay-per-view, in addition to pushbuttons for ordering PPV programs. It will accept either IR or UHF remote commands. Eliminated from receiver is RF modulator, as most TVs now have audio and video inputs.

Ricoh introduced palm-sized Hi8 camcorder with 10x zoom and "Smoothshot" image stabilization at \$1,799. It's similar to "Steady Shot" unit introduced in April by Sony at same suggested price (TVD April 20 p16).

InterTAN, company spun off to Tandy shareholders that operates what formerly were Tandy's foreign retail stores and that remains Tandy's largest individual customer, said it will take \$50 million restructuring charge related to plan to close about 200 of its 1,531 stores, including 160 in Europe, in next 6–9 months. It also said it will reorganize European operations, establishing profit center in U.K. near Birmingham, another for Continent with hq near Brussels. It said its loss in current quarter will be "greater than expected" owing to low sales and high expenses, particularly in Europe. InterTAN said results for quarter will place it in default under specific financial ratio covenant in its credit line agreement, requiring it to get waiver from lenders. Tandy's sales to InterTAN totalled \$172.7 million in most recent fiscal year.

Seeking to dispel misconception that all TVs are imported, Philips and Thomson put new labels on color set screens at Consumer Electronics Show. Sticker on RCA brand sets had U.S. flag, RCA dogs and legend: "Designed, Engineered and Assembled in America." Philips sticker read "Designed and Manufactured in U.S.A." Meanwhile, Sharp's new 4" LCD color TV, to be available in Sept. at \$600 list (TVD May 18 p13), will be assembled at company's Memphis facility, officials said. Imports of TVs (with tuners) from Japan are subject to dumping penalties. While there's also penalty on imported LCD screens, it applies only to units with at least 120,000 pixels. Sharp's model has 112,000 pixels.

HOME THEATER SPOTLIGHTED: Liveliest topic of conversation at Video Industry Outlook panel discussion at Consumer Electronics Show (CES) revolved around problem of how home theater should be presented to consumers. "We as retailers have not done a very good job," Best Buy Pres. Brad Anderson conceded. "We've done one of 2 things -- we either haven't addressed it, or we've addressed it in such a fashion that makes it seem so expensive and so intimidating to the consumers that they're frightened to make that purchase."

Panelists cited variety of trends that must continue to make home theater more salable to consumers. Frox Systems Sales & Mds. Vp Bud Myers, acknowledging that his company's system "is being marketed today to early adapters at \$10,000," cautioned dealers to take note of system's various parts "because within one year, these new applications from [companies such as] Apple, IBM and Frox will be offered in feature sets in the same price range that you're currently offering VCRs."

Mitsubishi Mktg. Vp Leo Delaney pointed to slimmer profile of projection TVs and "improvements in picture quality directed toward more satisfying viewing at closer distances required by placement in smaller environments in the home" as elements helping to drive home theater sales. He spotlighted move toward more automatic interaction among components, noting that it "takes 5 to 6 discrete steps for a consumer who's rented a movie to successfully launch a playback." Philips' Brian Smith asked whether dealers in audience are "ready to become systems integrators, as digital applications come together in your customers' media rooms -- who will they turn to for advice in making them all work together?"

Panelists acknowledged that industry walks tightrope between promoting new technologies and overhyping and confusing potential customers. Asked how widescreen TV could be positioned in advance of arrival of HDTV late in decade, Delaney expressed concern that "consumers have become confused by the emphasis on a new and emerging technology that isn't here yet. To the extent that widescreen display adds to that, we have some trepidation." Best Buy's Anderson said that "if 16:9 sets were coming without the specter of HDTV, without a shadow of a doubt it would be a meaningful format. Whether it works as an interim step, I don't know, but we're definitely interested in trying to make it work."

Frox's Myers, who took strong role on panel as spokesman for independent dealers, said caustically: "It wasn't the media that set up those demonstrations [of widescreen and HDTV on show floor]. You put it out there, you set the displays and hide the hundreds of thousands of dollars worth of product behind there to make it work, and you can expect some talk about it. And that's going to affect the retailer."

Myers also criticized "consensus thinking," saying: "We seem to be paying management of stores to theorize what less they can get by on. We have become paralyzed. We have American technology that can lead us out of the malaise and is currently state of the art." Later, he urged audience to "not give up on America's chance to reenter the consumer electronics industry and, as audio/video independents, let's not give it up to the computer industry."

Both retailers on panel -- Anderson and Luskins' Chmn. Jack Lusk -- downplayed prospects for major surge of laserdisc (LD) player sales despite declining price points, which Anderson called "not very important... For anyone

who's seriously going to get involved in LD, they're really going to be in for an investment in the maintenance and building of a library, and that's much more expensive than the unit is." Luskins cited Blockbuster's lack of commitment to LD. If Blockbuster starts stocking discs, he said, "there will be a significant change."

ROGERSOUND LABS BANKRUPTCY: Blaming "heavy debt burden" stemming from 1989 leveraged buyout, Rogersound Labs (RSL), 11-store southern Cal. A/V chain, filed for Chapter 11 bankruptcy last week in L.A. Company, which claimed \$60 million in sales last year, listed \$27 million in assets and \$26.1 million in liabilities. Among largest unsecured creditors were Mitsubishi, owed \$490,220, and Proton, \$102,679.

RSL, which said it plans to continue operating all 11 stores and its loudspeaker manufacturing facility, has retained F.M. Roberts & Co., investment banking firm, to help it seek buyer or investor. Fred Roberts, principal of firm, described RSL since 1989 as "a company whose plan was based on growth, and a growth program has inherent risk even in a good market." He also said plan didn't allow for any "bumps in the road," such as recession, and entry into L.A. of such chains as Good Guys (July 1990) and Silo (Oct. 1990). Good Guys' L.A. penetration was of particular note, since its mix most directly overlaps RSL's mid-to-upper tier merchandise.

Southern Cal. has been among areas hardest hit by recession in last year, even as Circuit City, Silo and Good Guys continued to expand in area. Retail malaise recently claimed Paris Audio, noted high-end audio and video retailer in L.A. RSL had long been rumored to be teetering financially, and industry sources said it recently had been given deadline by its prime lender to come up with \$1 million in cash to maintain financing arrangement. Management indicated it was on verge of getting major equity investment in recent weeks, but, Roberts acknowledged, deal fell through "at the last minute."

Roberts said variety of potential investors or purchasers had expressed interest in RSL, including major retailers in other markets. "Those are precisely the kinds of guys who can do it," he said. "A lot of overhead can be eliminated by somebody like that."

Trinitron TV set without Sony brandname was exhibited at Consumer Electronics Show by Sony affiliate Aiwa in 13" TV/VCR combo with 2-head VHS Hi-Fi recorder, designed to match Aiwa -inicomponents. Aiwa America Sales & Mktg. Vp Rusty Bennett said company hoped to have set early next year, price not yet determined. Set displayed was made in Japan but if it's marketed here it probably will be made in Aiwa's Malaysia plant, he said. It could be followed by larger TV/VCR combo. Sony has line of TV/VCR combos, but all are 8mm. Aiwa also displayed standards-converting VCR (TVD April 13 p10), along with mockup of future version with tuner. Bennett said he was surprised at amount of interest shown by dealers in NTSC/PAL VCR.

EIA media campaign for 2nd half of 1992, featuring spokesman Jack Wayman for 7th year, will promote Summer Consumer Electronics Show products in June-July, outdoor and vacation products in Aug., back-to-school electronics in Sept.-Oct., holiday gift ideas in Nov.-Dec. Wayman will make stops in 28 areas from San Diego to Boston in 2nd half. Schedule details: Wayman's office, 212-302-5500, or EIA Communications Dept., 202-457-8728.

Consumer Electronics Personals

Kirk Nakamura, pres.-COO of Panasonic Co., reportedly will be named pres. of Panasonic U.K.; **Ted Inoue**, now senior sales and mktg. vp, reportedly will be named Panasonic Co. pres. Panasonic spokesman couldn't be reached for comment... **Alar Arras** appointed vp of newly consolidated Thomson Consumer Electronics (TCE) Audio Div., composed of former Home Audio Systems Div. of which he was vp; **Stanley Goldberg** departs as TCE Audio Div. vp to pursue other opportunities... **Toro Shima**, gen. mgr. of Toshiba Memory Div., elected pres.-CEO, Display Technologies Inc. (DTI), joint LCD venture of Toshiba and IBM, succeeding **Koichi Ogura**.

Dan McGrath, ex-Precise Acoustics, becomes U.S. ad sales mgr., Off-Duty magazine, plans to relocate soon to Costa Mesa, Cal., hq... Appointments at Sony Music: **LeBaron Taylor** promoted to senior vp-corporate affairs, reporting to Chmn. **Michael (Mickey) Schulhof**; **Josh Rosenthal** advanced to Columbia Records assoc. dir., artist development... **Charles Brennan**, ex-Pear Audio, joins Tannoy in U.K. as export dir., filling vacancy left by **David Bissett-Powell**, now managing dir. of affiliated Martin Audio... **Michael Kemp**, veteran of electronics distribution, named to head new U.K. subsidiary of Franklin Electronic Publishers, hq in London suburb Sunbury-on-Thames.

Appointed dirs. of Philips senior management and of Philips Consumer Electronics in Eindhoven, effective June 1: **A. Brandts**, **H.E. de Haan**, **T.J.H. Sonnemans**; **H.J. Brouwer** will leave Corporate Management Team of Netherlands Philips Sept. 1 on his appointment as Treasurer General of Dutch Ministry of Finance, to be succeeded at Philips by **A.W.A. de Haas**, currently dir. of Netherlands Philips' Social-Economic Dept... **Linwood (Chip) Lacy**, co-chmn.-CEO, Ingram Micro, microcomputer manufacturer, Santa Ana, Cal., and ex-Best Products showroom retailer, named to board of parent Ingram Industries.

Recoton announced settlements in patent infringement actions against Philips and Telephone Products Inc. First suit charged N. American Philips and Philips Electronics infringed its patent on CD-to-cassette player adaptor. In settlement, Philips denied wrongdoing but agreed to purchase all future worldwide requirements from Recoton. Telephone suit involved Recoton's Tanglefree device to prevent phone cords from snarling. Recoton said Telephone Products conceded that it infringed on Recoton's valid patents and agreed to pay undisclosed sum to cover past infringement plus legal fees, to take out patent license and to pay future royalties. "Based on current and expected sales levels," Recoton said, it "anticipates a significant royalty income for the next 10 years."

Will "FELCD" become the magic initials for HDTV displays? Following our disclosure of Canon's progress in developing ferroelectric LCD for HDTV screens (TVD May 28 p11), Financial Times (FT) reports Thorn EMI has developed FELCD in project started in 1984, intended to develop flat screens for HDTV to be manufactured by Ferguson, then owned by Thorn. Company has developed FELCD demonstration models, FT said, and has signed first licensing agreement with unidentified "large Japanese electronics manufacturer." Article said FELCD technology "has largely been ignored by the Japanese electronics industry, with the exception of Canon."

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
Audio/Video Affiliates			
1992-qtr. to April 30	43,421,000	248,800	.04
1991-qtr. to April 30	37,883,000	176,000	.03
Carolco Pictures			
1992-qtr. to April 30	136,481,000	(4,306,000)	-- ^a
1991-qtr. to April 30	136,607,000	(6,291,000)	-- ^b
Image Entertainment			
1992-year to March 31	59,100,000	516,000	.04
1991-year to March 31	48,200,000	(690,000)	--
1992-qtr. to March 31	17,000,000	337,000	.02
1991-qtr. to March 31	14,700,000	(131,000)	--

Notes: ^aIncludes special credit. ^bRestated.

Harman International is offering 1.75 million shares of common stock at \$10.25 per share. Prospectus says company plans to use \$16.48 million proceeds to repay portion of \$78.12 million in short-term bank debt. Company lost \$19.8 million in fiscal year ended June 30, 1991, but had net income of \$1.8 million in 9 months ended March 31, 1992. But it cautioned that "economic factors adversely affecting automobile sales and consumer spending... could negatively impact" results for current fiscal year. Company derived 20% of revenues in last fiscal year from OEM sales to car manufacturers. In fiscal 1991, 61% of net sales were from speakers, 25% from audio electronics, 14% from distributing goods produced by other manufacturers. Harman said it has taken "corrective actions" to address "considerable" losses suffered in last fiscal year by 4 divisions -- Harman Kardon, Concord, Urei, Audax Industries. Prospectus lists Chmn. Sidney Harman as largest individual shareholder with 2,636,225 as of March 31.

Good Guys said closing of clearance center in San Jose (to be converted into standard format store) and sales that "remain weaker than we would like" will result in depressed earnings for current quarter ending June 30. Pres. Robert Gunst said company "sees encouraging signs of a return to a somewhat more normal pricing environment in our markets." Meanwhile, company has ended price guarantee program that offered consumers "double the difference" if they found lower prices. Earlier plan that called for refunding difference plus 10% has been restored.

Fuji has introduced what it says is first metal particle (MP) Hi8 videotape that can be used in metal evaporated (ME) position. Company says tape offers better high-frequency performance characteristic of ME tape, but with durability and archival stability of MP formulation. Called Hi8 Super DC, tape has 0.3 micron layer of metal particles coated over nonmagnetic layer of titanium compound. Tape is available now in Japan at prices lower than are charged for Hi8 ME tape, and will be available in U.S. next year.

Giant-tube color TV sets (30" and larger) were up 57.9% in unit sales in year's first 19 weeks from same 1991 period, representing 3% of total TV sales (including projection) as compared with 1.9% last year, EIA reported. Sets with 25-27" screens gained 6.4%, accounting for 28% of sales (up from 27%), while 19-20" category rose only 0.2%, declining to 44% of total from 45%, and smaller sets declined 2.2%, accounting for 23.3% of sets, down from 24.5%.

TELEVISION DIGEST®

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

With Consumer Electronics

JUNE 15, 1992

VOL. 32, NO. 24

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CABLE BILL READY for Tues. markup. Amendments planned, some described as 'spoilers.' Dingell likely to pull retransmission consent, program access. Sikes says FCC can't handle regulatory burden. Backers make final push. Hughes circulates compulsory license trial balloon. (P. 1)

FCC TO ACT ON NETWORK-CABLE cross-ownership this week. No must-carry or channel positioning requirements to be included. National limit likely to be 10%, local 50%. PTAR not on agenda. (P. 3)

MORE SKYPIX PROBLEMS: Investor Sky King resigned general partnership. SkyPix sues former pres., is defendant in 2 other suits. Firm also loses satellite lease. (P. 4)

ATRC KILLS BUGS: HDTV system arrived June 12 at test center. Testing could begin this week. Impact of delay minimized. Proponents call performance great -- now. (P. 4)

DAB 'HIT OF SHOW' at NAB's Radio Montreux. Duggan pushes hybrid terrestrial/satellite approach. Attendance doubles expectations, increasing likelihood of follow-on. (P. 5)

2-GHZ PLAN HIT: Opponents attack plan to clear spectrum now used for microwave for use by PCS and other new services. Lack of detail criticized; grandfathering and using govt. spectrum backed. (P. 5)

CABLE BILL READY FOR MARKUP TUES.: Cable bill markup, scheduled to begin June 16, began to take shape last week as details of proposed amendments were disclosed and pre-markup maneuvering began in earnest. At least 2 substitutes for HR-4850 were said in works from Democratic and Republican leadership, with situation said tilting toward Chmn. Dingell's (D-Mich.) plan. But disgust levels with process were said to be high, and some in Republican circles thought GOP could give Democrats good scare by making Committee vote close.

Dingell plans still to offer amendment stripping package of program access and retransmission consent provisions despite House Telecom Subcommittee Chmn. Markey's (D-Mass.) uneasiness, we're told. Markey will doubtless go along with plan, sources said, but program access provision's key backer, Rep. Tauzin (D-La.), is expected to protest move and possibly offer alternative -- or turn his forces toward supporting GOP substitute planned by Rep. Lent (R-N.Y.), ranking Committee Republican. Lent's substitute will be same as package he offered unsuccessfully in Subcommittee markup, sources said -- cable bill that passed House unanimously 2 years ago (HR-1303). That bill has its detractors among Republicans for rate reregulatory approach, rather than pro-competitive view that White House has said it wants. Administration has threatened veto for reregulatory bill, notably for HR-4850.

Consumer Electronics

FLAT PLASMA DISPLAY for HDTV is NHK's bet as it shows prototype of 40" wall screen. More work needed, but company forecasts product in '97. (P. 10)

SALES TO DEALERS SURGED IN MAY on strength of strong last 2 weeks in color TVs and VCRs; projection TV up slightly, but sets record. (P. 10)

8mm CAMCORDER IMPORTS PLUMMETED in March as industry moves to ease inventory bloat; all camcorders off 27% in quarter. TVs, VCRs soar. (P. 11)

CONSUMERS LIKELY at 1993 Summer CES in Chicago, says Shapiro, commenting on 'enthusiastic' response. EIA Chmn. Myers says decision is due in midsummer. (P. 12)

BLOCKBUSTER PLANS CD-I RENTALS in 100 Cal. stores beginning next month. Stores will have players at \$9.95 for 3 nights, discs at \$3 for 3 nights. (P. 13)

PANASONIC SHUFFLES DECK, with Inoue named as Pres.-COO and Aguilar as sales & mktg. vp. (P. 13)

PEN/CAMERA COMBINATION, pocket organizer with photos seen as still video products of future by Canon, conceding consumer camera was premature. (P. 14)

COURT BARS VOTE of stock recently sold by Emerson to its suppliers in proxy contest with Fidenas. Emerson assails ruling, pledges expedited appeal. (P. 14)

It was unclear who had what votes, but if issue boils down to partisan alliances -- Dingell should win. However, it was noted repeatedly to us last week that Subcommittee vote didn't hew to party line, that there were defectors in each direction from both parties and that Lent's amendment came within striking distance of being passed. However, Dingell allies are said to be making forceful argument for leaving program access and retransmission consent battles to House-Senate conference committee deliberations. Sources generally agreed that Committee would produce bill by end of week.

Other amendments also are expected Tues., some clearly meant as "spoilers," we're told, such as effort to require competitive renewal for cable franchises along lines of broadcast license renewals. Others have been expected on superstation carriage and sports siphoning. Our sources reported Republicans "across board" on both issues, leaving prospects for success of either to ability of various Democratic sponsors to hold party allies in line.

Meanwhile, key Telecom Subcommittee members wrote Commission letter last week similar to missive earlier this year from Sens. Burns (R-Mont.) and Dole (R-Kan.) demanding President pressure FCC to proceed on video dial tone (VDT) rulemaking immediately. "The FCC has the authority" to allow more telcos into cable through changes in rural exemption, asserted Reps. Boucher (D-Va.) and Oxley (R-O.). They also want "more frequent" use of existing waiver process to allow telcos to provide video in unserved areas, even within their service areas. Oxley had been planning to offer amendment Tues. to cable bill that would raise population cap for telco-cable cross-ownership curb to 10,000.

FCC Chmn. Sikes made big pre-markup maneuver, sending letter to House Commerce Committee members and others saying FCC regulation of local cable rates would cost up to \$249 million over next 5 years. Sikes said that FCC couldn't handle burden without additional resources, that regulation of broadcasting, telephony and other services would suffer, and that state PUCs should be involved. "Without the necessary resources, the FCC cannot handle the responsibility associated with the regulation of the cable industry," Sikes said. "Additional level of regulation by the FCC is not necessary to accomplish the goal of effective cable rate regulation," Sikes said. Cable regulation "historically has been a local activity," he said, because of "the purely local nature" of cable. If local regulation is appropriate, he added, Congress should empower state PUCs to become involved because they "have great expertise in regulating monopoly utility providers."

Consumer and municipal govt. groups tried to help House out of procedural morass on cable reregulation by signaling willingness to accept removal of contentious program access provision -- temporarily -- from bill. Concession was announced at Capitol Hill news conference by representatives of unions, Consumer Federation of America (CFA), National Assn. of Telecommunications Officers & Advisors, National League of Cities (NLC), U.S. Conference of Mayors, others from 23-member Cable Consumer Coalition. "Congress inadvertently appears to be playing into the hands of the bill's opponents who want to kill the bill through delay," they said in letter to House Speaker Foley (D-Wash.).

Groups said their concession was only procedural gambit; they still want program access in final bill and wouldn't support any bill sent to White House that's significantly weaker on program access. "We are asking them [House] to move it [bill] as quickly as possible in whatever way possible... so long as the major components are there in the end," said CFA Legislative Dir. Gene Kimmelman. He identified 3 components as rate regulation, program access, broadcast retransmission consent/must-carry. Group endorsed version of HJR-4850 voted last month by House Telecom Subcommittee. Cities would like bill to give them more autonomy in franchise renewal, customer service and rate regulation areas and damages-immunity protections in suits contesting franchise decisions, NLC Exec. Dir. Donald Borut said, but Augusta, Ga., Mayor Charles DeVaney, who represented NLC and Conference of Mayors, said "provisions will help no one if this bill is allowed to die."

Removal of program access rules would be risky. Advocates would need to seek to return language as amendment later in congressional debate. Maneuver also could put retransmission consent provision at risk of attack on procedural or substantive grounds. But broadcasters signaled willingness to go along with plan to get bill to House floor. Question now is just how much flexibility will concessions by 2 groups give Committee Chmn. Dingell (D-Mich.) in light of his failed effort last week to find common ground on program access between NCTA and Satellite Bestg. & Communications Assn.

Meanwhile, latest version of cable compulsory license bill (HR-4511) being circulated by staff of Copyright Subcommittee Chmn. Hughes (D-N.J.) and ranking minority member Moorhead (R-Cal.) is improvement, cable and Hollywood interests said, but it doesn't go far enough. Hughes indicated he hopes to

mark up bill this month even though latest proposals are presented in only most general form, but sources doubted it could become law this year because there's no Senate version.

Bill would raise compulsory license fee to 5¢ per subscriber per month from 3¢ in earlier draft (TVD April 6 p4). Copyright holders (Hollywood producers or sports teams, for example) would get half of fee, with rest going to local broadcasters. Hughes suggests exemption from compulsory license fee for cable systems with fewer than 2,500 subscribers. Fee would total about \$26.7 million per year under current Hughes plan, vs. \$18.8 million under original plan. Small cable system exemption would have little impact on total fees paid to broadcasters and copyright holders, memo said, and "smaller systems feel that their existence is threatened by elimination of the compulsory license" because of difficulty clearing program rights.

Memo also suggested changing definition of local service area, which determines whether compulsory license fee must be paid. Instead of using Arbitron's Area of Dominant Influence (ADI), all current local signals would be grandfathered and new definition of local service area would be 75 miles from transmitter. Instead of replacing 3.75% surcharge for additional distant signals with flat fee of 12¢ per independent station and 3¢ for network and noncommercial, fee would increase with number of distant signals carried. MPAA said it's pleased that rights holders would be compensated under new Hughes plan. Despite that, however, MPAA said that "we remain convinced that a [free market] copyright solution is the best way to address the inequities."

NETWORK-CABLE CROSS-OWNERSHIP: With FCC sunshine announcement released June 11 for its June 18 meeting, after which no outside contacts are permitted, 2 mass media items FCC Chmn. Sikes had proposed for consideration didn't make it, but one that did is big one: Expected finalization of rulemaking to permit TV networks to own cable systems, and vice versa. Network affiliates and independent stations had fought proposal, and are expected to lose most of safeguards they sought -- such as must-carry and preferred channel position. Commission sources tell us agency won't require either.

Before commissioners will be proposal by Sikes and staff to permit network ownership of 10% of homes passed by cable nationwide, 50% in a single market. Comr. Quello wants latter figure reduced to 25%. Some Commission sources say there will be compromise between 2 figures, others say it will remain at 50%. As for required must-carry of local stations for network-owned systems, FCC officials believe there would be constitutional problems in such a rule, and point out that virtually all local signals already are on cable. And, we're told, Commission isn't likely to adopt any requirement on channel positioning of over-air stations.

NBC and ABC affiliates had negotiated long and hard on "safeguards" for stations, in return for their support of networks owning cable systems, weren't able to reach agreement. However, NBC-affiliate talks are said to be continuing, and agreement still is possible; ABC and its affiliates are considered likely to agree to similar pact. Among other things, affiliates had sought 5% cap on networks' national ownership of cable. CBS, which hasn't expressed interest in owning cable systems, has pretty much sat on sidelines.

NAB entered fray last fall with 10-6 vote by TV board against networks, and INTV has strongly opposed permitting networks to own cable systems. At recent ABC TV affiliates' convention in L.A. (TVD June 8 p3), Cap/ABC Pres. Daniel Burke confirmed that ABC had talked to Continental Cablevision about acquiring minority interest if FCC permits.

Among items that didn't make agenda: (1) FCC inquiry and/or rulemaking to relax prime-time access rule (PTAR) restrictions on affiliates in top 50 markets. (2) Channel allotment table for development of HDTV. Quello and Comr. Duggan had asked that PTAR be delayed, with former at one time suggesting that agency shouldn't take it up until legal battle on finsyn is decided. However, that could be more than year away, with FCC brief on case filed June 12 in 7th Circuit Appeals Court, Chicago. Now, we're told, "it would be pure speculation" as to whether PTAR will be on agenda in July or Aug. HDTV channel allotment proposal reportedly was pulled at request of International Div. because of allocations problems with border assignments in Canada and Mexico.

Tribune Bcstg. closed June 10 on its \$19-million acquisition of 75% of WPHL-TV (Ch. 17) Philadelphia from Taft Bcstg. Tribune is paying with preferred stock and warrants and now will reach 22% of U.S. TV households with its independent stations in N.Y., L.A., Chicago, Atlanta, Denver, New Orleans, Philadelphia.

GE's NBC TV Network has made what it called "unprecedented" tie-in with GE Lighting to promote network's fall schedule. Campaign will include "instant-win" sweepstakes offering 25,000 prizes, in-store displays in 150,000 retail outlets, on-air promotions, print ads, affiliate tie-ins. Value of campaign wasn't announced.

MORE SKYPix PROBLEMS: Major SkyPix investor Sky King has resigned general partnership interest in joint venture, opting for limited partnership, Bellevue, Wash., company announced. Meanwhile, firm planning direct-to-home satellite TV service has sued its former pres. and is, in turn, defendant in 2 other suits. It also has lost its long-term lease for satellite transponders, is operating on short-term lease.

While SkyPix termed Sky King action "latest in a series of public and private maneuvers" by Sky King to "seize control," Sky King said change stemmed from "lack of confidence in current SkyPix management and, in particular, serious concerns regarding current investment offerings." Sky King's William Savoy, who resigned from SkyPix management committee, said decision to become limited partner was result of variety of developments, including continuing delay in SkyPix launch. Originally planned for 2nd quarter 1991, 80-channel DBS service has been pushed back several times, most recently to late summer or early fall of this year. SkyPix claimed Sky King owner Paul Allen, a founder of Microsoft, has been engaged in "long campaign to shake the confidence of SkyPix investors so that Mr. Allen's group would appear acceptable as management of SkyPix."

SkyPix sued former Pres. Brian McCauley for allegedly disclosing proprietary information, among other charges. SkyPix is seeking \$80 million in damages. SkyPix spokeswoman said charges include violating company's "nondisclosure agreement," "defamation of SkyPix" and "malicious interference" with company's business plan. McCauley declined to comment.

SkyPix is defendant in 2 lawsuits, according to court documents in McCauley suit. Suit filed last April in King County (Wash.) Superior Court by engineer Tom Haller accused owners Frederick and Richard Greenberg and 4 of their companies of breaching employment agreement Haller signed when he sold them core technology for SkyPix system. Haller, who said he invented compression process, charged he was promised \$85,000 annual salary starting in 1989 and 5% stake in Green-Tech, which bought technology. However, suit said Greenbergs had Green-Tech sell technology to Northwest Starscan for \$2 million. Second lawsuit was filed in Jan. by former SkyPix financial analyst Laurie Owens, who charged company with sexual harassment and unlawful termination.

Hardware manufacturing for SkyPix receivers has just started, company said. Although SkyPix had said it would announce manufacturer, spokeswoman said company won't disclose that information after all because "we have a number of people making the different components" and for "security reasons." Price of system remains \$849 plus \$150 installation. SkyPix said first 300 units will be manufactured in next few weeks for one-week Beta test on sites where preproduction models were tested. Within 2 weeks following Beta test, company said it expects to ship 2,000 demonstrators to authorized dealers, followed by first 10,000 consumer models 4-6 weeks later.

N.Y.C. will cut NBC's electrical bill by \$700,000 per year as way to encourage network to keep offices in city, N.Y. Power Authority Chmn. Richard Flynn said. Deal, which would continue through 2010, must be ratified by Authority trustees. "This is the latest allocation in our efforts to bolster the communications industry in New York City," Flynn said. "Power Authority power already is protecting more than 1,100 jobs at ABC Television and the New York Post."

ATRC KILLS BUGS: Digital HDTV system developed by Advanced TV Research Consortium (ATRC) arrived June 12 at Advanced TV Test Center (ATTC), potentially allowing testing of system to begin this week after completion of set-up and interface testing. That would mean ATRC was able to hold delay in start of testing to about 12 days, limiting potential damage to its chances to be selected as U.S. HDTV standard. Testing of ATRC system was originally scheduled to start June 3, but was delayed when both hardware and software bugs were found in system (TVD May 25 p3).

ATTC officials have said they will try to make up as much of 12-working-day delay by working extra overtime and weekends, and FCC's Advanced TV Advisory Committee has identified "core" of tests that officials hope can be completed in remaining time allotted for ATRC. Sarnoff Pres. James Carnes said he hopes that will mean enough data will be available for system to give it equal chance with competitors to be selected. Delay was caused by "a whole bunch of little things," involving both hardware and software, rather than one major failure, Carnes said. He said each of individual problems was relatively easy to fix, but was difficult to find.

Meanwhile, Japanese private broadcasters said they plan to use digital HDTV -- rather than NHK's analog MUSE HDTV system -- by time BS-4 satellite is launched in 1997. Plans were disclosed recently in public hearing held by PTT to determine how to use BS-4 transponders. More hearings are to begin in mid-June. Among others, Japanese National Assn. of Commercial Bstrs. said PTT should consider switch to digital HDTV.

Distinction in Cable Act between types of SMATV systems is unconstitutional, U.S. Appeals Court, D.C., said in June 9 opinion. Act said that so-called internal SMATV systems that don't cross rights of way and serve commonly owned buildings aren't subject to local regulation, but "external" SMATVs that serve buildings under different ownership, even if rights of way aren't crossed, can be regulated. In March opinion on Beach Communications case, Court said there didn't appear to be "rational basis" for distinction, but gave FCC 60 days to find new justification. Latest opinion in same case said FCC "failed to provide any justification for the challenged distinction" and "we can conceive of no reason why an external, quasi-private SMATV facility, but not a wholly private facility, should be subject to local cable franchising." Opinion criticized previous dissent by Chief Judge Abner Mikva, who said regulating external SMATVs was okay because they were "similar to a traditional cable system." (Mikva dissented again last week on same ground). Majority (Judges Harry Edwards and Douglas Ginsburg) called Mikva opinion "naked intuition, unsupported by conceivable facts or policies." Court said that if it misunderstood congressional intent in cable bill, "we have no doubt that Congress will act to remedy the situation."

FCC shouldn't allocate broadcast auxiliary bands (1990-2110 MHz) to reserve for emerging technologies because bands already are heavily used for electronic newsgathering and other broadcast services and because even more bandwidth will be needed for HDTV, MSTV said in comments. Band also is used for intercity video relays and studio-to-transmitter links, Assn. said, and no suitable alternative frequencies exist. MSTV said bid by Utilities Telecommunications Council (UTC) for FCC to consider auxiliary bands was merely attempt to deflect attention from bands used by UTC members.

DAB 'HIT OF SHOW': DAB was big draw at NAB's Radio Montreux convention which ended over weekend, officials said. Attendance more than doubled expectations, reaching more than 1,000 attendees from 38 countries on 5 continents, NAB officials said. NAB Pres. Edward Fritts said meeting marked first time that European public and private radio broadcasters met in neutral forum, predicted result will be better coordination between groups on issues such as radio frequencies, technical standards and enhanced program quality. Fritts said NAB won't officially decide until after meeting is fully evaluated whether it will continue to sponsor similar conferences, but said that NAB expects to announce later this year ways to "build on the success of Radio Montreux."

DAB was "clearly the hit of the show," Fritts said. European Bestg. Union sponsored 1-1/2-day seminar on DAB. As result of meeting, Fritts said: "We see a move toward a worldwide standard for DAB. This meeting shows that DAB is real." But DAB future clearly remains unclear. NAB Exec. Vp John Abel said: "The only thing I can say with any certainty about DAB in the Americas is that the future seems very uncertain." FCC Comr. Duggan said at show: "It's urgent that we think intelligently about radio's future because rapid technical and economic change now threatens to overtake radio... around the world." As for DAB, he said question "is not whether digital radio will become a reality, but when." DAB is a technology that "cannot be held back and, from a public interest standpoint, should not be held back," Duggan said.

U.S. should adopt hybrid system that benefits existing stations and that opens possibilities for satellite services with national reach, Duggan said. As for Europeans fear that their culture will be damaged by American customs and programs, he said: "I would suggest that this fear should be taken as seriously as a fear of ghosts." U.S. considers task of creating terrestrial DAB service "to be critical" because thousands of existing broadcasters "are providing important local service," Duggan said. But satellite-delivered service on national, regional and global scale "will also be good for American listeners," he said, although L-band spectrum "preferred by the rest of the world" is used currently by U.S. defense industry.

Because of "great strides" made in Europe on DAB, he said, question "is not whether digital radio will become a reality, but when." Among factors he said make DAB implementation "imperative" are: (1) Digital radio appears increasingly "to be a competitive necessity" because CD sound "has permanently changed listeners' expectations." (2) Data transmission capability possible with DAB not only would serve listeners, but open up new "revenue streams" for radio stations.

James Winstead, Redwood City, Cal., was fined \$15,000 by FCC for "malicious interference using an unlicensed station." Commission said that between Oct. 1990 and July 1991 it received complaints from 15 public safety agencies and others of interference on 457.450 MHz, caused by Winstead. FCC said he admitted using frequencies to "intentionally cause interference... out of spite for police departments." In another case, **Andrew Yoder** of Chambersburg, Pa., was fined \$17,500 for "willful and repeated" operation of unlicensed station on 7415 and 7416 kHz. On air, Yoder called station "Radio USA," identified himself as "Mr. Blue Sky." Commission said that in attempt to avoid detection, Yoder operated sporadically and moved often.

2-GHZ PLAN HIT: FCC proposal to clear space in 2 GHz band for new services took expected hits in comments submitted to Commission. Existing users protested move, while those who might come in later said there are plenty of alternatives to use of microwave spectrum. Utilities Telecommunications Council (UTC) called proposal "misguided effort to clear the 2 GHz band for unknown, future technologies." UTC compared it to clearing of 12 GHz band decade ago for DBS, which has yet to develop. UTC added that fiber isn't alternative for microwave, but could supplement existing microwave systems.

Public Safety Microwave Committee (PSMC), representing state and local govt. agencies, including Associated Public Safety Communications Officers (APCO), said group will continue to oppose frequencies for new services because of potential harm to existing public safety communications facilities. Dept. of Energy (DoE) said FCC should publish more detailed proposal before requiring electric utilities and others to move. American Petroleum Institute argued that all existing private microwave use should be grandfathered indefinitely, added that PCS, which cable hopes to offer, will probably be urban service and reallocation should reflect that.

Telesciences, company that makes microwave systems, including 2 GHz systems, said FCC shouldn't adopt reallocation proposal because manufacturing industries and users haven't had sufficient advanced notice of possible loss and FCC hasn't "adequately explored alternative spectrum." If FCC decides to go ahead, Telesciences said there should be phased approach in which underused govt. spectrum would be devoted to emerging technologies and frequencies in 1.8-1.9 GHz bands and 2.1-2.2 GHz bands would be reallocated later.

FCC has launched new political audit of stations and cable systems for compliance with political broadcasting rules in 10 cities: Chicago, Pittsburgh, Birmingham, San Diego, Baltimore, Boston, Corpus Christi, Indianapolis, Louisville, Omaha. Commission field personnel already have visited 2-3 stations in each city, plus cable systems in Louisville and San Diego. In June 10 letter, Commission told stations to submit their political file (for last 2 years) under new rule that became effective Jan. 4; copy of disclosure statement provided to candidates by stations during 45-day period lowest-unit charge was in force before 1992 primaries. If such statement isn't in written form, stations were told to describe in detail to FCC within 20 days their disclosure policy and how information was provided to candidates. First political audit, in Aug. 1990, resulted in fines of several stations, mostly for overcharging candidates under lowest unit rate rule.

Gen. mgrs. and programmers of independent TV stations will be in nation's capital this week for round of lobbying and updates on Washington issues. House Telecom Subcommittee Chmn. Markey is scheduled to speak morning of June 16 (same day as cable bill is slated for House markup), along with INTV executives, before visits to Hill. Charles Cook, editor of Cook Political Report, speaks at dinner that evening with members of Congress and FCC as guests. Participating in June 17 morning panel of "Policy Makers": House Commerce Committee staffers David Leach and Michael Regan, House Telecom Subcommittee's Larry Irving, NTIA's William Maher, FCC Chief of Staff Terry Haines, House Copyright Subcommittee's Hayden Gregory. That panel will be followed by "The FCC Enforcers": Gen. Counsel Robert Pettit, Mass Media Bureau Chief Roy Stewart, Enforcement Div. Chief Charles Kelley, Political Bestg. Branch Chief Milton Gross.

FCC 3-2 decision in case involving KARK-TV Little Rock ruling that fairness doesn't apply to ballot issues (TVD Jan 6 p4) was argued before 8th Circuit U.S. Appeals Court, St. Louis, June 11. Ark. AFL-CIO had complained that KARK-TV failed to give adequate coverage to opponents of 1990 referendum. Commission denied complaint Dec. 31 (Barrett, Duggan dissented), saying that any requirement that licensees provide "balanced coverage of ballot issues is entirely derived from the fairness doctrine" -- which has been repealed by FCC as unconstitutional in decision upheld by U.S. Appeals Court, D.C., and U.S. Supreme Court. Therefore, FCC ruled complaint is "moot." In hearing, FCC Gen. Counsel Robert Pettit argued that repeal has been upheld 3 times by U.S. Appeals Court, D.C. and Supreme Court has refused to review it twice, so 8th Circuit shouldn't intervene. He argued that 1959 amendments to Communications Act didn't "codify" doctrine into law, nor does phrase "public interest, convenience and necessity." Making opposite argument was Andrew Schwartzman, exec. dir. of Media Access Project, who appeared on behalf of union and public interest groups seeking overturn of FCC decision. He told Court that discussion of opposing viewpoints is intrinsic to obligations of stations to operate in public interest, that FCC can't hide behind D.C. Circuit's ruling to contrary. Also arguing on behalf of Commission's decision was Washington First Amendment lawyer Timothy Dyk of Jones, Day, Reavis & Pogue. FCC decision caused much criticism in Congress, with new calls for legislation reinstating fairness doctrine, but no bill to accomplish that purpose has moved to floor of either house.

Canadian cable industry will have to invest at least \$6 billion -- and possibly double that -- in system upgrades in next 10 years to remain competitive with satellites, telcos and other media, according to major report on cable future by Strategic Planning Task Force of Canadian Cable TV Assn. (CCTA). Report also said cable industry will have to achieve "creative partnerships" with broadcasters, programmers and others to meet demand for personalized service and competition from U.S. satellite services. "Cable must outgrow its traditional rebroadcasting role and become a provider of value-added, enhanced services," task force said. Becoming "digital-ready" is key to adding capabilities, report said, and that will cost \$6 billion. Task force said adding universal addressability would add "several billion dollars" and more-aggressive approach could double \$6 billion figure.

Financials: BET Enterprises, owner of **Black Entertainment TV** and other properties, had \$3.45 million profit in 3rd quarter ended April 30, vs. \$2.47 million year ago. Revenue was up 22% to \$16 million. Cable network revenue was up 28%, partially because of 14% hike in subscriber fees... **Paramount** said it had \$28.3 million profit in 2nd quarter ended April 30, vs. \$55 million loss year ago, despite writing off \$35.4 million for reorganization and programming commitments. Entertainment Div. operating profit was \$91.7 million, vs. \$40.6 million loss year ago... **TCA Cable** said it had net profit of \$3.7 million in 2nd quarter ended April 30, up 83% from year ago. Revenue grew 9% to \$34.6 million... Standard & Poor's lowered rating of **Great American Communications** subordinated debt to CC from CCC. Service said rating affecting about \$97 million of debt reflected near-term debt maturities and imminent refinancing needs.

Meetings: **U.K. Cable TV Assn.** will sponsor series of one-day workshops on cable operation and management beginning July 9 at hq in London -- 44-71-222-2900... **Mid-America Cable TV Assn.** annual meeting will be Oct. 6-8 in Kansas City, Mo. -- 913-841-9241.

PBS awarded "transitional benefits" exceeding \$500,000 to 5 departing executives in year ended last June 30 (FY 1991), according to federal tax return. Michael Hobbs, leaving as senior vp-policy and planning, received benefits of \$125,254 on top of regular compensation of \$98,114; William Reed, ex-senior vp-video services, \$116,725 above \$93,582; Barry Chase, departing vp-programming, \$110,997 above \$63,411; Dan Agan, ex-vp-national programming and promotion services, \$109,652 above \$71,005; Susan Petroff, ex-vp-advertising and promotion, \$59,224 above \$82,152. Seven PBS executives received compensation exceeding \$100,000, with none breaching statutory cap of \$143,800: Bruce Christensen, pres., \$136,087; Neil Mahrer, ex-exec. vp, \$120,665; Eric Sass, senior vp-corporate and member relations, \$104,274; Jennifer Lawson, exec. vp-national programming, \$102,485; Peter Downey, senior vp-program support, \$101,599; Paula Jameson, senior vp-gen. counsel, \$101,335; Howard Miller, senior vp-broadcast operations, engineering and computer services, \$100,716. At \$349.55 million, PBS's total revenues for year exceeded expenses, \$310.84 million, by about \$38.7 million, resulting in positive fund balance of \$64.55 million at year-end. Total of 57 employees (nonexecutives) received compensation of \$30,000 or more, as did 13 outside organizations for professional services. Top 4 of latter were law firms.

CBS affiliates' Futures Committee and network officials have scheduled June 30-July 1 meeting in N.Y. as result of uproar among stations caused by CBS's new compensation plan, announced to affiliates May 30 at close of annual convention in N.Y. (TVD June 8 p3). CBS reportedly has said that some of plan (due to take effect Jan. 1) is negotiable -- but not requirement that affiliates pay back to network 15-25%, based on market size, of compensation received by stations. That's provision of plan that most concerns affiliates, many of whom are calling for special meeting without network officials. Meanwhile, CBS affiliates in Tex. are planning meeting of their own June 18 in Austin. Some affiliates are talking about forming organized opposition to CBS, along with mass preemptions, but others are arguing such a move would be in violation of antitrust laws.

Monitor Channel will cost Christian Science Church at least \$157.5 million by time it shuts down this month, leaders revealed at meeting of church members June 8. That will bring total TV losses since 1984, including those on church-owned WQTV Boston, to \$259 million, church Treas. John Selover said. Church officials also disclosed that Christian Science Monitor lost \$138 million in same period, and church spent \$9.5 million on World Monitor magazine, for total of more than \$400 million. Church financed losses in part by borrowing \$115 million from its endowment, trust and pension funds. Monitor Channel costs include nearly \$90 million to set up cable channel, and expected \$68.5 million that it will cost to shut it down, officials said.

With growth in enhanced services, there will be more pressure on FCC to preempt states, Comr. Duggan told National Assn. of State Consumer Advocates (NASUCA) in Washington. He also suggested that FCC proceedings could be made more accessible to public participation from scholars and public interest groups and proposed federal-level consumer advocates. Duggan said there's trend toward "energetic deregulation continuing and gathering force." Looking at convergence of cable and telecommunications technology, he said response must be "deregulatory change," but at same time change must be consistent with FCC's statutory obligation to make sure that rates for services are just, reasonable and nondiscriminatory.

Forstmann Little is taking General Instrument public again, less than 2 years after buying firm and taking it private in leveraged buyout (TVD July 9/90 p2). GI's initial public offering, which took effect June 11, priced GI stock at \$15 per share, just under 3 times equivalent of \$5.25 per share that Forstmann paid for company 2 years ago. Forstmann is selling 22 million shares of GI stock, 37.4% of shares that will be outstanding after sale. Forstmann will continue to own 54%, GI management 9.5%. Public offering will raise \$330 million, with proceeds to pay down GI's long-term debt, which totals \$955 million. In first financial figures made public since Forstmann buyout, prospectus says GI had \$28.3 million net loss in quarter ended March 31, vs. \$59.4 million loss year ago. Much of increase in stock value is result of optimism about new GI technologies, including DigiCipher video compression and HDTV system, and about expected upturn in cable equipment market, analysts said. GI is considered likely at least to share in royalties from U.S. HDTV standard, since it's full partner with MIT in 2 of 4 digital systems being tested and has agreement with Zenith and AT&T to share royalties if their system wins. Short-term potential of cable equipment market for GI's Jerrold Div. may be overstated, some analysts said.

PacTel is considering selling U.K. cable interests, or at least entering joint ventures so it can focus on wireless telecommunications business, firm said. "We still find the U.K. cable TV market attractive," said PacTel CEO Lee Cox, "but we want to concentrate our efforts on winning more valuable cellular and paging licenses abroad." PacTel is seeking cellular licenses in Japan, Greece, Netherlands, Hong Kong, Italy, Spain, South Korea. Cox said PacTel has been "even more successful than we expected" in international wireless communications, "so this move increases our ability to focus our capital and human resources." PacTel said it's in preliminary talks with prospective buyers for its 8 U.K. cable franchises, and considering variety of options including both outright sale and forming joint venture. PacTel previously announced that it sold E. London franchise to BCE Telecom for undisclosed price. Other franchises are in Manchester, Doncaster, several smaller cities.

British Telecom (BT) launched study to explore delivering TV to homes using existing telephone lines. Visual & Best. Services Div. Dir. Stephen Maine said BT is assessing commercial implications and whether it would need broadcasting partners. Currently, only one TV channel can be delivered via telephone line, BT said. Maine said BT is looking at delivering feature films from "central library." He said BT hasn't ruled out joint ventures with broadcasters and cable TV operators. BT has "been pulling back" from cable, Maine said, and currently has "few remaining interests," one of them being U.K.'s Westminster Cable.

Senate may act on digital audio tape (DAT) legislation (S-1623) as early as this week, following filing last week of Senate Judiciary Committee report on bill (S. Rept. 102-294, still unavailable in print at week end). Senate would be voting on virtually same bill (HR-4567) as House Commerce Committee advanced recently. Bills would require hardware and software royalties to compensate music industry for DAT rerecordings, and require DATs to be outfitted with Serial Copy Management System to prevent 2nd-generation digital copying.

NTIA Dir.-Designate Gregory Chapados is well on road to Senate confirmation, following congenial confirmation hearing June 11 by Senate Commerce Committee. Panel may move nomination at June 16 executive session.

Price increases in syndicated TV upfront season should hit 5-7%, Advertiser Syndicated TV Assn. (ASTA) Exec. Dir. Tim Duncan said last week in N.Y. With barter syndication audiences growing by nearly 8% in current season, 1992 revenues should hit nearly \$1.4 billion, up 8% from 1991, he said. Factors contributing to affiliates' increased appetite for syndicated fare include CBS's recently announced reduction in compensation payments (TVD June 8 p3), but effect of that isn't immediately clear, he said, adding it's difficult to predict how many stations will preempt network programs. "There will be a lot of grandstanding to send a message to the networks," he said. However, he predicted preemptions will increase. "The network has much less of a handle to force the stations into the fold," he said. "If stations have an option to go directly to Paramount or Columbia, they'll look at it if they can do it without losing affiliation." As network program ratings decline and compensation payments decrease, stations will have to learn to take care of themselves, he said, adding "they've had a free ride. The networks have been very good to them."

Senate Commerce Committee Chmn. Hollings (D-S.C.) last week warned FCC to take more moderate approach to changing radio ownership rules, saying: "I am not entirely convinced of the need for any changes... and believe that under any standard, the FCC's new rules are unacceptable." Comments came in letter to FCC Chmn. Sikes. Committee is scheduled to consider FCC budget bill at executive session Tues. when amendment to block rules is said possibility. "The proposed rules, if they are allowed to take effect, seem certain to create unwanted levels of concentration of ownership, and a corresponding loss of diversity in the viewpoints available to the public," Hollings wrote. "I am also concerned about the competitive impact of these new rules on the small stations." He also lashed out at Commission's failure to build incentives into rules to provide more ownership opportunities for minorities.

Diane Allen, former co-anchor of WCAU-TV Philadelphia, has sued station and owner CBS charging sex and age discrimination. Allen, 44, filed suit June 5 with EEOC, claiming she was demoted because of her age and replaced by 31-year-old woman. Allen's attorney said she isn't seeking damages or any specific action. "There's no doubt in my mind that I've been discriminated against," Allen said. "I know there could be retribution and that I could be blackballed, but I feel that management already has crushed my career." Her 3-year contract expired last Feb. and she signed new 2-year contract (at less than half her former salary) last month after being removed as 11 p.m. co-anchor. Allen still co-anchors 5:30 p.m. newscast. She made news in Philadelphia when she left NBC affiliate KYW-TV Philadelphia for WCAU-TV in 1988. WCAU-TV and CBS had no comment on suit.

UCLA is dropping its Communications Law School, one of few in country, after next fall. School, which has about 75 students, has been headed for last few years by Daniel Brenner, recently appointed vp-law and regulatory policy, NCTA. UCLA also is giving up publication of Federal Communications Law Journal, in association with FCBA; it will be shifted to Ind. U. Law School, effective with 1993-1994 school year.

Legislation (S-756) to grant automatic copyright renewal to films and other works produced before Jan. 1, 1978 was sent to President Bush by House and Senate by unanimous action June 4. His signature enacting bill into law is expected.

New intellectual property agreement for Taiwan signed June 5 heads off "priority" U.S. trade investigation and will help clear way for Taiwan to join General Agreement on Tariffs & Trade. In accord, Taiwanese govt. agreed to prosecute persons who pirate U.S. movies, TV programs, music and computer programs. Agreement is "a long-awaited commitment by Taiwan's president, prime minister and government as a whole finally to take decisive action to reduce piracy," said Eric Smith, exec. dir. of International Intellectual Property Alliance. MPAA Pres. Jack Valenti said: "The real test is whether Taiwan will carry out its part of the agreement." In separate action, MPAA said U.S. Trade Representative should consider withholding trade benefits from Honduras if country enacts new legislation that it said "would effectively legalize the theft of satellite-carried programming through compulsory licensing." MPAA said Generalized System of Preferences and Caribbean Basin Initiative allow countries to get duty-free access to U.S. market, but only if they provide adequate copyright protection. MPAA said pirate cable operations are entrenched in main Honduran cities, and country's home video market is "100% pirate." New compulsory license bill is awaiting action after summer recess, MPAA said.

Atlanta chapter of FCBA has been formed with about 40 attorneys at first meeting. Principal organizers were William Read, Southern Bell prof. at Ga. Tech, and Joseph Bankoff, partner in law firm King & Spalding. FCBA also has chapters in Washington, N.Y., Chicago. Meanwhile, FCBA will host June 17 political broadcasting seminar, 3-6 p.m., Washington Marriott Hotel. Panelists include Milton Gross and Diane Hofbauer of FCC; Bobby Kahn of Atlanta law firm Barnes, Browning, Tankersley & Casurella, who is lead counsel in several suits against TV stations for allegedly overcharging candidates; station representatives, political time buyers, practicing attorneys.

Senate Judiciary Committee apparently is ready to consider legislation (S-1096) by Sen. Kohl (D-Wis.) that would allow copycode protection systems to be included in videocassette equipment to bar unauthorized reproductions. Committee signalled willingness to pursue bill by placing it on agenda for last week's markup, which aborted for unrelated reason. Measure is designed to put end to underground "black box" decoder industry driving video piracy, but was opposed at hearings by consumer electronics industry. Chances that Committee will have opportunity to push through this bill before Oct. adjournment are considered small.

PBS announced future funding commitments totaling \$10 million for 4 children's series for new episodes to begin next year: Where in the World is Carmen Sandiego?, \$3.5 million (including \$500,000 from CPB); Reading Rainbow, \$2.6 million; Shining Time Station, \$2.2 million; Lamb Chop's Play-Along, \$1.7 million (\$289,000 CPB). Aim is for each of latter 2 to become weekday vehicle beginning in fall. PBS apparently has decided not to renew support for another children's show, Barney and Friends, which began airing recently.

Toshiba announced new satellite home receiver, deleting what it considers to be nonessential elements such as RF modulator in order to price its TRX 1500, including VideoCipher and pay-per-view capability, "below \$2,000."

President Bush signed legislation (HR-4990) making immediate \$3-million reduction in appropriations for Public Telecommunications Facilities Program (PTFP).

Time Warner (TW) is latest claimant to title of owner of largest cable system in world, saying in annual report that its combined N.Y.C. operations total nearly 900,000 subscribers (including Manhattan, Brooklyn-Queens and Staten Island joint venture). Cablevision's Long Island system ranks first in Warren Publishing's TV & Cable Factbook listing of what it defines as true individual cable system with 371,383 subscribers as of March 1, followed by Cox Cable San Diego with 323,314. Some consider group of ATC systems in Orlando area as 2nd largest single cable system, though they don't have common program lineups or management. TW report also claims HBO's multiplexing is big success, increasing HBO viewing by 74% in test markets and hiking Cinemax 35%. Report said multiplexing will be available to 10% of HBO subscribers by end of year. Annual report, incidentally, lists 50 TW employees who carry title of clown, CEO or pres.

Requiring TV infomercials to run continuous sponsorship ID would be "unnecessary regulation," NAB told FCC in response to petition by Center for the Study of Commercialism and 3 other groups. Industry standards and practices for infomercials "are more than adequate," NAB said. These standards go well beyond "the letter and spirit" of what's required by Communications Act, Assn. said. Plus, NAB said they are "backstopped... by active Federal Trade Commission deception actions," which is "actively and appropriately policing the infomercial industry." In separate filing, NAB told Federal Reserve Board that disclosure information required in print ads for banks and savings and loan institutions shouldn't be applied to radio-TV. Such disclosure requirements would make broadcast spots ineffective, confuse consumers, "and drive such ads from broadcast stations altogether," NAB argued.

Westinghouse Bcstg. -- which closed Washington radio news bureau in April and corporate lobbying office last fall (it still maintains legal and support office in Washington) -- is shutting down Washington TV news bureau later this month. Headed by Charles Towne, it was first TV news bureau established in Washington outside of TV networks and served as model for others. Also shutting down is Westinghouse's separate News Feed to stations, affecting nearly 3 dozen employees; CNN is buying its clients, potentially adding more than 80 TV affiliates, officials said. CNN will begin providing its Newsource and Live Edition feeds to most of Group W's 88 affiliated stations this month, under agreement in principle, but Group W will continue its feed until then to assure smooth transition. Addition increases number of CNN TV station affiliates to more than 350.

Crime victim legislation (S-1251) stalled again in Senate Judiciary Committee June 11 when co-sponsor Sen. Grassley (R-Ia.) refused to accept amendment by Chmn. Biden (D-Del.) clarifying civil suit rights of victims. Delay leaves unclear for now whether Grassley might have succeeded this time in securing Committee approval for bill, which never has come closer to final action before. Bill consideration may be resumed in 2 weeks.

Transactions: ATC shareholders Fri. formally approved Time Warner's previously-announced buy of remaining 18% of ATC stock... Falcon Cable affiliate agreed to buy Outer Banks Cablevision's 20,000-subscriber cable system near Kitty Hawk, S.C., for undisclosed price... Mercury Bcstg. bought WJTC Pensacola (Ch. 44, independent) from Channel 44 Ltd. for undisclosed price. Broker: CEA.

Nickelodeon said it will offer new line of toys based on Ren & Stimpy Show in partnership with Mattel by Christmas season.

Personals

Andrew Setos appointed senior vp, Fox Inc... **Don Logan** advanced to pres.-COO, Time Inc., succeeding Chmn.-CEO **Reginald Brack** as pres.; **Christopher Meigher** resigned as exec. vp... **Barry Goodman** promoted to vp-network mktg., NBC-TV... **Crawford McGill** advanced to vp-bcst. operations, NBC-TV, succeeded as vp-operations and technical services, West Coast, NBC, by **John O'Neill**... **William Battison** pres., Westwood One, resigns... **Andrew Goldman** advanced to exec. vp-business affairs, Univision Holdings.

Changes at Discovery Communications: **Sandy McGovern** promoted to senior vp-international business development; **William Goodwyn**, vp-eastern div., affiliate sales, named vp-affiliate sales and relations, Learning Channel; **Dawn McCall**, vp-western region, Discovery Networks, appointed vp-affiliate sales and relations, Discovery Channel... **Maryse Najar** leaves own PR agency to join International Cablecasting Technologies as vp-corporate communications... **Andy Friendly** vp-prime-time programming and development, CNBC, appointed network exec. producer, new post... **Alan Galumbeck**, ex-Weather Channel, joins Landmark Communications Bcst. & Video Enterprises Div. as vp-new technologies.

Douglas Kiel, gen. mgr., WTMJ-TV Milwaukee, adds responsibilities as pres. of parent WTMJ Inc., succeeding **Steven Smith**, elected vice chmn... **Douglas O'Brien**, news dir., WQCD(FM) N.Y., adds duties of pres., new N.Y. bureau, Zapnews... **Sally Suchil**, senior vp, MGM, adds duties of asst. gen. counsel... **Marcia Woodward**, ex-WRGT-TV Dayton, appointed gen. sales mgr., WNRW Winston-Salem... Variety west coast reporter **David Kissinger** named vp-development, Walt Disney TV Network... **Betsy Vorce** advanced to senior vp-PR, Viacom Entertainment and Bcst. Groups... **Susan Southard**, ex-Ira Thomas Assoc., joins WOSU-TV Columbus, O., as promotion mgr.

Newly elected to 3-year station mgr. seats on PBS board: **Bill Arhos**, KLRU Austin (incumbent); **Virginia Fox**, Ky. Educational TV; **Richard Ottinger**, Ga. Public TV; **James Pagliarini**, KNPB-TV Reno; **Sharon Rockefeller**, WETA-TV Washington... **Mark Sachs**, NPR mgr.-station relations, joins CPB as mgr.-radio signal extension grant program... **Patti Mark**, ex-Stephen Cannell Productions, named dir.-advertising and promotion, Columbia Pictures TV Distribution... **Ted Campbell**, district gen. mgr., Multivision Cable, Ala. and Miss., named managing dir., Comcast's Birmingham Cable Communications, England... **Dan Montague**, vp-finance, Intermedia Communications of Fla., named vp-administration, succeeded by **Ron Tolliver**, vp-govt. and regulatory affairs.

Eric Schindler promoted to vp-TV station services, Arbitron... **Charles Levinson** advanced to dir.-national spot sales, Cable Ad Bureau, new post... Promotions at ANA: **Thomas McEnery** to dir.-seminars; **Nora Bomba** to meeting mgr.; **Joseph Pasquale** to senior mgr.-communications services... Elections at AAF: **Carlo Vittorini**, Parade Publications, chmn.; **John Avrett**, Avrett, Free & Ginsberg, vice chmn.; **Ron Lane**, U. of Ga., chmn., Academic Div.; **William Marlieb**, Gen. Media International, national board; **Mary Lou Kromer**, Rockwell, national board.

FCC Schedule -- June 16: Chmn. **Sikes** appears on CNN's Larry King Show. **Roy Stewart**, chief, Mass Media Bureau, **Robert Pettit**, gen. counsel, **Charles Kelley**, chief, Enforcement Div., and **Milton Gross**, chief, Fairness/Political Programming Branch, participate on "The FCC Enforcers" panel at Independent TV Assn. conference, Grand Hotel, Washington, 9:30 a.m.

OBITUARIES

John C. Doerfer, 87, FCC chmn. during height of ex parte, rigged quiz shows and ratings scandals, who was forced by President Eisenhower to resign, died June 5 of cardiac arrest at his Boston home. He was commissioner April 1953-March 1960, chmn. last 2 years. Doerfer got in trouble in 1958 for accepting favors from broadcasters and billing both govt. and licensees for trips. He survived at time, but was forced out of office in March 1960 after spending 6 days on yacht (his 2nd lengthy stay on yacht) of broadcaster George Storer in Fla. and later attacking House Commerce Committee Chmn. **Harris (D-Ark.)**, who was in audience, at CBS TV affiliates' convention in Washington. Word of Doerfer's visit on Storer yacht (he also was given free use of Storer airplane several times) was leaked to press that day, and demands for his resignation were made at hearing of House Legislative Oversight Subcommittee (also chaired by Harris) next week as well as from within White House. White House sent car to his home at 8 a.m. to pick up letter of resignation March 10, 1960. Just weeks before he was forced to resign, Doerfer got TV networks to agree to alternate in carrying weekly cultural/educational public affairs show. It became known as "Doerfer Plan," but had little success, was soon dropped. Doerfer was member of Wis. Public Service Commission when appointed to FCC, and White House had processed his papers for appointment to Federal Power Commission but sent his name to Senate for FCC by mistake. He practiced law in Washington after resignation, moved to Fla. in 1963 and became consultant to Storer, officer of Storer-owned Nemir Industries. He was 1934 graduate of Marquette U. Law School. Two sons survive.

William McGowan, 64, founder and chmn. of MCI, died June 8 of heart attack during routine physical therapy at Georgetown U. Hospital in Washington. McGowan had undergone heart transplant 5 years ago, and since stepped aside as CEO to be succeeded by Bert Roberts. He had remained active in company, and is remembered as person who changed landscape of telecommunications industry in using his fledgling company to challenge AT&T, forcing divestiture. McGowan became involved in telecommunications in 1968 when he joined Jack Goeken's Microwave Communications Inc. Following graduation from Harvard, McGowan joined staff of Mike Todd, film producer. He later became independent management and financial consultant specializing in turning around failing companies. McGowan is survived by wife, 3 brothers, sister.

Technical Notes: Vyvx issued request for proposals for digital video compression equipment that would allow it to send broadcast-quality video signal over its fiber network at 6-Mbps rate. Equipment would allow Vyvx to send 6 or more video signals over same bandwidth it now uses for single signal, allowing it to reduce transmission cost. RFP was sent to leading manufacturers, including all those that responded to CableLabs RFP... **Scientific-Atlanta** would be cable equipment supplier if Wharf Cable gets Hong Kong franchise, under new deal valued at about \$9 million. Wharf is proposing 20-channel coaxial cable system, plus wireless cable.

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 May and year to date:

	MAY 23-29	1991 WEEK	% CHANGE	MAY 16-22	5 MONTHS 1992	5 MONTHS 1991	% CHANGE
TOTAL COLOR.....	422,404	345,896	+22.1	390,662*	7,529,587	7,186,325	+ 4.8
DIRECT-VIEW...	415,979	340,486	+22.2	386,224*	7,408,251	7,075,954	+ 4.7
TV ONLY.....	388,759	328,236	+18.4	372,547*	7,097,371	6,821,293	+ 4.0
TV/VCR COMBOS	27,220*	12,250	+122.2	13,677*	310,881*	254,661	+22.1
PROJECTION....	6,425*	5,410	+18.8	4,438	121,336*	110,371	+ 9.9
VCR DECKS.....	270,914	186,330	+45.4	208,603*	4,031,564	3,369,731	+19.6
CAMCORDERS.....	86,382	85,387	+ 1.2	70,403*	903,859*	845,152	+ 6.9
LASERD. PLAYERS#	2,603	2,524	+ 3.1	3,905	75,637	56,445	+34.0

Direct-view TV 5-week average: 1992--345,022; 1991--335,767 (up 2.8%).

VCR deck 5-week average: 1992--196,305; 1991--174,439 (up 12.5%).

Camcorder 5-week average: 1992--60,122; 1991--64,980* (down 7.5%).

* Record for period. 1991 year-to-date data contain minor revisions by EIA.

Includes combi players, excludes karaoke types.

NHK BANKS ON FLAT PLASMA HDTV DISPLAY: While others talk optimistically of giant LCDs -- which haven't yet been realized -- Japan's public broadcaster NHK appears to be putting its money on plasma for future wall-hanging HDTV display.

As forecast, NHK demonstrated working 40" plasma display panel (PDP) with 16:9 aspect ratio, only about 3" thick including drive circuits, weighing about 17.6 lb. (TVD Oct 14 p15) at its open house in Tokyo last week. Though flat glass sandwich still has shortcomings, NHK feels it knows how to overcome them and is predicting system could be commercialized as soon as 1997. NHK also showed non-working prototype of 55" display and said working 55" HDTV panel -- previously scheduled for 1995 -- would be displayed at next year's open house.

Display was developed with Matsushita, NEC and Oki, with screen by Dai Nippon Printing. NHK recently announced contract with Texas Instruments to develop semiconductors for system (TVD May 25 p12). NHK says PDP's big advantage over LCD is that it's easier to make. Instead of using individual transistors for dots of light, colors on glass are printed by silk screen thick film printing. There are 1,344 display cells horizontally and 800 vertically for 1,075,000 pixels.

PDP still falls short of necessary brightness, resolution and life for TV display. Brightness of 40" display currently is 70 candelas (cd) per sq. meter. Goal is 100 cd/m², and NHK thinks this can be accomplished by applying reflective fluorescent substance to back panel. Current pitch of color cells is 0.65mm which must be reduced to 0.4. Longevity is 1,000-2,000 hours, which must be increased to at least 10,000; efforts in this direction involve printing resistor in series with each color cell. Display uses "pulse memory" drive developed by NHK, with memory function inherent in picture panel itself.

NHK also showed 3-D projection TV system requiring no glasses. Instead of 2 picture sources, system uses 8 color TV cameras. Images are multiplexed to form vertically striped image and projected by high resolution LCD projector onto special lenticular screen. NHK claims 3D effect is obtainable from wide range of viewing angles.

SALES SURGED IN MAY AS RECOVERY CONTINUED: Surge in final 2 weeks produced 2nd consecutive strong month of sales to dealers of color TVs and VCRs, according to figures released by EIA Mktg. Services

Dept. Sales of camcorders and projection TVs were essentially flat, though latter set monthly record that inched past last year's month.

Color TV sales were 2nd lowest for any month this year, but on seasonally adjusted basis actually were 2nd highest at annualized rate of 21.2 million sets. For first 5 months, rate stands at 20.65 million sets, which is high water mark so far after slow start. Biggest boost to total came from TV/VCR combos, which had 2nd consecutive month of huge gains, up 43.8% after 84% jump in April.

Though it was record May for projection TV sales, it was also month that produced lowest seasonally adjusted annual rate (356,650 sets) so far this year. Annualized rate has been dropping steadily since strong Jan., now stands at 406,600 sets. That would still by far surpass record 379,837 sold to dealers last year.

Sales to dealers of VCRs soared 13.6% in May; seasonally adjusted annual rate for month was 13.4 million, bringing year-to-date rate to 11.9 million, highest since end of Feb. Inventories represent about 5 weeks' supply at current going sales rate.

Camcorder business, on other hand, was less than inspiring, falling just short of last year's month, which was well behind category's performance in May 1990. In buildup to one of key selling seasons, annual rate was 2nd lowest for any month so far this year at 2.77 million, leaving 5-month annualized rate at 3.1 million, which would still surpass record 2.96 million sold 2 years ago.

Compact camcorders (8mm and VHS-C) comprised record 78.5% of total sales in May, or 169,916, with full-size VHS only 21.5% (46,646). For year's first 5 months, compacts were 73.2% of total, up from 67.8% in same 1991 period. Pipeline inventories continued to decline in May, totaling 544,900 at end of month, down from 588,600 at end of April and 606,300 at end of March. Inventories were 75% compacts and represent just over 9 weeks' supply at current sales rate.

Laserdisc player sales rose 25% in May, with 10,538 sold to dealers. If same seasonal adjustments are applied to laserdisc players as are applied to VCRs, annualized rate for May would be 191,000. Here are May figures on sales to dealers:

Product	May 1992	May 1991	% Change	May 1990
Total color.....	1,371,941	1,248,108	+ 9.9	1,262,624
Direct-view....	1,354,465	1,230,766	+10.1	1,249,181
TV only.....	1,291,964	1,187,314	+ 8.8	1,220,898
TV/VCR combos	62,501*	43,452	+43.8	28,283
Projection.....	17,476*	17,342	+ 0.8	13,443
VCR Decks.....	740,958	652,265	+13.6	564,611
Camcorders.....	216,562	216,884	- 0.1	258,806*
Laserdisc players	10,538	8,429	+25.0	N.A.

*Record for any May.

8mm CAMCORDER IMPORTS PLUMMETED IN MARCH: Marked slowdown in 8mm camcorder imports was increasingly evident in March as industry tries to ease inventory bloat, with 8mm imports dropping 64.4% as camcorders in general were off 29%. Import slowdown seems to be having desired effect, as camcorder pipeline inventories have dropped from 606,300 at end of March to 544,900 at end of May (see report elsewhere in this issue). For first quarter, 8mm imports were off 30% and "other" camcorders were off 24.5%, category as whole down 26.8%.

Jump in VCR imports was highlighted by continued increase in number of machines coming into U.S. from Indonesia -- 75,600 in March alone, 138,800 in quarter, compared with none at this point last year. Korea and Malaysia -- 2nd and 3rd largest source countries -- also showed huge gains as VCR sources; Korea accounted for 19% of VCRs imported in March (23% for quarter), while Malaysia was source for 12.4% in March and 15.6% in quarter, showing triple-digit gains for both periods. Japan was source for 49.9% of VCRs imported in March, 44% for quarter.

Color TV imports rose 34.8% in March, with Mexico maintaining dominance as supplying country, source for 55.1% of total; Mexico accounted for 54.3% of first quarter imports. Mexico's figures dwarf those of next 2 largest suppliers -- Thailand and Malaysia -- each supplying 9.6% of color TVs in quarter and slightly more than 9% in March.

CD player imports were up 23% for month, 34.2% in quarter, with Japan continuing as source for just under 80% of total. Here's summary of major imports for March and first quarter of 1992:

Product	March '92	March '91	% chg.	3 mo.'92	3 mo.'91	% chg.
Color TV.....	818,150	606,900	+34.8	2,373,300	1,906,000	+24.5
Monochrome TV....	122,100	131,100	- 6.8	417,300	449,500	- 7.2
Flat-screen TV...	10,647	23,500	-54.7	35,200	34,600	+ 1.9
VCR decks.....	1,232,600	713,300	+72.8	3,253,100	2,243,400	+45.0
Camcorders.....	186,800	263,900	-29.2	552,000	754,300	-26.8
8mm.....	47,200	132,550	-64.4	220,800	315,400	-30.0
other.....	139,600	131,300	+ 6.3	331,200	438,850	-24.5
Videocass.players	45,700	32,700	+39.9	125,400	121,200	+ 3.5
CD players.....	566,600	460,700	+23.0	1,660,200	1,236,900	+34.2

CONSUMERS LIKELY AT SCES '93--SHAPIRO: "It's extraordinarily likely that we will have consumers at next spring's show," said CES Consumer Electronics Group Vp Gary Shapiro last week. "The response of the [CEG] board [to mixed consumer-trade show] was extraordinarily enthusiastic," he told us. Commenting on our report last week that commitment for next year was vague, he said: "There's no question that we'll have a show in Chicago next spring -- we're committed."

Chicago Convention & Visitors Bureau verified that Summer CES 1993 is tentatively scheduled for Sat.-Tues. June 5-8, but said it could be moved up to preceding Thurs.-Sun., as was 1992 show. "We're almost certain it will be Thursday through Sunday," Shapiro told us. He revealed that CEG was considering possibility of 5-day show, starting Wed., to add one extra trade day, but problem is complicated by fact that Memorial Day holiday is preceding Mon.

Exhibitors and retailers are now being polled to get their reactions to combined trade and consumer show, and although final ruling on next spring's show probably won't be official until EIA board meets on subject next Oct., actual decision will have to be made by midsummer to give management time to prepare for show, so canvass of board presumably will be made long before actual meeting.

Shapiro ridiculed suggestions that summer trade show might have outlived its usefulness. "It's one of the top trade shows in the United States," he said. "We could sell it right now for \$30-\$50 million."

Frank Myers, chmn. of EIA Board of Governors, said he spoke with many exhibitors, dealers and consumers at Chicago show, and responses generally were strongly positive. "Exhibitors on the main floor by and large were delighted" by consumer crowds, he said. "And the consumers were excited, commenting particularly on the Sharp, RCA, Philips [and other elaborate exhibits]. The rewards were there for exhibitors who made the effort, particularly on the main floor and in the game area in the North Hall." He conceded that "it probably was not the kind of show" for many exhibitors on lower level" who were seeking to reach trade only.

"From the trade standpoint, I suppose there was mixed reaction," Myers said. "I'm sure there was some frustration at having only 2-1/2 days [for trade portion of show], but ordinarily [in past] most visitors haven't spent much more time than that. By and large, I felt pretty good about the show. Like most things in life, we are still in a period of evolution. We're still learning." Bottom line, he said, "is that we have a lot of constituencies to serve. By midsummer, our objective is to solicit input from those constituencies so we can serve the best interests of the industry" at next year's show.

Taking issue with our comment last week that consumer involvement was "irrelevant" to trade show, Home Recording Rights Coalition attorney Robert Schwartz noted that he had been to 20 Consumer Electronics Shows and change was necessarily part of dynamism of CES. "Before a CES can be a success as anything else," he said, "it must be exciting and a true event. This is a dynamic industry; a static show may be a short-term success if the economy is good but nevertheless fails both the industry and its future. This public show was an event."

In an otherwise quiet week, only other public comment on show came from normally mild Hong Kong Trade Development Council, which noted that CES brought it \$114.2 million in confirmed orders with

additional \$42.6 million under negotiation. Commenting on admission of public to show, Council news release said that "Hong Kong delegates were adamant on this point saying they were against it and saw no benefit to them at all." However, majority of companies in Hong Kong exhibit "expressed interest in returning next year," release said.

BLOCKBUSTER CD-I ROLLOUT:

Blockbuster Entertainment next month will begin renting CD-I hardware and software in about 100 stores in L.A. and San Francisco areas. Blockbuster Senior Vp-Gen. Mdse. Mgr. Carol Feinberg said cities were chosen because they're proven markets for "sophisticated technology" and have "concentration of CD-I players," since L.A. and San Francisco were among cities where system was launched last fall (TVD Oct 21 p10). Feinberg carefully described chain's effort as "beginning of a new product category" rather than a test.

Blockbuster's CD-I effort was foretold late last year (TVD Nov 25 p11) when Philips announced \$66 million "relationship" with Blockbuster -- deal which has Philips owning 4.5% of software retailer, which could grow to 7.1% if it exercises option to buy 5 million more shares at \$11-\$12 through Dec. 15. At time of original deal, Blockbuster Chmn. Wayne Huizenga said company would "promote... CD-I systems and software in its company-owned stores."

Each store in initial rollout will stock 5 CD-I players that can be rented for \$9.95 for 3 nights and 36 software titles renting for \$3 for 3 nights -- same rate as video catalog titles. Some stores also will sell software, Feinberg said. Chain has adapted Philips kiosk with CD-I players, disks and TV screen, to accommodate rental cases for hardware. Kiosk will be viewable from all sides (current model is designed to be placed against wall). Renter won't have to remove player from case to hook it up and play discs; hookup instructions will be printed on inside of top cover.

CD-I availability will be promoted in Blockbuster's weekly newspaper ads and possibly on radio. Philips Senior Sales Vp William Ulewicz said companies are also studying various merchandising schemes that "would make the rental receipt valuable in some way" for renter who subsequently buys CD-I player at hardware retailer.

Feinberg expressed optimism about new product line: "It offers the consumers the trial of a new technology. It's rare that you have the opportunity to take something home and try it out before investing." Blockbuster will concentrate its CD-I efforts in L.A. and San Francisco for time being. After program has been running smoothly, she said, company will develop more extensive rollout plan.

Highland Superstores lost \$2,992,000 in first quarter ended April 30, compared to operating loss of \$22.4 million year earlier; company also took \$67.8 million charge in last year's quarter related to change in accounting for extended warranties, bringing total loss to \$90.2 million. Sales during period dropped 45.8% to \$92,112,000; Highland was operating 49 stores at end of quarter, vs. 92 year earlier. Highland also said that sales in 2nd quarter "continue to be soft." Company has just unveiled controversial new marketing plan that turned commissioned salespeople into non-commissioned "customer advisers" in effort to convince shoppers they won't get hard sell when they walk into store (TVD June 8 p15). Company is in midst of negotiations with creditors to restructure debt in effort to avoid bankruptcy.

PANASONIC SHUFFLES DECK : Upcoming move of Panasonic Pres.-COO Kirk Nakamura to become head of Panasonic U.K. (TVD June 8 p20) has set off chain of personnel moves in U.S. Most notable change is naming of longtime Technics Vp-Gen. Mgr. Michael Aguilar as Panasonic sales & mktg. vp, taking over post previously held by Ted Inoue. As we've reported, Inoue will replace Nakamura as Panasonic Pres.-CEO. He handled current responsibilities since late 1990, when he took over on interim basis from Marc Ross (TVD Dec 17/90 p13), who later left company; Inoue was named to post officially last year (TVD April 29/91 p14).

Duties of Aguilar, who took over Technics helm more than 9 years ago (TVD Feb 7/83 p15), will be assumed by Richard Lovisolo; he's currently vp-gen. mgr. for Panasonic portable audio and mobile electronics and will assume responsibility for Technics and Panasonic home audio. Moves take effect July 1.

Meanwhile, Jim Aoki will leave as Panasonic mdsg. vp to take position in Japan with Matsushita Communications Corp. Also, Jeffrey Cove will leave as gen. mgr. of Panasonic Sales & Mktg. Group to become group gen. mgr. of Panasonic West Co., separate profit center established to serve west coast accounts. He'll report to Panasonic West Pres. Toby Saito.

Nakamura's move to U.K. post is seen as anticipating advent of unified European marketplace. Sources close to company speculate that Nakamura will head European operations when single market is created.

Panasonic move makes it 2nd major Japanese vendor to get new U.S. leadership; as previously reported (TVD May 25 p16), Sony Deputy Pres. Ken Iwaki will become chmn. of Sony America June 26 as Masaaki Morita returns to Japan as chmn.-pres. of Sony Life Insurance.

Ads and Promotions: VCR Plus summer network TV and print campaign, through Team One Advertising, features TV spots demonstrating use of programming device, themed "Life Should Be So Simple"... JVC Magnetic Tape Div. hopes to raise at least \$300,000 for Muscular Dystrophy Assn. (MDA) in 2nd year of "Help Jerry's Kids" promotion involving scratch-off instant-win game cards in videocassette 3-packs, with prizes of TV sets and \$5 checks toward video rentals, along with free tape and U.S. Savings Bond offers for those donating to MDA... Bose is offering free pair of New Balance running shoes to all customers who buy new 4.2 Series II speakers Aug. 19-Oct. 31. Company is distributing about 1,800 pairs of sneakers to salespeople as reminder. Customers will send in coupon with proof-of-purchase to get sneakers. Idea is to emphasize wider, yet balanced, sound dispersion produced by improvements to direct/reflecting system.

THIS WEEK'S YEN RATE

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

PEN/CAMERA COMBINATION? Undaunted by failure of still video cameras on consumer market, Canon -- like Sony -- is concentrating on industrial and commercial field, but hasn't given up on consumer market. Canon officials now realize that ability to make prints is important to consumers, and they're also looking at transmission of high-quality electronic photos by telephone as well as future product combinations -- such as pocket electronic organizer which can also take and display still pictures.

Yoshiyuki Takishima, who until recently headed all Canon camera operations, still believes strongly in future of electronic still photography. "We see people using electronic imaging, for instance, to exchange information on holidays by telephone line or to print portraits on business cards, or to combine names, addresses and photographs in an electronic organizer," he said in recent interview. "With the new ISDN [integrated service digital network] telephone lines, all this will be much quicker."

Canon is already developing tiny CCDs measuring 1mm (0.04") square for such medical uses as viewing inside of blood vessels, but Takishima noted, "but in the future they can be used for consumer products." With small sensor, lens and solid state memory, a pen camera could be developed, he said, noting that "so far the resolution is not good enough for photography, but this will change."

Proper price point for electronic still camera is one of lessons learned by Canon's experience in trying to market consumer Xapshot. "At 100,000 yen [about \$780] they did not sell as a consumer product," said Takishima, "but for industrial use price is not a factor... In Japan now you can buy camcorders for 100,000 yen, so for consumer use people obviously expect still video to be cheaper than moving video."

Canon and Sony actually came up with electronic still cameras at about same time. After success in making newspaper photos of L.A. Olympics in 1984, market research indicated high demand, so Canon increased production plans from 5,000 to 20,000 cameras monthly.

"But when we launched, we couldn't sell them," said Takishima. "We found that 80% of the [consumer] photographers wanted prints." In addition, resolution was not good enough -- about 300 TV lines. "Sony couldn't sell either," Takishima noted. Sales also were hampered because there was no widespread equipment to transmit photos via phone lines.

"We completely changed our target market and our sales channel, from photo consumer to computer user, and it has worked," he said. "In the U.S.A., the Xapshot camera has completely sold out and there is now a shortage. In the computer industry, trade margins are higher and people expect to pay high prices," he said.

New model being introduced stores full frames for higher resolution images and is being sold with interface board for transferring images to computer. Canon will also offer companion thermal printer.

Company is developing CCD with 1.3 million pixels, said Takishima, providing 850 lines of resolution. "Of course," he added, "no TV set can display such high resolution, but it would deliver high quality prints. We are developing a new digital standard for recording these images."

Digital recording system won't be compatible with Kodak's Photo CD, however. "We have doubts about how Kodak will develop the Photo CD business," he said. "To

transfer pictures from film to Photo CD, you scan at very high resolution -- 2,000x3,000 pixels. No TV set can deliver that clarity." He added that Photo CD could be source of high quality prints, "but if you want to make prints it is better to use the original film because it is cheaper to print from film than electronic disc."

EMERSON HIT BY COURT: N.J. Superior Court ruled at last week's end that recent purchasers of about 15.6% of Emerson's shares aren't eligible to vote at July 7 annual meeting at which Fidenas Investment Ltd. has posted insurgent slate, including ex-Thomson Consumer Electronics Exec. Vp Martin Holleran, for election to board (TVD June 8 p17). Fidenas is largest single Emerson stockholder, with 20.2% of the stock that's eligible to vote.

Although court ruled that Emerson's sale of 6.6 million shares wasn't inconsistent with its May 1 ruling that neither party in dispute should take "extraordinary actions" to influence voting (TVD May 4 p22), it stated that the newly issued shares couldn't be voted because the funds were being held on record date by agent for release when company's debt structuring is completed and other technicalities are satisfied.

Emerson said it intends to "vigorously pursue an expedited appeal," commenting that the new investors "paid their funds to Emerson... are shareholders of the company and... have full right to vote their shares at the annual meeting." The investors, all suppliers or former officials of suppliers to Emerson, are Shigemasa Otake, former chmn. of Otake Trading Co. of Japan; Kong Wah, a Bermuda corporation; Shenzhen Konka Electronic Group and Technic Bridge Ltd., both of Hong Kong.

Emerson released names of its nominees to board. Standing for reelection will be Chmn.--Pres. Gerald Zarin and Excc. Vp Donald Dvorkin as well as Walter Mondale, Lyle Granley. New nominees are former U.S. Sen. Thomas Eagleton, investment banker Peter Graham and former Federal Reserve Board Gov. Frederick Schultz.

Emerson's 10-K form reveals terms of company's "supply agreement" with Semi-Tech Global, which was part of termination agreement for Hong Kong firm's proposed takeover of Emerson board (TVD April 6 p13). Under supply deal, Semi-Tech is entitled to buy first \$80 million of products from Emerson for 1% above cost, and amounts above this at 3% over cost for sale under Semi-Tech's Singer brand. Also, Emerson would sell Emerson-brand products to Semi-Tech subsidiary Consumers Distributing Co. at price equal to "best comparable price to a company customer."

Fretter reported \$385,000 in net income on \$74,516,000 in sales for first quarter ended April 30. In year-earlier quarter, company posted \$134,940 in net income (\$46,000 related to extraordinary credit) on \$55,447,000 sales. Current year's sales include those from Fred Schmid Appliance & TV, which Fretter acquired last year. Fretter's comparable stores sales in quarter were flat compared to last year.

Best Buy scheduled Chicago area "job fair" for this week (June 15-17), saying it plans to hire 1,000 to staff 15 new stores set to open in region in fall. Range of full- and part-time positions will be filled, Best Buy said, from departmental sales supervisors to car stereo installers and cashiers.

A/V MYSTIQUE OR MISTAKE? Did Home Theater Promenade at Consumer Electronics Show accomplish purpose of sponsors EIA and Dolby Labs to demystify concept of audio/video for consumers, or did it merely debunk mystique of home theater itself? That question drew strong and varied responses from vendors, custom installation specialists and public.

Promenade exhibit encompassed 8 rooms housing mix-and-match gear from variety of manufacturers (except for 3 rooms dedicated only to Kenwood, Pioneer and Mitsubishi equipment). Video program common to all Promenade rooms (ostensibly at same volume level) included short clips from movies and TV shows, separated by "traveling music" to give visitors time to move to next room without missing demonstration. Prices, posted prominently at top of entrance to each room, ranged from \$3,450 for Room 590A (Yamaha surround components, 35" RCA TV) to \$41,685 for ultimate ensemble in Room 590H, including optional \$15,000 Faroudja line doubler.

Some installers expressed reservations with Promenade's execution of its charter to tell consumers that home theater can be had for diversity of prices. Less than ideal listening environment of McCormick East's Mall Level floor, said one, wouldn't necessarily spur consumers to rush to their local audio stores for more information. Others complained that poor acoustics obscured wide disparity in performance between most expensive systems and less costly ones. Promenade was "wrong message to give the consumer," said Charles O'Meara, Absolute Sound, Winter Park, Fla., installing specialist. He said display "reinforced the consumer to buy cheap" because all systems were perceived to be similar.

Other vendors disagreed, maintaining Promenade lived up to its potential of exposing consumers to concept they have heard about but don't really understand. "We want to show people that home theater doesn't have to be complex or big," said Now Hear This (NHT) Vp-Gen. Mgr. Chris Byrne. "The equipment in our booth is half the size of a single-brand system, and it hits a nice price point. There are not a lot of systems out there at this price point." Byrne's company contributed to \$6,750 system including NHT video tower speakers, surround and center-channel speakers, powered subwoofer, Denon integrated amp and Mitsubishi TV.

Other suppliers generally were supportive of Promenade's mission, but more reserved about its execution. Harman Video Vp-Gen. Mgr. Michael Heiss said: "The concept's good, and with a few improvements the implementation could be better. The rooms could be larger and there could be some adjustments to the programming -- the type of material used and the length of the demos. I also think they should dress it up more like a theater to make the impression that that's what it is. It would have been nicer if it had gotten a better location on the show floor."

As for how Promenade played with public, reactions of 35 visitors we polled on site seemed to confirm fears that display placed too much emphasis on prices. Upon leaving high-end room featuring \$26,000 system (excluding optional \$15,000 Faroudja line doubler), one male showgoer in his 20s proclaimed: "It's not worth 26 Gs. There's technology in there that's 15 years old." Others jumped straight to heart of pricing issue. Man in late 40s, commenting on same \$41,000 system, said: "You could get a condo for that."

Younger male said he came to Promenade to "see what you can get for \$26,000, and found he "couldn't tell much

difference" between that and \$4,000 Kenwood package. Man in his 50s who said he came to show mainly to let his children play "free videogames" in McCormick North said he was "amazed at the costs of these systems. They're all beautiful systems but it's an awful lot of money to spend."

Promenade wasn't all wasted on price-conscious consumers, however. Man in his 20s said display was "impressive" because it proved "there's a big difference between the \$5,000 and the \$7,000" packages. He said: "You make a big jump from Room C [\$5,347 all-Mitsubishi ensemble] to D [\$6,750 NHT, Denon and Mitsubishi package]. Eventually, I'll get one," he said, "and I'll spend around \$10,000." Also sophisticated in knowledge of product was older man who said: "I want to get surround sound. I'm going to get rid of my electrostatic speakers and get something from this century. Price isn't that big of an issue. I want to be happy with the product."

STEREO TV SOUND KEEPS CLIMBING: Percentage of direct-view TV containing stereo sound sold to dealers continues to run ahead of last year, according to latest EIA data. In April, 39.1% of sets had stereo circuitry, vs. 37.8 year ago. For first 4 months of 1992, stereo was in 39% of sets, vs. 36.4% year ago.

EIA revised figures for first 3 months, saying that "incorrectly specified algorithm" caused slight overestimation of both total number of sets and number of stereo sets sold for first 3 months of 1992. Here are corrected figures for Jan.-March. and report for April and year to date:

STEREO IN DIRECT-VIEW COLOR SETS

Month	1992	% of total	1991	% of total	% change
January..	482,719*	39.0	418,214	35.4	+15.4
February..	543,089*	40.4	519,376	37.0	+ 4.6
March....	730,697*	37.9	673,288	36.7	+ 8.5
April....	<u>506,096</u>	39.1	<u>441,194</u>	37.8	+14.7
TOTAL..	2,262,601	39.0	2,052,072	36.4	+10.3

*Revised by EIA.

Videotape "table of contents" is goal of device currently in works by Gemstar Development Corp., originator of VCR Plus programming system. Device being developed is component that would allow VCR to display "table of contents" of what has been recorded on tape when it's inserted into machine. Exec. Vp Louise Wannier confirmed that "various aspects of an indexing system are under development," declined to give details. Device was shown to trade under non-disclosure agreements at CES. Wannier said that Gemstar had begun development of product -- which would be internal circuit, not outboard device -- because Gemstar found that "it was the thing that consumers wanted even more than VCR Plus."

Nintendo moved into top 10 Japanese listed companies in pretax profits for fiscal year ended March 31, ranking 10th, up from 18th preceding year. Only other consumer electronics firms in top 20, as compiled by Nihon Keizai Shimbun, were Matsushita, 5th (down from 3rd) and Hitachi, 16th (down from 8th).

SANSUI REBORN: Recent sale of Capetronic manufacturing operations to Grande Holdings (TVD June 8 p17) broke last remaining "corporate link" between Sansui and its bankrupt former parent Polly Peck International (PPI), Sansui USA COO Kosuke Tanikawa told audio journalists last week. Sansui's new U.S. management began last week to court key retailers with product line purported to exploit company's traditional niche as supplier of "quality audio" receivers and amplifiers. But Tanikawa said task of restoring brand to former its stature in terms of market share, position and image "obviously will take time."

Sale of Capetronic, former U.S.-owned manufacturing operation acquired by PPI and put under Sansui umbrella, along with other transactions including increased investment by Hong Kong-based Semi-Tech Global, are designed to decrease Sansui debt. Semi-Tech executives are predicting Sansui will be profitable within 18 months.

Declaring that "painful" PPI ordeal "is now over," Tanikawa said Sansui in U.S. will "accelerate its program to recover its traditional position in the quality audio market." Corporately, Sansui today "is stronger than ever," he said, citing highest capital reserve and lowest overhead and debt "in years." Infusion of cash from sale of Capetronic and reported \$31 million investment by Semi-Tech will give Sansui "capability to develop and manufacture products" in its traditional categories, Tanikawa said. But he cautioned that task of restoring brand to semblance of its former market share and position in U.S. "obviously will take time."

Tanikawa said Sansui plans to rebuild U.S. sales organization on "market-by-market basis" and last week began process of showing new line and programs to key accounts. Senior Vp-Mktg. & Sales Warren Mann said company will use reps to build relations with more specialized accounts and in territories where direct sales force can't provide adequate coverage. Tanikawa said new product line "doesn't hit every price point and category" where Sansui eventually wants to be, but promised company "will hit them all" by middle of 1993. For time being, he said, introductions will give company "representation" in product areas it considers "most important" for reestablishing brand, including 5 receivers, 4 cassette decks, 5-disc drawer-type carousel CD changer, 6-model shelf system line, including 3 new minicomponent system. Sansui also will have VCR line, presumably procured from Capetronic, which remains Sansui supplier.

Sansui has no plans to return to profit-poor factory-assembled rack systems, Mann said, except for possibility of merchandising ensembles it could put together itself from off-shelf components. Company also has discontinued car stereo products in U.S., he said.

Consumer laserdisc catalog publisher Laser Video File will offer special \$2.95 supplement featuring more than 500 titles available in widescreen letterbox format. Booklet, which will be published in cooperation with Pioneer LDCA, groups titles by genre and includes listing of future widescreen releases. Editor John Talbot, former Pioneer executive, said widescreen discs are "fastest-growing segment of the industry" as increasing number of suppliers release titles in both letterbox and in pan-and-scan. Meanwhile, catalog has teamed up with LaserViews Magazine to sponsor first annual consumer laserdisc awards. Winners in 14 categories will be announced at Video Software Dealers Assn. convention in Las Vegas July 26-29.

CDTV BECOMES AMIGA: Commodore's CDTV, although still available as standalone interactive multimedia system at street price of below \$800, increasingly is developing add-ons and accessories, including those which can convert it to full-fledged Amiga computer.

Commodore says CDTV now has more than 60 CD-based titles available, most of them \$39.95-\$79.95 (with exception of Grolier Encyclopedia, listing at \$400). Accessory kit, listing at \$250, expands CDTV player into Amiga computer. It includes wired keyboard, 3.5" disc drive, wireless mouse and Amiga Appetizer software on single disc (word processor, painting program, music editor and player, scrambled picture game).

Also listing at \$250 is video genlock card which permits user to combine CDTV visuals with video from camcorder, videotape or live TV, recording combined signal on VCR, making possible special effects, titles, etc. for "many home and industrial video uses." Trackball controller is \$130 and wireless mouse is \$80. Personal memory cards at \$130 (64K) and \$350 (256K) store information (such as videogame scores, painting programs, text) for future reference.

Specialized bundles include Early Childhood Learning Set (CDTV plus Grolier Encyclopedia, talking storybooks, paint package, totaling 13 CDs) and Library and Home Reference Set (CDTV player, Grolier, dictionary, World Atlas, U.S. Atlas).

PIRACY ACCORD WITH TAIWAN: Variety of software interests gave qualified approval to new intellectual property agreement for Taiwan signed June 5. Accord heads off "priority" trade investigation by U.S. Trade Representative (USTR) Carla Hills and will help clear way for Taiwan to join General Agreement on Tariffs & Trade (GATT). In accord, signed by surrogates because there are no formal relations between U.S. and Taiwan, Taiwanese govt. agreed to prosecute persons who pirate U.S. sound recordings, movies, TV programs, computer software.

Software groups generally praised agreement, though some took wait-and-see attitude. Nintendo of America Gen. Counsel Lynn Hvalsoe said company is "cautiously optimistic," and that Nintendo "will work closely with the USTR to monitor implementation." Nintendo has charged that Taiwanese govt. is major owner of company that makes "preponderance" of chips used in counterfeit videogame cartridges (TVD May 4 p20).

Eric Smith, exec. dir. of multi-industry International Intellectual Property Alliance (IIPA) called it "a long-awaited commitment." Jack Valenti, pres. of Motion Picture Assn. of America, said: "The real test is whether Taiwan will carry out its part of the agreement." Jay Berman, pres. of fellow IIPA member RIAA, said Assn. was "extremely gratified."

Audio Home Recording Act (HR-4567), which was passed unanimously June 2 by House Commerce Committee (TVD June 8 p15), still awaits formal approval by Ways & Means and Judiciary Committees, supporters told us last week. Corollary bill (HR-3204) has been awaiting House Copyright Subcommittee action since panel held hearing on measure in winter. However, supporters continued to express confidence last week that legislation would be ready for President Bush's signature this year. Meanwhile, long-awaited staff report on companion Senate legislation (S-1623) was filed last Tues., setting stage for possible floor debate shortly.

APRIL AUDIO SALES UP: April factory audio dollar sales climbed modestly from same month year earlier, despite 10th consecutive month of declines in former bread-and-butter components category, EIA reported. Healthy climbs in dollar sales to dealers of portable audio and aftermarket autosound paced 7.3% gain in year's first 4 months.

Overall April factory audio sales jumped 6.4% from April 1991. Increase came despite worsening picture in components, which fell 23.9% and haven't enjoyed monthly gain since June 1991. Magnitude of April decline dropped components to 3rd largest of 4 broadbased EIA classifications, from top category in monthly dollar volume a year ago. Offsetting dire components performance were aftermarket car stereo sales, which climbed 31.5%, and portable audio, which rose 19.7%. Up modestly in April, meanwhile, were systems, climbing 4%.

Sharp components drop in April keyed 13.5% decline for year's first 4 months, while systems rose modest 5.8% and portables and aftermarket autosound recorded double-digit increases. Here's EIA breakdown of audio dollar sales in April and year's first 4 months:

FACTORY SALES OF AUDIO EQUIPMENT
(add 000)

Category	April 1992	April 1991	% Chg.
Portable Audio*.....	\$156,744	\$130,933	+19.7
Components.....	105,274	138,267	-23.9
Systems.....	69,125	66,487	+ 4.0
Autosound (aftermarket)	<u>137,172</u>	<u>104,288</u>	+31.5
TOTAL.....	\$468,315	\$439,975	+ 6.4
	4 Mo. '92	4 Mo. '91	% Chg.
Portable Audio*.....	\$639,919	\$532,543	+20.2
Components.....	466,695	539,303	-13.5
Systems.....	352,818	333,554	+ 5.8
Autosound (aftermarket)	<u>464,479</u>	<u>388,073</u>	+19.7
TOTAL.....	\$1,923,910	\$1,793,472	+ 7.3

* Includes home radio

Figures may not add due to rounding.

Japanese manufacturers will be encouraged to produce low-tech consumer electronic products abroad by Ministry of International Trade and Industry (MITI), according to Nikkei Weekly. Newspaper said MITI is concerned about "excessive increases in exports when demand in Japan slumps." Article says MITI next month will form study group, which probably will include Fujitsu, Hitachi, Matsushita, Sony and Toshiba among its 10 members. Among products to be made abroad are such items as small TVs, low-end VCRs and other A/V equipment. Much of this gear is already being made by Japanese makers elsewhere in Far East. MITI will also call on manufacturers to standardize parts used in their products.

Pro bono: Aiwa America underwrites nationwide PBS stereo TV broadcast "Richard Stoltzman and Friends," concert by Grammy Award winning clarinetist June 24... Matsushita contributes \$50,000 to Mooresville (N.C.) Center of Mitchell Community College in celebration of 2nd production line of Matsushita Compression Corp. of America (MCCA) in Mooresville, which eventually will replace all of Matsushita's air conditioner compressor imports.

Nokia, Finnish conglomerate which is Europe's 3rd largest manufacturer of color TV, was dragged into red last year by losses in its consumer electronics operation, according to annual report. Based on current value of Finnish currency, CE sales last year totaled about \$1.22 billion, down 17% from \$1.47 billion in 1990, but represented 34% of total sales, up from 29%. Entire electronics group (including mobile phones) lost \$53 million in 1991, as compared with operating profit of \$120.3 million in 1990. Company blamed "weak development in the consumer electronics market [which] tightened price competition. Company's TV brands are Nokia (formerly ITT), Salora, Schaub Lorenz, Luxor, Oceanic, and since April 1992 acquisition, Finlux and ASA. Demand for company's picture tubes weakened last year, report said. As supplier to VW and Ford, Nokia said it's Europe's leading OEM car audio manufacturer.

Sony is latest manufacturer to introduce lower priced Hi-Vision receiver on Japanese market. Sony claims it hasn't cut corners in its new set, which goes on sale July 15 at 1.3 million yen (about \$10,000). Sharp and Matsushita have introduced "simplified" Hi-Vision sets that reportedly make compromises in picture quality (TVD April 13 p14). Sony's current HDTV set sells for equivalent of about \$31,500 using 2nd-generation LCD for decoder developed jointly with Fujitsu, Hitachi, Texas Instruments. It has new 32W" flat-faced widescreen Trinitron. Sony also said it will put movies on high-definition laserdiscs in attempt to increase available programming, and Pres. Norio Ohga is quoted as saying he would urge Matsushita and Toshiba to do the same.

Flat Square trichroscope may be new buzz phrase in China. China Daily reports Shanghai Novel Colour Picture Tube Corp., as key project in 8th 5-year plan, is importing equipment from Toshiba to produce 700,000 FS 23" tubes annually, to be followed by special equipment to make 27" FS tubes. At same time, plant is updating 17" production line to make million 19" FS tubes yearly. Company so far has produced 2.15 million "trichoscopes," according to China Daily, and after new Toshiba equipment is put into operation will make 4 sizes, with yearly capacity of 2 million.

Britain vetoed EC proposal for \$1.1 billion subsidy for development of widescreen broadcasting and set production. British Technology Minister Edward Leigh said EC Telecommunications Council meeting in Luxembourg didn't come up with "anywhere near a convincing case," adding: "We will not accept any expenditure today of any sort." Explaining that Britain supports development of widescreen TV, he asked: "Wouldn't something as attractive to consumers as widescreen TV happen anyway in a viable time period without a public subsidy?"

RCA 52" projection TV was one of 5 consumer product gold medal winners in Industrial Design Excellence Awards (IDEA) competition conducted by Industrial Designers Society of America, sponsored by Business Week. Article accompanying award announcement cited pedestal design as imparting "a sense of lightness as opposed to the giantism of most 52-inch sets." Silver medal in same category was awarded for Logitech kidz mouse. FroxSystem user interface won bronze medal in "packaging and graphics" category.

The Sierra Network (TSN), interconnection system that lets PC owners play real-time games with one another, announced new flat-rate subscription of \$12.95 per month for up to 30 hours monthly during evenings and weekends.

TELEVISION DIGEST

Published Weekly Since 1946
With Consumer Electronics
(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

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

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Consumer Electronics Personals

Changes at Panasonic, effective July 1 (see report elsewhere in this issue): **Michael Aguilar**, ex-Technics vp-gen. mgr., named Panasonic sales & mktg. vp, replacing **Tadayuki (Ted) Inoue**, named Panasonic pres.-COO (TVD June 8 p20); **Richard Lovisolo**, vp for portable audio, mobile electronics and special A/V products, assumes additional responsibility for Technics and Panasonic home audio; **Dennis Houlihan**, asst. gen mgr. for Technics Musical Instrument Dept., now reports directly to Inoue; **Jeff Cove**, ex-sales & mktg. gen. mgr., named group gen. mgr., Panasonic Co. (West)... **Lawrence Weaver** named vp, dir. of sales & mktg., OI-NEG TV Products, joint venture TV glass operation of Owens-Ill. and Nippon Electric Glass.

David Poisson resigns as staff vp-govt. & legal affairs, EIA Consumer Electronics Group, to become pres. of Institute of Industrial Launderers, Washington trade association; **Todd Thibodeaux** named staff economist; **Nancy Slomowitz**, ex-CFO-controller for Electronic Industries Foundation (EIF), named EIF administration & finance vp... **Edward Olson**, ex-M-C Industries, joins Audiovox as senior vp-operations.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
BET Holdings			
1992-9 mo. to April 30	44,212,418	8,671,215	.43
1991-9 mo. to April 30	37,348,140	7,180,082	.38
1992-qtr. to April 30	15,993,239	3,453,170	.17
1991-qtr. to April 30	13,085,239	2,473,242	.13
Paramount Communications			
1992-6 mo. to April 30	1,998,500,000	46,700,000	.39
1991-6 mo. to April 30	1,765,200,000	(62,300,000)	— ^a
1992-qtr. to April 30	927,900,000	28,300,000	.23
1991-qtr. to April 30	868,100,000	(55,000,000)	— ^a
TCA Cable TV			
1992-6 mo. to April 30	68,178,000	7,121,000	.29
1991-6 mo. to April 30	62,125,000	3,974,000	.16
1992-qtr. to April 30	34,576,000	3,705,000	.15
1991-qtr. to April 30	31,794,000	2,020,000	.08

Notes: ^aAfter special charge.

David Pleasance named Commodore vp, consumer sales; he previously was gen. mgr. of Commodore Electronics Ltd., which oversees company's activities in 27 countries where it has no direct subsidiaries... Appointments at Gemstar Development: **John Chang**, ex Titan/Spectron Electro Optics Div., named product development dir.; **Nurit Kotick**, 14-year marketing veteran, named mktg. dir.; **Linda Marshall Ritchie**, ex-Allied Education Corp., named mktg. mgr... **James Fitzpatrick**, ex-Kroy, named Go-Video CFO, replacing **Robert Brilon**, named controller.

Wherehouse Entertainment Pres.-CEO Scott Young named chmn. upon completion of Merrill Lynch-supported management buyout... **Nelson Vending Technology Pres.-COO Robert Symonds** named pres.-CEO of company's Rosemont, Ill.-based AVMCO joint venture with Diebold; **Jeff Grafstein**, formerly of Chicago real estate development firm, joins as vp; **Melanie Kaneas**, ex-Diebold, named controller-treas... **Robert Baruc**, ex-Academy Entertainment, named pres., Majestic Entertainment home video unit... Changes at Sight & Sound: **Richie Salvador**, ex-Schwartz Bros., named northeast regional sales dir.; **Purchasing Mgr. Paul Stark** appointed branch mgr.; **Jim Cliggett**, **Bob Messa**, **John Raisola**, **Butch Sandhouse**, all ex-Schwartz Bros., named to northeast branch sales staff... **Dawson Mays** advanced to Bennett Video Group national sales dir... **MGM Senior Vp Sally Suchil** adds asst. gen. counsel duties.

Consumer prices in Japan still top those in other countries, but gap is narrowing, according to Japanese govt. survey. Overall Tokyo prices in 1991 were about 27% higher than in N.Y., down from 38% in 1988, according to Japanese Economic Planning Agency. Using index of 100 to represent price in Tokyo, according to report, a Japanese made VCR would cost only 88 in N.Y., but 181 in London and 166 in Paris.

Ross Perot "believes in a national industrial strategy that would use, among other things, occasional government subsidies to promote industries like consumer electronics and products like high definition TV." — from "Commando in Chief," by John Taylor, June 15 New York Magazine. In American Electronics Assn. (AEA) survey of its members, 55% of the 408 replying named Perot as their choice for President, 25% named President Bush, 4% Bill Clinton.

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With Consumer Electronics

JUNE 22, 1992

SUMMARY-INDEX OF WEEK'S NEWS

VOL. 32, NO. 25

Broadcast - Cable

CABLE BILL BATTLING intensifies with action in 2 committees on counterproposals. Major issues remain broadcast retransmission consent, program access and sports TV. Unusual clash set between House leaders. (P. 1)

CROSS-OWNERSHIP BAN EASED on network-cable. FCC also plans recommendation to Congress to repeal broadcast-cable rule. Quello and Duggan vocal on absence of must-carry. INTV critical. (P. 3)

NAB BOARD MEETING expected to prove smooth sailing. No new policy issues set for adoption. Races close for 2 radio spots on Exec. Committee. Fritts cites unpublicized legislative 'victories.' (P. 5)

NEWS CLIPPERS HIT: TV-cable interests fight efforts by video monitors to secure cheap access to newscasts through fair use exemption of copyright law. News industry wants access licensed. Copyright office calls legislation 'substantial departure.' (P. 6)

TAX PLAN FAVORS TV-CABLE: Senates advances new approach to simplifying intangible assets tangle. News operations exempted again from phone excise tax. Political hurdles ahead. (P. 6)

N.J. PTV TARGETED: State lawmakers seek 22-year-old network's elimination and sale. Deal seen bringing in \$150 million, with WNET seen as likely winner of stations. NJN head vows fight. (P. 7)

STAGE SET FOR HOUSE CLASH ON CABLE BILL: Stakes in cable reregulatory and broadcast retransmission consent debates in Congress escalated dramatically last week after 2 House panels moved bills at odds on key elements (HR-4850, -4511), setting stage for unusual clash between 2 of Capitol Hill's most powerful chmn.

Stage was set when Commerce Committee Chmn. Dingell (D-Mich.) convinced Reps. Eckart (D-O.), Fields (R-Tex.), Markey (D-Mass.), chmn. of Telecom Subcommittee, Tauzin (D-La.) and others who had championed program access and retransmission consent proposals, to hold their fire until bill reached floor to avoid triggering its referral to Judiciary Committee, where substantial changes to both appeared likely. Action came with tacit assent from broadcasters and satellite programmers, and allowed Committee to pass, 31-12, package that would at least get House's foot into door in debate to reregulate cable. Senate earlier passed tougher measure (S-12) with which House product would have to be reconciled eventually.

Judiciary's Copyright Subcommittee moved next day on cable compulsory license reform package that rather than allow stations to seek payment or other compensation from cable for retransmitted programs, would add local stations to beneficiaries of copyright royalties temporarily. Relicensing scheme would

Consumer Electronics

PHILIPS SAYS CE WILL DRAG DOWN 2nd qtr. profits, setting off sharp drop in stock price. Net decline for year likely unless conditions change, company says. (P. 12)

JAPANESE CAMCORDER SHIPMENTS in April were at lowest point in more than 4 years as manufacturers take moves to reduce inventories. (P. 13)

TOTAL SUPPLY OF COLOR TV rose 12% in first qtr. as domestic assembly rose 1.8% but imports soared 24.5% as several suppliers moved final assembly to Mexico. (P. 13)

CIRCUIT CITY EXPANSION set for Boston and Chicago in 1993; company also plans to remodel 70 stores this year, reports big jump in first qtr. earnings. (P. 15)

TV, VCR AND CABLE COMPATIBILITY would be required by cable bill passed by House Commerce Committee (P. 15)

AUDIO ROYALTY BILL passed by Senate in voice vote, raising confidence that bills could be ready for President's signature later this year. (P. 16)

FIDENAS AND EMERSON continue court battles in advance of scheduled July 7 shareholders meeting. Emerson seeks expedited appeal. (P. 16)

LASER SOFTWARE SPREADING SLOWLY despite continued increase in LD player sales, as software specialists wait for player base to hit critical mass. (P. 17)

terminate within 10 years, throwing all program carriers -- wireless, cable, broadcast, DBS, and potentially telephone -- together in marketplace. Bill was passed on voice vote after legislators sidestepped controversial superstation and sports carriage issues, which are slated for reconsideration when measure reaches full Committee chaired by Rep. Brooks (D-Tex.).

Pared-down Commerce bill was offered by Markey in face of strong Republican objections. Bill proposes new rate regulatory scheme for basic cable, increases local municipal controls, requires must-carry, curbs channel repositioning, prohibits new exclusive cable franchises, sets consumer protection and customer service standards, limits cable system sales, restricts foreign cable ownership, etc.

Lawmakers made no bones about their intentions to design a bill that could circumvent Judiciary. They also made other significant changes, notably: (1) Extended 1984 Cable Act privacy protections to users of new technologies. (2) Modified anti-buythrough plan to give operators more time to install necessary addressable equipment. (3) Encouraged cable and consumer electronics makers to cooperate on balancing equipment compatibility needs among equipment (see related story in Consumer Electronics).

"Cable operators have repeatedly put their own interests above the public interest," Markey said. Substitute is designed to "shield consumers from unfair practices of cable operators." Republicans had alternative by Rep. Lent (R-N.Y.) that would have had Committee pass same package (HR-1303) it approved on bipartisan vote 2 years ago. That proposal had passed full House easily but died in Senate. However, it contained program access provision that would have prohibited antidiscriminatory cable program marketing to dish providers while allowing cable operators to enter limited exclusive carriage deals with programmers. Lent plan was defeated, 15-27, on strict party line vote despite renewed warnings that Markey approach will be vetoed by President Bush.

Among key amendments accepted for Commerce bill: (1) Public broadcasters could be required to pay only uplink costs to be carried by DBS providers seeking to meet mandated 4%-7% channel set aside for public TV (Swift, D-Wash.). (2) Cable operators would be encouraged to discount rates for senior citizens and low income viewers (Scheuer, D-N.Y.). (3) Public access channels may be replaced by educational programming meeting certain investment levels at operator's discretion (McMillen, D-Md.). (4) Cable operator's right to break out franchise costs in consumer bills would be broadened (Bliley, R-Va.). (5) Local municipalities' right was preserved to establish additional and presumably tougher customer service standards than FCC's outside franchise process (Wyden, D-Ore.). (6) Exceptions to use of ADI to define must-carry eligibility were allowed (Hall, D-Tex.).

Lawmakers deflected only handful of particularly anti-cable amendments, notably proposal by Rep. Cooper (D-Tenn.) that would have voided existing exclusive municipal franchise agreements and another by Rep. Slattery (D-Kan.) that effectively would have held rates at 1% below Consumer Price Index since Dec. 1984. They accepted amendment to require FCC study of implications of sports program migration to pay-per-view (PPV) from over-air TV (McMillen) and ended up not being asked to consider plan by Major League Baseball to black out certain superstation sports telecasts regionally. Proposal to require minimum 1/3 of all hockey, baseball, and other professional sports league games to be carried over-air was rejected (Kostmayer, D-Pa.). But lawmakers passed related plan to allow municipalities to set PPV rates for championship games of 4 leagues (Sikorski, D-Minn.).

Sports TV also figured heavily in Copyright Subcommittee's deliberations for its HR-4511. That bill was broadened to include producers in new royalty pool along lines of plan floated recently by Chmn. Hughes (D-N.J.) (TVD June 15 p1). But in making changes to win Hollywood's support, panel drove wedge deeper between producers and broadcasters over retransmission consent and may have alienated sports clubs and superstations in setting stage for clash in parent panel over sports TV blackouts and future of antitrust exemptions for leagues.

Copyright plan would: (1) Impose compulsory license fee for local TV signal retransmission of 5¢ per subscriber per month. (2) Expand revenue pool to include producers, networks, sports teams. (3) Rearrange royalty payments to provide 50-50 split, with local broadcasters getting 2.5¢, all others sharing balance. (4) Replace present 3.75% surcharge for superstations with flat 12¢ per independent per month per subscriber. (5) Dump plan to have local service areas match ADI for 75 miles measured from primary transmitter site for new signals. (6) Make stations that opt for must-carry as provided under Commerce bill ineligible for compulsory license fees. (7) Set surcharge for distant network signals at 3¢ per subscriber, monthly.

(8) Exempt cable systems with fewer than 2,500 subscribers. (9) Entirely phase out license 2 years earlier than originally proposed -- 1997 for systems with more than \$292,000 in gross annual receipts, and 2

years later for smaller systems. (10) Delete requirement that Copyright Royalty Tribunal (CRT) assign values to broadcast dayparts. Broadcasters had argued impossibility of concept at April hearings, saying that their contribution to signal didn't meet current minimum standard of originality required by courts. Hughes said he disagreed with NAB interpretation, but "if the broadcasters don't think their efforts rise to the level of creativity of the yellow pages of a telephone book," he wouldn't push issue.

Subcommittee put off decision on sports telecasts until full Committee markup, seen by Hughes as possible by end of month. Lawmakers must determine how to protect superstation carriage of professional sports when compulsory license expires under bill. Leagues already restrict ability of teams to market TV rights to their games outside their franchises. However, cable systems can retransmit signals of distant stations carrying games, if they make appropriate copyright payments. Without license, broadcasters are convinced, leagues will favor exclusive cable and PPV deals, blackouts of local telecasts and prohibitions against superstation carriage out of region.

Rep. Synar (D-Okla.) is planning solution, pressed by INTV and United Video (UV), superstation carrier with hq in his district. Amendment would have maintained compulsory license for retransmission of any professional sports covered by antitrust exemption -- baseball particularly, and football. Approach wouldn't resolve underlying problem that Subcommittee has with sports antitrust exemption itself in increasingly competitive TV marketplace, which is slated for attack in full Committee.

Subcommittee on voice vote accepted amendments by Rep. Boucher (D-Va.) that would: (1) Give 3rd-party packagers standing to sue cable programmers for unreasonably refusing to deal. (2) Outlaw exclusive TV station carriage contracts with cable systems to protect competitors' access to station fare. Boucher also is planning amendment opposed by networks that would make home dish access to network signals permanent for white area viewers.

Cable reaction to Commerce bill was harsh. NCTA Pres. James Mooney, for example, called it "excessive," "boondoggle" for broadcasters and so over-loaded that it could fall of its own weight as debate proceeds. He also was highly critical of counterplan: "Cable subscribers shouldn't have to pay broadcasters for simply using cable as a local antenna service." He conceded that HR-4511 at least would compensate actual rights holders, but "the special danger of this bill is that in repealing the compulsory license, it also sets up a situation potentially so cumbersome and vulnerable to disputes that cable in many places may not be able to act as a local antenna service at all."

NAB Pres. Edward Fritts also hit HR-4511, saying it wasn't appropriate substitute for retransmission consent provision planned for Commerce bill: "The 2 remain fundamentally separate and distinct, and on those grounds alone, we will continue to oppose the bill." He expressed optimism that Dingell will win his gamble and get retransmission consent restored to HR-4850. MPAA Pres. Jack Valenti said producers were "overjoyed" with Hughes bill, that "license is no more than a subsidy from copyright owners and broadcasters to cable" and should be eliminated eventually.

FCC LETS NETWORKS INTO CABLE: FCC did as expected on network-cable cross-ownership June 18 (TVD June 15 p3), unanimously relaxing 22-year-old ban. It will permit ownership of systems reaching up to 10% of homes-passed nationwide and up to 50% in local ADI while declining to impose must-carry or channel positioning restrictions. Local cap wouldn't apply where network-owned system is "competing" one which, we're told, Mass Media Bureau believes should include MMDS systems. Commission also said at meeting that it would recommend that Congress repeal broadcast-cable cross-ownership rule.

But networks weren't all that enthused about FCC ruling. CBS Washington Vp Martin Franks said ruling was "progress," but said network is more interested in over-air free TV and needs relief in finsyn and retransmission consent areas. He said network doesn't like being told its "only hope is buying into another business entirely." ABC said ruling still leaves many restrictions in place which keep network from fully entering cable business, although ruling "could offer some opportunity" and network is "encouraged FCC will review decision" in 3 years. NCTA, on other hand, said it supported FCC action, with spokeswoman saying it was pleased with absence of must-carry. NCTA hasn't opposed network ownership of systems for last decade, she said.

NAB, which has all along opposed relaxing cross-ownership rules, says it has "reservations about safeguards" enacted by FCC, but "we hope it works." INTV termed FCC's concern about survival of over-air TV "nothing but empty rhetoric" and said that new station complaints process -- which agency termed "negative must-carry" -- "was crafted by the Hemlock Society. To obtain relief, a station must wait and

document economic losses caused by being dropped or repositioned on a network owned cable system. After profuse bleeding, and near death, the FCC may give a station medical attention. Treatment can still be refused, however, if the network owned cable system demonstrates it was exercising reasonable business judgment."

Commission, as expected, declined to impose must-carry and channel position requirements on network-owned systems, saying it would instead establish process to resolve complaints from local stations alleging harm in such areas as system carriage, channel positioning, "by-passing." If discrimination were found in such cases, agency said it would take such actions as ordering network-owned system to carry station or to carry it on specific channel number. Relaxed regime will be reviewed in 3 years -- aspect of plan criticized by Comr. Barrett. In concerns that Chmn. Sikes indicated that he seconded, Barrett said he had favored sunset provision since that "would require those desirous of retaining the rule to affirmatively demonstrate a need for retention... Without a sunset provision, the Commission could delay addressing the issues indefinitely."

Absence of must-carry -- imposition of which networks didn't oppose in proceeding -- aroused ire of Comr. Quello, who said in dissenting statement that allowing network to own cable system gives it "power to control the transmissions of its most direct competitors -- other local broadcasters... If I were an affiliate, I would be scared stiff." Comr. Duggan said he also had supported must-carry component of new rule, inclusion of which he said was "amply supported in the record; it appeared to be acceptable to the parties directly interested in relaxing the cross-ownership ban; it could have been narrowly tailored [and] it carried strong public interest weight." If "stronger limits" on network ownership are required to make relaxed rule work, he vowed "I will support them." While agreeing that networks "must diversify their businesses to bolster their balance sheets," Duggan also cautioned Commission to "care about the long-term health of broadcast television stations as zealously as it cares about the welfare of the networks."

Comr. Marshall objected to local homes-passed cap, terming it "an unnecessarily blunt instrument against potential anticompetitive abuses... Consider this: Under the [new] rules... a network seeking to combine with an existing multi-system cable operator will have to sell off all the systems operating in the same market as its owned and operated stations, as well as those cable franchises passing in excess of 50% of the local homes in any other market. By the time the regulatory-required sales are completed, the transaction costs may actually exceed the value of the acquired systems!" Marshall also criticized national cap, saying that report & order "similarly lacks any real rationale" for that cap, "other than that the networks were willing to cede to such a restriction."

Barrett objected to broadcast-cable repeal recommendation, stating that "an analysis of the legal, economic and policy ramifications... should have been completed before" agency took such posture. He questioned whether groups participating in network-cable proceeding knew that agency "even contemplated" making such recommendation and said that with Commission's relaxation of radio ownership rule, among other of its recent proceedings, "the potential impact, on diversity and competition in the local market must be considered before making [repeal] recommendation to Congress."

MPAA said that FCC action "entices big media concentration, which is not good for this country." Pres. Jack Valenti said, however, that it's pleased with 10%/50% caps and urged Commission to "closely monitor future network ownership of cable systems, and take effective action to prevent abuses."

Nineteen public TV and radio projects will divvy up to \$2.3 million in support from CPB System Development Fund support, CPB announced Wed. Seven are joint TV-radio projects, which was funding priority for first year. Among finalists: PBS will study long-term financial implications of different membership schemes and, under separate project, differing strategies for increasing retention rate of first-year TV and radio station contributors; NPR will establish one-year calendar of coordinated fund raising weeks for member stations; WETA-TV-FM Washington will compare public TV-radio audiences to identify best opportunities for cross promotion; Station Resources Group, Takoma Park, Md., will identify how public radio stations can best respond to future multi-channel, DAB environment; Small Station Assn., Columbia, S.C., will examine development of satellite-delivered national PTV program feed into which stations could easily drop local IDs.

WGBH-TV Boston and BBC plan to coproduce 26-part, \$15-million historical series about social and political changes of 20th Century. The People's Century, to include new shooting as well as footage from BBC TV archives, reportedly largest in world, is slated for 1995 broadcast. WGBH-TV reportedly will put up 1/3-1/2 of cost in exchange for N. American TV and home video rights. Production of first 2 shows is set for Sept.

RTNDA Foundation will establish 3-year pilot program of news management internships for minority journalism students. Program, to include 3-month summer internships for college students and 6-month entry level internships for recent graduates, is funded by \$150,000 grant from Robert McCormick Tribune Foundation. It's first component of Foundation's Newsroom Diversity Campaign to receive funding.

NAB BOARD MEETING: There are no apparent divisive issues as NAB begins 4 days of semi-annual board meetings at Ritz Carlton Hotel in Washington. However, as one dir. pointed out: "There are always unexpected things that come up." Tues.-Fri. (June 23-26) meetings will coincide with Edward Fritts' 10th anniversary as NAB pres. He resigned as NAB chmn. and from selection committee, to run for post, beating nominating committee's unanimous pick Donald Thurston of Berkshire Bestg., also ex-NAB chmn.

Major interest at radio board meeting Wed. will be elections of chmn. and vice chmn., with current incumbents in those spots going off board. Both races -- Wayne Vriesman, Tribune Bestg., and Bayard Walters, Cromwell Group, for chmn., and Alan Box, EZ Communications, and Robert Fox, KVEN (AM)/KHAY(FM) Ventura, Cal., for vice chmn. -- are said to be too close to call. On TV side, Gannett Bestg.'s Ronald Townsend is unopposed for reelection as chmn., while Harry Pappas, Pappas Telecasting, is clear favorite over John Siegel, Chris-Craft/United TV, for vice chmn. Pappas and Siegel operate independent TV stations.

Heavy on TV agenda will be legislative and regulatory updates -- centering on cable bill (HR-4850) passed last week by House Commerce Committee without retransmission consent provision avidly sought by broadcasters, and counterproposal (HR-4511) passed next day by House Copyright Subcommittee, which proposed compulsory license alternative. Broadcasters seek retransmission consent as path to 2nd revenue stream. Another major legislative issue will be threats to advertising -- beer and wine, political, environmental, proposed disclosures in auto commercials. Fritts said proposed auto disclaimers are so long that car manufacturers, major revenue category for TV-radio, would just stop running commercials if disclosures are required.

"We've had a number of legislative victories, which haven't received much publicity," Fritts told us. He gave industry credit for stalling legislation to impose fees and spectrum auctions and to repeal deductibility of advertising expenses, among others. However, one place where NAB hasn't been successful -- getting cable reregulation through Congress -- reportedly has cost Assn. \$1.43 million over expenses budgeted for Govt. Relations Dept. In fact, NAB's net loss on operations for fiscal year ended March 31 was \$1.04 million, while surplus of \$269,000 had been projected. Excluding unplanned costs on cable legislation, departmental expenses of \$16.4 million were \$36,000 under budget.

Joint board will revisit telco issues, video dial tone being pushed hard by FCC Chmn. Sikes and others, foreign investments, highly leveraged transactions, investors security interests in licenses, highly leveraged transactions. Board also is expected to authorize task force on cultural diversity and racial harmony. On agenda for radio board will be more on digital audio broadcasting. (Exec. Vp John Abel won't give his technology report, which has become staple of recent board meetings, this go-round.)

Another wrinkle: TV board members will give up golf or other activities on their free day (Wed.), instead will make rounds of Capitol Hill and FCC. And, on Mon. night in competition with opening night reception, CBS will take its affiliates to Baltimore Orioles baseball game.

NAB radio station membership as of April 1 was 4,888, vs. 4,872 year ago. Commercial AM membership of 2,094 in April was down from 2,134 in 1991. In report to board, NAB Radio Dept. said number of stations resigning from NAB is

growing and "the lack of retention is the major deterrent to real growth." An "aggressive" dues collection program has resulted in increased resignations, Dept. said. In fiscal year ended April 1991, 426 radio stations resigned, compared with 463 for last fiscal year. NAB dropped 538 radio stations in fiscal 1991, 463 in fiscal 1992 -- nearly all for non-dues payment. Radio dues range from \$40/month for stations billing under \$150,000 annually to \$700 monthly for those billing more than \$5 million. Radio networks pay \$2,500-\$11,000 annually, based on revenues. Radio Dept. is proposing "dollar-a-day" promotional dues structure for stations committing to membership for at least year in markets smaller than top 150, subject to approval of radio board.

On TV side, there were 913 station members as of May 31, including 85% of network-affiliated stations, 39% of independents, 46% of public stations. Since Jan. 1, 20 TV stations have joined NAB, 18 resigned and 4 were dropped for non-payment of dues. In the last year, TV station members have decreased by 28. Ten independents that resigned have been targeted for special summer blitz.

FCC has defended its partial relaxation of finsyn rules against challenge by networks and Coalition to Preserve the Finsyn Rule. In brief filed last week with U.S. Appeals Court, D.C., agency contended it acted reasonably and stressed that it did so amid wide range of opinions from interested parties in which "even governmental agencies had divergent views." Having found that there are "few true alternative buyers to the TV networks for high quality, prime time entertainment programming," FCC said it was faced with task of finding "a reasonable accommodation... a policy of limiting network extraction and a policy of allowing the networks to compete for the acquisition of back-end rights." Agency said it chose approach of separate negotiations for back-end rights from those over network license fee since "this would give the producer the opportunity to explore other financing options, so that the decision to accept network financing is made based on the attractiveness of the network's offer, not as a condition of access to the network." In defending its limiting of amount of off-network programming network can syndicate domestically, FCC said that simple prohibition of affiliate favoritism was "not enough... Various practices are available to a network in its dealings with its affiliates whereby affiliate favoritism in the sale of off-network programming could occur, without being readily detected. Providing advance notification to affiliates, instituting program tie-ins, offering station group sales and changing affiliate compensation... are examples of such practices."

Cable TV industry is "model" that other industries can look to for ideas on how American industry can achieve world leadership, Felix Rohatyn, partner, N.Y. investment firm Lazard Freres & Co., told Washington Metropolitan Cable Club luncheon June 16. In cable industry, he said, "one finds remarkable consistency in the corporate culture" and "a great deal of loyalty" between employees and management. He cited widespread cable practices of profit-sharing, stock ownership, variable compensation schemes and flexible manning schedules as ways to increase productivity. Rohatyn also called on govt. to create tax incentives for businesses that take form of investment credits for new technology and educational credits for training employees.

Comment deadline for FCC's proposed relaxation of ownership and other TV regulations (MM 91-221) is Aug. 24, replies Sept. 23.

NEWS MONITORS HIT: Senate Copyright Subcommittee leadership is wary of legislation (S-1805) to legalize broadcast news "clipping," or monitoring services, over TV-cable objections. Bill would set precedent and open door to unauthorized commercial reuse of other copyrighted materials, they said in agreeing with U.S. Register of Copyrights Ralph Oman warning at hearing last week. But legislators would like services maintained and called for industry cooperation on solution.

Legislation is response to recent court decision in which CNN was victorious in blocking unauthorized reuse of newscasts by broadcast news monitoring services, which sell them to PR firms, scholars, politicians, etc. as sort of "video transcript." Introduced by Sen. Hatch (R-Utah), bill would allow such news "clipping" under fair use exemption of copyright law. Exemption permits limited reuse of broadcast, print, etc. for scholarly purposes.

News industry has been tiptoeing around issue because of conflicts that it raises for Fourth Estate's position as First Amendment defender, and issue languished until embroglio over police access to tapes of L.A. riot reports. Hatch pressed for hearing, he said, in part because of L.A. dispute, which he described as "a matter of certain TV stations deciding that it's they who will decide which crimes should be reported and which should be covered up. That is a serious breach of the public trust and a betrayal of the responsibility of the press..."

Cable networks and broadcasters had joined hands to challenge services in court, and remained united last week in opposing legislation. "The dispute... isn't whether the public deserves access to news clips, but whether copyright holders deserve compensation for and protection of their product," said David Nimmer, Irell & Manella, L.A., lawyer representing NAB and Turner Bestg. Service (TBS) in CNN case. "[We] recognize that the public's right to receive information is an important aspect of First Amendment jurisprudence. But... this is a business issue, not a constitutional one."

News industry believes program access should be licensed, with fees set in marketplace, it told Subcommittee. News clippers argued monitoring is variant of off-air home recording of TV programming, or "time shifting" viewing, which was legalized in landmark U.S. Supreme Court case involving Sony Betamax heard almost decade ago. "[Clippers] advance a core First Amendment interest," said Robert Cohen, pres. of Video Monitoring Services of America, defendant in CNN case. "They disseminate news to an interested public who would otherwise have no effective means of access to such information." He said services can't be construed as hurting broadcasters' incentives to create news programs and that clippers don't rebroadcast newscasts outright. There's absolutely no negative effect "on any potential market for broadcasters," he argued, although it was pointed out to us that networks and local stations increasingly are taping own shows for sale. Cohen believes news monitors whet audience appetites for TV and should be seen as boon to industry. Public Relations Society of America (PRSA) echoed position.

But Oman opposed bill as "substantial departure" from fair use guarantee that commercial reuse of copyrighted works wouldn't be allowed. His warning gave Subcommittee pause for thought, although Chmn. DeConcini (D-Ariz.) said some accommodation was needed since news monitoring is "extremely valuable" service. He was reluctant to change fair use exemption and urged industries to cooperate on marketplace solution. No markup was set for bill.

TAX PLAN FAVORS TV-CABLE: Senate Finance Committee last week resurrected intangible assets tax issue, unanimously approving package that would allow broadcasters, cable operators and others to amortize value of franchise agreements, broadcast licenses, customer lists, etc., over 16 years. Uniform write-off has been advocated by industries and approach in Senate package is favorable to both, which reportedly won't oppose legislation.

Provision is part of bill to raise \$8.4 billion for govt. over 5 years, estimated \$2.7 billion of which would come from intangible assets change. Latter is designed to put to rest constant industry-IRS conflicts in court over what constitutes depreciable intangible assets while bolstering sagging federal revenues. However, while measure's many changes are perceived to have in common some popularity with one special interest group or another important to senators, and there's bipartisan eagerness to move a revenue package that reaches to White House, Senate faces uphill battle for challenging House's right constitutionally to be first to move tax bills. But if approved, measure would prove enormous improvement over complex current situation in which industry efforts to depreciate good will and other intangibles without clear statutory guidance have been challenged repeatedly by IRS, most recently in TCI case.

Senate plan takes narrow approach to writeoffs in allowing 16-year depreciation generally except for self-created property such as good will from advertising. Writeoff period is 2 years longer than earlier approach by Ways & Means Committee. But Senate bill has its advantages in that it's clear on which kinds of assets would be affected; notably, it provides shorter depreciation periods for movie and software businesses, rights in live telecasts or radio broadcasts, recording industry and video rights. It also would allow amortization of program contracts over life of contract.

Retroactive deductions wouldn't be permitted, unlike earlier House bill. Senate would allow companies in pending tax disputes with IRS to settle tax disputes by year end for 75% of deduction claimed in dispute and to pay taxes with interest on rest. Advantage is that it would end litigation, and Capitol Hill tax analysts believe result would be estimated \$2.7 billion in revenues to govt. over 5 years, not to mention incalculable reduction in IRS and court costs. Committee also made another favorable move for stations and cable news operations, proposing elimination of tax provision in related energy bill (HR-776) that would repeal news organization's exemption from 3% telephone excise tax.

Following audit of compliance with Children's TV Act, FCC said it has sent letters of inquiry to 7 commercial TV licensees and 3 cable systems. Letters, with responses due July 6, seek information about possible violations of Act's commercial time caps. Cable part of inquiry -- to systems serving Denison and Sugarland, Tex., and Belmont, Mass. -- applies to commercials on TNT network. Broadcast recipients: KITV and KWHE Honolulu, KWGN-TV Denver, WAYK Melbourne, Fla., WFTS-TV Tampa, WTTA St. Petersburg, WTBS Atlanta.

Gregory Chapados, ex-aide to Sen. Stevens (R-Alaska) was confirmed last week by Senate to be NTIA dir. Meanwhile, NTIA has established new Strategic Spectrum Program to help in planning of spectrum use. Program's first project is Notice of Inquiry that NTIA recently released to learn about spectrum requirements. Russell Slye has been named to head program, acting NTIA Dir. Thomas Sugrue said.

N.J. STATE PTV NETWORK HIT: Leaders of N.J. state legislature June 15 proposed to eliminate PTV's 22-year-old N.J. Network (NJN) in move they said would improve programming, cut operational costs and allow PTV to function "more independently." Plan unveiled by majority Republican leadership of both houses would abolish parent N.J. Public Bestg. Authority and transfer its functions and employes temporarily to state Dept. of Commerce, Energy & Economic Development. Dept. would then enter negotiations to transfer stations and assets to another broadcasting entity.

WNET N.Y.-Newark clearly is leading candidate for transfer. Its exec. vp, George Miles, attended news conference at which plan was unveiled and said that station "strongly supports and offers full cooperation with the bill." However, plan faces several potential roadblocks, including how WNET would integrate NJN's extensive public affairs slate -- which it has committed to continuing -- into its broadcast schedule. With WNET's signal overlapping that of NJN in northern N.J., legislative leadership also hopes that merger would enable state to sell Network's 3 UHF stations in area to commercial entity, but such noncommercial-to-commercial transfers are prohibited under FCC rules. Senate Pres. Donald DiFrancesco said in statement that such sale could reap "as much as \$150 million" for state.

"We have no intention of pulling the plug on public television in New Jersey," DiFrancesco said. "We have developed a proposal that will allow public television in our state to retain its own unique identity while cutting the umbilical cord between public television and state government. Public television's reliance on state funding has inhibited its ability to be completely objective and has always posed a conflict for the station." State budget to be unveiled this month would halve NJN's state funding to \$4 million in year that begins July 1, according to GOP leadership.

However, NJN Exec. Dir. Harvey Fisher, whose post would be eliminated immediately under plan, predicted it would be opposed by Network employes and others: "New Jersey Network was created 22 years ago because there was an enormous void in programming about New Jersey being offered by the television outlets headquartered in Philadelphia and New York. In 22 years, that has not changed. By and large, New Jersey Network is the only over-the-air outlet offering substantive programming about New Jersey."

Tex. CBS affiliates met in Austin June 18 for more than 5 hours to discuss new CBS policy of charging affiliates fee for carriage of hit programs, didn't decide on final course of action. Larry Beaulieu, gen. mgr., KFDM-TV Beaumont, said group will meet again July 16 and is likely to include stations from outside Tex., including Ark. and La. Affiliates in N.Y. and New England also have scheduled meetings to decide on ways to avoid paying CBS, including going directly to studios for programming. CBS said "it's a good thing they're talking," and network has scheduled meeting June 30 to discuss compensation issues.

N.Y.C.-focused cable news network to be launched by Time Warner in Sept. will produce 5-night weekly show in association with N.Y. Times. N.Y. Closeup, to air live 11:15 p.m.-midnight Sun.-Thurs., will include discussions with reporters from newspaper, as well as taped reports and call-in segments. Network will be carried on 5 N.Y.C. systems reaching some 800,000 subscribers.

National Public Radio (NPR) and American Public Radio (APR) have taken opposite stances on funding offered by new N.Y.C.-based Japan Foundation Center for Global Partnership. NPR rejected proffered grant of \$55,000 to support its Far East reporting upon learning that Center was funded directly by Japanese govt., while APR accepted award totaling \$200,000 that will be used for Marketplace reporting on Japan as well as Japan cultural programming initiative slated to be announced shortly. Center, established in April 1991, is funded with \$370 million endowment from Japanese govt., spokeswoman Kim Gould said, but she insisted that "our operation is independent from government control... We are not a govt. agency." NPR spokeswoman Mary Morgan said that Acting Development Dir. Nancy Arneson routinely asked Center, as potential new funder, about source of its funding, and referred matter to NPR management when officials acknowledged that it came from Japanese govt. NPR Pres. Douglas Bennet then asked Center to make grant for general, vs. Japan-focused, coverage, but Center declined. Morgan said NPR then rejected offer based on its conflict-of-interest guidelines that "restricted grants must not be so narrow... as to coincide with the donor's area of economic or advocacy interest." APR saw no conflict with its 4-year-old guidelines stating that funders can't exercise editorial control or have impact on programming they support, according to spokeswoman Robyn De Shields.

Senate Commerce Committee is holding FCC budget reauthorization (S-1132) hostage in retaliation for Commission's handling of recent letter to leaders by Chmn. Sikes protesting cable legislation. Official line put out last week when item was pulled from Committee markup agenda was that senators wanted to assess Sikes' claims that agency budget wasn't sufficient to handle cable regulation. Sources told us that Senate's action reflected leadership's anger over FCC's apparent deliberate release of Sikes' letter to news media before it had been delivered on Hill. Communications Subcommittee Chmn. Inouye (D-Hawaii) reportedly didn't receive letter until day after leak to press. S-1132 contains provisions specially requested by FCC, addressing agency use of senior citizens and of gifts and bequests, travel reimbursements, patent licensing, electronic filing, etc., and had been added as favor to agency, sources said. Same provisions aren't in House's bill. Commissioners weren't all consulted on letter, sources said. We're told letter has piqued interest especially of House Commerce Committee Chmn. Dingell (D-Mich.) who recently questioned ability of Commission to maintain independence when employes are detailed to Executive Branch agencies.

KTTV L.A. license should be renewed, FCC administrative Law Judge Joseph Chachkin said June 19, dismissing challenge from Rainbow Bestg. against Fox station. Chachkin said that KTTV had met requirements in community outreach, public service, news coverage and programming, had received several unsolicited letters of support while garnering awards and honors. Record reflects that "KTTV enjoys the highest regard in the Los Angeles community," Chachkin said. Despite cross-examination from Rainbow, "KTTV's reputation is unblemished," he said. Decision said Rainbow "has failed to establish it is currently financially qualified," which moots any comparative determination.

HBO and Savoy Pictures Entertainment have signed 4-year agreement under which joint venture would distribute home videos and handle pay-per-view telecasts for "12 or more" \$20-million Savoy films per year. HBO deal is first for distributor Savoy, formed this year by ex-Columbia Pictures Entertainment officers Victor Kaufman and Lewis Korman.

Express Communications has proposed alternative to spectrum auction amendment to S-218 under which FCC would simultaneously test both auctions and "a reformed" random selection system. National Public Radio (NPR), meanwhile, opposed Senate staff's plan, saying in part that competitive bidding "by its very nature, favors those with substantial resources... We are also concerned that women and minorities could be particularly disadvantaged under this scenario." In comments solicited by Sens. Inouye (D-Hawaii) and Stevens (R-Alaska.), Express, Tex.-based consulting and management firm, said: "The only type of auction which might conceivably lead to the more rapid introduction of service is... an 'all cash up front' bidding system. However, even most auction proponents recognize that this approach is unpalatable politically in America since medium-sized firms, rural and local communications companies, small entrepreneurs and minorities effectively would be precluded from applying for licenses. However, auctions allowing deferred financing bids to be considered, as is proposed in the staff draft amendment, would exacerbate rather than resolve the problems of undue delay, litigation and speculation which so concern" Inouye and Stevens.

Tightened export controls on U.S. missile technology adopted last week by govt. would apply to technology that would aid development of satellite launching programs in several countries. New Bureau of Export Administration rules are intended to slow proliferation of dual-use technology that could be used by military, but could have effect of helping U.S. satellite industry compete with foreigners. Included in controlled exports are India's SLV-3 Satellite Launch Vehicle, Augmented Satellite Launch Vehicle, Polar Satellite Launch Vehicle, and Geostationary Satellite Launch Vehicle; N. Korea's No Dong 1 launch vehicle; S. African space launch vehicle program. For first time, rules also will apply to Brazil, specifying VLS Space Launch Vehicle program. Missile technology export controls are also to be tightened with regard to China, Iran, Pakistan, Iraq, Israel, Saudi Arabia, Egypt.

German satellite manufacturer Dasa (Deutsche Aerospace) is buying 12.25% of Space Systems/Loral, becoming 4th European company to own part of U.S. satellite manufacturer, company spokesman said. Dasa, arm of Daimler-Benz, will pay \$57 million for stake, while Loral will invest additional \$59 million to retain 51%, company spokesman Joe Tedino said. Dasa will join Alcatel and Aerospatiale of France and Alenia Spazio of Italy, each of which have 12.25%. Loral has been significant player in satellite industry since it bought Ford Aerospace in 1990, its business having been boosted by \$526 million satellite sale to Japan's Nippon Telegraph & Telephone in April. Since then, bulk of Loral's business has been Asian; it has yet to penetrate European market. Dasa's decision comes at time of merger talks between British Aerospace and Matra Marconi of France.

European Community (EC) TV broadcasters, satellite operators and equipment manufacturers announced declaration of intent to act together to promote wide-screen HDTV in EC, on condition EC countries fund proposals. EC HDTV "action plan" calls on member states to provide \$1.1 billion to fund projects, but some finance ministers have attacked plan, and it's future isn't certain. However, EC official told London Financial Times declaration of intent by 40 companies "is an important political signal on the part of industry that it's ready to play the game." Broadcasters said they will prepare operational project for launch of advanced wide-screen satellite or cable TV service using D2-MAC standards. Companies also said they will form consortium to advance plan.

Proposal by Center for the Study of Commercialism that infomercials be required to include continuous sponsorship ID should be rejected as "unnecessary over-regulation," NAB told FCC. It said that current industry standards -- National Infomercial Mktg. Assn. requires ID at start and end of such ads -- already exceed "letter and spirit" of Communications Act, and that infomercial practices are "backstopped... by active deception actions" taken by FTC, which is "actively and appropriately policing the infomercial industry." In filing at Federal Reserve Board (FRB), meanwhile, NAB contended that bank and savings broadcast ads shouldn't be burdened with same disclosure as required in print press, saying that "may render the ad virtually worthless, both as a sales tool and as a useful source of information to consumers." As alternative, it proposed encouraging abbreviation of financial terms. FRB is considering new rules to implement "Truth in Savings Act."

Radio brokerage Media Venture Partners (MVP) has proposed that FCC authorize security interests, including right of reversion, in rights to broadcast licenses. Filing in agency's review of policies affecting broadcast investment (MM 92-51), firm stressed that such interest "would not be a permanent lien on the licensee itself; rather, the security interest would attach only to whatever rights the licensee has." It contended that plan, which it described as not in conflict with Communications Act, "will do much to restore the financial health of the broadcast industry. Such security interests will provide banks and others lenders with necessary assurance that, in the event of a default, their position will be protected." As alternative, MVP proposed that Commission "at least make it clear than a lender can obtain a security interest in the proceeds of the sale of a station... In the absence of [such] clarification, bankers and other lenders will remain reluctant to advance monies for a broadcast acquisition."

Biggest raid ever on video piracy lab took place last week in Yonkers, MPAA spokeswoman told us. Jordanian national Subhi Mohammed, who had been arrested several weeks ago and charged with audio piracy in Queens, was accused of running Yonkers video lab, where local police seized 15,000-25,000 tapes and 147 VCRs, 134 of which were running at time of raid. Four other Jordanian nationals were arrested in connection with raid, she said. Spokeswoman said bootleg copies of current theatrical releases such as Aliens 3 and Lethal Weapon were found on premises, as were upcoming video titles such as Cape Fear, Bugsy, Beauty and the Beast. Also seized were pirated audiotapes made from 7 recorders.

Dissident Jefferson-Pilot shareholders have filed suit seeking to overturn May election of board members and holders' approval of stock grants to senior management. Louise and Donald Parsons, who lost proxy fight over makeup of board, contend that proxy materials issued by firm were false and misleading and that it used "scare tactics" in convincing holders to easily approve grant plan. Jefferson-Pilot said that Parsons "are just poor losers... It's incredible to us that the Parsons, who cloaked themselves under the mantle of shareholder rights activists for the purpose of the proxy contest, continue to refuse to accept that the shareholders have spoken."

TCI has completed installation of new addressable systems in 500 of its cable systems for carriage of summer Olympics pay-per-view package, and installation in another 380 is planned. More than 400,000 addressable converters have been delivered to firm in preparation for Triplecast, for which it's targeting 30% customer buy rate.

Leon Charney, who heads investment partnership investigating purchase of UPI, told UPI staff June 19 "I won't deal" with Amsterdam-based National Postal Lottery (NPL) as partner to save wire service because when he asked NPL for written documentation of bid they weren't forthcoming, UPI Exec. Editor Steve Geimann told us. Dutch charitable foundation had indicated it could provide up to \$7 million over 2 years to rescue wire service. "The only way to revive" UPI, Charney said, would be through public offering in which shares would be offered first to its subscribers and then employees. Partnership hopes to convert UPI reporters to general contractors who would be paid per story, although Charney said that "probably 5 or 10 of the most senior people might be able to work out different arrangements." Meanwhile, UPI announced former NBC News producers Jerry Lamprecht and John Steele have joined Charney's partnership investigating purchase of UPI. Geimann said discussions with partnership are "very good, very positive" and he's "optimistic" that sale will go through. He also said UPI isn't talking with Middle East Bestg. Centre, Arabic-Language TV network that offered unsolicited \$3.5 million cash bid for wire service June 18, because they're barred from doing so while negotiating with Charney.

Mass media financials: Home Shopping Network net doubled to \$9 million (10¢ per share) from \$4.3 million (5¢) for 3rd quarter ended May 31 vs. same 1991 period, while revenues rose 2.5% to \$269.3 million. Gross profit margin for quarter increased to 37.5% from 35%, St. Petersburg company said. Net for first 3 quarters was \$29.9 million vs. \$7.9 million comparative 1991 loss, while sales grew 1.8% to \$836.5 million... Moody's is assigning Bal rating to **Rogers Cablesystems's** proposed \$150-million issue of senior secured notes due in 2002. While saying that firm's basic penetration rates are "high" and outlook is "promising" for additional growth in operating cash flow, Moody's said that latter isn't expected to be sufficient to fully fund capital expenditures and interest expense "and thus debt levels are expected to continue to rise for the next several years"... **Comcast** announced quarterly cash dividend of \$.035 per share on class A and B common and class A special common, payable Sept. 24 to holders of record Sept. 3... **EZ Communications** has increased tender offer price for all of its 12.7% senior subordinated notes due 1996 to \$972.50 from \$950 per \$1,000 principal amount. Expiration date of offer also was extended to July 1 from June 24.

Cable rate hikes averaged 84% from 1987-1992 in districts where Democratic members of House Commerce Committee live, according to survey sponsored by Teledemocracy Project, group supported by Ralph Nader organization. Surveyors also reported that installation fees rose 103% at same time. Nader urged public to press congressmen to include amendment to cable bill providing for local "independent consumer watchdog" groups. According to spokesperson, group didn't survey districts of Republican members because most such members are firm in opposition to concept, also because of surveyors' limited resources.

Live Entertainment (LE) has defaulted on interest payments on \$110 million in junk bonds; it was in negotiations at midweek to restructure debt. Default threatens Carolco Pictures, although it has reduced its stake in video-music distributor LE to 49.9% from 53% to prevent it from, in turn, being declared in default. Carolco reduced its stake by selling 360,000 Live shares to its foreign investors, France's Le Studio Canal Plus, Japan's Pioneer LDCA and Italy's RCS Video Services International.

20th Century Fund has confirmed more than 20 members of its Task Force on Future of Public TV, to convene for first time July 20 in N.Y.C.: Vartan Gregorian, Brown U. pres., chmn.; Peter Berle, pres., National Audubon Society; Gerald Boyd, metropolitan editor, N.Y. Times; David Burke, vp, Dreyfus Corp.; Joseph Califano, partner in Dewey Ballantine law firm; Peggy Charren, pres., Action for Children's TV; Erwin Duggan, FCC member; Eli Evans, pres., Revson Foundation; Leonard Garment, partner, law firm Dickstein, Shapiro & Morin; Henry Geller, pres., Washington Center for Public Policy Research; Lawrence Grossman, broadcast consultant and former PBS pres.; Ellen Kaden, gen. counsel, CBS; Henry Kravis, partner, investment firm Kohlberg Kravis Roberts & Co. and chmn., WNET N.Y.-Newark; Sue Yung Li, independent producer; Margaret Mahoney, pres., Commonwealth Fund; Lloyd Morrisett, pres., Markle Foundation; Stephen Rattner, partner, Lazard Freres; Herbert Schmetz, pres., PR firm Schmetz Co.; Lesley Stahl, CBS 60 Minutes correspondent; Stuart Sucherman, pres., Hilton/Sucherman Productions; Timothy Wirth, U.S. Senator (D-Colo.); Robert Wussler, broadcast consultant and former pres., Comsat; Mortimer Zuckerman, chmn./editor-in-chief, U.S. News and World Report.

Compulsory license has aided independent TV stations, "many of which would have been unlikely to achieve viability in the local market were it not for the convenience afforded by cable systems through the compulsory license," CATA Pres. Stephen Effros said in written reply to questions from Senate Copyright Subcommittee. Effros said that CATA estimates that up to 15.4 million separate transactions would be necessary for 11,000 cable systems to obtain current programming without license and "the immensity of those costs would dictate that they be passed along to the consumer." CATA said compulsory license isn't sacrosanct, but unless viable alternative is created there would be "major disruption in the marketplace," higher cable subscriber costs and loss of programming.

Key senators can be expected to introduce NTIA budget reauthorization this week when Senate Communications Subcommittee holds related hearing June 23, 9:30 a.m., Rm. 253, Russell Bldg. Newly-confirmed NTIA Dir. Gregory Chapados is only witness scheduled. No details about planned bill were available at our deadline, but Subcommittee spokesman said lawmakers planned to ask questions about spectrum use issues and policy, international satellite issues and U.S. telecommunications competitiveness abroad at hearing. NTIA bill already has advanced in House.

Ousted Time Warner Pres. Nicholas Nicholas is partner in venture aimed at Jan. launch of "Pluggers" comic strip, "dedicated to the proposition that the world depends on pluggers -- the 80% of humanity who unceremoniously keep plugging away in life." Cartoon would depict as characters animals "coping with life in ways that puncture pompous self-indulgence." First strip plays on oyster, depicting bear sitting at large desk beneath caption: "You're a Plugger if you've been fired as the head of a \$12 billion company and your next move is to invest in cartoons."

Bill to create "ready-to-learn" channel for preschool children (HR-5357) was introduced last week by Reps. Wyden (D-Ore.) and Price (D-N.C.). It would authorize \$100-million in each of FY 1993-1997 to establish Preschool Children's TV Div. at CPB that would provide grants to produce such educational programming. It would direct Corp. to designate one satellite beam as "ready-to-learn" channel for distribution of preschool educational fare to public TV stations and commercial media.

Interactive TV firms NTN Communications and Interactive Network (IN) have filed patent suits against each other. NTN is challenging validity of patent upon which IN bases its business, and charges that IN recently has "intimated in the marketplace" that it may not continue to be competitive due to latter's "purported" patent. IN announced June 18 it had filed suit in Canadian court for patent infringement and in Cal. court for alleged breach of its patent licensing agreement with NTN. IN contends that NTN Canada failed to comply with its demand to cease and desist development of interactive trivia, hockey and baseball games for broadcast on Canadian TV. IN claimed that, following litigation between companies in 1987, NTN agreed to apply to IN for licenses for all interactive games except QBI football game.

As of May 31, there were 1,497 operating U.S. TV stations, according to FCC. Of those, 580 were UHF commercial, 558 VHF commercial, 236 UHF educational, 123 VHF educational. There were 1,243 operating low-power TV stations, 786 UHF, 457 VHF. VHF translators on air totaled 2,505, UHF 2,360, FM translators and boosters 1,897. On audio side, there were 4,987 commercial AM radio stations on air, 4,662 commercial FMs, 1,537 educational FMs.

Digital Equipment (DE) has acquired Basys Automation Systems from U.K.'s Independent TV News, terms not disclosed. Basys supplies news automation/management systems to more than 400 broadcast newsrooms. Acquisition, in which it will operate as DE unit, is seen as enabling firms to collaborate on technologies such as voice recognition and fiber optic data distribution interface (FDDI).

Home Shopping Network board has approved distribution of all capital stock of Precision Systems to HSN shareholders in spinoff it valued at about \$25 million. Precision, HSN subsidiary, develops and produces voice call and processing platform for managing large volumes of calls and data electronically. Distribution, which HSN said likely would occur in several months, is contingent on several factors, including SEC's approval of Form 10 registration statement.

Fox network exec. Kevin Wendle is joining Whittle Communications to produce ad-based program to be shown in doctor's waiting rooms as part of Special Report Network (SPN). SPN magazines, booklets and posters are distributed to 22,500 reception rooms, Whittle said. Good Morning America's Joan Lunden will host biweekly show, which comes as Whittle is moving production studios to L.A. from N.Y.

Times Mirror Cable (TMC) is negotiating for purchase of Community Cablevision system that has 42,000 subscribers, including 28,000 in Irvine, Cal. Under 2-step process, TMC said it would first acquire 20% and then, within year, remaining 80%.

European Community (EC) broadcasters, manufacturers and producers will receive up to \$1.1 billion to convert to HDTV under EC accord with more than 30 firms. Pact, reached after more than year of negotiations, requires approval of EC govts.

Legislation allowing cameras into N.Y. courtrooms is expected to be signed into law by Gov. Mario Cuomo (D). Legislation gives judges right to refuse cameras and witnesses right to decline to be televised. Law expires in 1995.

PBS task force-developed plan for prospective fulltime math satellite channel was slated to be unveiled at public TV (PTV) annual meeting in San Francisco after our deadline. Channel, which would target kindergarten-12th grade students as well as parents and teachers, stems from meeting convened by PBS Elementary/Secondary Service that included representatives of such outside groups as Mathematics Sciences Board, National Science Foundation and National Council of Teachers of Mathematics. PBS aims to debut at least one such fulltime narrowcast channel when it moves next year to at least 6 transponders on AT&T's Telstar 401 bird. Variety of other possible channels have been suggested, in such areas as science, literacy and multiculturalism.

Bell Northern Research (BNR), R&D arm of Northern Telecom, said it has produced semiconductor laser that can possibly reduce cost of fiber to home. New laser could enable critical component of fiber system, electronic-to-light interface transmitter module, to be manufactured for "fraction of cost" of today's modules, BNR said. Currently, single fully tested module can cost hundreds of dollars; end-to-end fiber network would eventually require millions of these modules, BNR said.

Program notes: Gaylord Entertainment will launch European version of **Country Music TV** late this year or early next, Pres. Earl Wendell told stockholders... **Sci-Fi Channel** will produce at least 12 original movies per year, according to Kay Koplovitz, pres. of parent USA Network. Channel, due to launch Sept. 24, expects to air first original movie by end of year.

N.Y. Times and Time-Warner's N.Y. 1 News, all-news channel to start in N.Y. in Sept., said they will produce live 45 min. nightly program called N.Y. Closeup that will include discussions with newspapers' reporters. Program, which will reach 800,000 subscribers, will include viewer call-in segments, taped reports, 2-way remote interviews.

Cable system employees will be sent to summer school as part of 6-week program developed by Mind Extension U. network. Course, which runs July 1-Aug. 13 on network, covers such subjects as writing, speaking, accounting, personal finance/money management. Registration deadline is June 30 -- Norman Birnbach, 212-536-8722.

USA Network said it has acquired 122 hours of programming for Sci-Fi Channel from Columbia Pictures TV Distribution, including: Ripley's Believe it or Not (ABC), Starman (ABC), Fantastic Journey (NBC), and Something Is Out There (NBC).

Jerrold announced new fiber mini-bridger at Society of Cable TV Engineers meeting in San Antonio, said unit is 30% less expensive than Jerrold's Starline unit. Jerrold also said Continental Cablevision of Fresno will be first customer for firm's SuperStarfire lasers.

Rogers Cablesystems plans to issue \$150 million of 10-year senior secured guaranteed notes. Proceeds from issue, to be underwritten by Merrill Lynch and Goldman Sachs, would be used to repay bank debt and for general corporate purposes.

Tribune Bcstg. agreed to buy KOSI(FM)-KEZW(AM) Denver from D&D Bcstg. for \$19.9 million. Tribune Vp-Radio Wayne Vriesman said purchase is "first step in a long-term strategy to expand our radio group." Tribune owns KWGN-TV Denver.

Personals

Gerald Levin, co-CEO, Time Warner, assumes sole control of company in absence of **Steven Ross**, chmn. who is taking leave of absence to resume treatment for prostate cancer... **Rick Gentile**, vp-Olympic programming, CBS Sports, named senior vp-production, new post; title of exec. producer, currently held by **Ted Shaker**, will be discontinued and other possible production duties for him are under discussion.

Appointments at Fox Bestg.: **Jack Brandon**, ex-MGM Entertainment, appointed vp-affiliate relations, Eastern region; **Danielle Claman**, ex-Spelling Entertainment, joins as dir.-drama development; **Susanne Daniels**, ex-ABC, named dir.-comedy development; **Kelly Kulchak** advanced to dir.-current programming... **Christopher Russo** promoted to dir.-promotion mktg., NBC-TV... **Brenda Nesbitt**, ex-Cinemax, joins PBS as dir.-ad and creative services... **John David**, NAB vp-broadcaster congressional relations, moves to senior vp-radio.

Richard Parness, ex-L.A. accounting firm, Duitch & Franklin, joins MGM as senior vp and chief administrative officer, new post... **Robert Mouny**, pres., Mouny Communications, named managing dir., N. America, World Entertainment News Network... **Sasha Emerson**, ex-HBO Independent Productions, joins New Line Cinema as senior vp-TV production and development, new post... **Penelope Selwyn**, dir.-publicity, 20th TV, named vp-publicity, Warner Bros. TV.

Ann Koets promoted to dir.-financial reporting, TCI... Changes in marketing and communications restructuring at Discovery Networks: **Jim Boyle** promoted to vp-corporate communications; **Amy Abbey** moves from dir.-affiliate mktg. to dir.-promotion; **Linda Isaac** named dir.-sales strategy and support, Learning Channel... **Jay Tapp** promoted to regional dir.-sales and mktg., Showtime Networks.

Maria Sheehan advanced to special asst. to President Bush and White House deputy dir.-media affairs... Appointed to head new Scientific-Atlanta units: **Michael Hayashi**, Video Systems; **William Luehrs**, Digital Audio Systems... **Malcolm Klein**, ex-RKO General, joins Interactive Network as exec. dir.-programming.

Michael Eigner has chosen to remain at WPIX N.Y. as gen. mgr. rather than transfer to KTLA as announced by Tribune Bestg. last month. **Greg Nathanson**, pres., Fox Bestg. TV Group, L.A., will become gen. mgr., KTLA... **Bruce Phillips** promoted to vp-design and development, real estate and construction, CapCities/ABC, new post... **Richard DeAngelis**, gen. mgr., KPHO-TV Phoenix, retires.

John Fernandez, ex-mgr.-special projects, CPB, now offers legal and other consulting to public stations, 703-641-0807... **Charles Theiss**, former senior vp and gen. mgr., TV Log/Cable Log, forms self-named mktg. and promotion company, 4 Clairborne Rd., Harrison, N.Y. 10528, 914-381-4816.

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Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	MAY 30- JUNE 5	1991 WEEK	% CHANGE	MAY 23-29	22 WEEKS 1992	22 WEEKS 1991	% CHANGE
TOTAL COLOR.....	301,208	417,139	-27.8	422,404	7,830,796	7,603,464	+ 3.0
DIRECT-VIEW...	297,772	411,960	-27.7	415,979	7,706,024	7,487,914	+ 2.9
TV ONLY.....	289,310	401,437	-27.9	388,547	7,386,681	7,222,730	+ 2.3
TV/VCR COMBOS	8,462	10,523*	-19.6	27,220*	319,343*	265,184	+20.4
PROJECTION....	3,436	5,179	-33.7	6,425*	124,772*	115,550	+ 8.0
VCR DECKS.....	115,176	207,044	-44.4	270,914	4,146,740	3,576,775	+15.9
CAMCORDERS.....	28,927	100,956*	-71.3	86,382	932,786	946,108*	- 1.4
LASERD. PLAYERS#	1,694	8,393	-79.8	2,603	77,331	64,838	+19.3

Direct-view TV 5-week average: 1992--330,447; 1991--328,545 (up 0.1%).

VCR deck 5-week average: 1992--171,227; 1991--171,862 (down 0.4%).

Camcorder 5-week average: 1992--49,098; 1991--63,568* (down 22.8%).

* Record for period. 1991 year-to-date data contain minor revisions by EIA.

Includes combi players, excludes karaoke types.

PHILIPS -- CE WILL DRAG DOWN 2ND QTR. PROFITS: Price of Philips stock appeared to have stabilized late in week after sharp one-day drop Wed. in exchanges around world following company's unexpected announcement that it expects 2nd quarter earnings will be "substantially lower" than year ago, blaming subpar performance in consumer electronics and related components sectors. Company said that unless conditions change, "it is unlikely that a net profit from normal business operations equal to that of 1991 will realized." Company will issue 2nd quarter earnings report Aug. 6.

Philips shares dropped 17.6% on Amsterdam exchange and 23% (to 16-5/8) on NYSE Wed. Shares lost another 3.9% in Amsterdam Thurs. but closed same day in N.Y. up 3/8 at 17. Revised forecast came as shock in light of previously optimistic comments from Chmn. Jan Timmer and others, projecting improved earnings for quarter and year despite tough climate in consumer electronics. As recently as last week, company met with analysts in Europe and predicted higher profits for year. When it announced first quarter earnings last month, company forecast "a limited increase in sales and net income from normal business operations for 1992" (TVD May 11 p17).

"The markets for consumer electronics have been in a depressed state for quite some time," statement began. "During the 2nd quarter the crisis in this industry appears to have deepened. Whilst we are maintaining market share in our CE and Components Divs., price erosion and underutilization of capacity have caused lower than anticipated results. Better than planned performance in other divs. does not compensate sufficiently for the shortfall. Consequently, the 2nd quarter results will be substantially lower than last year's."

"The current state of the consumer electronics markets is such that reliable forecasts about the beginning, the speed and extent of the recovery cannot be made at this moment. Should the present trend continue in the 2nd half of 1992, it is unlikely that a net profit from normal business operations equal to that of 1992 will be realized," Philips said.

Announcement, though reversal by Philips, is in line with previous statements from other leading manufacturers such as Sony and Matsushita. Difference is that those 2 companies, though forecasting difficult year, also predicted slight gains in operating and net income (TVD May 25 p14). Philips spokesman in Eindhoven said CE business "is unfavorable worldwide, with an emphasis on Europe," continuing pattern

company cited when it discussed first quarter earnings. At that time, Philips said CE prices in first quarter had dropped 5% from year earlier; spokesman last week said he couldn't yet compare 2nd quarter pricing to last year.

Announcement and market's reaction immediately drew at least one class action suit from Philips shareholder charging company officials "knowingly and recklessly crated a false and misleading impression that the unprecedented restructuring efforts that Philips had undertaken had been successful, that Philips was financially stronger, with significant assets, increasing sales and net income and continued earnings growth." Suit was filed in U.S. Dist. Court, N.Y., by Max Fecht; class action was filed on behalf of all who bought Philips shares Feb. 28-June 16, or since company announced 1991 results. Philips spokesman declined to discuss suit, citing company policy against commenting on pending litigation.

CAMCORDER SHIPMENTS DROP BELOW SALES RATE: After 6 months of slashing and ripping, Japanese have finally reduced exports of camcorders to U.S. below rate of sales here -- excellent portent for inventory reduction.

In April, Japan shipped only 113,518 camcorders to U.S. -- down 60.2% from same 1991 month and lowest monthly number since we started reporting Finance Ministry export data on camcorders in Feb. 1988. April figure is less than 1/4 the number shipped in record month of Sept. 1991 (478,468). For year's first 4 months, Japan shipped 678,139 camcorders here, down 37.9% from same 1991 period. During same months, sales to dealers totaled 1.5% more than that figure -- 687,297 (TVD May 18 p10). As we noted last week, camcorder inventories -- although still too high -- have dropped significantly in last 2 months (TVD June 15 p11). Japan accounts for about 97% of camcorder imports to U.S.

VCR exports from Japan were also down -- the 396,052 shipped was lowest number for any month since early 1980s -- but this drop is far less significant than that in camcorders. Reason is simply because production has shifted from Japan to other Far Eastern countries, Japan now being source for less than 50% of VCR deck imports to U.S.

Not only are camcorder shipments way down, but prices may have started to move up. From low of \$519.77 in March, average price of camcorder shipped in April (based on exchange rate during month) jumped to \$571.63, highest since Oct. 1990, although yen price is only highest since May 1991. Average VCR price in April, at \$228.32, was virtually unchanged from year earlier.

CD player shipments were up 20.4% in April and headed for record year at 25.9% increase from preceding year in 4 months, while videodisc players sprouted by 233.2% from April 1991 and were up 139.7% for year, but only because last year's figures were so low.

April exports from Japan to Canada (4-month figures in parentheses): Color TV 220 sets, down 42.6% (1,704, down 47.9%); VCRs 21,202, down 37.1% (122,829, up 2.2%); camcorders 8,530, down 70.3% (51,815, down 33.1%); CD players 34,912, up 18.5% (150,653, up 38.8%); videodisc players 655, up 41.5% (4,288, up 35.8%). Here are exports from Japan to U.S. for April and first 4 months, from Finance Ministry:

Product	April '92	April '91	% chg.	4 mo. '92	4 mo. '91	% chg.
Color TV.....	11,391	17,094	-33.4	30,097	53,751	-44.0
VCR decks.....	396,052	456,719	-13.3	1,852,796	1,908,180	- 2.9
Camcorders.....	113,518	285,271	-60.2	678,139	1,092,065	-37.9
CD players.....	472,764	392,531	+20.4	1,863,189	1,479,546	+25.9
Videodisc players	29,344	8,808	+233.2	89,942	37,525	+139.7

U.S. COLOR ASSEMBLY UP 1.8% IN 1st QTR.: In period when total supply of color TV sets rose by 11.7%, domestic assembly squeaked out 1.8% increase, while imports soared 24.5%, according to our analysis of first quarter production figures by EIA and import data from Commerce Dept.

Only 51.4% of first quarter supply of 4,887,000 color sets were produced or assembled in U.S., compared with 56.4% of 4,375,000 sets in first quarter of 1991. This despite fact that this year's period contained greater percentage of large-screen sets -- generally assembled in U.S.

Obvious factor in decline in percentage of sets assembled here is move of final assembly to Mexico by several producers -- among them Zenith, Hitachi and Samsung. In first quarter, 1,287,700 color sets were imported from Mexico, increase of 33.7% from same 1991 period, and Mexico now accounts well over half of all color TV imports.

Total supply of monochrome TV sets is same as import figure, because monochrome receivers are no longer made in U.S. In first quarter, monochrome supply dwindled by only 7.1% after 19.5% drop from 1990 to 1991. With monochrome imports added to total TV figures, U.S. produced sets drop to only 47.4% of total, down from 51.2% last year.

We derive domestic production figures by subtracting Commerce Dept. import data from EIA production (total supply) figures, which include imports as well as domestically made sets. In table below, "% Change" columns reflect change from same period of preceding year.

TOTAL TV SUPPLY, FIRST QUARTER 1992 vs. 1991

		U.S.- Produced*	% Change	% of Total	Imports*	% Change	% of Total	Total Supply	% Change
Total TV	1992....	2,514,000	+ 1.8	47.4	2,790,000	+18.5	52.6	5,304,000	+ 9.9
	1991....	2,469,000	-24.4	51.2	2,355,000	-12.6	48.8	4,824,000	-19.2
Color TV	1992....	2,514,000	+ 1.8	51.4	2,373,000	+24.5	48.6	4,887,000	+11.7
	1991....	2,469,000	-24.4	56.4	1,906,000	- 7.4	43.6	4,375,000	- 9.9
B&W TV	1992....	0	--	--	417,000	- 7.1	100.0	417,000	- 7.1
	1991....	0	--	--	449,000	-29.5	100.0	449,000	-29.5

* Imports include assembled sets and unassembled but complete kits (chassis with tubes).
U.S.-produced sets include those made from imported chassis.
Figures include TV/VCR combinations, but not projection TV.

Pioneer last week announced \$600,000 in donations and promise of internships for high school students at Long Beach, Cal., hq in aftermath of L.A. riots. Company established \$500,000 Pioneer Academy of Electronics through Maxine Waters Employment Preparation Center. Beginning in Sept., program will at first offer 30 junior and senior high school students 2-year vocational training that includes classroom instruction, mentoring by Pioneer employees, offer of paid summer internships. Pioneer also made \$100,000 donation to Rebuild L.A. umbrella organization and 6 additional internships in several hq depts. for students from Carson, Compton and Long Beach.

NEC pulled out of British consumer electronics market without warning or notification to press. Major NEC consumer products in U.K. were TVs, VCRs, video printer, audio components and satellite receivers. As of last week end, NEC wasn't responding to British press inquiries. When company left most U.S. consumer electronic products, it announced 12-month phaseout before it began (TVD May 7 p9).

Sony Gallery on N. Michigan Ave. in Chicago sustained minor damage and some theft during riots following Chicago Bulls victory in NBA championship. Spokeswoman said that some of gallery's front windows were broken and that several products from front right portion of store -- camcorders, sports products, My First Sony line -- were taken.

Sharp confirmed report in Japanese press that it has moved color TV chassis production from Malaysia to sharp Mfg. Co. in Memphis -- move which will cut color TV manufacturing lead time from current 4-5 months to 3. Company had previously shipped about one million chassis from Malaysia to Memphis annually; it now plans to boost annual U.S. color TV production from current 900,000 to 1 million. Sharp also said it's spending about \$15.7 million to build factory to make molded parts for microwave ovens in Memphis; plant should be completed by Oct.

International Video Products (IVP), joint venture VCR operation of Thomson and Toshiba, has begun designing VCRs at its own Singapore plant, according to Japanese press. VCRs previously were designed at Toshiba's Fukaya plant in Japan. IVP manufactured 1.3 million VCRs, mostly for southeast Asia, in year ended March 1992, plans to make 2 million in current year.

Samsung Electronics America moves to new hq June 25: 105 Challenger Rd., Ridgefield Park, N.J. 07660-0511. Phone: 201-229-4000. Fax: 201-229-4110.

THIS WEEK'S YEN RATE

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

CIRCUIT CITY EXPANSION PLANS: Circuit City (CC) last week made long-expected announcement that it will move into Boston and Chicago markets. Pres.-CEO Richard Sharp said CC would enter both markets in fiscal year beginning March 1, 1993 with "a large base of stores and strong support from our existing vendors." Latter comment seemingly is jab aimed at Best Buy, which Sony won't supply when it enters Chicago later this year (TVD April 27 p15); Sony said its current distribution needs are being met in Chicago, though it says it will reevaluate situation next Feb. during normal budgeting process.

CC also said it will open store in McAllen, Tex., addition to previously announced roster of "about 30 stores" set for current year in Tex., La., Okla., Ariz. (TVD Jan 13 p14). Sharp told shareholders last week that expansion program will include some "mini-superstores," small market concept that company has tested in at least 2 locations.

Company also said it will remodel about 70 stores (40% of its current superstores) to expand personal computer and home office selections, test new categories and "improve customer service and operating efficiency." Company will move customer checkout and other support functions to front of store so they can be combined more effectively, resulting in efficiencies in personnel and scheduling. CC has generally had higher percentage of non-selling space in its stores than many of its major competitors. When it opened new prototype in Houston last year with new home theater displays and major computer dept. (TVD Sept 2 p14), CC also remodeled 4 Cincinnati stores to accommodate expanded home office sections. New remodeling program will follow many aspects of Cincinnati operation.

Meanwhile, CC said earnings for quarter ended May 31 rose 41.9% to \$11.4 million on 15.6% sales gain to \$644.8 million (see financial table). Comparable store sales were up 5%. Lower gross profit margin (28.2% vs. 29% last year) was offset by improvements in expense ratio.

* * * *

Best Buy Chmn. Richard Schulze said he expects chain's Chicago stores will carry Sony products next year; however, he said that if Sony shifted gears and said Best Buy could carry line this year, stores wouldn't be able to accommodate it. "We made all our plans with other suppliers and product assortments, and we'll keep those commitments," he said.

Schulze said that "if there is a market in this country where both [Best Buy and CC] can both grow appreciably and effectively," it's one size of Chicago. He said that by time CC opens there, "we'll be a year ahead of them," with 25 area stores by end of next fiscal year. He says density of Chicago population will produce "highest average sales per square foot stores anywhere... We've never competed in a market this rich."

He said Best Buy's Chicago expansion plans aren't contingent on current players dropping out, though he believes "the business will consolidate anyway." He notes that discount formats -- warehouse clubs, mass merchandisers, etc. -- are grabbing increasing piece of CE business (not far below 50%, he said), and that Wal-Mart and Sam's Warehouse Club will be entering Chicagoland this year; Target, he said, will enter soon thereafter. "The shopping umbrella in Chicago is going to be changing dramatically," he said.

Best Buy extended last week's job fair (TVD June 15 p14) 2 days through Fri., saying hoopla surrounding Chicago Bulls' victory in NBA finals had diverted attention from Best Buys' attempt to fill more than 1,000 jobs for fall opening of 15 stores.

COMPATIBILITY SOUGHT IN BILL: Cable regulatory bill (HR-4850) passed by House Commerce Committee last week (see related report in Best./Cable section) includes provision that would require FCC to develop rules to limit scrambling and assure compatibility between cable-ready TVs and VCRs and cable systems that wouldn't short circuit such features as picture-in-picture (PIP), ability to record one channel while watching another, and ability to record consecutive programs on different channels. Bill is expected to proceed to House floor and, if passed, would go to House-Senate conference to be reconciled with version of bill (S-12) passed by Senate last winter (TVD Feb 3 p1/p12).

HR-4850 would require FCC within year after enactment to submit report to Congress "on means of assuring compatibility between televisions and videocassette recorders and cable systems, consistent with the need to prevent theft of cable service, so that cable subscribers will be able to enjoy the full benefit of both the programming available on cable systems and the functions available on their televisions and videocassette recorders."

Commission could use report for guidance in setting final standards year later. FCC would be required to issue regulations that would: (1) Establish parameters for CE products to be sold as cable-ready. (2) "Promote the commercial availability" from cable operators and retailers of "converters and remote control devices compatible with converters." (3) Require cable companies to inform subscribers that they can buy remote controls from any source rather than just renting it from the cable company (and specify those that are compatible with particular cable box).

EIA spokeswoman said group is pleased with development: "That's what we feel is important for consumer-oriented legislation."

Sales to dealers of major video products, as reported by EIA Mktg. Services Dept., took their usual tumble in first week of month, owing in large part to parallax effect from addition of 53rd week to 1991 statistical calendar. First week of each 1992 month aligns roughly with final calendar week of preceeding 1991 month, with that week generally producing largest volume. This was 4th month in last 5, for example, in which color TV, VCR and camcorder sales in first week showed double-digit decline. Rolling 5-week averages show color TV and VCR businesses about flat with year ago; 71.3% decline in most recent week left camcorder sales to dealers running 1.4% behind last year, and off 22.8% for last 5 weeks.

Macrovision anticopying process will be used on more than 50 million copies of hit sellthrough titles, according to Sales & Mktg. Vp William Krepick. Encoded titles include Beauty and the Beast, Great Mouse Detective, 101 Dalmatians, Rescuers (Buena Vista); Ferngully (FoxVideo); Rock-A-Doodle (HBO); American Tail 2 (MCA/Universal); Casablanca (MGM). Also, Hallway Productions is using process on upcoming Willie Nelson Video Biography, uncommon in music video genre, where it's believed that only about 10% of music video releases are copy-protected, even though recent surveys indicate they're prime targets for 14-25-year-old market, he said.

Sony completed new \$100-million color TV parts factory in Barcelona. Plant, which will supply Sony plants in Spain, U.K. and Germany, will be able to supply key parts for about one million Trinitron sets annually.

SENATE BACKS ROYALTIES: Supporters predictably reacted warmly to Senate's unanimous passage late last week of legislation (S-1623) that would set first U.S. royalties on consumer digital audio recorders and blank media. Companion legislation in House (HR-4567) was approved by Commerce Committee earlier in month and awaits further action by Judiciary and Ways & Means Committees there.

Members of industry coalition who forged compromise year ago on which so-called Audio Home Recording Act is based said Senate action made them more confident that legislation could be ready for President Bush's signature this year. Edward Murphy, pres. of National Music Publishers Assn., said he's "hopeful this important step will lead to timely enactment of the bill into law during this session of Congress." Like other coalition members, RIAA Pres. Jay Berman praised S-1623 sponsor Sen. DeConcini (D-Ariz.), saying Senate action "will finally pave the way for consumer access to advanced digital recording technologies. The marketplace is ready and consumers are eager." Reference was to Sony Mini Disc and Philips Digital Compact Cassette systems due for U.S. introduction in fall.

EIA Consumer Electronics Group Vp Gary Shapiro said his association was "extraordinarily pleased" by Senate action, while Tandy Chmn. John Roach, who spearheaded negotiations that led to industry compromise, expressed hope that S-1623 would give "impetus" to House action. On latter point, aide to House Copyright Subcommittee Chmn. Hughes (D-N.J.) said derivative HR-3204 bill which Hughes authored remains high priority for lawmaker and that action was possible by that panel within next few weeks.

In floor speech prior to S-1623's passage, DeConcini summarized amendments added to his bill (and Collins') since its introduction year ago. On provision allocating portion of royalties to nonfeatured musicians and vocalists, DeConcini said language was clarified to emphasize that membership in appropriate unions was not prerequisite for making claim for funds. Sen. Helms (R-N.C.) praised DeConcini for addressing "concerns of several senators regarding this section which gave unions control of the royalties to be distributed." Helms said he feared that funds could have been "misused, for example, for political purposes" if language was left unchanged.

Paving way for final Senate action on S-1623 was filing of Judiciary Committee staff report recommending passage. In report, Congressional Budget Office, citing data from Copyright Royalty Tribunal and Copyright Office, estimated that administering provisions of S-1623 would cost federal govt. only \$115,000 over next 5 years that couldn't be recouped through deductions from levies submitted to those agencies. Outlay presumably would pay for hiring of 2-3 staffers.

Japanese market shares in color TV and camcorders for 1991, as reported by Nikkei newspaper, showed little change from 1990. Color TV (total market of 9.01 million sets): Matsushita, 22.5% (-1 percentage point from prior year); Toshiba, 14.5% (-0.5); Sharp, 14.5% (flat); Hitachi 10.5% (flat); Sony 10.5% (+1); others, 27.5% (+0.5%). Camcorders (total market of 1.56 million, off 18% from prior year): Sony 43% (+3); Matsushita, 32% (+4); JVC, 10% (-2.5); Hitachi, 3% (-0.5); Canon 2% (-1); others, 10% (-3).

Broderbund Software said it has agreed to purchase PC Globe, publisher of "electronic atlas" computer programs.

MORE ON FIDENAS AND EMERSON: Battle for control of beleaguered Emerson Radio between current management and Fidenas Investment Ltd. saw series of moves and countermoves last week. Most revolved around N.J. Superior Court ruling that recent purchasers of 6.6 million new Emerson shares (about 15.6% of total) aren't eligible to vote at July 7 annual meeting mandated by court (TVD June 15 p14).

Emerson is seeking expedited ruling on appeal it filed last week seeking to overturn N.J. Superior Court decision on voting eligibility of shares it sold late last month to 3 of company's suppliers and former official of one of them. Court had ruled that shares couldn't be voted because funds were being held on record date by agent for release when debt structuring is completed and other technicalities satisfied. Voting status of shares could be key in election of board at shareholders meeting, as Fidenas, largest shareholder, has nominated insurgent slate.

At about same time, Fidenas filed suit in N.J. Superior Court against Emerson, Chmn. Gerald Zarin, Vice Chmn. Donald Dvorkin and dirs. Walter Mondale and Lyle Gramley for, among other things, approving issuance of those shares "without adequate consideration and with the primary motive of entrenching current management." Suit also cited paraphrase in N.Y. Times article of remarks attributed to Zarin in which he is said to have "warned that without a capital infusion, the company might be forced into bankruptcy." Fidenas Pres. Geoffrey Jurick accused present management of "attempting to frighten the shareholders and to coerce them into voting for current management by threatening to file a bankruptcy petition" if sales of contested shares is overturned. Emerson issued news release saying Fidenas suit is "frivolous and their claims are without merit."

"Tragic blunder" is what MPAA Pres. Jack Valenti called last week's decision by European Commission (EC) to allow member nations to impose surcharge on videocassette sales and rentals to compensate producers, writers, directors and performers. "It's a live bacillus inserted right into the veins of the U.S. film industry's future," he said. "It turns on its head how movies are financed, created, marketed and distributed. Worst of all, it deals a mortal blow to the revival of the film industry in Europe... If it isn't corrected, the cinema in Europe is headed for bleak days." Surcharges could vary by country and would be levied at individual discretion of EC members when govt. believes that creative artists involved wouldn't otherwise be adequately compensated by sale or rental, MPAA spokeswoman said. EC directive is particularly onerous because it would allow European govts. to keep receipts when exporter's home country has no reciprocal policy to compensate artists, as is case with U.S., she said.

Matsushita and China last week signed agreement under which company will supply production technology for major VCR parts, which will enable China to establish first home-made VCRs. China plans to set up parts production lines sufficient to make 1.5 million VCRs annually by 1994. Details of agreement remain to be worked out. About 1.6 million VCRs were sold in China last year, about 200,000 assembled by Japanese manufacturers in country, rest imported. Pair of Matsushita assembly plants in Beijing and Dalian, produced 60,000 VCRs last year, expected to double in 1992.

Toshiba and Sony plan joint ad campaign in Japan to promote 8mm VCRs, Nikkei Weekly reports.

1st QTR. IMPORTS BY COUNTRY: Shift of VCR production away from Japan became more pronounced during first quarter, according to Commerce Dept. figures. Through March, 44% of VCRs imported into U.S. came from Japan, marked drop from 56.1% in same period last year. Biggest share gains were made by next 2 largest source countries -- Korea (22.9%) and Malaysia (15.6%). In addition, 138,800 VCRs were imported from Indonesia, which wasn't source this time last year.

Mexico continued to dominate as color TV source, with 54.2% share in this year's first quarter, up from 50.5% year ago. Malaysia continued as 2nd largest source (9.6%, down from 11.4% year ago), though it outdistanced Thailand by less than 1,000 sets shipped into U.S. in current year's quarter.

	March	% Chg.	3 months	% Chg.
VCR Decks				
TOTAL....	1,232,600	+72.8	3,253,100	+45.0
Japan....	615,300	+47.5	1,431,800	+13.9
Korea....	237,900	+93.0	745,300	+80.1
Malaysia..	152,300	+106.1	507,400	+138.8
Thailand..	103,900	+13.3	311,200	+ 1.6
Indonesia	75,600	*	138,800	*
Singapore	31,300	+369.9	70,400	+331.5
Taiwan...	13,800	*	45,200	+24.1
TV Sets				
TOTAL....	940,300	+27.4	2,790,600	+18.5
color...	818,150	+34.8	2,373,300	+24.5
b&w.....	122,100	- 6.8	417,300	- 7.2
Mexico				
color...	451,000	+46.2	1,287,700	+33.7
Korea				
total...	112,900	- 7.8	328,200	-22.2
color...	70,900	+18.7	187,400	+ 9.5
b&w.....	42,050	-33.1	140,800	-44.8
Malaysia				
total...	81,000	+31.0	250,000	+ 8.0
color...	74,700	+30.1	229,200	+ 5.1
b&w.....	6,300	+42.8	20,800	+56.8
China				
total...	54,800	+41.1	215,300	+ 9.2
color...	37,100	+60.0	126,100	+28.0
b&w.....	17,700	+13.0	89,200	- 9.5
Taiwan				
total...	51,900	-32.1	156,900	-14.6
color...	18,900	-59.0	52,900	-56.0
b&w.....	33,000	+ 8.6	104,000	+63.4
Thailand				
color...	79,000	+44.0	228,200	+51.4
Singapore				
color...	39,800	+40.6	134,600	+37.0
Japan				
total...	32,200	+18.6	86,600	+ 8.0
color...	17,900	- 7.7	51,800	- 4.3
b&w.....	14,300	+84.3	34,800	+33.8
Hong Kong				
total...	16,200	-38.4	46,200	+30.6
color...	14,450	+2487.3	28,800	+173.0
b&w.....	1,700	-81.6	17,400	-29.9
Philippines				
color...	7,000	+37.2	21,600	+44.2
Canada				
color...	5,500	+159.3	21,600	+315.0

* No significant shipments in 1990 period.

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

LASER SOFTWARE SPREADING SLOWLY: Despite steadily improving sales of laserdisc players, spread of software through video specialists remains halting at best. Last week, EIA Mktg Services Dept. reported that factory sales of laserdisc players jumped 25% in May, bringing year-to-date increase to 34%, or total of 75,637 players (TVD Jun 15 p10). Notwithstanding hardware sales increases, though, major software retailers have been proceeding cautiously.

Blockbuster Entertainment is renting and selling laserdiscs in only 50 stores, mainly in metropolitan areas where chain believes there already exists stronger-than-average consumer demand for format, according to Vp Carol Feinberg. She said Blockbuster presently has no plans to expand laserdisc offerings to additional stores.

To spur market movement, meanwhile, Wax Works/Video Works distributor announced 2 laserdisc programs for its 4,000 retailers, one of which offers 8% discount off invoice price of laserdisc title, with minimum quantity of 25 discs. Frequent-buyer program offers dealer opportunity to earn points toward redemption of sampler discs, vinyl banners, jackets, Pioneer laserdisc players, other items. Wax Works said it plans to feature laserdisc seminars at its annual convention next Oct.

At recent Consumer Electronics Show, Image Entertainment Mktg. Vp David DelGrosso acknowledged "there are a lot of stores that don't carry laserdiscs" because installed base of 600,000-700,000 players is "not the same kind of audience as for VCRs." However, he said there's opportunity to make money in laserdisc software in markets where there's good hardware penetration and urged consumer electronics dealers to devote more display space to players. Responding to questioner, DelGrosso sought to dispel charge that high software pricing has been impedient to market growth, saying that "wealth of product at \$30 now versus \$50 two years ago shows prices are coming down. If we could make the volume of laserdiscs that match videotape, I promise you the price would be exciting. It takes time to get at that direction."

Latest smallest Hi8 camcorder will be introduced by Hitachi in Japan Aug. 1, with export to U.S. and Europe planned for later in year. Unit weighs 580 grams (1.22 lbs.), 10 grams lighter than Sony's current lightest model, Hitachi said. Unit has improved amorphous head, 470,000-pixel CCD, 100,000-pixel color viewfinder, stabilizer, fuzzy logic control of brightness and color, \$1,535 suggested retail price in Japan.

Bose said it will build 60,000-sq.-ft. warehouse on 10-acre site in Yuma, Ariz., that will house raw materials for Bose speaker factory in San Luis, Mexico, serve as product distribution center for western U.S. and be equipped for making wood speaker cabinets. It said construction will begin this month and will be completed by Nov. Company said it has rented Yuma warehouse for last 4-1/2 years.

Turbo Technologies cut \$100 off price of handheld TurboExpress to \$200, and announced extension of Four Games Free promotion until Sept. 30. Promotion offers any 4 cartridges from list of 6 free with proof of TurboExpress purchase. Earlier, Turbo Technologies had slashed price of TurboGrafx-16 home deck from \$100 to \$70.

TELEVISION DIGEST

Published Weekly Since 1949
With Consumer Electronics
(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

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

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Consumer Electronics Personals

Alpine America Pres. **Tom Ohki** returns to Japan July 16 to become parent firm's gen. mgr., product development, assuming additional role as Alpine America vice chmn. and remaining on Alpine board; succeeding him as Alpine America pres. is **Kozaburo Umada**, 25-year Alpine veteran, most recently as gen. mgr., international mktg...**William Drysdale**, ex-audio product mgr., named consumer video product mgr. for Fuji Magnetic Products Div.; **Cara Sosenko**, ex-assoc. product mgr., replaces Drysdale as audio product mgr... **Jack Helstand**, ex-Hearst Magazines, named senior mktg. vp for Electronic Arts, replacing **Bing Gordon**, appointed earlier as senior vp, entertainment production... **Jeffrey Conway**, ex-Code-A-Phone, is new Gemstar Development Corp. N. American sales dir.; his name was spelled incorrectly in earlier issue.

Victor Campos joins NAD Electronics as dir. of product development, having held same post at Adcom for last 6-1/2 years... **Donna Austi** departs HWH Enterprises PR firm June 26 to pursue other opportunities, may be reached at 212-772-9316... **William Luehrs** appointed to

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
Circuit City Stores			
1992-qtr. to May 31	644,840,000	11,384,000	.24
1991-qtr. to May 31	562,184,000	8,021,000	.17
Commtron			
1992-9 mo. to May 31	413,363,000	6,215,000	.60
1991-9 mo. to May 31	390,618,000	6,245,000	.61
1992-qtr. to May 31	140,101,000	1,502,000	.14
1991-qtr. to May 31	126,314,000	1,209,000	.12
Handleman			
1992-year to May 2	1,020,237,000	40,013,000	1.21
1991-year to April 27	702,737,000	23,487,000	.72
1992-qtr. to May 2	268,319,000	9,867,000	.30
1991-qtr. to April 27	140,217,000	2,568,000	.08
Highland Superstores			
1992-qtr. to April 30	92,112,000	(2,992,000)	--a
1991-qtr. to April 30	170,101,000	(90,169,000)	--a
Home Shopping Network			
1992-9 mo. to May 31	836,500,000	29,900,000	.34
1991-9 mo. to May 31	822,100,000	(7,900,000)	--a
1992-qtr. to May 31	269,300,000	9,000,000	.10
1991-qtr. to May 31	262,700,000	4,300,000	.05b
National Semiconductor			
1992-53 wk. to May 31	1,717,500,000	(120,100,000)	--a
1991-52 wk. to May 26	1,701,800,000	(151,400,000)	--a
1992-14 wk. to May 31	491,500,000	27,500,000	.22
1991-13 wk. to May 26	444,900,000	5,600,000	.03a
Prism Entertainment			
1992-qtr. to April 30	5,541,000	329,000	.16
1991-qtr. to April 30	2,061,000	(275,000)	--

Notes: ^aAfter special charge. ^bIncludes special credit.

head new Digital Audio Systems unit at Scientific Atlanta... **William Legget**, pres., Contel Cellular, elected chmn., Cellular Telecommunications Industry Assn. (CTIA); **Donald Nelson**, pres., U.S. Cellular, reelected to CTIA board... AudioSource appointments: **Carol Caspe** advances to national sales mgr.; **Malcolm Doak**, ex-Casio, joins as product specialist... **Missy Worth**, ex-MCA Concerts, joins Sony Music in new post of vp-talent development, to be based in L.A.

Seth Goldstein, editor of Seth Goldstein Video report, moves to Billboard as Home Video Editor effective June 29, succeeding Paul Sweeting... Changes at Turner Home Entertainment: **Sally Prndergast**, ex-Disney, named mktg. dir; **Craig Apatov**, ex-Turner Advertising and Marketing, appointed mktg. vp; **Kip Frey**, formerly with World Championship Wrestling, named new business development vp... **Deirdre Donahue** advanced to Vision International domestic mktg. vp... **Richard Parness** promoted to MGM senior vp-chief administrative officer... Ex-consultant **Jim Rosenthal** appointed New Line Cinema business development vp, succeeding **Greg Kaufman**, who departs to pursue other interests... Baseline Finance Vp **Lee Royle** named pres.-CEO, replacing **James Monaco**, who remains on board.

ITA 1992-93 seminar schedule: Special Interest Video, Oct. 15-16, Loew's Santa Monica Beach Hotel; Magnetic & Optical Media Mfg. Seminar, Nov. 5-6, Hotel Nikko Atlanta; Annual Update Seminar, Nov. 24, Plaza Hotel, N.Y.; 23rd Annual Seminar, March 10-14, Ariz. Biltmore Hotel, Phoenix. Details: ITA, 212-643-0620.

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JUNE 29, 1992

SUMMARY-INDEX OF WEEK'S NEWS

VOL. 32, NO. 26

Broadcast - Cable

NAB BOARD MEETINGS SMOOTH: No major decisions or disputes as most of issues had been debated before. Radio wants new rules on recording and broadcasting conversations. (P. 1)

FOX AFFILIATES CONVENTION 'LOVE-IN' as stations take 50% compensation cut in stride. Murdoch says Fox goal is to become No. 1 in news. Chao fired as pres. of Fox TV Stations and News. (P. 2)

CABLE DEBATE DELAYED in House until between party conventions, at earliest. Limited rule planned, Tauzin reports. Measure considered leadership priority. (P. 5)

KEY LAWMAKER RETIRING: House's Lent joins exodus, paving way for Moorhead or Rinaldo to become next Republican leader of Commerce Committee. (P. 5)

HOUSE UNIT VOTES TAXES favorable to broadcasters and cable operators. Committee approves write-offs for TV licenses, program contracts, cable franchises, other intangible assets of 14 years vs. Senate's 16 years. (P. 5)

CPB TO HEAR COMPLAINTS, Chmn. Tate says in response to Senate legislation requiring program accountability. Says editorial integrity will be chief objective. (P. 6)

SENATE MOVES NTIA BUDGET: Long-stalled initiative given boost by movement toward accord on spectrum auctions. Differences emerge over kid TV funding. (P. 6)

NAB BOARD MEETINGS ARE SMOOTH, NO MAJOR ACTIONS OR DISPUTES: NAB boards ended 4 days of meetings in Washington June 26 on generally upbeat note, with no major disputes erupting or decisions made. And that's about scenario that had been expected (TVD June 22 p5). Most of issues discussed -- cable-telco, digital audio broadcasting (DAB), HDTV and cost of conversion, ratings, cable legislation, scarcity of money lenders, data broadcasting and digital services -- had been gone over at length before by boards.

Meetings featured spirited races for 3 spots on NAB Exec. Committee: Wayne Vriesman, Tribune Bestg., defeated Bayard Walters, Cromwell Group, 17-16 for radio chmn.; Robert Fox, KVEN(AM)/KHAY(FM) Ventura, Cal., defeated Alan Box, EZ Communications, 21-12 for vice chmn. Radio Dirs. Walter May (active supporter of Walters) and Michael Faherty (it isn't known whom he supported) didn't vote. Vriesman and Fox (who was radio vice chmn. several years ago) succeed Richard Novik, WKIP(AM)/WRNQ(FM) Poughkeepsie, N.Y., and Richard Harris, Group W, respectively, both of whom go off board. Gary Chapman, LIN TV Corp., was reelected joint board chmn. unopposed. In what many considered upset, John Siegel of Chris-Craft/United TV was elected TV board vice chmn. over Harry Pappas, Pappas

Consumer Electronics

CRAZY EDDIE INDICTMENT charges Eddie Antar, 3 others with wide range of schemes to falsify chain's finances. Elusive Eddie arrested in Israel. (P. 9)

APPLE-TOSHIBA MULTIMEDIA PDA will incorporate CD-ROM. First product alliance scheduled to hit market in mid-1993 with business and consumer applications. (P. 10)

CAMCORDER IMPORTS DROPPED AGAIN in April, with 8mm at only about half of year-earlier levels. VCRs, color TV continue to run well ahead of last year. (P. 10)

FIDENAS WINS BATTLE FOR EMERSON as companies reach accord, clearing way for Fidenas slate to be elected to board next week. Holleran to be pres.-CEO. (P. 11)

CD-KARAOKE STANDARD based on CD-ROM-XA format proposed by Philips and JVC, with latter expecting to market hardware & software by year's end. (P. 12)

PRICE-FIXING BILL is approved by House-Senate conference, paving way for final action before summer recess. EIA strongly opposing measure. (P. 12)

HUGHES-JVC VENTURE seeks to succeed in bringing light valve projector to consumer market. (P. 13)

ROGERSOUND LABS TO LIQUIDATE following conversion of Chapter 11 filing to Chapter 7. Company was unable to find investors for 11-store chain. (P. 13)

Telecasting, on 13-8 vote. Sentiment reportedly shifted toward Siegel in last 2 days before June 25 election. Both are operators of independent TV stations. Gary Chapman, LIN TV, was unopposed in his reelection as NAB chmn, as was Ronald Townsend of Gannett TV, who was reelected TV chmn.

Joint board issued lengthy statement on telco entry into broadband services to home which is very much like similar position taken year ago. NAB said statement shall guide it in its "discussions with all the parties involved in forming and influencing the development of a new national telecommunication policy... with the aim of providing an appropriate and workable framework for enlisting emerging technologies to provide broadband services to America's TV viewers and radio listeners."

One issue that wasn't discussed by boards was making permanent industry's Advanced TV Test Center (ATTC) formed to evaluate various HDTV systems. Such a course has been recommended by Comr. Duggan (TVD June 1 p6) and others. NAB Chmn. Gary Chapman, LIN TV, said industry has raised more than \$1.5 million for ATTC and has "put its money where its mouth is."

During July, NAB's primary goal, just as it has been all year, will remain pushing cable reregulation bill with favorable retransmission consent proposal through Congress. Bill containing must carry and retransmission consent has passed Senate. Companion measure has been passed by House Commerce Committee sans retransmission provision (HR-4850) (see related story, this issue). In advance on NAB meetings, we reported that NAB Govt. Relations Dept. had gone \$1.43 million over budget in lobbying for cable bill passage. What we didn't report was that legislation has passed Senate, is ready for House floor action, and that over-budget spending had been authorized by NAB Exec. Committee.

Radio board wants FCC to modify its rules covering recording and broadcast of telephone conversations, instructed NAB staff to "re-explore the issue" with Commission. This is necessary, board said, because of "overly restrictive limits" on what stations can do and recent Commission fines because of airing of recorded conversations where stations didn't inform person recorded that tape would be broadcast.

TV board "strongly urged" FCC to delay its scheduled deadlines for stations in implementation of HDTV telecasts. Under current plan, FCC would give TV stations 2 years to apply for HDTV after standard system has been adopted, 3 more years to begin HDTV telecasts (TVD April 13 p5). Citing expected high transition and equipment costs to stations, NAB said that isn't enough time, asked Commission to "revisit or extend" construction deadline until "more reliable information" is available that would justify such deadlines. Assn. earlier had filed comments at FCC making same points.

As might be expected, TV board endorsed HR-4850, Commerce Committee cable bill containing must-carry and retransmission consent provisions, and expressed "strong concern" over HR-4511 copyright bill. Board said it would lead TV members in "grass roots" campaign to enact cable legislation containing retransmission consent and must-carry. Board had long discussion of FCC proposed changes to TV structural rules (TVD May 18 p5), put off taking position until July 24 conference call. Several board members have expressed concern over FCC proposal to raise national and local limits on number of stations one licensee could own -- just as NAB has done in seeking reconsideration of new FCC radio ownership rules.

Radio board had long discussion about implementation of in-band DAB, said it will monitor development closely over next 6 months. Chapman told reporters at news briefing that radio broadcasters have reached "frustration level" because in-band DAB is not progressing satisfactorily. Board directed Exec. Committee to convene "industry-wide summit" on radio ratings. Summit's goal would be to examine ways to improve audience measurement, with "key issue" to devise "a means to improve the stability of ratings efforts." Arbitron currently is only nationwide radio audience measurement firm since Birch has gone out of business. NAB Pres. Edward Fritts, who was honored at closing dinner for celebrating his 10th anniversary in job, said that Nielsen now provides radio ratings in 5 European countries. Several years ago, NAB task force investigated possibility of establishing industry-owned research vehicle but abandoned idea.

In another action, radio board passed motion calling for establishment of task force to work with bankers and other lenders to develop presentation "and other means" to work with lenders on radio investment issues. Earlier this week, NAB filed comments at SEC endorsing SEC's proposal to relax lending rules, to make it easier for stations to obtain financing.

FOX TV AFFILIATES CONVENTION 'LOVE-IN': Following through on new compensation plan announced last summer to be based on Fox TV Network's ratings performance, Fox TV Network mailed affiliates

compensation checks just before June 22-23 affiliate's convention in L.A. And, in most cases, payments were some 50% lower than stations received last fall -- but it caused hardly a ripple. And, adding spice to L.A. proceedings, was fact that Stephen Chao, pres. of Fox TV Stations and News, was fired by Fox Chmn. Rupert Murdoch just 3 days before convention started. Chao was to have played major role in meetings with affiliates.

Generally, affiliates weren't upset by compensation cut because lower payments were pegged to 35% ratings increase for network -- resulting in higher rates for national and local advertisers to make up for loss in payments from network. New compensation plan became effective Jan. 1. "You never like to receive less money," Affiliates' Chmn. Kevin O'Brien, KTVU Oakland-San Francisco, told us. "However, we had agreed to a 52-week plan and the board felt tying audience growth to lower compensation was fair." He said stations agreed to help Fox finance more programming at higher costs.

O'Brien said convention is "best described as a love-in" between stations and Fox executives. "The affiliates are doing well. The network is doing well. And we work well together... Our meetings were collegial." During convention, network and affiliate board focused on upcoming launch of Tues. and Wed. night programming, he said.

Chao was fired in Aspen, Colo., June 19 after he used male stripper to illustrate point during Fox-hosted panel on censorship. Murdoch was in audience and Chao was fired immediately following panel. More than hundred prominent guests and Fox executives also were present, including Murdoch's wife and Defense Secy. Richard Cheney, whose wife Lynne, chmn. of National Endowment for the Humanities, was on panel.

Fox issued 2-sentence statement June 22 stating that Chao "has left the company, effective immediately" and that Exec. Vp-COO Chase Carey "will assume Mr. Chao's responsibilities." AP quoted Murdoch as saying Sat. in Aspen: "Sometimes the hardest job a captain has is to terminate his best lieutenant... But one thing this company has to stand for is [that] there are limits." Another panelist, movie critic-author Michael Medved, said Chao used male stripper to "make a point." During panel, Chao also referred to Dutch TV station that aired picture of nude woman for 24 hours to spark debate in Holland on censorship and what is socially acceptable TV.

Speaking same day as news release to affiliates in L.A., Murdoch said seminar of Fox senior management in Aspen, "barring one unfortunate incident... was a sensationally interesting and successful meeting... Steve Chao... made a tremendous misjudgment. Steve was one of the most brilliant, young executives we have ever had and it was a tragedy to see the beginnings of a great career self-destruct." Chao, 36, had been on fast track at company. He was promoted to pres. of TV stations just over month ago (CD May 19 p3). He had overseen such Fox TV programs as Cops, Studs and America's Most Wanted.

Predicting bright future for over-the-air TV, Murdoch told Fox TV Network affiliates' that goal of Fox stations isn't to become No. 1 independent in their markets but "the No. 1 news station in the market. We are going to make the news exciting once again. It will be a fun ride... Brick-by-brick, we have begun to rebuild our own newscasts... and just say no to boring stories. You should be able to open your eyes and close your ears and tell you are on Fox... The dissemination of news and entertainment, for the good of our viewers, must be linked almost umbilically." He urged affiliates to do same. Currently, only about 30 of some 150 Fox affiliates carry local news.

Murdoch told affiliates that Fox evening news should "become tomorrow's headlines [and] forget what the competition is doing." While he said many of news items also will be on CNN and other networks, he pledged that Fox will cover breaking news "better than anyone else" and "differently." He said talent must be "real journalists" and not just graduates of communications schools or employes from other stations. Murdoch said that TV news, unlike print media, currently has no "flavor... I see one problem with television news, both national and local. I honestly cannot distinguish one program from another. It's like every news director in the marketplace graduated from the same dumb journalism class... Can anyone say why, in every television newscast, there is usually a male and female anchor mindlessly chatting with each other..?"

Fox-owned stations currently get most of their national news from CNN, but Murdoch said contract expires in Dec., won't be renewed. He didn't say how Fox would provide national coverage without CNN, but "we will get there one way or another." In preparation for that day, Fox has signed contract with JVC Professional Products to provide S-VHS-C camcorders and S-VHS editing systems for electronic news gathering. Value of contract wasn't disclosed, but first equipment delivered will go to Fox's KSTU Salt Lake City.

In reference to CBS's burning dispute over its plan to require affiliates' to refund up to 25% of compensation they are paid by network (CD June 2 p3), Murdoch said Fox has no plans to charge stations for network's "fast growing" entertainment programming "and even faster improving news service." He said Fox parent News Corp. (which includes many European broadcasting and publishing ventures) had revenues of \$8 billion in fiscal year just ended and "net trading profits [after taxes] of better than \$375 million." With expected 1992 start of BSkyB pay service in Europe, he said News Corp. has projected increase in profits for current fiscal year to "something over \$600 million."

Murdoch said he believes "so strongly" in future of over-air TV that Fox is seeking to buy more stations (it owns 6) in U.S. and "around the world... I believe as much as ever in broadcasting." He said Fox and affiliates can withstand outside pressures and new technology "if we act together and intelligently." Over-air TV is service consumer enjoys and needs, and receives at "insignificant or zero cost." He said nothing about cable.

Preston Padden, Fox senior vp-affiliates, claimed 2 "historic firsts" for convention: (1) First time FCC commissioners had been invited to affiliates' convention of any type. Comrs. Marshall and Quello participated, answered questions. (2) First time cable operators had been invited to TV convention. Officials of TCI and Cox Cable attended "and participated just like any other affiliate," said Padden. Fox is aggressively signing up cable systems to carry its programming in markets where there's no over-air affiliate. Padden warned affiliates not to "make the mistake that you're still in the [program] scarcity business." He claimed that Fox affiliates generate "an amazing 18,603% more profit" on nights network is programming than when affiliates are running movies and syndicated fare. He asked stations for "a reciprocal commitment to clear our programs with clearly delineated exceptions for pre-existing contractual conflicts."

ABC, NBC and CBS "are facing a major profit crunch driven by higher costs and lower revenues," Padden said. "The future of their relationship with their affiliates will be marked by strife and anger as each side fights to hold on to a bigger slice of a diminishing pie. We owe it to ourselves... to work hard to make sure that what they are going through never happens to us."

Spectrum auctions are "idea whose time has come," FCC Comr. Duggan said in Washington speech last week. He said Fleet Call's recent proposal to FCC for auction block of channels is possible candidate for first Commission experiment with competitive bidding. Duggan said his "qualified support" of auctions is "departure" for him, but that he likes draft of compromise competitive bidding legislation by Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) and key member Stevens (R-Alaska). He qualified his support along same lines as senators, expressing reservations about trying large-scale test, holding off on long-term decision until ramifications of test are known, making sure that property right isn't conveyed to spectrum, etc. Duggan said "what FCC needs is an array of licensing procedures," with auctions among tools. "Application mills have proven adept at overcoming almost every obstacle we throw their way" for lottery method of spectrum allocation, he said, and offered reforms for lotteries, such as increased filing fees; tighter entry requirements including submission of engineering documents; construction and operations deadlines; restrictions on license transfers, including anti-trafficking limits and/or transfer fees. Duggan's comments were taken on Capitol Hill as among signs of growing consensus for test of auctions, along with written comments in Senate proceeding on bidding bill. Comments generally were supportive of trying test, although there still was strong undercurrent of reluctance among industries to be first for experiment.

FCC has granted applications allowing: **Satcom** to provide public switched services (PSN) and private line services, including international TV service, from U.S. to Russian republics... **International Telecommunications** (ITC) to provide Intelsat Business Services and international TV service between U.S. and Intelsat Atlantic Ocean Region and Pacific Ocean Region satellites.

Financial saga of UPI may be over as N.Y. Bankruptcy Judge Francis Conrad June 23 accepted \$3.95 million cash offer for wire service from London-based, Saudi-owned, Middle East Bestg. Centre (MBC). MBC said it would keep UPI operating, that it's prepared to invest up to \$12 million during next 2 years. MBC won out over \$3.75 million bid by N.Y. lawyer Leon Charney, who 10 days ago put forth \$180,000 to keep UPI operating after TV evangelist Pat Robertson pulled back from earlier \$6 million offer May 18. Conrad rejected Robertson's offer of \$900,000 for UPI's name, copyrights, archives and 2 photo contracts. UPI lawyers had opposed that offer on grounds it would force wire service to shut down. MBI's principal owner is Sheikh Walid Al-Ibrahim, brother-in-law of Saudi Arabia's King Fahd. It provides news and entertainment programming to Arabic-speaking audiences in several European and Middle East countries, began operating in April 1991. UP was formed in 1907 by E.W. Scripps, merged with William Hearst's International News Service in 1957. UPI was sold by Scripps family in 1982 and has changed hands several times since then. It's currently owned by Infotechnology Inc. UPI now has about 600 employees, down from 1,850 in 1984, who have taken voluntary pay cuts and contract reductions in recent years to help save company. Newspaper Guild contract with UPI expires this week.

FCC has allowed Wis. Bell to discontinue service on its broadband cable network to Paragon Cable in Brookfield, Wis. Bell had sought to sell assets to new franchisee, Warner Cable, and Common Carrier Bureau had approved telco's Sec. 214 application to discontinue service. But Paragon said it still was interested in leasing service to provide cable or pay TV service that wouldn't rely on over-the-air transmission. Commission found that record in proceeding showed that Paragon offered only "late and vague expression of interest" in leasing some capacity.

CABLE BILL DEBATE SET: Climactic House debate on cable legislation (HR-4850) is being pushed off into mid-summer, Democratic leadership announced. House Commerce Committee report on bill won't be filed until mid-to-late July, meaning earliest that floor debate could occur apparently is between 2 party nominating conventions for presidential candidates.

House Speaker Foley (D-Wash.) made announcement as nationwide rail strike began, bogging down House Commerce Committee. Speaker repeated that final action on cable bill was among Democratic leadership's priorities (TVD June 22 p1). Delay nonetheless could serve to further cause of cable bill opponents, House Telecom Subcommittee member Tauzin (D-La.) said separately. But he said Foley announcement contains good news in that it signaled leadership's strong intention to ensure HR-4850 is moved in time to avoid kinds of end-of-session delaying tactics in Senate typical of opponents to bills. He reported leaders "very sensitive" to need for earliest possible House-Senate conference. Foley is aiming for debate to be completed before summer recess, scheduled to begin Aug. 12, which means Republicans will be forced to take stand on popular consumer issue days before their party convenes to renominate President Bush. White House opposes bill. Proponents want bill to reach Bush's desk by early Sept. to avoid likely pocket veto. NAB has been advising members to expect debate week of July 20.

Tauzin also said there's "clear understanding" now among House leaders and others that bill won't be brought to floor under suspensions of rules procedure barring general amendments. "There's a sense that we deserve this debate," he said, which proponents plan to fan. He said leadership will be asked to bring bill to floor under rule allowing limited amendments addressing "competition" and "program access" issues, probably including Judiciary Committee's alternative to retransmission consent. Broadcasting's allies on retransmission consent aren't planning to seek floor amendment to reinstate that provision, we're told. Strategy calls for that gambit to occur in conference committee as Senate-passed bill (S-12) contains language.

Meanwhile, NAB has taken umbrage at House Copyright Subcommittee Chmn. Hughes' (D-N.J.) characterization recently of Assn. position on whether broadcasters can claim copyrightable interest in broadcast day (TVD June 22 p1). Congressman characterized NAB as saying that creativity levels needed to claim compilation copyright in broadcast day don't exist in light of interpretations of 1991 U.S. Supreme Court case. "That is emphatically not our position," Fritts wrote chmn. June 23. Fritts said that NAB point was that not all of stations' interests in their signals meet Court test of what's copyrightable. Disagreement goes to heart of debate over Commerce and Judiciary approaches to broadcaster compensation. "Broadcasters' interests in programming and in the compilation of their broadcast day should be compensated in the copyright system," Fritts argued. "What we ask is that the remainder of broadcasters' interests also be recognized, something we believe must occur in the context of communications law."

CATA sharply disagreed with NAB in Q&A with Senate Copyright Subcommittee that was followup to April hearing on subject. "Additional compensation for broadcasters and program producers represents a 2nd bite of the apple," Pres. Stephen Effros said. "It specifically penalizes TV viewers who receive broadcast signals through a cable wire rather than rabbit ears," he said. "While cable systems pay program producers for the use of cable programming, basic cable programmers give cable systems, as part of the agreement for carriage, several minutes in each hour to sell local ads --

thus creating a return on the cable system's investment. Broadcasters... have never even suggested a similar arrangement."

KEY LAWMAKER RETIRING: House Commerce Committee faces major upheaval next year with announcement last week that ranking Republican Lent (R-N.Y.), 61, won't seek reelection to 12th term. Lent, first elected in 1970, cited "vagaries and uncertainties" of N.Y. redistricting.

Lent has been force in communications policy-making, most recently helping to hold Republicans in line behind more moderate cable reregulatory package (HR-1303) than Committee ultimately approved (TVD June 22 p1). He has been quiet player in other debates, notably cable-teleco, broadcast license reform, public broadcasting, spectrum auctions. Rep. Moorhead (R-Cal.), another force in communications policy with seats on House Telecom and Copyright Subcommittees, is next in seniority among Republicans on Commerce Committee and Lent's likely successor. Rep. Rinaldo (R-N.J.), ranking Republican on Telecom Subcommittee, is 3rd-ranking Republican on full Committee and other possibility for top GOP post.

Committee already faced other changes in next year's lineup, opening door to newcomers to panel and Telecom Subcommittee: (1) Rep. Eckart (D-O.), 42, key player in broadcast retransmission consent debate, is retiring after 6 terms in part because of redistricting and frustration at Congress. (2) Rep. Bruce (D-Ill.), 48, influential on children's TV policy, was defeated in primary bid for 5th term. (3) Rep. Dannemeyer (R-Cal.), 62, 7-term congressman and conservative force on Committee, was defeated in Senate bid.

HOUSE UNIT VOTES TAXES: House Ways & Means Committee June 25 blocked controversial proposal that would have allowed broadcasters and cable operators to depreciate purchases of intangible assets retroactively. But, panel retained proposal to allow such write-offs of future purchases over 14 years.

Retroactive application had been proposed by Committee Chmn. Rostenkowski (D-Ill.) as way to end constant court battling between IRS and industries on matter that came to head for cable in April TCI case. But House Democratic and Republican opponents alike argued plan would have resulted in windfall of estimated \$3 billion-\$3.5 billion for corporations that had engaged heavily in acquisitions and mergers in last decade. "It's bad tax policy and it would have given away billions to those who need it least at a time when we're sinking in a deficit," Rep. Dorgan (D-N.D.) said. Proposal was defeated, 22-11, in closed-door session.

Committee's 14-year amortization plan contrasts with 16-year approach taken week earlier by Senate Finance Committee (TVD June 22 p6). That measure also provides limited loophole for pending disputes with IRS and no retroactivity.

Senate Commerce Committee has scheduled confirmation hearing for CPB nominee Ritajeau Butterworth 10:30 a.m., June 30, Rm. 236, Russell Bldg. Butterworth is project dir.-Discovery Institute, Seattle, and former NPR Advisory Board member and Washington state dir. to Committee member Gordon (R-Wash.).

CPB TO CONSIDER BIAS COMPLAINTS: In her first speech on Senate's program objectivity/balance proposal in CPB funding bill (S-1504), CPB Chmn. Sheila Tate told PTV at annual meeting in San Francisco last week that Corp. board will respond to "reasonable charges of imbalance" regarding national programming and would determine "whether it should fund other reasonable voices" if it's shown that "one side of an issue has been given short shrift." However, Tate pledged that board would listen to such criticism "with public broadcasting's editorial integrity and the First Amendment uppermost in our minds" and stressed that statutory "heat shield" by which Corp. is intended to deflect political pressure on field "has not been pierced. It remains intact -- even though it's the only heat shield I know of that takes the heat from both sides."

Objectivity/balance was major subject of meeting, with some station representatives wanting PBS's National Program Policy Committee also to take issue into account, although Senate proposal vests such heightened responsibility with CPB. Proposal -- directing CPB to assess objectivity/balance of national programming and fund "balancing" fare if shortcomings are found in particular area -- wasn't in House counterpart approved last year, although that chamber is seen likely to adopt Senate version intact (TVD June 8 p1).

"Should criticism arise that seems reasonable and constructive, and is made in good faith, we will heed that criticism. Should criticism arise that is groundless, we will declare it such. Either way, we pledge to listen," Tate said. She said that public stations already heed public through such efforts as local programming and boards comprised of community members, but added: "That argument is not working... If there is one lesson to be learned from [debate], it's this: A perceived imbalance is as important to address as a real imbalance... If we don't nurture our image -- burnish our perception -- others will redefine us and create a distorted reality under which we will not thrive."

At PBS programming session earlier in day, Ky. Educational TV Exec. Dir. Virginia Fox framed issue as "whose opinion is put forth" vs. objectivity/balance per se. She asked if PBS has established set of journalistic standards (it does), saying that programs with which PTV has had "most problems" stemmed from "sloppy journalism [or] no journalism." KCET L.A. Pres. William Kobin saw no "single answer" to issue, with balance or imbalance appearing "in the eye of the beholder." But he stressed that PTV has to have "a better answer" than it has had to charges of bias: "We have got to get on the record with a response to this criticism... It will not be going away."

PBS Pres. Bruce Christensen said that policies and procedures used by PBS to evaluate such issues recognize point-of-view programming as distinct type that isn't intended to be journalistically sound and "therein lies the problem." Christensen is scheduled to address National Press Club in Washington July 1 on subject.

Senate Judiciary Committee June 25 finally passed anti-crime package (S-1521) containing language that would allow victims of sex crimes to implicate video industry in court cases. Vote was 7-6, with Sens. DeConcini (D-Ariz.) and Heflin (D-Ala.) joining Republicans to form majority; Sen. Specter (R-Pa.), key opponent, didn't vote. Bill's close margin of victory signals trouble ahead when measure reaches Senate floor later this summer at earliest. Video industry, including MPAA and Video Software Dealers Assn., strongly opposed bill.

NTIA SPENDING PLAN: Encouraged by movement toward compromise in related spectrum auction dispute, Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) last week finally unveiled NTIA budget reauthorization that would provide Commerce Dept. unit with authority to spend \$17.6 million this year and \$21.8 million in FY 1993, which will begin Oct. 1 (S-2882). Total Spending level reflects Bush Administration request although Inouye bill reorders some spending priorities.

Bill as usual doesn't provide for Public Telecommunications Facilities Program (PTFP), which would be authorized separately (S-1504). PTFP is among programs that Administration wants deleted. However, NTIA bill would require agency to continue spending for other programs that Administration would terminate, notably new National Endowment for Children's Educational TV which had been proposed by Inouye. Agency spending levels also don't square with House's HR-3031 (ex-HR-2558) passed in Nov., which envisioned FY 1992-1993 funding ceilings of \$18.7 million and \$21 million respectively. Bill also doesn't contain language from House designed to make agency permanent by codifying 1978 Executive Order creating NTIA (TVD July 29 p9). Differences aren't expected to hinder bill's progress through Congress.

Senate bill's introduction reportedly had been held up until recently by negotiations with GOP allies on spectrum auctions, which have resulted in compromise on test for 30 MHz of non-TV-radio services. NTIA bill would set ceilings on FY 1993 spending for children's TV endowment at \$5 million, or \$3 million above \$2 million appropriated in current fiscal year, and \$6 million in FY 1994. President Bush proposed no funding for Endowment in FY 1993. However, Inouye said: "If we are to ensure that our children are prepared for the future, we must expand our efforts to reach and teach our nation's children." Foundation would fund such programs for airing first on public TV and subsequent sale to commercial broadcasters and cable.

Bill's spending totals were endorsed by NTIA Dir. Gregory Chapados in his first appearance June 23 before Congress in post. He differed on spending priorities, however, saying that Administration continued to oppose PTFP and children's TV project. "Other funding requests for NTIA must take priority," he said, citing list that included \$1.3 million for research on Personal Communications Services and \$2 million for long-range spectrum management reform program.

Senate Communications Subcommittee member Burns (R-Mont.) today (June 29) plans to issue call for change in federal policy that would give broadcasters flexibility to use their existing spectrum for multiple broadcast channels or other telecommunications, according to prepared statement. Burns plans to tell Mont. Bestrs. Assn. that "breathhtaking" and "rapid fire" pace of technological change requires "innovative policy prescriptions" if broadcasters are to remain in business: "Policymakers shouldn't expect broadcasters to continue to be limited to providing one video channel or audio channel... Broadcasters' competitors, after all, aren't similarly constrained when it comes to revenue streams, channel capacity, types of services that can be provided and other regulation." Burns plans to press Congress and FCC to consider granting TV-radio licensees autonomy to decide whether to offer multiple channels of video or audio programming, or augment services that they currently provide. Text of speech doesn't promise legislation, but Washington aide said senator recognizes idea would be unpopular, especially with Democrats, and that much groundwork needs to be laid before change could occur.

N.J. State Education Dept. contract with Whittle Communications' Channel One to provide news programming, with commercials, in state public school classrooms violates state law, Administrative Law Judge Bruce Campbell ruled last week. Campbell said commercials in school classrooms are "inappropriate" and violate state's compulsory attendance law. Channel One also does violence to state constitutional mandate for "a thorough and efficient system of free public schools... An arrangement that takes more than a school day of instructional time from children for commercial purposes is not efficient," judge said. Case was brought by N.J. Education Assn. (NJEA) and Trenton citizen who has children in public schools. N.J. commissioner of education has 45 days to act on ruling, which is advisory, can adopt, modify, or reject decision entirely. Last course could lead to further court action. Channel One reportedly takes in \$630,000 daily in ads from four 30-sec. commercials in its 12 min. of news programming. Whittle Vice Chmn. Laura Eshbaugh called N.J. decision "legally unsupportable," and appeal reportedly is being prepared. Said NJEA Pres. Betty Kramer: "We are not going to have our children sit through commercials for the profit of one corporation." Channel 1 is shown in 225 public schools in N.J., 64 private schools. Legal challenge to Channel One is continuing in Cal., where San Jose Superior Court judge has scheduled trial for Sept. 2. Local school board has been directed to show that it can't provide students with comparable current events programming any other way than through use of Channel One with its commercials. Last year, N.C. State Board of Education sued Whittle because of Channel One commercials, but state Supreme Court ruled in favor of company.

FCC Comr. Duggan planned to defend recent station ownership reforms in June 27 appearance before Miss. Assn. of Bcstrs., according to prepared text. FCC decisions have been sharply criticized, particularly in Congress. "Broadcasters have always borne a fundamental obligation to provide service in the public interest... But the FCC and the nation can't expect broadcasters to fulfill that obligation if the structure and economics of the industry don't permit it," commissioner will say. Change won't spell end to localism, Duggan says in text, although broadcasters now will have to be more vigilant in ensuring stations reflect their communities. He disagrees with arguments for end to localism as foundation of communications policy: "I'm eager to be hospitable to new technologies as a matter of regulatory philosophy. But I don't think it's wise or necessary to obliterate localism as the price of openness to new technologies. We need not choose between local service, on the one hand, and DAB, DBS or other new delivery systems on the other... Local broadcasting has a presence, a relevance, an immediacy that a bloodless, distant signal simply can't replace."

Transactions: Broad Street Corp. is buying 3 network TV affiliates -- WTOL-TV (CBS) Toledo, WFIE-TV (NBC) Evansville, Ind., KAIT-TV (ABC) Jonesboro, Ark. -- from Cosmos Bestg., price not announced. Cosmos will be left with 4 TVs; Broad Street owns KWQC-TV Davenport, Ia... **BHC Acquisition Corp.** has extended tender offer for all outstanding shares of Pinelands Inc., licensee of WWOR-TV Secaucus, N.J.-N.Y., until July 10 to give FCC time to approve transaction. BHC is paying \$310 million (\$18 per share), and 3.1 million shares (of 17.2 million outstanding) had been tendered by June 26. Transaction has been protested at FCC by Garden State Bestg., which lost comparative hearing for WWOR-TV's Ch. 9 in 1988. BHC said that if further extension is necessary, it will pay additional 5% interest per share.

Led by cable, Standard & Poor (S&P) is predicting that media and entertainment companies will see improvements in their credit ratings through 2000. That was message delivered to analysts at seminar in N.Y. last week by Nicholas Riccio, managing dir. of S&P's Corp. Finance Dept., who said turnaround will come "after almost a decade of credit deterioration." By mid-1980s, he said, credit rating of 75% of media companies had dropped from "investment grade" to "below investment grade." But, already this year, ratings of 5 cable companies have been upgraded. He predicted small film and broadcasting companies "will continue to have problems overcoming their financial and operating challenges." Meanwhile, N.Y. investment banker Veronis, Suhler & Assocs. (VSA) is predicting TV revenues will increase 6.3% at compound rate each year through 1996, reaching \$32.8 billion. "As cable's penetration peaks and its expansion slows, broadcasting's losses will end as cable growth slows," said VSA. Network revenues (including Fox) will grow at 6.2% annual rate, rising to \$12.75 billion; national spot and local will grow 6.4% annually, reaching \$20.1 billion in 1996. Radio revenues will increase 6.4% annually, growing from \$6.9 billion last year to \$11.5 billion in 1996. Cable revenues (including ad and subscriber fees) are expected to grow by 8.6% each year, reaching \$26.9 billion in 1996, up from \$17.8 billion in 1991.

BET Pres. Robert Johnson June 22 urged Senate Banking Committee to help increase availability of capital and ability of investors to gamble on minority businesses through such govt. programs as FCC's tax certificates and enterprise zones. He also advocated reduction in estate tax on wealth generated by minority-owned or controlled businesses to allow reinvestment, tax credits for investment into minority firms, minority enterprise development bank to provide govt. financing for ventures, and reduced capital gains tax on minority businesses. Whatever changes are implemented won't work, however, unless "economic racism" ends, he said: "There are no viable solutions without a profound change in racial attitudes on the part of the dominant society. In other words, whatever solutions we propose, white Americans must buy into them if they are to have any chance of success."

Ruling that TCI can't be charged twice for pole attachments for its Dallas system has been upheld by FCC. TCI provides video and data services on "comingled" basis in franchise area, and Tex. Utilities Electric had attempted to charge TCI twice for poles used. FCC ruled such charges violated Communications Act. Petition for reconsideration by U.S. Telephone Assn. was dismissed because Assn. hadn't participated in proceeding before Commission's original decision. Similar petitions by 3 power companies were rejected for failure to comply with 30-day filing requirement.

Advanced TV Systems Committee (ATSC) has asked FCC for waiver of rules to permit test of ghost canceling reference (GCR) signal on line 19 of vertical blanking interval. In related action, Technology Group on Distribution of ATSC has recommended to full Committee that GCR signal developed by Philips Labs be adopted as industry standard. After testing, ATSC said that Philips signal "was found to be the most effective in reducing and eliminating ghosts from television programming."

Cable penetration rose to all-time high of 62.4% (57.2 million) in May, according to Arbitron. Figure is 2.8% higher than May 1991. VCR ownership was estimated at 79.8% (73.2 million) of U.S. TV households, 1.9% since previous May, Arbitron said.

Personals

William Grumbles named vp-international sales, Turner Bestg. System... **Michael Ruger** named chief, Allocations Branch, Policy & Rules Div., FCC Mass Media Bureau... **Gary Taylor** resigns as pres., Best. Promotion & Marketing Executives; **Greg Balko**, vp-conferences and membership, named acting pres... **Richard Lindheim**, exec. vp-program strategy, MCA TV Group, leaves July 15 to "explore some different opportunities"... **Don Tillman**, KTTV L.A. vp-programming and production, resigns to become independent producer.

Clifford Traisman, ex-special asst. to Rep. Dingell (D-Mich.) on his House Oversight & Investigations Subcommittee, named research dir. on campaign of Washington state Sen. **Patty Murray**, who's seeking Democratic nomination for seat held by retiring Sen. **Adams** (D-Wash.)... **Sarah Broadwater**, ex-PR aide to House Telecom Subcommittee member **Boucher** (D-Va.), takes same post with Rep. **Hoyer** (D-Md.); she's succeeded by **Elizabeth Matheny**, ex-Arlington (Va.) Community Temporary Shelter... **Brenda Nesbitt**, ex-Cinemax, joins PBS as dir.-ads and creative services... **Andy Lee**, ex-WTVG Toledo, appointed gen. mgr., KTVE Monroe, La... **Pablo Gato** promoted from interim to news dir., WSCV Ft. Lauderdale.

Richard Eigendorff advanced to vp-asst. treas., Viacom International... **Michael Mellon**, ex-Buena Vista TV, joins Paramount Pictures as senior vp-research, Domestic TV Div... **Frances McConnell**, ex-Triangle Entertainment, appointed senior vp-creative affairs, Warner Bros. TV... **Greg Thomas**, WRSP-TV Springfield Ill., sales mgr., promoted to gen. mgr... **Robert Sullivan**, ex-WTLV Jacksonville, news dir., appointed to same post at KPNX Phoenix... **Barry Schulman**, ex-WBZ-TV Boston, joins Sci-Fi Channel as programming dir...

Nominated by President **Bush**: **Patricia Dennis**, vp-govt. affairs, US Sprint and former FCC commissioner, to asst. Secy. of State for Human Rights & International Affairs; **Malcolm Forbes Jr.** to Board for International Bestg... **Robert Neil** promoted to vp-radio, Cox Bestg., succeeding **Michael Faherty**, named exec. vp... **David McGowan**, ex-Time TV, appointed vp-news and public affairs, WETA-TV Washington... **Roch Pellerin** promoted to dir.-financial planning, A&E Network; **Nick Febrizio**, ex-Blair TV, joins as mgr.-affiliate sales research.

Terry Anderson, AP, will receive RTNDA Distinguished Service Award at Sept. 23-26 convention in San Antonio; **Dan Acklen**, WUAB Lorain-Cleveland, named region 8 dir., RTNDA, succeeding **Brian Trauring**, who moved to WRDW-TV Augusta, Ga... **Dana Eggert** appointed dir., Customer Service Center, Scientific-Atlanta... **Tom Warner** named N. Central regional dir., Showtime Networks... **Glenn Jones**, Jones Intercable, speaks at Washington Metropolitan Cable Club lunch, Washington Marriott Hotel, July 7, noon.

FCC Calendar -- June 29: **Thomas Stanley**, chief engineer, participates on "Latest FCC Policy on Telecommunications and Personal Communications Services" panel at Institute for International Research Conference on Competition in the Telecommunications Industry, Loew's L'Enfant Plaza, Washington, 9:05 a.m. July 1: **Cheryl Tritt**, chief, Common Carrier Bureau, testifies before Senate Communications Subcommittee on mobile communications issues, Russell Bldg., Rm. 253, 9:30 a.m.

APTS, CPB and PBS have jointly urged FCC to adopt table of allotments and assignments that pairs existing NTSC and advanced TV (ATV) channels for all licensees, "specifically" those to be paired with noncommercial reserved NTSC channels. In June 22 filing, they said they're "pleased" that Commission again has reserved spectrum for noncommercial use, but said they're concerned that "unless channels are reserved at the time the Commission issues its final table of allotments, many communities will end up with inferior noncommercial ATV channels or, even more significantly, no noncommercial ATV channels at all." Alternatively, if FCC adopts "first come, first served" application procedure, as proposed, PTV parties urged it to reserve specific ATV channels exclusively for noncommercial use. Group also urged that PTV licenses be given more than proposed 2 years to file their ATV applications following adoption of such standard. Current application form, they said, "requires applicants to certify that they reasonably believe they have any necessary nongovernmental financing at the time they file their applications. Many [PTV] licensees simply will not be able to make the required financial certification within 2 years of the adoption of an ATV standard..."

Broadcasters "urgently need to tap into equity markets" for financing, NAB told SEC, endorsing agency's proposal to make it easier for broadcasters to raise capital. Proposal exempts small businesses from what SEC admits are costly and cumbersome equity-raising rules and could assist some radio stations in raising up to \$5 million, NAB said. Lending to broadcasters decreased from \$2.2 billion in 1989 to \$191 million last year, Assn. told SEC, and more than half of 115 banks providing loans 3 years ago no longer lend to broadcasters. Meeting in Washington last week, NAB joint board urged FCC to take several actions in continuing inquiry into broadcast industry investments: (1) Increase attribution benchmark from 5% to 10% of licensee's voting stock. (2) Raise permitted non-attributable passive investments to 20%. (3) Include small business and minority investment corporations under definition of passive investors. (4) Retain existing policy barring lenders from obtaining security interest in licenses granted by FCC.

FCC report on minority and female hires in broadcast and cable industries for 1987-1991 found station employment falling for 2 groups of workers. For stations with 5 or more fulltime employees, female representation was 38.2% of total employees and minority hires 17.3% of total, report said. Both groups posted increases in representation in 4 top job categories, with female representation among officials and managers, professionals, technicians, and sales workers up to 32.4% of total from 32.1%, and minorities at 15.8%, up from 15.4%. FCC found minority and female hires increasing at cable companies with more than 5 employees, with total number of females up to 41.8% from 41.4% and minorities at 24.6%, up from 23.7%. In top 4 job categories, females accounted for 30.4% of such workers in cable, up from 30.1%, and minorities were 19.8%, up from 19.1%. FCC said women made up 45.4% of total national labor force in 1992, minorities 22.5%.

Twenty TV news organizations will use Conus Communications for custom news services or technical facilities at Democratic and Republican conventions, company said. Most news organizations will air live via uplink trucks provided by Conus.

FCC Office of Secy. is hosting meeting June 29, 11 a.m., Rm. 239, for users of Docket Reference Room and Record Image Processing System (RIPS). Details from Donna Searcy, 202-632-6410.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	JUNE 6- JUNE 12	1991 WEEK	% CHANGE	MAY 30- JUNE 5	23 WEEKS 1992	23 WEEKS 1991	% CHANGE
TOTAL COLOR.....	353,653*	239,507	+47.7	301,208	8,184,449	7,842,971	+ 4.4
DIRECT-VIEW...	349,841*	236,798	+47.7	297,772	8,055,865	7,724,712	+ 4.3
TV ONLY.....	337,491	228,676	+47.6	289,310	7,724,172	7,451,406	+ 3.7
TV/VCR COMBOS	12,350*	8,122	+52.1	8,462	331,693*	273,306	+21.4
PROJECTION....	3,812	2,709	+40.7	3,436	128,584*	118,259	+ 8.7
VCR DECKS.....	184,334*	98,860	+86.5	115,176	4,331,074	3,675,635	+17.8
CAMCORDERS.....	29,045	20,600	+41.0	28,927	961,831	966,708*	- 0.5
LASERD. PLAYERS#	2,373	2,170	+ 9.4	1,694	79,704	67,008	+18.9

Direct-view TV 5-week average: 1992--343,922; 1991--305,549 (up 12.6%).

VCR deck 5-week average: 1992--179,778; 1991--151,786 (up 18.4%).

Camcorder 5-week average: 1992--49,004; 1991--57,706 (down 15.1%).

* Record for period. 1991 year-to-date data contain minor revisions by EIA.

Includes combi players, excludes karaoke types.

CRAZY EDDIE INDICTMENT CHARGES WIDE RANGE OF SCHEMES: Arrest in Israel last week of fugitive Eddie Antar, founder of notorious Crazy Eddie chain, brought predictably high-spirited coverage in N.Y. and national media. Most noteworthy aspect may have been widely circulated picture of beardless Antar in handcuffs; rarely photographed executive was secretive even before he disappeared more than 2 years ago.

"HE'S IN JAAAAAIL!" shouted headline in N.Y. Daily News, mocking chain's much-parodied broadcast tag line: "His Prices are Insaaaane!" Antar disappeared in Feb., 1990, failing to appear during civil suit brought by SEC, which was seeking to recover unlawful stock profits; SEC subsequently won \$75 million judgment, but hasn't been able to collect. Indictment against Antar, brothers Mitchell and Allen Antar and cousin Eddie Gindi was returned June 11 by Federal Grand Jury in Newark, N.J., unsealed upon their arrests.

Allegations included in 18-count indictment detailed range of activities designed to make Crazy Eddie's financial performance appear more attractive both before and after company went public in 1984, thus boosting price of its stock. Indictment charges that defendants "skimmed" millions of dollars from business during 1980-83 period, but curtailed practice during year prior to company going public, thus overstating its earnings growth.

Defendants also are charged with: (1) Falsifying inventory count sheets, causing pre-tax income to be overstated by \$2 million in fiscal 1985, \$2 million in 1986 and \$9 million in 1987; (2) Inflating 1987 inventory count by borrowing \$2.5 million in goods (without invoice) from Zazy Intl., N.Y. wholesaler, including it in physical inventory, then returning it following month; (3) Obtaining new inventory near end of 1986 and 1987 fiscal years from Wren Distributors, Mineola, N.Y., but post-dating invoices to following year, allowing Crazy Eddie to understate accounts payable and overstate pretax income by \$1.5 million in 1986, \$5 million in 1987; (4) Creating "fraudulent debt memos purporting to show that \$20 million in credits and discounts were due to Crazy Eddie;" (5) Double-counting defectives and damaged goods as both having been returned to mfrs. and appearing on shelves as physical inventory; (6) Transferring \$18 million from wholesale sales to Zazy, \$1.48 million from overseas bank and \$700,000 in other funds to accounts of several Crazy Eddie stores, increasing those stores' comparable year-to-year performance and inflating reported retail sales by \$2.2 million in fiscal 1986 and \$18 million in 1987.

Govt. says Eddie accumulated more than \$74 million by selling stock at prices "substantially higher" than would have been possible without misrepresenting company's finances; Mitchell Antar sold \$3.2 million in stock and Allen Antar sold \$3.1 million in shares, according to govt.

Eddie Antar, who had been living under alias David Jacob Levi Cohen, reportedly had various U.S., Israeli and Brazilian passports and identification when arrested in Yavne, Israel, where he had been living. News release said he faces "theoretical maximum sentence" of 80 years in jail; Mitchell Antar is charged in 7 counts, faces maximum of 35 years in jail, and Allen Antar and Eddie Gindi, charged in 5 counts, each face maximum of 25 years in jail. All face more than \$160 million in fines, news release said.

At week's end, Eddie Antar was in Israeli jail awaiting hearing on extradition request by U.S. authorities. Other 3 defendants were free on bail. Officials of Zazy Intl. and Wren Distributors could not be reached for comment. Firms were mentioned in indictments but not charged, but also weren't cited as unindicted co-conspirators. U.S. Atty.'s office wouldn't directly comment on their status.

These are only latest actions in what has been long-running legal saga. In most recent move, former Crazy Eddie executive Abraham Grinberg was indicted for perjury last month in connection with civil case. Last fall, Sam Antar, chain's former exec. vp-chief financial officer and cousin of Eddie Antar, settled with SEC on charges of insider trading and participating in "massive financial fraud." He admitted no guilt, but was ordered to pay \$160,000 in penalties; all except \$20,000 of penalty was waived based on contention he was unable to pay (TVD Oct 7 p13).

At height, Crazy Eddie had 43 stores and reported sales of \$350 million. Eddie Antar led company until Nov., 1987, when he was ousted as chmn. by dissident shareholders, who installed turnaround specialist Victor Palmieri as chmn. and Entertainment Mktg. Chmn. Elias Zinn as pres. (TVD Nov 23/87 p12). Company declared bankruptcy and was liquidated in 1990.

APPLE-TOSHIBA MULTIMEDIA PDA DEAL ANNOUNCED: Confirming our earlier report (TVD June 8 p11), Apple and Toshiba last week announced agreement to develop multimedia personal digital assistant (PDA) incorporating CD-ROM technology. First product of alliance, codenamed "sweetpea", is expected to be handheld device usable in both consumer and business applications; it's slated to hit market in middle of next year. This is second PDA alliance Apple has announced in past month, following official unveiling of Newton (developed with Sharp) at Consumer Electronics Show in Chicago (TVD June 1 p10).

Operating system will be licensed from Kaleida, joint venture company formed last year by Apple and IBM to develop multimedia software platform. Apple Chmn. John Sculley also said that Warner New Media, Paramount and Claris Corp. intend to publish software for new class of devices. At conference in L.A., Sculley said multimedia PDAs "will create the financial incentives for publishers and media providers to begin to work actively on commercial products" in multimedia formats.

Toshiba news release said company "is now in negotiation with Time Warner [in which it has stake] regarding a wide spectrum of multimedia titles for consumers." Apple Japan Pres. Shigechika Takeuchi said that even though Kaleida operating system will differ from that used in Newton and Macintosh, some level of software portability among devices is expected.

Toshiba will manufacture initial products for itself and for Apple; first versions will cost less than \$1,000, officials said, though they declined to give any details of specific products. Toshiba Senior Dir. Hidehiko Yoshida said at Tokyo news conference that Toshiba is considering both portable player with built-in LCD screen and home deck version designed to be connected to TV. He said companies expect to sell 5 million of these and related devices annually by 1995.

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Toshiba Pres.-CEO Fumio Sato, who officially assumed post Fri. (TVD June 1 p16), said in Wall St. Journal interview that company "should focus more on specialty products" in audio and video markets that have high degree of saturation. "Our strategy when the business is growing and our strategy when the business is basically a replacement market should be different," he said.

CAMCORDER IMPORTS CONTINUED TO DROP IN APRIL: Camcorder inventory reduction, particularly in 8mm models, continued in April as imports for month were off 10.8% from year earlier and are now off 21.9% for first 4 months. Number of camcorders imported in April (221,617) was only slightly higher than

number sold to dealers (214,935). Sharpest declines came in 8mm models, which for 2nd consecutive month represented barely more than 1/4 of units brought into country.

All other major categories were up solidly (except monochrome TVs), though it should be noted that each had shown declines last April. VCR decks rose 33.3%, which actually brought year-to-date increases down to 42.1%. Continuing pattern of past few months, biggest increases came from Malaysia, Indonesia, Korea and Thailand, as Japan continued to become less important source. It produced only 42.2% of VCRs that came into U.S. in April, 43.6% in first 4 months of 1992. (That contrasts radically with camcorder market, where Japan is still source for 93% of U.S. imports.) Imports of videocassette players, 68% of which come from Korea, were off 38% in April.

Color TV imports rose 22.8% in month, with Mexico maintaining place as preeminent source country with 55.7% of total. Next largest supplying countries were Thailand, Korea and Malaysia, each with about 9% of sets entering country in April. Largest number of monochrome TV imports, which were off 15.4% in month, came from Taiwan with 30% of total.

CD players were up 42.7% in April, and are running 36.8% ahead in first 4 months of 1992. Here's summary of major imports for April and first 4 months of 1992, according to Commerce Dept. figures:

Product	April '92	April '91	% chg.	4 mo.'92	4 mo.'91	% chg.
Color TV.....	833,900	678,900	+22.8	3,207,200	2,527,300	+26.9
Monochrome TV....	119,000	140,700	-15.4	536,300	632,100	-15.2
Flat-screen TV...	28,500	8,100	+253.4	63,700	42,600	+49.5
VCR decks.....	982,800	737,300	+33.3	4,235,950	2,980,700	+42.1
Camcorders.....	221,600	248,200	-10.8	773,700	991,000	-21.9
8mm.....	58,500	109,500	-46.6	279,300	425,000	-34.3
other.....	163,100	138,650	+17.6	494,300	566,000	-12.7
Videocass.players	29,000	41,900	-30.8	154,400	163,100	- 5.3
CD players.....	786,800	551,500	+42.7	2,446,950	1,788,500	+36.8

FIDENAS WINS BATTLE FOR CONTROL OF EMERSON: Next week's long-awaited Emerson Radio shareholders' meeting now looms as anticlimax in wake of accord reached last week between company's current management and Fidenas Investment, company's largest single stockholder with 20% of shares, which had nominated own slate of candidates for company's board (TVD May 25 p15). In joint news release, Emerson and Fidenas said all litigation between companies would be dropped and that Emerson board had withdrawn its slate of nominees. Assuming all goes as planned, former Thomson executive Martin Holleran, nominated on Fidenas slate, will be named pres.-COO of company, and former Harman International Consumer electronics Group Pres. Alex Wijnen will be named senior vp.

Under terms of agreement, Fidenas "agreed to use its best efforts to assist Emerson in completing the previously announced restructuring of Emerson's outstanding debt," joint news release said. "Fidenas has also agreed, subject to the conditions described in Fidenas' proxy materials, to put in an equity infusion totalling \$32.5 million (reduced by the price paid by Fidenas if it purchases Emerson's stock recently issued to 3 investors)."

That stock had been at heart of most recent court battle; N.J. Superior Court ruled that shares -- sold to Emerson suppliers or former officials of Emerson suppliers -- wouldn't be eligible to vote at July 7 meeting, since they had only been purchased conditionally on date of record (TVD June 15 p15).

Agreement ends months of fighting for control of company. Fidenas had earlier offered \$32.5 million for additional 10 million shares and warrants, but Emerson had rejected offer as highly conditional. Hong Kong based Semi-Tech had also sought control of company.

Emerson Chmn.-Pres.-CEO Gerald Zarin, who remains as consultant for 6 months, said agreement "enables the company to focus its efforts on seeking to preserve and complete its proposed debt restructuring and development of its business."

Holleran, expressing excitement about job ahead, described Emerson as company with "a great brand name, reasonably concentrated with the high volume retailers. Obviously we want to build on that." On

other hand, he said company shouldn't "stray into things they're not good at." Asked about Emerson's abortive attempt to move up toward higher end goods with H.H. Scott brand, Holleran noted that "the high end of consumer electronics is filled with all the majors. Emerson's got to get the core business running well, then look at other things."

He said he "enjoyed" his time at Thomson, where he'd "gotten to run a big part of a big company," but that he looked forward to chance to "go in and run my own show."

CD-KARAOKE STANDARD PROPOSED: Philips and JVC announced they've developed CD Karaoke system that includes full-screen full motion video (FMV) based on MPEG1 standard. System uses CD-ROM-XA bridge format, so discs would be playable on CD-I player. Companies are proposing format as standard for CD Karaoke; JVC expects to produce commercial version (\$15,000 for player, less than \$80 per disc) in Japan before end of year, with plans for introduction in U.S. not set at this point.

Though compatible with CD-I, system wouldn't have interactive capability. Subcodes allow for up to 4 languages on disc. JVC said it will produce CD-Karaoke software at Rinkan factory.

JVC Managing Dir. Fumio Matsuda said that though company has long-range plans to develop CD-I as consumer product, it decided for short term to concentrate on integrating FMV into specific-use product such as karaoke.

Meanwhile, in update for European journalists in Paris, Philips Interactive Media Systems Dir. Gaston Bastiaens showed portable Photo CD player designed to be plugged into TV set, which he said would be on market in Sept. at less than \$700. Unit has no built-in LCD screen. Bastiaens, also showing previously seen portable CD-I player with 6" screen, said latter player would likely be priced at more than \$1,500 because "the cost of the screen alone is more than a CD-I player."

FMV CD-I was demonstrated via pair of clips in 16x9 cropped format, which Bastiaens said saves 11% of bit rate. Our correspondent viewed them as comparable to early VHS (softer than we've seen in earlier demonstrations). Bastiaens attributed reduced picture quality to fact that he was using first version of plug-in FMV module and that chips still needed "tuning" for optimal performance. "Tuning" and other tweaking will be done prior to FMV launch before Christmas, he assured press.

Clips, as was case with those shown at CES (TVD June 1 p13), were encoded in one pass at about 40 times real time. Bastiaens said 80-85% of all video material could be encoded with adequate video quality in 2 passes -- running material through system, seeking out and correcting signs of pixillation or blocking by stealing bits from other parts of picture.

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Industry source reports that Pioneer is planning to introduce new 5" laserdisc format either just before or at winter Consumer Electronics Show in Jan. Format would require higher level of data compression than in current LD system.

Pioneer Home Audio Mktg. Vp. Mike Fidler said he has "no knowledge of any plans for a 5" laserdisc," though acknowledging that company is "working on a number of different laser optical technologies." He expressed Pioneer's continuing commitment to LD as "premium audio and video medium."

PRICE-FIXING BILL PROCEEDS: Senate version of bill designed to curb retail price fixing (S-429) has been accepted by House and Senate conferees, paving way for final action on bill before Congress takes summer recess Aug. 13. Measure essentially would shift burden of proof in certain antitrust cases to manufacturer (TVD May 13/91 p11). Senate version contained additional assurances against frivolous suits but remains strongly opposed by Electronic Industries Assn., National Assn. of Mfrs., other business groups which are mounting last grass roots effort to block legislation.

Conferees rejected provision by Rep. Campbell (R-Cal.), included in House version (TVD Oct 14 p16) that was seen by conference leadership from House and Senate Judiciary Committees as loophole for big businesses to escape curbs. Campbell proposal would have made it harder to bring cases against firms in communities where they lacked "market power" -- concept still not enshrined in statute and subject to considerable dispute in courts. Under opponents' readings, measure would have allowed even Fortune 100 companies to escape bill's application in communities where they weren't leading competitor, House aide explained. It had been added to House version of bill on close vote.

EIA last week urged concerned members to contact senators. Assn. sent letter to senators protesting that bill "would make legitimate business practices violations of antitrust law. S-429 will shift the burden of proof in antitrust cases to defendant mfrs. who must prove that a termination of a non-performing dealer was not part of a price fixing conspiracy. This completely turns the U.S. system of justice on its head -- from 'innocent until proven guilty' to 'guilty until proven innocent.'"

Compromise bill still must be approved by House and Senate, with aides for latter expecting final action before July 4 holiday recess. Bush Administration opposes bill and veto has been recommended by Justice Dept.

New thin LCD that uses plastic film instead of conventional glass panel has been developed by Casio. Film LCD is 0.5mm thick, about 1/4 thickness of conventional LCD; panel weighs about 1/10 of conventional LCD. Company said that Casio Micronics subsidiary plans monthly production of 1 million small and medium sized panels, starting in March. First versions will be monochrome, but later color versions are expected. First products to sport new panel are expected to be such things as portable phones and electronic notebooks. It also eventually would be applied to flexible color TV, Casio said.

THIS WEEK'S YEN RATE

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

HUGHES-JVC PROJECTOR: Joint venture of General Motors subsidiary Hughes Aircraft and JVC to develop, manufacture and market consumer and commercial projection TV systems (TVD June 1 p11) is latest -- and probably most serious -- of series of attempts to reduce costly high resolution industrial systems to prices attractive to high-end mass market.

Formation of Hughes-JVC Technology Corp. climaxes long effort by Hughes to find partner for project involving consumer version of video projector which has found many uses as high priced war room display for the military, and is part of all-out Hughes policy to reorient much of its military business to civilian sector. In past, Hughes had detailed and serious negotiations with Samsung and as well as other Japanese consumer electronics manufacturers (TVD March 4/91 p13).

Hughes liquid crystal light valve (LCLV) projector combines LCD technology with light valve principle used by 2 manufacturers of widely accepted high priced industrial video projectors -- Eidophor, developed by Swiss Gretag Co. and Talaria system by GE. Eidophor uses spherical mirror coated with thin film of oil. Modulated beam from electron gun scans mirror, distorting oil which controls light from high powered lamp to project image on screen. Talaria beams light directly through modulated oil film, eliminating the mirror.

Hughes' LCLV projector uses liquid crystal material instead of fragile oil film. Material is sandwiched between glass plates along with thin sheet of dielectric (non-conducting) material and layer of photosensitive amorphous silicon. Picture to be projected is displayed on screen of small, high resolution CRT, and this image is focused on the photosensitive layer of sandwich, which changes its electrical resistance accordingly. Thus, the LC sandwich adopts optical pattern of image on CRT.

Light from powerful lamp passes through LC material, strikes mirror and is reflected back out of sandwich, resulting in extremely bright replica of image on CRT. For color, 3 valves are used -- one for each of TV's primary colors.

Hughes hopes tie-in with JVC will bring new idea out of lab and into mass market. Plan is to replace amorphous silicon with single slice of pure silicon crystal which carries active transistor elements. This will make response time of light valve so fast that projector can beam red, green and blue images sequentially onto screen so quickly that they appear as single full-color image. This would make possible color projector using single light valve instead of the 3 currently needed.

If Hughes and JVC succeed in developing consumer light valve projector, they will be fulfilling dream which eluded GE decades ago -- before the era of ICs and LCDs. "Talaria" -- now the trade name for GE's lightvalve projector which today sells for \$50,000 and up -- was originally code name for project to develop consumer projector using same principle, before projection color TV became major consumer category. Although GE succeeded in developing product which has since become an industrial and commercial standard for well over a generation, it despaired of ever getting costs low enough for consumer market, dropped home TV project and concentrated on commercial market.

ROGERSOUND LABS LIQUIDATION: Rogersound Labs shut its doors last week as Chapter 11 reorganization filing (TVD June 8 p19) was converted to Chapter 7 liquidation in U.S. Bankruptcy Court, L.A. Attorney Joseph Eisenberg said that "during the course of the bankruptcy, the company was unable to come to terms with any potential investors." Murray Dashe, pres-CEO of 11-store chain, could not be reached for comment.

It couldn't be determined at our deadline how company's assets would be liquidated; David Seror, appointed by court as trustee, was not available for comment, but aide said course of action probably wouldn't be set until early this week.

Chapter 11 filing listed \$26.1 million in liabilities. Firm had hired Fred Roberts, investment banker, to seek out investors, but efforts fell short. Roberts earlier had ascribed chain's trouble to combination of high debt service remaining from earlier leveraged buyout, increased competition from such chains as The Good Guys, and effects of recession.

Fretter said late Fri. that it believed that unusually heavy trading in its stock late last week was being generated by "a single shareholder or affiliates thereof. The company is unaware of any other material circumstances which would materially, adversely affect the price of the company's common stock," company said in news release. Fretter shares opened week at 2-3/4, dropped as low as 1-3/8, closed Fri. at 2-1/8. Two of company's trading areas will come under severe competitive pressures. Best Buy is entering Chicago this year, and Circuit City has said it will open stores there in 1993. Circuit City also said it will open in Boston area next year.

Amicus curiae briefs have been filed with 9th Circuit Court of Appeals, San Francisco, by IEEE and American Committee for Interoperable Systems (ACIS) supporting Accolade appeal of injunction won by Sega on grounds that Accolade had infringed on Sega copyrights (TVD April 20 p20). Both groups said that computer code can't be studied and used without copying it to certain extent. In addition, IEEE brief expressed belief that copyright law shouldn't be used to help hardware makers lock "unauthorized" software out of equipment. Court is expected to hear arguments on Accolade's appeal next month.

Personal computer sales to home offices and small businesses will increase by nearly 20% in units this year, according to BIS Strategic Decisions, market research firm. Hot growth in those markets will pull total industry unit sales to 4% gain. Because of sharply declining prices, retail value will rise only about 5%; gains wouldn't be that high except that consumers are buying models with more memory and more advanced microprocessors than they were year ago, BIS said. If that weren't happening, retail value this year would decline by more than 20%.

Japanese VCR market shares in 1991, as reported by Nikkei newspapers, showed JVC as only major factor losing ground, with Mitsubishi and Sharp each gaining. Total market declined 8.6% to 5,210,000 decks, Nikkei said. Matsushita continued to hold 25% of market, even with last year, with JVC holding 13% share, down one percentage point. Mitsubishi (12.5%) and Sharp (12%) each gained point, while all-inclusive "others" category dropped 2 percentage points to 24.5%.

VIDEO FORMAT FORECASTS: Current performance and future prospects of various home media was subject of 2 reports issued last week by media investment banking firm Veronis, Suhler & Assoc. (VSA) and software rack jobber Handleman Co.

In its annual Communications Industry Forecast, published last week, VSA says it expects VCR penetration of U.S. TV households to reach 90% in 1995; company estimates that at end of last year, 73.7% of TV households in U.S. had at least one VCR, vs. 69.1% year earlier.

VSA said consumers spent \$11 billion -- \$7.8 billion in rentals, \$3.2 billion in purchases -- on prerecorded videotapes last year, 5.2% increase over 1990, first year of single-digit growth since VCR was introduced in U.S. Average household spent \$160.28 on prerecorded videotape, off 2.5% from prior year.

VSA said laserdisc market is too small to be included in report, though it holds out hope that inroads made by combination players could expand hardware and software universe. It estimates that only 2,600 retail outlets stock laserdiscs now (compared to about 25,000 video stores).

Handleman has been edging into laserdisc business, supplying product to "relatively few stores," company said in recent report to securities analysts. At analysts meeting in N.Y., Handleman downplayed laserdiscs as small but growing product category.

Decision to enter market presumably stemmed from laserdisc business's growth in last year, since only 12 months ago Handleman had said it didn't see laser becoming mass-market product for 2-3 years. Report cites figures from U.S. Laser Video Distributors survey showing that 75% of player owners bought 10 or more discs in 1991 and 30% projected they would purchase 20-49 titles annually. As sellthrough item, laserdisc is "attractive product for Handleman," company said, particularly since U.S. Laser survey found nearly 55% of sample never rents and 36% rent only 1-5 times a year. As installed player base expands, Handleman said, "so will the appeal of laserdiscs in mass merchant stores."

Company indicates it sees potential in both CD-I and CD-ROM to become mass market products, though neither is there yet. Although "many believe CD-I will be the heir to the videocassette" with advancements in full-motion video, Handleman said it expects process to be more evolutionary than revolutionary, with CD-I not impacting market for 3-4 years. "When this happens," company said, "it will provide tremendous growth opportunities for Handleman's customers as consumers embrace the new technology and replace existing video tape libraries with the less expensive, higher quality and more durable CD-I movies."

Report also takes cautiously optimistic approach to CD-ROM, quoting Warner executive as saying product will "penetrate the mainstream within 2 years." Number of titles has jumped to 200 from year-earlier 25, and it's expected to triple to 600 in next 12 months.

Titles listing for less than \$10 continue to account for largest share of Handleman prerecorded video revenues -- 42% of total, followed by \$19.95 at 20%, over-\$20 titles at 14%, \$14.95 at 14%, \$12.95 at 10%. Movies were most popular program category at 48%, followed by children's 26%, education 11%, special-interest 9%, music video 6%.

DIGITAL HDTV FOR JAPAN? Digital HDTV is "quite likely to be the wave of the future" for Japan as for U.S., according to Matsushita Exec. Vp Hiroyuki Mizuno. However, in keynote address to recent International Conference on Consumer Electronics (ICCE) in Chicago, he took pains to emphasize the word "future" and added that Japan's analog MUSE HDTV system is "bird in the hand... which will serve Japan very well while we await the technological breakthroughs which will be necessary to convert to a digital system."

In meantime, he said, Hi-Vision system "is allowing us to cultivate in the Japanese people an appreciation" for HDTV and provides opportunity to advance in manufacture, marketing and sales of advanced TV systems. Despite doubts about HDTV system in Europe and contention among systems in U.S., he said, worldwide activity shows "the age of HDTV is finally dawning."

With coming of digital broadcasting, "HDTV will inevitably fuse" TV and computer, Mizuno said, posing these questions: "Can the TV come to the rescue of the computer and bring it into the home, and can the computer help TV transform itself into a digital multimedia broadcast station which can process, store, create and transmit video images on a real-time basis and thereby enable TV to fulfil its promise as our window to the world?"

Future telecomputer, he predicted, "will allow the user merely to change channels in order to change usage modes." Channel 5, for example, may provide network evening news, Ch. 14 HBO and Ch. 12 immediate access to word processing program and files. He added that "network news might be stored in text, as opposed to video, and loaded into an individual productivity program."

Mizuno noted that Japan's BS-3b satellite now beams HDTV nationwide for 8 hours daily to more than 200 public viewing places, including post offices, libraries, airports, shopping centers, electronics showrooms, museums, banks, hotels, zoos, city halls, bowling alleys, etc. Some 30% of broadcasts are sports related, 30% educational documentaries, 20% music oriented, 20% movies or plays, he said. Public response to HDTV, "like TV in general... depends upon the particular program being shown."

As for current high prices of Hi-Vision receivers and question of availability of such peripherals as HD-VCR, he said, Japan's TV manufacturers are replying: "Stay tuned, we are experiencing temporary technical difficulties."

Zenith has pledged its patents and trademarks and 65% share of its Mexican and Canadian subsidiary as additional collateral on 6-month extension of \$50 million revolving credit agreement, Chicago Tribune reported. Zenith spokesman confirmed report, but downplayed significance of request for added collateral. "I don't think it's out of the ordinary considering the current state of the banking industry," he said. He said new "interim" agreement will give Zenith time to finalize longer term credit deal.

Ads & promos: Fretter awarded its \$20 million ad & media buying account to Yaffe & Co., Southfield, Mich., which will have to resign as AVC Warehouse's agency... Panasonic has signed for 2nd year to sponsor Descriptive Video Service (DVS) for visually impaired viewers of Masterpiece Theater on WGBH-TV Boston. DVS offers narrated descriptions of body language, sets, costumes, etc., inserted during natural pauses in dialog, over SAP channel.

APR. IMPORTS BY COUNTRY: Though Mexico continues as dominant source for imported color TVs (55.7% of total), biggest April percentage gains of any source countries were registered by Singapore, Malaysia and China. Malaysia, Korea and Thailand showed largest percentage gains as VCR source for U.S.

	April	% Chg.	4 months	% Chg.
VCR Decks				
TOTAL....	982,800	+33.3	4,236,000	+42.1
Japan....	414,700	- 6.6	1,846,600	+ 8.5
Korea....	192,100	+57.5	937,400	+75.0
Thailand..	143,000	+55.4	454,200	+13.2
Malaysia..	142,900	+134.7	650,300	+138.0
Indonesia	63,200	*	202,000	*
Singapore	14,600	- 4.0	85,100	+169.6
Taiwan...	10,200	*	55,400	+52.1
TV Sets				
TOTAL....	952,900	+16.3	3,743,500	+24.5
color....	833,900	+22.8	3,207,200	+26.9
b&w.....	119,000	-15.2	536,300	-15.2
Mexico				
color...	464,300	+27.7	1,752,000	+32.7
Korea				
total....	102,900	-23.3	431,100	- 4.4
color...	74,600	-22.4	262,000	+84.0
b&w.....	28,200	-51.2	169,050	-45.2
Malaysia				
total....	84,700	+43.4	334,700	+15.3
color...	74,500	+36.2	303,600	+11.4
b&w.....	10,300	+132.6	31,100	+75.8
Thailand				
color...	77,200	+45.4	306,100	+52.3
China				
total....	75,000	- 2.3	290,250	+ 6.0
color...	52,500	+46.8	178,500	+29.2
b&w.....	22,500	-45.1	111,700	-17.6
Taiwan				
total....	50,000	- 7.9	207,000	-13.1
color...	14,200	-59.6	67,100	-56.2
b&w.....	35,800	+87.6	139,900	+69.3
Singapore				
color...	42,600	+137.3	177,300	+52.5
Japan				
total....	29,000	+ 6.6	115,600	+ 8.8
color...	17,300	- 8.5	69,200	+ 3.0
b&w.....	11,700	+41.2	46,400	+18.7
Hong Kong				
total....	9,400	- 9.6	55,800	+51.3
color...	5,900	-13.9	34,800	+130.9
b&w.....	3,500	- 1.3	21,000	- 3.8
Philippines				
total....	8,900	+45.5	30,600	+43.2
color...	6,900	+12.9	2,130	*
b&w.....	2,000	*	28,500	+35.1
Canada				
color...	3,300	-45.8	24,900	+126.8

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

Consumer Electronics Personals

Stephen Morrall, ex-gen. mgr., advanced product development, named vp-gen. mgr., TV business planning, at Thomson Consumer Electronics... Appointments at Kaleida, Apple-IBM joint venture in multimedia software development: **Nathaniel Goldhaber**, ex-pres. of Cole Gilburne Goldhaber & Ariyoshi Management, high technology investment firm, named pres.-CEO and board member; also named to board of directors: **David Nagel**, Apple senior vp, Advanced Technology Group; **Albert Eisenstat**, Apple secy.-exec. vp; **Robert Carberry**, IBM Personal Systems asst. gen. mgr., Technology; **Nubuo Mii**, IBM Personal Systems vp-gen. mgr., Entry Systems Technology... **Susan Duke**, ex-JVC, joins Fuji Magnetic Products Div. as midwest account rep.

Moves at Lechmere: **George Scala** announces he'll relinquish CEO post to Pres. **Kent Flummerfelt** Oct. 1, and will retire as chmn. Jan. 31. Scala has held positions since June, 1980, when Lechmere was Dayton Hudson div.; **James Tomaszewski**, ex-senior finance vp-CFO, named exec. vp, retail operations, replacing **Frank Felicella**, leaving to become pres.-COO of Builders Square home center chain; **Robert Trabuco**, ex-vp-treasurer/controller, named senior vp-CFO/treasurer; **Paul Chaddock**, ex-senior vp, personnel, named senior vp, human resources... Appointments at Silo: **Stephen Walcavich**, ex-McCrory's, named CFO; **Daniel Mitchell**, ex-Highland real estate vp, named property & development vp; **Tammy Fleming**, ex-The Good Guys, named dir. of training; **Norm Fitton**, ex-Rent-A-Center, named dir. of product mktg.

FNN Co-CEO **Alan Hirschfield** resigns as LIVE Entertainment acting chmn. and board member... **Michael Lightbourne** promoted to Rentrak senior mktg. vp... **Maria LaMagra** advanced to MCA/Universal Home Video publicity vp... **Steve Merrill**, ex-Image Point Productions Best. Commercial Div., joins Polygram Video as sports and fitness product mgr., new post... Ex-Academy Entertainment Mktg. Vp **Joe Lisaius** forms Lisaius Mktg., 7 Kilburn St., Burlington, Vt. 05401, 802-658-1369... **Rik Sandoval**, ex-Tri-Mark Group, joins Metro-Goldwyn-Mayer as distribution publicity dir... Waldenbooks Senior Video Buyer **Bryan Curtis** departs... Rothschild Vp-Media Analyst **Dennis McAlpine** departs to start McAlpine Assoc., 901 Lexington Ave., New York, NY 10021, 212-288-0605... Carolco Pictures Exec. Vp **William Shpall** named CFO.

OBITUARY

Takayoshi Inai, 82, Chmn.-CEO of Matsushita Kotobuki Electronics, Matsushita OEM manufacturing subsidiary, died of kidney failure related to diabetes May 16 in Shikoku, Japan. Inai, who had headed Matsushita Kotobuki since company became Matsushita subsidiary in 1969, is credited with making risky commitment to supply RCA with 4-hour VHS VCR; RCA's support of VHS format when it entered VCR market in 1977 was considered crucial to ultimate success of VHS.

Best Buy reported first quarter earnings more than tripled to \$1,244,000 as sales increased 49% to \$246.5 million (see financial table). Company credited earnings jump to 17% comparable store sales increase, operating profit from 17 stores not included in comparable store figures, plus lower operating expense springing from greater concentration of Concept 2 stores.

TELEVISION DIGEST

With Consumer Electronics
(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

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

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Consumer survey conducted for Video Software Dealers Assn. (VSDA) found lack of time rather than negative perception of video rental experience was main reason consumers weren't renting. "A lot of people would watch a movie if they had it in their house," said VSDA Exec. Vp Don Rosenberg. "They forget about renting because they have other things to do." Survey was designed to determine direction of Home Video Awareness Campaign (HVAC). Rosenberg said data should counter suppliers' rationale that campaign would be self-defeating because it would drive consumers into stores that would only turn them off, he said, because "those negative perceptions do not exist. There's a real love relationship between consumers and video." He acknowledged survey respondents did criticize aspects of video stores but those are "very minor and easily correctable at the store level."

Sales to dealers in first 2 weeks of June are running behind last year in all categories except TV/VCR combos, according to EIA Mktg. Services Dept. (see State of the Industry). Direct view color TV sales trail last year by mere 0.5% (3,300 sets), but projection TV is off 8.1% and VCR decks are off 2.1%. Camcorder sales in first 2 weeks trail same period year ago by 52.3% and laserdisc player sales to dealers are off 61.5% for same 2 weeks.

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
Best Buy			
1992-13 wk. to May 30	246,481,000	1,244,000	.11
1991-13 wk. to June 1	165,579,000	405,000	.05
Corning			
1992-24 wk. to June 14	1,719,900,000	150,200,000	.79
1991-24 wk. to June 16	1,469,400,000	124,300,000	.67 ^a
1992-12 wk. to June 14	926,700,000	72,100,000	.38
1991-12 wk. to June 16	778,200,000	75,900,000	.41 ^a
Fretter			
1992-qtr. to April 30	74,516,234	382,719	.03
1991-qtr. to April 30	55,447,462	134,940	.01 ^b
Tektronix			
1992-53 wk. to May 30	1,297,243,000	19,745,000	.67
1991-52 wk. to May 25	1,330,935,000	48,345,000	1.66
1992-12 wk. to May 30	310,663,000	4,946,000	.17
1991-12 wk. to May 25	321,328,000	14,056,000	.48

Notes: ^aAdjusted. ^bIncludes special credit.

Matsushita spokesman in Japan last week said company will introduce VCR incorporating VCR Plus programming system (Video Plus in Japan) this fall. He stressed, however, that Matsushita isn't abandoning bar-code or other programming systems elsewhere in world. As we've reported (TVD June 1 p14), Matsushita signed licensing agreement with Gemstar Development Corp., creator of VCR Plus, earlier this year. Panasonic Consumer Video Vp-Ge. Mgr. Stanley Hametz has said company has no current plans to market VCR Plus product in U.S., instead will push Program Director system. Hametz wasn't available to comment on latest report.

Some 98% of Super Club minority shareholders accepted offer by majority owner Philips to buy them out at per-share price of either \$4.50 cash or \$6.79 in warrants for Philips stock. Philips spokesman told us final terms will be set in coming weeks. Company is "in the final stages" of negotiating with Super Club bondholders and banks to restructure debt, he said. "I would think" company would keep Super Club's U.S. operations, he said. Philips is reviewing its video retail operations, which besides Super Club include Videoland chain in Europe.

Franklin Electronic Publishers postponed its stock offering indefinitely, citing weak market conditions for technology stocks. Chmn. Morton David expressed confidence that "with expected earnings growth in the current fiscal year the company's financial means should be sufficient to meet current and expected needs over the next 2 years, including an expansion of development efforts." Company meanwhile opened U.K. subsidiary for direct sale to dealers of electronic books, headed by Michael Kemp.

Philips-JVC joint venture in Malaysia will expand annual VCR production capacity by 40% to 2 million in fiscal year ending March 1994, Japanese news report said. Company plans to produce 1.4-1.5 million units in current fiscal year, expanding product lines to 30 different units from 11. Companies each take 50% of plant's production, shipping mainly to U.S., but also plan to move products to Southeast Asia, including Malaysia, Singapore and Thailand, eventually to China and Vietnam, report said.