

# TELEVISION DIGEST®

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

With Consumer Electronics

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**RESTRICTED DEBATE RULE** sought by Dingell for final House floor action on cable bill. Chmn. asks Rules Committee for floor rule that could make Hughes' compulsory license bill nongermane. No response yet. (P. 2)

**FINSYN REDUX:** Debate continues in Chicago court as networks insist new rules are too restrictive, while Hollywood says they don't go far enough. INTV worried about network 'shenanigans.' (P. 4)

**MARSHALL TERM EXPIRES** but she remains on FCC until White House and Congress act. It's not unusual situation, particularly in election year. She has strong support, as well as detractors, within Administration. (P. 4)

**NEW HDTV STUDIED:** Advisory Committee to look at economics of cellular-like HDTV. Backers say congestion, tower problems are solved. Some cost hike possible for broadcasters, set owners. (P. 5)

**BELLCORE PROPOSES TV 'PANNING':** RHCs could begin limited trials of new interactive video service 'fairly soon.' Individual viewers to select portion of wide-angle picture to focus on, have unlimited choices. New electronics needed to transmit picture controls. (P. 5)

**CBS AFFILIATES VOW TO CONTINUE COMPENSATION FIGHT:** CBS shifted direction slightly last week in its determination to reduce amount of compensation it pays TV affiliates, but stations we talked to said nothing really changed. At close of affiliates' convention May 30 in N.Y., CBS announced that it would levy "affiliation charge" of 15-25% of compensation, based on market size (TVD June 1 p4). Following 2 days of meetings in N.Y. with affiliates' Futures Committee, and what Affiliate Relations Pres. Tony Malara said was "considerable confusion among our affiliates and the media," network amended plan by dropping affiliate charge and will take additional money from affiliates under standard "deduction charge" in their contracts. Such contracts call for network to pay certain percentage of hourly rate of compensation for each affiliate, and network now plans to make that percentage less in most instances.

New plan, Malara said, will allow CBS to "spend less on compensation and to allocate its compensation dollars more wisely... We were particularly concerned by interpretations in the media that [original] proposal signaled a dramatic change in the historic network-affiliate relationship... That was never our intention." New plan also will reward affiliates who clear minimum of 90% of CBS programming. Under original plan announced May 30, CBS expected to cut some \$20 million from \$120 million in compensation it currently is paying affiliates.

### Consumer Electronics

**TANDY MULTIMEDIA PLAYER** seen as ready for introduction next month. Reports say Zenith will license it for mainstream CE channels. (P. 8)

'**VIRTUAL FRENZY**' of multimedia alliances is being forced unnaturally by CE and computer camps, Intel head says. Product simplicity stressed. (P. 9)

**JAPAN'S VIDEO EXPORTS** to U.S. dropped again in May. Camcorders off for 7th straight month. Average camcorder price down, but VCR prices rise. (P. 9)

**HDTV DOMINATES ICCE** engineering meeting, which explores such subjects as 384-head VCR, 800-picture Photo-CD system. (P. 10)

**PRICE-FIXING BILL REJECTED** by House in surprise move, aided by strong letter from U.S. Attorney Gen. opposing measure. Bill probably dead for this year. (P. 12)

**CAMPAIGN CONTRIBUTION FINES** agreed to by Toshiba America and several of its executives over series of 1988 contributions reimbursed by company. (P. 12)

**KOREA INC.** appears as future possibility in wake of Samsung-Goldstar technology licensing agreement. (P. 12)

**ZENITH IS LICENSING PATENTS** for technology related to cable-ready tuning in VCRs, TVs. Company says it has signed several deals, is talking with other makers. (P. 13)

Reaction of Futures Committee was strongly negative, and it immediately sent memo to affiliates stating that "it does not endorse" new plan but it "applauded" CBS for withdrawing affiliation charge. Meeting of affiliates' board, Futures Committee and group heads is set for July 22 in Chicago, with network executives invited to make further presentation. "I don't see where anything has changed," said D.H. Long, WKRG-TV Mobile and member of affiliates board. "They are paying us to run their commercials -- not their programs" as network claims. Several state and regional meetings of CBS affiliates already have been held to protest plan (under which network hopes to save \$20-\$25 million annually in compensation payments) and Long said he's putting together meeting (probably in Nashville) for CBS affiliates in Ala., Tenn., La. and Miss. Similar sessions have been held in Tex., N.Y., New England.

"They didn't change a damned thing," affiliate who attended last week's meeting told us. He said new CBS plan won't prevent "substantial reductions" in network compensation. However, he said stations and network officials showed "mutual respect" last week for first time since compensation controversy erupted last fall, climaxing when Futures Committee walked out of meeting with network at NAB affiliates convention in April.

Talks have expanded to include issues other than compensation with potential for mutual betterment, affiliate told us, "but the fact is the money [compensation] is gone." Former CBS Affiliates' Chmn. Ben Tucker, Retlaw Bestg., said: "We must figure out a way to work within the system without mutually destroying each other." In defense of CBS position, Malara said: "Alone among the 3 networks, CBS has all its television assets invested in the network-affiliate system with no competing cable ventures. We will continue to invest in the future strengthening of the affiliate-network system..."

**DINGELL REQUESTS LIMITED DEBATE ON CABLE BILL:** House moved step closer toward confrontation on communications policy with release last week of Commerce Committee report (H. Rept. 102-628) on cable legislation (HR-4850), and moves by Chmn. Dingell (D-Mich.) to seek "restricted" House debate rule that could prohibit introduction of amendment proposing compulsory license reform (HR-4511) and to win hearing this week from House Rules Committee that could produce final floor action as early as weekend.

Release of bill report was said to come as surprise to many, although House Telecom Subcommittee spokesman denied rumors that panel was source of comment by Speaker Foley (D-Wash.) recently that release date would be later (TVD June 29 p5). Foley had said House floor debate isn't expected before mid-July. NAB staff has been telling board members that it expected debate week of July 19. With bill report out, debate could come before Congress recesses for Democratic presidential convention at midmonth -- possibility that was underscored as we went to press with calls by Dingell staff to Rules seeking Committee consideration of his rule request this week.

Kind of rule that Dingell requested is expected to generate debate within Rules Committee, in part because of protests and amendment requests expected from Judiciary Committee sponsors of compulsory license counterbill (HR-4511) and from dissident Commerce Committee members. Bill report contains substantial additional views on measure and several dissenting statements -- including one from group of Republicans. Many of statements reflect markup debate (TVD June 22 p1). Dingell asked for only one hour of debate on bill, with sponsors getting half and rest divided among opponents.

Dingell's letter to Rules didn't flat-out oppose amendments for bill, leaving room for Rep. Tauzin (D-La.) to win his hoped-for Committee okay to offer program access language. However, Dingell made clear that amendments should be precleared with Rules Committee. He never mentioned Judiciary Committee or its desire to offer HR-4511 as amendment, but sources pointed out that his hope of blocking that panel was evident in his request that Rules Committee permit only amendments that could survive challenge from floor on point of order on germaneness grounds. There appears to be question whether HR-4511 is germane.

Commerce Committee report on cable bill runs more than 250 pages, with appendix views reflecting character of debate likely to emerge on floor. Its additional views section addressed: (1) Need for program access provision, by Reps. Tauzin (D-La.) and 11 other Democrats. They said language on subject in unsuccessful Republican substitute for HR-4850 was inadequate: "Enactment of a strong program access provision is critical to providing [real] competition in the video distribution industry." Signers included influential members in communications policy (Boucher, D-Va.; Cooper, D-Tenn.; Eckart, D-O.; Slattery, D-Kan.; Synar, D-Okla., but not Telecom Subcommittee Chmn. Markey, D-Mass.). They promised to keep pressing for provision without committing to floor fight. (2) Need to reject "overly broad" program access amendment along lines that Tauzin wants, written by Rep. Manton (D-N.Y.). Manton said that Tauzin

approach goes "well beyond what is necessary to protect against anticompetitive behavior and would unnecessarily trample on the property rights of cable networks." He endorsed House approach in unsuccessful cable bill 2 years ago that also was included in unsuccessful GOP substitute for HR-4850. Manton promised to oppose efforts to restore more-extensive language.

(3) Need to restore broadcast retransmission consent language, by Reps. Eckart, Fields (R-Tex.), Lent (R-N.Y.), Tauzin, others. They complained of gap in existing laws that's allowing cable to prosper at expense of broadcasters: "While creation of additional program services advances the public interest, we don't believe that public policy should support a system under which broadcasters in effect subsidize their chief competitors," lawmakers wrote. They stopped short of promising any specific action. (4) Need to maintain ban on home shoppers' gaining must-carry status, by Reps. Kostmayer (D-Pa.), Ritter (R-Pa.), 3 others. They said localism rationale underpinning must-carry "is of no use in justifying forced cable carriage of home shopping stations." (5) Opposite GOP statement on home shoppers by Lent, Moorhead (Cal.), Rinaldo (N.J.) and Bilirakis (Fla.); Home Shopping Network is located in Bilirakis' district. "We believe the singling out of one type of station for denial of must-carry status solely on the basis of content attacks the integrity of the entire must-carry scheme, is unconstitutional and amounts to nothing more than economic discrimination," they wrote.

(6) Long Republican opposition to bill in general saying that its "heavy-handed regulation... will not only impede further economic growth in the cable industry by reducing incentives for investment in programming and new technologies... [It will] result in higher cable rates for consumers and less programming diversity." Statement was signed by 12 Republicans, mostly from Telecom Subcommittee. They included Lent, Committee's ranking Republican, but not Rinaldo, Subcommittee senior minority member. Report is extremely detailed in its explanation of bill's provisions and includes substantial supporting documents.

**Some FCC wireless cable** proposals would do "more harm than good," and returning all pending applications and opening new filing window "would be a disaster for the wireless cable industry," Wireless Cable Assn. (WCA) said in comments to Commission. WCA backed many proposals in FCC rulemaking (TVD April 13 p5) but said some sections are "so radical that their adoption would have a severe adverse impact." WCA suggested: (1) FCC should create combined database for wireless cable and ITFS to speed processing. (2) FCC should use existing computer program to screen out noncomplying applications. (3) Commission should select alternative winners in lotteries to avoid need for new lotteries if winner's application is dismissed. (4) Wireless cable and ITFS processing should be combined in single FCC branch. (5) Higher filing fee would deter speculative filings. WCA backed FCC proposals to eliminate lottery settlement groups, tighten one-to-market rule, use lotteries, simplify petition to deny procedures, eliminate very-low-power booster licensing. Group opposed proposals to scrap interference protection standards, impose height limits and provide greater protection to ITFS receive sites. In separate filing, consortium of 9 wireless cable operators backed retaining interference standards, modifying processing procedures to speed processing, expanding protected service area. FCC's proposed strict separation formula for wireless cable would limit ability of operators to add channels and "likely foreclose the development of new systems," consortium said.

**Nomination of** Ritajean Butterworth to CPB board will be "expeditiously considered" by Senate Commerce Committee, Communications Subcommittee Chmn. Daniel Inouye (D-Hawaii) pledged at her confirmation hearing June 30. Brief hearing was dominated by questions and lawmaker statements on perceived imbalance in public broadcasting programming and increasing commercialization. In opening statement, Butterworth indicated she supports some type of dedicated funding apart from current year-to-year appropriations and stressed need for CPB "to take every opportunity to inform and educate the public about the total nature of public broadcasting."

**InterMedia Partners** bought 4 more cable systems with total of 114,000 subscribers in Ill., Ia., Minn. and Wis. from Star N. American Corp. and its affiliates. Terms of acquisition by InterMedia affiliate DD Cable Partners L.P. weren't disclosed. Systems have 22,500 subscribers in upper Minn., 23,500 in western Minn., 30,000 in central Ill., and total of 38,000 in southeastern Minn., southwestern Wis. and northeastern Ia. Newly acquired cable systems will be managed by Regional Gen. Mgr. John Brinker, based in Savage, Minn. Deal means InterMedia has bought cable systems with more than 505,000 subscribers since it was founded in July 1988 by Managing Gen. Partner Leo Hindery. InterMedia officials said acquisitions make it 25th largest cable MSO... In other transactions: **Times Mirror Cable** bought 20% of Community Cablevision of Irvine, Cal., in first step of 2-step deal to acquire system from The Irvine Co. Terms weren't disclosed. System has 42,000 subscribers... **Financial News Network** completed reorganization, exchanging each FNN share for 0.66 share of new company, Data Bestg. Corp., which will market specialized financial data services... Stock of infomercial producer **Regal Communications** will be listed on NASDAQ beginning July 7, trading under symbol RCOM... **CF Media** said it's acquiring KRLD(AM) Dallas, KODA(FM) Houston, KJQY(FM) San Diego and Tex. State (radio) Networks from Command Communications for \$60 million cash, \$5 million in notes, undisclosed number of stock options.

**Time Warner** (TW) said it completed previously announced deal with Toshiba and C. Itoh in which Japanese companies are investing \$1 billion in Time Warner Entertainment. At same time, TW said consortium of banks completed \$6.2-billion refinancing of TW's outstanding debt. Meanwhile, Standard & Poor's raised its rating of Time Warner senior debt to BBB- from BB and removed TW from its credit watch, based in part on Japanese deal. Also, Fitch rated \$1.3 billion of TW redeemable notes and \$850 million of Time Warner Entertainment senior debt at BBB-, marking first time investor service has rated TW debt. Fitch said rating trend is improving as result of restructuring and new outside investment.

**FINSYN BATTLE CONTINUES:** Another round of briefs has been filed in 7th U.S. Appeals Court, Chicago, in appeals of FCC's finsyn decision that gave something to networks -- but not enough, they argue -- while Hollywood programmers and independent TV stations told Court that Commission gave networks too much. Argument is expected in fall, although no date has been set.

Coalition of major program producers supported FCC conclusion that "outright elimination of the rule would be devastating to the public interest" and urged Court to reject network arguments. Any further relaxation of rule, Coalition said, "must be accompanied by minimal, yet essential, safeguards to prevent network abuse. Indeed, the Coalition continues to believe that the Commission should have adopted stronger safeguards... The only reversible error committed by the Commission was its failure to retain safeguards sufficient to protect program producers, television stations and the viewing public." Networks argument on new rules is "principally over semantics, not substance," Coalition said.

INTV told Appeals Court that FCC decision was "adequately explained, fully rational and amply supported by the record." Assn. said underlying that decision was Commission's conclusion that "the prospect of network-syndicator shenanigans detrimental to independent stations and their contribution to diversity could not be discounted." FCC was "completely reasonable," INTV said, in looking beyond network arguments and basing its decision "on the real and practical effects of the decision on the public... Otherwise, the Commission would have run a significant risk of harming the financial viability of the independent television industry."

In joint filing, NBC, CBS and Cap/ABC attacked FCC's "backend" financing plan under which networks are prohibited from negotiating financial interests in outside-produced programs until 30 days after programmer and network have agreed on license fees: "This 2-step negotiation requirement would undermine the very network financing [of programming] the FCC seeks to foster." Network opponents' request for additional 3-month delay in negotiating finsyn rights would "eliminate even a negligible possibility that the networks could provide competition for the Hollywood studios and major syndicators in furnishing financing for independent producers," networks told Court. They said members of Hollywood Coalition "gain more from suppressing competition than they would from access to network financing... In short, several interrelated economic interests represented by the Coalition have sufficient reason to fear the consequences of any change that moves away from the status quo toward enhanced competition."

King World Productions and Program Producers & Distributors Committee adopted FCC's counterstatement, saying they supplemented it "only to explain the unique role of diverse and competitive programs for television stations." Production costs for most programs "are simply beyond the budgets of individual stations," they said: "The FCC concluded, in a well-reasoned decision... that active network participation in the first-run [syndication] market would be detrimental... and would cause a dramatic reduction in the sources and variety of available programming."

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**CBS Radio Network** said it has reduced staff by 22 (14%), citing weak ad market. Spokeswoman said ad sales were down 20% this year and cuts were made in programming, sales, marketing, research. None involved news or on-air personnel; 138 employees remain at network.

**MARSHALL AWAITS WORD FROM BUSH:** FCC Comr. Sherrie Marshall's term expired June 30 and White House has given no indication whether she will be reappointed to 5-year term. However, that's not unusual, particularly in presidential election year, both supporters and opponents of Marshall pointed out. "The worst that will happen is that nothing will happen until after the election," supporter of commissioner's reappointment told us. And, even if White House does act before election, there's precedent for Democratic-controlled Senate not to move to fill Republican vacancy until new President has been elected.

Marshall has strong support within Administration, such as Secy. of State James Baker, as well as detractors -- reportedly including White House Chief of Staff Samuel Skinner (who's said to have recused himself from picking commissioner) and Economic Adviser Michael Boskin. That's because, sources say, she joined 3-2 majority to retain some financial & syndication (finsyn) restrictions on TV networks in face of White House recommendation that rules be repealed. So far as could be determined, Administration isn't focusing on any given person as possible successor to Marshall, although we're told 3 names have been mentioned within White House. She refused to comment publicly on situation, although her supporters tell us she doesn't appear to be overly concerned.

Reappointment of Marshall also is supported by such Hill Democrats as Senate Commerce Committee Chmn. Hollings (D-S.C.) as well as Republicans, and there's strong support from Hollywood community. FCC Chmn. Sikes is publicly maintaining neutral stance although her supporters tell us that he has urged White House not to rename her. Sikes refuses to comment, but he and his GOP colleague often are at odds -- most recently on House cable deregulation bill.

Little bit of history to show that it's not unusual for White House to leave commissioner dangling: In one of his many reappointments, former Comr. Lee (who served record 28 years on FCC) went into Aug. (after his term had expired June 30) without reappointment. He wrote (and made public) letter of resignation to President Johnson, was called to White House and reappointed next day.

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**Europe appears to be pushing** analog advanced TV, rather than digital full HDTV, for "purely political reasons," U.S. Advanced TV Systems Committee Chmn. James McKinney told International Bestg. Conference (IBC) in Amsterdam. He noted that IBC was focused almost exclusively on analog enhanced definition and HDTV systems, although there were a few quiet mentions of digital. "Analog is old technology, and digital is the way of the future," McKinney said in speech scheduled for opening session July 4. "Why would you stick with a dying technology when you are designing the television system of the 21st Century?" He said only "unconscionable greed on the part of the equipment manufacturers" could lead to 2-step approach to advanced TV such as that planned in Europe. U.S. has little to gain from pushing digital HDTV because it doesn't manufacture either sets or production equipment, McKinney said: "I can only appeal to Europe on the basis of what we believe is the best way to proceed into the next century of television." Despite lack of hype about Europe's digital HDTV research, he said it's clear that "Europe is spending a lot of money and a lot of time researching compressed digital high-definition television. The only difference between our 2 industries is that you have seemed reluctant to talk about it while we are plastered all over our technical publications."

**NEW HDTV STUDIED:** Study of economics of cellular-like HDTV will be conducted by working party of FCC's Advanced TV Advisory Committee, officials said at Implementation Subcommittee meeting last week. In addition to determining whether idea, called distributed transmission concept (DTC), is technically feasible, Working Party 2 will try to determine whether DTC would add too much to cost of digital HDTV, Vice Chmn. Merrill Weiss said.

DTC could help solve channel congestion problems, particularly in Northeast, backers said. Concept, originally proposed to Advisory Committee by MIT, also could be alternative for broadcasters who can't find acceptable single transmitter site, they said. Main problem could be economics, Weiss told us. DTC would require broadcaster to set up multiple, cellular-like transmitters throughout metropolitan area to cover same area now served by single transmitter. That apparently would mean that broadcaster would have to provide separate power source and video distribution to each minitransmitter, as well as such things as mobile maintenance capability.

DTC also could require more complex HDTV sets, Weiss said. Each minitransmitter in metropolitan area would operate on same channel, so each HDTV set would receive several signals simultaneously. Set would have to focus on single signal and reject others, possibly using methodology similar to ghost-canceling. That could require every HDTV set to be at least slightly more expensive, even though DTC is likely to be used in only minority of markets. Weiss said study is to determine how much DTC would add to cost, and whether higher price would be offset by savings from factors such as lower total power requirement for serving same area and possibly reduced maintenance costs. Study also will develop broadcaster system requirements to make DTC practical and determine whether proposed HDTV systems are compatible with DCT. If results are positive, Weiss said, Working Party expects to conduct further studies.

Separate survey of consumer electronics manufacturers confirmed earlier estimates that HDTV sets would be available in commercial quantities 30-36 months after FCC selects standard, Weiss said. Winning proponent might have advantage of 6-9 months in launching volume sales, Working Party concluded, and one proponent estimated that sets could be available 6 months earlier if manufacturers start developing integrated circuits before HDTV system decision is final.

Separate group dropped idea of requiring winning HDTV proponent to provide manufacturing know-how to competitors. Working Party 1 had considered including provision in its recommendations to full Advisory Committee and ultimately to FCC, Chmn. Charles Jackson said, but members opposed plan. Some had believed that requiring disclosure of manufacturing methods would speed availability of HDTV equipment, but Jackson said others claimed that it might "bog down" process and that it required too much disclosure by developer of winning HDTV system. He said group also failed to reach agreement on how much simulcasting should be required, so it will forward options paper to full committee.

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Allbritton Communications filed SEC registration to offer \$115 million in debentures, with proceeds to be used to reduce debt. Allbritton said its 3 ABC TV affiliates -- WJLA-TV Washington, KTUL-TV Tulsa, KATV Little Rock -- had cash flow of \$27.1 million (14.2%) for year ended Sept., on revenue of \$84 million. Official said company wasn't allowed to discuss terms of offering.

**BELLCORE LETS VIEWERS PAN:** Telcos could begin limited trials "fairly soon" of new interactive video service that allows viewer in effect to control pan and eventually even zoom of camera, said co-inventor Lanny Smoot, dir.-multimedia communications systems research at Bellcore. Bellcore unveiled new technology, which includes ultra-wide-angle camera and electronics for viewer-controlled scanning July 2 at N.J. hq.

"Electronic panning" system would give viewers unlimited number of choices of viewing angle, Smoot said. For example, individual viewers of football game would be able to watch running back, sideline action, fans in stands, defensive back, etc. Wide-angle camera would send single signal that includes everything happening within 180° (and eventually 360°) viewing angle. Each individual home viewer would use buttons or other devices to "pan" scene, selecting only portion of 180° area that person wanted to be displayed on home TV set. Smoot told us that picture displayed at home would have same resolution as current NTSC picture, and eventually could be HDTV.

Picture would be delivered by telephone lines or cable from central switch or headend to viewer, Smoot said. Viewer would see it on standard TV set, although there would have to be electronics to transmit panning commands from viewer to central switch. Smoot said existing ATM switches can handle video, and telcos simply would have to graft on electronics to select section of total scene requested by each viewer. Wideband video signal would deliver entire 180° or 360° picture to each central switching point, but only standard video bandwidth would reach each customer. Electronic panning could be more popular than HDTV, Smoot said. "We could do HDTV with panning," he said. "But if I had to choose between panning and HDTV I would choose panning because it would empower me to look at what I want." He wouldn't speculate on how much electronic panning would cost subscribers. Bellcore uses panning with desktop teleconferencing system in effort to understand how viewers would use and react to it, but Smoot said wider deployment will be necessary to determine demand.

Telco owners of Bellcore will have to decide whether to launch consumer trials of electronic panning, Smoot said. If they decide to, he said, tests could begin "fairly soon," but he refused to be more specific. Cameras now are limited to about 60° angle of view with no distortion. That will expand to 180° fairly quickly, Smoot said, and ultimately 360°, and he said Bellcore is working on zooming capability. Camera technology is being patented, so Bellcore officials refused to disclose any details, including whether system makes use of multiple cameras simultaneously, with pictures blended into one. Bellcore researchers are looking at several options for viewers to control panning, including: (1) Infrared remote control, possibly with one button to pan left, other to pan right. (2) Viewer just touching screen to "push" TV picture left or right. (3) Action to cause picture to lock onto motion automatically.

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**Data Bcstg. Corp.** (DBC) filed \$26-million suit against TCI, charging that MSO used monopoly power to ensure that Discovery Channel, which it partly owns, was able to buy Learning Channel from DBC predecessor Financial News Network. Suit, filed June 29 in U.S. Dist. Court, N.Y.C., claims that Lifetime Network offered \$50 million for Learning Channel, figure it later cut to \$38 million. DBC said TCI dropped Learning Channel from its systems, making it unprofitable and forcing Lifetime to withdraw so Discovery could buy Learning Channel for \$30 million. TCI officials wouldn't comment.

**Wis. Bell** doesn't have to continue broadband video service in Brookfield, Wis., despite Paragon Cable bid to lease channel capacity either for cable service or new type of pay TV service, FCC said in order last week. Commission upheld Common Carrier Bureau ruling that allowing telco to stop service and sell broadband network to new cable franchisee Warner Cable would serve public interest. Paragon, whose Brookfield cable franchise had been revoked, argued that Bureau decision set damaging precedent of requiring local franchise for pay service (Paragon is appealing franchise revocation in court). Wis. Bell replied that Paragon could lease channels from Warner for its pay service. In dismissing Paragon's application for review, FCC said that company had made only "late and vague" mention of pay service in footnote to last pleading, and that nothing in record suggested there was demand for Paragon service. In contrast, forbidding Wis. Bell to discontinue service and sell network to Warner could delay cable service, Commission said.

**FCC** can expect to hear soon from Rep. Wyden (D-Ore.) demanding that public service programming on health and nutrition be component of community service obligations that TV stations must meet to win renewals, he said at Capitol Hill news conference July 2. Wyden said his demand was sparked by new evidence that ads in Sat. morning kidvid remain dominated by junk food commercials. He cited new survey by Center for Science in the Public Interest released last week that found 61% of 433 ads on ABC, CBS, NBC, Fox and Nickelodeon during 20 hours of recent Sat. morning programming were for such items as sugared cereals, fast foods, candy. Center also faulted CBS and NBC in particular for failing to carry any public service announcements on nutrition geared to children, and wasn't happy with ABC's, which contained plugs for meat, cheese and eggs -- all high in fat and cholesterol. "The heads of food companies and TV networks should be ashamed of themselves," Center said.

**TV Answer board** ousted inventor/founder Fernando Morales as CEO, replacing him with former Kodak executive David Lehman. TV Answer COO Richard Miller told us that change was result of board's desire for "new skill set" in CEO position, rather than because of recent concerns about TV Answer marketing that drew attention of FCC and charges that company was beginning to resemble application mill. Mexican-born Morales will remain dir. and stockholder of TV Answer, but Miller told us that he will have no other management responsibility. Lehman founded ink jet printer manufacturer Diconix, which he sold to Kodak. He managed Diconix Div. for Kodak until he became consultant in 1991. He previously worked for IBM. TV Answer board was looking for "strong management skills" when it selected Lehman July 1, Miller said. He said Lehman has background, among other things, that will make it easier for TV Answer to develop "strategic partnerships."

**Corporate underwriting** of PBS National Program Service (NPS) grew at least 18% to \$85 million in year that ended June 30 (FY 1992) from \$72 million in FY 1991, Senior Vp Peter Downey said. However, he cautioned against interpreting results as strong growth during recession, saying it represented funding commitments made one-2 years ago. Impact of recession on NPS support still could be seen next year, he said. In electronic straw vote at last week's public TV annual meeting, meanwhile, 71% of station representatives opposed hypothetical relaxing of PBS underwriting guidelines to minimum required by FCC. As might be expected, representatives of community licensees were most supportive of easing, although solid majority of such stations still opposed change.

**Despite resounding 84-11 Senate vote for CPB reauthorization** recently, "for public broadcasting, the era of assumed virtue is over," PBS Pres. Bruce Christensen said July 1 in National Press Club speech. He acknowledged presence of cable network competitors but noted that 40% of U.S. households don't subscribe. Citing arguments of some critics that public broadcasting no longer merits taxpayer support, Christensen said he's "astonished how absurd this argument sounds when it is made against other publicly funded activities. No one ever asks how many taxpayers want to pay the salaries of policemen who beat up the people they arrest." He also bemoaned trend toward evaluating services strictly by marketplace standards, saying that purpose of education -- which he identified along with its noncommercial nature as PTV's cardinal strengths -- "is not to sell goods or services to parents for the benefit of their children."

**George Goldberg**, publisher of Faces International, magazine for would-be models and actors, filed \$100-million libel suit in U.S. Dist. Court, N.Y., against NBC over Dateline NBC report on May 12 that alleged publisher operated business fraudulently. Suit charged NBC ignored company's success stories, interviewing only competitors or Texans who effectively lobbied for state legislation to close company's Dallas office. Some 1,500 former clients are suing Goldberg in Tex. for fraud. Clients paid up to \$7,500 to have picture published in magazine that company said was used by entertainment industry. NBC report alleged Faces employees pressured clients to buy most expensive pages and made misleading promises to them.

**House Public Grounds** Subcommittee on voice vote passed resolutions last week designed to keep pressure on General Services Administration (GSA) to consider federal building sites outside downtown Washington area. Delegate Norton (D-D.C.), who chaired session, explained that resolution was motivated by reluctance of FCC to relocate to city's Southwest. Resolutions involve Justice Dept. buildings, but Norton said they reflected her concern with FCC and other agencies that won't budge from expensive but centrally located sites in city, and could end up being applied to other leases.

**Acting on their own**, at least 4 NAB radio board members have asked FCC to postpone Aug. 1 effective date of new ownership rules permitting single licensee to own up to 30 AM and 30 FM stations. Newly elected Radio Vice Chmn. Robert Fox, KVEN(AM)/KHAY(FM) Ventura, Cal., urged FCC to wait until it has acted on petitions for reconsideration. Also filing were radio board members Carl Venters, Voyager Communications; Richard Oppenheimer, Signature Bestg.; Ray Lockhart, KOGA-AM-FM Ogallala, Neb. NAB, which has filed for partial consideration of new rules, didn't endorse filings for delay, had no comment.

**UPI** said it has signed final papers to sell wire service to Middle East Bestg. (MEB) (TVD June 29 p4). UPI officials said they were continuing to meet with MEB to discuss operating plans, and Wire Service Guild said it would attempt to negotiate better employment terms for members. All but one UPI employee accepted terms of employment offered by MEB, Exec. Vp Steven Geimann said. Terms haven't been disclosed, but AP said they include current salary levels, reduction in vacation time to 2 weeks per year and annual sick leave to 5 days from 10.

**Radio advertising** was up 1% in May, compared with previous year, marking 5th consecutive month in which radio spot increased, RAB said. Local ad revenue was up 4% for month. National ad revenue dropped 6% in May, but RAB said that was slight improvement from April, when national ads were 8% lower than previous year.

## Personals

**Lynn Christian**, who recently resigned as NAB senior vp-radio to return to Cal., appointed senior vp-West Coast, RAB, effective after Sept. 9-12 NAB radio convention in New Orleans; **John David**, vp-broadcaster congressional relations, has been promoted at NAB to succeed Christian (TVD June 22 p11)... **William Harris** will retire at end of Aug. as senior adviser to FCC Comr. **Quello**; Harris has worked with Quello for 34 years, joining WJR(AM) Detroit in 1958 as news dir. when Quello was vp-gen. mgr., moving to FCC with Quello when he was appointed commissioner in April 1974.

Joining Daniels & Assoc. from Bear, Stearns & Co.: **Michael Garstin** as exec. vp and senior vp-investment banking; **Laura Clifford** as managing dir.-investment banking; **Ryan McNally** as asst. vp... Promotions at HBO: **Robert Martin** to vp-network programming systems, **Abe Cytryn** to vp-customer information systems... **Gary McKillips** promoted to vp-PR, TBS corporate and sports divisions; **Kitsie Riggall** named vp-financial communications and dir.-investor relations, TBS, new post.

**Rik Sandoval**, ex-Tri-Mark Group, joins MGM as dir.-distribution publicity, worldwide operations... **Steven Mendelson** promoted to exec. vp-comedy development, Columbia Pictures TV... **Larry Spero**, dir.-sales, WRC-TV Washington, resigns to become senior vp, Hyacinth International... Elected to Best. Cable Financial Management Assn.: **Larry Marcus**, River City Bestg., pres.; **James Strawn**, Summit Communications, vp; **William Murray**, Tribune Bestg., secy.; **Frank De Francesco**, Noble Best. Group, treas... Elected to Best. Cable Credit Assn.: **Steve Mohammed**, WDSU-TV New Orleans, pres.; **Neil Best**, Meredith Bestg., vp; **Arthur Simon**, WWOR-TV N.Y.-Secaucus, secy.; **Lew Munzer**, Nationwide Communications, treas.

**Mike Mellon**, ex-Buena Vista TV, named senior vp-research, Paramount Domestic TV... **Wendy Kalser**, ex-WTVJ Miami, appointed vp-creative services, WPIX N.Y... **Walter Kraft** promoted to news dir., WXYZ-TV Detroit... **Maria De Leon** advanced to dir.-programs and services, IRTS.

**Holly Leff**, ex-L.A. law firm Cooper, Epstein & Hurewitz, named dir.-event programming, Viewer's Choice, new post; **Lindsay Gardner** appointed dir.-corporate planning and new business development, new post... **Christopher Wegemer** advances to dir.-national mktg., Eternal World TV Network... **Stephen Hagedorn** named promotion mgr., WJLA-TV Washington... **James Lautz**, ex-Independent TV News, joins SportsChannel as sales mgr.-San Francisco.

**Skip Chasey**, vp-business affairs, Patchett Kaufman Entertainment, N.Y., named exec. vp, with hq in Culver City, Cal... **Polly Taylor** joins WDAF-TV Kansas City as promotion writer and producer... **Joshua Katz**, ex-Entertainment Mktg. & Communications, joins Cartoon Network as vp-mktg... **David Roberts**, ex-Washington law firm Fletcher, Heald & Hildreth, named assoc., Baker & Hostetler.

**Keith Scarborough** promoted to vp-state govt. relations, Assn. of National Advertisers... **Toni Laws**, ex-Hechinger, joins Newspaper Assn. of America as vp-diversity, new post... **Thomas Heymann**, ex-Lifetime Medical TV, named mgr.-home video, A&E Network; **Ann Marie Winter** promoted to mgr.-contract administration, new post.

# TELEVISION DIGEST

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**FCC began using "stop codes" July 1 to identify branches of various bureaus and offices in sending and receiving mail.** Agency said use of codes will ensure that mail is delivered directly to office for which it's intended, and urged parties corresponding with Commission to use such codes. They're available in "organizational listing" in new FCC Telephone Directory, available from FCC printing contractor: Shirley Graves, 202-634-4302.

Independently produced "bona fide" news interviews with political candidates are exempt from FCC's equal opportunity requirement, Commission decided last week in ruling on request brought early this year by APTS, PBS and Independent TV Service. Group had argued that absence of exemption for such interviews would "be a recurring and increasing problem." Agency provided exemption for independent newscasts in 1989.

**Bottom line** of radio industry suffered in 1991, with 58.6% of stations losing money, according to new NAB financial survey. By category, 64.9% of fulltime AMs lost money (averaging more than \$19,000), 67.5% of daytimers, 55.3% of standalone FMs, 56.1% of AM-FM combinations. Report is available (\$125 for members, \$225 nonmembers) from NAB Services, 1-800-368-5644.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

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

	JUNE 13-19	1991 WEEK	% CHANGE	JUNE 6-12	24 WEEKS 1992	24 WEEKS 1991	% CHANGE
TOTAL COLOR.....	365,417*	261,930	+39.5	353,653*	8,549,866	8,104,901	+ 5.5
DIRECT-VIEW...	361,530*	259,901	+39.1	349,841*	8,417,395	7,984,613	+ 5.4
TV ONLY.....	339,841	249,493	+36.2	337,491	8,064,013	7,700,899	+ 4.7
TV/VCR COMBOS	21,689*	10,408	+108.4	12,350*	353,382*	283,714	+24.6
PROJECTION....	3,887	2,029	+91.6	3,812	132,471*	120,288	+10.1
VCR DECKS.....	172,139*	126,761	+35.8	184,334*	4,503,213	3,802,396	+18.4
CAMCORDERS.....	51,777*	34,616	+49.6	29,045	1,013,608*	1,001,324	+ 1.2
LASERD. PLAYERS#	2,497	2,367	+ 5.5	2,373	82,201	69,375	+18.5

Direct-view TV 5-week average: 1992--362,269; 1991--307,306 (up 17.9%).

VCR deck 5-week average: 1992--190,233; 1991--152,467 (up 24.8%).

Camcorder 5-week average: 1992--53,307; 1991--57,147 (down 6.7%).

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

# Includes combi players, excludes karaoke types.

**'GRYPHON' MULTIMEDIA PLAYER UNDER ZENITH LABEL?**: Tandy interactive multimedia player (TVD Feb 3 p12) based on MultiMedia Personal Computer (MPC) standard and some form of Windows operating system, is on verge of official introduction, perhaps as early as first week of Aug. Sources report that Tandy has licensed Zenith to market player -- which reportedly carries code name "Gryphon" -- through mainstream consumer electronics channels. Tandy will carry private label version through its own stores, including Radio Shack, McDuff, VideoConcepts and forthcoming Incredible Universe. It also is possible that machine would be carried in Tandy's Computer City superstore outlets.

Tandy spokesman declined comment on any aspect of report. Zenith spokesman said company "has been watching the whole multimedia area with great interest. As a matter of policy, we don't discuss our discussions with others. We've been talking to a lot of others, including Tandy."

Tandy and Microsoft are prime movers in MPC Mktg. Council, umbrella group promoting multimedia computing standards; Tandy Electronics Senior Mktg. Dir. Michael Grubbs is group's chmn. According to some reports, Gryphon, freestanding multimedia player that hooks into TV set, would be able to run CD-based software designed for MPC computers, thus expanding potential market for MPC software developers. Microsoft also is seeking to establish Windows operating environment outside desktop computer world. Software industry sources said Gryphon would use variation on Windows, though not necessarily readily identifiable as Windows offshoot.

Gryphon would be natural rival to Philips' CD-I technology, which came onto market in Oct. Philips is believed to be readying major marketing campaign later this year in time for fall selling season. Ironically, Tandy is only company other than Philips to have marketed CD-I player in U.S.; it carried Philips-made CD-I unit in about 750 of largest Radio Shack stores for Christmas under its Memorex label, arrangement that Tandy spokesman last week called "one-shot deal." Machine recently has been seen in some Radio Shack stores being closed out at \$499.

Philips and Tandy both previously said CD-I and MPC could co-exist, since MPC was aimed at desktop environment while CD-I was designed more for family room. Philips was member of PC Mktg. Council when it launched last fall (TVD Oct 14 p14), though it since has dropped out of U.S. PC market. Philips executives last week declined to comment on reports about Gryphon.

**'VIRTUAL FRENZY' OF MULTIMEDIA ALLIANCES DEFINED:** Theory that computer and consumer electronics industries inevitably should move together is "like arguing that Kimberly Clark and Random House should merge because they both make things out of paper," Intel Pres. Andrew Grove said at recent Digital World conference in L.A. "Virtual frenzy of alliances" is being forced unnaturally by "greed... The hunger for thy neighbor's business has been enough of a reason to drive this incredibly complex and expensive convergence process," he said. Grove acknowledged convergence "has already started, and it is taking place on the PC architecture," though not in consumer world. Digitalization of audio, video and data has had its most profound impact on business world, where speed, not quality of transmission, is main concern, and cost is less important factor.

Sony of America Pres.—CEO Ron Sommer cautioned that no single application will drive multimedia market in same way that VisiCalc spreadsheet program galvanized personal computer industry, and that "companies looking for a quick score or a quick fix will quickly fall by the wayside." He called for devices targeted for specific uses, saying consumers don't want "electronic Swiss Army knives." Sony consistently has expressed belief that consumer interactive market will fragment into variety of single-use devices. Sony USA Pres. Michael Schulhof last year criticized CD-I, for example, as "overkill -- it has too many uses" (TVD Oct 28 p13).

Picking up on same theme, Apple Chmn. John Sculley described vision of personal digital assistants (PDAs) as range of "focused products" that, to operate, "will be as easy as turning on your radio." Company already has announced alliances with Sharp and Toshiba to produce first such PDAs (TVD June 8 p11, June 1 p10).

Expressing frustration with idea that consumers are aching to interact with their entertainment machines, Koji Hase, senior manager of imaging and information systems of Toshiba's Media & Communications Group, said Japanese CE companies try to give consumers "as little interactivity as possible." He said multimedia must offer "new lifestyle" to succeed as consumer product. He said VCRs have succeeded because they turned users into "a master of time," able to watch what they want when they want it; personal stereos and car audio systems added mobility to music enjoyment. Multimedia and interactive systems must offer same kind of profound change, he concluded.

On more technical level, Hase said computer and CE industries must reconcile issues such as screen shapes and pixel shapes in relative platforms. He said consumers want "stream interactivity" that doesn't interrupt flow of program (such as ability to choose camera angles while watching sports event), rather than "branching interactivity" that forces them to make choices to move story or event along. Trip Hawkins, chmn. of Electronics Arts (EA) and pres.—CEO of SMSG -- multimedia joint venture company that includes EA, Time Warner and, reportedly, Matsushita -- reiterated oft-stated view that current multimedia software is "boring, tedious and hard to use, hence there are no applications, hence there is no market." He said videogames will drive earliest adoption of multimedia, although cautioning that animation for those forms must improve over current standards.

**JAPAN'S VIDEO EXPORTS TO U.S. DOWN IN MAY:** Japanese shipments of VCRs and camcorders to U.S. continued to decline in May, extension of pattern consistent for last several months. For first time in 1992, exports to U.S. of videodisc players also dropped in May.

This was 7th straight month in which camcorder shipments to U.S. declined compared with same month last year, longest such stretch since we started tracking category at beginning of 1990. In 4 out of first 5 months of 1992, camcorder exports to U.S. failed to reach 200,000 mark (March, end of Japanese fiscal year, was exception), level below which they hadn't fallen since April 1990. Dropoff apparently is having desired effect of reducing inventory levels in U.S. market, with May exports to U.S. of 196,174 trailing month's sales to dealers of 216,562 by more than 20,000.

Average camcorder factory price, which had shot up in April to highest yen level since May, 1991 (76,599 yen, or \$571.63 at month's average rate of 134 yen/dollar), dipped somewhat to 73,072 yen (\$562.10 at average May rate of 130 yen/dollar). Year earlier, average factory price was 77,474 yen.

VCR exports to U.S. trailed last year's levels by only 0.8% as increasing percentage of VCRs for U.S. come from elsewhere on Pacific Rim (TVD June 29 p10). Average price in yen rose 1.5% from April levels to 31,068, although in dollars jump was larger (up 4.7% to \$238.99) because of stronger yen in May. Average price in May was 3.5% higher than year earlier in yen, 9.7% higher in dollars.

Videodisc player shipments to U.S. were off for first time this year, although they continue to run 77.4% ahead of 1991 pace for first 5 months. CD player unit shipments showed highest percentage increase since Jan., when they ran 46% ahead.

May exports from Japan to Canada (5-month figures in parentheses): Color TV 263 sets, up 81.4% (1,967, down 42.4%); VCRs 29,622, down 22.1% (152,451, down 3.7%); camcorders 17,001, down 53.5% (68,816, down 39.6%); CD players 46,288, up 32.2% (196,941, up 37.2%); videodisc players 1,010, up 79.7% (5,298, up 42.5%). Here are exports from Japan to U.S. for May and first 5 months, from Finance Ministry:

Product	May '92	May '91	% Chg.	5 Mo. '91	5 Mo. '90	% Chg.
Color TV.....	10,093	12,269	-17.7	40,190	66,020	-29.1
VCR decks.....	472,805	476,851	-0.8	2,325,601	2,385,031	-2.5
Camcorders.....	196,174	291,839	-32.8	874,313	1,383,904	-36.8
CD players.....	524,529	389,355	+34.7	2,387,718	1,868,901	+27.8
Videodisc players	23,421	26,376	-11.2	113,363	63,901	+77.4

**HDTV DOMINATES CE ENGINEERING MEETING:** Some 50 papers on various aspects of advanced TV (ATV), including detailed data on HDTV systems proposed for U.S., were featured at recent International Conference on Consumer Electronics (ICCE) in Chicago, nation's top conclave of CE engineers and scientists, indicative of direction of technical efforts in industry. Even keynote address -- by Matsushita Exec. Vp Hiroyuki Mizuna -- focused on HDTV and future, revealing hopes in Japan for eventual switchover to digital system (TVD June 29 p14).

While HDTV dominated, it didn't overwhelm the nearly 200 technical papers at ICCE. Among most interesting were those on innovations in VCRs and camcorders. For example, Thomson Consumer Electronics (TCE) revealed that its French R&D labs, supported by Paris govt., have developed digital consumer VCR with stationary (rather than revolving) heads using 384 longitudinal tracks and same number of tiny recording heads on 8mm deck.

Nearly microscopic recording heads were made possible by new planar thin film technology, TCE said. Head-to-tape speed is only 0.4-0.8 in. per sec., and readout of conventional magnetic tape is performed using magneto-optics, magnetic charge being measured by rotating polarization of laser light, utilizing Kerr effect. TCE says bit error rate of its 384-track fixed head recorder is "compatible with state-of-the-art" error correction.

High definition and other digital VCRs were subjects of other papers. One by Sharp described ability to record Japan's Muse HDTV signal on conventional home VCR in EP mode, using metal evaporated (ME) tape 1/2 thickness of conventional tape, along with new processing techniques to result in 12 hours' recording time on single cassette with same accessibility as existing VCRs in search mode and excellent quality of reproduced picture and sound.

New tape transport to accommodate ultrathin tapes required for HDTV or longer recording time was described by NHK. Mechanism eliminates mechanical adjustment of tape edge by guidepost flanges or drum reference guide, instead controlling tape fluctuations by using optical sensors to detect them and inclining angle of guide posts and/or moving tape reel up and down. Closer to present availability, Matsushita described new dynamic tracking for home VCRs that permits noiseless playback at 9 times forward or reverse speed, up from previous limit of 5.

In camcorders, Hitachi detailed principle of new model (identified in photo as E23A) that shoots 16:9 ratio pictures without using letterbox principle. It contains 1/3" CCD pickup in 16:9 configuration, using conventional circuits and lenses. However, in "squeeze" mode, imager provides 16:9 pictures with 768 horizontal x 494 vertical pixels, same resolution as standard 4:3 picture, as opposed to 576 x 494 which would be provided in letterbox mode. Same camcorder has simplified system to improve color reproduction under various conditions, based on analysis of lighting and other conditions. "Scene adaptive intelligent control" breaks down usage conditions into 4 "clusters:" -- (1) Outdoors, including sunrise and sunset. (2) Indoors at night. (3) Theater or night scenery. (4) Other.

Higher resolution in smaller CCD pickups is required for palm-sized Hi8 camcorders, and several papers were devoted to meeting that challenge. Using new simulation program, Hitachi has developed combination

on-chip microlens and CCD sensor in 1/3" format. Microlens converges rays onto CCD, and combination promises to provide 400,000 pixels from 1/3" CCD. Sony described 1/3" CCD with better resolution than current 1/2" 380,000-pixel imagers. Despite 50% reduction in size, new chip can produce resolution as high as 480 TV lines in color, with high sensitivity, low smear, high picture quality. Effective resolution is 380,000 pixels.

Further development of Photo CD in multimedia area is subject of work at Philips Research Labs in U.K. Although "album" use of Photo CD will permit storage of 100 images in extremely high resolution (2,000 x 3,000 pixels), prerecorded multimedia application designed for only "high TV quality" (512 x 768 pixels) could accommodate up to 800 images on single disc. Reduced number of images combined with sound chips for playing on "extended players, CD-I or CD-ROM XA computer systems" could provide up to 16 hours of mono audio along with pictures.

Philips envisioned photo finishers providing authoring facilities for customers to program existing disc to display "simple picture sequences... for their personal pictures or custom presentation for business applications." Paper noted that in addition to this facility for recording individual Photo CDs, "prerecorded discs can be authored at low cost and duplicated by standard CD processes." Possible uses of prerecorded discs cover "wide variety of publishing applications, ranging from illustrative picture collection discs such as art, sport and nature to more extensive works of reference."

Portable CD-ROM player for business presentation, described and illustrated by Hitachi, uses compressed color graphics with synchronized audio, recorded to CD-ROM XA specifications. Portable player combines CD-ROM drive, 5" TFT color LCD screen, 16-bit MPU, full-color picture controller with graphic effect functions, sound controller, extended bus interface. Maximum storage capacity per disc is 2,000 pages of color pictures or 4-16 hours of compressed audio. Hitachi says it's expanding system's features and authoring tools.

Advanced personal videoconference system described by Sharp combines 8.6" color LCD with 11" monochrome LCD and is designed to utilize different media simultaneously, including video and high-quality audio, high-resolution still pictures, technical diagrams, "telewriting." System, designed to be compatible with existing telecommunication systems, can store pictures for reproduction on demand.

Magneto-optic (MO) disc with recording capacity 6 times larger than current standard was proposed by Sony using "magnetically induced super resolution" (MSR), new technology that expands readout resolution of optical disc system. Technique can provide doubled resolution of existing disc, with cross-talk level so low as to permit doubled track density, resulting in 4 times higher resolution.

Which do consumers prefer -- standard ratio 4:3 or letterbox widescreen 16:9 TV pictures? Answer isn't what you think, on basis of tests cited by David Sarnoff Research Center, conducted by Center itself, N. American Philips, Stanford U., CBC, Canada's Communication Research Center. In most cases, tests compared 4:3 pictures with letterbox images in same screen size, with black bands at top and bottom. In U.S. tests, 4:3 ratio was preferred, with consumers particularly objecting to black bands. "I'm not going to pay lots of bucks for a TV set and then not have the full picture on the screen," was one comment. "Looks like the set is broken," said another. Only test in which letterbox was preferred to standard picture was conducted in 1991 by Japan's Bestg. Technology Assn. It concluded that difference between Japanese and American responses "may well be cultural."

Further restructuring of BASF magnetic media production in U.S. will see end of computer tape manufacturing and sale of 5-1/4" floppy disc production at company's Bedford, Mass., plant. Latter production line is expected to be sold to group of BASF managers, who are expected to hire about 100 current BASF employees to make diskettes. BASF said it will continue making 3-1/2" discs at Bedford in partnership with Fuji. Company said this is final step in restructuring that earlier had seen elimination of audio pancake production in Bedford (TVD March 16 p18). Moves are designed "to make us more competitive than ever" by focusing manufacturing resources "on products that have growth potential," BASF Corp. Information Systems Group Vp Hans Schmidt said.

Nintendo and Sony spokesmen in Japan said negotiations between companies on Play Station game console that began more than year ago are continuing, but declined to disclose details. Nintendo of America Mktg. Vp Peter Main said at Consumer Electronics Show that he expected resolution soon, perhaps "as soon as the 4th of July."

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 126 yen = \$1, except where noted.

**PRICE-FIXING BILL KILLED:** In surprise development, House June 30 refused by 175-225 vote to accept proposed House-Senate compromise for antiprice-fixing bill (S-429) (TVD June 29 p12). Bill fell to determined Republican opposition and is unusual for involving Democrats in attack on legislation that proponents had billed as perhaps most important consumer protection package likely to emerge from 102nd Congress. Conference reports also reflect views of key House and Senate members and usually aren't overturned.

Helping to spike bill was June 28 letter from U.S. Attorney Gen. William Barr stiffening Bush Administration opposition. Justice Dept. earlier had weighed in against legislation as it was advancing through House and Senate Judiciary Committees. Final bill produced by House-Senate conference faced certain veto from President Bush, Barr warned in letter, for "stretching and distorting the definition of conspiracy... The freedom of a manufacturer unilaterally to decide whether or not to distribute its products through a given dealer is an essential part of our free enterprise system, and has a solid foundation in settled antitrust law... Contrary to its proponents' arguments, S-429 wouldn't benefit consumers but restrict the ability of manufacturers to ensure that its distributors provide consumers valuable product expertise and product servicing."

DoJ arguments mirrored those of manufacturers and others who opposed measure -- roster that included EIA Consumer Electronics Group (CEG), Business Mfrs. Assn., Business Roundtable, Computer & Business Equipment Mfrs. Assn., National Assn. of Mfrs., National Federation of Independent Business and U.S. Chamber of Commerce, as well as FTC. They agreed S-429's most significant problem was absence of protection from frivolous suits for small businesses.

Provision by Rep. Campbell (R-Cal.) designed to safeguard small businesses lacking substantial market power from costly suits had been stripped from bill in conference. Without provision, "I tell you, there will be litigation every day of the week," Campbell warned on House floor in June 30 debate on conference agreement sealing proposed compromise. He and allies said bill made manufacturers vulnerable to suits by lowering threshold needed for dealers to win jury trials for allegations of resale price maintenance. Campbell provision had been added by overwhelming House vote, 218-195, over objections of some Democrats that "market power" exemption constituted giant loophole, since term's definition is vague at best.

"The primary end product of this bill is more litigation," said Rep. Fish (R-N.Y.), ranking minority member of House Judiciary Committee and leading Republican opponent. "More litigation means higher -- not lower -- prices for America's consumers. More litigation doesn't create new jobs, nor does it protect existing jobs. More litigation doesn't help American manufacturers and small businesses survive."

"It will harm purchasers of products that require special servicing and marketing," Fish said. "If it's enacted, buyers can expect to receive less warranty protection and less repair service than is now the case." Bill, he concluded, "could undermine the incentive to provide those additional services with... technical and complicated products."

Bill should be dead for this year because in rejecting conference report, House didn't instruct conferees to seek bill's reconsideration by joint committee. Conference report was taken up first by House because language adopted in

joint committee came from Senate. EIA is hopeful vote was "final nail in the coffin of this legislation," CEG Vp Gary Shapiro said. Measure "would have restricted the ability of manufacturers to require dealers to honor all warranties, provide sales information and training and offer adequate product service," he said, echoing comments of House Republicans in debate. He said EIA and allies believed bill jeopardized manufacturer-dealer relationship unduly.

**CAMPAIN CONTRIBUTION VIOLATION:** Toshiba America Consumer Products (TACP) and senior executive at its Lebanon, Tenn., plant, have agreed to pay fines of more than \$6,000 each to Federal Elections Commission (FEC) over 1988 donation of \$3,700 in corporate funds to 5 Tenn.-based campaigns.

Action cited in FEC complaint centered on plan reportedly put into effect by Robert Traeger, then and now vp-gen. mgr. at plant, through which company reimbursed him for donations he and wife made to candidates. Donations, according to published report, were \$1,250 to presidential campaign of Tenn. Sen. Gore, \$1,000 to Sen. Sasser (D-Tenn.), \$850 to Rep. Gordon (D-Tenn.), \$500 to House candidate Terry Holcomb and \$100 to Rep. Clement (D-Tenn.).

Traeger and wife Betty agreed to pay \$6,300 fine to FEC; TACP paid \$6,500 fine. Company issued statement saying that although it "did not intend to violate the law, it has accepted responsibility for the actions of its executive, a long-time Tennessean, who made the contributions on its own initiative." Statement stressed that contributions weren't suggested by TACP and "were not pursuant to company policy or plan. The reimbursement was approved by another executive who had been in the U.S. less than one year and had no knowledge that his actions were illegal." Toshiba declined to comment on whether it had taken any internal action against Traeger.

Fines of \$300-1,500 also were levied against 7 other Toshiba officials.

**KOREA INC. IN FUTURE?**: First major technology licensing agreement between Korean companies is scheduled to be signed by Samsung and Goldstar next week, according to Seoul news reports. Neither Samsung nor Goldstar issued news release on deal; source of stories apparently was Korean govt. agency that controls patents.

Arrangement would seem to portend creation of "Korea Inc." relationship that follows long-standing Japanese model, replete with similar technology licensing agreements. Goldstar U.S. Mktg. Vp Jeff Mullarkey, saying company "views this development as very positive," said agreement also should be viewed in context of alliances being formed throughout computer and electronics industries, with companies seeking to reduce and share enormous R&D costs.

Reports said pact involves 8,000 patents, about half from each company, relating to areas such as color TV tubes, LCD displays, other electronic devices. Financial Times said agreement also states that Samsung and Goldstar will "cooperate in acquiring foreign technology for LCDs."

Agreement apparently was encouraged by Korean govt. on ground that duplication of research in companies was hindering goal of making Korean products more competitive in world markets. There also has been concern that Korean companies would be denied access by foreign companies to advanced technologies.

**ZENITH PATENT DEALS:** Zenith estimates it will collect more than \$15 million annually from licensing deals it has reached with undisclosed number of TV and VCR manufacturers relating to 4 patents company owns dealing with cable-ready tuning systems. Spokesman said negotiations were continuing with other manufacturers.

Zenith said more than \$10 million in "collected and accrued royalty payments" should be reflected in 2nd-quarter earnings report, although they "will not be sufficient... to offset the sizeable loss expected for the 2nd quarter." Zenith Chmn. Jerry Pearlman had said earlier he expected 2nd quarter to be "difficult because of the slow economic recovery" (TVD April 27 p17).

Patents involved in licensing deals carry titles: "All-Channel Television Tuning System," "Dual Mode UHF Tuning System," "Multi Mode Automatic Channel Frequency Synthesis System," "Television Receiver with Tuner Capable of Receiving Air & CATV Signals."

Zenith declined to identify companies with which it has signed agreement, or even how many. Matsushita spokesman in Japan confirmed that company has held talks with Zenith but said no agreement had been signed. He also said Matsushita is aware that several manufacturers have received notices from Zenith about desire to sign licensing agreements. Other manufacturers couldn't be reached for comment.

Most recent patent in list was granted in 1986. Spokesman said licensing effort began "a couple of years ago," but acknowledged that "changes in the patent enforcement environment" had given Zenith added impetus in pursuing licensing agreements. First half of 1992 has seen major settlement of several high-profile patent disputes between U.S. and foreign companies, including Honeywell-Minolta (TVD March 9 p17) and Sega-Jan Coyle (TVD May 18 p18, April 20 p20). In those cases, settlements were reached only after court rulings in favor of Minolta and Coyle. Zenith spokesman said "some past royalties" as well as present and future revenues are included in new agreements.

**STEREO TV SALES KEEP RISING:** Number of direct-view color TV sets with stereo sound capability sold to dealers in May soared 29.7% over year ago, EIA Mktg. Services Dept. said. However, percentage of stereo sets last May was lowest by far of any month in 1991.

In May 1992, 38% of direct-view color TVs (491,416 sets) had stereo capability, versus 31.9% (378,783 sets) year earlier. Percentage of stereo sets was 2nd lowest of any month so far this year, higher only than 37.9% in March.

In first 5 months of 1992, 38.8% of direct-view color TVs sold to dealers (2,754,017 sets) had stereo capability, compared with 35.6% (2,430,855 sets) through May 1991. That represented 13.3% rise in number of stereo direct-view sets, vs. 4% gain in total number of direct-view sets sold.

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**KLH Computers** was suspended from trading on American Stock Exchange June 26 after it notified exchange that it couldn't comply with financial reporting requirements, failing to meet Amex guidelines for listing of its common stock or debentures. KLH, Houston-based supplier of low-priced computers to discount stores, filed for Chapter 11 last April when it was unable to renegotiate \$5.75 million in bonds held by Carl Icahn companies.

**TUBES SET RECORD IN 1991:** Color TV picture tube sales established new unit record last year, but dollar sales declined from 1990, as factory prices reversed upward trend of recent years, according to EIA's 1992 Electronic Market Data Book.

U.S. tube factories sold record 14,915,800 color tubes to original equipment market last year, increase of 2.2% over 14,599,700 in 1990; dollar sales were down 0.8% from 1990's record \$1,548,136,000 to \$1,535,043,000. Average factory price of color tube dropped to \$102.91 in 1991 from record \$106.04 in 1990. Only previous recent year in which average has been above \$100 was 1989, when average tube brought \$100.40, big 26.8% over \$79.21 in 1988. Figures exclude replacement tubes.

Some 20% of last year's U.S. factory picture tube output was exported. Color tube exports totaled record 2,990,900, up from 2,197,700 in 1990. U.S. imports of color tubes were down in 1991 to 333,391 at \$69.5 million from 361,682 at \$72.8 million in 1990. In both cases, average cost was more than \$200.

Japan was leading foreign supplier, source of 109,459 tubes, followed by Taiwan 100,987, Canada 48,321 (average cost \$118), Germany 47,498, China 19,485 (average \$76.50), Korea 6,075. Tube import figures don't include units imported as part of TV sets or TV set kits, of which 9,269,000 were shipped here last year.

U.S. imports of monochrome picture tubes were negligible, and figures, based on Commerce Dept. data, are considered unreliable since they presumably include computer monitor tubes. Imports for 1991 are given as 115,630 at \$4,766,806. Average price works out to \$41.22, less than half of 1990's average \$108.80.

**PEROT LOOKS AT CE:** "I don't want to live in a country that can't make its own TV sets," said Ross Perot, only candidate for President who owns an electronics company. "It's just bizarre that we can't make consumer electronics," he was quoted as saying recently in *The New Republic*. "Those are the industries of the future. If we forfeit whole industries from this country, we will have a 3rd world nation standard of living."

Perot, who was favored over Bush and Clinton by 55% of members of American Electronics Assn. responding to recent survey (TVD June 15 p16), endorses govt. assistance to growth industries. "There are industries we've got to keep in the country, and we're losing them right and left," he was quoted in N.Y. Times as telling National Press Club in April speech. "We've got to target them. They will create millions of jobs. We've got to make sure that we're first and best." He cited Japan's Ministry of International Trade & Industry (MITI), saying America must "study it, analyze it, improve on it."

According to *New Republic*, Perot favors direct aid to strategic industries, noting that it could "make sense from time to time" to invest govt. money to develop "leading edge technology" in struggling industries. He also favors modifying antitrust laws to permit competing corporations to share costs of R&D, and change in banking regulations to let banks invest directly in new companies, according to roundup by Steven Greenhouse in June 27 N.Y. Times.

Perot strongly opposes free trade pact with Mexico, which he says would mean wholesale loss of U.S. jobs. He's quoted in *L.A. Times* as saying he would change "tilted deck" of U.S. trade policy with Japan, slashing import quotas on cars, for example.

## Consumer Electronics Personals

Named to newly created positions of Group Mktg. Dirs. at Sega: **Al Nilsen**, dir. of mktg., who will handle new product mktg. development, and **Douglas Glen**, dir. of CD-ROM, who will head mktg. of existing products... **William Enersen** promoted to regional vp, Singer Co., Edison, N.J., and pres. of company's U.S. consumer products organization... Promotions at EIA Consumer Electronics Group (CEG): Govt. Affairs Dir. **Suzanne Heaton** becomes staff vp-govt. and legal affairs July 10, replacing **David Poisson**, who departs to become pres., Institute of Industrial Launderers (TVD June 15 p18); **Kathryn McCarl** named EIA deputy gen. counsel in addition to post of CEG staff dir.-govt. and legal affairs; **Stephanie Brown** appointed dir.-consumer affairs and special projects, reporting to Staff Vp-Communications **Cynthia Upson**.

**Yasuo Inomata** becomes Aiwa America mktg. dir. after serving 6 years as divisional mgr. in parent company's Product Planning Dept.; he succeeds **Toshi Okano**, who returned to Japan to accept new Aiwa post... Changes at Clarion: Vp-Sales **Larry Carpenter** adds responsibilities for Marine Audio and Camera Divs.; National Sales Mgr. **Frank Pierce** heads aftermarket autosound; **Christopher Hanft**, ex-Soundstream, joins as sales trainer.

**Tom Mincy**, Infinity eastern regional sales mgr. for last 3 years, promoted to national sales mgr. for home audio products and will move to Chatsworth, Cal., hq... **Norman McMillan**, McMillan/Doolittle consulting firm, elected to International Jensen board... Changes at Definitive Technology: **John Miller** promoted to vp-N. American sales, succeeded as national sales mgr. by **Randy Taylor**, who joins company after 13 years with Klipsch... **Marvin Blecker**, ex-General Instrument VideoCipher Div., joins Qualcomm as vp and asst. gen. mgr.-wireless telecommunications unit, where he will focus on Code Division Multiple Access digital cellular issues.

**Herb Dorfman** resigns as Orion Home Video sales vp-eastern region to rejoin PPI Entertainment Group/Parade Video as national sales vp... Ex-consultant **Edward Gil** named Columbia TriStar Home Video international licensing dir... **Christine Alvarez**, ex-Columbia TriStar ad and consumer promotions dir., joins Western Publishing as Golden Entertainment group product mgr... **Susannah Jeffers**, ex-MCEG, named J2 business and legal affairs vp... New regional video sales mgrs. for BMG Distribution: **Harold Komisar**, ex-SGE Entertainment, East, based in N.Y.; **Debra Murray**, ex-Celebrity Home Entertainment, Central from Chicago; **Bruce Leivenberg**, ex-Hanna-Barbera, West from San Francisco.



**Retail Financial News:** **Harvey Group**, which operates N.Y. area audio and video chain, reported \$9,000 profit on \$6.47 million in revenues for first quarter ended May 2; revenues included \$113,000 from sale of food brokerage business, leaving Harvey Electronics as company's sole business. Year ago, company had \$628,000 net loss from continuing operations on \$6,643,000 in revenues; \$79,000 income from discontinued operations; \$400,000 in legal fees charged against year-earlier quarter... **Audio King** said SEC declared effective its registration statement for 533,337 shares it sold in private equity financing deal earlier in year (TVD April 27 p19)... **Tandy International** and **Grupo Gigante** announced joint venture to open Radio Shack stores in Mexico. Gigante currently operates 24 Radio Shacks in Mexico that will become part of joint venture. Companies expect to open about 50 stores annually.

Element of Highland's new marketing program (TVD June 8 p15) that hasn't been publicized is chain's decision to slash prices of extended service contracts it sells on electronics and appliances. Example of reduction, according to industry source, is move from \$199 to \$129 on 3-year camcorder contract. Highland spokeswoman acknowledged cut, saying chain "wanted to make [service contracts] more attractive" as part of move toward "more user friendly" shopping environment. Question is whether company can stand loss of service contract profits (they generally are among most profitable part of many dealers' operations), or can draw enough extra service contract volume to make up profit dollars. Highland has taken salespeople off commission, clothed them in more casual attire and spiffed up store decor in effort to revitalize business.

Deal establishing joint venture companies was officially entered into last week by Toshiba, Time Warner and C. Itoh; agreement was announced last fall (TVD Nov 4 p4). Deal creates 2 partnerships -- Time Warner Entertainment (TWE), which consists of Warner Bros., HBO and Time Warner Cable, and Time Warner Entertainment Japan (TWEJ), which includes Time Warner's merchandising, theatrical film, TV and home video businesses there. Toshiba and C. Itoh each has 6.25% of TWE, with Time Warner holding balance. TWEJ ownership is 50% Time Warner, with Toshiba and C. Itoh each holding 25%.

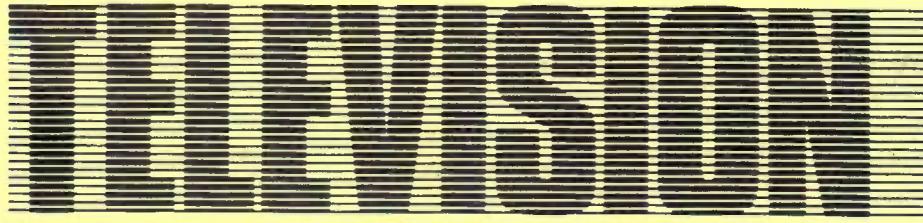
**Sales to dealers** were up in all major video categories except camcorders for first 3 weeks of June, EIA Mktg. Services Dept. reported (see State of the Industry). Despite week in which camcorder sales soared 49.6%, for month to date they were down 29.7%. However, strong week did push sales for year to date over million-unit mark, 1.2% ahead of last year. For first 3 weeks of June, color TV sales were ahead 9.9%, TV/VCR combos up 46.3%, projection TV up 12.3%, VCR deck sales up 9%. Laserdisc players were only other category that was down -- 49.2% for first part of June.

Canon will start building factory for mass production of ferroelectric LCD (FELCD) displays in Hiratsuka, Japan, with completion target of Sept. 1993. Monthly production capacity of 15" panels is expected to be 5,000 at start, 10,000 at maximum output. Company is investing \$120 million in plant, press reports said. As we reported (TVD May 25 p11), Canon has committed 100 billion yen (\$770 million) over next 10 years to building factories to mass produce FELCD giant-screen TV panels.

Economic development grant for demolition work on site of Sony's planned picture tube plant in New Stanton, Pa., was approved by Gov. Robert Casey last week. Grant of \$1 million will be used to fund demolition and removal of old equipment from former Volkswagen facility, where Sony expects to be making picture tubes by early part of 1994. Company says it will begin assembling TVs in adjacent plant on same site later this month.

Atari withdrew appeal of jury verdict in favor of Nintendo in antitrust suit former had filed in U.S. Dist. Court, San Francisco (TVD May 4 p21). Nintendo in turn agreed not proceed with its request to recover certain court costs from Atari.

Sega awarded ad account to Goodby, Berlin & Silverstein, San Francisco. Account previously was split between Bozell Inc. and Della Femina McNamee, L.A.


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JULY 13, 1992

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**GORE TAPPED FOR VP:** Influential communications policy-maker in Senate chosen as Clinton running mate, changing Hill dynamics on cable bill, etc. (P. 1)

**VIDEO-ON-DEMAND TESTS:** New company hopes to use Southwestern Bell testbed in fall for market trial. Switched broadband network needed, but chmn. says technology is in hand. (P. 3)

**CABLE BILL PRICE TAG:** CBO estimates federal costs for FCC to implement House measure would top \$100 million over 5 years, with states spending about half that. Debate set for next week. (P. 4)

**NAB \$1.04 MILLION IN RED** for FY 1992. Revenues total \$16.8 million, with 1991 convention showing \$7.07 million profit. Both TV and radio dues income down. (P. 4)

**CBS PROFITS UP:** Network ratings, ad sales cited. Results boosted by buying stations, NCAA tournament. Media General profits up, Adelphia losses down. (P. 5)

**EUROPE'S HDTV TROUBLES** highlighted by Thomson and Philips cutback in Olympic viewing for U.K., Thomson veteran's blast at EC HDTV policies, stirrings of open debate on digital system. (P. 5)

**FCC STAY OF RADIO RULES** seen likely in wake of increasing congressional pressure. Four powerful Senate Republicans call for delay of Aug. 3 effective date. (P. 6)

**KEY SENATOR TAPPED:** Selection of Sen. Gore (D-Tenn.) as vice presidential running mate for Ark. Democratic Gov. Bill Clinton puts communications policymaker back into presidential race. But Gore's interest in industry's issues is expected to be eclipsed in campaign by his prominent role as environmentalist, leaving as biggest direct impact on communications industries generally his absence from Senate Commerce Committee as leadership finishes work on remaining legislation -- FCC and NTIA budget authorizations, House-Senate conferences on CPB spending, spectrum reallocation, cable deregulation, etc. -- some of which still need House action.

Perhaps more important than his absence from policy scene may be Gore's influence on Clinton's communications agenda, for which we're told drafts of 20-30 backgrounders have been pulled together. Senator stands in sharp contrast to President Bush's expected running mate on Republican ticket, Vice President Quayle, whose Council on Competitiveness has pushed deregulatory agenda. Council reportedly has helped influence White House's procompetitive stance on telecommunications issues -- particularly on cable.

Gore also is seen by some as strengthening Democratic party's family-values plank, but on issue that brings debate close to home for communications industry and particularly for Time Warner (TW) -- record

### Consumer Electronics

**WIDE AVAILABILITY OF HDTV** receivers in 2-1/2 to 3 years after FCC approval is seen in survey of all major TV manufacturers by Advanced TV Committee. (P. 12)

**WEST COAST IS CAMCORDER COUNTRY**, EIA figures indicate. Pacific states accounted for 20% of sales last year, along with 17.3% of color TVs. (P. 12)

**SILO LOST \$32.6 MILLION** in last fiscal year as sales rose 4.8% to \$1.01 billion, Dixons says. Sirkis sees 'some light at end of the tunnel.' (P. 13)

**HOLLERAN TAKES OVER** as Emerson pres. He sees company sticking to mass-market niche, forecasts improvement in 2nd half. (P. 15)

**CURTIS MATHEWS REORGANIZATION** plan filed with court sees \$2.3 million capital infusion, mainly from service company including its former technicians. (P. 15)

**THOMSON'S U.K. DECLINE** conceded by new French management of once-mighty Ferguson. No profits seen in 1992. Sales of widescreen sets so far: 4. (P. 16)

**SHARP MOVES TO 16:9** TVs in Japan, planning to switch to widescreen aspect ratio for all sets with screens 27" and larger, introducing \$2,000 set. (P. 16)

**CAPTION TV PRINTER** port on closed caption VCR for educators, news junkies and TV critics. (P. 16)

album lyrics. TW has been much criticized for marketing rapper Ice-T's album with group Body Count containing song Cop Killer that opponents believe condones murders of police. Senator's wife, Tipper, was outspoken against controversial album lyrics long before it was fashionable among Republicans -- even securing Communications Subcommittee hearing through husband years ago as part of drive by her group of influential Washington women to secure warning labels on albums containing questionable lyrics. TW had no comment on Gore's candidacy. Ironically, Gore is considered music industry friend for his long-time advocacy of industry's right to royalty from home recording.

Gore, 44, has played big role in communications issues for years, first as member of House Telecom Subcommittee under then-Chmn. Wirth (D-Colo.) in tumultuous years when CPB was funding under attack from Reagan Administration, AT&T was being broken up and Cable Act was being written. Gore was Wirth ally in those battles and helped, for example, to protect public broadcasting from ax while also supporting cable deregulation (he has since said vote was mistake given what he considers recent monopoly excesses of industry). As member of Senate Communications Subcommittee, which oversees CPB, FCC and NTIA, and as chmn. of Senate Science Subcommittee with NASA and related science jurisdictions, he has maintained interest in communications policy-making.

Coupled with Clinton's background in communications matters as Ark. gov., some observers were calling ticket "formidable" on communications policy. Clinton, 46 in Aug., is credited by Ark. Bstrs. Assn. with blocking ad tax several years ago that would have hurt stations. He also has strongly supported Ark. Educational TV, which has received sizable state funding increases during his governorship. But he's not considered friend of cable for having vetoed fair franchising bill and supporting efforts of city of Paragould to overbuild and compete with incumbent Cablevision Systems' franchise. He also helped win enactment of 5-1/2% sales tax on cable service, which since has been upheld in U.S. Supreme Court and extended to home dish providers. Clinton's lieut. gov. is ex-cable system owner who sold operations to Falcon Cable, and wife Hillary spent 2 years on advisory committee to one of Falcon's limited partnerships. Clinton has assembled volunteer industry advisory group composed of ex-FCC and House and Senate aides who handled communications issues, broadcasters, cablers, telcos and long distance businessmen, public interest groups, others, said task force head Thomas Casey, Washington lawyer with Skadden, Arps, Slate, Meagher & Flom who's ex-deputy chief, FCC Common Carrier Bureau.

Gore is especially well known for advocating rights of satellite TV programmers and viewers, having sponsored several home-dish-rights bills that have evolved into language for Senate-passed cable deregulation measure (S-12). He also has strongly supported broadcasters in their drive to win retransmission consent provision for that bill. Senator is largely responsible for winning federal funds for development of supercomputer network likely to spark increased fiber installation and has been player in other phone industry issues, notably as sponsor of telco-cable legislation. He's considered ally of broadcast and phone industries -- broadcasters for supporting retransmission consent and, in past, license reforms, and phone companies for backing entry into cable system ownership and programming.

He's clearly cable foe, and hit industry hard for rate hikes. Gore's candidacy prompted this reaction from NCTA Pres. James Mooney: "I humbly suspect that he will shortly come to have bigger things on his mind than us." Gore still could use his influence from campaign trail if needed to help in remaining battles on program access language for cable bill, on which he's allied with Rep. Tauzin (D-La.).

Gore's absence from communications scene in next few months is thought unlikely to jeopardize final work on any of pending bills mentioned. Although he's among Committee Chmn. Hollings' (D-S.C.) lieutenants on communications issues and chmn. counts on his vote in pinches, Gore's views generally are same on those outstanding issues as Sen. Ford (D-Ky.), who can be expected to protect Gore's satellite industry interests in cable bill, sources said. Expected shift to campaign by Gore's top aide, Roy Neel, who has been major staff player on Communications Subcommittee activities, is thought by insiders as more likely to be felt in policy process. Gore's ascension to high-profile position in election probably could elevate temperature of partisanship in cable debate still more, observers said, although it's already obviously at about fever pitch.

Senator's ties to communications include germanium mine on family farm in Smith County, Tenn. Germanium is key component of optical fiber and chips. Father of 4, he's lawyer, Harvard and Vanderbilt graduate, former newspaper reporter and editorial writer, served in Vietnam in Army and was in House and on Telecom Subcommittee before winning first election to Senate in Nov. 1984. His current term expires in 1997. Father, Albert Sr., also was senator from Tenn. Gore unsuccessfully sought his party's nomination for President in 1988 and is considered likely potential future candidate, regardless of outcome in Nov.

**USA VIDEO PLANS VIDEO-ON-DEMAND TESTS:** New company hopes to begin video-on-demand (VOD) test in fall using one of Southwestern Bell's 2 fiber testbed communities outside Dallas, USA Video Corp. Chmn. Gordon Lee said, though telco official said Southwestern Bell hasn't decided whether to allow test. USA Video's patented system underwent technology testing at Southwestern Bell's Advanced Technology Lab in St. Louis June 1-6, Lee said, so next round mainly is to determine market demand.

VOD system requires switched broadband network such as that being planned by telcos, as well as central transmission/storage system for videos and in-home digital receiver. After customer orders movie by telephone, similar to most cable pay-per-view systems, USA Video then uses wider-than-normal bandwidth to transmit compressed 2-hour film to home in 3-1/2 min. Home unit will store it, so customer can start it anytime and stop and replay it, just as with VCR. Movie would be erased when next one is ordered. System, which provides "VHS plus" picture quality, will use equivalent of less than 10 standard video channels for rapid delivery, Lee told us. That means it's compatible even with current coaxial cable, although probably not with twisted pair, he said.

Most of technology for USA Video is in hand, Lee said. System could operate with fiber switches such as those developed by Broadband Technologies, he said, and home unit combines several off-shelf electronic components. Patent, which was awarded in Jan., is for systems-level design, Lee said. System currently uses Intel digital compression system, but USA Video is exploring others, including MPEG. Digital Equipment Corp. (DEC) will provide \$3 million worth of equipment, as well as software and personnel, for Dallas-area test, spokesman said.

Test will last 60-90 days and probably will include some technology debugging, Lee said, but main goal is to explore price and demand. He said USA Video will start with library of 30-40 movies that have been converted to digital format, although commercial version typically will have 10,000 video programs in library. Customers will pay price "in the same range as a video store" to rent movie, he said -- average of \$3 per movie, although older one could cost as little as \$1 and new release as much as \$5. Lee said USA Video isn't intending to put video stores out of business when it's fully operational, although he acknowledged their target markets are same.

Lee also was talking with Rogers Cablesystems of Canada. He said he hopes Rogers will participate in 2nd market test of VOD, perhaps by late this year. USA Video hopes to begin full-fledged commercial operation delivering videos to homes by Jan. 1994. It believes its technology also will make videoconferencing cheaper and easier and even make video telephone calls feasible. Lee said he believes USA Video could begin selling those services before 1994.

USA Video will be looking for strategic alliance to help sell VOD, Lee said, although he hopes it won't need equity partner to raise estimated \$300 million that could be required to provide national service. He believes alliance would be with cable or other media company that would provide marketing and other services in return for percentage of revenue. USA Video's total assets now are less than \$4 million, according to balance sheet, but Lee said he believes market is "ripe" for raising additional financing as needed. Company expects to launch commercial operations with only one or 2 of planned 8 regional centers, each costing \$35-\$40 million. Rest would be added later as market and financing permits. Lee said it appears that USA Video would be able to lease unused digital equipment from companies such as DEC that would meet most of its needs without tying up large amount of capital.

USA Video was just small group of technicians until about year ago when Micron Metals Canada Corp., led by Lee, bought it out. Micron Metals was largely shell company, he acknowledged, although it previously was in mining business. Micron takeover was way to take USA Video public (traded on Alberta stock exchange), and stockholders decided April 3 to change name back to USA Video. Company has raised total of \$3.75 million in capital through private placements. Main office is in Beverly Hills, with research operation in Dallas.

**Malarkey-Taylor Assoc. (MTA), Washington**  
consultants since 1964, have sold control to company's senior officials. Martin Malarkey will continue as chmn., Archer Taylor as a dir. Purchasers are Andrew Roscoe, pres. of subsidiary EMC; Robert Jones, MTA pres.; Samuel Book, pres. of MTA Market Research Div. Roscoe will be CEO. Malarkey was founder and pres. of NCTA, Taylor a pioneer cable engineer. Firm recently moved to Suite 325, 1130 Connecticut Ave. NW, 202-835-7800.

**IDB Bcst** will be exclusive provider of TV transmission services for Democratic National Convention Satellite News Service (CSNS) this week in N.Y. Company, unit of IDB Communications Group, will transmit CSNS signals via terrestrial fiber from Madison Sq. Garden to IDB's video switching facility in Manhattan. IDB then will coordinate uplinking feeds to Telstar 302 satellite. IDB also will provide C-band transportable uplinking and on-site production services to convention production team.

**CABLE BILL PRICE TAG:** Implementing cable bill (HR-4850) could cost govt. \$20-\$25 million annually in 1993-1997, considerably more than predecessor House bill, according to Congressional Budget Office (CBO) (TVD Sept 17/90 p1), but significantly less than \$249-million, 5-year total predicted by FCC Chmn. Sikes (TVD June 12 p1). Cost still is viewed as good bargain by key Democrats on Capitol Hill in light of consumer savings anticipated from lower cable rates. Bill is scheduled for final House action July 22.

CBO projection came in June 29 letter to House Commerce Committee Chmn. Dingell (D-Mich.) that was incorporated in panel's 250-page-plus report on bill (H. Rept. 102-628) (TVD July 6 p1). CBO said FCC would need to spend average of \$20 million and perhaps as much as \$25 million annually in 1993-1997 to regulate rates, finish plethora of reports and studies on industry that HR-4850 requires and establish multitude of guidelines and new regulations that would be mandated. Cost would depend on number of states that win FCC approval for local regulation, CBO said: "The more authorities are approved, the lower the cost to the federal government."

CBO said it believed most states or local franchisors would petition FCC for oversight authority, easing potential long-term burden on Commission. Report assumed 80% of 29,000 eligible cable entities would end up subject to state or local control and said remaining 6,000 would account for most of projected cost to FCC -- figure that Commission officials told us they believe is too low. FCC estimates assumed larger number of systems would be subject to federal regulation. There also would be additional costs on FCC for processing and reviewing petitions from cablers with grievances against local regulators that CBO didn't price out. However, it said those expenses should be small in first year, as "large number" of rate increases appeared unlikely to be requested immediately.

States and local franchising authorities should expect to spend aggregate of \$10-\$12 million in 1992-1994 to make local rate regulation requests to FCC, CBO said. Once local regulation is certified, it said, franchise authorities nationwide would spend \$5-\$10 million annually to monitor rates, depending on frequency and extent of franchise reviews. "Because interest in cable rates may be more intense at the local level, it is possible that states and localities would spend somewhat more than this," CBO said.

CBO estimates are considerably below Sikes' high-end projections but not far off his \$100-million minimum price tag. Either way, numbers are sure to refuel Republican opposition to bill, sources said. Sikes' estimates proved controversial on Capitol Hill, where some legislators viewed release of his letter just before House markup as effort to sabotage cable bill. He saw cable regulation as likely to consume 17-44% of FCC's entire current budget; neither HR-4850 nor Senate-passed S-12 would augment Commission's budget to cover proposed new expenses. CBO's estimate would mean cable regulatory work would take about 25% of Commission's annual budget, agency said. "Needless to say, trying to keep up with cable rate regulation also would severely impair [the Commission's] ability to effectively administer and enforce our rules in many other areas, including broadcasting and telephony," Sikes wrote of his estimates.

Estimates may seem "astonishing," in words of one industry critic, but top aide to House Telecom Subcommittee Chmn. Markey (D-Mass.) said total is "a good bargain" given "the hundreds of millions of dollars" that legislation would save consumers. Estimates are far higher than govt. costs

projected for earlier bills. For example, CBO had predicted 5-year federal costs of S-12 would be about \$33 million and only \$22 million under version of House bill passed 2 years ago. Differences prompted NCTA Pres. James Mooney to comment: "The price of cable regulation seems to be going up faster than cable rates themselves."

Cable bill has been scheduled by House leaders for floor next week, following July 22 meeting of House Rules Committee to clear bill and any amendments. Committee Chmn. Moakley (D-Mass.) wrote colleagues July 8 to announce plans and set noon, July 21, deadline for submission of amendments, with Rep. Tauzin (D-La.) saying his proposal to restore program access language to bill would be among them. Timing of debate comports with expectations (TVD June 29 p5), meaning House will take up what Democrats have said may be biggest consumer issue before Congress at particularly difficult time for Republicans to oppose White House -- just before party's convention to renominate President Bush. Administration opposes bill.

**NAB \$1.04 MILLION IN RED:** NAB revenues for fiscal year ended March 31 totaled \$16,797,000, \$51,000 above what had been expected. However, total expenses of \$17.8 million were \$1.36 million over budget, leaving Assn. with net loss of \$1.04 million on operations. Most of extra revenue was attributable to April 1991 convention in Las Vegas, which had net income of \$7.07 million, \$821,000 more than budgeted. Total convention revenue was \$10.2 million, with \$8.3 million of that coming from exhibitors. Final figures for NAB April 1992 convention in Las Vegas aren't in yet, but outside auditor KPMG Peat Marwick said preliminary results are "encouraging," with net profit expected to exceed \$7.1 million budgeted by \$50,000-\$75,000. All figures quoted are from Peat Marwick audit.

Net dues from both TV and radio members of \$3.6 million and \$3.27 million, respectively, were less than expected. NAB's 1991 San Francisco radio conference also made much less money than projected -- net income of \$332,000 was just over half of \$624,000 budgeted. NAB for-profit Services Dept. had revenue of \$955,000, \$269,000 below budget. Assn. collected \$395,000 in interest from investments, \$80,000 under budget, and \$68,427 in ad income, nearly double budget figure because of reduction in discount fees.

Expenses for most NAB departments were below budget for year, with notable exception of Govt. Relations, which overspent by \$1.39 million due to lobbying on cable bill in Congress. That extra spending was authorized by NAB Exec. Committee. Govt. Relations also spent \$672,773 during year for outside professional services, about \$54,000 more than expected. General & Administrative (which includes office of Pres. Edward Fritts) overspent \$6.38 million authorized by \$50,799, mostly attributed to loss of \$48,000 caused by cancellation of planned European seminar. Meetings & Special Events Dept. went over budget by \$106,000, attributed to one-time salary and personnel expenses, costs of futures summit, Jan. 1992 board meetings. Research & Information Group expenses exceeded budget by \$47,000, due primarily to data processing and change in accounting treatment for in-house publications. All other units came in under budget.

NAB employed 161 March 31, net reduction of 8 from year ago. In first quarter of fiscal 1992 (April-June, 1991), NAB hired 7 and terminated 15 in planned reduction in force.

**CBS PROFITS UP:** Strong results of CBS TV Network, additional NCAA basketball tournament games and acquisition of WCCO-TV Minneapolis-St. Paul and WFRV-TV Green Bay helped boost CBS profits 39% to \$70.1 million in 2nd quarter ended June 30. Chmn. Laurence Tisch said demand for national TV ads in particular improved, helping boost network ad revenue 10% to \$780.6 million for quarter. For first half of year, CBS profit was up 20% to \$88.7 million, it said.

Network results were aided by rise to first place in ratings race, Tisch said. In dig at other networks, he called ratings rise "an outcome of our corporate strategy of being purely focused and fixed on free over-the-air television." Higher network ad demand also helped boost scatter ad pricing, Tisch said, and carriage of 2 NCAA semifinal games in 2nd quarter this year boosted revenue (only championship game was in 2nd quarter last year). Local ad market remained sluggish, CBS said. Network attributed profit increase in Stations Div. mainly to acquisition in Feb. of WCCO-TV and WFRV-TV. It said radio profits dropped, mainly because of weakness at CBS Radio Networks. CBS said it had cash and marketable securities valued at \$1.4 billion, debt of \$1.1 billion. Network also said it would redeem \$216 million of its 10-7/8% senior debt Aug. 1.

In other financial developments: **Media General** posted \$6.4-million profit in 2nd quarter ended June 28, up 24.4%, despite 2% revenue drop to \$147.1 million. Profit included \$1.5-million after-tax entry as result of paper mill fire. Company said newspaper and cable revenue was up, but broadcast and newsprint operations were down... **Westwood One** had \$4.8-million net loss, vs. \$4.1-million loss year ago. Revenue dropped 6% to \$34.1 million and operating loss was \$1.3 million, vs. \$1.8 million operating profit year ago... **Adelphia** had \$19.6-million net loss in 4th quarter ended March 31, vs. \$40.6 million loss year ago. Revenue grew 8.2% to \$71.4 million. Full-year cash flow was \$180.8 million, up 10.4%... **Southern Starr Bctg.** had \$242,785 profit for fiscal year ended March 31, down from \$357,516 year ago. Broadcast revenue dropped 2.5% to \$7.8 million.

Meanwhile, several media firms are taking advantage of upbeat financial markets to raise money: **Comcast** said it would offer \$300 million of senior subordinated debt due 2012, bearing 10-5/8% interest. It will use proceeds for working capital and general corporate purposes... **Jones Intercable** said it will issue \$150 million of senior subordinated debt due 2004. Underwriter is Donaldson, Lufkin & Jenrette. Issue is portion of \$400-million shelf offering filed with SEC in April... **Turner Bctg.** will issue 11.5 million new shares of Class B common, according to SEC documents, potentially generating more than \$225 million... **Interactive Network** hired PaineWebber as investment banker and financial adviser as first step toward private placement of equity and debt, CEO David Lockton said.

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**TBS Chmn. Ted Turner** briefly considered seeking election to President, or at least Vice President, he told TV Critics Assn. in L.A. last week. He said he rejected idea, among other reasons, because wife Jane Fonda "was already married to one politician and she told me she wasn't going to be married to another one." He also said he doubts he has proper temperament. On other issues, Turner said company is launching major project to publish book and produce programs on American Indians. He said he still considers cable deregulation bills to be "more of an attempt to shore up the broadcasting industry than it is to deregulate cable rates."

**HD-MAC PLANS CUT:** Two main backers of Europe's HDTV system, HD-MAC, have abandoned plans for widespread public exhibition in U.K. of Summer Olympics in Barcelona because of concern over picture quality. Both Philips U.K. and Thomson curtailed plans for public demonstration and advertising as direct result of worry about picture received on HDTV sets.

Philips U.K. official said company decided to pull back after watching European soccer matches last month on HD-MAC. He said biggest problem was motion compensation in panning shots. Officials who watched broadcasts on both direct-view and projection sets at Philips' Croydon offices said they were told that Albertville was test and that system would improve, but it hasn't. During Summer Games, Philips will have demonstrations at several private sites, such as Museum of the Moving Image in London and Fairfield Hall (concert hall) in Croydon.

Thierry Robin, new managing dir. of Thomson's Ferguson TV manufacturing subsidiary in U.K., indicated Thomson has drastically cut back plans for public viewing of Olympic HDTV broadcasts, now plans to have only 10 HDTV receivers in entire country -- only 5 in "public places" -- and no national advertising. Robin said engineers were working to improve quality. Meanwhile, another veteran Thomson broadcast official warned that HD-MAC is doomed unless European authorities give up on plan to confine HDTV to satellite transmissions and develop crash program for terrestrial broadcast. Leaving Thomson July 1 after 26 years, during which he served as gen. mgr.-business development and senior vp-professional broadcast systems, Jacques Caumartin last week loosed blast at European HDTV plan, saying it can't succeed because it leaves out terrestrial broadcasters who control 90% of European TV ad revenues. If HDTV fails in Europe, he said in article in ATM newsletter, "the European consumer electronics industry (Thomson, Philips, Grundig and Nokia) is unlikely to recover."

Caumartin said European HDTV strategy will fail by 1995, perhaps as soon as next year, unless crash program is undertaken to save it by immediately subsidizing integration of HD-MAC into terrestrial broadcasting, abandoning D2-MAC, with coverage across Europe on one channel by 1993, 2nd channel in 1993 or 1994. In yet another symptom of European unrest over HDTV prospects, we have learned that address by U.S. Advanced TV Systems Committee Chmn. James McKinney to International Bctg. Conference (IBC) in Amsterdam (TVD July 6 p4) made profound impression on engineers and others present and appeared likely to bring currently underground debate on digital vs. analog HDTV out into open in Europe. McKinney blasted Europe's "political" analog HDTV technology and urged EC to move into digital age.

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**CPB would receive "slightly" less than \$275 million in FY 1995 under funding voted last week by House Labor Appropriations Subcommittee.** Funding level, embargoed until vote by full Appropriations Committee scheduled for around July 23, approximates \$275 million FY 1994 figure approved by House-Senate conference committee. However, House action could set stage for higher FY 1995 figure since Senate historically has voted for greater spending for CPB. For example, last year's compromise on \$275 million was preceded by House vote for \$253.3 million and Senate for \$285 million. Vote by counterpart Senate panel this year isn't expected until Sept. House Appropriations Committee previously declined to approve funding for programs, such as CPB, that aren't authorized for that period, but it changed policy last year.

**RADIO RULES STAY LIKELY:** Sources at FCC tell us that stay of Aug. 3 effective date of new radio ownership rules is likely to be granted as 4 influential Republican senators joined chorus of others making request. However, stay is expected to be short-lived as commissioners are concentrating on acting on petitions for reconsideration at Aug. meeting -- now scheduled for 6th, but Comr. Quello has asked that it be moved up to afternoon of 5th.

In letter to FCC Chmn. Sikes (which he distributed to other commissioners), senators warned that if Commission "refuses to follow a more moderate course, it could lead to unnecessary tensions between the Congress and the Commission." It was signed by Sens. Danforth (Mo.), Packwood (Ore.), Stevens (Alaska) and Pressler (S.D.) of Communications Subcommittee.

"More moderate course" senators sought is cutback in new rule that permits single licensee to own up to 60 (30 FM and 30 AM) radio stations, including as many as 3 AMs and 3 FMs in largest markets (TVD March 16 p2), and FCC officials say it's forgone conclusion that figures will be reduced. That maximum has been attacked as excessive by House Commerce Committee Chmn. Dingell (D-Mich.), House Telcom Subcommittee Chmn. Markey (D-Mass.) and other members of Congress, as well as public interest groups, minorities, many broadcasters. It also was criticized by Senate Commerce Committee Chmn. Hollings (D-S.C.), who with Communications Subcommittee Chmn. Inouye (D-Hawaii), has warned of possibility that they would offer blocking amendment to FCC funding legislation.

Comr. Quello is pushing proposal to set new limit at 20 AMs and 20 FMs, raising that to 25-25 in 2 years. At July 9 briefing of reporters, Sikes said: "The reports that there is a potential for a stay are correct." As for number of stations licensee will be permitted to own, he said: "I think there will be some changes." Asked later about Quello proposal, Sikes had no comment but said he doesn't expect split vote on reconsideration. On such votes "you work hard to act as a Commission and I don't expect a 3-2 vote," he said.

GOP senators wrote Sikes that if FCC doesn't reduce maximum, it can expect legislation to restore old 12-12-12 ownership limit. While they said new rule is "consistent with our mutual goals," higher ownership limits should be stayed until Commission acts on petitions for reconsideration. We're told that senators believe number should be lowered in preemptive move to possible Hollings-Inouye blocking effort, and that Republicans think FCC should revisit issue ownership limits in year or 2. Commenting on senators' request, Commission official who predicted 30-30 maximum would be reduced, said: "You can modify without destroying everything."

In July 7 joint filing, National Assn. of Black Owned Bus. (NABOB) on behalf of 4 other groups asking for stay, said there's "likelihood of irreparable injury to the parties" that could be caused by greatly increased concentration in ownership. Once such concentration occurs, "it will be impossible to return the industry to its original state," petition said. Four NAB radio board members also have filed petitions seeking delay, on which NAB had no comment. FCC Mass Media Bureau has proposal of its own circulating among commissioners: Let parties proceed with filing applications to go over old ownership maximum but withhold accepting them for filing until Commission has acted on reconsideration.

NAB has asked for reduction in ownership maximum to 25-25 unless additional 5 AMs and 5 FMs are minority

controlled. In reply comments to several petitions for reconsideration, NAB said it "strenuously opposes" requests to return to old limits. Concerns raised by petitioners would at most "require minor adjustments" to data used by FCC in increasing limits: "Such minor adjustments would not affect the fundamental determination that radio is in serious economic difficulty" and in need of regulatory relief. "Suggestions that relaxed duopoly rules will only benefit a few large group owners are also highly dubious."

Among other items discussed by Sikes with reporters: (1) He said he has no plans to resign. Asked if that included after Nov. presidential election, he said it would be "premature" to speculate. (2) "I'm not supporting the [cable] bill," but he reiterated his position that if cable rates are regulated, it should be by state public utility commissions -- not by FCC (TVD June 15 p1). He said that while Congressional Budget Office estimates of costs to FCC of implementing requirements of cable bill (HR-4850) (\$20-\$25 million annually) are lower than his, CBO estimate still represents about 25% of agency's budget (see separate story, this issue).

(3) On prime-time access rule (PTAR) review, Sikes said: "I would hope we can tee it up before the end of the year... We [commissioners] are trying to work it out in a collegial way." Chmn. had planned to put issue on agenda for June meeting, was rebuffed by opposition of other commissioners (TVD June 15 p3). Sike's Chief of Staff Terry Haines said San Francisco stations' requests for waivers of PTAR will be acted on "shortly."

In dissent nearly 3 months after FCC acted (TVD May 18 p5), Comr. Quello has strongly criticized agency's new rules on lowest unit charge (LUC) for political candidates, calling them "such a contrived and confusing policy that it cannot be adopted in the real world." However, he said, "I doubt this fact will deter the Commission from levying fines on broadcasters that cannot guess our unstated intentions." Quello said former policy on LUC "worked well for almost 2 decades without question or complaint." He said new approach "does not represent an improvement. In fact, it needlessly complicates" licensees' calculations, and he said agency, in its denial of several petitions for reconsideration, refused to clarify situation: "Our new approach allows candidates to dissect package plans and buy commercial time in ways that are available to no commercial advertiser" since FCC now treats all package plans as "bulk discounts" for LUC calculations. Commission's old policy was "rather straightforward" on package plans and much easier for candidates, lawyers and broadcasters to understand, Quello said. "The practical effect of this decision is to require stations to create hypothetical values for all the spots contained in package plans and to apply these values to all [LUC] calculations." Under previous rule, licensees only had to make all packages offered to commercial advertisers available to candidates as well. He said law and legislative history haven't changed "and there has been no suggestion that our previous policy was being circumvented... We sought to clarify the rules and thereby encourage the provision of broadcast time to political candidates. But, our new package plan policy will have the opposite effect."

**Agenda for FCC's meeting** July 16 has several big-ticket items: (1) Video dial tone and Personal Communications Services (PCS) (see related story, this issue). (2) Second report on telco-cable cross-ownership. (3) Allotment of channels for advanced TV (TVD April 13 p5). Broadcasters have asked FCC to delay 5-year deadline for implementing HDTV. (4) 3 items dealing with FM applications and facilities.

**VDT DECISION NEAR:** While everyone believes FCC will act on video dial tone (VDT) rulemaking at July 16 agenda meeting, no one is sure what that will include. "There certainly is a lot of confusion both internally and externally on what we're trying to accomplish," one 8th floor official said. VDT is on agenda, along with Personal Communications Services (PCS), 2nd report on telco-cable cross-ownership, allotment of channels for advanced TV and 3 items on FM applications and facilities. Meanwhile, officials said that it's unlikely, but not impossible, that Commission will agree with cable industry arguments that VDT action should be delayed at least month to allow more time to prepare item.

Lobbying at FCC on VDT has been so intense that all visitors' passes were used up for days, although lobbying also involved PCS and other major items on agenda from telephone side. FCC Chmn. Sikes, in meeting with reporters July 9, said "the industries are using every lever they can find" on VDT, but predicted that it will remain on agenda. FCC officials believe that Sikes has 3 votes needed to approve VDT rulemaking. Notice was approved on unanimous vote last year (TVD Oct 25 p1), but at least 3 commissioners expressed reservations about parts of it. Comr. Barrett worried that it could lead to "massive expenditure" for new broadband video networks, despite possible lack of demand. Comr. Duggan called it "policy Brasilia" that could force construction of something not needed. Comr. Quello, like Barrett and Duggan, was concerned about adequate safeguards against cross-subsidies.

Despite concerns, it "doesn't seem to be a close call on whether they will report out the item," one industry official said. He said Sikes' commitment to issue, as well as White House signals, make it difficult for opponents to sidetrack VDT. Another lobbyist said Bush Administration is pushing issue because perception of increased competition allowed by VDT rulemaking would make it easier for White House to justify vetoing cable regulation bill. It's less clear, lobbyists said, what rulemaking will contain in terms of safeguards, limits on telco ownership of program content, regulatory framework for gateway services. Opponents have said repeatedly in comments that original rulemaking was too general, providing too few details on how VDT would work (TVD Feb 10 p2).

NCTA isn't pushing hard for delay in VDT rulemaking, we're told, but CATA is. CATA Pres. Stephen Effros said group is "trying to convince the Commission that they ought to know what they are saying before they act." He said questions include interplay between cable bill (which would increase franchise requirements) and VDT rulemaking, which would decrease them. Both telcos and cable are expecting rulemaking to make some changes in formers' ability to own programming, lobbyists said. Key question is whether FCC's "footnote one" to telco-cable cross-ownership ban is codified in legislation. Telcos say ban, which limits their ownership interest to 1%, isn't codified; cable says it is. FCC earlier concluded tentatively that it could raise limit without legislation.

Rulemaking almost certainly won't be final step, FCC officials agree. There is some pressure for Commission simply to issue general statement in favor of VDT while delaying action on details necessary to implement it. Staffers said rulemaking probably would leave some issues to be resolved later, but one said Commission was "trying to go beyond generalities. It'll probably be something in between."

Meanwhile, FCC should "move cautiously" on VDT, especially on allowing telco/cable joint ventures and telco

ownership of programming, consumer groups said in letter to Sikes. Letter from Consumer Federation of America, Public Citizen's Congress Watch, Media Access Project and Center for Media Education said joint ventures would create disincentive for telcos to compete with cable on video distribution, and for cable systems to launch telephone service. If telcos could own programming they could use telephone income to buy popular shows and make them available only on VDT, groups said.

Law implemented 18 months ago to curb TV violence appears to have had little effect, sponsor Sen. Simon (D-Ill.) has complained in Senate floor speech. Law gave TV and cable networks, independents, producers, artists and stations 3-year antitrust exemption to cooperate on voluntary guidelines to limit program violence. Simon accused industry of being "in a test pattern, hoping the law will lapse before the public notices." With notable exception of cable, he said, industry may be "just making motions so it looks like they are doing something." He cited single NAB meeting held on legal questions involved with antitrust immunity, and how 3 commercial TV networks have pledged to meet and compare standards. But latter, scheduled first for April, has been postponed until at least this month, he said: "I hope we can get some more constructive action..." Simon didn't say whether he planned any further steps to encourage industry cooperation. However, he did acknowledge potentially controversial nature of such action in noting that Congress must be careful not to overstep First Amendment bounds. "I don't want censorship, but I think we have to recognize that part of the violence in our society comes from violence we see in our home on TV, and the industry has the opportunity and I think the responsibility to do something about it," he said. Cable escaped his criticism because NCTA has commissioned study of TV violence on cable, due later this year, he said.

**FCC Chmn. Sikes** said July 9 he won't act to harm broadcast industries as part of proceeding to allocate 2 GHz band to new technologies. He said broadcasters have been excluded in debate on 2 GHz spectrum from having to move or to share primary status with PCS or other new technologies because study by FCC's Office of Engineering & Technology found that links between studios and transmitters couldn't be located elsewhere in spectrum. Broadcasters can't move electronic newsgathering (ENG) from 2-GHz band that FCC is considering allocating to new technologies, according to joint filing by NAB, RTNDA, C-SPAN, Assn. for Maximum Service TV, Turner Bestg. Satellites aren't feasible for same reasons because many news locations are blocked from view of satellite and because satellite newsgathering is too expensive, filing said. Spectrum sharing, such as that proposed by Comsat, won't work because spectrum already is crowded and there's too much potential for interference, broadcasters said.

**Political spending** on cable spot ads topped \$1 million for first time in first 6 months of 1992, according to survey by Cable Networks Inc. (CNI), cable ad rep firm owned by Cablevision Systems. Spending on cable spot ads by political candidates in same 1988 period was "essentially minimal," said Michael Labriola, political ad specialist for CNI, largest cable spot ad rep firm. National campaigns of Jerry Brown, Bill Clinton and President Bush were big users of cable ads this year, CNI study showed, as were special interest advocacy groups and some Senate and gubernatorial campaigns. Separate study by Mediemark Research Inc. said cable subscribers are 14% more likely to vote than nonsubscribers, 36% more likely to be involved in political fund raising, 28% more likely to work for candidates.

**Meetings:** ASCAP luncheon at hq in N.Y. for today (July 13) is to present society's Friend of Music award to House and Senate sponsors of Audio Home Recording Act (S-1623/HR-3204), Copyright Subcommittee chmn., Sen. DeConcini (D-Ariz.) and Rep. Hughes (D-N.J.)... **CATA** will conduct Open Forum July 20 at New England Cable TV Assn. convention in Newport, R.I. Panelists will include CATA Pres. Stephen Effros, ESPN Exec. Vp Edward Durso, E! Entertainment Pres. Lee Masters, Rainbow Pres. Sharon Patrick, Century Cable Pres. Andrew Tow. Convention is July 19-22 -- 617-843-3418... Summer board meeting of **Cal. Cable TV Assn.** will be Aug. 5-7 at Hyatt Regency, North Shore Lake Tahoe -- 510-428-2225... **CTAM** will focus on improving consumer relations at convention Aug. 23-26 at San Francisco Hilton -- 703-549-4200... **National Assn. of Telecommunications Officers & Advisers** will hold annual conference Sept. 9-12, Omni Mandalay Hotel, Irving, Tex. -- 202-626-3160... NAB hundred-plus **TV station seminar** Sept. 12-14 in New Orleans will examine "weakness of local newspapers" and how to sell against them -- 202-429-5366... **Telco-cable** conference will be sponsored by Yankee Group and Telecommunications Reports Sept. 15-16 at Embassy Suites Hotel, Washington -- 202-842-0520... **RTNDA** added panel to "explore the rapidly changing news business" to its Sept. 23-26 convention in San Antonio. Panelists include Ken Auletta, author of *3 Blind Mice*; Maureen O'Boyle, host of *Current Affair*; Eric Ober, pres., CBS News; Thomas Rogers, pres., NBC Cable; Ed Turner, CNN exec. vp; Preston Padden, senior vp-affiliates, Fox TV Network -- Leslie Breen, 202-659-6510... Seminar on **urban cable market** will be co-sponsored by NCTA and National Assn. of Minorities in Cable Sept. 24-25 at Waldorf-Astoria Hotel, N.Y.C. -- 202-775-3669... **EIA** will sponsor digital video workshop Sept. 30-Oct. 2, Omni Parker House, Boston -- 202-457-4980... **Minn. Cable Communications Assn.** annual meeting will be Oct. 4-6 at St. Paul Hotel, St. Paul -- 612-641-0268... **Western Cable Show** has been set for Dec. 2-4 at Anaheim Convention Center -- 310-428-2225.

**Cerritos, Cal.**, case proves FCC cable/telco cross-ownership safeguards are ineffective, NCTA Pres. James Mooney said in new letter to House Commerce Committee Chmn. Dingell (D-Mich.). FCC earlier agreed that GTE decision to hire owner of cable system to build cable testbed violated cross-ownership rule, but granted waiver. U.S. Appeals Court, D.C., remanded decision, saying FCC didn't adequately justify waiver. Despite that, Mooney said, FCC did nothing to stop project for more than 18 months. (On June 24, FCC asked for comments on whether further action is necessary.) Mooney said latest Commission action is moot because "by now, the unlawful construction of the Cerritos system is complete. The lesson here is that the FCC apparently can't or won't enforce its own safeguards even in clear-cut cases where those safeguards have been violated. What good are safeguards that phone companies are free to ignore, even after the Court of Appeals finds they have been violated?"

**AWRT** is embarking on "a strategic planning process" to prepare for "rapid changes that are taking place" in communications industries, said new Pres. Sallie Forman, Forman & Assoc. and former NBC Washington corporate vp. AWRT board and Foundation will make recommendations for future. Project is being underwritten by Philip Morris Cos. In conjunction with Cap/ABC, AWRT has launched "Stop Sexual Harassment" campaign to feature public service announcements on TV-radio and cable. American Library Assn. also is participating and brochure on sexual harassment will be distributed to some 16,000 libraries.

Some 30% of those calling WGBH-TV Boston to order PBS Home Video version of public TV (PTV) programs signed up as WGBH-TV members, PBS Senior Vp Eric Sass said. But Sass, PBS executive in charge of video venture with Pacific Arts, indicated that opposite wasn't case; he said tests in which line was marketed to station contributors via direct mail had "just barely" paid for themselves. However, he said PBS would continue tests to build awareness of video line, which has released 80 titles since debut in fall of 1990. In first year, Sass said, 1.5 million tapes were sold, generating \$30 million in sales, \$3 million in producer returns, \$500,000 in licensing fees to PBS. PBS expects to develop line as service provided by local PTV stations, Sass said, and accordingly plans to: (1) Offer "leather-bound" Eyes on the Prize collection that would consist of complete videos, book, autograph of Exec. Producer Henry Hampton. Collection will be priced at \$400 and will be offered only to station members, he said, with outlets receiving 50% of local income. (2) Start Reading Rainbow "continuity club" in which participants -- again, exclusively station contributors -- would receive one video and one book monthly. Collection of multiple books and videos also will be retailed through children's and other stores, he said. (3) Develop Austin City Limits collection, although Sass said clearing rights with record labels could take some time. In other developments, meanwhile, Sass said that video line: (1) Has "much more pull in the marketplace" than PBS had expected, with programs appearing under label typically having much higher sales than when offered by another distributor. (2) Plans to test tie-ins with program underwriters under which, as one example, videos might be marketed through company's customer list. (3) Will be offered in complete form via videodisc as market penetration of that technology grows.

**Marcus Owens**, dir. of IRS's Exempt Organizations Technical Div., said he hopes FCC's underwriting rules are adequate to preclude separate IRS standards on corporate sponsorship, but "we just don't know enough about [FCC regime] to make any kind of definitive statement." In filings recently with IRS, APTS and, separately, group consisting of NPR, American Public Radio, Development Exchange and National Federation of Community Bcstrs., urged IRS to rely on FCC enforcement actions to determine whether public stations breach prohibition on advertising. Owens, who said he would prefer that deference if that's possible to prevent needless regulation, said he hopes public broadcasters will address issue at public hearing on corporate sponsorship of nonprofit events/organizations that IRS has scheduled for July 21-23 in Washington. He said IRS plans to start discussions with FCC to determine whether guidelines are sufficient and whether there's high level of station compliance. Owens also is to appear at July 18 session of Development Exchange's annual public radio development conference in Baltimore.

**Public broadcasting income** rose 7.3% to nearly \$1.7 billion in year ended last Sept. 30 (FY 1991), according to preliminary CPB report. Growth was 3.2% if factored by Consumer Price Index (CPI), it said. While nonfederal revenue rose only 3.7% to \$1.36 billion, and declined 0.3% in constant (CPI inclusive) dollars, total federal funding rose 24.7% (19.9% with CPI) to \$333.41 million. Big gainer was federal grants/contracts, which more than doubled to \$91.35 million from \$37.97 million. Tax-based state and local funding gained 6.4% to \$504.4 million.

**United Airlines** has signed with USA Today Sky Radio to offer live, satellite-delivered audio service on United's domestic audio-equipped fleet. Sky Radio will provide live news, business updates, sports, weather.

**None of concerns raised** by opponents of FCC rulemaking (GC Doc. 92-52) to grant channel finder's preference in comparative hearings "has any merit," said Jeffrey Rochils in reply comments to Commission. Only 4 parties -- AWRT, NAACP and 2 individuals -- opposed granting preference, first proposed by Rochils, to person or party that locates available channel. He said allocation of new TV or FM station "can be of substantial benefit to a large number of people" and "there is no reason to believe that the finder's preference will be subject to abuse," as claimed by opponents. He said preference also "will not neutralize the minority preference. Quite the contrary. The finder's preference will strengthen a minority applicant's ability to secure a license without the assistance of nonminority investors." National Federation of Community Bestrs. (NFCB) said that "25 years of failure are enough" in opposing recommendation by educational broadcast groups that FCC retain noncommercial educational (NCE) criteria in comparative hearings. NFCB said NCE criteria won't work in future, just as they haven't in past, and should be replaced by point system.

**USA Network will change** corporate name to USA Networks, with plural reflecting acquisition of Sci-Fi Channel, CEO Kay Koplovitz said. She said new name also reflects "our plans for the globalization of USA and Sci-Fi." Exec. Vp David Kenin said USA will begin transmitting unscrambled version of Sci-Fi Channel Aug. 10, 6 weeks before network's official launch Sept. 24. In survey sponsored by USA, Sci-Fi Channel was most requested new channel for cable subscribers. Survey found 28.9% of subscribers asked for Sci-Fi, followed by Comedy Central at 23.1%, Court TV at 18.2%, Cartoon Network at 15.8%. Separate survey showed that 31% of cable nonsubscribers would consider subscribing if system carried Sci-Fi Channel, USA said. USA, meanwhile, said it had highest prime-time rating of any cable network in 2nd quarter 1992, based on Nielsen rating of 2.1 (up 17% from 1991). USA had won first quarter with 2.5 rating. Its full-day rating was 1.1, equalling last year.

**NAB Exec. Vp James May** denied July 20 story in Capitol Hill newspaper Roll Call that reported he was working with new Republican group seeking to unseat incumbent House Democrats in some 30 races. Story said May was among "business representatives" who had been signed up by former top aide to House Minority Leader Michel (R-Ill.), Michael Johnson of McCamish, Martin & Loeffler, to be part of team with Rep. Kyl (R-Ariz.) to advise GOP challenger, broadcaster Henry Bonilla, in his bid against Rep. Bustamante (D-Tex.). Bonilla has worked in sales at KENS-TV (Ch. 5) San Antonio, where his wife is anchor. May said that he was contacted by Johnson, but that he indicated willingness to work only in campaigns for open House seats and not against any incumbents.

**Key West (Fla.) City Commission** authorized study of possibility of setting up city-operated cable system to compete with incumbent TCI. City is considering contracting with cable firm to build system, then lease it to city, but still is in early stage of process, officials said. TCI system has about 13,000 subscribers. Competitive Cable Assn., meanwhile, said Fla. cities of Dunedin and Pembroke Pines are considering similar plans.

**Correction:** Marcus Dalton isn't former executive of Applied Telemedia Engineering & Management (TVD May 25 p1), instead was consultant to company. According to Dalton and his attorney, he also has never been executive of company that has been subject of FTC or state disciplinary actions.

**European network Screensport** is trying to break European Bestg. Union (EBU) monopoly on coverage of Barcelona Olympics, which begin July 25, and European Commission has indicated it supports bid. EBU, which paid \$90 million for European broadcast rights, said it may seek court injunction blocking any EC bid to allow Screensport to use same broadcast feed. Screensport is owned by Cap/ABC, France's Canal Plus and Compagnie Generale des Eaux, which owns European cable systems. Reuters said EC sent confidential letter to EBU, which is consortium of 17 European public broadcasters, threatening "interim measures," possibly including fines, if it refuses to provide feed to competitor. EBU broadcast members will televise portions of Games locally, and full-time feed will go out over EBU's Eurosport network. Reuters said EC ruling against EBU could come as soon as July 15. EBU officials weren't available for comment.

**NAB last week asked FCC** to "revise and update" Emergency Best. System (EBS) and "provide a more automated system for offering information to the public in the event of an emergency." In reply comments in FCC inquiry (FO Doc. 91-171), Assn. asked agency not to endorse single EBS system but to develop "statement of requirements" and put it out for comments. Guidelines should provide for uniformity in monitoring EBS broadcasts and "reduction in the human factor" through use of automation technology. NAB urged Commission to "act now" in separate rulemaking to shorten EBS 2-tone attention signal to minimum of 8 sec. while retaining 25-sec. maximum.

**Program Notes:** **CNN Newsouce** will provide live full-time coverage of Democratic National Convention July 13-16 to 286 stations that buy service. Newsouce feed also will go to Japan's TV Asahi network, as well as to CNN Spanish and CNN Radio Networks... **BMI** signed music licensing agreement with Nashville Network, continuing until June 30, 1993. It also signed agreement through June 30, 1993 with Country Music TV... **CNBC** will be carried on Time Warner cable systems with 500,000 subscribers in N.Y.C. for first time beginning Aug. 1... **TV Answer** said it signed agreement with Meridian Bancorp of Pa. and Del. to provide banking service via its planned interactive TV.

**Clear Channel Communications** Pres. Lowry Mays said group owner has obtained \$150 million in new credit through 9 banks to buy stations. Clear Channel, based in San Antonio, also announced that it has closed on purchase of AM-FM combinations in Wichita, Tampa and Richmond, giving it 23 radios and 7 independent TV stations in 18 markets.

**Signs of improving economy?** (1) Providence Journal Bestg.'s 9 TV stations have joined TvB, first major group to sign up since TvB's reorganization earlier this year, Pres. Ave Butensky said. (2) MSTV has signed CBS-owned TV stations as members (only WCBS-TV N.Y. previously belonged) along with Paramount TV stations.

**House Foreign Affairs Committee** Chmn. Fascell (D-Fla.) offered resolution (H. Con. Res. 338) urging U.S. to support Radio Free Europe (RFE) broadcasts to new republics being carved out of former Yugoslavia through civil war.

**House approved tax bill** (HR-11) July 2 that include 14-year depreciation of intangible assets, such as TV-radio licenses, cable franchises, publication subscriber lists and program contracts. Senate bill takes different tack and still must be voted on (TVD June 29 p5).

**ABC and Showtime** announced expected pricing of new pay-per-view (PPV) sports experiment (TVD 8 p3) last week. Their PPV coverage of certain college football games this season will carry suggested retail price of \$8.95, with viewer able to add 2nd game same day for \$1, they said. In some markets, subscribers will be offered package including every PPV game for \$59.95 per season. PPV games, to be carried on local cable systems, will be in addition to regular schedule of broadcast college football games broadcast on ABC. In each case, game selected for broadcast will be one with greatest appeal for local market, officials said. PPV games will be produced by ABC Sports, including ABC sports announcers and commercials.

**Neb. Educational Telecommunications (NET)** has launched "international" center providing customized training in such technologies as broadcast, cable, satellite, ITFS, videodisc, SAP, microwave, fiber. Center, developed with planning group including state officials and U. of Neb. personnel, is based at NET's 120,000-sq.-ft. production facility at U. of Neb.-Lincoln. NET provides 16 program services, including Neb. ETV, Neb. Public Radio Network, Neb. Educational TV Council for Higher Education, Nebsat, CorpNet, AgSat. Ronald Nugent, international training coordinator for center, can be reached at 402-472-3611, ext. 223 (1785 fax).

**Latin American pay-TV** channel will be launched in Sept. as result of agreement among United International Pictures (representing Paramount, Universal Pictures and MGM), MVS/Multivision of Mexico, Cable Cinema of Venezuela and Sociedad Argentina de Cable Communicacion. Programming of 24-hour Cine Canal will be mainly feature films and TV movies, all shown in original version with Spanish subtitles. Partners called Cine Canal legitimate alternative to illegal reception of U.S. satellite TV signals. MVS/Multivision recently signed deal to use General Instrument digital video compression system.

**Current issue** of Media Studies Journal, published by Freedom Forum, explores battles among cable, broadcast, telcos and other potential in-home services in what Forum says will become "projected \$1.5-trillion domain." Titled "Media Wars," Journal uses financial analysts, scholars, journalists and lawyers, as well as executives in publishing, broadcasting, cable and telephone industries, to report on what's happening or may happen. Issue also includes article on trade publications reporting on issues. Free copy -- Shirley Gazsi, 212-280-8392.

**Coalition to Improve Tax Certificate Policies** (7 broadcast groups) has asked FCC to "refine and expand" its policy on issuance of tax certificates and to establish joint working FCC-IRS group "to coordinate and improve the tax certificate policies of the 2 agencies." Policy has become "significant incentive" in helping minorities acquire stations, Coalition said, calling it "a highly effective, nonintrusive means of fostering the agency's policy objectives."

**Scientific-Atlanta** received first N. American order for wireless cable version of its Model 8600 set-top receiver/on-screen display. Galaxy Cablevision ordered 50,000 units over 5-year period at total value of more than \$6 million. SA will unveil product at Wireless Cable Assn. convention July 26-28 in Orlando.

**HBO said it will provide** 2nd daily news feed to local TV station news departments that subscribe to The Entertainment Satellite Report. New 15-min. segment will be transmitted at 8 p.m. EDT, supplementing current 11:45 a.m. feed.

**PBS report paints** overall positive assessment of year-old initiative aimed at boosting preschool viewership, which had declined in last few years. Among report findings: (1) Average weekday daypart ratings (AA) among preschoolers increased 25-37% in 1991-1992 season. (2) Viewership improved for some long-running public TV (PTV) children's shows, which PBS said suggested "synergistic" benefit of initiative. (3) PTV viewing by group not targeted by initiative -- ages 6-11 -- didn't improve. PBS's only new show for that school age group, *Where in the World Is Carmen Sandiego?*, "is coming up short," it concluded, attracting higher cume (8.3) from ages 2-5 than targeted 6-11 (7.0).

**Resolution seeking end** to programs that "seek to commercialize the classroom" and target students "who are a captive audience" was approved by delegates at National Education Assn. (NEA) convention in Washington last week. Target is Whittle Communications' Channel One. NEA Pres. Keith Geiger said he would write "strongly worded" letters to 12-min. weekday program's 20 advertisers. Whittle spokesman Jim Ritts defended program, which includes 2 min. of daily ads, terming it "probably the most significant example of school-business cooperation."

**CBS Evening News** has instituted policy requiring that "sound bites" of presidential candidates last at least 30 sec. N.Y. Times quoted CBS News Exec. Producer Erik Sorenson: "No more of those cute 8-second sound bites... What we're experimenting with is trying to get away from the sound-bite journalism that we have been criticized for... There is at least some validity to the criticism that you don't get to hear the candidates air it out on the evening newscasts."

**Multipoint Distribution Service (MDS)** grantees in Boston (WKL230) and Miami (WGW339) have been fined \$2,000 each by FCC for unauthorized construction. Commission also upheld its Common Carrier Bureau in denying extensions of construction permits for stations. Agency said both permittees failed to construct in "timely fashion" but proceeded with work after authorizations had expired.

**WCET Cincinnati** and Cincinnati Radio Reading Service (CRSS) stand to receive more than \$400,000 each from stock in Warner Cable's city franchise. Warner provided shares to numerous community organizations in 1980 as incentive for city to award it franchise. Warner recently ordered stock buyback at \$45,454 per share; CRSS holds 10 shares, WCET 9.

**President Bush signed bill** (S-756) to make copyright renewal automatic for additional 47 years for works copyrighted Jan. 1, 1964-Dec. 31, 1977. Holders had been required to file for renewal of protection on any copyrights that had been issued before 1978. Result for some, particularly in motion picture industry, has been loss of copyrights.

**TCI and city of Gillette**, Wyo., settled court dispute over city efforts at cable rate regulation, clearing way for it to renew TCI franchise for 15 years. Settlement calls for TCI to refund total of \$500,000 to Gillette cable subscribers who were overcharged in 18 months beginning Jan. 1, 1991. TCI also will upgrade system with fiber.

**Vyvx said it has linked** 16 independent video production facilities via its fiber network. It said network eventually should include 50 video production firms, major TV networks, CNN.

## Personals

House Commerce Committee Chmn. **Dingell** (D-Mich.) and FCC Comr. **Quello** are scheduled to appear on same panel Aug. 8 during Aug. 6-8 Mich. Assn. of Bestrs. convention, Treetops Sylvan Resort, Gaylord, Mich... NBC Entertainment Pres. **Warren Littlefield** elected HRTS pres., succeeding **Leslie Moonves**, Lorimar TV... **Julius Barnathan**, ex-CapCities/ABC, joins Mediatech as consultant.

**Ritajean Butterworth**, former NPR board member, confirmed by Senate as CPB board member... **John Grant** promoted to senior vp-national program service, PBS... **David Antman**, ex-Sierra Club, joins KQED San Francisco as dir.-special events, succeeding **Susan Cunningham**, who becomes mgr.-corporate events... **Robert Vaughan**, RTNDA vp, will receive 1992 Rob Downey Citation for "exceptional service."

**Alan Perris**, ex-Scripps Howard Productions, appointed senior vp, first-run programming, Columbia Pictures TV Distribution, new post... **Scott Pick** promoted to controller, Nostalgia TV... **Suzanne Morgan** advanced to producer-dir., NFL Films... **Douglas Oliver** promoted to vp-gen. mgr., WALB-TV Albany, Ga... **Elie Dekel** named vp-mktg., licensing and merchandising, Saban Entertainment... **Jean Leed**, ex-KCTS-TV Seattle, appointed vp-development, KTCA-TV St. Paul-Minneapolis... **Diane Keating** advanced to pres., Orion Pictures, succeeding **Robert Meyers**, resigned... **David McVie**, ex-C-Cor, joins Texscan Ltd. as gen. mgr... **Roger Smith** resigns as exec. vp, Caroleco, remains on board.

**Kenneth Bleakley**, State Dept. Bureau of Communications and Information Policy, leaves to become chmn. of **Comunicaciones** magazine, Miami, and pres. of First Personal Communications, Colo. Springs, Colo... **Richard Furlong** resigns as vp-communications, Group W Radio, to form **InterMedia Partners**, N.Y., with Group W as client... **Laura Galen** joins Nickelodeon as editor of new Nickelodeon magazine... **Samuel Holmgren** promoted to managing editor, Conus Communications' regional cooperatives... **Felice Gordon**, ex-Chris Beardie Entertainment, joins World International Entertainment as creative consultant.

Changes at SkyPix: **Howard Lefkowitz** named pres., SkyPix Joint Venture, succeeding **Richard Selvage**, who leaves company; **Michael Lasky** promoted to senior vp-programming. Also leaving SkyPix are **Steven Rand**, senior vp-sales; **Harry Bernstein**, senior vp-programming... **Steven Provost**, vp-public affairs, Ky. Fried Chicken, named dir.-communications and speech writing, White House... **Charles Feldman** promoted to vp-writer/publisher relations, N.Y., BMI... **Robert Lee** advanced to exec. vp-head of TV Div., Triad Artists... **Mark Hanner**, ex-KLAS-TV Las Vegas, appointed news dir., KYMA Yuma, Ariz.

## OBITUARIES

**Eric Sevareid**, 79, veteran CBS Radio and TV correspondent and commentator, died of stomach cancer July 9 in his Washington, D.C., home. He joined CBS in Aug. 1939, month before Germany invaded Poland, retired in

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1977. He covered World War II in European and Pacific theaters, as well as Vietnam. His broadcasts about hunt for Communists by late Sen. McCarthy (R-Wis.) during 1950s brought rebuttals by McCarthy partisans and he was denounced by Vice President Agnew in 1970 for his commentaries on Nixon Administration. Sevareid was reporter for Minneapolis Journal, graduating from U. of Minn. in 1935. Before joining CBS, he was reporter in Europe for Paris edition of N.Y. Herald Tribune and for United Press. He served 2 stints in CBS Washington bureau, one in London bureau, several years in N.Y. hq. Sevareid won 3 Peabody Awards, 2 Emmys. Wife, 3 sons, daughter survive.

**John F. Lynch**, 74, veteran journalist who served at all 3 TV networks, died of heart attack July 2 at Washington Adventist Hospital. He worked for various UPI bureaus in Midwest before joining NBC in 1951 as writer-producer on Today Show. Later, he became public affairs dir. at CBS before joining ABC in 1960 as producer in documentary unit. Lynch was advanced to chief of ABC Washington News bureau in 1965, remaining in post for 10 years until moving back to N.Y. as dir. of ABC political coverage. He retired in 1981 and for last 3 years has worked as volunteer at Best. Pioneers Library in Washington. Son, daughter survive.

WRH

# Consumer Electronics

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

## STATE OF THE INDUSTRY

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

	JUNE 20-26	1991 WEEK	% CHANGE	JUNE 13-19	25 WEEKS 1992	25 WEEKS 1991	% CHANGE
TOTAL COLOR.....	497,432	325,216	+53.0	365,417*	9,047,298	8,430,117	+ 7.3
DIRECT-VIEW...	486,034	320,424	+51.7	361,530*	8,903,429	8,305,037	+ 7.2
TV ONLY.....	471,228	308,231	+52.9	339,841	8,535,241	8,009,130	+ 6.6
TV/VCR COMBOS	14,806*	12,193	+21.4	21,689*	368,188*	295,907	+24.4
PROJECTION....	11,398*	4,792	+137.9	3,887	143,869*	125,080	+15.0
VCR DECKS.....	272,299	196,131	+38.8	172,139*	4,775,512	3,998,527	+19.4
CAMCORDERS.....	75,524	69,940	+ 8.0	51,777*	1,089,132*	1,071,264	+ 1.7
LASERDISC PLYRS#	12,860	3,516	+265.8	2,497	95,061	72,891	+30.4

Direct-view TV 5-week average: 1992--382,231; 1991--313,914 (up 21.8%).

VCR deck 5-week average: 1992--202,828; 1991--163,025 (up 24.4%).

Camcorder 5-week average: 1992--54,331; 1991--62,299 (down 12.8%).

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

# Includes combi players, excludes karaoke types.

**SET MAKERS SEE HDTVs WIDELY AVAILABLE IN 1996-1997:** Survey of all major TV manufacturers serving U.S. market concluded that HDTV receivers will be "generally available" under variety of brand names 2-1/2 to 3 years after FCC approves system, with some sets possibly ready as much as year before that.

Survey was conducted by Advanced TV Advisory Committee (ATAC) and confirmed group's estimate made in Jan. Results were presented by ATAC Vice Chmn. Merrill Weiss at recent meeting of ATAC subcommittee (TVD July 6 p5). Survey assumed FCC would release technical information at time of decision on system, now expected in late 1993. Weiss emphasized that manufacturers' estimates related to "time of general availability [of receivers] to consumers from multiple sources" -- not to date of shipment of "one set per showroom."

Survey covered 14 manufacturers, 12 of which have replied so far, including 3 that are system proponents -- presumably Philips, Thomson and Zenith -- and was designed to show when "real consumer market" for HDTV sets could begin. System proponents might have "6-9 month advantage in startup" over nonproponents, survey indicated, but one proponent (not a manufacturer) indicated availability could be speeded up by perhaps 6 months if component makers accepted risk of starting IC development before actual selection of system by FCC. According to current schedule, recommendation of system to FCC on basis of tests by Advanced TV Test Center is due about next Feb.

Nonproponent manufacturers that develop own ICs might have 3-month lead time over those that buy them from vendor, survey indicated. In his presentation, Weiss noted that one manufacturer -- presumably Toshiba -- was quoted in press as saying it would have HDTV receiver within year after winning system is named (TVD April 20 p18). However, same company supported more conservative ATAC estimate of 2-1/2 to 3 years in its response to survey.

**WEST COAST IS CAMCORDER COUNTRY:** New EIA geographical sales figures show 5 Pacific states accounted for 20% of all camcorder sales last year and constituted only region to show increase in purchases of color TV sets in 1991 over 1990.

EIA data on sales by region break out camcorders from VCR decks for first time, showing hot and cold camcorder areas. Pacific states (Cal., Ore., Wash, Alaska, Hawaii) shine in virtually all respects. In addition

to taking one of every 5 camcorders sold here, they represented 17.3% of color TV sets and 18.5% of VCR deck sales. In color TV, they showed 2.8% increase in actual unit sales over 1990, year when nationwide noninstitutional sales were down 3.1%.

Only other region where camcorder sales were significantly higher than color TV was S. Atlantic, where 17.1% of camcorders and 16.1% of TVs were sold last year. But South was split -- western portion (Ark., La., Okla., Tex.) sold 11.1% of color sets but only 10% of camcorders. Colder N. Central area accounted for 23.6% of color TVs and 23.1% of VCRs, but only 22% of camcorders.

Because EIA split camcorders from VCR decks in geographical breakdown for first time last year, only color TV has basis for year-to-year comparison. In areas other than Pacific states, regions followed national trend of decline in color TV sales. In 5 years, momentum of industry, like population, has drifted westward. Looking at percentage of color TV sales in 1986 vs. 1991, Northeast region dropped to 23.6% from 24.5%, N. Central to 23.6% from 24.6%. However, West jumped to 21.7% from 19.4% (Pacific states going to 17.3% from 15%) and South moved slightly upward to 31.7% from 31.3%.

Here are regional sales as percentage of total for color TV, VCRs and camcorders, from EIA Marketing Services Dept.'s Electronic Market Data Book:

Section	Color TV		VCRs 1991	Camcorders 1991
	1991	1990		
<b>Northeast</b>	<b>23.6%</b>	<b>23.3%</b>	<b>23.6%</b>	<b>23.0%</b>
Middle Atlantic	17.0	17.4	17.6	17.1
New England	6.0	5.9	6.0	5.9
<b>South</b>	<b>31.7</b>	<b>32.6</b>	<b>30.3</b>	<b>30.9</b>
South Atlantic	16.1	16.5	16.1	17.1
East South Central	4.5	4.5	4.1	3.8
West South Central	11.1	11.6	10.1	10.0
<b>North Central</b>	<b>23.6</b>	<b>23.4</b>	<b>23.1</b>	<b>22.0</b>
East North Central	17.3	17.1	17.0	15.9
West North Central	6.3	6.3	6.1	6.1
<b>West</b>	<b>21.7</b>	<b>20.6</b>	<b>23.0</b>	<b>24.1</b>
Mountain	4.4	4.3	4.5	4.1
Pacific	17.3	16.3	18.5	20.0

**Northeast:**

  Middle Atlantic -- N.Y., N.J., Pa.  
  New England -- Me., Vt., N.H., Mass., R.I., Conn.

**South**

  South Atlantic -- Md., D.C., Del., Va., W.Va., N.C., S.C., Ga., Fla.  
  East South Central -- Ky., Tenn., Ala., Miss.  
  West South Central -- Ark., La., Okla., Tex.

**North Central**

  East North Central -- Ohio, Ind., Mich., Ill., Wis.  
  West North Central -- Minn., Ia., Mo., N.D., S.D., Neb., Kan.

**West**

  Mountain -- Mont., Ida., Wyo., Utah, Colo., Nev., N.M., Ariz.  
  Pacific -- Wash., Ore., Cal., Alaska, Hawaii

Total TVs (excl. institutional): 1991 -- 19,464,018. 1990 -- 20,096,424.

Total VCRs: 1991 -- 10,718,336. Total camcorders: 1991 -- 2,864,395.

**SILO'S \$32.6-MILLION LOSS DRAGS DIXONS DOWN:** Parent Dixons Group reported last week that Silo suffered \$32.6-million (£16.9 million) operating loss in fiscal year ended May 2 despite 4.8% sales increase to \$1.01 billion; comparable-store sales were off 3%. In preceding year, Silo had £3.9-million operating profit (\$7.5 million at current exchange rate of £1 to \$1.93). Dixons said Silo's comparable-store sales for first 9 weeks of new year (through July 4) also were down.

Silo Pres. Robert Sirkis said that in particular "the entire western third of the country is rough," with L.A. market showing negative comparable-store sales. He said that Silo is projecting for "flat" year in

sales. "We're starting to see some light at the end of the tunnel. It's not a powerful, bright light, more of a glimmer," he said. He also stressed that "our increases are profitable in general. We've paid a great deal of attention to improving margins." In statement accompanying earnings report, Dixons said it expects "Silo to reduce its losses, even if the market remains flat."

In discussing Silo's "disappointing" year, Dixons said comparable-store decreases "in most brown goods categories" more than offset gains in appliances and home office products. "Profitability was affected not only by lower like-for-like sales but also by decreases in trading margin and higher advertising costs, particularly over the Christmas trading period," company said, also citing weakness of economy and hot competition in Cal. market. Dixons said that "vigorous action is being taken to restore Silo to profitability," declaring that "many of the issues faced by Silo are similar to those which have been successfully resolved over the past 3 years in the U.K."

Report comes month after Dixons Managing Dir. John Clare told Silo suppliers at Consumer Electronics Show that "Dixons is 100% committed to Silo... and to success in the U.S." He admitted that "in the last year, the business has turned from being profitable to one that has generated a substantial loss. Realistically, it may be some time before we will see a decent return on our investment. You would be forgiven for questioning Dixons' long-term commitment to Silo." At same session, Sirkis described turnaround effort as "long, difficult journey, but Silo has both the will and the financial resources to complete it. While other retailers fall by the wayside, Silo will be here next year, and we will be here in 50 years."

Sirkis outlined range of measures (current and future) including "centralization and consolidation of our field organization," changing sales staffs' pay system "so they are compensated for providing the highest levels of customer satisfaction, rather than simply making deals." He told us last week that company still is searching for compensation plan that achieves "the right balance" between encouraging salespeople to sell new technology and ensuring that they satisfy customers who come in seeking lower margin goods. At CES gathering, he also outlined variety of merchandising tests, including in-store repair centers that offer "immediate on-site repairs during all hours the stores are open."

Silo's results stand in stark contrast to performance of Dixons U.K. retail operations, which generated 33% increase in operating income to £71.9 million (\$138.7 million) as sales gained 10.7% to £1.2 billion (\$2.32 billion). Increased profitability was credited mainly to continued superstore expansion within Currys chain, along with expansion of videogame hardware and software and business electronics within Dixons stores. Overall, Silo's losses combined with declines in its real estate businesses sent Dixons to 14% decline in pretax profits on 9.9% revenue increase (see financial table). Chmn. Stanley Kalms said company "achieved a satisfactory overall performance in a year when all our markets were adversely affected by recession. There are as yet no real signs of any sustained economic upturn, but we remain in a strong position to benefit from recovery."

\* \* \* \* \*

Continued sluggishness in retail marketplace is reflected in June retail sales results reported by major public companies. For electronics and appliance dealers, situation was exacerbated by cool weather through much of country, which depressed sales of air conditioners and refrigerators.

Circuit City report that comparable-store sales rose only 2% helped send stock plummeting 3 points July 7 to 28-1/8. Total sales for month increased 12% to \$227.5 million. Pres.-CEO Richard Sharp said that fewer new store openings in first half of current year were keeping overall sales gains down and that "economic and competitive environments remain challenging."

Best Buy said comparable-store sales for 5 weeks to July 4 (not including 7 stores that were being remodeled last June) rose 14% for month as total sales jumped 48% to \$102 million. For first 4 months of fiscal year, sales rose 48% to \$349 million, with comparable stores up 16%. Company opened 74th store (first of current fiscal year) June 26 in Amarillo, Tex.

Audio/Video Affiliates blamed depressed sales of air conditioners for 3.2% comparable-store increase as total sales rose 6.9% to \$14.6 million. Company said that if air conditioners were factored out, sales for month would have increased 17.7%, with comparable stores up 6.1%.

The Good Guys posted 2% comparable-store sales drop in 3rd quarter ended June 30, blaming effects of unrest in L.A. and San Francisco area for half of decline. Chain's total sales in quarter rose 17.9% to \$114.8 million; for first 3 quarters, 3% comparable-store gains helped boost total sales 21.5% to \$384.1 million. Pres. Robert Gunst earlier warned that weak sales and closing of San Jose clearance center would hurt earnings (TVD June 8 p20), which will be announced later.

**HOLLERAN IN AT EMERSON:** With "no secrets, no hidden agenda," new Emerson Radio Pres. Martin Holleran promised stockholders to bring company back on course without deviating from its high-value mass-market niche. Holleran, former pres. of Thomson Consumer Electronics Sales & Mktg. Co.—Americas, took over as pres. at annual meeting last week in Elizabeth, N.J., after Emerson management dropped opposition to takeover by Fidena Investment (TVD June 29 p11).

Holleran and fellow board member Eugene Davis, Dallas attorney, shared chair at meeting after outgoing Chmn.—Pres.—CEO Gerald Zarin turned over gavel to Davis before actual vote that formally elected new 7-member board. Board was enlarged to 11 following shareholder meeting (for names of new board and officers, see Consumer Electronics Personals).

Noting that Emerson was suffering from "external and internal problems," Holleran said there was "no blame -- our job is to fix it." He noted that economy and industry conditions have been "tough on everyone," including large companies, but are "beginning to get better." He promised Emerson would focus attention "on the marketplace, not on the boardroom."

Holleran saw company facing "unique opportunity for the '90s," with "strong brand, \$800 million in [annual] sales and a good product." He said: "The substance in this company is terrific. We're going to put fun back in the business." He said he would be taking detailed look at company's business plan within next few weeks, and in answer to question from floor expressed belief that consumer electronics industry will be strong for rest of year.

Holleran indicated he would go slow before changing Emerson product or policies, although he said there was possibility company would return to camcorder market, which it left some time ago. He noted that company's biggest customers are Wal-Mart and K mart and that it also serves Service Merchandise, Target, Walgreen and other mass-market and catalog houses. "One of our major strengths," he said, "is the ability to ship directly from the Far East [to retailers] in container loads." He foresaw eventual ability "to electronically connect our factories in the Far East with retailers' cash registers."

Responding to stockholder questions, Holleran denied Emerson had poor satisfaction rate on repairs: "From working with the competition, I think Emerson had a pretty good repair record." Asked about HDTV, he said: "That's the high end of the business, not our category" at start, which "will not be a product until the mid-'90s. For the short term, not in our plans."

Davis fielded questions on corporate matters, enumerating goals as "good product, restoring our reputation, high stock price." He promised "open dialog" with stockholders, special phone line for shareholder information. He conceded stockholders' equity currently is "less than zero." Asked about previous management's last-min. sale of shares to Far Eastern suppliers, Davis said: "We welcome them [as important stockholders]. They made the investment in good faith... We have a long history with those people" as company suppliers.

Before meeting, Emerson announced that company's lenders had said they were willing to continue to negotiate restructuring of its debt despite June 30 expiration of commitments to do so. In Holleran's first week, he met with all banks and creditors and had "morale-boosting" orientation meeting with all employes. Next on schedule, as he outlined to us: Call on key customers.

**MATHES REORGANIZATION:** Trustee Jason Searcy, Longview, Tex., attorney, last week filed reorganization plan for Curtis Mathes (CM) under Chapter 11 of Bankruptcy Act. Plan, which envisions infusion of \$2.3 million in new capital, is being sent to creditors for vote. "We've already talked with the main players," Searcy told us, "and we believe we've solved 99% of the problems."

Under plan, Athens, Tex., technical services company WRC (Whitaker Repair Co.) eventually will own 80% of CM, private citizen Carmack Watkins other 20%. WRC, which has 100 test stations and handles repair work largely on CM products -- and is composed primarily of technicians who formerly worked for CM -- was only bidder after pullout of Stratos Computer.

"Dealers now realize this company is indeed going to exist," CM Exec. Vp Horace Kelton said. Major stumbling block, warranty plan, has been resolved, he said. "We're very encouraged." He said more than 300 of CM's 600 dealers, including all major accounts, attended recent national dealer meeting at which proposal was explained. He said dealers were relieved that warranty and financing questions had been addressed by ITT Finance Co. court-approved plan to finance inventory and provide credit for both sale and rental dealers, and by WRC.

WRC is headed by Gary Whitaker, who referred all inquiries to Kelton. Said Kelton: "We're encouraged." Results of creditors' vote are expected in about 2 months.

**Nintendo is appealing U.S. Dist. Court, San Francisco, award of \$15 million in damages to Lewis Galoob Toys in case involving Game Genie videogame enhancer.** Nintendo already is appealing 2 earlier judgments that device doesn't infringe on its copyrights, as it had charged. Award of damages comes from \$15-million bond Nintendo had posted after it won preliminary injunction (subsequently lifted) that kept Galoob from marketing Game Genie during 1990 Christmas season through following July. Nintendo Senior Vp Howard Lincoln, noting continuing appeal of copyright decision, complained that in awarding damages, judge "accepted speculative estimates of lost sales and lost profits offered by Galoob, while rejecting evidence presented by Nintendo, including the testimony of an expert economist, who concluded that Galoob had failed to prove that it had lost any sales of Game Genie due to the preliminary injunction."

**New Video Walkman**, replacing Sony's low-end LCD TV/VCR combo, will be introduced in U.S. in Oct. at \$1,200, later in Japan. It has 4" active matrix color screen, records and plays in hi-fi stereo, can play back Hi8 tapes in normal resolution. More compact than predecessor, it has detachable tuner with 6-event one-month timer. It weighs 2-1/2 lb. New 1-lb. Color Watchman with 3" LCD screen has alarm clock, digital tuning AM/FM stereo radio with 20 station presets, on-screen indicators, will list at \$450 in fall. Data Discman with larger 4" screen, audio and automatic page scrolling will be \$379 with 8-language travel translator and \$449 with translator and Grolier encyclopedia.

#### THIS WEEK'S YEN RATE

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

**THOMSON'S U.K. DECLINE:** French parent Thomson Consumer Electronics (TCE) has taken over in attempt to stem decline of U.K.'s once-mighty Ferguson, and some distressing statistics were aired last week at first media briefing by new management team.

Thierry Robin, new managing dir., admitted Ferguson has been losing money ever since Thomson acquired it from Thorn EMI in 1987, that annual sales have declined 77% from about \$630 million to \$144 million and that Ferguson has dropped from U.K. market share leader to No. 4 with 7% share.

As Ferguson is drawn more closely into Thomson orbit, new logo on sets and in advertising reads "Ferguson -- Thomson Technology," similar to change TCE wrought in labeling of Nordmende sets in Germany last year. Robin said company won't drop Ferguson name. "It would be crazy to get rid of a name for which we paid £90 million" (\$162 million), he said.

"We will not be profitable in 1992," Robin said. Explaining takeover by Paris hq, he said: "I admit that TCE has not been getting the right information from the U.K. That is why we have reshaped the company." That has included getting rid of PR dept. and giving job to Product & Mktg. Dir. Philippe Aigle ("we only get 2 or 3 press calls a day," Robin said). Robin reassured British media that only 2% of staff is French, but 3 of 4 managers at briefing were French, with representative from Paris hq sitting in.

Ferguson will introduce 30W" (32" U.K. size) widescreen 16:9 TV set in late fall at around \$2,880 without D2-MAC decoder, Robin said. He said 34W" set introduced last spring at about \$6,000 has been withdrawn as too expensive. He revealed that only 4 were sold -- all to dealers, none to consumers. One key dealer canceled order for 100, so Thomson stopped production run, and they will be made to order in future, with none available for widely touted HDTV summer Olympics coverage.

Robin indicated TCE has cut back drastically on plans for public viewing of Olympic HDTV broadcasts, now plans only 10 receivers in whole country, only 5 in public places -- in retail outlets -- with no national advertising. Move follows decision by Philips to cut back on public exhibition of HDTV Olympic broadcasts because of concern over picture quality. Robin admitted that engineers were working to improve quality -- "HD-MAC has to be improved, we know that."

Philips is very bullish on widescreen in U.K. Executives said last week they have 16:9 sets at 100-200 dealers and have sold several hundred. Company, which is offering 2 direct-view sizes in U.K., announced it will have special 16:9 viewing areas at major stores, where Fox Video widescreen movies will be displayed and sold. It said Fox Video will include Philips clip plugging widescreen on new sellthrough titles.

\* \* \* \* \*

**Grundig reported loss of \$12.5 million for year ended last March and announced it will cut European work force by 3,000 because of poor consumer electronics business. Sales in its Home Entertainment Div. declined 9% last year. Most job losses will be in Germany, at Nuremberg TV plant and Fuerth component factory. At end of 1991, some 60% of company's 21,000 workers were in Germany, but employment has been increasing in lower cost areas, including Portugal and Malaysia. Grundig has closed Barcelona TV factory. Company is consolidating its European video production with that of biggest stockholder Philips, moving VCR output from Nuremberg to Philips plant in Vienna (TVD March 30 p16).**

**SHARP MOVES TO 16:9:** Introducing lowest priced 16:9 widescreen TV on domestic Japanese market, Sharp last week announced it gradually will switch to widescreen aspect ratio for all sets with screens 27" and larger, shifting production from standard 4:3 aspect ratio.

Sharp's 26W" set carries Japanese domestic market suggested price of 255,000 yen (\$2,050 at current exchange rate), including satellite tuner. It's designed for NTSC programs only, has no MUSE/NTSC converter, uses flat-faced picture tube sourced from Hitachi. Company plans to produce 10,000 monthly, currently has no plans to export set.

TV-Video Systems Group Gen. Mgr. Magohiko Aramoto said 26W" gradually will replace conventional 27" NTSC sets in Sharp line and forecast that half of Japanese domestic shipments of sets over 27" would be widescreen sets by next March. Company sees 300,000 widescreen sets out of total 2,060,000 domestic shipments in year ending March 1993, growing to 800,000 widescreen units in year ending March 1994.

Although industry had expected Sharp to introduce low-priced full-featured HDTV receiver to compete with Sony's \$9,600 model (TVD June 15 p17), Aramoto said company will continue to push its "simplified" Hi-Vision model at about \$8,000 (TVD April 13 p14), of which it had sold just over 4,000 as of July 1.

**Note:** Widescreen (16:9) TV sets are identified in our pages with "W" suffix after screen size (example, 26W") to avoid confusion with 4:3 sets. Screen size is viewable diagonal (as required in U.S. measurements) unless otherwise identified. Virtually all other countries use overall diagonal measurement, which generally adds 1" to smaller sizes, 2" to larger ones (thus, 26W" is identified in Japan as 28" widescreen, and standard 27" is called 29"). We hope industry will adopt "W" suffix as it did "V," which we pioneered in 1966, when FTC rule required U.S. nomenclature to switch from overall to viewable diagonal (TVD Dec 26/66).

**CAPTION TV PRINTER:** Who in the world would want a printer for closed captions? Charles Azar, pres. of niche marketer Instant Replay, says he's responding to popular demand with closed-caption VCR with series and parallel ports for attaching computer printer. VCR will be marketed starting next month at \$895, to be followed by low-cost dot matrix printer that he hopes to sell for around \$100.

Caption Writer, built around Matsushita VCR, adds printing capability to closed-caption decoder using any computer printer. VCR's timer can be set to record programs with or without captions, can print out captions from tape or TV, and can be set to print out captions only without recording program. Among suggested uses, Azar said: (1) Printing out news programs for quickly scanned summary of what is on each network newscast. (2) Permitting TV critics and others who must follow programs to scan subject matter before deciding what to view. (3) Providing record of what was on TV on any channel at any time. (4) Recording C-SPAN captions to provide "instant Congressional Record."

Azar said he got idea from educators who had bought closed-caption VCRs from Instant Replay and told him they were copying captions on typewriter for classroom use. Because of narrow width of captions, tractor-feed printer conserves paper by printing 2 columns on page. Instant Replay made its name selling standards-converting and multistandard VCRs -- 800-749-8779.

**U.K. VCR/GAME RECALL?** Virtually every VCR, videogame and satellite receiver in U.K. may have to be retuned, modified or exchanged as result of classic booboo by Britain's Independent TV Commission (ITC).

Prospective applicants for new commercial 5th channel (network) have found that frequencies for prospective stations are close enough to interfere with those used to connect video devices to TV set antenna terminals. After long silence, ITC decreed that winning applicant must modify all such devices. Gradually, most applicants (including consortia with Sony and Time Warner as participants) dropped out.

By July 7 deadline, only one applicant remained -- consortium led by Thames TV. That group promised to unleash army of 2,000 technicians to modify devices in U.K. homes, at estimated cost of £75 million (about \$135 million). Some industry sources say figure is much too low, estimating that it will be closer to £500 million (\$900 million). Estimate is based on fact that at least 10 million homes will be involved, and that by 1994 home service calls will average about £50.

In July 7 news release, consortium said Britain's largest TV rental companies -- Thorn U.K. Rentals and Granada Rentals -- will handle "retuning" project. Thorn U.K. Rentals is subsidiary of Thames TV. Thames TV revealed it plans to send technicians literally door to door with signal generators and modification equipment before new stations go on air -- starting in London, which is scheduled to be first area to have a 5th channel station.

There's some agitation to solve problem by waiting for arrival of digital transmission technology. Signals then can be transmitted at low power on unused "taboo" channels between existing PAL channels without risk of interference. ITC has asked for comments on application of consortium, Ch. 5 Holdings Ltd. Award of application, if any, will be made by Nov.

**FRANKLIN DIGITAL BOOK:** Electronic reference device that uses interchangeable 10 Mb ROM cards is expected to be shipped in fall by Franklin Electronic Publishers to retail for less than \$300. Digital Book System (DBS) will measure 5x3-1/4x1-1/2" and weigh about 5 oz. with lithium battery. Device has QWERTY keyboard, 5-line LCD display, can handle 2 ROM cards simultaneously.

First version will be sold with 3 cards -- dictionary and thesaurus, word game, database of 7,000 movies available on videotape. Franklin spokeswoman declined to reveal specific software licensing agreements. Company expects to have 5-6 other cards available by Jan. 30, 50 by end of 1993.

In presentation to N.Y. Society of Security Analysts, Chmn. Morton David called introduction of DBS device company's most important product launch in 3 years. He said that in first quarter ended June 30, sales of company's range of electronic books would be up more than 60% over last year's quarter, highlighted by strong sales of pocket Big League Baseball Encyclopedia. He said earnings for quarter would exceed analysts' estimates of 9¢ per share.

First 3-CCD 8mm consumer camcorder will be introduced in Japan by Sony Sept. 1. Handycam PRO, priced at \$2,800, will have three 1/3" CCDs, one for each primary color, each with effective resolution of 380,000 pixels. With 12X zoom lens, camcorder weighs 3.3 lb. without battery and tape.

**U.S. ELECTRONICS SALES UP 5%:** U.S. factory sales of electronics equipment, components and related products rose 5% in first half of 1992 to \$138.2 million, according to Electronic Industries Assn. (EIA) Mktg. Services Dept. Consumer electronics sector showed largest percentage increase, although it remains 2nd smallest sector tracked. Only sector that declined was "Other Communications" equipment, which includes specialized and defense-related communications devices.

EIA Pres. Peter McCloskey said growth was good "despite some recent negative national economic indicators. Based on current inventory levels, we have good reason to be guardedly optimistic for a continued pickup in production for the 2nd half." Here's breakdown compiled by EIA from Commerce Dept. reports:

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

Sector	6 Mo. 1992	6 Mo. 1991	% Change
Components.....	28,556	27,810	+ 2.7
Consumer electronics...	4,811	4,067	+18.3
Telecommunications....	18,435	16,948	+ 8.8
Other communications...	14,689	15,550	- 5.5
Computers & peripherals	28,019	25,064	+11.8
Industrial electronics.	12,231	12,031	+ 1.7
Electromedical equip...	3,880	3,715	+ 4.4
Other related.....	<u>27,581</u>	<u>26,381</u>	+ 4.5
<b>TOTAL.....</b>	<b>\$138,202</b>	<b>\$131,566</b>	+ 5.0

**Multimedia Notes:** Packard Bell will bundle series of computers with 7 Disney Software children's titles and Disney's Sound Source low-end speaker system that plugs in through computer's printer port. Speakers normally retail for about \$20, produce sound comparable to AM radio... In new annual report, Electronic Arts said it hopes "to publish our first CD products in the worlds of 'infortainment' and 'edutainment.'" Company formed CD Group in Feb. to develop CD-ROM software... Matsushita plans to help finance production of CD-I software in Japan, Tokyo press report said. It said Matsushita will give financial backing and set up mechanism to purchase finished programs.

**Eduard Rhein Prize** for contributions to consumer electronics technology in 1992 was awarded to Philips' Abram Hoogendoorn and his team for developing Digital Compact Cassette (DCC) system. Prize carries stipend of 100,000 DM (about \$66,000). Runners-up were Eastman Kodak for Photo CD and Prof. Rudolf Hell for Hellschreiber communications system.

Spokesman for Matsushita counsel issued statement last week saying company "confirms it has signed licensing agreements with Zenith Electronics Corp. on the Zenith patents relating to cable-compatible tuning systems." Spokesman in Japan said earlier that though companies had talked, no agreements had been signed (TVD July 6 p13).

Philips now owns 7.5% of Blockbuster Entertainment after exercising option to buy 5 million shares of stock at \$11 per share, spokesman for chain said. Transaction took place on June 30 deadline, when stock closed at \$13.125. Price to Philips would have gone up to \$12 on July 1.

## Consumer Electronics Personals

**Taizo Nishimuro**, who served in variety of posts at Toshiba America Inc. (TAI) in 1965-1979, including vp-gen. mgr., consumer products, returns to U.S. in new position of vice chmn. of TAI and board member of TA Information Systems, TA Medical Systems and TA Electronic Components; he also will be chmn. of TA Entertainment Inc., new subsidiary of parent Toshiba Corp., overseeing Toshiba's relationship with Time Warner and C. Itoh, spending most of time in Irvine, Cal., but with office in N.Y. He's member of board of parent Toshiba Corp. and most recently was gen. mgr. of Overseas Operations Promotion Div.

**Matt Omoto** promoted to Quasar gen. mgr. for electronics products; **John Monaco** becomes gen. mgr., appliances and communications products; **Robert Denley**, ex-Northern Telecom, joins as personnel mgr... **Tom Mitchko** named Memtek national sales mgr. for consumer products... **Jeffrey Morgen** promoted to PolyGram Video vp-finance and administration... Named Fujix field product specialists at Fuji: **Brian Barry**, account rep in Photo Products Div., who will work out of Norcross, Ga., and **Tony Panzica**, ex-Circuit City and Philips, who will work out of Cypress, Cal... **M.R.H. de Bruin** named gen. mgr. of Philips activities in Italy, succeeding **A. Cervi**, who's leaving company; de Bruin will be succeeded as Philips Mexico gen. mgr. by **C.T. Dullaert**, currently gen. mgr. for Pakistan.

**Martin Holleran**, ex-Thomson Consumer Electronics, elected pres., COO and a dir. of Emerson Radio. Also elected to board: **Donald Stelling**, Fidenas Investment, chmn.; Fidenas Pres. **Gottfried Jurick**, CEO; Dallas attorney **Eugene Davis**; **Robert Brown**, senior vp, Rauscher Pierce Refsnes, Dallas; **Archie McGill**, pres. of Chardonnay Inc., Vail, Colo.; **Raymond Steele**, exec. vp, Pacholder Assoc., Cincinnati. Appointed to Emerson board: Investment consultant **Peter Bunger**; Switzerland-based Fidenas financier **Jerome Farnum**; Fidenas International Bank Pres. **Colin Honess**; **Lenard Tessler**, TGV Partners. **Alex Wijnen**, ex-Harman International Consumer Electronics Group pres., is Emerson senior vp. **Gerald Zarin**, formerly chmn., pres. and CEO, will be consultant for 6 months; **Donald Dvorkin**, former vice chmn., continues as exec. vp.

**Cathy Mantegna-Scott**, ex-Strand Home Video and Fries Home Video, joins Best Film & Video as mktg. dir... Culture Convenience Club of Japan appoints **Steve Berns** pres.-CEO of its new SMI unit to develop video rental and sale departments in N. American supermarkets... Waste Management International Exec. Vp **Greg Fairbanks** resigns to become Blockbuster Entertainment senior vp-chief financial officer... **Sally Smith** advanced to LIVE Home Video production and acquisitions vp... **Roger Smith** resigns as Carolco exec. vp but will remain on boards of company and its 49.9%-owned LIVE subsidiary; there are no plans to fill his post... **Diane Keating** promoted to Orion Pictures International pres.

**Mitsubishi** will make Trinitron tubes for computer monitors under license and know-how pact from Sony. License doesn't cover tubes for TV sets. Mitsubishi will add new production lines at Kyoto tube plant with annual capacity of 500,000, producing 21" (overall diagonal) monitors starting in Feb. and 17" (overall) by next summer, with first-year Trinitron production at 100,000-150,000. Nikkei said Mitsubishi is paying Sony \$16-\$24 million (2-3 billion yen) for license. Mitsubishi thus will be first non-Sony company to manufacture Trinitrons.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>Acclaim Entertainment</b> 1992-9 mo. to May 31	137,233,000	8,758,000	.37
1991-9 mo. to May 31	87,512,000	(6,344,000)	--
1992-qtr. to May 31	45,984,000	2,527,000	.10
1991-qtr. to May 31	16,350,000	(6,822,000)	--
<b>Adelphia Communications</b> 1992-yr. to Mar. 31	276,715,000	(121,605,000)	--
1991-yr. to Mar. 31	250,182,000	(141,360,000)	--
1992-qtr. to Mar. 31	71,407,000	(19,597,000)	--
1991-qtr. to Mar. 31	65,991,000	(40,585,000)	--a
<b>Audiovox</b> 1992-6 mo. to May 31	160,202,000	2,722,000	.30b
1991-6 mo. to May 31	150,970,000	(1,454,000)	--
1992-qtr. to May 31	82,971,000	1,703,000	.19b
1991-qtr. to May 31	80,040,000	(1,545,000)	--
<b>CBS</b> 1992-6 mo. to June 30	1,863,200,000	88,700,000	5.75
1991-6 mo. to June 30	1,472,000,000	73,900,000	4.29
1992-qtr. to June 30	780,600,000	70,100,000	4.53
1991-qtr. to June 30	710,000,000	50,600,000	3.31
<b>Dixons Group</b> <sup>c</sup> 1992-53 wk. to May 2	3,594,080,000	67,340,000	.18
1991-52 wk. to Apr. 27	3,270,503,000	111,718,000	.24
<b>Media General</b> 1992-26 wk. to June 28	288,760,000	9,126,000	.35
1991-26 wk. to June 30	295,684,000	7,514,000	.29
1992-13 wk. to June 28	147,093,000	6,378,000	.24
1991-13 wk. to June 30	150,130,000	5,127,000	.20
<b>Raytheon</b> 1992-6 mo. to June 30	4,449,000,000	309,100,000	2.30
1991-6 mo. to June 30	4,610,000,000	285,600,000	2.17d
1992-qtr. to June 30	2,321,000,000	165,600,000	1.23
1991-qtr. to June 30	2,357,000,000	151,900,000	1.15d
<b>Sun Television &amp; Appliances</b> 1992-qtr. to May 31	70,261,000	1,238,000	.17
1991-qtr. to May 31	50,180,000	784,000	.15

Notes: <sup>a</sup>Restated. <sup>b</sup>Includes special credit. <sup>c</sup>At 1.93 pounds = \$1. <sup>d</sup>Adjusted.

**Selection of Sen. Gore** (D-Tenn.) as vice presidential running mate to Bill Clinton (see separate story in Best section) gives music copyright interests longstanding friend on Democratic ticket. As member of Senate Communications Subcommittee, Gore spearheaded defeat of SCMS bill in last Congress during June 1990 hearing at which music publishers and songwriters argued that Athens agreement on which legislation was based was flawed because it lacked royalty provision and parties didn't participate in discussions. Year ago, Gore, longtime proponent of royalties on home copying, issued news release praising introduction of Audio Home Recording Act and noting that as result of his efforts "the music industry and the audio equipment manufacturers were forced to negotiate, recently reaching an agreement that is reflected in the legislation being introduced."

"**Superstars of marketing**," who created Advertising Age's 100 top marketing successes, as listed in July 6 issue, include Bob Greenburg, Panasonic vp-gen. mgr., communications, cited for comeback of VHS-C geared to advertising question, "Will it play in my VCR?" Also cited for top marketing campaigns are Blockbuster Vp-Gen. Mds. Mgr. Carol Feinberg for changing face of video rental business; Buena Vista Home Video Mktg. Vp Ann Daly for building video "brand name" by releasing Disney classics and creating sellthrough market.

# TELEVISION DIGEST®

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

With Consumer Electronics

JULY 20, 1992

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**FCC CRACKS VDT DOOR:** Video dial tone gives telcos part of what they want. Congressional action needed for rest. Program ownership increased. Telcos not overwhelmed. Cable bill impact likely. (P. 1)

**HDTV SLATED FOR UHF:** FCC says only UHF channels will be used. VHF band would be cleared after transition. Draft allotment plan sees enough HDTV channels for all. (P. 3)

**NBC OLYMPIC LOSSES SMALL?** Promotional value could offset losses, with breakeven possible. TripleCast sales seen likely to be well below projection, but cable operators are happy. (P. 4)

**AFFILIATES TO HIT CBS** on compensation cuts. Meeting this week in Chicago to be attended by network's Stringer, Malara, Michaels. Tisch charged with taking 'hard line' with his 'heels dug in.' Stringer said to be 'frustrated.' (P. 5)

**IBM TO USE ROGERS** cable system to test 1-GBPS switching. Data network seen as precursor to switched video for home use. BellSouth test also planned. (P. 5)

**CONVENTION COVERAGE ASSESSED:** Truncated network reporting still is ratings loser in face of popular Fox counterprogramming. (P. 6)

**PROFITS UP AT NBC, TW:** Double digit growth at network despite flat revenue. Cost controls cited. TW cable profits set record. Scripps-Howard, United TV up. (P. 7)

**FCC CRACKS OPEN VDT DOOR:** FCC's video dial tone (VDT) decision July 16 gave telcos half of what they said they needed to make VDT viable -- and Commission asked Congress to give telcos other half. However, congressional action on telco-cable cross-ownership ban is considered virtually impossible this year, although agency decision was seen as providing political cover for expected veto of cable deregulation bill and ammunition for drive for legislation by opponents, who see procompetitive policy as solution to cable "problem." Industry reactions to decision were muted, although FCC commissioners said decision on VDT, along with others on Personal Communications Networks, HDTV and FM licensing (see separate stories, this issue) added up to "landmark" meeting that would shape telecommunications for years.

In VDT decision, Commission voted to allow telcos to carry video signals on common carrier basis, provide some enhanced services and own up to 5% of video programmers (from current 1%). It also confirmed earlier decision that telcos don't need local franchise for VDT (TVD Oct 28 p1), expanded telcos' ability to buy cable systems in small communities and refused to allow telcos to buy cable systems in their service areas (although build/leaseback deals still would be allowed). FCC recommended that Congress repeal telco-cable cross-ownership provision that prohibits telcos from owning program services, and proposed to make it easier for telcos to build cable systems in small towns. Votes were unanimous except

### Consumer Electronics

**BASTIAENS JOINING APPLE** as head of Personal Interactive Electronics Div., leaving Philips after years as driving force behind CD-I system. (P. 12)

**VCR, PROJECTION TV STARRED** in first-half sales, with latter maintaining record pace. All categories except camcorders ahead of last year's rate. (P. 13)

**ROYALTIES LIMIT ZENITH LOSS** in 2nd quarter, with \$13 million related to patents for cable-ready tuning system helping cut loss 44%. (P. 14)

**WIDESCREEN TUBE OUTPUT** in Europe could total 200,000 this year. Philips and Thomson now in production. Philips 16:9 sets in U.S. this year. (P. 15)

**AUDIO COMPONENTS DROOPED** in May, dragging all audio sales down 5.2% in dollars for month. Total sales up 4.6% in first 5 months, EIA says. (P. 15)

**TAIWAN'S TRYING TO REVERSE** consumer electronics slide, as high labor costs have hurt exports and lack of import controls hurt domestic market. (P. 16)

**CONSUMERS LIKED CES,** EIA survey of attendees shows. Computer is most widely sought electronic product. (P. 16)

**ZENITH HDTV DEMONSTRATED** at Democratic Convention, with feeds from convention floor shown on 50" projection, 34W" tube, 17" FTM monitor. (P. 16)

for 5% ownership limit -- Duggan and Quello opposed increase -- and recommendation to Congress on telco-cable cross-ownership, which Duggan opposed. Chmn. Sikes said in statement that Commission should have more discretion to allow telcos to buy cable systems in their service areas. Privately, he pushed that position very hard with other commissioners, particularly Quello, but in end had to concede issue. Sikes and Marshall said telcos should be able to own more than 5% of programmers.

Sikes and others called VDT decision major step forward in allowing telcos to enter cable-like business. However, cable and telco officials seemed less sure. For example, Nynex said: "Without the right to offer programming services, the public telephone network is unlikely to supply meaningful competition to today's cable television monopolies." Bell Atlantic (BA) Vice Chmn. Robert Levetown called FCC decision "important first step," but said his company will "continue to press for the ability to fully participate in programming." Other telcos had made same claims in earlier comments in VDT rulemaking. NCTA Pres. James Mooney called decision "a kind of half-step toward encouraging phone companies to build a lot of hugely expensive TV plant. The other half-step belongs to Congress. Whether they'll take it remains to be seen."

Telcos already have many of video carriage rights envisioned by VDT, FCC officials acknowledged. They can and do use their networks to deliver video programming on common carrier basis, which is heart of VDT decision. Officials said main difference is that FCC is blessing expanded nonownership affiliate relations between telcos and programmers. They said relations could include joint ventures, interconnects, consultant agreements, deals to build infrastructure, debtor-creditor arrangements.

Impact could be bigger on pending cable legislation, at least in short term. Marshall said decision "should serve as one more powerful argument for the President" to use to justify vetoing cable bill: "Unlike the sweeping cable regulation bill... competition should ensure reasonable rates... without the deleterious effects of arbitrary market allocation." Sikes also said VDT approach is better: "If the government would adopt a procompetitive agenda rather a proregulation one, we wouldn't have the micromanagement that is now in the current cable bill."

But NAB Pres. Edward Fritts said VDT is "more than a decade away, and this decision should in no way be considered a substitute for cable deregulation legislation." INTV Pres. James Hedlund agreed cable bill is needed, but said allowing telcos to own even minority of programmers is "pure folly." Fritts also said NAB worries about FCC's ability to prevent cross-subsidies.

FCC refused to adopt new safeguards against telcos' cross-subsidizing video service from regulated telephone service revenues, saying that existing safeguards used for enhanced services are adequate. Marshall said that relying on current safeguards in Computer III and Open Network Architecture (ONA) is "a calculated leap of faith. In the spirit of trust but verify, we will do an early review" of safeguards. She said FCC will decide cost allocation methods, for example, when first VDT proposal comes to Commission. In addition, decision said, agency will begin overall review of VDT, including safeguards, within 3 years.

VDT decision "clearly will not provide head-to-head competition" for cable, Comr. Barrett said. He said such competition will come only from DBS or similar services and "you clearly don't get competition by allowing telcos to buy cable systems." Duggan said he was uncomfortable with "double standard" of allowing cable MSOs to own programming while telcos can't, but said MSO ownership already is problem that Congress is facing.

In addition to common carrier video service, telcos could provide 2nd tier of enhanced services such as video gateways, video processing (allowing viewers to have VCR-like control over video program, or select among camera angles), and others such as billing, collection, order processing. Viewers would even be able to use network-based storage for video mail (like voice mail) and to store videos for replay later. Commission said its definition of video programming would, for example, allow telcos to own multimedia services, but not pay-per-view. On common carrier side, telcos could set price only for basic carriage of program, not cost for programming itself.

Capitol Hill Republicans said VDT will boost chances significantly that 103rd Congress will pass legislation (S-1200) to encourage nationwide fiber network deployment by 2015 by allowing telcos into cable. Democratic Vice Presidential candidate Gore (D-Tenn.) is co-sponsor of S-1200 with Sen. Burns (R-Mont.) and has advocated lowered barriers for telco entry into cable. Burns reportedly can be expected to hold Senate Democrats to Democratic platform plank backing fiber development. He wants to cash in on commitment that he believes he won from Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) 2 years ago to support telco entry into cable if that were FCC recommendation. Inouye aide said chmn. is

long-time supporter of VDT and also of fiber deployment, but has expressed concern about telcos' owning content and has made no unequivocal promises to Burns.

House Democrats discounted ability of FCC decision to undermine cable bill. "It will have no effect whatsoever" on cable debate, said one, because it had progressed too far to be derailed by "late regulatory decision." Aide predicted "very solid vote in favor" of bill, but House Democratic aides conceded action could influence later developments, such as providing excuse for veto. House Telecom Subcommittee Chmn. Markey (D-Mass.) saw VDT decision as promising much but delivering little to protect consumers in short run -- and certainly no alternative to cable bill -- because it "permits the telephone companies to do little more in the area of video dial tone than what they are authorized to do under existing law." HR-4850 is scheduled for final House action this week.

**HDTV SLATED FOR UHF:** FCC plans to use only UHF channels for HDTV allotments, and will attempt to maximize HDTV service areas rather than matching existing stations' signal contours, it said in rulemaking proposed July 16. Proposal of UHF-only HDTV was surprise. Commission also unveiled draft HDTV allotment table indicating it should be relatively easy to assure that every existing TV station will be able to get HDTV allotment, even if analog MUSE system is selected.

Using only UHF band potentially would eliminate broadcasters from VHF band, freeing it for other users, since FCC has said repeatedly that it plans to take back all NTSC channels when HDTV penetration is broad enough. "Ultimately clearing out the VHF band potentially could have a profound impact on the economics of broadcasting," Comr. Marshall said. Comr. Quello said relying on UHF band doesn't consider potential impact on current value of VHF stations, which generally command premium price because of VHF signal reach. He voted for HDTV rulemaking but said he doesn't support UHF decision and encouraged broadcaster input. Comr. Duggan said decision should convince small broadcasters to become active in HDTV discussion: "I suspect this will call forth anguished debate."

Decision to give priority to maximizing service area rather than matching current signal contours also is likely to be controversial, commissioners said. FCC Chief Engineer Thomas Stanley, in response to Duggan question, said it's difficult to do both. Quello said he believes broadcasters would prefer to be guaranteed same coverage contour, rather than maximum but somewhat different coverage area.

It's "phenomenal" that there will be enough channels for HDTV, even though 6 years ago experts were "certain" that would be impossible, Chmn. Sikes said. Now it looks as if there will be "a lot of canvas" allowing FCC to consider variety of allotment options, he said. Draft allotment plan was test of new FCC software that allows computer to draw up plan using variety of policy and technical variables, officials said. Broadcasters are expected to use draft to evaluate and prepare responses to various policy proposals, agency said. Next step is for Commission finally to resolve policy options and propose refined allotment table. FCC still expects broadcasters to have undefined period of time after refined table is released to negotiate among themselves for changes in allotments.

Rulemaking includes several proposed policy decisions under which FCC would: (1) Give preference to HDTV allotments over providing additional protection to existing NTSC channels. (2) Use geographical separation standards to allot channels. (3) Adopt minimum spacing requirements. (4) Delete all short-spaced HDTV allotments that haven't been activated, after brief initial period. (5) Use vacant noncommercial NTSC allotments, but only if necessary.

Meanwhile, NTIA said broadcasters should be allowed to continue NTSC broadcasts, rather than convert to HDTV, in comments in separate FCC rulemaking on HDTV transition (TVD April 13 p5). Rulemaking proposes that broadcasters be forced to convert to HDTV by deadline and give up NTSC channel, but NTIA said "broadcasters should choose whether to offer NTSC or ATV" because that gives them "ability to choose to offer the service most appropriate to marketplace needs." MPAA, meanwhile, said FCC should give broadcasters "maximum flexibility" in programming HDTV channels, rather than pushing simulcasting. Assn. said HDTV program exclusivity could boost HDTV sales, some NTSC programs may not be suitable for HDTV and vice versa, and there's "serious question" whether enough HDTV programming will be available.

**Cable rates increased 5.6%** in 12 months ended in June, according to Labor Dept.'s Bureau of Labor Statistics. Overall Consumer Price Index (CPI) rose 3.1% in same period. For month of June, cable prices were up 0.7% and overall CPI 0.3%.

**Fox said it finalized cable affiliation deals** with Time Warner, TCA Cable, Fanch Communications. Deals include repositioning Fox affiliates to VHF channels in more than 1.5 million cable households and adding Fox Net cable program service to 250,000 homes.

**NBC OLYMPIC LOSS LOW?**: NBC stands to lose relatively little on Summer Olympic Games July 25-Aug. 9 in Barcelona, despite strong indications that pay-per-view (PPV) Olympics TripleCast is generating significantly less customer interest than network projected. Depending on success of TripleCast and last-min. ad sales, NBC could lose \$20-\$50 million on Olympics -- but actually could break even, according to our calculations, which have been confirmed independently by officials familiar with details.

Olympics are expected to cost NBC more than \$750 million -- \$401 million for broadcast rights and \$350 million to promote and produce network feed plus 3 PPV feeds. NBC Sports Pres. Dick Ebersoll said NBC already has booked about \$500 million worth of ads for network broadcasts. NBC's owned stations are expected to generate \$75 million in additional revenue, TripleCast should produce about \$85 million for NBC, TripleCast partner Cablevision Systems agreed to cover up to \$50 million of losses and NBC affiliates will kick in \$25-\$30 million. That means NBC could have revenue of \$735-\$750 million from Games, virtually matching expenses.

Network also will use Olympics to promote its fall program schedule, netting millions of dollars of additional value from Games from kick-off to fall season. Even if there's loss from Olympics, one broadcast official pointed out, it's likely to be less than NBC would have experienced if Games were carried by another network and NBC had to face 2-week ratings falloff from competing with Games.

TripleCast revenue figure almost certainly will be disappointment. Estimate of \$85 million in revenue to NBC (\$140 million total) is based on our survey of 10 MSOs representing about 36% of all cable subscribers. MSOs' PPV experts' estimates of number of addressable subscribers likely to sign up for TripleCast ranged from 1% (Harron Communications) to 8% (Western Communications). Average of estimates was 3.28%, although some key cable officials said that could be high. For example, TCI PPV Vp Gregory DePrez said he would be "very pleased" if Olympics generated PPV revenue of \$2 per subscriber (buy rate of about 2%). Hugh Panero, vp-mktg. and PPV for Time Warner's N.Y. cable systems, said 3% figure was "very optimistic" and result for his systems was likely to be between 1% and 3%, even though TW N.Y. systems have been among most successful at PPV.

Buy rate of 3.28% would generate total of \$140 million revenues, assuming that TripleCast will be available to 40-45 million households, as its executives predict. Figure also assumes that nearly 1/3 of buys will be of \$29.95 daily package, rather than average of \$125 for entire package. Our survey of MSO PPV experts resulted in average prediction that 32.6% of buys would be daily package. Cable operators will receive 30-60% of TripleCast revenue, based on "sliding scale," NBC spokeswoman confirmed. Assuming that NBC keeps 60% of revenue nationwide, it would receive about \$85 million as its share of \$140 million total TripleCast revenue.

Assumption of 3.28% buy rate and most optimistic figure of 45 million potential TripleCast households would mean that 1.5 million would subscribe to PPV packages, well below NBC's most recent, scaled-back prediction of 2 million. NBC officials had predicted that TripleCast might reach 2.8 million households, enough to break even, and even cited research indicating that 10% of households with access to TripleCast (about 4 million) might subscribe (TVD Jan 13 p6).

NBC spokeswoman said number of TripleCast orders was "increasing every day," but refused to provide numbers. TripleCast executives said they were conducting average of 40 interviews per day with consumer press in effort to boost sales, but were too busy to talk to trade press that wouldn't have direct impact on sales. "We're seeing a typical pay-per-view surge," spokeswoman said. "Our projections are a lot more positive than that [3% sales rate], but nobody really knows how the consumers will respond." TW wasn't seeing any sales surge last week, Panero said, although there had been slight increase in orders. Cox Cable has seen "some pickup" in orders in last couple of weeks as NBC's national Olympics promotion campaign, as well as intense local marketing, took off, said Cox Cable PPV Mktg. Mgr. Lynne Elander.

MSOs generally are pleased with NBC's latest strategy to market TripleCast, they told us. Network had spent significant portion of promotion budget 6-12 months ago, long before customers were likely to begin ordering. Panero said early promotion blitz generated fewer than 50 TripleCast orders in N.Y.C. cable systems with nearly 500,000 subscribers. As result, cable operators convinced NBC to save promotion budget until blitz in last 3-6 weeks. Cable operators are convinced they will benefit from TripleCast, even if NBC doesn't. "The TripleCast is already a success for TCI since it gave us both a reason and a financing source for rolling out a companywide pay-per-view capability, and it will signal to our customers that we are now providing pay-per-view events in most systems," DePrez said. TripleCast also will help iron out PPV "bugs," making it easier to succeed in PPV in future, Multivision Dir.-Programming & PPV Michael Snyder said. He said there's big potential for next Olympics, which are "in the right time zone" in Atlanta. TripleCast will "leave us a lot smarter, whether it does well or not," about such things as credit card billing and promotion and advertising PPV events, Panero said.

Cable operators are discounting one potential problem area -- need to preempt other cable programming to carry 3-channel TripleCast. Many operators are preempting existing PPV channels and others have reached agreements to use local origination, education, govt. or other channels. But in some cases they will have to preempt fulltime national program networks. Most cable operators we talked with said they were confident that they had fully informed customers and that short-term change would be acceptable. CATA, which is handling current cable PR initiative, sent information to cable operators earlier this year saying that "TripleCast will pose a public relations challenge whether or not your system participates."

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**Cable systems** don't have to pay interest on \$100 million in underpayments of compulsory license fees, U.S. Appeals Court, D.C., ruled in July 14 decision. Underpayments were made in 17-month period beginning in 1984 when U.S. Dist. Court, D.C., struck down U.S. Copyright Office's compulsory license scheme. Appeals Court later reinstated compulsory license, and cable systems paid \$100 million that would have been due during period, but MPAA asked Copyright Office to require systems to pay interest. In rulemaking, Copyright Office said interest would have to be paid in similar situation in future, but refused to apply rule retroactively. MPAA appealed, but Court said last week agencies don't have power to enact retroactive rules unless given express authority by Congress. NCTA Pres. James Mooney said it's "only fair" that Appeals Court agreed that Copyright Office rule couldn't be applied retroactively.

**AFFILIATES TO QUESTION CBS:** Another meeting is scheduled July 22 in Chicago in CBS affiliates' continued opposition to network's planned cut in station compensation in dispute running since Oct. Affiliates have launched massive opposition to CBS plan, first announced at their May convention, that at time included "affiliation charge" of 25% of compensation for stations in largest markets, 20% in midsized, 15% in smallest markets (TVD June 8 p3).

That, CBS then said, would have recouped about \$20 million, combined with network's recapture of \$4-\$5 million in spots from daytime and Sat. morning programming, in its \$120 million annual compensation payments. Because of affiliates' outcry, and 2 days of meetings early this month in N.Y., CBS withdrew affiliation charge and announced new plan to recoup same amount of money under standard "deduction charge" in affiliates' contracts, all of which are to be renegotiated (TVD July 6 p1).

Following numerous phone calls last week, we couldn't find executive of single affiliate who had one kind word to say about what CBS is attempting to do and all blamed CBS Chmn.-Pres.-CEO Laurence Tisch. None blamed Best. Group Pres. Howard Stringer (who repeatedly was described as "frustrated" by situation) or Affiliate Relations Pres. Tony Malara, whose job it has been to argue CBS's position before stations. Those 2 and Affiliate Relations Vp Scott Michaels will be at Chicago meeting and we're told CBS won't go into session with any change in planned compensation cut. Affiliates will meet alone first at Radisson Hotel, O'Hare Airport, then call in network officials. Adding to CBS stations' unhappiness is fact that both ABC and NBC have told affiliates not to expect compensation cut any time soon -- although both have adjusted payment to stations in last couple of years.

In our interviews, many attacks were made on Tisch for compensation cut, but all asked that their names not be used. Some examples: "Larry just isn't a broadcaster and he doesn't understand our relationship with the network." "Tisch is rubbing peoples' noses in it. I'm discouraged and frustrated that he's taking such a hard line." "Tisch has got his heels dug in and unless he shows some flexibility CBS will be hurt and so will the affiliates." Tisch refused to comment, as did CBS Corp. Senior Vp Jay Kriegel (who often speaks for Tisch), who told us that Malara was only spokesman on issue. We were unable to reach Malara or Stringer at presstime.

Head of major group told us that CBS "should forget all the gimmickry and flat out say" it's cutting compensation up to 10%: "It would be hard for affiliates not to agree" since CBS is paying more than NBC (\$115 million) and ABC (\$107 million) in compensation. However, CBS Affiliates' Chmn. Richard (Mick) Schafbuch, KOIN-TV Portland, Ore., pointed out that affiliates "have said all along... that any reduction in compensation is unacceptable. The first dime is unacceptable." He said affiliates will have no counterproposal on table in Chicago: "I think it will be a good exchange and a very spirited meeting... and hopefully we can come away with some positive feelings for the future."

Gateway Communications Pres. Lew Klein, who oversees 4 CBS affiliates, told us stations are "very, very much concerned about the long-range relationship with CBS. Not just compensation, but where does it lead in the years ahead?" He said it's very difficult time for senior management at CBS because of dispute, sentiment echoed by others. Commenting on Stringer, one said: "Howard is very frustrated with the process... He wants to get on with

business [but] they [CBS executives] all must march in the same direction."

Meeting in Chicago follows several state and regional sessions of CBS affiliates to protest network's plan. About 50 are expected, Schafbuch said, including most members of affiliates' board and Futures Committee, executives of major groups "and just about anybody else that would like to attend." Futures Committee was formed last fall at request of network, ostensibly to study many network-affiliate issues (TVD Oct 21 p4), but compensation issue has totally dominated its meetings. Committee is chaired by Cathy Creany, WTVH Syracuse, who will take over as affiliates' chmn. in Feb.

**IBM MOVING TO SWITCHED VIDEO:** IBM and Rogers Cablesystems will test new fiber architecture on Rogers' Toronto cable system beginning in Sept. Similar test is expected on BellSouth (BS) network in Tenn. by end of year. Rogers trial will involve only transferring high-speed data among offices, but is considered crucial first step toward providing switched digital video, such as pay-per-view video on demand, videoconferencing, multimedia applications. IBM got basic data switching networks operational in lab within last month, said Alan Baratz, IBM dir.-high performance computing and communications. Rogers test will use 2 different network technologies -- wide area Packetized Light Architecture Network (plaNet), and local area network called Orbit.

Rogers and BS tests will involve data only, but packet format would allow them to carry video. Baratz said cable-type video-on-demand service would require developing 3rd level of technology, called Cable-Oriented Metropolitan Extension Technology (COMET). He said IBM has been working on plaNet and Orbit for 4-5 years and could be ready for commercial production within 6 months if tests go well. Work on COMET is newer, he said, but it could be ready for commercial cable service in 18-24 months. Baratz said he's confident that IBM can meet timetable for deployment, despite problems with IBM-designed National Science Foundation high-speed network.

IBM hopes to have 4 plaNet nodes in place in Toronto by end of year, each with one 6-Mbps switch. Switches will be connected by dark fiber that Rogers already has in place. First test merely will connect data sources at IBM and Rogers, but Baratz said "3rd party," probably bank, would be added by fall. He said IBM is using Rogers infrastructure for test because latter had fiber in place and was willing. Test showed that cable systems, in addition to more traditional telecom networks, could carry 1-Gbps data.

IBM said it has been discussing plaNet and Orbit with cable MSOs throughout U.S., and Baratz said it has designed "solution that would operate over a cable trunk, turning it into a 1-Gigabit local area network." System would allow cable to deliver multimedia to homes, allow set-top to set-top communications (head-to-head video games or videoconferencing, for example), and true video-on-demand with same ability as VCRs to start and pause. Baratz said IBM's current analyses indicated that incorporating plaNet, Orbit and COMET equipment into cable upgrade would cost about same as upgrading fiber and amplifiers to 1-GHz system. Since video would be compressed, he said, each data switch port would be able to support 200-400 cable subscribers (there are 8 ports per node), Baratz said.

**CONVENTION COVERAGE ASSESSED:** Horror story of still more big ratings wins for entertainment counterprogramming to 3 networks' convention coverage had ABC, CBS and NBC executives brooding in aftermath of Democratic National Convention in N.Y. last week. Ratings weren't exactly in dumps for truncated conventioncasts by 3 networks, which cut daily coverage to as little as hour vs. as much as 2-1/2 hours in prime time alone in 1988. But they ran average 2 points below 1988 overall levels, with painful legacy intensified by fact that Fox won 2 of 4 nights with mix of premieres and reruns.

Shortened conventioncasts clearly were what viewers wanted, given that audiences peaked for major convention events such as nominating speech by N.Y. Gov. Mario Cuomo and 2 candidates' acceptance addresses. But none of this could wipe away fact that Fox's appealing lineup for younger viewers helped beat convention coverage; even Beverly Hills 90210 rerun outscored Democrats on climactic final night.

Network executives said they were satisfied with decision to shorten coverage. But on eve of start, 5 TV anchors were critical of their organizations' coverage of campaign trail to that point. In preconvention forums including one at Joan Shorenstein Barone Center, PBS's Jim Lehrer called press "arrogant," CBS's Dan Rather said campaign reporters have displayed "a lack of guts" and NBC's Tom Brokaw accused media of "voyeurism." ABC's Peter Jennings said campaign reporters had been "derailed" by Gennifer Flowers episode. CNN's Bernard Shaw said TV news shouldn't have to bear all of blame. He said most Americans are underinformed and don't do their part to become informed.

Asked why networks cut back on live coverage of convention and reporting on campaign issues, Rather responded: "The fear is that you'll wind up being serious but dull." After week of convention broadcasts, some TV critics contended that still was case. But Lehrer said at one of forums, quoting Robert MacNeil, his co-anchor on PBS: "It takes courage to be dull." Jennings said it's "a little sad" that networks greatly reduced their coverage of N.Y. event and plan to do same for Aug. Republican Convention in Houston.

At preconvention luncheon for top Democratic Party donors, Shaw defended coverage of Flowers charges that she had affair with Clinton. He said media were "duty bound" to cover such stories: "I think it's good. The longer you sit in the camera lens, the more you're exposed about your substance or lack of it." Said Brokaw: "I think we've made it almost unbearable [for candidates] to enter into the public arena" and such news media scrutiny scares away qualified potential candidates. Jennings called coverage of Flowers mistake and "a bad beginning to the year that probably alienated a public already critical of news media."

CBS Chmn. Laurence Tisch saw networks' coverage as "enough... No one wants to see people just milling around the floor for hours. If they want more, they can go to CNN" or C-SPAN, which provided usual gavel-to-gavel coverage. Tisch made his comments at convention buffet July 13 hosted by CBS that attracted many of major Democratic players, including Senate Commerce Committee Chmn. Hollings (D-S.C.) and most of network's correspondents.

Democrats worked hard but unsuccessfully to convince ABC, CBS and NBC to increase coverage, succeeding only in gaining hour-earlier start 2nd night by CBS, which had its own counterprogramming dilemma one of nights -- Major League Baseball's All-Star Game July 14, which helped

network outdistance competitors easily in 8-11 p.m. ratings that evening. CBS's 14.3/26 was network's highest night since April 28.

Number of satellite newsgathering (SNG) trucks also was down dramatically, underscoring reduction in local station coverage of convention (although there still were thousands of reporters at event). Only 15 SNG trucks were stationed outside Madison Sq. Garden vs. 60 that had crowded Democrats' Atlanta site in 1988, convention officials said. Substantial decrease was said to reflect strapped budgets for broadcasters, lack of news at largely scripted event and daunting problems of limited parking, high buildings and satellite transmission congestion in N.Y. Complete turnkey operation by local station at convention -- including several reporters, crew and uplink arrangements -- could cost up to \$30,000.

In unprecedented collaboration, PBS tied in with NBC to cover convention, which helped increase public TV network's ratings. On first night, for example, PBS had 2.9 rating, up 61% from July 1991. By midweek, PBS rating had topped 4 -- and throughout week stayed ahead of CNN, which closed out at 3.5. Brokaw and other NBC correspondents appeared live on PBS, beginning at 8 p.m., until network started its own coverage at 10 p.m. But Fox swamped them all in ratings in last 2 nights by as many as 6 points.

All major networks decided in end to have their anchors at Garden rather than stationed at earlier planned studios. But ABC used high-tech wizardry to get around anchors' complaints about bad views from skyboxes up in Garden rafters. To make it appear that broadcast team had commanding vantage point, ABC made first use of new technology called Ultimatte, which sandwiches scenes together to make 2 places seem one to viewer. New method used synchronized cameras shooting different scenes, making it appear Jennings was on convention floor when, in fact, he was in windowless backstage trailer at floor level.

Meanwhile, strategists for Bush-Quayle and Clinton-Gore were taking different approaches in buying network TV time for fall campaign. Bush's ad agency, The Nov. Co., informed networks it would place ads based on "good taste" and "moral values" of programs within which they run. CBS wrote back that campaign would have to decide itself which programs were in good taste reflective of moral values of President. As result, Mark McLaughlin of Nov. Co. asked CBS to provide "insight into program content." Mandy Grunwald of Clinton campaign said its approach would be to "target programming that reaches viewers we want to reach" without regard to content: "We don't believe in reading the scripts in advance." Normal practice for campaigns is to buy into programs that reach largest audience.

TV and cable industries lost some \$100 million in potential revenues when Ross Perot announced that he wouldn't be independent candidate. He had said he would spend that much of his own money and already had laid out \$10 million but hadn't bought any broadcast time.

**NAB has updated** its standard form for stations to use in selling time to candidates to comply with new FCC political broadcasting rules. Form can be used as actual contract and can help stations comply with Commission's record-keeping requirements. Pads of 100 are being sold for \$10 to NAB members, \$20 for nonmembers -- 1-800-368-5644.

**NBC PROFITS UP:** GE reported "double-digit growth" in profits (but declined to give figure) at NBC in 2nd quarter ended June 30, despite relatively flat revenue. Company said sharp increase in operating profit was result of stabilized NBC ratings, improved cost controls and improving ad market, as well as strong ratings for NBC coverage of NBA basketball finals. Time Warner and other companies also reported profit for quarter.

Overall GE profit was up 8% to \$1.2 billion and revenue 4% to \$15.4 billion. Company said operating cash flow for first 6 months of 1992 was more than \$1 billion ahead of year ago. GE doesn't provide details on finances of NBC, its owned stations or NBC Cable. It did say, however, that financial results of GE Aerospace Div., which includes satellite manufacturing and operation, were "somewhat higher" despite lower revenue.

Time Warner said it had record financial results in its cable, HBO and entertainment divisions, which contributed to companywide net profit of \$9 million in 2nd quarter, vs. \$32 million loss year ago. Cable operating profit was \$244 million, up from \$220 million, and revenue was up 7% to \$526 million. HBO operating profit climbed to \$53 million from \$51 million and revenue 5% to \$363 million. Filmed entertainment operating profit was up 19% to \$101 million and revenue 15% to \$769 million. TW also announced 4-for-1 stock split effective Aug. 24 and said it's raising common stock dividend 12%.

**Scripps Howard Bcstg.** net profit for quarter grew to \$11.1 million from \$8.3 million year ago. Cable operating profit soared 73% to \$6 million because revenue was up 6.6% and costs down 3.5%. TV and radio operating profit gained 13.6% to \$20.5 million as result of 16.3% revenue growth. Parent **E.W. Scripps** had \$22.6-million net profit, vs. \$19.9 million year ago... **McGraw-Hill** had 5.3% rise in operating profit in Bcst. Div., to \$9.9 million. Company overall profit climbed 10.7% to \$38.6 million.

**United TV** had \$4.9-million profit in quarter, up from \$3.6 million year ago, despite virtually flat revenue. Lower operating costs boosted operating profit 31% to \$2.8 million... **Gannett** broadcast revenue dipped slightly in 2nd quarter ended June 30 to \$97.5 million from \$97.7 million year ago, but overall profit increased 4% to \$98.7 million, mainly because of newspaper growth... **Westinghouse** broadcasting revenue was flat in 2nd quarter, but operating profit was up because of cost reductions. Overall net income was \$127 million, vs. \$122 million year ago... **King World** profit increased 2.8% to \$16.4 million in 3rd quarter ended May 31, despite 10% revenue drop to \$90.2 million because fewer Jeopardy episodes were produced and Instant Recall was canceled.

**BHC** said net profit dropped 8.4% to \$29 million in 2nd quarter ended June 30, despite 22% increase in broadcast operating profit. TV station revenue dipped 2% to \$69.5 million, but that was more than offset by cost cuts. Interest income fell to \$31.9 million from \$35.7 million... **N.Y. Times** profit grew to \$15.2 million in 2nd quarter from \$5.4 million. Operating profit from broadcast and information services grew to \$4.7 million from \$4.2 million... **Wegener** had \$1.8-million net loss for 3rd quarter ended May 29, vs. \$13,000 profit year ago. Satellite dish revenue plunged 46.6% and cable profits were down.

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**Hughes** has created subsidiary **DirectTV** (same name as product) to operate direct-to-home satellite service with hq in El Segundo, Cal. Service is to begin in early 1994.

**Rules on applications** for new FM stations were relaxed by FCC July 16 to make it easier for parties to amend their proposals and not have them rejected because filings weren't perfect. Commission had established "hard look" approach in 1985 because of flood of applications following allocation of 689 new FM channels in Doc. 80-90. Under that approach, setting "rigid standard" for acceptable applications, dozens were rejected by FCC staff because of errors and/or omissions. Commission replaced "hard look" with 3-stage approach to give parties opportunity to file amendments and correct defects in applications to avoid having them dismissed. To file corrective amendments, applicants will be required to meet "2-tiered" minimum filing requirement to ensure "integrity and success" of new approach, FCC said. New rules become effective after publication in Federal Register, won't apply to pending applications. FCC also adopted new procedures to resolve conflicts to protect pending FM applications from rulemaking petitions as well as against mutually exclusive applications. At present, such applications are unprotected from subsequently filed rulemaking petitions, which results in delays in processing applications, FCC said. Current procedure imposes "significant risks on applicants [which] are vulnerable to conflicting proposals at any time," Commission said.

Time Warner (TW) will finance commercial-free broadcast of forum to bring together artists, police and citizens in wake of continuing controversy over its distribution of rap album described as antipolice, Co-CEO Gerald Levin told stockholders July 17. Details weren't available immediately. However, Levin said TW won't withdraw album by Ice-T, Body Count, saying "we must help ensure that the voices of the powerless, the disenfranchised, those at the margins, are heard." Statement came during 5-hour stockholders' meeting that was packed by law enforcement officials and others protesting album distribution. Protestors included actor Charlton Heston, who described himself as shareholder. He opposed distribution and read excerpts from another graphic song on album. RIAA Pres. Jay Berman backed TW, saying Assn.'s member companies "fully support" company's decision "to make this stand against censorship." He said right of free speech "is an empowering truth." He said that just as TW has right to distribute controversial song, "every citizen has the freedom to choose the music they listen to, the publications they read and the art and films they view." He said "we believe Time Warner has the undeniable right to distribute this product as guaranteed under the First Amendment."

**FCC** clarified earlier rules on Interactive Video Data Service (IVDS) July 16 in response to 6 petitions for reconsideration, but didn't change basic rules allowing start of interactive TV service (TVD Jan 14/91 p8), including requirement that \$1,400 fee accompany each application. Commission said first IVDS application "window" will be for N.Y.C. Aug. 18-20. Opening of other windows will depend on number of applications for N.Y.C., said Private Radio Bureau Chief Ralph Haller. Clarifications included: (1) IVDS can be used in conjunction with all methods of video or data distribution, rather than only with cable or broadcast. (2) IVDS licensees will have more flexibility in cell station antennas, including use of higher transmitter stations if power is lower. (3) Home units can use outside antennas. Commission didn't reduce IVDS application fee because it's standard for similar types of licensing, Haller said. He said FCC is hoping there will be "relatively few" applications in N.Y.C. window: "If that's true, then we can open the rest of the windows in relatively short order." Haller said several companies are interested and he hopes to see some service "in a matter of months."

**NBC PITCH TO CRITICS ON CABLE:** NBC took chmn. of its Affiliates' Govt. Relations Committee, Robert Kalthoff of KBJR-TV Duluth, to L.A. to pitch passage of cable legislation to newspaper TV critics at semiannual meeting with networks and cable programmers. While he had wanted to stick to cable bill, critics soon were questioning Kalthoff on such other issues as network-cable ownership, HDTV, compensation.

Kalthoff predicted that Congress would pass cable bill this summer, but said he didn't know whether President Bush would sign it. However, he said that "this being a highly political year, it would be inappropriate for him to veto a consumer bill when he is running so far back on consumer issues in the polls." Kalthoff suggested that networks and stations would be receptive to receiving payments from cable for programming in form other than retransmission fees. Such options could be guaranteed carriage and channel positioning, he said.

On HDTV, Kalthoff pointed out that he's on NAB advisory committee (he's also NBC designate on NAB TV board) that's urging FCC to "slow down its HDTV timetable." He said it's "totally unrealistic to force stations to accept the current [FCC] proposal," which would require licensees to apply for HDTV within 2 years after rules are established and complete construction within 3 years. He said cost to KBJR-TV to convert to HDTV would be "far greater than what we paid of the station itself" -- \$8.72 million in 1988.

Appearing before same group, NBC Entertainment Pres. Warren Littlefield said network, which lost No. 1 prime-time ranking for season just ended, will direct its programming to adults 18-54. "We were skewing old," he told critics, "and strategically we have aligned our network in these demographic terms." Asked perennial question as to whether owner GE would sell NBC, Littlefield responded: "I'm not allowed to comment on that. I wish I could."

ABC Entertainment Pres. Robert Iger -- who year ago at semiannual TV critics tour predicted that at least one of 3 major TV networks would go out of business in not too distant future -- was much more optimistic last week. "I would say that we are well positioned in a number of directions to deal with our business," he said. However, he said, networking is "still somewhat of a fragile business. We still are structured in such a way where we're paying exorbitant amounts of money for our programs [and] we are thoroughly dependent upon one revenue source -- advertising -- to support those expenditures. And it gets tougher and tougher, primarily because of the competition. Not only is there more out there for the viewer to taste, but there's more out there for the advertiser to buy."



Recent departures of more than dozen management personnel at SkyPix underscore deep rifts over how brothers Frederick and Richard Greenberg are running direct broadcast satellite (DBS) company, and highlight severe financial difficulties company has faced, sources said. They said changes resulted from Greenberg brothers' offering 9 key managers company stock in lieu of paychecks, and managers were asked to leave with pay when they refused to become investors. Several said stock deal was last straw after more than 6 weeks of several managers' taking only half salaries. Source said result has been "gutted infrastructure" at Skypix. Shakeup includes loss of firm's 2nd pres, Richard Selvage. SkyPix said Howard Leftkowitz, senior vp-entertainment and mktg., was named pres.

**Burden of new reporting** and other requirements that would be placed on CPB under Senate version of budget reauthorization was stressed at CPB board meeting last week. Senior Vp-Gen. Counsel Paul Symczak said legislation would provide additional responsibilities for staff "already pushed to the limit" while not relieving it of any reporting and other requirements mandated under reauthorization law passed by Congress in 1988. In response to question, Symczak expressed concern that new responsibilities would force jettisoning of some current activities. He also said CPB would have to take "some steps" to ensure that Independent TV Service, whose funding comes from CPB appropriation, meets its obligations under bill, which include geographically diverse distribution of grants. Commenting on objectivity/balance amendment, Symczak said that if examination by CPB board leads to funding of "balancing" fare, "something has to be cut" from current programming activities. CPB board met with heads of APTS, PBS and National Public Radio night before meeting and among ideas for implementing amendment that were suggested, we understand, were periodic videoconferences involving board members and various communities to provide input on perceptions of objectivity/balance. Meanwhile, House could take up bill shortly -- CPB Vp Gerald Hogan said most likely in last week of July.

**Giving lenders security interest** in broadcast licenses could "diminish the independent control of station licensees," NAB said in reply comments July 13 on FCC inquiry into ownership policies. Assn. said FCC should be skeptical about statements that lending will dry up if Commission doesn't approve giving bankers ownership rights over license, because loans still are being made based on underlying value of station operation. If lenders can have ownership interest in license itself, NAB said, they "would have far less hesitation in foreclosing on stations... Lenders presently have a strong incentive to work out nonperforming loans, rather than face the complex process of seeking Commission permission to take control of a licensee... Broadcasters may feel compelled... to hew to lenders' demands concerning station operations, effectively ceding control over the station."

**TCI and U S West** jointly will manage all their cable interests outside U.S. under agreement announced July 14. They said decision follows success of their cable/telco joint venture in U.K. and formation of TeleWest Communications Group, which holds companies' cable investments in Norway, Sweden, Hungary. New venture, called TeleWest International, will be headed by Gary Bryson, former pres. of U S West Cable Communications and current head of U.K. cable operations. U S West International Pres. Dick Callahan said venture will "enable us to substantially increase our ability to achieve overseas growth targets." TeleWest International will oversee cable franchises passing total of 4 million homes, including 2.9 million in U.K.

**David Prosperi**, former asst. secy. for public affairs, Dept. of Transportation (DoT) (1989-1990), will be nominated by President Bush for one of 2 vacancies on 10-member CPB board, White House announced. Prosperi, 39-year-old Republican who is vp-communications, Chicago Board of Trade, served at DoT under then-Secy. Samuel Skinner, now White House chief of staff. He worked in Reagan and Bush presidential campaigns in 1980, 1984 and 1988 and was asst. press. secy. in Reagan Administration (1981-1982).

**FCC printing contractor**, Downtown Copy Center, moved to 1990 M St. NW, Washington 20036 -- 202-269-3780.

**ABC, NBC, CBS and TBS** generally supported idea of reopening 1985 FCC proceeding to take fresh look at Comsat's structure, they said in joint comments, but were quick to add that video services were far less competitive than switched voice services. PanAmSat had asked FCC 2 months ago to reopen proceeding and suggested that Commission force structural separation related to Comsat's monopoly Intelsat services, so that monopoly and competitive services would be broken into separate divisions. Point-to-point fiber cables really represent no significant competition to satellites in video, and FCC should recognize distinction, networks said. If Commission should decide to relax regulation of such services as switched voice, they said, it "must formulate regulatory safeguards to prevent Comsat from engaging in anticompetitive conduct with regard to less competitive services, including international video services." What networks would like to see, said Randolph May, attorney who filed their brief, is "not deregulation but a change in regulation" like that of AT&T.

**Ohio state support** of public TV-radio stations there will fall 19.5% in year that began July 1 (FY 1993) under cuts announced recently by Gov. George Voinovich (R) as result of continuing state revenue difficulties. Reduction will reduce support for 12 PTV stations to \$1.54 million from \$1.91 million, and for 22 public radio outlets to \$320,000 from \$398,000. Impact could be compounded on many Ohio stations, said Dave Fornshell, exec. dir. of Ohio Educational Bestg. Network Commission (OEB), since "majority" of its radio stations and "many" of public TVs are licensed to or supported by state universities that also are reducing budgets. For example, Ohio State U. (OSU) is reducing support of WOSU-AM-FM-TV Columbus by about 6% (\$75,000). While OSU Pres. Gordon Gee earlier had indicated that he might eliminate full \$1.3 million in support, he said that OSU hopes to identify \$10 million in additional cuts/revenue enhancements by mid-Jan. and that further cuts or elimination of WOSU aid remain among options under consideration.

**FCC** should worry more about "regulatory tilt" toward cable than about "peripheral issues" such as lenders' ability to take ownership interest in station licenses, INTV said in filing at Commission. Key element in obtaining financing is perceived ability to make profit, INTV said. FCC and Chmn. Sikes have hurt that perception by indicating broadcast TV is "dinosaur," INTV said. Filing said such statements "clash headlong with the Commission's desire to facilitate and promote investment in broadcasting. Furthermore, if Rome indeed is burning, why is the Commission content to fiddle with peripheral policies?"

**Spot cable advertising** was up 13% in first half of 1992, and Cable Networks Inc. (CNI) said continued growth is expected in 3rd quarter. Total cable spot ad spending, reached \$41.1 million in quarter, according to analysis by ad rep firm CNI. Senior Vp Peter Moran said analysis indicated that spot cable was growing "faster than any other medium." Boosted by continued growth in political ads (TVD July 13 p7), auto and fast food, spot ads should grow 32% to \$26.2 million in 3rd quarter, CNI said.

**N.Y.-based AT&T** made best of Democratic National Convention as winner of contracts to supply communications and computers to delegates. Much of computer hardware was from NCR, company that AT&T bought in Sept., but long distance carrier also installed 189 miles of audio and video cable inside Garden to accommodate 4,500 phone lines and 140 video lines. AT&T and partner Zenith also teamed up to provide HDTV feed of podium activity to VIP lounge.

**Latest to criticize PBS** for purported content imbalance is Committee for Accuracy in Middle East Reporting in America (CAMERA). CAMERA Pres. Andrea Levin, writing in July issue of Commentary magazine, said documentary Struggle for Peace: Israelis and Palestinians "erases or distorts any and all historical facts which contradict the premise that Israel bears total responsibility for the plight of the Palestinians and the absence of peace..." Levin said hour-long show, which PBS distributed in March, was underwritten "in part" by Arabian American Oil Co. (ARAMCO), but PBS spokesman Robb Deign said ARAMCO share was "considerably less" than 1% of total. While Levin said only 3 of "at least" 15 documentaries on Arab-Israeli conflict that PBS has distributed over last decade "can reasonably be described as balanced," Deign termed her article "a very selective criticism that ignores the wide range of programming by public TV on [that] issue, and the full range and spectrum of viewpoints represented in that programming."

**Meetings:** Inclusiveness will be a major theme at **Public Radio News Dirs. Assn.'s** (PRNDA) annual conference, July 23-25 at Washington Marriott Hotel. Some 80-100 attendees are expected. While not explicitly part of agenda, PRNDA Pres. Tripp Sommer, KLCC-FM Eugene, Ore., said he expected inclusion of diversity of on-air voices to be a major theme, while NPR Managing Editor John Dinges will emphasize interconnectedness of NPR and member stations. Opening session at 8:30 a.m. July 23 will feature National Public Radio Vp Bill Buzenberg and American Public Radio Senior Vp Phelps Hawkins, while political coverage session half-hour later is to include Bill Clinton campaign's Jim Margolis... New technologies and customer service will be among key topics at **CTAM** annual convention Aug. 23-26 at San Francisco Hilton. -- 703-549-4200... FCC officials will explain agency's new children's TV rules at **NAB symposium** on children's programming Oct. 1 in Washington -- 202-429-5368.

**NPR management** has backed off from decision that would have prohibited member stations from inserting national programming into its national fare effective Oct. 1. Management contends that practice, among other things, compromises editorial integrity of its programs and could affect national underwriting. But, at board meeting last week, numerous station managers countered that change would interfere with their rights and responsibilities to program their outlets. In other action, board approved easing of NPR's underwriting guidelines that, under one change, state explicitly that phone numbers can appear as part of credit provided there's no "call to action" urging listeners to dial.

**U.S. Satellite Bcstg.** (USSB) and Facta News have signed agreement to provide "public service access to the airwaves by making value-oriented programming produced by Facta News an integral part of the free, direct broadcast satellite (DBS) services offered by USSB when it begins operations in 1994," company said. As part of multichannel program package, USSB will provide Facta News with 2 daily half-hour program slots free. USSB, with Hughes Communications' DirecTv, said it will launch first DBS satellite in Dec. 1993, with service expected to begin March 1994.

**Dayton, O., TV station** inadvertently declared national emergency July 13 in broadcast intended to alert viewers to local storm. WHIO-TV accidentally played tape saying broadcast was interrupted at request of White House and all normal broadcasting was being discontinued. Station immediately corrected message and apologized.

**EIA asked FCC to double** amount of channel space available for closed-captioning, text, data, program identification and other services, in petition for rulemaking. Closed-captioning for hearing-impaired now is carried on line 21, field 1, of TV signal. EIA is asking that line 21, field 2, also be available for similar uses. It said change would allow captioning to be carried in more than one language, or more than one reading-ability level. Additional space also could be used for data services and other text, EIA acknowledged, but captioning would have priority. It said its Consumer Electronics Group had reached "substantial consensus" that additional space was viable and needed. Group is seeking quick action on change, saying it's "aware of no public interest consideration which warrants any delay."

**CPB considers issue** of allegedly anti-Semitic fare aired by KPFK-FM L.A. closed, Senior Vp-Gen. Counsel Paul Symczak told board last week, saying it's "satisfied" with steps parent Pacifica Foundation has taken. Pacifica had issued statement acknowledging there were "2 instances" in "clear violation" of its policies in recent 30-hour African Mental Liberation Weekend, but it also indirectly attacked CPB board for "attempts to engage in censorship for blatant political purposes." CPB board member Victor Gold, who raised concern about broadcast, said at meeting he also considers issue closed, but he deplored "trend to use multicultural" efforts to distance ethnic and other groups rather than, as he said is aim, bring them closer together.

**NBC News** said it mistakenly picked up ABC feed from WFAA-TV Dallas of Ross Perot news conference July 16 announcing that he wouldn't run for President. NBC affiliate KXAS-TV arrived late for conference and network spokeswoman said NBC used ABC feed off CNBC, which also didn't have authority to use it. When WFAA-TV News Dir. John Miller noticed identical telecasts on 2 networks, he ordered that "8 Live" be superimposed on screen. When 8 Live also appeared on KXAS-TV, he immediately phoned NBC News in N.Y. to complain. NBC said it promptly ended telecast and News Pres. Michael Gartner telephoned Miller and ABC to apologize.

**N. American Bar Network** (NABN) has signed to purchase Scientific-Atlanta (S-A) B-MAC Technology to provide its Tavern TV affiliates with S-A's 9706-R integrated receiver decoders. Tavern TV is satellite-delivered service providing sports-oriented programming and pay-per-view events to bars and nightclubs using Galaxy 6 TR 16. NABN is partnership of Amcom, subsidiary of Canadian Satellite Communications, and Niche Networks... Intertel Communications also has agreed to provide uplink services in one-year contract worth \$1 million.

**Raymond Wilmotte**, head of FCC UHF Task Force in 1970s, has retired from Commission at age of 90. Recently, he was parttime employee in Office of Engineering & Technology, where he worked on review of long-range mobile communications technologies, particularly low-Earth-orbit satellites. Born in France, Wilmotte came to U.S. in 1929 and designed early AM directional antenna. He's holder of 40 patents and has authored 50 scientific papers.

**While HDTV viewing** locations will be reduced from original plans in U.K., there will be 640 places for viewing Summer Olympics in HD-MAC in Europe. According to tally by Thomson, Philips will have 280 locations, Thomson 160, Nokia 100. In U.K., Philips will have sets in 21 places, Thomson 10, Nokia 4.

**Scandinavian-designed** digital HDTV system for terrestrial use was unveiled at International Bestg. Convention in Amsterdam earlier this month, NAB TechCheck reported. System, called HD-DIVINE (Digital Video Narrowband Emission), is cooperative project of Swedish Telecom, Swedish Bestg. Corp., Telecom Denmark, Norwegian Telecom. TechCheck said source coding is similar to U.S. systems, but modulation scheme is "new and unique" Orthogonal Frequency Division Multiplexing that divides carrier into large number of closely spaced low data rate carriers. System was developed by Eureka for DAB. HD-DIVINE uses 8-MHz European TV channels, with 24 Mbps for video, four 128 kbps audio channels, 64 kbps data channel, 2 Mbps for error correction.

**Appletree International**, San Rafael, Cal., has been named ad sales rep and co-production partner by Russian broadcasting system Ostankino, which said it sends TV signal to "virtually all" of Commonwealth of Independent States (CIS). "This opens up a market of 300 million viewers to advertising -- the world's largest untapped market," said Appletree CEO Chet Holmes. "To get an idea of its size, you'd have to imagine all the American networks combined." Ostankino currently carries such U.S. programs as Walt Disney Presents and Jacques Cousteau specials.

**Second-highest ranking member** of House Commerce Committee, Rep. Scheuer (D-N.Y.), was reported at week's end to be planning retirement announcement shortly. Scheuer, whose seniority puts him next in line behind Chmn. Dingell (D-Mich.), was said to have decided against Sept. 19 primary run against another incumbent in realigned district. Scheuer, 72, was refusing July 17 to confirm that he planned not to seek 14th term.

**National broadcasters** in Turkey and Belgium have chosen Scientific-Atlanta (S-A) to provide Ku-band digital/analog TV earth station systems to "upgrade their participation" in European Bestg. Union. S-A said Belgium's BRTN and Turkish Radio and TV Corp. are 10th and 11th EBU members to opt for its equipment.

**WSBE-TV (PBS)** Providence Gen. Mgr. Susan Farmer has disclaimed any knowledge of published report that she's among White House candidates to fill seat of FCC Comr. Marshall, whose term expired June 30. Farmer, former R.I. secy. of state, was rumored as Administration candidate for CPB board several years ago.

**FCC Consumer Assistance** and Small Business Div. will host brown-bag lunch July 22 (Rm. 856) on use of expanded AM band. Speakers include Larry Olson, chief, Mass Media International Branch, and James Burtle, chief, AM Branch -- Kara Casey, 202-632-7260.

**Field Operations Bureau** (FOB) of FCC recently measured signals of 174 AM stations to make sure they were broadcasting within required spectrum space and found 94% in compliance. FOB said it would continue monitoring to guarantee compliance with rules.

**London Interconnect** will use C-Cor digital fiber equipment to link cable systems in London area, C-Cor said. New link, including 27-km leg, will be able to carry 20 channels for digital insertion at first and can be expanded.

**Female radio ad sales** personnel are outperforming males in virtually every market size, according to RAB survey. Women were identified as top sellers by 56% of stations.

## Personals

**Van Gordon Sauter**, prof., U. of Cal.—Berkeley and former pres. of CBS News, appointed pres., Fox News, succeeding **Stephen Chao** (who was fired last month as pres.—Fox TV Stations and News [TVD June 29 p2]) in news post... **John Grant** promoted to senior vp—programming, PBS... **Kathleen Muller** advanced at NAB to vp—meetings and special events... **Steve Battaglio**, ex-AdWeek, appointed mgr.—media relations, Cap/ABC.

Newly elected to TvB board: **Barry Baker**, River City TV; **John Hayes**, Providence Journal Bestg.; **Francis Brady**, Viacom Bestg. TV Group; **Andrew Fisher**, Cox Enterprises; **James Moroney**, KOTV Tulsa... **John Lavet** ex-Lorimar TV, named Fox Bestg. dir.—photography... Elected regional dirs., RTNDA: **Robert Windsor**, WDEF-TV Chattanooga, for Tenn. and Ky.; **Robert Garcia**, CBS Radio, for D.C., Del., Md., Va.; **Richard Moore**, WSB-TV Atlanta, for Fla., Ga., N.C., S.C.

Hughes Communications Senior Vp **Ed Hartenstein** promoted to pres. of new subsidiary DirecTV Inc... **Hock Tjoa**, ex-Chase Manhattan Bank, joins IDB Communications as treas... **Robert Oswaks**, ex-Hill & Knowlton, named vp—mktg., ACI entertainment consortium... Appointments at Blair TV: **David Crawford** as vp and mgr.—Mets sales, N.Y., succeeded as vp and mgr.—Minneapolis office by **David Lasch**; **David Bisceglia** as mgr.—Knicks sales; **Liza Fiorentinos** as mgr.—Rangers sales... **Daija Arias** advanced to vp—mktg. and new business development, Univision; **Nick Valls** promoted to mgr.—domestic productions... **Lisa Beach**, ex-Hollywood Pictures, named head of casting, HBO.

Promotions at WUSA Washington: **Chuck Cowdrey** to vp—gen. sales mgr., **Kevin O'Tool** to vp—business mgr., **Paul Malkie** to vp—creative services dir... **Lew Freifeld**, vp—gen. mgr., WTNH-TV New Haven, promoted to pres.; **Larry Manne** advanced to station mgr... **Maurice Bresnahan**, ex-Continental Cablevision, joins WQPT-TV Moline, Ill., as gen. mgr... **Richard Hutton**, senior vp—programming and production, WETA-TV-FM Washington, resigns to join Disney Institute as dir.—programs; **Cynthia Martell**, former PBS assoc. dir.—personnel, joins station as dir.—human resources... **Jeff Bartlett**, ex-Audience & Research Development, appoint news dir., WBZ-TV Boston.

**Bert Salke**, ex-Winkler/Daniel Productions, named dir.—current programming, Fox TV... **Av Westin**, ex-King World Productions and long-time ABC News exec., joins newly formed Time Warner's Time Publishing Ventures and Telepictures Productions as senior vp—development and production... **Bernard Stewart** promoted to vp—programming and production, ESPN International... **Scott Harvey** advanced to dir.—business affairs, Nostalgia TV.

**Stephen Murphy**, senior adviser to VOA Dir. **Chase Untermyer**, will open communications consulting firm specializing in Central and S. America (800 West Ave., Suite 346, Miami Beach 33139, 305-531-8292)... **Paul McCarthy**, pres. of Best. Cable Assoc., named vp—affiliate sales, Northeast, Action Pay Per View... FCC Calendar -- July 21: **Comr. Marshall** speaks at Girls Inc. National Resource Center lunch, Westin Hotel, Indianapolis, 11:30 a.m. **Cheryl Tritt**, chief, Common Carrier Bureau, addresses convention on "Charting the Future of Rural Telecommunications," Sheraton Harbour Island, San Diego, 9:30 a.m.... NTIA Schedule -- July 21: Dir. **Gregory Chapados** is keynote speaker at New England Cable TV Assn. convention, Newport, R.I.

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**FCC paved way for major new wireless Personal Communications Service (PCS) July 16, but only after Chmn. Sikes was forced by other commissioners and heavy lobbying by cellular industry to back away from controversial proposal to limit which companies, including cable firms, could offer PCS. Sikes wanted to keep cellular carriers out of PCS, but other commissioners said that plan made premature assumptions about PCS market. Commission basically proposed that there be 3 PCS providers per market, but suggested there could be as many as 4 or 5, which would leave room for local cellular providers, cable operators and new entrants. FCC also: (1) Proposed to make PCS spectrum available for nonlicensed services for applications such as wireless Local Area Networks or PBXs. (2) Asked about reallocating some of 900-MHz band for PCS usage. (3) Asked for comments on how licenses should be awarded.**

## OBITUARY

**Edward Hymoff**, 67, former dir.—communications and public affairs, CPB, died July 9 at his home in Belmont, Mass., after brief illness. He worked for CBS as reporter and was a news mgr. at NBC. He also was consultant to USIA and VOA. Survivors include daughter, son.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 5th statistical week of June and year to date:

	JUNE 27- JULY 3	1991 WEEK	% CHANGE	JUNE 20-26	1ST HALF 1992	1ST HALF 1991	% CHANGE
TOTAL COLOR.....	388,319	508,234	-23.6	497,432	9,435,617	8,938,351	+ 5.6
DIRECT-VIEW...	380,709	500,280	-23.1	486,034	9,284,138	8,805,317	+ 5.4
TV ONLY.....	361,944	483,350	-25.1	471,228	8,897,185	8,492,480	+ 4.8
TV/VCR COMBOS	18,765*	16,930	+10.8	14,806*	386,953*	312,837	+23.7
PROJECTION....	7,610	7,954	- 4.3	11,398*	151,479*	133,034	+13.9
VCR DECKS.....	239,561	297,728	-19.5	272,299	5,015,073	4,296,255	+16.7
CAMCORDERS.....	57,669	125,437*	-54.0	75,524	1,146,801	1,196,701*	- 4.2
LASERDISC PLYRS#	5,370	6,171	-13.0	12,860	100,431	79,062	+27.0

Direct-view TV 5-week average: 1992--375,177; 1991--345,873 (up 8.5%).

VCR deck 5-week average: 1992--196,701; 1991--185,305 (up 6.2%).

Camcorder 5-week average: 1992--48,588; 1991--70,310\* (down 30.9%).

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

# Includes combi players, excludes karaoke types.

**BASTIAENS TO LEAVE PHILIPS FOR APPLE PIE:** Grist for multimedia mill last week was provided by news that Gaston Bastiaens, driving force behind CD-I as gen. mgr. of Philips Interactive Media Systems (PIMS) Group, will leave company in Sept. to become vp-gen. mgr. of Apple Computer's Personal Interactive Electronics (PIE) Div. Bastiaens' move brings to Apple perspective of executive with longtime background in consumer electronics. Apple plans to ship first 2 CE products -- Newton and multimedia device code-named "Sweetpea" -- next year (TVD June 1 p10).

Philips spokeswoman said move was "result of a personal choice of Mr. Bastiaens," who has been with Philips for 21 years, has headed PIMS since 1989 and has worked on CD-I for most of last decade. She stressed that Bastiaens' departure didn't signal any lessening of company's commitment to CD-I. "There will be no change in policies on CD-I," Philips said. It said Henk Bodt, chmn.-CEO of Philips Consumer Electronics (which includes PIMS), will oversee PIMS until replacement is named.

Apple Pres.-COO Michael Spindler praised Bastiaens' "proven track record in consumer electronics. His vast industry knowledge and technical expertise will enhance Appple's leadership in an exciting new industry being created by the revolutionary merger of ideas and information." It's expected that Bastiaens also will be working closely with Kaleida, Apple-IBM joint venture formed last year to develop multimedia software platforms; Kaleida is developing operating system to be used in Sweetpea.

Kaleida's ultimate mission, though, is to create way for multimedia programs to run across all operating systems, so developers won't have prohibitive expense of developing multiple versions of same program. "To make multimedia happen, you can't have a fragmented world of multimedia formats. It's expensive to create, and then to port it is expensive," Apple executive said. "The idea is to take that barrier from developers." Multicompatibility or standardization also would alleviate consumers' fear of choosing "wrong" format (see item below). When Sweetpea alliance with Toshiba was announced, Apple Japan Pres. Shigechika Takeuchi said that though Kaleida operating system would differ from that used in Macintosh and Newton, some level of software interoperability among those devices was expected.

Text of Apple announcement, in fact, seemed to indicate that CD-I platform is being factored into Apple's multimedia equation. In paragraph discussing Bastiaens' role at Philips, Apple said: "As standards are important in electronic publishing, Bastiaens will investigate solutions for compatibility for CD-I and

Apple media products." Apple spokeswoman said sentence was included because "that is one of the things that is a high priority from Bastiaens' point of view." Sources close to Philips sounded hopeful note that having Bastiaens as ally at Apple would gain credibility for CD-I, helping format in long run. "From Philips' point of view, it's not necessarily bad for CD-I," said person close to project. CD-I and Apple's Macintosh computers both run on Motorola 68000-series microprocessors; although their operating systems aren't compatible, fact that they share common MPU makes it far easier to establish compatibility.

Apple established PIE Div. earlier this year, encompassing Newton Group, Personal Communications and Media Products Group. Newton, personal digital assistant (PDA) that's outgrowth of alliance with Sharp, will be first Apple CE product, scheduled to hit market in first part of 1993. Apple and Toshiba last month announced cooperation on multimedia CD-ROM-based PDA, code named Sweetpea, due on market in middle of next year. Although Apple hasn't announced what form its Sweetpea will take, Toshiba official said Toshiba is considering both home deck designed to be attached to TV and portable player with built-in LCD screen.

\* \* \* \* \*

For first time, we saw advertisement for CD-I in U.K. last week that listed system's ability to play movies as among its many features (albeit for next year). Dixons, U.K. parent of Silo, ran full-page CD-I ads boldly highlighting system's capabilities -- "CD Music," "Games & Entertainment," "Education & Information," "Photo CD," "Movies." Copy beneath final entry reads: "Watch blockbuster feature films on CD-I discs. CD-I is ready for tomorrow's technology (Optional extra available in 1993)." Marketing efforts often vary from country to country, so ad doesn't necessarily indicate new direction for U.S.

Although Philips has spoken generically about availability of full-motion video (FMV) on CD-I by end of year and has shown movie clips to trade as demonstration of FMV capability under MPEG standard, this is first time that public has been told directly that feature films are planned among software offerings. Even when Philips demonstrated FMV to consumers in booth at recent Consumer Electronics Show, it was done in low-key fashion, with single small placard telling passersby what they were seeing. Philips is expected to introduce CD-I changer early next year, which would open possibility of full-length films, since single CD-I disc can hold 74 min. of FMV. Most films would require at least 2 discs.

Meanwhile, another British retailer is offering £150 (\$290) trade-in value for Commodore CDTV player toward purchase of CD-I machine. Diamond, computer dealer with penchant for quirky advertising, asks following questions in Aug. edition of Amiga Shopper magazine: "Did you bet on black and it came up red? Did you buy Betamax when everybody bought VHS? Have you booked your holiday in Yugoslavia? I bet you've got CDTV." Philips CD-I player, which carries list price of £599 (\$1,160), is being offered through end of Aug. by Diamond at £449 (\$870) with CDTV trade-in.

**VCR, PROJECTION REIGN AS FIRST-HALF STARS:** Sales to dealers of VCRs and projection TVs stood as brightest spots in uneven first half, according to figures released by EIA's Mktg. Services Dept. (see State of the Industry). In both categories, sales ran ahead of 1991's pace in 5 out of 6 months. For year to date, both projection TVs and TV/VCR combos were at record rate, and all categories except camcorders were ahead of pace set in 1991. It must be remembered, though, that sales of VCRs and color TVs were off significantly in first half of last year.

In essence, direct-view TV business staged partial recovery from weak first half of 1991. Sales of direct-view TVs (not including TV/VCR combos) were up 4.8%, but still 5.5% behind first 6 months of 1990. Color TV sales (including combos) were at seasonally adjusted annual rate of 20.6 million sets through first half, which would be slightly more than 2% above full-year 1991 total of 20.1 million. Seasonal rate was slightly higher in 2nd quarter (20.8 million) than in first quarter (20.4 million). Rate in June was 20.6 million, lowest since Feb.

Strong 2nd quarter sent VCR sales to dealers to seasonally adjusted rate of 11,950,000 for first 6 months that if maintained would be 11% higher than unit sales in 1991. That also would be highest since record 12 million decks were sold at height of industry's salad days in 1986. Seasonally adjusted annualized rate stood at 12.9 million in 2nd quarter and 11.9 million in June.

Sales of camcorders ran 30% behind last year's pace in June, 3rd month in last 4 in which category showed decline. Annualized rate in June (2.4 million) was lowest of any month in first half. Rate for year to date was 2,941,000; if rate held for rest of year, that would put unit sales 2.7% ahead of 2,864,395 camcorders sold to dealers last year. Annualized rate has been dropping sharply since end of Feb., when it stood at 3.5 million. Low sales in June (down 30.9% from last year) were particularly distressing since that

month is considered miniboom for camcorders because of Father's Day, graduation and preparation for vacation season.

Projection TV sales rate in June was highest since Jan. at 452,600 sets. That brought rate for first 6 months to 415,000, with 2nd-quarter down rate (403,325) down somewhat from that of first quarter (424,460). Industry seemed well along way to smashing annual sales record of 379,837, set last year. Here are EIA's figures on sales to dealers for June:

Product	June 1992	June 1991	% Change	June 1990
Total color.....	1,906,029	1,752,026	+ 8.8	2,012,540
Direct-view...	1,875,886	1,729,363	+ 8.5	1,981,011
TV only.....	1,799,814	1,671,187	+ 7.7	1,935,253
TV/VCR combo.	76,072*	58,176	+30.8	45,758
Projection....	30,143	22,663	+33.0	31,529*
VCR Decks.....	983,509	926,524	+ 6.2	984,029*
Camcorders.....	242,942	351,549*	-30.9	305,324
Laserdisc players	24,794	22,617	+ 9.6	N.A.

\* Record for any June.

**ROYALTIES LIMIT ZENITH 2ND-QUARTER LOSS:** Income from patent royalties related to cable-compatible tuning systems (TVD July 6 p13) enabled Zenith to report 43.5% drop in 2nd-quarter loss to \$15.2 million (see financial table); income assigned to 2nd quarter results relates to both current and "accrued" royalties, so apparently is higher than otherwise would be case. Revenues in quarter rose 1.8% to \$280 million. For first half, Zenith cut net loss 13.4% to \$43.8 million despite 5.8% revenue decline to \$545.2 million.

Zenith reported \$13 million in royalty income for quarter, including past royalties, after deducting legal expenses. It said it expects to report royalty earnings of about \$8 million in 2nd half and about \$15 million annually in future, based on current industry sales levels. Zenith has declined to identify which or even how many "major color TV and VCR manufacturers" have signed licensing deals; however, Matsushita acknowledged signing agreement (TVD July 13 p17). Zenith said last week that license agreements expire in 2003. Results for quarter also include \$4-million tax credit related to net operating loss carryback applications provided for in amended tax returns Zenith filed with IRS.

Zenith Chmn.-Pres. Jerry Pearlman said consumer electronics sales increased in quarter, but "lower color-TV prices hurt margins." He said cost-cutting measures had begun to bear fruit, "although a full-year loss is expected." Operating results in 2nd quarter were hurt by delay in shipping 15" and 17" flat tension mask (FTM) computer monitors, which it blamed on combination of "customer-requested product upgrades and startup conditions."

\* \* \* \* \*

Nycor, investment company that last year tried to gain control of Zenith in bitter proxy fight, reported \$1.2 million in deferred expenses relating to battle in its most recent quarter. It also said it had sold portion of its Zenith holdings in quarter for gain of \$493,000 and continued to hold 2.1 million shares. Company said it wouldn't pursue further efforts to gain control of Zenith.

**Ads & Promotions:** Universal Electronics, maker of One-To-One brand universal remote controls, announced promotional tie-in with Turner Home Entertainment's upcoming video release of original King Kong. Consumers who buy any of 3 versions of tape (b&w, colorized or promotional gift pack) will receive \$5 rebate from Universal when they mail in coupon and proof of purchase certificates or receipts for both products. Tape hits streets Sept. 16... **Sony** is offering 2 hours of free Sprint long distance service with purchase of telephone or answering machine through Dec. 31... **Panasonic** is taking "news teams" from schools in Jersey City, N.J., and Sheridan, Wyo., to Olympics in Barcelona as part of Panasonic KidWitness News program. Program currently operates in 200 schools in more than 75 cities.

**Samsung** is buying Werk Fur Fernsehelectronik, former state-run electronics manufacturer in eastern Germany, and plans to increase company's annual color picture tube production to 2.5 million from current 1.2 million by 1997. Company said it plans to invest \$120 million in expanding capacity of 10,000-sq.-ft. plant, which will supply tubes to Samsung factories in Hungary, Portugal, Turkey and U.K., as well as OEM accounts.

#### THIS WEEK'S YEN RATE

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

**EUROPE'S WIDESCREEN TUBES:** Although recession has resulted in somewhat lower than expected demand, 2 European plants could produce as many as 200,000 widescreen (16:9) color picture tubes in 3 different sizes this year.

As already reported here, Thomson Consumer Electronics (TCE) could make up to 100,000 widescreen tubes this year at plant at Agnani, Italy (TVD Jan 20 p12). Philips said last week it expects to make 80,000 this year at factory in Aachen, Germany, but that number could go higher depending on demand. Like TCE, Philips large-screen tube production line can be switched from 4:3 to 16:9.

Although emphasis in U.S. and Japan will be on largest size widescreen tube -- 34W" (36" size in overall diagonal measurement) -- Europe is emphasizing smaller units. Of Philips' planned 80,000 widescreen tubes, it expects 75,000 to be 26W", smallest of 3 sizes.

Aachen plant is making 34W" and 26W" widescreen tubes while Thomson is producing 30W" as well as other 2 sizes in Agnani. Thomson official said 16:9 capacity at Agnani is "conservatively" 250,000 annually. Third major European tube maker -- Nokia (formerly ITT) -- said vaguely that it plans to make 16:9s at its Esslingen, Germany, plant around end of 1993. TCE's plant in Marion, Ind., is equipped to make widescreen tubes, which it says it will do when U.S. demand dictates -- but meanwhile it will ship widescreen tubes here from Agnani.

There are some differences between Philips and Thomson tubes. All of Philips' widescreen units use invar masks, while Thomson offers choice of invar and conventional "iron" mask in 16:9s. Philips' tubes, although designed for HDTV as well as widescreen conventional TV, have standard phosphor pitch (spacing between phosphor stripes) of 0.8mm at center of screen for 34W" tube -- about same as similar size 4:3 tube -- which provides high brightness although at some sacrifice in resolution. Thomson, on other hand, uses 0.74mm pitch at center of screen.

In U.S., both Thomson and Philips are committed to fielding 34W" widescreen sets this year. Philips official at Aachen said plant will give top priority to satisfying European demand, and N. American Philips may have to buy its 16:9 tubes elsewhere (which must mean either from Thomson or Japan).

**Note:** Thomson plans to offer "flatter face" large-screen picture tubes physically compatible with Hitachi models and very close to dimensions of Panasonic SuperFlat, but hasn't yet decided whether they will be produced in Marion or Agnani.

**AUDIO COMPONENTS DROOP:** Sharp drop in audio components combined with only minuscule gains in systems and aftermarket autosound contributed to modest decline in factory dollar sales of audio equipment in May, EIA reported.

Overall dollar sales fell 5.2% in month to \$452.56 million from \$477.4 million year earlier. Portable audio was only category with considerable gain in May, rising 4.8%, while aftermarket car stereo inched up mere 0.1% and systems paltry 0.2%. Component sales crashed again in month, falling 23% from year earlier.

Sustained losses in components pushed category to 15.4% decline in year's first 5 months. However, overall audio sales for year to date managed 4.6% rise, buoyed

mainly by gains of 16.9% in portables and 15% in autosound. Notwithstanding small May rise in systems, that category managed 4.8% rise in Jan.-May.

EIA Consumer Electronics Group said despite that 5.2% dollar decline, unit sales in month rose 3.5% to 6.7 million, but it didn't offer unit breakdown -- only percentage increases. It said 3.5% overall unit gain was attributable partly to rises of 24% in car speakers and 24% in systems. CEG cited home theater components and carousel CD changers as "lone bright spots" in otherwise dismal component performance in May. It said surround processors, including those combined with integrated amplifiers, increased 15% in month and accounted for nearly 10% share of all home component units sold, compared with 7% share year earlier.

In multiplay rotary CD changers, Assn. said, month marked first time that CD player other than single-play deck accounted for majority of home CD player sales. It said carousel unit sales rose 15% in year's first 5 months and constituted 43% of CD player sales in May vs. 39% for single-play decks. In Assn.'s selective release of unit sales data in other categories, portable audio units climbed 8% in 5 months (no figure was offered for May) and unit sales of autosound equipment other than speakers rose 17% in Jan.-May from same 1991 period.

EIA began systematic release of audio dollar sales data on monthly basis 2-1/2 years ago (AW Feb 19/90 p2), but has declined requests for issuance of corresponding unit sales figures, except for selected references such as those cited above in news releases accompanying statistics. For May report, Assn. released first "spotlight" chart depicting unit sales of home speakers on seasonally adjusted basis since Jan. 1991. According to chart, which had no accompanying text and no data on precise unit volume, speaker unit sales reached highest point in May, rising above 375,000-unit threshold for only time in 17-month period depicted. Lowest point on chart was Jan. 1991, when only 275,000 units were shipped.

Here's EIA breakdown of audio dollar sales in May and year's first 5 months:

FACTORY SALES OF AUDIO EQUIPMENT  
(add 000)

Category	May 1992	May 1991	% Chg.
Portable Audio*.....	\$151,380	\$144,509	+ 4.8
Components.....	107,496	139,520	-23.0
Systems.....	72,712	72,559	+ 0.2
Autosound (aftermarket)	<u>120,969</u>	<u>120,814</u>	+ 0.1
<b>TOTAL.....</b>	<b>\$452,558</b>	<b>\$477,403</b>	<b>- 5.2</b>

	5 Mo.'92	5 Mo.'91	% Chg.
Portable Audio*.....	\$791,299	\$677,052	+16.9
Components.....	574,191	678,823	-15.4
Systems.....	425,530	406,113	+ 4.8
Autosound (aftermarket)	<u>585,449</u>	<u>508,887</u>	+15.0
<b>TOTAL.....</b>	<b>\$2,376,469</b>	<b>\$2,270,875</b>	<b>+ 4.6</b>

\* Includes home radio.

Figures may not add due to rounding.

**TAIWAN'S SLIDE:** Taiwan is trying desperately to revive its sliding consumer electronics industry. Soaring labor costs have hurt export business and elimination of import controls has damaged producers for domestic market.

As reported in Taiwan govt.'s Free China Journal, Govt.-funded Industrial Technology Research Institute (ITRI) pointed out at recent conference in Taipei that consumer electronics had declined from 28% of island's total production in 1986 to 11% last year. While component exports have increased, shipments of finished consumer electronic products dropped to \$1.87 billion last year from \$1.91 million in 1990 and \$2.75 billion in 1989.

U.S. Commerce Dept. import figures show TV sets from Taiwan fell to 823,100 units in 1991 from 4,136,200 in 1986 (TVD March 23 p16, March 23/87 p17).

At same time as exports dropped, Taiwan's consumer electronic imports soared to \$771 million last year from only \$50 million in 1985 as result of relaxation of import controls in 1986. Eight of Taiwan's top 10 consumer electronics exporting firms are foreign funded.

ITRI hopes to reduce Taiwan's dependence on Japanese parts, imports of which totaled \$375 million last year, more than half of island's total parts imports of \$570 million. ITRI's Tang Hui-hui said best path to revival for consumer electronics industry is development of new products, strengthening of after-sales service and combination of consumer, computer and communications technology.

ITRI embarked last year on 5-year technology development program for HDTV, projection TV, digital audio tape recorders, electronic still cameras. First Taiwan-made DATs are expected in Sept. and projection TVs are due in 2 years, ITRI said.

**CONSUMER CES SURVEY:** Consumers who were sufficiently presold on consumer electronic products to attend first public Consumer Electronics Show (CES) last month really like consumer electronic products, have strong buying intentions and say they were satisfied with Chicago Summer show.

This was net result of 2 surveys of attendees by EIA Marketing Services Dept. First on-scene survey queried 963 consumers as they entered show, with exit poll involving 820 leaving scene. More than 90% of those surveyed said show exceeded or met their expectations.

Home information equipment was product category specified for next purchase (within 12 months) by 31.9%, followed by video products (23.9%), audio products (23.4%). More specifically, home computer hardware was top product cited in exit poll (by 17.5%), with CD players (13.3%) and color TV (11.5%) as runners-up, and 9.5% planning to buy camcorders.

Attendees found show educational, helpful and exciting, survey said. Some 62.5% said they plan to buy more electronic products than they did before attending show and 72.1% said they will want more features in products they buy than before show. Total of 82.3% said they gained product knowledge and 91.8% saw entirely new products they hadn't seen before show. Asked about multimedia, 59.7% said they increased their knowledge, and 71.3% saw HDTV.

More than 51% of attendees had incomes of \$40,000 or more. Half said they had areas in their homes dedicated as home offices (as opposed to 36% of total U.S. households).

**ZENITH HDTV AT CONVENTION:** Zenith showed off Digital Spectrum Compatible HDTV system in VIP reception area at last week's Democratic National Convention. Demonstration was element of broad presence by Zenith's HDTV partner AT&T at convention with range of telecommunications and computer equipment. Company showed taped materials and live feeds from convention floor, where it had BTS-built camera in prime location directly in front of podium.

Signal traveled via cable to display areas (with amplifier boosting signal midway on its journey), where it was displayed on 50" projection set, 17" Flat Tension Mask multisync computer monitor, 34W" direct-view tube (made by Toshiba). Last was positioned next to standard Zenith 27" set that was running downconverted version of same picture for side-by-side comparison.

Feed from HDTV camera also was used as part of pool feed coordinated by Democratic National Committee, with signal converted to standard NTSC, chopping off sides of image to fit 4:3 screen.

Zenith and AT&T are planning similar demonstrations next month at Republican convention in Houston.

**SHARP 9-LB. PROJECTOR:** Sharp will introduce LCD projector weighing only 9 lb. in U.S. late next month, raising its SharpVision line to 5 models. Model XP-10, previewed in prototype form at Summer Consumer Electronics Show (TVD June 8 p18), will carry suggested list price of \$2,795 (more than \$1,000 above list of similar product that goes on sale in Japan at equivalent of \$1,760).

New projector uses single new 3.6" high-resolution LCD with total of 301,158 pixels, or 100,368 3-color pixels. LCD utilizes Sharp's new "Micro Lens" technology. Thanks to new metal halide lamp, brightness is almost same as in company's first 3-LCD projector, introduced in 1989. Projector has built-in amplifier and speakers, with 2 video and one S-video inputs. Projection distance for 60" picture is 6.6 ft., for 30" is 3.3 ft. It measures 8.5" wide, 15.2" deep, 5.9" high, will be produced in Japan at rate of 4,000 per month.

In Japan, Sharp also introduced "portable" VHS-Hi Fi VCR that can be carried in one hand, to go on sale there Aug. 20. It features "one-touch" antenna connector and is designed for use with new projector for portable combination. It weighs just 9 lb., measures 10" wide, 6" deep and 9.4" high, will be priced at about \$700 in Japan.

Canon announced addition to E-series of 8mm camcorders, new model that includes 8X zoom, shutter speeds to 1/4,000 sec., wireless remote, character title roll display, infrared autofocus (with manual focus in macro mode at as little as 4mm), 2-lux rating in gain-up mode. It will be available later this month at \$1,299 suggested retail price... Ricoh introduces palm-sized 8mm camcorder with digital effects, 10X zoom, 2-lux sensitivity, wireless remote, stereo audio, 3-program auto exposure system, price not given.

Matsushita will ship 150,000 color TVs to Japan from U.S. in current fiscal year, up from 58,000 in year ended March 31, 1992, according to Nikkei Weekly, which said plan suggests company "is more concerned about politics than profits" because U.S. "production costs may be even higher than in Japan." Journal said Sony is expanding exports of U.S.-produced picture tubes to Japan.

**Matsushita's** senior long-term debt rating was reduced to AA+ from AAA and removed from CreditWatch by Standard & Poor's (S&P). S&P said "downgrades reflect the more difficult conditions in Matsushita's core consumer products businesses." It said "earnings are expected to remain under pressure for the foreseeable future, despite the prospect of gradually improving economic conditions in Japan and abroad." S&P also said JVC Corp. and its related JVC Finance B.V. and U.S. JVC Corp. continue to have AA-minus long-term and A1+ short-term ratings, and remain on CreditWatch "with negative implications." It said "deterioration in Matsushita's credit quality may also affect JVC's rating."

**Recoton** said it had signed nonexclusive worldwide licensing deal with Matsushita (Japan) authorizing latter to produce and distribute Recoton CD-cassette adapter for patching portable CD player into car stereos, boomboxes, home hi-fi equipment. Recoton said it earlier signed similar licensing deal with Sony and maintains "private manufacturing agreement" with Philips. It's also supplying private-label products to other manufacturers. Company also announced it had signed nonbinding letter of intent to acquire substantially all assets of Proturn Ltd., Canadian manufacturer and importer of audio and video carrying cases and storage units. Deal is expected to close in mid-Aug.

**Software Toolworks**, software publisher with major stake in CD-ROM and multimedia, last week reached agreement with primary lender to "amend and renew" its credit agreement in wake of \$14.5-million loss (59¢ per share) on sales of \$102.6 million in year ended March 31. Entire loss occurred in 4th quarter, when company had \$3.2-million litigation expense, \$3.1-million allowance for doubtful accounts (including \$2.2 million related to bankruptcy filing by DAK Enterprises) and \$2.8-million writeoff for returns and other customer allowances. Company lost \$16 million in quarter on sales of \$23.1 million, vs. \$30.8-million loss on \$10.1 million year ago.

**Sun TV** net income jumped 58% in first quarter ended May 31 on 40% increase in net revenues. Earnings per share were up 13% as number of outstanding shares increased 39% in year. Comparable-store sales rose 4% in quarter "despite the cooler weather experienced during May which negatively impacted the sales of air conditioners," company said. Gross profit percentage dropped half a percentage point, which Sun blamed on "continued promotional sales activity in new markets" as well as depressed air conditioner sales and "uncertain retail environment." Sun said it will open 4-6 stores this year.

**Franklin Electronic Publishing** reported 67% sales increase and 12¢ per share net income in quarter ended June 30; year earlier, company lost 8¢ per share (see financial table). Pres. Stanley Krangel credited sales jump in part to retailers' carrying greater breadth of company's line. He also cautioned that sales in last year's quarter were "anemic" because of war and depressed economy. Franklin earlier in month announced plan to ship this fall electronic reference device that uses interchangeable 10 Mbps ROM cards (TVD July 18 p17)

**Market shares** of videotape brands on Japanese domestic market in 1991, as estimated by Nikkei: (1) TDK 24% (up 1% from 1990). (2) Fuji 17% (unchanged). (3) Sony 17% (up 4%). (4) Hitachi Maxell 15.2% (down 1.8%). (5) JVC 12% (up 1%). Others 14.8% (down 4.2%). Shares of Japanese fax market: (1) Matsushita 16.2% (down 1.2%). (2) Ricoh 16% (down 1.1%). (3) Canon 16% (up 1.5%). (4) Sharp 11% (up 1.5%). (5) NEC 10% (down 0.8). Others 30.8% (up 0.1%).

**China's largest** publicly owned company will be Shanghai Video & Audio Electronics Corp., which plans to issue \$7.27 million in Class A shares and \$36.36 million in B shares, with \$86.44 million in stock to be distributed to local govt. Class A shares are for domestic sale, with Class B to be sold internationally. Additional funding will be required for advanced projects, yet to be approved by govt. They include VCRs, industrial color TV, satellite TV receivers, microwave ovens, autosound systems. Another major shareholding company will be established by China Huala Electric Co., Dalian, to produce VCR parts under contract with Japan's Matsushita under \$94.5-million bank loan agreement.

**Rentrak** is offering its 2,300 retailers TurboGrafX-16 starter kit that includes 5 players, 2 copies each of 15 most popular game titles, 2 posters. Rentrak offers goods, primarily to video software stores, on "pay-per-transaction" (PPT) basis, in which store doesn't own goods but instead pays portion of revenue generated from rentals back to Rentrak. Deal would give increased visibility to TurboGrafX-16 system, which ranks well behind Nintendo and Sega in market, particularly in setting in which consumers can sample system. It also lets Rentrak help customers branch into other forms of home entertainment without major capital commitment.

**Digital Video Workshop**, 4th in annual series sponsored by EIA Consumer Electronics Group with participation of IEEE Consumer Electronics Society, will be held Sept. 30-Oct. 2 at Boston's Omni Parker House. Sessions will discuss video compression, telecommunications, consumer and computer products, cable TV, broadcasting.

**HDTV viewing locations** will be reduced from original plans in U.K. (CD July 13 p4), but Europe-wide there will be 640 places for people to see Summer Olympics in HD-MAC. According to tally by Thomson, Philips will have 280 locations, Thomson 160, Nokia 100. In U.K., Philips will have sets in 21 places, Thomson 10, Nokia 4.

**Eastman Kodak** shared equally with Philips in Eduard Rein 1992 Technology Award. Kodak's award, about \$66,000, was for marriage of photography and electronics in Photo CD system, judges said. Philips won prize for DCC, as stated in our report last week, which incorrectly described Kodak as runner-up (TVD July 13 p17).

**"World's fastest VCRs"** will be introduced in Europe in fall, Philips said. Four models with "Turbo Drive deck mechanism" can rewind 180-min. tape in 95 sec. and start playing in half sec. from stop position, 4 sec. from eject position, company said.

**Seiko** will invest 10 billion yen (\$79.4 million) on LCD business in current fiscal year ending in March, Japanese press reported. That represents more than 25% of company's total facility investment for year.

**Citizen** is shipping 3.9" LCD color set with 141,912-pixel resolution through its U.S. operation CBM America. Suggested price is \$400.

**First Photo CD players** are coming off Philips production line in Hasselt, Belgium, Kodak Ltd. (U.K.) said. First run consists of 5,000 players.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
AT&T 1992-6 mo. to June 30	31,220,000,000	1,844,000,000	1.39
1991-6 mo. to June 30	30,998,000,000	1,686,000,000	1.31 <sup>a</sup>
1992-qtr. to June 30	15,845,000,000	961,000,000	.72
1991-qtr. to June 30	15,724,000,000	928,000,000	.72 <sup>a</sup>
BMC Industries 1992-6 mo. to June 30	93,732,000	3,660,000	.64 <sup>b</sup>
1991-6 mo. to June 30	106,640,000	5,033,000	.92
1992-qtr. to June 30	46,525,000	2,934,000	.52 <sup>b</sup>
1991-qtr. to June 30	62,150,000	4,549,000	.81
Franklin Electronic Publishers 1992-qtr. to June 30	13,240,000	911,000	.12
1991-qtr. to June 30	7,922,000	(549,000)	--
Gannett 1992-26 wk. to June 28	1,685,260,000	154,205,000	1.07
1991-26 wk. to June 30	1,661,108,000	145,077,000	.92
1992-13 wk. to June 28	892,139,000	98,745,000	.69
1991-13 wk. to June 30	874,623,000	94,966,000	.61
General Electric 1992-6 mo. to June 30	28,900,000,000	2,274,000,000	2.65
1991-6 mo. to June 30	28,100,000,000	2,130,000,000	2.44
1992-qtr. to June 30	15,400,000,000	1,216,000,000	1.42
1991-qtr. to June 30	14,800,000,000	1,131,000,000	1.30
King World Productions 1992-9 mo. to May 31	419,577,000	74,273,000	1.90
1991-9 mo. to May 31	382,438,000	70,743,000	1.81 <sup>c</sup>
1992-qtr. to May 31	90,159,000	16,437,000	.42
1991-qtr. to May 31	100,090,000	15,988,000	.40
Motorola 1992-6 mo. to July 4	6,196,000,000	273,000,000	2.05
1991-6 mo. to June 29	5,557,000,000	235,000,000	1.78
1992-qtr. to July 4	3,141,000,000	146,000,000	1.09
1991-qtr. to June 29	2,814,000,000	119,000,000	.90
Musicland Stores 1992-6 mo. to June 25	385,974,000	(13,470,000)	-- <sup>c</sup>
1991-6 mo. to June 25	342,255,000	(9,113,000)	--
1992-qtr. to June 25	201,231,000	(1,622,000)	--
1991-qtr. to June 25	180,946,000	(4,643,000)	--
The New York Times Co. 1992-6 mo. to June 30	888,459,000	29,187,000	.37 <sup>c</sup>
1991-6 mo. to June 30	857,270,000	10,460,000	.13 <sup>c</sup>
1992-qtr. to June 30	448,024,000	15,244,000	.19 <sup>c</sup>
1991-qtr. to June 30	440,394,000	5,351,000	.06 <sup>c</sup>
Oak Industries 1992-6 mo. to June 30	74,187,000	8,410,000	.06
1991-6 mo. to June 30	63,352,000	(1,046,000)	--
1992-qtr. to June 30	38,204,000	2,425,000	.03
1991-qtr. to June 30	31,225,000	(1,506,000)	--
Park Communications 1992-6 mo. to June 30	76,705,000	7,328,000	.35
1991-6 mo. to June 30	72,332,000	6,038,000	.29
1992-qtr. to June 30	40,862,000	4,933,000	.24
1991-qtr. to June 30	38,996,000	4,476,000	.22
Pulitzer Publishing 1992-6 mo. to June 30	194,573,000	10,764,000	1.03
1991-6 mo. to June 30	193,318,000	3,307,000	.32
1992-qtr. to June 30	102,065,000	9,201,000	.88
1991-qtr. to June 30	101,956,000	4,033,000	.39
Scripps Howard Bcstg. 1992-6 mo. to June 30	187,951,000	14,753,000	1.43
1991-6 mo. to June 30	164,221,000	4,410,000	.43
1992-qtr. to June 30	102,080,000	11,050,000	1.07
1991-qtr. to June 30	89,969,000	8,253,000	.80
Time Warner 1992-6 mo. to June 30	6,103,000,000	12,000,000	--
1991-6 mo. to June 30	5,691,000,000	(82,000,000)	--
1992-qtr. to June 30	3,096,000,000	9,000,000	--
1991-qtr. to June 30	2,850,000,000	(32,000,000)	--

Company & Period	Revenues	Net Earnings	Per Share
TRW 1992-6 mo. to June 30	4,185,000,000	101,000,000	1.58 <sup>b</sup>
1991-6 mo. to June 30	3,895,000,000	59,000,000	.96 <sup>c</sup>
1992-qtr. to June 30	2,154,000,000	60,000,000	.93 <sup>b</sup>
1991-qtr. to June 30	1,980,000,000	24,000,000	.39 <sup>c</sup>
United Television 1992-6 mo. to June 30	55,548,000	2,821,000	.27
1991-6 mo. to June 30	55,171,000	1,924,000	.18
1992-qtr. to June 30	30,625,000	4,948,000	.47
1991-qtr. to June 30	30,423,000	3,625,000	.34
Video Display 1992-qtr. to May 31	15,901,000	612,000	--
1991-qtr. to May 31	13,094,000	479,000	--
Westinghouse Electric 1992-6 mo. to June 30	5,972,000,000	(124,000,000)	--
1991-6 mo. to June 30	5,951,000,000	225,000,000	.75
1992-qtr. to June 30	3,146,000,000	122,000,000	.35
1991-qtr. to June 30	3,174,000,000	127,000,000	.41
Zenith Electronics 1992-6 mo. to June 27	545,000,000	(43,800,000)	--
1991-6 mo. to June 29	578,700,000	(50,600,000)	--
1992-qtr. to June 27	280,000,000	(15,200,000)	--
1991-qtr. to June 29	275,000,000	(26,900,000)	--

Notes: <sup>a</sup>Restated. <sup>b</sup>Includes special credit. <sup>c</sup>After special charge.

## Consumer Electronics Personals

**Gaston Bastiaens**, gen. mgr. of Philips Interactive Media Systems group, leaves in Sept. to become vp-gen. mgr. of Apple Computer's Personal Interactive Electronics (PIE) Div. (see report elsewhere in this issue); **Robert Saltmarsh** moves from Apple's corporate treas. to vp, finance, PIE Div.; **Ian Diery**, pres. of Apple's Pacific Div., exec. vp, worldwide sales and mktg., new post... **Myron (Mike) Matzkin** retires as Canon U.S.A. PR mgr. after 19 years with company.

**Richard Hultine**, onetime Fisher national sales mgr. and more recently Sanyo Fisher national mktg. mgr., customer communications, promoted to national mktg. mgr., Sanyo home appliances... **Ted Schwartz** joins Video Aid Corp. as southeastern regional sales support mgr... **Ahmed Nawaz** named senior dir. of new AT&T Personal Communication Systems, which is developing pen-controlled small mobile communication devices.

**Allan Caplan**, ex-Blockbuster Entertainment and Applause Video, retained as special mktg. consultant to SkyBox International sports and entertainment trading card company... Changes at MGM/UA Home Video: **George Feltenstein** promoted to senior vp-gen. mgr.; **Shirley Qan** returns from Warner Home Video as inventory supervisor; **Mark Woolley** advanced to fulfillment and sales promotions mgr.; **Steve Wegner**, ex-Hanna-Barbera Home Video, named mktg. administration mgr... **Ramon Martin-Busutil**, ex-Cadbury Beverages, joins Blockbuster Entertainment as International Div. pres.

Following example of Warner and MCA/Universal, Columbia TriStar will handle laserdisc manufacturing itself and take on several direct accounts starting immediately, leaving Pioneer LDCA only distribution duties, Pioneer Mktg. Mgr. David Wallace said. Columbia's long-term contract with Pioneer expired Dec. 31 and companies had been renewing it on monthly basis, he said. "As contracts expire, it could be like videotape years ago, when suppliers took the product back," he said.

# TELEVISION DIGEST®

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

With Consumer Electronics

JULY 27, 1992

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**CABLE BILL PASSES** House by big margin. Tauzin's program access amendment picked over Manton's. Some still see vote on GOP substitute as key to next step. Election year politics blamed by cablers for loss. (P. 1)

**AFFILIATES' CHASM WITH CBS** over compensation cuts grows. Stations prepared to take legal action, move further away from network. 'Affiliate-affiliate' convention planned in Feb. (P. 3)

**FCC NETWORK-CABLE ORDER** explains reasons for safeguards to protect stations, review promised in 3 years. Marshall doesn't like caps, Duggan says they're necessary. Barrett wants 'clear sunset.' (P. 5)

**HDTV PLAN 'INEQUITABLE,'** 101 broadcasters charge. Channel assignments should be based on NTSC contour, they tell FCC. NCTA says FCC plan would make it difficult to get back NTSC channels. (P. 5)

**DISPUTE ON FCC FUNDING:** Senate plans spending bill without proposed new regulatory fees. Hollings wins language dampening PCS access to 2 GHz. (P. 6)

**CAP/ABC RESULTS UP:** Broadcast profits up slightly, but most gain from asset sales. Viacom networks set records. Other financials. (P. 7)

**NAB SEEKS DIALOG WITH EIA** on DAB standarization. It's not happy with way things are going at EIA. (P. 8)

**HOUSE HANDS CABLE RESOUNDING DEFEAT:** Cable's critics said industry's cockiness coupled with Bush Administration's myopia were reasons why opponents of cable were able to win overwhelming support, 340-73, last week for deregulation package (HR-4850). Industry also was pummeled in 3 key votes -- 2 on program access requirements, 3rd on watered-down Republican version of bill. But there still were questions at weekend about how White House would view results, particularly opponents' strong showing on GOP substitute and on prospects for broadcast retransmission consent proposal that had been bumped from bill.

Big win for cable foes came after some 7 hours of debate that lasted until close to midnight July 23 -- and was all the more a surprise for industry, we're told, because NCTA, programmer and MSO lobbyists had thought they would win weaker program access rules. Instead, House accepted tough approach by major foe, Rep. Tauzin (D-La.), 338-68, after rejecting, 162-247, alternative by Rep. Manton (D-N.Y.) that, in addition to cable industry, was supported by most Democratic leaders, House GOP's higher echelon, White House. House also passed other amendments, including bipartisan block of 8 on voice vote that would require cablers to notify their franchising authorities of planned rate hikes 30 days in advance, provide some damages protection to communities in certain suits, expand channel positioning protections, provide parents with notice of risque premium programming, have FCC study implications of amateur sports migration to cable and to pay-per-view.

### Consumer Electronics

**NORTH AMERICAN FREE TRADE** agreement would penalize sets with foreign tubes by subjecting them to duty, provide incentive for American parts in HDTVs. (P. 10)

**FORMAL PHOTO CD LAUNCH** due this week, with players being shipped to retailers, work stations in place at major processors. Dow Stereo in major kickoff. (P. 11)

**1992 MODEL-YEAR SALES --** 20.6 million direct-view color sets, record 298,000 projectors, 11.5 million VCRs, 2.8 million camcorders sold in year to July 1. (P. 12)

**ONLY SLIGHT PICKUP** seen by manufacturers for 2nd half, but color still could have 2nd-best year in history. (P. 13)

**PHILIPS TO SELL SOME ASSETS,** including real estate, in plan to reduce financing costs. Timmer keeps confidence in Centurion restructuring. (P. 14)

**FIRST-HALF CAMCORDER SCORE** shows 75% of sales were compacts, which rose to record 79.3% in June. Inventories dropped to 501,400 at midyear. (P. 14)

**HOME LASERDISC RECORDERS** under development by Pioneer and Hitachi, both plan breakthroughs that could lead to consumer models. (P. 15)

**SEGA CD BUILT INTO PC** to be marketed in Europe later this year by Amstrad. No similar machine is planned for U.S. market, Sega says. (P. 15)

Strong showing on Tauzin proposal is said virtually to ensure that tough program access language will be included in final measure, and elated backers predicted that House-Senate conference on compromise bill would add Senate-passed companion's (S-12) ban on exclusive contracts. Vote on final passage of House bill was veto proof.

Industry lobbying was intense right up to last min., and even Tauzin's forces weren't certain they would emerge victorious until late into debate. Said to have helped tip balance were arguments that reminded Democrats their party's vice presidential choice, Sen. Gore (D-Tenn.), had authored counterpart language in Senate bill and that consumer outrage of last 3 years on cable rate hikes indicated voters didn't see eye-to-eye with Bush Administration on fastest route to relief. In end, Tauzin won not only support of 221 Democrats, but also of 116 Republicans, including most rural area members, said Tauzin supporter House Telecom Subcommittee Chmn. Markey (D-Mass.).

"This thing has gotten caught in election year politics," NCTA Pres. James Mooney said. "Chances of Congress coming up with a reasonable cable bill went last night from 20% to near zero." Cable's declining fortunes became apparent with every record vote, industry critics said, and seemed apparent almost from start when Republicans refused to accept amendment by Rep. Oxley (R-O.) billed as way to ease federal regulatory intrusion on industry. Oxley proposal would have shifted rate regulation to states, for which FCC Chmn. Sikes is advocate, and had NARUC support. It nevertheless failed, 83-327; there currently are 166 Republicans in House. "It was every man for himself," Rep. Eckart (D-O.) said in explaining why Republican support for majority position appeared to grow with each vote: "No one was ready to go home and say my party's leadership wanted me to vote against this." Another local regulation alternative to Oxley's by Rep. Shays (R-Conn.) also was rejected on voice vote.

Rep. Lent (R-O.), who was White House spear carrier for GOP alternative, agreed with cable industry that debate was driven by election year politicking and that in any other year, less punitive, reregulatory solution to so-called "cable problem" might have been possible: "The cable landscape hasn't changed in 2 years. The political landscape has." Said CATA Pres. Stephen Effros: "In the heat of a political season, Congress has forgotten... who ultimately pays not only for the service that they want... but also for the costs of the bureaucrats and lawyers that Congress -- by its action -- is now guaranteeing a lifelong job."

Lent's argument was cast by some as key to future of cable bill at White House. Republicans reiterated Bush's threat to veto bill containing Tauzin amendment, multi-tier rate controls and other reregulatory elements of S-12 and HR-4850. They saw 144-266 vote to reject GOP substitute -- 10 votes more than Republicans needed for veto-proof margin on amendment -- as ammunition Bush needed to justify veto. "This is now going to be a matter of sustaining a veto," Mooney said. "The fire bell is ringing. It's time for the entire industry to answer it."

However, Democrats believe Bush will think twice in election year about vetoing any bill pitched as helpful to consumers, especially with his standing low in polls and with their victory margin on final vote so wide. "No one with 29% in the polls is likely to take a leap of faith when your party is abandoning you on key votes," Eckart predicted. Democrats also are convinced they could override veto, and point not to Lent's success in achieving "safe" margin for GOP alternative but to their own on final vote -- and to Senate's 73-18 vote to approve S-12. If veto override succeeded, it would be first such loss for Bush, whose vetoes have been sustained 31 times by Congress. "We're ready here clearly to test his veto threat," Markey said.

"This is a very forceful statement that the House believes cable rates are too high and that rate regulation isn't enough," said Consumer Federation of America's (CFA) Gene Kimmelman. But there's still critical question for broadcasters of retransmission consent, which NAB, CFA and allies believe must be enacted. House Rules Committee had refused to let proposal be considered as floor amendment over pleas by authors Eckart and Fields (R-Tex.). But sponsors made point in debate to have many supporters speak on behalf of proposal, which they expect to win in conference on final bill. S-12 contains retransmission consent, and strong showing of support in House debate virtually cements chances that such language will be retained in final bill, Eckart said.

Eckart also told us that had his proposal gained floor time, "our vote would have been bigger" than Tauzin's support. NAB Pres. Edward Fritts agreed vote would have been big: "It was clear House members were prepared to pass [it] by a large margin." Rules Committee refused amendment floor time because of strong arguments by Judiciary Committee that its alternative bill to reform cable compulsory license (HR-4511) also deserved airing. Rules Committee was avoiding prospect of even lengthier and likely more bitter debate. Fate of that debate was presaged in Committee hearing when HR-4511 sponsor, Judiciary Committee Chmn. Brooks (D-Tex.), blasted Eckart and allies for trying to keep his Committee from

considering retransmission consent before HR-4850 went to floor. He saw Commerce as engaging in back-door efforts: "It's not something you would try to do if you planned to stay around Congress, which they aren't," he said in apparent reference to Eckart, who's retiring. "They are just trying to use you." Co-sponsor and House Copyright Subcommittee Chmn. Hughes (D-N.J.) called tactic "outrageous" and hit retransmission consent's benefits for industry as "Christmas in July."

MPAA Pres. Jack Valenti also blasted House for "exiling" programmers from bill. "The indispensable element that keeps broadcasters and cable operators nourished is not a 'transmitter signal,' nor is it a 'head-end.' The magic that draws viewers to TV stations and cable systems is programs." MPAA endorsed approach taken to protect programmers' rights in HR-4511: "We don't want our noses pressed against the windowpane of the future, looking in while everyone else is cozily inside... Our simple objective is to make sure that copyright owners are fairly treated."

**AFFILIATES' CHASM WITH CBS GROWS:** Dispute between CBS and its affiliates over network's \$20-million cut in compensation and plan to recoup inventory from stations worsened following July 22 meeting in Chicago -- part of it with CBS executives, part of it without (TVD July 20 p5). "It was a tough meeting," said chief executive of major group. Another: "If it comes to it, we're prepared to go our own way without CBS in many dayparts." Said Cathy Creany, chmn. of affiliates' Future Committee and chmn.-elect of affiliates' board: "They're taking a lot away from us... Some of our interests dovetail with CBS and some don't."

To show seriousness of complaints against CBS, affiliates' board said it would, "if necessary, seek relief at the FCC, the Justice Department and in Congress" to assure that affiliation contracts "fully protect the programming autonomy of all affiliates." Under its announced compensation cut, which CBS Best. Group Pres. Howard Stringer and Affiliate Relations Pres. Tony Malara told stations in Chicago isn't negotiable, network plans to renegotiate contracts with all affiliates, hasn't started yet. They showed stations proposed draft of new contract. Creany said that caused "grave concern" among affiliates over 2 issues: (1) Restrictions on preemption rights. (2) Option for CBS to renegotiate contracts annually with 90-day notice. In disagreeing with CBS move to cut compensation, former Best. Group Pres. Gene Jankowski told us: "Any action that can hurt the program distribution mechanism can be very harmful to the network-affiliate structure."

Also showing determination to move away from network domination, affiliates' board issued news release saying group owners present in Chicago have asked for "affiliate-affiliate" meeting, sans network officials, "of the entire affiliate body to review these issues... relating to the state of the video marketplace and the role of affiliates in that market." Meeting probably will be in Feb., about time that Creany takes over as chmn., she said. Stations plan to investigate ways to restructure affiliates' association to make it less dependent on network, with those in Chicago agreeing to increased dues to help pay for partial divorce. Chicago group included affiliates' board and Futures Committee, major groups and "anybody else who wanted to come."

News release said that stations would explore "alternative programming options... including the restructuring of current network-affiliate programming arrangements." Some affiliates reportedly are talking to Conus and CNN about possibility of replacing CBS early morning news, as well as providing national news for affiliates' local news. Several state and regional meetings of CBS affiliates have been held since compensation cuts were announced, and Chicago session urged that they continue. Chicago group also scheduled 2nd meeting Sept. 16, probably at same Radisson Hotel near O'Hare Airport. Some 50-55 attended meeting, including all major TV groups with CBS affiliates except Hearst Bestg. and Group W.

CBS is seeking to recoup \$16-\$20 million per year in compensation it now pays affiliates, plus \$4-\$5 million in takeback of what now are local spots in daytime and Sat.-Sun. morning time (TVD June 8 p2). Takeback, affiliates said, would cost them up to \$15 million combined while recouping only \$5 million for networks. Stringer and Malara attended part of morning session in Chicago, weren't invited back after lunch. Malara told us day earlier that compensation issue is "combination of money, culture and emotion." Acknowledging that there's "a great level of anxiety out there," he said CBS will "continue to appeal to logic and common sense." He said it already has slashed \$100 million from its annual operating budget, so it's only fair that cuts be made in compensation. CBS is paying about \$120 million to affiliates this year, NBC \$115 million, ABC \$107 million.

In response to affiliates' strong statement, Malara in CBS news release said: "We well understand that many of our affiliates are unhappy... In fact, all of us in broadcasting -- networks and stations alike -- are

deeply concerned about the state of our common business... All of us are being forced to make ongoing adjustments to these challenges. CBS continues to act in every area of our business to restore the network to profitability. That is our sole objective in taking this difficult step... Even after this adjustment, CBS will still pay approximately \$100 million to its affiliates, which is comparable to the level of the other networks. CBS is solely in the broadcasting business and is totally committed to the affiliate-network system and the survival of free television."

Saying he was quoting CBS Chmn.-Pres. Laurence Tisch, Stringer said network plans no further cuts in compensation -- same pledge made May 29 at convention in N.Y. Stations are blaming Tisch entirely for cuts, not Stringer or Malara, and several have speculated to us that Tisch is trying to improve bottom line in effort to sell company. CBS had no comment. Others said that wasn't true at all, that ownership of CBS gives Tisch "stature." Malara denied published report that CBS is negotiating to buy independent stations in major markets to replace current affiliates. He said there are "lots of stations" for sale and network turns down proposals "all the time."

**Memphis-based consultant is making long-shot bid to get FCC to consider his proposed hybrid HDTV system.** Keith Suggs of Quadratic Solutions (QS) has sent invitations to Aug. 10 demonstration of his HDTV system, saying it will be broadcast over N.Y. Times-owned WREG-TV Memphis (CBS) at 3 p.m. However, station officials told us WREG-TV has turned down request for 30-sec. commercial to air QS system because it would be too difficult to get FCC approval for demonstration. Suggs said he still believes he will get WREG-TV approval in time for test, or he will air it on another station. Invitations also claim that QS system "has been successfully tested, including a demonstration on the Princeton Engine" operated by Thomson in Indianapolis. Thomson executives confirmed that they ran tests on QS system about 2 years ago, but said Princeton Engine was used only as display device. Thomson Senior Vp Joseph Donahue told us company didn't pursue development because "the results were not encouraging enough to warrant further testing." However, Suggs said tests showed that QS system, then patented by DigiPro, was able to encode high-definition signal and decode it without loss of quality. He said system encodes digital HDTV picture, converts it to analog signal for transmission, then converts it back to digital for display on HDTV receiver. He said main benefit is that same signal can be picked up by NTSC sets without additional electronics, allowing NTSC and HDTV signals to share single channel. Other advantage, he said, is that stations could use current transmitters and antennas to send signal, reducing conversion cost. QS is trying to raise \$200,000 to pay for further development and testing at Advanced TV Test Center. Richard Wiley, chmn. of Advanced TV Advisory Committee, told us that it would be "very difficult" to find test slot for QS, even if hardware could be fully developed and certified as technically feasible. ATTC testing is to be completed in Sept., and Advisory Committee is to make its recommendation to FCC in Feb.

**Fate of sports on TV depends on success of pay-per-view**, NBC CEO Robert Wright said in letter published July 24 in USA Today. He said PPV isn't siphoning sports from broadcasting, but is helping broadcasters spread rising program costs. Wright said success of Olympic TripleCast "could represent a way to preserve America's tradition of abundant, high-quality sports on free TV." Letter was in response to USA Today editorial.

**U.K.'s BBC has begun transmitting broadcasts of corporate annual meetings**, with companies paying BBC \$75,000-\$115,000 each. Broadcasts are unscrambled in early hours of morning, and BBC has final editorial control over cutting coverage of meetings that often last several hours to 30-60 min. First broadcast was July 22, of BBC's own annual meeting. Next is July 29, for Nuclear Electric Corp.

**CPB-distributed federal grants for public TV-radio stations** continue to be tightly stretched, new Corp. report shows. Study, of Nonfederal Financial Support (NFFS) reported by public outlets for year ended last Sept. 30 (FY 1991), said that while total TV-radio station NFFS rose 6% to \$1.36 billion in period, outlets had to increase their individual NFFS more than 6.5% to receive larger CPB Community Service Grants (CSG), for which NFFS is basis. That's because of minimal growth in CPB's federal appropriation as well as increased number of station grant recipients, particularly in radio. CPB forecasts addition of 4 TV and 12 radio outlets to respective grant pools next year. Report said 61% of public TV (PTV) stations increased their NFFS in 1991, but only 40% will receive larger CSGs in 1993; similarly, 86% of radio outlets had higher NFFS but only 46% will see CSG gains. CPB said 1/3 of increased grants will grow less than 1% for TV stations and less than 4% for radio grantees. In perhaps sharpest example of CSG bind, 12 "major producing" PTV stations increased their combined 1991 NFFS nearly \$35 million (to \$399.31 million) but will see their combined CSGs gain only \$352,405 -- less than \$30,000 each on average. "If CPB-supported stations are to continue to receive grants at current levels," report said, "it is imperative that the federal appropriation increase at a minimum at a pace equal to inflation." If trend of stagnant station revenue growth continues, it said, "the infrastructure of public broadcasting will surely suffer, just as the system considers the costs of implementing high-definition [TV] and digital audio broadcasting."

**Rep. Scheuer** (D-N.Y.) said he will retire at end of this session. Departure of Scheuer, 72, 2nd most senior Democrat on House Commerce Committee behind Chmn. Dingell (D-Mich.), is thought likely to improve chances for eventual succession of 3rd-ranking Rep. Waxman's (D-Cal.) chairmanship. It also will move Rep. Markey (D-Mass.), chmn. of Telecom Subcommittee, into 4th-ranking position for 103rd Congress -- assuming Dingell, Waxman and Rep. Sharp (D-Ind.) are reelected. Committee leadership also is losing its senior Republican, Rep. Lent (N.Y.), to retirement, as well as other members.

**Developers of 3 HDTV systems** finalized agreement to share royalties if one of their systems is selected as U.S. standard, they said. General Instrument, Zenith, AT&T and MIT agreed in principle on revenue sharing in May (TVD May 11 p4). GI and MIT already were partnered on their 2 proposed systems, and Zenith and AT&T are partners in 3rd. Fourth digital system was developed by Advanced TV Research Consortium (Philips, Thomson, Sarnoff Research Lab and NBC). Japan's NHK has proposed analog MUSE system. GI, Zenith, AT&T and MIT also said they will work together to improve system selected by FCC in mid-1993.

**FCC ON NETWORK-CABLE OWNERSHIP:** FCC has released its reasoning for permitting TV networks to acquire cable systems, and vice versa (TVD June 22 p3), along with 3 concurring statements, with another from Comr. Quello still to come. In her statement, Comr. Marshall said she didn't like "caps" placed on networks -- 10% of homes passed by cable nationwide, 50% in any given ADI -- while Comr. Duggan said he would have supported "even more stringent measures." Comr. Barrett favored "clear sunset" provision on caps on network ownership of cable systems and said FCC didn't have enough information to recommend to Congress that ban against TV station-cable cross-ownership be repealed. Quello plans statement dissenting in part to absence of must-carry requirement in final order.

Commission said "opportunities for significant network entry" into ownership of cable systems are important because of "the many technological and service innovations that appear to be imminent in the cable industry... In fact, the cable facilities of tomorrow are projected to offer 400 or more video channels... We believe, therefore, that network entry into cable ownership will enable the broadcast networks to participate in these advanced services and thereby compete more effectively in the rapidly evolving video marketplace of the future."

Several parties expressed concern that new rule would permit cable MSO to acquire TV network. Responded FCC: "To the extent that this scenario could occur, we believe that it does not require a separate regulatory response." Agency said it imposed caps on networks because of "at least some possibility that network-cable operators could use their enhanced leverage to harm local broadcast stations through certain discriminatory practices." And, in case a station thinks that has happened -- particularly involving channel positioning and carriage -- Commission set up expedited procedure to handle complaints. At same time, agency questioned whether safeguards are needed and said it would take another look in 3 years, to be concluded within one year. Local cap won't apply against networks in any market where there's competing cable system.

Marshall expressed "serious reservations" about ownership caps on networks, calling them "overbroad and unnecessarily intrusive. Local caps are neither the most direct nor the most efficient means of guarding against potential anticompetitive conduct." She called caps "an unnecessarily blunt instrument against potential anticompetitive abuses... This sort of discrimination is best addressed through specific behavioral safeguards, not Maginot Line-type fence-building."

On other hand, Duggan said "behavioral rules to guard against carriage abuses, channel positioning and affiliate bypass are, in my judgment, the minimum acceptable limits on network-cable combinations." He supported Quello's position that network-owned cable systems should have been required to carry all local stations. Duggan said he went along with decision because it "accepts the argument" that TV networks "must diversify their businesses to bolster their balance sheets."

In concurring, Barrett said decision "demonstrates once again that this Commission is willing to respond to marketplace realities," citing its action relaxing finsyn restrictions against networks. However, he said, "I do have some strong reservations" about recommendation to Congress that ban against stations' owning cable systems in their markets be repealed: "I do not believe that the Commission has developed a record in support of its recommendation... An analysis of the legal, economic and

policy ramifications... should have been completed before a specific recommendation was made to the Congress." Only FCC Chmn. Sikes didn't have separate statement on removing ban against networks' owning cable systems.

**HDTV PLAN 'INEQUITABLE':** FCC plan to allocate HDTV channels is "arbitrary and inequitable," according to joint filing by 101 broadcast groups, including NAB, INTV, public broadcasters, Assn. for Maximum Service TV, all 4 networks, most major station groups. Instead of Commission's proposed use of negotiations, first-come-first-served and lottery (TVD April 13 p5), broadcasters said FCC should allocate channels on basis that most closely would replicate current NTSC signal contour, reduce interference, maximize coverage area.

Agency's plan would force stations to apply as early as possible for HDTV channels, causing them to build facilities when equipment is most expensive and audience smallest, broadcasters said: "This will give rise to speculation [and] arbitrary and inequitable HDTV channel assignments." Basing allotments on existing coverage area is "fair both to stations and to the audiences they now serve," filing said. FCC plan also would "create a hostile and coercive context for intramarket negotiations." On other issues, joint filing said: (1) FCC shouldn't set fixed schedule for simulcasting and should permit "substantial flexibility" in time of airing and material included. (2) Low-power TV (LPTV) conversion to HDTV should occur only after interference and propagation characteristics of full-power HDTV are clear. (3) Most stations would get larger service areas if HDTV systems perform as well as expected, and coverage disparities among stations would be virtually eliminated.

NCTA said FCC is promoting "new programming service" rather than "new technology" by allowing broadcasters to delay full simulcasting until 9 years after standard is set. Delay will make it difficult to force broadcasters to give back NTSC channels and disenfranchise NTSC viewers while broadcasters invest in novel HDTV programming, NCTA said. Plan would undermine legal justification for giving channels to existing broadcasters instead of going through comparative process, Assn. said. NCTA said cable also is worried that it will have to carry twice as many broadcast signals during transition, posing "significant burden."

AT&T said FCC shouldn't delay deadline for conversion to HDTV "without a substantial showing that a change is necessary." It said availability of converter boxes allowing NTSC sets to receive HDTV signals would mitigate impact on consumers. Converter boxes would cost about \$200 in 1992 dollars by time they're needed, AT&T said.

LPTV group asked FCC to protect that industry as much as possible. Community Bcstrs. Assn. (CBA) said it's not trying to improve LPTV's secondary status, but for FCC to add HDTV without giving LPTV as much opportunity as possible would be "self-contradictory." CBA said LPTV should get access to unused full-power HDTV channels and shouldn't be displaced unless there's no alternative.

Century Bcstrg.'s KMEL(FM) San Francisco has been fined \$25,000 by FCC for broadcasting indecent material on Rick Chase Show Aug. 20-Sept. 16, 1991. Commission said programming was "legally actionable" because it was broadcast during afternoons when children could have been listening.

**FCC MONEY BILL RIFT:** Senate is poised for another confrontation this week with House over FCC spending legislation, this time for having advanced proposal to fund Commission without help of revenues from proposed new regulatory fees. House wants FCC spending offset by new industrywide "policy-making" levies, opposed by broadcasters and cable operators (TVD March 23 p5). Similar proposal last year also proved unpopular in Senate, despite strong support of FCC, White House and House Commerce Committee chmn., and eventual passage by full House (TVD July 29/91 p1). Senate bill also contains controversial language that effectively would block FCC from clearing 2 GHz for Personal Communications Services (PCS).

Funding dispute is over FY 1993 appropriations for FCC that House Appropriations Committee set at \$68.5 million. House panel expects rest of agency's proposed expenditures (\$70.8 million of total of planned \$139.3 million budget) to come from user levies. But Senate Appropriations Committee last week recommended \$126.3-million in direct federal funding -- identical to Commission's FY 1992 appropriation; House's is nearer President Bush's recommendation. Neither is what Commission wanted.

House wants fees as way to help reduce govt.'s deficit. But industries affected see fees as onerous, in part because FCC already has filing fees that produce about \$40 million in annual revenues. Proposed fees range as small as \$100 for some AMs and FMs to as high as \$2,000 annually for UHFs in markets 1-50 and VHFs in 51-150 (TVD April 27 p2). There also would be charges on cablers, LPTVs, rest of industry. Senate opponents have said they believe fees would undermine public interest obligations that Congress already has imposed on broadcasters. NAB has said fees are unfair addition to industry's existing obligations under law.

On matter of future use of 2-GHz band, Senate is expected to accept proposal by Sen. Hollings (D-S.C.) that would prevent FCC from bumping utilities out of 2-GHz to make way for PCS or other new technologies. Commission is expected to take up related proceeding at Aug. 5 meeting. Hollings would block any FCC effort to relegate current users to secondary status in 2-GHz band, and although new users could share frequencies, that would be permitted only on condition that there be no interference for existing users. Utilities and railroads also would have right to expand or modify their current systems if no interference would be caused new users -- and Hollings would have that expanded use also accorded primary status by Commission.

Any of 2-GHz users could petition FCC to bump competitors from band under Hollings plan, but senator set up hurdles that would hold new users at bay to protect incumbents. Plan would allow Commission to move users out only if: (1) There's alternative frequency available that would provide comparable or more reliability. (2) Petitioner is willing to pay costs of moving incumbent to new frequencies. Industry critics said Hollings proposal could turn FCC efforts to find spectrum for PCS on its head. Commission Chmn. Sikes said that if proposal were to become law, it certainly would delay FCC proceeding while NTIA studied implications. Over long term, he said, approach "could delay the universal availability of an important new consumer service for 15 years."

In 2 bills' other spending recommendations: (1) Senate proposed \$1.199 billion for U.S. Information Agency (USIA), \$112 million more than agency received in FY 1992. House bill would provide \$1.14 billion. Differences are accentuated in program breakdowns for USIA. Senate bill would allocate slightly more than \$106 million for construction of VOA facilities and House level is just over \$101 million; both still

would be above Bush request. TV and Radio Marti would receive \$34.758 million in Senate bill, exactly what President requested -- but \$2 million below current spending. House wants only \$28.531 million and said all of its \$6.227-million difference with President's proposal involves projected cut in new funding for TV Marti. (2) Board for International Bestg., which runs Radio Free Europe, Radio Liberty, etc., would receive \$232 million from Senate, \$12 million more than President's request (\$220 million) and \$24.5 million above current \$207.491 million. House recommended passage of President's request. (3) Senate recommended that FTC receive \$69.65 million, which is marginally above current appropriation. It assumed that FTC would collect slightly more in user fees next year than this -- about \$16.9 million, vs. projected \$13 million. House plan also envisioned \$16.9 million in revenues from fees but still recommended budget of only \$69.2 million.

FTC has been operating without authorization for years because of dispute between 2 chambers over proper approach to its regulation of unfair and deceptive practices. But agency will get hearing July 28 by Senate Consumer Subcommittee on possible reauthorization, 9:30 a.m., Rm. 253, Russell Bldg. Witnesses planned include FTC Chmn. Janet Steiger and commissioners and representatives of National Assn. of Attorneys Gen. and ad industry.

**New TV network**, American Entertainment Network (AEN), has spread horizons beyond LPTV stations that it originally targeted, Vp Paul Brandenburg said. He said about half of AEN's 25 affiliates are full-power independent stations and network is signing up about one new affiliate each day. AEN programs 24 hours per day, largely with old series (some in b&w), less popular movies, children's programs, some original sports. Some full-power stations take only couple of hours of programs daily. AEN is joint venture of Teleport Denver, which provides satellite relay services, and Jade Pointe Productions of Tampa, which offers programming. Network went on air May 6. Brandenburg predicted that AEN would have 200 affiliates within year, including many full-power independents. He said partners believe it could be first of 6-8 new low-cost TV networks. AEN and other networks also will be available unscrambled to satellite home dish market, at least for foreseeable future.

**Standard & Poor's** doesn't believe FCC's video dial tone (VDT) decision had any impact on value of cable companies, even though Commission said it should help open door to telco competition for cable (TVD July 20 p1). Financial ratings service said it doesn't plan any immediate changes in cable or telco debt ratings because VDT isn't likely to have any "near-term" impact on either industry. S&P said VDT is just "continuing evolution" of telecommunications policy: "The FCC has only just opened the door to telephone entry into cable. In practical terms, any substantial impact of the FCC actions is deferred by the technical limitations of the existing local telephone plant. Cable firms retain significant technical and cost advantages [and] it may take 10 years for telephone companies to be able to provide comparable video service. Cable firms could have a technically strong, low-cost plant in place many years before the telephone companies could provide video service."

**Gavel-to-gavel coverage** of Aug. 17-20 Republican National Convention in Houston will be delivered free via satellite by GOP to local TV and radio stations. TV feeds will be on Galaxy 6, TR 12V; English audio on Ch. 6.8, Spanish Ch. 6.2.

**CAP/ABC RESULTS UP:** Small increases in broadcasting revenue and profit contributed to 15.4% rise in Cap/ABC net profit to \$147.5 million in 2nd quarter ended June 28. Most of gain came from sale of company's German TV network, TV-5, and because ABC Network didn't have to make provisions this year for costs of staff reductions. Broadcast revenue inched up 1.7% to \$1.1 billion and broadcast operating profit 3.3% to \$236.6 million, but Cap/ABC indicated that much of growth was from nonbroadcast video operations, primarily ESPN. Company said network and station revenue increased "slightly," mainly because of Academy Awards show. Video operations had significant revenue gain, but radio revenue dropped slightly. Network operating profit was ahead slightly, although TV station and radio profits were down slightly.

Cap/ABC had total pretax gain of \$24.9 million (\$11.4 million after tax) on sale of assets. It said gain on Tele-5 was offset in part by losses on N.Y.C. real estate and other nonoperating assets. Overall operating profit for quarter was up 8% to \$268.7 million. Second-quarter results mean Cap/ABC's first 6 months were slightly ahead of last year, with net profit of \$189.3 million, vs. \$186.4 million year ago, although first-half revenue of \$2.5 billion still was 4.4% below year ago.

**Other financials:** **Viacom** had \$14.8-million net loss for 2nd quarter ended June 30, vs. \$1.4 million loss year ago. Loss included \$33-million reserve to pay judgment to CBS resulting from 1970 spinoff of Viacom and \$23-million pretax charge as result of refinancing. Segment results: (1) MTV operating profit rose 17% to \$39 million and Showtime Networks 6% to \$13 million. Networks' total revenue gained 14% to \$256 million. (2) Cable operating profit grew 25% to \$31 million and revenue 7% to \$102 million. (3) Broadcast operating profit fell 4% to \$11 million, but revenue rose 2% to \$45 million. (4) Entertainment segment operating profit dropped 16% to \$15 million and revenue 6% to \$54 million.

**Times Mirror** profit jumped 54% to \$47.2 million in 2nd quarter, partly on increases of 27% in broadcast operating profit and 10.6% in cable profit... **Gaylord Entertainment** had \$11.9-million net profit in 2nd quarter, up from \$2.2 million year ago. Cable network operating profit grew 41.6% to \$12.1 million, cable system losses dropped 9.7% to \$6.3 million, broadcast operating profit fell 2.4% to \$3.7 million... **Disney** filmed entertainment revenue rose 21% to \$723.8 million in quarter ended June 30 and operating profit was up 78% to \$134.4 million. Overall Disney profit climbed 33% to \$220.8 million... **Tribune Co.** broadcast and entertainment profit dropped 4% in 2nd quarter to \$43.4 million. Improved TV results were offset by higher expenses in Entertainment Div., particularly Chicago Cubs. TV revenue was up 5%, entertainment revenue climbed 20% because of new syndicated TV shows, radio gained 2%. Net profit fell 17% to \$44.8 million... **Washington Post Co.** profit increased 35% to \$45.8 million and revenue grew 6% to \$376.9 million... **Chris-Craft TV** operating profit rose 25% in quarter to \$10.9 million, despite 2% revenue drop to \$69.5 million. Chmn. Herbert Siegel attributed profit increase to cost cutting.

**Multimedia** net profit increased 9.5% to \$15.8 million and revenue 6.1% to \$134.6 million. Broadcast revenue grew 2.7% to \$43.5 million and cable 13% to \$33.7 million... **General Instrument** cut loss in half to \$10.2 million for 2nd quarter ended June 30, and would have had \$1.4-million profit if it hadn't had extraordinary loss related to refinancing. Chmn. Donald Rumsfeld attributed much of improvement to turnaround in cable equipment market, as well as to sale of VideoCipher descramblers. Sales were up

12% to \$259 million, and 2nd-quarter orders climbed 25% to \$332 million... **TCA Cable** profit increased 83% in 2nd quarter ended April 30 to \$3.7 million. Revenue was up 9% to \$35.6 million and operating profit 19% to \$9.3 million.

**NBC** named Capitol Hill veteran James Rowe to head Washington corporate office after Labor Day. He replaces Robert Hynes, who has been with NBC 21 years and has been chief of Washington office since 1983. Hynes announced last Feb. that he planned to leave after current congressional session adjourns. Rowe is chief counsel of House Crime and Justice Subcommittee and in 1988 (while in private practice 1980-1990) he was gen. counsel to Senate Special Committee on Investigations. NBC Exec. Vp-Gen. Counsel Richard Cotton said that, in addition to Congress and FCC, Rowe also will "spend significant time working with NBC affiliates on legal policy and legislative issues that affect the future of over-the-air broadcasting." Meanwhile, NBC Pres. Robert Wright tapped parent GE for new chief financial officer, naming Warren Jenson senior vp-finance. Jenson, who had been mgr. of corporate relations at GE, will succeed Donald Carswell, who retires at end of year.

**Reuters and NBC** signed agreement for 10-year partnership to explore new opportunities in global TV. Also under deal, Reuters is acquiring NBC's 37.75% share of Visnews and has agreed to buy BBC's 11.25%; price wasn't disclosed. NBC paid \$10 million for its Visnews stake in 1988. Reuters already owns 51% of Visnews, will own 100% when transactions are completed. NBC regains right to market its news programs overseas, previously held exclusively by Visnews. "We intend to invest in television and make Visnews a more powerful force by extending its operations into Reuters' 118 reporting bureaus worldwide," with 1,100 reporters and photographers, said Reuters CEO Peter Job, who's also Visnews chmn. NBC will retain seat on Visnews board. Visnews announced first-half 1992 pretax profit of \$356 million, up 10.2% from year ago.

**TV network audiences** for 4-night Democratic National Convention in N.Y. were down 31% from 1988 counterpart in Atlanta, final Nielsen figures show. ABC, CBS and NBC had combined 17.3 rating (about 23 million homes); ABC led with 6 rating, 11 share, followed by CBS with 5.7/10, NBC 5.6/10. PBS (which aired coverage 8-10 o'clock each night using NBC correspondents) had steady audience growth nightly for 4-night average of 3.3 rating, while CNN in smaller cable universe had 3 rating, 5 share (roughly 1.78 million homes). No figures were given for C-SPAN's gavel-to-gavel coverage. With prime-time entertainment programming factored in, CBS won week ended July 19 with 8.5 rating, 16 share. ABC was 2nd with 7.7/15; NBC had 7/13. For its 12 hours of prime-time programming during week, Fox had 7.3/14.

**Turner Bcstg.** signed memorandum of understanding with new Moscow Independent Bstg. Co. (MIBC) to build and program independent, ad-supported TV station in Moscow. They have applied for Ch. 6. MIBC Pres. Eduard Sagalayev was dir. gen. of former state-owned Ostankino TV. MIBC and CNN International (CNNI) have been airing 2 hours of news daily since May in Russian language. Sidney Pike, pres. of CNNI special projects, said Ch. 6 programming in Russian will include movies from Turner library, National Geographic and National Audubon specials, entertainment, sports and children's shows. Turner and MIBC will be equal owners of venture.

**Bill to permit introduction of Channel One in Pawtucket, R.I.,** public schools passed state legislature July 21.

**NAB SEEKS MEETING WITH EIA ON DAB:** NAB task force on digital audio broadcasting (DAB), meeting July 24 in Washington, said it agreed to seek peacemaking session with EIA "to discuss the prospect for developing a terrestrial DAB broadcast standard for this country." Many broadcasters on task force believe that current stations would receive short shrift in EIA Digital Radio Subcommittee, which began DAB standardization effort 9 months ago and plans to choose voluntary U.S. standard by late 1993.

Task Force Chmn. Alan Box, EZ Communications, told us "we're obviously not happy with the way things are going" with respect to broadcasters' interests in EIA Subcommittee, but group decided to seek dialog with EIA before deciding on more dramatic course of action, including possibility of launching own standardization process under NAB auspices. Box told us session with EIA will be sought for late Aug., allowing task force time to compile report for NAB radio board, which will meet at Radio '92 convention in New Orleans in Sept.

NAB statement quoted Box as saying "it is vital that radio broadcasters have a central role in developing the standards that will define their future business." Statement said that while NAB board had endorsed development of in-band DAB system for AM and FM, "the task force continues to monitor the progress of all DAB system proponents." It said all proponents will be invited to submit by Sept. 1 written status reports on their systems so task force can brief NAB radio board in New Orleans. EIA Consumer Electronics Group Vp Gary Shapiro declined comment except to express "surprise" that NAB would publicize intention to meet with EIA only short time after discussing proposal with him in private phone conversation.

NAB-EIA rift developed following EIA Subcommittee meeting July 16 at which members considered formal adoption of plan that would apportion 2 of 12 votes to bloc of broadcast networks, 2 to stations or groups, 4 to receiver makers, rest to chip makers, broadcast equipment manufacturers, satellite providers, recording industry. But measure was tabled under strong pressure from radio executives who attended meeting in droves with hope of defeating proposal on ground that incumbent broadcasters deserve bigger voting stake.

NAB Senior Vp-Science & Technology Michael Rau said that regardless of standard eventually chosen by EIA Subcommittee, "receiver manufacturers will continue to make receivers and transmitter manufacturers will continue to make transmitters." But he said future of stations trying to compete in unfavorable DAB environment not of their own choosing wouldn't be as certain. Broadcasters on task force also are questioning wisdom of EIA plan to proceed with testing when it should grapple with important policy issues first, such as whether to favor so-called "in-band on-channel" DAB proposals in favor of other solutions.

Randy Odeneal, Sconnix Bestg., said that to submit proponent systems for testing "only to find you can't find the spectrum for it later just puts us back to where we started from." Reference was to NAB's onetime insistence on L-band Eureka 147 system when U.S. govt. made clear it wouldn't relinquish spectrum already used by defense industry. Odeneal also criticized EIA timeline for delivery of hardware samples for testing by April 1993, saying schedule is "too aggressive" and unfairly favors technologies that are easier to implement than in-band on-channel systems.

Shapiro, responding earlier in week to complaint that EIA Subcommittee should choose policy first and conduct

testing later, said panel "is not a policymaking body" but rather standardization effort trying to build consensus among all parties affected by rollout of digital radio service. He defended EIA effort as "neutral" venue for system testing and standardization, suggesting standardization proceeding based on participation of all segments would hold more weight with FCC in recommending voluntary DAB standard for adoption as official U.S. policy. Shapiro dismissed complaint that timeline for testing is too aggressive as to favor some proponents over others, saying deadlines, as is case in other standardization efforts, are subject to adjustment later.

**SAGANSKY OUTLINES STRATEGY:** CBS Entertainment Pres. Jeff Sagansky said his network "is going after the whole pie" by programming for mature audience as well as 18-49 age group. In appearance before newspaper TV critics in L.A., he said CBS program strategy will be opposite that of other networks, which stressed they will program for younger audience (TVD July 20 p8). He said that when "a good show is done well -- which is a rare thing in television -- it appeals to everyone."

Said Sagansky: "I applaud them [other networks] for [program strategy] because I think it's going to leave 35% of the audience to us exclusively... Whoever decided that at the age of 50, suddenly you stop buying deodorant and toothpaste?.. When up-front buying for fall is finished in next 2-3 weeks, "I think you'll see that CBS is doing extremely well in pursuing our strategy," he said, "and that's because we've decided to go after the whole [audience] pie and not just a little portion of it."

CBS not only will finish No. 1 again in prime time next season, Sagansky predicted, but it also will increase lead over season concluded in April. "ABC," he responded, when asked who would finish 2nd in new season starting in Sept. Commenting on Dan Quayle-Murphy Brown episode, he said: "I don't think CBS has anything to apologize for." He cited such "family value" shows sought by Vice President as Evening Shade, Major Dad, Picket Fences and Brooklyn Bridge: "I mean there are a number of shows that espouse these so-called family values... From the looks of things, Dan Quayle is going to have a lot of time next year to discover all the family values that are, in fact, on television." Speaking to critics via satellite from N.Y., CBS News Pres. Eric Ober discussed several documentaries that network has in works, including using Norman Schwartzkopf in program on Hitler and Stalin.

During Fox TV's turn before critics, Fox Bestg. Pres. Jamie Kellner predicted there would be 5th and 6th TV networks: "I think [the additional networks] will happen in this decade... The diversity of the audience makes it harder to satisfy them... So, I think it's very important that the network system continues to succeed. I think it's one of the engines that drives the whole economy. Advertising works." He said networks aren't "dinosaurs, and with promotions and good shows can succeed."

Fox TV Network plans to begin programming 7 nights per week starting in Oct. with addition of 2 Tues. night shows. It actually won't become nightly network, however, until movies now airing monthly on Mon. shift to weekly next March. Fox will remain under FCC's mandate of no more than 15 hours weekly to retain financial rights in syndicated programming, Fox Entertainment Pres. Peter Chernin told critics. However, he predicted that finsyn restrictions on networks eventually will be repealed.

## Personals

**Hilary Handler**, Caroleo TV pres.—CEO, will become pres.-gen. mgr. of Fox TV's WNYW N.Y. July 27... **David Lane**, Belo Corp. senior vp, promoted to group pres., TV Stations Div.; **James Parham** advanced to vp-program development, Best. Div... **Hiroaki Shikanai** resigned as chmn., Fuji TV Network and Nippon Bestg. System, day after he was fired as chmn. of Sankei newspaper. TV operations and newspaper are controlled by Japanese media conglomerate Fuji Senkei... **John Reardon**, ex-WGN-TV Chicago, promoted to station mgr., co-owned KTLA L.A.

**Henry Schleiff**, chmn.—CEO, Viacom's Entertainment and Bestg. Divs., replaced by **Neill Braun** (Entertainment) and **Edward Horowitz** (Bestg.); Schleiff remains as in-house TV producer... **Edward Heresniak** advanced to senior vp-information management, McGraw-Hill, succeeding **Susan Buchanan**, resigned... **Robert Frieden**, consultant, adds duties of assoc. prof., Pa. State U. School of Communications... **Richard Cisek**, ex-Children's Theatre Co., Minneapolis, joins U.S. Satellite Bestg. as dir.-performing arts programming.

**Larry Jacobson** promoted to senior vp-finance, Fox Inc... Changes at NBC International: **Michael Perez** named vp-international sales and distribution; **Matthew Ody**, ex-Reeves Entertainment Group, joins as vp-international sales; **Sergio Getzel** promoted to dir.-international sales... **George Castell**, ex-Apollo Partners, joins Wertheim Schroder & Co. as managing dir., specializing in media, entertainment and communications... **Peter Ruben**, vp-mktg., Paragon Cable, Cal., named to same post, Paragon Cable Manhattan... **Su-Lin Cheng** promoted to mgr.-PR/entertainment and news, TBS Washington office.

**Thomas Wyman**, former chmn.—CEO, CBS Inc., named chmn., S.G. Warburg & Co., American division of British investment firm... **James Faust**, senior vp, General Instrument VideoCipher Div., appointed vp-international sales of parent, new post... **Stanley Fertig**, ex-Cheverny Assoc., joins Time Warner as vp-International... **Tony Dwyer**, ex-ITC Domestic TV Distribution, named vp-eastern sales mgr., MTM... **Karen Cease** promoted to vp-business affairs, Lorimar TV... **David Goodman**, founder of Goodman Entertainment, joins Saban Entertainment as senior vp... **Renee Ingram** promoted to dir.-budget and corporate information services, CPB, new post... **Ann Young**, 10-year staffer of Senate Education Subcommittee, joins APTS next month as congressional representative.

**Rod Perth** promoted to vp-late night and non-network programming, CBS Entertainment... **Steve Rami** advanced at WHSV-TV Harrisonburg, Va., to news dir... FCC calendar -- July 28: Mass Media Bureau Chief **Roy Stewart** participates on regulatory panel, N.Y. State Bestrs. Assn., Ramada Renaissance Hotel, Saratoga Springs. Chief Engineer **Thomas Stanley** appears on panel on U.S. Telecommunications Policy, National Semiconductor's Communicating the Future Symposium, Silverado Country Club, Napa, Cal. July 30: Gen. Counsel **Robert Pettit** appears on NAB political broadcasting panel via satellite to NAB members.

**Carl Masi**, ex-Unisys, joins PictureTel as senior vp-mktg. and business line management... **David Kline**, vp-gen. mgr., SportsChannel Cincinnati, adds same duties at SportsChannel Ohio... **David Humphrey**, ex-TCI, joins International Family Entertainment as vp-financial relations... Promotions at KQED-TV-FM San Francisco:

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**Mark Powelson** to vp-publishing and new ventures, **Kevin Harris** to dir.-programming-TV station mgr... **Stan Durey**, dir.-product support, Jerrold Communications, appointed dir.-security programs, succeeded by **Steve Arsenault**, dir.-financial services... **Karen Flanzbaum** advanced to mgr.-original programming publicity, Turner Network TV... **Laura Toney**, ex-Bravo Cable Network, joins Nostalgia TV as affiliate relations coordinator.

**Local spot revenue** for TV affiliates of ABC, NBC and CBS was up 5.1% for first half of year, national spot 2.6%, for total increase of 4%, TvB reported. For independent stations and Fox affiliates, local spot was down 1.2% for 6 months and national spot down 0.4%, TvB said.

OBITUARY

**Kent T. Crawford**, 45, regional dir. of FCC San Francisco field office, died of cerebral aneurysm July 20. He joined Commission in 1969 as engineer in L.A. office shortly after graduating from U. of Wis., moved to Santa Ana as chief of special enforcement in 1975. In 1977, he was promoted to regional dir. in Chicago, transferring to San Francisco in 1988. Crawford had returned recently from negotiations in Mexico on cross-border interference. Survivors include mother, sisters, brothers.

WRH

# Consumer Electronics

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

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

	JULY 4-10	1991 WEEK	% CHANGE	JUNE 27- JULY 3	27 WEEKS 1992	27 WEEKS 1991	% CHANGE
TOTAL COLOR TV..	284,255	211,826	+34.2	388,318	9,719,852	9,150,177	+ 6.2
DIRECT-VIEW...	280,787	203,940	+37.7	380,709	9,564,925	9,009,257	+ 6.2
TV ONLY.....	273,255	196,790	+38.9	361,944	9,170,440	8,689,270	+ 5.5
TV/VCR COMBOS	7,532*	7,150	+ 5.3	18,765*	394,485*	319,987	+23.3
PROJECTION....	3,448	7,886*	-56.3	7,610	154,927*	140,920	+ 9.9
VCR DECKS.....	113,970	89,047	+28.0	239,561	5,129,043	4,385,302	+17.0
CAMCORDERS.....	31,011	14,582	+112.7	57,669	1,177,812	1,211,283*	- 2.8
LASERDISC PLYRS#	2,842	2,553	+11.3	5,370	103,273	81,615	+26.5

Direct-view TV 5-week average: 1992--371,780; 1991--304,269 (up 22.2%).

VCR deck 5-week average: 1992--196,461; 1991--161,705 (up 21.5%).

Camcorder 5-week average: 1992--49,005; 1991--53,035 (down 7.6%).

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

# Includes combi players, excludes karaoke types.

**NAFTA PACT WOULD PENALIZE FOREIGN TUBES:** North American Free Trade Agreement (NAFTA), subject of conference last weekend in Mexico City aimed at agreeing on final details, is understood to contain special provisions for color TV, HDTV receivers, computer monitors. Although text of proposed agreement hasn't been released, various drafts have been circulated widely and prompted July 22 Wall St. Journal article saying it "includes a lot of sweetheart deals designed to help protect politically potent industries" -- presumably including U.S. picture tubes.

Draft agreement is understood to specify that TV sets with screen sizes larger than 13" must have N. American-made tube to qualify for duty-free treatment. Under current "maquiladora" (twin-plant) program, tubes may be taken into Mexico duty-free and built into TV sets in which foreign content is dutied only at 5% when brought into U.S. Under NAFTA draft, Mexican duty of 15% (same as U.S. duty on imported tubes) would be levied on all over-13" tubes imported from non-N. American countries, even if they later are built into TV sets to be shipped to U.S.

In effect, negotiators thus reversed 1990 ruling by Commerce Dept.'s International Trade Administration (ITA) that there was no "diversionary dumping" of picture tubes shipped to Mexico by foreign manufacturers to be built into TV sets for export to U.S., allegedly to evade dumping duties (TVD Dec. 17/90 p12). NAFTA agreement "has addressed picture tube dumping circumvention," Zenith Chmn.-Pres. Jerry Pearlman told us. It actually goes further by penalizing tubes from nondumping countries. Asked about one lawyer's comment that NAFTA would sacrifice U.S. TV assembly industry for picture tube industry, Pearlman said proposal would make jobs for U.S. picture tube industry and such feeder industries as glass, chemicals, packaging materials. He said it would enable American manufacturers to "pick up market share vs. foreign sets," creating more jobs in both U.S. and Mexico.

It's understood treaty draft also makes special mention of HDTV, stating that sets with resolution over specific level must have certain other parts -- presumably including key semiconductors -- sourced from U.S. to qualify for completely duty-free treatment.

U.S. manufacturers of flat-panel computer screens didn't fare as well as picture tube makers, as large computer manufacturers won out over their proposal to require American-made screens for duty-free status. Computer makers argued that U.S. screen makers can't supply large enough quantities.

**Note:** Zenith revealed that it intends to manufacture 4,000-6,000 color TVs monthly in Springfield, Mo., plant, even though most of its assembly operations have been moved to Mexico. Disclosure came in affidavit by Zenith Vp-Gen. Counsel John Borst filed with Commerce Dept. in response to challenge by Taiwanese color TV manufacturers to Zenith's status as U.S. TV maker. Zenith had asked ITA to conduct administrative review of dumping duties levied on Taiwanese producers who, in turn, urged that request be dismissed because Zenith no longer was U.S. TV manufacturer and therefore had no status to file request. Borst's affidavit said Zenith produced 228,000 color TV sets in Springfield through May of this year, currently employs 700 (including plastic cabinet operation) and will continue to employ 500. ITA agreed with Zenith that it still manufactures TV sets in U.S. and therefore it continued review of Taiwan antidumping penalties.

**FORMAL PHOTO CD LAUNCH THIS WEEK:** Adhering closely to schedule announced 2 years ago (TVD Sept 24/90 p13), Eastman Kodak next Sat. (Aug. 1) will formally introduce its Photo CD system to public in U.S. and Europe. Kodak is banking heavily on this new way of combining high resolution of film with storage, flexibility and display capabilities of electronics.

Kodak brand players are being shipped in U.S. and Europe. At start, they're being built only at Philips plant in Hasselt, Belgium, but Kodak hopes to license other manufacturers after Philips' exclusive expires in a year. "We're actively talking with other manufacturers now," Kodak spokesman said -- "we want as many as we can get." Philips brand players are due later this year. One mass-market retailer told us Kodak is shipping extremely limited number in time for Aug. launch, promising larger quantities in Sept.

Kodak has been shipping work stations, at about \$100,000 each, since April. "We're shipping them as fast as we can make them to companies around the world," we were told by Kodak CD Imaging Vp-Gen. Mgr. Stephen Stepnes. They're going not only to photo processors but also to graphic arts houses, newspapers and govt. agencies, he said. "They all worked right out of the box," Stepnes said. "In terms of reliability, we've had the best results of any Kodak product in a long time."

Photo CD discs are being produced on schedule at Kodak factory in Rochester, Stepnes said. Next month, Kodak starts shipping upgrade kits that he said will triple productivity of each work station. Kodak apparently is keeping relatively low profile on Photo CD during early introductory period, but plans major consumer ad campaign starting in early Oct. keyed to heavy use of national TV, along with print.

Kodak is shipping 2 Photo CD player models, basic model listing at \$449, stepup with zoom and pan at \$549, with 5-disc carousel changer model due before Christmas at \$649. Dow Stereo & Video, San Diego, plans major kickoff news conference July 30 (Thurs.) at showcase store near San Diego Sports Arena with Kodak officials present -- to be carried by satellite to Europe -- and has own work station to place customers' snapshots on disc. Dow claims to have 1,000 players in stock, which will be sold at \$379 and \$499, underselling list prices by \$70 and \$50 respectively. Dow will charge \$19.95 for disc with 24 exposures. Discs may be returned to add more pictures for total to 100.

As matter of policy, Kodak won't say how many players or work stations have been shipped or how much money it has invested in Photo CD project, but Kodak Mktg. Dir. Georgia McCabe told conference in London last spring that about 150 Photo CD processing stations would be located around U.S. by launch time (TVD March 16 p13).

Local retailers and smaller processors without work stations will have access to system through wholesalers. Qualex, Durham, N.C., nation's largest wholesale photo finisher (51% owned by Fuqua, 49% by Kodak) and exclusive licensee of Kodalux processing, already has 6 work stations at processing locations covering all of U.S. Qualex New Business & Technical Development Vp Ray Parker said company expects to be offering service through 1,500-1,600 key retailers, including such mass-market companies as K mart, by Aug. 25, spreading to more retail sites as more work stations are delivered.

Qualex expects to offer introductory processing mailers and 800 phone number through electronics retailers who will be selling players, as well as those selling Philips CD-I players. However, Parker doesn't expect electronics retailers to become depositaries for processing: "We want to drive Photo CD through the key retailers who have been our traditional customers." At outset, processors will be able to take combined orders for developing, printing and Photo CD, delivering prints along with discs, or separately for "reorders" -- discs from negatives or 35mm slides. Eventually, custom "albums" -- weddings, etc. -- will be available, with titles and background music.

Players are being shipped with audiovisual demonstration disc instruction manual containing soundtrack in 7 languages. Players will play standard audio CDs and nonmotion multimedia programs. CD-I players and all CD-ROM XA computer systems also will play Photo CDs.

It's believed Kodak will be working on future projects in close cooperation with Apple, continuing its long-standing liaison with Gaston Bastiaens, who leaves Philips as head of its Interactive Media Systems (CD-I), for Apple in Sept. (TVD July 20 p12). Apple already has signed license with Kodak to integrate Photo CD with its QuickTime operating system extension (TVD March 16 p13). Said Stepnes: "Obviously, we will do much more than that with Apple -- just as we are the world leader in imaging, Apple is the world leader in imaging computers."

**1992-MODEL SALES--RECORDS AND NEAR-RECORDS:** As industry changes over to "1993" lines, review of 1992 model year shows projection TV set record -- 11.3% above previous high set in 1991 model year. Camcorders enjoyed their 2nd best year and direct-view color and VCR decks chalked up 3rd best model years in history.

Although model year actually is hypothetical (July through June), in some ways it's more revealing than calendar year. This year's analysis shows particularly strong sales of VCR decks -- just 2.8% (331,000 units) short of all-time record, set in 1987, and up 15.7% from preceding year. Camcorder sales ran just 169,000 below record set in 1991 calendar year. Here's record of model years 1990-1992, based on EIA sales-to-dealers figures:

#### MODEL-YEAR SALES, 1990-1992

Product	1992 Models	1991 Models	% Change	1990 Models	% Change
Total Color TV.	21,013,490	20,412,870	+ 2.9	21,408,148	- 4.6
Direct View..	20,615,208	20,055,035	+ 2.8	21,106,879	- 5.0
TV-only....	19,878,723	n.a.	--	n.a.	--
TV/VCR.....	736,485*	n.a.	--	n.a.	--
Projection...	398,282*	357,835	+11.3	301,269	+18.8
VCR Decks.....	11,457,154	9,900,643	+15.7	10,306,762	- 3.9
Camcorders....	2,814,495	2,983,611*	- 5.7	2,584,444	+12.1

\* Record.

Historical figures on sales by model year show direct-view color TV sales more than doubled in the 12 years since 1980. In same period, VCRs became a product and projection TV grew from virtually nothing. Other major video product, camcorders, jumped from ground zero in 8 years. Here are model-year sales to dealers, 1979-1992:

Model Year	Color TV**	Projection	VCR Decks	Camcorders
1992.....	20,615,208	398,282*	11,457,154	2,814,495
1991.....	20,055,035	357,834	9,900,643	2,983,611*
1990.....	21,106,879	301,269	10,306,762	2,584,444
1989.....	21,607,435*	276,879	10,311,052	2,168,909
1988.....	19,328,374	293,591	10,938,987	1,772,723
1987.....	18,859,559	294,482	11,787,260*	1,361,068
1986.....	17,317,478	282,326	11,694,349	825,084
1985.....	16,180,402	220,571	9,583,053	***
1984.....	15,196,870	256,633	5,423,816	***
1983.....	12,232,935	165,205	2,872,278	--
1982.....	11,236,621	134,514	1,558,452	--
1981.....	11,193,119	118,047	1,061,535	--
1980.....	10,065,718	74,000#	581,553	--
1979.....	10,286,351	n.a.	430,434	--

\* Record. \*\* Direct-view only. \*\*\* Included in VCR Decks. # TV Digest Estimate.

**MANUFACTURERS SEE SMALL 2ND-HALF PICKUP:** There's difference of opinion whether recession is ending, although manufacturers are looking forward to some minor improvement in TV and video sales in 2nd half, but even that probably will be enough to make 1992 2nd-best year in history in color TV sales and for VCR decks' retaining much of their lead over last year. For year, camcorders have been written off, and there's agreement that Presidential election year won't provide usual sales impetus this time.

"Some people thought we were bullish in our predictions early this year," Zenith Sales Pres. Gerald McCarthy said, "but the running rate [as shown by EIA figures] indicates that the problems of the first part of the year were overcome in the 2nd quarter." He forecast sales this year of about 20.8 million direct-view color sets, 400,000 projection TVs, 11.5-11.8 million VCRs. He said he "hopefully" looks forward to "relatively strong 2nd half," with higher sales of big-screen color offsetting overall price erosion.

"We now finally see some evidence we're coming out of the recession," with 2nd-quarter rebound possibly indicating increased confidence, McCarthy said. Although overall increase will be only about 3-4%, he said there was evidence that people are buying again. As for camcorders, he said "others have joined us in not being willing to participate in profitless prosperity." He forecast sales of 2.9-3 million "but at prices that make profitability very elusive." Zenith will continue to focus on VHS-C only until "we see new stability" in camcorder market, which won't occur as long as inventories are out of line. He saw "resurgence in C," which he attributed to profit opportunity that doesn't exist in 8mm.

Year so far has been "pretty flat," Philips Mktg. Senior Vp James Newbrough said. "Looking at the industry and talking with dealers, there's no great confidence we have escaped the recession." He said that while TV sales to dealers were up about 5% so far this year, factory sales had risen 10%, which he credited to booming export business, particularly to Mexico. Domestically, "air-conditioning business is terrible, and that has tied up open-to-buy."

Second half "looks a little better," Newbrough said, forecasting 21.2-million year for color TV. "VCR sales peaked at just over 12 million [in 1986] and never came back," but this year "they'll continue recovery, running at 11.2-11.3 million." Unfortunately, he said, many of these are being sold at \$199, \$229, \$249. "At these prices, it's not even a discretionary purchase, it's something people can do without thinking."

As for camcorders, with more than half million still in pipeline inventory plus unknown dealer inventory, "we're talking about a problem which should have worked through in the first half, but is still hurting business," Newbrough said. "It's the worst mess I've seen. It's hard to introduce new product when the old product is selling at lowball prices. We must get the inventory down to 175,000-200,000. The market isn't growing -- low prices keep it going." Newbrough's "best guess" is that much of inventory is in 8mm format -- which has made VHS-C "much more attractive -- I think we'll see a resurgence of C later this year and next. The dealer will sell whatever makes the most money."

Panasonic Consumer Video Group Vp-Gen. Mgr. Stanley Hametz agreed with Newbrough. "A lot of dealers are loaded up" with 8mm and not open to buy, he said. "Our dealers are buying in response to turns [at retail], they're not loading up, they're watching inventories very carefully." He thinks camcorder business could "open" in fall, but in meantime dealers are being very cautious. He said camcorders still were running at about 3-million level and VHS-C sales were doing relatively well -- and "strangely," Panasonic's best-selling model is \$1,195 digital electronic image stabilization unit.

For rest of year, "the economy is not out of the woods," Hametz said. "People continue to be pretty cautious, and I think they won't buy until Christmas time. There's too much talk of layoffs, and people think things are getting worse." In VCR decks, "I don't find many dealers who mirror" increases reported by EIA in sales to dealers (16.7% in first half). "Some of this could be pipeline filling by larger chains."

Samsung Asst. Gen. Mgr. David Patterson also feels VCR increases are illusory, credits them to poor business last year with onset of recession as well as Gulf War. "That we're up isn't surprising, but the degree we're up is inexplicable -- I defy anyone to point out where these goods are going." In color TV and VCRs, Patterson believes "informal" exports by retailers into Mexico may be explanation -- "but just by the process of elimination, because none of the other avenues of distribution are up."

Retailers loaded up too heavily in first quarter, Patterson believes, particularly as Japanese manufacturers' fiscal year ended, and business since then hasn't warranted that kind of increase. As for camcorder sales in June, "dads and grads flunked out," he said: "Not one dealer will initiate discussion of camcorders. If they want to discuss anything, it's how many pieces they can return." However, he sees camcorders as subject of "gradual depletion" of inventories, rather than massive dumps or bailouts.

Business in fall and winter will be "solid," Patterson is convinced. Recent warmer weather and pickup in air-conditioner sales will provide necessary dollars to dealers to buy brown goods. "It will be a traditional 2nd half," Patterson said, "and this is crucial to brown goods." Noting that sales volume isn't necessarily indicative of health, he said that although retail environment could be good, retailers have appropriate inventory and "I don't see anyone buying aggressively."

Reflecting mood of manufacturers, major East Coast-based retailer told us: "We're not expecting anything good at all. We're buying for extremely small increases, and we hope we get even those. Business has been very uneven -- up double digits one day, down double digits the next, for no apparent reason at all."

**PHILIPS TO SELL SOME ASSETS:** Philips is planning wide range of moves to reduce its financing costs, including selling major portion of its real estate holdings "over the next few years." Plan is reported in current issue of Philips house organ, which also includes Pres. Jan Timmer's comments on world financial markets' "completely excessive" reaction to company's announcement that 2nd-quarter earnings would be significantly below last year's (TVD June 22 p12).

Titled "Major Actions to Reduce Assets," article in Philips News says asset management program, which includes reducing inventories and receivables, "is expected to lead to a reduction in these assets of billions of guilders over the next few years, as a result of which the company will reduce the level of its debt." Article informs employees that each 1% drop in level of inventories and receivables releases about \$150 million in cash and saves about \$15 million in interest payments.

Article said Philips has 45,000 fewer employees than it had 2 years ago, "which has led to a certain quantity of land and buildings' becoming vacant." Disposing of some of those holdings could be slowed by "the present unfavorable market for real estate."

In separate Q&A column, Timmer expressed frustration with reaction to announcement of lower earnings expectations; stock price dropped about 20% immediately on N.Y. and Amsterdam exchanges and has drifted somewhat lower since then. "On the one hand, it was probably due to the fact that we have provided other disagreeable surprises in the recent past," Timmer said. "There is, evidently, not yet sufficient confidence in the stability of our profits. On the other hand, I simply have to say that some people in the financial world did not interpret our interim statement too well and, therefore, acted too abruptly."

Timmer said he "absolutely" has confidence in ultimate success of Centurion restructuring effort, although he said program is "not a sprint, but a marathon. We must be able to keep the Centurion process going for years, for we still have a long way to go." He reiterated feeling that subpar performance in consumer electronics is result of "external factors," saying unit has "splendid products, and if the market picks up that will certainly lead to better sales."

**Sony's color TV assembly plant** in Westmoreland County, Pa., started operation July 24. As announced earlier (TVD April 20 p16), first products will be projection TV. First models will be new slimline 41" projector and 46" XBR model, shown for first time last April, to be followed by 53" model later this year. "The first several weeks of production," Sony said, "will involve debugging the production system and ensuring product performance and quality, with shipments to the market beginning in Sept." Direct-view color assembly will follow, probably starting with 27" set. Picture tube production in same Pa. complex is scheduled to start in first half of 1994.

**6-MONTH CAMCORDER SCORE:** Almost 75% of all camcorders sold to dealers in first half 1992 were compacts (8mm and VHS-C), according to EIA figures. This compares with 65.6% compacts in same 1991 period. In June, compacts chalked up record 79.3% of total sales vs. 72% in June 1991.

Pipeline inventories (factory plus distributor) of camcorders continued to drop in June, but still were just above half-million mark (501,400), considered far too high. Inventories were 544,900 at end of May, 588,000 at end of April and 606,300 at end of March. Compacts comprised 78.5% of pipeline inventories. Here are monthly sales of camcorders by category (EIA doesn't break down compacts into 8mm and VHS-C):

Month	Total	Fullsize	%	Compact	%
January...	154,357	53,774	34.8	100,583	65.2
February..	132,259	36,468	27.6	95,791	72.4
March.....	185,746	53,676	28.9	132,070	71.1
April.....	214,935	51,991	24.2	162,944	75.8
May.....	216,562	46,646	21.5	169,916	78.5
June.....	<u>242,942</u>	<u>50,256</u>	20.7	<u>192,686</u>	79.3
<b>TOTAL....</b>	<b>1,146,801</b>	<b>292,811</b>	<b>25.5</b>	<b>853,990</b>	<b>74.5</b>

Longer playing CDs and movie-length 5" video discs are goal in latest reported developments: Sony followed Matsushita and 3M in demonstrating blue laser that it says eventually could triple amount of information on CD. Sony claims its laser emits true blue light vs. others' blue-green. System has long way to go before it can be commercialized, since it currently operates only at -320 degrees F. JVC, meanwhile, said it has developed new system, based on neural network technology, to read data on optical disc with 4-5 times density of conventional CDs using red laser.

Gemstar has taken over marketing of Video Plus (known in U.S. as VCR Plus) in U.K. from wholesaler Video Technology Marketing (VTM), which apparently has gone out of business -- since reporters had been unable to reach VTM by phone. Upon taking over, Gemstar announced major advertising campaign for Video Plus. Paul Newman, Gemstar senior vp for distribution and licensing, now has hq in London and is responsible for marketing in Europe.

**Biggest Korean manufacturer investment** in China reportedly is Samsung's \$56 million, which it will put into VCR manufacturing joint venture with state-owned broadcast station in Tianjin. Production goal is 600,000 annually. 70% to be exported.

#### THIS WEEK'S YEN RATE

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

**HOME LASERDISC RECORDERS:** Pioneer and Hitachi both announced breakthroughs that could lead to consumer recordable laserdisks at last week's end in Japan. Both are WORM (write once, read many) systems.

In preview of paper planned for delivery at Institute of TV Engineers of Japan tomorrow (July 28), Pioneer said it had succeeded in developing new organic dye medium that will be compatible with current laserdisc (LD) format. Working with Toyo Ink Mfg. Co., Pioneer said new optical recording medium has high sensitivity, responding to wavelength of laser beam used in conventional LD and CD players, and low production cost. Current optical disc recorders require huge machines and can physically transform dye medium, resulting in jitter and blurs, as well as requiring relatively high laser power.

Pioneer said those problems have been solved. Company has developed pre-grooved optical disc made of polycarbonate with recording layer of new dye produced by spin coating process. In lab tests, jitter and picture quality were comparable with conventional LDs. Company didn't give specific plans for consumer recordable discs.

At about same time, Hitachi announced LD compatible recording system that can record 20-min. disc in one hour. Key is improved thin film on disc surface. Hitachi said it can be used for high-definition recording and planned to offer it for business use next spring. Discs have 2-layered film surface made of antimony-selenium and bismuth. Hitachi claimed carrier-to-noise ratio of 60dB, 10% higher than conventional WORM recorders, with doubled signal-to-noise ratio.

Pioneer said it will develop commercial recorder before consumer model and said its own system is easier to produce than Hitachi's and its disc will be priced lower. Pioneer said its system is completely compatible with current conventional LD players while Hitachi's is only "upward compatible" (its discs can't be played on conventional LD player but conventional LDs can be played on its recorder).

**Zenith/AT&T HDTV system** is "scalable," Zenith said in comments filed with FCC, making possible lower cost chassis for smaller sets with "substantial performance improvement over NTSC" but without resolution required for giant-screen projection and 35" tube displays. Zenith said it expects all HDTV sets designed for sale during transition period will be able to receive NTSC as well as HDTV broadcasts, NTSC capability coming at \$50-\$100 retail premium. Downconverters to convert HDTV signals to NTSC will start at more than \$500, Zenith estimated. Company reiterated that it expects HDTV sets to be available within 2 years after FCC approves system, gaining "immediate acceptance" at prices 50-100% above today's NTSC equivalents.

**Pioneer will expand** laserdisc business by adding game system and software, Pres. Seiya Matsumoto said last week, adding that company planned to develop laserdisc market further to compensate for unprofitable competition in other audio and video products. Spokesman indicated it was possible that laserdisc game would be introduced this year. Matsumoto said domestic and European home audio sales were sluggish, but audio exports to U.S., Latin America and Southeast Asia were good, while worldwide aftermarket car audio sales were showing double-digit growth.

**JVC will introduce** 26W" widescreen NTSC set in Japan in Sept. at suggested list of less than \$2,350, following Sharp's similar product at \$2,000.

**SONY CLAIMS TOP VHS TAPE SPOT:** Sony says it had top VHS videotape market share in first quarter, quoting findings of Industrial Mktg. Research, independent firm that surveys end users. Sony said this is first time it has had leading VHS share for any reporting period.

At news conference last week, Sony Recording Media of America (SRMA) officials hailed role played by "V" line in capturing extra VHS share. "V" strategy has undergone transformation since it was introduced 2 years ago as premium line with significant price differential from standard line (TVD Aug 13/90 p14). Steve Johnson, dir. of mktg. for consumer tape, said "V" now is "within the price range of standard videotape, but at the mid-to-upper end of that range... There is a high end of the market. Consumers will pay for it -- not a dollar extra -- but they will pay a certain premium" for higher quality.

Sony continues to claim 70% market share worldwide in 8mm tape (about 60% in U.S.). It's introducing 150-min. 8mm tape for extended camcorder use and "for taping TV programming longer than 2 hours." It has introduced most extensive lineup of 8mm decks in its history this year.

**SEGA CD BUILT INTO PC:** Amstrad will begin marketing in U.K. in Sept. PC-compatible computer with built-in Sega CD-ROM drive, Japanese press reports said. Unit will be shipped with software at \$1,725. Amstrad spokesman confirmed agreement and though he declined to discuss specific product, he didn't dispute essence of report. In first year, Amstrad expects to sell unit elsewhere in Europe, and begin in New Zealand and Australia in 2nd year. Sales are projected at 200,000 first year, double that in 2nd year.

Sega of America spokeswoman said company hasn't had any discussions on similar computer/game combination for American market: "We're very focused on being a videogame entertainment company. The Sega CD is a peripheral of the Sega Genesis system." Sega CD is scheduled to begin appearing on shelves in U.S. in Nov., packaged with 3 pieces of software at \$299 list price (TVD May 18 p18).

**Go-Video** was awarded 2nd patent and notified of allowance of another patent application for dual deck VCR, Chmn.-CEO Terren Dunlap announced. Latest application relates to "AmeriChrome" circuitry, claimed to provide VHS copies "indistinguishable from the original" by preserving "pure heterodyned video signal through integrated head-to-head transfer, avoiding modulation [and] demodulation, harmful interference, loss of signal strength, dropout and operator error associated with copies made by wiring 2 single-deck VCRs together."

**The Good Guys** (GG) reported \$17,000 net income (break-even on per-share basis) on previously reported sales of \$114.8 million for 3rd quarter ended June 30 (see financial table); year earlier, GG earned 19¢ per share. For first 3 quarters, net income dropped 38.8% to \$5.35 million as sales rose 21.5% to \$384.1 million. Company had warned earlier that earnings in quarter would be hurt by sales disruption as result of riots in L.A. and closing of San Jose clearance center (TVD July 13 p14); latter factor reduced earnings 6¢ per share, it said.

**JVC** has established 8 camcorder service stations in Barcelona for Olympics. They're offering battery charging, repair and rental of camcorders, including free loaner to consumers leaving camcorders for repair.

**SONY SOFTWARE CHANGES:** Sony last week embarked on software expansions in 2 directions. Its Columbia TriStar Home Video created Special-Interest & Interactive Programming Div. and hired Rand Bleimeister as senior vp in charge of new venture. Bleimeister, who previously was CEMA mktg. and strategic planning vp and Nelson Entertainment exec. vp, reports to Columbia TriStar Pres. Patrick Campbell and is working with Nonfeature Mktg. Dir. Loris Kramer. Duties in new position are worldwide and include acquisition of special-interest programming and planning software activities in new media such as CD-ROM.

Bleimeister said Columbia TriStar is "not excluding anything" as possibility, although it's initially looking at children's video and documentaries. He will develop business plan to determine direction Columbia TriStar will take in interactive programming. He didn't rule out possibility company could distribute CD-ROMs and other new media itself, and product could be acquired or developed in-house.

Also last week, Columbia TriStar parent Sony Software announced formation of Sony Wonder, which will work with Software's 3 operating companies -- Sony Pictures, Sony Music and Sony Electronic Publishing -- to develop programming for children's and family markets worldwide. Home video versions of motion pictures and TV shows developed by new company probably will be released via Columbia TriStar, while music-based videos would be offered by Sony Kid's Video, spokesman said. New company, which will be based at Sony Music L.A. offices, also will develop programming specifically for home video, said Sony Wonder Vp Becky Mancuso-Winding. Company is taking "rational approach" by selecting projects carefully, she said, with "parental-friendly" content a priority.

Scope of Sony Wonder bears striking resemblance to Disney, which also provides children's movies, TV shows, music, computer software. "There are many areas where Disney and Sony are competitors," Sony Software spokesman said. "The children's market is growing, and the formation of Sony Wonder will strengthen our entry into it."

**Electronic Arts** credited sales of 16-bit game cartridges, particularly for Sega Genesis system, in reporting 182% increase in net income on 83% jump in revenues for first quarter ended June 30 (see financial table). Pres.-CEO Larry Probst expressed belief that lower videogame hardware prices "will further stimulate the market as we enter the fall season..." Meanwhile, EA said it had signed new multiyear worldwide licensing agreement with Sega that includes right to publish programs for Sega CD peripheral due in stores later this year.

July started off strongly in EIA figures on sales to dealers, highlighted by 112.7% increase in camcorder sales over comparable 1991 figure. However, only record set for first July week was in TV/VCR combos. Only decline for week was in projection TV, which fell 56.3% below year earlier figure, which was record for first July week. For year's first 27 weeks, VCR decks were running 17% ahead of last year.

**Korean consumer electronics** giants reported mixed sales results for 1992's first 5 months. Samsung posted sales of \$902.6 million, up 2.1%, with color TV and audio up 8% but VCRs down 16.4% and air conditioners falling 50.5% as result of govt. drive to reduce energy consumption. Goldstar sales dipped 3.5% to \$646.1 million on lower sales of VCRs and appliances, while audio was up 11% and microwave ovens up 29%. Daewoo sales rose 21% to \$384.8 million, with color sales up 85% to \$54.4 million.

**SMITH CORONA TO MEXICO:** In apparent culmination of long battle, Smith Corona (SC) Chmn.-CEO Lee Thompson blamed overseas "competitors openly thumbing their noses at our trade laws" for company's decision last week to close its last U.S. manufacturing facility in Cortland, N.Y. Production will be transferred to new facility at undisclosed location in Mexico.

"Smith Corona is a victim -- not of better foreign workmanship or a better foreign product -- but of foreign competitors' routinely ignoring American trade laws and exploiting the U.S. government's political unwillingness to enforce those laws," Thompson said. SC has been engaged in long-running fight with U.S. authorities and Brother International, seeking to have latter's products hit with antidumping duties, charging that Brother's plant in Tenn. is mere "screwdriver" assembly operation. In ironic switch last year, Brother, positioning itself as U.S. manufacturer, sought to file antidumping complaint against SC over latter's importation of typewriters from Singapore (TVD Sept 30 p16); International Trade Administration ruled Brother had no standing as U.S. manufacturer and never ruled on merits of case.

Announcement of intention to close plant, which will cost about 775 full-time employees their jobs, comes as Bush Administration continues to oppose trade bill (HR-5100) passed by House earlier this month that would toughen guidelines under which dumping would be judged, including question whether foreign makers were trying to circumvent law by assembling components in U.S. Thompson said SC will continue using U.S. parts suppliers so "the American content of Smith Corona's machines will continue to be higher than our competitors, even those utilizing 'phantom factory' screwdriver assembly operations in the U.S."

**COMPATIBILITY IN CABLE BILL:** Provisions to limit scrambling and assure compatibility between cable systems and CE hardware (TVD June 22 p15) were retained in cable regulation bill (HR-4850) passed overwhelmingly by House July 23. House version of bill differs somewhat from one voted earlier by Senate (TVD Feb 3 p1/p12); both passed by overwhelming margins that would appear to preclude threatened veto by President Bush. (For related report, see Bct./Cable section.)

HR-4850 would require FCC to develop rules to assure compatibility among cable-ready TVs and VCRs and cable systems and preserve host of advanced TV features such as picture-in-picture (PIP), ability to record one channel while watching another, ability to record consecutive programs on different channels. Bill would require FCC to submit to Congress within year of enactment of law report on "means of assuring compatibility between TVs and videocassette recorders and cable systems, consistent with the need to prevent theft of cable service" that would give consumers full benefit of their equipment.

Year after that, FCC would have to issue regulations detailing technical specifications of products to be sold as "cable-ready;" promoting availability from both cable companies and retail dealers of converters and remote controls; requiring cable companies to inform subscribers that they can buy compatible remote controls from any source, rather than being forced to rent them from cable company; and prohibiting cable operators "from taking any action that prevents or in any way disables the converter box supplied by the cable operator from operating compatibly with commercially available remote control units."

**Philips** will introduce computer "desktop CD recorder" at N.Y. news conference Aug. 6.

**SEARS BIG ON BIG-SCREEN:** Sears fall-winter catalog highlights 10 models of projection TV along with three 35" direct-view sets and 14 camcorders. Multimedia category gets good play, with both Magnavox and Sony CD-ROM drives and 2 pages devoted to CD-I hardware and software.

In projection TV, 2 models are priced below \$2,000 -- 46" LXI (presumably made by Philips) at \$1,900 and 46" Hitachi at \$1,999.99. LXI 52" is \$2,300. Catalog also features Magnavox 52" and 61" as well as other projection models by Sony, RCA and Hitachi. LXI 35" (made by Thomson) is priced at \$1,500, while RCA 35" PIP model is \$2,000 and 35" RCA console is \$2,400. LXI 31" (Thomson-made) is \$900. Other large-screen direct-view models include 32" Zenith with Bose sound at \$1,650 and Magnavox 31" with color PIP (\$1,500).

Only LXI console is price leader, 25" mono at \$400, with other 25-27" consoles by RCA, Magnavox, Zenith. Leader 25" LXI table model also is \$400, with other 25-27" tables by Magnavox, RCA, Zenith. Lowest priced LXI 19" is rotary nonremote at \$239, with 20" remote at \$300, while 13" nonremote is \$170, remote \$220.

Special sets featured in catalog include Zenith 20" and 25" closed-caption sets at \$360 and \$500, LXI 13" TV/VCR combo at \$450 (down \$50 from spring catalog) and 20" Panasonic TV/VCR at \$560. Casio LCD color TVs are \$170, \$200 and \$220 for 2.2" models, \$250 for 2.7".

Full-size LXI camcorder with 8x zoom, 2-lux sensitivity and titler is \$700; version with flying erase, coupon for telephoto lens is \$800 until Sept. 30, after which it's \$850. Model with artificial intelligence focusing, carry case, telephoto lens is \$900. Other full-size models are by Panasonic and RCA. Five Sony 8mm camcorders include "family" models with 8x zoom at \$750 (down \$50 until Sept. 30) and model with digital superimposer at \$800 (which goes up \$100 Sept. 30), plus 8x and 10x palm-size models at \$800 and \$900. Panasonic Palmcorders are \$800 and \$900.

Leader VCR is Goldstar at \$220, followed by LXI at \$250 (going up \$20 Sept. 30), with LXI VCP at \$170, other VCRs by Panasonic, RCA, Sony, Zenith.

Indicative of difficulty in pricing products in catalogs printed far in advance, Sears book still includes old prereduction prices for 16-bit Super Nintendo and Sega Genesis games. Magnavox CD-ROM drive includes 3 discs, is \$450 (\$430 if bought same time as computer). Sony CD-ROM drive is \$600 with 6 discs; Magnavox computer with built-in CD-ROM drive is \$1,500. Other computers are from Packard Bell and IBM, with notebooks by Packard Bell and Toshiba. Note in catalog gives 800 number to call for possible reductions in prices of computer products since issue was printed. When we called number with inquiry about Magnavox CD-ROM computer, operator informed us that computer has been upgraded to 486 system from 386 at same price and that it still was being produced by Philips for Sears.

**Sanyo forecast** 60.2% decline in consolidated net profit to \$52.76 million for year ending next Oct. 31, while it expects sales to be down only 1% to \$12.6 billion. For first half, parent company reported operating deficit of \$48.1 million, blaming appreciation of yen and severe competition. On consolidated basis, company had 6-month profit of \$3.56 million, down 93.2%, recurring profit of \$26.3 million, down 82.5%, on sales of \$5.81 billion, down 1.7%. Domestic sales were down 0.2% to \$3.52 billion and exports were off 4% to \$2.28 billion.

## Consumer Electronics Personals

**Russell Arden**, ex-Appliance Store and Circuit City, joins The Good Guys as mdse. mgr... **Montgomery Ward** promotions: **Gene McCaffery** to exec. vp, mktg., succeeding **William McCarthy**, who retires Aug. 1 after 30 years of service; **Don Docken**, senior vp, to new post of exec. vp, strategic planning and organizational development; **Ed Zgonina** to vp, mdse. presentation; **Joe Collins** to vp, operational planning and chief information officer; **Jeff Rambo**, ex-Sears Brand Central national mktg. mgr., joins Montgomery Ward as vp, ad and sales promotion -- hardlines.

**Wendell Weeks**, business mgr., Corning Asahi Video Products, named dir. of external development, Corning Opto-Electronics Group; he's replaced by **Willard (Bill) Boyer**, formerly dir. of sales and mktg. for Corning's Latin America-Asia Pacific Export Business... **Michael Meltzer**, ex-Sony and General Instrument, named sales and mktg. vp, Titan Satellite Systems... **Emery Saladin** promoted to ITT Commercial Finance Corp. vp-dir. of special projects, continuing to direct acquisitions.

Changes in JVC's board-level positions: **Kunio Kakigi** retires as chmn. Also retired from board are **Seiichiro Niwa**, senior managing dir. and coordinator, AV software and media; **Hitoshi Aoike**, senior managing dir. and coordinator, technical planning and R&D; **Toshimaru Kitamura**, managing dir. and gen. mgr., Professional Products Sales Div.; **Fumio Matsuda**, managing dir. and gen. mgr., Information Products and Systems Div.; **Saichiro Hosaki**, coordinator, public affairs and Customer Relations Div.; **Toyotaka Machida**, coordinator, TV Research Labs. **Nobukazu Kaneko**, Video Products Div. gen. mgr., promoted from dir. to managing dir. Appointed to board: **Masahiro Inbe**, **Yoshifumi Harakawa**, **Masahiro Fujimoto**, **Toshimasa Kumazaki**, **Kazuo Norioka**, **Masami Hoshino**, **Chuhei Yamamoto**, **Horoki Shimizu**. New statutory auditors are **Takashi Harada** and **Motoi Matsuda**.

**Becky Mancuso-Wilding**, former movie music supervisor and record executive, named vp-gen. mgr. of Sony Wonder, new family entertainment software subsidiary; independent producer **David Helpern** will direct Sony Wonder's filmed entertainment activities... **Rand Bleimeister**, ex-CEMA Distribution and Nelson Entertainment, joins Columbia TriStar Home Video as senior vp, special interest and interactive programming, new post reporting to Pres. **Patrick Campbell**... **Amir Yazdani** advanced to Rentrak information systems vp... **Lynn Saravis** promoted to A\*Vision creative services dir... **George Castell**, ex-Apollo Partners, joins Wertheim Schroder as Media & Entertainment Group managing dir.

**Blockbuster Entertainment** continued to show double-digit gains in net income and sales in 2nd quarter (see financial table), but growth apparently was achieved mainly from increased number of stores since same-store revenue was up only 6.2%. Net income jumped 40% on 26% revenue gain. Chainwide sales, including those of franchised stores, rose 24%. Chmn.-CEO Wayne Huizenga said company was "especially pleased by these results considering the prevailing economic climate and the effect of weaker product availability" compared with year earlier. Results reflect reduced overhead and increased productivity and operating efficiencies, he said, with international operations "beginning to make a greater contribution to earnings." Commenting on Philips' stake of 7% in company, Huizenga said relationship will strengthen Blockbuster's "leadership position in the home entertainment industry."

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>Ackerley Communications</b>			
1992-6 mo. to June 30	95,600,000	(100,000)	--
1991-6 mo. to June 30	93,200,000	(8,500,000)	--
1992-qtr. to June 30	48,600,000	3,900,000	.25
1991-qtr. to June 30	44,600,000	(3,200,000)	--
<b>A. H. Belo</b>			
1992-6 mo. to June 30	248,858,000	18,905,000	.95 <sup>a</sup>
1991-6 mo. to June 30	206,139,000	4,575,000	.24
1992-qtr. to June 30	134,150,000	12,452,000	.63
1991-qtr. to June 30	111,900,000	6,493,000	.34
<b>BHC Communications</b>			
1992-6 mo. to June 30	125,164,000	46,915,000	1.73
1991-6 mo. to June 30	128,904,000	55,624,000	1.99
1992-qtr. to June 30	69,502,000	28,990,000	1.08
1991-qtr. to June 30	70,650,000	31,633,000	1.13
<b>Blockbuster Entertainment</b>			
1992-6 mo. to June 30	518,575,000	55,648,000	.31
1991-6 mo. to June 30	386,893,000	37,300,000	.23
1992-qtr. to June 30	264,608,000	29,968,000	.17
1991-qtr. to June 30	210,105,000	21,405,000	.13
<b>Capital Cities/ABC</b>			
1992-6 mo. to June 28	2,486,742,000	189,261,000	11.35 <sup>a</sup>
1991-6 mo. to June 30	2,613,113,000	186,383,000	11.10
1992-qtr. to June 28	1,391,321,000	147,515,000	8.84 <sup>a</sup>
1991-qtr. to June 30	1,357,834,000	127,785,000	7.60
<b>Chris-Craft Industries</b>			
1992-6 mo. to June 30	136,841,000	27,983,000	1.05 <sup>b</sup>
1991-6 mo. to June 30	139,364,000	27,126,000	1.01 <sup>b</sup>
1992-qtr. to June 30	75,785,000	17,294,000	.65
1991-qtr. to June 30	76,099,000	14,697,000	.55 <sup>b</sup>
<b>Cohu</b>			
1992-6 mo. to June 30	25,553,000	1,412,000	.70
1991-6 mo. to June 30	23,527,000	1,313,000	.65 <sup>a</sup>
1992-qtr. to June 30	13,300,000	804,000	.40
1991-qtr. to June 30	12,150,000	826,000	.41
<b>Communications Satellite</b>			
1992-6 mo. to June 30	261,100,000	32,400,000	1.66
1991-6 mo. to June 30	254,500,000	10,300,000	.55 <sup>c</sup>
1992-qtr. to June 30	133,200,000	16,900,000	.86
1991-qtr. to June 30	127,600,000	18,900,000	1.00
<b>Electronic Arts</b>			
1992-qtr. to June 30	45,227,000	4,098,000	.18 <sup>b</sup>
1991-qtr. to June 30	24,600,000	1,452,000	.07 <sup>d</sup>
<b>Gaylord Entertainment</b>			
1992-6 mo. to June 30	302,710,000	9,099,000	.22
1991-6 mo. to June 30	284,428,000	(6,608,000)	--
1992-qtr. to June 30	178,525,000	11,855,000	.28
1991-qtr. to June 30	168,693,000	2,151,000	.07
<b>General Instrument</b>			
1992-6 mo. to June 30	492,323,000	(38,487,000)	-- <sup>c</sup>
1991-6 mo. to June 30	459,045,000	(75,487,000)	--
1992-qtr. to June 30	259,006,000	(10,175,000)	-- <sup>c</sup>
1991-qtr. to June 30	231,213,000	(20,087,000)	--
<b>Good Guys</b>			
1992-9 mo. to June 30	384,105,000	5,351,000	.41
1991-9 mo. to June 30	316,084,000	8,739,000	.78 <sup>d</sup>
1992-qtr. to June 30	114,767,000	17,000	--
1991-qtr. to June 30	97,410,000	2,188,000	.19 <sup>d</sup>
<b>GTE</b>			
1992-6 mo. to June 30	9,886,000,000	873,000,000	.96
1991-6 mo. to June 30	9,541,000,000	604,410,000	.67 <sup>c</sup>
1992-qtr. to June 30	5,063,000,000	446,000,000	.49
1991-qtr. to June 30	4,847,000,000	403,000,000	.45
<b>Heritage Media</b>			
1992-6 mo. to June 30	107,605,000	(14,165,000)	--
1991-6 mo. to June 30	98,613,000	(11,841,000)	--
1992-qtr. to June 30	55,183,000	(6,974,000)	--
1991-qtr. to June 30	47,179,000	(6,177,000)	-- <sup>b</sup>

Company & Period	Revenues	Net Earnings	Per Share
<b>Lee Enterprises</b>			
1992-9 mo. to June 30	272,152,000	27,728,000	1.19
1991-9 mo. to June 30	263,930,000	24,085,000	1.04
1992-qtr. to June 30	93,173,000	11,761,000	.50
1991-qtr. to June 30	86,990,000	7,263,000	.31
<b>Minnesota Mining &amp; Mfg.</b>			
1992-6 mo. to June 30	6,910,000,000	610,000,000	2.79
1991-6 mo. to June 30	6,738,000,000	599,000,000	2.73
1992-qtr. to June 30	3,504,000,000	322,000,000	1.47
1991-qtr. to June 30	3,349,000,000	299,000,000	1.36
<b>Multimedia</b>			
1992-6 mo. to June 30	268,851,000	26,183,000	.70
1991-6 mo. to June 30	253,803,000	23,411,000	.63
1992-qtr. to June 30	142,845,000	15,813,000	.42
1991-qtr. to June 30	134,628,000	14,435,000	.39
<b>Texas Instruments</b>			
1992-6 mo. to June 30	3,561,000,000	112,000,000	1.10
1991-6 mo. to June 30	3,333,000,000	(212,000,000)	--
1992-qtr. to June 30	1,867,000,000	72,000,000	.73
1991-qtr. to June 30	1,686,000,000	(157,000,000)	--
<b>Texscan</b>			
1992-year to April 30	42,963,000	(813,000)	--
1991-year to April 30	40,071,000	149,000	.07
1992-qtr. to April 30	13,268,000	86,000	.04
1991-qtr. to April 30	12,089,000	406,000	.18
<b>Times Mirror</b>			
1992-6 mo. to June 28	1,779,250,000	83,792,000	.65
1991-6 mo. to June 30	1,755,387,000	54,006,000	.42 <sup>d</sup>
1992-qtr. to June 28	911,423,000	47,172,000	.37
1991-qtr. to June 30	900,921,000	30,730,000	.24 <sup>d</sup>
<b>Tribune Co.</b>			
1992-26 wk. to June 28	1,028,146,000	60,215,000	.80
1991-26 wk. to June 30	1,011,967,000	74,818,000	1.03 <sup>d</sup>
1992-13 wk. to June 28	556,788,000	44,800,000	.63
1991-13 wk. to June 30	541,835,000	53,741,000	.77 <sup>d</sup>
<b>Viacom</b>			
1992-6 mo. to June 30	881,621,000	(7,783,000)	-- <sup>c</sup>
1991-6 mo. to June 30	821,590,000	(5,046,000)	-- <sup>c</sup>
1992-qtr. to June 30	451,053,000	(14,826,000)	-- <sup>c</sup>
1991-qtr. to June 30	414,394,000	(1,366,000)	--
<b>Walt Disney Co.</b>			
1992-9 mo. to June 30	5,445,195,000	593,003,000	1.11
1991-9 mo. to June 30	4,442,997,000	462,554,000	.87
1992-qtr. to June 30	1,853,473,000	220,755,000	.41
1991-qtr. to June 30	1,511,625,000	165,465,000	.31
<b>Washington Post</b>			
1992-26 wk. to June 28	706,004,000	65,432,000	5.53
1991-26 wk. to June 30	673,749,000	(1,326,000)	-- <sup>d</sup>
1992-13 wk. to June 28	376,933,000	45,752,000	3.87
1991-13 wk. to June 30	356,617,000	34,027,000	2.86 <sup>d</sup>

Notes: <sup>a</sup>Includes special credit. <sup>b</sup>Adjusted. <sup>c</sup>After special charge. <sup>d</sup>Restated.

**Sears Merchandise Group** income dropped 50% in 2nd quarter to \$78.5 million and 33% in first half to \$95 million. Group revenues dipped 1.1% to \$7.57 billion in quarter and rose 1% to \$14.42 billion in half. Chmn.-CEO Edward Brennan blamed declines in large part on slow pace of economic recovery and intense retail competition that resulted in decreased gross margins. Income also was hurt by charge for planned closing of catalog desks in Sears stores and costs associated with uproar over practices in automotive centers.

**Ads & Promotions:** Panasonic is sponsoring "Video Letters Home" service for Olympic athletes in Barcelona, providing facilities for competitors to tape messages to be recorded and sent anywhere in world... **Samsung** is official electronics supplier for Race Across America, coast-to-coast bicycle race that began last week in Irvine, Cal., and ends this week in Savannah, Ga.