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Broadcast - Cable

NEXT STOP FOR CABLE: Trying to turn soft votes in Senate. Possibility seen of blocking veto override in support there for GOP substitute. Analysts ponder risks involved. House conferees named. (P. 1)

FCC 'BUILDING CONSENSUS' in 'congressionally driven' reduction in radio ownership maximums. Instead of 30-30, it's likely to be 18-18, with attributable interests up to 49% to help minorities, small businesses. (P. 3)

ADVISORY COMMISSION wants to drop TV Marti; House reverses vote to kill project. (P. 3)

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SHORT-TERM RENEWALS DUE FOR LPTVs and translators in FCC goal for long-term relief. (P. 4)

WIRELESS CABLE HAS ARRIVED as global competitor, convention-goers say in Orlando. Successful event attracts 2 commissioners, White House official, 50% increase in attendance. (P. 5)

DEMOCRATS PUSH FIBER: Leadership Council calls for marriage of energy utilities and telcos financed by private sector to add \$321 billion to nation's coffers within 16 years. (P. 6)

CABLE INDUSTRY FOCUSING LOBBYING EFFORTS ON SENATE: In wake of stunning defeat July 23 in House, cable industry executives are focusing efforts on Senate to "save our bacon," in words of one, and support hoped-for veto of cable legislation (HR-4850/S-12). However, effort is risky and possibly unnecessary gamble, financial analysts said.

House bill that was approved July 23 with overwhelming support now closely resembles measure passed earlier this year by Senate, and sponsors of both are confident remaining differences can be eliminated easily in conference and in time for final bill to be sent to President Bush without risking pocket veto or procedural delays by Senate opponents. "If the President wants a veto fight, then he'll get a veto fight," House Telecom Subcommittee Chmn. Markey (D-Mass.) said in issuing challenge after 340-73 vote that approved HR-4850: "They [industry] can ask themselves, 'do I feel lucky?'"

House conferees -- 7 Democrats, 4 Republicans, all from Commerce Committee -- were appointed July 31 by Speaker Foley (D-Wash.) to work out differences on bills -- HR-4850 and S-12. Speaker also reserved right to appoint 3 additional conferees from House Judiciary Committee (2 Democrats, one Republican), but hasn't indicated whether he intends to do so. Sources said Judiciary Chmn. Brooks (D-Tex.) waged campaign to win more than 3 seats for his Committee. Senate conferees are expected to be named early this week by

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DELAY IN DCC INTRODUCTION from Sept. until 'well before Christmas' for thorough quality checks has Philips applying damage control. (P. 10)

COLOR TV AND VCR IMPORTS SOARED in May, with both 30% ahead of last year for first 5 months. Camcorders continue to lag. (P. 11)

DEALERS SURVEY WRECKAGE in SkyPix debacle as 80-channel satellite service plan implodes in shower of lawsuits, investigations and debts. (P. 12)

PHILIPS WIDESCREEN TUBES now being imported to U.S. from Germany in 2 sizes for own use and sampling to other TV makers. Ottawa plant to be expanded. (P. 13)

FRETTER PLANNING TO GO PRIVATE if review of 'various factors' gives favorable indication. (P. 13)

PHOTO CD KICKOFF at key San Diego store sees sales of more than 100 players. Kodak says 90% of processors will have equipment by year-end. (P. 14)

PHILIPS LABOR AGREEMENT reached at Greeneville, Tenn., TV plant creates 2-tier wage program, 'gainsharing' plan for workers. (P. 14)

VIDEO-ON-DEMAND PATENT claimed to give Conn. firm ownership of 'basic intellectual property' in almost all types of systems. (P. 14)

Majority Leader Mitchell (D-Me.), but no date has been set for first meeting. Democrats from House side: Commerce Chmn. Dingell (Mich.), Telcom Subcommittee Chmn. Markey (Mass.), Reps. Tauzin (La.), Eckart (O.), Manton (N.Y.), Hall (Tex.), Harris (Ala.); Republicans Lent (N.Y.), Fields (Tex.), Rinaldo (N.J.), Bilirakis (Fla.). When conferees are discussing home shopping services, Rep. Ritter (R-Pa.) will replace Fields.

NAB Pres. Edward Fritts said that while Judiciary members may be added to House group, "we are delighted with the Speaker's appointments... This clearly will be a conference driven by the Energy and Commerce Committee." MPAA Pres. Jack Valenti wasn't as happy, declaring: "America's long-term competitive interests demand that producers and distributors of copyrighted movies and TV programs -- one of America's great trade assets -- are not ignored nor exiled from the cable bill."

White House threatened veto 3 times before House vote, which industry sees as encouraging -- despite some suggestions that Bush's poor standing in polls and bill's proconsumer appeal might make him think twice about executing his 32nd veto (TVD July 27 p1). "This is an election year and politics is what this is all about," Lent said in complaining in debate about Democrats' efforts to provoke fight with Bush on reregulation. Nonetheless, "we're confident that the President will veto this bill and that the votes are there to sustain it," MSO lobbyist said. Administration officials reportedly also were continuing to fan veto talk last week, saying that Bush still plans to reject bill unless final version that emerges from House-Senate conference wins veto-proof support in both chambers -- statement in which bill advocates were taking comfort since S-12 passed Senate by seemingly veto-proof 73-18 vote. House margin last month also appeared veto-proof.

Cable industry has set sights on Senate in hope of coming up with 34 votes needed to block veto override, and is focusing on 37 senators who voted for Republican substitute to S-12 -- notably those among 28 who aren't up for reelection this year (TVD Feb 3 p1). But industry analysts said that lobbyists may be putting cable at enormous risk, and that regulatory bill was preferable to kind of package that could emerge in Clinton-Gore Administration. "It may be more prudent to accept this bill than get tougher reregulation from a [President] Clinton," said cable analyst Kenneth Goldman of Bear, Stearns. Cable's political fortunes could wane further next year if Clinton and Gore were elected and senator's telco allies started expected drive to enter cable. Gore sponsored such legislation in this Congress.

Several analysts didn't see any big threat to industry's financial future in legislation. NCTA is convinced there's no chance compromise will emerge that will be to industry's liking because both bills contain rate regulation plus requirement for forced sale of programming to competitors. Cable also said it's concerned about being saddled with costs of retransmission consent just when rate regulation is being foisted upon it. But analysts told us those costs aren't likely to be substantial and easily could be passed on to consumers through modest rate hikes that would remain possible under measures. "The impact would be negligible," said Duff & Phelps analyst Ned Zachar. He estimated that retransmission consent would cost operators at most 5-10¢ per subscriber per month, far less than roughly 25¢ they pay for CNN and 40¢ for TNT. "It's not substantial," he said in explaining that cable operators are relying increasingly on ads, pay-per-view and other sources of revenue. "It's not insignificant either" and still would need to be recouped in rates, he said, citing what he saw as potential negative impact that retransmission consent would have on cash flow and capital and program investment.

Big cable rate increases already are thing of past, Zachar said, since most systems have hiked charges to extent needed to "catch up" after regulated rate days and bring levies in line with value. "[Congress] is closing the barn door after the horse is gone," he said, downplaying importance of issue in industry's arguments against bill. "It isn't the end of the world," said Dennis Leibowitz of Donaldson, Lufkin & Jenrette. But he and other cable analysts agreed with industry officials who said that forced program access is unfair and won't enhance competition. "I don't think this is going to create viable wireless cable or satellite-to-home industries," said another analyst. However, some analysts saw program access and rate regulation as double bind on industry. "While it's not clear what the effects will be on cash flow, I think if the bill is enacted into law it may retard investment in programming and possibly have some depressing effects on [investment in] cable plant and equipment," Goldman said. There's also chance that bill will spark speeded-up capital investment in coming weeks as operators seek to tap cash flow before rate regulation kicks in, he said.

Most analysts said they believed program access rule won't pose permanent problem for owners or investors. "It will be difficult to legislate the sale, at a certain price, of copyrighted product and get it to stick" in court, said Zachar. Nevertheless, industry reacted strongly to House passage of HR-4850, with stocks tumbling next day as much as 11% for TCI and 13% for TCA Cable TV. Shares still were trading

generally higher than several months ago, and analysts we spoke with believe cable growth prospects remain unimpaired.

Rate regulation is expected to be contentious issue in conference as both bills contain curbs focused largely on basic tier; biggest difference is in how they define basic services and Senate's proposal to allow limited curbs beyond basic tier. Conferees also are expected to be pressured to accept retransmission consent in S-12, despite fact no such proposal is in HR-4850, and possibly meld House's program access requirements with similar provision pushed for S-12 by Gore that would ban exclusive program contracts. Rest of bills are so similar that House and Senate staffers already were reported to be working informally toward compromise to clear way for talks by their bosses on big-ticket items.

FCC APPROACHING AGREEMENT ON RADIO OWNERSHIP: "There's a consensus building for 18," FCC official said July 31 of lengthy deliberations in reconsideration of new radio ownership rules. New rules, due to become effective Aug. 1 but stayed July 30 by Commission for unannounced period, would have permitted licensee to own up to 30 AMs and 30 FMs nationwide and up to 3 stations of each service in largest markets with 25% total audience cap (TVD March 16 p2). That action raised current limit from 12 FMs and 12 FMs and ire of Democratic leaders on both sides of Congress, most particularly Commerce Committee Chmn. Rep. Dingell (D-Mich.) and Sen. Hollings (D-S.C.) (TVD June 8 p5), along with threats to pass legislation restoring 12-12 maximum.

In fact, rider to FCC appropriations bill has been drafted in House, at least, to return to 12-12 cap but hasn't been introduced yet. Commission action, expected at Aug. 5 meeting, "is being totally congressionally driven," agency official told us in opinion almost universally endorsed by others. Chmn. Sikes reportedly wanted to place cap at 25 and 25 but was unsuccessful in arguing for that approach on Hill. Sikes himself had no comment.

In reducing ownership cap to 18-18 from 30-30, FCC also will permit licensees to have 49% attributable cap in 3 additional stations when investments are designed to help small businesses (2 investments) and minorities (one investment). Commission also plans to seek comments on "wide range of other proposals" to help minorities and small businesses increase their broadcast holdings. Goal is to remove "objectionable features" of affirmative action, such as quotas and preferences, replacing them with free market incentives, we were told.

In originally adopting new ownership rules, FCC did away with duopoly restrictions by permitting licensees to own up to 3 AMs and 3 FMs in largest markets. That, we're told, will be cut back to 2 and 2. In another area, NAB and others had protested FCC's reliance on Arbitron figures to determine when licensee had reached 25% audience cap in given market but that method of measurement is expected to remain in rules. Currently pending at FCC is rulemaking proposing to relax TV ownership rules, including removal of ban against owning 2 stations in same coverage area (TVD May 18 p5).

U.S. Advisory Commission on Public Diplomacy, which advises President on USIA and Board for International Bestg., will recommend again today (Aug. 3) that TV Marti be shut down. Recommendation will be part of Commission's annual report assessing govt. role in international broadcasting. Proposal follows efforts in House July 30 to kill project. Rep. Alexander (D-Ark.) won amendment to strip TV Marti funding from FY 1993 appropriations (HR-5678) for Commerce, Justice and State Depts., 206-194. He was supported by House Commerce Committee Chmn. Dingell (D-Mich.), who said TV Marti was as useful as "side pockets on cows." Action was overturned later on motion by Rep. Bliley (R-Va.), 215-181, before House passed bill, 242-153. Bill also contains funding for FCC, FTC, NTIA, U.S. Information Agency, etc. Advisory Commission also will recommend: (1) Terminating construction of shortwave station in Israel. (2) Building inexpensive AM and shortwave stations in Kuwait. (3) Enhancing VOA broadcasts in Asia rather than creating expensive new Radio Free China. (4) Begin phasing out of Radio Free Europe and Radio Liberty wherever listenership is falling off.

Some 2 dozen NBC TV affiliates in South have dropped network's national coverage of Notre Dame U. football games in favor of regional package of Southeastern Conference (SEC) games put together by Jefferson-Pilot (JP). Turner Bestg. formerly had TV rights to SEC games. JP Vice Pres. James Rayburn said syndicator didn't specifically go after NBC affiliates "but this tells you college football is a regional sport." NBC has replaced its affiliate in several markets, including Nashville, Chattanooga and Tampa, with independent station for Notre Dame games.

Lou Dobbs, CNN senior vp and business editor, has received much publicity for his appearance in videotape promoting Wall St. firms, and now he has been reprimanded by CNN Pres. Thomas Johnson. Dobbs is host of Moneyline and Moneyweek on CNN. Johnson sent memo to staff, which was obtained by Washington Post, in which he said he had "strongly reprimanded" Dobbs. Dobbs, while insisting there was no conflict of interest, apologized to CNN employees. He said he believed videos were for in-house use only, was angered when he learned they had been shown to clients.

CONGRESS SPLITS ON FCC FUNDING: Confrontation over FCC funding for FY 1993 became more certain last week as House voted bill proposing to provide agency with less than half of direct support agency sought while Senate went with full funding, but at level below request. House wants difference made up through new user fees while Senate's figure reflects general cost-cutting efforts. Bills also contain different proposals for FTC, NTIA, VOA, USIA, etc., in fiscal year that begins Oct. 1, and there's provision in Senate package that would constrain Commission's decision in emerging technologies proceeding, due this week.

In key provisions, House bill proposes \$68.5 million in direct federal expenditures for FCC while remaining \$70.8 million it authorizes Commission to expend would have to come from fees on industry. However, Congress hasn't yet passed legislation to allow FCC to charge new fees. Senate proposed \$126.3-million in direct funding for Commission. House bill also has \$18.6 million for NTIA and \$21.32 million for Public Telecommunications Facilities Program (PTFP). Senate bill would provide \$38.5 million for NTIA to cover initiatives such as endowment for children's TV programming, plus same level for PTFP as House plans. Two bills still will have to be reconciled in House-Senate conference, which may begin work almost immediately.

Lawmakers also differed in approaches to other money bills last week as partisanship escalated in keeping with advancing election season. TV Marti, for example, was hit again by House Democrats who see project as extraordinarily expensive -- or, in words of one, as useful as side pockets on cows. House bill proposes \$25.531 million for TV and Radio Marti, Senate \$34.758 million; both are below White House request. House voted 206-194 to kill TV Marti funding, only to see action overturned later same day on Republican motion, 215-181. Same effort last year also failed; key appropriators in Senate strongly support TV Marti.

Senate bill also contains provisions to constrain FCC decision-making on UHF-VHF swaps, clearing 2 GHz for Personal Communications Services (PCS), minority and women's preferences, distress sales, TV-newspaper cross-ownership. PCS amendment was most controversial and ended up being tempered by author, Senate Commerce Committee Chmn. Hollings (D-S.C.), after Republicans objected to its possible straitjacketing effect on development of new technologies. Hollings proposal would bar FCC from forcing utility microwave services out of 2 GHz immediately to make way for PCS, providing instead 8-year shared use of band before changes may be made. Final version of provision is compromise; among other things, original language would have given utilities 15-year lock on band. That was opposed by FCC, PCS backers, etc., who saw move as driven largely by Hollings' reelection needs, sources said.

Other appropriations legislation important to TV-radio-cable also were handled last week, notably bill containing forward funding for CPB. Rep. Crane (R-Ill.) tried unsuccessfully to eliminate proposed \$272.25 million for CPB in FY 1995, which is \$2.75 million below FY 1994 level. Crane said CPB appropriations hadn't yet been authorized by Congress and he suggested money wasn't necessary -- "CPB can flourish quite well in the private sector without government help" -- and wasn't deserved in light of kinds of what he called "offensive" and biased programs on public TV. CPB money is part of FY 1993 appropriations package for Labor-HHS Depts. Also moving in 2 chambers are bills to fund Education Dept., which may include \$18.5-million for continuing Star Schools program

involving educational satellite TV projects of public broadcasters.

House last week also retained 15% cap on rate increases on fees for broadcast towers on federal land, in debate on FY 1993 Interior Dept. appropriations. Cap was continued for year while broadcasters and Bureau of Land Management and Forest Service met to work out compromise for future fee adjustments. Meetings began July 17 when NAB Exec. Vp James May argued that broadcasters may be paying too little at moment but that unsuccessful previous fee hike proposals in neighborhood of 1,000% were out of line with value of land compared to tower. May also said broadcasters should pay smaller fees than other users of lands because industry already has other public interest obligations to meet under Communications Act. More meetings are planned for Aug. and Sept. Broadcasters and agencies have until Dec. to make fee recommendations to Congress. Cap isn't expected to be deleted from money bill as it moves through legislative process. Fee issue is especially important to western broadcasters where more of towers are on federal lands, NAB spokesman said. Issue has been subject of much controversy in Congress in past.

Full-power TV stations that own translator and LPTV stations soon may be getting short-term FCC renewals for those auxiliary services, but in long run it will work to their advantage, Commission said. Agency said that's because it plans to change rules so that auxiliary station renewals will expire in same month as those of parent stations and licensee would have to file only single form (303-S). Under current rules, licenses expire at various times and licensees are required to submit separate renewal applications for each type of service. Change to common expiration date "will streamline the renewal process and eliminate unnecessary paperwork and administrative burdens on both licensees and the FCC," agency said. To comply with Communications Act -- which limits TV licenses to 5 years and radio to 7 years, Commission said it wouldn't alter terms of existing licenses but when auxiliary stations come up for renewal it would grant short-term licenses to coincide with renewal month of parent full-power stations.

In attempt to boost lagging sales, NBC blacked out CNBC July 30-31 and offered viewers free sample of Olympic TripleCast. Aired in conjunction with Cablevision, TripleCast is offering 3 channels of Olympics Games 24 hours daily (12 hours live, 12 hours taped). Channels normally reserved for CNBC on cable systems showed all 3 TripleCast channels on split screen, with 4th screen containing continuous pitch for subscribers for remaining week of Olympics. While viewers got to see venues, they had no audio to tell them what was going on. NBC and Cablevision had targeted breakeven point at 2 million homes, but estimates are that less than 250,000 have signed up at \$125 for full 2 weeks of Olympics, or \$29.95 per night. Daily price was cut to \$19.95. In Lawton, Okla., 25,000-subscriber system cut TripleCast price to \$95, said it had little impact on attracting subscribers. NBC and Cablevision have said venture will lose money, haven't said how much.

Rap performer Ice-T, at news conference in L.A. last week, said he was asking Time Warner (TW) to pull controversial song "Cop Killer" from his album "Body Count" and TW immediately went him one better -- announcing that album would be pulled from record stores. TW annual meeting in L.A. 2 weeks ago was picketed by police groups because of song and International Brotherhood of Police had threatened to sue TW (TVD July 20 p7). Ice-T said he would distribute "Cop Killer" free at his concerts.

WIRELESS CABLE ON UPBEAT: It was all smiles last week at 5th annual convention of Wireless Cable Assn. (WCA) in Orlando, with large increases in attendance (just under 1,200, up 50%) and number of exhibitors (nearly 100). Wireless operators also received encouragement from FCC Comrs. Duggan and Quello and from Todd Buchholz, assoc. dir. of White House Economic Policy Council, as well as from mandatory access provision in pending House cable bill (HR-4850) -- subject of much discussion at convention.

Said WCA Pres. Robert Schmidt: "The 1992 convention will go down in history as the beginning of the wireless cable industry as a global competitor in the multichannel video business." Schmidt, who has been pres. since 1988, noted that only 100 people attended his first WCA convention and that there were no exhibitors. Said govt. official with no connection to WCA: "The money-loaners were there... It was pretty upbeat."

Buchholz said that Bush Administration doesn't like mandatory access for wireless cable but that its "prime objection to the cable bill, both House and Senate, is in the area of rate regulation... We would have a lot more to talk about, a lot more in common [with wireless cable] if we were to discuss a free-standing bill on programming access and unreasonable restraints of trade." Buchholz invited wireless operators to bring to attention of Administration examples of cable's alleged "anticompetitive conduct barring the door [to program access] and saying no trespassing. [If] we are not enforcing antitrust laws accurately or with integrity and [if] current contractual arrangements [with program suppliers] unreasonably hinder competition, then we have something to talk about."

Duggan once again attacked "application mills" for MMDS and ITFS authorizations, saying he plans to look into so-called "channel mapping" of allocations that he said puts ITFS stations, with 4 channels of programming, at competitive disadvantage to cable. He urged ITFS outlets to improve their public image, which he said is suffering because of application mills.

Quello (both he and Duggan received CA's "Golden Eagle Leadership Award") also hit "avalanche of applications filed by application mills," discussed at length FCC rulemaking on subject and "regulatory barriers confronting today's wireless cable operator and applicant." If rulemaking is "resolved favorably," Quello said, it will help wireless cable "without needless regulatory oversight." But, he said, FCC already has taken "significant steps to help wireless cable become a viable competitor in the video distribution marketplace." He predicted that Commission would vote on rulemaking this fall and that freeze on applications was "likely to be lifted later this fall."

Major problem, Quello said, is "the tremendous backlog of applications." He cited "horror stories" of recent applicants' finding themselves "mutually exclusive" with lottery winners in 1983 who never appeared on Commission public notice and whom FCC can't even find. As for application mills, he said: "I have to deplore, as most of you do, the tremendous disservice to wireless cable operators and to potential consumers afflicted by unscrupulous applications mills... As a regulator, I will do all that I can do to allow you to reach your greatest potential."

After 30-some years of joint sponsorship of Peabody Awards ceremony with Best. Pioneers, Awards founder U. of Ga. has decided to become sole sponsor. Awards luncheon is held each spring in N.Y.

Financials: **A.H. Belo Corp.** reported net income of \$12.5 million (63¢ per share) for 2nd quarter, vs. \$6.5 million (34¢) year earlier, on net revenue of \$134.2 million, up 19.9%. Most of improvement came in Publishing Div., with revenues of \$80.9 million, up 29.2%, Belo said. Net broadcast revenues of \$53.2 million were up 8%, with increases in both local and national spot ads... **LIN Bcstg.** posted 2nd-quarter net loss of \$19.2 million (-37¢ per share) on revenues of \$142.9 million, compared with loss of \$35.7 million (-69¢) year ago. LIN said losses were due to investment in N.Y. cellular system... **Jefferson-Pilot Corp.** had 2nd-quarter net income of \$48.2 million (94¢), up 10.6% from \$43.6 million (85¢) in year. Company gave no breakout on performance of broadcast properties... **Interactive Network** 2nd-quarter net loss was \$4.6 million (-65¢), vs. \$2.2 million (-42¢) in 1991, on net revenues of \$88,000, up from \$5,000 last year... For calendar 1991, **Graff Pay-Per-View** said it had revenues of \$10.6 million, net income of \$2.1 million (including extraordinary gain of \$1.5 million). Those figures compare with 1990 revenues of \$4.1 million and net loss of \$2.69 million... **Clear Channel Communications (CCC)** reported its most "successful quarter in history" with net broadcasting revenue of \$19.3 million (up 20%) for 2nd quarter and stations' operating income of \$5 million (up 46%). After-tax cash flow jumped 74% to \$4.6 million. Acquisition-minded CCC closed on purchase of 6 radio stations in quarter and has acquired bank financing of \$150 million for other acquisitions. Licensee owns 7 independent TVs and 23 radios in 18 markets... **Crown Media** will invest \$1 million in International Cablecasting Technologies and carry its **Digital Music Express** cable audio service on its cable systems. **Crown Chmn.** James Hoak said investment is first of several that MSO plans in program networks... Standard & Poor's is considering upgrading debt rating of **Viacom's** subordinated debt from current B+, rating service said... **M/A COM** had 3rd-quarter profit of \$2.4 million (10¢) on revenues of \$98.1 million, down from net income of \$4.7 million (76¢) on revenues of \$98.7 million year ago. Company said decrease in net income was result of "shrinking defense business."

WNET N.Y.-Newark, unveiling "preliminary proposal" to assume management of public TV's N.J. Network (NJN), told N.J. State Senate panel last week that it would create two 24-hour largely nonduplicative services: One with general audience fare, other based on education-instruction. WNET Exec. Vp-COO George Miles, testifying before Senate Appropriations Committee July 23, outlined plan in which "down the road" it would develop weekend as well as weekday morning and late afternoon N.J. programming blocks. Testimony came on bill offered by Republican leadership of N.J. legislature that would transfer 4-station NJN functions and employees to N.J. Commerce Dept., which then would enter into negotiations to transfer stations and assets -- or their management -- to another broadcasting entity. George Hoover, gen. mgr. of NJN, which opposes bill, said he wouldn't be surprised if "other members of the public broadcasting community" develop their own proposals for assuming control of NJN should legislation pass. Transfer bill, approved by Senate panel, must be approved by House counterpart before it's sent to respective full chambers for vote. Gov. James Florio (D) has threatened veto, although GOP has comfortable majorities in both Senate and Assembly. Ironically, Florio unsuccessfully proposed halving of NJN's state support last year.

Jones Spacelink was relisted on National Market System of Nasdaq after its request for exception to Nasdaq's net tangible assets criterion was approved. Jones said that net losses it had reported in recent years were result of noncash items, such as depreciation and amortization.

DEMOCRATS PUSH FIBER: U.S. could achieve shortcut to deployment of universal information superhighway if policymakers encouraged marriage of 2 regulatory monopolies -- local telephone companies and energy utilities. Those are findings of Progressive Policy Institute (PPI), policy arm of Democratic Leadership Council, which Ark. Gov. Bill Clinton formerly chaired. PPI study released last week said that by hastening completion of fiber network, U.S. could boost its annual productivity growth by 0.4% and add \$321 billion to nation's wealth over next 16 years.

Report, though by Democratic entity, criticizes policy of both parties on steps taken to drive formation of universal fiber network. "The U.S. must complete its information superhighway soon -- much quicker than the 35 years" it might take given current rate of investment plans by local telcos, study said. Dominant Republican policy "simply embraces" marketplace, "even a market so gridlocked it stifles innovation," and seeks to eliminate regulation, it said. Democrats pursue telecommunications policy "through government spending or cumbersome mandates, such as reregulating cable TV rates," report said. Answer is to "redefine" market for public's benefit, authors Steven Rivkin and Jeremy Rosner said. Key to strategy is "drawing new players into the mix" -- energy utilities. Authors said fiber network could enable electric and other utilities to "save billions of dollars" annually "for themselves and their customers" through efficient energy pricing, metering, delivery, use.

Building fiber network based on report's "progressive strategy" while preserving public interests "protected by the ban on cross-ownership of programming and distribution" hinges on encouraging companies to accelerate project without "opening the door to their dominating the new market," report said. Instead of coaxing additional capital from local phone companies with "promise of higher profits," solution is to open market to other sources, such as energy utilities. Report said that many of those utilities already have substantial investments in telecommunications, and improving that infrastructure could save them and ratepayers enough to support "substantial investment" in building fiber network. Report estimated universal fiber network would cost \$100-\$400 billion to build.

Children's TV Workshop's upcoming Ghostwriter -- PBS entertainment show on literacy designed for 7-10-year-olds -- has look of hit in making. At L.A. press tour, Exec. Producer Liz Nealon told TV critics that 94% of 2,000 children surveyed about weekly series liked it "as much, or more, than their favorite TV show" and that "99% expressed a strong interest in seeing the next show." Project Dir. Tina Peel said owner of one of 5 research firms CTW engaged for testing said program, starting Oct. 4, is as "appealing as any of the television she's seen... for children in this age range." Project includes what Fran Kaufman, vp-public affairs, termed "mammoth" print and outreach campaigns, consisting of 20 million copies of free full-colored "minimagazine" and 350,000 copies of teacher guides and other classroom materials. She said of campaigns: "We've never done anything of this scope before."

Fate of sports on TV depends on success of pay-per-view (PPV), NBC CEO Robert Wright said in letter published July 25 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."

NPR and American Public Radio (APR) news executives sparred recently on former's proposed ban on stations' inserting non-NPR national material into local broadcasts of NPR news magazine shows. In face of much station opposition, NPR recently retreated from plan in which such insertions would have been banned effective Oct. 1. Pres. Douglas Bennet said he hopes to have issue resolved by Jan. 1. At Public Radio News Dir. conference in Washington July 24, NPR Vp-News & Information William Buzenberg said insertions practice eventually could threaten the 1/3 in outside (nonstation) funding that goes into Morning Edition since it could make show so diffuse that national funders would be unlikely to support it. He said other national producers already ban insertions, and cited APR guidelines that require affiliate stations to broadcast NPR programs in "their entirety and without alteration." But Phelps Hawkins, APR senior vp-dir.-news and special events, countered that it permits many exemptions from rules, and said that aim should be to get stations to identify sources of news material rather than to prohibit certain material outright. Referring to other public broadcasting funding sources, such as Congress and German Marshall Fund, which some have contended influence coverage, Hawkins said "everybody [funder] has an agenda. What you have to do is be up front" in acknowledging support from individual donors. Buzenberg said "obviously there's going to be some compromise" in resolving issue, and suggested that perhaps non-NPR newscasts would be permitted in its news shows. Alaska Public Radio Network said ban would prevent it from airing newscasts from non-NPR sources during hours when NPR doesn't provide live service.

NAB has formed partnership with Interactive Multimedia Assn. (IMA) to program April 19-22 MultiMedia World Conference concurrent with NAB convention in Las Vegas. Sessions will focus on production and distribution of programming for interactive media. IMA Managing Dir. Philip Dodds will chair Exec. Committee of broadcasters and IMA members to plan conference. IMA is international trade association with more than 250 corporate members. NAB plans to host MultiMedia World Conference annually.

Americana TV Network is name of planned cable service featuring country music from Branson, Mo. Network has spring 1993 startup target and program production is under way in Branson, founder Hitchcock/Sullivan Entertainment Group said. Stanley Hitchcock is former head of Country Music TV, and Joseph Sullivan is founder of Sound Seventy Inc. Hitchcock/Sullivan said Americana also will program for pay-per-view and for over-air TV stations.

Univision's noncompete clause with Joaquin Blaya, ex-pres., Univision, is too broad and he can join Telemundo Group as pres.-CEO, Judge Walter Schackman Jr. ruled last week in N.Y. state Supreme Court in Manhattan. Schackman said clause in employment contracts barred Blaya and former Univision Senior Vp Jose Cancela (who followed Blaya to Telemundo) from entire Spanish-language TV business in U.S.

NAB agreed to cooperate with Sister Cities International to help establish sister station links between U.S. TV outlets and stations in republics of former USSR. NAB international consultant William Haratunian (202-429-5451) will coordinate effort.

Turner Bcstg. expanded its Checkout Channel at supermarkets to 300 A&P stores. Ad-supported channel features custom-designed programming in 10-min. segments 24 hours daily. It's now in 18 grocery chains.

Reversing Review Board, FCC has remanded grant of Class B-1 FM (Ch. 289), Manahawkin, N.J., to Law Judge (ALJ) Arthur Steinberg for further comparative proceedings. There originally were 12 applicants for channel, which was granted to Press Bestg. following merger agreement with Jersey Shore Bestg., and other applicants were dismissed. However, applications of Press and Jersey Shore had been dismissed earlier because both had applications pending in other N.J. cities, which Commission said couldn't be granted because rules prohibit simultaneous prosecution of 2 applications, both of which couldn't be granted under overlap rule. Seashore Bestg. had appealed to Review Board, which ruled that Seashore didn't have standing. But it did, said commissioners, because Seashore had "party-in-interest status" through petition to deny Jersey Shore application. In remand order, FCC said Press/Jersey Shore "blatantly violated the inconsistent application rule... In short the ALJ decision permits the parties to accomplish through a creative settlement agreement what they could not have accomplished directly through the application process." Commissioners said they realize remand may result "in a lengthy comparative hearing [but] they believe that they must do so to avoid further abuse of their rules and to protect the integrity of their rules generally."

Comsat is asking FCC to waive rules on special licensing for TV-receive-only (TVRO) earth stations and is lobbying Commission to have rules done away with altogether. Last week, Commission dismissed Comsat's request for waiver of rule prohibiting users of its new midpower TV satellite, Intelsat K, from delivering services to unlicensed TVRO earth stations. Currently, TVROs can receive signals from domestic satellites, but require special FCC license to get signals from international satellites, including Intelsat. RAI of Italy and Telefonica of Spain, for example, have leased Intelsat K (all Ku-band TV satellite) capacity to provide TV services to home satellite subscribers in N. and S. America. FCC, which is considering repeal of TVRO rules in separate rulemaking, held that it has no compelling reason to make exception for Intelsat K. Comsat resubmitted request July 28, saying rule imposed "significant hardships that would negate the very benefits for which Intelsat K was designed."

Senate Majority Leader Dole (R-Kan.) blasted public TV (PTV) July 24 for 2 planned election specials to be hosted by well-known Democrats. Voices of the Electorate, forum for views of minority voters, includes 2 one-hour prime-time PTV specials to be hosted by former San Antonio Mayor Henry Cisneros (D) and former Rep. Jordan (D-Tex.). Dole said that "when an announcement like this comes so closely on the heels of all the assurances from CPB about addressing its so-called perception of imbalance, you have to wonder if the taxpayers are getting the objectivity they are supposed to be paying for." He told Corp. that "there has to be some fairness. This is an election year. The stakes are very high. And I do not know why we have to fund programs that are going to be dominated by one political party, and one political agenda, and one political view." CPB said it didn't provide any funds for project, which is supported by Carnegie Corp. and MacArthur Foundation.

Public Reference Room (239) of FCC Mass Media Bureau will be closed for 5 consecutive Fridays, starting Aug. 7. Time is needed to review "all license files and retire older, inactive records," Bureau said. All TV station files before June 1, 1986, and radio files predating June 1, 1988, will be sent to Records Center in Suitland, Md. Secy. reference room will be closed for 3 Fridays, also starting Aug. 7, for "a similar cleanup effort," Commission said -- Sharon Jenkins, 202-632-7566.

WAGA-TV Atlanta and Washington law firm Kaye, Scholer, Fierman, Hays & Handler have asked FCC for expedited declaratory rulings on controversial subject of political candidates' use of aborted fetuses in antiabortion commercials. Federal law prohibits stations from censoring such ads in any way. WAGA-TV has asked for permission to limit such spots to "a safe harbor when children are not generally present in the audience" if licensee determines "that the proposed use is indecent or otherwise unsuitable for children." Law firm asked that licensees be given authority to refuse to air ads at any time "where such spots present graphic depictions or descriptions of aborted fetuses or any other similar graphic depictions of excised or bloody fetal tissue." It didn't specify on whose behalf request was filed. Commission officials told us that, because of "no-censorship" provision of Communications Act, it would be impossible to grant either request. Several stations have refused to run and/or have pulled such ads from potential candidates who aren't yet qualified.

Sen. Simon (D-III.) used Senate floor debate on FY 1993 appropriations for Commerce, Justice and State Depts. last week as another opportunity to question industry commitment to developing voluntary guidelines on televised violence. He's author of law that gave TV, cable and program communities 3-year immunity from antitrust laws to collude on guidelines. He was critical again of what he saw as slow pace of industry efforts -- broadcasters have met informally twice on issue and cable has contracted study, he said. "Whether, in fact, we are going to get any action or are just spinning our wheels and public relations, I do not know. But I believe it is important for the country that we get action," Simon said on floor after describing conclusions of 2 recent books on effects of TV violence on children -- Today's Children by David Hamburg and Fateful Choices by Fred Hechinger. Industry's 3-year antitrust waiver is about half over.

General Instrument (GI) said 3,300 TVRO dealers have registered with its VideoCipher Div. VideoCipher Module Service Dealer (VMSD) program "to take advantage of customer service opportunities afforded by the industrywide upgrade in home satellite signal security." Only registered VMSD dealers are authorized to perform upgrade, which consists of replacing untampered-with VideoCipher II modules with new VideoCipher RS (VCRS -- replaceable security) modules. GI will identify eligible subscribers to participating programmers and send them VCRS module. GI developed VideoCipher RS to replace VideoCipher II after latter's coding was "broken" by pirates.

CPB budget reauthorization for FY 1994-1996 (HR-2977) is scheduled to go to House floor for vote Aug. 4. House Rules Committee last week approved plan under which floor debate would be limited to 2 hours, and any amendments could be proposed only by House Commerce Committee bill manager, presumably Telecom Subcommittee Chmn. Markey (D-Mass.).

Mistrial on sodomy charges against ex-FCC Comr. Stephen Sharp was declared July 28 by Alexandria (Va.) Circuit Court Judge Donald Haddock because of hung jury. He scheduled new trial for Nov. 12. Sharp, commissioner for 9 months (1982-1983) and FCC gen. counsel before that, faces Aug. 18 and Sept. 16 trials on similar charges of having sex with teenage boys.

Multimedia is buying cable TV systems in Valparaiso and LaPorte, Ind., from Prime Cable Income Partners, companies said July 31. Deal includes 10 franchises serving about 28,000 subscribers. Terms weren't disclosed.

NAB said day-long digital radio seminar, scheduled for Sept. 12, final day of Radio '92 convention in New Orleans, will consist of 4 sessions, including presentations by leading DAB system proponents. Session at 3-4:15 p.m., to be moderated by Randall Brunts, Delco Electronics, chmn. of EIA Digital Radio Subcommittee, and Tom Keller, consultant to EIA on digital radio testing, will include panelists representing following system proponents: American Digital Radio, AT&T Bell Labs, Digital Planet, General Instrument, Kintel Technologies, Mercury Digital Communications, LinCom/Strother, Thomson Consumer Electronics (for Eureka 147), USA Digital (Project Acorn). Seminar opens with session 9-10:10 a.m. titled "The Basics," featuring Ken Pohlmann, U. of Miami, who will focus on fundamentals of DAB for attendees less familiar with digital technology. "Building the Digital Facility," session at 10:30-11:40 a.m., will be moderated by Donald Lockett, NPR, who will lead discussion on assembling practical digital radio studio with eye toward giving broadcasters easier transition to coming era of DAB. That's followed by 1:30-2:40 p.m. session, "Opportunities for Expanded Service," discussing possible new revenue sources for broadcasters, moderated by Gary Stevens, New Canaan, Conn., consultant. Panelists include: Linda Donahue, Cal. Digital Audio Systems; Ken Malinowski, Scientific Atlanta; Albert Stem, SpaceCom Systems; Douglas Talley, Digital Planet.

A Clinton presidency wouldn't necessarily translate into increased federal funding for public broadcasting, especially in short term. In C-SPAN interview, Clinton was asked whether taxpayers should "spend more money on public television." He responded: "I support public television. I don't know that we have to spend more money on it now. We have a pretty vital network of public television. And in the next few years, we have to focus most of our increased [spending] on investment... on those things which will generate more wealth for the United States. If we can get the income growth of this country up, then you can have more revenues coming into the government, and everybody can get a little more. But in the beginning, we've got to focus on increasing our capacity to generate jobs and incomes in America, because that's where the real problems are."

FCC announced last week that to comply with Dec. 1991 legislation, it would handle applications of daytime AM stations for fulltime status on ad hoc basis. Congress has directed that daytime station in market of more than 100,000 that lacks fulltime AM or FM station be permitted to shift to fulltime. FCC said fewer than 10 licensees qualify for fulltime service under new law. Mass Media Bureau said that upon notification in writing by qualified licensees, it would consider 3 alternatives: (1) Upgrade to full time on existing channel. (2) Upgrade on another frequency within 3 channels of existing station. (3) Assignment to any other AM channel, including those recently added to AM band. Applicants filing for new channel won't be subject to competing bids or mutually exclusive applications, FCC said.

American Christian TV System (ACTS) and Vision Interfaith Satellite Network (VISN) have agreed to share single channel, but will maintain own identities and programming on new channel, called VISV-ACTS, which they said could reach 20 million homes. Move combines ad sales, marketing and distribution of 2 networks. Both air documentaries, dramas, interviews, profiles and life-style shows that deal with faith and values. Agreement allows networks to combine resources to produce original programming. About 20% of both lineups consist of same programming and about one million subscribers overlap.

Second Monitoradio staffer, Producer Ken Bader, has been placed on administrative leave for action stemming from July 24 report on prostitution that Christian Science Monitor executives deemed to have run afoul of its editorial standards. Bader, along with Monitoradio Early Edition host Dale Willman, refused to complete their shifts July 26-27 upon learning that show planned to run item apologizing for several descriptions in report. Exec. Producer David Creagh said elements called into question -- description of attire of young male dancers in bar and demonstration of proper use of condoms -- breached 2 Monitor guidelines, including one specifying that broadcast language "must be of a standard which would be welcome in the home." Creagh stressed that decision to broadcast apology was made by himself and David Cook, managing editor-broadcasting, and was based solely on editorial considerations: "What is at issue here is the right of any news organization to expect that its employees will do their jobs regardless of the degree to which they agree with the content of each day's program." Resolution of personnel actions is expected this week.

NATPE will shorten its Jan. convention in San Francisco to 3 days from 4 in what it called experiment. With 2 days added at front for INTV, consecutive conventions will run 5 days -- Jan. 24-28 -- with joint NATPE-INTV session Tues. morning on regulatory issues, followed by NATPE keynote address. NATPE now will end on Thurs. with 7 p.m. business meeting instead of Fri. To compensate for lost day, daily exhibit hours will be extended. As result, NATPE will have fewer business sessions than in recent years. In unrelated development, Best. Promotion & Marketing Execs. (BPME) has contracted with NATPE to handle exhibits at its 1993 conference and exhibition in Orlando. BPME contract with Trade Assoc. expired after 1992 conference. Nick Orfanopoulos, NATPE vp-conferences and special events, will be responsible for selling space to BPME exhibitors and for on-site management.

Nielsen plans to inaugurate national Hispanic people meter service (NHTI) in Sept. and said it has signed several major clients. At start, it will have universe of 800 Hispanic homes, with methodology paralleling that of Nielsen's regular people meter service. Said Nielsen Exec. Vp John Dimling: "The sample is designed to give all Hispanic households an equal probability of being selected and it is designed to be projectable to the total Hispanic universe." NHTI will provide monthly reports of viewing data as well as those households that speak mostly or only Spanish. Among major clients are Telemundo Group, Univision, Leo Burnett, Busch Media Group, Clorox Co.

New standard for Radio Best. Data System (RBDS) has been approved by EIA Subcommittee and will go to full National Radio Systems Committee Aug. 1 for final approval. Voting is to be completed by Sept. 30. EIA Consumer Electronics Group Vp Gary Shapiro said agreement could mean that RBDS equipment will be available to consumers next year. Standard includes provisions for ID-Logic B, which will allow RBDS to be carried on AM as well as FM stations. It also provides for 32 Program Type Codes, including 22 now assigned to specific music formats and 2 to emergency use.

AP reduced to 2 years from 5 mandatory length of contracts with TV stations, with no increase in rates. Jim Williams, AP vp and dir. of Best. Div., said shorter contracts were made possible by growth in news service's nonmember revenues. In 1982, only 9% of AP's revenue came from nonmembers; today, figure is 25%. At request of subscribers, AP also said it was adding more entertainment and "kickers" (features) to its news service.

Personals

Appointed senior fellows, Annenberg Washington Program in Communications Policy: **Georgie Anne Geyer**, journalist; **Janice Obuchowski**, ex-NTIA dir. and currently pres., Freedom Technologies consulting firm; **Alvin Snyder**, ex-White House, USIA, CBS, NBC. Appointed fellows: **Stephen Bates**, author; **Peter Blanck**, assoc. prof., U. of Ia. College of Law... **Van Gordon Sauter**, recently appointed pres. of Fox News, has been added as luncheon speaker Sept. 26 at RTNDA convention, San Antonio.

Lester (Buck) Hill, ex-TRW, joins GI VideoCipher Div. as exec. vp-COO; **Paul Moroney** promoted to vp-systems engineering... **Alexander (Sandy) Brown**, ex-NBA International, appointed vp-international sales, ESPN... **Steven Durham**, ex-Geneva Corp., joins Nostalgia TV as vp-mktg... **Carol Brodtrick**, 24-year program mgr., WPBY-TV Huntington, W.Va., retired July 31... **Janet Lustig** promoted to dir.-educational outreach, WETA-TV Washington, new post.

Donald Rumsfeld, chmn.-CEO, General Instrument, elected to Tribune Co. board... In restructuring of Buena Vista TV sales, **Janice Marinelli-Mazza** promoted to senior vp-sales, succeeding **Mort Marcus**, who resigns to pursue independent ventures; named vps-regional sales mgrs.: **John Bryan** (Southeast), **John Rouse** (Midwest), **James Packer** (Eastern)... **Linda Boland** appointed vp-sales operations, Turner International... **Carla Princel**, ex-Warner Bros. TV, joins Fox Bestg. as exec. dir.-publicity, new post... **John (Jake) Dunlop**, dir. of U. of N.C. Center for Public TV (PTV) and 40-year PTV veteran, retires Sept. 1... Advancements at Children's TV Workshop: **Laura Martin** to vp-production research; **Lisa Wiegand** to mgr.-financial analysis, Magazine Group... **Lynn Laitman**, ex-vp, Regional Plan Assn. of Conn., joins Conn. Public TV & Radio as gen. mgr.

Pieter Van Bennekorn resigns as pres., UPI, to become senior vp-managing editor, EastNet, new business news service from Eastern Europe... **Cathryn Green** promoted to vp-planning and special projects, Showtime Networks; **Emmet Clements**, ex-Metagram America/Millicom, joins Showtime Satellite Networks as dir.-national accounts... **Stanley Crumley**, vp-sales WWSB Sarasota, promoted to pres.-gen. mgr.; **Glen Eklund** to exec. vp, **Mary Jones** to asst. gen. mgr.-programming and promotion... **KUSA-TV** Denver News Dir. **Dave Lougee** promoted to vp... **Gene Hill** retires at end of Aug. as vp-engineering, Multimedia.

Mitchell Semel, PBS vp-programming since Oct. 1991, joins cable network Comedy Central Aug. 14 as senior vp-programming, to be succeeded Sept. 1 by **Kathy Quattrone**... Changes at Harron Communications: **Wayne Hall**, ex-Warner Cable, joins as vp-engineering; **Terry Hicks**, ex-United Artists, named regional gen. mgr., New England; **Andrew Walton**, advanced to regional gen. mgr., Del. Valley... **William Wells**, managing dir., Turner Bestg. Australia, appointed chmn., Turner International Asia-Pacific... **Timothy McAuliff**, pres.-CEO, John Blair Communications, elected chmn., TvB National Sales Advisory Committee.

Andrew Quinn, CEO, Granada TV, confirmed as CEO, U.K.'s ITV... **Henry Mourad** named acting pres.-CEO, CXR, succeeding **Jack Gorry**, retired... **David Lowden**, ex-Federal Express, joins Nielsen Mktg. Research International as vp-chief financial officer... **Ernest Sanchez**, former NPR gen. counsel, joins Washington office

of law firm Baker & McKenzie... **Dominick Morra** advanced to dir.-communications, BPME... Promotions at ESPN: **Madeline Berger** to dir.-special markets, **Mary-Jo Matava** to senior account exec... **Alan Tobkes**, Arbitron, named secy.-treas., TV & Radio Research Council.

Meetings: NAB has added political session to its upcoming radio convention featuring Republican National Committee Chmn. Rich Bond and his counterpart Democratic National Committee Chmn. Ron Brown. Session, to be moderated by CNN and Mutual talk show host Larry King, will be held Sept. 11 in New Orleans... **European Cable Convention 92**, sponsored by U.K. Cable TV Assn., is Oct. 19-21 at London's Olympia convention center -- 44-71-222-2900.

TV Answer signed marketing deal with Regal Group, largest producer of infomercials. Deal will allow Regal to use interactive video service in conjunction with infomercials. TV Answer said it also signed to develop and market prerecorded videocassettes with Fusion Video.

House Commerce Committee member Bilirakis (R-Fla.) introduced bill (HR-5489) to repeal Major League Baseball's exemption from antitrust laws, which allows leagues to pool and sell TV rights.

In what it said was move to increase press freedoms, Thailand plans to license 5 privately owned TV stations before Sept. 13 elections. New stations will operate on UHF, competing with 5 govt.-owned outlets.

OBITUARY

W. Theodore Pierson, 83, veteran Washington communications attorney and founding partner of Pierson, Ball & Dowd (PBD), died July 26 from complications of Parkinson's disease after long illness. He worked as clerk at FCC while attending George Washington U. Law School, becoming chief of Dockets, Mail & Files Branch. After receiving law degree, he joined FCC Law Dept. before moving to what is now Washington law firm Haley, Bader & Potts in 1939. He founded PBD in 1940, retired from active practice in 1986. PBD merged into Reed, Smith, Shaw & McClay in 1989. Pierson was very active in First Amendment matters, receiving Paul White Award from Radio-TV News Dirs. Assn. in 1968. Survivors include 2 sons, both Washington lawyers, daughter.

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Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	JULY 11-17	1991 WEEK	% CHANGE	JULY 4-10	28 WEEKS 1992	28 WEEKS 1991	% CHANGE
TOTAL COLOR TV..	280,941	280,243	+ 0.2	284,255	10,000,793	9,430,420	+ 6.0
DIRECT-VIEW...	277,011	274,353	+ 1.0	280,787	9,841,936	9,283,610	+ 6.0
TV ONLY.....	267,172	264,893	+ 0.9	273,255	9,437,612	8,954,163	+ 5.4
TV/VCR COMBOS	9,839*	9,460	+ 4.0	7,532*	404,324*	329,447	+22.7
PROJECTION....	3,930	5,890*	-33.3	3,448	158,857*	146,810	+ 8.2
VCR DECKS.....	161,638	132,247	+22.2	113,970	5,290,681	4,517,549	+17.1
CAMCORDERS.....	37,077	28,949	+28.1	31,011	1,214,889	1,240,232*	- 2.0
LASERDISC PLYRS#	4,045	2,678	+51.0	2,842	107,318	84,293	+27.3

Direct-view TV 5-week average: 1992--357,214; 1991--311,780 (up 14.6%).

VCR deck 5-week average: 1992--191,921; 1991--168,383 (up 14.0%).

Camcorder 5-week average: 1992--50,612; 1991--54,705 (down 7.5%).

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

Includes combi players, excludes karaoke types.

PHILIPS IN DAMAGE CONTROL OVER DCC DELAY: At time when Philips should have been devoting resources to building excitement for DCC launch, company last week found itself applying damage control effort following its announcement Thurs. that rollout of first recorders would be delayed because of quality concerns.

Philips announcement from Eindhoven never mentioned word "delay," saying only that company was "adapting the launch scheduling and distribution" of DCC-900 deck that had been expected in N.Y., L.A. and Chicago stores by 2nd half of Sept. Company said it expects to have sufficient quantities for full-scale introduction in U.S., Japan and Europe "well before the Christmas selling season," but didn't give specific date. First units are expected in U.K., Germany, France and Netherlands in Oct. Philips said that while "trial production runs" have met "all specifications and quality standards, more time is needed to ensure that volume production runs also meet the quality levels necessary for the launch of a new music system."

Announcement inspired wave of news reports that Philips executives undoubtedly didn't relish when they awoke Fri. morning. Financial Times said news was "bound to raise speculation that DCC is in trouble," while Wall St. Journal reported that "unexpected delay poses the threat that customers may hold off buying any new equipment until they can get a look at the new format." We learned Philips originally had planned announcement of DCC delay for Aug. 6, when company is to release report on sluggish 2nd-quarter profits, but issued statement week sooner following wave of reporters' inquiries about rumored shipping delays.

Announcement temporarily rendered moot concern that Congress could complete and President Bush sign pending Audio Home Recording Act before first Philips decks were scheduled to reach American shores in mid-Sept. Legislation, which was passed by Senate, awaits action by House Copyright Subcommittee, which held markup session on bill last Fri. We're told RIAA sent memo early last week to member record companies saying measure stood little chance of enactment by time of original launch date. But RIAA and other supporters of royalty legislation, including EIA and National Music Publishers' Assn. (NMPA), continued to express confidence bill could be signed by Bush by fall congressional adjournment. While Philips said in mid-July that it hadn't made decision whether to proceed with mid-Sept. DCC launch if royalty bill remained in limbo by then, known policy of most important DCC and Mini Disc (MD) software partners is not to market titles until legislation is signed and sealed.

Eindhoven spokeswoman confirmed that delay means cancellation of Sept. 15 DCC launch party at London's Abbey Rd. studios -- 2nd time in year that Philips has had to scrap plans for media gala at European site to come to grips with delay in previously announced introduction schedule. April 30 world launch party scheduled for Paris Euro Disneyland was canceled when Philips postponed spring 1992 DCC introductions to Sept.

Until latest delay announcement, Philips was step ahead of rival Sony in bringing DCC to market before latter's competitive MD system. N. American Philips Audio Mktg. Vp Frans Schmetz predicted DCC-900 still would precede MD to market, adding that "the consumer doesn't really care" about competitive battle between formats. Sony Personal Audio Vp-Gen. Mgr. Michael Vitelli declined direct comment on Philips delay, but said shorter gap between MD and DCC rollouts in 4th quarter would make it "simpler" for consumers to assess virtues of each new format, putting Sony and Philips innovations "on a more level playing field" than before. He reiterated that Sony remains on target for MD launch by Christmas.

How did Philips get caught with egg on its face on eve of global launch? Our affiliated Audio Week newsletter, in extensive report, cites evidence of sharp divisions within highest echelons of management in Eindhoven. Contrary to speculation that delay was prompted by low yields of thin-film DCC heads or other production snafus, it said Philips was accurate and forthright in stating that trial production runs had met quality expectations, but not to extent that would render "bugs" closed issue. According to sources, 2 major bugs endemic to production samples distributed throughout world thus far include tendency of machines to overheat and "logic" problems that have caused front-panel controls on some decks to go haywire.

While problems presumably were overcome in trial production runs, big bone of contention at Philips was what to do about mass production of machines scheduled to begin Wed. (Aug. 5) at Philips-owned Marantz Japan factory. It's believed Philips Audio Managing Dir. Wim Wielens favored getting machines into distribution channels as quickly as possible for fear that additional delay would do serious damage to credibility of DCC camp. But we're told Wielens was overruled by Philips Consumer Electronics CEO Henk Bodt and Chmn. Jan Timmer, who favored "quality over speed" philosophy that permeated public comments from Philips executives late last week. Bodt and Timmer have ordered degree of extraordinary quality control and "burn-in" testing common for first-generation product scheduled for distribution to discerning "early-adopter" consumers, their belief being that bugs discovered in product well after it reached public would prove far more disastrous than marketing delay.

COLOR TV AND VCR IMPORTS CONTINUED TO SOAR IN MAY: Imports of color TVs and VCRs continue to run more than 30% ahead of last year's rate -- former reflecting increased output from Mexico and latter indicative of healthy overall sales pace. Meanwhile, sluggish camcorder sales have brought about continued paring of import and inventory levels; May camcorder imports were down for 6th straight month, and for year to date trail 1991 by 28%.

Color TV imports for first 5 months of 1992 were up 39.4% from same period of 1991, well ahead of pace of sales to dealers, which were up only 4.7% through May, which would appear to signal at least moderate inventory buildup at manufacturer level. Part of increase in imports reflects recovery from weak start of 1991, when color TV imports were off 23.0% for first 5 months. It also would seem to indicate increased production coming from Mexico instead of domestic plants; imports from Mexico, by far largest foreign source, were ahead 27.5% through end of May. Increase of 14.5% in May color TV imports actually represents somewhat of slowdown in rate of increase; this was smallest gain for any month so far in 1992, although actual unit volume of 798,700 sets was 3rd highest for any month this year, trailing April (833,900) and March (818,150).

Rapid rise in VCR imports reflects hot sales pace. Imports were up 34.7% through May, while EIA reported sales to dealers were ahead 13.6% in same period. Japan was source of only 38.3% of VCRs brought into U.S. in May, although it's still top supplier, outdistancing Korea, Malaysia and Thailand -- next 3 most prolific source countries. Camcorder shipments into U.S. established low-water marks in both percentage decline (down 46.1%) and monthly volume (162,500), reflecting continued sluggish sales climate here. Sales to dealers, EIA said, were up only 1.2% through end of May; swollen inventories in pipeline and in dealer warehouses were being worked through slowly at best (TVD July 27 p13).

Here's summary of major imports for May and first 5 months of 1992, according to Commerce Dept. figures:

Product	May '92	May '91	% Chg.	5 Mo. '92	5 Mo. '91	% Chg.
Color TV.....	798,700	695,300	+14.9	4,005,900	2,874,300	+39.4
Monochrome TV....	153,100	138,200	+10.8	689,400	770,200	-10.5
Flat-screen TV...	31,700	11,400	+177.1	95,400	54,100	+76.5
VCR decks.....	1,017,500	755,300	+34.7	5,253,500	3,736,000	+40.6
Camcorders.....	162,500	301,500	-46.1	936,100	1,300,000	-28.0
8mm.....	90,900	143,100	-36.5	370,200	564,100	-34.4
Other.....	71,600	158,400	-54.8	565,900	735,900	-23.1
Videocass.players	55,300	53,500	+ 3.4	209,700	216,600	- 3.2
CD players.....	564,600	523,600	+ 7.8	3,011,600	2,312,100	+30.3

DEALERS SURVEY WRECKAGE IN SKYPIX DEBACLE: Although most incurred no serious financial liability, consumer electronics retailers last week were licking wounds to their pride in wake of implosion of SkyPix and its oft-postponed 80-channel satellite-delivered video-on-demand system. Inevitably, dealers that were burned once will be twice shy of participating in future grandiose launches of pioneering new-technology systems.

Unquestionably high point in SkyPix's allure to retailers was its dazzling series of demonstrations, hottest video attraction at 1991 Winter Consumer Electronics Show in Las Vegas (TVD Jan 21/91 p11). Even at that time SkyPix officials were saying 400 receivers already had been built and dealers with more than 5,000 storefronts had been or were about to be signed in advance of planned spring 1991 launch -- including Circuit City, Lechmere, Montgomery Ward, Macy's, Dayton Hudson, The Wiz.

Possibly only financial losses by prospective dealers were more than \$400,000 in fees collected from persons attending "SkyPix Authorized Installer Training," according to legal complaint, for right to install product whose "availability was represented as being 'imminent' when in fact it was not." Complaint also said SkyPix solicited money for "spare parts kits" when actual availability of any product was "highly questionable." (One dealer was philosophical about whole thing, noting that he had invested \$600 in training for 4 people but had gotten back at least \$50 worth of limousine rides and hors d'oeuvres at CES.)

Former SkyPix executives and creditors have asked court to force involuntary bankruptcy and appoint trustee to take over management of company, alleging fraud, dishonesty, incompetence and gross mismanagement by current owners and managers, brothers Frederick and Richard Greenberg. Action is on Bankruptcy Court calendar for Aug. 10. Those filing include 2 former SkyPix presidents, 5 other former executives and 9 companies. They called SkyPix "a rudderless ship" and said resignations or firings of half its management staff had left it "crippled."

SkyPix spokeswoman described former Pres. Richard Selvage as "disgruntled employee" who left owing company \$70,000 allegedly borrowed for personal expenses. Former Pres. Brian McCauley is "on the defensive" in \$80-million lawsuit, she said. Greenbergs are accused of deliberately misrepresenting progress of SkyPix product -- nationwide, on-demand, 80-channel DBS service with movies and other entertainment. Memo said company had misrepresented products' readiness for market. Despite public announcements that hardware would roll out in April and May, several regional sales managers have told us they have been frustrated by having to field calls from consumers when apparently no operational units have been manufactured. Plaintiffs also alleged that computer chips in SkyPix units haven't been completed.

SkyPix and/or Greenbergs are defendants in more than dozen lawsuits and are subject of several investigations, fact that plaintiffs said makes effective management of company impossible. Memo cited, among long list of other actions, grand jury investigation in N.Y. Pending suits against Greenbergs and/or SkyPix include: (1) Several complaints by investors filed in King County (Wash.) Superior Court alleging violations of state Securities Act, fraudulent and negligent misrepresentations, breach of contract, breach of fiduciary duty. (2) Suit by SVI Systems, Peoria, accusing Greenbergs of knowingly falsifying invoices. (3) Suit by engineer Tom Haller, who invented SkyPix video compression technology, alleging Greenbergs bilked him out of his salary and his stake in company. (4) Sexual harassment suit by another former employee. (5) Action by former Presidents Selvage and McCauley.

Federal Reserve Board has barred Greenbergs for life from participating in affairs of any federally insured financial institution, alleging dishonesty and misconduct in connection with failed Mass. thrift. In

connection with that case, FDIC sued Greenbergs to freeze their cash investments in SkyPix. And SEC is investigating company for alleged violations of Security Exchange Act.

Another legal action involves Compression Labs Inc. (CLI), which said last week it had received notice of lawsuit filed by Starsean Limited Partnership, which controls Skypix, claiming decoders delivered in 1991 under now-canceled contract were unacceptable and asking refund, damages and exemption from debt of \$980,000 due on units. CLI Pres. John Tyson said SkyPix had agreed earlier that products "performed satisfactorily." He called lawsuit "an obvious attempt by Starsean and SkyPix to impede CLI's demand for the monies owed to us." He said CLI would "continue our efforts to collect this outstanding debt."

SkyPix recently lost access to all but one of Hughes satellite transponders it was using to test and demonstrate system. Leasing arrangement was canceled and company now is on week-to-week rental basis. Several sources said company is having trouble coming up with \$35,000 per week Hughes charge for rental. Nobody answers phone at SkyPix studio and ground station in Oxford, Conn., and building gate was locked on several recent visits there. There was one car in parking lot; building owner GTE said it has man on duty there.

PHILIPS 16:9 TUBES IN U.S.: Philips Display Components is importing widescreen 16:9 picture tubes in 2 sizes from its German affiliate for both its "internal customer" and for sampling to other TV set makers, said Mktg. Vp Ed Eggert. He said company is expanding plant in Ottawa, O., to make larger tubes, and widescreen tubes eventually will be built there if U.S. demand is sufficient.

Philips Consumer Electronics has promised to start selling widescreen sets in U.S. this year, but hasn't specified size of sets and whether they would be direct-view or projection. Eggert was commenting on report in these pages quoting company source at Aachen, Germany, plant as saying no widescreen tubes would be shipped to U.S. until European demand is satisfied (TVD July 20 p15).

Tubes are being shipped to U.S. from Aachen now in 34W" and 26W" sizes, with 30W" scheduled in about a year when production begins in Aachen, Eggert told us. "Philips will support the U.S. market [for 16:9 tubes] initially in the same manner as Thomson," he said. "We will fully support our customers in North America." Thomson is supplying 16:9 tubes from its plant in Agnani, Italy, but has said it would produce them at Marion, Ind., plant when domestic demand warrants.

Although Philips scrapped plans for new large-screen tube plant in Saline, Mich., it's equipping Ottawa for larger tubes. Company currently makes 19-27" tubes in U.S., imports 31" size from Germany, but will be making 31" at Ottawa next year. Further modification of production lines in Ottawa will be required to make 16:9 tubes.

In Eindhoven, Terry van Rijsinden, European marketing and sales mgr. for picture tubes, forecast "many hundreds of thousands" of 16:9 tubes by 1995-1996. He said most of Philips' widescreen tubes sold in Europe go to other TV set manufacturers. He said European 16:9 sales are going "according to plan" and said company can add 16:9 output at other plants, such as Ottawa, when demand warrants.

Like Thomson, Philips is developing ultra-flat-faced tube. It will make it first, in 27" size, in Europe, but will add U.S. production if sufficient demand develops here.

Dixons, largest U.K. electronics retailer and parent of M10, is donating £1 million to London Business School to create "major research" in business ethics.

FRETTER GOING PRIVATE? Majority owners of Fretter stock -- family members led by founder and Chmn. Oliver Fretter -- are considering taking company private, firm announced last week. News release said majority shareholders are "in the process of exploring the feasibility of proposing a transaction" through which other holders' shares would be purchased for \$3. Day before announcement, shares were listed on OTC at 2-1/4, and by end of trading Thurs. had jumped to 2-7/8.

Oliver Fretter has voting control over 75.7% of shares, including most of those owned by son Howard and Pres. John Hurley, according to most recent proxy statement, issued May 11. Fretter, who founded company in 1953, took it public in 1986 in offering that raised \$68.8 million.

Company said offer for shares would be forthcoming "only if their review of various factors... indicates a high degree of confidence that a successful transaction can be concluded." Among factors to be reviewed is "satisfactory restructuring of the retail operations." Spokesman said phrase doesn't necessarily imply that restructuring is planned, only that all phases of operation are under review.

Fretter stock in recent weeks has been trading at about lowest levels (reaching 1-3/8) since 1986 initial public offering in 1986 at \$16 per share. In most recent fiscal year, sales jumped 35% to \$293 million, with net income of \$4 million, versus \$10 million loss in preceding year. Most of sales gain came from last year's acquisition of Denver-based Fred Schmid. Comparable-store sales rose 12.2%, and company reported first increase in sales per sq. ft. in at least 5 years. Fretter faces major challenges in 2 of its key markets in near future -- Best Buy is opening its first stores in Chicago area next month and Circuit City has announced intention to enter Chicago and Boston areas next year. As of Jan. 31, Fretter had 19 stores in Ill. and 10 in New England, with plans to add 2 in Ill., 2 in Mass., one in N.H. this year.

CD-ROM drive that can be read at 600 Kbps, 4 times speed of conventional drive, has been developed by Pioneer for introduction in fall, according to Japanese reports.

THIS WEEK'S YEN RATE

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

PHOTO CD KICKOFF: Dow Stereo/Video sold "more than 100" Kodak Photo CD players at world premiere of product July 30 at its flagship store in San Diego, according to Dow spokesman, who said 95% of sales were of stepup model at \$499. Debut was widely publicized locally with drawing for Photo CD player as well as special bargains (Kodak videocassettes 99¢, CD boombox \$70, etc.) and about 3,500 people were lined up when store opened at noon. Photo CD system officially went on sale in U.S. Aug. 1.

"We are a month ahead of schedule," Donald Conant, mgr. of market planning, Kodak Consumer Imaging Electronic Products, said at opening. "We are on the cutting edge, and this will be with us for generations to come."

In response to our question, Conant said there currently are "15 to 18 complete processing locations with the scanner, computer, writer and printer. By the end of the year, we will have processing locations at 90% of the photo finishers in the country. The one-hour places will have access to a delayed service. Blank discs will be sold only by the photo finishers. Customers will not be able to buy them at any retail outlet." He declined to estimate number of players or discs shipped.

Asked about processing speed, Conant said work stations will be able to process 7-8 discs per hour. "Processors absolutely can make money on this," and upgrades are planned to process 12-14 rolls per hour. "Over the next 2 years, we will get it to 20 to 25 rolls per hour." He said sound, text and graphics will be added to pictures on disc next year. "By 1993, we will have continuous sound capabilities. The finisher will be able to do sound and text on the disc. The software will be in place by the first half of 1993."

Philips plans to begin shipping Photo CD player under its own brand next month, equivalent of stepup Kodak player, to sell at about \$499. Philips Interactive Media Systems Vp Paul Fredrickson said Philips' Photo CD distribution will be limited to dealers who are carrying CD-I, which he called "an easy way for us to do it, since we've been training dealers about Photo CD as a CD-I feature." He said Philips dealers will carry Photo CD "as kind of a family product with CD-I." Fredrickson said Philips isn't planning ads specifically for Photo CD player, although it will be mentioned in CD-I family ads.

Philips Photo CD dealers will be selling prepaid processing mailers, which for \$19.95 entitle consumer to processing, negatives and prints of 24-picture roll, as well as mounting them on Photo CD disc.

JVC Shanghai Electronics Co. will be established under contract signed by Japan's JVC with Chinese partners. New company, first major high-tech project in new free trade zone in Pudong area of Shanghai, will be capitalized at \$5 million, 55% from JVC. At start, company will produce 23" PAL and 27" multistandard color TVs at rate of 4,000-5,000 monthly for export starting in Dec., eventually expanding to 20,000. Plant also will make knockdown kits of other products to be sold in China, including VCRs, camcorders, minicomponents and CD + Graphics karaoke equipment, eventually expanding to other products. Plant will employ 70 in first year. Chinese partners are Shanghai Video & Audio Corp., Shanghai Outer Gaoqiao Zone United Development Co., Industrial & Commercial Bank of China.

PHILIPS LABOR PACT: Philips reached new 3-year labor agreement with IUE, representing workers at Greeneville, Tenn., TV plant, creating 2-tier pay system, with existing hourly workers eligible for new "gainsharing" incentive system. "Essentially, savings realized from quality and cost improvements will be shared with employees," Philips news release said. Agreement creates 2nd tier of hourly employees (new hires and seasonal workers) who will receive lower compensation packages. Philips said that pact "reflects a unified effort to retain jobs in the USA," with Plant Mgr. Joe Brang calling Greeneville "hub" that brings together efforts of workers at 4 other R&D and production facilities elsewhere in U.S. to make TV sets.

But agreement was cited in cover story in Aug. 10 Business Week as example of how free trade agreements create threat that jobs will be exported, which helps keep wages down. Article cited example of Greeneville worker who was laid off in Feb. (though recalled in June as fill-in) as "his \$13-an-hour job moved to Juarez, Mex., where it pays \$2 an hour." Philips spokesman protested that article unfairly aimed spotlight at Philips without mentioning jobs exported by other TV makers. "At least we still have 1,600 people in Greeneville," he said. New contract, he said, represents "necessary step to keep jobs here."

VIDEO-ON-DEMAND PATENT: Basic patent on video and audio on demand systems has been assigned to Greenwich Technologies (GT), Greenwich, Conn. Patent (5,132,992) is general in nature, designed to cover all types of high-speed compressed digital transmission of video and audio (by cable, broadcast, phone, fiber, etc.), with decompression, storage and playback in consumer's home.

Credited as inventors are Paul Yurt and Lee Browne. Browne, a principal of privately held GT, told us patent gives company ownership of "basic intellectual property" and said GT's goal is to "put together the most consumer friendly" system and serve as licensing organization and clearing house for true video/audio on demand systems. He envisioned his company as instrument to "standardize" single basic combination of transmission, compression, storage and recording technologies from many different proposals.

"We know it's going to happen," he told us, describing company and its patent as "rallying point" to deliver all ingredients in system on nationwide basis. He said it expects to be issued patents on other aspects of system, with "more narrow focus." (Greenwich Technologies, 203-661-3303).

BBC quietly is broadcasting original programs in letterbox format, presumably to test public reaction in advance of move to PALPlus. Recent nonmovie letterboxed programs included Sat. morning children's show and documentary on CIA. BBC said it's giving producers artistic license to produce in format they wish. Programs to date have been in 14:9, 15:9 and 16:9 proportions, shot in Super 16mm film (15:9) or with Betacam and masked during postproduction. BBC said it had no complaints from viewers.

Intentions to buy TV sets hit multiyear low in July, according to preliminary data in Conference Board Survey. Only 4.3% of 5,000-household sample expressed plans to buy TV set in July, down from revised 6.3% in June (which was 12-month low) and 6.4% in July 1991. High for last 12 months was 7.7% in Aug. 1991. Consumer Confidence Index plunged 11.6 points to 61 in July (1985=100).

JAPAN SLIPS AS VCR SOURCE: Japan was source of only 38.3% of VCRs shipped into U.S. in May, first time it has slipped below 40% mark for any month since Jan., Commerce Dept. reported. Through first 5 months of 1992, Japan accounted for 42.6% of all VCRs shipped here. Last year was first in which it shipped less than half of VCRs entering U.S., as companies began to shift production elsewhere in Southeast Asia.

Mexico continued dominance as color TV source, shipping 56.1% of sets imported into U.S. in May and 54.9% in first 5 months.

	May	% Chg.	5 Months	% Chg.
VCR Decks				
TOTAL....	1,017,512	+34.7	5,253,500	+40.6

Japan....	389,800	-14.3	2,236,400	+ 3.7
Korea....	199,600	+79.1	1,137,000	+75.7
Malaysia.	176,900	+128.4	827,200	+135.8
Thailand.	154,700	+80.4	608,900	+25.0
Indonesia	48,800	*	250,800	*
Taiwan...	30,600	+103.5	86,000	+67.1
Singapore	17,000	+67.4	102,100	+114.7

TV Sets				
TOTAL....	951,800	+14.2	4,695,400	+28.8
color....	798,700	+14.9	4,005,900	+39.4
b&w.....	153,100	+10.8	689,400	-10.5

Mexico				
color...	448,200	+ 9.0	2,200,100	+27.5
Korea				
total...	105,100	-24.5	536,150	- 9.2
color...	61,700	-29.7	323,800	- 4.6
b&w.....	43,300	-15.5	212,400	-15.5
China				
total...	82,800	+21.5	373,100	+ 5.8
color...	47,700	+42.9	226,200	+27.5
b&w.....	35,200	+ 1.1	146,900	-16.1
Malaysia				
total...	64,700	+43.2	399,400	+19.3
color...	50,700	+35.7	354,300	+14.6
b&w.....	14,000	+78.7	45,100	+76.7
Taiwan				
total...	53,900	+12.8	260,800	- 6.0
color...	11,700	-40.6	78,800	-52.7
b&w.....	42,200	+50.0	182,100	+64.2
Thailand				
color...	100,000	+153.8	355,600	+44.6
Singapore				
color...	42,500	+42.1	219,800	+49.1
Japan				
total...	27,300	- 8.1	142,900	+ 8.4
color...	13,700	-32.0	82,800	- 1.1
b&w.....	13,600	+51.7	60,100	+24.9
Hong Kong				
total...	--	--	67,900	+29.6
color...	12,100	+479.1	46,900	+152.3
b&w.....	*	*	21,000	-38.0
Philippines				
total...	--	--	36,900	+17.1
color...	6,200	-36.3	34,700	+12.5
b&w.....	*	*	2,100	+255.0
Canada				
color...	4,000	*	28,800	+336.0

* No significant shipments.

Note: Figures for color and b&w TV include kits. Some totals may not add due to rounding.

FIRST HALF AT-A-GLANCE: Here are revised EIA monthly figures on sales to dealers of color TV sets for 1992, reflecting revision of figures for first 4 months to eliminate EIA's computer error that overstated direct-view TV sets by 24,464 (TVD May 25 p11). Figures on VCR decks and camcorders are unchanged from those published here monthly. Here are monthly EIA figures for first half of 1992 compared with 1991:

COLOR TV SALES TO DEALERS

Month	Total		Direct View (TV Only)		Projection	
	1992	1991	1992	1991	1992	1991
January....	1,332,819	1,239,198	1,238,671	1,178,885	29,672*	15,475
February....	1,421,950	1,541,717	1,343,373	1,452,325	25,216	30,239*
March(5 wks)	2,026,747	1,937,642	1,928,489	1,834,689	30,768*	29,987
April.....	1,376,131	1,219,660	1,294,874	1,168,080	18,204	17,328
May.....	1,371,941	1,248,108	1,291,964	1,187,314	17,476	17,342
June(5 wks).	1,906,029	1,752,026	1,799,814	1,671,187	30,143	22,663
TOTAL.....	9,435,617	8,938,351	8,897,185	8,492,480	151,479*	133,034

VCR SALES TO DEALERS

Month	Decks		Camcorders		TV/VCR Combos	
	1992	1991	1992	1991	1992	1991
January....	769,829	547,680	154,357*	104,797	64,476*	44,838
February....	804,213	605,091	132,259*	121,928	53,361	59,153*
March(5 wks)	903,904	940,365	185,746	217,130	67,490	72,966*
April.....	812,670	624,330	214,935*	184,413	63,053*	34,252
May.....	740,958	652,265	216,562	216,884	62,501*	43,452
June(5 wks).	983,509	926,524	242,942	351,549*	76,072*	58,176
TOTAL.....	5,015,083	4,296,255	1,146,801	1,196,701*	386,953*	312,837

* Record.

Market for personal digital devices (PDDs) will top \$500 million by 1999, BIS Strategic Decisions report projected. Company said market for PDD-related software will reach \$150-\$200 million in same time frame. This year, market for such products will be \$228 million, but addition of communications and networking capabilities (as planned for such devices as Apple's Newton) will drive market rapidly upward, BIS said. Raymond Boggs, home office analyst for BIS, said PDD industry has been going through highly public "premarketing stage," departure from normal reticence about such things as OEM deals and component sourcing agreements. "Vendors want to make sure they have the best seats on the PDD ship even while it's being built," he said.

Longest 8mm tape -- for time being, anyway -- will be marketed by TDK in Japan in fall. It can record or play for 180 min. in standard mode, 360 min. in EP mode. Tape, with 8.2-micron thickness, was adapted from 120-min. PAL/SECAM formulation, which would run 170 min. at NTSC speed.

Amstrad dual-deck VCR to be marketed in U.K. will adopt side-by-side configuration -- first for company, which has sold stacked version there until now. New model, to be shipped in Oct., will sell for \$775 including VAT. Company said new unit will be same width (430mm) as standard VCR.

Matsushita has shifted some 50 production personnel in Japan, including managers, from Audio/Video Business hq to Sales Div. for one month to reduce inventories of such products as VCRs, camcorders and CD combinations, company announced last week. AV hq employs just under 10,000 people.

JVC is expected to announce S-VHS-C camcorder with built-in multifunction lens system, providing 62-degree wide-angle and 2 telephoto ranges, for U.S. market, to be available in Nov. Unit was unveiled in Japan last week at suggested list of about \$1,720.

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Consumer Electronics Personals

A.E. Dassen named managing dir., Philips Consumer Electronics, Eindhoven, effective Sept. 1... Appointments at Sound Advice: **Gwen Harding**, comptroller, adds duties of chief accounting officer as **Roy Casey** resigns as chief financial officer to pursue opportunities in Cal.; **Kay Griffith**, pres.-CEO, Admiralty Bank, named to board... **Randall Thier**, ex-Software Toolworks and Electronic Arts, appointed vp, Sony Electronic Publishing, responsible for international operations and N. American Multimedia Productions Div... Compton's NewMedia Senior Vp-Gen. Mgr. **Norman Bastin** named to Multimedia PC Mktg. Council board.

Named at Kaleida Labs, multimedia development joint venture of Apple and IBM: **Brad Beitel**, ex-IBM, chief technical officer; **David Kaiser**, ex-Macromedial, engineering vp; **Daniel Lewin**, ex-Go Corp., NeXT and Sony, sales and mktg. vp; **Lawrie Lieberman**, ex-Apple, corporate and business development vp; **Renee Rodrigue**, ex-Apple, dir.-mktg. communications; **Robert Fraik**, ex-Go Corp. and NeXT, dir.-product mktg... **Adam Levin** resigns as pres. of NACHO, Nationwide Buying Group computer arm, no replacement named.

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
Clear Channel Communications			
1992-6 mo. to June 30	38,112,164	1,971,041	.21
1991-6 mo. to June 30	35,005,415	(41,728)	— ^a
1992-qtr. to June 30	22,317,592	1,695,730	.18
1991-qtr. to June 30	18,659,201	773,200	.10 ^a
CTS			
1992-6 mo. to June 30	117,042,000	1,371,000	.27
1991-6 mo. to June 30	115,265,000	2,512,000	.49
1992-qtr. to June 30	57,700,000	504,000	.10
1991-qtr. to June 30	59,425,000	1,493,000	.29
Granite Bcstg.			
1992-6 mo. to June 30	17,848,000	(2,718,000)	—
1991-6 mo. to June 30	16,216,000	(5,264,000)	—
1992-qtr. to June 30	9,801,000	(752,000)	—
1991-qtr. to June 30	8,685,000	(2,819,000)	—
LIN Bcstg.			
1992-6 mo. to June 30	266,812,000	(56,418,000)	— ^b
1991-6 mo. to June 30	219,945,000	(90,639,000)	—
1992-qtr. to June 30	142,887,000	(19,197,000)	— ^b
1991-qtr. to June 30	120,186,000	(35,678,000)	—
M/A-Com			
1992-39 wk. to June 27	277,870,000	9,846,000	.41
1991-39 wk. to June 29	284,113,000	26,035,000	1.05 ^c
1992-13 wk. to June 27	98,144,000	2,396,000	.10
1991-13 wk. to June 29	98,650,000	18,750,000	.76 ^c
Microdyne			
1992-9 mo. to June 30	56,551,000	5,635,000	.39
1991-9 mo. to June 30	36,833,000	5,364,000	.50
1992-qtr. to June 30	18,009,000	1,103,000	.08
1991-qtr. to June 30	15,035,000	2,064,000	.19

Notes: ^aAdjusted. ^bIncludes special credit. ^cAfter special charge.

IBM Pres. Jack Kuehler will deliver keynote address at Winter Consumer Electronics Show in Las Vegas Jan. 7... **Christian Jorg** promoted to dir., new technologies, Bertelsmann Music... **Beth Adler**, ex-Arista Records, joins Sony Music Entertainment as counsel; **Craig Bruhn** and **Valerie Aiyeola** promoted to Mid-Atlantic branch mgr. and sales mgr., respectively, at Sony Music Distribution office in Beltsville, Md... **Paul Moroney** advanced to vp-systems engineering, General Instrument.

Video Software Dealers Assn. (VSDA) officers elected for 1992-1993: Pres. **Brad Burnside**, Video Adventure, Evanston, Ill.; Vp **Mitch Lowe**, Video Droid, Mill Valley, Cal.; Secy. **Dawn Weiner**, Home Video Plus, Austin; Treas. **Tom Warren**, Video Hut, Fayetteville. Reappointed to VSDA board to terms expiring Dec. 1993: Richard Abt, West Coast Video; Steve Berns, Supermarket Video Management; Craig Odanovich, HEB Video Central; Lou Fogelman, Show Industries... Promotions at MGM/UA Home Video: **Mindy Phillips** to sales vp, **Kim Wertz** to mktg. vp... **Thomas Heymann**, ex-Lorimar Home Video, named Arts & Entertainment Network home video mgr.

The Good Guys is conducting agency review of its broadcast advertising account. Admarketing, L.A., current agency, is participating; others haven't been identified.

Chinese color TV production in year's first 5 months totaled 5.3 million, up 11.1% from year earlier. B&w TV output of 6.5 million was up 5.5%.

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IN THIS ISSUE: DIRECT-VIEW AND PROJECTION TV MARKET SHARE SURVEY

AUGUST 10, 1992

VOL. 32, NO. 32

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INTERNATIONAL TV PUSHED: Govt. advisers say U.S. international broadcasting should include more TV and syndication, less radio and shortwave. TV Marti hit. (P. 6)

INDEPENDENTS, AFFILIATES POST BIG 1991 LOSSES: More than half of all independent TV stations lost at least \$300,000 each in 1991 and 25% of all network affiliates at least \$475,000, according to newly released NAB research report. Figures, which showed declines in revenue and profits for virtually all categories of stations, were called "scary" and possibly worst results in TV history by analysts, but some said there are signs of upturn.

Overall, as many as 40% of all TV stations lost money last year, according to NAB's 1992 Television Financial Report. Falloff was biggest among small-market stations, which lost average of \$888,000 each, increase of 54.5% from 1990. Most large stations remained profitable, according to our analysis, but profits even at top-10 market stations were down 16.3% to average of \$13.9 million.

Figures were worst since at least 1984, NAB Vp-Chief Economist Mark Fratrack said (referring to his arrival at NAB). Oppenheimer analyst Jessica Reif said they "have got to be the worst numbers in broadcast

Consumer Electronics

RCA, ZENITH AND MAGNAVOX top our direct-view color market share survey. First projection TV poll shows Mitsubishi, Maganvox and RCA in lead. (P. 9)

PHILIPS EARNINGS, dragged down by CE, off 56.1% in 2nd quarter. Results for year are 'unlikely' to match 1991 if economic trends persist, company says. (P. 11)

OHGA SPECULATES ON MD as future video medium as Sony prepares for Nov. 1 launch in Japan. (P. 12)

NEW JVC CAMCORDERS have unique multifunction lens system that includes microscope attachment, ability to achieve ultrawide angle effect with digital zoom. (P. 14)

ZENITH REJOINING EIA after 5-year absence in move it says formalizes current involvement with Assn. in statistical and technical programs. (P. 14)

JULY RETAIL SALES REPORTS from electronics and appliance chains generally are positive, although Circuit City cites 'highly promotional' environment. (P. 14)

MULTIMEDIA PROMOTED to video software dealers at VSDA convention as future market opportunity, although ability to rent CD-based programs is in dispute. (P. 15)

PRICING DISPARITY for electronics among European countries spotlighted by dealer groups as economic unification approaches. (P. 16)

history. They're pretty scary." Only good news was that in virtually every category average stations continued to generate positive cash flow, although even cash flow had declined.

"A lot of independent and small-market stations are in great difficulty," Fratrack said. "A lot of them are having a hard time, even medium-market affiliates." NAB figures showed, for example, that 25% of network affiliates in markets 51-60 lost at least \$800,000 in 1991. Despite that, PaineWebber analyst Alan Gottesman said it was premature to assume that weaker stations would begin going dark: "It's very possible to show a net loss and still have a good cash flow. When you're looking for government relief you talk about net losses, but when you're looking for a buyer you talk about cash flow." However, Fratrack said factors that inflate cash flow, such as depreciation and amortization, still were "real costs to the stations" and "somewhere along the line you have got to make a net profit."

Everyone blamed overall economic slump and overall drop in ads for losses, although Fratrack noted that even before economic slump there had been trend to reduced station profits because of increased cable competition. Gottesman said ad decline feeds on itself -- advertisers buy less ad time, so stations scrambling to sell ads have to lower prices, thereby reducing total ad revenue even more.

Stations haven't been able to adjust costs to offset lower revenue. For example, Reif said cost of syndicated programs is beginning to come down, but effect is delayed because many stations are locked into long-term contracts. They have cut spending on engineering, programs and production and in-house advertising and promotion, NAB figures showed. Broadcasting is "no longer a license to print money," Fratrack told us. "But the good operators can still make money."

Despite 1991 figures, this is "probably the beginning of the beginning" of upturn in TV station results, Gottesman said: "I'm fairly optimistic over the next 2 years." He said fixed expense nature of broadcasting means that profits increase about as rapidly in good times as they have decreased in bad times, and he believes ad figures showed that good times were coming: "National advertising, for example, has started coming back for the first time in a couple of years." He said local ads have at least bottomed out, and may have started improving. TvB figures show that total ad revenue began turning positive in Dec., and grew 3.7% to \$5.2 billion in first quarter (TVD June 8 p8). Fratrack also said he's encouraged that network audience share leveled off or even gained last season and that broadcasters could begin benefiting soon from retransmission consent provisions of cable bill: "We're very encouraged with the cable bill."

Average revenue of all network affiliate stations dropped 6.9% to \$14.8 million in 1991 and average net pretax profit 27.7% to \$2.6 million. For independent stations, revenue fell 6.2% to \$15.1 million and profit 14.2% to \$858,000. Figures were boosted by VHF independents, with \$51.9-million average revenue and \$9.8-million average profit (UHF independents' average revenue dipped 2.1% to \$9.2 million and profit 17.1% to \$567,000 average loss).

NAB designed report as tool for individual stations to use to measure their performance against others in similar markets and revenue categories. It includes 234 tables, splitting results received from 786 stations into various categories. Figures include results from about 70% of all TV stations, adjusted to account for those that didn't reply, NAB said.

FCC LOWERS NATIONAL RADIO OWNERSHIP LIMIT: Bowing to pressure from Congress and minorities, FCC as expected reduced national radio ownership limit to 18 AM and 18 FM stations, rather than 30 of each that it had approved in March (TVD Aug 3 p3, March 16 p2). Limit would increase automatically to 20 each in 2 years under order approved Aug. 5, and groups could have minority interest in 3 more stations that are controlled by small business or minority groups. Commission also launched rulemaking that would allow ownership of undefined number of additional stations if owners set up "incubator" program to encourage small business ownership. New limit takes effect after it's published in Federal Register, probably in early Sept.

Lowered ownership limit is "a simple function of the fact that we live in a city of shared power," FCC Chmn. Sikes said. "We were asked by key members of Congress to reduce the limit and we did." Other Commissioners said Sikes had pushed for most liberal limits possible. Compromise was "very contentious issue," Comr. Quello said, but "we have to be sure that we... consider what the Commission can achieve politically." Comr. Duggan, calling radio ownership rules one of 3 or 4 most difficult issues FCC has dealt with, said agency must contend with "sharp reaction from industry, minority groups and Congress. We can't be heedless of reaction that is so widespread and persuasive. We showed that the Commission is capable of listening to the public and Congress." Citing pressure from House Commerce Committee Chmn. Dingell

(D-Mich.), Duggan said "overzealous, ideologically driven deregulation can... lead to confrontations with Congress that poison the atmosphere long after individual votes are over." He said congressional reaction could have blocked any liberalization of ownership rules.

Several FCC officials cited negative public reaction to 30/30 ownership limits, including 20 petitions for reconsideration that were filed. Quello said he generally supports some loosening of ownership limits, but FCC must be sure "we don't get ahead of industry needs." Comr. Marshall called final compromise "pragmatic, realistic and substantial." Comr. Barrett, who dissented in part in original decision, said he was pleased with "more cautious approach."

Initial industry reaction was positive. NAB Pres. Edward Fritts issued statement saying that Commission had "answered the radio industry's distress signals with rules that will clearly help keep the industry afloat and on course." He said even lower limits would provide flexibility to "deal with the dramatic increase in competition in the marketplace."

Decision makes some changes in local ownership rules. Instead of owning 3 AM and 3 FM stations in markets with more than 40 stations, groups will be able to own maximum of 2 AMs and 2 FMs in markets with 15 stations, not counting noncommercial outlets. Limit of 3 stations (2 of one type) in smaller markets is unchanged. FCC bowed to industry opposition and backed off from plan to use Arbitron to determine composition of market. Instead, market will be defined by contour overlap standard. As before, Commission said ownership of stations with 25% of audience in market would raise "prima facie concern" of excessive concentration. It rejected proposals to tighten time brokerage limits, saying petitioners had raised no new arguments.

Sikes called "incubator" proposal "far more promising" part of decision because it would provide "significant market-based incentive" to boost station ownership. FCC seeks comment on plan that would allow groups to exceed national limits if they encourage small business ownership of stations by providing management or technical assistance, loan guarantees, direct financial assistance or training. Commission also asked for suggestions on other types of help that could trigger higher limit. Barrett said he's particularly pleased with incentives for increased minority ownership of stations.

TV isn't "the Rust Belt of the communications world," Fox Pres. Jamie Kellner told Mich. Assn. of Bcstrs. Aug. 6. He said there are no signs that mass marketers are likely to abandon only true mass medium, and broadcasters accounted for 86% of all TV viewing last season. He also discounted likelihood that video-on-demand, including ability of viewer to access virtually any video anywhere, probably isn't realistic: "Who in the hell thinks that in the future, television viewers are going to want to cap off a hectic workday by undertaking a Library of Congress research project to find that perfect individualized piece of video?" Kellner said broadcasters need to get access to multichannel delivery systems, and digital compression could allow them to deliver several channels of programming over single video channel. In similar speech Aug. 5 to Ad Industry Emergency Fund seminar in Portland, Ore., Fox Senior Vp Preston Padden said only real danger is if broadcasters define their business too narrowly as over-air transmission of programs. He said 90% of station resources are devoted to TV in general, as opposed to transmission, and new modes of transmission could make industry even stronger by giving broadcasters access to subscriber revenue.

Federal Election Commission (FEC) will try again Aug. 13 to decide whether to allow broadcasters to offer free or deep-discounted ad time to political candidates. Despite long and often heated debate Aug. 6, FEC appeared to remain evenly divided on whether proposal by radio owner EZ Communications was public service or backdoor opportunity for broadcasters to provide excessive support or, in effect, illegal contributions to candidates. EZ Pres. Alan Box said he originally proposed plan to FEC as way to assure that EZ didn't violate FCC regulations guaranteeing candidates lowest available ad rate.

Philips Pres. Jan Timmer seemed last week to signal retreat from earlier insistence that analog HD-MAC is only European HDTV system in which it's interested, implying that if European Community ministers don't approve additional funding to subsidize HD-MAC programming at meetings later this year, it could look in other directions. At news conference, he said: "It is important for Europe to keep its lead in TV. Only the details are open to discussion. Whether or not there is digital TV, the question is: 'Do we play a role as technology leaders?'" Council of Telecommunications Ministers meets in Brussels in Nov. and Council of Ministers in Edinburgh in Dec. to vote on whether to give 850 million European Currency Units (ECUs) to subsidize HD-MAC broadcasting. "That decision will determine whether Europe's wonderful initiative is lost," Timmer said. "If we see the EC's willingness is past, it will be a major setback for HD-MAC. We will have to judge our position at the end of the year."

HDTV mainly will benefit equipment manufacturers and program producers, rather than broadcasters, Assn. for Maximum Service TV (MSTV) said in FCC filing, and small-market TV stations will be hurt most. Filing cited study by Darby Assoc. that said actual cost of passing through network HDTV programming probably would be twice as high as lowest estimate (\$1.5 million per station). Darby said cost of HDTV commercial insertion equipment alone, which is needed to justify HDTV broadcasts, would double that expense. MSTV said "significant number" of TV stations also would need new tower, adding to cost. Small-market stations would face same expenses, but have much less revenue to pay them, MSTV said. Filing asked FCC to be more flexible in timetable for HDTV implementation.

CABLE BILL DELAYED: Second and 3rd weeks of Sept. are shaping up as key period for future of cable reregulation legislation as result of consent agreement to name Senate conferees Wed. (Aug. 12), just before Congress begins long Aug.-Sept. recess. However, unanimous agreement hammered out by Majority Leader Mitchell (D-Me.) with Sens. Wirth (D-Colo.) and Burns (R-Mont.) blocks rumored possible filibuster on naming conferees and was seen by reregulation backers as giving them enough time so that final bill could be approved early enough to head off possible pocket veto.

House leaders had hoped to begin cable bill conference before recess, speeding process. Eleven House conferees were named July 31 (TVD Aug 3 p1). Despite Senate delay, Hill staffers and lobbyists said getting Senate conferees selected before recess would allow staff-level talks during recess to resolve most outstanding issues. That could enable conference committee to meet quickly, and possibly even agree, shortly after Senate returns Sept. 9.

There was speculation that vote on conference committee report could come as early as Sept. 14. It can't occur earlier than that week as result of agreement between Mitchell and Wirth, spokesman said. Wirth had asked to be consulted on identity of conferees, potentially delaying appointments. Vote is considered unlikely even on Sept. 14, because Senate seldom takes major action on any Mon. Behind scenes, cable backers Wirth and Burns, with White House concurrence, worked Senate procedures carefully to come up with enough pressure to force Mitchell into delay. Key points in strategy are rules that provide that 3 motions must be made before Senate appoints conferees on any bill -- motion to disagree with House, motion agreeing to conference, motion to appoint conferees. All of those are debatable. In addition, after House passes bill, legislation is considered eligible for 30 hours of debate on Senate floor, even before conferees are named.

Wirth, Burns and White House were discussing possibility of bringing up cable bill on Senate floor before conference and offering comprehensive amendment that would have included strong procompetition policy, including telco entry into cable, cable entry into telephony, phasing out of compulsory license. Sources said White House liked idea of forcing competitive issues, and some cable companies were said to favor idea, preferring procompetitive policy to what they view as restrictive regulation now in legislation. Effort, abandoned for now, also could have gathered support from telephone industry, sources said.

Result of agreement with Mitchell is that bill is "not quite within pocket veto range," but it's close, one source said, adding that with time ticking down to end of session, delay will make it that much more difficult for bill's backers to gather their forces to override veto by President Bush. Democratic leaders had wanted to make life difficult for candidate Bush by passing bill before Republican convention, but now won't even have vote before Sept., sources observed. Every day could be critical because of plan to recess Congress by Oct. 2 to allow lawmakers to resume full-time campaigning. Recess on that date would mean both houses of Congress would have to vote by Sept. 22 on bill that emerges from conference to prevent Bush from using pocket veto -- enabling him to avoid some political fallout from veto and preventing override. However, cable officials denied they were main source of efforts to delay action. "If the Administration didn't strongly oppose this bill on the merits, none of this would be happening," one lobbyist said.

Attempted filibuster on actual vote remains definite possibility, sources acknowledge. Mitchell is said to be concerned that drawn-out debate on cable bill could endanger action on other priority legislation, if filibuster were successful. Bill's supporters, however, said cloture petitions would be filed in timely manner and they believe strong Senate support for measure itself means that any filibuster could be shut off quickly.

Mitchell is expected to keep Senate conference team small. Rather than emulate House group, with 11 conferees, Senate side is expected to be limited to 5, and possibly just 3, members. Sources said Commerce Committee Chmn. Hollings (D-S.C.) and Communications Subcommittee Chmn. Inouye (D-Hawaii), as well as Sen. Danforth (R-Mo.), are considered shoo-ins for 3-member conference committee, with Sens. Ford (D-Ky.) and Packwood (R-Ore.), sponsor of Republican substitute bill, likely to be added if, as expected, Mitchell settles on 5-person group.

HOUSE BANS INDECENCY: Broadcasters are gearing up to appeal latest bill to ban indecent programming, which was approved by House Aug. 4. Ban essentially is identical to that approved earlier, also by veto-proof margin, in Senate (TVD June 8 p1). It was included in CPB reauthorization bill (HR-2977), despite opposition by Commerce Committee Chmn. Dingell (D-Mich.), who called it "clearly unconstitutional." NAB spokesman said broadcaster reaction is same as when curb was added to Senate bill -- it unconstitutionally restricts free speech, will be challenged successfully in court and NAB expects to be part of challenge.

Dingell was critical of amendment, successfully shepherded by Senate Majority Leader Byrd (D-W.Va.), that would ban premidnight indecent programming on both public and commercial stations. Dingell called move "clearly unconstitutional" and "preordained failure," but said he realized it would pass easily in election year if offered as standalone measure.

Action on CPB reauthorization appeared to end months of congressional rhetoric. President Bush is expected to sign measure or, more likely, allow it to become law without his signature. House debate was brief, with Rep. Rohrabacher (R-Cal.) only voice in dissent. He questioned propriety of continued federal funding "for what we must admit is a frill," and said cable, among other technological developments, "makes public broadcasting no longer necessary." But one critic of industry's perceived imbalance in programming, Rep. Ritter (R-Pa.), termed measure "a much improved bill" with Senate amendments incorporated. He singled out amendment directing CPB board to examine balance of national programming, saying that would provide effective way to meet objectivity/balance requirements of Public Bestg. Act "without the unintended interference of government censorship."

FCC plans to fine 3 broadcasters \$12,500 each for violating rules against carrying ads for lotteries, it said in letters of apparent liability to KTNV and KVBC, both of Las Vegas, and KMZQ(FM) Henderson, Nev. In all 3 cases, stations carried ads for lotteries conducted by Las Vegas casinos, but said they complied with FCC rules that promotions aren't legally lotteries if persons can participate in contest free on equal basis with those who pay. FCC said all 3 lotteries either didn't provide clear enough notice that nonpaying customers could participate or gave unfair advantage to paying customers.

FCC TO STUDY DESCRAMBLERS: FCC has agreed to review satellite dish descrambler market, with possible recommendation that legislation be enacted to open up market on which sole patent holder General Instrument has long had lock. Chmn. Sikes wrote to House Telecom Subcommittee Chmn. Markey (D-Mass.) and panel member Rep. McMillen (D-Md.) saying that agency's staff would prepare inquiry on encryption technology and on descrambler module market. Letter responded to their requests that Commission act to develop at least one additional source of video descrambling modules and assure that competitors have access to GI's DBS Authorization Center.

Sikes cited "important technological advances and changes in the market environment" that warrant Commission's reexamination of issue, including emergence of new competitor to GI -- Titan Linkabit, company that has co-ownership rights to patents and licenses for industry standard GI VideoCipher descrambling software. M/A-Com originally developed technology, then sold it to GI, which has had exclusive manufacturing, licensing and marketing rights since 1986. FCC source said inquiry has to strike balance by giving "a certain deference to patent law," but also must consider feasibility of sharing information in programmers' data streams that identify programs, data that also consist of authorization information for each decoder, along with channel specific information. GI market power was criticized in earlier debate on satellite and cable legislation in Congress, but issue faded as GI met commitments to make equipment more available to retailers and satellite programming emerged as larger concern.

Issue has resurfaced because when Titan bought M/A-Com, it also acquired rights to VideoCipher technology. Last fall, noncompete clause expired, and Titan wants to enter market during window of opportunity this fall when GI expects to supplant VideoCipher II units in satellite dish owners' systems with new VideoCipher II Plus RS (replaceable security). But to be viable competitor, Titan would have to develop its own DBS authorization center or use GI's, something some industry analysts say would be difficult. GI has objected to sharing its DBS authorization center with competitors.

Issue undoubtedly was hottest at last week's Satellite Bestg. & Communications Assn. (SBCA) Show in Baltimore. Titan booth was swarmed by inquiries, mostly from satellite dish dealers. Some of them, such as Bryan Peoples of Philadelphia, O., expressed frustration -- and confusion -- over decoder prices, which he and others said they have seen rise steadily in last several years. Dealers we talked with blame General Instrument. McMillen drew loud cheers from SBCA audience in keynote address when he reported on FCC inquiry.

Several GI executives said price hikes have been few and have come only in response to incidents of piracy, which resulted in company's having to upgrade from VideoCipher II to VideoCipher II Plus RS. Several suggested serious doubts as to whether Titan module would be pirate-proof. They said they doubted -- despite Titan's protestations -- that new module technology has progressed beyond VideoCipher II.

FCC toughened rules on lawyers who can practice before Commission. New rules (Gen. Doc. 91-120), allow agency to suspend lawyers temporarily without hearing if they are subject of suspension or disbarment by any other "competent authority." Competent authority is defined as any tribunal authorized to regulate practice of law within territorial boundaries. Disciplinary actions by courts or govt. agencies wouldn't be considered.

OLYMPIC RATINGS SLIP: NBC's Olympics ratings lost some of their buoyancy in 2nd week, dipping perilously close to 15.3 levels that network had guaranteed advertisers. Lowest was 15.4 rating Aug. 4, but NBC Pres. Dick Ebersoll was encouraged by "upswing" to 15.8/31 Aug. 5: "With the medal rounds and the most exciting action in such sports as track and field, volleyball and basketball still to come, we are looking forward to a solid finish."

NBC continued to tout overall average rating for Olympics coverage, which at 18.2/34 with several days to go (Games closed Aug. 9, after our deadline) was 19% above advertiser guarantees and virtually identical to same period in 1988, despite at least some competition from pay-per-view and fact that Games were in Aug., instead of heavier viewing time in Sept.-Oct. But ratings last week were sharp drop from first week. For first 5 days of Games, ratings averaged 19.9 and 36% share, average of 17% higher than same days in 1988. However, July 31 ratings were 16.9 vs. 20.1 for 6th night of 1988 and Aug. 1 was 18.3 vs. 19.5.

NBC said final 20.2/36 ratings figures for first week (ended Aug. 2) showed widest victory margin in its history -- 12 ratings points over 2nd-place CBS. NBC also credited Olympics for first ratings victory for NBC Nightly News in more than year, although only in 25-54 age group. More than 25% of promotional spots NBC aired during Olympics were for Nightly News. For entire audience, Nightly News still finished in tie for 2nd with CBS, both at 8.5/19. ABC, continuing year-long lead, had 8.8/20. Olympics helped NBC to July sweeps win, with highest July ratings of any network since 1987 (12.0/22). CBS had 8.9/16, ABC 8.0/15, Fox 6.8/13.

Financials: BHC extended deadline for offer for Pinelands Inc., owner of WWOR-TV N.Y.-Secaucus, indefinitely pending satisfaction of conditions of deal, including FCC approval... U.S. Bankruptcy Court, Denver, confirmed reorganization plan of Gillett Holdings and subsidiaries. Gillett said it expects plan to take effect Sept. 30... Maclean Hunter had \$24.5-million net profit in 2nd quarter ended June 30, vs. \$13 million year ago. Cable revenue was up 8.5% to \$97.5 million and broadcast revenue gained 2.4% to \$21.1 million... Former Fox Chmn. Barry Diller filed SEC registration to sell News Corp. notes valued at about \$33 million... Meredith Bestg. was only division of parent Meredith Corp. that didn't show financial improvement in 4th quarter ended June 30. Parent had \$5-million net profit for quarter, up 9.9%... Paramount said it will offer \$250 million of senior debt with 8-3/4% interest rate... Playboy Entertainment Group profit rose 20% to \$1.3 million because of 70% growth in pay-per-view, but overall profit dropped 40% to \$513,000... Jones Intercable said it will redeem 9-3/4% debt due 1998, effective Aug. 24, affecting \$66.6 million of debt... Home Shopping Network (HSN) completed spinoff of its Precision Systems Inc. subsidiary to HSN shareholders.

N.J. legislative leadership has decided against pursuing plan to seek transfer or sale of public TV (PTV) N.J. Network (NJN). State Senate Pres. Donald DiFrancesco cited "a lot of opposition" to plan. Reversal apparently hinges on NJN's devising strategy to reduce share of its total support that comes from state, now at 60%.

Local radio ad revenue grew 6% in June, spurring total radio ad revenue to 2% gain for month despite 10% drop in national ads, Radio Ad Bureau reported. For first half of year, radio revenue was flat overall (3% rise in local ads offset by 9% drop in national spot).

GOVT. DBS SERVICE URGED: U.S. govt.-sponsored international broadcasting should include more TV and less radio, with exception of TV Marti, and more DBS and direct placement of TV programs on local TV stations, instead of short wave, according to Advisory Commission on Public Diplomacy, which advises Bush Administration on issue. Commission, as expected, recommended shutting down TV Marti, ceasing work on short wave transmitter in Israel and phasing out Radio Free Europe/Radio Liberty (TVD Aug 3 p3).

Advisory group said govt. could save more than \$100 million by shutting down TV Marti, canceling spending of \$80-\$90 million on Israel transmitter and cutting number of Voice of America language services. Reductions would be offset somewhat by increased spending on audience research and enhancements of some remaining services, particularly program syndication service run by USIA's Worldnet. Commission Chmn. Tom Korologos said enhancements probably would cost less than \$20 million. But "myopia" of advisory group about need for Radio Free Europe/Radio Liberty is "simply astonishing," said Malcolm Forbes Jr., chmn. of Board for International Bestg., which overseas services. "The blunt truth that the Advisory Committee willfully ignores is that no other media organization provides these countries with as much information... as RFE/RL."

TV Marti is "simply not cost effective," Korologos said at news conference announcing recommendations. Despite cost of \$25 million per year, its jamming and 3-6 a.m. broadcast schedule mean that TV Marti reaches "only trace audiences," he said. In addition, Cuban govt. responded to TV Marti by jamming Radio Marti, reducing its listenership. "Our goal is to get more information to the people of Cuba, and it just isn't happening," Korologos said. "There are better ways to spend that \$25 million." Govt.-sponsored broadcasting remains important, said Commission member Pamela Turner, vp of NCTA: "We have to bear in mind here that even though the guns may be silent... there is still... a conflict of ideas that exist and will continue to exist as long as there are different cultures and governments. Our mission here is to assure that the United States [is] represented in this new, competitive environment of broadcasts."

Commission recommended "realization of the promise of DBS," even though Korologos admitted that that technology may be 5-10 years in future. He indicated that DBS eventually could replace most short wave broadcasts, especially if cost of DBS receivers drops. Other recommendations include: (1) Use enhanced VOA broadcasts instead of costly new Radio Free China. (2) Consider transmitter in Kuwait, instead of in Israel, to reach Central Asia.

Retesting of Advanced TV Research Consortium's HDTV system began Aug. 4 after group replaced SAW (surface acoustical wave) filter mistakenly installed in receiver tuner for original round of testing. FCC's Advanced TV Advisory Committee agreed to allow about 2 weeks of retesting to determine results with proper hardware, delaying start of testing for final system, developed by MIT and partner General Instrument, until at least 3rd week of Aug. (instead of Aug. 5). Advisory Committee still is considering ATRC claim that Advanced TV Test Center should conduct additional 7 days of "noncore" tests that were eliminated from schedule when ATRC delivered system for trials 19 days late (TVD June 15 p4). Zenith/AT&T system earlier underwent retesting after proponent determined that improper component had been installed during testing. ATRC includes Philips, Thomson, Sarnoff Research Labs, NBC.

PARAMOUNT GOING ORIGINAL: Hoping to repeat success of its first-run syndication operation, Paramount Pictures plans to push into serialized made-for-video features, Chmn. Brandon Tartikoff said. Company plans to enlist writers and directors already working with TV and motion picture units, he told recent Video Software Dealers Assn. convention in Las Vegas. Paramount has been developing idea for 6 months and had been negotiating several projects. Although those talks subsequently broke off, he said, company might "very easily" already have had slate to announce. He expects to reach agreements for first releases in Sept. or Oct., with titles hitting market 6-9 months later.

Tartikoff acknowledged direct-to-video features have stigma among retailers and distributors: "Those films are usually done for \$1.2 million for a 2-hour film -- half the cost of a TV movie," he said. "Or they were originally made for theatrical or cable and then deemed unreleasable." As result, company is seeking projects with casts, directors and writers "worthy of breaking the barrier." Some programming could cover all windows, he said, with feature-length version for theatrical market and additional plot and character development for video series. For example, he said that when he was NBC Entertainment chmn., he tried to acquire rights to Bonfire of the Vanities for 12-hour TV version that would have been cut to 2-3 hour theatrical film.

Video industry bears some resemblance to network TV, Tartikoff said, since both are maturing businesses where players "made up the rules as we went along, codified behavior after the fact" and are threatened now by new technology. Now that home video is part of motion picture rather than TV operation, Paramount is better equipped to take advantage of synergies. It has been seeking corporate partners for films from inception through various windows. Advertiser for specific title would receive product placement and would help advertise videocassette in return for ad on tape and role as full network sponsor. Tartikoff drew parallel between made-for-video and first-run syndication unit that "literally created a new business on TV." To avoid dependence on recycled network programming, Paramount 10 years ago began producing shows such as Entertainment Tonight, Arsenio Hall, Hard Copy. First-run now outperforms network syndication, he said.

Meetings: Neb. Cable TV Assn. meets Aug. 19-21, Ramada Hotel, Lincoln, Neb. -- 402-421-0330... Mo. Cable TV Assn. will meet Sept. 2-4, Lodge of the Four Seasons, Lake of the Ozarks, Mo. -- 816-453-3392... Speakers at HDTV Update conference sponsored by Assn. for Maximum Service TV Oct. 1 will include Cap/ABC CEO Daniel Burke, FCC Chmn. Sikes, Advanced TV Advisory Committee Chmn. Richard Wiley, House Telecom Subcommittee staffer Larry Irving, representatives of most HDTV proponents -- 202-462-4351... National Infomercial Mktg. Assn. annual meeting will be Oct. 28-30, The Mirage, Las Vegas -- 202-962-8342... Society of Motion Picture & TV Engineers technical conference will be Nov. 10-13, Metro Toronto Convention Center -- 914-761-1100.

FCC is proposing to streamline broadcast license renewal process by allowing broadcasters to file single application form for commonly owned full-power, low-power and translator TV stations. It also proposes that license renewal dates for those stations and FM stations in same state be on same date. In proposed rulemaking released Aug. 4, Commission said change would simplify and reduce paperwork involved in license renewals. Comments are due Sept. 28, replies Oct. 19.

Program Notes: **Prevue Guide Channel** will be available to Canadian cable systems beginning in Sept. Company already provides its Electronic Program Guide to about 1/3 of Canadian cable customers... **Sammons Communications** signed carriage deal with **Digital Cable Radio** to make cable audio service available to 480,000 of its 940,000 subscribers... **Nielsen** has signed up 4 subscribers to its new National Hispanic People Meter Service, scheduled to launch next month. Subscribers include Anheuser-Busch, Leo Burnett ad agency, Clorox Co., Spanish Communications... **Sunshine Network** will expand to 24-hour programming Sept. 1, from current level of about 12 hours per day. **Sunshine** is affiliate of Prime Network... **Family Channel** in Sept. will launch home video service called Family Channel Video. Project, joint venture with Pacific Arts, will make cable network shows available on videocassettes... **USIA** has begun Russian-language version of its international news service, **Wireless File**. Service reaches Moscow, Riga, St. Petersburg, Tashkent... **Discovery** added 2 product lines to Home Video Div., allowing it to debut 6 new titles... **Weather Channel** will launch daily commercial-free program for use in classrooms beginning Oct. 5. Program is to be used with textbook titled **The Weather Classroom**... **Armed Forces Radio & TV Service** will receive Golden Mike award from Best. **Pioneers** at Pentagon ceremony Aug. 10.

Network power to control program development and acquisition hasn't changed significantly since 1974, program producers said in filing responding to networks' request that Justice Dept. modify antitrust consent decree limiting networks' role. Coalition to Preserve Finsyn said neither current market conditions nor what it said was networks' history of anticompetitive practices justifies modifying 1974 decrees. "They were designed to be permanent, and nothing has changed the networks' ability or incentive to engage in anticompetitive conduct today," said Robert Daly of Warner Bros., co-chmn. of coalition. **INTV**, filing in same case, warned that networks easily could control syndication of off-network shows. It also said Justice Dept. was wrong to believe other types of programming could be substituted for off-network shows.

Southwestern Bell isn't commenting on report that it's looking for cable MSO as partner in additional U.K. cable franchises, but said it doesn't want partner for franchises there with more than million homes it already has. **New Media Markets** said telco has had talks with several MSOs, including Cox, about buying additional U.K. franchises, including 3 that **Pacific Telesis** is interested in selling. **Southwestern Bell** spokeswoman said telco always is looking at new overseas opportunities, has international partners in some overseas ventures and "it's possible that we would work with capable partners for other projects."

Number of schools connected to cable has grown sevenfold since 1989, mainly as result of **Cable in the Classroom** program, Exec. Dir. **Bobbi Kamil** said. Group said 45,577 elementary and secondary schools have been provided with free cable service, 46% of national total, compared with 6,165 schools in 1989. In addition to free cable hookup, **Cable in the Classroom** provides 500 hours of educational programs per month, most with teacher guides.

Ruling calling for removal of Whittle's Channel One news service from N.J. classrooms has been reversed by N.J. Education Comr. **John Ellis**. In decision overturning order of administrative law judge, **Ellis** said students aren't captive audience for commercially sponsored service because they're "not actually compelled to watch" programming, which is shown in home-room time.

Transactions: **Time Warner** and **Cox Cable** completed previously announced deal for joint ownership of cable systems on Staten Island, N.Y., and at Fort Walton Beach, Fla. Partnership, to be named **TWC Cable Partners**, bought out **Gilbert Communications'** interest in Staten Island system and jointly will own former Cox system with 72,000 subscribers in N.Y. and former TW system with 55,000 in Fla. TW will manage Staten Island system, giving its N.Y.C. Cable Group total of 883,000 subscribers, while Cox will manage Fla. systems... **Multimedia** signed agreement in principle to buy cable systems with 28,000 subscribers in Valparaiso and LaPorte, Ind., from affiliate of Prime Cable, terms not announced... **Ponca/Universal Holdings** completed purchase of stock of **Universal Cable Holdings**, which owns 72 cable systems with total of 30,000 subscribers in Colo., Kan., Neb., Okla., Tex. **Ponca** is new company formed by **Austin Ventures**, **BT Capital**, **Merritt Belisle**. Terms weren't disclosed.

Cable systems shouldn't have to black out professional baseball and basketball games carried by superstations such as **WTBS Atlanta**, according to sense of Congress resolution introduced Aug. 3 by Rep. **Darden** (D-Ga.). Resolution would state congressional opinion that no rules, regulations or statutes requiring additional blackouts could be adopted. **WTBS** sports announcers have been attacking on air what they said appeared to be back-door attempt by Major League Baseball to insert language into cable bill during House-Senate conference that would require many more cable systems to black out games carried by superstations. However, Senate Commerce Committee Chmn. **Hollings** (D-S.C.) denied blackout amendment would be considered and said he personally would try to block any such move.

FCC rejected complaint of **John Kelly**, unsuccessful candidate for U.S. House of Representatives from Mich., that he was entitled to equal time after **WXYZ-TV Detroit** used opponent, Rep. **Conyers** (D-Mich.), in series of promotions 2 weeks before primary. Complaint claimed that **Conyers** appeared for 20 sec. of 30-sec. promo for news documentary on 25th anniversary of Detroit riots. Spot aired at least 61 times July 10-24, it said. **Mass Media Bureau** said that **Kelly** is entitled to equal time only if **Conyers** gave his approval to his use in promotion, and that there wasn't adequate evidence of that.

CBS will get one-week head start over **NBC** and **ABC** on fall TV season, according to dates announced last week. While competitors are delaying fall premieres until Sept. 21, **CBS** will launch season Sept. 14. "With 52 weeks having elapsed since the start of the last fall season, and our viewers back and ready to watch the week after Labor Day, we want them to have every opportunity to see our opening episodes," **CBS Entertainment Exec. Vp Peter Tortorici** said.

Small-market TV stations have same right to network program nonduplication protection as large-market stations, **FCC** said in granting request by **KAAL Austin, Minn.**, for declaratory ruling. **FCC** grants nonduplication rights in large multicity hyphenated markets for 55-mile zone surrounding each city in market. In ruling released Aug. 4, it said same policy applies to hyphenated small markets.

Even IRS can't put lien on broadcast station license to force payment of back taxes, U.S. Dist. Judge **Stanley Bronfman** ruled last week in N.Y.C. Decision upholds that of bankruptcy judge, who said **IRS** doesn't have any greater claim than lenders to lien on broadcast license. **FCC** is considering whether to allow lenders to have security interest in license.

Personals

William Sheehan, former pres., ABC News and NASA assoc. administrator-public affairs, rejoins Exec. TV Workshop as assoc. based in Washington... **Mark Zoradi**, senior vp-gen. mgr., Buena Vista TV, named pres., Buena Vista International, new post... Advancements at ABC TV Network: **Larry Hyams** to vp, prime-time audience analysis; **Michael Nissenblatt** to vp, affiliate research and mktg. services... **Judith Kritch** promoted to western regional dir., affiliate relations, NBC; **Patricia Johnson**, ex-Digital Corp., joins NBC West Coast as dir.-organization and management resources... **John Reardon**, WGN-TV Chicago, moves to station mgr., co-owned KTLA L.A.

Mitchell Semel, vp-programming, PBS, joins Comedy Central this week as senior vp-programming... **Rich Homborg**, ex-EFM Management, named pres.-gen. mgr., Shadow/Express Best. Services, N.Y... **Brian Harris**, ex-Yorkshire TV, U.K., joins ACI as exec. vp... **Bill Sheinberg** advanced to senior vp-programming, MTM TV... **Gustavo Pupo-Mayo**, ex-Miami Herald, appointed vp-news and public affairs, Telemundo Group... **Allen Fowler**, vp-finance and administration, Comsat Video Enterprises, named controller, Comsat... **Susan Law** promoted to dir.-syndication programming, Columbia Pictures TV Distribution... **Ken Silver** advanced to dir.-financial reporting, Showtime Networks.

Michael Horan promoted to vp-gen. mgr., Cox Cable Cedar Rapids... **Neal Morrison**, ex-WBKO-TV Bowling Green, named gen. mgr., KLAX-TV Alexandria, La... **Steven Main** promoted to dir.-govt. affairs, TCI East... Promotions at WTTW Chicago: **Tessa Burton** to vp-viewer mktg., **John Grace** to vp-Chicago program mktg., **Paul Nebenzahl** to vp-development, **Anders Yocom** to vp-bestg., **Parke Richeson** to dir.-budget and business affairs... **Peter Concelmo**, ex-MCI Communications, joins Group W Satellite Communications as dir.-sales and mktg., Operations & Engineering Group... **Sheri Herman** resigns as senior vp-mktg., E! Entertainment, to form entertainment marketing company, Entertainment Solutions.

Helena Mitchell, ex-NTIA, joins FCC as chief, Emergency Bestg. System... **Stephanie Brownlee**, senior sales exec., Prevue Networks, adds duties of mgr., Canadian markets... **Lawrence Spokony** appointed mgr.-international mktg., Jerrold Communications... Promotions at Superstar Connection: **Janet Ferrill** to mgr.-national accounts; **Stephanie Schmidt** to promotions coordinator for national accounts, new post.

FCC should let broadcasters use portion of HDTV channels for ancillary services, including data transmission, to generate revenue to help justify cost of HDTV, Fox said in HDTV comments. Data could be broadcast both during overnight hours, when channel isn't operating, and on portion of spectrum not needed for HDTV itself as long as it's in format that doesn't interfere with TV signal, Fox said. Filing claims there's precedent because data now are transmitted in vertical blanking interval and elsewhere.

FCC declined to overturn Mass Media Bureau decision allowing Halcomm to sell construction permits for KXLI-TV (Ch. 41) St. Cloud, Minn., and KXLT-TV (Ch. 47) Rochester, Minn., to KX Acquisition L.P. Halcomm minority shareholder Walter Goins had sought full Commission review of decision that he didn't file appeal on time and wasn't entitled to special hearing just because he is member of minority group.

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"Liberal Hollywood producers are so eager to promote an agenda in prime time that they resort to political 'product placement' to get their point across," Brent Bozell, chmn. of conservative Media Research Center, charged. He cited such usages as poster and T-shirt referring to Malcolm X in Fox's True Colors and Greenpeace T-shirt and magazine displayed, respectively, in CBS's Major Dad and NBC's former Family Ties. Bozell concluded: "This amounts to the subliminal politicization of prime-time television."

FCC won't conduct special rulemaking on upgrading large-market daytime-only AM stations, despite legislation late last year requiring it to allow upgrades if technically feasible. Commission said that legislation, which involves stations in 100,000-plus markets that lack full-time outlet, would apply to fewer than 10 stations. As result, FCC issued policy statement Aug. 3 saying that it would handle upgrade requests on ad hoc basis.

Radio salaries increased only modestly in last 2 years, 1992 NAB Radio Employee Compensation Report said. Average salary for general manager rose 6.8% in 2 years to \$56,458, chief engineer 8.8% to \$28,748, program dir. 8.3% to \$32,953, news dir. 3.7% to \$22,352, on-air talent 0.2% to \$22,471, ad sales 10.9% to \$32,184.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	JULY 18-24	1991 WEEK	% CHANGE	JULY 11-17	29 WEEKS 1992	29 WEEKS 1991	% CHANGE
TOTAL COLOR TV..	398,094*	289,816	+37.4	280,941	10,398,887	9,720,236	+ 7.0
DIRECT-VIEW...	388,266*	285,183	+36.2	277,011	10,230,202	9,568,793	+ 6.9
TV ONLY.....	377,168*	275,119	+37.1	267,172	9,814,780	9,229,282	+ 6.3
TV/VCR COMBOS	11,098*	10,064	+10.3	9,839*	415,422*	339,511	+22.4
PROJECTION....	9,828*	4,633	+112.1	3,930	168,685*	151,443	+11.4
VCR DECKS.....	288,485*	166,774	+73.0	161,638	5,579,166	4,684,323	+19.1
CAMCORDERS.....	83,184*	45,659	+82.2	37,077	1,298,073	1,285,891*	+ 0.9
LASERDISC PLYRS#	4,628	2,939	+57.5	4,045	111,946	87,232	+28.3

Direct-view TV 5-week average: 1992--362,561; 1991--316,836 (up 14.4%).

VCR deck 5-week average: 1992--215,191; 1991--196,385 (up 9.6%).

Camcorder 5-week average: 1992--56,893; 1991--56,913 (down 0.01%).

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

Includes combi players, excludes karaoke types.

RCA LEADS COLOR TV SHARE, MITSUBISHI PROJECTION: RCA, Zenith and Magnavox continued to occupy top 3 brand shares in direct-view color TV in 1992 model year, according to our annual market share survey. Our first survey of projection TV market showed Mitsubishi in lead by substantial margin, followed by Magnavox and RCA.

In direct-view color, top 7 brands continued in same order as last year (TVD Aug 5/91 p12), but with some percentage shares changed. Panasonic joined top 10 (as No. 9), displacing Sears (LXI brand), which fell to 11th place from 8th. Sears brand share declined full point to 3% in year, continuing trend that started year ago when it dipped 0.9%, presumably due to shift to brand name marketing by chain. Montgomery Ward and J.C. Penney private brands showed similar, but less pronounced, trends.

Top 2 brands lost some share, according to consensus of marketers as expressed in our survey -- RCA dropping 0.4 percentage point and Zenith 0.7 point. However, Magnavox, No. 3, showed biggest gain of any brand, climbing full point to 9%, continuing trend that has seen it rise steadily from 5% share since 1987. Magnavox now is only 1.3 percentage points behind No. 2 Zenith, cutting spread from 3 points last year.

Several other companies also registered small share gains, survey found. Toshiba, with strength in larger screens, showed increased share for 10th straight year, holding onto 7th spot overall. Panasonic gained 0.6 point, moving up 2 spots to crash top 10. Emerson, despite long-running financial and management troubles, hit 4% for first time, rising to 8th from 9th, in apparent indication of growing role of mass merchandisers in consumer electronics market. Gains also were shown by Sony -- at 7% for first time since 1983 -- as well as Samsung and Sharp, which has more than tripled its share since 1981, gaining each year. Declines were posted by Sylvania, off 0.8 point, and Mitsubishi, down 0.5.

In terms of manufacturer, rather than brand, Philips continues as No. 2 with 12% of market after Thomson Consumer Electronics (TCE) with 21% (both excluding private-label sales). Other multibrand companies: Matsushita 5.25%, Sanyo Fisher 2.5%. Last year, TCE had 21.5%, Philips 11.9%, Matsushita 4.9%, Sanyo Fisher 2%.

As is usual in our market share survey, most year-to-year changes were relatively minor and not statistically significant. Annual color TV market share, which we have conducted every year starting in 1968

(when RCA was No. 1 with 30%, followed by Zenith with 20% and Magnavox with 9%), is based on best estimates by manufacturers and marketers, who rank their competitors' brand shares (but not their own) in annual survey. Market shares in table are medians of responses. To decide rankings where medians are tied, we use simple averages. Our pages always are open to those who disagree with survey results. In table below, each percentage point represents about 206,000 direct-view sets, based on 1992 model year sales, July 1991-June 1992 (TVD July 27 p12). We have eliminated all brands ranking below 0.3%.

SHARE OF U.S. COLOR TV MARKET BY MODEL YEAR

Sales to Dealers in Units

Rank	Brand	1992 Model Year		1991	1990	1989	1988	1987	1986
		% Share	Range	% Share	% Share	% Share	% Share	% Share	% Share
1	RCA/ProScan...	16.1	15.1-18.5	16.5	16.6	16.25	16.15	17.0	17.5
2	Zenith.....	10.3	7.5-12.5	11.0	11.65	12.0	12.75	14.5	15.75
3	Magnavox.....	9.0	6.0-13.0	8.0	7.75	6.4	5.85	5.0	5.0
4	Sony.....	7.0	5.5-10.0	6.85	6.5	6.4	6.45	6.0	6.0
5	Sharp.....	5.5	4.5-6.8	5.2	5.0	4.8	4.4	3.9	3.2
6	GE.....	4.9	3.0-6.0	5.0	5.65	5.9	6.0	5.95	6.3
7	Toshiba.....	4.8	4.0-6.0	4.6	4.0	3.5	3.0	2.2	1.825
8	Emerson.....	4.0	2.5-6.8	3.6	3.8	3.5	3.25	2.7	1.5
9	Panasonic.....	3.75	2.0-4.5	3.15	3.2	3.15	3.8	4.0	4.2
10	Mitsubishi....	3.0	2.0-5.0	3.5	3.5	3.6	3.5	3.0	2.8
11	LXI (Sears)...	3.0	1.0-4.0	4.0	4.9	5.0	5.5	6.0	6.1
12	Samsung.....	2.4	1.0-4.5	2.0	1.8	1.75	1.7	1.6	1.6
13	Sanyo.....	2.0	1.1-4.9	1.9	1.5	1.4	1.5	1.5	1.6
14	JVC.....	2.0	1.3-4.0	2.0	1.5	1.0	1.0	0.6	0.5
15	Sylvania.....	2.0	1.2-2.9	2.8	3.2	3.25	3.3	3.5	3.8
16	Montgomery Ward	1.85	0.3-2.6	2.0	2.4	2.5	2.5	2.5	2.5
17	Goldstar.....	1.8	1.0-3.5	2.0	2.0	2.05	2.0	2.0	1.5
18	Hitachi.....	1.7	1.0-3.0	2.35	2.5	2.5	2.5	2.9	3.0
19	Quasar.....	1.5	1.0-2.5	1.75	1.85	2.0	2.5	3.0	3.9
20	KTV.....	0.6	0.1-1.5	0.4	0.2	0.2	0.2	0.2	0.2
21	Memorex*.....	0.5	0.2-1.0	0.5	0.5	--	--	--	--
22	Philips.....	0.5	0.2-1.0	0.6	0.6	0.65	0.5	--	--
23	Fisher.....	0.5	0.2-1.0	0.3	0.3	0.5	0.55	0.65	0.5
24	Philco.....	0.5	0.2-1.0	0.5	0.65	0.8	1.0	1.0	1.0
25	JCPenney.....	0.5	0.1-0.6	0.5	0.9	1.0	1.0	1.5	1.5
26	Curtis Mathes.	0.5	0.1-0.8	0.8	0.9	1.0	1.0	1.0	1.0
27	Daewoo.....	0.4	0.1-1.2	0.3	0.3	0.5	0.5	0.5	0.5
28	Symphonic/Funai	0.3	0.03-1.0	0.2	0.25	0.2	0.2	--	--
TOTAL, 28 brands...		90.6%							
All other brands...		9.4%							

* Includes Realistic.

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Our first survey of projection TV market showed widespread difference in opinion as to market shares -- resulting in as much as 3-1 spread in range of estimates for any brand -- but agreement in general on order of top brands. As it worked out, Mitsubishi was unquestioned leader with estimated median 22.6% of market, as opposed to its mere 3% of direct-view color market. Magnavox was just one point ahead of RCA, whose share is known to have been increasing steadily since it started making its own projection sets. RCA's former supplier, Hitachi, ranked 4th in brand-name survey, followed by Pioneer, only projection TV brand not also active in direct-view sets.

Although 3 Philips brands are included in rankings, total of Magnavox, Philips and Sylvania brands comes to 18.3% of market, still short of Mitsubishi's 22.6%, while Thomson (RCA and GE) total is 14.7%. In addition to brands listed in table, Fisher, Harman Video, Curtis Mathes and Sanyo showed up in some replies, but without sufficient mentions to derive estimates.

Although we specifically asked respondents to estimate brands' consumer market shares, it's obvious some chose not to consider 2-piece units. EIA's sales figures on projection TV include 2-piece (front projection) units aimed specifically at consumer market, except that LCD projectors aren't counted. Omission by some respondents of 2-piece units could have contributed to low showings by Zenith and Sharp.

One respondent to our survey estimated that 2-piece "residential, consumer, home theater" business generated sales of about 5,000 sets last year (vs. 380,000 total sets reported by EIA), with Sony commercial model probably representing 40% of market). He estimated next largest share, about 20%, as being sets made by Zenith for Runco, GE and others, along with Zenith branded sets, with rest of market divided among Runco non-Zenith sets, Vidikron, Harman Video, Pulsar and noncommercial sales by Barco, NEC, Mitsubishi, Panasonic and GE models generally aimed at professional and industrial applications. He cited estimate of 27,400 2-piece units under \$5,000 sold in all markets, with perhaps 7,000 by Zenith, leaving estimated 20,000 LCD models, of which perhaps 80% went to nonhome uses.

Here are median results of our first survey of consumer projection TV sets by brand for year ended in July 1992. Each percentage point represents about 4,000 sets.

SHARE OF U.S. CONSUMER PROJECTION TV MARKET
Sales to Dealers in Units -- 1992 Model Year

Rank	Brand	% Share	Range	Rank	Brand	% Share	Range
1	Mitsubishi.....	22.6	11.0-27.9	9	Zenith.....	2.5	1.0-4.0
2	Magnavox.....	14.0	10.0-21.8	10	Toshiba.....	1.9	1.4-5.0
3	RCA/ProScan....	13.0	6.0-17.9	11	GE.....	1.7	0.5-2.0
4	Hitachi.....	10.0	4.0-15.5	12	Quasar.....	1.5	0.5-4.0
5	Sony.....	8.0	3.0-13.7	13	Sylvania.....	1.3	0.9-6.0
6	Pioneer.....	6.75	2.6-20.0	14	Sharp*.....	1.3	0.5-5.0
7	LXI (Sears)....	4.0	1.5-8.0	15	Montgomery Ward	0.5	0.5-2.0
8	Philips.....	3.0	2.0-4.0		All others.....	6.15	

*Some respondents did not include LCD and/or 2-piece systems.

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CE CONTINUES TO DRAG DOWN PHILIPS EARNINGS: Continued "difficult situation in the consumer electronics market" was blamed by Philips last week as it reported 56.1% decline in net income for 2nd quarter of 1992 to 82 million guilders (\$49.1) as sales dropped 5.9% to 12.87 billion guilders (\$7.7 billion). Comparison with year-earlier figure factors out \$220 million credited to last year's quarter from sale of interest in Whirlpool joint venture.

Philips normally issues quarterly results in printed release, but recent "flow of news" on DCC, CD-I and other topics that has sent share price down, apparently led to appearance by Pres. Jan Timmer and Philips Consumer Electronics Chmn. Henk Bodt at 2-hour news conference. Bodt, asked about future prospects in CE, was cautiously hopeful. "Of course, if the market crumbles, we cannot do anything, but we think we will be back in the black in 1994." For shorter term, quarterly report said that "if the economic trends fail to improve and the problems in the consumer electronics industry persist, it is unlikely that sales and net income from normal business operations will reach the level achieved in 1991."

CE weakness affected both consumer products and components sectors of Philips business. Sales in consumer products sector rose 7% (3% when currency fluctuations and other factors are figured in), but gain came from such areas as PolyGram, appliances and personal care products, Philips said. Prices in consumer electronics fell average of 6% in first half, company said, helping send operating income for sector skidding down 74.9% to 118 million guilders (\$71.1 million). Sales in Components & Semiconductors segment were off 9% on comparable basis in first half "as a result of pressure on prices and the continuation of reduced manufacturing output in the TV industry in Europe and Brazil," Philips said. Operating income for sector dropped 10.8%, with increased earnings from semiconductors counterbalanced by reduced income from picture tubes.

Announcement of earnings decline came as no surprise -- company had forecast it nearly 2 months ago (TVD June 22 p12), sending price of its stock plummeting. Timmer later complained in in-house publication

of what he called market's "completely excessive reaction to the news" (TVD July 27 p14). Last week's announcement caused only slight drop in Philips shares.

Commenting on introduction of DCC and CD-I, Timmer stressed that "success or failure cannot be judged for several years. I remember the introduction of CD. If we had accepted the gloomy predictions, if we had listened to the Domsday prophets, we would not today have CD, with players selling at around 20 or 25 million a year and disc sales at about a billion." He cautioned that "the introductory phase on [CD-I] is very long. We cannot explain it on paper and must rely on demonstrations by people who really understand it. Our objective is to create a totally new carrier."

Timmer admitted Philips may have "shot ourselves in the foot" by earlier being too specific on launch plans for DCC, but protested that news media and others had overreacted to announcement of most recent change in schedule (TVD Aug 3 p10). "There has been an excessive reaction to the delay on introduction of DCC in some markets," Timmer said. "People say, 'If only you hadn't mentioned the date, if you had only said just the autumn...' And, yes, they are right. We have made difficulties for ourselves... It is a pity that this has happened. But there is no real problem." This was first time Philips had used word "delay" in discussing change in plans; earlier news release said only that company was "adapting the launch scheduling and distribution" of DCC-900 deck. Statement said it would have sufficient quantities of DCC-900 for full-scale introduction in U.S., Japan and Europe "well before the Christmas selling season" but didn't offer specific date.

Timmer disputed suggestion that Philips is strong in developing technology but poor at marketing it. "This is a myth," he said. "We are facing a severely depressed market, but we have maintained our market share in CE. This shows we must have some marketing skills." He expressed confidence in ultimate success of Centurion restructuring program. "You cannot change a company's culture in a few years. You must wait 5 years or more to judge. Centurion is working. There is an enormous amount of work left to do. I am only sorry we cannot be more joyful today. If it were not for CE we might even have envisaged a glass of champagne."

SONY'S OHGA SPECULATES ON MD AS VIDEO MEDIUM: Even as Sony moves toward its targeted Nov. 1 introduction of Mini Disc (MD) in Japan, Pres. Norio Ohga offered brief glimpse of possible future applications for format beyond consumer audio, including use as video format.

In talk with group of American audio journalists (including representative of our affiliated Audio Week) in Tokyo last week, Ohga was asked about alternative uses for MD. He replied: "I can see this format being applied for video record and playback" especially because random-access capability that MD could afford would give it distinct advantage over current videotape formats. But commercialization of video MD would have to await further development of such innovations as semiconductor blue laser announced several weeks ago because of need to increase recording density, Ohga said. MD also could find applications as data storage device, he said, but "we would need to see the reliability improved" first.

Ohga told group that Sony sees "no major obstacles" to meeting Nov. 1 MD launch date in Japan and rollout of first MD products in U.S. and Europe by Christmas. Sony executives gave reporters exhaustive 3-day review of most MD hardware and software components, saying "all the critical elements are in place" for successful MD system launch in 4th quarter. But sessions didn't include demonstrations of prototype MD play-record portables scheduled to reach store shelves in Japan in less than 90 days. Sony officials said they were "not in a position to reveal our actual product at this moment," indicating strongly that they planned unveiling it in Sept.-Oct. time frame with other hardware licensees in MD "family."

Ohga demonstrated car MD player and lifted wraps from so-called MD "mecha-deck," work-in-progress mockup of internal circuitry and mechanism for first-generation record/playback unit. Mockup we saw depicted production-ready LCD readout circuitry, battery holder and surface-mounted chips for unit that would closely match size of record-playback prototype Sony has shown for months. Reiterating intent behind MD positioning, Ohga said decade-old CD format has been "accepted so well" not only because of digital sound quality but also because of random-access capability. He said cassette format has been abandoned in droves because of slow access time of tape and format's vulnerability to jamming and tangling. Yet cassette buyers want recordability of cassette in optical format, he said.

In course of R&D work on MD as next portable audio carrier, Ohga said, "we were not aware that Philips was working on DCC." Asked by Philips to support fledgling digital tape innovation, however, Ohga told reporters that "I could not convince myself that DCC... would last for the next generation of recording and

playback devices." He said he had hoped that Philips and Sony, as partners in successful CD launch, could have cooperated on MD development to commemorate 10-year anniversary of CD. "It was unfortunate that we did not come out with Philips, our good partner, in announcing MD together." He suggested one reason why Sony failed to win Philips' support on MD was that many engineers who worked with Sony on CD project since have retired from Philips or left company.

Ohga said "I'm not talking down on DCC at all," but said cassette market that Philips innovation is meant to revive began deteriorating badly in Japan in 1988 and has fallen rapidly since. He said Sony conducted surveys to learn why cassette sales were declining and found drawbacks of cassette as tape medium were reasons. Nevertheless, he suggested he was misquoted in July Financial Times report in which he purportedly said that DCC and MD wouldn't "co-exist" in market because formats were aimed at same customers.

[Told of Ohga's remarks at Eindhoven news conference, Philips Pres. Jan Timmer acknowledged that "there is a difference in the way we and Sony view the question of whether the world needs a digital tape system. We think there is a market. Sony tends to think that tape is old fashioned... We do not share that view. We think that the software world also agrees on the dual carrier approach, disc and tape." He also said "we think we have excellent contacts with Sony, but different insights which we have not been able to bridge... We are not involved in any kind of battle, just different insights. There is scope for different opinions."]

Katsuaki Tsurushima, senior gen. mgr. of Sony Audio Development Group, suggested that present MD-DCC situation insofar as Sony and Philips are concerned represents "peculiar" irony because Philips was regarded traditionally as specialist in optical technology while Sony had same role in tape technology. In 1987 bilateral discussions on new generation of recordable CD technology, rift soon became apparent between 2 corporate giants because Philips insisted on commercializing write-once CD approach while Sony had magneto-optical approach, Tsurushima said. He suggested Philips gave in to Sony wishes on MO between 1987 and 1989, but "went back to their old position" in 1989 when Taiyo Yuden successfully commercialized first write-once media. Tsurushima suggested present situation is stalemate because Sony has asked Philips "again and again" to join MD bandwagon, but to no avail. He said Philips has assured Sony it would be willing to support MD sometime after year 2000, presumably when CD will have run its course as primary music carrier. "But we cannot wait," Tsurushima said.

Responding to questioner, Tsurushima echoed Ohga and other Sony executives in saying MD development work was proceeding on schedule, but generally sidestepped queries about power consumption expectations of first-generation MD portables. He estimated battery life of 2 hours in MD playback mode, suggesting recording function would afford more "limited" battery life because of power demands posed by magnetic head crucial to system.

Mini Disc Div. is newest of 8 branches of Sony Recording Media Products Group, having started operations officially April 1, said Senior Gen. Mgr. Teruaki Aoki. Pilot production of blank MDs started July 20 at Sendai technology center, which has capacity of 10,000 pieces daily for stockpiling in preparation for Nov. 1 Japanese launch and rollout of format elsewhere in world. Sony plans to build monthly capacity to 2 million pieces by end of 1993 from present 300,00 units by opening additional production lines near Sendai.

Finding "public" HDTV viewing spot for Olympic Games was quite a strain in London during last 2 weeks. Only receiver manufacturer promoting viewing locations was Philips, which held reception at Thames TV's Euston studio for opening of Games, displayed on projection TV. Assured that display was open to public, our correspondent returned next day. He was admitted to viewing room, but was accompanied by security guard who sat behind him. Several engineers were watching Games, but there was no evidence of public. Our correspondent also visited posh Langham Hilton, listed as public viewing place for Thomson set, was told HDTV was in Chukka Bar, where drinks cost about \$8 each. Nokia, 3rd company claiming to have viewing sites for "the general public," issued news release in which it identified its sites as BBC TV Center, White City, London; British Airways Executive Lounge at Gatwick Airport; Midlands Electricity Board showroom, Wolverhampton.

The Harvey Group, which operates 6-store audio and video chain in metropolitan N.Y., announced closing of \$1.2-million private placement consisting of combination of stock and 10% convertible subordinated debentures. Proceeds will be used to pay creditor for recent legal judgment. Pres. Arthur Shulman said offering represents "last step in our plan to rebuild the company's financial health and allows us to concentrate 100% of our resources on our consumer electronics business."

THIS WEEK'S YEN RATE

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

NEW JVC CAMCORDERS, VCRS: JVC last week unveiled pair of feature-laden VHS-C camcorders with unique multifunction lens system, including S-VHS-C model that lets user go from microscope mode (with attachment) to 22X digital zoom.

S-VHS-C version effectively has 11X optical zoom with additional 2X digital zoom feature. By slipping off front lens, user can attain ultrawide angle shooting that gives 69.7° field, compared with 42.9° in standard wide angle. Microscope mode is achieved by attaching lens extender. Unit offers range of digital effects and exposure adjustments. Among unique effects are "classic film" (fast strobe) and "snapshot mode" that produces sound effect that mimics SLR shutter and records white-bordered digital still photo. It also has digital image stabilization system, 2-sided remote that can control variety of VCR brands for editing, color LCD viewfinder, \$1,999 list, available at end of Oct.

Standard VHS-C model has same lens system (but without digital zoom), digital titler with graphics, 2-sided remote with full editing controls, detachable light, \$1,199, available at end of Aug. JVC also unveiled palm-sized camcorder that combines several related functions onto same control, allowing it to reduce overall size of unit. It also has sports viewfinder with self-portrait switch that lets user flip viewfinder 180° in same direction as lens and see right-side-up mirror image. It also comes with multibrand VCR remote, at \$1,99 list in late Oct.

JVC also showed pair of new editing decks, both featuring Random Assemble Editing feature (usable when connected to another JVC VCR with Remote Pause In terminal), VHS hi-fi, jog shuttle on both VCR and remote, digital A/V tracking. Top unit is S-VHS model.

JVC of America Exec. Vp Harry Elias said company has achieved sales goals through first 4 months of fiscal year (through July), "particularly in camcorders." He expressed "optimistic outlook" for fall on basis of discussions with retail customers, although he acknowledged that he's concerned that if retailers' inventories become high, vendors "possibly may see" cancellations as fall selling season moves closer to Christmas. He said VHS-C is holding about 35% share in current market, compared with 40% for 8mm and 25% for full-size, with latter declining and VHS-C gaining.

Service Merchandise essentially has reached halfway mark in program of stationing trained consumer electronics salespeople in its 374 catalog showrooms around country. Most other departments in showrooms are staffed by hourly clerks. Senior Vp Frank Bisceglia said training program, which started late last year after lengthy test in Chicago-area stores, should be completed next year. New merchandising program (which also involves placement of more complex, upscale products in those showrooms), has generated significantly better business, Bisceglia said. He declined to give specifics on compensation plans, although he said incentives are "not ad-driven, not margin-driven and not vendor-driven." Salespeople regularly take written exams on product features and benefits to qualify for salary increases and advancement.

More promotionally priced dual deck VCR is being shipped by Go-Video. Latest model, called "Wizard," is 4th in line, includes one play-only deck instead of pair of recording decks as in earlier models. New version will carry \$799 suggested list and \$699 MAP, \$50 less than past low-end model.

ZENITH REJOINING EIA: Nearly 5 years after it quit over "differences in philosophy in legislative and regulatory matters regarding international trade" (TVD Oct 12/87 p12), Zenith last week said it is rejoining EIA Consumer Electronics Group (CEG). Zenith spokesman said reinstated membership "formalizes our ongoing and increasing involvement in the EIA." Despite having left EIA, Zenith has participated in variety of group's activities, such as contributing sales figures to Mktg. Services Dept., participating in HDTV Task Force, etc. Formal approval of Zenith application (as well as those of others listed below) is expected at Oct. meeting of EIA board.

At time it left EIA, company spokesman said it considered it "inappropriate that Zenith be a member of an organization so dominated by foreign concerns, most of which have very small U.S. employment." Company has been very persistent in pressing legal battle against foreign firms it has accused of dumping TV sets in U.S. market.

This was 2nd time that Zenith has rejoined EIA. It quit predecessor organization in early 1960s over group's refusal to back subscription TV, rejoined in 1970. Withdrawal in 1987 seemingly cost Zenith Sales Co. Pres. Gerald McCarthy chairmanship of CEG, for which he was slated at time.

Zenith is most prominent of 25 companies that have joined EIA in last few months, pending formal approval in Oct. Others are: Bang & Olufsen of America, Carjacker, Command Communications, Craig Consumer Electronics, DCM Corp., Definitive Technologies, DATAWAVE Div. of Direction West, DK Karaoke, Dolby Labs, EEG Enterprises, Effective Solutions, Eveready Battery, General Physiotherapy, HARC Mercantile Div. of HAC America, Identity Systems Technology, Kimber Kable, Linaeum, Lyte Optonics, Naim Audio N. America, Smart House L.P., Straight Wire, The Mod Squad, Threshold, TV Answer. EIA/CEG has added 36 members since beginning of year, now had 134 active members.

MOST JULY RETAIL SALES UP: Despite continuing softness in sales of air conditioners because of unseasonably cool weather through most of country, major electronics and appliance retailers reported increases in comparable-store sales in July. Continued softness in air conditioners could threaten retailers' open-to-buy for rest of year.

Best Buy Exec. Vp-Chief Financial Officer Allen Lenzmeier said 15% comparable-store gain his company reported for 4 weeks ended Aug. 1 would have been 17% "if you backed out air conditioners." On other hand, much of gain could be tied to computer business, without which comparable-store sales would have been up 8%, he said. Best Buy's total sales for period jumped 46% to \$86 million. It also announced it will open 6 stores in Indianapolis in current fiscal year, raising year's openings to 36. Most of new Indiana stores -- 4 in Indianapolis, one each in Ft. Wayne and Evansville -- are former Children's Palace toy stores.

Circuit City Pres.-CEO Richard Sharp, in reporting 15% total sales increase to \$245.2 million on 6% comparable-store gain, said advances "slightly exceeded expectations, but were achieved in a highly promotional and competitive environment." Company opened 2 stores last month -- first in Corpus Christi and additional one in Tampa area.

Audio/Video Affiliates (AVA) comparable-store sales were up 7.6% in July as total sales increased 18.4% to \$16.7 million. Factoring out air conditioners, AVA said, comparable-store revenues would have risen 19.6% and total sales would have been up 31.9%.

MULTIMEDIA PUSHED AT VSDA: CD-based software such as CD-I and CD-ROM show promise and represent future market opportunity for video retailers, panelists said at recent VSDA convention in Las Vegas. "We feel video rental stores have a real opportunity to cash in on this market in the future," said Compton's New Media Mktg. & Sales Vp Thomas McGrew. "But it's up to you people to decide what that opportunity is."

However, key issue that needs to be resolved is whether video software dealers would have freedom to rent CD-based programs or be limited to sales only. Panelists differed on issue, with some saying renting helps customers sample software for later purchase, others viewing it as copying threat. VSDA Counsel Charles Ruttenberg told us CD-I programming is rentable, but he's still looking at legality of CD-ROM rentals. Earlier, Software Publishers Assn. Exec. Dir. Ken Wasch said 1990 law banning computer software rentals allowed only for videogames: "I don't think it's a gray area at all."

In addition to video stores, Compton's has identified computer hardware and software stores, office and warehouse clubs, mass merchants, book stores, record stores and consumer electronic outlets as possible avenues for CD-ROM, McGrew said. Retailers need to recognize potential before others grab it, he said: "Every time an established channel has ignored a new form of home-based entertainment software, it's gone somewhere else, into another channel or created a whole new channel." Compton's had VSDA convention floor booth.

Warner New Media Pres. Stan Cornyn agreed, urging retailers to jump on multimedia bandwagon. "If any of you are interested in selling these discs, I think everyone up here in front would appreciate you doing that for us," he said. With better preparation, CD-I and CD-ROM suppliers could put together better displays on show floor, creating "multimedia fiesta" to give retailers "a taste of an exciting universe which I hope some of your customers will come to you for," he said.

When multimedia products take hold, market vanguard will be videogames or game-related programs, said Sega Group Mktg. Dir. Douglas Glen, whose company begins shipping CD-ROM attachment for Genesis later this year. "You've probably heard the buzz how multimedia entertainment is going to bring the whole family together in the living room to enrich themselves and raise their consciousness," he said. "But when you hear talk about doing things other than playing classic videogames, be just a little bit skeptical."

Glen stressed market that will be attractive with "massive amounts of hardware in consumers' homes," but said that will occur only when prices are reduced. "Low-priced hardware is the reason the videogame market is 12 times the size of the computer entertainment market," he said. "The key is to get the price of the hardware down."

Prospective agreement between Highland and committee of its major creditors should be completed and released to creditors at large within 3 weeks, sources close to negotiations said. Parties have been in lengthy discussions as chain has sought to avoid bankruptcy filing.

Asahi Glass reported 33% drop in pretax profits for first half and revised its forecast for year sharply downward from 2.9% increase to 20.3% decrease in pretax profits. Company cited slowdown in auto production and poor demand for TV sets on Japanese market.

VIDEO INDUSTRY MARKETING PROGRAM: After 2 years of studies and internal wrangling, Video Software Dealers Assn. (VSDA) has put forth multifaceted industry marketing program involving major packaged goods companies as well as video suppliers. Nineteen-point plan was formulated after reviewing results of study conducted last spring by Meritz Research that found need to present video rentals as entertainment option "on a constant and consistent basis." For plan to go into effect, though, cooperation (and funding) must be forthcoming from studios, and industry must have ability to strike deals with marketers outside industry.

Proposed programs include quarterly title-specific newspaper inserts funded by studios -- idea tested last fall by Warner and MCA/Universal in N.Y., L.A. and Chicago that produced "phenomenal" results, VSDA consultant Kevin Wolcott said. Also planned are national cross-promotions with major national advertisers such as fast-food companies. "This is not a pipe dream," Wolcott emphasized. "We are in discussions with 3-4 companies." Ideas under consideration include free video rental with purchase of product as well as premium with video rental, he said. So that consumers could readily identify VSDA members participating in programs, Assn. has designed "Home Video Entertainment Network" logo, eschewing VSDA because name is recognizable only in trade and isn't "consumer friendly" term, Exec. Vp Don Rosenberg said.

Also planned are satellite-delivered 90-120 sec. TV and radio programs that can be customized so that local announcer can do voice-over; print version also will be available to newspapers. Rosenberg conceded media in major markets might not use service, but smaller stations and newspapers "have no staff" and would welcome free material. VSDA also is planning to televise Homer Awards (video industry's Oscars) next year, either as network show funded by advertiser or as syndicated program.

Consumer survey found video rental has become "parity product" like soap or chewing gum, which consumers "don't think a lot about buying" so that they need to be reminded that it's available, Wolcott said. Of major concern, he said, was 20% of renters said they often forget about renting as leisure time option. About 84% of sample decided to rent title on same day, more than half on "spur of the moment." Only 30% said they had specific title in mind before going to store, 38% don't and 32% sometimes do, sometimes don't.

Survey found there's still sizable rental audience, he said, with 60% of VCR owners who rented in past year doing so at least weekly. Of sample, 60% rented 2 or more videos on last visit to store, and only 2% left with nothing. Of those who left, 87% said they couldn't find title they wanted to see, but some went to another store.

Sanyo (Japan) said it has developed world's first semiconductor laser that emits orange light, breakthrough it said could enhance CDs' data storage capacity. Sanyo said laser operates at room temperature at shorter wavelength than other semiconductor lasers, enabling it to read information more densely packed on CDs.

Although more than half of Philips picture tubes sold in Europe go to other TV set manufacturers, majority of 16:9 tubes it makes are used for Philips' own sets, said Perry van Rijsinjen, European marketing and sales mgr. for picture tubes in clarification of statements in our earlier story (TVD Aug 3 p13).

EUROPEAN PRICING DISPARITY: Despite specter of planned European economic integration, retail pricing for consumer electronics products varies widely from country to country, according to 2 dealer groups there that encompass several markets. As quoted in Financial Times, Expert International and Euronics, 2 groups of small retailers, found prices for many electronics goods are 25-35% higher in Italy and Spain than in Germany or Netherlands.

Expert International, citing its latest quarterly survey of 2,500 affiliated dealers in 14 countries, offered examples of differentials in dealer prices on specific TVs, VCRs and camcorders charged by manufacturers in March; specific model numbers and identities of vendors weren't disclosed. In 6 of 8 examples cited, lowest price was in Germany, with Netherlands lowest in other 2 cases. Prices were 37-117% higher in Spain and Italy. Spokesmen for companies quoted in article said differences in taxes, distribution and other costs distort country-to-country price comparisons; dealer groups said those factors account for only part of price disparity. They also complained that attempts to circumvent system via parallel imports brought implied threats of difficulties in obtaining parts, service, etc.

Desktop CD Recorder (CDD 521) that Philips has been delivering to software developers since May will be available to general public with software, cable and PC card attachment in early Sept. for \$7,995. Discs recorded on unit (including CD-ROM, CD-ROM-XA and CD-I) will be playable on any hardware designed for that format. Unit is capable of multisession recording (although multiple sessions can be accessed only on CDD 521; standard CD-ROM drives would read only data recorded in first session). Philips is using 63-min. discs made by Taiyo Yuden, will sell them for \$40 apiece, although price is expected to fall rapidly as volume builds; same discs are being used for Photo CD system. Unit records at twice normal reading speed. System conforms to Orange Book standard for recordable CDs. Philips last week also introduced first line of computer monitors under own label -- 5-monitor lineup aimed at commercial market. Line includes 15" model with stereo audio inputs and dual speakers for multimedia applications.

TVs and VCRs for cars are showing tremendous growth in Japanese market, Nikkei newspapers reported. Report said nation's largest car accessory retailer saw car VCR sales grow eightfold during first 5 months of year, and had established special A/V sections in its 300 stores. It cited industry sources as predicting 50% market growth this year to more than \$14 million. Article also said sales of LCD TVs for cars were growing rapidly. Increases in both categories are tied to consumers' desire to upgrade existing car instead of buying new one, and expansion of market from single persons to families looking to occupy their small children.

Strong 3rd week of July for sales to dealers of video products was reported by EIA Mktg. Services Dept. (see State of the Industry). Through first 3 weeks, sales were well ahead of last July's pace in every major category except projection TV, which was off 6.5%. Color TV sales were ahead 24.5%, TV/VCR combos 6.7%, VCR deck sales 45.4%, camcorders whopping 69.6%, laserdisc players 40.9%.

New laserdisc combi player to be introduced next month by Panasonic includes 2-side auto-reverse play, jog shuttle control, digital servo and noise cancellation systems, 1-bit MASH D/A converter, digital time-base corrector. Suggested retail price will be \$1,100.

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
Dynascan			
1992-6 mo. to June 30	49,811,100	(3,390,000)	--
1991-6 mo. to June 30	62,160,000	(2,466,000)	--
1992-qtr. to June 30	25,432,000	(1,229,000)	--
1991-qtr. to June 30	33,308,000	(1,168,000)	--
Esquire Radio & Electronics			
1992-6 mo. to June 30	57,032,000	1,104,000	2.28 ^a
1991-6 mo. to June 30	32,675,000	473,000	.98
1992-qtr. to June 30	28,092,000	512,000	1.06
1991-qtr. to June 30	19,008,000	327,000	.68
Galaxy Cablevision L.P.			
1992-6 mo. to June 30	8,712,497	(1,881,454)	--
1991-6 mo. to June 30	8,756,750	261,065	.12
1992-qtr. to June 30	4,486,083	(896,880)	--
1991-qtr. to June 30	4,465,378	1,655,225	.77
International Family Entertainment			
1992-6 mo. to June 30	63,909,000	15,214,000	.66
1991-6 mo. to June 30	55,787,000	12,945,000	.64
1992-qtr. to June 30	31,784,000	8,042,000	.31
1991-qtr. to June 30	28,161,000	7,352,000	.35
Meredith			
1992-year to June 30	718,236,000	(6,331,000)	-- ^b
1991-year to June 30	747,732,000	83,126,000	4.94 ^a
1992-qtr. to June 30	186,571,000	(11,311,000)	-- ^b
1991-qtr. to June 30	188,410,000	6,895,000	.41 ^a
Philips Electronics^c			
1992-6 mo. to June 30	15,471,257,000	153,293,000	.50
1991-6 mo. to June 30	15,687,000,000	411,377,000	1.38 ^a
1992-qtr. to June 30	7,707,784,000	49,102,000	.16
1991-qtr. to June 30	8,194,012,000	330,539,000	1.11 ^a
Recoton			
1992-6 mo. to June 30	29,555,000	1,344,000	.61
1991-6 mo. to June 30	24,398,000	691,000	.36
1992-qtr. to June 30	15,091,000	674,000	.29
1991-qtr. to June 30	12,109,000	312,000	.16

Notes: ^aIncludes special credit. ^bAfter special charge.
^c\$1=1.67 guilders.

Consumer Electronics Personals

Gary Savadove, ex-Thomson, joins Okidata as senior sales and mktg. vp... **Terry Conner**, exec. dir.-manufacturing, named vp-manufacturing, Zenith Electronics, succeeding **Vincent Kamler**, retired... **Ken Ishihara**, spokesman for Toshiba at Tokyo hq, named public relations mgr., Toshiba America, replacing **Ted Kadoya**, who assumes Ishihara's former position... **Karen Schweikher**, Ampex corp. communications mgr., appointed dir.-corporate communications... **John Workman**, vp-controller, named senior vp-chief financial officer, Montgomery Ward... **James Stanley**, ex-E&J Gallo Winery, named executive vp, sales and mktg, Sierra On-Line.

Gary Needle, ex-VidAmerica, appointed Sterling Entertainment Group exec. vp... Appointments at Rank Retail Services America: **Greg Leonard**, ex-affiliated Rank Taylor Hobson, as finance vp; **Alan Leven**, ex-Thrift Drug, as exec. mktg. dir.; **Fred Endemann**, ex-Starmaker Entertainment, as account mgr. based in Chicago... **John Cracknell**, ex-Malvern Star Bicycle and Kraft Foods, named Buena Vista Home Video Australia managing dir... **Mike Devitt**, ex-LIVE Home Video, appointed Rincon Children's Entertainment national sales dir... **Eleanor Lynch**, ex-Lieberman Enterprises, joins Video Pipeline as sales mgr.; **Anne Green** advanced to production and distribution mgr.

TELEVISION DIGEST®

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

With Consumer Electronics

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

GOVT. PUSHES ETHICS: FCC gifts -- and lunches -- limited to \$20 per time, \$50 per year. Rules to take effect in 6 months. Current restrictions interpreted liberally. (P. 1)

TRIPLECAST 'DISAPPOINTMENT': Buy rate of 1-1.8% means \$170 million loss for NBC. Cable operators also lose money. Pricing blamed. Network broadcast ratings high, advertisers pleased. (P. 2)

FCC REQUIRES VDT CAPACITY for all users. Public TV hits lack of set-aside. 'Active participation' in programming seen as key to cable system definition. Safeguards called adequate. (P. 4)

DINGELL TARGETS ADS, launches initiative to increase FTC oversight of 'unfairness.' Doctrine previously used against kidvid, could target beer ads. Seeks input in conference committee. (P. 4)

SIKES EBS CRUSADE: Chmn. calls system 'absolutely critical,' says it can be much better. Use of cable, satellites, digital technology backed. Rulemaking due at Sept. 17 FCC meeting. (P. 5)

OPTIMISM FOR NAB RADIO SHOW: Economic turnaround could boost attendance, exhibitors. New radio rules, DAB, RBDS, LMAs highlight New Orleans agenda. (P. 5)

BOOTH GOING INTERACTIVE: Prototype system being installed in Mich. cable system. (P. 6)

FCC, OTHER AGENCIES GET NEW MARCHING ORDERS ON ETHICS: Starting in about 6 months, "interested parties" in proceedings before FCC will be permitted to provide gifts to agency officials of up to "\$20 or less per occasion, aggregating no more than \$50 in a calendar year from any single source." So reads new "working guidebook" (which excludes Congress and courts) for all executive agencies issued by Office of Govt. Ethics (OGE). That means, said Commission official, "you can buy me 2-1/2 lunches per year." Taking up 600 pages, new rules will become effective 6 months after publication in Federal Register.

Current ethics rules administered by FCC officially prohibit interested parties, including reporters whose parent companies don't own broadcast licenses, from buying lunch for Commission official and bans such officials from accepting gifts of more than nominal value. However, FCC's Gen. Counsel's Office has made liberal interpretations of restrictions, permitting officials to attend movie screenings at MPAA, for instance, if they pay cost of dinner that's provided, as well as various receptions and banquets that are common in Washington.

"For the past 26 year, employees of the Executive Branch have been governed by a jumble of differing and sometimes conflicting agency-specific conduct regulations," OGE Dir. Stephen Potts said in issuing

Consumer Electronics

SALES TO DEALERS BOOMED in July, with double-digit gains in all major video categories despite reports of soft retail business. VCRs up more than 50%. (P. 11)

PRICE CUT ON CD-I should lead to common \$599 sales tag as Philips unveils aggressive marketing and advertising plan to spur sales of players. (P. 12)

EIA RAISES CONSENSUS FORECAST for rest of 1992, bolstered by stronger than expected first-half numbers. VCR projections get biggest boost. (P. 12)

ZENITH SETS STOCK OFFERING that's expected to raise \$55 million, announces new \$60-million loan deal. HDTV to be shown at Republican convention. (P. 14)

STEREO TV SALES continued to grow in June, accounting for 38.6% of all color TVs in first half. (P. 14)

AUDIO ROYALTY BILL moving forward, as House Judiciary Committee passes HR-3204. Backers remain optimistic about enactment this year. (P. 15)

NAFTA EFFECTS UNCLEAR as industry awaits detail on trade agreement, although it's apparent that N. American tube makers face potential boon. (P. 15)

'LIGHTEST, SMALLEST' Hi8mm camcorder (580g) to be shipped by Hitachi for U.S. market in Oct. First TV/VCR combo also introduced. (P. 15)

guidebook. He said it would "give all Executive Branch employees one source of written guidance for ethics questions... Rather than guessing at how a general principle translates into an answer to a real-life question, employees will now have a working guidebook to help them respond to ethical questions."

Guidebook sets forth rules for conduct in 7 areas: (1) Gifts from outside sources. (2) Gifts among employees of same agency. (3) Conflicting financial interests. (4) Impartiality in performing "official duties." (5) Seeking other employment. (6) Misuse of position. (7) Outside activities. Gifts are defined as including "anything of monetary value [but] it does not include certain inconsequential items, such as coffee, donuts, greeting cards and certificates." Commission official asked us: "What does 'certificates' mean? Could you give me one for \$50,000 that I could accept?" OGE said "prohibited source" means "anyone seeking business with or official action by an employee's agency and anyone substantially affected by the performance of an employee's official duties."

Among items excluded from new rules: (1) "Gifts motivated by a family relationship or personal friendship." (2) "Free attendance at certain widely attended gatherings... when the cost of attendance is borne by the sponsor of the event." Rules require that employees obtain "specific authorization before participating in certain government matters where their impartiality is likely to be questioned." Also included is ban against employees' seeking or receiving compensation for "teaching, speaking or writing related to their official duties."

Commission officials said they hadn't studied OGE document, and didn't know yet how it would change FCC procedures. Gen. Counsel's Office is preparing position paper to instruct employees, which isn't expected to be available for several weeks.

OLYMPICS TRIPLECAST BUY RATE 1-1.8%: Olympics TripleCast buy rate was less than half what MSOs had predicted in advance, but our survey indicates that latest numbers being reported may be too low. Actual rates were 1-1.8%, with about 25% of those partial buys, according to our survey of large and small MSOs representing more than 1/3 of cable subscribers. That buy rate nationwide would mean about \$31 million PPV revenue for NBC and Cablevision Systems, and put NBC's total loss for Olympics at \$100-\$110 million. In addition, cable operators may have lost money on TripleCast, we're told.

NBC won't release TripleCast figures for several weeks, saying that it can't get figures from cable operators before then (one call to each MSO generally produced figures for us). NBC spokeswoman did say that it appears that total of fewer than 500,000 TripleCast subscriptions were sold -- buy rate of about 1.25%. Other media have said that final rate could be as low as 250,000 (0.625%).

TripleCast probably lost about \$170 million, based on \$100 million of rights fees assigned to it, plus similar amount for production and promotion. Cablevision Systems agreed to meet up to \$50 million of loss and already has written that off. NBC probably broke even on broadcast rights, based on ad sales of \$500 million (minus about \$50 million sales commission), plus \$75 million additional profit from owned stations as result of Olympics coverage and \$30 million ad time provided by network affiliates.

Olympics ratings exceeded network guarantees to advertisers in all dayparts, NBC said, averaging 17.5/34 in prime time vs. 15.3 guarantee. Ratings for all Olympics broadcasts averaged 11.4/31, vs. 10.3 guarantee. Total ratings were 7% higher than 1988 Games in Seoul. NBC Sports Pres. Dick Ebersoll said he's "gratified" with ratings, especially since this year's Olympics were during summer, instead of heavy fall viewing season, and because 1988 ratings weren't hurt as much by competition from Fox and cable networks.

But even NBC admitted TripleCast was disappointment. It originally had projected that as many as 2.8 million would subscribe to TripleCast, with latest scaled-back prediction at 2 million. NBC at one point even cited study that said buy rate could reach 10% (4 million). Cable operators were more pessimistic, telling us just before Olympics that they predicted average buy rate of 3.28%.

Several operators said they actually lost money on TripleCast, even though NBC and Cablevision bore most of risk. Continental Senior Vp-Mktg. Frederick Livingston said MSO (1-1.5% buy rate) probably recouped out-of-pocket marketing and transaction costs, but didn't generate enough revenue to offset "opportunity costs," including revenue from movie PPV channels that had to be shut down and benefit from marketing efforts that could have been made if company hadn't been busy pushing TripleCast. "Proportionately, we may have lost more than NBC," said one MSO executive who asked to remain anonymous. In at least one case, official of MSO that made money on TripleCast said benefit may have been offset by PR problems caused by displacing channels. TCI (1% buy rate) also probably lost money on

TripleCast, PPV Vp Gregory DePrez acknowledged, recovering marketing costs, but losing other revenue. TCI also spent estimated \$40 million on 400,000 set-top converters for TripleCast, although it considered that good investment that would be repaid from other PPV events, he said.

TripleCast pricing got most of blame from cable operators for low buy rates. Robert Beyer, dir.-new business development at Adelphia (1.1% buy rate), called pricing "lousy" and said cost should have been cut in half. "I think they would have sold 5 times as many at \$65," he said. Continental's Livingston agreed that TripleCast would have "generated a lot more revenue" at price of less than \$100. He said MSO plans more research to determine whether package price should have been closer to \$70 or \$100. However, not everyone agreed on deep price cuts midway through Games. Nancy Anderson, dir.-PPV for Jones Intercable (1.8% buy rate), said cost should be cut, probably to \$99.95, but said \$50-\$60 range would be too low for value that TripleCast represented. She said she considered TripleCast success because it helped make PPV in general "household word." Cox Cable PPV Mktg. Mgr. Lynne Elander (1.5-2% buy rate) said she's hopeful that "nearly universal accolades for the coverage itself bodes well" for future of PPV. Operators also blamed way TripleCast was packaged and marketed. They said event would have been more attractive if NBC had offered more options than 3-channel package. DePrez said subscribers should have been able to buy one or 2 PPV channels at lower price. Livingston said TripleCast could have been sold on per-day, per-channel or even per-sport basis.

Despite concerns, something like TripleCast will be tried again, C-TEC PPV Administrator Michael Steinkirchner predicted (company, which has mostly upscale demographics, had 1.66% buy rate). Livingston said TripleCast was good for PPV because it raised consumer awareness and established fact that PPV can supplement broadcast, but DePrez said total number of TripleCast buyers may have been too small to generate any significant "buzz."

PPV may not be part of Olympics package anyway in 1996 in Atlanta. NBC's Ebersoll said International Olympic Committee (IOC) already has "made it clear" that it wants next Games to get widest possible viewership, excluding PPV. But chmn. of IOC negotiating committee said PPV remains possibility as long as broadcast remains "primary." Ebersoll warned that networks should be careful with bids, saying that anything more than \$450-\$500 million (NBC paid \$401 million this year, \$50 million more than bid of closest rival CBS) could "set new records for money loss." IOC officials have been quoted as floating figures as high as \$600 million for 1996.

Federal Election Commission remains deadlocked on whether broadcasters can give free or deep-discounted air time to political candidates (TVD Aug 10 p3), forcing stations to decide for themselves for foreseeable future whether to risk enforcement action. No further FEC action on issue is expected unless there's complaint or enforcement proceeding, it said, although one commissioner did suggest possible rulemaking. Three of 5 FEC commissioners at meeting Aug. 13 backed staff recommendation that EZ Communications be allowed to provide free air time, but 4 votes are needed to make decision. Sixth commissioner, who didn't attend meeting, has been vocal opponent of EZ proposal. NAB said it won't recommend whether stations follow EZ lead, but will tell them that they should be aware that issue could arise if they chose to provide free or deep-discounted time to candidates. NAB had supported EZ at FEC, arguing that FCC equal-time provisions would make it impossible for broadcaster to use discounts to favor single candidate. FEC Comr. John McGarry said he would propose rulemaking this fall to permit stations to offer candidates discounts.

FCC upheld Mass Media Bureau ruling that extension of credit to candidates "violates no statutory policies" and that requiring "any advance payment [from candidates] was inappropriate" more than week before airing of spots if regular advertisers weren't required also to pay in advance. In separate statement, Comr. Quello said he concurred because ruling "may help bring some clarity to the often confusing area of political broadcasting law." However, he said he has "serious reservations" about Commission's political rules.

Advanced TV Systems Committee (ATSC) unanimously endorsed Philips ghost-canceling system to be industry standard in voting concluded Aug. 13. ATSC immediately filed petition for FCC rulemaking that would allow line 19 of vertical blanking interval to be used for ghost-canceling reference signal, as proposed by Philips. Decision followed latest round of testing showing that Philips system outperformed all competitors (TVD June 29 p7), including one that was supposed to combine best features of systems developed by Philips and Sarnoff Lab. In vote, 38 ATSC members supported Philips system, 4 abstained and none opposed it. "This vote represents a very strong mandate by the entire television industry to move rapidly to improve the technical quality of the TV pictures in consumers' homes," said ATSC Chmn. James McKinney. Total of 5 systems were proposed. He said he expects ghost-canceling transmission and reception equipment to be available soon.

FCC has notified noncommercial WBHL-FM Florence, Ala., of likely fine of \$5,000 for "repeatedly" airing ads during 2-day period in March 1991. In early Feb. letter to Commission, station, licensed to Tri-State Inspirational Bestg., acknowledged broadcasts but claimed they merely identified traits of goods and services and therefore were acceptable. But agency told station in letter released Aug. 11 that announcements -- which included such phrases as "efficient," "fair price" and "excellent" -- contain descriptions that "exceed the identification-only purpose of underwriting acknowledgments by generally promoting the sale of goods and/or services of for-profit entities." Station has 30 days to pay fine or contest it in writing.

FCC REQUIRES VDT CAPACITY: Telcos providing video dial tone (VDT) service should be able to meet all demands for carriage, FCC said in final order (TVD July 20 p1) released Aug. 14, but Commission opted not to impose special fees for any programmers, such as public broadcasting, or to impose public access requirements similar to those in many cable franchises. Public TV's (PTV) APTS said it was disappointed at lack of set-aside, which it had sought, and said it would file petition for reconsideration. FCC also said that key determinant as to whether VDT service is cable service that requires local franchise is "active participation in the selection and distribution of video programming."

VDT providers must have "sufficient capacity to serve multiple video programmers," FCC said, and "ability to... expand as demand increases so as not to become a bottleneck." Commission decided not to impose minimum capacity requirements for VDT systems, but said requirement of sufficient capacity to meet demand "will foster maximum competition" and ensure that telco wouldn't discriminate against nonaffiliated programmers.

Commission acknowledged that "a more complete explanation of the reasoning" behind controversial decision not to require local franchise for VDT "would provide a firmer foundation on which to rest our video dial tone policies." Local regulators have been particularly critical of decision not to require VDT franchise. FCC said its definition of cable service is consistent with congressional intent and reasonable reading of statute. Main concern in 1984 Cable Act wasn't that common carrier would provide cable service, agency said, but that cable operator wouldn't be subjected to common carrier regulation. It said local telco facilities used for VDT qualify for common carrier exemption from cable system definition because they would be governed by common carrier regulations incorporating same public rights of way and other concerns that justify cable franchise requirement.

FCC said it's convinced that existing safeguards are adequate, but indicated that it isn't wedded to them. It pointed out that safeguards will be reviewed both when VDT proposals are made and in major review to begin in 3 years: "We here clarify that we will be vigilant in our efforts to identify possible anticompetitive conduct [and] prepared to impose additional safeguards."

VDT order makes little provision for public broadcasting, merely suggesting that Congress might increase public broadcasting appropriations to pay for VDT carriage. Comr. Duggan said other commissioners shouldn't simply have dismissed worries about whether public stations would continue to be available on free basis in VDT regime, saying that "brushing aside these concerns [is] a step in the wrong direction." He also said he's worried that FCC has ignored potential impact of VDT on commercial over-air broadcasters.

PTV is "very disappointed that the Commission didn't take into consideration their long-time policy of assuring access to public service programming" as part of VDT order, APTS Pres. David Brugger said. "For more than 25 years both Congress and the Commission have made it abundantly clear that public television is a national treasure to be fostered and encouraged. Today's action by the FCC is particularly ironic since the Congress recently overwhelmingly passed legislation that stated 'it is in the public interest for the federal government to ensure that all citizens of the United States have access to telecommunications services through all appropriate

available telecommunications distribution technologies.'" Brugger nevertheless said he was encouraged by dissenting statements by Comrs. Quello and Duggan that, he said, "recognize the threats" to PTV, and said APTS would continue to make case for set-aside in its reconsideration request.

DINGELL PUSHES AD OVERSIGHT: House Commerce Committee Chmn. Dingell (D-Mich.) is launching major new initiative against legislation that would limit FTC's ability to use "unfairness" to halt various types of ads. Limits on "unfairness" doctrine have been included in FTC appropriation bills since 1980, but for first time Dingell has written to House Speaker Foley (D-Wash.) saying he "objects strongly" to limit and wants to fight it in conference committee and potentially on House floor.

FTC previously tried unsuccessfully to use unfairness doctrine to limit ads on children's TV, and ad industry officials fear that if restriction is lifted agency again would attack kidvid, as well as beer ads and potentially even projects such as Whittle's ad-supported Channel One school TV program. "This is very perilous for the ad business," AAAA Washington Vp John Kamp said. "The Dingell letter signals increased interest on his part, and that is going to be bad." Dingell staffer confirmed that letter does mark major new initiative: "I know he considers this important."

Because of appropriations bill limits, FTC has been able to attack ads only on basis that they're false or deceptive. Unfairness doctrine is relatively undefined, but has been interpreted to allow FTC to launch industrywide rulemakings against anything that it considers damaging to consumers. Agency currently can use doctrine on case-by-case basis, but can't issue industrywide rulemakings. Limits on unfairness doctrine traditionally have started in Senate, which attaches them to appropriations bill. House hasn't backed idea, but has gone along with Senate. Senate also has inserted similar provision in FTC authorization bills, but House routinely refused to approve authorization, partly for that reason, leaving FTC officially unauthorized to spend money. In letter to Foley, Dingell said provisions are inappropriate use of appropriations bills to legislate policy and "a continuing incursion on our Committee's jurisdiction." He also called unfairness limit "the greatest single impediment to enactment of an FTC authorization."

Dingell is seeking seats on conference committee that will reconcile Senate and House appropriations bills for FTC in fall. Failing that, he told Foley, speaker should instruct conferees to oppose Senate proposal. If all else fails, Dingell said he wants ample notice of House action on appropriations bill "so that we may take the steps necessary to inform all House members about these issues before they are called upon to vote."

TV Answer has laid off 140 employees as part of "significant corporate reorganization." Changes includes discontinuing operation of manufacturing facility in Chantilly, Va., consolidating its Cell Site Leasing Inc. subsidiary under TV Answer management, cutting back software operations. Company "has eliminated some of the functions that were necessary in the early stages of development and demonstrations of the technology, but not the forward deployment into the market," Group Vp-Mktg. Richard Miller said. He said eliminated employees received "generous" severance benefits. About 260 TV Answer employees remain.

SIKES CRUSADE TO IMPROVE EBS: U.S. is fortunate to have "a good, functional emergency broadcast system [EBS] today," FCC Chmn. Sikes said Aug. 13 at EBS seminar in Reston, Va. But in calling EBS "absolutely critical," he said it can be made much better "with the opportunities that modern technology offers us... by harnessing the potential which is inherent in cable, satellite, digital and computer technology." Two years ago, FCC began what Sikes called "comprehensive review" (comments have been filed in current inquiry) and he said rulemaking will be issued within 60 days. Proposal is expected to be on agenda at FCC meeting Sept. 17. Reston seminar (with about 100 attendees) was 7th of 8th scheduled by Commission, with final one set for Seattle Sept. 23.

In prepared text, Sikes outlined his plans for "attic-to-basement review" of EBS: "We are working with telecommunications industries to develop a progressive emergency alerting system that can take us far beyond the year 2000... I believe that by modernizing the current EBS we will be able to get this vital emergency information to the public more effectively... We must be prepared. We must be able to act whenever or wherever calamities strike... Government... has a clear and compelling responsibility to act... Effective warnings and communications are absolutely critical."

After Sikes said new and better EBS is within "our economic reach," he was asked who would pay for it. He said FCC is talking with Federal Emergency Management Agency (FEMA), which currently allocates about \$300 million annually for emergency warning system, and that sharing costs with stations could be in works. He said estimates for new EBS equipment range from \$500 for smallest radio stations to \$3,000 for largest TVs. "The cost will be significant but not dramatic," he told reporters at news conference after speech. Asked if EBS isn't "broke, why fix it," Sikes said it's not question of fixing something "but to improve it... Plus, we need to bring cable in."

Commission's efforts to improve EBS have led to spate of recent consumer press stories on issue. First such system, CONELRAD, was started as national security measure during Cold War in 1951 by President Truman as deterrent to nuclear attack on U.S. At that time, stations were required to monitor receivers constantly and received reprimands and/or fines if inspectors found one not in working order. CONELRAD and receivers were dropped after EBS was developed in 1963. System last was upgraded in 1976 during Ford Administration. EBS currently is used almost exclusively for warnings to public of weather and other types of emergencies, such as chemical spills. It's used primarily for local or statewide alerts, but national hookup is possible. As of middle of July, 14,331 activations of EBS had been reported to FCC since agency started keeping records in 1976. However, Commission estimates there probably have been thousands more because licensees aren't required to inform agency when EBS is activated. System never has been activated as result of national emergency.

Stations currently are required to conduct weekly tests of system of up to 20 sec. over air, including use of audio tone. In earlier comments, broadcasters have asked that tone be shortened to 8 sec. from 20, and FCC is expected to go along. Commission's upcoming proposal will require only monthly tests, we're told, and will drop mandatory warning message to public that test is under way. Such testing could be automated, Sikes said. He also said there are proposals to give EBS new name.

OPTIMISM FOR RADIO SHOW: New FCC radio ownership rules, DAB, NAB's SuperRadio and local marketing agreements (LMAs) are expected to be hot items on agenda for NAB Radio Show Sept. 9-12 in New Orleans. NAB Exec. Vp John Abel said he senses new mood of optimism in radio industry in runup to convention, causing him to predict attendance would at least match last year's 7,000, and exhibit space may reach 35,000 sq. ft., vs. 33,500 year ago.

"Last year, the feeling was that the industry was still sinking," Abel told reporters. "Now there's the feeling that it has started back up." He and NAB Pres. Edward Fritts said new ownership rules have been "tremendous boost." Optimism also has been fueled by lower interest rates and debt, fewer new stations going on air and better overall economy, they said. Convention will be first major opportunity to learn about ownership rules (TVD Aug 10 p2), Abel said. FCC Mass Media Bureau Chief Roy Stewart and Audio Services Div. Chief Larry Eads will speak at convention -- Eads at 2 p.m. Sept. 10 session on expanding ownership under new FCC rules, and Stewart at 4:30 p.m. Sept. 9 on ownership opportunities. New ownership rules also will be discussed by group heads panel at 3:30 p.m. Sept. 10. Stewart also will participate in session on FCC rule enforcement at 10:30 a.m. Sept. 11. No FCC commissioners are expected.

LMAs will be topic at 1:30 p.m. session Sept. 9 featuring broadcast executives and at 2 p.m. Sept. 10 on case studies. Two stations that will be part of local radio station tours at 9 a.m. Sept. 9 are involved in LMAs. Other govt.-related sessions include Capitol Hill Perspective at 2 p.m. Sept. 11 and Washington Update at 3:30 p.m. same day.

On technical side, DAB, SuperRadio and radio broadcast data service (RBDS) will be highlights. EIA Vp Gary Shapiro will discuss group's DAB activities during 12:40 p.m. panel Sept. 10. Convention will include full day of digital radio activities Sept. 12, including panel of all 11 DAB proponents. At least 2 proponents have accepted NAB offer of free exhibit space, NAB Senior Vp Michael Rau said. USA Digital is expected to demonstrate stationary in-band FM and AM DAB, he said, although details weren't final and it wasn't clear whether display would be mobile. No details were available on AT&T plan for DAB exhibit, he said.

NAB expects to have about dozen Super Tuners available for sale (price \$499) at Radio Show, Rau said. Tuners are expected to be in consumer electronics stores for sale by Christmas. Technical description and demonstration of SuperRadio are set for 9 a.m. Sept. 10, with panelists from Denon USA, Group W, Snider Corp. Also on technical agenda is panel on RBDS at 3:30 p.m. Sept. 10.

Show will include 16 forums to discuss problems with radio formats on afternoons of Sept. 10-12. Programming keynoter at 3 p.m. Sept. 9 is trend researcher Faith Popcorn. At 9 a.m. Sept. 11, Larry King will moderate "Political Powerhouse Faceoff" between Democratic National Committee Chmn. Ron Brown and Republican National Committee Chmn. Richard Bond.

Micronet application to establish channels of communication between earth stations and Intelsat satellites for provision of International TV Service has been approved by FCC Common Carrier Bureau.

BOOTH GOING INTERACTIVE: Prototype interactive TV system is being installed in Booth American cable system in Birmingham, Mich., and should be operational by late Sept. or early Oct., executives there confirmed. System, which combines cable-delivered still pictures with telephone line-delivered audio and data services, was developed by Dallas-based Audio Services Inc. (ASI) and its Cablesare subsidiary. ASI already has deals with Ameritech, BellSouth, Southwestern Bell and U S West to provide simpler audiotext services to more than 27 million homes.

Adding video to audiotext is natural evolution, ASI Exec. Vp John Reed said. Firm hopes that its IT Network system eventually can be expanded to provide "universal interface" for interactive multimedia system that includes full-motion video and video-on-demand, he said. IT Network, like other interactive systems, can be used by cable subscribers to shop, bank, play games and receive news, weather and sports similar to that typically delivered by audiotext.

In home shopping application, subscriber would use remote control to access on-screen video menu, select catalog, then call up series of still-frame, full-color images and data. ASI system delivers same video images to all cable subscribers in same cable system node, but "frame grabber" technology in each subscriber's cable box would display only those ordered by user. Reed said system can serve up to 1,200 subscribers per cable node without noticeable delay. "We will demonstrate that this is currently deployable technology that doesn't require additional network investment," he said. After selecting product to be bought, subscriber would use same remote to place order via telephone.

Single computer chip would provide in-home services, Reed said. He estimated that chip could be installed in next-generation digital set-top converter for \$10-\$15 per unit. Cost of integrating it into current-generation analog addressable converter would be about \$50, he said. ASI provides headend equipment, which includes hard disc storage device for video, audio, text. Reed said only single rack of equipment is necessary. Cable operators recoup investment in set-top units and channel capacity through mix of additional subscriber revenue (Reed said interactive TV has proved itself able to attract new basic cable subscribers), ads, transaction fees.

NTIA survey of spectrum in 1710-1850 MHz range now occupied by govt. users has found there would be little room for civilian applications. FCC and others have suggested that govt. spectrum could be given to civilian businesses that would be moved out of current allocations to make way for new technologies, such as personal communications services. But NTIA report said: "This band could not accommodate all or even most of the existing 2 GHz private-sector fixed microwave links."

House Commerce Committee Chmn. Dingell (D-Mich.) issued ringing endorsement of FCC Comr. Quello as chmn. if Democrats win White House. Appearing jointly with Quello at recent convention of Mich. Assn. of Bcstrs., Dingell urged audience to get behind fellow Michigander and ex-broadcaster for chairmanship. Quello told us he would accept post on interim basis only. In Mich., Dingell also presented strong defense of free, over-air TV system.

Seventh U.S. Appeals Court, Chicago, has scheduled Oct. 2 oral argument on several petitions for reconsideration of FCC's new financial syndication rules (TVD April 20 p6).

In separate actions, Colo. state courts in Boulder and Denver last week refused to issue injunctions to prohibit Matt Noah, Christian Pro-Life Party candidate for U.S. Senate, from airing TV commercials showing aborted fetuses. In Boulder, Judge Richard McLean said such speech is protected by First Amendment; Denver Judge Frank Martinez ruled that issue belongs in federal court. Pending before FCC is request for declaratory ruling to permit broadcasters to refuse such ads. However, we're told it will be denied because Communications Act prohibits stations from censoring candidates' spots in any way. Another petition before Commission asks that stations be permitted to assign spots using fetuses to late evening hours. In Ind., Republican nominee for Congress Michael Bailey refused request of state GOP chmn. not to air commercials comparing aborted fetuses with Nazi genocide against Jews in World War II. Bailey said spot is designed to show truth about abortion, not shock viewers: "My candidacy is about basic Christian values... I made a commitment to God to tell the truth."

TV network revenues probably will be higher in 1992 than in 1991, and possibly even better than in 1990, according to data compiled for Bcst. Financial Management Assn. (BFCM). BFCM said sports boosted first-half 1992 revenue 3.06% (\$3.7 billion) over year ago. Group attributed most of gain to Winter Olympics and said Summer Olympics mean 3rd-quarter figures also will be up. Other than sports, network ad revenue trailed 1991, but with smaller decline in 2nd quarter: Prime time down 1.58% in 2nd quarter and 15.9% in first; network news actually showed 11.25% gain in 2nd quarter, vs. 8.9% drop in first. "It's looking more like a light at the end of the tunnel than an approaching train," BFCM Exec. Dir. Robert McAuliffe said. Major pickup also is expected for 3rd and 4th quarters from political spending.

WYDO (Ch. 14) Greenville, N.C., is on air, bringing operating U.S. TV stations to 1,495. WYDO is licensed to KS Family TV Inc., 100%-owned by Gen. Mgr.-Program Dir. Karl Stoll; David Gernoske is chief engineer. Station operates 4 p.m.-12:30 a.m., carrying Family Network. FCC announced last week that there were 1,500 licensed TV stations as of July 31 (note: FCC figure is higher because agency counts off-air stations) -- 583 commercial UHF, 557 commercial VHF, 236 noncommercial UHF, 124 noncommercial VHF. Commission also reports 4,969 AM stations, 4,707 commercial FM, 1,557 noncommercial FM, 1,901 FM translators and boosters, 2,406 UHF translators, 2,512 VHF translators, 818 low-power UHF stations, 466 VHF.

Canadian Dept. of Communications and FCC have reached "mutual understanding" on cross-border use of satellite newsgathering (SN) services. For purposes of agreement, SN is defined as use of transportable earth stations by SN operators that require occasional or short-term transborder transmissions between 2 countries. Under agreement, U.S. stations will be permitted to take their own equipment and personnel into Canada, and vice versa, as opposed to leasing such services from Canadian provider, as currently is required. In separate action, U.S. and Mexico signed 10 bilateral telecommunications agreements Aug. 11. Among services covered are AM-FM stations along common U.S.-Mexico border, cellular, paging, land mobile and wireless cable.

Cable rates rose 1% in July, vs. overall Consumer Price Index increase of 0.2%, according to Bureau of Labor Statistics (BLS). For previous 12 months, total price of cable rose 6.6%, BLS said, vs. overall CPI increase of 3.2%.

Financials: **Turner Bcstg.** had \$34.7-million net profit in 2nd quarter ended June 30, up 10.9%. Revenue gained 13.9% to \$410 million. Revenue of entertainment segment, including WTBS, TNT and Hanna-Barbera, jumped 20% to \$201.9 million, mainly on TNT ad growth. Segment operating profit grew 29% to \$60.8 million. News segment revenue was up 9% to \$134.1 million, with half of increase coming from subscriber growth and per-subscriber fees, but its operating profit dipped 4% to \$45.7 million. Syndication and licensing revenue fell 5% to \$36.4 million... **TCI** reported \$4-million profit for 2nd quarter ended June 30, vs. \$25-million loss year ago. Revenue grew 11.4% to \$879 million and operating profit 22.9% to \$247 million. For first 6 months, cash flow was \$797 million... **Cablevision Systems** wrote off \$50 million it expects to lose on Olympics TripleCast, and write-off contributed to \$82.7-million net loss for 2nd quarter, vs. \$56-million loss year ago. Revenue was up 6.8% to \$162 million and operating cash flow 9.3% to \$74.3 million... Strong surge in sales and new orders in 4th quarter boosted **Scientific-Atlanta** to 18% revenue growth in fiscal year ended June 26. Fourth-quarter revenue was up 36% to \$172.9 million, with new orders up 43% to \$174 million. Net profit for quarter was \$7.8 million, vs. \$1.4 million year ago, and full-year profit was \$16.3 million, vs. \$1.1 million... **Falcon Cable** had \$1.6-million net loss in 2nd quarter ended June 30, vs. \$2.7-million loss year ago. Revenue rose 9% to \$12.6 million, and cash flow to \$6.5 million from \$6.1 million... **Great American Communications** had \$14.6-million net loss in quarter ended June 30, vs. \$18.4-million loss year ago. Broadcast revenue increased 1.9% to \$54.9 million. Company said it's continuing to negotiate with creditors to restructure debt since cash flow won't support interest and principal payments due in Dec... **Comcast** reported \$40.3-million net loss in quarter ended June 30, vs. \$33.1-million loss year earlier, despite 20.7% revenue growth to \$221.3 million. Cash flow grew to \$98.7 million from \$79.9 million. Pres. Brian Roberts said both cable and cellular businesses showed strong operating results, with net loss resulting mainly from interest and depreciation as result of acquisitions... **SCI TV** missed \$140-million principal payment on loan Aug. 7 after failing to obtain payment extension. Group, 41% owned by bankrupt Gillett Holdings, owns former Storer Communications TV stations in 6 major markets... **Century Communications** had \$66-million net loss in year ended May 31, vs. \$80.3 million loss year ago. Revenue was up 12.7% to \$312.3 million... **Infinity Bcstg.** posted \$1.2-million net profit in quarter ended June 30, vs. \$4.6 million loss year ago. Revenue increased 28.5% to \$46.1 million... **Video Jukebox Network** announced \$1.3-million loss in quarter ended June 30, vs. \$458,000 loss year ago. Revenue dropped 15.9% to \$3.3 million... **Harris Corp.** had \$75.2-million net profit in year ended June 30, vs. \$19.5 million year ago... **Southern Starr Bcstg.** reported \$236,959-net profit in quarter ended June 30, vs \$202,019 year ago... **Jacor Communications** has lost Nasdaq listing for failing to meet \$1-million net capital requirement, but still can be traded through OTC bulletin board. Company owns 11 radio stations.

TV networks are planning about same amount of coverage of Republican National Convention Aug. 17-20 in Houston as they did of Democrats in N.Y., but are becoming more optimistic about audience size. Each of 3 networks plans about 20 hours of coverage, although that could vary depending on perceived newsworthiness. NBC plans include same joint venture with PBS as for Democratic convention, and both CNN and C-SPAN plan gavel-to-gavel coverage. Network officials said President Bush's drop in polls and potential controversy could make GOP convention more attractive to audiences than expected.

Senate named expected 5 members to conference committee to work out details of cable bill with House (TVD Aug 10 p4), clearing way for start of serious staff work, as well as for further lobbying campaign by industries affected. Senate conferees are Commerce Committee Chmn. Hollings (D-S.C.), Communications Subcommittee Chmn. Inouye (D-Hawaii), Sens. Danforth (R-Mo.), Ford (D-Ky.), Packwood (R-Ore.). Industry officials described them as "the usual suspects" and said only surprise would have been if Judiciary Committee representative were named to highlight copyright issues. No date has been set for start of staff meetings to prepare ground for conference, or for conference itself, staffers said. Cable and broadcasters are continuing separate campaigns to influence both lawmakers and consumers. CATA began distributing series of print ads Aug. 11 to be placed by local cable operators and MSOs. Ads cite newspaper editorials predicting that cable bill would raise cable rates, not lower them, and cause some programs to be blacked out. NAB distributed TV ads to stations by satellite Aug. 13 carrying opposite message -- cable bill would lower cable rates, so it's not surprising that cable opposes it. Both sides promised "significant" lobbying effort by associations and by individual members.

VHF channels eventually would be freed for non-TV uses after HDTV takes over, under current allotment plan (TVD July 20 p3), FCC confirmed in proposed order released Aug. 14. As expected, order says all current broadcasters should be able to get HDTV allotment, all HDTV channels will be in UHF band, no new VHF channels will be assigned for NTSC, broadcasters will have to abandon VHF channels after HDTV switchover deadline, and broadcasters with current VHF channels won't be able to switch HDTV to them. Implementation of HDTV would be enhanced by single-band service, order says, and plan would "simplify the design of TV receivers and antennas" and "lower the cost of consumer TV receiver[s]." FCC said that it "recognizes that the all-UHF approach would present an important change for the television industry. In particular, it would tend to equalize the expected coverage areas and reception characteristics of all stations." Commission said it expects that HDTV service areas will be approximately same as current NTSC on VHF and UHF. Comments are due Oct. 13, replies Nov. 12.

Time Warner carried out long-expected major reorganization of its cable operations Aug. 13, consolidating virtually all Warner Cable operations into ATC, which it now fully owns. Combined operation will be based at ATC hq in Stamford, Conn., with all former Warner corporate operations in Dublin, O., moving to Stamford. Merged business will be headed by ATC Chmn. Joseph Collins as chmn. of Time Warner Cable. Warner Cable Chmn. James Gray will be vice chmn., responsible for corporate and finance staff operations, and Warner Pres. James Doolittle will be pres., responsible for field operations. Glenn Britt, exec. vp of Time Warner Cable, also will report to Collins as pres. of Time Warner Cable Ventures, overseeing domestic and international mergers and acquisitions, long-term strategy, new business development. Thayer Bigelow remains pres. of Time Warner Cable Programming. Merger also will mean integration of Time and Warner cable systems under regional organizations. Structure will be fully operational by mid-Nov., company said.

NCTA released updated guide to children's TV programs on cable, designed to help operators increase public awareness of programming for children. Guide says 16 of 22 cable networks it lists offer blocks of commercial-free programs for use by teachers.

Meetings: FTC guidelines for environmental claims in ads will be key topic of ANA forum Sept. 13-15, Ritz-Carlton Hotel, San Francisco -- 212-697-5950... **RTNDA** will join with Washington Journalism Center and National Council on Public Polls to sponsor Sept. 14 (11 a.m.) satellite workshop on presidential candidates and political process -- 202-467-5200... "Ethics, Politics and the Media" is subject of lecture Sept. 17, noon, Interchurch Center, 475 Riverside Dr., N.Y.C., sponsored by United Church of Christ -- 212-870-2137... **National Private Cable Assn.** will sponsor workshop for property developers and private cable operators Sept. 17-18, Keystone Resort, Denver -- 800-995-6722... **NTIA**, Minority Business Development Agency of Commerce Dept. and FCC will co-sponsor Sept. 29-30 communications symposium during National Minority Enterprise Development Week at Sheraton Washington Hotel -- 202-632-5050... **CTAM** will sponsor northeast regional management conference Oct. 12, Trop World, Atlantic City -- 703-549-4200... Speakers at **Atlantic Cable Show** Oct. 13-14 at Atlantic City Convention Center will include former FCC Chmn. Dennis Patrick; heads of Adelphia, Cablevision Industries, Comcast and Cox Cable; N.J. Bell CEO James Cullen, CATA Pres. Stephen Effros -- 609-848-1000.

Ex-FCC Chmn. Newton Minow is one of 2 principals in new research project to gauge prospects of public service programming in multichannel video environment. Other partner, Craig LaMay, former editor of Columbia U.'s Media Studies Journal, said he and Minow will examine: (1) Children's TV. (2) TV's role in education. (3) Medium's use in campaigns/political process. (4) Funding of public TV. **ATAS** project, funded at \$510,000 by N.Y.C.-based Carnegie Corp., calls for publication of book, and LaMay said group probably also would produce periodic papers and convene meetings to discuss project and disseminate its work. He said public interest provisions of Communications Act need "to be resurrected." Now visiting scholar at Northwestern U., he said he worked with Minow on latter's May 1991 speech revisiting his famous "vast wasteland" address 30 years earlier. LaMay can be reached at 708-491-8727 (467-2210 fax).

KQED-TV-FM San Francisco plans to eliminate 18 positions by Oct. 1 in response to rising costs and "soft" revenues. To help meet estimated \$350,000 budget shortfall, public broadcaster earlier dropped 2 senior staff posts and cut pay of remaining 6. In latest announcement, it said it also plans to: (1) Not replace "over" dozen posts that became vacant over last year. (2) Cut FM hours to 20 hours daily from 24. (3) Continue pay freeze for managers making \$50,000 and up; their pay has been frozen since April 1991.

French and Spanish TV markets are poor prospects for DBS services -- at least by European standards -- according to CIT Research analysis of European satellite communications. CIT predicted only 650,000 DBS systems (using Astra and Telecom 2a) will have been sold in France by 1995, and only 445,000 (Astra and Hipsasat) in Spain.

Transactions: Bloomberg L.P. said it agreed to pay Westwood One \$13.5 million for **WNEW(AM)** N.Y.C. Bloomberg currently provides financial news to CNBC and Chamber of Commerce program carried on USA Network... **Century Communications** said it will sell \$150 million worth of debt carrying 9.5% interest.

In shift from past practices, ABC TV Network said it will premiere new fall schedule over 5-week period starting Aug. 25 and running through week of Sept. 21, when most of network's new episodes will make debuts.

Technical Notes: Zenith and AT&T said they will demonstrate their proposed HDTV system at GOP National Convention in Houston this week. Major events such as President Bush's acceptance speech will be shot in HDTV and displayed on prototype sets in American Spirit Expo at Astrodome... **CBS Radio** will use MCI's Switched 56 voice circuits to carry studio-quality radio reports from convention to network. It used similar service at Democratic Convention... **Motorola** expects to announce new microchip this week that integrates all functions for closed-captioning on single chip. Chip was developed jointly with Thomson and Philips, which expect to use it in next-generation sets to be available in 1993. In past, captioning required expensive add-on decoder boxes. Chip is expected to be priced at \$7 each in quantities of 50,000 or more... **Interactive Media Technologies**, which filed for bankruptcy protection in March, said it has raised money to launch new digital videotape editing system.

Democratic Party Chmn. Ronald Brown sent letter to all TV stations saying that they would "contribute to the enhancement and promotion of smear campaigns of the vilest type" if they air anti-Clinton ads produced by Republican activist Floyd Brown. Ads, disavowed by GOP, invite viewers to call 900 number in Nev. to listen to tapes of alleged phone calls between Democratic Presidential candidate and Gennifer Flowers. Portion of \$4.99 fee for calls will be used to promote President Bush. Ronald Brown said there's evidence tapes have been altered deliberately and even Bush/Quayle campaign has filed FEC complaint against Floyd Brown. Democratic chmn. also said he's advised stations aren't obligated to carry ads and could even have obligation to run responses on behalf of Clinton if they carry spots.

U.S. Secret Service staffer whom NPR's Daniel Schorr said was homosexual reportedly plans to pursue \$1.1-million libel suit despite NPR's on-air apology. In off-cuff remark on NPR's Weekend Edition April 11, Schorr confused plaintiff Larry Buendorf, who helped shield then-President Ford from Sept. 1975 assassination attempt, with San Francisco resident Oliver Sipple, who thwarted separate attempt on Ford later that month. News reports soon after latter attempt disclosed Sipple's homosexuality. NPR issued apology saying that it "regrets and wishes to correct the error," but Buendorf's attorney, Jim Davis, said he would continue to pursue litigation in U.S. Dist. Court, D.C.

FCC Actions: Proposed to fine **KHTK(FM)** Pittsburgh \$2,500 for broadcasting announcement that it needed money to rebuild tower, even though tower damage was covered by insurance. Station claimed announcement was joke and money was donated to charity... Revoked license of **WAST(AM)** Ashtabula, O., and dismissed application to assign license to Phillip Cantagallo. Station had been off air since 1982.

DBS subscription channel TV Asia is negotiating with British Sky Bestg. (BSkyB) for cross-promotion deal in which TV Asia would market to 70,000 Asian homes that subscribe to BSkyB. In return, TV Asia would market BSkyB's pay channels -- including Movie Channel and Sky Movies Plus -- to Asian homes that buy dishes to get TV Asia, which launched on Astra satellite system July 8.

Amendment to limit tax deduction for tobacco ads is first step toward similar limits on alcohol and other products, AAAA predicted in letter to members. Amendment to tax bill (HR-11) passed by House is expected to be added by Sens. Bradley (D-N.J.) and Harkin (D-Ia.).

"Almost all" CPB-funded shows "would be perfect for your grandmother," new Pres. Richard Carlson said in response to GOP platform deploring public broadcasting's purported "blatant political bias." While expressing understanding of GOP's "frustration with society and with the media," former VOA head, who is Republican, said last week that plank "is misguided" and "they are putting the blame on the wrong outfit... The few [public broadcasting shows] that have been controversial often have no tie to CPB at all." GOP plank, part of platform section endorsing privatization, also calls for "sweeping reform of CPB, including greater accountability through application of the Freedom of Information Act, a one-year funding cycle and enforcement of rigorous fairness standards for all CPB-supported programming. We look forward to the day when public broadcasting is self-sufficient."

It will be "all but impossible" for broadcasters to bring must-carry complaint against cable operators under network-cable cross-ownership rules adopted 2 months ago (TVD June 22 p3), Comr. Quello said in partial dissent released Fri. He said rules include complaint procedure known internally as "negative must-carry" that "literally means no must-carry." For example, he said, it will be impossible for broadcasters to prove that cable operators ceased or modified carriage because of "competitive malice" rather than legitimate effort to serve subscribers. "The only relief guaranteed by negative must-carry will be to law firms looking for ways to spend their clients' money," Quello said. He said he's also concerned about adequacy of network-cable cross-ownership safeguards and would have preferred that local ownership cap be 25%.

Squire, Sanders & Dempsey law firm has been awarded contracts by govts. of Hungary and Czech and Slovak Federal Republic related to privatizing and regulating telecommunications industries. Attorney Joseph Markoski said contracts are worth "several million dollars." He said firm has virtually exclusive relationship with Czech and Slovak govt., having already conducted one study on regulatory framework, and will conduct another on structure of industry. In Hungary, Markoski said firm is advising State Property Agency, which is determining what to do with state telephone company.

Compression Labs (CLI) filed countersuit against Northwest Starscan Ltd., parent company of SkyPix, embattled and cash-strapped DBS firm. Suit, filed in King County (Wash.) Superior Court, alleges breach of contract, negligent misrepresentation, fraud, abuse of process and trade libel, and seeks reimbursement for unpaid bill as well as damages. CLI was to supply decoders for 80-channel DBS system, but Northwest Starscan said decoders were unacceptable so it shouldn't have to pay for them. Starscan sued CLI for amount of purchase price, as well as damages. Suit is latest in series.

After 2-month search, FCC engineers last week located 15-year-old boy who had aired false distress signals many times from his parents' boat tied up at dock near Norfolk, Va. Signals were hard to locate because they were short and sporadic, said Jerry Freeman, engineer-in-charge of FCC Norfolk field office. He said pursuit of source of fake distress signals has "highest priority" because they can keep rescuers occupied instead of pursuing real emergencies.

PBS has reconsidered controversial decision not to fund new production of children's series Barney & Friends. It will provide \$1.75 million for 18-20 new episodes beginning in fall of 1993, it announced.

Program Notes: Mind Extension U. said it has topped 20 million subscribers with recent addition of 3 million... NBC said it will add 2nd local news segment each hour during Today Show... Ariz. legislature defeated proposed 3% tax on cable pay-per-view revenue, with money intended to fund State Boxing Commission. Ariz. Cable TV Assn. had opposed proposal... Beasley Best. Group stations have rejoined RAB after one-year hiatus. Group includes 13 stations... Digital Music Express will be distributed in Australia under new agreement between parent International Cablecasting Technologies and Soundcom Australia. Service, to be launched in 5 major cities in Jan., will be transmitted from U.S. to Australia by satellite, then distributed to subscribers by microwave.

Teleport Denver and Mile Hi Cablevision broke ground Aug. 10 on expanded dual downtown telecommunications network. They are connecting fiber-based alternative access network to fiber cable system, allowing additional offices to link up with alternative telephone network. They said interconnect will allow about 10 million additional sq. ft. of downtown Denver office space to connect to alternative network via cable, in addition to 24 million sq. ft. already with access via Teleport.

Comsat has purchased remaining 25% of Denver Nuggets professional basketball team company didn't already. Comsat acquired shares of Peter Bynoe and other limited partners. Transaction requires NBA approval, expected within 2 weeks. Bynoe will relinquish his role as managing partner of team and Nuggets will be run on "day-to-day basis" by club Pres. Tim Leiweke and General Mgr. Bernie Bickerstaff, Comsat CEO Bruce Crockett said.

In what could well have been first for public TV, WNEQ-TV Buffalo Aug. 8 aired NFL preseason game between Buffalo Bills and Minn. Vikings. Game was produced by cable's regional Empire Sports Network, which received underwriter credits before, during and after broadcast. WNEQ-TV aired promotional announcements during commercial breaks in move that Pres. Michael Collins said provided "a terrific way to bring new audiences" to PTV.

FCC will ask MMDS licensees to verify accuracy of Commission database, beginning today (Aug. 17). Consolidated database, including all MMDS applications and existing licenses, was called for in April rulemaking (TVD April 13 p5) and will be used to speed processing of future applications. Licensees and applicants have until Sept. 17 to report any inaccuracies in database.

Pretrial TV usage monitoring has begun for homes recruited to test Viewer-Controlled Cable TV (VCTV) being operated jointly in Denver suburb of Littleton by AT&T, TCI, U S West. Monitoring using Nielsen equipment will provide baseline to determine changes in viewing after VCTV begins later this year. Tests are to continue for 18 months.

Second filing window for Interactive Video Data Service (IVDS) applications will be Sept. 1-3, FCC said. Second group includes L.A., Chicago and Philadelphia (first will be N.Y.C.). Rules for 2nd group are same as for first.

General Instrument said it bought General Semiconductor Industries of Ireland from Square D Co. Company produces voltage suppressors. Terms weren't disclosed.

Bidders for Hong Kong franchise for pay-TV service have until Sept. 30 to submit offers, city said. Service is expected to begin by late 1993.

Personals

Gary Marenzi, ex-pres., United International Pictures Pay TV Group, named to same position, MGM International TV Distribution & Worldwide Pay TV, replacing **Anthony Lynn**, resigned... **John Burns**, ex-Showtime Networks, joins InSight Telecast as exec. vp-sales and mktg... **Terri Guarnieri**, ex-Carsey Werner Co., appointed vp-daytime programming, East Coast, ABC TV Network... **Francoise Husson**, ex-CNN, named vp-European services, Medialink... **Ted Pearse**, ex-Blair TV, joins WDIV Detroit as gen. sales mgr.

Ex-FCC Chmn. **Richard Wiley** of Wiley, Rein & Fielding, named chmn.-elect, ABA Section on Administrative Law and Regulatory Practices; he also will receive first annual Freedom of Speech Award from Media Institute at Sept. 15 dinner in Washington... **Yvette Perez**, WTAE-TV Pittsburgh, moves to co-owned WCVB-TV Boston as dir.-promotion... **Mark Ogden**, creative dir., CNN, named dir.-programming, Turner Private Networks... **Kirk McAlexander** resigns as PBS development dir... **Patricia Wilson**, ex-WHRO-TV-FM Hampton-Norfolk, Va., joins KQED-TV-FM San Francisco as membership dir... **Lisa Tate**, ex-WXXI-TV Rochester, N.Y., named underwriting mgr., WCVE-TV Richmond, Va.

David Stonecipher, ex-Life of Ga., Atlanta-based insurance company, appointed pres.-CEO, Jefferson-Pilot, succeeding **Roger Soles**, effective March 1... **Phillip Spector** named partner in Washington office of N.Y.-based Paul, Weiss, Rifkind, Wharton & Garrison, breaking up 9-year-old Goldberg & Spector, whose remaining partners have formed Goldberg, Godles, Wiener & Wright... **Joe Cruz**, ex-KVEA-TV Corona-L.A. named vp-gen. mgr., KSTS-TV San Jose... **Niki Scher** advanced to vp-program planning and development, public TV's American Program Service, new post... Newly elected to 3-year board terms, National Public Radio: **Anthony Dean**, WUAL-FM Tuscaloosa; **Eric DeWeese**, WRKF-FM Baton Rouge (incumbent); **David Anderson**, WAER-FM Syracuse... **James Blitz**, ex-Storer Communications, and **Mary Plantamura** join Washington law firm Roberts & Eckard... **Dick Convey**, ex-Blair TV and CineQuest Entertainment, appointed exec. vp, Multimedia Entertainment.

Dan McDermott promoted to senior vp-current programs and specials, Fox Bestg... **Patricia Brown** promoted to vp-sales, Group W Productions, Chicago... Named regional sales mgrs., ACI: **Lee Rudnick**, ex-Columbia Pictures TV Distribution, pres., northeast div.; **Rod Cartier**, ex-Warner Bros., vp-southeast; **Bethany Gorfine**, ex-TV Program Enterprises, vp-western; **Don Frehe**, vp-midwest.

Appointments at NBC Radio: **Darryl Brown** promoted to senior vp-affiliate mktg.; **Frank Woodbeck** to vp-affiliate mktg., western region; **Karen Freeman** vp-affiliate mktg., eastern region; **Mary Raab** vp-mktg., subsidiary satellite Music Network... **Donn Rogosin**, gen. mgr., WSWP-TV Grandview, W.Va., joins WMHT-TV-FM Schenectady-Albany-Troy early next month as pres.-gen. mgr., succeeding **William Haley**, retired... **Melinda Ward**, PBS dir.-drama, performance and cultural programming, joins American Public Radio in mid-Sept. as senior vp-dir.-cultural programming... **Patricia Brown** promoted to vp-sales, Group W Productions, Chicago... **Cynthia Wurtz** and **Antoinette Cosenza** advanced to senior mgrs.-affiliate relations, western region, USA Network... **Steven Schupak**, ex-Comsat Video Enterprises, joins TV Answer as video products mgr.

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Democratic candidate Bill Clinton has accepted invitation of Commission on Presidential Debates for 3 such televised sessions in fall, plus one for vice presidential candidates, and acceptance by President Bush is expected soon after GOP convention this week in Houston. Debates, with single moderator and no panel of questioning reporters, are scheduled Sept. 22 at Mich. State U., Oct. 4 in San Diego, Oct. 15 in Richmond. Vice presidential debate is set for Sept. 29 in Louisville. Each debate, in prime time, will be 90 min. long.

ABC Producer David Kaplan, 45, was killed by sniper fire Aug. 13 in Sarajevo while riding in convoy of cars that included Yugoslav Premier Milan Panic and ABC commentator Sam Donaldson. Kaplan was struck in back by single bullet and was taken to hospital for surgery, but died of wound. Kaplan, who had been with ABC 20 years, is survived by his wife Sally, an employee of ABC News Washington bureau.

FCC issued "Lottery Processing Manual" (48 F.R. 27,182) to update procedures in random selection of potential winning applicants in lottery process. Agency also has scheduled Aug. 27 lottery (10:30 a.m., Rm. 856) to select winners of low-power TV permits in 50 markets.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	JULY 25-31	1991 WEEK	% CHANGE	JULY 18-24	7 MONTHS 1992	7 MONTHS 1991	% CHANGE
TOTAL COLOR TV..	488,771	417,966	+16.9	398,094*	10,887,658	10,138,202	+ 7.4
DIRECT-VIEW...	477,596	410,713	+16.3	388,266*	10,707,798	9,979,506	+ 7.3
TV ONLY.....	456,127	395,141	+15.4	377,168*	10,270,907	9,624,423	+ 6.7
TV/VCR COMBOS	21,469*	15,572	+37.9	11,098*	436,891*	355,083	+23.0
PROJECTION....	11,175*	7,253	+54.1	9,828*	179,860*	158,696	+13.3
VCR DECKS.....	379,134*	226,970	+67.0	288,485*	5,958,300	4,911,293	+21.3
CAMCORDERS.....	109,223*	87,532	+24.8	83,184*	1,407,296*	1,373,423	+ 2.5
LASERDISC PLYRS#	4,444	4,215	+57.5	4,628	116,390	91,447	+27.3

Direct-view TV 5-week average: 1992--360,858; 1991--334,894 (up 7.8%).

VCR deck 5-week average: 1992--236,558; 1991--182,553 (up 29.6%).

Camcorder 5-week average: 1992--63,633*; 1991--60,432 (up 5.3%).

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

Includes combi players, excludes karaoke types.

SALES TO DEALERS REBOUNDED IN JULY: Belying consistent reports emanating from field of soft -- or, at best, flat -- retail business, sales to dealers in all major video categories showed double-digit gains in July, EIA Mktg. Services Dept. reported. That wasn't case of showing gains against weak month year ago; sales in July 1991 had risen from year earlier, except in camcorders, which were off mere 1.2%.

In fact, on seasonally adjusted annualized basis, July sales of TVs, VCRs and camcorders were highest of year by far, and projection TVs were highest since Jan. VCR numbers were particularly noteworthy -- on seasonally adjusted annualized basis, July sales ran at rate of 15.7 million units for year, highest of any month for at least last 3 years.

July increase in color TV sales was highest for any month so far this year; seasonally adjusted rate of 22.8 million sets also was highest of 1992. For first 7 months, rate stood at nearly 20.9 million which, if pace were maintained, would mean nearly 4% increase for industry this year over 20.1 million sold in 1991.

Similarly, VCR sales in July had largest increase of any month in 1992 and unit sales were 2nd highest for any month this year, trailing only June's 983,509. Annualized rate for first 7 months is 12.4 million. Philips Consumer Electronics Senior Mktg. Vp James Newbrough said strong sales over last few months had encouraged company to increase its projections of industry VCR sales for year. "Now we're thinking it's going to 12 million," which is "up substantially" from expectations earlier in year, he said. Industry as whole seems to have shifted thinking in same way. It sold 10.7 million VCRs to dealers last year, and EIA consensus forecast issued in Jan. projected 2.8% decline to 10.55 million units this year. Recently issued midyear forecast was much more bullish, predicting sales of 12 million units (see story elsewhere in this issue).

Camcorder sales, which had lowest annualized rate in June ((2.4 million units), bounced back in July to highest rate of year (3,870,000); through first 7 months, rate was at 3 million units.

Sales of projection TVs showed solid gains at seasonally adjusted rate of 477,000 sets in July, with rate for first 7 months at nearly 424,000 units. Here are July figures on sales to dealers:

Product	July 1992	July 1991	% Change	July 1990
Total color.....	1,452,041	1,199,851	+21.0	1,165,378
Direct-view...	1,423,580	1,174,189	+21.2	1,132,254
TV only.....	1,373,722	1,131,943	+21.4	1,096,181
TV/VCR combo.	49,938*	42,246	+18.2	36,073
Projection....	28,381*	25,662	+10.6	16,552
VCR Decks.....	943,227	615,038	+53.4	531,793
Camcorders.....	260,495	176,722	+47.4	178,905
Laserdisc Players	15,959	12,385	+28.9	N.A.

* Record for any July.

PHILIPS CUTS CD-I PRICE, LAUNCHES MKTG. PUSH: In effort to boost sales and broaden appeal of CD-I player, Philips today (Aug. 17) is cutting its suggested retail price to \$699, with most dealers expected to advertise unit at \$599. Latter price would be \$200 less than has been common on retail selling floors, although new configuration doesn't include discs (Palm Springs Open Golf and Classic Oldies Jukebox) that until now were packed with machine. Philips executives said they were finalizing plan under which dealers would be able to offer consumers coupons good for free software as unadvertised in-store "deal closer."

In unique move, Philips also is offering coupon redeemable for \$100 of free CD-I discs (and Kodaklux Photo-CD processing mailer) to those who have purchased CD-I player at earlier higher price. Philips Interactive Media Systems Mktg. Vp Paul Fredrickson said "well over 50% of purchasers have returned warranty cards," partly as result of incentive offer of sample Photo CD.

Price cut was unveiled in context of broad new marketing program that includes 100 demonstrators/trainers/merchandisers, national print and TV ads, expansion to 2,000 storefronts by end of year, series of local dealer events each week from mid-Sept. to mid-Dec. Fredrickson declined to quantify advertising expenditure beyond saying it would be "multimillion-dollar" effort, and that total marketing expenditures on CD-I this fall would equal Magnavox brand ad budget for 1992. Sears senior buyer Ed Hearne welcomed new ad campaign. He said that CD-I sales had been up to his expectations from launch until Philips stopped national advertising early this year, but that business had fallen substantially without that push. He said new price "is better, the target market gets a little broader."

Move to lower price had been anticipated, although extent hadn't been known until now; dealers with whom we have spoken in interim have cited \$499 as price point that would stimulate more significant sales. For moment, though, Philips would seem to be precluded from marketing machine near that level because of presence of newly launched Photo-CD specialty player; model with zoom and pan is being sold by Kodak (and will be sold by Philips beginning next month under its own label) at \$499 (TVD Aug 3 p14). Fredrickson said Philips, which launched CD-I last Oct. in 10 markets around country, had "experimented" with variety of CD-I prices and concluded that \$699 ticket "would make sense." News release said new price would "support the positioning of CD-I as a mass market product," although Fredrickson conceded that "\$599-\$699 is still very much a considered purchase." He also stressed that CD-I is "still a new technology, a totally new concept" to consumers.

Purchasers who receive software coupon when they buy unit will be able to mail it in for 3 discs from predetermined list. Some dealers question strategy, since those who buy players still will have to buy some software to have something (besides audio CD) to pop in when they take them home. Fredrickson, who said prior purchasers reacted to packed-in software as "unexpected bonus," countered that even with 2 discs included, CD-I buyers have bought average of 4-5 discs when they acquired player when "we weren't holding a gun to their heads." He also said major retailers don't want to deal with paperwork inherent in in-store coupon fulfillment program, point echoed by Sears' Hearne.

Fredrickson said Philips is on course to deliver "small quantities" of full-motion video (FMV) add-on cartridge in Dec. at \$200 suggested retail price, with "more commercial quantities in Jan." He said company hasn't decided whether cartridge will be packaged with FMV discs at that price. Also, he said that CD-I players with built-in FMV and CD-I carousel changer are "1993 products," and that CD-I portable shown at Winter Consumer Electronics Show will be available later this year in business-to-business markets.

EIA 1992 FORECAST MORE OPTIMISTIC AT MIDYEAR: Apparently bolstered by first half in which sales to dealers rose in all major categories except camcorders (TVD July 20 p13), revised EIA consensus forecast

for full-year 1992 is noticeably more optimistic than version released at Winter Consumer Electronics Show (TVD Jan 13 p10).

EIA now estimates that industry sales will grow 4.3% this year (more than double earlier prediction of 2.1%) to factory value of \$36.96 billion; largest jump will come in home information products, projected to grow 6.6% to \$9.394 billion. Taken as group, audio and video products are expected by EIA to show 3.85% gain to \$22.191 billion; earlier it had predicted that growth would be only 1%. Most figures for 1991 sales have been revised since earlier report was issued.

Here are EIA's estimates and forecasts of factory sales in millions of dollars:

Product Category	1990	1991	% Chg.	1992	% Chg.
Video.....	\$12,440	\$12,102	- 2.7	\$12,531	+ 3.5
Audio.....	9,502	9,266	- 2.5	9,660	+ 4.3
Home Information.....	8,254	8,810	+ 6.7	9,394	+ 6.6
Blank Media, Accessories	3,960	4,001	+ 1.0	4,125	+ 3.1
Home Security Systems...	<u>1,150</u>	<u>1,250</u>	+ 8.7	<u>1,250</u>	+ 0.0
TOTAL.....	\$35,306	\$35,429	+ 0.3	\$36,960	+ 4.3

In latest forecast, EIA projected that direct-view color TV unit sales would gain 3.4% this year and that increased percentage of those sets would be stereo (39.3% in 1992 vs. 37.8% last year). Average price of color TVs was expected to decline slightly from last year; midyear estimate of \$303 per set factory value is \$3 lower than Jan. forecast. Most rapid unit growth, according to consensus, will come in TV/VCR combos, whose unit sales are expected to jump 25%.

Forecast of sales of 415,000 projection TV sets is unchanged from earlier, but latest puts average factory price of those sets at \$1,725, significantly lower than \$1,800 predicted earlier. Similarly, projection for camcorders, whose average 1992 price was first forecast at \$690, is now at \$650, with unit outlook cut to 3 million from 3.1 million.

On other hand, forecast for VCR sales was raised in both price and units. EIA now estimates that 12 million decks will be sold to dealers this year, up significantly from both last year's final results and 10.5 million forecast in Jan. Average price, which in Jan. was predicted to be \$225, now is expected to be \$230, perhaps owing to increased concentration of stereo VCRs -- 25% of mix for 1992 compared with 21% in 1991.

Last year's figures represent 53-week statistical year, while current year has 52 weeks. Here are EIA's estimates and forecasts for video and related products (videogame software isn't included in dollar figures above):

U.S. SALES TO DEALERS AND FACTORY VALUE

Product	Units (add 000)		Value (\$000,000)		Average Price	
	1992	1991	1992	1991	1992	1991
Total Color TV						
Direct-View TV-only	20,135	19,474	\$6,101	\$5,979	\$303	\$307
with stereo.....	7,920	7,377	3,326	3,209	420	435
TV/VCR combos.....	825	662	330	265	400	401
Projection.....	415	380	716	683	1,725	1,798
LCD*.....	300	280	60	56	200	200
Monochrome TV.....	650	784	49	61	75	78
LCD*.....	550	500	33	31	60	61
Total VCR/camcorders	--	--	4,710	4,467	--	--
VCR decks.....	12,000	10,718	2,760	2,454	230	229
with stereo.....	3,000	2,252	1,035	752	345	334
Camcorders.....	3,000	2,864	1,950	2,013	650	703
Videocassette players.	300	504	42	71	140	141
Laserdisc players...	250	206	100	81	400	394
Home earth stations.	300	310	390	408	1,300	1,315
Videocass., blank...	346,000	362,000	911	980	--	--
Accessories	--	--	768	721	--	--
Videogame software..	--	--	3,750	3,400	--	--

* Not included in major category above.

ZENITH SETS STOCK OFFERING, LOAN: Zenith last week filed registration statement with SEC for proposed sale of 8 million shares. Offering would be expected to raise about \$55 million. Company currently has 29.3 million shares outstanding. Registration statement says that 6.8 million shares will be offered in U.S. and Canada, 1.2 million outside N. America.

Proceeds will be used for "general corporate purposes, including the possible redemption of all or a portion of the company's 12-1/8% notes due 1995, the repayment of debt outstanding under its working capital facility and capital expenditures and research expenses" relating to HDTV and Flat Tension Mask (FTM) tube development.

Company also announced commitment from Bank of N.Y. Commercial Corp. for 3-year, \$60-million working capital loan, secured by receivables. Loan would replace current \$50-million one secured by company's patents and trademarks and 65% share of its Mexican and Canadian subsidiaries (TVD June 29 p14). Stock offering wouldn't be executed until after loan agreement is signed, which company says should occur in 30-45 days.

Meanwhile, Nycor, which last year waged fierce takeover battle with Zenith management, late last month sold its remaining Zenith shares -- more than 2 million at ultimate profit of about \$4 million, Nycor said.

* * * * *

As they did at Democratic National Convention in N.Y. last month (TVD July 20 p16), Zenith and AT&T this week are demonstrating their proposed HDTV system at Republican sessions in Houston. Display in VIP viewing area in adjacent "American Spirit Expo" will show action directly from convention floor. Audio components for surround sound system are provided by Bose and Dolby Labs.

"Distribution Strategies for the Consumer Electronics Industries" conference is scheduled Oct. 19-20 in London by BIS Strategic Decisions in association with Electronics Europe. Speakers: Terence Strom, Best Buy senior vp-mktg., on U.S. superstore chains; consultant David Levitt on out-of-town shopping; Nokia Consumer Electronics Vp Juhani Anttila and EDA Mgr. George Dorman on EEC issues; Thorn EMI U.K. Rental Mktg. Dir. Adrian Armnden, consultant Andrew Wright and direct marketing planner Sarah Hawkes on alternative channels; Expert International Gen. Mgr. Wim van den Toorn and GET Italia Vp Marco Castoldi on independent retailing; Apple (U.K.) Consumer Regional Business Mgr. Paul Donovan on "New Definition for Consumer Electronics;" Philips International Media Systems Vp Graham Williams on CD-I; Aircall Communications Commercial Dir. Lisa Gernon on personal communications; Hewlett-Packard Handheld Products European Sales Mgr. Terence Trainor on pocket computing -- BIS Strategic Decisions, 40-44 Rothesay Rd., Luton LU1 1QZ, U.K. (44 582 405678).

Latest chapter in Crazy Eddie saga (TVD June 29 p9) came last week when tempestuous former CE retailer (along with 2 brothers and cousin) was charged with racketeering in new federal indictment. Earlier, they had been charged with 18 counts of mail and securities fraud relating to alleged schemes to falsify firm's finances both before and after taking it public in mid-1980s. Antar has been under guard in Israeli hospital as he fights attempts to extradite him to U.S. to stand trial. Others are out on bail.

STEREO TV SALES UP IN FIRST HALF: Number of direct-view color TV sets with stereo sound capability rose 15.4% in 1992 first half over year earlier. Sales in June were up 24.5%. However, percentage of sets sold in June that contained stereo capability was lowest for any month so far this year -- 37.8%, compared with 32.7% in June 1991. Here are EIA's stereo TV figures for first half:

MTS STEREO IN DIRECT-VIEW COLOR SETS

Month	1992	% of Total	1991	% of Total	% Change
January..	482,719*	39.0	418,214	35.4	+15.4
February..	543,089*	40.4	519,376	37.0	+ 4.6
March....	730,697*	37.9	673,288	36.7	+ 8.5
April....	506,096	39.1	441,194	36.7	+14.7
May.....	491,416	38.0	378,783	31.9	+29.7
June.....	<u>680,935</u>	37.8	<u>546,987</u>	32.7	+24.5
TOTAL..	3,434,952	38.6	2,977,842	35.1	+15.4

* Revised by EIA.

"Europe will never have a strong electronics industry if policies remain geared to shoring up uncompetitive large producers," Financial Times (FT) said in editorial last week urging European governments to turn down plea for 850 million European Currency Units (ECUs) in additional funding for HDTV broadcasting (TVD Aug 10 p3). Editorial ranged far beyond HDTV issue, and included unusually pointed criticism of Philips. Philips Pres. Jan Timmer's "biggest problem is a long legacy of mismanagement and a complacent corporate culture," FT said. "Philips reacted only slowly to the Japanese onslaught in electronics. It ignored for years the rationalisation and increased efficiency offered by Europe's common market. Though a vocal campaigner for the planned single [European] market, the company seems unprepared for the keener competition it's meant to promote." FT said that "though the company is fertile in invention, competitors have consistently brought new products to market faster and more profitably."

Countersuit has been filed by Compression Labs (CLI) against Northwest Starscan Ltd., parent of SkyPix, embattled and cash-strapped direct broadcast satellite (DBS) firm. Suit, filed in King County (Wash.) Superior Court, alleges breach of contract, negligent misrepresentation, fraud, abuse of process and trade libel, and seeks reimbursement for unpaid bill as well as damages. CLI was to supply decoders for 80-channel DBS system, but Northwest Starscan said units were unacceptable and declined to pay for them. Starscan sued CLI for purchase price as well as damages (TVD Aug 3 p12). Suit is latest in series, including one that was being fought in court last week in which former Pres. Brian McCauley and Richard Selvage are trying to force company into bankruptcy.

Multimedia format of choice still is personal computer by far, said Peter Black, pres. of Xiphias, which produces programs for all platforms, including CD-I, CDTV, Electronic Book, etc. Xiphias has sold 15,000-20,000 units of 5 titles, he told us, 80-90% in DOS PC format.

THIS WEEK'S YEN RATE

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

AUDIO ROYALTY BILL PROGRESSES: House Judiciary Committee has passed last remaining component bill (HR-3204) needed for enactment this year of Audio Home Recording Act. Sponsor Rep. Hughes (D-N.J.), whose Copyright Subcommittee cleared measure few days earlier, said he was hopeful bill "will be scheduled for a vote in the full House shortly." But little further action is likely until mid-Sept., when Congress returns from recess for this week's Republican convention and late-summer break.

Bill that cleared full Judiciary panel last week is roughly same as that approved July 30 by Copyright Subcommittee. Hughes bill is leaner version of companion legislation (S-1623) that passed Senate in June and identical House bill (HR-4567) approved by Commerce Committee earlier in same month (TVD June 8 p15). At Judiciary Committee markup last week, Hughes announced deal with Commerce Committee to reconcile some of differences between 2 component bills, but he wasn't specific. Aide said Judiciary and Commerce staffs were making significant headway late in week in coming to "a meeting of the minds" on disparate language in 2 bills. Aide said it was likely, for example, that House bill that's eventually sent to floor would adopt Hughes term, "digital music recording," rather than "audiogram" term inserted in S-1623 and HR-4567, suggested by computer industry as means of limiting scope of legislation. Aide said Ways & Means Committee -- to which HR-3204 also was referred -- still must give formal blessing to House bill, but he said approval, without scheduling of hearing, was expected shortly after Congress returns.

Prospects for House-Senate conference to reconcile differences between component bills were unclear, although backers reiterated last week that they remain optimistic on chances for enactment this year -- before first DCC and Mini Disc (MD) shipments are scheduled to arrive on U.S. shores. One observer said much work remained to be done on Audio Home Recording Act, but Congress still has month left in 1992 legislative calendar to complete it. Opposition remains minimal, observer said, although parties in computer industry that lobbied hard for "audiogram" hadn't made known their reaction to Hughes changes.

NAFTA EFFECTS AWAITED: As we have reported, N. American Free Trade Agreement (NAFTA) with Mexico and Canada announced last week is expected to provide significant boost to U.S. picture tube industry (TVD July 27 p10). Direct comment on agreement from CE manufacturers was sparse, with most saying they would await final draft -- expected within few weeks -- before discussing specifics. Philips spokesman said merely that company is "encouraged by ratification of the agreement. We feel it could bode well for any CE manufacturer looking to expand its business in the North American marketplace."

Agreement announced last week faces long ratification process in all 3 countries, and provisions could change along way. Understood to be among NAFTA specifics are that 13" or larger color TV set must have N. American-made tube to get preferential treatment; set smaller than 13" must have chassis assembled in N. America; HDTV set must have N. American tube and fixed (unknown) percentage of semiconductors from N. America.

Even as it provides boost for picture tube industry here, pact has been criticized by labor unions for what they charge is encouraging migration of TV assembly jobs to plants in Mexico. Zenith spokesman, asked whether NAFTA would have effect on its business, said it hadn't decided to

consolidate operations into Mexico. "Jobs in our industry have been migrating without NAFTA," he said, and he doesn't foresee any changes in position.

HITACHI--'LIGHTEST' 8MM CAMCORDER: Hitachi last week unveiled Hi8 camcorder that it says is world's smallest and lightest, weighing 580 grams (1.3 lbs.), measuring 3/4"x4"x9-1/2". Among features are color LCD viewfinder, image stabilization, widescreen capability, 16X optical zoom that's digitally extendible to 64X, "sunset enhancement" mode to boost colors, Hi-fi stereo audio. It's scheduled to ship in Oct. at \$1,600 suggested retail price.

Hitachi also introduced its first TV/VCR combo (available in white or dark gray), 20" model that incorporates 2-head mono VCR with 4-event/one month timer, remote control, \$600 in Oct. Company also is introducing top-of-line 27" color TV with 650-line capability, PIP, 21-w audio system (with acoustic subwoofer built into rear of set), AI circuitry. Set is available now at \$900 suggested list.

Mktg. Vp Thomas Sutula also announced Hitachi is centralizing credit, service and order processing at Hitachi's Atlanta hq, moving those functions in from regional offices, and is opening 175,000-sq.-ft. warehouse in Atlanta suburb. Sutula said Hitachi is expanding projection TV capacity in Mexican plant.

Retail sales in Christmas season will be 6% higher than last year, said Ed Johnson, publisher of Johnson Redbook report on retail trade. He predicted consumers' focus would be on bargain hunting. Discussing general retail trends, Johnson said consumers "still want quality and fashion, but at bargain prices. The Joneses next door are broke if not broker than you are. At cocktail parties, people are talking about how much money they saved at off-price stores, discounters or warehouse clubs."

Joint LCD development agreement has been entered into by 5 S. Korean companies, according to press reports quoting country's Industry & Trade Ministry. Companies said to be involved are Samsung Electronics, Samsung Electron Device, Hyundai Electronics, Handok Industries, Taesuk Industries. They reportedly have agreed to invest more than \$100 million in project over 3-year period beginning next year. Govt. will chip in with tax breaks and other means of support.

Single chip for closed-caption decoding and display is expected to be announced this week by Motorola. Chip was developed jointly with Thomson and Philips, which expect to use it in next-generation sets to be available in 1993. FCC order mandates closed-caption decoders in all sets 13" and larger made in U.S. or imported after June 30, 1993. Chip is expected to be priced at \$7 each in quantities of 50,000 or more.

Newest Video Walkman will be player/recorder (no tuner) that carries lowest price (\$900 suggested retail) in line. Unit measures 5-7/8 x 3-1/4 x 4-3/4", with 3" fold-down active matrix LCD screen. It has A/V inputs and outputs and on-screen battery indicator, and will be available next month.

Consumer camcorder with 530 lines of horizontal resolution, based on 900,000-pixel CCD, has been developed by Matsushita. Its 2/3" pickup has almost 3 times resolution of standard consumer model, with improvement in color rendition also claimed, newspapers in Japan reported. No date has been set for marketing.

Consumer Electronics Personals

Robert Garcia resigns as Sharp gen. mgr., audiovideo mktg., plans unannounced; no replacement has been named, with duties to be overseen by Audio/Video Sales & Mktg. Vp **Michael Williamson**... **Steve Wood** departs as Good Guys merchandise mgr. for audio, automotive and cellular, replacement being sought... **Arthur Martinez**, ex-Saks Fifth Ave., named chmn.-CEO, Sears Merchandise Group, effective Sept. 1... **Mark Harrington** departs HFD to join Computer Retail News as senior editor.

Gary Rockhold reportedly to leave shortly as pres. of PolyGram Group Distribution, possibly to be reassigned to post elsewhere within PolyGram... **Tom Tomblin**, ex-Precision Power, joins Dynamic Control as dir.-sales... **Carmine Coppola**, ex-Prevor Mktg. International, joins Sony Music as dir.-venture accounting; **Michael Neal** appointed assoc. controller, having served previously as controller for Sony Music Carrollton, Ga., factory; **J.P. Bommel**, formerly Capitol EMI, joins Columbia Records as vp-international mktg.; **Heather Davis** promoted to Epic Records media relations mgr., west coast; **Denny Kennedy** promoted to sales mgr., Sony Music Distribution mid-central branch office in Independence, O... **Richard Plummer-Raphael**, Valley Record Distributors, named chmn. of newly formed classical music advisory committee of National Assn. of Recording Merchandisers... Capitol Records Pres. **Hale Milgrim** assumes additional CEO title... RIAA appointments: **Neal Ashby**, ex-Clark Keller, Annapolis ad agency, joins as dir. of creative services, replacing **Sheila Hayes**; **Ellen Caldwell** formerly with Burson-Marsteller PR office in Washington, joins as media relations dir., replacing **Tanya Blackwood**... **Alison Smith** promoted to BMI senior dir.-performing rights.

Warner Home Video National Accounts Dir. **Michael McLeod** resigns to join Uni Distribution as national sales dir. for MCA/Universal sellthrough titles... **Virginia Syer**, ex-Landmark Communications, joins Family Channel as mgr. of Family Channel Video joint venture with Pacific Arts... Executives moving from AME to Dubs video division: **Chip Vlering** to Dubs sales and mktg. vp, **Linda Becker** as fulfillment dir., **Larry Cohen** as account executive.

CD-I software publishing and licensing agreements have been signed by Philips Interactive Media of America (PIMA) with Caesar's Palace for Caesar's World of Boxing; Cosmopolitan magazine for Cosmo Quiz disc; Berlitz for "Think & Talk" series of foreign language instruction programs; Aspen Ski Co. for Skiing -- An Aspen Adventure; Intuitive Software and Interactive Systems for series of programs on infant care and pregnancy; Madison Press for disc on Titanic.

Recall order for all laserdisc copies of Prince of Tides has been issued by Columbia Tristar Home Video. Disc, issued Aug. 5, apparently is missing 52 sec. of footage, seemingly lost during transfer of master to disc. Consumers, retailers and distributors are being asked to return discs, which company said probably will be replaced in full quantities by next week. Columbia emphasized problem applied only to laserdisc, not videocassette, version.

Simon & Schuster will distribute electronic books by Franklin Electronic Publishers, along with its textbooks, to schools in N. America. Franklin will continue to sell direct to educational community other than through textbook procurement channels. Company said its electronic books are used in more than 9,000 American schools.

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
Avnet			
1992-year to June 30	1,759,000,000	50,500,000	1.42
1991-year to June 30	1,740,800,000	61,600,000	1.72
1992-qtr. to June 30	505,400,000	15,400,000	.43
1991-qtr. to June 30	430,600,000	13,800,000	.39
Babbage's			
1992-26 wk. to Aug. 1	72,238,000	(66,000)	--
1991-26 wk. to Aug. 3	58,799,000	(233,000)	--
1992-13 wk. to Aug. 1	35,028,000	(325,000)	--
1991-13 wk. to Aug. 3	29,418,000	(326,000)	--
Cablevision Systems			
1992-6 mo. to June 30	315,738,000	(134,002,000)	--
1991-6 mo. to June 30	297,299,000	(107,897,000)	--
1992-qtr. to June 30	162,153,000	(82,654,000)	--
1991-qtr. to June 30	151,894,000	(56,042,000)	--
Comcast			
1992-6 mo. to June 30	417,858,000	(76,969,000)	--
1991-6 mo. to June 30	358,166,000	(75,435,000)	--
1992-qtr. to June 30	221,337,000	(40,299,000)	--
1991-qtr. to June 30	183,451,000	(33,110,000)	--
Great American Communications			
1992-6 mo. to June 30	106,736,000	(41,761,000)	-- ^a
1991-6 mo. to June 30	103,306,000	16,538,000	.42 ^b
1992-qtr. to June 30	59,346,000	(14,598,000)	-- ^a
1991-qtr. to June 30	57,697,000	(18,350,000)	-- ^b
Koss			
1992-year to June 30	26,020,624	744,328	.23
1991-year to June 30	24,325,513	427,603	.14 ^a
1992-qtr. to June 30	6,687,800	245,298	.08
1991-qtr. to June 30	5,761,000	103,000	.06
Nostalgia Network			
1992-6 mo. to June 30	5,698,933	(978,887)	--
1991-6 mo. to June 30	4,571,162	(2,323,318)	--
1992-qtr. to June 30	2,906,642	(682,335)	--
1991-qtr. to June 30	2,158,561	(1,113,198)	--
Osborn Communications			
1992-6 mo. to June 30	10,831,100	(2,851,412)	--
1991-6 mo. to June 30	10,385,850	(3,150,390)	--
1992-qtr. to June 30	6,044,339	(946,305)	--
1991-qtr. to June 30	5,885,241	(1,473,918)	--
Outlet Communications			
1992-6 mo. to June 30	21,014,000	(2,390,000)	--
1991-6 mo. to June 30	18,491,000	(5,818,000)	-- ^a
1992-qtr. to June 30	11,758,000	(338,000)	--
1991-qtr. to June 30	10,429,000	(1,401,000)	--
Tele-Communications			
1992-6 mo. to June 30	1,735,000,000	(13,000,000)	-- ^c
1991-6 mo. to June 30	1,586,000,000	(51,000,000)	-- ^d
1992-qtr. to June 30	879,000,000	4,000,000	-- ^c
1991-qtr. to June 30	789,000,000	(25,000,000)	-- ^d
Telemundo Group Inc.			
1992-6 mo. to June 30	69,881,000	(20,437,000)	--
1991-6 mo. to June 30	58,528,000	(26,597,000)	-- ^a
1992-qtr. to June 30	39,629,000	(7,116,000)	--
1991-qtr. to June 30	32,266,000	(11,368,000)	--
Turner Broadcasting			
1992-6 mo. to June 30	775,039,000	35,424,000	.14 ^a
1991-6 mo. to June 30	685,163,000	35,089,000	.05 ^a
1992-qtr. to June 30	409,869,000	34,693,000	.14 ^a
1991-qtr. to June 30	360,009,000	31,262,000	.08 ^a
Wells-Gardner Electronics			
1992-6 mo. to June 30	25,075,000	1,044,800	.27 ^a
1991-6 mo. to June 30	20,537,000	40,000	.01
1992-qtr. to June 30	14,486,000	970,000	.25 ^a
1991-qtr. to June 30	12,828,000	710,000	.19

Notes: ^aIncludes special credit. ^bRestated; includes special credit.

^cAfter special charge. ^dRestated; after special charge.

TELEVISION DIGEST®

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With Consumer Electronics

AUGUST 24, 1992

VOL. 32, NO. 34

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

GOP HITS 'MEDIA BIAS' at party convention. Republicans blast news coverage of Bush, attacking networks hardest. New study finds press coverage of Clinton-Gore ticket more favorable than for GOP. Convention viewing on par with Democrats. (P. 1)

CABLE SUIT SETTLED: Time Warner and Viacom end long-running \$2.4-billion antitrust fight over HBO and Showtime. No guilt admitted, but TW pays Viacom, agrees to more carriage. Cable industry relieved. (P. 3)

CABLE RATINGS NEAR: CAB, Arbitron, Nielsen finishing prototypes of local cable ratings books. Cable expects ratings to help it tap \$8-billion ad market. First books due next year. (P. 5)

FCC OKs FETUS ADS: Says commercials aren't indecent. Mass Media Bureau refuses to issue declaratory ruling sought by licensees restricting such commercials to late evening. Other FCC actions. (P. 5)

BROADCASTERS ON ATTACK: Hit early spectrum reallocation proposed in FCC's HDTV rulemaking. Flexibility sought. Quello opposes emphasis on UHF, rather than VHF. (P. 6)

TLC OFFERS AD-FREE SERVICE: Six-hour block aimed at preschoolers to begin Dec. 28, eventually could expand to fulltime. Network hopes for federal grants, corporate underwriting. (P. 7)

REPUBLICANS HIT 'MEDIA BIAS' AT CONVENTION: Media bashing reminiscent of attacks on news media during Nixon Administration was a major theme of Republican National Convention as it ended in Houston Aug. 20 with speech by President Bush accepting nomination for 2nd term. Attacks came even as 3 major networks sought to provide coverage comparable with Democratic convention in face of glitches in GOP's schedule that forced major events outside prime time, and as 2 parties stepped up efforts to bypass news operations entirely.

Critics included Barbara Bush, who charged that "most of the media is liberal" to explain what she saw as her husband's recent bad press. Media were blamed for giving Bush harder time than Democratic candidate Bill Clinton has received in recent weeks -- 360° turnaround from few months ago, when Clinton forces found their man taking all the heat from news media for alleged marital infidelity while similar rumors about Bush went unreported, observer said. Complaints sparked sales in Houston of paraphernalia such as T-shirts with slogans "Don't Believe The Liberal Media" and "Ye Olde Sleeze Monger." (Media types by week's end were responding in good humor with own T-shirts reading "I'm With The Media. It's All The Editor's Fault.") Bush paved way for critics on convention eve when he refused to answer reporters' questions about his alleged affair.

Consumer Electronics

SONY REPORTS 36% DROP in net income, 46.7% plunge in electronics, offset by 26.3% rise in entertainment business. Pioneer operating income down 50%. (P. 12)

CAMCORDER SHIPMENTS from Japan declined 38% in first half, but still were only 81,500 less than sales here -- not enough for quick inventory reduction. (P. 13)

THOMSON AUTOMATES DISTRIBUTION with \$16-million just-in-time Bloomington center. Company plans major programs for independent dealers. (P. 13)

DCC LAUNCH SET for late Sept.-early Oct. by Marantz in U.K., first models to list at \$1,155 and \$1,250. PolyGram sets 89 titles for release in fall. (P. 15)

FIRST-HALF AUDIO SALES, sparked by strength in variety of CD devices, rose 4.6% in factory dollars despite sharp decline in component business. (P. 16)

MOTOROLA PLANS LCD production in U.S. via joint venture with In Focus Systems, of which it plans to buy 20%. Video, TV applications forecast. (P. 16)

PIONEER LDCA showing 40% growth so far this year on expansion of laserdisc market. (P. 16)

EIA INCREASES OPTIMISM for audio product sales in 1992, raises most home office and communications gear forecasts. Sees 15.2 million CD players. (P. 17)

GOP complaints included diatribe by Sen. Kassebaum (R-Kan.) on TV violence in CNN interview on TV portrayals of family values: "I tell you what on television... is worrying, is the violence... The crudeness of the language -- that, to me, is more offensive than Murphy Brown." Sen. McConnell (R-Ky.) complained in USA Today about Democrats "and their friends in the media... firing their guns at George Bush." Even Vice President Quayle -- an heir to Pulliam family media fortune -- denounced "media elite" in acceptance speech.

On eve of convention, Republican activists received confirmation of sorts for their complaints in study by Center for Media & Public Affairs (CMPA). Group examined July campaign coverage of ABC, NBC and CBS, concluded networks had been decidedly pro-Clinton-Gore, anti-Bush-Quayle with their mentions of Democratic ticket 64% positive, 36% negative, while Bush-Quayle received only 37% positive mentions. In primaries, CMPA said, 41% of Clinton stories were positive, only 22% of Bush's. Networks had no comment.

Some of convention criticisms were passed off as usual campaign attacks on opposition camp. C-SPAN's Brian Lamb was among those to shrug off complaints as typical of party that's behind in polls. "There's definitely a feeling on the part of [our] media guests that the criticism has been strong," he said of call-in shows. "But I haven't seen anybody in the media really that concerned about it -- they're used to it and when people aren't doing well in the polls they tend to criticize the media." Newspaper columnists said criticisms were GOP's way of trying to beef up ho-hum nature of largely predictable convention. Indeed, about only news that media could generate were such gaffes as Dan Rather's signoff Aug. 18 when he told viewers "make no mistake, this remains Ronald Reagan's election to lose..." Then there was Mrs. Bush's angry exchange with PBS's Judy Woodruff on "fairness" of her questions. Other instances included networks' cutting to commercials at seemingly inappropriate times. NBC missed closing remarks by Sen. Gramm (R-Tex.) in keynote while ABC missed triumphant arrival of Mrs. Bush for her speech. There also was GOP's failure to keep convention on schedule, which resulted in former President Reagan's address ending up out of prime time. Networks hung on.

But some analysts said most complaints appeared rooted in same deep-seated antipathy toward media that produced former Vice President Spiro Agnew's comment 2 decades ago about "nattering nabobs of negativism," and Accuracy in Media's (AIM) campaign against news media that led group last week to organize protest against networks' coverage. AIM bought full-page newspaper ads across U.S. to get viewers to sign protest. "We're fed up with negative, one-sided, distorted TV news!" ad said in large black type. "We're not going to remain silent any longer." AIM also was at convention and issued daily faxes about such alleged "press booboos" as CNN "Quayle bashing" that included floor reporter's comment that Quayle was "about as popular as diaper rash is with unwed mothers." Newspaper Assn. of America (ex-ANPA) also was at convention, distributing free newspapers from booth and describing industry's strength. "We've been taking a lot of guff," Assn. Vp James Koutsikas said. "Some people won't pick up a paper. They just walk by and say, 'Liberal trash'... There was no abuse in New York with the Democrats."

Big 3 networks and CNN nonetheless did all right with viewers, while PBS scored well again in collaborative venture with NBC. Each of 3 major networks was Nielsen ratings winner one night of first 3 of convention, and Fox claimed it took final night with entertainment. Convention ratings reached highest levels on final night (as they did for Democrats), pumped up by Bush's acceptance speech. But also as in case of Democrats on final night, Fox outperformed competitors with such fare as Beverly Hills 90210. GOP viewership see-sawed all week on networks, opening at 21.8 million for 3 major networks on first night, slipping to 18.7 million, rebounding to 21 million on 3rd, and jumping to 27.3 million final night.

Networks, PBS, CNN, C-SPAN and MTV all provided about same amount and type of coverage as they had for Democrats, with Big 3 carrying about same number of hours per night and overall, C-SPAN sticking with format of live coverage on C-SPAN 1 and continuous simultaneous call-ins on C-SPAN 2, and MTV laughing it up again with on-site comedians. Fox stayed with regular entertainment lineup.

Bush gave interviews to all networks, including PBS (ABC's Peter Jennings finally had him Aug. 19) except CBS, which said its repeated requests were rejected by White House. NBC's Tom Brokaw, CNN's Bernard Shaw and PBS's Jim Lehrer had one-on-one interviews with President, but when CBS's turn came, White House rejected Rather -- observers said because of CBS anchor's argumentative questioning of Bush when he was Vice President in 1988 -- and network executives refused Administration request that interview be done by Connie Chung, saying it couldn't allow news sources to dictate terms of interviews. As result, Clinton's live interview with Rather Aug. 17 during CBS Evening News resulted in more air time for Democrat than Bush in 30-min. newscast.

During networks' 2nd night convention coverage, Clinton also ran 15-sec. spots on Washington and Houston stations in response to attacks on him night before at convention. Counterattacks prompted Republicans to be more cautious in releasing texts of speeches -- especially Bush's acceptance -- to reporters next few nights to avoid their getting into Clinton camp's hands. CBS was only network to stay with convention's "family value" night Aug. 19, which featured Mrs. Bush and Marilyn Quayle -- with coverage until 12:19 a.m., 57 min. after ABC signed off and 67 min. longer than NBC. In departure from networks' recent coverage, anchors Rather and Jennings worked convention floor.

CBS's problems could be seen as indicative of election-year trend toward candidates' greater independence from news media. Trend emerged in primaries when presidential candidates seemed to eschew ads and news interviewers to appear on talk and entertainment shows to carry their messages directly to voters. Clinton continued trend last week, with strategy of reacting to convention developments by counterpunching with appearances on 3 networks' morning shows, etc. Congressional candidates have translated that strategy into aggressive campaign ads designed to counter news media's images. Most-talked-about of genre may be ads by antiabortion candidates showing aborted fetuses, which have spawned many complaints from viewers and unease at FCC -- but are required under law (see related story, this issue).

Democratic and Republican National Committees encouraged bypass trend by again sponsoring own satellite news services at conventions. Democrats let local news anchors interview selected party bigwigs, using party's equipment and transmitting feeds at party's expense -- at reported average of \$150-\$200 per 5-min. transmission. Democrats also fed party-crafted radio "actualities" (recorded sound bites) into 800 number that stations across country could access. Officials said they didn't know how many TV-radio stations may have taken advantage of services. Republicans had their own people roaming convention floor, taping interviews that were offered to stations free via satellite. GOP was unwilling last week to give figures on service's use by stations but claimed venture was "successful."

Just as it had in N.Y., communications industry loomed large in Houston with its many parties, receptions, etc. CBS Pres. Laurence Tisch again had major party, for GOP bigwigs. Others included big bash by NAB for House Minority Leader Michel (R-Ill.) reportedly attended by 500. NCTA didn't have party, ran ads in convention publications. About 15,000 from news media attended, most from broadcasting (number reportedly includes technicians.)

Industry also figured in GOP party platform. Republicans adopted plank calling for "sweeping reform" of CPB and saying that party deplores "the blatant political bias of public broadcasting." It called "outrageous" notion that taxpayer should fund public broadcasting, opinion new CPB Pres. Richard Carlson termed "misguided." There's also substantial section on telecommunications in platform denouncing regulatory barriers to competition and infrastructure development that indicated support for telco role in cable.

VIACOM AND TIME WARNER SETTLE SUIT: Viacom settled long-running \$2.4-billion antitrust suit against Time Warner (TVD May 15/89 p2) for undisclosed cash payment from Time Warner and deal that included sale of Viacom cable system in Milwaukee and various licensing and cross-promotion arrangements. Viacom, in suit that some believed had threatened future of major MSO's ownership of cable program networks, had claimed that TW had limited ability of competitors to get carriage on its cable systems, which make up about 12% of all subscribers, making it more difficult for competing pay cable networks to start up. Viacom charged that TW actions had caused \$800-million damage to Viacom's Showtime, which competes with TW's HBO, amount that would be trebled in antitrust suit.

TW admitted no wrongdoing in negotiated settlement, and Viacom didn't admit to charges in TW countersuit. Viacom had claimed that TW was monopolizing premium channel market through HBO, which has about 17 million subscribers, 10 million more than closest rival, Showtime. Viacom said TW conspired to monopolize market by undercutting rivals' prices, launching Cinemax (6 million subscribers) and pressuring other cable operators to choose HBO over Showtime. TW said from beginning that suit was "totally baseless" and executives hinted that it was filed in 1989 in bid to block merger between Time and Warner. Viacom said suit had been in preparation for year before merger.

Settlement will provide "material financial, as well as strategic, benefits to Viacom," but wouldn't have material effect on TW, companies said in joint statement. Neither side would comment on reports that TW will give Viacom \$75 million cash as part of settlement, as well as buy Viacom cable system in Milwaukee suburb of Greenfield with 41,000 subscribers for \$95 million (\$2,300 per subscriber), figure that analysts said

may be premium of about 10% above market price. Viacom had been interested in selling system for years because, as only Viacom system in Wis., it didn't fit in with Viacom's "clustering" approach. Viacom CEO Frank Biondi said agreement "will lead to better working relationships with Time Warner and will enhance the prospects for Viacom's future growth." TW co-CEO Gerald Levin said settlement would allow TW to "move on with some more constructive activities between the 2 companies."

Series of actions between companies that's part of settlement includes: (1) Undisclosed TW cash payment to Viacom. (2) TW agreement that more of its cable systems will carry Viacom's Showtime and Movie Channel. (3) TW agreement that it will buy more ad time on Viacom's MTV Networks over next 5 years. (4) Extension of affiliation agreement between MTV Networks and TW. (5) Agreement for joint "multipremium" marketing campaigns by HBO and Showtime. (6) License for exhibition of Warner Music Group music videos on MTV. (7) New affiliation agreement between Viacom cable systems and HBO, providing improved sales incentives for Viacom.

Both companies had been pressured by other cable operators to settle suit, which has been cited by cable opponents as proof of industry's monopolistic behavior that justifies reregulation. Major MSOs also had been forced to pay millions of dollars in legal fees to respond to interrogatories from feuding parties. TCI Pres. John Malone, for one, had tried to set up meetings between TW and Viacom to settle suit.

HBO and Showtime quickly announced integrated marketing campaign to boost sale of multiple premium cable channels. Companies said they will run 5 joint marketing campaigns per year, each lasting 6 weeks. They said they will send out 215 million direct mail pieces per year, 25% more than their previous efforts combined.

Wireless cable will benefit more from digital compression than will wired cable or other media, according to Vivian Assoc. study for Wireless Cable Assn. (WCA). WCA Pres. Robert Schmidt said wireless cable operators in Tucson and Riverside, Cal., plan to begin engineering tests of digital compression systems by end of year. Study said compression would allow wireless cable systems to offer at least 90 and possibly up to 150 channels, instead of current 30, making wireless more attractive. Study indicated that compression would give wired cable similar percentage increase, but actual impact on market would be smaller because wired cable already offers critical mass of channels: "The TV retailers likely to benefit most from digital transmission... are those to whom today the fewest transmission channels are available." Report said digital compression also could boost radius of service of wireless cable systems up to 3 times current radius, assuming line-of-sight, making each transmitter able to serve more customers with current picture quality, and would shrink "holes" in wireless cable coverage caused by signal obstructions. Compression also could make it possible for wireless cable to use some channel capacity for nonentertainment purposes, including wireless personal communications, paging, data delivery and interactive services, study said. It estimated that adding digital compression capability to current wireless receivers would increase cost of each subscriber unit by \$200, although figure would drop with mass production. It said headend equipment would cost \$105,000-\$110,000 per site. Cost can be amortized at cost of \$3 per month per subscriber, study said. Current plans call for several wireless cable operators to begin installing customer digital compression receivers by end of 1993, report said.

Full FCC upheld Mass Media Bureau decision that broadcasters don't have to carry antismoking messages to offset effect of hidden commercials for tobacco products. ACT had asked Commission to require antismoking messages, saying that TV programs carry "hidden commercials" by displaying product names and logos during sporting events (such as by panning along fences festooned with cigaret ads). Commission said ACT had raised no new policy issues.

NBC fired foreign correspondent Arthur Kent Aug. 21 after highly publicized contract dispute that included so-called "Scud Stud's" distributing leaflets to colleagues outside network's N.Y. hq and NBC's refusal to allow him to be interviewed on Tonight Show Aug. 20. Kent earned nickname for his reports under Scud missile fire in Gulf War, his good looks helping to produce something of "groupie" following among women viewers. Kent said dispute is rooted in criticisms he made of what he called network's poor handling of Soviet coup and claim that NBC News managers repeatedly broke contract promises and eroded terms of his job. NBC said that for 18 months it had tried "aggressively and enthusiastically" to accommodate Kent, "but he has continued to be unhappy and has been unable to deal with any level of management." Kent was suspended indefinitely Aug. 12 for refusing assignment to Zagreb, Croatia's capital. Kent said he was rejecting assignments to "hot spots" until contract differences were worked out. His scheduled appearance on Tonight Show, which he understood was to be billed as return appearance since April 1991 stint with Johnny Carson, was cancelled by network executives in memo by Anne Egerton, an NBC W. Coast vp-legal affairs: "One of Mr. Kent's alleged claims against NBC is for defamation; accordingly, we do not believe that Jay Leno can interview Mr. Kent without risking further claims by Mr. Kent for alleged defamation against NBC and, perhaps, Jay himself." NBC charged Kent with "repeated breaches" of contract and made firing effective immediately. NBC reinstated Kent's producer, Joe Alicastro, with Dateline NBC effective Aug. 26. Alicastro also had been suspended indefinitely for refusing Zagreb assignment with Kent in related contract dispute.

International Transcription Service (ITS) will replace Downtown Copy Center as official provider of duplicating services of FCC documents Oct. 5. ITS will have office in Rm. 246 at FCC hq, as well as at 2100 M St. NW, Washington, 202-857-3800, and in Gettysburg -- Judy Boley, 202-632-7513.

Dallas Cowboys settled lawsuit filed by BMI charging unauthorized use of BMI music at Texas Stadium; terms weren't disclosed.

CABLE RATINGS NEARING: Cable Ad Bureau (CAB) said it will begin showing prototype of local cable ratings book to ad agencies and others in Sept., preliminary to launching new Arbitron and Nielsen cable ratings service as early as first half of 1993. Cable industry believes ratings book, intended to provide accurate reading of local viewing of major national cable networks, will give it potential access to 10-20% of \$8-billion national spot ad market. Cable currently sells about \$150 million of spot ads per year.

Accurate ratings could help cable triple spot ad revenue in many markets, said Kevin Smith, gen. man. of Mega Advertising and chmn. of CAB subcommittee working on project. For example, he said, Washington metropolitan area systems now receive about \$15 million of spot ads per year, figure that he said could increase to \$45 million if cable networks generate expected 10-20% viewing share and can use that to get "fair" share of ad dollars. Big boost in spot ads on local cable systems "won't happen overnight," one executive acknowledged, "but it should happen." Smith said local ratings books also could help sell more local ads because they could provide hard data on viewing, although he admitted some in industry believe data could force cable to lower ad rates.

CAB and others are "committed to moving ahead" with ratings books, although there still are details to be worked out, Smith said. Nielsen and Arbitron are to deliver prototype books to CAB by end of month. CAB, along with advertising agencies and others, will evaluate results to determine whether prototypes are acceptable, what they will cost, how to make them compatible with data processing systems. Key question is whether ratings services will have to add metered or diariied households to keep cable ratings accurate despite relatively lower per-channel viewing levels.

Cable is moving on ratings books now because it's "more focused on the opportunities that exist," Smith told us. He said industry in past centered mostly on building systems and subscribership, then on building local ad sales, but has become convinced that lack of adequate ratings system is costing it significant national spot revenue. Nielsen and Arbitron already carry cable ratings, but most networks' share is so small that it often isn't even listed in local ratings books. Industry believes, for example, that more complete service would allow operators to combine 10 or more of largest cable networks into ad package that would draw same combined ratings as broadcast networks.

"The biggest problem with cable is that ratings are massively underreported," CAB Local Ad Dir. Bruce Ferguson said. "We believe that they are up to 50% understated by the current system." He said CAB believes that cable networks account for 24% of all TV viewing, with 85% of that on 10-12 such networks: "That would probably place them first or second in many cable markets if they were aggregated. And the advertising will follow the audience." Ferguson said cable generally delivers "great demographics," making it even more attractive to advertisers in era when demographics are becoming more important than sheer numbers.

Cost of new cable ratings service still is unclear, Smith acknowledged. Among other things, industry isn't sure ratings service would have to include more households, which would increase cost. Local operators that buy cable ratings book would bear cost, just as local TV stations do now. "Nielsen and Arbitron are looking at this as a major growth area," Ferguson said.

FCC OKS FETUS ADS: FCC Mass Media Bureau Chief Roy Stewart Aug. 21 ruled TV commercials that show fetuses being aired by political candidates aren't indecent and refused requests for declaratory ruling to permit stations to limit time of day they may be carried (TVD Aug 3 p7). Said Stewart: "To the extent these petitions seek a general ruling by the Commission that a class of program material -- that is, any depiction of dead fetuses or fetal tissue -- is indecent, we decline to so rule." He said such ruling also would be "at odds" with Commission's refusal to hold that programming is indecent before broadcast.

Also, Stewart said, FCC can't accept requests that broadcasters be permitted to classify such political material as indecent "so that they may restrict the time at which it airs... Nor can we permit a broadcaster to alter the scheduling of such material because the broadcaster finds it otherwise 'unsuitable' for children." Such scheduling, he said, would violate candidates' right of "reasonable access" to air time. However, Stewart said broadcasters are not "without recourse" and would be permitted to air advisory warning -- "presented in a noneditorializing and neutral manner" -- before broadcast of such commercials. He suggested this language: "The following political advertisement contains scenes which may be disturbing to children. Viewer discretion is advised."

One of petitions was filed by Washington law firm Kaye, Scholer, Fierman, Hays & Handler on behalf of unspecified clients. Reaction of Irving Gastfreund, partner in firm: "It's a bizarre ruling... It's not legally defensible." Saying law firm would appeal, he said viewer advisory is "too little, too late... There's desperate need for guidance here."

In Colo., state courts in Boulder and Denver have refused to issue injunctions to prohibit Pro-Life Party candidate for U.S. Senate from airing commercials showing aborted fetuses.

In other actions Aug. 21, FCC: (1) Ordered renewal applications of Dixie Bestg.'s WHOS(AM)/WDRM(FM) Decatur, Ala., into hearing, saying licensee's equal employment opportunity submissions "raised substantial and material questions of fact as to whether it misrepresented or lacked candor." (2) Upheld staff dismissal of application by Treasure Coast Media for new FM in Jupiter, Fla., because one of its principals, B.F.J. Timm, already has "attributable" interests in 12 other FM stations. (3) Fined WAAF(FM) Worcester for airing telephone conversation without other party's knowledge. (4) Upheld staff in denying complaint that WCSC-TV Charleston, S.C., violated contest rules during charity auction. Complainant said that WCSC-TV employee had offered herself for bid as a date that wasn't honored.

Courts "cannot and should not establish comprehensive rules to govern every question" of access to information under First Amendment. That's conclusion of Washington attorney Timothy Dyk of Jones, Day, Reavis & Pogue writing in current issue of Stanford Law Review. However, he said courts should intervene when "potential for government abuse is greatest," such as departure from rules govt. has established or when govt. discriminates in granting or denying access. Dyk argued that "it is both appropriate and desirable" that news media be granted "a special constitutional right of access in newsgathering... For the press to perform its adversarial role effectively, it must be given a broader right of access than that enjoyed by the general public." Dyk has represented TV networks, NAB and other industry groups on variety of First Amendment issues.

HDTV FLEXIBILITY SOUGHT: Flexibility is key to successful HDTV implementation, NAB said in reply comments filed with FCC last week. Both NAB and MSTV, in separate filings, said Commission should reject proposals by land mobile interests to reallocate TV spectrum to that industry before final conversion to HDTV. Meanwhile, House panel said FCC's HDTV selection process had "significant limitations" and Comr. Quello said agency shouldn't limit HDTV to UHF channels.

In partial dissent to Commission's latest separate rulemaking (TVD July 20 p3), Quello said stations should have flexibility to provide HDTV after end of NTSC either on new UHF HDTV channels or on old NTSC channels, "assuming such flexibility was feasible within their markets." Clearing VHF channels "does not take into consideration the effects on VHF station value and service areas," Quello said. He said he also is concerned about plan to maximize HDTV service areas, rather than match HDTV contours with existing NTSC service areas.

FCC process is handicapped by lack of computer input, despite being "an example of a farsighted regulatory process that can be used to further U.S. industry and U.S. competitiveness," according to report by House Subcommittee on Technology and Competitiveness. Report generally gave high marks to Commission process for being "flexible and adaptive," but said it was aimed primarily at finding broadcast standard for HDTV. Compatibility with computers also should be "of paramount importance," Subcommittee said. It said problem was that FCC testing process doesn't include compatibility with computers and there probably isn't time to add such trials.

FCC process shouldn't be delayed, House report said, but computer industry should become more involved, including providing R&D and financial resources for tests to assure compatibility. Terrestrial broadcasters "have no special reasons for taking the needs of the computer industry into account," report said, and computer industry has most to gain from compatibility. Commission's HDTV decision "will influence the development of technologies, industries and services far beyond the FCC's regulatory reach," Subcommittee said.

There are many pitfalls along way to HDTV, NAB said of earlier rulemaking, and some licensees may fail in their initial attempts to launch advanced TV service. If that happens, NAB said, others are likely to seek HDTV licenses, and granting land mobile's request could unnecessarily shrink number of HDTV channels available in market. MSTV called land mobile proposals "wholly unrealistic" and said they "would seriously jeopardize the implementation of broadcast HDTV." MSTV also said it would be premature for FCC to implement NTIA proposals on ways to reclaim TV spectrum after HDTV conversion.

Quality NTSC programming will continue to be available during HDTV transition, NAB said, as will economical NTSC/HDTV converters, so importance of setting simulcasting requirements (airing same programs on both NTSC and HDTV) now is diminished. They should be instituted at end, not beginning, of ATV (advanced TV) transition period, if at all, NAB said. MSTV said negotiate/first-to-file/lottery plan of FCC for allocating HDTV channels "has the potential for seriously disrupting existing television service by generating speculation and creating arbitrary and inequitable HDTV channel assignments." It said plan could encourage holdouts "extorting substantial payoffs" for channel assignments.

Broadcasters' first-round comments confirm that definitive simulcast requirement is needed to assure that

stations don't use HDTV to launch separate program service, NCTA said in reply comments. NCTA again claimed that failure to require simulcasting would defeat public interest rationale for awarding new spectrum to existing broadcasters without competition. Cable group said that would make entire process subject to being overturned by courts as "arbitrary and capricious." NCTA said there's "simply no policy basis for subsidizing the creation of a new programming service by granting broadcasters a free second channel to utilize at their discretion." It also said there's no justification for requiring cable systems to carry HDTV channels for what could be pay service.

Zenith and AT&T said FCC shouldn't wait for new HDTV technology before selecting standard, but another group developing new HDTV system, Future Images Today (FIT), said Commission should wait at least for FIT's orthogonal polarization system, which it said is fully compatible with NTSC and would eliminate need for HDTV-to-NTSC converters. AT&T said new developments occur continuously but there's no need for delay because all-digital HDTV can accommodate any new developments. AT&T, which is Zenith's partner in proposed HDTV system, also said new proposals such as orthogonal frequency division multiplex are "prohibitively complex for HDTV." Zenith said FIT system isn't new, provides no major benefits, isn't in "concrete state of development." It discounted comments in earlier round that production equipment for its progressive scan system wouldn't be available until well after interlace is, claiming gear already exists and competition will assure that it will be both cost effective and quickly available. Zenith also disputed claims that its 787.5-line system would provide less definition than others, saying that it provides same number of pixels per second as other systems.

Meanwhile, HDTV system developed by Advanced TV Research Consortium "performed as advertised" in tests concluded recently at Advanced TV Test Center, said James Carnes, pres. of consortium member David Sarnoff Research Labs. Trials, completed Aug. 14, included all core tests and 3 of 5 noncore tests, despite delay in start because of problems with system developed by Sarnoff, Thomson, Philips, NBC. System also underwent retesting after it was found that improper component had been installed. Despite problems, Philips Labs Pres. Peter Bingham said he's confident testing "reaffirmed the strengths of the system's features, particularly in picture quality and NTSC noninterference characteristics." Last HDTV system, developed by partnership of MIT and General Instrument, began moving into test center Aug. 20. Testing is expected to begin Aug. 28 and be completed Oct. 23.

HDTV proponents have until Nov. 2 to submit written details on any proposed improvements to their systems that they want FCC's Advanced TV Advisory Committee to consider, Chmn. Richard Wiley said in letter circulated Aug. 21. Letter said that even though several proponents said they had improved systems that already had been tested, it wasn't feasible to retest them. Instead, proponents' "offers of proof" will be evaluated by special panel headed by Joseph Flaherty of CBS and Irwin Dorros of Bellcore. Proponents will be able to comment on others' proposed upgrades, and special panel will review proposals in face-to-face meetings. Proponents also are to submit details on how they will provide digital audio and auxiliary data services by Nov. 2, letter said. Wiley said he seeks comments on suggested procedure for evaluating improvements. He also said another special panel will meet Feb. 8-12 to conduct final technical review of HDTV systems, with full committee to make its recommendation to FCC week of Feb. 22.

TLC ADDS KID SHOWS: The Learning Channel (TLC) will launch 6-hour daily programming block aimed at preschoolers Dec. 28, Chmn. John Hendricks reported. Block, which will include former PBS show Zoobilee Zoo plus several other English-language programs from around world, will be ad-free but eventually could have corporate underwriting. Hendricks told us channel could go fulltime after arrival of digital compression.

Block, called Ready, Set, Learn, will air weekdays 6 a.m.-noon, with 3-hour block 6 a.m.-9 a.m. repeated for 2nd 3 hours. Hendricks said he hopes cable systems with channel capacity will tape show and repeat it throughout day on separate channel, "thus creating a fulltime dependable preschool educational service that parents will know doesn't include advertising."

Parent Discovery Channel will finance multimillion-dollar cost of block out of existing cable license fees, at least at first. "The gamble is that parents will demand this enough so that Learning Channel will get increased distribution, making the whole channel's economics work," Hendricks said. He said he hoped govt. funding, including from children's TV bill proposed by Sen. Kennedy (D-Mass.), would help, as would grants from foundations and corporate underwriting. Additional funding would aid TLC in expanding children's TV offerings further, he said. Hendricks said Learning Channel doesn't plan higher fees for cable operators.

Hendricks doesn't dismiss benefits of PBS children's programming: "They have some excellent programming, including Sesame St. But the fundamental challenge of PBS is that they don't have a predictable national schedule that can be promoted. Parents want a predictable schedule so they know they can sit their children down to watch educational TV for a set period without ads."

TLC will "monitor closely" response to Ready, Set, Learn to determine possibility of making it fulltime preschool channel, Hendricks said: "The nation deserves one channel day and night that parents can turn to for quality children's programming." However, he said fulltime channel isn't likely to be feasible as long as channel capacity is restricted, but could be when digital compression multiplies number of channels.

Launch of consumer-friendly children's service isn't likely to help cable industry significantly in current fight over cable bill, Hendricks acknowledged: "It's probably a little too late for that." But he said such services can "show the benefits of cable. We can be flexible. When ads are not appropriate, such as for children's TV, we can finance it out of other sources of revenue."

Meanwhile, TLC's 8-month-old cablecast of Charlie Rose will end Sept. 29, although producer WNET, N.Y.-Newark said it would continue to air weeknight interview show at 11 p.m. EDT. Greg Moyer, senior vp of Learning parent Discovery Networks, said "we have learned that despite the fact that Charlie Rose embodies all the high standards, values and aspirations of the Learning Channel, viewers do not turn to us for topical conversation. Like viewers of the Discovery Channel, Learning Channel viewers prefer more traditional, documentary, visually oriented programs." WNET and cable network pledged to continue working together on unspecified joint projects.

FCC DENIES PTAR WAIVERS: Saying waiver of prime-time access rule (PTAR) isn't necessary for KPIX and KRON-TV to air network programming 7-10 p.m. (instead of 8-11 p.m.), FCC Aug. 19 denied San Francisco stations' requests for such waiver. Also, Commission said, it feared granting request "could open up the floodgates to similar waiver requests." Meanwhile, FCC Comr. Quello, who concurred in San Francisco decision, wrote other commissioners Aug. 19 urging agency not to launch new PTAR rulemaking until after presidential election.

KCRA-TV Sacramento was granted similar waiver year ago for experiment in earlier airing of network prime-time programming to determine whether west coast viewers' life-styles had changed. That waiver was extended by FCC until it could act on San Francisco requests, but Commission's order didn't mention whether KCRA-TV waiver would be extended. However, agency did say that KRON-TV and KPIX requests "would go well beyond the FCC's intentions when it authorized the KCRA-TV waiver last year."

KRON-TV (NBC) and KPIX (CBS) currently are airing network programming 7-10 p.m. (ABC-owned KGO-TV stayed at 8-11 p.m.). At 10, KPIX carries hour of news; KRON-TV 30 min. of news followed by Entertainment Tonight; KRON-TV wanted waiver to run Jay Leno at 10:30, currently has him on air at 11 p.m. Both NBC and CBS had insisted that their affiliates seek waiver before giving permission for 7 p.m. start of network programming. Stations had sought waiver through next June 3 so that data on viewers' preferences could be compiled over full programming season.

Several parties had opposed waiver requests as not needed, arguing that only purpose was to permit affiliates to carry additional half-hour of prime-time network programming nightly. Opponents also said San Francisco test wouldn't yield results any more valid than those in Sacramento. In denying requests, FCC acknowledged San Francisco trial "might yield varied data from that of the Sacramento test [but] the same might be said about tests conducted in other television markets on the West Coast."

For short term, at least, FCC action will have no impact on KRON-TV's schedule, said station's Washington attorney Gregory Schmidt: "We're all kind of scratching our heads to figure out why it went down." CBS and NBC didn't comment on Commission's order.

Quello, in 2-sentence memo urging delay in issuing rulemaking looking toward repeal of PTAR at Sept. 17 meeting, as planned by Chmn. Sikes, said: "On further reflection, I recommend that the contentious PTAR item be delayed until after the finsyn oral argument [scheduled Oct. 2 before 7th U.S. Appeals Court, Chicago] and, preferably after the election. I don't believe we should propose a major, controversial, divisive item at this time." At least 2 of his colleagues are said to share Quello's views and delay is expected. At NAB convention last spring, Comr. Duggan called PTAR "an evil baby brother of finsyn" (TVD April 20 p8).

Justice Dept. has joined FCC in filing civil suit against Evergreen Media, licensee of WLUP(AM) Chicago, in attempt to collect \$6,000 fine levied against station for broadcasting indecent programming 3 times in March 1989 and Aug. 1987. Wintergreen had said it wouldn't pay, invited govt. to sue. Suit was filed Aug. 19 in U.S. Dist. Court, Chicago.

NAB SEEKS CAMPAIGN ADS ORDER: Citing 2 earlier FCC rulings that it said are in conflict, NAB has asked Commission for declaratory order on what constitutes "reasonable access" in sale of time to candidates for federal office. Specifically, NAB asked for ruling that stations not be required to sell time to candidates in odd increments (such as 5 min.) that aren't offered to regular commercial advertisers or in time segments that station doesn't ordinarily program. In alternative, NAB sought FCC declaration that stations aren't required to sell time in odd increments during network or syndicated programming.

NAB said it's aware that federal candidates are approaching stations saying they're entitled to buy time in 5- or 15-min. increments. Such requests are based on 1978 FCC order in Carter-Mondale case that said "an arbitrary blanket ban on the use by a candidate of a particular length program cannot be considered reasonable." In Okla. Senate race in 1980, Commission staff had ruled that station acted "reasonably" in rejecting candidate's request to buy 5 min. in closing days of campaign. Ruling was based on timing of request, with staff saying that if it had been made far enough in advance, station could have been required to preempt 30-min. network programming to meet request and fill "the remaining 25 minutes with local programming or with other candidates' programming."

Prior rulings "have led some to conclude that licensees cannot refuse to sell odd-length programs to candidates in any time period so long as the request is not made at the last minute," NAB said in seeking clarification. "NAB believes that this is a misinterpretation of the fundamental intent of the Commission's reasonable access decisions." In Carter-Mondale, staff discussed only programs 30 min. in length, NAB said: "No mention was made of odd-length political programming even though 5- and 10-minute avails were an issue in the case. Therefore, the inference to be drawn is that local stations need not sell time to candidates in increments which the station neither sells nor programs."

NAB argued that lack of programming flexibility and number of potential requests warranted allowing stations to prohibit candidates from buying "odd-length programs, at least during network and syndicated programming time periods... A blanket ban on 5-minute or other odd-length programs in particular time periods should not be viewed as unreasonable." By requiring stations to sell odd-length programs to federal candidates, "the Commission would take the determination of 'reasonableness' completely out of the hands of the licensee," NAB said. FCC's political broadcasting unit has confirmed that under current dictum stations are required to sell time in 5-min. increments to candidates for federal office.

Capital Cities/ABC, J.C. Penney and GTE Spacenet have joined in venture to build nationwide VSAT network for TV, audio and data services. Venture, Advanced Retail Communications, will integrate digital satellite broadcasting and terrestrial transmission network to support major shopping malls and other retail locations. System at start will use existing GTE Spacenet and Penney Communications satellite facilities and Penney's terrestrial data network, Cap/ABC said. System will use digital compression.

PBS stations, by 138-15 vote, have approved multiyear national programming plan. Among new shows proposed in plan, which focuses on FY 1992-1994 but includes discussion of activities through FY 1997, is daily series for 6- to 12-year-olds, late-night show, "high-profile" early evening series, new how-to program.

Meetings: "Bcst. Financing for the 1990s: The New Realities" is title of Sept. 9 seminar at New Orleans Marriott Hotel during NAB Radio Conference, sponsored by law firm Keck, Mahin & Cate -- 312-634-5613... IBC Technical Services will sponsor seminar on **cable construction** Sept. 15, London Marriott Hotel -- 44-71-637-4383... FCC Chmn. Sikes, Commerce Secy. Barbara Franklin and Time Warner International Chmn. Arthur Barron are keynotes at Sept. 16-17 "**Information Highways**" seminar at McGraw-Hill hq in N.Y.C. -- 516-271-1386... Monthly "**Newpreneur Series**" will be inaugurated next month by International Radio-TV Society (IRTS). Schedule: Sept. 17 -- HBO Chmn. Michael Fuchs; Oct. 5 -- Time Warner Pres. Gerald Levin; Nov. 17 -- NBC Sports Pres. Dick Ebersol; Dec. 14 -- Time Warner Enterprises Pres. Robert Pittman; Jan. 19 -- CBS Best. Group Exec. Vp Peter Lund; Feb. 9 -- Cap/ABC Pres. Daniel Burke; March 9 -- MTV Networks Chmn. Tom Preston; April 21 -- Sillerman Cos. Chmn. Robert Sillerman; May 11 -- WPIX N.Y. Exec. Vp-Gen. Mgr. Michael Eigner; June 23 -- CBS Radio Pres. Nancy Widmann. Details: 212-867-6650... **Wireless Communications Conference** sponsored by Rural Communications magazine is Sept. 18-19, Hyatt Regency, Washington -- 800-487-4682... "What Have They Done to Our Business?" has been added to Sept. 24 schedule for **RTNDA's** San Antonio convention. It will be moderated by Harvard Law Prof. Arthur Miller, with panelists Ken Auletta, author of *Three Blind Mice*; Andrew Heyward, exec. producer of *CBS 48 Hours*; Stanley Hubbard, pres., Hubbard Bestg.; Chris Marrau, managing editor-anchor, *KENS-TV* San Antonio; Maureen O'Boyle, host, *A Current Affair*; Preston Padden, senior vp-affiliates, Fox TV Network; Dick Reingold, news dir., *WKYC-TV* Cleveland; Thomas Rogers, pres., *NBC Cable*; William Ryan, pres., *Post-Newsweek Stations*; Ed Turner, exec. vp, CNN; Jerry Udwin, pres., *The Udwin Group*; Av Westin, exec. producer, *Inside Edition*; Gary Wordlaw, vp-news, *WJLA-TV* Washington... **NCTA and National Assn. of Minorities in Cable** sponsor conference on urban markets Sept. 24-25, Waldorf-Astoria, N.Y.C. -- 202-775-3669... Conference on **Interactive Marketing** Sept. 29-Oct. 1 at Resort at Squaw Creek, Lake Tahoe, will include sessions on interactive TV and telephony and CD-Interactive -- 310-394-5854... **CTAM** sponsors northeast regional management conference Oct. 12, Trop World, Atlantic City -- 703-549-4200... **Broadcast/Cable Interface** meeting is set for Oct. 21, Omni Shoreham Hotel, Washington -- 212-340-9866.

Japanese version of MTV will launch in Oct. on Japanese Superbird Ku-band satellite. MTV Japan is joint venture of U.S. program network and Music Channel Co., which in turn is joint venture of Pioneer Electric, TDK Corp., Tokyo Agency. Network, which is targeting cable, SMATV and direct-to-home markets, will be unscrambled until Dec. 1, will transmit 20 hours per day at first, increasing to 24 hours within first year. MTV Networks will collaborate with Japanese partners on programming customized for local markets, as well as grant access to programming of U.S. counterpart. MTV already is available to 200 million households in U.S., Europe, S. America, Australia, Asia.

FCC Field Operations Bureau (FOB) is closing Antenna Survey Branch in Washington and all its operations, including surveillance of mass media towers, will be transferred to Private Radio Bureau (PRB) Support Services Branch in Gettysburg (717-337-1212) Oct. 1. However, FOB will retain enforcement functions over towers. PRB responsibilities in resolving interference complaints have been moved to FOB field offices.

Financials: **Continental Cablevision** announced 2nd round of refinancing, selling \$105 million of common stock to group of private investors led by Boston Ventures. Sale of 322,000 shares (5% of total), follows \$1.3-billion refinancing earlier this year that included sale of \$400 million of convertible preferred stock. Continental said transactions will allow 3rd-largest MSO to repurchase up to 750,000 shares of common stock, satisfying stock repurchase obligations for 1993 and reducing obligations under debt agreements to buy back stock in 1998... **Allbritton Communications** will sell \$125 million of senior subordinated debt to public at 11.5% interest. Company had proposed \$115 million, but offering was oversubscribed... **Adelphia** had \$37.9-million net loss for quarter, vs. \$36.8-million loss year ago, despite 13% revenue increase to \$75.2 million. Cash flow was \$49.5 million, up from \$42.7 million year ago... **Jones Intercable Investors L.P.** had \$686,000-net loss in quarter ended June 30, compared with \$1.7-million loss year ago. Revenue grew 6% to \$10.3 million... **Outlet Communications** lost \$338,000 in 2nd quarter ended June 30, vs. \$1.4-million loss year ago as revenue rose 12.7% to \$11.8 million.... **C-Cor** had \$853,000 profit in 4th quarter ended June 26, vs. \$1.5 million loss year ago. Chmn. Richard Perry said strong surge in orders contributed to 128% revenue increase in quarter to \$16.6 million, and 59% for full year to \$52.2 million. Full-year profit was \$2.3 million, vs. \$3.5 million loss year ago... **QVC** profit soared 152% to \$8.7 million in 2nd quarter ended July 31 on 11.1% revenue growth to \$221 million. Net interest expense dropped to \$2.5 million from \$9.2 million because of debt reduction.

NASA selected 31 public and private experiments for inclusion in Advanced Communications Technology Satellite (ACTS) Program. Scheduled for launch early next year, ACTS will operate as "orbiting testbed" for next generation of commercial communications satellites, agency said. ACTS has Ka-band and advanced technologies such as onboard computer and onboard microwave switch matrix that can route high-volume traffic at much higher data rates than current communications satellites, making possible communications between supercomputers or distribution of HDTV. Among experiments: (1) Mayo Foundation will demonstrate transfer of medical information by high-definition imagery. (2) Georgetown U. will test high-speed interactive education network it's developing for S. America. (3) PBS plans to test HDTV transmission.

Infinity Bcstg. said it's buying WUSN(FM) Chicago, WZLX(FM) Boston and WZGC(FM) Atlanta from Cook Inlet Radio Partners for \$100 million. Publicly held Cook Inlet, principally owned by 6,500 Alaskan Eskimos, said proceeds of sale will be used for "investment opportunities." It will retain 4 radio stations after deal is finalized. Infinity, which went public earlier this year, currently owns 18 radio stations, including WFAN(FM) N.Y., for which it paid \$70 million last winter.

CATA unveiled 2nd two-day PR course for cable system operators. First round of courses offered under industry's Public Affairs Training Program, included basic "Essential Skills." Second set is designed as follow-on, highlighting "Communications Skills." More than 1,600 employees of 86 MSOs took course in first year of operation, CATA said.

FCC issued reminder that broadcast licensees must include statement of environmental impact of RF radiation with applications for renewals and new licenses. Statement must include possible impact of human exposure to radiation, it said.

FCC has "an allotment system run amok [and] is totally out of touch with the realities" faced by American broadcasters, E. Shore Bestg. said in asking Commission to rescind allocation of 4 new Class A FM channels to East End of Long Island. E. Shore, licensee of WRCN(FM)/WRHD(AM), Riverhead, L.I., said that no party had asked for allocations and that area's economy wouldn't support 4 new stations: "In most parts of the country there are simply too many radio stations pauperizing one another in competition in a shrinking market." Last Feb., NAB asked FCC to freeze all new FM allocations (TVD Feb 17 p6), request that still is awaiting action. E. Shore asked Commission to "act promptly" on NAB petition.

HBO Video this year expects to exceed 1991 revenues of nearly \$100 million, New Releases Mktg. Vp Peter Ligouri told us. He wouldn't disclose specifics, although executives previously had put total in \$150-million range. Next year's dollar volume should be about same as 1992, he said. Company is particularly optimistic about its 4-year distribution deal with Savoy Pictures, which is expected to double yearly release slate to 20-24 films beginning in late 1993. As result, HBO has no plans to develop another Cinema Plus limited partnership. Last of 4 Cinema Plus titles probably will hit home video in first quarter 1993, Ligouri said.

ABC has set recommended pricing for college football pay-per-view package that premieres Sept. 5 -- \$8.95 per game, \$9.95 for all games available on particular Sat., \$59.95 for full season package. Actual prices may vary somewhat at individual cable systems, as will number of games available. ABC will continue to carry normal games of week on broadcast network, but PPV experiment will make up to 4 additional games per week available to addressable cable households.

Private Satellite Network (PSN) agreed to transfer operations of its business TV network to internal control of J.C. Penney. PSN, satellite-delivered networking services provider, which built and maintained Penney's 1,200-site network for 8 years, will continue to consult with retail chain. Penney will continue to operate network on daily basis on GTE satellite to deliver merchandising and management training programs.

U.S. working groups of International Radio Consultative Committee (CCIR) on broadcast satellite services and sound broadcasting above 30 MHz will meet Sept. 15 at Bellcore hq in Washington. Sessions are in preparation for international CCIR meetings in Jan. in L.A. on implementation of digital audio broadcasting -- John Reiser, 202-254-3394.

WGTW (Ch. 48) Burlington, N.J., went on air Aug. 13, raising operating U.S. TV stations to 1,497 -- 1,130 commercial, 367 noncommercial. WGTW is owned by Brunson Bestg. of N.J.; Dorothy Brunson is gen. mgr., Roger Dufault chief engineer, Wade Griffith sales mgr. Brunson also is licensee of WEBB(AM) Baltimore and WIGO(AM) Atlanta.

TV Viewers of America launched petition drive calling for ban on all pay-per-view (PPV) coverage of professional sports. Pres. Gary Frink said at least 12 pro teams are putting games on PPV. He claims his group's little-publicized boycott deserves much of credit for financial losses of Olympics TripleCast.

FCC has issued "Lottery Processing Manual" (48 F.R. 27,182) to update procedures in random selection of potential winning applicants in lottery process.

FCC granted temporary waiver allowing Pinelands Inc. to sell WWOR-TV N.Y.-Secaucus (Ch. 9, independent) to BHC, but said transfer would be at parties' own risk pending court decision on appeal of station's license renewal and FCC inquiry into holdings of BHC investor Mario Gabelli. Gabelli holds cognizable interest in BHC, as well as 20% of N.Y.C. AM station and FM station in Briarcliff Manor, N.Y., requiring waiver of one-to-market rule. Commission said it normally routinely grants permanent waivers in top-25 markets with at least 30 separately owned "voices." But it said Pinelands waiver is only temporary while it assesses Gabelli ownership. Pinelands and BHC told Commission that Gabelli has additional media ownership interests that could violate agency's ownership rules. FCC issued separate show cause order requiring Gabelli to disclose all media interests and to explain why agency shouldn't issue cease-and-desist order against possible violations of local and national ownership limits. Agency said it would separate Gabelli action from WWOR-TV sale, avoiding delaying transfer, even though Garden State Bestg. (which has filed application against WWOR-TV renewal) had told FCC that it should deny transfer because Pinelands' failure to disclose Gabelli holdings earlier had raised questions about its qualifications to be licensee. Commission said there was no evidence that Pinelands intended to deceive it. BHC, meanwhile, said it will continue to extend deadline on stock tender offer pending release of final FCC order. Total of 16.2 million Pinelands shares have been tendered to date. Pinelands lost \$2.4 million in 2nd quarter ended June 30, vs. \$1.5 million loss year ago. Revenue dropped 12% to \$45.9 million.

First interactive video and data service (IVDS) lottery window drew total of 778 applicants for 2 licenses before it closed Aug. 20, FCC said. Window was for N.Y.C. area. Commission, which plans to issue 2 IVDS licenses for each metropolitan area, has said pace of new lottery windows will depend on volume of applications it has to process for early windows. FCC has announced window of Sept. 1-3 for L.A., Chicago and Philadelphia, and Sept. 15-17 for Boston, Dallas, Houston, San Francisco, Washington. Number of applicants actually was smaller than some expected, Interactive Network Pres. David Lockton said. He said he had predicted there would be at least 1,000 applicants (each of whom had to pay \$1,400), and others had projected up to 5,000. "That [5,000] would have been a disaster because that would have meant it was the result of lottery mills," Lockton told us. "This means they were not as active as we feared." He predicted that number would fall off even more for future markets, especially as applicants learn about slim chances of winning license and cost of developing it: "Soon, we hope we'll just see the serious people with the money and resources to do this." Richard Miller, group vp-mktg. of IVDS firm TV Answer, said number of applications was "exactly the range we were looking for -- not so many that it will clog up the system, but enough to assure that there will be quality operators." He said total compared "very favorably" with number of cellular applications and "represents a very substantial level of interest" in IVDS.

Program Notes: McDonald's and Turner Bestg. will begin testing **McDTV** program service to air in McDonald's restaurants beginning today (Aug. 24). Service, similar to Airport Channel and other specialized Turner networks, is to be tested in 14 restaurants for 8 weeks... **BMI** signed music licensing agreements with American Movie Classics, Bravo, Sportschannel PRISM... **Black Entertainment TV** will cut back coverage of football games involving black colleges, citing lack of ad support. BET, which carried 10 games last year, will air 4 this year... **ESPN** signed product licensing agreements with Names International. Deal involves ESPN-related videogames, software, games and toys.

Comsat World Systems has filed tariff with FCC to offer new, full-time international digital TV service. Scheduled to begin Sept. 21, pending FCC approval, service would allow Comsat customers to use video compression techniques on all Intelsat satellites. Comsat said customers would realize significant savings because number of TV channels that may be derived from single digital TV lease "will be limited only by technical constraints." Service configurations will fit requirements for satellite newsgatherers and business TV users, as well as broadcast networks and cable operators, it said. Digital TV leases are available for: (1) Preemptible or nonpreemptible service in satellite bandwidths ranging from 100 kHz to 72 MHz. (2) Operation in C- or Ku-band, or combination of those 2. (3) Lease terms of one-10 years. To spur use, tariff includes "ramped pricing" option in which users that commit by Dec. 31 to minimum 36 MHz for 7-year, fulltime TV service lease can change to digital leases without starting new lease term. Those customers then must begin digital TV operation by end of 3rd year of lease. Transitional rates apply during first 2 years of digital service. For typical 72 MHz, 7-year lease, transitional rates are discounted 7-10%, company said. Move follows recently announced similar services being offered by separate satellite system competitors PanAmSat and Columbia Communications. Comsat already provides digital transmission for international business service telephony and data.

Transactions: Cannel Communications is buying Fox affiliate **KPDX** (Ch. 49) Vancouver, Wash., from Columbia River TV for \$15 million. Buyer is headed by William Schwartz, seller by Jack Matranga... **Cablevision Systems** Chmn. Charles Dolan agreed to buy 99% of N.Y. Islanders of National Hockey League. He's assuming team's \$32-million debt and said seller John Pickett will receive \$10 million per year for 19 years from contract with SportsChannel... Former Time Warner co-CEO **Nicholas Nicholas** formed venture capital partnership with 3 Pittsburgh investors led by James Knowles, formerly of Pittsburgh National Bank. Group is called New Paradigm Capital... **Triax Southeast Assoc.** L.P. bought 32 cable systems with 22,000 subscribers in Ky., Ohio, Pa. and W. Va. from Charter Cable. Broker: Daniels... **Cable TV Assoc.** sold system with 1,200 subscribers in Walton County, Ga., to Scripps Howard for undisclosed price. Broker: CEA.

TV station group owner George Gillett has filed for personal bankruptcy under Chapter 7 in U.S. Bankruptcy Court in Denver, listing assets of \$18.4 million and liabilities of \$66.2 million. Court recently approved reorganization plan for his Gillett Holdings Inc. (GHI) that reduces his interest in GHI to 5%, with control of company being assigned to Apollo Investors, longtime investor in GHI. Gillett will remain pres.-chmn. at annual salary of \$1.5 million. In filing, he listed personal property valued at \$14.9 million (including \$2-million home in Vail, Colo.) and other property worth \$3.5 million. He listed monthly expenses at \$107,394, income of \$131,394. GHI TV stations include WTVT Tampa, KSBY-TV San Luis Obispo, KSBW Salinas, Cal.

FCC Comr. Duggan issued concurring statement last week expressing "misgivings" about agency's policy statement on fines, reaffirmed in spring (TVD May 25 p4). He agreed with Comr. Quello (who dissented at the time), expressing "concerns about the unfairness of requiring small businesses to pay fines that may be beyond their ability to pay." He said FCC needs to take individual circumstances into account and "retain some flexibility in issuing forfeitures." But Duggan said he supported guidelines "because we expressly state that the standards will serve as guideposts rather than rigid, mandatory rules."

Personals

FCC Chmn. **Sikes** is speaker at IRTS lunch, Sept. 16, Waldorf-Astoria, N.Y... **Lauren (Pete) Belvin**, FCC assoc. gen. counsel, will be detailed to staff of FCC Comr. **Quello** upon retirement of Quello's senior adviser **William Harris** next month; she will retain her Senior Exec. Service designation... Ex-FCC Comr. **Patricia Dennis**, head of Sprint's Washington office, will be sworn in at private ceremony today (Aug. 24) as asst. Secy. of State for human rights and humanitarian affairs.

Mark Hasson promoted to vp-asst. controller, CapCities/ABC... **JoAnn Alfano** appointed dir.-current comedy programs, NBC Entertainment... **Charles Segers**, ex-Viacom Enterprises, joins CBS Entertainment as dir.-late night and nonnetwork programming... Named exec. vps, combined Time Warner Cable: **James Cottingham**, ATC; **John Gault**, ATC; **Ted Cutler**, Warner Cable; **Charles Ellis**, Warner Cable.

Walter DeHaven, vp-gen. mgr., KRRT Kerrville, Tex., named to same post, KTXA Ft. Worth-Dallas, replacing **Dirk Brinderhoff**, resigned... **John Lansing**, ex-KMOV St. Louis, joins WCCO-TV Minneapolis-St. Paul as news dir.; **John Culliton** promoted to exec. dir.-news and public affairs... **David Roberts**, ex-WDTN Dayton, named news dir., WBAL-TV Baltimore... **George Riddel**, ex-KMPH Visalia-Fresno, appointed creative services dir., KWGN-TV Denver... **Deborah Collura**, ex-KCRA-TV Sacramento, appointed news dir., KSTP-TV St. Paul-Minneapolis... **Brink Chipman** moves from KVOA-TV Tucson to news dir., KGW-TV Portland, Ore.; **Mike Jensen** promoted to vp-news and public affairs, KVOA-TV Tucson... **Kevin Brennan**, ex-WTLV Jacksonville, appointed news dir., WVUE New Orleans... **David Roberts**, ex-WDTN Dayton, named news dir., WBAL-TV Baltimore... **Graham Robertson**, ex-WTVH Syracuse, appointed news dir., KPHO-TV Phoenix... **Jeff Evans** retires as vp-gen. mgr., WFFT-TV Ft. Wayne... **Jim Schoonmaker**, ex-Catspaw Productions and WATL Atlanta, joins WTBS Atlanta as dir.-operations.

Alden Abbott promoted at Commerce Dept. to NTIA gen. counsel... **Ron Nessen**, ex-Westwood One, joins cellular Telecommunications Industry Assn. as vp-public affairs... **Robert Chasin**, ex-Fries Entertainment, appointed vp-business affairs, TriStar TV... **Roger Werner**, pres., Prime Sports Ventures, named acting pres.-CEO, Prime Ticket Network, succeeding **John Severino**, who retires in Sept... **Marcla Basichis** promoted to senior vp-programming, Spelling TV.

Tony Bauer, ex-20th Century Fox TV, appointed eastern vp-gen. sales mgr., Turner Program Services... **John Sanders** advanced to senior vp-management information services, Metro-Goldwyn-Mayer, new post... **Deborah Johns**, press secretary to Rep. Gephardt (D-Mo), joins MTV as senior vp-communications.

Deborah Curtan, ex-Columbia Pictures TV, appointed vp-comedy development, Warner Bros. TV... **Stephen Pagano** advanced to pres.-gen. mgr., Staten Island Cable... **Dinah Huff** promoted to operations mgr., public TV regional group Central Educational Network... **Karyn Bolger** advanced to client relations promotion mgr., Group W Productions.

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Kevin Klose, ex-Washington Post, appointed dir., Radio Liberty, Munich... **Ronald Harris** advanced to vp-marketing and corporate communications, International Family Entertainment... **Julius Barnathan**, former senior vp-technology and strategic planning, CapCities/ABC, named a consultant to Video Services Corp... **James Longson**, dir.-corporate development, Tribune Co., appointed vp-technology, new post.

Gerry DeFrancesco, pres.-gen. mgr., KHS-FM-AM L.A., named pres., parent Gannett Radio, succeeding **Jay Cook**, appointed pres.-gen. mgr., co-owned WUSA(FM)-WDAE(AM) Tampa... **Larry Dickerson** advances Sept. 16 to acting dir., Wis. Educational Communications Board, succeeding **Paul Norton**, who joins Utah State U. as vp-university relations... **James Mathis**, ex-Akron Public Schools, joins WVIZ-TV Cleveland as dir.-educational resources... FCC Calendar -- Aug. 24: Comr. **Duggan** addresses CTAM, San Francisco Hilton, 12:45 p.m. Aug. 27: Comr. **Barrett** addresses Fla. Economics Club, Silver Slipper Restaurant, Tallahassee, noon. Aug. 28: **Barrett** addresses Greater Tampa Chamber of Commerce on "The Future of Regulated Industries," Sheraton Grand Hotel, Tampa, 7:30 a.m.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	AUG. 1-7	1991 WEEK	% CHANGE	JULY 25-31	31 WEEKS 1992	31 WEEKS 1991	% CHANGE
TOTAL COLOR TV..	271,796	397,675	-31.7	488,771	10,887,658	10,138,202	+ 7.4
DIRECT-VIEW...	265,709	390,676	-32.0	477,596	10,707,798	9,979,506	+ 7.3
TV ONLY.....	257,489	375,667	-31.5	456,127	10,528,396	10,000,090	+ 5.3
TV/VCR COMBOS	8,220	15,009*	-45.2	21,469*	445,111*	370,092	+20.3
PROJECTION....	6,087	6,999*	-13.0	11,175*	185,947*	165,695	+12.2
VCR DECKS.....	128,987	183,359	-29.7	379,134*	6,087,287	5,094,652	+19.5
CAMCORDERS.....	20,369	41,375	-50.8	109,223*	1,427,665*	1,414,798	+ 0.9
LASERDISC PLYRS#	1,113	2,751	-59.5	4,444	117,503	94,198	+24.7

Direct-view TV 5-week average: 1992--337,858; 1991--312,973 (up 8.0%).

VCR deck 5-week average: 1992--214,443; 1991--159,679 (up 34.3%).

Camcorder 5-week average: 1992--56,173; 1991--43,619 (up 28.8%).

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

Includes combi players, excludes karaoke types.

SONY AND PIONEER REPORT STEEP EARNINGS DROPS: In first of quarterly reports by Japanese manufacturers, both Sony and Pioneer reported sharp declines in earnings for first fiscal quarter to June 30, despite small increases in sales. Japan's biggest consumer electronics producer, Matsushita, is expected to follow similar pattern in its report, due this week.

Sony's 46.7% decline in electronics operating income to \$216.9 million was partly offset by 26.3% increase in entertainment business income to \$75 million for total drop of 37.1% in operating income to \$293.6 million. Net income after taxes was down 36% (see financial table). In 4th quarter of last year, Sony posted \$166.1-million net loss (TVD May 25 p14).

Company blamed significant slowdown in growth of Japanese and European economies and "pace of economic recovery in the U.S. [which] was slower than expected," adding "the world electronics market continued to stagnate," resulting in flat sales. However, it said "steady flow of hit releases" in music and filmed entertainment segments resulted in substantial increase. U.S. sales climbed 14.9%, Sony said, "mainly because of good sales in the Electronics Business such as VHS decks and computer-related equipment and gains in the Entertainment Business," despite what one official described as stagnation in 8mm camcorder sales both in Japan and overseas.

Sony official said results were somewhat better than expected, and parent company moved to black as opposed to anticipated operating loss. He said company's forecast for full year was unchanged. Sony said "business environment is expected to become more challenging due to the uncertainty of the world economy [and] the continued harsh business climate in Japan." However, Sony said it "intends to improve profitability by developing new markets with innovative products, such as HDTV and the Mini Disc personal audio system" and by careful control of inventories and increases in efficiency.

Almost 75% of Sony's business is overseas, and 14.9% sales increase in U.S. (where company did 30.1% of its business) was only significant change from last year -- Japanese sales remaining flat, Europe down 1.7%, other areas up 3.9%. In consolidated sales by product group, Video Equipment was down 6.9% to \$1.68 billion, Audio Equipment down 1% to \$1.62 billion, TV up 3.7% to \$1.11 billion, other products up 9% to \$1.25 billion. Music Entertainment sales rose 9.9% to \$800.96 million, Filmed Entertainment 45.6% to \$690.21 million. Total electronics category sales were unchanged at \$5.65 billion, entertainment sales up 24% to \$1.49 billion.

In first quarter, video equipment represented 29.7% of Sony's electronics sales, audio 28.7%, TV 19.1%, other products 22.1%, while music accounted for 53.7% of entertainment revenues, films 46.3%. Electronics category brought in 79.2% of total sales but only 74.3% of operating income. Sony said Entertainment Business earnings before interest, taxes, depreciation and amortization actually totaled more than 2.5 times that segment's operating income (\$190.1 million vs. \$75 million).

Pioneer reported 50% drop in operating income to \$27.56 million and 30% decline in net to \$39.52 million despite 2.3% rise in net sales to \$1.15 billion. Company said sales of laserdisc player and car electronics (such as navigation systems) showed growth, but audio sales were poor, particularly in Japan. Total sales of audio products dropped 14.7%, while video products increased 3.1% and car electronics 15.4%. Audio constituted 31% of total sales, video 30.3%, car electronics 32.5%, other products 6.2%. Domestic sales in Japan fell 7.3%, offset by 9.1% increase in sales overseas. Sales in countries other than Japan comprised 58.5% of total. Pioneer expects full-year sales of about \$282 million (at current rate of exchange), down about 10% from last fiscal year.

CAMCORDERS FROM JAPAN DOWN 38% IN HALF: Although Japanese exports of camcorders to U.S. declined every month in first half to end up 38.2% below same 1991 period, they totaled only 81,500 fewer than sales to dealers here in same period -- at time when inventories are at least 250,000 too high.

June shipments of camcorders here from only significant source country were off 43.6% from last year in 8th consecutive month of declines, according to Japanese Finance Ministry figures. Total of 242,942 units shipped in June was 52,000 below sales here in same month -- considered step in right direction toward inventory reduction.

Heavy VCR shipments in June -- only 2nd month this year to show increase over 1991 -- nevertheless brought first-half total to 1991 level. With domestic sales here up 19.5% in year's first 31 weeks, there's no inventory problem in VCR decks at present. First-half CD player and laserdisc player exports to U.S. from Japan both set records, up 41.9% and 63.8%, respectively.

Shipments of all products except camcorders were up in June. Inexplicable surge in color sets to highest monthly total since Feb. 1990 resulted in June exports almost triple those of June 1991. CD players hit all-time monthly high in June, at 679,010 units, while laserdisc players had best month since Oct. 1991. VCR decks were highest since last Nov.

Influence of dollar's fluctuating value is sharply evident in price comparisons for June 1992 vs. June 1991. Average yen price of VCR shipped here from Japan was down 2.8% on year-to-year basis, but in June 1991 dollar was at last year's high of 140 yen, while this June it was 127, near low for year. Consequently, average price in dollars this June would have been \$245.25, up \$16.37 from year-earlier. By same token, average camcorder dropped 4.7% in yen, but rose 5.1% (or \$27.47) in dollars to \$568.41.

First-half Japanese exports to Canada (June figures in parentheses): Color TV 2,980, down 31.5% (1,013, up 8.1%); VCR decks, 192,681, down 1.8% (40,230, up 5.8%); camcorders 89,220, down 35.1% (20,404, down 13.1%); CD players 251,867, up 28.9% (54,926, up 6%); videodisc players 7,481, up 37.3% (2,183, up 26.2%). Here are Japanese exports to U.S. for June and first half:

Product	June '92	June '91	% Chg.	6 Mo. '92	6 Mo. '91	% Chg.
Color TV.....	21,072	8,625	+144.3	61,262	74,645	-17.9
VCR decks.....	559,124	491,202	+13.8	2,884,725	2,876,233	+ 0.3
Camcorders.....	190,945	284,780	-43.6	1,065,258	1,722,452	-38.2
CD players.....	679,010	478,386	+41.9	3,066,728	2,347,287	+41.9
Videodisc players	35,801	27,183	+31.7	149,169	91,084	+63.8

TCE AUTOMATES DISTRIBUTION, WOOS INDEPENDENTS: Playing both sides of fence, Thomson Consumer Electronics last week dedicated huge computerized distribution center that automatically can supply truckloads to superstore chains and other mass marketers, and at same time announced series of promotions and special programs for independent dealers. Along the way, company officials lifted veil slightly on 2 widely anticipated new ventures -- Dec. introduction of widescreen 16:9 TV sets and new DirecTV high-powered DBS system.

Distribution center dedication came in same week as RCA Championships tennis tournament in Indianapolis, with finals broadcast nationally by NBC and semifinals on Prime Cable Network, both under RCA sponsorship. TCE increasingly is going public on widescreen, and carried entire week-long tourney on live widescreen closed-circuit (conveniently videotaped for future demonstrations), using 2 Thomson cameras and five 16:9 TV sets around tournament grounds.

New \$16-million 633,000-sq.-ft. distribution center, adjacent to TCE's 50-year-old but highly automated and robotized color TV plant, is designed to handle 28 million cartons of products annually. Operated by computer, center is connected by conveyor to "world's largest color TV assembly plant," handles truckload shipments directly to larger retailers, as well as shipping to 3 smaller distribution centers and 5 regional "cross-dock" operations for shipment to smaller stores.

Joseph Clayton, TCE exec. vp, mktg. and sales--Americas, said new distribution system sharply cuts logistical cycle, reducing shipping time by several days for large customers. "Cycle time," he said, "is the key to survival" in competitive consumer electronics business. He forecast system will save \$10 million annually, resulting in "payback in 2 years." Presumably as model for other large dealers, he said TCE has new computerized direct "quick response" system with K mart, with which it does more than \$150 million in annual business, for automatically scheduling shipments and replenishing inventories on just-in-time basis.

TCE's fall ad budget has been increased 15-20%, much of that earmarked for special programs geared to independents in manner reminiscent of past distributor promotions. Brand Management Gen. Mgr. Gilbert Ravelette said such local dealers represent 30-35% of consumer electronics sales, as opposed to national and regional power retailers' 40-45% and the 25% held by mass merchandisers, catalog showrooms, warehouse clubs.

"RCA 2000" project, to be announced later this year, will involve series of programs through year. First 2 are nationally advertised "Net Event" pushing big-screen TV, followed by home theater promotion offering high-end 31" and 35" models and 52" projection with free storage bases for table models, new VCR Plus recorder with cable box channel control, no payment or interest until Inauguration Day. This campaign is budgeted at \$3 million, including nearly \$1 million in retail spiffs, free Corvette for lucky retailer, etc. Future promotional efforts are expected to include special models, local cable advertising, extended warranties and "possibly even an RCA credit card." Among other topics covered by TCE executives:

Widescreen TV. Direct-view 34W" model, to be introduced in Dec. under CinemaScreen name -- first with ProScan logo, later with RCA brand -- will have some surprise features not included in European models, already on market, Clayton said without identifying them. He reiterated that price would be \$4,000-\$5,000, but said that could go down sharply when there's enough demand to make tube in Marion, Ind., instead of Europe, which he forecast would come in 1994, cutting tube cost in half. Because of sharply limited availability, there will be little advertising for CinemaScreen at first. He estimated first batch would involve quantity of only 10,000-15,000, adding: "I can sell 15,000 of anything by phone." Clayton said experience in widescreen sets should make transition to HDTV quick and relatively easy for TCE. He said company had no interest in smaller sizes -- now being introduced in Europe -- for U.S. market.

DirecTV satellite. Joint high-powered project with Hughes and U.S. Satellite Bestg. is on schedule, said TCE Senior Vp James Meyer, who revealed receivers will be made in new plant Thomson is building in Juarez, Mexico. Plant is designed primarily to make 20" color TV sets, but also will have capacity to build more than million satellite units annually. System working prototype will be completed by year-end, he said, with pilot hardware production about year from now, market introduction in early 1994. Dishes will be sourced, possibly from U.S. company (Channel Master is known to be under consideration). "We are committed to a \$50-\$100 million investment and the program is well under way," said Meyer, noting that 150 engineers are working on project in U.S. and Europe.

Among most-talked-about issues at recent Satellite Bestg. Communications Assn. (SBCA) convention in Baltimore was proposed deal under which National Rural Telecommunications Cooperative (NRTC) will distribute both programming and receiving hardware for DirecTV. TVRO dealers also expressed concern about role of TCE and its RCA retailers in competition with traditional small-business DBS installers.

Asked about issue, Meyer said NRTC supplies telephone service to 8-10 million rural homes and added: "The [home dish] industry is going to change quite a bit. High-powered DBS is coming and it will realign the industry. Economics requires mass-market acceptance of the product." He said 3 major backers of system are investing many millions. He said NRTC will be a national distributor for TCE-made receivers, which it

may market under own or RCA brand -- that hasn't been decided yet. In any event, RCA brand sets will be marketed by company's own dealers in competition with NRTC, he said.

RCA-brand audio. TCE is beginning to deliver line of audio products under "RCA SoundTrak" name to some dealers. Company won't try to compete in high end, but will supply products that complement home theater TV and video gear. Included will be 100-w-per-channel amplifier, surround speakers, powered speakers, bookshelf systems, multi-CD changer and portable CD player, with sales scheduled to start this fall.

Other upcoming products. Thomson is looking at both DCC and Mini Disc (MD) for U.S. market, Clayton said in answer to question. Even though Thomson has made some proprietary contributions to DCC technology, Clayton said he leans toward MD. "The future," he told us, "is in optical technology." He added that it would be difficult for others to catch up to Japanese lead in magnetic recording equipment. Company also is exploring multimedia systems, looking at various options. "We will be in multimedia," Clayton said, but possibly after single system emerges as winner.

U.K. DCC LAUNCH SET: Philips-owned Marantz Hi-Fi (U.K.) last week announced it will ship first DCC recorders "at the end of September, to reach [British] dealers from the beginning of October." This was first announcement of reasonably firm date for shipment since Philips announced delay in debut. At that time, it did say first units were expected in U.K., Germany, France and Netherlands in Oct., with U.S. marketing "well before Christmas" (TVD Aug 3 p10).

Marantz announced first DCC model, DD-82, full-size AC unit, would be priced at £600, equivalent of about \$1,155, with gold-finished version having copper-plated chassis and cast side panels (DD-92) to follow shortly at £650 (\$1,250).

First models will include 18-bit analog-to-digital (A/D) converter for recording from such analog sources as microphone, as well as DAC-7 chip set for D/A conversion with "close to 18-bit resolution possibility." Machine will include text function, displaying title, artist and track during play, letting user select track directly by name.

In U.S., meanwhile, list of DCC releases to accompany launch of digital recording system here was announced last week by PolyGram. It identified 89 titles -- 46 popular, 43 classical -- for release "when the new music system is introduced this fall." No specific date was given. Pop titles include albums by U2, Bob Marley, Lionel Richie. First classical releases will include all-time best-selling classical record of Carreras, Domingo and Pavarotti in concert, Abbado conducting Berlin Philharmonic in Mahler's Symphony No. 1, final release in Mozart symphony series by English Baroque Soloists on period instruments.

Who's lying? Skypix's Aladdin marketing network, whose activities supposedly are limited to Canada, has been running ads for U.S. "associates" that don't mention company by name. While SkyPix claims this is being done behind Aladdin's back, TWICE magazine reports in today's issue that reporter who responded to 800-number ad was told 80 channels are being transmitted, receivers are in production but won't be available for 4 weeks because of back orders and associates are free to solicit salespeople in U.S. SkyPix spokeswoman said, however, that receivers aren't yet available, service isn't up and running and policy against U.S. sales by Aladdin remains in force. Associate application form, which was sent by Canadian, has separate fee schedules for U.S. and Canadian candidates.

Multimedia computer aimed at consumer market will be introduced in Oct. by Tandy under "Sensation!" name and sold through Radio Shack stores. Priced at \$1,999, it includes digital stereo sound, voice mail, fax capability, phone answerer and color display and is IBM compatible, with full-function TV display as optional extra. Apple also has promised consumer multimedia computer for this year (TVD Jan 13 p9). New Tandy product is not to be confused with another Tandy multimedia system, currently code-named "Gryphon," designed to play through TV sets and reportedly to be introduced in fall by both Tandy and Zenith (TVD July 6 p8).

IBM and Sears last week announced joint venture that will merge their voice and data networks. New company, called Advantis, will be one of world's largest private data networks, taking over Sears' and IBM's in-house networks and offering services to outside customers. Sears and IBM estimated Advantis, with some 3,000 employees taken equally from its 2 parents, will have \$1 billion in annual revenues. Analysts said joint venture would allow each company easy way to cut data costs. Companies also are partners in Prodigy Services Co., consumer online information service.

Recoton, continuing policy of acquisitions, saying it has signed nonbinding letter of intent to acquire Ambico, manufacturer and marketer of camcorder and video accessories. Purchase price wasn't disclosed. Recoton said it hopes to close deal in Sept. and Steve Bender will continue as Ambico pres. Ambico anticipates sales of about \$16 million in current calendar year.

Hitachi video employees in Japan will be forced to take 2 days off per month at reduced pay in Sept. and Oct. as result of poor business climate. All 2,000 workers involved will have pay cut 10% for first 2 days off and 5% on 3rd and 4th days.

Sales to dealers suffered letdown in first week of Aug. after banner month of July (TVD Aug 17 p11). Sales of all TV-video products were off sharply from comparable 1991 week (see State of the Industry).

THIS WEEK'S YEN RATE

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

6-MONTH AUDIO SALES UP 4.6%: Strong performance of CD-related equipment in all areas except separate components drove factory audio sales up 4.6% in first half of 1992, EIA Mktg. Services Dept. reported. June sales gained 4.2%.

EIA said portable CD players -- including standalones and CD boombox stereos -- remained shining star of takealong category, rising 72.1% to \$390 million in first 6 months and accounting for 40% of overall portable sales. CD technology also paced 17.4% rise in aftermarket autosound in half to record \$724.73 million from \$617.09 million. EIA said dollar sales of in-dash CD players and CD changers rose 28.7%, for combined volume of \$140 million in half.

EIA said unit sales of all audio systems totaled 1.97 million in first 6 months -- 61.4% (1.2 million) including CD players, 10.3% (203,000) equipped with surround sound. In its June "Audio Spotlight" chart, unit sales of audio systems equipped with CD rebounded in month to just under 200,000 from dips in April and May to slightly more than 150,000 (chart didn't specify precise unit figures). Within 18-month period depicted in chart, CD systems reached highest unit volume in Oct. and Nov. 1991 when they hovered in 275,000 range.

Here are EIA audio sales figures for June and first half of 1992:

FACTORY SALES OF AUDIO EQUIPMENT
(add 000)

Category	June 1992	June 1991	% Chg.
Portable Audio*.....	\$185,724	\$146,906	+25.0
Components.....	107,011	154,804	-30.9
Systems.....	102,638	101,363	+ 1.5
Autosound (aftermarket)	139,282	108,203	+28.7
TOTAL.....	\$534,656	\$513,076	+ 4.2
	6 Mo. '92	6 Mo. '91	% Chg.
Portable Audio*.....	\$977,023	\$825,959	+18.3
Components.....	581,202	833,627	-18.3
Systems.....	528,168	507,276	+ 4.1
Autosound (aftermarket)	724,731	617,090	+17.4
TOTAL.....	\$2,911,124	\$2,783,951	+ 4.6

* Includes home radio.

Figures may not add due to rounding.

Yamaha will quit autosound market in U.S. to concentrate on "home entertainment components and systems," company announced last week. In answer to question, spokesman indicated company would field new products in home theater area, but cast doubt on speculation that it would return to VCRs or TV monitors in foreseeable future. Yamaha's video activity in U.S., in addition to home theater audio, is confined to home and karaoke laserdisc players.

Experiment in all-brand servicing by Philips Service Co. (PSC) ended July 1, Professional Service Assn. said, after independent technicians objected. PSC Vp-Gen. Mgr. Gerald Reed is quoted as saying company decided not to service other brands because "our customers, independent servicers, have told us that an all-brand policy would adversely impact their business."

MOTOROLA'S LCD PLANS: Motorola says it's buying 20% of innovative LCD manufacturer In Focus Systems (IFS) for \$22 million and companies will form joint venture to produce LCDs in U.S. IFS has developed passive matrix technology that it says eventually will surpass active matrix systems in contrast, speed and resolution while costing only fraction as much (TVD Feb 17 p14).

Although initial target appears to be in handheld communication devices, companies apparently have plans for both direct-view and projection TV and video displays. "Our game plan is to increase the contrast and speed, so you can put video or TV on flat panels," IFS Chmn. Steven Hix said. Asked about consumer video last winter, IFS Technology Vp Paul Gulick told us company's technology was viable for that market, but its small size stood in way of large-scale supply. What IFS can't do "on our own," he said, it hoped to do with "partnering, licensing and so forth."

Motorola will acquire 2.2 million shares of IFS common stock for \$10 per share. Companies said they will establish joint plant in Portland, Ore., area; IFS is based in Tualatin, Ore. Companies expect to begin making small displays by end of 1994 for use in projection systems and personal communication devices, with plant expansion later to build larger displays for personal computers and other products.

IFS's "key core technology," known as Active Addressing, "will dramatically impact the LCD industry," forecast Robert Growner, senior vp-gen. mgr., Motorola Paging & Wireless Data Group.

PIONEER LDCA GROWTH: Pioneer LDCA's laserdisc business in current fiscal year (which began April 1) is up 40% from year earlier, Mktg. Mgr. David Wallace said. Increase comes despite loss of Columbia TriStar line, which had accounted for 12% of sales. Wallace said rapid growth of LD market has helped offset fact that studios have begun issuing laserdiscs themselves, rather than licensing them to 3rd party publishers. Pioneer plans to continue to function as wholesaler of Columbia TriStar new releases, and Wallace said company wants to maintain that role as more suppliers enter laserdisc market themselves.

Company, which is buying substantial stake in LIVE Entertainment, has released about 30 titles in its "Special Editions" series of films that include interviews, additional footage and/or other enhancements. It also continues to add to its Pioneer Artists music video line, which scored major success with Madonna: Blonde Ambition Tour, whose sales have exceeded 60,000 copies, he said.

Wallace said recent convention of Video Software Dealers Assn. marked significant change in dealers' attitudes toward LD category. While last year they were complaining about difficulty of selling format, he said, "this year they're saying it's a real business."

Semi-Tech (Global) Co. says it will spend more than \$100 million in next few years to open 6 factories and consumer finance company in China and will open 30 Singer stores in Shanghai to sell sewing machines and consumer electronics, followed by stores in other mainland cities. Company also signed agreement with Shanghai Yah Chong Sewing Machine Co. to set up joint venture in which it will own 70%. Semi-Tech is major owner of Sansui as well as Singer and Consumers Distributing Co. and has minority interest in Emerson Radio.

MORE EIA FORECASTS: EIA's consensus forecast of audio, home office and communications equipment, like its estimates for video products in 1992 (TVD Aug 17 p13), are considerably more optimistic than its predictions in Jan.

Forecast of total CD player sales this year was raised to 15.24 million units from 13.05 million, headset audio to 24.15 million from 22.05 million, rack audio systems to 1.55 million from 1.3 million. However, EIA lowered its sights on separate audio equipment, cutting 1992 forecast to \$1.623 billion from \$1.828 billion.

Here are EIA consensus forecasts for consumer audio and miscellaneous other products:

U.S. SALES TO DEALERS AND FACTORY VALUE

Product	Units (add 000)		Value (\$000,000)		Avg. Price	
	1992	1991	1992	1991	1992	1991
Rack audio systems.	1,550	1,415	667	667	430	470
Compact/mini system	3,650	3,139	679	597	186	190
Separate component.	--	--	1,623	1,805	--	--
Total CD players...	15,240	11,595	--	--	--	--
Portable tape or CD	12,250	10,817	532	450	43	42
Same with radio...	30,100	28,852	1,457	1,330	48	46
Home radios.....	19,000	18,530	311	310	15	17
Headset audio*.....	24,150	23,952	868	823	36	34
Aftermarket autosound	--	--	1,396	1,232	--	--
Factory autosound..	--	--	3,022	2,875	--	--
Blank aud. cassette	427,000	421,000	380	373	--	--
Home computers.....	7,125	6,400	4,524	4,160	635	670
PWPs/elec. typwtrs.	2,970	3,000	549	600	185	200
Blank diskettes....	640,000	615,000	371	357	--	--
Home fax devices...	520	400	255	220	490	550
Cordless phones....	16,400	14,500	1,312	1,233	80	85
Corded phones.....	21,500	21,400	538	599	25	28
All cellular phones	3,750	3,100	1,275	1,070	340	345
Phone ans. devices.	14,700	14,500	941	928	64	64
Batteries.....	--	--	1,695	1,570	--	--
Elec. accessories..	--	--	768	721	--	--
Home security.....	--	--	1,250	1,250	--	--
Elec. furniture....	--	--	1,000	905	--	--

* Includes radio, tape equipment, CD players and combinations also covered by other categories.

Household penetration of consumer electronic products as of June, as estimated by EIA based on 95.1 million U.S. households: TV 98%, home radio 98%, color TV 97%, audio systems 94%, VCR decks 78%, compact audio systems 64%, rack audio systems 55%, monochrome TV 51%, phone answering devices 50%, cordless phones 45%, home CD players 37%, stereo sound color TV 35%, home computers 34%, camcorders 18%, home security systems 16%, auto CD players 9%, projection TV 8%, all LCD TV 8%, cellular phones 5%, TV/VCR combos 4%, home satellite stations 4%, fax machines 2%, laserdisc players 1%.

Sony's claim to No. 1 in U.S. videotape sales in first quarter (TVD July 27 p15) is assailed as "very misleading" by 3M Mktg. Communications Mgr. Philip Hage. In letter, Hage said share data based on EIA as well as private research statistics consistently have given Scotch brand top spot. "Our market share has continued to grow over the other 4 major brands (TDK, Maxell, Fuji, Sony)," Hage wrote, "and Scotch continues to outsell Sony by a substantial margin. In fact, the most recent reporting numbers [for March-April] show Scotch leading Sony by more than 3 percentage points for all formats and more than 5 percentage points when 8mm alone is excluded." Sony claims lead in VHS as well as total cassette sales.

China produced 14.1 million TV sets in year's first half, increase of 7.5%, according to State Statistics Bureau. More than 6 million of them were color sets, up 10.6%.

IMAGE DROPS CD-ROM PROJECT: Laserdisc publisher Image Entertainment's Alternative Programming Div. formed 6 months ago to spearhead move into CD-ROM business (VW Feb 24 p5) is being phased out "pending expansion of the market," according to 10Q form filed at SEC for first quarter ended June 30. It's understood Wendy Moss, who was hired in Feb. as gen. mgr. of new division, has left company.

Elimination of Alternative Programming Div. is important part of plan to reduce overhead after net losses increased more than threefold to \$1.7 million from \$482,639 on 1% revenue increase to \$9.8 million from \$9.7 million. Mktg. Vp David DelGrosso said Image is "working on the idea of streamlining departments," which could result in elimination of some positions, but he declined to elaborate.

Image found CD-ROM market has little in common with entertainment programming that's company's focus, DelGrosso said, and its retail accounts have "expressed very little interest" in promoting new format to customers. Full-motion video in upcoming form "is not designed for motion pictures, which is what we do for a living," he said. While that technology would allow full-motion segments to be interspersed with still-frame material, he said, full-motion video movies and concerts on CD-ROM are "many years away." Moreover, he said, "the jury is still out on whether anyone would watch such software on a computer screen." If market changes, however, "we'll respond quickly."

Blank VHS videocassette sales for year ended in May 1992 were down 19% from year earlier, BASF said last week, quoting EIA statistics. However, it said 8mm tape sales were up 29% in period, while high-grade tape was down 13%. BASF said sales of tapes longer than T-120 increased 24%; therefore, Vp Daniel Malcorps said, BASF now has 84% of that longer tape market, up from 81% preceding year.

Kodak scheduled Aug. 25 news conference in N.Y. to "unveil some remarkable new developments and applications for Kodak's CD Imaging technology." Company will hold informal press briefing in London same day on "series of major worldwide announcements concerning Photo CD -- the most important announcements since September 1990 and the original launch of Photo CD."

Closed-caption chip announced last week by Motorola (TVD Aug 17 p15) was developed jointly with Thomson Consumer Products, not with Thomson and Philips as we reported erroneously. Both Thomson and Philips will use chip in TV sets next year.

Toys 'R' Us, reporting 40% increase in earnings for 2nd quarter ended Aug. 1, said videogames did better in 2nd quarter than in first in contributing to gain, but cited basic toys and dolls as major factors in improving margins.

Sales of TV sets with tubes 30" and larger jumped 42% in July over same 1991 month, EIA said, while sets under 30" rose 20.6%. Total direct-view TV sales for month gained 21.4% (TVD Aug 17 p11).

Hitachi will end production of VHS-C camcorders and concentrate on 8mm, Nikkei Sangyo reported. It said company will continue to offer full-size VHS model in U.S., in addition to 8mm.

Consumer Electronics Personals

Shoichi Yamada, gen. mgr. of Pioneer's European Mds. Div. and International Business Div. in Tokyo, becomes pres.-CEO of Pioneer Electronics (USA) Sept. 1, succeeding **Settsujiro Onami**, who returns to Tokyo as dir. and deputy gen. mgr. of International Business Group; Yamada served in U.S. 1982-1986, was pres. of U.S. operation in 1985-1986... **Robert Garcia**, who resigned at Sharp, had title of vp, audiovideo mktg, not gen. mgr. as we reported last week (TVD Aug 17 p16); he says he will announce new post next month.

Michael Aguilar resigns as chmn. of DCC Group Of America as result of his promotion to Panasonic sales and mktg. vp (TVD June 15 p18); **Emile Petrone**, exec. vp, Philips/Polygram DCC Div., nominated to serve as acting chmn., effective immediately. Trade promotion group will move hq to L.A., where Petrone is located, and seek new exec. dir. to succeed **Martha Whitely**, who will continue to serve as committee member of group as representative of Technics, where she is PR dir. Succeeding Aguilar on group's board will be **Richard Lovisolo**, Panasonic audio vp, who took over Aguilar's responsibilities at Technics.

Matt Rounds, former national sales mgr. for car audio, named western sales mgr., Home Audio Group, with Pioneer's withdrawal from car audio market in U.S. (see separate report)... **Ron Falkenstein**, ex-Allison Acoustics and Acoustic Research, appointed Tannoy dir. of sales and mktg. for U.S... Market research consultant **Paul Harding** announces move of Paul Harding & Assoc. to 7655-A Somerset Bay, Indianapolis 46240 (317-252-5853)... **Michael Duchin** promoted from finance vp to exec. vp, Murata/Muratec, succeeding **Michael Norris**, who has joined Compaq Computer; **Paget Alves**, international sales and legal affairs vp, adds responsibility for new business development, working with **Angelo Moretto**, recently named new business development dir.; **Gary Greer** promoted to senior mktg. dir., responsible for both fax and cellular phone business as well as advertising and PR; company is seeking new sales vp.

Stuart Snyder promoted to LIVE Home Video senior sales and mktg. vp... Pacific Arts Video Pres. **George Steele** advanced to Pacific Arts Corp. pres.-COO, replacing **Al Cattabiani**, who relocates to N.Y. as senior vp, parent Nesmith Enterprises... Exec. Dir. **Linda Lauer** leaves VSDA with elimination of her post, can be reached at 609-235-1016... **Tim Olson**, ex-Warren Miller Entertainment and Virgin Vision, joins Bogner Entertainment as sales and mktg. dir... **Suzette Nameth** advanced to Star Video Entertainment sales mgr... **Allan Fisch**, ex-Paramount Pictures TV Group, named MGM/UA Home Video technical services dir... Ex-Erol's Chmn.-CEO **Carl Bellini** returns to Revco as exec. mktg. and stores vp... **Jerome Gold**, ex-Ernst & Young, joins Warner Music Group as exec. vp-chief financial officer... **Harold Fein**, ex-Sony Classical vp-gen. mgr., named senior vp, Sony Music Special Products; **Judith Blatt**, finance and administration mgr, promoted at Sony Music to assoc. dir., finance planning and administration.

All-in-one still video camera for video and desktop publishing systems was announced last week by Canon. Advanced automatic system combines image capture, editing and playback into single 0.9-lb. unit. Images can be output to computer via digitizer or to any NTSC video source. RC-360 will be available in Sept. at suggested list of \$1,500; accessory kit (AC coupler, wireless controller, pin cable, etc.) will be \$200.

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
Adelphia Communications			
1992-qtr. to June 30	75,191,000	(37,889,000)	--a
1991-qtr. to June 30	66,486,000	(36,796,000)	--
Carolco Pictures			
1992-6 mo. to June 30	219,962,000	(18,814,000)	--b
1991-6 mo. to June 30	280,274,000	(47,309,000)	--
1992-qtr. to June 30	83,481,000	(14,508,000)	--
1991-qtr. to June 30	144,067,000	(41,018,000)	--
C-COR Electronics			
1992-year to June 26	52,171,000	2,280,000	.50
1991-year to June 28	32,732,000	(3,452,000)	--
1992-13 wk. to June 26	16,584,000	853,000	.19
1991-13 wk. to June 28	7,272,000	(1,512,000)	--
Commodore International			
1992-year to June 30	911,000,000	27,600,000	.82
1991-year to June 30	1,047,200,000	48,200,000	1.45a
1992-qtr. to June 30	140,700,000	(21,900,000)	--
1991-qtr. to June 30	216,500,000	3,300,000	.10
Falcon Cable Systems			
1992-6 mo. to June 30	25,037,600	(3,455,300)	--
1991-6 mo. to June 30	22,697,400	(5,727,800)	--
1992-qtr. to June 30	12,632,500	(1,572,500)	--
1991-qtr. to June 30	11,593,100	(2,714,600)	--
Image Entertainment			
1992-qtr. to June 30	9,801,135	(1,674,665)	--
1991-qtr. to June 30	9,701,630	(482,639)	--
Jones Intercable Investors			
1992-6 mo. to June 30	20,146,394	(2,154,324)	--
1991-6 mo. to June 30	19,102,001	(3,993,247)	--
1992-qtr. to June 30	10,305,694	(685,988)	--
1991-qtr. to June 30	9,736,648	(1,664,222)	--
OVC Network			
1992-6 mo. to July 31	454,421,000	19,859,000	.50b
1991-6 mo. to July 31	391,382,000	4,889,000	.16
1992-qtr. to July 31	221,253,000	8,715,000	.22
1991-qtr. to July 31	199,213,000	3,456,000	.11
Republic Pictures			
1992-6 mo. to June 30	36,051,000	328,000	.07b
1991-6 mo. to June 30	40,302,000	93,000	.02
1992-qtr. to June 30	22,024,000	(166,000)	--
1991-qtr. to June 30	11,893,000	(355,000)	--
Scientific-Atlanta			
1992-year to June 28	580,831,000	16,277,000	.70
1991-year to June 28	493,633,000	7,057,000	.05a
1992-13 wk. to June 28	172,232,000	7,772,000	.33
1991-13 wk. to June 28	127,016,000	(8,292,000)	--a
SonyC			
1992-qtr. to June 30	7,143,476,000	118,500,000	.29d
1991-qtr. to June 30	6,852,310,000	185,254,000	.45d
Warrentech			
1992-qtr. to June 30	11,201,097	385,851	.03
1991-qtr. to June 30	13,294,212	(167,226)	--e

Notes: aAfter special charge. bIncludes special credit. cAt rate of 126 yen = \$1. dPer ADS. eRestated.

U.S. Customs Service has lowered duty rate on nonportable AC stereo systems with dual cassette recorders, "saving consumer electronics manufacturers millions of dollars in tariffs and legal fees," EIA Consumer Electronics Group said. Change came when Customs reversed May 1991 ruling that shifted product to Harmonized Tariff Schedule classification, increasing duty rate to 4.9% from 3.7% and removing eligibility for Generalized System of Preferences (GSP), which in past had reduced or removed tariffs on product. EIA says it worked with govt. to reinstate original classification. It said 1990 imports of product involved totaled \$364.6 million, estimating \$4.3-\$17.8 million annual savings in duties.

OBITUARY

Takeshi Godai, 76, founder of Onkyo, died recently in Osaka. Audio engineer and entrepreneur, he started Onkyo (which means "good sound") as transducer manufacturer in 1946; company expanded into audio components in 1950s. Godai resigned as pres. in 1990, but continued to be active as a dir. He is survived by wife and son, Mamoru, who works at Onkyo in Japan.

TELEVISION DIGEST®

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With Consumer Electronics

AUGUST 31, 1992

VOL. 32, NO. 35

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

HURRICANE HITS TV, RADIO: Broadcasters in Fla., La. buffeted. Towers of WCIX, KMDL(FM) and KTVY(FM) down. Other stations off at least briefly. Situation in both states 'not as bad as expected.' Cable hard hit. (P. 1)

FCC FACING FURLOUGHS and early outs because of expected \$7.8-million 'shortfall' in FY 1993 appropriation bill. Sikes says it's unlikely agency will be able to avoid mandatory furloughs without pay. (P. 2)

AUCTION STUDY PLANNED: NTIA seeks industry contributions for study on best way to auction spectrum. Focusing on how, not whether, study criticized as bid to generate support. (P. 3)

TOWERS LIMIT HDTV: Lack of building capability called biggest roadblock. Advisory group calls only some DTC feasible. Consensus possible on simulcasting. (P. 5) FIT urges HDTV system compatible with NTSC receivers. (P. 5)

FCC INVESTIGATES GABELLI: Investor said to have interest in at least 25 TV stations. His interpretation puts figure at 11. He sees himself as test case for other investors. WWOR-TV deal closes. (P. 6)

CBS COMPENSATION FIGHT: Officers and Futures Committee hold conference call, will talk more with network officials. NBC also exploring compensation cuts, particularly in major markets, in exchange for inventory return to stations. (P. 9)

HURRICANE ANDREW KNOCKS OUT TV, RADIO: Hurricane Andrew buffeted broadcasters in Fla. and La. last week, knocking several stations off air and causing others to cancel advertising and devote most of air time to storm coverage. Despite fact that Andrew destroyed at least 2 broadcast towers and knocked dozens of other stations off air at least temporarily, company officials in both states said situation was better than expected and most hoped to be back on air on at least limited basis by weekend. Storm was described as most destructive ever in U.S., causing at least \$16 billion damage, at least 20 deaths and leaving hundreds of thousands homeless.

CBS-owned WCIX (Ch. 6) Miami was hardest hit TV station, losing its 1,849-ft. main tower just outside Homestead. Eye of hurricane passed right over tower, Asst. Chief Engineer Jay Burton said, and winds exceeding 160 mph destroyed tower, but didn't injure 2 employees in building at base. WCIX returned to air shortly after storm, using only its Ch. 27 satellite station in Miami area. Burton said satellite's signal reached cable headends serving about 75% of area residents, but area south of Miami remained largely unserved: "Of course, they don't have any power to watch TV with anyway." He said WCIX hoped to begin using existing tower in Northern Dade County by weekend and transmitter borrowed from Harris, broadcasting at 30 kw at first (vs. normal 100 kw), eventually increasing to 50 kw. Burton said station

Consumer Electronics

ALPHABET WARS ON HORIZON with Tandy unveiling Video Information System (VIS), rival to Philips CD-I in home multimedia battle. (P. 13)

SALES OF GIANT-TUBE TVs up 64% in first half, including 84,900 with 35" screens. One-third of all direct-view TVs had screens 25" or larger. (P. 14)

MATSUSHITA NET OFF 76% in first quarter, sales down 3%, reduced profit forecast. Subsidiary JVC predicts full-year loss of \$168 million. (P. 16)

HIGHLAND BANKRUPT, EXITING CHICAGO, leaving company with 30 stores in Mich., Ind., Ohio. Move comes as Best Buy is set to open in Chicago. (P. 16)

KODAK EXPANDS PHOTO CD, announcing new professional versions and uses, plus 'Portfolio disc,' do-it-yourself multimedia program. (P. 18)

NINTENDO DEVELOPS NEW CHIP for 3-D game play on Super NES, says its first CD-ROM accessory will be 32-bit unit for late next year. (P. 18)

TANDY REPORTS INCREASE in 2nd-quarter net income, attributed to Radio Shack stores. Emerson sales rise, loss is reduced. TDK profits down. (P. 19)

CHINA HIT LIST of products facing 100% duties if trade barriers remain includes consumer electronics. (P. 19)

"undoubtedly" would build new tower, but he had no idea when: "We don't know much about the long term right now, we're trying to deal with the short term."

WPLG Miami (Ch. 10, ABC) was off much of day Aug. 24 because of damage to satellite dishes and link between station and tower, but tower itself was operable. Virtually all Miami independents were off air at least temporarily, Fla. Assn. of Bcstrs. said, but WTVJ (Ch. 4, NBC) and WSVN (Ch. 7, Fox) remained on air. Little damage to stations in Ft. Lauderdale was reported.

Later in week, weakening hurricane caused less damage to broadcasters in La., in part because large TV towers were further inland in Lafayette, officials there told us. All 3 full-power TV stations there -- major city closest to landfall -- KATC (ABC), KLFY-TV (CBS) and KADN (Fox) remained on air throughout storm and subsequent flooding. Radio tower carrying KMDL(FM) and KTVY(FM) Lafayette was destroyed, but Louise Lowman, exec. dir. of La. Assn. of Bcstrs. said they expected to be back on air within few days. In nearby New Iberia, KNIR(AM) and KDEA(FM) were off air because of transmitter problems related to storm, she said, and other stations went silent at least temporarily, but details on extent of damage weren't available immediately. "We were actually pleasantly surprised," Lowman said. "This could have been a lot worse."

Same was true in Fla. Main antenna farm serving Miami area is north of city, well away from heaviest impact of hurricane, Fla. Assn. of Bcstrs. Pres. Patrick Roberts said: "If the hurricane had been 20 miles north, I don't know what would have happened." Still, several Miami-area radio stations were off air last week, Roberts said, and weren't sure when they could resume broadcasting. Main news and emergency stations, WIOD(AM) and WINZ(AM), were operational almost continuously and several other radio stations were simulcasting 24-hour news programs being carried on network affiliated TV stations that stayed on air.

Damage to cable systems in hardest-hit areas was "almost total," said Fla. Cable TV Assn. (FCTA) Pres. Steven Wilkerson. He said conditions were so bad that it was difficult even to measure damage: "I think it's safe to say that the damage was significant not only to the cable plant but to the communities it serves." FCTA was coordinating statewide effort to determine what local cable operators need and help them get it, Wilkerson said. Hardest hit included 3 Storer systems, one Adelphia and one Dynamic Cablevision, he said. Adelphia estimated \$12-\$14 million damage to system, amount it said was fully insured.

Media devoted heavy resources to covering storm, with most national news -- and many local -- shows devoted largely to hurricane watch. CBS anchor Dan Rather followed storm from Miami to La., anchoring live reports, and CNN alone assigned more than 50 staffers to story. CNN 24-hour ratings more than doubled to 1.8 rating/5.6 share first full day of coverage, compared with same period last month. Weather Channel also claimed big ratings gains.

RAB said it was providing free sales assistance to stations in Fla. and La. in effort to rebuild income as quickly as possible. "We're here to do all we can to help them get through this difficult time, and keep their revenue as steady as possible in the process," Exec. Vp Wayne Cornils said. He said aid included information on advertisers that would be most active in rebuilding period, including hardware stores, insurance brokers, real estate agents. "When people are cut off from electricity in an emergency situation like Andrew, they depend on radio more than ever for news and information," Cornils said. "Despite the devastation, there is an opportunity here for stations that can adapt to the situation and think on their feet."

FCC set up special emergency procedures for stations affected by Hurricane Andrew, including special telephone numbers for those seeking waivers and special temporary authorizations to continue operation. Numbers (all 202 area code): (1) TV, 632-6357. (2) Cable, 254-3420. (3) AM, 254-9570. (4) FM, 632-6908. (5) LPTV, 632-3894.

FCC FACING FURLOUGHS, HIRING FREEZE: Chmn. Sikes has warned FCC employes that agency is expecting "budgetary shortfall" of approximately \$7.8 million for FY 1993, which begins Oct. 1, and warned "it appears unlikely that we will be able to avoid furlough[s]" to comply with spending reduction of that magnitude. He also said agency plans to enforce hiring restrictions (freeze) and "early outs" (retirements) to help meet shortfall, but that mandatory furloughs without pay are likely to be necessary.

Congress originally was asked to appropriate \$153.3 million for FY 1993. That was reduced later to \$146.3 million when it became known that agency wouldn't face consolidation and moving costs in next fiscal year. On July 30, House appropriated only \$68.5 million out of Treasury funds for FCC, expecting agency to gross another \$70.8 million through new user fees that would be allocated directly to Commission rather than

to Treasury, for total budget of \$139.3 million with fees included (TVD July 27 p6). Then, on Aug. 3, Senate appropriated \$126.3 million for FCC -- \$20 million below \$146.3 million requested -- without inclusion or mention of increased filing fees (TVD Aug 3 p4). If Senate doesn't accept fees -- and it isn't expected to -- \$126.3 million is most FCC could receive. Lawmakers still have to meet in conference to hammer out final version of bill (which should occur shortly after Congress returns from Aug. recess week of Sept. 6), but indications are that Senate approach will be accepted as it has in similar recent past battles over FCC fees and funding (TVD Oct 7 p1).

In Aug. 20 memo to FCC employees, Sikes pointed out Senate bill would provide no funds for "enhancements" -- such as increased automation and technical equipment -- "nor does it cover any nondiscretionary costs such as FY 1993 pay raises." He said employee compensation and benefits represent 80% (\$105 million) of Commission's current budget. He noted that in recent years, "after reducing operating expenses to the minimum," Commission has considered but never been forced to implement mandatory furloughs: "While I do not want to unduly alarm you about our budget posture for the next fiscal year, you should be aware of the budget process."

"It's belt-tightening time" at FCC, agency official told us in reference to Sikes' memo (chmn. was in Australia and couldn't be reached for comment). We're told bureau and office chiefs are working on contingency plans if furloughs are ordered. Managing Dir. Andrew Fishel told us furloughs are coming after Oct. 1 "with almost absolute certainty." He predicted they would run 7-14 days for each employee, but wouldn't apply to commissioners, who are paid on annual basis. Fishel said "near-total hiring freeze" is in place and when people leave "for whatever reason, they won't be replaced." He said every nonpersonnel expenditure already "has been highly scrutinized" and there's nothing left for agency to do to meet its budget except by furloughing employees.

NTIA SEEKS MONEY FOR SPECTRUM AUCTION STUDY: In unusual move, NTIA is soliciting industry contributions for spectrum auction study aimed at identifying "best" competitive bidding mechanism, it said in Federal Register Aug. 28. Agency is seeking up to \$25,000 each from companies or individuals interested in study to be led by Cal. Institute of Technology. Idea already is being criticized by auction opponents as "just a way to generate paper to support [NTIA] policy predilections." Opponents also claimed that NTIA is using private funding to assure that next Administration can't cut off study funding in midstream.

Contributions won't necessarily skew study results, one opponent conceded, but he said donors certainly will "have a vested interest in the outcome" and will make extra effort to use results, due in year, to bolster their bid for legislation allowing auctions. NTIA notice, which doesn't specifically mention broadcast spectrum but does cite "public interest" aspects of spectrum use, says that, regardless of contributions, "editorial and analytic control will remain with the NTIA and CalTech." William Maher, chief of NTIA's domestic policy office who's heading project, told us that "strong procedural safeguards" including "keeping everything in the sunshine" will assure integrity of study.

NTIA is seeking industry funding because of budgetary constraints, Maher said. He estimated that "very good" study could be done for \$100,000, "but we could do even better with more." Even that relatively small amount is difficult for budget of what he called "a very teeny agency." Maher discounted opponents' claims that funding mechanism was to assure that study would continue even if Administration changes, saying "it's strictly a budgetary issue." He said methodology also gives industry early notice of what NTIA is doing. Maher acknowledged that NTIA hadn't sought such contributions in years, if ever.

Debate on auctions stems mainly from lack of detailed research on concept, NTIA said. Study is to analyze merits of different forms of competitive bidding, agency said in notice, and "identify in implementation-specific terms the best competitive bidding mechanism." Notice cites "shortcomings of current FCC assignment methods" and repeatedly quotes economists as saying that auctions would assure that society gets best return from spectrum resource. One of 23 paragraphs in notice says research also will analyze soundness of auction idea itself, including possibility that auctions discriminate against poorer firms, provide incentive to "warehouse" spectrum and are "ill-suited to deal with the public service aspects of spectrum use." However, notice doesn't say how planned methodology will study issues, one critic said.

Lack of mention of opposition to auctions in general indicates that study is "loaded," broadcast official said: "This is a strategy, not to be confused with objective policy research." Maher agreed that emphasis of study will be on what type of auction to use, not whether to use auctions at all. Auction types to be compared include: (1) Oral auctions. (2) First price and 2nd price sealed bid auctions. (3) Dutch auctions. (4) "Combinatorial" auction that allows bidder to submit different bids for different combinations of

spectrum. NTIA said, for example, that cellular bidder might put relatively low value on spectrum for each of 2 adjoining areas, but much higher value if it could obtain both at same time. Agency said study also is to determine appropriate geographic scope of licenses, amount of spectrum to be assigned to each bidder, possibility that bidders would conspire to lower cost by not competing freely, possibility that bidders would acquire spectrum just to obtain excess market power. Ability of auctions to generate revenue may not be determining factor because it may not maximize total gain to society, NTIA notice said.

CalTech will use "laboratory" approach to study, NTIA said. It said researchers will use outside volunteers to engage in simulated trading and bidding in computerized competitive markets. Volunteers would be paid based on their performance in simulation, giving them incentive to attempt to maximize their returns. Their performance then will be studied to evaluate most productive auction methods. Maher said CalTech was selected because it has "very strong economic department" that has been studying other types of auctions to allocate public resources. FTC, U. of Ariz. and U. of Amsterdam, Netherlands, also will participate.

Most associations interested in issue said they weren't ready to comment specifically on NTIA notice Fri., but repeated earlier positions on issue of auctions. Assn. of Maximum Service TV, for example, only reiterated statement that it would be wrong for FCC to turn over public interest obligations to marketplace. Cellular Telecommunications Industry Assn. hasn't taken official position on auctions and NAB said it hadn't evaluated NTIA notice.

News Corp. TV profits more than doubled to \$187 million in FY ended June 30, even though TV revenue dropped to \$892 million from \$962 million. Rupert Murdoch company said "outstanding result" in U.S. TV operation, particularly owned stations, contributed to net profit of \$384.6 million, vs. \$307.5 million loss year ago. It also cited higher Fox TV Network ratings as contributor. News Corp.'s total revenue dipped to \$7.8 billion from \$8.6 billion, but operating profit was virtually flat at \$1.2 billion and interest costs were cut by asset sales to pay down debts and lower interest rates. Fourth-quarter profit was \$47.9 million, vs. \$348.9 million loss year ago, although revenue dropped to \$1.9 billion from \$2 billion. Operating profit for filmed entertainment segment plunged to \$91.7 million from \$152 million despite revenue increase to \$1.75 billion from \$1.59 billion. News Corp. said its Sky TV subsidiary has been profitable continuously since March, 16 months after merger with British Sky Bestg., in part because number of homes with satellite dishes increased to 3.3 million from 2.3 million in year. It said TV Guide "performed well despite an industrywide decline in consumer advertising".

"Disquieting trends" in media libel cases were reported in study released Aug. 26 by Libel Defense Resource Center (LDRC), with media winning only one out of every 4 libel jury trials in 12 years ended Dec. 31, 1991. Study charted nearly 300 libel and related trials dating back to 1980, reported damage awards imposed by juries reached all-time high in last 2 years, averaging more than \$9 million, with median \$1.5 million. For previous 10 years, average award had been under \$1.5 million, median \$200,000. Punitive damages (averaging \$8.2 million) also were added in 76.2% of libel cases last 2 years, up from 57% previous 10 years. Media fared considerably better in post-trial motions, with 28.5% of jury awards overturned or modified in defendants' favor in 1980s. Only 58 of 167 initial awards were finally affirmed and paid. Study is available from Bryna Wattenberg at LDRC, 212-889-2306.

Incomplete PBS data show Aug. pledge drive results were down at public TV stations. Total dollars through last Aug. 26 -- 6th day of 10-day national drive -- were off 3% to \$8.36 million from \$8.65 million year earlier. However, decline could be sharper since 1992 figures are based on data provided by 74 stations, vs. 65 in 1991.

VOA doesn't do adequate audience research -- and doesn't even open listeners' mail -- to determine whether huge investments in new short wave facilities are justified, Govt. Accounting Office (GAO) said in report. GAO recommended that VOA conduct rigorous cost-benefit analyses on proposed new projects, avoid building large new short wave facilities and concentrate on new delivery methods, including satellites, leased AM facilities and placing its programming on existing media. VOA has completed work on only 2 of planned 16 new facilities listed in \$1.3-billion 1983 modernization plan, GAO said, and one of those was closed before it became operational. Two others are under construction. In addition, VOA has replaced only 17 of its aging transmitters, resulting in their average age increasing to 27 years in 1991 from 24 years in 1983, GAO said. Govt. hasn't provided adequate funding for modernization plan, GAO acknowledged, but it said that's partly because VOA hasn't produced adequate research to prove that benefits justify costs. Large, expensive short wave facilities may not have flexibility needed to adjust to changing world, GAO said.

Ad agency Friedman Benjamin Inc. will have to share in paying \$953,000 in damages granted to Gillette Co. last Oct. under ruling issued Aug. 21 by U.S. Dist. Court Judge Kimba Wood in N.Y. Gillette had won that amount in suit against razor blade maker Wilkinson Sword for making claim in ads that Wilkinson razor was better than Gillette's and offered "shaving smoothness superiority." Wood ordered Wilkinson to stop making claim, and in latest ruling said ad agency is just as liable as advertiser for any ads it knew to be false. Experts said ruling is highly unusual because virtually all damage awards are only against product's manufacturer. Columbia U. Law Prof. John Coffee said decision could have "chilling effect" on ad agencies when they know they could be held liable for false claims. Elhanan Stone, attorney for Friedman Benjamin, said ruling would be appealed.

McLaughlin Group will retain its exemption from equal time demands as "news reporting segments [are] bona fide newscasts," FCC ruled Aug. 24 in turning down request for reconsideration by Telecommunications Research & Action Center (TRAC). Court had dismissed TRAC appeal for lack of standing.

TOWERS TO LIMIT HDTV: Lack of tower-building capability could be biggest roadblock slowing transition to HDTV and could cause many requests for FCC to extend deadlines to start HDTV service, according to study by working party of Advanced TV Advisory Committee. Implementation Subcommittee working party estimated that there were only enough trained crews to build about 300 HDTV antenna towers in 3-year period allotted by FCC, far fewer than 450-900 likely to be needed.

Tower-building capacity won't expand because it takes "years" to train crews, said consultant Merrill Weiss, vice chmn. of group. Based on survey of manufacturers, working party said capacity to build HDTV transmitters is "in the ballpark" of what's needed, as is capacity to build HDTV antennas. Tower problem, which is caused by inability of 25-50% of existing TV towers to carry load of additional antenna needed to simulcast HDTV, could be alleviated if many stations don't switch to HDTV, Subcommittee member Charles Jackson said, but Weiss said capacity would fall short even if many stations don't install HDTV: "These were very conservative assumptions. We stacked everything in favor of the greatest productivity." Report said adequate HDTV programming would be available when needed, although it said many companies may provide programming in less than full HDTV for economic reasons.

On issue of distributed transmission concept (DTC) for HDTV (TVD July 6 p5), Weiss said working party concluded that wide-area DTC, using 7-9 low-power cellular-like transmitters to cover station's service area, might be feasible, although more expensive than single transmitter. But he said small-area DTC using "many tens of transmitters" probably wouldn't be. Jackson told full subcommittee that another working party he heads still hasn't reached consensus on issue of HDTV simulcasting, and there's only "60/40" chance that it will. HDTV proponent responses to Advisory Committee show wide variance in likely startup dates. General Instrument said its system could be operational year after FCC decision, debuting in late 1994. MIT said its system would be ready in 18 months and Zenith put its date as late 1995. Advanced TV Research Consortium didn't set date, according to report, and Japan's NHK said it would need 3 years to have system fully operational.



Arbitron is adding 2 cable networks to its MediaWatch monitoring service — Lifetime and TNT. MediaWatch attempts to measure ads being carried on cable, although several networks have claimed recently that Arbitron figures vary widely from amounts that companies are reporting to SEC. MediaWatch currently includes CNN, ESPN, Family Channel, MTV, USA, WTBS. Analysts said adding Lifetime and TNT means Arbitron will monitor about 80% of all cable ad billings. It plans to add 9th cable network in fall and 6 more in 2nd half of 1993. Arbitron said total ad spending on 8 cable networks was \$382.9 million in 2nd quarter 1992, vs. \$370.8 million year ago.

TV spot advertising was up 5.4% (6.4% local, 4% national) for first half of 1992, TvB reported. However, local and national spot jumped 18.7% in July, network affiliates leading way with 25.4% increase in local spot, 20.5% in national. TvB Vp-Research Harold Simpson attributed large July gains to 3 factors: (1) Poor July 1991 (down 13%). (2) Major improvement by NBC affiliates in first week of Summer Olympics (last week of July). (3) Increased political activity. He predicted Aug. also would show large increase, citing Olympics and political ads.

FCC would violate law by picking HDTV system that isn't fully compatible with NTSC receivers, according to Future Images Today (FIT), which is proposing what it said would be NTSC-compatible system. FIT, in FCC filings and in interviews, cited All-Channel Receiver Act, which requires that all TV sets be able to receive all TV signals and that FIT claims would mandate that any HDTV system selected be receivable, at least in NTSC quality, on existing sets. None of 6 HDTV systems being tested could be received without HDTV-NTSC converter. FIT lawyer Leo Zucker refused to say that FIT would file court appeal if HDTV decision selects incompatible system. He said that would depend on FCC response to FIT request that its system be tested: "If we don't like the response, we would have some clear administrative and legal remedies. We are entitled to have our system considered." FIT asked to be included in Advanced TV Advisory Committee test process in 1989, but Chmn. Richard Wiley replied that FIT's orthogonal polarization system could be tested adequately only over air and Advanced TV Test Center testbed wasn't designed to evaluate systems such as FIT's. Zucker said FCC should allow over-air testing of FIT. Its system essentially transmits 2 NTSC signals, one polarized horizontally, other vertically, each carrying alternating lines of picture that would be reassembled by HDTV set. NTSC set would produce NTSC-quality picture by displaying one set of lines, FIT said. Zucker acknowledged that NTSC-compatible version of FIT would include current NTSC artifacts and probably would have 4:3 aspect ratio instead of planned 16:9. However, he said FIT's orthogonal polarization could be adapted to carry 16:9 aspect ratio in non-NTSC compatible format, and even digital HDTV. System would allow 2 digital HDTV signals similar to those proposed by other proponents on single 6-MHz channel, Zucker said. However, Wiley and others have suggested that polarization system might encounter problems in real world. Despite repeated questioning, Zucker refused to specify status of FIT hardware, saying that was "proprietary" and wouldn't be disclosed without some response from FCC. He said some hardware has been manufactured, and filing said some early over-air transmission experiments had been conducted in amateur band.

Broadcasters should be able to transmit compressed NTSC immediately on 2nd 6-MHz TV channel, Press Bestg. said in petition for FCC rulemaking last week. Press said result would be "creation of a multichannel over-the-air broadcast television service" that would increase program choice, provide revenue stream to help transition to HDTV and ultimately survive long term as "independently viable supplement" to HDTV itself. Petition said such FCC action would increase number of available over-air channels by 2-4 times. Equipment for digital compressed NTSC already is available, Press said, and "substantially less expensive" than HDTV. Stations still would be required to convert to HDTV eventually but would be allowed to keep 2nd channel for compressed NTSC. FCC hasn't addressed issue of compressed NTSC and has said NTSC channels will have to be given back after HDTV transition period. Commission actions to date make it "clear that for each broadcast television station presently in operation, a second broadcast television channel in the same community is technically available," Press said, but FCC's "present approach fails to take maximum advantage of the opportunities." One of compressed channels would have to carry standard NTSC programming, Press said, but additional channels could be used for "any type of programming at all" and wouldn't be subject to public interest obligations since regular NTSC programming would fulfill that. Press proposed that cable be required to carry compressed broadcast programs only if systems are compressing own programming.

FCC INVESTIGATES GABELLI: N.Y. investor Mario Gabelli has what FCC considers to be attributable interest in at least 25 TV stations, plus 4 radio stations, 4 cable systems and 18 newspapers, according to documents filed as part of BHC bid for approval of takeover of Pinelands, licensee of WWOR-TV (Ch. 9 independent) Secaucus, N.J.-N.Y.C. (TVD Aug 24 p10). FCC limits ownership to 12 TV stations, so agency said that holdings appear to "conflict with these multiple- and cross-ownership rules... and therefore are impermissible holdings."

Gabelli Funds and Gamco Investors will be "guinea pigs" in test of interpretation of FCC ownership rules that could affect several other, larger media investors, Chmn. Gabelli said. He told us that most of controversy over his companies' alleged violation of FCC broadcast ownership rules is result of differing interpretation of rules, although he admitted one or 2 possible "technical" violations. He also pledged to do everything possible to get into compliance with rules, but said proposed \$25,000 per day/per violation fines are "draconian" and asked for one year to divest holdings. FCC, however, said show cause order renders that request "moot."

TV stations in which Gabelli has interests include: (1) Through 18.5% of Chris-Craft, KMSP-TV Minneapolis, KTVX Salt Lake City, KUTP Phoenix, KBHK-TV San Francisco, KMOL-TV San Antonio, KPTV Portland, Ore., KCOP L.A. (2) Through 40% of Lynch Entertainment, which owns 20% of Coronet Communications, WHBF-TV Rock Island, Ill. (3) Through 9.91% of Cosmos Bestg., WSFA Montgomery, Ala., KAIT-TV Jonesboro, Ark., WFIE-TV Evansville, Ind., WAVE Louisville, KPLC-TV Lake Charles, La., WTOL-TV Toledo, WIS-TV Columbia, S.C. (4) Through 9.73% of Media General, WJKS Jacksonville, WFLA-TV Tampa, WCBD-TV Charleston, S.C. (5) Through 13.36% of Outlet Communications, WCMH Columbus, O., and WJAR Providence. (6) Through 5.75% of Paramount, WDCA-TV Washington, WLFL-TV Raleigh, WTXF-TV Philadelphia, KTXA Ft. Worth, WTXH Houston, KRRT Kerrville, Tex. Other holdings that Gabelli disclosed in SEC filings include 6.45% of Centel, 10.37% of Century Telephone, 22.02% of Hector Communications, 8.66% of Lincoln Telecommunications. Company disposed of its 10.55% of ATC after May 6, as part of Time Warner buyout, still owns 27.33% of C-Tec, 7.64% of Communications Systems.

Gabelli believes that his companies have legally cognizable interest in only 11 TV stations, not counting WWOR-TV N.Y.-Secaucus. Those include 8 Chris-Craft stations, 2 owned by Outlet, one by Lynch. Gabelli admitted that personal investment in small N.Y.C. suburban radio station could violate rules and that small Hector, Minn., cable system, in which he has interest, bought about 200 cable subscribers in Grade B contour of TV station he has interest in "unknownst to me." He said each violation was inadvertent and issues for which FCC normally would grant waiver anyway. Gabelli conceded there's question about 9.91% holding in Liberty Corp. (Cosmos Bestg.). He said family owners had said their holding is large enough to make his noncognizable, but said that may not be true.

Key issue is 5.75% of Paramount, Gabelli believes. He said bulk of Paramount holding is in mutual funds he manages, and mutual funds have cognizable limit of 10%: "The question is whether we are a mutual fund or a money manager." About \$2.5 billion of \$6 billion that Gabelli manages is in mutual funds, rest in individual accounts, pension funds, endowments. "All the money managers in the country need the FCC to investigate this issue" of difference between mutual fund and money manager, he said. Even

though about \$1 billion of Gabelli's \$6 billion holdings is in media, he said other companies have even larger media holdings and could face similar FCC problems. Among those believed to have larger media holdings than Gabelli are GE Capital, Capital Research, Fidelity.

Meanwhile, BHC and Chris-Craft said they had completed tender offer for 98.9% of Pinelands' 16.1 million outstanding shares at \$18 per share. Deal completes BHC's \$310-million purchase of Pinelands. With addition of WWOR-TV, BHC stations (through Chris-Craft and United) will reach about 20% of U.S. TV households.

CABLE SATELLITE LOST: Launch of General Dynamics (GD) Atlas/Centaur rocket bearing Hughes Galaxy 1-R cable TV satellite failed Aug. 22, forcing Air Force to blow up satellite and rocket, companies said. Total value of satellite and launcher was set at \$150 million. Officials said cable networks would continue to be carried on current satellite until new one can be launched. Galaxy was "fully insured," Hughes said.

GD Atlas 1 lifted off from Cape Canaveral, with first stage appearing to function normally and separating from Centaur 2nd stage at proper time, Hughes said. But at 4 min. 49 sec. into launch, ignition failure was detected in one of 2 engines in Centaur Propulsion System in upper stage of rocket. Air Force issued self-destruct commands when "it became apparent that the launch vehicle was not following the prescribed mission trajectory," Hughes said. GD said it had empaneled in-house task force to study failure and independent failure review board supported by senior specialists from industry, govt. and its own customers.

Lost in mission was Hughes HS 376 satellite with twenty-four 16-w C-band TV transponders, whose worth industry experts estimated at \$80 million. Satellite, whose customers included Disney Channel, Cinemax, ESPN and HBO, was to replace Galaxy 1, which is scheduled to end useful life early in 1994. Hughes said it had "committed" to launch permanent replacement for Galaxy 1-R within 3 years. In interim, it said, Galaxy 6, in-orbit C-band satellite, will be moved from 99° E to 133° E, "ensuring uninterrupted transmission services" for cable customers. Hughes spokesman said Galaxy 6 is being used now by customers whose services, such as video backhaul and other temporary transmissions, are "preemptible." Company may build new HS 376 satellite to replace Galaxy 1, or use spare HS 601 fleet spacecraft, which carries dual payload of C-band and Ku-band transponders, spokesman said.

FCC Comr. Quello has invited parties to seek "expedited review" by full Commission of staff decision upholding use of aborted fetuses in TV political commercials (TVD Aug 24 p5). In concurring opinion, he complained that Mass Media Bureau hadn't consulted commissioners before its ruling, as he said is customary "on requests involving sensitive content-related issues... This was unusual, given the extent to which the divisive issue of abortion has been in the news of late." While Quello agreed with staff ruling that such commercials couldn't be classified as indecent, "it is important to acknowledge that they contain graphic and shocking images that, at the very least, are unsuitable for children." Had he been consulted, Quello said, he would have specified that licensees could run disclaimer stating: "This station is required by federal law to transmit the following paid advertisement without editorial changes." Law firm Kaye, Scholer, Fierman, Hays & Handler, which had sought declaratory ruling on fetus commercials for unnamed clients, has said it will appeal staff decision.

DINGELL HITS NTIA: NTIA came under fire Aug. 28 from House Commerce Committee Chmn. Dingell (D-Mich.) for apparently recycling NCTA-developed estimates of likely impact of cable reregulation on consumer rates as part of Bush Administration lobbying against legislation (HR-4850). Dingell was angry about letter opposing bill circulated by NTIA Dir. Gregory Chapados during final floor action last month that included attachments suggesting measure would cause rate hikes of \$1.27-\$2.81 billion annually. He also questioned attribution of figures to Commerce Dept. in cable campaign against bill and is demanding Dept. inspector general investigate NTIA handling of affair.

Dingell questioned source and accuracy of figures in letter to Commerce Secy. Barbara Franklin that also was signed by Telecom Subcommittee Chmn. Markey (D-Mass.). They also wrote Dept. Inspector Gen. Frank DeGeorge, questioning propriety of Chapados' alleged "use of industry-supplied conclusions when the industry-supplied data on which those conclusions are based have not been independently verified," saying "if true, this situation reflects poorly on the quality of statistical data issue generally by NTIA (and perhaps the entire Department)." Letters surfaced same day as NTIA notice in Federal Register seeking industry funding for spectrum auction study was creating stir (see related story, this issue).

Lawmakers were angered by reports of industry campaign to discredit cable legislation that included fliers in Aug. customer bills claiming rates would go up average \$23-\$51 annually, according to what were purported to be Commerce estimates. Upon closer examination, it became clear that Dept. figures actually were rehased from 1990 study done for NCTA before HR-4850 had moved through Hill mill. In addition, \$23-\$51 estimate is extrapolation of industry study done by NTIA without independent verification.

Industry fliers allege: "The U.S. Department of Commerce estimates this legislation could mean increased costs of \$23 to \$51 per year for each cable subscriber... This bill will send your rates up, not down." It was included in Aug. monthly cable bills to millions of subscribers. But Chapados' letter July 22 to Hill, on which fliers are based, didn't actually give those figures. His half-page letter said only that NTIA preferred industry competition to reregulation, that HR-4850 would have "negative budget impact on consumers" and that "cable reregulation would be very costly. In many communities, rates would increase and cable subscribers would lose the benefits of improved programming and other services."

Estimates on consumer rate impact were in 2-page attachment to Chapados letter that clearly stated figures were supplied by industry. Nevertheless, he described information in attachment as "prepared by NTIA," which Dingell suggested was inappropriate. Appendix contended reregulation would cause estimated \$491 million-\$1.75 billion annual loss in programming investment; \$22 million-\$60 million annual increase in federal, state and local regulatory costs; \$760 million-\$1 billion annual increase in cable operating costs because of mandated system upgrades. With exception of regulatory costs, which came from FCC and Congressional Budget Office, rest of figures are NCTA's or from 1990 study done for Assn. by ICF Consulting of Washington, which is headed by ex-NCTA Research Vp John Woodbury.

Figures were in line with those released separately last week by TCI, which said study for MSO found reregulation would cost customers \$4 each per month, and possibly

significantly more. Study, done for TCI by economist Carl Hunt, assessed impact of retransmission consent (\$1.67 per cable customer per month), costs of addressability required by bills (\$1.64), costs of federal, state and local regulation to be passed on (49¢), regulatory rate increases (66¢). TCI study said actual total cost could be anywhere from \$2.50 to \$6.28 per month, per subscriber. Figures Chapados cited didn't include possible impact of retransmission consent, which isn't currently part of House bill.

TCI Senior Vp Robert Thomson said figures were conservative because of "ambiguities" in proposed legislation. Study said costs of compatibility and security resulting from anti-buythrough provision could "in the worst case" add another \$4.23 to monthly cable bills. It also listed cost of implementing Emergency Best. System as 12¢ per month.

NCTA spokeswoman discounted complaints about industry figures cited in NTIA letter. "People can quibble about how much the bills would raise cable rates, but the fact is incontestable that the legislation would drive consumer costs up," she said. However, she said figures cited didn't include costs of retransmission consent, which others have told Congress could increase burden on consumers to as much as \$3 billion. Neither NCTA nor NTIA had immediate reaction to Dingell letter.

NCTA has readied TV ad campaign against legislation to debut on dozen national cable networks Sept. 1, spokeswoman said. Bozell has prepared two 30-sec. spots for NCTA, which is asking MSOs to carry them free. There also are 2 print ads that MSOs are being asked to place in local newspapers. Ads reportedly hit at rate hike theme. TCI also started ad campaign Aug. 24, buying cable time largely in prime viewing hours for spots urging viewers to contact their senators to oppose bill.

Efforts will be countered by one 30-sec. and two 60-sec. ads by Stuart Stevens Group being released this week to stations by NAB that question truthfulness of cable's spots with tagline "consider the source." CATA also has sent out opposition kits for operators to use locally. NCTA plans to have local officials lobby Senate this week, while NAB will decide whether to counter with similar effort. NAB has had grass-roots lobbying effort under way for weeks that official said appeared to be "very successful."

KAGL interim operation on Ch. 30 in San Bernardino went dark Aug. 25 at order of FCC, which earlier same day had refused to extend interim grant to Angeles Bestg. given in Jan. 1985. In affirming Aug. 20 action of Video Services Div. of Mass Media Bureau, Commission said interim operation "would preclude the construction and activation" of Ch. 30 station by permittee Sandino Telecasters. Sandino was one of 11 original applicants for station and after comparative hearing (which Sandino lost) paid off others for about \$7 million.

House has passed legislation (HR-4412) that would allow writers, journalists and scholars to publish portions of unpublished copyrighted works under fair use exemption of federal copyright law. Bill is designed to undo recent federal court decisions that appeared to bar publication or broadcast of such material without copyright holder's permission. Senate passed similar bill (S-1035) last fall and compromise final version is expected to be readied in time to be sent to President Bush for signature before Congress adjourns in Oct.

FCC ASKED TO EASE RULES: Changes in marketplace, bringing increased competition for TV stations, require that FCC relax and/or repeal its restrictions in many areas of TV regulation, according to comments filed in rulemaking. And ownership of more stations, along with repeal of duopoly rule (which prohibits single licensee from owning 2 TVs with overlap in Grade B contours), would benefit public in better programming as result of decreased operating costs. Those points constituted gist of comments to relax or repeal restrictions on number of TV stations single licensee could own, do away with duopoly and single-network rules, plus many other less rigid rules Commission has proposed (TVD May 18 p5).

Restrictions on number of TV stations (currently 12, up to 14 if minority controlled) should be eliminated "entirely," NTIA said. That would permit broadcasters "to realize economic efficiencies without jeopardizing competition or viewpoint diversity." However, it said, if Commission considers total repeal "too dramatic a change," it should use phased-in approach, upping limit every 2 years after reviewing marketplace conditions.

Acting "out of an abundance of caution," NTIA told FCC it should relax duopoly rule while retaining some limits on common ownership of TV stations in same market. Restrictions should be based on whether commonly owned stations exceed "a maximum threshold" of local audience, although NTIA didn't specify what threshold should be. It also supported repeal of radio-TV cross-ownership rule, curbs on dual networking, prohibition against networks' owning TV stations in smaller markets. Said NTIA:

"Most of these regulations were enacted when Americans had few viewing choices and broadcasters faced little competition. However, the domestic mass media marketplace has become complex and robust, with... myriad sources of programming available to consumers. As a result, the concerns about undue economic concentration and diversity... have lessened considerably."

Only discordant comment was filed by United Church of Christ, which said that in making its proposals, "Commission is ignoring broadcasters' own figures" which show that when cap was increased in 1984 to ownership of 12 TVs from 7, "industry profits took a nosedive." Quoting NAB figures, Church said industry profits "plummeted" 79% as expenses rose 56%. "The biggest problem is not how many TV stations an owner can have nationally," said Beverly Cain, dir. of Church's Office of Communications, "rather it is the threat to localism and diversity of programming caused in allowing an owner to have more than one TV station in a single market." Church said its own study showed that multiple owners cut back on local news and public affairs programming. It also seeks return of antitrafficking rule, fairness doctrine and "clearly defined and enforced" public interest standard for licensees. Media Access Project didn't file, saying it would submit reply comments (due Sept. 23).

NAB urged FCC to "act quickly" on some of proposals but "act cautiously" on others to "await the development of further information." Assn. warned that "total deregulation" of ownership restrictions "may be viewed as imprudent." NAB rebutted recent United Church of Christ study purporting to show that savings from group ownership aren't translated into improved program service, saying report "rests on inadequate data, methodological errors and inappropriate assumptions." NAB asked for change in duopoly to embrace Grade A (instead of Grade B) coverage of commonly owned stations (as did other comments), but suggested that same licensee not be permitted to own 2 TV

stations in same market "until [FCC] has more information about the developing video market" -- such as HDTV, public TV and cable: "Creating competitive disequilibrium in smaller markets would not seem to advance the Commission's objective of strengthening over-the-air television." However, NAB urged repeal of TV-radio cross-ownership rule, as well as ban on dual networks.

"Regulatory barriers to adaptive business strategies must come down," INTV said in endorsing some FCC proposals, opposing others: "Whereas the importance of competition and diversity goals dictate caution, much of the rationale for the television ownership restrictions have disappeared." INTV said its proposals reflect "an appropriately pragmatic response based on a realistic assessment of the state of the broadcast television industry and the functioning of the video marketplace." It parted with NAB on duopoly, urging that single licensee be permitted to own 2 TVs in same market, provided one is UHF (NBC and CBS took similar position). Assn. estimated that ownership of 2 UHFs in same market would result in 24% cut in operating costs. Independents also sought reduction in overlap rule to Grade A contour from Grade B and repeal of TV-radio cross-ownership rule.

NBC suggested 18 as maximum number of TV stations entity could own, with national audience cap of 35%; Cap/ABC suggested 18 and 30% (same figures recommended by INTV and NAB), while CBS would permit ownership of up to 24 stations with 35% audience cap. Cap/ABC said networks' "greatest and most immediate need" is for increase in current 12-station ownership cap, arguing that "natural competitive forces can be relied upon to ensure diversity of viewpoint and vigorous competition."

Thomas Galloway, owner of 4 independent UHFs in Tex. and La., plus 3 radio stations, said proposed relaxations of TV rules "do not go far enough. Complete elimination of the artificial ownership restrictions... is now necessary and warranted."

Fox Bestg. said it supports FCC's "modest proposals" to remove "antiquated regulatory restraints on television broadcasters." Changes are necessary because no restrictions currently are in place on ownership of cable systems and networks, Fox said. Public interest would be served by "significant relaxation" of national and local (duopoly) ownership rules, it said, and "unnecessary restrictions" on TV networks should be repealed. It suggested single licensee be permitted to own stations with up to 50% national coverage of U.S. TV homes.

Preliminary Aug. pledge drive results were uniformly off for public TV stations vs. year ago. For 32 stations that pledged this Aug. and last, PBS said dollars contributed through start of last week were down 21%, number of pledges down 10%, average pledge off 12%, dollars-per-min. down 22%. While days pledged were down 9%, break min. were up 2%. Overall, PBS said pledge dollars were down 33% to \$4.32 million from last Aug.'s \$6.42 million, while average pledge had declined 10% to \$68.67 from \$76.09.

Solar panels and antennas were deployed without problem on Optus B1, recently launched communications satellite for Australia. Flown Aug. 14 on Chinese Long March 2E rocket from Xichang, China, Optus B-1 is first in new line of body-stabilized HS 601 spacecraft built by Hughes. It's scheduled to go into full service by end of year to provide TV, telephone and fax transmission in Australia and New Zealand.

BUSH SIGNS CPB BILL: President Bush ended 9-month partisan battle Aug. 26 by signing CPB authorization bill (HR-2977) that provides \$1.11 billion in federal support for FY 1994-1996. It also funds NTIA-administered Public Telecommunications Facilities Program at \$42 million in each of FY 1992-1994 and contains numerous revisions in public broadcasting laws, including controversial one directing CPB board to examine objectivity and balance of national programming and support "balancing" fare if shortcoming is found. Board is to meet on bill's ramifications in executive session today (Aug. 31).

Bill also bans indecent broadcasts 6 a.m. to midnight on commercial and public stations in measure pushed by Senate Majority Leader Byrd (D-W.Va.). However, exception was made for public stations that sign off by midnight; they can air indecent programming starting at 10 p.m. Amendment was added by Sen. Stevens (R-Alaska) to accommodate public TV stations in that state. Some broadcasters have vowed to challenge ban, which many believe is unconstitutional. Earlier FCC 24-hour ban against indecent programming was held unconstitutional by U.S. Appeals Court, D.C.

"We have had 9 months of intense public scrutiny, including both constructive and destructive criticism," new CPB Pres. Richard Carlson said. "I'm glad it's over, thanks to President Bush." APTS Pres. David Brugger said that signing "represents the successful outcome of perhaps the greatest political challenge ever to public broadcasting. We believe that the people who support public broadcasting recognize that it is not a political medium but that it exists to serve all Americans."

While it had been expected that Bush wouldn't veto bill, White House Office of Management & Budget had expressed concern about substantial increase in proposed funding -- nearly 40% -- compared with reauthorization for FY 1991-1993. Moreover, platform adopted by Republicans at recent national convention in Houston deplored what it called industry's "blatant political bias," while right-wing American Family Assn. mounted campaign urging its supporters to call White House in opposition to bill.

Meanwhile, in move that it said recognized "new nonbroadcast distribution options" for PTV programs, PBS has notified producers that it henceforth will "reserve the right to condition its program funding commitments on the availability to PBS of institutional audio-visual and/or home video rights." In early Aug. letter to producers, PBS Pres. Bruce Christensen said: "We recognize that [such] rights may not be available (or affordable) in every case, nor will PBS necessarily be interested in securing these rights in every case."

"However," Christensen said, "when we believe it is important and appropriate to secure these rights, we may require they be provided as a condition of funding (especially in the case of new productions), or that PBS be provided with the right to match any offer the producer may receive subsequent to PBS funding." Producers had little early response to PBS letter, but coalition that includes for-profit distributors of PTV videos is expected to oppose plan formally in Sept.

FCC has deleted allocation of Ch. 51 to Ventura, Cal., since it couldn't be granted because of freeze imposed on vacant allotments pending inquiry into needs for advanced TV. Two applicants had sought channel but both were disqualified.

CBS COMPENSATION FIGHT UNABATED: CBS TV Network and its affiliates still are locked in battle over network's plan to cut back compensation some \$20 million and to take back from stations spot time worth some \$5 million to network, \$10-\$15 million to affiliates (TVD July 27 p3). "Everybody is still mad as hell" and "almost without exception" affiliates are threatening more preemptions of CBS programming in 1992-1993 season, affiliate said of survey taken of stations by affiliates' board. When asked about preemptions, head of major group said: "Yeah, we're talking about that. We're going to do whatever we have to do." Another said he's basically against any compensation cut because "we are contributing to their [CBS's] bottom line."

Survey of affiliates was to be turned over to CBS officials last week, but we're told that it isn't completed. Survey generally was taken by members of affiliates' board. Board officers and affiliates' Futures Committee had telephone conference call on issues Aug. 27. We couldn't reach Affiliates' Chmn. Richard (Mick) Schafbuch, KOIN-TV Portland, Ore., or Cathy Creany, WTVH Syracuse and chmn. of Futures Committee, last week, but we're told consensus was to resume talks with network.

Affiliates held late July meeting in Chicago (with and without network officials) on compensation issue, after which they took tough stand in attacking network position and threatening legal action. Also in works is self-imposed dues increase by affiliates assn. and hiring of exec. dir. in move to get out from under domination of CBS. Follow-up meeting was planned for mid-Sept. in Chicago, but that has been postponed with no new date set. Said one affiliate, who's very bitter toward network: "It had better not be delayed too long." However, another questioned need for further meeting. Affiliates also plan stations-only meeting (without network officials) for Feb.

Meanwhile, NBC TV Network also is discussing compensation cuts of some 15% in major markets, much less in medium and small markets, that would be tied in to station promotion of network programming and inventory return from stations to networks. However, NBC-affiliate talks haven't degenerated into pitched battle like that between CBS and its stations. Several NBC stations said there hasn't been much opposition shown or expressed.

Home Shopping Network (HSN) filed preliminary SEC documents to spin off 12 full-power UHF stations to stockholders. They would receive all shares of Silver King Communications, HSN subsidiary that owns stations, which are in 8 of 12 largest TV markets and reach 27.5 million homes. Chmn. Roy Speer said spinoff "will enable HSN and Silver King to better focus on their respective businesses and maximize the value of Silver King's broadcasting assets." Stations carry HSN programming, ad inserts, public service programming.

House Commerce Committee member Synar (D-Okla.) faces runoff Sept. 15 after failing to win Democratic primary decisively for party's nomination to seek reelection to House. Synar, 41, and 7-term member with seat on Telecom Subcommittee, faces challenger Drew Edmondson, former district attorney and member of well-known political family in state.

FCC fined New West Bestg., licensee of KGMN(FM) Kingman, Ariz., \$20,000 for unauthorized transfer of control to Joseph and Rhonda Hart in 1985.

'PUBLIC OUTCRY' AGAINST TV: Only 2% of American adults see current TV and cable programming as "very positive" while 64% (projected to 117 million adults) believe it portrays "negative values," up 10% from year ago. Those are among findings of Gallup survey of U.S. TV viewing habits conducted in May for cable's Family Channel. Nationwide sample of 1,003 adults was used, with margin of error plus or minus 3%, Gallup said.

Gallup Organization Pres. George Gallup said findings "dramatically underscore the discontent of viewers of TV programs, a discontent which appears to be growing." He said that should send "a powerful message to those involved in developing TV programs." Of those surveyed, 71% said objectionable programming content has caused them to watch less TV today than previously. They cited "preoccupation with sex, excessive violence, cursing and foul language and vulgarity" as reasons.

Of those surveyed, 69% said TV has negative impact on children, 64% said they restrict TV viewing of their children because of "offensive content." Only 19% said they never restrict what children watch, down from 23% year ago. Some 66% said TV and cable programming doesn't represent their own personal values, up from 62%. In 1991 Gallup survey for Family Channel, 58% of respondents said they were "frequently" or "occasionally" offended by TV program; that figure rose to 63% in latest survey. Only 11% said they "never" are offended by TV, down from 18% last year. Number of viewers who said they change channels or turn off set when something offends them increased to 81% in current study from 74% in 1991.

Republicans took apparent swipe at Time-Warner (TW) in platform adopted at national convention. Section on "promoting cultural values" didn't mention TW by name, but said "elements within the media, the entertainment industry, academia and the Democratic Party are waging a guerrilla war against American values... One example is the advocacy of violence against law enforcement officers, promoted by a corporation more interested in profits than the possible consequences of such a message..." TW came under fire earlier this year for marketing album by rap singer Ice-T and group Body Count that contained song seen as condoning murder of police. "We believe... that corporations -- like individuals -- have responsibilities to society, and that conscience alone should prevent such outrages," platform said. Republicans also called for tougher steps against pornography and endorsed controversial victim compensation legislation in Senate that could make videocassette and other media industries culpable for certain crimes. They also restated support for TV and Radio Marti as tools to help "purge" Cuba of Communist govt. of Fidel Castro, as well as planks on public broadcasting and telecommunications.

Citing "unique factors" in case, FCC upheld Mass Media Bureau decision granting Community Service Bestg. (CSB) extension of time to construct new FM (KDGB) in Dodge City, Kan., and transfer of construction permit (CP) to Lesso Inc. Action had been protested by Charles Babbs, who formerly owned KCMS(FM) Dodge City on same frequency. In 1983, CSB filed competing application on top of KCMS renewal. KCMS subsequently reached settlement with CSB and withdrew application. In appeal, Babbs argued that CSB never intended to construct station and submitted documents that he claimed supported allegation. In dismissing complaint, FCC said CSB had negotiated to sell CP only after it became aware of problems with proposed transmitter site and "CSB would realize no profit from the sale to Lesso."

Total viewing for Republican National Convention in Houston was up from 4 years ago but spread out among more TV stations and cable networks, Nielsen said. NBC was only network to post higher ratings for GOP event than for July's Democratic Convention. In 1988, with only ABC, CBS, CNN and NBC covering convention, average of 17.6 million homes tuned in (ad-less C-SPAN isn't counted and PBS didn't offer any fulltime coverage that year). Republicans averaged 19.6 million homes this year, but 4 networks shared viewers with PBS and Comedy Central. CNN also was in 13 million more homes this year than 4 years ago. Over-air networks still accounted for 15.4 million homes tuned week ago, Nielsen said. Ratings service also reported CNN viewing of GOP convention down 20% from Democrats in N.Y. CNN had 2 rating and 4 share for Democrats, 1.6/3 for Republicans. Indeed, Nielsen said both CBS and PBS had 9% fewer viewers for GOP and ABC was down 2% vs. NBC's 2% gain. However, it said ABC again was ratings winner, as in July, with 5.9/11 followed by NBC 5.7/11, CBS, 5.2/10, PBS 3.0/6, CNN 1.6/3. But CBS was ratings leader overall for week with 8/15, followed by NBC with 7.5/14 and ABC 7.3/14.

Proliferation of TV choices hasn't "liberated" viewers, "it's frustrated them. It's made them mad as hell," said Peter Chernin, pres. of Fox Entertainment. He told CTAM conference in San Francisco Aug. 25 that viewers are angry because "it's tough to distinguish one choice from another." Chernin said broadcasters and cable operators should be "rigorous editors" to assure that each channel is different enough from others to meet viewers' different needs. He said surveys show that Fox already is doing that by offering more targeted and riskier programs. "I don't pay attention to ratings," Chernin said. "What's important is that your programs and your brand identity are attracting the demographic you've targeted. The days when networks or cable services could be all things to all people are long gone." Responding to complaints by Vice President Quayle that TV isn't espousing family values, Chernin said Quayle "is clearly tuned in to a legitimate, genuine concern millions of Americans have." But he said people don't view TV as "simplistically" as Quayle and "the insipid white bread world of 50s television" isn't only alternative.

Communications policy leaders are among 74 House Democrats targeted for election defeat by National Republican Congressional Committee (NRCC). List includes Commerce Committee members Kostmayer (Pa.), Lehman (Cal.), Rowland (Ga.), Sharp (Ill.), Waxman (Cal.); Judiciary Committee Chmn. Brooks (Tex.) and members Berman (Cal.), Boucher (Va., also member of Commerce and Science panel), Glickman (Kan.), Hoagland (Neb.), Hughes (N.J., chmn. of Copyright Subcommittee), Mazzoli (Ky.), Sangmeister (Ill.), Washington (Tex.). Also targeted are Appropriations Committee Chmn. Whitten (Miss.) and Rep. Carr (Mich.), who sits on panel that oversees FCC and NTIA funding. Others include Majority Leader Gephardt (Mo.), who has interest in film coloring debate; Science Committee Chmn. Brown (Cal.); Ways & Means Committee Chmn. Rostenkowski (Ill.), who has bill to make tax treatment of intangible assets more favorable to industry; Rep. Gordon (D-Tenn.), who has been active in 900 industry regulation. List is preliminary and will be updated when primary season ends next month, NRCC said.

Financials: Adelphia filed SEC registration statement for \$125 million of new senior debt. Proceeds would be used to repay bank debt, it said. Underwriter: Salomon... Moody's assigned Bal rating to \$150-million senior debt of **Rogers Cablesystems**, citing strong competitive position in Canada and stable revenue and cash flow.

Program Notes: GTE will begin testing interactive TV on its Cerritos, Cal., cable testbed in Oct. System will use Philips CD-I player. Discovery Channel and World Book Inc. will participate... **Showtime Networks** created Showtime Entertainment Group, headed by Steven Hewitt, to produce and develop original programming... Group based in Branson, Mo., plans to launch new cable network, **Americana TV**, featuring country, folk, jazz and gospel music. Chmn. is Stanley Hitchcock, former vp-gen. mgr. of Country Music TV. Board members include Margaret Combs, former CTAM pres., and David Glass, CEO of Wal-Mart... **Time Warner's New York 1 News** all-news cable channel announced Sept. 8 startup date... **Bravo** signed its 3rd and largest program underwriter, Mercedes-Benz of N. America. Company will underwrite world film and BBC drama showcases that will contain its name as part of titles... **French-language cable music service MusiquePlus** is going national with launch on Canadian Satellite Communications cable service... Two radio groups have joined **RAB** -- 10-station Douglas Bestg. and 12-station American Media Inc... **Time Inc. Ventures** is new name of Time subsidiary for worldwide development activities. Subsidiary previously focused on publishing, but is expanding into news-related TV programming... **Emmy Awards TV** program was to be shown in Japan for first time Aug. 30 as result of carriage agreement with WOWOW DBS channel... **USA Network** and Sci-Fi Channel are experiencing telephone difficulties and ask persons having trouble reaching them to call 212-408-9100 or 310-301-2380 for next 2 weeks... **NTN Network** will begin offering Cable Wagering Service on its interactive cable network. Cal. Federation of Racing Assns. is backing legislation to make cable horse-race betting legal in state.

McDonnell Douglas expects to launch Satcom C-4 communications satellite on Delta II 7925 today (Aug. 31). All-TV (Ku- and C-band hybrid) satellite Satcom C-4 originally was to be launched Aug. 15, but flight was scrubbed because of technical difficulties. Cable networks scheduled to use C-4 include AdStar, American Movie Classics, Bravo, C-SPAN, Discovery, Family Channel, Home Shopping Network, Lifetime, Madison Sq. Garden Network, Movie Channel, MTV, Nickelodeon, NuStar, Prevue Guide, QVC, Request TV, Showtime, Travel Channel, VH-1, Viewer's Choice, WWOR-TV N.Y.-Secaucus.

Ex-CBS correspondent John Sheahan, who was fired in June 1991, sued network, charging breach of contract, age discrimination, fraudulent misrepresentation. Suit, filed in U.S. Dist. Court, N.Y., seeks \$1 million in damages and back pay. It claims Sheahan was fired 17 months before becoming eligible for retirement at age 55. He covered Tiananmen Square massacre in Beijing in 1989 for CBS. Suit says that in June 1989 network asked him to remain at hardship post in Beijing for 18 more months, promising to negotiate new contract with him. CBS had no comment.

In latest radio fraud action, N.C. court Aug. 28 sentenced communications lawyer Thomas Root to 15 years in prison and \$5,000 fine. At same time, chmn. of Sunrise Management, Ralph Savage of Phenix City, Ala., pleaded guilty to fraud and conspiracy charges in Nash County Superior Court. He's to be sentenced in Jan., faces up to 17 years and \$7,500 fine. Root had pleaded no contest to 360 fraud counts, 4 conspiracy counts. Savage pleaded guilty to same charges.

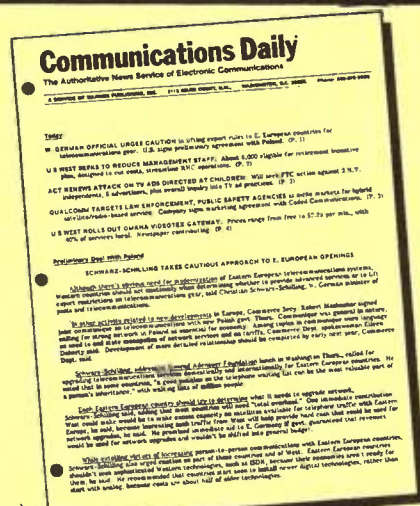
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Personals

Jack Petrik resigns as chmn., Turner Program Services, effective immediately, with duties to be split among other TPS executives... **Brian Fontes** promoted to senior adviser to FCC Comr. **Quello**, succeeding Quello's longtime aide **William Harris**, who retires in Sept... **Mary Crowley**, Washington managing editor, Television Digest, and deputy managing editor for sister Communications Daily, joins Stevens Publishing as Washington bureau chief, effective Oct. 1.

WJLA-TV Washington Local Sales Mgr. **Judy Williams** advanced to dir. of sales, succeeding **Joe DelGrasso**, resigned... **Wendy Hillan**, ex-KXAS-TV Dallas-Ft. Worth, appointed national sales mgr., KSBW Salinas-Monterey, Cal... **Jack Cahalan**, ex-WCPO-TV Cincinnati, named news dir, WMAR-TV Baltimore... **Roger Gadley**, news dir., KCOY-TV Santa Maria, Cal., appointed to same post at KMPH Visalia-Fresno... **Barbara Hamlin**, ex-WXXI-TV-FM Rochester, N.Y., joins WNCV Fairfax/WNVT Goldvein, Va., as dir.-mktg. and development... **Judith Lemoncelli**, ex-KPBS-TV-FM San Diego, named mgr.-corporate development, WXXI-TV-FM Rochester, N.Y.

Scott McElhone promoted to vp and asst. controller-cash and revenue operations, HBO... **Elizabeth Inscoc** advanced to vp-controller, Family Channel; **Russ Breault**, ex-TeleCable, joins as vp, eastern dir.-affiliate relations... **Alan Richards** promoted to northeast regional sales mgr., Mitsubishi Professional Electronics Div... **Robert Munoz**, owner, KZIA Las Cruces, N.M., named interim gen. mgr., KCOS El Paso, succeeding **John Kasdan**, resigned... **Bill Hanley** advanced to dir.-news and public affairs, KTCA-TV St. Paul-Minneapolis.

Participants in IRTS Foundation dinner, Plaza Hotel, N.Y., Oct. 1: former Sen. **Gary Hart** (D-Colo.); former White House Chief of Staff **Alexander Haig**, former U.N. Ambassador **Jean Kirkpatrick**, ABC correspondent **Barbara Walters**, moderator **John McLaughlin**... **Martin Bell**, BBC correspondent, added as speaker at RTNDA convention, San Antonio, Sept. 25... **Tony Intelisano** advanced to exec. vp-distribution and marketing, LBS Communications... **Richard Glosser** promoted to vp-operations, Columbia Pictures TV... **Kathy Lingg**, ex-TriStar, named senior vp-Network TV Div., Paramount... **Timothy Ricketts** promoted to vp-finance, MTM Enterprises... **Anthony Bauer**, ex-20th TV, joins Turner Program Services as vp-gen. sales mgr.-East... **William Barker** named chief financial officer, American Transportation TV Network... **Bridgit Blumberg** appointed dir.-program publicity, NCTA.

Steven Hewitt appointed senior vp, Showtime Entertainment Group... Joining USA Network as dirs.-original programming: **Robert Siegal**, ex-Big Picture Entertainment; **Paula Rosenthal**, ex-CNBC... FCC Calendar -- Aug. 31: Comr. **Barrett** addresses National Assn. of State Telecommunications Dirs., Stouffer Harborplace Hotel, Baltimore, 9:30 a.m. Sept. 1: Comr. **Duggan** participates in "What Will the Future of Wireless Communications Mean to You?" discussion, International Mobile Communications Expo, Ga. World Congress Center, Atlanta, 9 a.m. Sept. 3: **Ralph Haller**, chief, Private Radio Bureau, participates on "regulatory docket watch" panel, same place, 10:30 a.m.

Japan Satellite Bcstg. (JSB) said its WOWOW DBS pay TV has topped one million subscribers since beginning commercial operation in April 1991.

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USA Digital Radio (Project Acorn) said that it successfully tested first in-band, on-channel, over-air AM digital audio broadcasting (DAB) system after receiving experimental license from FCC. Consortium of Gannett, CBS and Group W said AM test was conducted Aug. 26 in Cincinnati using Musicam-compressed signal transmitted on "standard" AM channel. Backers hailed test, saying it represented "a giant step" toward making Project Acorn reality. "Our experiment was successful in proving that high-fidelity stereo audio can be transmitted in an AM channel," said Dan Ehrman, Gannett vp-finance and business affairs. "The radio listener receives this service improvement without the need for a new spectrum." Statement said that FM DAB test by Project Acorn is expected in near future and that both AM and FM DAB systems will be demonstrated at NAB Radio Show Sept. 9-12 in New Orleans.

IBM and TCI weren't commenting on AP report that they were close to deal on using cable systems to deliver interactive service. Deal would be similar to one that IBM's said to be negotiating with Time Warner (TVD May 11 p6). Computer giant also is in interactive talks with Continental and Viacom, and Time Warner officials have said they're also talking with other computer firms.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	AUG. 8-14	1991 WEEK	% CHANGE	AUG. 1-7	32 WEEKS 1992	32 WEEKS 1991	% CHANGE
TOTAL COLOR TV..	373,011	242,780	+53.6	271,796	11,532,465	10,778,657	+ 7.0
DIRECT-VIEW...	365,706	235,555	+55.3	265,709	10,339,213	10,605,737	+ 6.9
TV ONLY.....	354,817	224,987	+57.7	257,489	10,883,213	10,225,077	+ 6.4
TV/VCR COMBOS	10,889*	10,568	+ 3.0	8,220	456,000*	380,660	+19.8
PROJECTION....	7,305*	7,225	+ 1.1	6,087	193,252*	172,920	+11.8
VCR DECKS.....	262,646*	147,007	+78.7	128,987	6,349,933	5,241,659	+21.1
CAMCORDERS.....	37,976	42,790*	-11.3	20,369	1,465,641*	1,457,588	+ 0.6
LASERDISC PLYRS#	1,384	2,659	-48.0	1,113	118,887	96,857	+22.7

Direct-view TV 5-week average: 1992--354,858; 1991--312,296 (up 11.1%).

VCR deck 5-week average: 1992--244,178; 1991--171,271 (up 42.6%).

Camcorder 5-week average: 1992--57,566; 1991--49,261 (up 16.9%).

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

Includes combi players, excludes karaoke types.

ALPHABET WARS--TANDY VIS TO TAKE ON CD-I: Tandy last week took wraps off entry into still-speculative market for TV-based multimedia systems with introduction of Video Information System (VIS). Tandy, which will make player in its Ft. Worth plant, will market Memorex VIS player through Radio Shack stores beginning in Oct. at \$699 suggested retail price (same as Philips is charging for CD-I player), with Compton's Multimedia Encyclopedia included in box.

Zenith has become first hardware company to license VIS for general consumer electronics distribution and will supply Tandy name-brand chains such as McDuff, VideoConcepts and Incredible Universe with Zenith brand player made by Tandy. Zenith's license is nonexclusive, so others could market hardware at same time; Thomson Consumer Electronics (TCE) Exec. Vp Joseph Clayton indicated that company is in process of choosing multimedia platform to support, his comments seemingly indicating TCE is leaning toward VIS.

As we've reported (TVD July 6 p8), VIS operating system, developed in conjunction with Microsoft, is offshoot of Windows environment for personal computers, although player's operation doesn't offer any hint of system's lineage. Tandy is positioning it as one of system's strong points, ensuring flow of VIS software, since publishers easily can convert Windows titles to VIS format with minimal expense. Whether disc designed for Multimedia Personal Computer (MPC) can be used in VIS player (or vice versa) depends primarily on what device drivers (i.e., mouse, keyboard, remote keypad) publishers choose to include on disc; conceivably, publisher could include versions for both on single CD. Tandy says about 110 software titles will be available when it's launched in Oct.

VIS player, like CD-I device, resembles upscale CD player with slide-out CD tray. Front of player also has slot for slim "Save-It" cartridge, with which user can save his position within program (bottom of 7th inning in baseball game, for example) and other information. Device comes with infrared remote control that resembles videogame handset more than TV remote -- designed to be grasped with 2 hands, buttons operated by both thumbs. Headphone jack (with volume control) and microphone jack are on front panel. Rear of player has variety of video outputs (RF, composite, S-Video), stereo audio outputs, antenna/cable input and auxiliary input, ability to accommodate modem. Presence of last-named inputs signals Tandy's vision of player's ultimate capabilities. News release issued last week acknowledged that VIS's function at outset will be to play discs, but said that "as VIS products evolve, it is expected that other methods of

delivering digital information to the home will be used by the VIS player to provide unique applications for the home consumer."

But full-motion video (FMV) doesn't figure heavily into Tandy's equation, said Michael Grubbs, Tandy senior mktg. dir. VIS will incorporate FMV "when the industry is ready for FMV," he said. "We don't think that will go anywhere until there's a clever, useful way to use it." He made clear that he doesn't view VIS as "a replacement for the VCR" as movie playback device.

Zenith signed on for VIS as element of strategy designed to gain foothold in all potential areas of high-definition information delivery, Consumer Products Mktg Vp Bruce Huber said. "We're looking for all the opportunities we can take that give people alternative reasons to own Zenith high-definition TVs some day." He said VIS technology can be adapted to HDTV "down the road," but in short term presents "opportunity for leadership, opportunity to do some image shaping." Troika of Tandy, Zenith and Microsoft offers ripe opportunity for marketing that stresses "Made in America" theme.

As part of VIS announcement, Tandy also released bluntly worded "overview" of why it believes CD-I and Commodore Dynamic Total Vision (CDTV) ultimately will fail in consumer market. Tandy said Philips' decision to develop home system from scratch with unique operating system "seems very compelling at first glance," but dooms it to heavily subsidizing software development, in effect acting as software "studio" at huge cost.

Tandy cited "serious dilemma" facing Philips: "If Philips drops the price for CD-I to increase the installed platform base [and thus make money on software], they will alienate other potential hardware suppliers who cannot afford to sell CD-I products competitively. Since these companies don't own the studio, they cannot make up the difference with software sales." Tandy also criticized CD-I as being based on analog technologies, saying that future display devices "will be digital and use higher resolutions than the TV systems CD-I supports today." Philips spokesman declined comment on VIS or Tandy's analysis, other than to say that "if others are interested in making comparisons to CD-I, that's their prerogative."

Tandy dismissed CDTV as having "schizophrenic personality," part computer and part consumer product, with weak audio and video capabilities and software base that "is not CD-ROM oriented." Tandy concluded: "We do not expect CDTV to be a significant factor in this product category."

"Huge potential market" exists for right product, Tandy said, defining initial target as 2 million U.S. households that consist of early-adopting, technologically oriented baby boomer families with appropriate income levels. Ultimate goal was to develop "the perfect electronic information appliance for the 1990s," one that could achieve 25% household penetration "over time."

* * * * *

CD-I launch in U.K. has gone exceedingly well, with sales levels higher than for equivalent period during launch of Compact Disc, said Simon Turner, who heads U.K. CD-I effort for Philips. He said average of 9.2 discs had been sold with each player. At same time, company for this month only will offer purchasers (and those who had bought machine earlier) choice of either additional \$70 in extra free software or promise of free FMV cartridge with retail value of \$250 in first quarter. Turner said FMV offer was for then because availability of cartridges and FMV software would be limited in 4th quarter. Beginning in Oct., player price drops to £499 (\$988) with \$40 free software, compared with present £599 (\$1,185) with \$100 free software.

Meanwhile, in N.Y., Kodak unveiled wide variety of new professional uses and products geared to Photo CD. One, designed to appeal to consumers and pros alike, is do-it-yourself multimedia kit designed to make interactive "Portfolio discs" either from personal computers or at photo processing stores. (Details are in separate report, this issue.)

30"-&-LARGER TUBE TVs UP 64% IN FIRST HALF: Dealers bought 282,200 TVs with screens 30" and larger in first half of year, up 63.9% from same 1991 period, according to EIA data. If projection TV is included, 434,700 sets with pictures 30" and up comprised 4.6% of all TV unit sales last year. Of large-screen direct-view sets, 30% (84,900) had biggest production model picture tube -- 35".

Analysis of sales-to-dealer data for first half shows that record 1/3 of all direct-view TV sets (excluding VCR combos) were 25" or larger, and tiny shade less than 1/3 (33%) of total TV set sales (including projection) were in that "large screen" category. Fastest growing tube size category by far was 30" and up, followed at great distance by 25" (up 12.6%). Direct-view sets 27" and up grew 17% but all other sizes only 1.8% in period when total direct-view sales rose 5.4%.

In 35" category, 84,900 sets reported by EIA break down to 23,800 consoles and 61,100 table models. No 1991 comparison is available for 35" sets. Thomson Consumer Electronics officials said their company produced more than 50% of all 35" sets, which would work out to at least 42,500 so far this year.

There are several new breakdowns in data this year. In TV/VCR combos, data indicate 56.1% were in 13"-and-under category. In projection TV, new category of 55"-and-over has been added (0.6% of projection sets). As has been case in recent years, largest screen size was fastest growing in projection, sets 50" and over rising 21.3% to represent 41.6% of total.

Inventory hasn't been much of worry in color TV so far this year, but manufacturers are eyeing buildup in projection and largest direct-view category for possible future problems, although there's no indication of any difficulty now. Inventories of projection TV represented about 21 weeks' supply at midyear, as opposed to 12 weeks year ago, while there's 13.5 weeks' supply of 30"-and-over sets on hand, up from 9 weeks. Inventories in smaller direct-view categories are equivalent of 7.5 weeks and less. Here are figures on sales to dealers by screen size, derived from EIA data:

COLOR TV PRODUCT MIX, SALES TO DEALERS
First Half, 1992 vs. 1991

	1992 Sales	1991 Sales	% Change	1992* % Share	1991* % Share
Portable-Table Models	8,287,300	7,818,300	+ 6.0	87.8	88.8
8" and under....	82,200	86,700	- 5.2	0.9	1.0
9-10".....	168,300	151,800	+10.9	1.8	1.7
13-14".....	1,731,700	1,736,700	- 0.2	18.4	19.7
19".....	1,779,900	1,717,400	+ 3.6	18.9	19.5
20".....	2,171,700	2,175,700	- 0.2	23.0	24.7
25".....	944,700	763,400	+23.7	10.0	8.7
26".....	322,900	275,600	+17.2	3.4	3.1
27-29".....	861,000	783,500	+ 9.9	9.1	8.9
30" and over....	224,900	127,500	+76.4	2.4	1.4
Consoles.....	609,800	674,100	- 9.5	6.5	7.7
25" & under....	252,800	301,400	-16.1	2.7	3.4
26".....	49,700	93,000	-46.6	0.5	1.1
27-29".....	249,000	234,500	+ 6.2	2.6	2.7
30" and over....	58,300	45,300	+28.7	0.6	0.5
TOTAL TV-ONLY.....	8,897,200	8,492,500	+ 4.8	94.3	96.4
TV/VCR Combinations.	387,000	312,800	+23.7	4.1	3.6
13" and under...	216,900	NA	—	56.1#	—
14" and over....	170,000	NA	—	43.9#	—
TOTAL DIRECT-VIEW...	9,284,100	8,805,300	+ 5.4	98.4	98.5
Projection	151,500	133,000	+13.9	1.6	1.3
44" and under...	19,800	18,800	+ 5.3	13.0**	26.9**
45-49".....	68,600	62,200	+10.3	45.3**	44.8**
50" and over....	63,100	52,000	+21.3	41.6**	28.3**
[50-54.....	54,000	NA	—	35.6**	—]
[55" & over.....	9,200	NA	—	0.6**	—]
GRAND TOTAL.....	9,435,600	8,938,300	+ 5.6	100.0	100.0

* Percentage of grand total, including projection, except where noted.

** Percentage of projection TV only.

Percentage of TV/VCR only.

Bracketed figures are breakdowns of line above and aren't included in totals.

Totals may not add due to rounding.

MATSUSHITA NET OFF 76%, JVC IN BIG LOSS: Japan's biggest consumer electronics manufacturer, Matsushita Electric, last week reported 62% plunge in before-tax income and 76% drop in net income on 3% decline in sales in first fiscal quarter ended June 30 (see financial table). Matsushita sharply reduced its profit forecast for first half, and its 52.4%-owned subsidiary JVC forecast full-year loss of about \$168 million and announced austerity measures.

Although Matsushita's drop in profit had been widely anticipated, it nonetheless was considered extremely serious by analysts. It followed Sony's reporting 36% drop in net and 37.1% dip in operating income, including 46.7% drop in electronics income (TVD Aug 24 p12). While Sony's electronics decline was offset in part by increase in entertainment income (music and movies), Matsushita reported 1% dip in sales of its entertainment operation, principally MCA, without commenting on its profitability.

Matsushita's income before taxes was \$290 million (based on current exchange rate), steep decline attributed to "severe economic environment in Japan and other major markets." Company said it was beginning to notice slight signs of improvement in Japanese housing market, but said "delayed recovery of the economy in the U.S. and continuing setbacks in Europe" held back sales in those areas, while "double-digit growth was achieved in the Asian region, including China." Despite higher efficiency and cost cutting, earnings were affected by "severe external conditions, most notably decreased demand for video and audio equipment and factory automation and other industrial goods."

Video equipment sales dropped 11% to \$2.8 billion, favorable growth in Asia failing to offset plunge in demand for VCRs in Japan and West. Audio sales were off 5% to \$1.06 billion, "although portable headphone cassette players and car audio products did well. Appliances were up 3% to \$2.15 billion, communications and industrial gear off 2% to \$3.25 billion, components down 3% to \$1.625 billion, batteries and kitchen products off 2% to \$645 million, while entertainment sales totaled \$1.07 billion. Despite 1% decline in entertainment sales, Matsushita said several motion pictures did well, as did music entertainment products and theme parks. Domestic sales, at \$6.912 billion, fell 6%, while overseas sales were off 1%. Company pledged continuing moves to increase efficiency as well as "development of new market-creative products," but doubled its forecast of earnings decline for first fiscal half, seeing 53% drop in both parent company net and pretax earnings, increasing forecast of sales decline for period to 9% from previous 2%.

JVC said it expects pretax loss of about \$112 million (at current exchange) for first half on 18% drop in sales, with full-year loss of \$168 million (21 billion yen) up from earlier forecast of 1-billion yen loss and 2.31-billion yen loss last year, with full-year sales dropping 11%. JVC said it plans to cut 3,000 employees, particularly those on short-term contract, by March. It also reportedly plans to cut production in half at its TV plant in U.K., laying off 50% of employees there, and to halve production at its German videotape plant, reducing employment 30%. In U.S., JVC official told us, no cuts had been announced for operation here. (Financial reports by Tandy, Emerson and TDK will be found elsewhere in this issue.)

HIGHLAND BANKRUPT, LEAVING CHICAGO: Industry's reaction to Highland Superstores' action last week in filing for Chapter 11 protection was muted, given company's well-chronicled financial troubles in last several years. However, announcement that it immediately would pull out of Chicago market where it has 19 stores was met with some surprise, since many had expected chain to try to maintain itself through prime 4th-quarter selling season. Company that at its height operated 92 stores stretching from Tex. to New England, will be left with 30 stores in home Mich. market, Ohio, Ind. Although expressing regret at decline of one of industry's pioneers, most executives with whom we spoke were dubious about its ultimate survival.

Highland had been negotiating with creditors for several months in effort to formulate prepackaged bankruptcy filing. Earlier this month, Stuart Hertzberg, attorney for creditors' committee, had expressed belief that deal would be reached within "a couple of weeks" (TVD Aug 10 p15). Negotiations apparently fell apart, though, and Highland filed in U.S. Bankruptcy Court, Eastern Dist. of Mich., listing \$191.8 million in assets and \$241.7 million in liabilities. Pres.-CEO Ira Mondry said chain was "unable to reach the out-of-court financial restructuring of the company we originally had hoped for." Bankruptcy filing, he said, "will give us the opportunity to deal more effectively with certain burdensome obligations, such as closed store leases..."

Highland is leaving Chicago just as Best Buy is moving in, opening first 8 stores (of 15 announced so far) Sept. 11. Chmn. Richard Schulze conceded that "I can't say we're not pleased they decided to leave concurrent with our opening. I can't deny that when the most recognized CE player, no matter how crippled, goes out of the market, it's got to be a positive for us. (He sheepishly acknowledged Chicago Tribune story

that said "the high 5s were so thick" at Best Buy's hq that Schulze "at one point complained his hand was sore.")

Silo Pres. Robert Sirkis, expressing regret that "one of our kind has fallen in battle," said "there's an awful lot of business now up for grabs, and we want our share of it." Neither he nor Schulze said their companies would change any ad strategies in wake of Highland withdrawal.

Even as it has staggered in last few years, Highland still was among Chicago's most visible electronics and appliance merchants. Chicago Tribune estimated that even in recent months, chain was doing business at annualized rate of \$150 million in metropolitan area. Combined with liquidation of Polk Bros. retail business earlier this year (TVD April 6 p15), newspaper said \$250 million in sales by those chains year ago is up for grabs now. Schulze expressed interest in 7-8 Highland locations, saying Best Buy considers area to be "a 24-to-25-store market ultimately." Sirkis also intimated that Silo is discussing some Highland stores with landlords.

Sony is largest unsecured trade creditor, owed \$5,256,993, according to Highland filing. Other top trade creditors: Whirlpool, \$3,816,845; Norge Maytag, \$1,420,630; Thomson Consumer Electronics, \$1,348,014; Pioneer Electric, \$1,225,959; Zenith, \$930,935; Sharp, \$848,930; Shintom, \$655,000; GE Appliances, \$619,588. Largest 2 creditors overall (for bank loans) were National Bank of Detroit (\$20.3 million) and Mfrs. Bank N.A. (\$11.6 million).

Highland withdrawal raised question of whether Sony now would sell to Best Buy for its stores there. Sony earlier had said it had set its Chicago distribution before Best Buy announced its move to Windy City (TVD April 27 p15) and wouldn't supply Best Buy there, although policy would be reevaluated for next fiscal year. Schulze, saying "we've made all our buys for Chicago," conceded Best Buy would want to carry Sony for such items as 8mm and upcoming MiniDisc. That's softer line than he took earlier this summer when he told us chain had made commitments and thus wouldn't be able to fit Sony goods into Chicago stores this year even if Sony changed its mind. Sony sales executives couldn't be reached for comment.

Sony's worldwide sales of 8mm equipment fell in first quarter of fiscal year through June 30 to 900,000 units from 1.1 million year earlier. At same time, 1/2" VCR sales (Beta, VHS) increased to 900,000 from 800,000. For current fiscal year (to March 31, 1993), Sony expects to sell 4 million 8mm products (revised downward from 4.1 million forecast at start of year) and 3.7 million 1/2" machines. Last fiscal year saw sales of 4 million 8mm devices and 3.6 million 1/2" units. Sony sold 3.4 million CD players in latest quarter, up from 2.6 million, and plans to sell 14 million in fiscal year, up from 13.3 million year ago. Company sold 1.6 million color TVs in quarter, up from 1.45 million, and forecast 7.5 million for full year vs. 7 million last year. Walkman sales in quarter totaled 3.6, down from 3.8 million, with year's sales estimated at 15 million (unchanged). Sony is producing 1/2" videocassettes at rate of 15 million monthly, 8mm at 6 million monthly, along with 18 million 3.5" floppy discs and 700,000 disc drives each month.

Computerized filing with FCC for radio frequency devices -- which includes virtually all consumer electronic products -- will be available for all Customs offices nationwide starting Nov. 23. System eliminates necessity to file information on FCC paper form for each product imported, since similar information is collected by Customs. New procedure, tested in San Francisco since April (TVD April 13 p13), links computers of Customs and FCC. Use of Customs Automated Broker Interface will become mandatory after one year of voluntary use.

Multimedia Expo Oct. 18-20 in Santa Clara, Cal., will include sessions on Multimedia Personal Computer (MPC) standard, compression technology, full-motion video, Apple Quicktime, personal digital assistants, "Hollywood in Silicon Valley" -- American Expositions Inc., 212-226-4141.

NARDA Events: National Assn. of Retail Dealers of America (NARDA) will sponsor series of regional workshops on creating "Powerful Newspaper Advertising," Sept. 9, Seattle; Sept. 15, Dayton; Sept. 16, Lansing. Seminar on "Professional Store Management" will be Sept. 21-23 in Cleveland. NARDA Retail Management School will be Oct. 12-15 in Pleasanton, Cal. Affiliated National Assn. of Service Dealers will hold annual School of Service Management Sept. 19-22, San Diego. NARDA/NASD Convention, March 24-27 in New Orleans, will begin celebration of NARDA's 50th anniversary year with theme of "Celebrating the Past, Creating the Future." Latter half of theme will be highlighted by 10,000-sq.-ft. model store to be constructed in display area -- 708-953-895.

Philips is selling most of its test and measurement business to John Fluke Mfg. Co., Everett, Wash., for undisclosed amount of cash and stock. Philips holds 7.5% interest in Fluke, and companies have operated their test gear businesses jointly for 5 years. Philips will retain some test and measurement operations in Belgium, Denmark and Sweden that employ 550.

Philips and Motorola will announce "plans in the field of CD-I" at joint news conference Sept. 2 in Eindhoven. Announcement will be made by Henk Bodt, chmn.-CEO, Philips Consumer Electronics Div., and Barry Waite, senior vp-gen. mgr., Motorola European Semiconductor Group.

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

PHOTO CD EXPANSION: Eastman Kodak last week announced major expansion of its Photo CD format into new consumer and commercial areas, including discs that can hold up to 6,000 low-resolution photos and do-it-yourself interactive multimedia program system for advanced consumers.

Building on what Chmn.-Pres.-CEO Kay Whitmore called "first fundamental change in photography in 100 years," Kodak made more than dozen announcements of new aspects of Photo CD system at N.Y. news conference. "Explosion of commercial uses," said Whitmore, "will expose Photo CD to an enormous number of people," and commercial success of system as "standard for digital imaging" will "help drive consumer sales." Unprecedented number of announcements is indicative of how much Kodak is staking on success of Photo CD.

Among welter of announcements, Kodak unveiled new "Photo CD Portfolio disc" with both consumer and commercial potential, confirming our report of 2 months ago that plans were in works for Photo CD system with 800 images on single disc. While standard Photo CD disc (now called Photo CD Master disc) can hold up to 100 images with super high resolution (2,000 x 3,000 pixels), Portfolio disc's images are designed for "high TV quality" of 512 x 768 pixels (TVD July 6 p11).

Portfolio discs, to be available in mid-1993, can have sound, text and graphics, as well as interactive branching. Consumers actually must pay twice for processing, since Portfolio discs must be created from Master disc or other Portfolio discs. They can hold up to 800 TV resolution images or one hour of CD-quality sound or any combination -- such as 400 images and 30 min. of sound. Purchasers can use special authoring software at minilabs and other locations, with templates available for most popular applications "such as family trees, weddings and birthdays." For business or advanced consumer uses, desktop computer software will be available to develop Portfolio discs. Commercial multimedia discs may be stamped out in mass production. Like other new products announced last week, Portfolio discs can be played on existing Photo CD players.

In other announcements of new Photo CD formats due next year, Kodak introduced: (1) Pro Photo CD Master disc, which can store images from larger film formats with even higher resolution, in addition to 35mm. (2) Photo CD Catalog disc, which can contain thousands of pictures of images for rent, art works or retail products. (3) Photo CD Medical disc, for storing diagnostic images such as CATscans, X-rays, etc. Kodak announced new hardware systems to process those formats, as well as Photo CD Image Library, jukebox holding as many as 100 discs to store thousands or hundreds of thousands of images.

Company also announced 4 software packages for enhancing, searching, retrieving and laying out Photo CD discs for professional and publishing users and said it will work closely with Apple on developing new and simplified uses for Photo CD on mainstream personal computers, incorporating access to images in its current Macintosh system and future projects so that consumers in future will be able to use Apple computers to make own Portfolio discs.

Kodak Picture Exchange, scheduled to go on line next year, will be worldwide search and retrieval service for photos that can be accessed by computers via phone lines, much as CompuServe provides text and data, CD Imaging Vp-Gen. Mgr. Stephen Stepnes said.

Meanwhile, Kodak plans to spend about \$30 million on ad campaign starting in Oct., keyed to theme, "Your Pictures Have Never Been So Powerful," using upscale magazines, network TV and Prodigy data service, according to Wall St. Journal.

NEW NINTENDO CHIP, CD-ROM: Nintendo, which had been only major videogame maker not planning CD-ROM accessory by end of year, said last week it will leapfrog current generation of 16-bit systems and next year introduce CD-ROM accessory incorporating custom 32-bit processor. Announcement in Tokyo by Nintendo Chmn. Hiroshi Yamauchi was combined with company's disclosure that it has developed proprietary "Super FX" chip that it says will enable it to make 16-bit cartridge-based games offering "true 3-D effects."

Yamauchi said developments are linked -- creation of SFX chip will make possible higher order of cartridge-based games for SNES, so enhanced CD-ROM was required to "offer a truly superior game experience." Increased processing power will allow interleaving of data, greatly reducing response time between player and screen, key component for enhanced game play as graphic capabilities continue to improve and more live action is inserted. Nintendo said mass production of new drive will be "possible" by Aug. 1993, but "introduction... will be dependent upon the successful development of unique videogames which offer a significant difference from cartridge-based games."

Nintendo had announced at Winter Consumer Electronics Show (CES) that it would ship \$199 CD-ROM drive in Jan. 1993. That announcement was unusual for company, both for its lead time and mention of specific price point, and gave rise to speculation that true purpose was to throw marketing curve ball at chief rival Sega. Indeed, one software developer wondered last week "whether Nintendo ever really intended to make that drive in the first place." But Nintendo spokesman William White said decision to go directly to 32-bit drive came with development of SFX chip. "We believe we need to go that much further in CD-ROM" game play to make it unique experience warranting purchase of supposedly expensive peripheral. Nintendo didn't disclose anticipated retail price, saying only that it will "be in a position to discuss launch plans at the June CES."

White said new CD-ROM drive would "function within the CD-ROM/XA environment," theoretically maintaining compatibility with Philips CD-I, as announced in Jan. He also said Nintendo is "continuing negotiations with Sony" on latter's announced intention to market Play Station -- device that integrates CD-ROM drive with ability to take SNES cartridges. Sony USA spokesman was uncertain about status of negotiations, but reiterated company's intention to market Play Station: "We've said from the beginning that Play Station would be compatible with SNES."

Nintendo said it will release first cartridge utilizing SFX chip in Feb. and developers' tools will be made available to licensees early next year. It said chip is based on RISC technology and includes digital signal processing functions. Company said it will perform such functions as texture mapping and shading with real-time 3-D perspective.

Fuji is helping sponsor "Football & Academics: A Championship Team" (FACT), educational program created by National Football League aimed at inner-city 4th grade students.

TANDY, EMERSON REPORT: Tandy Corp. reported 48.8% increase in net income for quarter to June 30 but 5.9% decline for full fiscal year (see financial table). Net sales were up 9.2% for quarter and 2.6% for full year.

Chmn.-CEO John Roach singled out Radio Shack operations as highlight of 4th quarter, citing "positive comparable-store sales." In "core product lines," Radio Shack showed "good year-to-year gain, more than offsetting the impact of widespread price cutting on personal computers." Roach said 7 Computer City stores were opened in quarter, adding: "Strategically, we are emphasizing new and innovative actions to build on our strength as the nation's leading retailer of consumer electronics and computers," citing strength of RS stores plus launch of Computer City and Incredible Universe chains as keystones of that strategy.

This year's 4th quarter included gain from sale of building in Tokyo. Decline in net for full year would have been 10.8% except for fact that company took \$10.6-million charge for change in accounting for extended warranty and service contracts in 1991 fiscal year.

Emerson Radio said increase in consumer electronics, highlighted by video products, resulted in 14% increase in sales for quarter ended June 30, while net loss was reduced 39.7%. For first half, core business sales rose 19.4%, with net loss down 43.3%. Including discontinued computer operations in last year's period resulted in sales decline of 0.3% for quarter and increase of 3.1% for half.

Loss was due primarily to restructuring and other nonrecurring charges, company said, noting that it reduced costs of sales to 94% (as percentage of sales) in 2nd quarter from 97% year earlier. Fidenas Investment Ltd., new controlling stockholder, is committed to invest \$32.5 million in Emerson common shares at \$2.80 each. Company said that may require reincorporation in another jurisdiction. Transaction may include purchase of 6.6 million shares from Hong Kong and other suppliers that bought stock during proxy battle (TVD June 15 p14); shares currently are being held in escrow pending debt restructuring. Emerson Pres. Martin Holleran said equity commitment by Fidenas "should offset the effects of the one-time restructuring charges reflected in the June quarter results."

TDK operating profits were down 17.3% and net off 19.2% on increase of 0.8% in sales in quarter to June 30. Recording media sales of \$335,633,000 were up 11.3%, while materials and components sales at \$94,557,000 declined 3.4%.

"Well-targeted marketing efforts and sales strategies enabled TDK to increase both domestic and overseas sales of audiotape and videotape despite the fact that these product markets are mature," company said. It also credited strong demand for floppy discs and higher sales of satellite receiving dishes. Overseas sales were up 5.8% to \$560,351,000, representing 52.7% of total, from 50.2% year ago. Higher sales of TDK semiconductor operations in U.S. were credited in part.

Digital Video Workshop sponsored by EIA Consumer Electronics Group (CEG) will be held Sept. 30-Oct. 2 at Omni Parker House, Boston. First day will be devoted to tutorial on digital video basics. Later half-day sessions will be cover interrelation of digital video and telecommunications, consumer electronics and computers, cable TV, broadcasting. Workshop is 4th such session sponsored by EIA/CEG and includes participation of Consumer Electronics Society of IEEE -- Maxine Stone, 202-457-4975.

CHINA HIT LIST: List of products that are candidates for 100% retaliatory tariffs includes many -- but not all -- consumer electronic products exported by China to U.S. U.S. Trade Representative's office threatened to impose prohibitive tariffs on products to be selected from hit list unless China lowers its trade barriers by Oct. 10.

List is similar to but much larger than one posted last year in proposed retaliation for China's failure to agree to protect intellectual property (TVD Dec 9 p12). Biggest category is electrical machinery and equipment, whose imports from China are valued at \$936 million annually. List also covers footwear, plastic products, toys and games, ceramic products.

In consumer electronics and related equipment, list includes loudspeakers, record players, CD players, phone answering machines, tape recorders, magnetic tapes and discs, TV cameras, cordless phones, radios, radio-cassettes (excluding car cassette players), 13" color and monochrome TVs, monochrome TVs smaller than 7". VCRs are excluded from list.

Increasing amounts of audio equipment, particularly boomboxes and low-priced stereo equipment, as well as videocassettes and TVs, are being imported into U.S., much of it under major brand names. List was drawn up by Trade Representative after seeking comments from industry.

"Bush's China Trade Policy a Sure Winner" was one European view, as headlined in Financial Times, which pointed out that either China's cave-in or imposition of sanctions by Oct. 10 would be interpreted just before election as get-tough attitude by Administration.

100 MILLIONTH VCR: The 100 millionth VCR was sold in U.S. week ended Aug. 14, according to cumulative EIA figures on sales to dealers. Growth from ground zero in 17 years since introduction of Sony Betamax in 1975 is biggest success story in history of video -- outdoing both color (which took 25 years to reach 100 million) and postwar monochrome TV (19 years).

According to our tally using EIA and import data, 100,060,877 VCRs had been sold here as of close of business Aug. 14, starting from 30,000 in 1975 and reaching peak of 12,005,415 in 1986.

That record could be shattered this year, with VCR sales running at near-record rate. In 1992's first 32 weeks, dealers bought 6,349,933 VCRs (see State of the Industry), less than 0.6% fewer than in same period of record year. Seasonally adjusted sales rate has exceeded 1986's record total in 4 of 7 months of 1992, and 7-month cumulative rate is just above 1986 sales at 12.4 million.

VCR sales in week ended Aug. 14, as reported last week by EIA, set record for that week, up big 78.7% from same 1991 week and bringing year-to-date total to 21.1% ahead of last year. Same week also saw record sales of projection TV and 57.7% increase over last year in direct-view color TV, with camcorders and laserdisc players declining from same 1991 week.

Revised 1992 disclosure statements for all members of Service Contract Industry Council (SCIC) are available for examination by retailers and consumers. SCIC members must fully disclose methods used to obtain service contracts they sell at retail. Contact SCIC, Box 11068, Tallahassee, Fla. 32302-3068 (904-681-1058).

INCREDIBLE UNIVERSE LAYOUT: Tandy will fling open doors of first Incredible Universe (TVD Jan 20 p13) to public Sept. 17 in Wilsonville, Ore., in first test of belief that it can create profitable 100,000-sq.-ft. consumer electronics, appliance and entertainment showplace. As we've reported, 2nd store will open soon in Arlington, Tex.

Unique "rotunda" will occupy 8,000 sq. ft. after store's entryway, including 780-sq.-ft. stage, 240-sq.-ft. disc jockey booth, overhung by sixteen 43" screens for music videos, karaoke performers, product videos, etc. At rotunda's right side will be 8,000-sq.-ft. music and video software store, joint venture of Tandy and Transworld Music. Personal electronics will be housed in 2,500 sq. ft. on same side of rotunda. Accessories (2,500 sq. ft.), videogames (2,500 sq. ft.), karaoke (400 sq. ft.) and cameras (1,800 sq. ft.) also will be on rotunda's perimeter. Children's play area will be near rotunda entry.

Main store will have video occupying 7,900 sq. ft. at rear, with another 1,535 sq. ft. on mezzanine level overhead. Tandy said store will stock 255 handheld and direct-view TVs, 60 projection TVs, 78 VCRs, 11 laserdisc players, 60 camcorders, assorted satellite dishes. Audio will be in 5,100-sq.-ft. section at rear left of main floor and separate home theater setups will take another 1,500 sq. ft. Computer and home office hardware will be in 5,000 sq. ft. at front left of main floor, with another 3,000 sq. ft. on mezzanine for software. Major appliances will be in 8,700 sq. ft. on right side.

Consumer Electronics Personals

William Ulewicz leaves Philips, where he was senior vp-retail sales, to accept executive post at Hunter Fan Co., succeeded as vp-retail sales by **Ralph Palaia**, vp-national accounts. In separate action, Philips Consumer Electronics reorganized marketing activities, with Pres. **Donald Johnstone** becoming overall head of operation. **James Newbrough**, mktg. senior vp, assumes responsibilities for video products marketing, and **Mark Stephenson**, video mktg. vp, takes over TV marketing responsibilities. Johnstone told us realignment "reduces redundancy." It's understood Philips is seeking new overall marketing chief, presumably from outside industry.

Changes at Silo: **Ed McKeaney**, ex-mdsg. vp for appliances, home office, cellular and automotive electronics, named senior mdsg. vp, with overall responsibility for store; **Rick Jones** moves from mdsg. vp-audio and video to vp-new concept development...**Jim Caparro** named pres., PolyGram Group Distribution, succeeding **Gary Rockold**, resigned to pursue other career interests; **David Blaine** named senior vp, new post... **Patricia Lamb**, onetime Sony account executive at Geltzer & Co. PR agency, joins RDA Inc., PR agency for Denon and Panasonic Professional Products... **Timothy O'Brien**, ex-Presentation Technologies, Louisville, named midwestern systems sales specialist, Nikon Electronic Imaging... **Alan Richards** promoted to northeast regional sales mgr., Mitsubishi Professional Electronics Div.

Matt Rounds, national sales mgr. for car audio, named western sales mgr., Home Audio Group, with Yamaha's withdrawal from car audio market in U.S. (TVD Aug 24 p16); last week we erroneously listed Pioneer as company; we regret the error... **Kyle McDonald** promoted to media mgr., Gotham Advertising, Sony Music's in-house agency; **Ann Sweeney**, former Crayalis Records business affairs dir., named counsel, Sony Music Entertainment.

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
Adelphia Communications^a			
1992-qtr. to June 30	75,191,000	(39,589,000)	--
1991-qtr. to June 30	66,486,000	(36,796,000)	--
Certron			
1992-9 mo. to July 31	12,800,000	188,000	.06 ^b
1991-9 mo. to July 31	12,840,000	(83,000)	--
1992-qtr. to July 31	4,082,000	(17,000)	--
1991-qtr. to July 31	3,344,000	(268,000)	--
Craig			
1992-9 mo. to June 30	--	1,146,000	.18 ^b
1991-9 mo. to June 30	--	5,993,000	.95 ^b
1992-qtr. to June 30	--	737,000	.12 ^b
1991-qtr. to June 30	--	1,151,000	.18 ^b
Emerson Radio			
1992-6 mo. to June 30	352,549,000	(32,188,000)	-- ^c
1991-6 mo. to June 30	342,080,000	(56,750,000)	-- ^c
1992-qtr. to June 30	181,051,000	(25,212,000)	-- ^c
1991-qtr. to June 30	181,692,000	(41,778,000)	-- ^c
Gray Communications Systems			
1992-year to June 30	27,504,600	(416,000)	-- ^d
1991-year to June 30	27,523,000	3,209,000	.65 ^d
1992-qtr. to June 30	7,217,000	852,000	.27 ^d
1991-qtr. to June 30	6,701,000	569,000	.12 ^d
Handleman			
1992-13 wk. to Aug. 1	212,312,000	4,532,000	.14
1991-13 wk. to July 27	166,775,000	5,514,000	.17
Harman International			
1992-year to June 30	604,454,000	3,487,000	.39
1991-year to June 30	586,941,000	(19,764,000)	--
1992-qtr. to June 30	153,295,000	1,642,000	.18
1991-qtr. to June 30	139,098,000	(9,433,000)	--
Matsushita Electric^e			
1992-year to June 30	13,703,000,000	72,000,000	1.35 ^f
1991-qtr. to June 30	14,165,000,000	305,600,000	1.39 ^f
News Corp.^g			
1992-year to June 30	10,189,039,000	501,677,000	--
1991-year to June 30	10,970,543,000	(392,876,000)	--
1992-qtr. to June 30	2,457,124,000	64,541,000	--
1991-qtr. to June 30	2,653,692,000	(445,498,000)	--
Tandy			
1992-year to June 30	4,680,156,000	183,847,000	2.24
1991-year to June 30	4,561,782,000	195,444,000	2.44
1992-qtr. to June 30	1,075,822,000	28,113,000	.34
1991-qtr. to June 30	985,160,000	18,890,000	.23
TDK Corp.^h			
1992-qtr. to June 30	1,063,737,000	5,290,000	.32 ^f
1991-qtr. to June 30	1,054,972,000	6,547,000	.40 ^f
Texscan			
1992-qtr. to July 27	7,834,000	(1,552,000)	--
1991-qtr. to July 27	8,814,000	(479,000)	--

Notes: ^aRevised by company. ^bIncludes special credit. ^cAfter special charge. ^dAdjusted. ^eAt rate of 125 yen = \$1. ^fPer ADS. ^gIn Australian dollars. ^hAt rate of 125.50 yen = \$1.

Fretter blamed cool weather that produced 67% drop in air conditioner sales for 10.2% decline in comparable-store sales for quarter ended July 31. Overall sales for quarter rose 27% to \$85.3 million; they include revenues from Fred Schmid stores, which Fretter bought last Sept. Net earnings for quarter jumped 141% to \$857,000 (6¢ per share), compared with \$355,600 (3¢), exclusive of extraordinary credit year ago.

Intentions to buy TV sets jumped from lowest of year in July (TVD Aug 3 p14) to 2nd highest in Aug., according to Conference Board's monthly survey of 5,000 households. In Aug., 7% of those surveyed said they planned to buy set in next 6 months, up from revised 4.2% in July. Aug. figure still was below 7.7% of Aug. 1991, which hasn't been equaled since.

Apple has scheduled Sept. 14 news conference in N.Y. to launch "a new line of Macintosh computers designed for a unique set of first-time buyers, the family." New line reportedly will be called Performa series. Apple Chmn. John Sculley, in speech at Consumer Electronics Show in Jan., said new line would include multimedia Macintosh designed for consumer market.