

TELEVISION DIGEST®

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

With Consumer Electronics

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CONGRESS RETURNS to deal with cable, telephone, host of other communications legislation. Spectrum reallocation plan expected to founder on auctions and 2 GHz disputes. New attack on intangible assets tax planned in Senate. (P. 1)

NTIA SPECTRUM STUDY HIT: Markey calls funding plan 'outrageous' and improper involvement of industry to 'circumvent' congressional authority. Solicitation's withdrawal demanded. NTIA standing by plan. (P. 2)

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AD TAX BATTLE: Proposal to reduce deductibility by 20% seen perhaps biggest legislative threat to industry in years. Grass-roots campaign under way. (P. 5)

BIG ISSUES TO DOMINATE CAPITOL HILL AGENDA: All attention will seem turned to House-Senate conference on cable bill (S-12) when Congress returns next week. But beyond cable, legislators still have a few other communications bills to complete, and matter of telephone industry reform to sort out.

Cable bill certainly will draw most of attention from Commerce Committees. Industry sources expect House and Senate conferees to meet this week, possibly as early as Sept. 9. But some Capitol Hill aides believe that formal conference won't be held, that at most lawmakers will meet individually and informally or by phone. Formal open or closed sit-downs under hot glare of lobbyists tend to be more political -- and time consuming -- when Commerce Committees can ill afford delays if they're to beat clock and get measure before President Bush with sufficient time to avoid pocket veto.

Some of differences between 2 bills already have been discussed by Hill aides, who were reluctant to share results. But it's understood compromise will include Senate's retransmission consent language; indeed, cable's new anti-bill advertising presumes provision will emerge in final bill in arguing legislation will drive up consumer rates.

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\$140-MILLION GIVEAWAY seen on annual basis if industry is unable to recover \$7 per set cost for closed-caption chip. Industry leaders speak. (P. 8)

CAMCORDER IMPORTS DROPPED nearly 30% in first half in apparent effort to balance inventories during slow sales period. Color TV, VCRs up strongly. (P. 9)

SUMMER CES 1993 will have one consumer day, 3 trade days, in response to surveys showing desire for more trade time. 5-day show a possibility for 1994. (P. 10)

SONY 'HANDYCAM STATION,' revival of its 1980 idea of accessory which converts camcorder into deck, shown with first camcorder to use new lithium ion battery. (P. 11)

CD-I FMV CARTRIDGES will be on retail floors in Jan., since Dec. quantities won't be enough for meaningful distribution, Philips says. (P. 11)

NINTENDO 32-BIT CD-ROM applauded by software makers, though they're dubious that unit will be on market before 1994, given development lead time. (P. 12)

MITSUBISHI PRICE MOVES that went into effect last week are combination of normal seasonal adjustments and effort to be more competitive, company says. (P. 12)

CAMCORDER INVENTORIES DOWN 482,000 at July's end, dip of 124,000 since March, but still high. (P. 12)

Progress also reportedly was made by staff on program access, other major difference between 2 bills. Sources on both sides believe Democrats will push for toughest language possible in bid to make bill election issue, and that it will take House approach. Senate's proposed ban on obscene TV is expected to be dropped since matter was addressed in public TV financing bill signed into law recently (TVD Aug 31 p9). House provision to limit foreign ownership of U.S. cable also is described as "vulnerable." And what's described as "substantial" progress was made to reconcile differences between 2 bills on rate regulation, notably Senate's proposal to allow automatic regulation of 2nd tiers in certain cases and House's plan to do away with cable's ability to raise regulated rates 5% annually.

Beyond cable, Commerce Committees will have to react to what aide called "home team's big loss" of year -- changes to AT&T Modified Final Judgment (MFJ) to loosen curbs on competition that as debate unfolds, could extend to changes in cable-telco constraints. No one doubts House Judiciary Committee Chmn. Brooks (D-Tex.) won't force MFJ issue and most believe that he'll seek Rules Committee hearing for his bill (HR-5096). But such hearing would force Committee to issue rule for bill's floor consideration at time House would be anxious for adjournment to permit much-needed campaigning. Source said House whips already have debated matter heatedly and concluded emergence of such a controversial and complex issue this late in year would be "disastrous."

Then there are handful of other communications bills, which had excited so much attention earlier in session only to pale in face of big bucks battles on cable and MFJ. Of these, spectrum reallocation bill is thought least likely to be completed -- victim of House antipathy toward auctions, and embroglios over FCC plan to clear 2 GHz for Personal Communications Services and NTIA plan to seek outside financing for spectrum study. "There's not a whole lot of enthusiasm for it," one Hill aide said of bosses' interest in changing bill. There's considerable House opposition to auctions, particularly among Commerce Committee leaders. Same members also believe that 2 GHz issue is too volatile to take up as mere amendment: "It's too much of a rewrite of policy," said aide, who also argued "it's a lot to ask the House to swallow" when coupled with auction plan. And House Telecom Subcommittee Chmn. Markey (D-Mass.) couldn't be expected to allow spectrum policy to be discussed without bringing up NTIA's proposal for outside financing of spectrum study, which could only add to controversy (see related story, this issue).

FCC and NTIA budget bills are being held hostage by Democrats for number of reasons, but aides expect both to emerge eventually -- they always do, if only at last min. But there's good chance both will come heavily laden with new constraints on agency activities. In case of NTIA, there's every chance that House Democrats will seek to tighten agency use of outside resources for activities or block proposed outside financing of spectrum study. House bill already contains language to codify Exec. Order creating agency that's not in Senate version. In case of FCC, whole host of issues could end up addressed, notably matter of 2 GHz proceeding. And still quite unresolved is question of new regulatory fees that were proposed by Dingell in House-passed bill but are opposed by key senators. Issue holds key to future of FCC's appropriation for coming fiscal year since House has passed bill to provide direct funding of about half of Commission's FY 1993 budget, on presumption rest would come from new fees.

Congress still must come to terms with tax bill (HR-11), and not only may face battle over proposal to reduce deductions for tobacco ad expenses to 80% (see related story, this issue) but plan by Sen. Simon (D-Ill.) to strip "good will" from items that would be eligible for favorable tax treatment as intangibles. Simon opposes permitting good will to be included among intangibles eligible for 16-year amortization under bill, with exception of customer lists -- category that aide said would include cable TV subscribers and publication subscribers. He and ally Sen. Conrad (D-N.D.), former state tax commissioner, see write off as \$2 billion "gift" to big business at time federal govt. is struggling for tax revenues.

Other issues to watch out for: (1) Return of campaign reform legislation, which invariably includes constraints on broadcast campaign ads in form of cost curbs, carriage mandates, content requirements, TV-radio airtime constraints, etc. Such bills also always pose threat of renewed effort to return fairness doctrine. Democratic leadership said it wants to resurrect debate on campaign reforms this month despite enormous differences with Bush Administration. (2) Completion of audio royalty bill, probably without resorting to formal House-Senate conference since measures awaiting reconciliation are similar. (3) Resolution of partisan dispute over anti-crime package. End to dispute is being sought but it's unclear whether senators will retain for final bill controversial provision relating to TV, video and cable industry liability in certain sex crimes tied to pornography.

NTIA SPECTRUM STUDY HIT: NTIA proposal to solicit industry financing for planned spectrum study (TVD Aug 31 p3) is so "outrageous" it must be "grotesque mistake," House Telecom Subcommittee Chmn.

Markey (D-Mass.) said in letter Sept. 1 to Commerce Secy. Barbara Franklin. He demanded notice be rescinded as "improper." NTIA official said agency stands by plan and was delivering 2-page defense to Capitol Hill as we went to press.

Markey's letter indicated he believes study violated Constitution, exceeded NTIA authority to accept gifts and bequests for some work, and was "end run of Congress" designed to fund what might otherwise be study unpopular with Hill. Proposal, coupled with news in same week of NTIA recycling of cable industry rate data as its own (TVD Aug 31 p7), "raises questions across the board about the attitude and integrity at this agency." Lawmaker didn't threaten NTIA, although there reportedly is possibility of budgetary retaliation through pending agency authorization. Proposed funding mechanism involves agency's authority to accept gifts and bequests, which one source said could be eliminated by Congress. Markey wants solicitation withdrawn.

NTIA Deputy Dir. Thomas Sugrue said agency is standing by proposal and "we don't see any legal impediments to the approach. We are proceeding very carefully, with [all] the proper clearances." He said funding mechanism was cleared with Dept. gen. counsel in memo agency planned to include in its defense. He called study "a legitimate attempt to look at some issues" in line with agency's spectrum management duties under Carter Administration Exec. Order creating unit and said agency took all steps necessary to ensure integrity of industry-financed research. Sugrue also questioned Markey's constitutionality analysis.

ARBITRON DROPS SCANAMERICA: ScanAmerica, Arbitron's attempt to compete with Nielsen in national TV ratings service (TVD Nov 4/91 p2), has been dropped after 4 years of research and 10 months of operation, for lack of viable subscriber base. "They [networks, advertisers, agencies] are just not buying at the price and rate we expected," said Arbitron official Thomas Mocarsky. Arbitron said it would continue to offer local ratings service in 6 markets using ScanAmerica technology.

Arbitron action leaves Nielsen alone in measuring national (network) TV audiences. ScanAmerica was launched in 5 markets with 1,000 sample in Nov. 1991 with 3 clients -- CBS, Young & Rubicam and Bristol-Myers/Squibb -- and since then had signed additional 6 advertisers. ABC, NBC and Fox never purchased service. Arbitron had announced plans to expand to 2,000 homes this year, 5,000 by 1995. Company had said it intended to invest \$125 million in ScanAmerica, refused to say last week how much it had spent. It targeted for \$10 million in orders by now, had received less than \$2 million.

Arbitron began experimenting with ScanAmerica -- which uses combination people meter and in-home scanner wands to measure TV viewing and purchases of packaged goods -- in Denver in 1985. It was measuring viewing in N.Y., Chicago, L.A., Atlanta and Dallas at its demise. Arbitron said decision "is not expected to have a significant financial impact" on company or its parent Ceridan.

"Despite all our efforts, the ScanAmerica network service did not win the level of support that we expected," Arbitron Pres. A.J. (Rick) Aurichio said. "Our potential customers have in effect told us that while they are genuinely interested in the link between network TV viewing and product purchase behavior, the value they place on that measure isn't high enough to make ScanAmerica a financially viable network service." London-based AGB TV Research also made run against Nielsen monopoly in national TV ratings with experiment in Boston in late 1980s, dropped project after admitted investment of several million.

ScanAmerica technique will continue to be used for local ratings in Denver, Phoenix, St. Louis and Pittsburgh, with Baltimore and Kansas City to be added in Nov., Arbitron said.

Boca Raton firm formed shell company in preparation for going public with new digital video compression technology that it says will allow it to transmit full-length movie over standard RJ11 telephone lines in 6 min., eventually dropping to 3 min. Southeast Partners COO Arthur Larsson said firm and its Home Video Entertainment (HVE) shell have been in active discussion with unnamed cable MSO and with telcos on possible joint ventures. Southeast compression system, developed by James Dilettoso, inventor of film colorizing, uses supercomputer to compress video, Larsson said. In addition to converting film to digital signal, system uses fractals, standard digital compression and even interlacing audio with video to reduce amount of data needed to transmit program. Larsson said picture quality approximates S-VHS, but system currently operates only in simulation. He said Southeast is working with several equipment manufacturers to develop receiver units. Larsson said Southeast has developed encoder and transmitter and is working with manufacturer that's "very near" to perfecting technology for video storage and switching, both of which will be necessary for practical video-on-demand. Southeast hopes to trade part ownership of HVE and its technology for financing to start up company, Larsson said. He wouldn't say how large outside investment would have to be, although he did call it "major."

Time Warner is combining 3 N.Y.C. cable systems under single management headed by Pres. Barry Rosenblum, currently pres. of Queens/Brooklyn Div. Richard Aurelio remains pres. of Time Warner N.Y.C. Cable Group (which includes 3 systems plus Paragon Cable, Staten Island Cable and Queens Inner Unity Cable, all 50% TW-owned). Aurelio said ATC stock buyback makes American Cablevision of Queens, Brooklyn-Queens TV and Manhattan Cable TV all 100% TW owned: "It's no longer necessary for them to operate under separate identities." Combined operation will have total of 565,000 subscribers out of 883,000 in TW N.Y.C. Cable Group. Aurelio said most employees won't be affected, but consolidation means following changes: Roosevelt Mikhail, senior vp-engineering and technology for Queens/Brooklyn Div., assumes same job for N.Y.C. Div.; Hugh Panero, vp-mktg. and pay-per-view for Queens/Brooklyn, takes same post in N.Y.C. Div.; Edward Foy of Manhattan Cable moves up to div. vp-corporate development; Howard Szarfarc, chief financial officer, adds title of gen. mgr., Queens/Brooklyn.

FETUS AD CONTROVERSY: Letter ruling by FCC Mass Media Bureau that political TV commercials featuring aborted fetuses aren't indecent (TVD Aug 24 p5) "is unconstitutionally vague and unclear," said law firm Kaye, Scholer, Fierman, Hays & Handler in appealing ruling to full Commission. In asking for FCC action "at the earliest possible moment" because campaign season is under way, Kaye, Scholer charged Bureau letter "constitute[s] an abuse of discretion" and "flatly contradicts prior Commission precedent in the area of reasonable access" for political candidates.

In seeking full Commission review, law firm argued that staff ruling "violates First Amendment rights of broadcasters by unduly circumscribing their editorial discretion." It contended that claims in earlier petition contending that fetus ads are indecent had been proved under FCC's own definition. Plus, petition said, 1984 letter by then FCC Chmn. Fowler to Rep. Luken (D-O.) stated that broadcaster would be justified in refusing to air indecent political spots under "right of access" provision of rules. Whether or not ads are indecent "involves a question of law or policy which has not previously been resolved by the Commission," said law firm.

Latter point was issue in concurring statement by Comr. Quello, in which he invited petitions for reconsideration of staff ruling "on the divisive issue of abortion" (TVD Aug 31 p6). In its latest filing, Kaye, Scholer didn't mention Quello statement, nor did it specify clients for which request was filed. Law firm said it represents "numerous television and radio stations."

As for argument that Bureau letter contradicts earlier Commission dogma in political arena, law firm cited agency's ruling in Carter Mondale that stated: "In carrying out our responsibilities... we will provide leeway to broadcasters and not merely attempt de novo to determine the reasonableness of their judgments." In upholding that ruling, U.S. Supreme Court said: "If broadcasters take appropriate factors into account and act reasonably and in good faith, their decisions will be entitled to deference even if the Commission's analysis would have differed..." Law firm also cited June FCC policy statement saying "there may be circumstances where a licensee might reasonably refuse broadcast time to political candidates during certain parts of the broadcast day."

FCC staff ruling "is yet another example of the futility and foolishness of program content regulation," RTNDA Pres. David Bartlett said separately. "Even as the Commission labors enthusiastically to stamp out any vestige of dirty talk on radio, it is unwilling to stand up to its political masters on Capitol Hill and apply the same 'indecent' standards to campaign advertising... No government agency should be allowed to regulate what Americans are allowed to see or hear on radio and television... The Commission's willingness to distinguish between the low humor of radio shock jocks and repulsive material wrapped in the protective cloak of a political spot is a fine example of why content regulation just doesn't work."

BTS will increase prices 7% for all TV broadcast equipment manufactured in Europe, effective Oct. 1, Senior Vp Richard Crippa said. He said increase is necessary to offset drop in dollar exchange rate, which increased cost of selling European equipment in U.S. Equipment affected will include D-1 VTRs, telecines, video noise reduction systems, cameras.

CAL. GOV. INTERVENES IN FINSYN: If it ain't broke, don't fix it, is credo of Cal. Gov. Pete Wilson (R), who has filed to intervene in U.S. Dist. Court, L.A., in motion by TV networks and Justice Dept. to delete finsyn restrictions from consent decrees under which networks operate. "The system is working, so there is no need to change it," said Wilson in filing. "The television industry is much better than it was before [finsyn] rules and the consent decrees ended the networks' monopolistic practices."

Also seeking to join case was Coalition to Preserve Finsyn, which said Justice "now stands poised to eliminate restrictions that were designed to permanently protect program suppliers." Said Coalition Co-Chmn. Robert Daly of Warner Bros.: "With Justice now aligning itself with the networks and abandoning those it originally sought to protect, no one directly involved represents the interest of the Coalition." Group said it also asked to intervene to "raise certain procedural issues" and to be in position to participate in any further proceedings.

Joining networks last spring in asking Judge Robert Kelleher to remove finsyn from decrees, U.S. Justice Dept. Antitrust Chief James Rill said there no longer was need for syndication restrictions on networks (TVD May 18 p4). Decrees incorporate many of FCC's curbs on finsyn, and network-Justice filing was made in L.A. after Commission relaxed its rules to permit networks to participate to limited extent in financial syndication. Decrees were signed by ABC in 1978, CBS and NBC in 1980. Oral argument on appeal of new FCC rules is scheduled Oct. 2 in 7th U.S. Appeals Court, Chicago.

As U.S. senator from Cal. in 1980s, Wilson had fought hard against earlier FCC rulemaking to relax finsyn rules. That effort was stymied by direct intervention of President Reagan. With eye on Oct. finsyn argument in Chicago, Justice and networks are expected to seek delay in responding to requests to intervene.

ESPN denies that it has changed distribution policy, despite letter from Wireless Cable Assn. (WCA) Pres. Robert Schmidt saying that ESPN is refusing to sign new carriage agreements with wireless cable. ESPN Exec. Vp-Gen. Counsel Edward Durso said ESPN "continues to provide programming to all qualified applicants regardless of distribution means." Durso said he believes ESPN has carriage agreements with more non-cable media than any other programmer, and is continuing to sign such deals. Schmidt, who said he based claim on ESPN's refusal to sign wireless cable deals in Chicago, Houston, Ft. Worth and South Bend, Ind., sent letter to ESPN Pres. Steven Bornstein, who was on vacation, saying that wireless cable operators have told him that ESPN wouldn't sign any new deals, pending outcome of cable bill. "I am informed that ESPN marketing representatives will not even discuss fees or rates... without regard whatsoever to the fitness of the wireless operators," he said in letter. In separate statement, Schmidt said WCA is "concerned that ESPN... would strike an alliance with the monopoly cable companies, and if the federal bill is passed, offer to shield those companies from competition in return for cash compensation." Program access provision of proposed cable bill wouldn't force ESPN, unlike MSO-owned cable networks, to sell its programming to wireless cable, DBS and others. Concern is that decision by ESPN, which is one of most popular cable networks, to sell only to cable could make it effective tool to differentiate traditional cable from other media. Schmidt said WCA is in contact with federal and state officials about ESPN's alleged refusal to sign deals.

AD TAX BATTLE: Ad industry faces what it believes may be biggest legislative threat in recent years in planned proposal in Senate to reduce tax deductibility of ad and promotion expenses for tobacco products. Proposal, by Sen. Harkin (D-Ia.), would amount to new tax on industry, opponents contend. It's opposed by ad and ad agency groups, magazine and newspaper publishers, NAB, Outdoor Advertisers, others.

Industry has been threatened with cuts or elimination of deductibility of ad expenses in past, but always has battled back successfully. Major industry foe is Sen. Bradley (D-N.J.), who has proposed ad tax bills unsuccessfully in last 3 Congresses and has S-557 pending in 103rd to disallow deductibility of ad tax expenses related to tobacco product promotions. Bradley's attacks apparently have been small potatoes compared with threat that Harkin plan is seen to pose, industry sources said. They pointed to fact that Harkin so far has made only threat, yet already he has won significant floor time on issue and has lined up with Bradley and allies. Harkin plans to offer proposal as floor amendment to tax bill (HR-11) -- procedural route that has reputation for being hard to beat. "Emotionally, this is the most vulnerable issue the ad community has," insider said. HR-11 is expected before Senate shortly after Congress returns this week from Aug. recess.

Harkin proposal would reduce deductibility of expenses for tobacco ads and promotions to 80% from current 100%. Industry isn't putting figure on likely impact except to point out tobacco industry spent \$3.6 billion on advertising and promotions in 1989, which Harkin said was 100% increase over 9 years earlier. Opponents point out those dollars translate into many jobs beyond tobacco industry itself, and are working through 2 coalitions to defeat Harkin -- resuscitating dormant Ad Tax Coalition to focus on new tax aspect and prodding Freedom of Expression Coalition on First Amendment issues. They led grass-roots efforts to contact senators during recess, effort that will include bringing industry executives to Washington this week.

Opponents' biggest fear is that passage of Harkin proposal would open door to others to raise ad taxes generally to help reduce budget deficit. Idea never has been far from minds of congressional tax writers, source noted, with estimated revenues in millions or billions of dollars. In Harkin's case, he plans to propose using revenues for govt. program to reduce tobacco use, especially among minors and pregnant women.

Broadcasters would be especially hard hit by ad tax extension, according to Wharton Econometrics Forecasting Assoc. report for NAB. Consultants concluded that 20% cut in ad deductibility generally would reduce broadcast advertising 4.8% -- which NAB translated into threefold increase in annual losses for AMs, average 100% cut in FM profits, 20% increase in UHF industry's annual total losses of average \$1.5 million per station and 15-20% increase in VHF losses -- about \$100,000 per station. Broadcasters don't carry tobacco ads but are worried about precedent for other advertising.

NAB is seeking donations of equipment to help broadcasters damaged by Hurricane Andrew. Among Fla. stations that lost towers were WCIX-TV, WMCU(FM), WRTO(FM) and WXDJ(FM), all Miami. Same happened to KMDL(FM) Kaplan, La., and KPEL(FM) Youngsville, La. NAB officials said they still were seeking up-to-date information on other damage. Project is coordinated by John Marion, 202-429-5391.

Meetings: Speakers at **Eastern Cable Show** Sept. 9-12 at Atlanta's Inforum include Scientific-Atlanta Transmission Systems Pres. David Fellows, CATA Pres. Stephen Effros, Weather Channel CEO Michael Eckart, Discovery Pres. Ruth Otte, Rainbow Pres. Joshua Sapan -- 404-255-1608... Speakers at **National Assn. of Telecommunications Officers & Advisors** annual conference Sept. 9-12 at Omni Mandalay in Irving, Tex., include NTIA Dir. Gregory Chapados, Robert Pepper, head of FCC Office of Plans & Policy, Donald Borut, exec. dir.-National League of Cities -- 202-626-3160... Discovery Pres. **Ruth Otte** will give inaugural Edward Faust lecture at 4 p.m. Sept. 10, National Cable TV Center & Museum, Pa. State U., 814-865-1875... **Educational Foundation of NATPE** International will sponsor interactive satellite workshop Sept. 14, 2-4 p.m., on political broadcasting... **Tutorial** on "The North American Datum" (NAD) is scheduled for Sept. 15, 1:30 p.m., to be presented by FCC Office of Engineering & Technology, Rm. 856 -- 202-653-8151... USA Network Pres. **Kay Koplovitz** will discuss new Sci-Fi Channel at Sept. 16 lunch meeting of Washington Cable Club, Washington Marriott Hotel -- 703-358-2770... Speakers at **Cable Academy** lunch Sept. 22 at N.Y. Hilton include C-SPAN Chmn. Brian Lamb and reporters from ABC, CNN and New York magazine -- 202-775-3611... Preparatory meeting of International Radio Consultative Committee (CCIR) working group on **harmonization of HDTV standards** will be at 1 p.m. Sept. 22 at NAB hq, Washington. Working group meeting is Oct. 13-15 in Washington -- 202-347-4799... "**Media and the Law**" is title of series of seminars in N.Y. in fall by International Radio-TV Society (IRTS), at Rosenman & Colin law firm, 575 Madison Ave., 5:30-7 p.m. Sept. 22 and 29, Oct. 13, 20 and 27, and Nov. 4 -- 212-867-6650... **AAF** holds "Law and Business Conference," Sept. 22, Parker-Meridien Hotel, N.Y.C... Annenberg Washington Program will sponsor colloquium on **video dial tone** at Sept. 24, Annenberg offices in Washington -- 202-393-7100... Turner Bestg. Chmn. **Ted Turner** will give first Carl Spielvogel lecture Sept. 24, Baruch College, N.Y.C. -- 212-387-1138... FCC Comr. Barrett will be among speakers at **National Assn. of Minorities in Cable/NCTA** seminar Sept. 24-25 at Waldorf-Astoria, N.Y.C. -- 212-568-6730... **William Headline**, Wash. bureau chief, CNN, hosts forum on coverage of Presidential campaign sponsored with Washington Chapter of Society of Professional Journalists, Sept. 29, 7 p.m., at CNN Washington bureau, 820 First St. NE.

Cable systems don't have to detail every possible use of subscriber information, 10th U.S. Appeals Court, Denver, ruled in unanimous decision overturning lower court. Subscribers to Telecable of Overland Park, Kan., had been awarded \$2,000 each by U.S. Dist. Court, Kansas City, on ground that system had violated privacy provisions of 1984 Cable Act by providing inadequate disclosure of use of subscriber information. Telecable said it didn't disclose information to outsiders, used it only internally. In first appellate decision on issue, 3-judge panel said Cable Act requires cable operators to disclose only "nature of" potential uses of information, not every detail. Court said clarity and succinctness is more important than disclosure of every detail. For example, it rejected as overly technical lower court finding that system address had to be printed on notice and that system had to describe every legal remedy available. Appeals Court said cable systems are subject only to "standard of reasonableness" on disclosures.

Brightstar Communications has become first commercial broadcaster on Intelsat K satellite launched June 9.

TCI Senior Vp Larry Romrell acted on his own when he sought \$250 million in loans to TCI from Bank of Credit & Commerce International (BCCI), according to TCI letter to Sen. Burns (R-Mont.). In Aug. 26 letter, Burns sought assurances because "there is information to suggest that proponents of [cable reregulation bill] may cite press reports about... Romrell's personal involvement" with BCCI to help justify legislation. Romrell and TCI Chmn. Bob Magness borrowed \$500,000 from BCCI affiliate Capcom Financial Services (TVD Jan 20 p7) in addition to serving on Capcom board. Documents released by Senate Terrorism Subcommittee also detail Romrell's interest in TCI loan and personal loans and indicate he may have been contacted by BCCI on influencing upcoming CNN reports on troubled bank. In letter Aug. 28, TCI Senior Vp Robert Thomson told Burns that Romrell was involved in "private business ventures [with BCCI], outside the scope of his employment." But he said involvement occurred "well before" BCCI became subject of investigation and TCI itself had no business relationship with bank. Thomson concluded that TCI itself "never considered borrowing money from BCCI." Romrell didn't contact any other TCI official about affecting coverage of BCCI by CNN, of which TCI is part owner, Thomson said. He also said CNN has denied receiving any communications about BCCI from anyone at TCI.

FCC policy on local marketing agreements (LMAs) "defines clearly the obligations of licensees operating within such agreements" and shouldn't be changed. That's view of 5 group owners and WPSD-TV Paducah, Ky., in comments on Commission's video marketplace rulemaking (TVD Aug 31 p8). Filing said it would be "counterproductive and unnecessary to make that policy more restrictive, given that the Commission has found that LMAs can serve the public interest." Groups took no position on number of TV stations single licensee should be permitted to own (FCC has proposed to increase current maximum of 12), but did favor relaxation of duopoly rule. Signing comments, in addition to WPSD-TV, were LIN Bcstg., Midwest TV, Post-Newsweek Stations, Providence Journal Co., Spartan Radiocasting -- all clients of law firm Covington & Burling.

Annenberg/CPB Math & Science Project announced its first grant -- \$1.5 million to 2-year-old nonprofit Quality Education for Minorities Network to develop corps of minority teachers who will participate in math and science reform efforts. Use of technology in 3-year project will range from electronic mail connections among participating teachers -- at start, 20 in each of 5 states (Ariz., Md., N.C., N.M., Va.) -- to demonstrations with aim of improving math and science instruction. Project will be led by Mary Futrell, former National Education Assn. pres. Apple Computer will provide technical assistance.

NPR membership, by vote of 140-48, approved petition sponsored by Rocky Mountain Public Radio (RMPR) that will allow removal of NPR board members upon 2/3 vote of station membership. While D.C. law permits such action following specially convened meeting, petition, which will become part of NPR bylaws, specifies that vote be taken in mail ballot. RMPR Pres. James Paluzzi said that's "more manageable" mechanism for geographically dispersed organization such as NPR.

FCC denied requests by TCI of Md. and TCI of Colo. to reduce fines of \$23,750 each for violations of cable signal leakage standards. TCI had claimed fines should be reduced because of procedural problems and because fines weren't consistent with FCC rules, but FCC said fines were appropriate.

ESPN signed 5-year deal to carry NHL games, beginning this season. Deal gives ESPN right to televise at least 25 regular-season games and 37 playoff games, including Stanley Cup final. Most regular-season games will be on Fri. nights. Financial details weren't disclosed, although price reportedly was \$80 million. ESPN had carried NHL until SportsChannel America won contract 4 years ago. SportsChannel responded by suing NHL for breach of contract as result of ESPN deal. In suit in N.Y. Supreme Court, SportsChannel said its previous contract gave it right to match ESPN bid, but NHL didn't give it that opportunity. Judge Shirley Fingerhood issued injunction forbidding NHL to take any other action on ESPN contract until after hearing set for Sept. 9. NHL denies that SportsChannel has right to match any offers.

Effective Oct. 1, FCC will transfer processing of mass media auxiliary applications and similar services from Mass Media Bureau in Washington to Private Radio Bureau in Gettysburg, Pa. All filings, applications, requests for modifications, renewals or special temporary authority for such services that require payment of fee should be hand-delivered to Three Mellon Bank in Pittsburgh (Attention: Wholesale Lockbox Shift Supervisor) or mailed to: FCC, Bcst. Auxiliary Radio Services, Box 358700, Pittsburgh 15250-5700. Mass Media Bureau will continue to process applications filed by Sept. 21.

Katz Communications has filed at SEC to offer \$100-million bond issue through Citicorp and Merrill Lynch. Katz is expected to realize \$96 million from offering; proceeds will be used to reduce debt, with about \$20 million earmarked for acquisitions. Filing said rep firm has about 300 TV station clients with billings of \$1.2 billion, 1,600 radio station clients billing \$500 million. Katz Chmn.-CEO James Greenwald reported 1991 cash compensation of \$1.2 million, plus deferred bonus of \$365,000.

Cal. judge may appoint classroom monitor to determine whether Channel One's ads are illegal. Superior Court Judge Jeremy Fogel, acting on challenge brought by group including Cal. School Supt. Bill Honig, said he had concluded that mere presence of commercials wasn't illegal but hadn't decided whether or not they might be deemed coercive. Honig hopes to use case, involving airing of Channel One in San Jose high school, as precedent to oust service from 48 other state school districts.

NAB will be selling AMAX-certified radio receiver for first time at Sept. 9-12 radio show in New Orleans. TU-680 tuner, developed by NAB and Denon, is designed "to provide the highest quality AM and FM reception presently available for the electronics market," said NAB. AM tuner incorporates AMAX, "giving listeners FM-like sound." Receiver sells for \$499, plus shipping.

FCC set fines of \$2,250 each against Falcon Cable, Enstar L.P., and Tropic Isles Cable for apparent violations of Community Antenna Relay Service (CARS) regulations. In each case, Mass Media Bureau sent notices of apparent liability as result of violation of regulations requiring CARS operators to get FCC approval of changes in frequency.

FCC Gen. Counsel Robert Pettit, who has stated publicly that he will be leaving post soon, has recused himself from participation in actions before Commission by 3 law firms: Crowell & Moring (where most observers are predicting Pettit will go), Morrison & Foerster, and his former firm Wiley, Rein & Fielding.

Personals

James Chabin, E! Entertainment, elected pres., BPME, succeeding acting Pres. **Tregg Balko** Sept. 15... **Gerald Noonan**, ex-Paramount TV, joins Tribune Entertainment as senior vp-syndication sales and mktg... **James Terrell**, exec. vp Gaylord Entertainment and vp of parent Gaylord Bestg., retires... **Philip Dodds**, exec. dir., Interactive Multimedia Assn., appointed chmn. of special seminar "MultiMedia World at NAB '93: Merging Video Audio and Computers" during April NAB convention in Las Vegas.

Cullie Tarleton, ex-Jefferson-Pilot Bestg., appointed gen. mgr., WCCB Charlotte... **Thomas Dolan** resigns as WLS-TV Chicago news dir., replaced on interim basis by Assoc. News Dir. **Robert Alman**... **Richard Reingold**, WKYC-TV Cleveland news dir., named to same post at WRC-TV Washington, succeeding **Kris Ostrowski**, resigned... **Noreen Parker**, ex-WGHP-TV Greensboro-High Point, N.C., appointed gen. sales mgr., WTSP-TV St. Petersburg-Tampa... **Marcus Wood**, consultant, joins KTVL Medford, Ore., as sales mgr.

Susan Sewell, ex-AAAA, named vp and dir.-PR, Network TV Assn... **Michael Berg**, ex-Washington law firm Miller & Holbrooke and one-time NAB, joined Akin, Gump, Strauss, Hauer & Feld Sept. 1... **Susan Platt** promoted to NAB vp-radio operations, succeeding **Joy Dunlap**, resigned... **John Barrett** advanced to vp-Southern Div., Worldvision Enterprises... **Jane Genster**, NBC Washington counsel, appointed assoc. gen. counsel, Washington Post Co.

Jonathan Abbott, KQED San Francisco vp-mktg. and development, joins PBS Oct. 5 as senior vp-development and corporate relations, new post... Changes at Children's TV Workshop: **Amy Rowland** advanced to asst. vp-development, **Iris Sroka** named research dir.-community education services... **Claire Tow** promoted to senior vp-human resources, Century Communications... **Paul McPherson**, ex-McGraw-Hill and FM Business Publications, appointed senior adviser, AdMedia Corporate Advisers... **Marisa Famulare** advanced to mgr.-human resources, A&E Network.

Linda Deslante promoted to dir.-syndication contract administration, Columbia Pictures TV Distribution... **Allan Goodson** promoted to vp-COO, TCI Great Lakes... **Alan McDonald**, ex-NBC Cable, named pres., Turner International Japan... **Farris Carpenter**, chief financial officer, Walt Disney Attractions, adds duties of pres., Disney International... **Michael Gershoni** advanced to dir.-financial reporting, Viacom International.

Ronald Harris appointed vp-mktg. and corporate communications, International Family Entertainment... **Tom Lafleur** advanced to vp-Alcatel, Qualcomm... **Daren Miller** promoted to vp-corporate development, Liberty Sports... **Karen Holm**, ex-Viacom International, joins San Francisco law firm Cooper, White & Cooper as assoc.

Steven Leipsner, ex-Service America, appointed chmn.-CEO and pres., Metromedia, succeeding **Arnold Wadler**, interim pres... **Steven Crawford** named senior vp-cable TV, E.W. Scripps, succeeding **Giles Champagne**, who died of heart attack Aug. 25... **Gretchen Grant** promoted to vp-financial planning and analysis, Viacom International.

FCC Comr. **Barrett** named to NARUC Exec. Committee... **Cecilia McRoskey** elected to new position of

vp, information technology, Times Mirror... **Ronnie Hadar**, head of his own production firm, appointed vp-production, Saban Entertainment... FCC Calendar -- Sept. 9: Comr. **Barrett** is keynote speaker at FCBA/Telocator conference on Personal Communications Services, Washington Marriott Hotel, 5 p.m.; **Helena Mitchell**, chief, EBS, Field Operations Bureau, participates on "Station Level Impact of the EBS Rules Changes," at NAB Radio convention, New Orleans Convention Center, Rm. 25, 1:30 p.m. **Roy Stewart**, chief, Mass Media Bureau, participates on "Expanding Ownership Opportunities" panel, same convention, Rm. 14, 4:30 p.m. Sept. 11: **Stewart** participates on "FCC Rule Enforcement: Complaints and Compliance" panel, same convention, Rm. 11, 10:30.

New Office of Assoc. Managing Dir. for Public Information and Reference Services (AMD-PIRS) has been formed by FCC with goal to "integrate and strengthen reference, public service and educational activities" of agency. Office will put "emphasis and focus" on FCC goal of providing "excellent service to the public in the most efficient, uncomplicated, timely and courteous manner possible." First phase of reorganization becomes effective Sept. 14 and head of AMD-PIRS is yet to be appointed. To be placed under new Office immediately are FCC library, dockets reference rooms of Office of Managing Dir. and Mass Media Bureau, Records Management Div. and Consumer Assistance and Small Business Div. of Office of Public Affairs (currently headed by Patti Smith). Other FCC reference rooms (Public Radio, Cable TV, etc.) will be integrated into new Office later, FCC said. Currently, offices and bureaus operate their public reference rooms independently, with different procedures, filing systems and hours of operation that have generated complaints from users. FCC said new organization will provide "one-stop service" for most of public's information and reference needs under central management and with uniform hours and procedures.

President Bush won't accept current plan for Presidential debates, even though it was submitted by bipartisan group and accepted by Democratic candidate Bill Clinton. When asked whether Bush was dissatisfied with number of debates or format, campaign Chmn. Robert Teeter said "both." Teeter said he doesn't rule out debates, which would be carried by TV networks, but Bush isn't ready to commit himself. Commission on Presidential Debates, headed by former chmn. of each party, already had announced sites and dates for 3 Presidential and one Vice Presidential debates. First was to be Sept. 22 in E. Lansing, Mich.

President Bush filled 2 vacant seats on Copyright Royalty Tribunal Sept. 3 with recess appointments of Bruce Goodman and Edward Damisch. Goodman, who was once considered candidate for FCC seat after being active in Lawyers for Bush-Quayle, is partner in Washington law firm Arter & Hadden, one of founders of planned FYI cable network, former senior vp-gen. counsel of Mutual Bestg. Damisch is copyright law prof. at George Mason U.

Satcom C-4 cable TV satellite was launched Aug. 31 by McDonnell Douglas Delta II rocket. GE Americom satellite will replace one of 7 similar birds launched since 1983 that were designed to last 10 years each. Satcom C-4 is all-C-band satellite designed to last for 12 years and is expected to go into service after 2 months of testing. Launch follows false start last month when problem was discovered in satellite's redundancy substation.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

| | AUG. 15-21 | 1991 WEEK | % CHANGE | AUG. 8-14 | 33 WEEKS 1992 | 33 WEEKS 1991 | % CHANGE |
|------------------|---------------|--------------|-------------|--------------|------------------|------------------|-------------|
| TOTAL COLOR..... | 513,187* | 365,435 | +40.4 | 373,011 | 12,045,652 | 11,144,092 | + 8.1 |
| DIRECT-VIEW... | 506,041* | 356,539 | +41.9 | 365,706 | 11,845,614 | 10,962,276 | + 8.1 |
| TV ONLY..... | 493,748* | 346,092 | +42.7 | 354,817 | 11,376,961 | 10,571,169 | + 7.6 |
| TV/VCR COMBO. | 12,653* | 10,447 | +21.1 | 10,889* | 468,653* | 391,107 | +19.8 |
| PROJECTION.... | 6,786 | 8,896* | -23.7 | 7,305* | 200,038* | 181,816 | +10.0 |
| VCR DECKS..... | 312,316* | 201,576 | +54.9 | 262,646* | 6,662,249* | 5,443,235 | +22.4 |
| CAMCORDERS..... | 55,379 | 85,906* | -35.5 | 37,976 | 1,521,020 | 1,543,494* | - 1.5 |
| LASERDISC PLYRS# | 2,874 | 2,686 | - 7.9 | 1,384 | 121,761* | 99,543 | +22.3 |

Direct-view TV 5-week average: 1992--400,664*; 1991--335,733 (up 19.3%).

VCR deck 5-week average: 1992--274,314*; 1991--185,137 (up 48.2%).

Camcorder 5-week average: 1992--61,226*; 1991--60,652 (up 0.9%).

* Record for period. # Includes combi players, excludes karaoke types.

CLOSED CAPTIONS--\$140 MILLION GIVEAWAY? TV manufacturers and marketers are biting their nails once again at prospect of swallowing big lump of added cost for major new feature mandated by govt. Time is coming closer for commitments by major large dealers for next year's TV models, which will be required to include closed-caption generators for hearing-impaired. Law specifies that all sets made or imported after midyear with screens 13" and larger must be caption-equipped. How much, if any, of cost can be recouped depends almost entirely on the top couple of major manufacturers.

In all past cases of govt.-mandated TV set improvement, manufacturers have had to gulp down the increased cost. Most notable was requirement that sets must have all-channel tuners -- manufacturers tried and failed to recoup at least some of added cost, which would have worked out to \$50 at retail. Other cases involve govt.-decreed safety features (fire, radiation, etc.) which manufacturers have had to swallow and later offset with increases in efficiency or simplified circuits.

TV sets made or imported beginning next July 1 must have new caption feature which little of the public will know about and which apparently won't be widely promoted, but which will require special chip. Version developed by Motorola and Thomson, expected to be used by most of industry, will cost about \$7 in lots of 50,000 or more (TVD Aug 17 p15, Aug 24 p17). Considering about 20 million sets are sold annually with 13" and larger screens, this works out to \$140 million for chip alone.

While closed captioning will have some appeal beyond hearing-impaired viewers, feature probably won't have widely appreciated consumer benefits unless and until FCC approves proposal by EIA to add new "TV data system" using same technology, which would provide on-screen program ID, text service, automatic clock setting, even on-screen program schedules and automatic VCR programming (TVD April 27 p14). Proposal presumably will be considered by FCC in combination with ghost-canceling system, could be approved by year-end.

Sole company now offering variety of closed-caption sets is Zenith, which introduced group of moderately priced models in 4 screen sizes (13-27") in 1991 and pointedly priced them \$20 higher in suggested list than their non-caption counterparts. "A lot of people have been pleased to pay a \$20 premium" for captions, said Zenith Sales Pres. Jerry McCarthy last week. He cited aftermarket research showing "far more people than we thought are using the feature for things other than the hearing problem."

Examples: Helping children learn reading skills, aid to people learning English, even use of "silent TV" in bedroom by insomniacs while spouses sleep.

"We believe that a \$20 retail premium would at least enable us to recover the cost," McCarthy told us. However, he added: "In preliminary discussions with retailers, we were led to believe that a number of our competitors are prepared to walk down the road of no return and pass this feature along at no premium." He said caption system "cries sorely for industry promotion," such as EIA campaign.

One who believes captions alone can't command premium is Gilbert Ravelette, gen. mgr. of brand management for industry leader Thomson Consumer Electronics (TCE). However, he thinks TCE can recoup cost by adding package of features. "We will not specifically target the premium price on captions, but we will have a premium on our new line, of which closed captioning is one feature." All 1993 model TCE sets will have new chassis, new tooling, new cosmetics, new remotes and new on-screen menus, he said. Will this result in new price points? "The retail community tells us what the price points are -- every time we tried [to dictate] it hasn't worked," said Ravelette. Some price points, he added, just aren't going to go away.

New chassis and retooled models will get major exposure in Nov., when GE line is introduced, he said. As for captions, "it would be great to find a way to get some of [cost] back -- it's a shame to have to absorb it."

"It's completely ludicrous to give this away," said Donald Johnstone, pres. of No. 2 U.S. TV maker Philips. "In 1993, business being what it is, we are counting on the industry to show some attempt to recover costs," he told us. In "best case," he added, he would like to see retail prices up \$10-\$15, "in the very worst case offsetting the normal [annual] reduction in price, with no decrease at retail." Captioning "in itself is not a feature that is going to appeal to people enough for them to pay that premium." Like TCE, he indicated Philips will have new chassis -- "some [sets] completely new, others modified," avoiding direct apples-to-apples comparison.

Johnstone noted that captions will be tougher to sell than many other features. Industry's "real volume," he said, is in "moderately featured product," which accounts for about 40% of unit sales. "On the selling floor, there's no longer anybody to sell [more appealing] features. On the non-selling floor, there's a danger of putting in \$7 in added cost and not collecting a penny for it. It will have a sharp impact on [industry] profitability. It might have been a better idea for us to give away [caption] devices to those who need it."

EIA Engineering Dept., meanwhile, has set one-day seminar on technical and logistical issues affecting closed captioning Oct. 15 in Washington. Session will address issues including "important new features compatible with existing decoders," with caption providers and software designers in attendance as well as set makers. EIA will distribute its recommended practices for caption providers, receiver and encoder manufacturers at session, which will also discuss HDTV closed-caption goals. Details: Maxine Stone, EIA, 202-457-4975.

CAMCORDER IMPORTS DROPPED 28.9% IN FIRST HALF: Even as camcorder sales to dealers continued to run basically even with last year, manufacturer inventories headed toward better balance in first half, as imports dropped 28.9%, according to Commerce Dept. Import declines were split about evenly between 8mm and "other" formats (representing VHS and VHS-C). In June, shipments from abroad dropped 31.7%; imports of 8mm models rose 3.9%, reversing recent trends that had seen sharp decreases since beginning of year. Imports of "other" formats sank 53.7% in June.

At end of 7 months, camcorder pipeline inventories had dropped to 482,000, still well above the 250,000 or so considered ideal, and were top-heavy with compact models -- 8mm and/or VHS-C (see separate report in this issue).

Reflecting strong VCR market that seems headed toward record sales of more than 12 million this year, deck imports soared 40.6% in first half; June imports rose 40.3%. As has been case since late last year, Japan accounted for less than half (43.7%) of VCRs brought into U.S. through June, Korea showing largest percentage jump as U.S. source, representing 20.6% of units brought into country. Japan accounted for 48.8% of VCRs imported in June.

Color TV imports rose 23.6% in first half, with 56% of all color sets brought into U.S. originating in Mexico. Thailand was next most prolific source with 9.8% of total, followed closely by Malaysia (8.3%) and

Korea (8.1%). Of all countries shipping more than 10,000 color TVs into U.S. in first half, only Taiwan and Japan shipped fewer than in same period year ago. Biggest gains were in 20" and larger screen sizes. In June, color TV imports rose 39.7%.

Monochrome TV imports rose 4.2% in June, though much of that strength apparently was based on gains in computer monitors. For first half, monochrome shipments from outside U.S. were off 7.7%. Imports of flat screen TVs, virtually all from Japan, rose 76.5% in first half. Imports of CD players rose 48% in June and 33.6% in first half, with 80.1% of players coming in from Japan.

Here's summary of major imports for June and first half of 1992, according to Commerce Dept. figures:

| Product | June '92 | June '91 | % Chg. | 6 Mo. '92 | 6 Mo. '91 | % Chg |
|-------------------|-----------|----------|--------|-----------|-----------|-------|
| Color TV..... | 953,400 | 682,700 | +39.7 | 4,959,384 | 4,013,800 | +23.6 |
| Monochrome TV.... | 190,900 | 183,200 | + 4.2 | 880,400 | 953,400 | - 7.7 |
| Flat-screen TV... | 29,500 | 16,700 | +76.6 | 124,900 | 70,800 | +76.5 |
| VCR Decks..... | 1,224,700 | 872,600 | +40.3 | 6,478,200 | 4,608,600 | +40.6 |
| Camcorders..... | 207,700 | 1,400 | -31.7 | 1,143,900 | 1,608,100 | -28.9 |
| 8mm..... | 120,500 | 115,900 | + 3.9 | 490,700 | 684,000 | -28.3 |
| Other..... | 87,200 | 188,200 | -53.7 | 653,200 | 924,100 | -29.3 |
| Videocass.players | 47,600 | 75,900 | -37.3 | 257,300 | 292,500 | -12.0 |
| CD players..... | 804,500 | 543,500 | +48.0 | 3,816,000 | 2,855,600 | +33.6 |

'93 SCES--ONE CONSUMER DAY, 3 TRADE DAYS: Heeding criticism that 2 trade days at 1992 Summer Consumer Electronics Show (CES) weren't enough, EIA Consumer Electronics Group (CEG) announced that first 3 days of 4-day Chicago event June 3-6 will be trade-only. Consumers will be admitted only on final day Sun., when show hours will be 9 a.m. to 6 p.m., CEG said.

CEG Vp Gary Shapiro said new "split" between trade and consumer days was adopted in response to concerns raised in post-show surveys last June that "3 days of trade-only business were necessary for them to maximize the value of the show." He said Assn.'s "first allegiance is to our exhibitors, [who] clearly expressed to us the need for an additional day to meet with their buyers. We learned quite a lot about the wants and needs of our exhibitors and buyers from the first-ever trade/consumer days. The need for an extra day of trade-only business was the most important thing we learned."

Shapiro told us that CEG "met all of its major objectives" in opening doors of 1992 show to consumers to lure non-exhibiting companies back to McCormick exhibits for first time in years, citing Thomson Consumer Electronics, Bang & Olufsen and others as examples. He reiterated that he bears no grudge against companies that opted out of 1992 event, saying "we respect the fact that they did so for individual business reasons." Strongest emphasis at 1993 show will be placed on attracting more retailers to hall, Shapiro told us, while any spotlight on consumer days "will be more subdued" than in first effort in view of "the fact that this is first and foremost a trade show." Shapiro said "our challenge is to make the show as cost-effective as possible" for all trade attendees.

Effort last May attracted 98,720 consumers on Sat. and Sun., while overall trade attendance declined 7% from year earlier to 51,850, according to CEG statistics released in wake of show (TVD June 8 p11). Shapiro last week said it was too early to predict how many consumers might attend show on one day when doors will be open to public. But he downplayed possibility of attendance crunch on Sun., partly because surveys of 1992 event showed high incidence of repeat attendance from Sat. to Sun. In heeding call for 3 trade days, Shapiro said, show organizers gave brief consideration to 5-day event that would have opened Wed., June 2. But he said idea was ruled out when it was found that overtime costs of exhibit setup would have been "exorbitant" because work would have been necessary over Memorial Day holiday weekend.

Idea of 5-day show is still alive for 1994. CEG board meeting in Oct. is scheduled to consider it because restaurant trade show that precedes CES will have vacated McCormick complex before 1994's holiday weekend, he said. CEG board approved plan for 1993 show via balloting process earlier in summer, Shapiro said, but will consider proposals at Oct. meeting to discuss any specific suggestions on table, but indicated that one idea was to reinstate policy allowing some software sales on show floor.

CEG news release said show organizers were developing "comprehensive marketing campaign" to increase appeal of Summer CES for U.S. and international buyers. "The plan is to build on the current Summer CES buyer base, which is strong due, in part, to the solid influx of new buyers attending the Summer Show," statement said. CEG said attendance by first-time buyers increased 23% in 1992 over 1991 summer show.

Shapiro said refinements for 1993 show will reflect existing strengths of event "as well as what we learned we need to improve." In surveys of 1992 attendees, 1/3 of respondents said they were inconvenienced by having to attend meetings off site "or resented having been asked to meet away from the show," he said. "It is clear to us that attendees would prefer to conduct all of their business within the Show properties," he added. "We will continue to work toward presenting an on-site environment that is 100% productive for our attendees." He didn't specify how CEG planned to lure 1992's off-site exhibitors back into McCormick for 1993 other than to allude to need to "provide more exhibitor alternatives." Cost savings to exhibitors at '93 show will include elimination of exhibitors' need to pay for staffing and security for Sat. consumer day as they did at '92 show, Shapiro said. While consumer attendance was heavy on afternoon of first day, he said, influx of public attendees on Sat. night was less than expected.

SONY'S 'HANDYCAM STATION': Sony is reverting to idea it originated 12 years ago -- fixed TV attachment which converts camcorder into home deck and recharges battery at same time. "Handycam Station" was announced last week in Japan as \$160 accessory to new top-of-line Hi8 camcorder, the first with lithium ion battery. It's scheduled to be introduced in U.S. this year.

When Sony Chmn. Akio Morita demonstrated first prototype 8mm camcorder in 1980 and asked industry to standardize on single miniaturized format (TVD July 7/80 p7), camcorder was placed in device called "Home Editor" for playback. Handycam Station includes AC adaptor, charger and rechargeable battery pack. Camcorder is placed into Station for charging and playback.

Lithium battery, which is priced separately at \$60, is claimed to be reduced 30% in size. Sony says NP-500 battery has same energy as nickel cadmium type but is 35% lighter. Battery is said to lose its charge at less than half the rate of nickel cadmium type and because it has no "memory effect" it's not necessary to discharge it fully before recharging. Sony has been producing lithium ion batteries since Feb. for cellular phones.

New camcorder, CCD-TR1, weighs about 1.5 lb. without battery and 1.8 lb. with it, thanks to new battery and 6-layer circuit board. It features color viewfinder and new zoom lens system which may be set for speeds from 1.5 to 16 sec. Pickup device is 410,000-pixel CCD. Lens cover is activated by power switch.

* * * *

Toshiba and Asahi Chemical Industry have signed agreement to establish joint venture to develop, manufacture and market rechargeable lithium ion batteries. A&T Battery Corp. is scheduled to be established Oct. 1 and owned equally by the 2 partners, with Takashi Shimada, currently gen. mgr. of Toshiba's Lithium Ion Secondary Battery Div., as pres.

A&T is scheduled to start production in Oct. 1993 at Toshiba plant in Kawasaki, south of Tokyo, at monthly volume of 500,000 batteries, with added plant eventually expected to boost production to 3 million monthly. The partners say lithium ion batteries provide twice the power capacity and 3 times the voltage of nickel cadmium batteries and are designed to meet need for lighter, smaller power source for portable devices, including phones, computers and camcorders.

CD-I FMV AT RETAIL IN JAN.: Cartridges that will enable CD-I players to display full motion video (FMV) will be on retail floors in Jan., Philips Interactive Media Systems Mktg. Vp Paul Frederickson said last week. He said very limited quantity of FMV cartridges would be available in Dec., as Philips previously announced, but that it wouldn't make sense to distribute such small numbers to few accounts merely to make Christmas deadline. Philips is still formulating plans about possible bundling of FMV software with cartridge, and determining how many FMV programs will be ready when cartridge appears on selling floors, he added.

Meanwhile, Indianapolis-based video software wholesaler Major Video Concepts says it will begin marketing CD-I players and software to video software dealers under arrangement reached last week with Philips. Senior Mktg. Vp Robert Tollini told us that although nothing would preclude dealers from selling CD-I players, he expects CD-I business pattern to mirror that of videogames. "If the parallel is Super Nintendo," Tollini said, "consumers buy at mass merchants and rent at video stores."

Major, which has been testing concept in Indianapolis store, will begin promoting CD-I to its retail accounts in Sept. 14 mailer, Tollini said. It will offer starter kit that includes hardware, carrying case, top-selling titles. However, distributor also will stock all 57 programs currently available, Tollini said.

This would be first CD-I rental move outside of chains in which Philips owns financial stake. Blockbuster Entertainment, of which Philips owns 7.5%, has begun carrying CD-I in more than 100 stores in L.A. and San Francisco (TVD June 15 p13) and "to a far lesser degree" in Chicago, Blockbuster spokesman said. "We're evaluating the results," he said, although "they have been good so far."

Philips' Super Club subsidiary also is testing CD-I in Turtles stores in some Southeast markets, Frederickson said. Stores are selling software and displaying hardware to refer customers to local consumer electronics dealers. He said program probably would be expanded to include some form of hardware rental at other Turtles locations.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 123 yen = \$1, except where noted.

MORE ON NINTENDO CD-ROM: Nintendo announcement that it will bypass 16-bit CD-ROM drive and move directly to 32-bit unit during 2nd half of next year (TVD Aug 31 p18) generated positive reaction from many in software community last week. At same time, though, many expressed doubt that 32-bit drive would be on market for Christmas selling season in 1993, given lead time necessary for developing software.

Bing Gordon, Electronic Arts senior vp for entertainment production, said company "is excited anytime a market leader brings a vision of new hardware to the market. We believe that 32-bit hardware with integrated CD will help extend the interactive market well beyond the current videogame market." He said Nintendo's decision to seek next level "shows good judgment." Spokesman for Acclaim Entertainment also called Nintendo's announcement "good news."

But one major developer, while praising Nintendo's intentions, said he'd be "astounded if they get it to market in 1993." Nintendo's news release said CD-ROM would be ready for production in Aug., but cautioned that "introduction... will be dependent upon the successful development of unique videogames which offer a significant difference from cartridge-based games." Developer noted that "this is the first time that Nintendo has ever made an announcement with caveats, hoping nobody notices."

Sunsoft Pres. Joe Robins said development of CD-ROM game takes "a year to 15 months," doubting Nintendo player could be significant much before 2nd half of 1994. Nintendo has told software developers it intends to have conference at Jan. Consumer Electronics Show -- if it can give programmers development systems at that time, most programs probably couldn't be out before first half of 1994. (Announcement that there wouldn't be Nintendo CD-ROM this Jan. surprised few in business, since company still hadn't shipped development systems to licensees.)

Nintendo spokesman in Japan said difficulty of making CD-ROM player to sell at low enough price short circuited company's plans to introduce unit in Jan. Company was said to be aiming at maximum price of 27,000 yen (\$220) for player, and was having trouble hitting that mark for Jan. introduction, he said. Others said deciding factor was what Nintendo perceived as less than overwhelming response in Japan since Sega introduced CD attachment there at tail end of 1991 (TVD Dec 9 p16). Sega expects to have its CD in U.S. stores in mid-Nov. at \$299 (TVD May 18 p20).

News release quoted Chmn. Hiroshi Yamauchi as saying decision on drive was triggered by development of new Super FX chip that will allow for 3D games on cartridges for Super NES. CD-ROM, release said, must provide significant advantage over cartridge, and 16-bit drives don't provide enough upgrade. SFX chip, spokesman said, allows 12-13 characters to move at high speed in 3D.

Issue of software sophistication is central to move to CD-ROM, given that consumers will be asked to shell out at least \$200 for Nintendo or Sega drive. Sega spokesman in Japan last week acknowledged that Sega and NEC (whose TurboGrafx system with CD attachment has been on market for more than 2 years) are already going through necessary "trial and error period" in CD software development. "It took 2 years for us to shift to 16-bit from 8-bit, and same thing can be said about CD-ROM. Even if Nintendo introduces a CD-ROM player now, we are still taking the lead in development of CD-ROM software."

MITSUBISHI PRICE MOVES: Mitsubishi last week reduced prices on range of video gear in what Mktg. Vp Leo Delaney described as mixture of normal seasonal moves and effort to be more competitive with certain products.

Company chopped \$200 off minimum advertised price (MAP) of each of its 3 VHS-C camcorders to \$899, \$999 and \$1,299. Delaney said these were "moves related to the competitive marketplace. We're making an adjustment to bring these products into the mainstream part of the business," noting that "mainstream" pricing had dropped rapidly over course of year.

MAP of one 35" set dropped \$200 to \$1,599, and CS31MX1 (31") was reduced \$100 to \$1,299. HSU-36 VCR was cut \$20 to \$329. MAPs on 4 projection TVs dropped \$200-\$300.

Delaney said some of price moves normally would have come earlier, but Mitsubishi is introducing new models somewhat later than in past -- development which he attributed to production. "This doesn't relate to the rate of sale or inventory concerns," he said. He added, though, that Mitsubishi has been facing twin issues of tough economy and increased competition in its primary markets -- large screen direct view and projection TV.

CAMCORDER STOCKS DOWN: With imports declining and sales to dealers up (ever so slightly), camcorder pipeline inventories (factory plus distributor) dropped below 500,000 at end of July for first time in many months. With about 482,000 in inventory, figure still was considered much too high. Nevertheless, it was below the 501,400 at end of June and 124,000 less than 606,300 high-water mark at end of March.

Major inventory accumulation was in compact (8mm, VHS-C) area, which represented 81.3% of total, with only little over 90,000 in full-size models. Compacts have increased their share of inventories from 78.5% at end of June (TVD July 27 p14).

Compacts' share of sales to dealers was exactly 75% in year's first 7 months -- 1,055,700 compacts and 351,600 full-size, for record total of 1,407,300 -- period when sales to dealers were up by 2.5% (TVD Aug 17 p11). In July, dealers bought 201,742 compacts and 58,753 full-size models, compacts comprising 77.4% of total, down from 79.3% in June and 78.5% in May, but higher than any month before May.

Audio King blamed \$47,500 loss in 4th quarter ended June 30 (see financial table) on soft economy and costs related to new warehouse and relocation of custom installation business; sales for period increased 20.8% to \$7.1 million. For year, Audio King's sales rose 24.4%, net income was up 87.6% and comparable-store sales gained 37.8%. Pres. Gary Thorne expressed confidence that "our promoting specialist strategy is working," although he said he expects "the difficult retail environment to continue" at least through current quarter. Audio King has 8 stores in Minn., one in S.D.

Positioning for multimedia: Nobody Beats The Wiz, announcing promotion of Stewart Mitchell to mdsg. vp (see personals), specifies that he will "direct and implement the merchandising activities necessary to the marriage of CE with electronic imaging and personal computers."

AUDIO UNIT SALES FIGURES: Home CD player sales declined by 15% in first half, 11.2% rise in carousel decks failing to offset 31.5% drop in single-play models, according to "unreleased EIA audio unit sales figures" quoted in Audio Week newsletter.

Figures show cassette decks in widely expected decline, but systems -- both racks and compact or minis -- and speakers on increase. However, receivers -- thought to be chief beneficiaries of home theater boom -- declined by 11.7%. Here are factory unit sales figures for first half 1992 and 1991, as printed in Audio Week:

FACTORY UNIT SALES OF AUDIO COMPONENTS

| Product | 6 Mo. '92 | 6 Mo. '91 | %chg. |
|------------------|-----------|-----------|--------|
| Receivers..... | 775,400 | 878,600 | -11.7 |
| Preamplifiers.. | 8,300 | 8,200 | - 1.2 |
| Power amps..... | 29,700 | 35,000 | -15.1 |
| Integrated amps | 57,400 | 27,700 | +107.2 |
| Separate tuners | 21,100 | 21,300 | - 0.9 |
| Equalizers..... | 71,700 | 85,100 | -15.7 |
| Turntables..... | 118,000 | 123,000 | - 4.1 |
| Surround devices | 38,300 | 30,000 | +27.7 |
| Home CD decks.. | 1,360,700 | 1,600,200 | -15.0 |
| Single-play.. | 588,500 | 859,400 | -31.5 |
| Multi-play... | 772,200 | 740,800 | + 4.2 |
| Carousel... | 555,200 | 499,100 | +11.2 |
| Magazine... | 217,000 | 241,700 | -10.2 |
| Cassette decks. | 712,500 | 802,900 | -11.3 |
| Single-well.. | 165,500 | 190,200 | -13.0 |
| Dual-well.... | 540,800 | 608,100 | -11.1 |
| DAT decks.... | 6,200 | 4,600 | +34.8 |
| Speakers..... | 1,968,500 | 1,752,500 | +12.3 |
| Shelf..... | 1,291,800 | 1,225,700 | + 5.4 |
| Floor..... | 456,100 | 378,700 | +20.4 |
| Wall-mounts.. | 98,700 | 86,100 | +14.6 |
| Subwoofers... | 35,900 | 17,900 | +100.6 |
| Others..... | 82,400 | 44,100 | +86.8 |
| Rack systems... | 614,700 | 539,300 | +14.0 |
| Compacts/minis | 1,353,200 | 1,091,900 | +23.9 |

STEREO TV AT RECORD: Despite reports of tough sales atmosphere, higher ticket TV seems to be doing all right. That was indicated in sales by screen size, with large-tube TV sales up 64% in first half as we reported last week (TVD Aug 31 p14), and trend presumably continued, as evidenced by 36.8% increase in sales of sets with stereo sound in July over same 1991 month at time when total direct-view color sales were up 21.4%.

EIA figures showed that 42.7% of direct-view sets sold in July had stereo sound -- 2nd highest percentage in history, exceeded only by 43.6% in Sept. 1991. In July 1991, stereo represented 37.9% of sales. Total of 586,531 stereo TVs were sold in July out of total of 1,373,722, as opposed to 428,752 out of 1,131,943 in July 1991.

In year's first 7 months (30 weeks), 39.2% of sets sold to dealers were stereo, record for 7-month period, up from 35.4% year earlier. Seven-month stereo TV sales totaled 4,021,483, up 18% from 3,406,594 year ago, while total direct-view color was up only 6.7%.

RCA SOUNDTRAK LINE: Thomson Consumer Electronics (TCE) lifted wraps from RCA SoundTrak portable audio line, saying products would be positioned in forefront of new technologies such as MD, DCC and digital audio broadcasting (DAB). TCE has said it will be U.S. sponsor of effort to make Eureka-147 American DAB standard.

Though TCE parent has patent stake in DCC coding system, company is leaving open its options on whether to market MD or DCC products or both, but expects to make announcement before Jan. Consumer Electronics Show in Las Vegas, said Daniel Collishaw, mgr. of audio operations for TCE-Americas.

National distribution of 11 new RCA audio products -- including 7 CD portables and boombox stereos and 4 radio cassette combinations -- began earlier this year, following market tests dating back to 1988. TCE began selling RCA-brand portable audio products on "limited distribution" basis in 1991 and plans national distribution this year through retailers selling RCA video products.

According to Collishaw, focus group research indicated that while TCE's GE brand enjoys large franchise among "utility-oriented" consumers, RCA label has stronger positioning as vehicle for music and sound products. He said prime 18-34 age group is "most amenable" to RCA portables and will be targeted in fall ad and promotion campaign with Rolling Stone magazine, MTV and VH-1. TCE said combined print and broadcast campaign will generate 50 million ad impressions by time it concludes at year-end.

"Flagship" RCA portable CD boombox stereo, RP-7985, has dual auto-reverse cassette decks with high-speed dubbing, computer-edit record capability, digital tuning and remote control. Bi-amplified sound system features pair of "full-range" woofers and separate bass channel with 4" subwoofer. Service Merchandise catalog is featuring \$400-list RP-7985 at \$350. CD portable at \$130 list was featured in Macy's N.Y. ads last week at \$99.95.

AUG. RETAIL SALES: Circuit City and Best Buy reported strong sales for Aug. and 2nd quarter, though both companies implied sales gains were achieved at some cost to bottom line.

Circuit City said Aug. comparable store sales rose 4% and total sales were up 13% to \$248 million, reflecting "a continuation of the challenging retail environment," said Pres.-CEO Richard Sharp. "The sales for the quarter were achieved under highly competitive and promotional conditions." For 2nd quarter, sales rose 14% to \$720.7 million, as comparable stores rose 4%. Company opened superstore in Gainesville, Fla., and Impulse store in Freehold, N.J., last month. It suffered severe damage to Cutler Ridge store and lesser damage to Kendall store in Miami area during Hurricane Andrew. Ten south Fla. stores were closed for at least one day because of storm.

Best Buy said Aug. sales rose 48% to \$96 million, with comparable stores up 16%. Sales in 2nd quarter rose 47% to \$285 million as comparable stores rose 15%. CFO Allen Lenzmeier said retail environment "remains relatively promotional," adding Best Buy's margins were lower because of increased presence of Concept 2 format stores (which work with lower margin) and because of greater percentage of computers in total mix this year. During Aug., Best Buy opened 2 stores in Okla. City and one each in Evansville, Ind.; Little Rock, and Corpus Christi, Tex. This week, company opens first 8 of 15 stores announced so far for Chicago market.

NEW TANDY VIDEO PRODUCTS: Broader array of stepup niche video products under Memorex label is included in new Radio Shack catalog issued last month. Included in collection are company's first 8mm VCR, portable combo 5" color set with built-in 8mm deck.

Combo unit (\$780) includes top-mounted 8mm VCR that can record through video inputs or from TV tuner. Unit doesn't have timer for timeshift recording. TV tuner has auto channel memory. Unit is built by Funai. The 8mm VCR (\$500) has stereo sound, includes "just-in-time" recording system that adjusts recording speed to amount of tape left when timer is set. Virtually entire Memorex video line is new, including 7 VHS VCRs, topped by Tandy's first S-VHS stereo unit at \$550. Line also includes 19" and 13" TV/VCR combos and 9" TV/VCP combo.

Catalog features 3 camcorders -- one in each major format at \$899. Palm-sized VHS-C model has 8X zoom, flying erase, 1-lux rating, wireless remote; 8mm version has 16X digital zoom (8X optical doubled), 1-lux, remote. Full-size is slim model with 12X zoom, fuzzy logic circuitry, flying erase head, rated at less than 1-lux sensitivity, remote.

Top addition to color TV line is Tandy's first 27" set, a stereo monitor receiver (\$600) with high-contrast tube, 179 channel tuner, S-Video inputs.

At product display mounted last week in N.Y. for media, analysts and area Radio Shack personnel, company gave primary display space to trio of key new products -- Digital Compact Cassette (DCC) deck, "Sensation" multimedia personal computer, and Video Information System (VIS), TV-based multimedia system (TVD Aug 31 p13). Chmn. John Roach said Tandy should have "reasonable feel" about success of VIS by end of Jan. He said that "if VIS becomes a significant winner, it will be largely because of the software," though he cautioned it could take some time until "killer application" -- piece of software that drives hardware sales -- is found.

He said development of VIS doesn't preclude Tandy from selling CD-I players in same stores "if there's adequate demand for both formats." He said Tandy had entered CD-I market last year because "we're in the retail business, so we went and offered the customer the product that was available." Radio Shack stores have been closing out Philips-made Memorex CD-I players at \$500, even as they prepare for Oct. arrival of VIS units.

Roach, preparing for company's debut of new Incredible Universe (IU) stores in Ore. Sept. 17 and Tex. Oct. 1, said Tandy executives won't make decisions on expansion of format until after first of year. Company has been studying variety of other sites, but said sheer scale of undertaking would keep maximum number of openings "certainly in the single digits" for 1993 if all goes as planned. Asked about future of McDuff superstore operation, he said one of chain's "real strengths is in secondary markets," adding that "we don't expect to open up any more McDuff stores in major markets," particularly if IU gambit succeeds.

Matsushita broke ground for 112,000-sq.-ft. microwave oven plant at Franklin Park, Ill., to replace current 90,000-sq.-ft. facility. New plant will be connected to existing warehouse on company's 46-acre manufacturing campus and will begin production next July. Company says it currently makes one million ovens yearly at Franklin Park, exporting 60,000 to Europe and 25,000 to Canada.

MORE EARNING DECLINES: Toshiba and NEC changed their forecasts for fiscal year ending next March from increases to decreases in profits, while Canon reported drop in first-half profit and Atari posted 2nd quarter loss.

Toshiba predicted decline in non-consolidated (parent only) pretax profit of 15% to about \$480.8 million. Last May, it had forecast 6.1% rise. NEC said its consolidated pretax profit for full year will drop 31%, reversing last May's prediction of 47% increase.

Canon consolidated pretax profit for first fiscal half fell 14% to about \$457.7 million, and its net profit dropped by 14% on 0.7% increase in sales. Company revised its full-year forecast to decline of about 15% in pretax profit on 3.2% increase in sales. Canon's camera competitor Chinon, forecasting 2nd consecutive year of losses, said it will halt sales of its cameras on Japanese market later this year.

Atari cited "intense competitive pressure" in computer and videogame market, combined with market softness, in reporting 2nd quarter loss, with sales dropping by more than 50% (see financial table). Company announced "streamlining" of its operations, said new products will begin shipping this fall. "The company has over \$60 million in cash and a strong balance sheet," said Pres. Sam Tramiel.

JVC, which is forecasting big loss for year (TVD Aug 31 p16), announced that it will suspend interim and full-year dividends for this fiscal year -- first time it has passed a dividend since listing on Tokyo Stock Exchange in 1960.

More cost-cutting measures announced by Philips last week are aimed at saving "hundreds of millions of guilders" by year-end. Although no layoffs or writeoffs are planned, company spokesman said belt-tightening will involve "all divisions all over the world" and "no department or division will escape." He said cuts will involve such "extra" expenses as temporary help, 3rd-party contractors, consultants, travel and expense accounts. New measures result from continued depressed state of markets in U.S., Europe and elsewhere, particularly in consumer electronics, spokesman indicated.

Home Video Entertainment (HVE), Boca Raton, says it's in discussions with consumer electronics and entertainment companies about receivers and programming for new digital video compression technology that it says will transmit full-length movie at S-VHS quality over standard phone lines in 6 min., eventually dropping to 3 min. "Magic box" in home, according to company, will restrict viewing to single showing. (For details, see Best./Cable Section.)

Recoton said its Canadian affiliate, RCI Accessories, completed acquisition of substantially all assets and trade liabilities of Protturn, Canadian maker and importer of audio and video cases and storage units. Protturn previously owned 50% of RCI with Recoton; RCI now becomes Recoton subsidiary. Protturn's sales for year ended May 31 were about \$4 million (Canadian); RCI's sales in year ended Dec. 31 were about \$2.7 million (Canadian).

Zenith has signed new 3-year \$60-million working capital agreement with Bank of N.Y. Commercial Corp., secured by accounts receivable and trademarks, company announced last week. New accord replaces one that was to expire at end of 1992.

MEXICO RISES AS TV SOURCE: Mexico supplied 60.4% of all color TVs shipped into U.S. in June, highest share for any single country since early days when Japan was sole foreign source. In first half of year, Mexico supplied 56% of color TVs imported into U.S.

Japan's share of VCR imports continued to drop below 50% as bigger percentage of manufacturing shifts to Southeast Asia. Japan was source for 48.8% of VCR imports in June, 43.7% in first half.

| | June | % Chg. | 6 Months | % Chg. |
|-------------------|------------------|--------------|------------------|--------------|
| VCR Decks | | | | |
| TOTAL | 1,224,700 | +40.3 | 6,478,200 | +40.6 |
| Japan.... | 597,400 | +29.3 | 2,833,700 | + 0.6 |
| Korea.... | 197,300 | - 5.1 | 1,334,200 | +56.0 |
| Malaysia. | 167,900 | +93.5 | 995,100 | +127.4 |
| Thailand. | 134,000 | +37.6 | 742,900 | +27.1 |
| Indonesia | 92,300 | * | 343,000 | - * |
| Singapore | 16,000 | +134.2 | 118,100 | +144.5 |
| Taiwan... | 16,000 | +68.6 | 101,900 | +67.3 |

| | June | % Chg. | 6 Months | % Chg. |
|------------------|------------------|--------------|------------------|--------------|
| TV Sets | | | | |
| TOTAL.... | 1,144,400 | +32.2 | 5,839,800 | +17.6 |
| color... | 953,400 | +39.7 | 4,959,400 | +23.6 |
| b&w..... | 190,900 | + 4.2 | 880,400 | - 7.7 |

| | | | | |
|-----------|---------|--------|-----------|--------|
| Mexico | | | | |
| color... | 576,100 | +59.5 | 2,775,400 | +31.3 |
| Korea | | | | |
| total... | 116,300 | -15.2 | 652,500 | -22.1 |
| color... | 77,700 | +40.7 | 401,500 | + 1.6 |
| b&w..... | 38,600 | -52.8 | 251,000 | -43.3 |
| Thailand | | | | |
| total... | 81,100 | +28.4 | 487,200 | +58.2 |
| color... | 79,900 | +33.3 | 486,100 | +58.7 |
| b&w..... | 1,200 | -26.7 | 1,200 | -26.7 |
| Taiwan | | | | |
| total... | 57,700 | +27.1 | 318,900 | - 3.6 |
| color... | 8,600 | -68.1 | 87,400 | -57.1 |
| b&w..... | 49,100 | +167.0 | 231,500 | +78.4 |
| Malaysia | | | | |
| total.... | 77,100 | +18.0 | 476,500 | +13.4 |
| color.... | 21,600 | +299.1 | 409,800 | +5.3 |
| b&w..... | 55,500 | -19.7 | 66,700 | +115.6 |
| Singapore | | | | |
| color... | 54,000 | +35.0 | 273,800 | +46.1 |
| China | | | | |
| total... | 123,200 | +24.2 | 495,900 | + 9.5 |
| color... | 56,400 | +55.3 | 282,700 | +31.3 |
| b&w..... | 66,800 | + 6.2 | 213,300 | -10.3 |
| Japan | | | | |
| total... | 37,300 | +49.0 | 179,800 | - 2.2 |
| color... | 26,300 | +29.3 | 108,600 | -15.3 |
| b&w..... | 11,100 | +136.1 | 71,100 | +28.0 |
| Hong Kong | | | | |
| total... | 9,200 | - 1.9 | 77,000 | +16.2 |
| color... | 8,800 | +15.0 | 55,700 | +94.3 |
| b&w..... | 400 | -77.3 | 21,300 | -43.3 |
| Canada | | | | |
| color... | 1,300 | * | 30,100 | +353.8 |

* No significant shipments in 1991.

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

Injunction preventing Accolade from developing, making or selling game cartridges for Sega Genesis system (TVD April 13 p16) was dissolved by U.S. Appeals Court, San Francisco. Court said full opinion on case, which revolved around legality of "reverse engineering" software, will be issued shortly. Sega had charged Accolade with copyright and trademark infringement in developing software for Genesis; Accolade said case went to heart of development process and charged that Sega was merely trying to bully it into becoming licensee. Accolade Chmn. Alan Miller said he was confident court's opinion "will support our position on both the copyright and trademark issues and vindicate our reverse engineering activities." Company has resumed taking orders for goods that existed before injunction was handed down, and is trying to release 3 new titles by Christmas.

Hughes-JVC Technology Corp. was formed last week as GM's Hughes Aircraft and JVC finalized agreement to set up joint venture to make and market projection TV systems based on Hughes' liquid crystal lightvalve (LCLV) technology (TVD June 1 p11). JVC is investing more than \$25 million initially for 40% interest in company capitalized at \$62.5 million, with option to increase stake to 50% within 18 months. First products will be professional models produced in Hughes-JVC Cal. plant for shipment beginning in 4th quarter of this year, with JVC licensed to produce and market consumer versions, expected to go on sale in 1994. Hughes Group Vp Joseph Bear is pres. of Hughes-JVC. Address: 2310 Camino Vida Roble, Carlsbad, Cal.

KLH Computers said it will liquidate existing inventory and close its remaining facilities. Technical and warranty support will be maintained until next April, said company, which has been operating under Chapter 11 since April. Company was founded as Entertainment Mktg. by Elias Zinn, originally functioning as consumer electronics distributor, and later acquired major interest in Crazy Eddie. Most recently, it had concentrated on supplying low-end computers through discount channels, but apparently fell victim to sharply declining prices in that market.

Sony plans to announce Sept. 16 "commercial availability of our newest portable multimedia product." Device presumably is one referred to in previous reports as "Bookman," believed to be handheld device (about 1/3 larger than Data Discman, according to some reports) that can generate text, graphics and audio from 5" CD-ROM software. Software is said to be incompatible with all other CD-ROM systems.

Curtis Mathes (CM) is emerging from bankruptcy after 7 months, CEO Gary Whitaker announced. He said more than 95% of creditors voted in favor of reorganization plan, which was confirmed in Beaumont, Tex., Federal Bankruptcy Court after uncontested hearing. Whitaker is also pres. of WRC Inc., electronic servicing firm which is national repair center for CM products and new principal owner of CM (TVD July 13 p15).

Research consortium Microelectronics & Computer Technology Corp. (MCC), owned by computer and semiconductor manufacturers, has established MCC Ventures Inc., for-profit venture capital company, in which it will keep majority interest but sell shares to others. Project is brainchild of MCC CEO Craig Fields, former chief of Pentagon's Defense Advanced Research Projects Agency (DARPA).

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 |
|-----------------------|-------------|--------------|-------------------|
| Atari | | | |
| 1992-6 mo. to June 30 | 67,344,000 | (53,596,000) | — ^a |
| 1991-6 mo. to June 30 | 112,654,000 | 28,408,000 | .49 ^b |
| 1992-qtr. to June 30 | 23,255,000 | (39,748,000) | — ^a |
| 1991-qtr. to June 30 | 49,210,000 | 30,399,000 | .53 ^b |
| Audio King Corp. | | | |
| 1992-year to June 30 | 29,239,500 | 207,105 | .09 |
| 1991-year to June 30 | 23,500,736 | 110,398 | .05 |
| 1992-qtr. to June 30 | 7,054,608 | (47,504) | — |
| 1991-qtr. to June 30 | 5,842,194 | 32,054 | .02 |
| Jones Intercable | | | |
| 1992-year to May 31 | 130,989,000 | 19,579,000 | 1.59 ^b |
| 1991-year to May 31 | 98,934,000 | (33,611,000) | — ^b |

Notes: ^aAfter special charge. ^bIncludes special credit.

Consumer Electronics Personals

Joseph Bear moves from Hughes Aircraft group vp to pres., Hughes-JVC Technology Corp., large-screen projection TV joint venture (see story elsewhere in this issue)... **Rick Bond**, Emerson senior vp with primary responsibility for Wal-Mart account, resigns, plans unknown... **Stewart Mitchell**, ex-gen. mdse. mgr., named mdse. vp at Nobody Beats The Wiz... **Larry Metz**, ex-Emerson and Packard Bell, named senior sales vp, 50/50 Microelectronics.

Allan Evelyn, ex-Finial Technology, dbx and JBL and onetime Bose national mktg. mgr., rejoins Bose as mgr. of residential market development, new title... **Paul Hurst**, ex-Sharp and JVC, named national service mgr., Goldstar Electronics International.

Appointments at New Line Home Video: **Philip Jarboe** promoted to production and distribution dir.; **Nancy Blumenthal** named mktg. operations mgr.; **Mari Anne Simpson**, ex-Edelman PR and Homestar Communications Videomedia Systems, joins as special markets and operations coordinator... **Patty Matlen** promoted to LIVE Home Video post-production vp... **Mats Caneman** resigns as gen. mgr. of Egmont Audio Visual's Swedish subsidiary to head new Buena Vista Home Video A.B. Scandinavian operation... **Yolanda Nash**, ex-AME Videocassette Duplication Div., joins Rank Video Services America as account dir.; **Ed Pessara** advanced to account dir... **Lance Binley** appointed Video Products Distributors games sales dir.

Personal computer prices are dropping so rapidly that just-issued Service Merchandise (SM) annual catalog doesn't list any retails. "We invite you to visit your local store to experience tomorrow's technology today," reads copy on spread devoted to PCs. "Due to the rapid changes in technology and manufacturers' costs, price changes are frequent on computer equipment. We continually adjust our prices so that performance advances and lower manufacturers' costs result in the best possible values for you."

Sears "Partners in Progress" awards for 1991 went to 73 suppliers, including Thomson Consumer Electronics for performance and quality standards in manufacturing Sears LXI brand color TVs.

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With Consumer Electronics

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Ads & Promotions: Compton's NewMedia will include CD-ROM sampler disk with excerpts of more than 50 programs with each CD-ROM title it sells... **Sega** this week will launch new TV ad campaign aimed at 10-17-year-olds, first spots produced by company's new agency — Goodby, Berlin, Silverstein — which won account earlier in summer (TVD July 6 p14)... **Hitachi** launched its first U.S. corporate ad campaign... **JVC Jazz Festival** match and win sweepstakes, running through Sept. 30, is interactive phone game offering more than 1,200 prizes to consumers calling 800 number to enter sweepstakes and receive number, which can be matched with winners at JVC dealers. First prize is trip for 2 to 1993 Jazz Festival in Nice, France.

More than 76% of exhibit space for Custom Electronic Design & Installation Assn. (CEDIA) Management Conference & Trade Expo has been rented, promoters said last week. Among companies exhibiting at Oct. 7-11 event at Loews Anatole in Dallas will be Mitsubishi, Panasonic, Pioneer, Sony, Thomson, Toshiba, Yamaha. CEDIA Treas. Rob Gerhardt said that with current tally of 64 companies signing on for displays, group is on pace to exceed total of 75 exhibitors participating in 1991 conference.

TELEVISION DIGEST®

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With Consumer Electronics

SEPTEMBER 14, 1992

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CABLE BILL FINAL ROUND: Bill ready for House and Senate debates this week. Bush assures allies of veto plans. Burns, Wirth renew attacks as bipartisan opposition emerges in House. NAB tactics attacked. (P. 1)

DIGITAL HDTV WORKS: ATTC tests find DigiCipher has fewer interference problems than NTSC, generally good picture quality. Rast says digital future is assured. Minor problems cited. (P. 3)

LOCAL ACCESS NEXT MOVE for cable, Eastern Show speakers predict. Industry told to get regulatory backing. Future of competitors questioned. (P. 5)

FRITTS ON FCC RULES: NAB pres. says 'Herculean lobbying effort' brought relaxation of ownership rules. He's troubled by fines against radio stations. (P. 6)

ATV AGAIN BEFORE FCC at Sept. 17 agenda meeting. Proposal is to reserve allocations for ETV stations and help in their financial bind in converting to HDTV. (P. 6)

NTIA REBUTTAL HIT: Markey says agency hasn't justified plan for industry financing of spectrum study, volleys new questions at Administration. (P. 6)

CAMPAIGN FOR KIDS' TV launching in Md. Organizers plan to work with commercial stations, but might pursue license challenges. (P. 7) Board for national endowment group forming to fund kidvid programming. (P. 7)

CABLE BILL DEBATE ENTERS FINAL LAP: Broadcasters emerged big winners last week when House and Senate negotiators added retransmission consent to final version of cable reregulation (S-12). Cable also failed to stop legislators from adopting tough program access guarantees for competitors, although MPAA influence proved significant factor in lawmakers' refusal to accept proposed curbs on foreign ownership of cable. Cable also took big hit when conferees toughened proposed rate regulations. But bill still remains under threat of veto.

S-12's political picture was changing almost hourly at weekend, with many reports contradictory and efforts to assess developments plainly risky. But there was no doubt that new bipartisan opposition was emerging in House, and that President Bush was standing by veto threat. There also was no doubt of MPAA's position -- producers finally had aligned with cable by weekend, and planned high-profile assault on Congress this week. There also was no doubt that Sens. Burns (R-Mont.) and Wirth (D-Colo.) would be among key opponents of measure. Less certain was how bill would fare in end; reports at our deadline had it both ways, with some saying chances of passage in Senate were dimming while others were going so far as to suggest veto was certain to be overridden. No matter how it was played, however, one thing was clear: Cable was in uphill battle. Congress is expected to take final action on bill this week.

Consumer Electronics

EARLY-DEC. MINI DISC launch for U.S. set by Sony, with portables at \$550 and \$750, car deck early in 1993 at \$980. New details of products revealed. (P. 9)

AUG. SAW RECORDS in sales to dealers of most major categories, highlighted by 30% VCR gains, 15% rise in color TVs. But camcorders were off 9%. (P. 10)

CAMCORDER PRICES at all-time low in July exports from Japan, average dropping \$56.40 from June. Japanese CD and laserdisc players set records. (P. 11)

MAJOR HOME PC THRUSTS in spotlight as Apple today unveils Performa series following IBM announcement of revamping of PS/1 line; target elusive. (P. 12)

JVC-MATSUSHITA PACT provides for joint R&D in compression, digital audio and video, components but continued independence as 'good competitors.' (P. 12)

LCD INSURANCE--new necessity in days of high-priced portables? Sharp thinks so, introducing it in Japan. Superbright 4" LCD TV debuts. (P. 12).

CIRCUIT CITY PROFIT UP in 2nd quarter as tighter expense controls and productivity offset gross margin decline caused by promotional environment. (P. 13)

TRADE BALANCE in consumer electronics dipped in first half, while exports rose 19.8%, imports 18.3%. (P. 13)

House-Senate conference to craft compromise cable bill went surprisingly quickly Sept. 8, with members adopting retransmission consent/must-carry and program access proposals without much discussion. Program access portion, generally drawn from House bill, includes ban on some exclusive contracts with 7-year sunset and grandfather clause for contracts entered before June 1, 1990. They also dispatched rate regulation quickly, accepting House language that would require FCC to ensure that basic cable service and equipment rates are "reasonable in competitive marketplace." Basic tier was defined as local commercial and PBS broadcast signals plus public, educational and govt. (PEG) channels. Lawmakers agreed to remove superstations from mandated basic tier. They also changed House's plan to have strict formula to determine rates to series of factors that FCC would have to weigh in reaching conclusions. But 5% cap on automatic rate increases was retained, plus provision for complaint process at FCC on rates for 2nd tier of services.

Among other changes, lawmakers: (1) Adopted Senate's customer-service provision for FCC to set standards enforceable by local franchisors. (2) Adopted House language that would curb cable's ability to evade rate regulation through retiering. (3) Dropped Senate language seeking to raise rural exemption for telco entry into cable to areas with populations of up to 10,000, effectively retaining status quo of FCC standard at 2,500. Move still would leave Commission free to pursue its pending proceeding to raise level to 10,000. (4) Adopted Senate's franchise requirements barring municipalities from granting exclusive cable franchises. (5) Doubled period in which cablers must install addressable equipment to 10 years from House's proposed 5. But roughly 40% of systems already equipped for addressability would have to comply immediately. (6) Retained House's 3-year antitrafficking rule for cable systems.

In important concession to Republican conservatives, conferees accepted most of Senate's proposals designed to curb violent and obscene programming, with exception of requirement to notify subscribers of plans to carry X-, NC-17- or R-rated movies on premium channels. Bill still would require FCC to enact rules quickly that would allow cablers to enforce ban on programming that might be considered obscene locally as protection for child viewers, and to extend ban to PEG channels. Legislators also made LPTV stations eligible for must-carry, although details on which outlets would be covered were being worked out at presstime.

Conferees spent most time arguing over eligibility of home shoppers for must-carry. They ultimately settled on language cobbled together by several members that would leave home shoppers ineligible for must-carry for maximum of 9 months while FCC completed proceeding to decide whether services met public interest obligations. Proceeding must include assessment of station compliance with Communications Act responsibilities and public comment, and FCC wouldn't be allowed to refer to findings from earlier related Commission proceedings. Conferees rebuffed Republican effort to suspend must-carry for all stations pending outcome of home shopping proceeding.

Lawmakers dropped language by House for local regulation of pay-per-view (PPV) rates charged viewers by cablers for championship baseball, basketball, football or hockey games involving teams from area. Despite impassioned plea by House Telecom Subcommittee Chmn. Markey (D-Mass.) to retain it, conferees generally agreed with assessment of Sen. Hollings (D-S.C.) that proposal was "absolutely unnecessary" in face of stated commitments by leagues to keep such games off premiums. Proposal "fabricates" problem and oversteps Congress' need to regulate cable, Rep. Rinaldo (R-N.J.) said: "About the only thing we [wouldn't have] regulated is where people can put the TVs in their homes." Markey said provision was intended as "anticipatory prophylactic regulation."

House Commerce Committee Chmn. Dingell (D-Mich.) dropped bid to force superstition blackouts of Major League Baseball (MLB) games aired in home team's market in competition with local station's carriage of same game. He said turmoil in MLB following forced resignation last week of Fay Vincent as commissioner left Dingell without support or will to continue battle: "They [MLB] lost their focus, they lost their leadership." He hopes to resurrect proposal in future.

Also not raised was cable compulsory license issue, although Dingell said House Judiciary Committee Chmn. Brooks (D-Tex.) in end had been invited to conference to make case for his counterproposal to retransmission consent. He wouldn't comment on why Brooks didn't appear, but he and Rep. Eckart (D-O.) said that conferees had been willing to "entertain" Brooks' proposal and that there was "sympathy" for Hollywood's arguments for program royalty. Eckart was author of retransmission consent proposal in House. He said he met with MPPA Pres. Jack Valenti before Labor Day and asked Assn. to draft amendment, which legislator said he promised to propose to conference. Eckart said MPAA never submitted proposal in any form, which he speculated reflected internal Assn. tensions between cable-affiliated programmers and other members such as studios.

Situation enraged Brooks, who by weekend was leading Judiciary Committee effort to block bill. His effort was supported by Hollywood, which plans to pull out all stops this week by bringing in heads of major studios to make rounds of Capitol Hill pleading case for compulsory license personally. MPAA effort will be led by MCA Chmn. Lew Wasserman, with Warner Bros. Chmn. Robert Daly, Disney Chmn. Michael Eisner, Paramount Pres. Brandon Tartikoff. It will include telephone calls and visits to legislators, especially Cal. delegation and 2 Judiciary Committees' members. Valenti sharply denounced bill as "just too ludicrous and abusive" because it doesn't give programmers compensation: "Congress has [placed] more value on the 'signals' than on the programs that people watch. The industry can't allow its valuable copyrights to be so casually treated." Brooks' effort is supported by Copyright Subcommittee Chmn. Hughes (D-N.J.) and other usual Hollywood allies.

House Telecom Subcommittee member Richardson (D-N.M.), meanwhile, was said to be trying to rally minority caucuses to oppose conference committee's perceived weakening of his provision to codify equal employment rules for broadcasters. Conferees proposed to enact existing FCC EEO rules for stations into law, rather than adopt Richardson's plan to extend more stringent 1984 Cable Act EEO rules for that industry to TV-radio.

Senate opposition was shaping up to include same forces as in past, notably Minority Leader Dole (R-Kan.) for bill's failure to raise cap on telco exemption; Burns, because there's no language providing telco role in video; Wirth, who represents cable hq. They were expected to be joined later this week by Sen. Packwood (R-Ore.), but other allies were unknown at deadline. Among options they were considering: Filibuster to prevent conference report from ever reaching Senate floor; support for President if there's attempt to override veto. Bush's veto commitment reportedly came in response to question at meeting with Senate Republicans Sept. 9 when sources said President indicated that he wouldn't back down from veto and that he expected allies to sustain him.

Wirth's opposition included sharp attack on NAB that he hoped would translate into retaliation later on any future efforts by broadcasters for legislation favoring industry. Wirth took issue with NAB memo issued Sept. 2 to Assn. members in which station executives were urged to encourage their news departments to generate stories on cable bill debate. Two-page memo was signed by NAB TV board chmn., joint board chmn. and heads of 3 network affiliate groups. Memo urged stations to use their airwaves to counter cable's ad campaign against bill. "Tell it like it is! Generate the news stories," memo said.

Conferees were expected to circulate draft report early today (Sept. 14) in hope that they could file report later same day, permitting debate to begin by midweek. It was unclear which chamber would debate bill first; complicated procedural considerations make it almost toss-up which would be better gambit for bill's backers. However, there were some indications House would take up report Sept. 17. Senate Majority Leader Mitchell (D-Me.) said last week that he planned "expeditious" action on report, but at presstime rumors of plan for Senate debate Sept. 15 couldn't be confirmed.

DIGITAL HDTV PERFORMS: First digital HDTV system did well in tests at Advanced TV Test Center (ATTC), according to report on General Instrument's DigiCipher released by ATTC. Results indicated low levels of interference and generally good picture quality. "As the first digital system to be tested, our job was to establish the validity of digital HDTV and we did that in spades," GI Vp-Advanced TV Robert Rast said. "The future clearly will be digital. The only question now is whether any other digital system, including ours, can do even better." Only analog system to be tested, NHK's MUSE, had at best mixed results (TVD May 4 p7).

DigiCipher test results that we reviewed showed no evidence of any major interference problems, contrary to expectations in Europe and Asia. In general, experts who participated in tests said that picture quality and interference levels were acceptable throughout all tests and that any interference normally is unobtrusive. DigiCipher showed less interference with other broadcasts, both NTSC and HDTV, than NTSC in most cases, tests showed. Only exception was with lower adjacent channels, where GI system performed 5-10 dB worse than NTSC. Rast said new customized SAW (surface acoustic wave) filter being tested in GI/MIT system solved part of problem. DigiCipher also was tested at NTSC power levels, and Rast said it showed it can provide same station service area as NTSC at 13 dB lower power, allowing DigiCipher to at least match and probably improve on NTSC.

Tests did highlight performance differences between 16-QAM and 32-QAM systems proposed by GI. GI had said that 16-QAM system could double station's service area with relatively small degradation of picture

quality, but expert viewers said 16-QAM's impairments would be clearly visible to average viewers in most situations. Subjective tests at Canada's Advanced TV Evaluation Lab also showed "clear qualitative differences between 16-QAM and 32-QAM." Rast wouldn't say whether GI would deemphasize 16-QAM, saying company always considered 32-QAM best in most situations but 16-QAM might have some limited uses. He said GI/MIT partnership won't submit 16-QAM version of MIT system.

Digital HDTV is more sensitive to phase noise than NTSC, which will pose minor problems for TV set manufacturers, Rast acknowledged. Problems can be resolved by improved filters in tuners and elsewhere that frequency translation occurs. Rast estimated that better tuners would add less than \$1 to price of HDTV set and said technology is straightforward: "In the scale of HDTV, this [\$1 cost] is small time. The good news is that this is all the problems we have to talk about. The test results simply showed no show-stoppers."

Picture quality generally is "excellent," Rast said. Tests did show some minor luminance falloff and "crawly artifacts" at high noise and interference levels, but experts were generally pleased with picture. Next key issue, Rast said, will be FCC Advanced TV Advisory Committee evaluation of costs of each competing HDTV system. He said he's convinced that DigiCipher will be cheaper than competitors because it's less complex. Other key issue will be whether to use interlaced or progressive scanning, which computer interests often back. DigiCipher is interlaced, MIT system is progressive.

Other findings: (1) Tests showed clear "cliff effect" for DigiCipher, with difference between near-perfect picture and unviewable picture often less than 1 dB of noise. (2) DigiCipher was 47 dB more immune to NTSC co-channel interference than is NTSC. (3) Expert viewers said picture acquisition is "extremely quick." (4) Interference from UHF taboo channels into DigiCipher had little impact, but GI said performance could be improved even further. (5) DigiCipher had 15.8 dB random noise threshold. (6) DigiCipher had "excellent" airplane flutter performance. (7) Tests on CableLabs testbed showed that GI system is more tolerant of cable-related interference than is NTSC. Full report is available from ATTC -- 703-739-3850.

Permitting "predominant purveyors of over-the-air television [TV networks] to join the cable MSO club in no way helps free television," INTV said last week in asking FCC to reconsider order permitting networks to own cable systems (TVD June 22 p3). Relaxed rule "ignores" previous FCC actions concerning need to help free TV, INTV said, while selection of 50% cap on network-cable ownership is "arbitrary" and failed to consider data available. Commission's "negative must-carry approach" -- whereby agency said it would rely on complaints from stations about noncarriage -- "is an ill-conceived, post hoc, nonremedy," INTV said. "The Commission seriously underestimates the potential for abuse" by network-owned cable systems. NBC, only network to seek reconsideration, said that although FCC has stated that 50% local cap on cable homes passed won't create undue burden on networks' ownership of cable, "that is exactly what it does," in asking that local cap be eliminated. As alternative, NBC said, cap should be based on number of TV households within given ADI, not cable homes passed, and national cap on network ownership should be pegged at 10% of U.S. TV households. NBC said FCC rules contain "restrictions that severely reduce the possibility that networks will be able to own cable systems to any significant or meaningful extent."

Total TV ad revenues were up 3.1% for first 6 months of 1992, with national syndication (including Fox TV network) leading way with 7% gain, according to TvB, which used figures supplied by Arbitron. First-half local spot was up 4.3%, national spot 2.4%, network 2.1%. For April-June, syndication was up 10.9%, local spot 3.6%, national spot 0.8%, network 1.2%. For 6 months, advertisers spent \$4.909 billion on network TV, up from \$4.81 billion; \$2.487 billion on national spot, up from \$2.429 billion; \$2.433 billion on local spot, up from \$2.333 billion; \$963 million on national syndication and Fox, up from \$899 million. TvB earlier announced that local and national TV spot spending jumped 18.7% in July (TVD Aug 31 p5).

N. American Free Trade Agreement (NAFTA), if left unchanged, will cause film, TV and video industry severe injury, putting its \$3.5-billion trade surplus at risk, MPAA Pres. Jack Valenti charged in Sept. 10 letter to Congress. NAFTA sets "dangerous precedent" by providing Canada "cultural exclusion" from pact's Intellectual Property Section, he wrote. However, Valenti praised Mexican portion of agreement. Letter asked Congress to: (1) Have U.S. Trade Representative (USTR) Carla Hills reopen talks on Intellectual Property Section as it applies to Canada only. (2) Instruct USTR to "be stern in its resolve" protecting U.S. intellectual property from "attempts to diminish it or cripple it" in future trade negotiations. NAFTA also was criticized in Congress in separate hearings last week. Rep. Rostenkowski (D-Ill.), chmn. of House Ways & Means Committee, said at panel hearing that election-year attacks threatened bipartisan consensus for NAFTA, hampering its chances for passage. Draft of agreement, more than 1,000 pages, plus 1,000-page addenda on tariffs, was released last week.

Ex-FCC Comr. Stephen Sharp was convicted Sept. 4 in Alexandria (Va.) Circuit Court of sexual assault and 2 counts of oral sex performed with neighborhood teenage boy in early 1980s. Jury recommended he be sentenced to one year for assault, 2 years each for sodomy; sentencing was set for Oct. 8. Judge Alfred Swersky revoked Sharp's bond and ordered him to jail. Earlier trial in case ended in hung jury (6 for acquittal, 4 for conviction, 2 undecided) last month. Sharp faces Sept. 16 Nov. 12 trials on similar charges allegedly committed against 2 other young men.

FCC has approved transfer of WVGA (Ch. 44) Valdosta, Ga., from Morris Network to Tallahassee Ch. 27 Inc., licensee of WTXL-TV Tallahassee. WVGA will operate as WTXL-TV satellite; both are ABC affiliates. Morris told FCC it had been unsuccessful since Sept. 1987 in finding another buyer.

LOCAL ACCESS NEXT CABLE MOVE: Next big-cable activity will be offering alternative local access telephone service, providing either fiber network that others use or telephony themselves, speakers said at Eastern Cable Show in Atlanta last week. But to be successful, they said, cable operators have to get regulatory approval for telephone number portability and colocation of switching equipment, and must develop transparent network.

"Everybody and his brother wants to get into the alternative access market," said Wayne Fox of Teleport Communications Group. Consultant Thomas Gillett agreed that alternative access will be "next big move" by cable -- and that next big trend could be telcos' using cable networks to offer alternative access in other telcos' service areas. Gillett described what he called "Armageddon strategy" in which company, such as PacTel, would use cable infrastructure to offer alternative access in Atlanta (BellSouth territory). Cable then would offer to help BellSouth do same in PacTel area. "We would supply arms to both sides," Gillett said.

Cable should move cautiously into telephony, some speakers said. For example, Teleport's Fox pointed out that alternative access market won't reach \$1 billion for several years and already is highly competitive. David Fellows, Scientific-Atlanta (S-A) pres.-transmission systems, said "it's great to think about the billions you're going to make on telephony in a few years, but you can't go broke in the interim." Gillett warned that even Personal Communications Services (PCS), in which many MSOs are interested, might not be successful alternative to cellular because of difficulty competing with improved cellular service.

Any cable company can offer transport for alternative access service, either on own or as service provider for another company, Fox said. Problem, he said, is that single MSO seldom serves entire metropolitan area, and downtown areas that are best customers for alternative access usually are least cabled: "The real trick is to move telephone calls from one area to another. You have got to learn to talk to the cable guy next door." Number portability is key issue in allowing cable to be successful at providing alternative local telephony access, Fox said. He compared refusal of telcos to admit that other carriers can use same telephone number to reach customer with post office requiring Federal Express to use different system of street addresses.

Cable operators need to become more involved in regulatory process if they want to do telephony, warned Paul Hartman, who consults mainly for telcos. He said regulators have vested interest in keeping telcos viable, since they regulate telcos: "Their future depends on keeping the business they regulate alive. If the first fiber to the home wins, who do you think they are going to give it to?" For example, Hartman said, cable is opposing video dial tone, even though regulators clearly back it. He said cable should come up with better strategy than just opposing something regulators want.

Network of future probably will involve single wire to home, Hartman predicted, but no one entity will provide entire network. Instead, he said, telcos could provide switching, cable could do transport and both parts of customer-premises equipment. Former BellSouth executive Richard Snelling, CEO of Ga. Center for Advanced Telecommunications Technology, agreed that 2 wires to home wouldn't "make sense" and predicted that telcos and cable would merge by 2021 because technologies are merging.

Cable shouldn't look at broadcasters as competitors, but as potential customers using cable networks, Gillett said in response to question about potential impact of compressed broadcast TV. He admitted that it would be possible to allow each TV station to broadcast several compressed NTSC signals, but said "we ought to be able to demonstrate to the broadcasters that that would be a waste of their money because we can provide more efficient transport."

Interactive video data service (IVDS) such as that proposed by TV Answer also probably will have limited niche, Gillett said. Fellows said, for example, that S-A's 8600 line of set-top converters will have 2-way capability relatively soon, giving them all capability and more than IVDS possesses, and able to do same things cheaper.

Show attendance wasn't hurt much by big NCTA push to get industry executives to Washington to lobby on cable bill (see separate story, this issue), or by economy, show organizer Claude Horne said. Final attendance figures weren't available, but he said preregistration was within 6-8% of total registration of about 3,000 last year. As result, he said final figure should be up slightly. Total exhibit space grew about 5% and number of exhibitors 11%, Horne said. Exhibitors themselves were less pleased. Several told us there were few potential customers at show, and biggest problem appeared to be absence of decision-making cable executives.

"Atlanta was not the place for them to be seen this week," one exhibitor said. "The place for them to be seen was Washington." Exhibitors once again grumbled about failure to merge Eastern and Atlantic cable shows. "There is no reason for these 2 shows to exist separately," one exhibitor said. Horne said Eastern Show organizers seriously considered issue this year, but concluded that its main purpose was to serve cable operators in Southeast, and best way to do that was to have independent show in Atlanta: "The door is always open, but I don't think [merged show] would fill their needs.

There was little joy for Clinton/Gore ticket at show. In addition to occasional mentions at some sessions of vice presidential candidate Sen. Gore's (D-Tenn.) support for cable regulation, C-SPAN was doing what turned out to be informal poll of conventiongoers' sentiment on presidential election. At C-SPAN booth, visitors were offered opportunity to have picture taken holding either Bush/Quayle or Clinton/Gore sign. C-SPAN employees weren't keeping count of split, but those manning Vickimatic Services Inc. booth across aisle did. They said their figures showed that about 3 times as many chose Bush/Quayle as Clinton/Gore. About 9% showed ambivalence, or discretion, by holding both.

Meetings: Preparatory meeting of International Radio Consultative Committee (CCIR) working group on harmonization of HDTV standards will be at 1 p.m. Sept. 22, NAB hq, Washington. Working group meeting is Oct. 13-15 in Washington -- 202-347-4799... Adweek and Infomercial Mktg. Report will sponsor conference on **Infomercials** Sept. 24, Waldorf-Astoria, N.Y.C. -- 310-826-6301... **CableLabs** will sponsor industry forum on new ad technology Oct. 2, Red Lion Hotel, Denver -- 303-939-8500... **Mid-America Cable TV Assn.** annual meeting is Oct. 6-8, Hilton Plaza Inn, Kansas City, Mo. -- 913-841-9241... **Cable TV Operators of Okla.** annual meeting is Oct. 16, Oak Tree Country Club, Edmond -- 405-843-8855... American Film Institute will sponsor conference on **high-definition imaging** Oct. 21-23, Walt Disney World, Orlando -- 800-724-4388.

FRITTS ON RADIO RULES: New radio ownership and duopoly rules wouldn't have been possible without "a Herculean lobbying effort" by NAB, Assn. Pres. Edward Fritts told Crystal Awards luncheon at NAB Radio Show in New Orleans last week. He said compromise rules adopted by FCC would allow "more flexibility for group operations to grow" while providing safeguards against "undue market dominance." Commission hit hailstorm from Congress when it first raised radio ownership limits to 30 AMs, 30 FMs, on reconsideration dropped that back to 18/18, with rise to 20/20 in 2 years. NAB also had sought reconsideration of higher level.

On regulatory issues, Fritts said he was troubled by "huge fines" being levied on stations by FCC. Fines "appear to go far beyond the seriousness of the offenses involved," he said. "Now I know of no broadcaster who willingly flouts the FCC regulations, but when its forfeitures increase tenfold in one year, it appears the enforcement mechanism is out of control." He cited example of station he didn't name being fined \$20,000 for failure to report outage of tower lights, while unidentified applicant was assessed \$25,000 for failure to report proposed tower site change.

Noting that NAB is challenging new FCC fine schedule in court, Fritts said Assn. believes levies are "excessive and overly onerous, especially to smaller stations." On Hurricane Andrew disaster in Southern Fla. and La., Fritts praised local stations for raising more than \$5 million to assist recovery efforts.

Firm rule governing broadcasters who enter local marketing agreements (LMAs) is "you've got to make certain that you maintain control of the station," Roy Stewart, chief of FCC Mass Media Bureau, cautioned show attendees. "Please make certain if you engage in an LMA that your mindset is on LMA, not station leasing, or you run the risk of potentially losing your station at renewal time." Commission has "put its stamp" on time-brokering aspects of LMAs. FCC "finds nothing wrong" with LMAs "as long as you don't get involved in unauthorized transfers of control" in defiance of ownership rules established in Aug., Stewart said.

Carl Hirsch, Legacy Bestg., L.A., said goal of any LMA "has to be market dominance, which drives the rate and creates economy of scale." In evaluating experiences of prior LMAs, he said, Legacy discovered most had "fatal flaw" in having been created "from a defensive strategy." In "offensive" strategy that gave rise to Radio One LMA in Cleveland -- so named for its emphasis on "one-stop shopping" -- Hirsch said that "we introduced a [sales] package that was so dominant that it simply couldn't be worked around."

Meanwhile, AT&T announced at show that it's entering its CD-quality Perceptual Audio Coder (PAC) as candidate for selection as U.S. standard for digital audio broadcasting (DAB). AT&T said it's seeking partners in development of total hardware system based on digital technology. "With our years of digital communications experience and the development of new compression algorithms and digital audio chip sets, AT&T has the key components needed for a high-quality DAB system," said Nikil Jayant of AT&T Bell Labs. PAC is proprietary compression system that encodes and decodes digital signals with such quality that the listener is unaware of any distortion or outside noise, company said. It said system could be used to improve sound quality in other markets, such as CD-ROM, voice transmission, digital TV. AT&T also is partner with Zenith in developing system for HDTV.

ATV AGAIN BEFORE FCC: FCC is preparing to issue both final order and further rulemaking on advanced TV (ATV) at its Sept. 17 agenda meeting. Order will finalize actions taken last spring (TVD April 13 p5), while rulemaking is designed to help noncommercial TV stations out of financial bind that Commission's ATV rules may be causing. Other mass media items on agenda this week include rulemakings on emergency broadcast system (EBS) and establishing safe harbor for indecent TV programming.

ATV rulemaking will propose reserving advanced TV allocations for use by noncommercial stations. It also will ask for comments on how best to help such stations financially in switch to advanced TV by FCC-mandated deadlines. Rulemaking will ask whether noncommercial stations should be held to same ATV rules and standards as commercial outlets.

Final order Commission is expected to issue will give stations 3 years to apply for HDTV (instead of 2), while keeping present 3-year construction deadline as is. FCC plans "periodical reviews" of entire process of switching to ATV, such as reviewing whether 3-year construction period "is a do-able thing," official said. During reviews, parties will be given opportunity to argue their positions. Order will give stations 15 years for full conversion to ATV, will make 100% simulcast mandatory (except for spots and promos), starting 4 years after construction, for stations taking advantage of dual-channel ATV operations.

Indecency rulemaking will pretty much follow mandate of legislation reauthorizing CPB, which contained rider banning such broadcasts 6 a.m.-midnight (TVD Aug 31 p9). Exception is for public TV stations that don't program late night. Earlier 24-hour FCC ban against all indecent programming was declared unconstitutional by U.S. Appeals Court, D.C. On EBS, FCC Chmn. Sikes has expressed much interest in upgrading system and applying it to cable -- and those are main goals of rulemaking. FCC also will seek proposals for newly designed EBS receiver and better ways to implement and coordinate system.

NTIA failed in attempt to defend agency solicitation of industry funding for spectrum study (TVD Aug 31 p3), House Telecom Subcommittee Chmn. Markey (D-Mass.) said in letter Sept. 10 to NTIA Dir. Gregory Chapados and Commerce Secy. Barbara Franklin. "The Department cannot lawfully solicit funds to finance its operations or those of its contractors," Markey said, disputing agency's earlier letter, which he said didn't provide adequate legal or historical defense to prove solicitation was appropriate under Dept.'s rules governing acceptance of gifts and bequests, or collaborative research laws on contractor financing. He accused agency of "bait-and-switch... Accepting, for argument's sake, that the authority to engage in joint research projects means the Department can work collaboratively with nonprofit institutions and even finance their activities, it does not follow as a matter of law or logic that such authority enables the Department to solicit outside funds to engage in joint projects. There must be some independent grounding for such extraordinary and constitutionally suspect activity," which he said wasn't provided in earlier letter. He demanded more exhaustive justification for actions and presented 7 new questions to agency. Dept. was given until Sept. 17 to respond.

FCC will hold lottery Oct. 7 to select tentative winners of low-power TV permits in 14 cities. Details -- Michele Woodfork, 202-634-1768.

NEW KIDS' TV CAMPAIGN: National campaign to promote quality children's TV programming and assure stations' compliance with 1990 Children's TV Act started with kickoff of maiden state affiliate, Md. Campaign for Kids' TV. Md. group, coordinated by director of statewide partnership targeting children's readiness for formal learning, will seek in part to create grass-roots coalitions in 4 areas of state with aim of influencing local broadcasters to serve "educational and informational needs of children" as required under Act.

National effort, Campaign for Kids' TV, seeks to increase public awareness and understanding of Act and foster climate in which stations are receptive to more diverse and innovative kid's fare. It would appear to have challenging road ahead, with some commercial broadcasters, for example, claiming to be unaware of group and its objectives. Campaign has raised more than \$100,000 and is co-directed by Kathryn Montgomery, former prof. of film and TV at UCLA, and husband, Jeffrey Chester, media activist who organized effort several years ago that forced creation of public TV's Independent TV Service.

State campaign intends to produce: (1) Parents' guide on kidvid viewing. (2) Report card on Md. stations' children's TV performance and compliance with Act. Act requires both public and commercial outlets to air or facilitate development of quality children's programs as new conditions for license renewal. However, Md. outlets aren't up for renewal until 1997 and Charlene Uhl, Md. coordinator, said group would work for cooperative relationships with commercial stations. Chester said that while some in coalition favor license challenges, "we want to give broadcasters the benefit of the doubt to see if positive relationships can develop." However, he said national effort would target some states in which renewals are due in 1993. Announcement of 2nd pilot site, unspecified state in South, is due next month.

Announcement of 10-member advisory board to NTIA's National Endowment for Children's Educational TV is expected soon, with first meeting late this month. Panel, appointed by Commerce Secy. Barbara Franklin, will advise her on federal grants for children's programming, which will be offered exclusively to public TV for first 2 years. We understand that members of advisory board will include: Children's TV Workshop's David Britt, Kidsnet's Karen Jaffe, Nickelodeon's Geraldine Laybourne, Churchill Films' George McQuilken, Americans for Responsible TV's Terry Rakolta. Disney and Fox executives also are believed to have been named to panel. There was no word on representatives of ABC, CBS or NBC.

News air time increased on radio stations last year despite universal staff cuts, according to annual RTNDA survey conducted by U. of Mo. Prof. Vernon Stone. With 39% response from 810 commercial stations ("heavily skewed toward AM," RTNDA Pres. David Bartlett told us), 25% said they carried more news in 1991 than 1990, about half that percentage said they aired less, 2/3 said same amount. News was on regular schedule of only one of every 5 FM stations that responded. Favorite length of newscasts was 3-5 min., although half of AM stations said they regularly present longer segments.

Britain's GPT signed \$49.5-million deal to supply telephone equipment to be used on U.K. cable systems operated by Southwestern Bell. Deal is GPT's first for U.K. cable, involves SB franchises in Midlands and Northwest England.

"We fail to see how assessing a fine that is 5 times the station's value tempers justice with mercy -- or with realism, for that matter," said Comrs. Duggan and Quello in concurring with FCC \$10,000 fine against Benito Rish, licensee of WREM(AM) Monticello, Me., for unauthorized transfer of control of station. They said: "The fact that WREM is apparently under contract to be sold for \$2,000 ought to tell us something about the licensee's ability to pay a \$10,000 forfeiture." Commissioners said they concurred "because we do not want to waver in enforcing" FCC rule against unauthorized transfers. In separate case, in which Commission dismissed personal attack complaint against WISN(AM) Milwaukee, Duggan chastised station for not giving response time to complainant David Berkman. "I can readily understand why Professor Berkman believed he was treated unfairly," said Duggan, when station talk show host Mark Belling said during Desert Storm that Berkman "won't be happy until we see Iraqi soldiers jumping for joy." By giving Berkman opportunity to respond, commissioner said, "the station could have done a great deal to defuse this situation."

Cal. judge has rejected attempt to ban Whittle Communications' controversial ad-supported Channel One high school newscast, but has imposed new restrictions to make clear that neither teachers nor students can be forced to watch it. Superior Court Judge Jeremy Fogel rejected injunction against service sought by group, including Cal. School Supt. Bill Honig, but said that teachers at San Jose school that was focus of challenge would have to be notified each semester that they had option of refusing to show it in individual classrooms. He said students also would have to be informed in writing that they had no obligation to watch it. Ruling was hailed by officials of Whittle, which reportedly has signed up 67 public and 75 private schools in Cal. and expects to gain 300-500 others there in next few years.

GE Astrospace has won bid to provide and launch next NHK (Japan Bestg. Corp.) satellite for DBS service in Japan. GE beat out Hughes and British Aerospace in bidding for BS-3N satellite, which NHK hopes to launch in April or May 1994. BS-3N will serve as backup to GE-built BS-3A and BS-3B satellites launched in 1990 and 1991, respectively, for DBS. Both use GE 3000 series platform, 2,500-lb. satellite with 3 active and 3 backup channels powered by 120-w traveling wave tube amplifiers. GE said bird is expected to remain in service 7 years. Although price of contract has yet to be decided, Japanese press reports estimated cost would be 18-20 billion yen (\$145-\$160 million). Cost includes expendable launch vehicle, for which provider hasn't yet been chosen, spokesman said.

N.Y. State Cable Commission Chmn. William Finneran acknowledged that he would "consider" offer to become FCC chmn. if Clinton wins election. However, despite leading questions at CATA Open Forum by CATA Pres. Stephen Effros, Finneran never openly acknowledged that he's likely to be considered. Effros continued to refer to him as possible candidate.

CPB appropriations would increase 12.7% to \$325 million in FY 1995 under spending plan adopted Sept. 10 by Senate Appropriations Committee. Level is \$35 million above already approved spending for FY 1994. However, CPB increase, part of funding bill for Labor and Health & Human Services Depts., still faces multiple political challenges.

RAB membership climbed 27% in last year to 2,965 stations, Pres. Gary Fries announced, highest in 3 years. Membership hit 2,341 low in Sept. 1991.

Personals

James McKinney, chief of Advanced TV Systems Committee, appointed chmn., NAB HDTV World Conference Committee... **Leonard Goldenson**, longtime ABC head, inducted into Radio Hall of Fame, Museum of Best. Communications, Chicago... **Stuart Powell**, vp-gen. mgr. of WFLD Chicago, resigns Oct. 1; **Paul Horrigan**, ex-WFLD vp-finance and administration, appointed to same post at WNYW N.Y... **Stephen Knowles** moves from vp-central sales, Warner Bros. Domestic TV Distribution, to vp-midwestern media sales.

Jedd Palmer promoted at TCI to vp-programming, domestic cable operations... **David Woodrow** promoted to senior vp-operations, Cox Cable... **Cecilia McRoskey** elected vp-information technology, Times Mirror, new post... **Lou Abitabile**, ex-Bohbot Communications, appointed vp-gen. sales mgr., WNYW N.Y... **William Scaffide** advanced to vp-gen. mgr., WKYC-TV Cleveland... **Alicia O'Neil**, ex-Warner Bros., named dir.-domestic sales, HBO... Joining Fox Bestg. Publicity Dept.: **Nancy Carr**, ex-CBS, as senior publicity mgr.-specials; **Elaine Mallon**, ex-CBS, as senior publicity mgr.-movies; **Paul Gendreau**, ex-Lorimar TV, as publicity mgr.

FCC Calendar -- Sept. 15: **Robert Pettit**, gen. counsel, participates on "Regulatory and Policy Discussion" panel at Telecommunications Reports Telco-Cable Conference, Embassy Suites Hotel, Washington, 9:15 a.m. Sept. 16: Chmn. **Sikes** addresses Business Week Information Highways Conference, McGraw-Hill hq, N.Y., 8:30 a.m. He's speaker at IRTS lunch, Waldorf-Astoria, N.Y., same day. NTIA Schedule -- Dir. **Greg Chapados** speaks at National Assn. of Telecommunications Officers & Advisers conference on "Government's Role in a Competitive World," Omni Hotel, Irving, Tex., 8:15 a.m.

Promoted to senior vps, Paramount Communications: **Earl Doppelt**, vp-deputy gen. counsel; **Rudolph Hertlein**, vp-internal and special audits. Promoted to vps: **Anthony Hull**, senior dir.-financial planning; **Martin Shea**, asst. vp, asst. secy. and dir.-investor relations; **Norman Tsacalis**, asst. vp-internal audit; **David Williamson**, asst. vp and pres., Paramount Communications Realty. Elected a dir., **Ronald Nelson**, exec. vp-chief financial officer, increasing board to 16.

Betty Cope, longtime WVIZ-TV Cleveland pres.-gen. mgr., announces intention to resign to, in part, "test the political waters" in nearby Geauga County... **Jay Whitsett** advanced to dir.-production, operations and engineering, Conn. Public TV... Travel Channel names **William Fogarty** divisional dir.-western region, new post... **Ruth Domboski**, ex-AP, appointed dir.-communications, Media Institute.

NBC TV Network plans full-scale TV affiliates' convention May 16-18 at Disney World in Orlando with spouses invited, Network Pres. Pierson Mapes said. "Socially, it will be a la the good old days," he said. Included will be closed-circuit from N.Y. of network's 1993-1994 schedule presentation to advertisers and agencies. Last April, NBC held truncated, business-only session in Burbank, Cal., with press excluded.

Three French TV companies will begin using 16:9 D2-MAC format in Nov. under agreement worked out with govt. Transmissions will be on France 2, Canal Plus and cable network Cine-Cinemas. Goal is to reach 20 hours of D2-MAC per day by mid-1993, companies said.

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College graduates with bachelor's degrees in journalism and/or mass communications didn't fare well in job market in 1991, according to study by Ohio State U., and unemployment rate for job-seekers with master's degrees was higher. Only 62.2% of bachelor's graduates had found work in their field 8 months after graduation, down 3.1% from 1990; of master's graduates, 61.5% had fulltime work, down 14.9%. Salaries and benefits also declined for 1991 first-time hires from 1990. Report, Survey of Journalism and Mass Communications Graduates, funded in part by NAB, is available from School of Journalism, Ohio State U., 242 W. 18th Ave., Columbus, O. 43210.

ABC TV Network said it will test home shopping show for at least 4 weeks following Nightline, starting week of Oct. 19. Show, called Nitecap, will offer 2 products nightly, plus entertainment. Co-host will be Robin Leach (with 2nd to be picked) and program won't sell products directly, as do cable shopping networks, but will sell coupons for price reductions via 800 number. Philip Beuth, pres. of ABC late night and early morning programming, said more than 50 affiliates have signed for program. "Ideally, this is a 1 or 2 a.m. show," Beuth said, rather than at midnight following Nightline.

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 Aug. and year to date:

| | AUG. 22-28 | 1991 WEEK | % CHANGE | AUG. 15-21 | 8 MONTHS 1992 | 8 MONTHS 1991 | % CHANGE |
|------------------|---------------|--------------|-------------|---------------|------------------|------------------|-------------|
| TOTAL COLOR..... | 575,740 | 500,682 | +15.0 | 513,187* | 12,621,392 | 11,644,954 | + 8.4 |
| DIRECT-VIEW... | 561,702 | 492,365 | +14.1 | 506,041* | 12,407,316 | 11,454,641 | + 8.3 |
| TV ONLY..... | 539,028 | 477,098 | +13.0 | 493,748* | 11,915,989 | 11,048,267 | + 7.9 |
| TV/VCR COMBO. | 22,674* | 15,267 | +48.5 | 12,653* | 491,327* | 406,374 | +20.9 |
| PROJECTION.... | 14,038* | 8,497 | +65.2 | 6,786 | 214,076* | 190,313 | +12.5 |
| VCR DECKS..... | 337,938 | 269,608 | +25.3 | 312,316* | 7,000,187* | 5,712,843 | +22.5 |
| CAMCORDERS..... | 97,811* | 62,351 | +56.9 | 55,379 | 1,618,831* | 1,605,845 | + 0.8 |
| LASERDISC PLYRS# | 5,059 | 3,390 | +49.2 | 2,874 | 126,820 | 102,933 | +23.2 |

Direct-view TV 5-week average: 1992--435,351; 1991--377,170 (up 15.4%).

VCR deck 5-week average: 1992--284,204; 1991--205,704 (up 38.2%).

Camcorder 5-week average: 1992--64,152*; 1991--63,991 (up 0.3%).

* Record for period. # Includes combi players, excludes karaoke types.

SONY SETS EARLY-DEC. U.S. MD LAUNCH: Sony last week converted Mini Disc (MD) concept into actual product, announcing that record/playback and playback-only portables would arrive in U.S. in early Dec. at \$750 and \$550 list, respectively, with \$980-list car deck scheduled for U.S. delivery early in 1993. Simultaneous Tokyo announcement said Sony would meet its Nov. 1 target launch date in Japan for 2 take-along portables, with early-Dec. delivery dates in Japan of car deck and personal MD music system that won't be sold stateside.

Mainstream news reports took Sony to task on ground that standalone portables were heavier and bulkier than envisioned earlier. At 4.5x1.7x5.5", MZ-1 record-playback model and identically sized MZ-2P playback-only unit are some 20% larger (in volume) than Data Discman player, and more noticeably larger than ubiquitous Walkman cassette recorders. Reports in Wall St. Journal and N.Y. Times said that at 1-1/2 lbs. each (same as Data Discman), new "MD Walkman" models would have difficulty in living up to sales potential of existing Walkman. But Sony executives confidently projected 70,000 MD products of various configurations would be sold in U.S. by all hardware manufacturers within first 12 months of introduction -- double quantity of CD players sold stateside in format's maiden year of 1983. In Tokyo, Sony executives estimated that comparable figure worldwide would be 300,000 MD units sold in first year, with projections that Sony would win 50% share of MD market encompassing 10 million units globally by 1995.

Articles attacking MZ-1 and MZ-2P on size and weight grounds obscured release of previously unknown features of both portables, including claim that shock memory feature affords 10-sec. buffer against jostles -- considerably longer cushion than 3-4 sec. hedge assumed since Sony announced MD concept 16 months ago (TVD May 20 p10). Recordable MZ-1 unit has "direct-access" 10-key feature allowing creation and storage of title for any home-recorded disc or track. Feature won't be available on first-generation DCC recorders from Technics, Philips, others. Backlit LCD display on MZ-1 and MZ-2P accommodates 2 rows of 12 characters for selecting desired tracks by title. "Shuttle ring" feature on MZ-2P allows one-touch cue and review for instant playback of favorite tracks. Automatic gain control on MZ-1 can set recording levels, which also can be performed manually. Portables can be powered on nickel cadmium rechargeable battery, AC adapter or car battery. Sony claims battery life of 2 hours in playback mode, 1-1/2 hours in record mode. Car deck essentially is same as prototype shown privately at Chicago Consumer Electronics Show suite. MDX-U1 has UniLink CD changer control, backlit 12-character display, detachable faceplate, diversity tuner, shuffle play, auto music sensor for accessing start of desired music selection.

Announcements appeared to enhance Sony's credibility over Philips on DCC in that MD data essentially were consistent with target pricing and delivery dates announced on eve of Chicago trade show. Although \$750 and \$550 list prices on MZ-1 and MZ-2P were higher than \$620 and \$450 targets based on simple conversions last spring of 80,000-yen and 60,000-yen prices (TVD June 1 p14), differences could be attributed to less favorable yen-dollar exchange rate now in place and normal disparity between U.S. and Japanese pricing. Japanese pricing of 2 portables actually came in slightly less than targets announced in spring.

Sony Recording Media said it will market 60-min. blank MDs (MDW-60) at \$14 list in Dec. -- same discs we were shown being produced recently at Sendai factory (TVD Aug 10 p1). Company said 74-min. blanks will be available in spring, pricing to be determined later. Sony said year ago that pricing of blank MDs would be consistent with price of high-end metal analog tapes.

Sony reiterated that 300 prerecorded MD titles would be available at time of Dec. hardware launch -- most from Sony-affiliated labels. In Japan, where 500 titles are scheduled to support Nov. 1 launch, JVC announced Sept. 10 it would start producing 300,000 prerecorded MDs monthly by year-end at its Yamato plant in Kanagawa prefecture to support its affiliated Victor Music and BMG Victor labels. Week earlier, company had announced DCC software production at its factory in Mito.

Sony America statements were careful to point out that delivery of 2 MD Walkman models in Dec. was contingent on enactment of Audio Home Recording Act. House and Senate returned from Labor Day break last week and are expected to complete work on royalty legislation before Oct. adjournment. House Trade Subcommittee last week approved bill (HR-3204) without making any changes, paving way for final vote by parent Ways & Means Committee that's expected this week. Bill already has cleared Commerce and Judiciary Committees, while Senate finished its version earlier. Lawmakers aren't expected to hold conference to reconcile what now are minor differences in House and Senate versions of bill, and proponents are confident it can be passed before Congress departs.

Meanwhile, Technics spokeswoman said still-unpriced DCC deck would be delivered "on schedule" in 12 major markets starting in mid or late Oct. She said markets will include San Francisco, Southern Cal., N.Y., Boston, Philadelphia, Chicago, Miami, Washington, Atlanta, Hartford, Minneapolis-St. Paul, Detroit. Additional marketing specifics are expected within next 2 weeks, she said. Matsushita and Sony released joint statement that they would make their patents on MD and DCC accessible to one another. It was first acknowledgment by DCC developer Matsushita that it has signed MD license.

AUG. SAW SALES RECORDS IN MOST PRODUCTS: Weak economy notwithstanding, industry saw records set in unit sales to dealers of most major products in Aug., according to EIA Mktg. Services Dept. Unit records were built on consistently strong sales throughout month, in most cases; only week in which comparisons with year ago suffered was first, probably because of shift of statistical year. Statistical first week of Aug. last year mainly encompassed final week of calendar July (with sales swelling as they often do in any month's final week), but lined up with first calendar week of Aug. this year.

VCR unit sales continued to zoom upward, showing 30% gain in month -- 7th month in last 8 to show increase. Weekly records were set in each of last 3 weeks. On seasonally adjusted basis, Aug. sales ran at annualized rate of 14.3 million units, 2nd highest of year (only July was higher at 15.7 million). For first 8 months, industry was at annual rate of nearly 12.7 million -- which, if it keeps up, would smash previous record of just over 12 million set in 1986.

Color TV sales also were up for 7th time in last 8 months -- Feb. was only exception. Size of unit gain -- 15.2% over last year -- was 2nd highest of year. Aug. sales were at seasonally adjusted rate of 22.8 million sets, and for first 8 months at rate of 21.1 million.

Sales of projection TVs set record for 2nd consecutive month, mostly on strength of big final week. Seasonally adjusted rate for Aug. was 460,511, while first 8 months was 429,182. Rate in Aug. was 2nd highest this year, trailing only July's 476,992.

Camcorder was only major category with Aug. decline, with strong final week not quite making up for fall-offs in first 3 weeks of month. Annualized rate of 3,142,000 units in Aug. raised rate for first 8 months up to 3,088,000. For year to date, camcorder sales were at record, but by less than 1% (see State of the Industry). Here are July figures on sales to dealers, from EIA:

| Product | Aug. 1992 | Aug. 1991 | % Change | Aug. 1990 |
|-------------------|------------|-----------|----------|-----------|
| Total color..... | 1,733,734* | 1,506,752 | +15.1 | 1,463,655 |
| Direct-view... | 1,699,158* | 1,475,135 | +15.2 | 1,441,637 |
| TV only..... | 1,645,082* | 1,423,844 | +15.5 | 1,407,238 |
| TV/VCR combo. | 54,436* | 51,291 | + 6.1 | 34,399 |
| Projection.... | 34,216* | 31,617 | + 8.2 | 22,018 |
| VCR decks..... | 1,041,887* | 801,550 | +30.0 | 644,192 |
| Camcorders..... | 211,535 | 232,422* | - 9.0 | 193,360 |
| Laserdisc players | 10,430 | 11,486 | - 9.2 | N.A. |

* Record for any Aug.

JAPAN CAMCORDER PRICES AT ALL-TIME LOW: In 9th month of declining shipments, camcorders from Japan are beginning to show evidence of price cutting. Despite greater sophistication and new features, prices of camcorders shipped to U.S. from Japan in July hit all-time low in both yen and dollars, Finance Ministry reported.

Average price of camcorder exported from Japan, still source of more than 95% of units imported into U.S., hit new low of 64,516 yen in July, down 13.2% from year earlier and 10.6% from preceding month. In dollars, that works out to \$512, down \$22.60 from July 1991, despite fact that dollar shrank 10 yen in meantime. It's still too early to tell whether this is start of price collapse and panic selling by Japan or just a one-month phenomenon -- July's average price is \$56.40 below average for June.

In VCRs, average price in July was down 6.9% in yen, but up 2.7% (\$6) in dollars (to \$230) as result of slippage in U.S. dollar over 12-month period. Although it's now source for less than half of all VCR imports here, Japan is considered to be supplier of most higher priced decks. Camcorder shipments from Japan declined 13.6% in July and 34% in 1992's first 7 months. VCR deck shipments were down 12.7% in July and 2% in 7 months. Unlike camcorders, VCR deck declines weren't due to lack of demand but to larger shipments from other Far East countries. VCR sales to dealers in U.S. were running at all-time high rate (see separate report, this issue).

Two records were set in July exports from Japan to U.S. -- Compact Disc players at 745,441 and laserdisc players at 43,258. CD players in July surpassed previous monthly record of 679,010, set just one month earlier, by almost 10%, and were 34% ahead of same 1991 month. In first 7 months, CD player sales were up 55.8%. Laserdisc player shipments rose 33.3% in year and 31.3% in 7 months.

July exports from Japan to Canada (7-month totals in parentheses): Color TV 259, up 388.7% (3,239, down 26.4%); VCRs 61,165, down 1% (253,846, down 1.6%); camcorders 24,816, up 109.3% (114,036, down 23.6%); videodisc players 1,741, down 25.6% (9,222, up 18.4%); CD players 49,290, down 26.3% (301,157, up 14.8%). Here are Japanese Finance Ministry figures on exports from Japan to U.S. in July and year's first 7 months:

| Product | July '92 | July '91 | % Chg. | 7 Mo. '92 | 7 Mo. '91 | % Chg. |
|-------------------|----------|----------|--------|-----------|-----------|--------|
| Color TV..... | 8,447 | 5,532 | +52.7 | 69,709 | 80,177 | -13.1 |
| VCR decks..... | 527,953 | 604,600 | -12.7 | 3,412,681 | 3,480,761 | - 2.0 |
| Camcorders..... | 289,230 | 334,602 | -13.6 | 1,354,448 | 2,051,000 | -34.0 |
| Videodisc players | 43,258 | 32,448 | +33.3 | 192,422 | 123,532 | +31.3 |
| CD players..... | 745,441 | 556,263 | +34.0 | 3,812,169 | 2,903,550 | +55.8 |

Color TV glut in China continues despite elimination of taxes by central govt. last April to encourage domestic purchases. In this year's first 7 months, China produced 7.31 million sets, but sold only 3.53 million, China Daily said, "creating a massive surplus of 3.78 million sets." Last year, only 5.42 million were sold out of total production of 11.94 million. State Statistics Bureau, meanwhile, reported that China imported 20,000 TV sets in June, up 178.9% from year earlier, along with 640,000 picture tubes, up 20.8%.

Radio Shack International (RSI) is new division created to coordinate foreign franchising of Radio Shack dealers and distributors. Until now, foreign and domestic franchisees were coordinated under same organization. Company said it will add more than 20 new dealer or distributor outlets by early next year in Argentina, Brazil, Chile, Costa Rica, Greece, St. Lucia, Santo Domingo, Thailand, Saudi Arabia, Venezuela. RSI has dealers and distributors in 40 countries.

MAJOR HOME PC THRUSTS: Latest round of attempts to unlock much-pondered "home computer" market were moving into high gear with IBM's announcement last week of revamped PS/1 lineup and Apple's official unveiling Sept. 14 of Performa line of home computers. Pursuit of defined home computer market is occurring at same time as major consumer electronics retailers are committing to larger, more sophisticated PC sales efforts.

Home has remained elusive target for computer makers since days of such warhorses as Texas Instruments 99/4A, Atari 400, Commodore 64. Among most notable failures was IBM's PC Jr. Question in some cases is whether PC makers are defining their efforts merely via distribution channels (consumer electronics retailers or department stores) or in fact configuring their systems in more "user-friendly" formats to ease entry of first-time buyers.

Apple, which was conceived as home computer company (founders Steven Jobs and Steven Wozniak envisioned computer in every household), and which seized early lead with Apple 2 series, has added series of modifications to basic Macintosh operating system to make computer less intimidating to first-timer. Most basic configuration has built-in monitor, 4 Mb of RAM, 80 Mb hard drive, expected to retail for \$1,250. Top model has 5 Mb of RAM, 160 Mb hard drive, CD-ROM drive (supporting multisession Photo CD, CD-ROM/XA, audio CD, CD+G, CD+Midi) at expected \$2,499 retail.

IBM announced introduction of 21 models in 3 groups, each aimed at particular target customer and distribution channel. "Consultant" collection, to be carried by CE superstores and mass merchandisers such as Sears and Montgomery Ward, is aimed at new users who will do business or school work at home. Expected retail prices in Consultant series are \$1,000-\$3,000, depending on power, speed, included software packages. "Expert" line, distributed through computer superstores such as Computer City and BizMart, is designed for 2nd-time PC buyers. "Essential" line, to go through office warehouses such as Office Depot and Staples, is designed for those purchasing computer for small business.

Elsewhere, Compaq said it had signed agreement with, among others, Circuit City, to carry its computers. In June, Compaq introduced low-priced ProLinea line to address home and personal-use market.

VCR Plus code numbers have been added to Prevue Guide Channel's program listings, which run on top half of cable channel's screen. VCR Plus developer Gemstar has signed agreement with Prevue Networks for "long-term promotional partnership," which includes advertising on Prevue as well as "mutual merchandising."

Recoton completed acquisition of Protur Inc., Ontario, which was 50% owner, with Recoton, of RCI Accessories, distributor of Recoton products in Canada. RCI now is 100% owned subsidiary of Recoton. Protur's sales in year to May 31 were about \$4 million (Canadian) and RCI's sales in last calendar year were \$2.7 million (Canadian).

Pioneer plans major U.S. ad campaign for "AV theater," featuring projection TV and laserdisc player, according to announcement in Japan. Running through Jan., drive will involve TV and print ads, with heavy promotion in N.Y., Chicago, San Francisco, L.A., Dallas, Miami, Richmond. Company said some 7,000 stores will participate in campaign promotions.

JVC-MATSUSHITA PACT: Stressing that JVC will continue to act as completely independent company, JVC and 52.4% owner Matsushita now have formal agreement on exchange of "basic technological research."

In outline of agreement, companies emphasize primarily that both will maintain their "originality," each will "plan, manufacture and sell its own products individually" and they will continue as "good competitors."

Although both companies previously have exchanged research on "theme-by-theme basis," new plan calls for regular exchanges, dictated by rapid changes in electronics as new formats and products are developed, combining complex technologies. State of economy, high cost of individual company research and need for swift development of new products are cited. Rapid new-product development, companies say, "will stimulate the AV and multimedia markets." Matsushita recently reported 62% drop in pretax income for first half and JVC forecast deeper loss for fiscal year (TVD Aug 31 p16).

Technological exchanges involve picture and sound compression technology, digital audio and video and basic parts and components technologies, including LSI. They already have begun -- 10 general managers of research centers from companies "have had discussions about R&D and general [audio and video] technologies since this spring," they said, adding that similar joint meetings will be held 4-5 times yearly, with lower level technological exchanges every 2 months.

"Through information and opinion exchanges," outline said, "it has become clear which research themes should be shared and which should be carried out individually. Some R&D will take at least 2 or 3 years; others will take as long as 10 years." Joint meetings are being held both at JVC hq in Tokyo and Matsushita's home base of Osaka. First results of joint efforts are expected next year, JVC said.

LCD INSURANCE: New necessity in age of high-priced TV portables -- "LCD insurance?" Sharp Insurance, one of companies affiliated with Sharp, leader in LCD TV, now is offering theft insurance to Sharp LCD owners -- another first in Japan. "Crystal Mate" policy, whose premium is 1,200 yen annually (\$9.75 at current exchange rate), compensates for loss when LCD and its car mount are stolen. Maximum compensation is purchase price of TV set.

Presumably to be covered by Crystal Mate policies, new superbright 4" LCD TV was announced by Sharp in Japan -- just as deliveries begin on earlier version in U.S. New Japanese TV is claimed to be twice as bright as conventional LCD, with reflection reduced by factor of 10, permitting viewing of clear pictures outdoors on bright day. Front panel of LCD has nonreflective coating and space between panel and LCD device itself is filled with acrylic resin to eliminate internal reflections.

In U.S., meanwhile, Sharp's 4" LCD monitor TV, originally announced in May and shown at Summer Consumer Electronics Show (TVD May 18 p13), will be delivered to dealers by end of this month at \$600 suggested list price.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 123 yen = \$1, except where noted.

CIRCUIT CITY PROFIT UP: Circuit City said increased operating efficiency offset gross margin decline as company reported 23.5% increase in net income for 2nd quarter ended Aug. 31 (see financial table). As previously reported, chain's sales in quarter rose 13.6% to \$721.2 million, with comparable stores up 4%. For first half, it posted gains of 14.5% in sales and 29.3% in net income as comparable-store sales rose 4%.

Gross profit margin dropped to 27.8% from 29% year earlier, blamed by Pres.-CEO Richard Sharp on "increase in competitive and promotional activity." On other hand, he said improved expense ratio (selling, general and administrative expenses were 23.1% of sales in most recent quarter, down from 24.2% year earlier) reflected "commitment to productivity gains and expense control and the improved results from our credit card operation."

"CC's comparable-store sales trend reflects a continuation of the challenging retail sales environment," Sharp said. He said company's overall sales growth was limited by slowdown in pace of new store openings -- Circuit City opened 4 stores in first half, with another 26 scheduled by Thanksgiving. Company now has 187 superstores, 11 smaller CC locations, 38 Impulse mall stores.

* * * * *

Sun TV & Appliance said sales for 2nd quarter to Aug. 31 rose 48.4% to \$78.7 million and comparable-stores 7.5%. Total sales jumped 44.3% to \$149 million in first half as comparable-store revenues rose 5.7%. Pres. Robert Oyster said stores in northern Ohio, which company entered last fall, "continue to improve and perform exceptionally well." Sun's incursion played havoc with market, contributing to failure of Akron-based Home Centers, which abruptly shut its 14 stores (TVD March 23 p15), and troubles of The Appliance Store, which filed for bankruptcy (TVD April 13 p11) and closed several Ohio stores earlier this year.

CE TRADE BALANCE DIPS: Imports of consumer electronics rose 18.3% in first half, but exports increased 19.8%, EIA reported. Nevertheless, CE products' negative balance of trade grew 17.9% to \$5.486 billion from \$4.653 billion in first half 1991.

Entire electronics industry slipped from \$766 million positive balance in 1991 to \$2.594 billion negative in 1992 half, EIA said in analysis of Commerce Dept. data. CE imports totaled \$6.963 billion in first half of 1992 and exports \$1.477 billion. Total electronics industry imports rose 13.3% to \$40.451 billion, while exports inched up 3.8% to \$37.857 billion. EIA Pres. Peter McCloskey called export growth rate "acceptable," attributing it to improving U.S. economy coupled with record low dollar.

In addition to CE, major export growth came in electromedical equipment and telecommunications, with slight increases in solid-state products, electron tubes, computers and peripherals and telecommunications; biggest growth of imports was shown in same products. In 2nd quarter, consumer exports declined 3.8% from same 1991 period, while total electronics exports grew 1.5%, led by industrial products, whose exports were up 8%.

Software Toolworks said it had reached new agreement to market OEM versions of New Grolier Multimedia Encyclopedia on CD-ROM for Macintosh, MPC computer and IBM-compatible computers. It also announced expansion of agreement with Nintendo to develop "edutainment" for Nintendo Entertainment System (NES) and Super NES.

NEW WCES EXHIBITORS: EIA said that space reservations for Winter Consumer Electronics Show are running 19% ahead of last year and that show would see several major names returning to main floor.

Apple Computer, which is scheduled to launch first of its personal digital assistants (PDAs) in 1993, and which this week debuts line of consumer-oriented Macintosh computers (see story elsewhere in this issue), will be at WCES for first time. Company in past has been at summer show, most recently in June with booth devoted almost entirely to Macintosh. Motorola will be another first-timer at winter show.

RCA brand, which last made significant appearance in 1988 in exhibit in Gold Room (which no longer exists since Las Vegas Convention Center (LVCC) was renovated), will be on main floor. Others returning to floor are Mitsubishi (which most recently had major exhibit in home theater area at Mirage in 1990), and Sony (with mobile electronics display).

Show will feature expanded videogame area, with 30% increase in size of Sega booth. Nintendo again will occupy 65,000 sq. ft. temporary building next to rest of videogame exhibits in South Annex of LVCC. Acclaim Entertainment, which has exhibited within Nintendo and Sega booths, will have own exhibit area in Jan. Also in videogame area, Turbo Technologies will make first WCES appearance since it took over marketing of TurbograftX system from NEC.

FRANCE CHANGES TCE PLAN: French govt.'s plan to merge loss-making Thomson Consumer Electronics (TCE) and semiconductor business of Thomson S.A. with highly profitable govt.-owned Commissariat a l'Energie Atomique, known as CEA (TVD Dec 23 p12) will be put into effect -- but without TCE.

When plan was announced, CEA executives bitterly criticized it as allowing TCE to "plunder" its cash reserves to reduce TCE's \$1.8-billion debt (TVD March 23 p14). Under new French plan, CEA will take over from Thomson as chief owner of 45% French holding in SGS-Thomson, European semiconductor manufacturer that also is operating at loss. French govt.'s France Telecom will take over smaller interest in SGS-Thomson.

Italian govt. owns another 45% of SGS-Thomson, remaining 10% being held by Thorn-EMI of U.K. TCE now is affected only indirectly by transaction. Thomson S.A., umbrella corporation owned by French govt., holds 100% of TCE, part of SGS-Thomson and nonpublic majority of defense and industrial electronics firm Thomson-CSF.

At time of original announcement last Dec., plan was hailed by TCE as providing balance between "the volatility of the consumer electronics sector [and] the more stable environment of the energy industry."

Dixons' Chmn. Stanley Kalms told shareholders last week that company's U.K. stores have evidenced "more positive trend" in sales over last 2 months, Financial Times reported. FT said Kalms reported no significant changes in Dixons' other businesses, including U.S. retailing operations in Silo stores. Dixons earlier reported that Silo's comparable-store sales for first 9 weeks of fiscal year (through July 4) were off (TVD July 13 p13). In recent annual report, Kalms said company expects better results from Silo "even if the market remains flat."

Consumer Electronics Personals

Named to newly created posts of mdsg. mgrs. at Radio Shack: **Dick Donnelly**, ex-southeastern gen. mgr. for Circuit City, for audio/video group; **Gordon Dixon**, buyer, for personal electronics, seasonal goods and parts; **Joel Guskin**, senior buyer, for communications and automotive; **Bob MacQuigg**, senior buyer, for computer merchandising... **Harold Kahn**, ex-Macy's, named Montgomery Ward pres. and member of board... **Peter Groenenboom**, adviser to Philips board and until earlier this year senior managing dir. of Philips Consumer Electronics Div., appointed chmn. of Internatio-Mueller, engineering and trading firm, effective Dec. 1.

Richard Wolfe, ex-Kraco, named Gemstar mktg. dir... **Shari Haber** leaves as Sony America corporate communication dir., is available for assignments within industry, can be contacted at 201-327-7712... **David Hankin**, ex-SRI International, named senior vp, consultant BIS Strategic Decisions... **Michael Stelts**, ex-Alpine, joins Denon America as product mgr. for Professional Audio Div... **Michael Norris**, ex-Murata, named vp, consumer products, Compaq Computer Corp., new post, to oversee retail expansion... **Robert Garriott** becomes Electronic Arts (EA) vp in wake of EA's acquisition of Origin Systems (see story elsewhere in this issue), continues as pres.-CEO of Origin as EA subsidiary; Origin Senior Vp-Creative Dir. **Richard Garriott** continues in those roles, adds title of EA exec. producer.

Edward Hanlon, ex-NAC Home Video, J2 Communications and Lorimar Home Video, named Hemdale Home Video southwestern regional sales mgr., new post... Appointments at Western Publishing's Golden Entertainment: **Paula Consiglio** from Western's Golden Press to senior product mgr.; **Jim Davis**, ex-Rank Retail Services America, joins as national account executive; **Todd Davls** promoted to national account executive... Paramount Communications Exec. Vp-Chief Financial Officer **Ronald Nelson** elected to board; Deputy Gen. Counsel **Earl Doppelt** and Internal Audit & Special Projects Vp **Rudolph Hertlein** advanced to senior vp. Promoted to vp: **Anthony Hull**, financial planning; **Martin Shea**, investor relations; **Norman Tsacalis**, internal audit; **David Williamson**, who also serves as Paramount Communications Realty pres.

Highland's major trade creditors plan to meet this week to decide next course of action after U.S. Bankruptcy Court, Detroit, turned down their request for formation of separate committee of trade creditors, distinct from institutional creditors, to help formulate chain's reorganization plan. Sharp Finance Vp Barry Kaye, testifying on behalf of trade creditors, protested that proposed composition of creditors' committee -- 2 from banks, 2 from insurance companies, 3 from trade suppliers -- placed suppliers at inherent disadvantage since "the institutional investors have more in common with each other than with us" in deciding possible major issues. Major trade creditors thus far have declined to sit on existing panel. Kaye noted that Highland had filed affidavit in support of trade's position, and expressed hope that court ultimately would "act in the best interests of the debtor" (Highland). Possible courses for suppliers, he said, would be to join committee, not do anything until plan is proposed, or bear expense of forming unofficial committee to work toward formation of plan. Kaye said "there's nothing normal about this case," given unusually long period (15 months) over which Highland and creditors unsuccessfully tried to keep matter out of bankruptcy court.

Financial Reports of TV-Electronics Companies

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

| Company & Period | Revenues | Net Earnings | Per Share |
|--------------------------|---------------|---------------|-----------|
| Circuit City Stores | | | |
| 1992-6 mo. to Aug. 31 | 1,366,091,000 | 32,834,000 | .68 |
| 1991-6 mo. to Aug. 31 | 1,192,876,000 | 25,386,000 | .54 |
| 1992-3 mo. to Aug. 31 | 721,251,000 | 21,450,000 | .45 |
| 1991-3 mo. to Aug. 31 | 634,822,000 | 17,365,000 | .37 |
| National Semiconductor | | | |
| 1992-13 wk. to Aug. 30 | 472,400,000 | 21,900,000 | .17 |
| 1991-13 wk. to Aug. 25 | 411,000,000 | (168,000,000) | -.17a |
| Paramount Communications | | | |
| 1992-9 mo. to July 31 | 3,062,400,000 | 160,000,000 | 1.34 |
| 1991-9 mo. to July 31 | 2,729,100,000 | 38,900,000 | .33a |
| 1992-qtr. to July 31 | 1,063,900,000 | 113,300,000 | .95 |
| 1991-qtr. to July 31 | 963,900,000 | 101,200,000 | .86 |

Note: aAfter special charge.

DLJ Merchant Banking, subsidiary of Donaldson, Lufkin & Jenrette investment firm, is buying 75% of U.K.'s Nimbus Records formerly held by financially ailing Maxwell Communications Corp. No price was disclosed for sale, which was orchestrated by Price Waterhouse, Maxwell's court-appointed administrator, Financial Times said, quoting Nimbus officials as saying they had been seeking investor "with the strongest commitment to the future of CD technology in all its audio and multimedia applications." Report said Nimbus has global work force of 650 employees and presses 70 million CDs annually in U.K. and U.S.

Sony campaign for fall audio-video line is tied to home video release of Hook by its affiliated Columbia Tri-Star. In promotion through year-end, consumers purchasing one of 7 Sony receivers will get choice of 2 videocassettes from among 9 selections in Columbia Tri-Star library. Sony Hi-Fi Div. Vp Victor Pacor said: "We believe that the audio provides a viable opportunity for enhancing the home movie experience, and the campaign message strongly connects our receivers to popular movies on cassette."

Bang & Olufsen cut its net loss sharply in year ended May 31 despite generally poor market conditions. Danish company reported pretax loss of equivalent of \$5.5 million, down from \$24.9 million loss in preceding year (based on current exchange rate). Sales increased slightly to \$410.4 million from \$399.4 million. Company said improvement was due to better cost structure and management and corporate organization changes. Philips acquired 25% of B&O in 1990.

Electronic Arts agreed to acquire Origin Systems, Austin, Tex., software developer and publisher for about \$35 million. Origin, which will be run as 100%-owned EA subsidiary, had net revenues of \$13 million and pretax profit of \$3.2 million in most recent fiscal year. Company has developed and published more than 30 titles on personal computer and CD-ROM platforms and developed programs for videogame platforms.

JVC's first 2 phone products in U.S. will be integrated cordless phone and answering machine combinations due on market next month at "nationally advertised prices" of \$219 and \$349. JVC entered Japanese telecommunications market in 1988. U.S. phones, which are being sold out of company's Information Products Div., are "based" on models selling in Japan with some modification for U.S., spokeswoman said.

TELEVISION DIGEST®

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SEPTEMBER 21, 1992

VOL. 32, NO. 38

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

HOUSE OKAYS CABLE BILL: Bush reaffirms veto promise as S-12 wins narrow veto-proof margin in House. Bipartisan Senate coalition against bill seen whipping up opposition. Final votes expected this week. (P. 1)

FCC EASES ATV DEADLINE, gives broadcasters extra year to begin HDTV. More simulcast flexibility set, but NAB still is dissatisfied. Duggan, Marshall question HDTV future, seek fallback position. (P. 3)

CABLE TELEPHONY EASED by FCC. Private telephone networks to be allowed to interconnect with telcos. Decision seen opening door to cable entry into telephony. Congress-mandated compromise ends 2-GHz dispute, solves PCS problem. (P. 4)

SIKES SEEKS ACCOUNTABILITY by broadcasters for TV violence, journalistic ethics. He tells IRTS that developing guidelines is chance to lead, calls 1993 'year of television regulatory reform.' (P. 4)

SIKES--LET FCC REGULATE: Chmn. urges Congress and courts to end micromanagement of communications industries, takes potshot at Washington lobbyists. Commerce secy. boosts Bush Administration. (P. 5)

RTNDA CONVENTION: More than 1,600 expected for sessions starting Sept. 23. 'Strongest lineup' of speakers and programs. Couric, Auletta, Stahl, Bell, Sauter, Harvey among speakers. (P. 6)

CABLE BILL CLEARS HOUSE: House upheld conference agreement on cable bill (S-12) last week, 280-128, setting in motion chain of events now certain to produce confrontation with White House. However, S-12 supporters failed to break cable-Hollywood-White House alliance against measure that was just 9 votes shy of margin it would have needed to assure House support for veto. Opponents saw hope in vote for their efforts to stop bill in Senate and were redoubling lobbying, inspired by renewed commitment from President Bush Sept. 17 to veto bill. "The President has never lost yet on an override vote," S-12 sponsor Sen. Danforth (R-Mo.) told us after House action. "I think it's going to be tough." S-12 support is expected to be put to test early this week in Senate.

Proponents would have needed 289 votes (if all members had voted) last week to guarantee veto override in House. Democrats were trying to make light of margin, pointing especially to 23 House members who didn't vote. House Telecom Subcommittee Chmn. Markey (D-Mass.) said "solid" 10-15 of missing members support measure and could be counted upon to help override veto if necessary. "We will be fine," House Commerce Committee Chmn. Dingell (D-Mich.) said of possible override effort. Seventeen of 23 members absent voted for bill in July. Both chambers passed original bills (S-12/HR-4850) by veto-proof margins earlier in year -- 73-18 in Senate and 340-73 in House.

Consumer Electronics

WORLD'S FIRST DCC DECKS sold at opening of Tandy Incredible Universe. (P. 11) Philips to start Japanese DCC sales today, opening U.S. market in Nov. (P. 15) Megastore mobbed at opening. (P. 16)

SONY'S PORTABLE CD-ROM player can feed color TV, PC or own built-in screen. Backed by IBM, Microsoft and others, it uses 'XA' multimedia platform. (P. 11)

U.S. COLOR OUTPUT UP 47% in 2nd quarter, imports rising 22.7%. Domestic output comprised 50% of total color in quarter, 50.7% in first half. (P. 13)

TCE SEES RECORD YEAR, profit in U.S. operation, outlines 80% RCA ad budget rise. Canon repositions to emphasize high-end and pro camcorders. (P. 13)

AUDIO COMPONENT SALES drooped in July, EIA figures show, but total audio volume was up 4.2%. (P. 15)

GOOD & BAD NEWS in House-passed cable bill: Compatibility with TVs and VCRs is aim, but FCC is empowered to set specs for 'cable-ready' sets. (P. 16)

EIAJ CALLS ON JAPANESE GOVT. for 'employment adjustment' subsidies for consumer electronics firms as recession deepens. Industry drop of 16-17% seen. (P. 17)

RETAILERS' RESULTS IMPROVE, though in 2 cases that means smaller loss, not larger profit. (P. 17)

Opponents in House read figures differently, first citing fact that their side picked up 55 new votes over July total. "At this rate of change, it's quite possible that a presidential veto could be sustained," NCTA Pres. James Mooney said, contending that vote made "clear the word is spreading that this is an anticonsumer bill that will make rates go up, and not down." There were 22 Democrats and 31 Republicans who switched supportive July votes to oppose bill Sept. 17. Democrats cast 38 votes against bill, up from 11 in July. But at same time, 73 Republicans still opposed Bush, including Minority Leader Michel (R-Ill.), who cited retransmission consent as reason he switched to support measure. Five Republicans switched to join majority. Most of votes switched against bill came from Cal., Fla., N.J., N.Y., O. and Pa. delegations, including several rural members; many of changes clearly reflected influence of Hollywood lobbying, or alliance with House Judiciary Committee or MSO opponents. Rep. Richardson (D-N.M.) failed in his bid to turn minorities against bill as protest against changes made in S-12's equal employment obligations for broadcasters.

Commerce Committee Republicans believe vote will encourage fence sitters in Senate to oppose bill, confident of Bush's support. "We're very happy," said one. However, top aide to House Minority Whip Gingrich (R-Ga.) said his boss believes GOP needed to come within no more than 6 votes of veto-proof margin to have realistic chance of sustaining President. White House official said Administration has commitments from 15 House members willing to switch their votes and sustain veto if needed. Same official also said Bush has "enough" votes in Senate to stop bill.

Differing assessments on vote may be more of same back-and-forth that has characterized highly volatile debate in recent weeks. But one thing was clear: Bush is committed to veto. President told House and Senate GOP leaders in new letter last week that he certainly will veto S-12 for proposing what he called "heavy-handed" regulation that "will hurt Americans by imposing a wide array of costly, burdensome and unnecessary requirements on the cable industry and the government agencies that regulate it." Commitment had bill's advocates worrying at weekend about potential for heavy White House role in debate to erode Senate support significantly. But Gene Kimmelman of Consumer Federation of America (CFA) said he believes supporters would hang tough and produce veto-proof margin in Senate plus 61 votes that would be needed to cut off any filibuster.

Dole by week's end was leading President's effort to block bill, assisted by bipartisan group including Sens. Brown (R-Colo.), Burns (R-Mont.), Craig (R-Ida.), Cranston (D-Cal.), Fowler (D-Ga.), Helms (R-N.C.), Packwood (R-Ore.), Shelby (D-Ala.), Symms (R-Ia.), Wallop (R-Wyo.), Wirth (D-Colo.). There was much talk at our presstime of possible filibuster, in part because of Burns' threat on floor earlier in week that he planned to "do everything I can to stop this anticonsumer and anticompetitive bill." Any such effort will be challenged immediately by Senate Majority Leader Mitchell (D-Me.), who promised to force vote to end excessive debate. Leaders don't want lengthy debate that would back Congress up against adjournment date and allow veto to go unchallenged by override effort for lack of time. Bill must reach President 10 days before adjournment if it's to avoid pocket veto while Congress is absent. Leadership last week said Congress will remain in session few days longer than planned.

Extent of S-12 support in Senate was subject of much debate. Proponents believe that conference committee's weakening last week of Senate's tougher regulatory language would undermine opposition. Opponents will need to pick up 16 votes in Senate to reach 34 necessary to block bill. Retransmission consent also won't be a factor it was in House; Senate bill and Republican alternative had contained provision. As promised, House Judiciary Committee Chmn. Brooks (D-Tex.) and Copyright Subcommittee Chmn. Hughes (D-N.J.) led efforts to derail S-12 on ground that their cable compulsory license reform alternative never had appropriate hearing before House conferees accepted Senate language for S-12. Jurisdictional squabble formed focus of much discussion last week, in part because Dingell revealed that Hollywood could have deadlocked conferees on issue if its allies had attended. Brooks responded it still would have been no-win situation for his side because conference was stacked against studios' interests.

Themes of Senate debate otherwise are likely to be much as they were in House. Unlike earlier House debate when program access was big issue, subject barely received mention last week. Instead, proponents focused on ad campaign by cable, which was branded as everything from "scurrilous" to "lies" for claiming consumer rates would increase when govt. studies argued reverse. "A vote for the bill has the effect of giving a \$6-billion tax cut," Markey said, citing CFA estimates of consumer savings that would result if current trend in rate hikes is slowed or eliminated. "There is no way in the world this bill is worse than the status quo," CFA's Kimmelman said.

S-12 supporters also sought to dispel cable's claims that retransmission consent would drive up cable rates. "Very few" stations are likely to use that right, Rep. Tauzin (D-La.) said. "It's not that big a deal."

Rep. Lent (R-N.Y.) said: "I know it's election time and we are all hungry for votes... but this is not the way [to get them] because voters are smart enough to recognize this bill is going to raise, not lower, their rates." Hughes contended retransmission consent was broadcasting's "great train robbery" while Rep. Moorhead (R-Cal.) accused broadcasters of "hijacking" bill in conference. Brooks said plan for broadcasters would mean "interminable, inevitable litigation," and would require "flights of rhetoric worthy of William Jennings Bryan" to explain to voters. Rep. Eckart (D-O.) urged cable allies to abandon opposition with argument that "Time Warner, which made a lot of money off their Cop Killer lyrics, will make a whole lot more off their bill-killer tactics."

NAB remains confident of allies' ability to override veto, Pres. Edward Fritts said: "The cable monopoly and the foreign-owned Hollywood studios took their best shot and still failed to prevent a clear 2/3 majority vote in support of this legislation. We are confident the votes are there to override a veto."

FCC EXTENDS HDTV DEADLINE: FCC gave broadcasters more HDTV flexibility at its meeting Sept. 17, and 3 commissioners sounded warnings about likely success of HDTV. New Commission rules give broadcasters at least one more year to begin HDTV, loosen definition of simulcasting, suspend dual network rule and set aside HDTV channels for noncommercial broadcasters. But Comr. Duggan warned that FCC could face "digital Da Nang" if it doesn't have "retreat" strategy if HDTV fails.

Broadcasters will have 3 years to apply for HDTV licenses instead of original 2 (TVD April 13 p5). Latest decision retains 3-year period for stations to install HDTV equipment, and adds that those that apply before end of 3-year period still will have total of 6 years from time that FCC sets HDTV standard to begin broadcasting. Agency refused to extend 15-year deadline for total transition to HDTV from NTSC, prompting NAB Pres. Edward Fritts to say that "broadcasters are extremely disappointed that the FCC has adhered to its rigid and unrealistic time frame." He said he's encouraged that Commission will review its timetable periodically.

FCC rejected "staggered" deadlines for HDTV conversion, Mass Media Bureau Chief Roy Stewart confirmed. Broadcasters had asked that agency give stations in smaller markets, for example, more time to apply for HDTV and build facilities. Stewart said it would be difficult to distinguish between time needs of profitable stations in small markets and unprofitable stations in large markets.

In latest in long series of HDTV rulings, Commission said it made preliminary decision that station must simulcast at least 50% of its programming on NTSC and HDTV channels within one year after 6-year application and construction period, moving to 100% 2 years later. However, it defined simulcasting as broadcasting same basic program material, excluding ads and promotions, on both channels within 24-hour period. Stewart said FCC settled on 24-hour period, rather than true simulcasting, to give broadcasters more flexibility.

FCC agreed to set aside specific HDTV channels for noncommercial broadcasters, as it did for NTSC. Stewart said decision was to assure that there would be adequate channels for noncommercial stations and that such outlets wouldn't have to compete for licenses with commercial broadcasters. Commission also sought comment on whether noncommercial stations should be given more flexibility in construction timetable and financial qualifications.

In other HDTV decisions at meeting, Commission: (1) Suspended dual network rule to allow broadcast networks to provide separate NTSC and HDTV feeds to affiliates. (2) Declined to modify secondary status for LPTV for HDTV purposes or to set deadline for LPTV conversion to HDTV. (3) Deferred decision on methodology for assigning channels until it selects allotment approach. (4) Refused to set HDTV production standards. (5) Set timetable for periodic review of HDTV policies, although Stewart indicated timing isn't final pending approval of all commissioners. He said previously announced 1998 policy review probably would be delayed until 1999. (6) Sought comments on whether station's HDTV call signs should be same as NTSC, but with "appropriate 2-letter suffix."

FCC could "find itself in a digital Da Nang" if it decrees the death of NTSC and the market doesn't share the optimism of the FCC and the industry," Duggan said at meeting. In separate statement, he said Commission must "confront soberly" possibility that HDTV won't be market success: "Wise generals plan not only for triumph, but for possible retreats. Our public interest obligations require that we begin to think realistically about what happens if the campaign should bog down in the marketplace." Duggan said agency should begin making contingency plans that "preserve the FCC's options" if HDTV fails.

Chmn. Sikes said he "reject[s] the underlying premise" that HDTV might fail. He attributed "endemic" pessimism mainly to "difficult economic times." Stewart said that he was "very surprised" at talk of retreat and that FCC could spend time more productively than worrying about it. Comr. Marshall also said part of policy may be wrong: "I am becoming increasingly convinced that the real key to broadcasters' continued competitiveness lies not in HDTV as a crisp picture, but in its potential for spectrum-efficient multiplexing. In my view, broadcasters must become multichannel providers to continue to flourish in the long run."

Pointing out that FCC is requiring HDTV conversion only for broadcasters -- cable, satellites and others retain option -- Marshall said: "I just hope we haven't stacked the race against broadcasters by making them the HDTV rabbit." Comr. Quello said he also was concerned about consumer acceptance of HDTV and is glad FCC is slowing process at least slightly. He said he would prefer to give broadcasters even more flexibility on simulcasting.

CABLE TELEPHONY EASED: In moves seen as easing cable entry into telephony, FCC last week required local telcos to make it easier for outsiders, including cable companies, to connect to telephone company networks. FCC also compromised with Capitol Hill to take further look at procedures for displacing incumbent microwave users in 2 GHz spectrum.

FCC's interconnection decision Sept. 17 requires telcos to allow companies that provide private lines to businesses and others to connect their customers to long distance networks. Commission said nontelco carriers could request to have their equipment located within telephone company central offices, and telephone company would have to grant that request. Interconnections could start later this year. Commission also proposed to apply same connection decisions to carriers that want to carry switched traffic as well. Decisions are considered critical to making it possible for nontelco companies, potentially including cable, to compete for local telephone business.

In spectrum decision, FCC took first solid step of determining that space in 2 GHz band would be available for new uses, including Personal Communications Services and wireless data, both of which cable is considering offering. But Commission asked for further comment on how incumbents could be displaced by newer technologies. Congress, particularly Sen. Hollings (D-S.C.), had been concerned that FCC was about to displace incumbent users in 2 GHz bands, particularly utilities, attaching rider to FCC appropriations bill that could have delayed allocations for PCS for 8 years. House Telecom Subcommittee Chmn. Markey (D-Mass.) said he expects rider to be dropped in House-Senate conference on appropriations bill as result of Commission action, but Hollings didn't make similar promise. Under proposal, Commission suggested range of transition periods for replacing current users with new services, ranging from 3 to 10 years. FCC had pushed for more time, Hill for less.

News Corp., which owns 50% of British Sky Bestg. satellite TV service through its U.K. subsidiary News International, reported 65% increase in net profit to \$531 million for year ended June 30.

SIKES SEEKS ACCOUNTABILITY: Broadcasters should exercise free speech rights "with a sense of accountability for the consequences of content," FCC Chmn. Sikes said in IRTS speech in N.Y. last week, criticizing violence and tabloid journalism on TV. Noting that time is running down on congressionally approved 3-year antitrust exemption allowing broadcasters to cooperate to develop TV content guidelines, he said guides are "chance to replace lowest common denominator followership with real leadership." With amount of violence on TV, Sikes said: "Maybe it's no surprise that one recent study concluded that long-term childhood exposure to TV is a causal factor behind half of the homicides." Owners and CEOs should accept responsibility for effect of TV on society, rather than blame writers, Sikes said.

It's "time to return real journalism to the newsroom," Sikes said. He said journalistic ethics requires covering "not just what people want to know, but also what they need to know." He criticized Time Warner release of song Cop Killer, saying: "The First Amendment camouflage was being used once again to mask strictly commercial considerations." When pressure became too intense, he said, "the commercial considerations -- and thus the corporate utterances -- changed" and recording was withdrawn.

Sikes said 1993 will be "year of television regulatory reform," referring to rulemaking that he said should be concluded in first quarter. He said relaxing TV station ownership rules to allow UHF owner to add another station in market could save \$3 million (25%) per year. He said he believes reelecting President Bush will mean that rules will be "expeditiously reformed." He also again made pitch for letting marketplace make technology decisions, saying open policy has contributed to virtually every new media product in world.

ATC is selling its 42.5% interest in Denver Mile Hi Cablevision to minority partnership headed by Robert Johnson, pres. of Black Entertainment TV, price not announced. Current shareholders Liberty Media and Daniels Communications, along with Community Cable TV, will be limited partners. System, which has 94,000 subscribers, will be managed by TCI.

SIKES—LET FCC REGULATE: Congress and courts should return to FCC discretion to deal with market entry questions involving telcos -- "although I'm not optimistic" -- FCC Chmn. Sikes said at symposium Sept. 16 on "The New Communications Infrastructure" sponsored by Business Week in N.Y. He said FCC successfully accomplished task until 1982 court decision breaking up AT&T, and agency is "fully and attitudinally devoted to assuring a fair regulatory framework -- one which fully protects the public and forestalls predatory actions."

Sikes said although several members of Congress have keen insight into telecommunications matters, "it's not clear to me that Congress will ever be able to act on a communications agenda in a forceful, forward-looking way." He said most of lawmakers spend "little time on communications issues [and] consequently they aren't going to develop the insights and understanding that are necessary to say 'no' to the special-interest pleaders." Another problem, he said, is "the gravitational pull of jurisdictional disputes" among committees -- which is evident between House Judiciary and Commerce Committees.

On advanced TV and HDTV, FCC chmn. said U.S. "has literally leapfrogged Japanese and European technology." American entrepreneurs have "confounded the predictions of earlier developers," he said: "I'd have to give our scientists and engineers -- and those who support and encourage them -- a solid 10." He also praised developments in digital cellular, video compression and video dial tone, among others.

At same time, Sikes took potshot at Washington lobbyists, saying he hoped R&D people "are as creative as their industries' Washington spokespeople are critical... In Washington, the newspaper publishers insist that phone companies' involvement in information services threatens some yet-to-be-defined editorial treasure. Broadcasters? They've packaged their brand of protectionism in the same familiar wrappings, claiming that any change means 'free' television will disappear. Cable, from its monopoly perch, claims that phone companies want to cartelize the whole business. And, the phone companies? Well, they operate on the principle that what they have is never enough."

U.S. telecommunications policy under President Bush has been "neutral," Sikes said. "We have avoided picking one particular technology or group of competitors to be some sort of national 'chosen instrument.'" Opposite is true in most other countries, he said, citing Japan and Germany. Asked later what situation would be if Germany and Japan are right, Sikes said: "It won't happen. [U.S.] private sector has learned some important lessons." He said new-technology developments have torn down many barriers in regulation and other areas. FCC is considering 13 broad service categories of new technologies, he said, and promised: "The operative characteristics of the U.S. communications landscape will be diversity, choice and competition."

Speaking at lunch same day, Commerce Secy. Barbara Franklin gave what was described as campaign speech for reelection of Bush. "What did you expect," we were asked. Franklin didn't mention controversies on cable research (TVD Sept 14 p1) and outside funding for study of auctions (TVD Sept 14 p6) that have erupted in Congress over NTIA. While she didn't mention cable bill specifically, Franklin said govt. should do "everything possible to avoid reregulation where an industry has been deregulated." And, she, said, existing regulations should be abolished "as soon as possible."

Majority of Senate Foreign Relations Committee clearly is disposed to create new radio network to beam daily news of internal events to China and other Asian nations, members said at hearing last week. But Sen. Biden (D-Del.) admitted potential high cost was significant hurdle but said he would press ahead with plan next year. He has proposed creating new Radio Free China service administered by Board for International Bestg. (BIB). In 81-page report to White House, congressional Commission on Bestg. to China recommended that U.S. create new service modeled on BIB's Radio Free Europe/Radio Liberty (RFE/RL). Panel estimated new service would cost \$30 million to start and \$35-\$39 million annually, which some at hearing might said have to be financed by expanding or redirecting funds from USIA or BIB. Commission said new service is needed because USIA's extensive VOA broadcasts into Asia focus on "telling America's story" while one like RFE/RL would act as surrogate local news service. Commission Chmn. John Hughes, ex-VOA dir., said China service would have "harder edge" than VOA. He also said putting it under USIA control could conflict with State Dept.'s need to maintain good relations with China. USIA is State Dept. unit. Minority led by Commission member Gene Mater, ex-senior vp, CBS News, said that proposal unfairly "knocked" VOA and separate China radio service would have been appropriate 20 years ago, but that country's increasing participation in world economy already has opened it to outside influences. Minority said U.S. should build on existing VOA in Asia. Commission agreed unanimously that more U.S. broadcasts are needed to Communist countries in Asia to counter "repressive" local regimes. President Bush hasn't taken clear position on separate radio service for China. State Dept. indicated interest in idea but expressed reservations about cost. BIB and USIA made clear at hearing that they were at odds over proposal, which some said could spell demise of program not selected to provide new service. Earlier reports for Congress and White House had suggested dismantling or replacing BIB services as relics of Cold War.

FCC Chmn. Sikes refused to become embroiled in dispute over NAB effort to increase local station new coverage of cable bill debate, saying in letter to Rep. Schaefer (R-Colo.) and House Commerce Committee Chmn. Dingell (D-Mich.), that FCC "has been careful to avoid directly involving itself in the news process... The Commission cannot direct stations in their news coverage and it will not attempt to become the 'arbiter of truth' with respect to broadcast news." Some House members had complained to agency about NAB's efforts to get stations to generate news stories on debate, arguing that it amounted to news manipulation. Sikes said, however: "In years past, the Commission has clearly and repeatedly indicated its concern that stations licensed to operate in the public interest not engage in suppression of news or distortion of their news coverage." He said agency might have to act if complaint of violation by individual licensee were filed in connection with NAB campaign. However, Sikes said Commission has no jurisdiction over trade groups and emphasized agency's care in considering First Amendment issues.

Fox and parent News Corp. were sued by Rainbow Bestg., which lost in challenge to license renewal of Fox's KTTV, L.A. Suit filed in L.A. Superior Court charges that News Corp. interfered with Rainbow's financing agreement with Bank of America, seeks \$500 million damages. In unrelated development, News Corp. said it planned to issue \$1 billion in debt security, plus 40 million common shares, to reduce \$2.4 billion in debt due in Feb. 1994. Move will cut Chmn. Rupert Murdoch's stake in News Corp. to 35% from 39%.

RTNDA'S 'STRONGEST LINEUP': With preregistration of 1,119 up from last year, RTNDA is expecting more than 1,600 at Sept. 23-26 convention in San Antonio. Historically, during presidential election years, RTNDA has met in Dec. and Pres. David Bartlett said that "in a way, we're taking a very big gamble." But, he said, "we have the strongest lineup of speakers and programs in my memory." List includes Paul White Award winner Paul Harvey (ABC), Martin Bell (BBC), Ted Turner, Ken Auletta (author of "Three Blind Mice"), Leslie Stahl (CBS), Van Gordon Sauter (Fox), Katherine Couric (NBC).

ABC, NBC, CNN, Fox and CBS will have meetings of affiliates' news dirs. opening day, with CBS planning to announce changes in its morning news program. They're expected to include more time for local news and local spots, we're told. "CNN will be very well represented with a big presence," said Bartlett.

Sessions are scheduled on investigative reporting, "My Anchor Can't Read, My Reporter Can't Write," minorities in media, news on cable, talk radio, campaign and election night coverage, ethics, legal issues and local marketing agreements, among others. Added to agenda last week was session linking via satellite "6 influential members of Congress" from Washington, who are to question panel of 6 reporters in San Antonio. At our deadline, RTNDA had name of only one lawmaker: Rep. Scheuer (D-N.Y.).

TV networks are devoting more time to coverage of policy issues in presidential campaign as compared with previous campaigns, Center for Media and Public Affairs said. However, it said coverage continues to air many more favorable comments about Democratic candidate Clinton than about Republican candidate Bush. Comments about Clinton have been 44% positive, Bush 31%. Comments from "nonpartisan" sources are even more heavily in Clinton's favor -- 49% positive vs. 24% for Bush, it said. Center gave this example of positive and negative comments: Of Clinton -- "He has my vote. I think he's fantastic," by voter on CBS. Of Bush -- "He has articulated no vision of where this country should go in an economic sense," by economist on ABC. Networks combined have aired 596 stories on policy issues during campaign, led by NBC, Center said.

FCC Actions: Commission issued final order fining Benito Rush, owner of **WREM(AM)** Monticello, Me., \$10,000 for illegally transferring control of station... Law Judge Edward Kuhlmann issued initial decision renewing Abacus Communications license for **KJQN(FM)** Ogden, Utah, and fining Abacus \$10,000 for misleading FCC about audience coverage and antenna site... Commission rejected applications by Paducah Newspapers and others to refuse right of Alexander Macpherson to transfer CP for **WDKA-TV** (Ch. 49) Paducah to Robert and Marion Sudbrink. FCC said it's in public interest to allow station to be operated as satellite of **WCEE-TV**, Mt. Vernon, Ill., but said **WDKA-TV** studio must be built within 12 months... Commission proposed to fine **Ricardo Samitier** of Miami \$16,000 for operating unlicensed FM station.

Program Notes: NBC licensed format rights to its I Witness Video show to 2 European TV companies, Senior Vp Susan Beckett said. Deal will allow German RTL Plus and Dutch RTL 4 to develop series with similar format... **Business TV channel** will be launched by southern Chinese province of Hainan, Wall St. Journal reported... TV station will broadcast 14-1/2 hours daily... **PRISM** cable channel said it no longer will repeat prime-time programming in same month.

NTIA has withdrawn controversial plan to solicit industry contributions to fund study of ways of conducting spectrum auctions (TVD Aug 31 p3). In letter to House Telecom Subcommittee Chmn. Markey (D-Mass.), NTIA Dir. Gregory Chapados said agency still believes solicitation would be within spirit and letter of law, but "prolonging the controversy over the notice would not serve any constructive end." Spokesman said that withdrawal of bid for contributions effectively also cancels spectrum bidding study itself for lack of funding. Markey, who had called funding plan "outrageous" and demanded that it be withdrawn, said: "Clearly, the NTIA saw the error of its ways. I declare this question settled in my favor." Chapados cited "substantial internal legal review" that he said confirmed that NTIA could accept "gifts" to help fund study, which was to be conducted by Cal. Institute of Technology. Legal memorandum indicated that money would be from consortium arranged by AT&T, but that auction opponents also would be solicited. Second memorandum said NTIA proposed mailing solicitation letter to 122 trade associations, foundations, corporations.

Rep. Rinaldo (R-N.J.), senior Republican on House Telecom Subcommittee and broadcast industry ally, has joined ranks of congressional retirees. He announced late Sept. 11 that he wouldn't seek reelection this year, leaving Congress after 20 years in office. Rep. Moorhead (R-Cal.) is next in line in seniority among Subcommittee Republicans but already has opportunity to assume GOP leadership post as ranking minority member of parent Commerce Committee, succeeding another broadcast industry ally, Rep. Lent (R-N.Y.), who also is retiring. Ranking Committee Republican normally doesn't take similar post on subcommittees. Moorhead also has considerable seniority on Judiciary Committee, which he has used to protect interests of his Hollywood constituents. He hasn't announced plans for next year. Rep. Ritter (R-Pa.) follows Moorhead in seniority on both Commerce Committee and Telecom unit. Rinaldo said that being in minority was "frustrating at best, but in time of heightened partisanship is even more difficult." He said he was approached about private sector job, but wouldn't disclose details.

PBS special on minority voters, *Voices of the Electorate*, won't include remarks by Democratic presidential candidate Bill Clinton, but will contain disclaimer noting that producer Independent Production Fund (IPF) disagrees with excision. In statement late last week, PBS said inclusion of "2 lengthy, free and unedited statements" by Clinton "would be inappropriate," in part because President Bush had declined to participate in program. IPF disagreed, noting that Bush campaign had been asked several times to participate. Disclaimer at end of program -- scheduled for broadcast Sept. 20 and 21 -- states that Clinton response, "originally a part of this program, was removed at the insistence of PBS and APS [series facilitator American Program Service] based on their evaluation that his remarks did not specifically address the issues raised in the program; and to include his response alone, without an accompanying response by the President, was inappropriate. The producers disagree."

More than 170 programmers have ordered exhibit space for Jan. 25-28 NATPE convention, Moscone Center, San Francisco. NATPE reserved 230,000 sq. ft., 95% of which has been sold, according to Nick Orfanopoulos, vp-conferences and special events. Among first-time exhibitors are ACI, Assoc. TV International, Family Channel, Independent TV Network, Saban, TV Answer. NATPE will be held in conjunction with INTV convention for first time.

Cable industry is confident on appeal of FCC's video dial tone (VDT) decision because it "contorts" 1984 Cable Act, lawyer Frank Lloyd told session of Eastern Cable Show in Atlanta week ago. FCC ruling that telcos don't need local franchise to provide video service is among biggest problems, he said, because Commission did "very bad job" of providing legal justification: "They may have done the best they could, but they can't get around the law." He also predicted that states would appeal VDT decision, which preempts state regulatory role. NCTA Legal & Regulatory Vp Daniel Brenner said VDT "is not necessarily a terrible vision in the abstract," but it violates law and "leaves cable terribly exposed." He said 3/4 of VDT order deals with protecting against telco cross-subsidies, but then suggests that telcos be allowed into video business anyway. At same session, lawyer Mark Palchik said FCC has fewer cable rules than ever, but is enforcing them more strictly: "They have adopted a zero tolerance policy." He said cable leakage is one of biggest concerns because operators could be subject to fine even if leakage is caused by newly installed illegal hookup. Palchik called FCC's kidvid rules "a sneaker" because cable operators could be subject to fines if programmers, whom they can't control, violate rules. One possibility is getting signed agreement from all programmers that they won't violate kidvid rules, he said, but some networks such as Family Channel have refused to sign. Brenner said NCTA is "busy at work trying to cause mischief" in FCC's HDTV proceeding. Main concern is that broadcasters be forced to simulcast HDTV and NTSC channels so they don't get 2nd license without competition, he said. NCTA also wants assurances that broadcasters can't charge for HDTV programming, he said.

Digital compression for cable systems will be available in quantity by first quarter 1993 at per-channel equipment price comparable with analog, Viacom Senior Vp Edward Horowitz predicted. He told cable-telco conference organized by Yankee Group that bidders in CableLabs competition are trying to find way to cross-license among themselves "so there is not one big winner and one big loser." In response to question as to whether "cable-ready" TV set is dead, Horowitz said it never really existed. In digital world, he said, there will be one digital unit in home that feeds several modules, making TV set "communications ready." Bellcore Video Systems Exec. Dir. Jules Bellisio said "technology is well in hand" for asymmetrical digital subscriber line (ADSL) system, which uses technology similar to ghost-canceling to allow standard twisted pair telephone lines to deliver 1.5 Mbps video to homes. Compression Labs Vp James Lakin said company already is demonstrating terrestrial version of its SpectrumSaver compression system to telcos. Technology, which is used over satellites for videoconferencing, would allow telcos to deliver high-quality video over T-1 circuits, he said. Lakin also said similar technology could be adapted to provide 3-to-1 compression on cable channels, and eventually as many as 6 TV channels over standard 6-MHz cable channel.

First meeting of NTIA's Advisory Council on Children's Educational TV has been set for Sept. 29 at Commerce Dept. Council will advise Commerce Secy. Barbara Franklin on program grants to be made by National Endowment for Children's Educational TV, which is funded at \$2 million in FY 1992. Endowment was established under 1990 Children's TV Act. In addition to 5 members named earlier (TVD Sept 14 p7), other members of Advisory Council are: Eagle Nation Films Pres. LeVar Burton, Motorola Chmn. George Fisher, Center for Research on the Influences of TV on Children Co-Dir. Aletha Huston, Family Communications Pres. Fred Rogers, Walt Disney Exec. Vp Joe Shapiro.

FCC launched first update of Emergency Best. System (EBS) in 17 years at meeting Sept. 17, and began proceeding to implement new indecency rules required by Congress. In EBS action, Commission proposed: (1) New emergency alerting system and equipment. (2) Inclusion of cable, satellites and other media in EBS. (3) Easing of EBS test rules. (4) Mandating EBS equipment standards. Commission said EBS eventually could be extended to cellular, personal communications networks, other services. Comr. Duggan said update is needed because EBS was designed to warn of nuclear attack, but now is used mainly for weather alerts, and current system is likely to be disabled by weather. Cable and others, like broadcasters, would be encouraged to be voluntary participants in EBS, but Mass Media Bureau Chief Roy Stewart said adding cable is important because those watching such programs wouldn't get alerts otherwise, leaving "one of the big gaps" in system. Commission began rulemaking to implement new limits on indecent programs mandated by Public Telecommunications Act of 1991. Congress said indecent programs can't be broadcast 6 a.m.-midnight (10 p.m. for public stations that go off air at midnight). Current limit is 8 p.m., and courts have rejected 24-hour indecency ban. Gen. Counsel Robert Pettit acknowledged to reporters that FCC almost certainly will comply with congressional directive for 6 a.m.-midnight ban, and main purpose of rulemaking is to build public record that can be used to sustain court appeals, which he said are virtually certain. Comr. Marshall said keeping indecency off air later is important because "significant number of children" remain in audience after 8 p.m. Comr. Duggan said broadcasters' alternative to govt. intervention is "greater self-restraint."

New TV stations on air: (1) Independent WOCD (Ch. 55) Amsterdam, N.Y., returned to air after being dark since 1991. Russell Bixler is pres.-20% owner, Timothy Horton gen. mgr., Blake Richert chief engineer, David Skeeba program dir. (2) Independent WMFD-TV (Ch. 68) Mansfield, O., went on air Aug. 27, licensed to Mid State TV. Gunther Meisse is pres.-gen. mgr. and 51% owner, Vp Charles Hire 30%, Treas. Glenn Cheeseman 19%. Wayne Fick is chief engineer, Glenn Cheeseman sales mgr. New starts raise operating U.S. TV stations to 1,499, of which 1,132 are commercial, 367 noncommercial.

FCC Gen. Counsel Robert Pettit will leave Commission and be in new job by Oct. 1, he told us last week. However, he said he hasn't decided what job he will take. Pettit has recused himself from participating in decisions involving law firms, including Crowell & Moring, Morrison & Foerster and Wiley, Rein & Fielding. He was subject of lengthy tributes during FCC meeting last week from Chmn. Sikes and others.

Renaissance Communications is buying 4 Fox-affiliated TV stations from Chase Communications for \$175 million: WTIC-TV Hartford, KDVR Denver, WXIN Indianapolis, WATL Atlanta. Renaissance now owns 4 TV stations.

Merger of publishers Reed of Britain and Elsevier of Netherlands has been agreed upon, will create company valued at more than \$9 billion. Reed's recent U.S. acquisitions through subsidiary include Variety and Bestg. magazines.

Freedom Forum gave \$1.5 million to Vanderbilt U. for international hq for Forum's First Amendment Center. It's largest cash grant in Forum's history, Chmn. Allen Neuharth said. Center was established in 1991 to foster better appreciation of First Amendment.

Meetings: MPAA Pres. **Jack Valenti** will be guest at reception 7 p.m. Sept. 22 in Rm. S-211, U.S. Capitol, heralding publication of his novel *Protect & Defend* -- 202-293-1966... Broadcast management conference Sept. 22-25 will be sponsored by **National Assn. of Black Owned Bcstrs.**, Vista Hotel, Washington -- 202-463-8970... **FCBA lunch** Sept. 23 features FCC Comr. Duggan. Other FCBA speakers for 1992-1993: Oct. 22 -- Ameritech Chmn. William Weiss; Nov. 19 -- NPR correspondent Nina Totenberg; Jan. 21 -- Justice Raymond Randolph, U.S. Appeals Court, D.C. Circuit; Feb. 18 -- ABC correspondent David Brinkley; March 18 -- NBC Exec. Vp-Gen. Counsel Richard Cotton; April 29 -- Continental Cablevision Chmn. Amos Hostetter; May 25 -- Freedom Forum Chmn. Allen Neuharth; June 24 -- Court TV Pres. Steven Brill. Lunches will be at Washington Marriott Hotel... Annenberg Washington Program sponsors colloquium on **telco-cable** 9:15 Sept. 24 at program offices, 1455 Pa. Ave. NW, Washington -- 202-393-7100... Former FCC Chmn. **Richard Wiley** speaks Sept. 30 at Media Institute lunch, Mayflower Hotel, Washington -- 202-298-7512... **IRTS** seminar on new network TV season will be Oct. 8, 5:30 p.m., NBC Conference Room A, N.Y... **Practising Law Institute** will host Nov. 5-6 seminar on First Amendment issues, Holiday Inn Crowne Plaza, N.Y.

CPB board, charged with examining objectivity/balance of public broadcasting's national programming under new reauthorization law, has opted against pursuing controversial program content analysis and instead is likely to base its monitoring on complaints from viewers and others. Board plan 6 years ago to commission such study was opposed by industry and ultimately dropped under congressional pressure. Board this time has asked management to look into methods for publicizing its new role, with possibilities including: (1) Establishment of toll-free complaint line that stations might be asked to publicize on air. (2) Public hearings across country to be attended by groups of board members. At meeting last week, board member Victor Gold handed out complaint of alleged anti-Israel bias in PBS programming that originated with article in magazine *Commentary*, but it's unclear what, if any action, CPB will take. Board must report to Congress by Jan. 31 on its efforts to implement amendment, hopes to have mechanisms in place by then.

SkyPix was forced into involuntary bankruptcy last week by U.S. Bankruptcy Judge Thomas Glover, Seattle. He ordered that examiner be appointed to oversee operations of satellite TV company and said parties will be allowed to submit reorganization plans on expedited basis. Under Chapter 11 proceeding, SkyPix management is required to get approval of court and examiner for any expenditure exceeding \$1,000, any new contract and any attempt to borrow funds. Glover also dismissed SkyPix's counterclaims against creditors, with prejudice. He cited SkyPix's nonpayment of wages in May and June and various efforts to slow payments to creditors.

FCC's Advanced TV Advisory Committee set Feb. 24 for final decision on what HDTV system to recommend to Commission. Meeting begins at 10 a.m. at FCC hq. Only full members of Committee, not representatives, will be able to vote, Chmn. Richard Wiley said. Meanwhile, AMST said HDTV systems will be demonstrated at group's Oct. 1 HDTV conference and system proponents will participate in debate at conference, 9 a.m., ANA Westin Hotel, Washington. Other speakers include Cap/ABC CEO Daniel Burke, FCC Chmn. Sikes, FCC Comr. Quello, NTIA Dir. Gregory Chapados, Wiley -- 202-462-4351.

USA Network has spent \$75-\$100 million to launch Sci-Fi Channel, Pres. Kay Koplovitz said in speech last week to Washington Metropolitan Cable Club. There's solid audience of 65 million science fiction aficionados, many waiting eagerly for channel to launch Sept. 24, she said. Network will have mix of programming, including old TV series such as *Lost in Space* and *Voyage to the Bottom of the Sea*, theatrical movies already released such as *Star Wars* (which will be first program shown on network) and dozen new movies to be produced at \$2.5 million each. There also will be nonfiction programming, including series hosted by Nichelle Nichols (from *Star Trek*) and one debunking National Enquirer types of stories, Koplovitz said. When network starts programming at 8 p.m. EDT, available to estimated 10 million subscribers, there will be computer-generated version of "Big Bang" creation of earth, Koplovitz said. She was enthusiastic about channel, saying she hadn't seen comparable strength in programming in other startups.

Demonstration against alleged anti-Arab bigotry was mounted Sept. 15 at CBS Washington bureau by American-Arab Anti-Discrimination Committee (ADC). Group protested what it said were anti-Arab comments by anchor Dan Rather, CBS board member and analyst Henry Kissinger and analyst Fouad Ajami at June 3 fund-raiser sponsored by Jerusalem Foundation. Comments cited included Rather's saying he celebrated 25 years of Jerusalem's being united under Israeli rule. Group also quoted Kissinger as saying "you can't really believe anything an Arab says" and Ajami as saying he didn't want to eat with Bedouin and didn't support elections in Arab countries. CBS News Pres. Eric Ober responded in letter to ADC that neither Kissinger nor Ajami represented CBS News and "comments made by individuals in their personal capacity are not the responsibility of CBS." ADC organized similar protest at CBS hq in N.Y. 2 weeks earlier and is attempting similar actions at CBS affiliate stations, spokeswoman said.

NTIA's Public Telecommunications Facilities Program (PTFP) offered FY 1992 grants totaling \$19.94 million for 115 projects -- 61 TV, 54 radio. Grants were made to projects in 43 states plus Guam, Northern Mariana Islands, Puerto Rico. As was case last year, 11 are for \$500,000 or more, while 2 exceed \$1 million: (1) \$1.22 million (total project cost is \$1.63 million) to U. of Mont. to establish satellite KUFM (Ch. 11) Missoula that would have 2-way interconnection with KUSM Bozeman. PTFP said project would provide first PTV service to 122,200 residents of 8 Western Mont. counties. (2) \$1.06 million (total cost is \$2.13 million) to Miss. Educational TV to replace translator station and outmoded transmitters, antennas and other equipment at 2 full-service stations. Offers were released Sept. 10, with prospective grantees having 15 days to accept awards, although rejections -- usually involving concern about ability to meet match requirements -- are rare.

FCC Mass Media Bureau proposed random audits of public broadcasting stations to gauge compliance with underwriting rules. Plan, among Bureau's goals for year that begins Oct. 1 (FY 1993), hasn't been approved yet by Commission. It's response to broad IRS examination of corporate sponsorship -- funding of activities not directly related to nonprofit's mission are taxable up to 34% as unrelated business income. It's unclear whether proposed audits are intended primarily to heighten awareness of rules or to learn extent of compliance. APTS and NPR asked IRS to defer to FCC enforcement, and IRS official expressed interest in determining whether that is viable. IRS staff has had at least one meeting on issue with FCC aides.

Personals

FCC Comr. **Barrett** received Distinguished Alumni Award from DePaul U. Sept. 13; **Yvette Barrett** (no relation) promoted to confidential asst. to Barrett, succeeding **Delores Browder**, who moves to Common Carrier Bureau... **William Miller**, Hearst International pres. and chmn., Hearst Animation Productions, also named co-chmn., Hearst Entertainment Productions... **Richard Janssen**, pres.-CEO, Scripps Howard Bestg., retires, succeeded by **Lawrence Leser**, pres.-CEO, E.W. Scripps... **Michael Tortora** promoted to senior dir.-clearance and logging, BMI.

FCC Chmn. **Sikes** speaks at Ky. Bestrs. Assn. convention, Oct. 20, 7 p.m., Radisson Hotel, Lexington... Speakers at IRTS lunch, Oct. 15, Waldorf-Astoria, N.Y.: **Tom Brokaw**, NBC; **Peter Jennings**, ABC; **Dan Rather**, CBS... **Kathleen Hricik** named senior vp-international TV, Orion Pictures International... **Gregg Daffner**, ex-dir.-international policy, NTIA, appointed vp-market development and regulatory affairs, PanAmSat... **Faye Katz** named dir.-consumer PR, Showtime Networks... **Lori Boxer** promoted to dir.-human resources, Reiss Media Enterprises.

William Bence appointed dir.-HBO Pictures Publicity... **John Kroll**, ex-E! Entertainment, joins Fox Bestg. Publicity Dept. as senior writer and copy editor; **Kimberly Wilder**, ex-Montel Williams Show, joins as senior publicist... **Sharan Wilson**, COO, TCI's Satellite Div. and pres., Netlink, adds duties of vp, TCI Cable Management, new post... **Richard Intrator**, ex-senior vp, Kidder, Peabody, joins Lodestar Group to form media and entertainment div... **John Gaydon**, ex-Medialab, appointed managing dir., PolyGram TV International.

Elected to INTV board: **Linda Cochran**, WSYT Syracuse; **Sharon Moloney**, WXTX Columbus, Ga.; **Patrick North**, KPHO-TV Phoenix; **Brooke Spector**, WUAB Lorain-Cleveland... **Steve Carlson**, ex-Buena Vista TV, appointed vp-gen. mgr., KSTU Salt Lake City... **Tony Ballaw** promoted to news dir., WKYC-TV Cleveland... **Neil Goldstein** advanced to news dir., WRGB Schenectady... **Dianne Downey**, ex-MMT Chicago, named local sales mgr., KVUE-TV Austin.

Kerry Carr promoted to vp-internal audit, CapCities/ABC, succeeding **Mark Hasson**, advanced to vp-asst. controller... **Vince Manze** named senior vp-ads and promotion, NBC Entertainment, new post; **Kevin Reilly** named vp-drama development... Promotions at IDB Communications Best. Services unit: **Howard Miller** to vp-gen. mgr., **Robert Boxer** to dir.-audio sales, **Jill Jameson** to dir.-audio sales... **John Kasdan**, gen. mgr., KCOS El Paso, named exec. dir., Public TV Outreach Alliance, based at WETA-TV Washington... Reelected board officers, CPB: Chmn. **Sheila Tate**, PR executive; Vice Chmn. **Leslee (Honey) Alexander**, children's activist and wife of Education Secy. Lamar Alexander.

Promotions at Time Warner Cable: **Fred Dressler** to senior vp-programming; **Carl Rossetti** to senior vp-corporate development, Time Warner Cable Ventures; **Gail Allaman** to vp-tax... **Samuel Wolgemuth**, ex-Reed Travel Group, appointed pres., new Business, Technology & Professional Publishing Group, Paramount Communications... **Michael Fister**, ex-Turner Pictures, named creative dir.-mktg., ACI... **Tom Howe**, KCTS-TV Seattle senior vp-station mgr. since 1987, joins 10-station U. of N.C. Center for Public TV Nov. 1 as dir., succeeding **John (Jake)**

Dunlop, retired... **David Lehman**, pres.-CEO, TV Answer, named to board... **Cheryl McDonald** gen. sales mgr., WDAF Dallas-Ft. Worth, named vp-sales; **Michael McDonald** promoted to vp-news.

Thomas Newberry promoted to vp-controller, Hubbard Bestg.; **Gerlad Deeney**, chief financial officer, elected to board... **Eileen Doherty**, dir.-public affairs, NTIA, appointed special asst. to Deputy Asst. Commerce Secy. **Mary Ann Fish**, replaced by **James Wasilewski**... **Mia LeBlanc** named dir.-human resources and administrative services, Nostalgia TV... **Rozanne Weissman**, CPB vp-corporate communications, resigned Sept. 16... **Stacey Weber**, ex-E.P. Systems, joins WNET N.Y.-Newark as dir.-local corporate mktg.

FCC Calendar -- Sept. 22: Chmn. **Sikes** addresses U. of Mo. Law School, Columbia, 1:30 p.m. Comr. **Barrett** is keynote speaker at Ark. Telephone Assn. convention, Peabody Hotel, Memphis, 9:45 a.m. **Thomas Stanley**, chief engineer, speaks at Telocator convention, Moscone Convention Center, San Francisco, 2 p.m. Sept. 23: **Sikes** addresses SPJ and Press Club of St. Louis, noon. Comr. **Duggan** speaks at FCBA lunch, Washington Marriott Hotel, noon. **Richard Smith**, chief, Field Operations Bureau, addresses Emergency Best. Systems workshop, Embassy Suites Hotel, Seattle, 8 a.m. Sept. 24: **Sikes** addresses Rotary Club of St. Louis, Days Inn, noon. **Barrett** speaks at National Assn. of Minorities in Cable and NCTA Urban Markets Seminar lunch, Waldorf-Astoria Hotel, N.Y., noon. **Ralph Haller**, chief, Private Radio Bureau, addresses Telocator Science & Education Foundation Mobile Communications Marketplace, Moscone Convention Center, San Francisco, 9 a.m. Comr. **Marshall** is lunch speaker at same convention, noon. **Haller** speaks at same convention, 9 a.m.

PBS seminar-style program Dec. 15 to examine controversy involving Warner release of Ice-T song Cop Killer is being underwritten by party at interest -- Warner Music Group. PBS guidelines generally prohibit underwriters from having actual or perceived influence on shows they fund. But **Fred Noriega**, exec. in charge of Popular Culture: Rage, Rights and Responsibility for presenting station WNET N.Y.-Newark, said "editorial integrity" of independent producer Socratic Seminars (SS) "is what [Time Warner unit] is underwriting." SS is successor to Columbia U. Media and Society Seminars in which panel of experts -- in this case citizens, media executives and legal experts -- engage in give-and-take on issues of public importance.

Financials: Falcon Cable said it has agreement in principle to settle claims in class actions against MSOs because of structure of its cable partnerships. Falcon will contribute \$465,000 to settlement fund, and insurer, certain affiliates and officers will provide unannounced amount... **Comcast** said it will redeem all \$110 million of its outstanding 11-3/4% senior subordinated debt, effective today (Sept. 21)... **TCA Cable** said it had \$3.7 million net profit in 3rd quarter ended July 31, vs. \$2.2 million year ago. Revenue grew 9% to \$35.1 million, and operating profit 9% to \$17.7 million.

Washington Journalism Practicum (WJP) Dir. **Herbert Brubaker** said TV journalism internship organization received first grant, from AFTRA, and endorsement from new Mid-Atlantic Best. Council (MABC). WJP has been distributing proposal to attract donors, foundations and host news organization for program that will train young TV reporters in Washington from local universities and eventually from universities nationwide, he said.

BBC reportedly plans 24-hour news service that would seek to rival CNN International. U.K. magazine *Best*, said BBC discussed venture with Rupert Murdoch's satellite service BSkyB and other undisclosed parties. Project, in which BBC seeks editorial control, is part of its plan for U.K. govt. charter renewal in 1996 -- copy of which magazine claimed to have obtained. Plan calls for BBC, in face of increased commercial competition in U.K., to "withdraw from [program] areas in which it is no longer able or needed to make an original contribution," according to text cited by magazine. Plan, which reportedly already has gone before BBC board and top management, identifies those areas as "derivative 'formula' comedy or entertainment formats; simple and unchallenging game shows and people shows which will be provided in such abundance on other channels." It calls for BBC to focus on "in-depth" news and information, British culture/entertainment and education and on BBC radio to reduce children's and eliminate top-40 fare. Plan for charter renewal -- debate on which is expected to begin this fall -- comes at polarized period for BBC. In late Aug. speech, Ch. 4 Chief Exec. Michael Grade, former controller of BBC1, accused BBC board of having policy of "political appeasement" of govt. and of continually interfering in programming. Moreover, survey of British public reportedly revealed significant erosion in support for BBC, with only 1/3 of respondents satisfied with current service and wanting it to continue unchanged. Murdoch has said publicly that he's working on worldwide news network.

French TV broadcaster TF1 is considering launching package of DBS channels. TF1 said it wouldn't start service until number of satellite dish homes in France reached 2 million -- there now are 65,000 Astra dishes in France and about 30,000 for failed DBS system TDF1/2. Company said it's considering Astra system as well as proposed Telecom 2c satellite, which could be colocated with Telecom 2a bird that's expected to start carrying Canal Plus DBS by end of year. In that case, TF1 would seek deal with Canal Plus on using reception and decoding equipment that would be used by subscribers to Canal Satellite package.

N. American Free Trade Agreement (NAFTA) has been "degraded" by exemption of Canada as it applies to "cultural" industries, said MPAA Pres. Testifying last week before House Ways & Means Subcommittee on Trade, he said cultural industries (including movies and TV programs) are "the most successful in world markets and bring back to the U.S. the largest trade surpluses." He said export of movies, TV programs and home video programming produced \$3.5-billion surplus in 1990. He expressed concern that Canadian exclusion would set precedent in other parts of world.

Time Warner has dropped plans to invest in U.K. Gold, new channel proposed by BBC and Thames TV to be carried via Astra satellite. TW reportedly felt BBC and Thames were making too many decisions about how channel would be run before other potential investors had say, according to Financial Times of London. BBC and Thames expressed confidence they would be able to raise additional \$60 million to launch project.

Extension of time for reply comments in FCC review of TV rules (MM Doc. 91-221) has been denied by agency. Delay to Oct. 23 from Sept. 23 had been sought by Media Access Project and United Church of Christ. FCC Mass Media Bureau said it wasn't persuaded that parties wouldn't have sufficient time to prepare replies.

FCC rescheduled lottery to pick tentative winners of LPTV grants to 10 a.m., Oct. 23, from Oct. 7.

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More than 20 educational programming providers have signed on as affiliates of National Education Telecommunications Organization subsidiary EDSAT, which began service on GE Americom's ASC1 satellite last month. EDSAT is designed to aid education by providing comparatively low-cost nonpreemptible satellite time. Pres. Shelly Weinstein said venture has fulltime lease on 6 transponders on bird -- 3 Ku-band, 3 C-band -- and expects to reach agreement for capacity on another satellite early next year.

One TV station in 6 is teaming with cable, according to study done for RTNDA, and half of rest are considering it. Some stations insert cable programming into their schedule, said U. of Mo. Prof. Vernon Stone, who conducted study. Other TV stations provide news inserts for such cable shows as CNN Headline News.

German rival to Pan-European music channel MTV -- Popkomm -- plans to launch June 1, 1993. Project has backing of German govt. Meanwhile, MTV plans to debut version of music channel in Japan in Oct. Following promotional period, MTV will encrypt and become premium channel for DBS and cable.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

| | AUG 29- SEPT. 4 | 1991 WEEK | % CHANGE | AUG. 22-28 | 35 WEEKS 1992 | 35 WEEKS 1991 | % CHANGE |
|------------------|--------------------|--------------|-------------|---------------|------------------|------------------|-------------|
| TOTAL COLOR..... | 413,536 | 595,230 | -30.5 | 575,740 | 13,034,928 | 12,240,184 | + 6.5 |
| DIRECT-VIEW... | 404,585 | 583,688 | -30.7 | 561,702 | 12,811,901 | 12,038,329 | + 6.4 |
| TV ONLY..... | 391,545 | 566,321 | -30.9 | 539,028 | 12,307,534 | 11,614,588 | + 6.0 |
| TV/VCR COMBO. | 13,040 | 17,367* | -24.9 | 22,674* | 504,367* | 423,741 | +19.0 |
| PROJECTION.... | 8,951 | 11,542 | -22.4 | 14,038* | 223,027* | 201,855 | +10.5 |
| VCR DECKS..... | 171,670 | 360,740* | -52.4 | 337,938 | 7,171,857* | 6,073,583 | +18.1 |
| CAMCORDERS..... | 31,328 | 119,849* | -73.9 | 97,811* | 1,650,159 | 1,725,694 | - 4.4 |
| LASERDISC PLYRS# | 3,245 | 6,948 | -53.3 | 5,059 | 130,065 | 109,881 | +18.4 |

Direct-view TV 5-week average: 1992--420,749; 1991--411,765 (up 2.2%).

VCR deck 5-week average: 1992--242,711; 1991--232,458 (up 4.4%).

Camcorder 5-week average: 1992--48,573; 1991--70,454* (down 31.1%).

* Record for period. #Includes combi players, excludes karaoke types.

DCC DECKS SOLD AT TANDY 'INCREDIBLE' OPENING: Tandy Corp.'s much anticipated unveiling of Incredible Universe (IU) megastore (TVD Jan 20 p13) in Wilsonville, Ore., Sept. 17 was big newsmaker on more than one level. There were so many opening-day fans -- store was jammed, lines outside stretched along length of building, highway traffic was said to be piled up for miles -- that Chmn. John Roach next day said he had "never had a more anxious moment," despite exhilaration of reception. More than 2,000 people made it into IU in first hour, with store opening more than 45 min. early. Awaiting them was unique shopping experience that included consumer electronics industry's broadest product selection -- more than 50,000 SKUs ranging from projection TVs and kitchen appliances to software and patch cords -- in 160,000-sq.-ft. building.

One of those products, though setting no sales records, proved to be industry milestone, as customers were able to buy first DCC decks offered to public anywhere in world. That happened on same day Philips was announcing first DCC decks would go on sale in Japan today (Sept. 21), with U.S. sales scheduled to start in Nov. In Ore., meanwhile, only handful of Tandy-made Optimus DCT-2000 decks were sold at \$699.95 sale price. Roach said all those buying Tandy's DCC decks received letter "indicating that if the [Audio Home Recording Act] did not pass between now and the end of the year, we'd be glad to give them a full refund."

DCC purchasers were given blank DCC tapes and copy of Peter Nero DCC tape specially produced for event. Roach said Tandy "doesn't have any intention of introducing it anywhere else around the country for a couple of weeks, until we get a pulse on the legislation." Only other Incredible Universe opening this year will be Oct. 1 in Arlington, Tex.; Roach wouldn't commit to selling decks there. Decks are being made at Tandy plant in Ft. Worth, where Roach told us that "production is now such that we will have reasonable quantities" when nationwide sales begin. Promotional literature touts consumers on DCC's ability to "make perfect copies of your CDs -- indistinguishable from your originals -- plus superb copies from sources such as LPs and analog tapes." It concludes by stressing that it is "all the result of American -- yes, American -- craftsmanship."

Separate reports on Philips announcements of DCC marketing and on Tandy's IU opening will be found elsewhere in this issue.

SONY'S CONSUMER/BUSINESS CD-ROM PLAYER: Debut of Sony's widely touted "Bookman" -- renamed "Multimedia CD-ROM Player," or MMCD for short -- was both auspicious and confusing: Auspicious because

of its unique versatility, and confusing because it adds still another format in multimedia wars, to help convince consumers to stay away until dust clears.

MMCD Player was proclaimed as first Sony product ever to be introduced simultaneously to all of Sony's markets -- consumer, business, professional, computer -- when it goes on sale in Nov. It's size of small book (7x2x6"), weighing less than 2 lbs., with keyboard, 4.5" monochrome LCD display and speaker. It supports standard 5" CD-ROM/XA (extended architecture) discs, can use easily adapted CD-ROM titles created for PCs. It can play in color on any TV set or PC, has connectors for TV set and stereo amplifier, serial port for printer, for uploading to PC or, "with proper software," connecting to modem. It also can play standard audio CDs.

"Since the Multimedia Player was designed as a consumer electronics product," Sony said, its "implementation was achieved within a cost-effective manufacturing framework." It's list-priced at \$1,000 with 2 discs, or \$1,100 with different software and accessories. Because it employs XA format, it can take advantage of compressed audio, providing up to 16 hours of low-fi mono. Audio is "interleaved" with video, making possible synchronization with picture. This was displayed dramatically in User's Guide disc (as shown on projection TV system) with famous hitchhiking scene from Columbia Pictures' historic "It Happened One Night" (Claudette Colbert, Clark Gable) shown about 1/3 screen in somewhat jerky 15-frame-per-sec. motion, but completely lip-synced.

Each 5" disc can hold more than 600 Mbytes of data, and at outset 50 discs will be available at \$24.95-\$149.95 from wide variety of software sources. Some also are playable on PCs with standard CD-ROM drives, but most will require addition of XA board to play on PC.

News conference unveiling Sony's system featured impressive group of software and programming developers, including executives of IBM, Microsoft. Random House, Encyclopaedia Britannica, Northern Telecom and Sony Electronic Publishing, with promise of wide variety of new software in next few months. Event marked first occasion when 2 major factors in computer industry appeared to take note of potential of TV attachments, as opposed to PC as multimedia interactive devices:

(1) IBM announced it was entering "consumer software publishing business" with 5 titles developed for Sony player, but apparently adapted from business software. IBM, incidentally, said all its current and future CD-ROM computers will contain XA drives. (2) Microsoft announced availability of Multimedia Viewer, authoring toolkit for creation of CD-ROM/XA software for Sony system. "We are not neglecting the TV side of things," said Microsoft Multimedia & Consumer Systems Vp Rob Glaser. While both he and Sony officials noted that player's PC-based architecture and its use of MS-DOS provide "open software framework," it's currently basically incompatible all 3 announced consumer multimedia CD systems.

Glaser dismissed Philips CD-I as "not based on any standard," adding "I feel bad for people who bought it," but said "the marketplace is a powerful persuader." Ironically, CD-ROM/XA, developed by Philips and Sony with Microsoft's cooperation, is preferred authoring system for CD-I. As for Tandy's Video Information System (VIS) system (TVD Aug 31 p13), Glaser told us software producer "could develop a disc to play on both VIS and MMCD, but he would have to be very savvy to do this." He said Microsoft hopes to "push the industry toward a standard." Sony officials indicated future generations of MMDC players and software could use MPEG 1 or MPEG 2 full-motion video standard.

MMCD Player will be marketed through Sony Personal Audio Products Co. under Vp Michael Vitelli. Software will be sold through normal software outlets and retailers that handle player. MMCD is Sony's 4th known multimedia software format, in addition to standard CD-ROM, Data Discman and yet-to-be-delivered Play Station systems. As for Data Discman, Vitelli announced prices had been reduced to \$295 and \$349. Sony Consumer Products Pres. John Briesch called Data Discman "beginner product," competing with such handheld products as Franklin electronic books. Vitelli compared Data Discman/MMCD schism with calculator field, in which cheap all-purpose products and specialized instruments both have found markets.

As for Play Station, our inquiries with several Sony hardware and software sources indicate it's now in limbo, with no definite product plans or marketing date. Sony sources said discussions were continuing with Nintendo, originally involved in Play Station, but it's indicated that both Sony's alliance with Sega for CD-ROM games (TVD May 25 p17) and Nintendo's plans for 32-bit CD games (TVD Aug 31 p18) could have thrown Play Station plans off.

U.S. COLOR OUTPUT UP 47% IN 2ND QUARTER.: Despite move of more final assembly to Mexico, production of color TV sets in U.S. surged 46.9% in 2nd quarter while imports grew just 22.7%, our analysis of EIA and Commerce Dept. figures indicates, with total supply up 33.7%. For first half, total supply of color TV sets in U.S. -- imports plus U.S.-assembled -- gained 22% from last year.

Jump in number of sets assembled in U.S. still wasn't quite enough to completely reverse pattern of 2nd quarter 1991, first quarter in history when majority of TV set supply was of foreign origin (TVD Sept 16/91 p14). In this year's 2nd quarter, split was almost exactly 50-50 -- 2,590,000 sets produced here and 2,586,000 coming from other countries -- vs. 54.5% imports, 45.5% domestic in last year's quarter.

For first half 1992, 50.7% of total supply was represented by U.S. assembly and 49.3% by imports. In previous quarters, U.S.-produced sets were 51.4% of total in first quarter 1992 vs. 56.4% in first quarter 1991; 54% in 4th quarter 1991 vs. 50.1% in 4th quarter 1990; 54.1% in 3rd quarter 1991 and 53.8% in 3rd quarter 1990.

Gain of 22% in total color TV supply for first half partly offset 21.7% dip in first half 1991, 10,063,000 sets this year still falling below 10,529,000 of first half 1990. In 2nd quarter, color TV sets produced and imported totaled 5,176,000, whopping 33.7% above same 1991 period and virtually equal to 5,193,000 in first half 1990.

Total TV supply in first half came to 10,943,000, including 880,000 monochrome sets. All monochrome sets are imported and their total was down 7.7% in half and 8.1% in 2nd quarter. We derive domestic production figures by subtracting Commerce Dept. import data from EIA production (total supply) data, which include imports as well as domestically assembled sets. In table below, "% Change" columns reflect difference from same period in preceding year.

TOTAL TV SUPPLY, FIRST HALF 1992 vs. 1991

| | | U.S.- Produced* | % Change | % of Total | Imports* | % Change | % of Total | Total Supply | % Change |
|----------|----------|--------------------|-------------|---------------|-----------|-------------|---------------|-----------------|-------------|
| Total TV | 1992.... | 5,104,000 | +20.6 | 46.6 | 5,839,000 | +17.6 | 53.4 | 10,943,000 | +19.1 |
| | 1991.... | 4,232,000 | -31.0 | 46.0 | 4,967,000 | -11.9 | 54.0 | 9,199,000 | - 6.6 |
| Color TV | 1992.... | 5,104,000 | +20.6 | 50.7 | 4,959,000 | +23.5 | 49.3 | 10,063,000 | +22.0 |
| | 1991.... | 4,232,000 | -31.0 | 51.3 | 4,014,000 | - 8.7 | 48.7 | 8,246,000 | -21.7 |
| B&W TV | 1992.... | 0 | -- | -- | 880,000 | - 7.7 | 100.0 | 880,000 | - 7.7 |
| | 1991.... | 0 | -- | -- | 953,000 | -24.8 | 100.0 | 953,000 | -24.8 |

2ND QUARTER

| | | | | | | | | | |
|----------|----------|-----------|-------|------|-----------|-------|-------|-----------|-------|
| Total TV | 1992.... | 2,589,000 | +46.9 | 45.9 | 3,050,000 | +16.8 | 54.1 | 5,639,000 | +28.9 |
| | 1991.... | 1,763,000 | -38.3 | 40.3 | 2,612,000 | -11.9 | 59.7 | 4,375,000 | -24.9 |
| Color TV | 1992.... | 2,590,000 | +46.9 | 50.0 | 2,586,000 | +22.7 | 50.0 | 5,176,000 | +33.7 |
| | 1991.... | 1,763,000 | -38.3 | 45.5 | 2,108,000 | - 9.8 | 54.5 | 3,871,000 | -25.5 |
| B&W TV | 1992.... | 0 | -- | -- | 463,000 | -41.5 | 100.0 | 463,000 | -41.5 |
| | 1991.... | 0 | -- | -- | 504,000 | -20.0 | 100.0 | 504,000 | -20.0 |

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

TCE SEES RECORD YEAR, CANON REPOSITIONS: Thomson Consumer Electronics expects "record year in unit sales" of consumer electronic products, all-time high in shipments of color TV sets from Bloomington plant and "substantially improved financial performance" in 1992, with U.S. unit showing profit. So said Joseph Clayton, exec. vp, mktg. and sales--Americas in N.Y. last Thurs.

Same day in same city, Canon Video Div. Senior Dir.-Gen. Mgr. Isao Yoshii announced upward repositioning of company's 8mm camcorder line toward high-end consumer, semipro and professional markets to avoid being "caught in the price and format war." Canon introduced smallest and lightest 8mm and Hi8 camcorders and indicated it was closing out earlier models at sharp price reductions.

TCE will push RCA line with ad campaign geared to home theater, increasing 4th-quarter national ad budget 80% over last year, National Ad Mgr. Bruce Hutchison said. Brand Management Gen. Mgr. Gilbert Ravelette repeated plans for \$3 million ad and merchandising campaign geared to home theater starting this week (TVD Aug 24 p14).

Clayton forecast industry sales of 20.9 million color sets this year, increase of 5% over 1991, but with over-30" units (including projection) up at least 40% and exceeding million units. He predicted sales of more than 425,000 projection sets. VCR sales, he said, should top last year's total by more than 15%, with 4-head models up 34%, hi-fi stereo up 27%.

In touchy area of camcorders, Clayton foresaw 5% unit sales increase to about 3 million, compacts enjoying 16% gain paced by 8mm models. But he indicated TCE would put more emphasis on VHS-C than in past -- predicting 71% industrywide increase this year. Majority of camcorder inventories, he said, are in 8mm, adding that there's "shortage of full-size [VHS camcorders] in all brands -- dealers will have a rough time finding full-size by Christmas."

Color TV inventories were "up but still healthy" in view of increased sales, Clayton said, with VCR inventories "up dramatically but sales also soaring," and camcorder inventories gradually receding from all-time high. As for ProScan line, he said sales volume this year would be double last year's, redoubling again next year when line reaches national distribution. He said company is in preproduction sampling stage on 16:9 widescreen sets, and will start geographical rollout late this year, continuing into first quarter of 1993. "We will identify the [first] market later this year," Clayton said, "but you can bet it will be an area that has a lot of laserdiscs" to provide letterbox program material. TCE's American operations, he told us flatly, "will make money this year."

* * * * *

Canon, industry's No. 2 specialist in 8mm camcorders (after Sony), is revamping its market strategy on basis of savage competition. "Price reductions are out of control," Yoshii told news conference, "and camcorders are now being sold at fire-sale prices." He estimated that 60% of camcorders were being sold at less than \$799 retail this year, as opposed to 40% last year, with \$499 "typical price." Five brands control 80% of camcorder market, he said, with "consumer demand decreasing" and manufacturers "losing money in their efforts to obtain market share."

Canon's "changing commitment" is based on discovery that many professionals are using Canon consumer camcorders. He said company will change its specialty to high-end amateur, semiprofessional and professional markets, with some highly featured entry-level product as well, at same time expanding product lines and advertising and promotion. Company underlined commitment with 4 major new products. New "entry-level" model, still called UC1 after last year's hot product, is list-priced at \$1,799, trimmed down to 1.15 lb. It now has 100,000-pixel 0.7" color LCD viewfinder, simplified control layout, new autofocus and exposure systems, separate wireless remote.

"World's smallest and lightest Hi8 camcorder," UCS2, has design similar to UC1 but adds stereo sound, 410,000-pixel CCD, programmed auto exposure system, new autofocus algorithm, weighs 1.21 lb, \$1,699 list. Top new model, UCS3, is Hi8 with digital signal processing, 3-speed 12X zoom, 64-zone auto white balance, 6 auto exposure modes, multifunction control dial, side-mounted LCD panel to indicate function settings. It has such special features as world time clock and digital effects and is list-priced at \$2,799. Also introduced by Canon was first lens for VL mount system (used by L1 camcorder) with built-in image stabilization, employing technology developed jointly with Sony. It's list-priced at \$2,999.

Outgoing models are being cleared with substantial reductions, Sales Dir. Alan Czeizler told us in answer to our question -- 8X zoom model at \$699, 10X at \$799, 12X at \$899. Although outgoing UC1 model advertised in N.Y. at \$499 had industry agape, Czeizler told us ad was by unauthorized dealer "trying to get our attention" and wasn't repeated elsewhere.

Hong Kong Electronics Show Oct. 14-17 in territory's Convention & Exhibition Center will have 540 exhibitors, 365 from Hong Kong, rest from other countries including U.S., Japan, Australia, Taiwan.

Consumer Hi-Vision laserdisc player will be introduced by Sony in 1993, according to Nikkei, no price quoted. Pioneer's commercial high-definition LD player is priced at about \$12,000.

PHILIPS DCC ROLLOUT: Week after Sony announced availability of MiniDisc (MD) products starting in 4th quarter -- and same day as first token U.S. sales of DCC decks at Tandy's Incredible Universe opening (see report elsewhere in this issue) -- Philips announced Sept. 17 that first-generation DCC-900 deck goes on sale in Japan Sept. 21.

Philips said DCC-900 is due on store shelves in France, Germany, Netherlands and U.K. in 2nd half of Oct. In U.S., DCC will be introduced in first week of Nov., by which time Philips "anticipates" that Audio Home Recording Act will have been enacted.

Philips spokeswoman in Eindhoven told us U.S. launch of \$799-list DCC-900 would follow other markets because of uncertain status of congressional digital audio bills, although there's widespread expectation on Capitol Hill that legislation will be completed by Oct. adjournment. She said announcement last week resulted from company's satisfaction that recorders emerging from volume production runs at Philips' Marantz Japan plant were free of glitches found in review samples distributed in Europe in summer (TVD Aug 3 p10).

Introduction today of Philips DCC decks in Japan at 115,000 yen (current equivalent of \$920) coincides with rollout of Matsushita RS-DC10 recorders made in same factory at 135,000 yen (\$1,080). Philips said DCC-900 recorders are being built by Marantz Japan at rate of 20,000 monthly. Additional production of DCC players and recorders is scheduled to start in Austria and Belgium before year-end.

Philips affiliate PolyGram said it will start shipping more than 100 DCC music titles to major record company distribution centers throughout world this week. PolyGram spokesman said 500 titles are being produced at Amersfoort, Netherlands, plant for BMG, EMI, MCA, PolyGram and Warner, adding that 500,000 pieces had been palletted and readied for shipment through last week. Plant, dedicated last week, is capable of producing 20,000 DCC cassettes daily.

Philips and PolyGram executives said at launch time they would be aiming at ratio of 2 hardware retailers for every software retailer. Philips Chmn.-Pres. Jan Timmer told reporters that DCC project represented "exemplary cooperation between the hardware people and the software people."

Praising software support given DCC, he said: "It's my absolute conviction that neither hardware nor software camps is helped by an abundance of noncompatible systems." Commenting on MD vs. DCC issue, Timmer said: "I feel it would be totally wrong to promote DCC and MD as enemies of each other. I certainly don't have that view, and customers will ultimately decide" between formats.

Philips Consumer Electronics CEO Henk Bodt told visiting journalists in Eindhoven that DCC project took 3 years from original concept to product introduction, lauding "grand achievement" of Philips personnel responsible for launch. He said he regretted that debut coincided with worldwide recession, but also expressed hope that rollout would help invigorate audio industry in same manner as CD launch in 1983 helped spur sales rebirth.

Philips Audio Managing Dir. Wim Wielens said company has strong expectations that DCC could grow at twice rate of CD market -- slight departure from its statements in past that indicated DCC business would have to grow by 3 times rate of CD to maintain present level of cassette business.

While Wielens didn't cite specific targets, goal of DCC doubling CD's early growth rate would have 70,000 hardware units sold in U.S. in first year of introduction by all manufacturers -- identical to Sony projections of first-year MD industry sales released week earlier. Wielens predicted that one million DCC hardware units would be sold by manufacturers worldwide within first year of introduction.

Bodt told us that Philips would know by Dec. 1993 whether DCC is successful, but declined to cite specific unit yardsticks for decision. Philips plans to introduce its first DCC portable playback-only unit at June 1993 Consumer Electronics Show in Chicago. Company last week showed nonworking personal stereo mockup that appeared to be slightly smaller than existing portable CD player. It includes rechargeable battery pack that fit within profile of unit without need for cumbersome extension. Philips said that within 12 months after launch of DCC-900 company would introduce "full range" of DCC player-recorders, including portable boombox stereos, car head units, minicomponent.

COMPONENT SALES DROOP: Factory audio dollar sales in July withstood another double-digit decline in components to post modest gain, EIA Mktg. Services Dept. reported. Assn. said sales in year's first 7 months rose by virtually same rate as in July, buoyed mainly by spirited activity in portable audio and aftermarket autosound.

Overall July factory sales rose 4.2% from year earlier. Increase came despite continued drop in component sales, which fell 12.8% and haven't enjoyed monthly gain in 13 months. Systems category was up modest 2%, while month's most robust category was portable audio, climbing 15.7%, presumably on strength of CD technology in various takealong configurations. Car CD also is believed to have played role in aftermarket autosound's 10.8% rise.

Where CD sales have hit plateau is in home decks, with rotary changers among few exceptions, as unreleased EIA audio unit figures for first half of year recently showed (TVD Sept 8 p13). Significant decline in many home CD configurations was at least partly responsible for 17.4% decline in dollars in year's first 7 months. Systems category inched up 3.7%. Industry was anchored heavily in aftermarket autosound, which climbed 16.3%, and portable audio, riding crest of car boom to post 17.8% increase.

Here's EIA breakdown of audio dollar sales in July and year's first 7 months:

FACTORY SALES OF AUDIO EQUIPMENT
(add 000)

| Product | July 1992 | July 1991 | % Chg. |
|-------------------------|--------------------|--------------------|---------------|
| Portable audio*..... | \$201,228 | \$173,980 | +15.7 |
| Components..... | 130,147 | 149,221 | -12.8 |
| Systems..... | 110,383 | 108,213 | + 2.0 |
| Autosound (aftermarket) | 134,946 | 121,828 | +10.8 |
| TOTAL..... | \$576,704 | \$553,242 | + 4.2 |
| | 7 Mo. '92 | 7 Mo. '91 | % Chg. |
| Portable audio*..... | \$1,178,251 | \$999,939 | +17.8 |
| Components..... | 811,349 | 982,848 | -17.4 |
| Systems..... | 638,551 | 615,488 | + 3.7 |
| Autosound (aftermarket) | 859,677 | 738,918 | +16.3 |
| TOTAL..... | \$3,487,828 | \$3,337,193 | + 4.5 |

* Includes home radio.

INCREDIBLE UNIVERSE MOBBED: Last week's launch of Incredible Universe (IU) megastore in Wilsonville, Ore., suburb of Portland, drew crowds that taxed outlet's ability to function and town's ability to keep traffic flowing. Crowds began lining up 2 hours before scheduled 10:30 a.m. opening Sept. 17, causing store to open 45 min. early. Traffic was said to be backed up for several miles, and cars parked on grass next to 817-space parking lot. Tandy Chmn. John Roach, though enthusiastic at "tidal wave" of first-day customers, said he had "never had a more anxious moment" than during early crush.

Customers were drawn by combination of preopening promotion and saturation advertising (including 8-page ad section in *The Oregonian*) that billboarded drawings, giveaways and breadth of selection on dept.-by-dept. basis. Only pricing information in opening circular promoted impulse-level buys at hot prices: Computer mouse \$6.99, TI calculator \$1.99, Philips universal remote \$14.99. Biggest draw seemed to be Megatron 12" monochrome TV for \$30.

Roach said he expects IU to draw 15% of its business from outside 50-mile radius, some even from Canada. He declined to estimate store's potential volume, although other Tandy officials said goal is to turn \$8-million inventory 9 times. IU's ability to generate sufficient volume to create profitable operation in 160,000 sq. ft. with about 300 employees still looms as industry's biggest question. Second location is set to open Oct. 1 in Arlington, Tex. Tandy executives have identified locations for possible 1993 openings if first 2 stores meet expectations.

Unique centerpiece of IU presentation is 8,000-sq.-ft. rotunda that features stage (which vendors can rent for demos), DJ booth, smaller demonstration kiosks and overhead video wall consisting of sixteen 43" projection monitors. Rotunda is lined by series of boutique-like stores for audio and video software (joint venture with TransWorld Music), personal electronics, games, accessories, cameras, etc. Shoppers proceed from rotunda to main merchandising area for video, TVs, audio, computers, home office equipment, major appliances, accessory furniture. Home Theater presentation is divided into 4 single-brand rooms; theater-like marquee over each identifies brand featured inside. Looming above main floor is open 2nd level with TV wall that draws people toward rear of store; at front of that level is dining area, featuring Pizza Hut and Mrs. Fields cookies.

Store had at least 5 kiosks demonstrating Philips CD-I system, direct multimedia competitor to Tandy's own Video Information System (VIS); latter was demonstrated, not offered for sale, since it won't be on market until next month (TVD Aug 31 p13). Tandy Name Brand Pres. Victor Sholis said unit "always had a level playing field strategy. Our philosophy is to have all the products our customers would want to choose from."

Shoppers must register for membership card before entering store for first time (process took less than 2 min. when our reporter tried it during soft opening Wed.); card is scanned when shopper passes through entryway. Salespeople in main merchandise area (outside boutiques, which have own cash registers) carry wireless computers; when customer wants to buy something, membership card is scanned, product number is entered and shopper proceeds to checkout counters to pay and pick it up.

Tandy executives from beginning have said their goal was to create unique, fun environment that would offer more than mundane shopping experience. "We created the excitement we wanted to," Roach said. "Now our job is to put our theories and concepts into practice."

CABLE BILL—GOOD & BAD NEWS: Passage of House-Senate compromise version of cable bill (S-12) last week by House (see Best./Cable Section) had good and bad news for consumer electronics (CE) industry. Good news is that it would direct FCC to require that cable systems strive to assure compatibility with TV sets and VCRs. Bad news is that it would give FCC power to specify technical specs for cable-ready TVs and VCRs.

Both aspects of bill were watered down considerably from more extreme versions. Compromise by conference committee would put issue of compatibility of cable systems with TV and VCR features in FCC's lap. It would direct Commission to develop regulations "to specify the technical requirements with which a [TV set or VCR] must comply in order to be sold as 'cable-compatible' or 'cable-ready.' Report urged "voluntary efforts" by cable industry and TV/VCR manufacturers to meet technical requirements -- something tried in past with little success.

That section is considerably milder than amendment to original House bill, which would have required certification of cable readiness for TV sets and penalties for misrepresentation.

Compatibility regulations for cable systems also would be less stringent than in previous versions of bill. Compromise legislation would direct FCC to report to Congress in year, after consulting with cable and CE representatives, on means of assuring compatibility, "consistent with the need to prevent theft of cable service." It also would require FCC to issue regulations to assure compatibility within 180 days after that.

FCC would be required to determine circumstances under which need to scramble cable signals outweighs benefits of letting subscribers use special functions of their TV sets and VCRs, such as (but not specifically mentioned) picture in picture, taping one channel while viewing another, use of remote controls, etc.

Commission also would be directed to: (1) Require cable operators using converter boxes to "notify subscribers that they may be unable to benefit from the special functions of their TV receivers and VCRs." (2) Require operators to offer subscribers option of having "all other channels delivered directly" to their TVs or VCRs, where feasible. (3) Promote commercial availability of remotes and cable boxes from unaffiliated sources and require cable operators to tell subscribers they may buy remote controls elsewhere. (4) Assure that cable boxes will operate with commercially available remotes.

Sharp said 16:9 widescreen sets now comprise 50% of its shipments of TVs with screens larger than 26". Company said it had produced 6,500 34W" Hi-Vision sets with simplified MUSE decoder by end of Aug., of which 5,500 had been shipped. Its sales of 26W" and 20W" sets begin Sept. 21.

Sony portable CD-I player is getting first exposure to consumers via Nifty, 400,000-member Japanese computer network service. It's being offered by Nisho-Iwai, major trading company partnered with Fujitsu in operation of Nifty. Portable is priced at equivalent of \$1,585.

THIS WEEK'S YEN RATE

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

EIAJ CALLS FOR HELP: As Japan's recession deepens, Electronic Industries Assn. of Japan (EIAJ) has lowered its forecast for year and indicated it was prepared to ask govt. for "employment adjustment" subsidies as result of slump in consumer electronics. Five other industries already have applied to Labor Ministry for employment subsidies. After an industry has been designated for subsidies, individual companies become eligible if their sales, production and employment drop more than 5% in 3 months.

Japan's electronics output this year could suffer deepest decline since 1975, and EIAJ revised its forecast of 5.6% growth to decrease of 5-8% in value of production. Leading decline are consumer electronics, expected to drop 16-17% below last year, followed by components with 9-10% drop and industrial electronics down 5-8%.

For first half, Japanese electronics industry production was off 10.4% from 1991 period, with consumer segment down 16.1%, parts and devices down 11.3%, industrial electronics down 11.3%.

Meanwhile, Hitachi revised its projection of profits for current year through March 1993 downward 30% from original forecast as result of sluggish sales of VCRs and color TV, reducing sales forecast 2.6%. Company plans to eliminate 20% of 4,200 employees in its AV Div., re-educating them as repairmen, and 5% of 1,700 hq staff, by year-end. Total employees will be trimmed 3,000 to 80,000.

Matsushita forecast domestic Japanese sales of VCRs will be down 14% from 1991 to 4.5 million units, 4th consecutive year of declines. Other companies have projected industry sales at 4.7-4.8 million units. Matsushita predicted only 1% decline in domestic camcorder shipments to 1.5 million.

OPTIMISM FOR SANSUI: Sansui lost about \$153 million in first half of 1992, according to majority owner Semi-Tech (Global), but \$138.7 million of that consisted of what was described as final big write-off in restructuring following its sale by ill-fated Polly Peck International (PPI). Sansui Chmn. James Ting forecast company would be profitable in 2nd half and break even in 1993, although it will fail to meet its Feb. forecast of slight net profit for this year.

Write-off consisted of loss related to sale of Capetronic Group, former U.S.-owned consumer electronics manufacturer acquired by PPI, which sold it to Sansui in 1990. Sansui, now 51% owned by Semi-Tech, sold Capetronic to Grande Holdings, which at last report owned 32% of Sansui (TVD June 8 p17). Bank of Tokyo, Sansui's main creditor, converted some debt for equity and now owns 5% of Sansui, and PPI reportedly still owns remaining interest.

In filing with Tokyo Stock Exchange, Sansui said value of investment in Capetronic "dropped significantly as a result of material deterioration in the latter's financial condition." Ting said "Sansui paid a huge premium for Capetronic in 1990 at the height of Japan's bubble economy."

In first half, Sansui said, net sales were 7.6 billion yen (current equivalent of \$61.29 million), 8.6% over original forecast, while operating loss (about \$10.5 million) was down 35% from forecast. Company predicted full-year sales of \$137 million, pretax loss of \$24.2 million, net loss of \$116.9 million. Last Feb., it had predicted \$145 million in net sales, net profit of \$4 million for this year.

In first half, net sales were down 14.7% from forecast "as Sansui shifts its sales focus to higher margin and higher end products," said International Semi-Tech Microelectronics, Markham, Ont. However, Financial Times in Hong Kong dispatch reported Ting's "simple business plan" for Sansui is "to bring the company's quality audio products down to mass-market levels, focusing on high turnover items such as mini hi-fi units."

Second part of strategy, newspaper said, "is to pursue Sansui sales in China," where much of company's products will be made by Hong Kong-based Tomei Holdings, in which Semi-Tech has 20% stake and which reputedly is Hong Kong's largest audio manufacturer. Semi-Tech also plans to sell Sansui products through its 30,000 Singer outlets worldwide. Semi-Tech once unsuccessfully sought control of Emerson Radio, now has small minority interest and supply agreement under which it will sell Emerson products in Singer stores. Tomei at last report owned 5% of Emerson and had option to acquire 5% more.

RETAILERS' RESULTS IMPROVE: Three public retailers that issued 2nd-quarter financial reports last week showed improved bottom lines, though in 2 cases that meant reduced losses, not increased profit.

Highland Superstores, which last month filed for bankruptcy protection (TVD Aug 31 p16), pared net loss for quarter ended July 31 to \$6.7 million from \$63.2 million year earlier. However, operating loss actually was higher in this year's quarter since last year's included \$58.1-million restructuring charge related to closing of stores in Tex. and New England. This year's 3rd quarter will include "substantial charge" from bankruptcy filing and chain's withdrawal from Chicago area, where it's conducting going-out-of-business sales.

Highland said results reflect "continued industrywide weak demand for consumer electronics and appliances and intense competition..." It said comparable-store sales in its 30 remaining stores were off 17.7% in 2nd quarter and 13.2% in first half; comparable-store results in Chicago stores dropped 25.9% in quarter and 22.5% in half, both of which concluded before announcement that it would leave Windy City.

Harvey Group reported \$450,000 net loss in quarter ended Aug. 1, compared with \$1.3 million decline year ago. Last year's quarterly decline included \$940,000 expense related to unfavorable outcome of lawsuit. Company credited profit gains to higher share of business in custom installation and reduction in low-margin corporate sales.

Audio Video Affiliates posted 32.7% net income increase on 8.2% sales gain for quarter ended July 31. Comparable-store sales rose 3.4% in first 6 months. It said Aug. sales jumped 17.7% to \$15.3 million as comparable-store revenues rose 8.7%.

Sanyo and Thomson have developed first single chip LSI to control virtually all adjustments of NTSC color TV sets on production line. Chip contains 11,000 circuits and controls such functions as brightness, color, horizontal and vertical circuits and may be programmed for different models and screen sizes. Chip will be built into Thomson sets first, currently is being produced by Sanyo for Thomson, with sales to other companies starting next June at initial sample price of 3,000 yen (about \$24).

Consumer Electronics Personals

Gerald Calabrese departs as mdsg. vp, Philips Consumer Electronics, plans unannounced... **Warren Mann**, ex-Sansui, named asst. to exec. dir., NATM Buying Corp., with emphasis on developing group's audio and computer business... Appointments at Philips Electronics: **J. Kalec**, managing dir., Philips Components International, as managing dir.; **J.A. Pals**, dir., Philips Research Labs, as a dir.; **F.L. Dooper**, ex-Philips Industrial Electronics International, takes position with Philips Kommunikations Industrie AG; **C.A.M. Busch** resigns as dir. of corporate finance, Philips International, effective Jan. 1.

Jim Caparro nominated to become secy. of DCC Group of America; **Mark Wexler**, GRP Records, nominated for seat on DCC Group board; **Sheryl Feuerstein**, pres. of SFPR & Co., L.A. PR firm, appointed group's exec. dir... Changes at Sony Music: **Larry Golinski** promoted to vp-gen. mgr., Sony Classical; **Marc Kordelos** becomes Columbia Records assoc. dir., alternative music promotion, West Coast; **Lisa Lashley**, ex-Virgin Records, joins Columbia Records as assoc. dir.-publicity, West Coast.

Officers elected by Assn. of Progressive Rental Organizations (APRO): Pres., **Wayne Chambers**, CWD Enterprise 2, Houston; first vp, **Allen Lewis**, Amigo Rentals, Albuquerque; 2nd Vp, **Roger Sharp**, Appalachian TV Rentals, Huntington, W. Va.; Secy., **Bob Simons**, All Star Rental, N. Charleston, S.C.; treas., **Ted Wilson**, Alrenco, New Albany, Ind.

One-week parallax caused by addition of 53rd week to statistical 1991 helped generate massive declines across board in sales to dealers as reported by EIA Mktg. Services Dept for first week of Sept. (see State of the Industry). Last year, statistical Sept.'s first week covered Aug. 24-30 -- last week of calendar month, in which highest volume of sales generally is reported. This year, first week of Sept. encompassed week ending Sept. 4, so week-to-week comparisons are weighted heavily in favor of 1991 period. Comparisons of calendar periods that more closely parallel each other show declines, though not nearly so great. Comparison of 1992's 34th week with 1991's 35th week shows drops of 6.3% in color TV, 3.8% in VCRs, 19% in camcorders.

Motorola Philips Design Center (MPDC) is name of joint operation in Eindhoven to develop ICs for "CD-I and related multimedia products." Center also will "facilitate the integration of future extensions of the CD-I system" and seek fast cost reductions in components, companies announced. Plans for center were reported in these pages last March (TVD March 16 p13). MPDC will have 20 employees.

Hitachi will sell Kodak Photo CD players in its 10,000 affiliated stores throughout Japan when product is introduced there next month. According to press reports, Hitachi also is considering production of Photo CD players in future, as well as offering film-to-CD recording from its shops.

Retail Ad Notes: Good Guys selects Hal Riney & Partners for \$10-million broadcast campaign, with retail ads continuing to be handled in-house... **6th Ave. Electronics** names Korey Kay & Partners, N.Y., to create image campaign; all ads previously were handled in-house.

Financial Reports of TV-Electronics Companies

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

| Company & Period | Revenues | Net Earnings | Per Share |
|------------------------|-------------|--------------|-----------|
| Audio/Video Affiliates | | | |
| 1992-6 mo. to July 31 | 90,827,000 | 828,000 | .12 |
| 1991-6 mo. to July 31 | 81,686,000 | 613,000 | .09 |
| 1992-qtr. to July 31 | 47,406,000 | 580,000 | .09 |
| 1991-qtr. to July 31 | 43,803,000 | 437,000 | .07 |
| Prism Entertainment | | | |
| 1992-6 mo. to July 31 | 10,234,000 | 553,000 | .26 |
| 1991-6 mo. to July 31 | 4,303,000 | (224,000) | -- |
| 1992-qtr. to July 31 | 4,693,000 | 224,000 | .10 |
| 1991-qtr. to July 31 | 2,242,000 | 51,000 | .02 |
| TCA Cable | | | |
| 1992-9 mo. to July 31 | 103,200,000 | 10,800,000 | .44 |
| 1991-9 mo. to July 31 | 94,325,000 | 6,200,000 | .25 |
| 1992-qtr. to July 31 | 35,000,000 | 3,700,000 | .15 |
| 1991-qtr. to July 31 | 32,200,000 | 2,200,000 | .09 |
| Tektronix | | | |
| 1992-13 wk. to Aug. 29 | 304,624,000 | 9,482,000 | .32 |
| 1991-13 wk. to Aug. 24 | 288,564,000 | 9,625,000 | .33 |

Matrixx Marketing, subsidiary of Cincinnati Bell, has been selected by Hughes' DirecTV to provide national telephone marketing and customer service for its 150-channel high-power satellite system. Hughes says Matrixx will provide equipment dealer referrals, programming sign-up and other consumer services and estimates it will be able to process 100,000 phone calls daily, with 400 customer-service representatives at end of first year of operation. Direct satellite transmission to RCA brand receivers is scheduled to start in 1994.

Silicon Valley endorsements of Bill Clinton for president were prominently featured in press last week, keyed to appearances by Apple Chmn. John Sculley, Hewlett-Packard Pres. John Young and Oracle Systems CEO Lawrence Ellison at Clinton rally in San Jose. Executives reportedly criticized President Bush for opposing govt. activism in joint technology development with private industry.

China is world's leading producer of TV sets -- by far. In just 7 months through July, its factories turned out 16 million sets, up 8.1%. Color set output totaled 7.3 million, up 11%. Figure given last week as "TV set" production (TVD Sept 14 p11) referred to color TV only, as result of ambiguity in govt.-published China Daily.

Samsung Electronic City will be built by Korean manufacturer in Lilin, China, with investment of \$50 million, according to real estate contract signed earlier this year, China Daily said. Samsung also is 90% owner of CD player and tape recorder factory being built in Huizhou, near Hong Kong, due to start production before year-end, newspaper said. Total investment is \$11 million.

Canon has postponed "for several years" its search for new U.S. corporate hq site, leasing facility adjacent to existing Lake Success, N.Y. property until 1997. Company examined and rejected more than 50 prospective sites after village of Brookville rejected its application to build new facility there.

VCR penetration reached 75% of U.S. TV homes this summer, according to Nielsen Media Research, which said 99% of TV households had color TV, 37% had 2 sets, 28% had 3 or more, 61% receive basic cable, 61% receive 30 or more channels.

TELEVISION DIGEST®

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SEPTEMBER 28, 1992

VOL. 32, NO. 39

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

SENATE OKAYS CABLE BILL by margin considered veto proof. President has until midnight Oct. 3 to carry out veto threat. (P. 1)

BROADCASTERS HIT STANDARDS, say UCC proposal to reimpose public interest program standards on TV stations 'must be rejected.' Eased ownership limits called necessary to keep industry healthy. (P. 3)

DUGGAN FOR 'INDUSTRIAL POLICY': Says FCC should admit it engages in practice, and it's sometimes good. Says HDTV isn't best example of good industrial policy. (P. 4)

CABLE STOCKS UNHURT by congressional approval of cable bill. S&P says measure won't hurt credit rating. Turner stock offering successful. Other financial developments. (P. 4)

STEREOTYPING CLAIMED: TV coverage of blacks called misleading and scant by RTNDA panelists. Officials at convention pledge Assn. will lead free speech fight, see finances strengthening. (P. 5)

SKYPIX MARKETING CONTINUES: Firm said to sell equipment that hasn't been built. Bankruptcy judge orders outside oversight. (P. 6)

SENATE SPIKES AD TAX: Proposal to reduce tobacco ad deductibility rejected narrowly. Attack rebuffed on planned intangible assets benefit. (P. 6)

SENATE HANDS CABLE BILL BACKERS BIG VICTORY: Relentless ad campaign and heavy spending failed last week to block cable reregulation measure (S-12), which Senate passed by solid 74-25 margin. Bill's opponents picked up 7 votes, mostly from senators who hadn't voted when original measure moved through Senate in Jan. (TVD Feb 3 p1). Two sides traded influential senators, with proponents picking up vote in Hollywood ally Sen. Bradley (D-N.J.) while opponents won Sen. Fowler (D-Ga.). Margin would be sufficient to override veto by President Bush and gave proponents more Senate votes than 9 months ago.

Vote was anticlimactic, with none of last-min. hyperbole or high-profile sparring in newspapers that had marked conclusion of House action. Some of last developments: (1) Letter from FCC Comr. Quello strongly endorsing measure as beneficial to consumers. (2) Appearance for vote by Democratic vice presidential candidate, Sen. Gore (D-Tenn.), who was S-12 co-sponsor. His reappearance in debate at that late point hadn't been advocated by some proponents for fear it would polarize bipartisan coalition supporting measure by appearing to inject election-year partisanship into final vote. Bill's handlers got around problem by having Gore insert strong supportive statement in Congressional Record week before. Planned Gore campaign stop in Morganton, N.C., for rally for cable bill also was postponed because of scheduling conflict, further easing fears of ratcheting up political stakes in debate. (3) Washington Post op-ed article by Sens. Gorton (R-Wash.) and Lieberman (D-Conn.) upbraiding newspaper for opposing bill. "It is hard to see what

Consumer Electronics

SHARP VIEWCAM, new camcorder configuration, combines tilting 4" color LCD, introduced in Japan, scheduled for U.S. debut in mid-1993. (P. 9)

AUDIO HOME ENTERTAINMENT BILL passes House, could reach President's desk as early as this week. Landmark law ends hardware-software friction. (P. 10)

TV, VCR AND CD PLAYER IMPORTS soared in July, CD players exceeding million for first time. Camcorder shipments in 8th straight month of declines. (P. 10)

VHS TAPE SALES ENDED 4-YEAR SLIDE in dollar volume last year as average price dropped mere 2¢. Sales of VHS pancakes up, audio tape down. (P. 11)

ERASIBLE CD DUE IN 1996 on market, Philips says, raising prospect of conflict with Sony's MiniDisc for recordable digital disc system. (P. 12)

CHINA HIT LIST of potential retaliatory tariffs on electronic products opposed by EIA at USTR, warning of harm to consumers, domestic industry. (P. 13)

STANDARDS-CONVERTING VCRs introduced by Aiwa at \$500 and \$600. Sony debuts camcorders, 8mm deck. (P. 13)

BEST BUY AND FRETTER report major earnings gains in 2nd quarter. Best Buy has major comparable-store gains, while Fretter shows decline. (P. 13)

more this bill could do to increase competition, short of lifting the ban on telephone companies' providing cable in their local service areas -- a step the cable industry has fought tooth and nail," they wrote.

Vote indicated cable-Hollywood-White House alliance made few inroads in Senate, despite winning extra day of lobbying through deal with leadership to put off final action until last week in exchange for promise to end 102nd Congress on schedule in Oct. Senate passed S-12 in Jan. on 73-18 vote, which meant opponents had to persuade 16 senators to join 18 already against bill if veto were to be sustained. Opponents managed to persuade only 5 senators to switch to oppose bill -- Chafee (R-R.I.), Fowler, Lott (R-Miss.), Nickles (R-Okla.), Seymour (R-Cal.). Opponents also picked up 2 new votes in Sens. Boren (D-Okla.) and Cranston (D-Cal.), who hadn't voted in Jan. Opponents now will need to turn 9 votes into support for veto if override attempt becomes necessary. Bush has until midnight Oct. 3 to act.

Defections forced bill's proponents to pull out stops and ensure that all senators voted (tally was unusual in that all 100 senators did cast ballots, with Sen. Mack [R-Fla.] voting present because of family ties to cable industry). Proponents worked 8 Jan. nonvoters hard, winning 6 to their side: Bond (R-Mo.), Bradley, Harkin (D-Ia.), Kerrey (D-Neb.), Riegle (D-Mich.), Wofford (D-Pa.). Majority included 50 Democrats and 24 Republicans, while 7 Democrats and 18 Republicans opposed it.

Opponents still held out hope that some of support would be soft enough to convert in veto showdown, which some lobbyists said may be possible if effort is cast in election-year terms. "This is obviously a tough fight, and it isn't over," NCTA Pres. James Mooney said. "We will continue to work with the White House to gather enough support to sustain a veto." But NAB Pres. Edward Fritts said S-12 foes have "hit their high-water mark. Although there may be some slight shifting back and forth of votes on a veto override, we expect the vote totals to remain about the same." Veto override could end up at last min. of session. Congressional leaders are planning to stay in town until noon Oct. 5 to ensure opportunity for veto override vote. Two-thirds majority of those voting is needed to override. Senate vote appears to show proponents also have enough supporters to block any efforts to stall override action in final hours of session.

Vote came after threat of filibuster had been averted and Senate held generally listless final debate. Opponents abandoned filibuster after Majority Leader Mitchell (D-Me.) threatened to keep Senate in session with procedural votes. He also appeared to have votes necessary to cut off filibuster. Themes of final Senate debate: (1) Communications Subcommittee Chmn. Inouye (D-Hawaii) accused cable industry of being unwilling to compromise and denied claims that bill's backers ignored Hollywood concerns. He said that retransmission consent provision of conference bill was identical to substitute proposed by Sen. Packwood (R-Ore.), that there was no reason that cable should continue to be subsidized by broadcasters and that cable claims that measure would increase rates were misleading because FCC could waive buythrough provisions if it found they would cause rate boosts.

(2) Sen. Danforth (R-Mo.) accused cable industry of delaying tactics. Cable ad campaign also was much criticized by senators. Danforth said current bill is more favorable to cable industry than S-12 and only rationale for changing votes would be political tactics of cable industry, including "campaign of fear." (3) Sen. Metzenbaum (D-O.) said current bill didn't go far enough, but was better than nothing. He was among those who warned that concept wouldn't die even if bill did, that tougher measure would be offered in next Congress if necessary.

Opposition arguments: (1) Sen. Burns (R-Mont.) said bill would retard innovation, leaving consumers worse off by reducing incentives to introduce technology and new programming. (2) Sen. Wirth (D-Colo.) said broadcasters were trying to use measure to hold cable back, much as he said AM radio had tried to slow FM and AT&T had tried to retard telco competitors. (3) Sen. Brown (R-Colo.) said cable return on investment wasn't as high as utilities, so utility-style regulation would let rates climb. (4) Minority Leader Dole (R-Kan.) said there was no question consumers were angry at cable, but bill wasn't right vehicle.

Meanwhile, reports on industry campaign contributions to lawmakers may not be helping opposition much, campaign reform advocate told us. Legislators can be touchy about any efforts to tie their votes to contributions to their reelection efforts, and in case of 2 industries with potentially most to lose in S-12 debate -- Hollywood and cable -- about \$1.4 million had been poured into election coffers by midyear, according to most recent Federal Election Commission (FEC) reports. Total appears likely to increase substantially when 2nd-half contributions are tallied at year-end. In last election (1989-1990), NCTA made 1/3 of its contributions in last months of campaign.

NCTA reported contributing about \$500,000 so far this year -- including \$10,000 contributions to 8 members of House Commerce Committee that wrote House version of bill, among them key allies N.Y.

Democrats Manton and Scheuer. Not all of 8 supported cable's position, but some opponents still were trying to tie industry contributions to Sen. Fowler's (D-Ga.) vote against S-12. Fowler is friend of Atlanta-based CNN and TBS's Ted Turner. Records showed he also received \$33,500 from Time Warner (TW) and more than \$20,000 from 8 other MSOs plus \$7,250 from other Hollywood political action committees (PACs). Lawmakers routinely deny close ties between their votes and PAC financing, but Californians and others said privately afterward that they had felt compelled to support their constituent industries.

Hollywood's campaign contributions are thought by some lobbyists to have played role in House Democratic leadership's softpedaling of final internal lobbying on measure (leadership didn't "whip" bill). They pointed to fact that nearly 75% of Hollywood campaign money goes to Democrats. For example, we found evidence that MCA Chmn. Lew Wasserman had donated \$126,730 by June 30 to congressional candidates and party PACs, with virtually all of that going to Democrats -- except perhaps \$1,000 to Packwood. Packwood was leading Senate opponent of bill and to date had received \$51,000 from 8 largest cable PACs and \$19,500 from TW executives. Disney executives gave at least \$251,350 to various candidates, generally incumbents. Studio also held Cal. fund-raiser for Rep. Moorhead (R-Cal.) before House debate that he said raised \$35,000. Executives at TW's hq and its affiliates in N.J., N.Y. and Ohio apparently gave \$167,950.

Broadcaster contributions were only 27% of what cable and Hollywood apparently have contributed to campaigns so far. Station executives also are far less visible among contributors listed in FEC records. CBS executives appeared to have given perhaps \$18,900. NAB's TARPAC has given nearly \$400,000 to candidates, nearly \$55,000 of which went to 6 Senate Commerce Committee members seeking reelection. Tally included \$10,000 to S-12 foe Packwood, who otherwise has record as broadcast industry ally.

BROADCASTERS HIT PUBLIC INTEREST STANDARDS: Proposal that FCC reimpose public interest program standards on TV stations "must be rejected out of hand," INTV said in reply comments on Commission review of TV rules (TVD Aug 31 p8). Most comments rejected program standards proposal by United Church of Christ (UCC), as well as study on which proposal was based, and said relaxed limits on station ownership are necessary to keep industry healthy.

Program standards are "well outside the scope of this proceeding" and "rest on a suspect premise, the alleged decline of public interest programming," INTV said. Group said independent stations are providing more news and public affairs shows, and any drop that could be found should be attributed to declining financial health of broadcasters, which INTV said could be aided by relaxed rules. NAB, in separate filing, said much of UCC study was based on statistically incorrect reading of NAB figures.

UCC said it stands by validity of its study and there's "no basis for the belief that savings from economic efficiencies will be reinvested in local informational programming." Telecommunications Research & Action Center (TRAC) said FCC's record is "devoid of evidence that the relaxation of the television ownership limits is necessary or warranted" and, with exception of small UHF stations, "the overall, long-term financial outlook for broadcasters is good." TRAC also discounted claims that cable should be considered competitor to broadcasting, saying only 60% of homes subscribe to cable.

Easing TV-radio cross-ownership limits remains controversial, according to comments. NAB earlier had advocated that FCC move slowly on easing limits, but Associated Bcstrs. and Galloway Media said in joint filing that NAB position was "unrealistic" and "broadcasters must be afforded the same level playing field enjoyed by other providers of video services." WJAC Inc., Johnstown, Pa., said radio-TV rules are "based on false assumptions respecting diversity" of broadcast voices, and Morgan Murphy Stations, based in Madison, Wis., said limits undermine FCC goals of encouraging competition and diversity because they forbid efficiencies. Joint filing by WKRG-TV Inc., Mobile, and WEVV Inc., Evansville, Ind., said it would be "ironic" if TV broadcasters were denied benefits of already relaxed radio rules.

FCC should allow single company to own 18 TV stations and relax duopoly rule slightly, Paramount said. Paramount said FCC already had documented increasing TV competition that "eliminated the rationale for significant constraints on television ownership." It said its own stations show benefits of group ownership, including doubling of public affairs programming, sharing locally produced programs, savings by acquiring programming on group basis. Commission shouldn't worry about diversity of broadcast voices, several commenters said. Jet Bcstg., Erie, said number of voices isn't that important: "Of much greater importance is the quality and local viability of the voices." WKRG-TV and WEVV said requiring minimum number of voices per market "places a premium on being the first to propose a merger."

Other comments in proceeding: (1) ABC affiliates said changes in dual network rules may be needed when digital compression arrives, but now they "would have a destabilizing effect on local television affiliates." Filing supported NAB's proposed national ownership limits, opposed further relaxation of duopoly rules. (2) AFTRA said previous loosening of rules resulted in "significant decreases in the amount of programming in the public interest" because mergers mean more debt to be paid off and because common ownership usually means combining and reducing news and public affairs staffs. (3) WJAC called duopoly limits "far too restrictive," saying they would preclude mergers between strong VHF and weak UHF stations, which are most likely to enhance UHF.

DUGGAN ADVOCATES POLICY: FCC should admit that it engages in industrial policy in making decisions on issues such as mobile communications, HDTV and nationwide fiber network, FCC Comr. Duggan told FCBA. In speech several attendees likened to beginning of campaign for higher office, Duggan also: (1) Proposed reorganizing FCC to "better reflect the times." (2) Said Commission should become "a little more aggressive in setting standards for new technology." (3) Said FCC action on HDTV isn't best example of good industrial policy.

Next White House should question "hypocritical pretense" that FCC doesn't engage in industrial policy, regardless of whether Republicans or Democrats win White House, Duggan said. He said even term industrial policy, which he defined as govt.'s involving itself in spurring progress, has become "a kind of epithet" that has "stigmatized a natural and worthwhile activity of government." Good industrial policy has been good for national economy, Duggan said, citing interstate highways and national computer network. He said "genetic markers" of good industrial policy include: (1) Small use of public resources provides "big boom," such as in case of cellular. (2) Policy "reveres" private initiatives and market forces. (3) Plan creates "arenas for competition."

FCC policies on expanded wireless communications come closest to meeting his definition of good industrial policy, Duggan said. He said Commission has done good job of making spectrum available, public appetite for wireless service is "almost insatiable" and products are ready to be rolled out. In response to question, Duggan said he's "not hostile to the prospects of HDTV," but it isn't best example of good industrial policy: "This will be very good policy if it flies, but we need more information from the market." He said he didn't mean to suggest with "digital Da Nang" statement (TVD Sept 21 p3) that HDTV will be disaster, but FCC needs "an honorable path of retreat" if HDTV fails: "I don't feel the push from the market that is obvious in digital telephony."

FCC Chmn. Sikes responded that Commission shouldn't "ignore the success of free market policies as the best guarantee of more choices, lower prices and the best use of state-of-the-art communications technologies." Sikes said it's "indisputable" that FCC actions have "substantial effect" on industry, but there's "a big difference between our policies and those of people who urge a more direct role for government in communications policymaking."

Reorganization of FCC operations that Duggan said he already has proposed to Sikes: (1) New bureau would take over most license-processing activities. (2) Proposed new Mobile Services Bureau would include cellular, new technologies such as personal communications service (PCS), private radio. (3) Commission should get more aggressive in setting standards for new services: "A free market doesn't have to be a free-for-all."

CABLE STOCKS UNHURT: Stock market reacted little to congressional approval of cable bill that would limit rate increases and impose new regulatory and equipment burdens on industry. Shares have continued to trade in narrow range, Standard & Poor's issued advisory saying that bill probably wouldn't affect cable's long-term credit rating, and Turner Bcstg. completed offering of 10 million new shares of Class B common, prompting its stock price to increase slightly.

S&P said cable bill shouldn't affect credit ratings of cable companies. Ratings firm said bill would place major reporting and compliance burden on cable companies, as well as restrict rate increases and impose other costs, but probably wouldn't affect underlying creditworthiness. Rate increases no longer are major factor in cable's cash flow growth, S&P said, because MSOs are relying more on ad growth, adding subscribers and new telecommunications services.

Turner stock offering Sept. 24 was priced at 18-3/8, closing price Sept. 23, and officials said it was fully subscribed by underwriters, including Merrill Lynch, Donaldson, Lufkin & Jenrette, First Boston, Smith Barney, Harris Upham. Price closed up 1/4 Sept. 24. Underwriters have 30-day options to buy up to additional 1.5 million shares. Proceeds of \$180 million will be used to reduce debt, with stronger balance sheet expected to help planned overseas expansion. Analyst Jessica Reif of Oppenheimer called it "a good deal for the company" and noted that all cable stocks have been trading in fairly narrow range throughout cable bill debate.

In other financial developments: **Tribune Co.** said TV revenue grew 7% in Aug. to \$37.2 million, and radio revenue was up 5.7% to \$4.9 million. TV revenue was boosted by acquisition of WPHL-TV Philadelphia. For year to Aug. 30, TV revenue was up 3.9% to \$308.3 million and radio 0.8% to \$31.7 million... **Infinity Bcstg.** said it has new \$320-million credit agreement with group of 18 banks. About \$197 million of proceeds were used to refinance existing debt... **Interactive Network** said 2 founding stockholders, NBC and Rainbow Holdings, have agreed to provide it with \$1 million in convertible loans... **Skylink America** said it had \$74,000 net loss in quarter ended July 31, vs. \$218,000 loss year ago. It said pay-per-view revenue was up about 10%.

NAB again will offer free legal information on political campaign for broadcasters via hot line to be manned by William Green, retired partner with Reed, Smith, Shaw & McClay, who provided same service in 1988. Hot line begins operation Sept. 30, continues until election -- 800-331-6807.

FCC extended comment deadline for telco-cable cross-ownership proceeding until Oct. 13, from Sept. 28, at request of NCTA. Assn. said it needs more time to complete population research study. Replies are due Nov. 12, instead of Oct. 28.

MINORITY STEREOTYPING CLAIMED: TV coverage of blacks is stereotyped, misleading and scant, panelists at RTNDA convention in San Antonio last week said. Officials at convention also pledged that RTNDA will continue to lead fight for First Amendment and that Assn. is returning to firm financial footing.

Robert Entman, Northwestern U. communications prof., said local TV newscasts consistently report that blacks are more dangerous, more selfish and less worthy of recognition than whites: "TV news abhors talking heads but loves shouting heads. Motion videos tend to show blacks in restraints twice as often as whites, perpetuating the myth that blacks are more dangerous." Mercedes de Uriarte of U. of Tex. School of Journalism said TV "sound bites" more often are "sound nibbles" that mislead viewer as to story's complexity: "You must take events in context if they are to have meaning." Said moderator Johnathan Rodgers, pres. of CBS TV Stations Div.: "The key is there is not a conspiracy, but there is stupidity."

RTNDA is on "firm [financial] footing" to continue fight to protect First Amendment rights of public and media, said Chmn. Jeffrey Marks, Me. Bestg. "And, just in time. We face at every level of government an onslaught of regulation aimed at restricting our access and otherwise inhibiting the reporting process... Protecting your right to report freely will always be RTNDA's prime cause." Presidential campaign of Democrat Bill Clinton isn't very popular at RTNDA because of fear he will attempt to reinstitute fairness doctrine.

After 2 years of deficits, Pres. David Bartlett and Treas. Lou Prato, Medill News Service, said Assn. is having financial turnaround. RTNDA had deficit last 2 years, with ad sales for magazine Communicator sluggish and membership flat. Both are turning around, Bartlett said, with advertising committed to Communicator for rest of year exceeding 12-month total of 172 pages in 1991. For last 2 fiscal years, RTNDA had budget of just under \$1.8 million and expects to break even this fiscal year (which ends Dec. 31). Board will be asked to approve budget of just under \$2 million for 1993.

RTNDA was on course to set attendance record, with 1,499 on hand at start of business Sept. 25 with 2 days to go. Record is 1,517 last year in Denver. Exhibit space in San Antonio was up about 10%, said Exhibit Mgr. Eddie Barker, and "there's an upbeat mood... maybe we have turned the corner."

Meeting before convention, RTNDA board adopted proposal by Chmn.-elect Gary Hanson, WKBN-TV Youngstown, to take "a broad introspective look" at Assn.'s "mission and direction." Task Force 2000 will be headed by outgoing Chmn. Marks. Said Marks: "We had to begin brainstorming the direction of this Association in a rapidly changing industry. We have to keep reminding ourselves that we're not wedded to any medium we're using now" -- reference to rapidly changing technology, cable systems' move into news, telcos. A primary question for Task Force will be whether RTNDA should broaden its voting membership to include reporters and other electronic journalists, Marks said. RTNDA membership now is at 3,645, but voting members (limited to "supervisors" of newsrooms) total only 1,217. Hanson said Task Force will make recommendations by 1993 convention in Miami.

Luncheon speaker, CBS's Leslie Stahl, theorized that Bush campaign is stalling on debates to try to make its candidate look better when and if debate finally occurs.

Refusal to debate, she said, is irresponsible. Katherine Couric of NBC's Today asked whether media are too "obsessed with the gotcha mentality -- more concerned with making news, eliciting that saucy sound bite or embarrassing gaffe than informing the public." In keynote, TBS Chmn. Ted Turner called protection of environment "the most important issue that we face in the future" and said it's up to over-air TV stations to spread word because "people are watching you," with CNN getting only 3% of audience.

Unsuccessful in earlier efforts to get lawmakers to prohibit colorizing of classic b&w films, filmmakers last week were back in Congress seeking to tee up legislation for 1993 to require film labeling. Lawmakers' commitment to new effort is in doubt. New bill (HR-3051, S-2256) would: (1) Require label in movies altered for posttheatrical release, although requirements for disclosure in ads and other promotional materials have been dropped. (2) Give directors, screenwriters and cinematographers right to state objections to alterations in label. It apparently wouldn't cover such changes as panning & scanning to accommodate theater product for TV as long as content remained unaltered. Measure nonetheless has sparked much of same opposition as had earlier efforts, notably by studios and producers who fear implications for aftermarket sales. "There will be no market for films that must carry disparaging labels," Nicholas Counter, pres. of Alliance of Motion Picture & TV Producers (AMPTP), told Senate Copyright Subcommittee hearing last week in comments endorsed by MPAA. He made intellectual property protection, trade, First Amendment and consumer arguments against bill. INTV representative Al DeVaney, senior vp-gen. mgr. of WPWR-TV Chicago-Gary, said bill "epitomize[s] highly intrusive, ill-conceived and utterly unnecessary governmental mismanagement of intrabusiness and business-consumer relationships" in extent of labeling that it still would require of TV industry. He said labels amount to statement that "this property is condemned."

Cal.-based patent holding company says digital video compression systems planned by CableLabs and General Instrument, among others, would violate its patents. Orbsak Holding, headed by Samuel Kassatly, former engineer and patent lawyer for Hewlett-Packard and AT&T, said he owns patents for concept for video compression and for compression feedback system. He said Orbsak also expects to be issued videoconferencing patent Oct. 20. He described patents as "very broad," saying "the broader the patent is, the better off we are. We don't want to specify particular equipment." Kassatly, describing Orbsak as "patent holding company," said it doesn't have financing to manufacture equipment described in patents. He said it already has patent licensing agreement with Hewlett-Packard and expects to sign similar deals with GI and CableLabs. GI Vp-Advanced TV Robert Rast acknowledged company has been approached by Orbsak, but said it doesn't believe its video compression system violates any Orbsak patents: "But if there's a way to settle this at a price below our cost of litigation, we might be interested." Rast predicted that similar patent claims will be "coming out of the woodwork for the next 20 years." CableLabs officials said they also had been contacted by Kassatly, but said they had just passed information on to digital Program Delivery System consortium, including TCI and Viacom.

Tavern TV, 24-hour-per-day satellite-delivered service designed for bars, clubs and restaurants, has been launched formally. It's owned by Ontario-based N. American Bar Network, is carried on Galaxy 6, TR 16.

SKYPIX MARKETING CONTINUES: Network marketing efforts aimed at selling SkyPix DBS product apparently are going full speed ahead, even though company is in bankruptcy and has produced no hardware.

Since U.S. Bankruptcy Court Judge Thomas Glover in Seattle ordered that examiner be appointed to oversee operation of company, SkyPix spokespeople haven't returned phone calls. Calls to Direct Merchandise Corp. (DMC), Las Vegas-based network marketing unit operating since early Aug., weren't answered. But Ernest Matthews, attorney who spearheaded action on behalf of creditors and former executives -- including ex-Pres. Rick Selvage -- that led to SkyPix's being forced into bankruptcy, said his Seattle office had received numerous calls from irate consumers who had paid for SkyPix DBS product but received nothing.

Though Glover ordered no specific action by DMC or Aladdin, another fully owned SkyPix affiliated company marketing product in Canada for more than year, he made statements showing disapproval of network marketing schemes. Testimony in court revealed that Skypix received \$70,000 from DMC in Aug. That, said Matthews, was one of few sources of income company reported. Kelly Corr, another attorney representing plaintiffs, said other cash flow into company included loans to brothers Frederick and Richard Greenberg from their parents, as well as from another business venture from which Greenbergs were specifically enjoined from transferring funds -- result of entirely different case.

SkyPix accumulated debts in excess of \$8 million to creditors that included Home Shopping Network, Compression Labs, Bankers Trust. Bankruptcy Court ruling ordered SkyPix to submit reorganization plans on expedited basis. In Chapter 11 proceeding, SkyPix management is required to get approval of court and examiner for any expenditure exceeding \$1,000, any new contract and any attempt to borrow funds. Glover also dismissed SkyPix's counterclaims against creditors, with prejudice.

First test case on reasonable access for political candidates to TV time has emerged in response to Democratic National Committee (DNC) claim that FCC shouldn't rule on issue. NAB asked FCC for declaratory ruling on whether stations have to sell ad time to candidates in nonstandard blocks of time, such as 5 min. (TVD Aug 24 p8), saying that they're unfair burden on outlets. However, DNC Gen. Counsel Carol Darr told FCC that DNC doesn't believe declaratory ruling is appropriate process. She said there's no current "controversy" because no candidates have sought nonstandard ad time, and reasonable access issues can't be decided in abstract. Even if concrete issue arises, DNC said, reasonable time should be given for comment. Washington lawyer Vincent Pepper, representing WAGA-TV Atlanta, said station has received request for 5-min. spots from Daniel Becker, Republican congressional candidate. In letter to FCC, Pepper said Becker's request would be "an extraordinary burden on the station" since programming doesn't have ad slots that are long enough. Carrying 5-min. spots would require station either to enter show late or cut it short, would give federal candidates better treatment than local candidates or commercial advertisers and would "only serve to drive away the very audience that the candidate seeks," he said.

National Science Foundation, through \$4-million grant, has joined Hughes in project -- in planning for 3 years -- called Galaxy Classroom, which hopes to deliver satellite programming to 38 schools in U.S. and Mexico.

SENATE SPIKES AD TAX: Senate on 56-38 vote last week refused to cut tax deductibility of business expenses for tobacco ads and promotions to 80%, effectively killing efforts for new ad tax. Same day, it also rejected, 75-19, effort to kill proposed 16-year writeoff of intangible assets seen potentially important to broadcasting and cable. Another effort on latter was possible after our deadline.

Ad tax was pressed by antismoking allies of Sen. Harkin (D-Ia.) over objections of ad industry and ad agency groups, advertisers, magazine and newspaper publishers, NAB, outdoor advertisers (TVD Sept 7 p5). Amendment sought 20% reduction in current 100% deductibility of such expenses to funnel resulting revenues into govt. antismoking program. Opponents feared "horrible" precedent from ad tax, NAB said: "Should the Congress ever enact any restriction on advertising deductibility, no matter what the product or however minimal the restriction, the stage will be set for further limits on ad deductibility." AAAA told members proposal was "ominous... If that precedent is ever established for one product, it's clear that reformers would pervert the tax code to hammer countless other legal products they have divined as politically incorrect." They also made First Amendment arguments. Senate tobacco foes said present deduction amounts to federal subsidy of addictive drug.

Writeoff amendment, by Sen. Simon (D-Ill.), would have killed proposal to allow businesses to amortize such intangibles as subscriber lists of magazine, newspaper and cable businesses, client lists, "goodwill," etc., over 16 years. Simon instead proposed 14-year period and only for subscriber lists, dropping goodwill which he considered boondoggle for businesses. Goodwill can include company's name, brand names, logo, reputation. Simon plan held implications for advertising, broadcasting and cable businesses.

FCC relaxed requirements that broadcast licensees and applicants report non-FCC misconduct that could affect character qualifications for licensees. In decision Sept. 24 in response to broadcasters' petitions for reconsideration of requirements, FCC: (1) Said reports are due annually instead of every 90 days. (2) Eliminated requirement that pending litigation be reported. (3) Said "due diligence" requires that licensees survey persons with attributable interest in license as to possible violations at least annually. (4) Applied same due-diligence standard to drug violations. (5) Said outside activities of persons with attributable interest have to be reported only if individual controlled entity involved in violation or was adjudicated to have been involved directly. (6) Said activities of parent company or related subsidiary need be reported only if there's close relationship between entities, if they have common principals or if principals were involved actively with broadcast subsidiary.

Double-digit increase in spot and local TV ad revenue is likely this quarter, TvB said. Report is "most positive we have received in a long time," Vp-Research Harold Simpson said. He said quarter is first since 1986 to feature double-digit gain and "all indications are that September and October will also be strong for local and spot TV, especially considering the heavy political advertising anticipated." In other advertising developments: (1) Advertising Age said 100 largest advertisers spent 3.9% less on ads in 1991 than in 1990. (2) Arbitron said it resumed TV audience surveys in hurricane-hit Miami market Sept. 22 in time to include area in regularly scheduled Oct. TV Survey. Arbitron said early data indicated that despite impact of storm, Miami TV viewing was comparable with historical levels.

FCC Fines: FCC fined 2 radio stations \$15,000 each and another \$10,000 for alleged repeated EEO violations. However, despite EEO complaints, Commission renewed 7 stations on grounds that violations weren't proved or weren't serious enough to require license forfeiture. Largest fine was against WNTA(AM)/WKMO(FM) Rockford, Ill./Winnebago, Wis., which FCC said didn't hire minority for any of 27 jobs. In addition to fines, stations' license was renewed only for short term, FCC said. WWCT(FM) Peoria was fined \$10,000 for similar violations, and WJOL(AM)/WLLI(FM) Joliet was subjected to EEO reporting requirements. Commission dismissed complaints against WDWS(AM)/WHMS(FM) Champaign... FCC proposed fine of \$6,250 against WIFC(FM) Wausau, Wis., for allegedly airing illegal gambling ads... FCC proposed to impose \$6,250 fine on WTPA(FM) Harrisburg as result of complaint that station gave less valuable TV set in contest than it had promised. Station had promised set worth more than \$2,000, but prize was priced at less than \$1,100... Commission reduced fine of KCCY(FM) Pueblo, Colo., to \$4,000 from \$4,750 for failing to conduct weekly tests of Emergency Best. System (EBS)... It reduced fine of KNNG(FM) Sterling, Colo., to \$2,800 from \$4,500 for failing to keep adequate records of EBS tests... FCC notified noncommercial KKFI(FM) Kansas City of apparent fine of \$2,500 for failing to make inspection file available to member of public Feb. 7. FCC admonished station year ago for similar violation in March 1991.

Half of minority cable companies will be out of business by 1997 if they depend solely on their core cable business, FCC Comr. Barrett told National Assn. of Minorities in Cable (NAMIC) conference in N.Y. Sept. 24. He said none would be financially viable by 2002 unless they diversify into other telecommunications areas. "The future will belong to those who understand the future developments and are ready to compete and respond to the opportunities of the future digital world," Barrett said. "If you do not know what PCS [personal communications service] means or what its potential for your markets may be, then changes in your industry may leave you out." Barrett said cable has been successful in maintaining its "monopolistic status" in core business, but its growth potential is in competitive services at very heart of others' business. After speech, Barrett told us that his aim was to warn minority cable employees that they can't rely on minority status, but must keep up with new developments: "People are less concerned about who is providing a service than with what service they're getting."

Study of TV station compliance with Children's TV Act will be released by Campaign for Kids' TV at news conference at National Press Club Sept. 29, 1 p.m. Act requires stations, as one condition for license renewal, to air "educational and informational" programming for children. News conference participants are to include ACT Pres. Peggy Charren, National PTA Pres. Pat Henry, National Education Assn. Pres. Keith Geiger.

GE Americom's Satcom C-4 and C-3 satellites have successfully undergone apogee kick motor firing and solar array deployment and will be stationed soon in their orbital slots, company said. Satcom C-4 was launched Aug. 31 from Cape Canaveral aboard McDonnell Douglas Delta II launch vehicle and Satcom C-3 Sept. 10 from Kourou, French Guiana, aboard Ariane 4 rocket.

FCC Gen. Counsel Robert Pettit will become partner in Crowell & Moring Oct. 5, he confirmed. Pettit said main job will be to help expand firm's communications practice. Deputy Gen. Counsel Renee Licht will be acting gen. counsel on interim basis.

Rep. Cooper (D-Tenn.) wants House Telecom Subcommittee and FCC to investigate whether cable industry's telephone lobbying campaign on Capitol Hill violated federal wiretap laws. He wrote Subcommittee Chmn. Markey (D-Mass.) suggesting NCTA involvement and said Assn. may have "improperly" monitored calls that its telemarketing campaign had encouraged consumers to make to lawmakers, opposing reregulatory legislation (S-12). He said his letter was based on newspaper reports. NCTA has denied involvement in alleged monitoring and noted that newspapers had alluded only to unnamed cable company as behind calls. Spokeswoman said: "Neither newspaper story said anything about NCTA. If anyone wants to investigate these rather strange incidents, it's okay with us." Cooper also raised possibility that NCTA had violated FCC rules for 800 services and long distance providers. Markey has taken letter under advisement, spokesman said.

Heavily touted season premier of Murphy Brown drew 31.1 rating/42 share Sept. 21, highest for any network series episode since Jan. 1989, Nielsen said. Episode, first since Vice President Quayle made pregnancy of show's unmarried star into family values issue, was major subject of TV news reports both before and after airing. Network TV Assn. (NTA) claimed big win for broadcast networks that evening, which also included Mon. Night Football and Miss America special. Three major broadcast networks had total share of 74% of all TV viewing for entire evening, peaking at 82% 9-10 p.m., NTA said. Quayle watched episode, dismissed it as another "Hollywood campaign contribution" to Democrat Bill Clinton. Group watching with Quayle included John Oxendine, exec. dir. of Broadcast, candidate for minority seat on NAB board and pres. of Blackstar Communications, owner of independent UHF stations.

Former FCC Chmn. Richard Wiley is national co-chmn. of Lawyers for Bush/Quayle 92, along with Covington & Burling partner Wesley Williams. Group's steering committee includes former FCC Comr. Anne Jones. Former Comr. Mimi Dawson is on leave from Wiley, Rein & Fielding to head up coalition's operation at Bush/Quayle campaign hq. No other prominent communications lawyers are on steering committee of 100-member group that includes former U.S. Appeals Court Judge Robert Bork, former Transportation Secy. William Coleman, 5 former presidents of American Bar Assn.

Bipartisan commission scrapped 2nd in series of 4 televised debates on Presidential election, saying Bush campaign still refused to appear. Second debate Sept. 29 originally was to be between Vice Presidential candidates, but commission had suggested that since first Presidential debate Sept. 22 was scrubbed, Sept. 29 should be devoted to Presidential candidates. Main dispute continues to be between single moderator proposed by commission and panel insisted on by Bush.

CBS confirmed plan to give affiliates additional 8 min. each hour during CBS This Morning, with stations to decide how to divide time between local news and additional local ads. CBS Affiliate Relations Pres. Anthony Malara said goal is to "marry" local and national newscasts and indicated network would be disappointed if affiliates used all additional time for ads.

Cox Enterprises bought 65% of U.K. Gold, new British satellite channel featuring programming from BBC and Thames TV, in deal worth \$60 million. U.K. Gold, ad-supported channel aimed at British market, is Cox's first investment there. U.K. Gold plans to launch in Nov. and broadcast 18 hours per day via Astra satellite.

Personals

Lyman Gronemeyer, senior vp and deputy gen. counsel, 20th Century Fox, named exec. vp-legal affairs, new post... Minna Taylor promoted to vp-legal affairs, Fox Bestg... Paul Mason, senior vp, Viacom Pictures, moves to Viacom Productions as senior vp-production... Phillip Smith, press secy. to Sen. Warner (R-Va.) last 5 years, joins CPB next month as vp-corporate communications, succeeding Rozanne Weissman, resigned... Ellen Caldwell, ex-Burson-Marsteller, named dir.-media relations, Recording Industry Assn. of America, replacing Tanya Blackwell, resigned... Douglass Wills, NAB mgr.-media relations, promoted to dir.-media relations.

CNBC Pres. Al Barber resigns to pursue private business interests, but will remain with network until successor is named... Advancements at Bravo Cable Network parent Rainbow Programming Holdings: James Dolan to CEO, Sharon Patrick to pres.-COO... David Woodrow promoted to senior vp-operations, Cox Cable... Appointments at Viacom Networks: Gregory Ricca, exec. vp-business affairs; Lois Eisenstein, senior vp-business affairs and gen. counsel, MTV Networks; Gwen Marcus, senior vp and gen. counsel, Showtime Networks... David McCoy named vp-affiliate ad sales, Comedy Central, new post.

Promoted to vps, KTSP-TV Phoenix: Karen Donner, business; Al Hillstrom, engineering; David Howell, news; Donald Locke, sales; Sandi Yost, programming and production... Kenneth Hawkins, KNOE-TV Monroe, La., named gen. mgr., WAKA Selma, Ala... Rona Landy promoted to vp-station mgr., WLTW(FM) N.Y... Robert Morford, WAFF Huntsville-Decatur, appointed news dir., WATE-TV Knoxville... James Woods appointed senior mktg. mgr.-advanced TV systems, Harris Allied Best. Div.; Steve Agnew, ex-Radio Maximum, joins as mgr.-broadcast properties... Michael Berg named of counsel, Washington office of Akin, Gump, Hauer & Feld law firm.

FCC calendar -- Sept. 29: Walda Roseman, dir., Office of International Communications, addresses 3rd Satellite Communications Symposium, Paris, 12:30 p.m. Oct. 1: Chmn. Sikes is breakfast speaker at HDTV Update Conference, ANA-Westin Hotel, Washington, 9 a.m. Thomas Stanley, chief engineer, participates on panel, same conference, 9:45 a.m. NTIA Schedule -- Oct. 1: Dir. Gregory Chapados addresses HDTV conference, 2 p.m. Thomas Sugrue, asst. dir., participates on panel, 9:45 a.m.

Eutelsat II F-4 has gone into service at 7° E. Since launch aboard Ariane 4 rocket, Eutelsat II F-4 has completed maneuvers and tests to prepare for service. For 2-week period, Eutelsat I F-4 will be colocated with new bird for gradual transfer of services. After that, Eutelsat I F-4 will be moved to new slot, which it will reach later this year, consortium said.

American Satellite TV Alliance (ASTA) issued educational pamphlet, Satellite Dish Antenna Ownership: Rights, Responsibilities and Regulations. It's designed to inform public of legal right to own satellite dish "in the face of extreme or unreasonable zoning regulations and restrictive covenants" -- 914-997-8192.

FCC granted Comsat request to waive licensing requirements for receive-only international earth stations accessing Intelsat's new Ku-band satellite. FCC said encryption of video and audio signals makes unauthorized reception unlikely.

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Food Lion grocery chain held news conference last week to criticize report on company that it said was being prepared by ABC's Prime Time Live. Spokesman said chain has sued ABC for violating fair trade laws by placing ABC staffer on Food Lion payroll under assumed name. Spokesman said chain believes that United Food & Commercial Workers Union has been feeding information to network as part of campaign to unionize stores.

FCC should allow TV industry to use line 21, field 2, of vertical blanking interval (VBI) for additional closed captions and new data services, according to separate petitions filed Sept. 23 by Caption Center, Mitsubishi, Sony, Toshiba. EIA had said earlier that Commission should allow use of field 2 (current captioning is on field 1), and FCC has said it would consider idea later.

OBITUARY

Otis Freeman, 71, TV engineer and executive at Tribune Bestg., died Sept. 17 at Anderson (S.C.) Memorial Hospital. Cause wasn't disclosed. Freeman joined company in 1948, became chief engineer in 1953. He retired as a dir. in 1990, but remained consultant. Survivors include wife, 2 sons, daughter.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

| | SEPT. 5-11 | 1991 WEEK | % CHANGE | AUG 29- SEPT.4 | 36 WEEKS 1992 | 36 WEEKS 1991 | % CHANGE |
|------------------|---------------|--------------|-------------|-------------------|------------------|------------------|-------------|
| TOTAL COLOR..... | 401,939 | 308,034 | +30.5 | 413,536 | 13,436,867 | 12,548,218 | + 7.1 |
| DIRECT-VIEW.... | 396,237* | 297,804 | +33.1 | 404,585 | 13,208,138 | 12,336,133 | + 6.4 |
| TV ONLY..... | 386,472 | 291,717 | +32.5 | 391,545 | 12,694,006 | 11,906,305 | + 6.6 |
| TV/VCR COMBO. | 9,765* | 6,087 | +60.4 | 13,040 | 514,132* | 429,828 | +19.6 |
| PROJECTION.... | 5,702 | 10,230* | -44.3 | 8,951 | 228,729* | 212,085 | + 7.8 |
| VCR DECKS..... | 140,282 | 155,307 | - 9.7 | 171,670 | 7,312,139* | 6,228,890 | +17.4 |
| CAMCORDERS..... | 26,530 | 14,179 | +87.1 | 31,328 | 1,676,689 | 1,739,873* | - 3.6 |
| LASERDISC PLAYS# | 1,424 | 2,881 | -50.6 | 3,245 | 131,489 | 112,762 | +16.6 |

Direct-view TV 5-week average: 1992--446,854; 1991--393,190 (up 13.6%).

VCR deck 5-week average: 1992--244,970; 1991--226,848 (up 8.0%).

Camcorder 5-week average: 1992--49,805; 1991--65,015* (down 23.4%).

* Record for period. # Includes combi players, excludes karaoke types.

SHARP VIEWCAM--NEW CAMCORDER CONFIGURATION: Complete break with past camcorder design is embodied in new Hi8 model just introduced in Japan by Sharp, company that fielded Twincam, first dual-lens camcorder, earlier this year. New model combines Sharp's expertise in LCD technology with 8mm format to result in new camcorder configuration incorporating bright 4" color screen. In Japan, Sharp spokesman told us it will be introduced in U.S. in mid-1993.

LCD ViewCam combines new type of 4" color LCD monitor with camcorder, eliminating conventional viewfinder. Model VL-HL1 camera and monitor portions are side by side, but monitor can be twisted 180° in vertical circle. Camcorder can be held in both hands for conventional shooting, or with neck strap or belt user can look down into viewer in manner similar to old-style Rolleicord twin-lens reflex camera, eliminating one-eye shooting and squinting at tiny viewfinder. Same flexibility permits viewer to shoot over crowd by holding camera above head and looking up into monitor. Monitor can even be twisted so operator can be included in picture, watching it while operating wireless remote control.

Because LCD screen is of respectable size, movies made with Viewcam can be enjoyed immediately after shooting, even outdoors in sunlight. Or unit can be used as out-of-home movie viewer with prerecorded cassettes. Optional tuner will permit its use as TV set in Japan. (However, tuner won't be available in U.S., spokesman said, because of antidumping duties on color sets.) Viewcam employs version of new high-brightness LCD unveiled recently by Sharp in Japan in new 4" TV (TVD Sept 14 p12). It's claimed to be twice as bright as conventional LCD and even brighter than CRT, with reflections reduced by factor of 10. LCD's thickness is only 0.3" -- 1/3 as deep as conventional 4" LCD, while weight has been cut in half to 3.4 oz.

Viewcam has 1/3" 410,000-pixel CCD pickup, 8X zoom, wireless remote, stereo sound, fuzzy logic iris and white balance control, digital "Antishake System" to compensate for hand movements. It measures 7.8" wide, 3" high, 5.8" deep, weighing less than 2 lb. including lithium battery. Its on-screen error messages are large and explicit -- "battery getting low" instead of conventional viewer's "lo batt."

Product was under development for 4 years, said Sharp Video Systems Div. Gen. Mgr. Hironori Hattori. He said Sharp pursued system to introduce new uses for camcorder, whose market it believes stagnated because it's less versatile than most other consumer electronic products. Initial monthly production of ViewCam, which carries list in Japan of 210,000 yen (current equivalent of \$1,750), will be 20,000. Hattori

said company hopes to sell 80,000 in Japan by March -- 4 times more than its conventional camcorders. As for Sharp's other innovation, Twincam, he said company has sold 30,000 in U.S. and 70,000 in Europe since debut.

In another LCD development, Sharp announced prototype HDTV projector using reflective LCD with brightness of 1,000 lumens, claimed to be 5 times brighter than company's previous LCD TV projectors. New LCD panel contains no pixel configuration, Sharp said, resulting in giant leap in luminance without sacrificing image detail. Prototype has 160" screen, Sharp said, but projector is capable of providing picture up to 300". No commercialization plans were revealed.

Meanwhile, biennial Photokina in Cologne, Germany, provided these glimpses into future of electronic photography technology: (1) Canon showed new 35mm still camera boasting "eye-controlled autofocus," principle it said also can be used in camcorders. With reflected infrared beam, system detects where user's eye is looking through viewfinder and puts that part of picture in sharp focus -- so object in focus no longer need be in center of picture. (2) Fuji demonstrated system that stores up to 40 electronic images on 16 Mb flash memory card.

AUDIO HOME RECORDING BILL ENACTMENT NEAR: Congress is only step away from enacting landmark compromise audio home recording legislation, following unanimous House passage late Tues. of digital audio royalty package (HR-3204) fashioned by 3 committees. Bill is expected to be reconciled quickly with Senate-passed version (S-1623) and legislation could be on President's desk as early as this week.

Bill was lauded for resolving "decade of bitter disputes" between music and consumer electronics industries by House Judiciary Committee Chmn. Brooks (D-Tex.). It's also "landmark intellectual property legislation, placing the U.S. squarely in line with the growing international consensus on how to resolve the difficult issues of new technological uses of copyrighted works," said Rep. Moorhead (R-Cal.), member of 2 of panels that handled bill.

Despite high praise for compromise by many lawmakers and fact that legislation drew little organized opposition, road to final enactment has been long and tedious. Hardware-software compromise on digital audio royalties was announced publicly July 11, 1991, following several months of intense behind-scenes negotiations (TVD July 15/91 p8). Legislation embodying compromise was introduced officially 3 weeks later.

HR-3204 would compensate record companies, artists, songwriters and publishers for home recordings made on new digital audio equipment through 3% royalty fee on factory price of blank digital audio media and 2% fee on digital audio recorders, including DAT, DCC and MiniDisc (MD) hardware, plus recordable digital audio technologies yet to come. Legislation contains provision absolving consumers from copyright infringement suits for making copies at home for personal use. It's generally assumed legislation, by fostering friendlier legal environment between hardware and software industries, will ease commercialization of digital audio recording technologies by eliminating threat of copyright litigation. Many record companies supporting MD and DCC systems have made actual product releases contingent on legislation's enactment.

Measure for first time would give legal sanction to Serial Copy Management System (SCMS) to prevent high-quality 2nd-generation digital dubs, although SCMS already is de facto standard in consumer DAT recorders sold here for last 2 years and is required by Philips and Sony licenses on DCC and MD, respectively. Bill that emerges from Congress is likely to reflect simplified version that cleared House Copyright Subcommittee last month. Changes made by Copyright Subcommittee Chmn. Hughes (D-N.J.) adopt term "digital music recording" instead of "audiogram" in Senate version, though both were meant to exclude computer software from scope of legislation.

Although supporters were reluctant last week to declare victory until bill bears President Bush's signature, they were more buoyant than at any time since compromise was announced 14 months ago. Typifying other backers, National Music Publishers' Assn. Pres. Edward Murphy looked beyond point of enactment to cite "the challenges that lie ahead" in working with Copyright Office to ease administrative burden of implementing royalty system.

TV, VCR AND CD IMPORTS SOARED IN JULY: Color TV imports continued to grow at faster pace than sales in July, as industry kept watchful eye on rising inventories. VCR deck imports increased by even greater amount -- but in both cases there's no general alarm in view of continuing healthy sales. In area

where there is alarm over inventories -- camcorders -- imports dropped for 8th consecutive month. And July was first month ever with imports of more than million CD players.

U.S. Commerce Dept. figures show VCR deck imports up 25.1% in July, 37.8% in year's first 7 months, while color TV imports rose 17.2% over last July and 22.4% in year to date. CD player imports were up big 57.3% in July to 1.02 million; in preceding 6 months, they averaged 636,000. CD player imports for first 7 months were up 38% to nearly 5 million.

Camcorder imports continued to decline, dropping 20.5% from July 1991. Heeding inventory conditions, importers put brakes more firmly on 8mm than on "other" types, 8mm falling 30.6%, half-inch models only 13.8%. The 8mm units comprised 35% of shipments in July vs. 40% year earlier and 41.4% for 1992's first 7 months. Decline of 27.4% in 7-month camcorder imports was shared almost equally by both formats -- 8mm down 28.7%, others down 26.5%.

In year's first 7 months, camcorder imports almost exactly matched with sales to dealers -- 1,415,900 came in and 1,407,300 were sold. On direct calendar basis, that doesn't reduce any inventories -- but it actually should help because traditional big sales period for camcorders is coming up and pace of domestic sales should increase from now to year-end.

Effect of changing production sites shows up prominently in VCR figures. First 7 months of this year reflect sudden rise of Indonesia, where Matsushita Kotobuki has plant earmarking most or all of its production to U.S., with 435,400 decks arriving from there in period, as opposed to negligible amount last year. Korea, where Samsung and Goldstar have large own-brand and OEM production, is strong No. 2 VCR power, after Japan, followed by Malaysia with more than million units since first of year, reflecting plants there of JVC-Philips, Hitachi, Mitsubishi, Sharp, Sony. Thailand, where Orion has plant supplying Emerson, is 4th, followed by Indonesia. Fifth is Singapore, whose shipments are up more than 125% in first 7 months, as Toshiba-Thomson plant there revs up production.

TV import chart shows some strange new entries this year, about 2,200 color sets listed coming from Panama, obviously transshipments from somewhere else. Portugal is shown as source this year of nearly 24,000 monochrome sets, which actually could be computer monitors erroneously listed as TVs. First significant shipments from India consist of 1,500 monochrome sets. Here's summary of imports for July and first 7 months, based on Commerce Dept. data released last week:

| Product | July '92 | July '91 | % Chg. | 7 Mo. '92 | 7 Mo. '91 | % Chg |
|-------------------|-----------|-----------|--------|-----------|-----------|-------|
| Color TV..... | 898,600 | 766,700 | +17.2 | 5,858,000 | 4,785,500 | +22.4 |
| Monochrome TV.... | 150,900 | 153,900 | - 1.9 | 1,015,700 | 1,107,300 | -8.3 |
| Flat-screen TV... | 27,400 | 44,700 | -19.2 | 152,300 | 115,500 | +31.8 |
| VCR decks..... | 1,372,600 | 1,097,400 | +25.1 | 7,850,700 | 5,706,100 | +37.6 |
| Camcorders..... | 272,000 | 342,400 | -20.5 | 1,415,900 | 1,950,500 | -27.4 |
| 8mm..... | 95,100 | 137,200 | -30.6 | 585,800 | 821,200 | -28.7 |
| Other..... | 176,900 | 205,200 | -13.8 | 830,100 | 1,129,300 | -26.5 |
| Videocass.players | 66,100 | 82,400 | -19.7 | 323,400 | 374,900 | -13.7 |
| CD players..... | 1,020,000 | 648,400 | +57.3 | 4,836,000 | 2,504,000 | +38.0 |

VHS TAPE DOLLAR SALES END 4-YEAR SLIDE: Four-year skid in factory value of U.S. shipments of blank VHS tapes was reversed last year, according to figures released by ITA. Unit volume jumped 4.7% to 368.6 million, generating 3.8% rise in dollars to \$988.1 million. End of slide in total factory value is attributable to fact that average value of VHS tape shipped dropped only 2¢ from \$2.70 in 1990 to \$2.68 last year, compared with 30¢ drop from 1989 to 1990. ITA shipment figures don't differentiate among different lengths, so it's difficult to judge effect of sales of longer tapes (T-160, T-180, etc.) on average value.

By comparison, average value of blank 8mm cassette shipped last year was \$4.47, and VHS-C cassette was \$3.41, down from \$4 year earlier. This is first time ITA has reported 8mm shipments, so no comparison with earlier period is available. Again, ITA doesn't offer breakdown on relative tape lengths. It discontinued tally of Beta tape sales with this year's figures.

Unit shipments of VHS pancakes (expressed as T-120 equivalents) to duplicators and blank tape loaders rose 34.1% in 1991, although dollar value was up only 18.4%. Average value per unit dropped to \$1.17 from \$1.33 year earlier.

Average value of blank audiocassette slipped to 84¢ from 89¢ year earlier as dollar volume declined 5.2% and unit volume dropped 0.3%. Sales figures in all categories encompass consumer retail, industrial and bulk business, but don't include audiotape pancakes sold to loaders and duplicators.

Here are ITA's figures for 1991 videocassette sales, with 1990 results for comparison:

ITA VIDEOTAPE FACTORY SALES ESTIMATES
(add 000)

| | Units | | % | Value | | % |
|---------------------|---------|---------|--------|-----------|-----------|--------|
| | 1991 | 1990 | Change | 1991 | 1990 | Change |
| VHS..... | 368,605 | 352,033 | + 4.7 | \$988,063 | \$951,653 | + 3.8 |
| VHS-C..... | 8,000 | 6,500 | +23.1 | 27,300 | 26,000 | + 5.0 |
| 8mm..... | 17,000 | NA | -- | 76,000 | NA | -- |
| TOTAL CASSETTE..... | 393,605 | NA | -- | 1,091,363 | NA | -- |
| VHS Pancake..... | 227,896 | 169,945 | +34.1 | 267,600 | 225,944 | +18.4 |

Here are ITA's historical figures on video and audio cassette factory sales from 1980 through 1991:

VIDEO TAPE SALES ESTIMATES 1980-1991
(add 000)

| | VHS | | 8mm | | Pancake | | VHS-C | |
|------|------------|---------|-----------|--------|-----------|---------|-----------|-------|
| | Value | Units | Value | Units | Value | Units | Value | Units |
| 1980 | \$ 168,601 | 12,892 | -- | -- | -- | -- | -- | -- |
| 1981 | 260,400 | 20,469 | -- | -- | -- | -- | -- | -- |
| 1982 | 310,043 | 27,429 | -- | -- | -- | -- | -- | -- |
| 1983 | 500,341 | 65,857 | -- | -- | -- | -- | -- | -- |
| 1984 | 714,405 | 122,012 | -- | -- | -- | -- | -- | -- |
| 1985 | 1,013,094 | 231,353 | -- | -- | -- | -- | -- | -- |
| 1986 | 1,250,095 | 312,785 | -- | -- | \$ 69,058 | 39,033 | -- | -- |
| 1987 | 1,093,909 | 314,785 | -- | -- | 140,641 | 86,048 | -- | -- |
| 1988 | 1,008,634 | 329,245 | -- | -- | 168,010 | 115,237 | -- | -- |
| 1989 | 995,836 | 331,086 | -- | -- | 230,238 | 167,272 | -- | -- |
| 1990 | 951,653 | 352,033 | -- | -- | 225,944 | 169,945 | \$ 26,000 | 6,500 |
| 1991 | 988,063 | 368,605 | \$ 76,000 | 17,000 | 267,600 | 227,896 | 27,300 | 8,000 |

WE'LL SELL ERASABLE CD IN 1996--PHILIPS: Philips executives in Eindhoven temporarily stole spotlight from their own impending DCC system launch, telling visiting audio journalists that company plans to market recordable, erasable 5" CD audio (CD-E) system compatible with present CD players on consumer market in 1996, according to our associated Audio Week newsletter.

CD-E technology has been demonstrated privately and Philips is confident system can be commercialized at affordable price within 4 years, according to Audio Products Group Product Planning & Strategy Dir. Leo van Leeuwen. He said Philips has informed CD partner Sony of intention and sought its support, to no avail. Commenting recently on bilateral discussions with Philips on recordable CD technology, Sony Audio Development Group Senior Vp Katsuaki Tsurushima told visiting U.S. reporters that rift between corporate giants first developed in 1987 when Philips insisted on commercializing CD recording approach compatible with existing CD players, while Sony was committed to magneto-optical technology, which was later incorporated into Mini Disc system (TVD Aug 10 p13).

Political and commercial implications of Philips CD-E introduction in 1996 would be anyone's guess. Van Leeuwen predicted only that introduction probably would kill off what remains then of audiophile and semiprofessional DAT market. He declined to elaborate on technical details of CD-E system, promising additional specifics "in due time." Asked by Dutch reporter whether CD-E introduction would render Mini Disc "unnecessary," van Leeuwen coyly replied: "You said that, I didn't." Nevertheless, van Leeuwen then reiterated terms of Sony-Philips covenant, saying that Philips was prepared to support MD if it became successful product, same as Sony executives' position on DCC.

EIA FIGHTS CHINA LIST: While backing principle of open Chinese markets, EIA Pres. Peter McCloskey strongly opposed retaliatory increases in tariffs on electronic equipment, in testimony last week before Office of U.S. Trade Representative (USTR).

Also testifying against earmarking electronics for retaliatory tariffs were representatives of Tandy, Scientific-Atlanta, Jasco Products, Sanyo Fisher (USA), Sanyo Mfg. Co. Among those submitting written testimony objecting to proposed sanctions were AT&T, Recoton, Dynascan, Pfannstiehl.

Administration is threatening tariffs of up to 100% on products selected from list that includes many electronic products currently being exported from China to U.S. (TVD Aug 31 p19).

In his testimony, McCloskey noted that electronics comprised largest number of categories on list, with total "direct impact of almost \$800 million" and retail value of \$1-\$1.5 billion annually. Among his major points: (1) Increase in tariffs would cause hardship for consumers by raising prices. (2) "Disruption in the product pipeline will cost U.S. jobs in all sectors of the U.S. distribution chain." (3) Increases would cause shortages in supply. (4) Many or most enterprises in China that would be affected are wholly owned U.S. ventures or joint ventures with substantial non-Chinese ownership. Those interests encourage "economic and social reform" in China. (5) Retaliation by China could affect that country's imports of such products as computers and aircraft from U.S.

As for components solely sourced in China, McCloskey said sudden shift in duties "could stop U.S. production in its tracks." He cited Recoton as typical company that must forecast requirements at least 6 months in advance and therefore can't find alternative source without major dislocations.

Using Commerce Dept. data, EIA said electronics imports from China totaled \$730.18 million last year -- 8.4% of total electronics imports. Consumer electronics imports from China in 1991 were valued at \$252,345,000 -- 7.1% of total imports in that field. Other electronic product imports and China's percentage of total imports: Passive components \$64.9 million (5.3%), telecommunications equipment \$292.5 million (10.2%), other communications \$5.4 million (5.5%), computers and peripherals \$114.96 million (11.4%).

EIA analysis of electronic products selected by USTR as candidates for tariff increases, compiled from Commerce Dept. figures on imports from China vs. total imports in 1991, included the following: China accounted for 63.1% of 10-13" monochrome TV sets and 25.3% of monochrome sets 7" and smaller; 15.3% of color TVs with 10-13" screens; 5.4% of larger color sets; 11.7% of TV-radio and TV-recorder combos; 60.6% of cassette tape players without speakers, 16.1% of AC-only cassette players and 23.6% of "other" cassette players; 10.3-19.8% of phone answering machines; 9.8-23.6% of cassette tape recorders; 12% of blank videotape; 4.1% of blank audiotape.

England's last consumer electronics mogul, Alan Sugar, is considering taking Amstrad private, buying up 64.6% of company he doesn't own. Value of company's stock has dropped more than 90% since 1988. Amstrad is expected to report loss of more than \$100 million for year ended June 30.

STANDARDS-CONVERTING VCRs: Returning to U.S. VCR business, Aiwa made good on promise to deliver consumer-priced standards-converting VCRs that can record and play back in NTSC, PAL and SECAM or convert tapes from one standard to another (TVD June 8 p19, April 13 p10).

Coming in within promised time frame and price and now being delivered is model without tuner at \$500 suggested retail. Ahead of schedule is version with NTSC tuner at \$600. Both feature digital standards conversion, digital special effects, auto tracking and power supply operating at 90-260 volts. Tuner model has 181 channels; lower priced version has line-recording capability. Not yet introduced is promised standalone standards converter without VCR.

In other new product news, Sony introduced 3 camcorders and 8mm deck, all with wireless remote controls. Two models are in "FX" (family) series, starting with entry level model at \$1,000 suggested list with 8X variable speed zoom, 3-mode (portrait, sports, shutter) auto-exposure dial and automatic "Inner Focus" system, with 2-lux sensitivity. Hi8 version has large LCD display to show camera setting, with enhanced manual adjustments. Due in Oct., it will carry suggested \$1,400 tag. Other new Sony products are available now.

Palm-sized CCD-TR31 has 4-mode auto exposure program with addition of "natural night" mode, date superimpose, 10X optical zoom, digital fade, 1-lux sensitivity, \$1,100 suggested list. New record and playback deck without tuner has clear special effects, "Voice Boost" system to enhance voices on sound tracks while eliminating background noise, shuttle dial, editing interface for "Control L" terminals. It's priced at \$500.

New Sony laserdisc player incorporates professional type digital video processing, including time base corrector, 3-line digital comb filter, dropout compensator. Suggested list is \$599.

BEST BUY, FRETTER EARNINGS: Best Buy earnings for 2nd quarter to July 29 rose 48% to \$2.6 million on 47% sales increase to \$285.4 million. First-half earnings were up 78% to \$3.86 million on 48% revenue jump to \$531.9 million. As previously reported (TVD Sept 7 p13), comparable stores were up 15% in quarter and 16% in first half. Comparable-store growth is being led by major increases in computer departments and entertainment software. Computer sales helped drag gross margin down to 19% in most recent period from 20.9% in last year's quarter. Lower sales of high-margin extended service contracts, part of Concept 2 format, also contributed to lower gross margin.

Fretter reported 58.9% jump in net income to \$857,500 on 27% sales gain to \$85.3 million in 2nd quarter ended July 31. For first half, net income soared 83.9% to \$1.2 million on 30.3% sales increase to \$159.8 million. Current-year periods include revenues from Fred Schmid, which officially was acquired Sept. 30, 1991.

Comparable-store sales dropped 10.2% in 2nd quarter, bringing first half comparable-store sales down 5.8%. Larger drop in 2nd quarter was blamed on slow air conditioner sales; company said in 10Q filing they were off 67% in quarter.

Goldstar showed CD-I player at Photokina exposition in Cologne, Germany, but gave no details on commercialization.

VOICE-ACTIVATED REMOTE CONTROL: Latest attempt to harness voice recognition technology in usable consumer product is being undertaken by Voice-Powered Technology (VPT), Canoga Park, Cal., company that has registered with SEC for initial public offering. VCR Voice Programmer (VVP), which quietly has gone through test marketing within last year, is expected to be launched next month, with distribution in major U.S. markets by year-end.

Company has sold undisclosed number of VPTs in Southern Cal. test market, using radio commercials that instructed listeners to call toll-free number, offering device for \$169. Company plans to continue merchandising VVP via combination of direct marketing and national catalogs. It also says it's "considering" going through "selected" consumer electronics retailers, according to prospectus.

VVP uses "speaker-dependent system" that can accommodate voice commands from up to 4 users at time. Wireless handheld remote control includes LCD panel and microphone; each user programs voice by repeating 31 words -- device's total vocabulary -- that flash on LCD screen in "train" mode. Once voice pattern has been entered, user can operate VCR, TV and cable box by speaking. VVP "learns" codes from hardware devices in similar fashion.

Programming system is similar to another programming simplifier -- VCR Plus -- in one aspect: All programming and timing functions emanate from handset, which sends out appropriate codes via infrared to operate hardware. To program VCR, for example, series of commands spoken into handset (as prompted by LCD screen) would be "4" (for channel), "Monday," "8 p.m." (for starting time), "9 p.m." for end. Programming more than week in advance can be achieved by punching buttons. To zip through commercials recorded on tape, user tells remote unit to "zap it," and VCR switches to fast forward mode for user-programmed time increment (30, 60 sec., etc.), then goes back to play mode.

Prospectus says VPT technology uses "sophisticated voice recognition algorithms in conjunction with a low-cost 8-bit microprocessor" to create low-cost alternative to expensive systems based on digital signal processing (DSP) chips. Prospectus says VPT has applied for 4 patents related to system and has exclusive license for certain algorithms copyrighted by ESSO Development; ESSO owner Myron Hitchcock is on VPT board.

VPT Chmn.-Pres.-CEO is Michael Bissonnette, founder of Knight Protective Industries, security products company. COO is Edward Krakauer, founder and former chmn. of Rabbit Systems, onetime executive with Mattel, GCE, Milton Bradley.

Prospectus lists 2 potential products in addition to VVP. "Voice Reminder," said to be in "prototype" stage with scheduled shipment next summer, is described as pocket device into which user enters (via voice) appointments and reminders, and is alerted automatically at appropriate time. Extension of that idea in "development stage" with proposed delivery in spring, 1994, incorporates telephone dialer into same unit.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 120 yen = \$1, except where noted.

MULTIMEDIA CONFERENCES ABOUND: Most time-consuming element of participating in multimedia and interactive technology markets may be attending all meetings to discuss them. Among them:

Conference on Interactive Mktg., Sept. 29-Oct. 1, Lake Tahoe, Cal. -- 714-493-2434.

Software Publishers Assn. annual conference Sept. 30-Oct. 1, Washington -- 202-452-1600.

CD-ROM Expo, Sept. 30-Oct. 2, Boston, with opening keynote by Turner Entertainment Networks Pres. Scott Sassa -- 617-361-8000.

Multimedia Expo, Oct. 18-20, Santa Clara, Cal., sponsored by American Expositions -- 212-226-4141.

CD-I Two publishers and developers conference, Oct. 27-29, L.A., sponsored by Philips, Sony, Matsushita Electric Industrial, Philips Interactive Media of America -- 800-800-5454 or 914-328-9157.

CyberArts International Conference & Expo, Oct. 29-Nov. 1, Pasadena -- 415-905-2496.

PHILIPS PROFIT FORECAST: Philips had more bad news for shareholders when it announced it expects 1992 net income from business operations to be about half of 1991 level. At current exchange rate, that works out to about \$291 million for 1992. Reasons cited: "There are no signs of economic recovery, the problems in the consumer electronics industry persist and the exchange rate of the U.S. dollar has further deteriorated since the beginning of the 3rd quarter."

Philips previously had said it was unlikely that sales and net income from operations this year would reach 1991 level unless economic conditions improved, but latest announcement was first indication of how deep profits would fall.

Announcement was made Fri. Sept. 18. Six days later, however, Philips stock received minor lift on Amsterdam Stock Exchange after positive report in Dutch newspaper De Telegraaf citing Bell Atlantic's experiment in putting phone directory on CD-I. Reuter reported that dealers seized on that "first really good news from Philips for months" as providing "a suitable point for bear profit-taking." One dealer is quoted as saying: "Short sellers are buying back the shares. They think the fall is over for now."

Hurricane measures: Thomson last week began offering rebates on purchases of RCA, GE and ProScan TV and video products to buyers affected by Hurricane Andrew in Monroe, Dade and Broward counties in S. Fla. and 36 parishes in La. Rebates range from \$200 on projection TV to \$10 on 13-19" TVs. Program also provides for 6-month deferment of payment or interest if item is purchased through Dec. 31. Dealers were offered special restocking programs by Thomson... Canon USA donated \$100,000 to American Red Cross Disaster Relief Campaign to help victims of Hurricanes Andrew and Iniki.

Cable bill, containing watered-down provisions aimed at establishing better compatibility with TVs and VCRs (TVD Sept 21 p16), awaits action by President Bush after passage by Congress. White House has threatened veto; Bush has until Oct. 3 to act. (Details in Best./Cable Section.)

SEARS YULE WISH BOOK: Camcorders get prime position in Sears Christmas catalog, with one model in each major format featured in 2-page spread inside front cover. Each is priced at \$700 through Feb., \$100 below everyday tag listed for each in Sears' year-round catalog published earlier. Full page is given to full-size LXI model with 8X zoom, free 1.5X accessory lens, flying erase head, light. Facing page has Panasonic VHS-C PV-17 with 8X zoom, 4-lux, digital autofocus and tracking, and Sony CCD-F302 with 8X zoom, 2-lux, remote, 6 speeds.

In electronics section, page is given to each camcorder format, with some variation from lineup in year-round catalog. Most noteworthy is inclusion of Sharp Twincam at \$1,000 and Sony FX-411 (\$900) in 8mm lineup; Panasonic PV-332 (\$1,000) and RCA CC180 (\$800 through Dec.) in VHS-C collection and RCA CC507 (\$800 through Dec.) and low-end LXI model with 8X zoom, 3-lux, 5 shutter speeds, titler (\$600 through Feb.) in full-size lineup.

VCR line includes 8 models, 4-head mono LXI unit with built-in VCR Plus featured at \$270 through Dec., \$300 afterward. Stepup hi-fi model is \$350 through year-end, then \$370. High end of lineup for Christmas is Sony 4-head hi-fi (SLV-595HF) at \$500. Spread on video accessories includes Videonics Video Titlemaker (\$400) and "Thumbs Up" editor (\$200).

As usual, Wish Book offers edited version of TV offerings from year-round catalog, with some added items thrown in. Example of latter is page devoted to small Sony TVs, ranging from 8" kitchen color TV (\$380) through 4 Watchman models; page also includes newest Data Discman with 4" monochrome LCD screen (\$400). It also has 2 Casio LCD TVs sold with kit for powering and mounting sets in rear seat of car.

Catalog includes 31" and 35" Philips brand TVs (no Philips TVs are in main book). Listed as "Super Buys" in TV section: 52" LXI projection set with free surround sound speakers (\$1,800 now, \$2,400 next year); 46" set (\$1,800/\$2,000); 27" Zenith stereo console (\$600/\$700), which illustration suggests has PIP capability, although none is mentioned in body copy; RCA 20" (\$260/\$330); LXI 27" promoted as having built-in surround sound (\$500/\$600).

Catalog includes 2 LD players -- Pioneer CLD-980 (\$400) listed among VCRs and Pioneer CLD-V820 Laser Karaoke model (\$1,000) in nearby spread on karaoke. Elsewhere in catalog is selection of 37 discs (\$30-45) promoted as "catalog exclusive," not available in Sears retail stores.

Videogame category gets 14 pages in Wish Book's toy section (vs. 4 pages in electronics section of year-round book), with spread for Game Boy system, page each for Atari Lynx and Sega Game Gear, 3 pages for 8-bit NES, one for TurboGrafx-16, 3 each for Sega Genesis and Super NES. In latter 2 cases, catalog offers both \$99 stripped-down packages and higher priced models that include software. CD-I format gets hardware-software spread in electronics section (as it does in year-round catalog), with player at \$600.

Sears sharply curtailed its prerecorded video section from past years in Wish Book, allocating only 2 pages, compared with 8 in last few years. They include 52 titles, representing only 25% of last year's selection and 20% of 1989 offerings. Movies comprise vast majority of section, although there are several children's programs and couple of fitness videos.

IMPORTS BY COUNTRY: July saw heavy VCR shipments from countries other than Japan, which accounted for less than 36% of total, new low. Japan, in fact, was only source country showing decline, while most others posted major increases.

In color TV, Mexico continued as dominant supplier, although representing less than 50% of total in July (but 54.4% in 1992's first 7 months). Malaysia now is 2nd as color TV source, with Korea 3rd and China 4th. Shipments from Taiwan and Japan continued to drop. Imports from Canada have resumed this year after hiatus. Here are VCR and color imports by source country, based on Commerce Dept. data:

| | July | % Chg. | 7 Months | % Chg. |
|--------------------|------------------|--------------|------------------|--------------|
| VCR Decks | | | | |
| TOTAL.... | 1,372,600 | +25.1 | 7,850,700 | +37.6 |
| Japan.... | 492,900 | -13.7 | 3,326,700 | + 4.3 |
| Korea.... | 393,300 | +64.1 | 1,727,900 | +57.8 |
| Malaysia. | 181,900 | +62.4 | 1,177,000 | +32.2 |
| Thailand. | 168,800 | +15.1 | 911,700 | +24.7 |
| Indonesia | 92,400 | * | 435,400 | * |
| Singapore | 18,900 | +55.1 | 137,000 | +125.3 |
| Taiwan... | 21,600 | +40.8 | 123,500 | +62.0 |
| TV Sets | | | | |
| TOTAL..... | 949,400 | + 3.1 | 6,873,600 | +16.6 |
| color.... | 898,600 | +17.2 | 5,858,000 | +22.4 |
| b&w..... | 150,900 | - 1.9 | 1,015,700 | - 8.3 |
| Mexico | | | | |
| color... | 411,600 | + 9.2 | 3,187,900 | +28.0 |
| Malaysia | | | | |
| total.... | 110,000 | + 3.9 | 816,500 | +58.2 |
| color... | 99,200 | + 5.9 | 509,000 | + 5.4 |
| b&w..... | 10,900 | -11.6 | 307,500 | +611.8 |
| Korea | | | | |
| total... | 89,200 | -23.3 | 785,600 | -17.7 |
| color... | 81,900 | +12.5 | 483,300 | + 3.3 |
| b&w..... | 7,400 | -83.1 | 302,300 | -37.8 |
| China | | | | |
| total... | 84,100 | - 8.1 | 579,700 | + 6.5 |
| color... | 50,300 | + 3.0 | 334,000 | +26.5 |
| b&w..... | 33,900 | -20.8 | 245,700 | -11.2 |
| Taiwan | | | | |
| total... | 39,100 | -52.9 | 354,600 | -14.8 |
| color... | 6,700 | -85.8 | 90,100 | -64.1 |
| b&w..... | 32,400 | - 9.4 | 264,500 | +60.2 |
| Singapore | | | | |
| color... | 50,800 | +18.6 | 317,200 | +37.7 |
| Japan | | | | |
| total... | 28,900 | - 4.4 | 209,700 | - 2.7 |
| color... | 20,600 | - 6.5 | 190,400 | -15.3 |
| b&w..... | 8,300 | + 1.1 | 79,900 | +22.5 |
| Philippines | | | | |
| color... | 2,600 | -76.8 | 46,400 | + 1.5 |
| Hong Kong | | | | |
| total... | 27,300 | +139.3 | 35,900 | -53.5 |
| color... | 21,800 | +620.2 | 78,200 | +146.8 |
| b&w..... | 5,600 | -33.8 | 28,700 | -37.7 |
| Canada | | | | |
| color... | 3,200 | * | 33,300 | +401.1 |

* No significant shipments in 1991.

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

Consumer Electronics Personals

Departing from Highland as part of corporate downsizing: Mdsgr. Vp **Joseph Henderson**, Audio Vp **Charles Bale**, buyer **Fred Friedman**. Henderson can be reached at 313-344-1293, Bale at 313-855-6407... **Martin Kono** named gen. mgr. and **John Meaney** national sales and mktg. mgr., new Panasonic Computer Div., unit of Panasonic Communications & Systems Co.; **Reid Sullivan**, former electronics buyer for Clover discount chain, joins Panasonic as national mktg. mgr.—portable audio, reporting to Asst. Gen. Mgr. **Gene Kelsey**; **Terry Carroll**, ex-Soundstream Technologies, joins Panasonic as national mktg. mgr.—mobile electronics.

Appointments at Philips: **A.W.A. de Haas** as senior dir. and member of corporate management team at Nederlandse Philips Bedrijven; **P. den Hamer** as managing dir. within senior management and same post with Philips Communications Systems International... Named at Nikon Electronic Imaging: **Eric Rosenberg** as product line mgr., mktg.; **Jerry Nakao** as sales specialist, systems products; **June Martins** as customer relations coordinator, sales; **Lisa Martelloni** as technical support specialist.

Changes at Sony Music: Exec. Vp **Mel Ilberman**, onetime PolyGram Records, moves to corporate exec. vp, new post, and becomes pres., Sony Music International, succeeding current Sony Music International Pres. **Robert Summer**, who also advances to corporate exec. vp for Sony Music. Ilberman and Summer will report to Sony Music Chmn. **Michael (Mickey) Schulhof**; **Bud Howey**, ex-Price Waterhouse, joins as senior vp—chief information officer, new post... **Ellen Caldwell**, ex-Burson-Marsteller, named RIAA media relations dir., replacing **Tanya Blackwell**, resigned.

Peter Walcot, ex-Motorola, joins Audiovox Canada as vp, Cellular Div... **Wendy Moss** named Image Entertainment senior vp for all laserdisc marketing and sales activities... **Robert Pfeiffer** departs Sheffield Lab to join R.J. Throckmorton Sales Co., Ballwin, Mo., rep firm, as account exec. for Kan. and Neb... **David Bean**, ex-Kit Parker Video, joins CTI Records & Video as pres., relocating to N.Y. hq... Officers of new U.K. Laser Disc Assn.: **Frank Brunger**, Columbia TriStar Home Video, chmn.; **Jason Doran**, Pioneer High Fidelity, secy... **Andrew Regan**, formerly of Cascade Audio Assoc. rep firm, joins Threshold Corp. as national dir.—mktg. and sales.

Cathy Mantegna-Scott resigns as Best Film & Video mtkg. dir. to return to consulting; she can be reached at 818-753-9096... **Robert Topping**, ex-Vickers & Benson ad agency, joins Buena Vista Home Video as managing dir. for Canada... **Shelly Davine**, ex-Davine Enterprises importer/distributor, named VSDA Canadian operations mgr.

OBITUARY

Richard (Reg) Childs, 55, video pioneer who most recently was Nelson Entertainment pres., died Sept. 12 at his West Hills, Cal., home, apparently of heart attack. He joined Paramount Pictures in 1978 when it acquired his 16mm nontheatrical film distribution company RBC films. One year later, he was named vp-gen. mgr. of new Paramount Home Video, where he remained until 1983, when he joined Samuel Goldwyn Co. as world ancillary sales vp. In 1984, he became distribution pres. of Embassy Home Entertainment and was named pres. of successor Nelson Entertainment in 1987. He remained with Nelson until its assets were sold to New Line Cinema last year. Daughter and son survive.

Major Video Concepts left CD-I business even before it actually entered it when Philips Interactive Media of America (PIMA) overruled distributor's agreement with Philips Consumer Electronics. "It's a corporate strategy position," PIMA Mktg. Vp **Anne Lieberman** said. "We're not looking to set up 2-step distribution." Major had been planning to position CD-I hardware and software for rental market through video dealers (TVD Sept 7 p11). Philips, which owns 7.5% of Blockbuster Entertainment, is testing CD-I rentals in that chain, supplying it directly. Meanwhile, PIMA announced 8 new CD-I titles, including classic Russian game "Tetris," hot arcade game "Escape from CyberCity," 3 new children's titles and disc combining folk art museum pieces with Aaron Copeland music. Addition of 12 titles in Oct. will bring number available to 75.

Multimedia Notes: **Commodore** is offering free CDTV player and interface kit for those who buy Amiga 3000-25/50 or Amiga 3000-25/100 computers through Oct. 31. CDTV would serve as "intelligent peripheral" for Amiga... **Bell Atlantic** plans field test early next year of CD-I-based electronic telephone directory. CD-I players will be given to 300 households in Northern Va. for 6-month test; discs are expected to include as many as one million residential listings, more than 300,000 business listings, 1,000 display ads. Company said it will look in future to making multistandard multimedia disc... **ESPN** filed suit against Electronic Arts in U.S. Dist. Court, N.Y., over latter's use of "EASN" name and logo for its series of sports videogames.

Top 8 retailers of consumer electronics in HFD's annual Focus 200 ranking, based on estimated 1991 sales volume, are same as last year, headed by Radio Shack (\$2.745 billion), K mart (\$2.665 billion), Sears (\$2.57 billion), Circuit City (\$2.288 billion). Those 4 far outstrip next tier, led by Service Merchandise at estimated \$1.4 billion. In fact, chains listed among top 20 for 1991 are same as for 1990, though names are shuffled somewhat in bottom half. Biggest advances were made by Price Club (from 12th place last year to 9th this year), Best Buy (13th to 11th) and Toys R Us (15th to 13th). Not surprisingly, given number of stores it closed, Highland dropped farthest in top 20, to 15th place from 10th.

Videogame console prices have been dropping in Japan much as they have in U.S. Japanese press report said Super Famicom (Japanese version of Super NES) has been selling as low 14,880 yen (\$125) in Tokyo's Akihabara district, down from 20,000 yen in spring. Report said summer sales were slower than expected due to delay in launching Dragons Quest V cartridge. Report also said pricing on Sega Mega Drive (version of Genesis) also has dropped rapidly, citing opinion of some market analysts that 16-bit market already has become saturated.

New badge system will be inaugurated at Winter Consumer Electronics Show Jan. 7-10 in Las Vegas. Attendees will be issued paper name badges and separate inquiry cards using Softstrip Automated Lead Entry System (SALES), permitting encoding of demographic and other data on cards used for requesting information of exhibiting companies. Show sponsor EIA notes that new Visitor Inquiry Cards are recyclable.

Executive panel convening Thurs. (Oct. 1) at EIA Digital Video Workshop in Boston (TVD Aug 31 p19) will include Viacom Senior Vp **Edward Horowitz**, Cable TV Labs' **Richard Leghorn**, MIT Media Lab Dir. **Nicholas Negroponte**, Encore cable channel Chmn.—CEO **John Sie**. Topol Group Pres. **Sidney Topol** will moderate — **Maxine Stone**, 202-457-4975.