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With Consumer Electronics

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Broadcast - Cable

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STATIONS NOT COMPLYING with kid TV act, advocacy group asserts. Cartoon shows said to be submitted for 'educational' value. (P. 7)

CLOSE VOTE LIKELY ON CABLE BILL VETO OVERRIDE: Both sides were predicting close vote, possibly as early as weekend, on attempt to override expected veto of cable bill (TVD Sept 28 p1). President Bush had to decide on bill, which he had promised to veto, by midnight Sat., but some officials were predicting he could do so as early as Sat. morning, allowing Senate override vote Sat. and House vote Sun. or today (Mon.). Meanwhile, FCC officials were predicting that if bill became law, dozens of rulemakings required would "cripple" agency and require supplemental appropriation.

Broadcasters continued to predict victory in override vote, saying they had about 4-vote margin in Senate (which approved S-12 on 74-25 vote). Smaller margin than in earlier vote assumed that Bush was successful in convincing several Republicans who voted for bill to switch. President met with at least 5 Senators and he and other top-level White House officials made dozens of calls, all invoking party loyalty and saying it would hurt party and President if veto were overridden so close to election, officials said.

Hollywood and cable leaders were claiming that vote would be much closer, with some saying bill backers' margin had dropped to one vote or less. "This is going to be very, very close," one lobbyist said. Another predicted that many Senators would vote to back cable only if it appeared industry could win, and that even then only minimum needed would support veto. One scenario that wasn't being discounted was

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DVI HOME MULTIMEDIA system scheduled to be shown by Denon early next month, will be sold in U.S. when full-motion video system has 'laserdisc quality.' (P. 10)

TCE LOST \$478 MILLION in 1991, including \$44 million on operations on 6% dip in sales. 'Restructuring' writeoff of \$290 million. N. American sales down 2.3%. (P. 11)

TV SET WITH 40" TUBE in works by Mitsubishi for U.S. market, according to indications in Japan. Pioneer has 40" table model projector, Sony 6" projector. (P. 11)

PHILIPS RECALLS DCC prerecorded cassettes, once again citing 'quality over speed.' Little effect seen in U.S. Music industry reacts to CD-E. (P. 12)

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FULL-MOTION CD-ROM introduced by JVC as part of 360-disc karaoke system developed jointly with Philips. Recorder music movie CDs cost \$62.50. (P. 13)

LD-ROM FROM PIONEER combining 540 Mb of digital signal memory with 60 min. of analog audio on 12" disc now on sale. Consumer market plans uncertain. (P. 14)

NEW MAGNAVOX AD CAMPAIGN is extension of John Cleese series begun last year. (P. 14)

that some Senators who didn't feel they could switch would decide not to vote, reducing number needed to support veto (veto override requires 2/3 vote of those actually voting). However, bill's opponents said that they weren't sure such tactic would be necessary, and that override wasn't even sure in House.

Bush was counting on strong veto message to swing some votes and provide political cover for lawmakers who support him, lobbyists who have been involved in drafting message said. President was expected to tie veto to promise of legislation next term that would make it easier for telcos to compete in video services. Earlier letter promising veto had said that competition is proper solution and that measure would impose "costly, burdensome and unnecessary regulations."

But vote was highly politicized. Democratic Vice Presidential candidate Al Gore said Sept. 28 in Morgantown, N.C., that veto would prove that President is owned "lock, stock and barrel" by "the big cable monopolies." He said that if Bush vetoed bill "the American people just may veto your decision for another 4 years." Gore had planned Morgantown speech Sept. 23, day after last Senate vote on bill, but delayed it because of scheduling conflict. City was selected because city council won legal fight to overbuild TCI system there and deny it franchise renewal. However, TCI said city simply decided to allocate exclusive franchise, and potential revenue, to itself, essentially forcing TCI to forfeit its cable assets there and eliminating possibility of competition. "Morgantown could have had 2 competitive cable systems, but the city used its life-or-death regulatory power over cable to create a monopoly for itself," TCI Senior Vp Robert Thomson charged. Spokesman for Bush campaign responded to Gore charges by saying that bill "represents the classic Democratic notion of regulate, regulate, regulate." He said legislation would stifle competition and cause higher rates.

National Religious Bcstrs. said Bush should sign bill because veto would "threaten the future of many religious broadcast stations." In letter to President, group said cable operators arbitrarily exclude religious stations from carriage, undercutting their audience and viability. Must-carry provision of S-12 would correct problem, they said. Many religious broadcasters were carrying 60-sec. ads asking viewers to call White House in support of bill.

Cable bill would limit rates paid by only 334 of 82,576 households in Denver (0.4%), while subjecting all to cost of retransmission consent, according to Sept. 28 letter to Bush from Denver Office of Telecommunications Dir. William Bradley. S-12 would allow franchising authority to control rates only for lowest tier, including broadcast stations and public access, education and govt. channels, tier that few subscribe to, he said. Letter advocating veto of bill said S-12 contains some good provisions such as limiting liability of franchise authorities and increased local control over customer service standards, but "the bad far outweighs the good."

Regulatory burden that bill would impose on FCC would "cripple" agency, 2 senior officials there told us. Just certifying each of estimated 20,000 franchising authorities, as required by bill, is "mind-boggling," one said. He said FCC probably would have to handle bulk of certifications in 30-day period, meaning it would have to read each certification application, enter it into database and make judgment on each within that period, while continuing other regular Commission activities. "And all of this would have to happen in a period of furloughs," he said. FCC already has said it will have to furlough employes under current appropriations. Agency had predicted in June that it would cost \$22.5-\$54 million, including using 260-789 employes, to carry out regulatory processes.

FCC Actions Required by Cable Bill

Continuing Requirements: Resolve disputes between cable operators and franchising authorities... Make annual reports to Congress on average basic cable rates and cable financial information... Resolve disputes between broadcasters and cable operators on cable carriage of programming... Adjudicate programming sales discrimination disputes... Consider waiver requests for antibuythrough provision.

Within 45 Days: Begin rulemaking on how to implement retransmission consent. Rulemaking must be completed within 180 days.

Within 60 Days: Implement congressionally mandated rules on franchise renewal obligations, subscriber bill itemization, notices on sexually explicit material, emergency announcement requirements, customer privacy rights, theft of cable service, limits on cable franchiser liability, system trafficking.

Within 120 Days: Impose indecency restrictions on leased access channels... Prescribe home wiring rules.

Within 180 Days: Cope with fact that all local cable franchising authorities (estimated in excess of 20,000) must submit paperwork to FCC to be certified as franchising authorities (considered accepted unless FCC rejects them within 30 days)... Take over local rate regulation if local authorities aren't approved... Determine whether each franchise area is subject to effective competition... Set procedures for determining whether cable rates are unreasonable, as well as for complaint resolution procedure... Set must-carry rules, including how to evaluate LPTV requests... Prescribe standards to identify costs for meeting franchise requirements... Set new rules to prohibit evading regulation by retiering... Set customer-service standards... Establish rules for leased access... Set rules on protecting children from indecent programming... Set rules allowing cable operators to prohibit obscenity on public access, education and govt. channels... Set rules on programming competition... Report to Congress on status of video competition, with reports to be repeated annually thereafter... Set public interest obligations of satellite TV services.

Within 270 Days: Determine whether home shopping stations meet public interest, convenience and necessity, essentially determining whether they're entitled to must-carry... Determine which stations serve which cable markets... Set new, expanded rules for equal employment opportunity.

By July 1, 1993: Report to Congress on sports migration to cable. Final report is due July 1, 1994.

Within One Year: Set maximum number of subscribers that single MSO can serve... Set rules on program carriage agreements... Set cable/programming cross-ownership rules... Prescribe rules on cable/wireless cable/SMATV cross-ownership... Set minimum technical standards... Report to Congress on compatibility of cable and consumer electronics equipment, with new rules on issue due in 18 months.

BURKE CALLS HDTV THREAT TO SMALL STATIONS, NETWORKS: HDTV probably will force small-market broadcasters to close doors because they can't afford cost of transition, Cap/ABC CEO Daniel Burke told HDTV conference sponsored by Assn. for Maximum Service TV (MSTV). That eventually could cause demise of already troubled TV networks, he said. Earlier at same conference, FCC Chmn. Sikes said that if broadcasters can carry HDTV in less than 6 MHz, they should be able to do whatever they want with rest of bandwidth, potentially providing new revenue source, but he said there's no realistic chance they ever will get to keep 2nd channel.

Small-market broadcasters may never be able to afford HDTV, even at \$2-\$3 million per station, Burke said, and certainly not up to \$10 million to allow local HDTV broadcasts. He said some probably would have to fold and "a significant portion of the national audience could disappear from the networks, possibly forever." Any loss of affiliates would have "serious implications" for networks, Burke said, because main thing they now offer advertisers is ability to reach 99% of national audience. He said 3 networks plus Fox probably could "survive nicely" with 60-70% of prime-time audience, "but if we lose a significant portion of our station base [and of the 60-70% of audience] because of the effects of new technology there's no guarantee of network survival." Burke said that estimates of cost of upgrading to HDTV range up to \$100 million per network, plus more than \$50 million for owned stations.

Allowing broadcasters to keep 2nd channel is "just not going to happen" for social, political, legal and economic reasons, Sikes said. He rejected idea of using channels for multiplexed NTSC, but said that if HDTV can be compressed into as little as 3 MHz, as some are predicting, "what the broadcaster wants to do with the other 3 MHz is up to the broadcaster." "Now is not the time for broadcasters to get weak-kneed" about prospects of HDTV, Sikes said, even though he admitted that they were worrying publicly about its financial viability. He said cable, satellites and consumer electronics manufacturers are going ahead with HDTV: "I hope the broadcasters keep the lead, but there is no lack of potential leaders." Cap/ABC Vp-Gen. Counsel David Westin told conference his biggest fear is that broadcasters will invest millions in HDTV and it "will turn out to be 8-track stereo instead of the CD player."

HDTV "may be the last opportunity for all time" to move all TV broadcasts to UHF, said James McKinney, Advanced TV Systems Committee chmn. He said TV would have been placed in band in 1940s if technology had existed then, and UHF can provide superior coverage to VHF, although there's likely to be some interference in transition period. FCC's controversial plan to move all HDTV to UHF would "put TV where it should be," McKinney said. NTIA Assoc. Dir. Thomas Sugrue agreed move to UHF is "last chance to get it right in our lifetime" and said there was lot of benefit to getting entire VHF band freed as block. Even Westin said it would be difficult to argue against UHF move if there were no doubts about whether all HDTV would fit into band. CBS Senior Vp-Engineering Joseph Flaherty said "classic disadvantage of UHF in the analog domain doesn't exist in the digital."

Panelists' estimates of percentage of stations that will apply for HDTV licenses ranged from 80-85% by Westin to 100% by McKinney. MSTV Vp Victor Tawil said as few as 40% might actually add HDTV capability, but most other predictions were in 70-80% range. FCC Chief Engineer Thomas Stanley said only about 40% of sets would be HDTV in 15 years, but McKinney predicted 80% of homes would have HDTV then.

HDTV proponents were asked to grade their systems. Some of more serious claims in response: (1) Sarnoff Labs Pres. James Carnes said Advanced TV Research Consortium will be more immune to HDTV-NTSC interference than others, but may have "slight consumer incremental cost" because it would need more memory. He called cost "trivial" and said tradeoff was better picture quality. (2) Jae Lim of MIT said his system would have lower-than-average cost because of modular design and high extensibility and interoperability. (3) Zenith Group Vp Wayne Luplow said if picture quality and service area weren't good, "nothing else counts." He said NTSC filter makes his system more immune to HDTV-NTSC interference, and said progressive scanning would add about \$10 to cost of receiver, figure he said would be more than compensated for by lower tuner cost. (4) NHK Senior Scientist Keiichi Kubota said that MUSE hardware problems shown in testing have been solved, that MUSE service area will be at least close to NTSC and that MUSE will have cost advantage over competitors because equipment already is working throughout world. (5) General Instrument Vp Robert Rast said that "there's not a dime's worth of difference" among systems in percentage of stations that can be accommodated, that GI system should have lowest cost and that claims about special features, extensibility and interoperability "are the B.S. area."

FCC should recognize financial pressure HDTV places on broadcasters, NTIA Dir. Gregory Chapados said. He said FCC should eliminate "counterproductive interference" such as cross-ownership rules and avoid locking broadcasters into preordained HDTV deployment schedule. Burke, in question from audience, said it's difficult to see how Bush Administration concern for broadcasters squares with its opposition to cable bill. Chapados said Administration doesn't oppose retransmission consent if compulsory license is repealed, but must-carry probably wouldn't survive constitutional test.

FCC shouldn't stampede toward digital multiplexed NTSC as alternative to HDTV, despite concerns by some broadcasters and at least one FCC commissioner, FCC Advanced TV Advisory Committee Chmn. Richard Wiley said. He said multichannel NTSC could be blocked by Ashbacker doctrine and other spectrum users' "legitimate aspirations" for spectrum. Wiley said he understands broadcasters' desire for multichannel NTSC, but questioned whether govt. could make additional NTSC channels available. In response to question, Wiley said he's not foreclosing possibility of multichannel NTSC, because it and HDTV aren't mutually exclusive: "I just hope that there's no decision to foreclose HDTV at this point."

Meanwhile, FCC agreed that more information is needed on channel allotments, so it granted 20-day extension of deadline for latest round of comments (Doc. 87-268). Additional information on plan had been sought by NAB, public broadcasters, MSTV, INTV, all 3 major networks, Fox, Tribune Bestg. They said agency's latest notice didn't provide enough information to evaluate and comment on proposals. Commission replied that most information already is available, but agreed that some clarification is needed. It placed replies to 8 questions in docket and extended comment deadline to Nov. 2 from Oct. 13. Replies now are due Dec. 2 instead of Nov. 12. Stanley said extension wouldn't delay final decision.

NAB told FCC it likes agency's plan to have license renewals of FM and TV translators and LPTV stations expire on same date as their parent outlets. However, Assn. told Commission that, "concerning FM translators in particular," information required shouldn't "be diminished through this regulatory reformatting. Moreover, it is our hope that... the Commission actually could obtain more accurate information concerning these facilities." Question should be added to renewal form to "specifically ask" whether translator meets "the full panoply" of rules, NAB said. It also asked that staff resources "freed up by virtue of the greater efficiencies sought in this proceeding" be reassigned "toward enhanced oversight of the translator and LPTV services" with special emphasis on assuring noninterference to full-service stations.

Broadcaster Philip Lombardo and Lynch Corp. are purchasing WOI-TV Ames-Des Moines from Ia. State U. (ISU) for \$12.7 million. University had decided to sell ABC affiliate more than year ago, faced opposition from public and ISU chancellors and canceled earlier deal.

Radio Program Directory containing information on all known radio program sources has been published by NAB -- \$20 members, \$40 nonmembers, 1-800-368-5644. Assn. also has published 2nd booklet, *Out of the Red and Into the Black: A Credit and Collections Guide for Radio* (same price as program directory). It includes survey of 1,000 radio executives in various sized markets on methods of collection.

Marci Burdick, news dir. of KYTV Springfield, Mo., in 12 months will become first female chmn. of RTNDA. She won chmn.-elect race against dir.-at-large William Yeager, Metro Traffic Control, Philadelphia. Winners in 5-way race for 2 dir.-at-large seats were Mike Cavender, WTSP-TV Tampa-St. Petersburg, and incumbent Loren Tobia, KMTV Omaha.

RTNDA fell just 34 delegates short of setting attendance record in San Antonio. Registration totaled 1,537, compared with 1,571 in Denver last year.

FCC FURLoughs LIkely: FCC employees still face at least 8-10 furlough days in FY 1993, despite slight increase in appropriation recently agreed to by House-Senate conferees, Managing Dir. Andrew Fishel told us. He said \$128.5-million appropriation, up from \$126.3 million proposed by Senate and up 1.7% from FY 1992 actual spending level, also will mean full-year hiring freeze for agency.

In addition to appropriation, House and Senate conferees dropped all FCC fee plans from appropriations bill (HR-5678). It also includes Senate language that would: (1) Prohibit FCC from reexamining its policies on comparative licensing, distress sales, tax certificates. Conference dropped similar Senate language on changing female preferences because of recent court action. (2) Forbid FCC to reduce number of VHF channels assigned to noncommercial broadcasters. (3) Prohibit Commission from reexamining newspaper-broadcast cross-ownership rules.

Language prohibiting use of FCC funds to reallocate 2-GHz band was dropped from conference report with concurrence of Senate sponsor Hollings (D-S.C.). Report said deletion was result of FCC vote Sept. 17 that conferees said appeared to "recognize the legitimate concerns of the existing users of the 2-GHz band. The transition plan adopted by the Commission appears to include many of the provisions set forth in the Senate amendment." Conferees said they would "continue to review the Commission's actions in this proceeding."

Fishel said: "It's a certainty that furloughs will be needed. The only question is exactly how many days." He had said \$126.3-million figure would have meant 7-14 furlough days for each FCC employee (TVD Aug 31 p2). Larger appropriation will cut that slightly, he said, and figure could be reduced even more if rate of employee departures from Commission increases. Glut of workers in other govt. offices has helped decrease FCC departure rate to about 6 employees per month (from total staff of about 1,800), down from historical figure of 10-12 per month as of 18 months ago, Fishel said. In addition to furloughs, he said, Commission will spend almost nothing on new equipment in FY 1993 because of appropriation level, and other spending will be "very minimal."

CPB appropriations would grow 7.2% to \$295 million in FY 1995 under plan approved by separate House-Senate conference committee Sept. 30. CPB level is \$15 million below that approved earlier by Senate, but \$20 million above current amount (already approved for FY 1994) voted earlier by House. CPB Pres. Richard Carlson said that "an amount closer to the authorized level [\$375 million] would have allowed us to do more" but that, with vote, "Congress has reaffirmed its confidence in public broadcasting."

Total budget for FTC was set at \$86.6 million, including \$16.9 million fee collections, slightly above Senate figure of \$86.6 million, also including \$16.9 million fees. House had set FTC budget at \$82.7 million, including \$13.5 million fees.

NTIA operations appropriation would rise 1.7% from last year to \$17.9 million under conference report, but funding for NTIA's Public Telecommunications Facilities, Planning & Construction (which NTIA has proposed zeroing out), was cut 7% to \$21.3 million and Endowment for Children's Educational TV appropriation was reduced to \$1 million, half of last year's level. House had proposed \$17.2-million operating budget, Senate \$18.6 million. NTIA officials couldn't comment immediately on effect of appropriation.

Meanwhile, President Bush has proposed Federal Pay Reduction Act to Congress. Bill would impose 5% pay cut on all federal employees who are paid more than \$75,000 per year, effective Jan. 20, and withholding of 3.2% annual pay increase due Jan. 1. Salary for President and Vice President would be reduced 10%. Judge's salaries would be frozen Jan. 1, under plan, which Bush said would cut federal spending \$400 million in first full year and affect 65,000 employees.

ATRC SIMULCASTS HDTV: Advanced TV Research Consortium (ATRC) is claiming HDTV first with what it called first live HDTV/NTSC simulcast Sept. 30 on UHF Ch. 38 of portion of 5 p.m. newscast of NBC-owned WRC-TV (Ch. 4) Washington. ATRC also showed reporters and govt. officials tapes of field tests conducted last month in Washington area, ranging out to 70 miles, plus live demonstration of NTSC-HDTV co-channel interference.

Demonstrations "clearly show the viability" of ATRC's Advanced Digital HDTV (AD-HDTV) system, said Michael Sherlock, pres.-operations and technical service of consortium member NBC (others are Philips, Sarnoff Lab, Thomson). Japan's NHK has been broadcasting daily in Japan using its MUSE system, and General Instrument (GI) and Zenith have conducted over-air demonstrations of HDTV. Testing of final HDTV system, developed by GI and MIT, is to be completed Oct. 23, and demonstration is expected few weeks later.

ATRC used standard UHF antenna and transmitter at WRC-TV site for field tests and demonstration on Ch. 38. Receivers used off-shelf antennas. Broadcasts were at 5 kw, about 2.6% of maximum power allowed for NTSC, but tapes recorded as far as 70 miles away (using 30-ft. antenna) showed no degradation. ATRC also showed tapes that recorded only high-power portion of AD-HDTV signal, such as might be received in fringe areas during bad weather. Picture quality still exceeded best NTSC, and audio wasn't affected.

Sherlock challenged other HDTV systems to demonstrate resistance to co-channel interference under same conditions. ATRC generated NTSC signal on Ch. 38 reaching receivers at same power as HDTV during live demonstration. HDTV picture occasionally showed effects of NTSC interference, but wasn't unwatchable. Some snow in NTSC picture apparently represented HDTV interference into NTSC.

All 5 HDTV systems were demonstrated at IHTV conference Oct. 1 sponsored by Assn. for Maximum Service TV (see separate story, this issue), including first public showing of progressive scanned version of GI/MIT system. HDTV professionals attending conference generally agreed that there was relatively little difference in picture quality among systems, although each proponent naturally proclaimed its system best.

Total TV ad sales dropped 5.7% in 1991, NAB said in new report -- 1992 NAB TV Market Analysis. Report said national and regional advertising was down 8.8%, local 2.1%. It said ad revenue fell in all market sizes, but biggest declines were in small-market stations (ADI 126+ down 7.1% and ADI 101-125 down 7%) and in largest markets (ADI 1-10 down 6.4% and ADI 11-25 down 6.4%). In comparable markets, NAB said 85% had lower total ad sales, 82% less national/regional advertising, 65% decrease in local ads. Biggest regional drop was in East, down 9.48%, and smallest was in West, down 4.12%.

HARVEY--MEDIA 'FLAGRANTLY BIASED': "In the President-picking process, media bias is so flagrantly lopsided that it is not even being refuted anymore," ABC commentator Paul Harvey charged in San Antonio Sept. 25 in accepting Paul White Award at close of RTNDA convention. He didn't say on which side he thinks media are biased, but it was obvious from his speech he thinks it's in favor of Clinton. Earlier same day, Fox TV News Pres. Van Gordon Sauter attacked what he sees as "sameness" of TV news: "I don't want to be a scold or condescending ass. But I do know that our product is not as good as it can be, as we want it to be, as good as our society deserves."

Harvey said: "Now, our own excesses are leaving us vulnerable to the same degree of public disrespect which is presently unseating [members of] Congress. We could be the next endangered species." Speaking of coverage in general, especially environment (which he said has been good), Harvey said: "Scaremongering can exact another price we cannot afford. Enough false alarms and Americans may become cynically indifferent to all alarms." He claimed U.S. economy "is in a steady slow-grow mode, is performing better than any other in the world."

Sauter said: "Long after being banished from CRS [where at different times he was pres. of Sports and News], I was still being profaned as the heinous agent of change who killed CBS News, the insidious anti-Christ of prime-time documentaries... Who would have anticipated back in the flush years of '77 that networks would auger into the red, even being surreptitiously offered for sale to anyone whose swashbuckling madness extended further than their credit lines."

Saying he was asked to make predictions about 2007, Sauter said that "would be preposterous." He said Fox soon must be "in the prime-time magazine and news special business [and] create an international news source." He said only few companies "will have the scope and authority and resources to provide sophisticated news and information on an international basis. We will be one of those organizations." While he was out of broadcast news, when major news story was breaking "I unfailingly went to CNN," Sauter said. "And while CNN is not without some critical shortcomings, it is to be appreciated for its fair and balanced coverage, in contrast to some network coverage [unidentified] and certainly... to the shrill huckstering for Governor Clinton in the New York Times."

Sauter complained all news is same "from channel to channel, city to city. There is in it all a sense of time warp... There is an inhibiting, discouraging sameness to television news... a spongy blur existing in a narrow framework of creativity, with each having the same story selection, the same target audience, the same editorial attitude, the same photographs..."

Of Fox news, he said: "Our current system is both economically counterproductive and editorially fragmented... I am firmly convinced that this business should evolve a far more centralized news processing structure." Sauter said Fox News will aim for younger audience. Today, "our audiences are heavily weighted, in fact dangerously top-heavy, with older viewers..."

Financially troubled UPI was represented at RTNDA for first time in many years. UPI wasn't on exhibit floor but hosted hospitality suite in Marriott RiverCenter Hotel (convention hq) and was offering free month of UPI service for clients that signed for additional 3 months.

PEROT STIRS NETWORKS: Reentry of independent Ross Perot into Presidential race prompted visions of ad dollars and questions about debates in networks' minds at week-end. Perot, meanwhile, was critical of network reporters' questions in days preceding reentry.

Networks were looking at immediate \$1-million ad windfall as result of Perot's return, as well as more millions later. Among other ads, Perot officials said they have bought 30-min. segments in prime time on CBS and ABC, with estimated total price of about \$900,000. NBC said it had offered similar time, but deal hadn't been done. Perot spokesmen indicated that he planned to focus on TV -- paid ads and news interviews -- for large portion of campaign. For example, his only scheduled public appearance day after he announced return to race was interview on ABC's 20/20.

TV networks were gearing up to broadcast 3 Presidential debates beginning Oct. 11. Candidates agreed to be questioned by single moderator in one debate (Clinton proposal), panel of reporters in 2nd (Bush plan) and compromise of panel and moderator in 3rd. Bush backed off demand for 4th debate on final Sun. of campaign. President earlier had rejected proposal of bipartisan committee to hold 3 presidential debates, one between vice presidential candidates, with single moderator.

Perot reportedly complained last week to NBC Dallas bureau chief James Cummins after Perot's appearance that morning via satellite on NBC's Today show. Perot reportedly was upset by rough treatment he said he received from NBC correspondents Katie Couric and Lisa Myers. He's said to have told Cummins that reason women do negative stories is that "they're trying to prove their manhood." Perot appeared on Larry King show same night, with one caller being CBS correspondent Mike Wallace, who's doing profile on Perot for 60 Minutes. Wallace asked Perot why he appeared on King program but not networks' Sun. morning interview programs. Replied Perot: "We get to talk to the American people [on King]. I just adore the fingertip feel you get from that."

Two political flaps involving reporters broke out during RTNDA convention. KENS-TV San Antonio News Producer Henry Bonilla is on leave of absence to run for Congress against incumbent Rep. Bustamante (D). Bonilla's wife, Deborah, is co-anchor on station and admitted using station equipment, including computer files, telephone and fax machine, to help her husband's campaign. After story broke in San Antonio Light, she said she's taking leave until after Nov. 3 election. Bustamante charged unauthorized use of station's equipment was "illegal and unethical." Bonilla's campaign said it had sent KENS-TV \$800 check for use of equipment. Light editorialized that "ethical lines have disappeared at KENS-TV in the Bonilla race." Later, it was disclosed that Light reporter Mike Tolson had been working for and contributed to campaign of Republican candidate for local judge. Tolson was suspended for 3 days without pay.

"Special feature" outside RTNDA convention was rally and reception by National Lesbian and Gay Journalists Assn. Group held news conference for "a discussion about sensitivity to gay people in the newsroom [and] to coverage of gay news stories."

AP provided RTNDA delegates with service that they told us was much appreciated: Summary of news ("The Planner") that AP would be following during day was slipped under hotel doors each morning.

TV HIT ON CHILDREN'S PROGRAMMING: TV programs such as Super Mario Brothers and The Jetsons are being submitted to FCC by broadcasters as examples of programming that they say meets requirements of Children's TV Act of 1990, 2 public advocacy groups charged Sept. 29.

Center for Media Education (CME) and Georgetown U.'s Institute for Public Representation released report on TV station filings for last year and concluded: "Television broadcasters are not making a serious effort to adequately serve the educational and informational needs of children." Stations in some instances are trying to redefine old programs to meet requirements of new law, report said. ACT founder-Pres. Peggy Charren said at news conference in Washington that results were "particularly depressing." She said programs that TV stations listed in filings weren't what Congress sought to encourage when it passed law.

NAB Gen. Counsel Henry Baumann countered that Assn. is "confident that television broadcasters are in full compliance with the Children's TV Act." He said stations "take their children's programming responsibilities very seriously," and NAB's experience shows "substantial increase" in locally produced children's programming.

However, Kathryn Montgomery, co-dir. of CME, said that while there are some new programs, "a significant number of stations are scheduling them at times when they are virtually inaccessible to audiences they were designed to reach." She said one New Orleans station scheduled magazine show at 5:30 a.m. and at 6 a.m., and that 60% of new magazine shows were aired 5:30-7 a.m.

CME's examples of old shows' being recast in terms of "educational and informational needs" of children, as required by law, included: (1) Superboy, in which, according to WTVD Durham-Raleigh, "Clark Kent challenges evil and saves Capitol City as the program presents GOOD as it triumphs over EVIL." WVLA-TV Baton Rouge said Super Mario Brothers, cartoon based on videogame characters, showed them developing "self-confidence," while cartoon series James Bond Jr. had many episodes that "feature information on geography, acquainting children with cities and countries around the world."

WDBB Jackson, Miss., listed familiar shows, including Bullwinkle, Ducktales, Alvin and the Chipmunks. In addition, Bill Cosby Show showed up frequently. CME criticized filings as not meeting required information on date, time and duration of programs cited as educational and informational, also charged FCC has "made reporting requirements so lax stations are allowed to submit summaries of their programming efforts in any form they choose."

NAB got its own licks in that night with its annual "Service to Children" TV awards ceremony (attended by several members of Congress and Charren) at Columbus Club at Union Station in Washington. That was followed by all-day NAB symposium Sept. 30 on kid TV at ANA Westin Hotel.



J.C. Penney agreed to buy minority interest in Audio Services Inc. (ASI), company that plans to use telephone lines to deliver interactive TV and related services. ASI, in turn, will acquire additional block of shares of Cablesshare Inc. from Penney. In stock swap, ASI will acquire from Penney 18% of Class A and 30% of Class B shares of Cablesshare (total of 28% of voting rights), which owns several interactive TV patents. Penney stake in ASI wasn't disclosed immediately.

Dec. 5 has become de facto deadline for TCI and Comcast either to break up Storer Communications or begin pumping additional money into 7th largest MSO, which has about 1.6 million subscribers, Kenneth Danielson, chief financial officer, confirmed. Nearly \$400 million of long-term debt comes due that day, and Storer has neither cash nor other financing in place to repay it, Danielson said. But he said that if breakup doesn't occur by then, owners could provide additional financing and try to split it up later. Comcast, which owns 50% of Storer as result of 1988 takeover, and TCI, which has 35% (Liberty Media and Knight-Ridder each owns 7.5%) believe best way to refinance nearly \$3-billion debt (\$2.2 billion bonds and \$678 million preferred stock) is to break up company, making it easier for each owner to raise additional financing based on its own balance sheet, Danielson said. Meanwhile, **Adelphia** filed SEC registration for 2.5 million new Class A common shares. Underwriter: Donaldson, Lufkin & Jenrette.

TV officials make up 23 of top 100 list of "cultural elite" put together by Newsweek in Oct. 5 issue. Listed were producer Linda Bloodworth-Thomason, producers Joshua Brand and John Falsey, actor Bill Cosby, Disney CEO Michael Eisner, producer Diane English, MTV CEO Tom Freston, Washington Post Chmn. Katherine Graham, The Simpsons creator Matt Groening, Arsenio Hall, 60 Minutes Exec. Producer Don Hewitt, Paramount Pres. Stanley Jaffe, ABC anchor Ted Koppel, Nickelodeon Pres. Geraldine Laybourne, Time Warner co-CEO Gerald Levin, public TV's Bill Moyers, media magnate Rupert Murdoch, Newhouse head S. I. Newhouse, Viacom owner Sumner Redstone, televangelist/businessman Pat Robertson, CBS Entertainment Pres. Jeff Sagansky, Turner Bestg. Chmn. Ted Turner, Oprah Winfrey. Magazine also listed members of cultural elite that it called "in limbo," including Court TV CEO Steven Brill, former Fox Chmn. Barry Diller, Paramount Chmn. Brandon Tartikoff, Whittle Communications Chmn. Christopher Whittle.

Transactions: **Jones Intercable** agreed to buy Alexandria, Va., cable system with 34,300 subscribers for \$73.2 million (\$2,134 per subscriber) from Jones Intercable Investors L.P. Price was average of 3 independent appraisals. Closing is expected in Oct. Partnership is expected to post \$49.4-million profit on sale of cable system that it bought in Nov. 1986. Partnership will use proceeds to reduce debt, to cover cost of rebuild of other cable systems, for undetermined distribution to partners... **Domino's Pizza** founder Thomas Monaghan agreed to sell **Pro Am Sports System**, operator of PASS regional sports cable network, to Post-Newsweek Stations for undisclosed price. PASS has 760,000 subscribers in Mich. and Ohio... **Times Mirror** Cable said it completed previously announced buy of Community Cablevision of Irvine, Cal., which has 42,000 subscribers, terms not disclosed.

CBS won network premiere week ratings race (Sept. 21-27) with 13.1/22, followed by ABC at 11.9/20 (up 8% from premiere week ratings year ago) and NBC at 11.4/19, according to Nielsen. Fox had 7.6/13, but said it had 7 of top 20 programs among adults 18-34. ABC had 9 of top 20 shows among all viewers, including 5 of top 10; CBS had 7 of top 20, NBC 4. CBS placed 2 of its new shows in top 20 (5th place Hearts Afire and 7th place Love & War), and ABC won 17th place with new Hangin' With Mr. Cooper. CBS continued to win Mon. nights, despite moving Designing Women as anchor for new Fri. night lineup, and also won Sun.; NBC won Wed., Thurs. and Sat. and ABC Tues. and Fri. ABC World News Tonight won evening news ratings contest for 153rd time in last 156 weeks with 10.0/21.

Copyright piracy still is rampant in some countries, costing U.S. \$12-\$15 billion yearly, Senate Copyright Subcommittee was told last week. Eric Smith, exec. dir., International Intellectual Property Alliance (IIPA), called for stepped-up enforcement in such places as Taiwan and Thailand. IIPA study showed piracy in S. America cost record and music business \$321 million and movie business \$134 million in 1991. Chmn. DeConcini (D-Ariz.) wondered whether Congress should consider rejecting sale of weapons or most-favored-nation trading status to countries that don't enforce copyrights. IIPA report said growth rate for copyright industries is more than double that for entire economy. Update of IIPA's 1990 study said core copyright industries grew 2.7% (adjusted for inflation) in 1990, vs. 1% for economy as whole. For 1977-1990, inflation adjusted growth rate was 6.3% per year for copyright industries, vs. 2.5% for U.S. economy, study said. IIPA said copyright industries accounted for 5.8% of U.S. gross domestic product and contributed at least \$34 billion in foreign sales in 1990, figure larger than any other industrial sectors except agriculture and aviation.

NBC formed affiliates' committee to advise network on daytime programming, NBC Entertainment Pres. Warren Littlefield said; it will be chaired by Lon Lee, KHQ-TV Spokane. John Rohrbeck, pres. of NBC-owned TV stations, also was named head of daytime programming, with John Miller, exec. vp-advertising, promotion and daytime and children's programming, and Susan Lee, vp-daytime programs, reporting to Rohrbeck. NBC said that effective Jan. 15, one-hour daytime soap Santa Barbara would be canceled (to be replaced by game shows) and 30-min. Doctor Dean -- with network reducing its afternoon weekday programming to 4 hours daily from 4-1/2.

Oral argument on appeal of FCC's finsyn decision (TVD April 20 p6) concluded Oct. 2 at U.S. Appeals Court, Chicago, with judges asking long list of questions on how Commission supported its position, according to lawyers watching process. Many of questions asked by Judges Richard Posner and Thomas Fairchild involved strength and concentration of Hollywood studios, network lawyers said. Networks argued that new finsyn rules violate First Amendment, weren't adequately justified by FCC and were more restrictive than previous regulations. Commission said rules were necessary to promote public interest in competitive sources of programming.

FCC should determine whether community can support new station before okaying new FM licenses, NAB said in letter to FCC Chmn. Sikes. Letter said Commission "cannot ignore the fact that its current FM allocation policy acts to create the same kind of oversaturation conditions that [new radio] ownership rules were designed to help alleviate." NAB cited example of recent FCC staff decision approving 4 new FM stations on eastern Long Island, which NAB said already is oversaturated. Instead, Assn. said FCC should focus on improving existing stations and expanding minority ownership.

Tex. Dist. Judge Eugene Chambers refused to lift locally imposed TV blackout of Houston Oilers NFL home game against San Diego Chargers Sept. 27 because game wasn't sold out 48 hours in advance. Ida Frenzel, 86, filed suit, first of its kind in many years, in which she said she and her 82-year-old husband were unable to get to stadium. All 3 Oilers' home games have been blacked out this fall, although all became sellouts after blackout deadline. In 1960s, Congress required that sold-out home games over next 2 years be telecast locally, and NFL has followed policy ever since.

Print media take "Hatfields and McCoys approach" to campaign coverage, Women, Men & Media said in report on 2-month study of 7 major newspapers and 3 news magazines. Broadcasting wasn't covered in study, conducted in July-Aug. by Junior Bridge, pres. of Unabridged Communications. Media "stimulates polarization by... treating subgroups with communities of interest differently, repeating inflammatory comments without challenge... and referencing sources predominately from one subgroup," Bridge said. "The media appears to believe, rightly or wrongly, that good news doesn't sell." Report found that press "interviews, quotes and photographs mostly middle- and upper-class white men."

Experiment in 2 Cal. cities of starting network prime-time program at 7 p.m. (instead of 8) ended Oct. 1 after KCRA-TV Sacramento and NBC decided not to seek extension of year waiver. Earlier, FCC had denied extensions of waiver of prime-time access rule for KPIX (CBS) and KRON-TV (NBC) San Francisco. Rule limits network affiliates in top 50 markets to airing of 3 hours of network programming 7-11 p.m. NBC said it had granted KCRA-TV permission to carry Tonight Show at 11 p.m. and station said it plans local news program 10-11 p.m.

Turner Bcstg. System (TBS) launched 24-hour Cartoon Network Oct. 1. TBS said 44% of adults watch cartoons regularly, in addition to youth audience. New cable network's programming comes largely from Turner library containing more than 8,500 animated programs. On same day, Radio AAHS launched children's radio network nationwide. Group, subsidiary of Minneapolis-based Children's Bcstg. Corp., transmits children's programming by satellite to radio affiliates. Programming has been on air in Minneapolis since May 12, 1990.

CPB board agreed to waive Corp.'s claims to ancillary revenues earned by TV and radio programs it supports. Revenues typically are in 6 figures. CPB, which previously recouped 50% of its share of net ancillary revenue of projects it funds, said it agreed to forgo money because: (1) Producers are having more difficulty raising funds. (2) CPB is using more of its own funds to develop new shows rather than to support continuing series under national program agreement with PBS.

ApparelVision is name of new satellite TV network created for manufacturers to show product lines to retail and apparel industry buyers. Manufacturers pay for production and broadcast costs of videos of product lines; retailers pay subscription fee and rental of receiving equipment. Company said it's discussing "strategic alliance" with Advanced Retail Communications (ARC), joint venture of Cap/ABC, GTE Spacenet, J.C. Penney.

Total ratings for 3 major broadcast networks were up 2% for 1991-1992 season, Network TV Assn. (NTA) said. Based on Nielsen, average total rating for season was 34.6, vs. 33.8 in 1990/91. NTA said special analysis eliminating impact of Olympics gave 3 networks total average rating of 34.2, vs. 34 year ago. NTA Pres. Peter Chrisanthopoulos said figures contribute to "a renewed feeling of optimism regarding the 3 television networks."

Nationwide commercial and public TV initiative to support readiness of children to begin formal learning is being developed by new American Center for Children's TV (ACCTV). ACCTV, based at Central Educational Network (CEN) in Des Plaines, Ill., is seeking \$250,000 to convene National Commission on TV for School Readiness to draft plan for using TV in school readiness and then advocate its adoption by TV industry and philanthropic community.

Personals

Appointed to FCC Advisory Committee on Advanced TV Service: **Rupert Murdoch**, chmn., Fox; **Donald Rumsfeld**, chmn.—CEO, General Instrument; **Gregory Chapados**, dir., NTIA... **Deborah Beece**, ex-Nickelodeon, joins Viacom Entertainment Group as pres.—TV programming and production... **Ned Nalle**, exec. vp, Universal TV, adds duties of supervisor for MCA TV's first-run syndication programs... Appointments at HBO: **Vincent Caputa**, vp-technology and operations, Asia; **James Marturano**, vp-sales and mktg., Asia; **Mack Perryman**, vp-programming and promotion, Asia; **Jerry Flavin**, vp-affiliate relations, Dallas, adds duties of head of sales and mktg., Denver... **Leona Tenebruso** named vp-special projects, Showtime Entertainment Group, new post... **Jack Sussman**, ex-Globalvision, joins VH-1 as vp-production and original programming; **Edward Dalva** promoted to vp-acquisitions and co-productions... **David Ozer**, ex-20th TV, joins Columbia Pictures TV as div. mgr., Northeast.

Tom Newberry promoted to vp-controller, Hubbard Bestg.; **Gerald Deeney**, vp-chief financial officer, elected to board... **Maria Moore**, ex-KUTV Salt Lake City, appointed pres.-gen. mgr., KBJR-TV Duluth... **David Boaz**, ex-WTXF-TV Philadelphia, joins KRRT-TV Kerrville, Tex., as vp-gen. mgr... **Horace Dawson** corporate counsel, Telemundo Group, named vp-ass't. gen. counsel; **Marisa Chaves**, ex-WSCV Ft. Lauderdale, joins as vp-dir.-sales... **Jim Overbay** appointed news mgr., Meredith Bestg. and mgr.-station relations, KCTV Kansas City... **Mark Antinori** appointed exec. dir., WFLA-TV Tampa/St. Petersburg... **John Gudjohnsen** advanced to news mgr., WFAA-TV Dallas/Ft. Worth... **Linda Patterson**, ex-WOLO-TV Columbia, S.C., joins WXIA-TV Atlanta as national sales mgr... **Robert Mackowiak** advanced to dir.-programming and promotion, WLOS Greenville-Spartanburg-Asheville... **Philip Spector** and **Jeffrey Olson** join Washington office of Paul, Weiss, Rifkin, Wharton & Garrison law firm as member and communications counsel, respectively.

Appointments at Cable Networks International: **Edward Wocher**, account exec., L.A. national sales; **Dennis Powell**, account exec., L.A. national sales; **Susan Patt**, account exec., Chicago national sales... **Alison Thordsen**, ex-Green St. Productions, joins Interactive Network as program mgr., new post... **Kevin Fortson**, ex-Investigative News Group, named vp-development, Genesis Entertainment... **Carol Healey**, WGBS-TV Philadelphia, also named vp... **John Dew**, KZFX(FM) Houston gen. mgr., promoted to parent Shamrock Bestg. as coordinator of special projects to "analyze acquisitions as well as other growth opportunities"; he's replaced at KZFX by **Mary Bennett**, currently gen. sales mgr., Shamrock's WWW-AM-FM Detroit... **Terry Rakolta**, pres., Americans for Responsible TV, appointed to National Advisory Council on Children's Educational TV.

Alan Nichols named exec. vp-finance and chief financial officer, BET Holdings... **Thomas Connor** promoted to vp-creative services, Paramount Pictures Domestic TV Div... **James Dotson** appointed dir.-internal reporting and budgeting, TCI... **J.C. Sparkman**, exec. vp, TCI, elected chmn., Cable in the Classroom, succeeding **Amos Hostetter**... New officers, Southern Cable TV Assn.: **H.W. Goodall**, Continental Cablevision, pres.; **Michael D'Ambra**, ATC Birmingham Div., vp; **Ray Clemons**, Post-Newsweek Cable, secy.; **Harris Bagley**, Cable Management Group, treas... FCC Calendar -- Oct. 8: Chmn. **Slkes** addresses Toronto Financial Post conference via satellite, 1:30 p.m.

Overruling protests of 5 parties, FCC said it approved \$400-million sale of Hallmark TV Spanish-language stations to Perenchio TV Inc. -- 75%-owned by former TV programmer Jerryold Perenchio, 25% by Mexican and Venezuelan companies. Perenchio also is buying Univision TV Network (with \$200 million in revenue in 1991) from Hallmark, which didn't require FCC approval. Commission continued waiver to permit Univision to act as sales rep for non-owned stations that are affiliates of network. Mexican company involved is Televisa (which also owns Spanish-language Galavision network) and Venevision, media and program production company, each with 12-1/2%. Protests were based on basis of foreign ownership and production of programming outside U.S. But FCC said buyer's structure is consistent with Communications Act's 25% limitation on alien ownership. Stations involved: KFTV Hanford-Fresno, Cal.; KDTV San Francisco; KMEX-TV L.A.; WLTV Miami; WXTV Paterson, N.J.; KLUZ-TV Albuquerque; KUVN Garland, Tex.; KWEX-TV San Antonio; KTVW-TV Phoenix. LPTVs -- K40AC Tucson, K48AM Albuquerque, K39AB Bakersfield, K30CE Austin. Translators -- W35AB Philadelphia, W47AD Hartford.

FCC reaffirmed license grant for new UHF station (Ch. 54) in Avalon, Cal., to Es Possible Minority Media Telecommunications, rejecting reconsideration petitions by Catalina Bestrs. and Golden Shores Bestg. Law judge had selected Es Possible, but Review Board discredited its integration proposal and selected another company, Island Bestg. Full Commission overturned Review Board, accepting Es Possible's integration proposal and rejecting reconsideration petitions as untimely.

Cable in the Classroom serves more than 46,000 schools with total of more than 26 million students, up from 6,165 schools in 1989, it announced. Current total includes 25,720 public elementary, 3,703 private elementary, 15,191 public secondary and 1,739 private secondary schools. Cable service distributes 500 hours of commercial-free educational programming for school use each month.

NAB Radio Mgrs. Roundtable for small- and medium-market stations is scheduled Nov. 7 in Tucson. FCC Mass Media Bureau Chief Roy Stewart and NAB Exec. Vp-Gen. Counsel Henry Baumann will be featured. Topics are budgeting, cost containment, sales promotion, staff retention -- 202-429-5402.

NAB Legal Dept. opened its election hot line last week for members to get free advice and information on political broadcasting. Hot line will operate noon-8 p.m., Mon.-Fri., through Nov. 3. Telephone (1-800-331-6807) will be manned by veteran Washington communications attorney William Green, retired from Reed, Smith, Shaw & McClay.

CBS TV Spots Sales (which represents network's owned TV stations) rejoined TvB, giving TV sales association 100% membership among stations' reps.

OBITUARY

William Springer, 83, Republican member of Congress 1951-1973, died Sept. 20 at his home in Champaign, Ill. He had Alzheimer's disease. Springer was ranking minority member of House Commerce Committee 1964-1972, and served on its Oversight Subcommittee during investigations of rigged quiz shows, ratings, ex parte contacts by FCC commissioners. He represented 22nd Ill. congressional district and after retiring from Congress was member of Federal Power Commission and Federal Elections Commission. Survivors include wife, 3 daughters.

Consumer Electronics

A Section of *Television Digest with Consumer Electronics*

STATE OF THE INDUSTRY

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

	SEPT. 12-18	1991 WEEK	% CHANGE	SEPT. 5-11	37 WEEKS 1992	37 WEEKS 1991	% CHANGE
TOTAL COLOR.....	587,320	411,484	+42.7	401,939	14,024,187	12,959,702	+ 8.2
DIRECT-VIEW...	576,686*	402,532	+43.3	396,237*	13,784,824	12,738,665	+ 8.2
TV ONLY.....	550,067	394,515	+39.4	386,472	13,244,073	12,300,820	+ 7.7
TV/VCR COMBO.	26,619*	8,017	+232.0	9,765*	540,751*	437,845	+23.5
PROJECTION....	10,634*	8,952	+18.8	5,702	239,363*	221,037	+ 8.3
VCR DECKS.....	292,444*	190,841	+53.2	140,282	7,604,583*	6,419,731	+18.5
CAMCORDERS.....	53,115*	25,309	+109.9	26,530	1,729,804	1,765,182*	- 2.0
LASERDISC PLYRS#	3,236	7,151	-54.7	1,424	134,725	119,913	+12.4

Direct-view TV 5-week average: 1992--489,050; 1991--426,586 (up 14.6%).

VCR deck 5-week average: 1992--250,930; 1991--235,614 (up 6.5%).

Camcorder 5-week average: 1992--52,833; 1991--61,519* (down 14.1%).

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

DENON TO SHOW DVI HOME MULTIMEDIA SYSTEM: Finally entering consumer multimedia competition is granddaddy of all "full-motion video" CD-ROM systems -- Intel's Digital Video Interactive (DVI) -- which is expected to be subject of N.Y. news conference early in Nov. at which Denon America will show "entire home entertainment system" based on DVI's interactivity.

Denon's goal before introduction to consumer market is to achieve full-time laserdisc quality video on DVI. Some who have seen recent demonstrations say much of this has been accomplished, and Denon America Pres. Robert Heiblim says in some cases LD quality has been reached. Denon's parent Nippon Columbia is DVI licensor for Japan, and Denon America has been developing system at its N.J. hq and at its software operation, Denon Digital Industries in Madison, Ga.

DVI won't be just another multimedia system of the week, Heiblim said. "For the consumer market, something new must be better, and laserdisc quality is a must," he told us. He said DVI consumer player promises to be relatively inexpensive and easily upgraded by changing microprocessor algorithm. Current work involves development of variable rate compression system, which uses high rate of compression with rapid motion sequences, lower rate for more static scenes. DVI's interactivity and audio-visual synchronization always have been good, and Heiblim feels DVI eventually will be standard for consumer audio-video multimedia. Denon demonstrated DVI at this year's summer Consumer Electronics Show (TVD June 1 p13), but Heiblim said system has been much improved since then.

DVI, of course, is incompatible with other systems fielded on market so far -- MPC computer CD-ROM standard, CDTV, CD-I and Sony's recently demonstrated MMCD based on CD-ROM/XA standard (TVD Sept 21 p11). DVI was developed at David Sarnoff Research Center when it was part of RCA and demonstrated by then-parent GE in 1987 to standing ovation at CD-ROM conference that year (TVD March 16/87 p10), with claimed 72 min. of TV quality full-motion video. GE subsequently sold DVI rights to Intel, which primarily has seemed interested in computer market. It's not known when consumer version of DVI will be ready for market, but it promises to add more confusion to already fractionalized multimedia scene.

If 5 mutually incompatible systems aren't enough, Pioneer already has commercialized LD-ROM, which combines CD-ROM's digital interactivity with laserdisc's analog picture quality on 12" disc, but whether it will be introduced on consumer market still is unclear. Meanwhile, first commercial CD product using MPEG full-motion video standard was introduced last week in Japan by JVC -- \$11,500 karaoke system substituting 74-min. 5" CDs for laserdiscs and requiring about 1/6 the space. (See separate reports, this issue.)

TCE LOST \$478 MILLION IN 1991: Thomson Consumer Electronics (TCE) lost 2.476 billion francs in 1991, 10% less than in 1990, but slipped into operating loss last year from operating profit in 1990. Based on value of dollar at last year's end (5.18 francs, used for all calculations in this report), loss translates to \$478 million (it would be \$495 million on basis of today's sagging dollar value).

Figures are from little-noted annual report by French govt.-owned international company. TCE, which wrote off 1.8 billion francs (\$347.5 million) in 1990, had to write off another 1.5 billion francs (\$290 million) last year. Writedown in 1990 "proved useful but insufficient," wrote Chmn.-CEO Alain Prestat, and additional sum was charged to 1991 accounts "to adequately finance ongoing restructuring and reflect the depressed value of excess inventory." Sales declined 6% to \$6 billion from \$6.4 billion.

Company's operating loss was \$44 million last year as opposed to operating profit of \$144 million in 1990. Statement listed restructuring costs of \$193 million in 1991 and \$353 million in 1990. Debt was listed at \$1.588 billion as of end of 1991 vs. \$1.129 billion year earlier.

Stating that "1991 will go down in history as one of the worst, if not the worst ever, in consumer electronics," Prestat said industrywide TV market in U.S. dropped almost 5.5% last year, while major European markets saw 3% decrease in volume. "There is no question," he said, "that TCE's chronic undercapitalization and a depressed worldwide economy have taken their toll on our company," but he added: "There is no denying either, however, that internal factors such as issues of organization and performance have also played a role." Prestat, who was appointed Jan. 10 to succeed Bernard Isautier (TVD Jan 13 p9), committed himself to aggressive action "to stop the decline and reposition the company favorably to face the worldwide competition."

TCE's 1991 sales by region show N. America with \$2.82 billion (46.9% of total), Europe \$2.75 billion (45.6%), other countries \$451 million (7.5%). Based on values in francs, N. American sales declined 2.3% from 1990, European sales 13.2%. TV accounted for 63% of worldwide sales last year, video 20%, audio 14%, broadcast equipment 3%. TCE employed 20,875 in Asia, 19,518 in Americas, 13,600 in Europe.

TCE's unit sales in N. America declined last year "without affecting the company's [RCA/GE] No. 1 position" in market," report said: "The strategy of emphasizing larger screen, higher end products began to pay off as TCE's [N. American] market share in high-end projection TV and very large screen direct view tripled. Average selling prices consequently increased in spite of a general decrease in industry pricing." In Europe, "2 major competitors engaged in an intense market share/price war which put enormous pressure on the TV and VCR markets... Despite its loss of market share in volume terms, TV-Europe succeeded in maintaining TCE's position of No. 2 in Europe."

In video, TCE's European market share "was sizeably reduced, especially for camcorders where prices plummeted because of the battle for standards between Sony and Matsushita." As reported earlier, TCE has stopped manufacture of VCRs in J2T Berlin plant, which was owned jointly with JVC (TCE sold its interest in Dec. 1991), and converted J2T's plant in Tonnerre, France, to head drum production. TCE's VCRs for European market are being assembled now at Singapore joint venture with Toshiba. TCE's audio plant in Shenzhen, China, has been doubled in size.

Company produced 8.6 million medium and large-sized picture tubes, keeping its No. 2 worldwide position (No. 1 in N. America), increasing total tube sales 8% over 1990. Acquisition of controlling interest in integrated (glass, tubes, yokes, masks, guns) Polish producer Polkolor should provide TCE with "low-cost small-size tubes" this year, as production doubles.

40" TUBE TVs, TABLE MODEL PROJECTORS: Unique new TV products that could be introduced here soon, based on word from Japan: Mitsubishi 40" direct-view TV, Pioneer 40" table model projection TV, Sony portable projection monitor with 6" screen but capable of showing picture up to 40".

Source at Mitsubishi in Japan indicated company has developed 40" tube, but told us no marketing plans are available. However, rumor mill plus Mitsubishi's plan for Oct. 29 N.Y. news conference indicate U.S. version could be unveiled later this month. Invitation to news conference shows extreme closeup of section of direct-view TV phosphor screen and carries slogan, "The Legend Gets Larger." Text notes new direct-view and projection sizes Mitsubishi has introduced in past, and promises attendees will "witness history in the making."

Mitsubishi America Mktg. Vp Leo Delaney, asked about possibility of introduction of 40" direct-view TV set, replied that company doesn't disclose its product plans in advance. If Mitsubishi does introduce 40" set,

it won't be biggest direct-view set of all time. For brief period, Sony offered special edition TV with 41" tube normally employed in broadcast monitors. Japanese sources indicate Matsushita also has 40" tube in Japan, but not for consumer TVs. Mitsubishi is equipped to turn out 40" tubes on same equipment as current 35". Other manufacturer of 35" tubes, Thomson (RCA), can build tubes only up to 38" on its equipment.

Pioneer is marketing 40" table model in Japan -- but it's projection set, not direct-view. Model SD-40AV1 uses new ultrashort focus lens and new "3-paneled" screen, carries suggested list price of 428,000 yen (currently \$3,565). Height is 13.3" less than conventional projection TV and depth is same as 27" direct-view set. Company is pushing set as replacement for large-screen direct-view sets for use with rack-mounted home theater systems along with other equipment, such as VCR and laserdisc player. Pioneer officials in U.S. say they currently have no plans to offer it here.

Sony's tiny projector, CPJ-7, is offered in Japan as accessory to new 4" Video Walkman that goes on market there in Nov. but already is available here. It weighs 13.4 oz., measures 4x2.4x6". It comes with fold-up screen that may be placed on desk or table about 8" from projector, or unit may be used in darkened room to project picture up to 40" from 6 ft. away, Sony says. It has single 0.7" active matrix 103,000-pixel color LCD, lamp with life of up to 200 hours in continuous use, uses 18 w of power. List price in Japan is \$625. Sony spokesman here said it isn't currently scheduled for introduction in U.S. It's not first portable projector, but it's about half size of Fujix system, which weighs just shade less than 1 lb. and already is being sold in U.S.

PHILIPS RECALLS PRERECORDED MUSIC DCCs: Philips, which 2 weeks ago announced start of worldwide shipment of recorded DCC music cassettes to distribution centers (TVD Sept 21 p15), last week acknowledged recall of several thousand recorded cassettes, citing unidentified glitches in shell. Eindhoven spokeswoman called problem "very minor" and "no big deal." She said blank DCC cassettes were unaffected and Philips DCC-900 recorders were selling briskly in Japan -- only market where they're currently available to consumers.

Philips' credibility "is not on the line" as result of latest disclosure about hitch in DCC system, spokeswoman insisted in answer to question. As was company's response this summer in delay of DCC-900 launch for 100% quality control checks (TVD Aug 3 p10), she said industry wouldn't condemn Philips for opting for "quality over speed." However, one angry software executive viewed situation as confirming "our fear that Eindhoven is running around in complete confusion."

Exact nature of problem hasn't been revealed, even to software companies, so far as we can tell. As was case with hardware delay, Philips wasn't specific. Unlike earlier delay, however, company didn't release prepared statement on music software recall, which received relatively scant coverage in mainstream media.

Philips' official line was that 10% of tapes were found to be beyond tight tolerances demanded by DCC specifications, attributable to nondescript problem in tooling of cassette shells. But company said that DCC blank shells tooled from same molds were unaffected. In Japan, where problem apparently surfaced first, Philips spokesman attributed product recall to "licensors" being "too careful" to avoid problems in new format launch. Another source in Japan, requesting anonymity, attributed problem to minor internal part of cassette produced by manufacturer he wouldn't name. JVC, which has started producing DCC titles at its Mito factory for its affiliated Victor Musical Industries and other Japanese labels, was mum.

Greatest brunt of move last week to recall music DCCs was borne by Japanese market, where DCC-900s officially went on sale Sept. 21. Spokeswoman estimated titles would arrive there in abundance by end of Oct. In U.K., where DCC-900s are scheduled to go on public sale Oct. 19, software is now expected by early Nov., she said. Recorded DCCs returned to PolyGram factory in Amersfoort, Netherlands, will be checked, she said, and those requiring no modifications shipped back immediately to original distribution centers.

Situation in U.S. is moot, spokeswoman added, because hardware and music industries are awaiting passage of Audio Home Recording Act, which showed no appreciable movement through Fri. of last week. At our deadline, congressional observers continued show of optimism that Senate would take up measure before adjourning, possibly as early as today (Oct. 5). Senate was scheduled to stay in session all weekend, but situation grew tense with prospect lawmakers could leave town without finishing business that's critical to orderly MiniDisc and DCC launches.

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"A surprising and unfriendly act to the music industry" was how Warner Music Group characterized report of Philips' announcement that it plans to commercialize CD-erasable (CD-E) 5" recorder by 1996

(TVD Sept 28 p12). "We have consistently stressed the importance of hardware and software cooperation and are naturally disappointed when others disregard this approach," prepared statement said. RIAA Pres. Jay Berman said he still considers recordable CDs threat to music industry. When CD was invented, he said, record companies viewed it as "value-added" music carrier because it wasn't recordable. Philips Eindhoven spokeswoman said company's CD-E announcement to audio journalists was made merely to demonstrate expanded business potential still possible with existing CD format. She emphasized that while Philips has demonstrated CD-E recorder privately, as we quoted Philips executives, demonstrations have been conducted internally in Philips facilities only.

THEN AGAIN...: Apple Computer Chmn. John Sculley seems to be backing off earlier claims that Newton personal digital assistant (PDA) would be first in series of consumer products that would jolt consumer electronics market from doldrums. Sculley last week was quoted as telling Cal. industry conference that Apple "is less and less convinced there is a market for these things in the near term in the consumer market." Though Apple never has said overtly that Newton was mainstream CE product, it chose to unveil it at June Consumer Electronics Show, with Sculley saying it would be priced at "well under \$1,000" when it comes on market early next year (TVD June 1 p10). And, in keynote speech at CES in Jan., Sculley described PDA as marking Apple's entry into "the digital consumer information products sector of the consumer electronics industry."

Sharp, which will manufacture first Newton device for Apple (and plans to market one under its own label) is "still very much a believer in the category long term," said Gil Deliso, dir. of Sharp's Wizard Div. in U.S. But, he cautioned, "it's going to take time, as it did in the personal organizer category, to figure out what it takes to make it a true consumer product." He said company hasn't veered from long-held assertion that early Newton purchaser "is likely to be a person who needs it. It's definitely not an impulse product." Sharp hasn't announced specific product, pricing or introduction schedule, although it showed prototype very similar to Apple's at June CES.

Meanwhile, latest announcement of entry into personal communications field was made last week by new alliance that includes Matsushita, AT&T, Marubeni and EO, company formed last year, funded by other 3 partners and Kleiner, Perkins, Caulfield & Byers, venture capital firm. Partnership declined to announce specific products, but is expected to integrate cellular communications with handheld computing power, possibly accepting handwritten input.

Videogame Notes: Sega last week opened Midwest Development Div. in Chicago. Unit will create cartridges for Genesis and Game Gear as well as CD-based programs for forthcoming Sega CD peripheral. Meanwhile, announcement of Sega's news conference for Oct. 15 Sega CD launch included note that event would be attended by Sony Software Pres. Olaf Olafsson. Companies earlier announced agreement under which Sony would become "primary publisher" for Sega CD (TVD May 25 p17)... Atari is closing R&D facilities in Chicago and Tex. and purchasing office in Taiwan, resulting in 72 layoffs in U.S., company said last week... **Electronic Arts Victor** is joint venture formed in Japan by Electronics Arts and Victor Musical Industries, capitalized at \$10 million, scheduled for startup next month. EA is majority shareholder in company, whose mission is to convert existing EA videogame and computer titles into Japanese, and to create new programs for Japanese and worldwide markets... **Electronic Games** is new magazine aimed at adult players of videogame and computer entertainment programs.

FULL-MOTION KARAOKE CD: First known commercialization of full-motion video (FMV) CD-ROMs using MPEG (Motion Picture Experts Group) standard started Oct. 1 with JVC's introduction of Digital Vision (DV) karaoke system for clubs and other public places. DV has changer that can store 360 CDs containing up to 6,120 songs with up to 444 hours (18-1/2 days) of playing time. System was developed jointly with Philips and first announced last spring (TVD June 29 p12).

DV is based on CD-ROM/XA format and has picture quality said to be almost as good as VHS, with CD quality sound. Basic system consists of auto-changer at 740,000 yen (\$6,165) and controller at 640,000 yen (\$5,335). Company said volume of changer is about 1/6 of comparable laserdisc karaoke system. Karaoke CDs recorded for system are priced at equivalent of \$62.50 each, so full load of CDs for changer would cost \$22,500.

JVC said it plans to produce 3,000 systems monthly for Japanese market at start, and to introduce product overseas.

Tighter FCC regulations on radiation from VCR tuners were delayed for 2 years at urging of EIAJ, with backing of EIA (U.S.) Consumer Electronics Group. Stricter rules, as adopted June 23, 1989, were to have gone into effect June 23, 1992, for VCRs submitted for authorization and 2 years later for units manufactured or imported. EIAJ indicated majority of manufacturers were having difficulty designing receiver portions of VCRs to comply. FCC chief engineer was authorized to grant another 2-year extension upon showing of need. Similar tightening of regulations for TV tuners doesn't go into effect until 1999, and many manufacturers use same tuners for their TVs and VCRs, FCC's John Reed told us. Tightening is significant. For example, at 70-120 MHz, permitted RF radiation has been reduced from 500 to 100-150 uv/M at 3 meters.

Sound Advice (SA) expects to take more than \$4-million pretax charges and reserves in 4th quarter ended June 30 relating to review of accounting and financial reporting procedures. SA said it expects to report "substantial" loss for quarter, although net sales for year increased 16% to \$137 million. Company said review has caused delay in filing both 4th-quarter report and annual Form 10K with SEC. Company named Thomas Floerchinger, SA consultant since June, as chief financial officer, position vacant since resignation of Roy Casey in summer (TVD Aug 3 p16). SA began investigation of reporting practices and accounting after former employee approached its auditors with charges of misconduct (TVD May 11 p17).

THIS WEEK'S YEN RATE

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

--AND NOW LD-ROM: Although not currently consumer product, Pioneer's new LD-ROM format offers major advantage over CD-ROM systems in form of 60 min. of high-quality full-motion video (FMV), Home Electronics Div. Senior Mktg. Vp Michael Fidler told us last week.

LD-ROMs, like current consumer laserdiscs, are 12" in diameter -- more than twice size of CDs. New format, being marketed with customized software to industrial accounts via Pioneer Communications, was discussed in half-page ad last week in Wall St. Journal and Financial Times that hinted that LD-ROM could become consumer product.

LD-ROM "incorporates the best aspects" of CD, laserdisc and CD-ROM, ad said. Format not only contains same 540 Mb of digital signal memory provided on CD but has analog storage space for up to one hour of visual motion. "LD-ROM is the most promising future technology for providing an interactive multimedia world," ad said. "It is the most feasible way to combine high-quality video images, CD sound and system data information. And for the foreseeable future, this will remain the case."

Pioneer hasn't set any firm plans for consumer LD-ROM player, Fidler said, noting that "in all probability" company won't show it at Jan. Consumer Electronics Show in Las Vegas. If and when it's introduced, however, he said it's "highly probable" it will be compatible with both CD and laserdisc technology.

In ad, Pioneer also said it's working on compression technology that would "dramatically increase the amount of information that can be stored" on laserdisc or CD, allowing for "lengthy visual motion" on 5-in. disc. Ad indicated Pioneer is working on improving high-density recording in terms of software and hardware with shorter wavelength laser, optical pickup, servo control technology.

Company reaffirmed its commitment to laser optical format, which it said is "ideal" way to improve "quality and potential" of home entertainment. "Even if some new development seems to offer the promise of a minor new consumer benefit, Pioneer will not pursue it if it means making sacrifices in overall quality," ad said in apparent slam at current full-motion video standard of MPEG (Motion Picture Experts Group).

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Tandy's Video Information System (VIS) "does not currently support" CD-ROM/XA standard used in Sony's MMCD system (TVD Sept 14 p9), Tandy spokesman said. He said XA system is "expensive to implement" because of its use of interleaved compressed audio and isn't competitor to VIS. One of main attractions of VIS, he said, is its ability to use existing MPC CD-ROM software with only slight modification taking "2 days to 3 weeks." To convert MPC disc to VIS requires only single module, supplied by Tandy, that inserts drives for hand controllers. Spokesman said developers could build single disc to support both MPC and VIS standards. That is "marketing issue," not technical one, he said.

Yamaha said it will introduce multimedia CD-ROM player and software for home TV sets in fall 1993, Japanese press reported. No details of its choice of system were given.

Ricoh, meanwhile, announced it has developed recordable CD (CD-R) compatible with audio CDs, CD-ROM and CD-I. Its write-once drive will be priced at 500,000 yen (\$4,165), discs \$20 each. Company said it will start

production of discs this month at rate of 100,000 monthly. Ricoh won't produce drive itself, but will sell LSI that makes it possible to hardware producers at \$100 each starting next spring, estimating monthly sales at 500 units.

NEW MAGNAVOX AD CAMPAIGN: Philips today launches new ad campaign for Magnavox brand that includes 4 TV commercials and 3 print ads. All feature humorist John Cleese in extension of campaign begun last year.

New collection of TV spots continues technique of using multiple images of Cleese pitching products as camera pulls back from one layer to another, each reinforcing breadth of Magnavox line. Print ads take similar multiple-product format, showing Cleese in humorous situations with range of merchandise. Magnavox Ad Dir. Michael Keel said company's research showed consumer brand awareness had increased "dramatically" since Cleese spots hit airwaves.

Meanwhile, Philips this week also will unveil new ad campaign for CD-I player.

* * * * *

Pioneer is offering consumers floppy disc-based guide to home theater designed to communicate message that "home theater is easier than you think." Disc can be ordered for \$7.95 through toll-free number (800-PIONEER). Pioneer estimates average user will view disc for 15 min., including introduction and product demonstrations.

"**Evolving Markets from Emerging Technologies**" is theme of "miniconference" sponsored by EIA Consumer Electronics Group Oct. 20 in San Diego during EIA Fall Conference. Among more than 17 speakers: Joseph Donahue, Thomson Consumer Electronics, on digital video and HDTV; Jerry LeBow, Sage Alerting Systems, and John Freberg, Diamond Bestg., on Radio Data Best. Systems (RDS); Robert Briskman, Satellite CD Radio, and Skip Pizzi, Best. Engineering magazine, on digital audio radio. Other topics: Cable compatibility, home automation, digital recording. Lunch speaker will be Newsweek's Thomas DeFrank. Details and registration: 202-457-8705.

Worldwide LCD sales for fiscal year through next March will total \$3.25 billion (at yen's current value), Sharp predicted, up 30.4% from preceding year and rising to trillion yen (\$8.33 billion) in year through March 1996. For current fiscal year, Sharp saw office automation uses at \$2 billion (61.4% of total), AV equipment \$334.1 million (10.3%), electronic notebook, amusement and others \$920 million (28.3%). For year through March 1996, company forecast office automation would account for \$6.5 billion, AV equipment \$525 million and other uses \$1.29 billion. In year through March 1994, company said 1/3 of the 30 million computers sold worldwide will have LCD screens.

Pioneer donated 500 laserdisc players and software valued at \$750,000 to Design Industries Foundation for AIDS (DIFFA). CLD-V2400 players are designed for complete interactivity, with barcode readers coordinated with special guidebook, and can be used with personal computer. Program, developed by ABC News Interactive, is designed to provide answers to questions about AIDS, featuring Ted Koppel, Everett Koop, AIDS and HIV victims, as well as charts, files and glossaries concerning disease. Timed to coincide with National AIDS Awareness Month in Oct., players and programs will be distributed to libraries, clinics, community centers and other locations.

CD SALES PASS CASSETTES: Inevitable trend became reality in 1992's first half when factory unit and dollar shipments of music CDs surpassed those of album-length analog cassettes for first time, according to midyear statistics released last week by RIAA. Assn. said CD had taken over position as "consumers' configuration of choice," although it was careful to point out that modest decline in cassette unit and dollar shipments in year's first 6 months represented "significant improvement" over double-digit decreases year earlier.

Gains in album-length CDs and CD singles and surprising turnaround in cassette singles keyed overall 6.7% unit volume increase to 402.3 million from 377.1 million year earlier, RIAA said. Stronger mix of CDs commanding higher average price helped spawn dollar volume gain of 11.3% to \$3.89 billion from \$3.49 billion worth of factory shipments year earlier.

In 1992's first half, CDs accounted for 52.2% share of album-length unit shipments to cassettes' 47.3% — direct turnaround from year earlier when cassettes had 52.2% to CDs' 47.1%.

Slight rate of erosion in full-length cassettes in first half was in stark contrast to double-digit declines in first 6 months of 1991, when unit shipments were down 23.3% and dollar value was in 17.3% tailspin from 1990 (TVD Sept 30/91 p167).

Down significantly were vinyl LPs and, surprisingly, music videos, which fell 30.7% in unit shipments to 2.3 million from 3.32 million, with dollar volume down 10.1% to \$54.1 million from \$60.1 million. It's unclear what factor pricing may have played in waning music video, as average value increased 29.8% to \$23.51 from \$18.11 year earlier.

Here's breakdown of RIAA's first-half 1992 statistics, including comparisons with same 1991 period (unit and dollar shipments in millions):

Product	Jan.-June 1992		Jan.-June 1991		% Change	
	Units	Value	Units	Value	Units	Value
Vinyl singles.....	11.1	\$40.9	11.4	\$31.2	-3.1	+31.7
Cassette singles...	37.5	131.9	33.6	108.6	+11.7	+21.5
CD singles.....	3.8	22.9	2.4	13.6	+57.3	+69.3
Vinyl LPs.....	1.4	7.1	2.1	12.5	-32.5	-42.8
CD albums.....	181.6	2,263.5	153.9	1,893.8	+18.1	+19.5
Cassette albums...	164.6	1,366.1	170.4	1,371.2	-3.4	-0.4
Music videos.....	2.3	\$4.1	3.3	\$6.1	-30.7	-10.6
TOTALS.....	402.3	\$3,886.5	377.1	\$3,490.9	+6.7	+11.3

Go-Video reported 79% reduction in its net loss to \$377,535 for 4th quarter ended July 31 as sales in period nearly tripled (see financial table). For year, company's sales increased 31% to \$16.2 million. Net loss for fiscal year dropped 2% to \$1.36 million; however, year-earlier period included \$2.04 million in net revenue gained from legal actions. Chmn.-CEO Terren Dunlap said rapid gain in sales for 2nd half sets stage for "a continuing increase in sales for fiscal 1993." He also predicted "our first profitable year" since dual-deck VCR was introduced 2 years ago.

Tapeless camcorder has been developed by Ricoh in form of electronic camera that can record 5 sec. of high-resolution moving images on 8-megabyte IC card. System primarily is designed as still camera, designed to record and play back 40 still images and 400 sec. of sound on 2-Mb IC card, but more significant is fact that it could be forerunner of no-moving-parts VCR. Ricoh is considering marketing 9-oz. camera in 2-3 years.

Color TV sales to dealers were best of year in 3rd week of Sept. (see State of the Industry), and all major TV and video products set sales records for week. Camcorder sales were more than double those of 1991 week while TV/VCR combos were more than triple, decks were up 53.2% and direct-view color sets rose 43.3%. Nevertheless, first 3 weeks of 5-week Sept. showed sharp drops in laserdisc players (down 53.4% from same 3 weeks of 1991), camcorders (down 30.4%), projection TV (down 17.7%), VCR decks (down 14.5%). Only color TV (up 6%) and TV/VCR combos (57%) increased in period.

Holiday promotion by Gemstar and Maxell: Instant Taping Kit, featuring VCR Plus unit, 2 T-120 HG cassettes, 4 AAA batteries, special subscription offer to TV Guide (which carries VCR Pluscode numbers). Suggested list price is \$59.95, same as for VCR Plus unit alone. Shipments start this month. Gemstar COO Louise Wannier said VCR Plus units are available now at more than 26,000 U.S. retail outlets and VCR Plus technology is incorporated in 90% of VCR brands worldwide, while Pluscodes are in more than 450 U.S. newspapers and all editions of TV Guide.

"Laser karaoke" name was released into public domain in foreign countries by Pioneer. Name already has become generic in Japan. Pioneer said its logo and parrot character trademark continue to be its exclusive property. Meanwhile, JVC and affiliated Victor Musical Industries last week established JVC Songmate Inc. to develop and promote karaoke software in countries other than Japan, with emphasis on CD+Graphics format. At outset it will market 250 titles (3,700 individual songs) in CD+G format in 10 languages.

The 3DO Company is new name adopted late last month by SMSG, company formed last year to develop multimedia platform by Electronics Arts, Matsushita, Time Warner, venture capital firm Kleiner, Perkins, Caulfield & Byers and others. Company also appointed The Bohle Co., L.A., as its PR counsel. Spokeswoman gave no reason for change, nor would she give any indication of what new name denotes.

Sears will move closer to its roots under plan announced last week to spin off Dean Witter (including Discover Card operations), sell Coldwell Banker real estate and 20% of Allstate Insurance Cos. Moves would leave company with Sears Merchandise Group and remaining 80% of Allstate. Proceeds from transaction are expected to go toward reducing company's long-term debt.

Intentions to buy TV sets dropped from high 7% in Aug. to 5.3% in Sept., 2nd lowest figure of last 12 months (after 4.2% in July), according to Conference Board's monthly survey of buying intentions for next 6 months. Preliminary 5.3% figure for Sept. 1992 compares with 7.5% in Sept. 1991, percentage that hasn't been reached in any month since.

Zenith will issue stock, instead of cash, to its salaried employee profit-sharing retirement plan. Although it had planned to make contribution in cash, Zenith said board decided "in light of the company's financial performance this year, to make the 1991 contribution in Zenith stock." Stock issued to retirement plan will have market value of about \$6.2 million.

T-200 videocassettes, which record or play for 10 hours in EP mode, are being delivered by BASF at suggested list price of \$10.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Best Buy 1992-26 wk. to Aug. 29	531,911,000	3,859,000	.33
1991-26 wk. to Aug. 31	359,190,000	2,172,000	.25
1992-13 wk. to Aug. 29	285,430,000	2,615,000	.23
1991-13 wk. to Aug. 31	193,611,000	1,767,000	.20
Go-Video 1992-year to July 31	16,188,205	(1,362,956)	--
1991-year to July 31	12,354,627	(1,388,911)	--
1992-qtr. to July 31	4,695,380	(377,535)	--
1991-qtr. to July 31	1,577,735	(1,835,525)	--
Video Display 1992-6 mo. to July 31	31,400,000	1,230,000	.30
1991-6 mo. to July 31	26,500,000	979,000	.24
1992-qtr. to July 31	15,500,000	618,000	.15
1991-qtr. to July 31	13,500,000	500,000	.12

Consumer Electronics Personals

Martin Hanaka, named earlier this year as Sears vp responsible for Brand Central and Office Centers (TVD Feb 24 p14), joins Lechmere as exec. vp-marketing. He reports to Pres.-CEO **Kent Flummerfelt**, who officially assumed title last week, according to previously announced schedule relating to forthcoming retirement of Chmn. **George Scala** (TVD June 29 p15)... **Hiroshi Wada** and **Kazuo Kubo** promoted from Sharp senior managing dirs. to vps, **Katsuhiko Machida** from managing dir. to senior managing dir.... **Thomas Floerhinger**, ex-Comstor, Entre Computer Centers, Harman International and Advent, named chief financial officer, Sound Advice (see story elsewhere in this issue)... **Joe Robbins**, ex-Bally, appointed managing dir., Sega's newly formed Midwest Development Div.

Changes at EIA Consumer Electronics Group (CEG): **Megan Brand**, EIA controller since 1989, promoted to CEG dir.-administration and finance, succeeding **Jack Walther**, retired; **Joe Peck**, formerly with National Assn. of Home Builders, joins as CEG staff dir. for congressional affairs, new post; **Rebecca Wilcox**, ex-dir., communications and program planning, Automotive Parts & Accessories Assn., joins as staff mktg. dir. for Consumer Electronics Shows, also new post... **Barbara Aglietti** promoted to A&R dir., Sony Classical; **Ruth Carson**, ex-DePasse Entertainment and onetime MCA Records product mgr., joins Columbia Records as vp-black music mktg.

Cheryl Gersch, ex-Magnum Entertainment and New Star Video, joins Barr Entertainment as exec. vp... **Cynthia Huth**, ex-Orion Home Video, named Worldvision Home Video sales administration dir., new post... Changes at Artec: **David Long**, ex-Video Trend, joins as midwestern regional sales dir.; **Bill Watson** rejoins company as video sales dir.; **Jeff Cavender**, ex-Handleman, named audio sales mgr.; **Joe Polidor**, ex-Mercury and PolyGram, appointed rack services sales dir.; **Richard Campbell** named games sales mgr.; within Video Telemarketing Dept., **Hank Lawhead**, **Wally Morris**, **Wayne Tipson** and **John Parks** promoted to regional sales mgrs. and **Mike Thut** to national accounts mgr.

ITA's annual Magnetic & Optical Media Mfg. Seminar (MOMS) will be held Nov. 5-6 at Atlanta's Nikko Hotel -- 212-643-0620.

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"**Matsushita started in September to send 500-600** employees, most of... the deputy manager level, to 10 million homes to survey the level of consumer satisfaction for the company's products. The program will last through November. 'We want our employees to see with their own eyes how Matsushita products are actually used at home,' says Jiro Aoki, general manager at Matsushita's Sales Administration Dept. 'Many home electronics goods have become mere boxes filled with technology,' he says." -- Oct. 3 Nikkei Weekly, reporting on Japanese electronics manufacturers' new efforts to make products more user-friendly.

Sony Trinitron plant in Singapore was dedicated by Pres. Norio Ohga. Employing 500, it's scheduled to make 2 million 13-20" tubes in first year. Sony manufactures optical pickup and video head drums in separate Singapore enterprise.

Standard & Poor's has lowered ratings on N. American Philips debt, citing concern about weakness of consumer electronics business. Rating on long-term debt was cut to BBB from BBB+ and on commercial paper to A-3 from A-2. Some \$225 million of debt is involved.

TELEVISION DIGEST®

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With Consumer Electronics

OCTOBER 12, 1992

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CABLE ACT IS LAW: Congress overrides veto, forcing industry to switch focus to courts and FCC. Turner appeals must-carry, retransmission consent. (P. 1)

MEDIA WITHHOLD REPORTERS FROM DEBATES: Say it would be inappropriate to let candidates pick panelists. Networks and affiliates face major loss in ad revenues. (P. 2)

CBS REDUCES COMPENSATION CUTS 50%: Planned drop trimmed to \$10 million from \$20 million. Instead of recouping spots, network is giving affiliates 4 additional 30 sec. weekly in prime time. (P. 4)

CABLE LOOKS TO FCC to mitigate Cable Act, puts blame on broadcasters. New NCTA focus seen needed. Biggest impact to be on new cable networks. (P. 4)

BROADCAST MOVES START in wake of Cable Act. TCI won't pay retransmission fees. A/B switches threatened. Fox pushes retransmission consent. (P. 5)

FCC OKAYS DAB by S-band satellite, delays terrestrial DAB. NAB calls decision threat to local radio. (P. 5)

CITIES GEARING UP to use Cable Act. Leaders warn 'don't give up anything.' (P. 6)

FRANK SEES SHIFT ON PTAR TO DISNEY: Predicts break in independent stations and movie studios' opposition to relaxation sought by Disney. (P. 7)

VETO OVERRIDE BEGINS NEW CABLE ERA: Congressional override of President Bush's veto of cable bill is forcing cable industry -- as well as broadcasters, FCC, cities, communications lawyers and others (see separate stories this issue) -- to refocus attention from Congress to courts and FCC, industry officials said last week, most after attending flurry of meetings on change. First court challenge to bill was filed hours after House voted 308-114 to override veto Oct. 5 -- Turner Bestg. submitted lengthy challenge to must-carry and retransmission consent in U.S. Dist. Court, D.C. -- and other appeals and massive FCC proceedings are expected.

House vote came 3 hours after Senate voted 74-25 to override veto. House vote was even larger than earlier 280-128 margin approving conference report, prompting cheers from bill's supporters on House floor. That induced one senior FCC official to say: "Last night the Congress had a party. This morning the FCC woke up with a hangover."

Main issue in debate was whether bill is partisan. Sen. Burns (R-Mont.) said Congress was "trying to ram a bad piece of legislation down the President's throat." He said Democratic vice presidential candidate Sen. Gore (D-Tenn.) was backing bill that would cost U.S. jobs, while Bush wanted to veto it to protect jobs: "If

Consumer Electronics

AUDIO ROYALTY BILL PASSED just before adjournment, clearing way for uninterrupted launch of DCC and MiniDisc systems before end of year. (P. 11)

JAPANESE CAMCORDERS continued low-price trend in Aug., average price of exported model dropping below \$510 from \$540-\$590 average. (P. 12)

MULTIMEDIA NETWORK to be operative in 1994 is goal of Microelectronics & Computer consortium, with cooperation of phone and electronics firms. (P. 13)

CEBUS HOME AUTOMATION STANDARD completed by EIA/CEG, giving manufacturers system for developing products to communicate with each other. (P. 13)

NEW AD CAMPAIGNS launched by Sony for XBR² TV series and by Philips for CD-I, both designed to drive consumers into CE stores. (P. 13)

CUTBACKS AND REORGANIZATIONS by Japanese CE makers seek to cope with slump. Matsushita in 'dramatic' restructuring. JVC pushes non-AV business. (P. 15)

U.S.-MADE HDTV SETS, tubes and components pledged by Philips and Thomson if their system wins. (P. 15)

SEPT. RETAIL SALES STRONG for Circuit City, Best Buy and AVA, all with good comparable-store gains; Tandy flat for month, Good Guys for quarter. (P. 16)

that is not a defining fact, I don't know what is." Senate Telecom Subcommittee Chmn. Inouye (D-Hawaii) said bill shouldn't "fall over partisan politics." Co-sponsor Sen. Danforth (R-Mo.) said he didn't agree with partisan attacks on Bush, who he said is "being true to what he considers to be good Republican philosophy." Difference of opinion, he said, is over when regulation is appropriate in case of what he said is unregulated monopoly. Republicans were concerned about voting against President, Danforth said, but even "strong Presidents" have vetoes overridden.

Gore said veto means that "George Bush is trashing consumers to take care of his rich friends in the big cable companies." Gore called S-12 "the most important cable legislation of the year" and said "cable television consumers are getting ripped off and George Bush is giving the cable monopolies permission to do it." Democratic presidential candidate Bill Clinton endorsed Gore's stand.

FCC staff immediately began series of meetings to plan estimated 24 proceedings and rulemakings required by bill. Official said agency had just begun to look at reallocating resources to meet deadlines (TVD Oct 5 p1) and decisions won't be made for week or so.. FCC Chmn. Sikes said agency "will do the best it can to implement the Act while trying to minimize the disruption to the Commission's other important responsibilities." But he cited \$20-million Congressional Budget Office estimate of cost of rulemakings (1/6 of total FCC budget), and said that "will strain all of the Commission's resources and affect negatively the FCC's ability to regulate all industries under its jurisdiction." He pointed out that Congress hasn't yet appropriated additional funds but said he's hopeful that it will do so in Jan.

Turner challenge seeks to enjoin FCC from carrying out mandates on must-carry and retransmission consent. It was filed with U.S. Dist. Court under provisions of law that allow must-carry to be appealed there, then move directly to U.S. Supreme Court, bypassing appellate level, Turner Vp Bert Carp said. Challenge makes same basic arguments that led to previous court rejections of must-carry -- it gives free speech preference to over-air broadcasters over cable networks and it allows govt. to determine what "speech" cable operators must transmit. Suit claims that retransmission consent is so closely linked to must-carry that it's not severable, so only option is for court to throw both out and allow Congress to determine later whether to reimpose retransmission consent without must-carry. Other cable companies are almost certain to join must-carry appeal. Daniels Senior Vp Robert Russo said company probably will be part of consortium appealing bill, and others, including TCI, Continental and Cox, said they were considering joining. NCTA Vp-Legal Daniel Brenner said Assn. was reviewing law and would appeal "where appropriate."

Other sections of law also will be appealed, cable officials said, although that probably will follow FCC administrative procedures implementing provisions. Officials said provisions such as rate regulation and program access probably will be appealed later because appeals of FCC actions go directly to U.S. Appeals Court, D.C., bypassing Dist. Court. Rate regulation would be appealed on First Amendment ground, claiming that govt. ability to control rates effectively means that it can control what programming cable "speaker" can carry, said Washington lawyer George Shapiro, who did 1990 study of issue for CATA. He said program access may be "a little tougher" but also can be appealed on First Amendment ground because right to speak also means right not to speak, so programmer can't be forced to allow those he doesn't want to do so to transmit his "speech." Shapiro said appeal of program access on property rights grounds would be difficult because Congress gets "a lot of leeway" on property rights issues. Wertheim, Schroder analyst David Londoner said only portions actually overturned would be invalidated, not entire bill.

Veto override "undoubtedly" will begin "the endless litigation all measures of this kind invariably spawn," NCTA Pres. James Mooney said. "The cable industry will do its best to live with this ill-considered legislation, but in the end we don't think our subscribers will thank Congress for it."

MEDIA WITHHOLD REPORTERS FROM PRESIDENTIAL DEBATES: NBC, CBS, AP and most major newspapers have said they won't permit their reporters and correspondents to serve as moderator or on panels to ask questions on televised debates among 3 presidential candidates, with first scheduled Oct. 9. ABC said it would wait to see whether one of its correspondents was invited before making decision but permitted correspondent Ann Compton to be panelist on first debate. CNN has asked publicly that anchor Bernard Shaw be one of panelists.

Bush and Clinton campaigns have suggested reporters for panels, also have right to veto those proposed by other camp. Two of 3 panelists will come from those nominated by campaigns; 3rd will be picked by bipartisan commission, as will moderators -- who also must be approved by 2 campaign camps. Independent candidate Ross Perot is participating in debates but doesn't have say in selection of questioners. Moderator for first debate was to be Jim Lehrer of PBS, with Compton, John Mashek of Boston Globe and free-lancer Sander Vanocur (who has worked for all 3 networks) as questioners.

Debates have potential of largest audience ever, with Fox TV announcing Oct. 7 that it would carry presidential debates (fulfilling pledge made by Chmn. Barry Diller before he resigned last spring), skipping sole debate among 3 vice presidential candidates. Also carrying debates live are PBS, CNN, C-SPAN. CBS Vp-Planning & Research David Poltrack predicted first debate would have 35 rating, audience of 54 million. Debate at 7 p.m. was threatened by late starts because of 4:10 p.m. American League baseball playoff game on CBS and NFL game starting at 4 p.m. on NBC (both networks were obligated to stay with games if they went overtime).

News organizations said it wasn't appropriate for campaign organizations to dictate who is allowed to ask questions of candidates. In withholding any correspondent from NBC, News Pres. Michael Gartner said: "Debate moderators and panelists should be chosen by independent groups, not political parties." However, ABC anchor Peter Jennings indicated he would like to participate, telling N.Y. Times: "To turn them down would be to lose an opportunity to ask a politician a question you think is important." Everette Dennis, exec. dir. of Freedom Forum Media Studies Center, said that debates are "a flawed vessel... a pseudo-event" and that reporters were being asked to perform as "actors, not journalists." Agreement on panelists was very difficult in 1984 when President Reagan's camp and Democratic nominee Walter Mondale went through list of 103 journalists before finding 3 both would accept.

One thing already is a given: Networks and their affiliates will be major losers dollarwise in debate coverage. One network official estimated ABC, NBC and CBS would lose combined \$15 million in ad revenues, and their affiliates similar amount. No estimates were available for CNN or Fox.

Ex-Chief of Staff John Sununu was back at White House last week as stand-in for Perot as Bush practiced for first debate; OMB Dir. Richard Darman was playing Clinton. Clinton also prepared in Kansas City, using Washington lawyer Robert Barnett to portray Bush and Rep. Synar (D-Okla.) as stand-in for Perot. Sources said Perot studied issues, but didn't plan practice sessions with stand-ins for GOP and Democratic candidates.

Bush got his way for first debate featuring panel of reporters asking questions. Second will feature "town hall" format with invited studio audience asking questions. In final debate Oct. 19, single moderator (still to be picked) will ask candidates questions for 45 min., with final half of debate to be devoted to questions from preselected panel. Moderator will ask questions (with no panel of reporters) in Oct. 13 debate of vice presidential candidates. However, after each question, 3 candidates will engage in 5-min. exchange.

Perot launched heavy ad campaign last week with paid prime-time 30-min. programs on CBS (Oct. 6) and ABC (Oct. 8); he turned down NBC offer of 30 min. Oct. 9. He also was airing 30-sec. spots and planned 5-min. ads on TV, radio and cable networks. Perot spokesman said candidate would spend "what is necessary... to have the voter know Ross Perot and his stand on issues." All 3 candidates continued their heavy round of appearances on interview programs, with CNN's Larry King being favorite vehicle (Bush appeared twice there within 4 days). Meanwhile, NBC offered to sell 3 presidential candidates 30 min. each on election eve in time period in which it usually airs movie. NBC's asking price: \$900,000 per 30 min. ABC said it was offering candidates 20 min. each between 8-9 p.m. on same night, price not announced. CBS, which usually wins Mon. nights big in Nielsen ratings, hadn't offered candidates any time on election eve.

Presidential debate schedule: Sun. Oct. 11, 7 p.m. from St. Louis; Thurs. Oct. 15, 9 p.m. from Richmond; Mon. Oct. 19, 7 p.m. from E. Lansing, Mich. Single vice presidential debate is scheduled Sat. Oct. 17 in Atlanta. Meanwhile, U.S. Dist. Court, N.Y.C., scheduled hearing Oct. 12 on suit filed by Lenora Fulani, presidential candidate of New Alliance Party. She was contesting fact that she and Andre Marrou, candidate of Libertarian Party, weren't included in debates. "What we're calling for is uniform standards," said Fulani spokeswoman Madelyn Chapman. "The standards say you have to be able to win. Now, they've changed that because obviously Perot cannot win." Marrou is on ballot in all 50 states, Fulani in 40. Federal Elections Commission said there are 23 presidential candidates on ballots in various states, but only 4 -- Marrou, Perot, Clinton and Bush -- are qualified in all 50 states.

In another development, departing from what it described as prevailing view of journalists, new study by Freedom Forum Media Studies Center said political coverage directors of ABC, CBS and NBC don't see presidential candidates' increasing use of talk shows as backlash against "establishment press." Instead, coverage directors interviewed for report saw rise of talk shows as "a positive development," it said, and "they also disagree with many journalists who say that candidates' use of [such] shows has allowed candidates to circumvent the scrutiny of the mainstream press." Study, *An Uncertain Season: Reporting in the Postprimary Period*, also found increasing candidate use of such other "direct-access" media as 800 numbers and online services on which there's "little or no challenging of [them] by trained news professionals."

CBS CUTS CUT IN COMPENSATION: CBS TV Affiliates Assn. board "unanimously endorsed" new compensation plan presented by network in Chicago Oct. 6 that reduced announced cut in half and returned prime-time spots to affiliates, rather than reclaiming time from stations. CBS halved its announced \$20-million reduction in compensation (TVD June 8 p3) to \$10 million and gave affiliates 4 additional 30 sec. prime-time spots to sell locally. Network also dropped planned "affiliation charge" whereby stations would have been required to return to network percentage of compensation they had been paid by CBS. "We did a 180" turn, said CBS Affiliate Relations Pres. Tony Malara in Oct. 7 conference call with reporters.

Proposed compensation cutback, announced at affiliates' convention in N.Y. May 31, caused immediate uproar and pledge by stations to fight. That they did, primarily with conference calls and meetings in Tex. and in Chicago at which affiliates vowed retaliations and all-out fight against network (TVD July 27 p3). Stations also announced plans to move from under CBS umbrella, hold affiliates-only convention in Feb., increase dues, hire fulltime exec. dir. Asked if Feb. meeting still would be held, Affiliates' Chmn. Richard (Mick) Schafbuch, KOIN-TV Portland, Ore., said: "We haven't even thought about it." As for hiring exec. dir., he said dues increase definitely is in works and "it's going to be necessary for us to be represented fulltime" in Washington "where the action is." That may come through joint operation with ABC and NBC, Schafbuch said.

CBS originally had said \$20-million compensation cut wasn't "negotiable." Asked why it became so, Malara replied: "Realism... and the absolute necessity and burning desire to put this crisis behind us... and move on to more important things. We worked together [with affiliates] to try to come to a common ground and reduce the original impact up to 50%." Schafbuch said: "The network responded to every one of our concerns... I have to praise them publicly for doing so... There is an appreciation and new respect" for network-affiliate relationship.

Asked if CBS's May announcement was mistake, Malara said: "It was much more aggressive than the economic environment and market conditions would support." Under new plan, he said, CBS will be paying \$110 million annually in compensation (down from \$120 million); NBC pays about \$117 million, ABC about \$105 million. CBS affiliates will be compensated for all regularly scheduled series programs; part of that compensation for evening news will go into bonus pool for affiliates clearing CBS Morning News in what Malara termed "revenue neutral" arrangement.

Bottom line of new plan is that KOIN-TV "should come out on the plus side," said Shafbuch, because of 4 extra prime-time spots to sell locally, while CBS's original proposal would have resulted in "a pretty significant negative impact." He and Malara agreed same was true for most CBS affiliates. Said Malara: "We don't want to do another [compensation] cut... We have no intention of taking another across-the-board action like this."

Malara said CBS plans major effort to increase late-night live clearances -- now 80% "and we expect 90." Compensation pool of \$4 million has been established for that purpose: "We're going to make a big push to get live clearances for late night. That's a key here." He admitted that CBS is "very interested" in acquiring David Letterman when contract of NBC's late-night host is up in spring. Schafbuch said affiliates would be "delighted" if that happened. For many stations, he said, nonclearance of CBS

late-night offerings has been economic necessity -- "a reality of our business, not just at CBS."

CABLE LOOKS TO FCC: Cable Act was "crudely hewn by the Congress" and "final sculpting will be done by the FCC," NCTA Chmn. Joseph Collins of Time Warner said last week: "It will be crucial for our industry to be involved in that process of shaping the new rules so that they are as fair as possible. At this point, all we can do is try to minimize the negative impact they have on us and our customers." He told Mid-American Cable TV Assn. in Kansas City, Mo., that Act is "a formula for some pretty angry customers" and "it will be up to us to remind them why this happened and who did it to them."

NCTA, CATA and "the whole cable industry" will have to refocus bulk of attention from Congress to FCC and courts as result of veto override, said Continental Senior Vp-Legal Robert Sachs: "Clearly the arena will shift from Congress to the FCC. The FCC will be involved in our lives a lot more than we, or the FCC, would like." TCI and others will focus on convincing FCC to implement new regulations in way that hurts cable operators least, TCI Senior Vp Robert Thomson said: "We have some confidence that cooler heads will prevail at the FCC than in the Congress in this overheated political year." NCTA Vp-Legal Daniel Brenner said several portions of bill require FCC to consider impact of provisions on cable systems, and NCTA will "focus a lot of our resources on this proceeding" to assure impact is as small as possible.

Some operators worry whether NCTA is ready to switch focus from Congress, which has been main interest in nearly 4 years of cable debates, to FCC. For example, Sachs said NCTA "has to assess" whether it has right personnel in right place, but said recent hiring of Brenner, former FCC employee, is "a step in the right direction." One of main critics of NCTA handling of cable bill has been Daniels Chmn. Bill Daniels, but Daniels Senior Vp Robert Russo said Bill Daniels is critical only of strategic handling of bill. Despite rumors that Daniels was among leaders of possible effort to oust NCTA Pres. James Mooney, Russo said Daniels isn't necessarily convinced that Mooney and NCTA can't make switch.

At least cable industry did all it could to warn customers of likely effect of 1992 Cable Act, Collins said in speech: "Customers will need to be informed about who are the real villains of this tale." He blamed cable defeat on "election year forces, combined with special interest politics of the most powerful sort" that will result in "a windfall for the broadcasters." Cable will "live with this new situation and we'll thrive," Collins said. He pointed out that Act won't "slow the sea change" of new technology that's "transforming cable into the telecommunications industry of the future... Before the end of the nineties, cable will be the broadband pipeline that interconnects PCN networks, computers and smart TVs."

Biggest immediate impact probably would be delay in launch of new cable networks, Sachs said: "We are proceeding very carefully about adding any new program services such as the Cartoon Channel and the Sci-Fi Channel because we don't know if we can recover the expense." He said MSOs either won't add services at all or will roll them out slowly until there's "more regulatory clarity" -- and that could take "6 months to a year or more." One cable official said Act actually could be good for existing cable networks because it makes it less likely that they will face new competition.

BROADCAST CABLE MANEUVERS START: Congressional approval of Cable Act set off wave of posturing over issues of retransmission consent and must-carry, and even more discussion over which option broadcasters will choose eventually. Even before vote, largest MSO, TCI, said it wouldn't pay retransmission consent fees, and 8th largest, Jones, said it would consider issuing A/B switches to subscribers. Meanwhile, Fox sent memo to affiliates urging them to consider potentially great value of Fox signal to cable customers, in effect urging stations to choose retransmission consent over must-carry. Both must-carry and retransmission consent already are being challenged in court (see separate story, this issue).

Fox Senior Vp-Affiliates Preston Padden noted in memo to general managers and owners that cable systems pay 12¢ per month per subscriber for Fox Net, so they should be willing to pay for more attractive syndicated and local programming carried by most Fox affiliates. Stations shouldn't allow anyone to "stampede you into a premature commitment" to either must-carry or retransmission consent, Padden said. He said cable operators already pay 6-36¢ per month per subscriber for right to carry cable networks that attract less viewing than Fox affiliates. Likely price may be lower because cable networks allow systems to sell local ads, unlike broadcasters, Padden acknowledged, but memo "is simply to begin to dispel the myth that we have no value." He said Fox "promptly" will schedule series of regional affiliate meetings on retransmission consent, and in meantime stations should avoid "say[ing] anything that would understate or undersell your value and/or right to expect compensation."

Cable operators aren't enemy, Padden said: "Our competitive battle is with the other networks -- like USA, TNT, etc. -- many of which are not delivering the value for which the operators, and ultimately the subscribers, are currently paying." Presence of Fox programming "will help operators discipline the free riders among cable networks," Padden said.

TCI Senior Vp Robert Thomson said MSO "concluded that customers won't understand paying for broadcast programming," so it won't pay retransmission fees. He said TCI hasn't decided exactly how to handle consent issues. Jones may consider installing A/B switches in cable systems where broadcasters demand retransmission consent payments, Chmn. Glenn Jones warned. "Although the expense of regulation is now a reality, cost containment will be a very high priority," he said, and MSO will "do our utmost to minimize the impact to our customers," possibly including installing switches allowing subscribers to get broadcast TV off air instead of through cable. Other MSOs told us they haven't decided on retransmission consent payments, in part because they have at least 6 months before rules take effect. One broadcast official told us that broadcasters haven't begun raising issue with cable operators, partly because "it would be impolitic."

CATA Pres. Stephen Effros said vote is "pyrrhic victory" for broadcasters. He said cost to broadcasters could include court overturn of must-carry, possibly leaving only retransmission consent, with "smaller broadcasters in the middle of a competitive maelstrom of their own creation." Effros said bill could cause politicians to impose spectrum fees, equal time and fairness doctrine, and even low-cost or free political ad time.

NAB Pres. Edward Fritts, however, called passage of Act "a great victory for consumers and a great boost to competition to the cable monopoly... We look forward to a

new television marketplace." Said another NAB official: "At this point, there's a lot of euphoria out there." Broadcasters "did a very good sales job" on cable bill, President Bush said on ABC's Good Morning America and that he remains convinced that veto was good policy.

FCC OKAYS DAB: FCC approved frequency for DAB in S-band throughout U.S., clearing way for launch of Satellite CD Radio, only firm to propose S-band system to date. NAB immediately called decision threat to future of broadcast radio. Commission also launched inquiry into status of competition in satellite TV descrambling.

Rather than allocating spectrum for terrestrial DAB, however, FCC chose to initiate further inquiry to solicit comments. It decided not to take specific action on terrestrial DAB due to recent proposals for digital audio service in existing AM and FM bands. Henry Baumann, NAB exec. vp-gen. counsel, said: "The FCC seems to be rushing judgment on satellite DAB, and the prospect that satellite development might be placed ahead of terrestrial DAB is troubling. We appreciate the commissioners' recognition of terrestrial broadcasters' needs for digital technology and their sensitivity to localism, and look forward to working with them on the development of terrestrial DAB."

FCC Comr. Duggan asked whether pushing satellite DAB posed threat to localism. Chief Engineer Thomas Stanley said decision "doesn't spell the death knell for local broadcasting, though it most certainly will put pressure on" broadcasters. He said listeners will always want local information. Chmn. Sikes compared broadcasters' concerns to those of radio industry with advent of cassette tape technology: "I believe terrestrial radio broadcasters will find certain strengths because of the special characteristics of their medium."

Satellite CD Radio proposes to launch 30-channel commercial-free subscription music service throughout U.S., but this is only country using S-band (2310-2390 MHz) for DAB. Rest of world, including Canada and Mexico, allocated L-band (1452-1492 MHz) for DAB-type services, so it would be difficult for U.S. satellite DAB services to operate internationally, or for foreign DAB services to broadcast in U.S. That won't pose problem for Satellite CD Radio, Pres. Robert Briskman said, because system is planned only for U.S.

FCC inquiry into satellite TV encryption was in response to July letter from House Telecom Subcommittee Chmn. Markey (D-Mass.) and Rep. McMillen (D-Md.) asking Commission to "review efforts to develop at least one additional source of video descrambling modules" for use of C-band. Action also was response to new competitor, Titan Linkabit. General Instrument (GI) VideoCipher has had de facto monopoly on decoders. M/A-Com developed technology, then sold it to GI, giving GI exclusive rights to it until noncompete clause expired last fall. Titan acquired rights when it bought M/A-Com and wants to enter market, as well as to use GI's DBS authorization center.

FCC's inquiry will review: (1) Efforts to develop additional source of decoder modules compatible with current standards. (2) Feasibility of allowing others to use GI's DBS center. (3) Feasibility and utility of standard decoder interface to work with multiple encryption systems.

NAB is distributing new edition of its reference book on political broadcast regulation, Political Best. Catechism. Cost is \$20 for NAB members -- 800-368-5644.

CITIES GEARING UP ON CABLE: Cable franchising authorities should "make sure that they don't give up anything in contracts that they have earned in legislation" in interim before 1992 Cable Act takes effect and FCC drafts final rules, warned David Olson, pres. of National Assn. of Telecommunications Officers & Advisers (NATOA). He said franchisers also should begin looking at rates and need to change franchise agreements and should "start gearing up for the [FCC] rulemakings."

Most city officials still aren't sure what immediate actions to take after passage of Act, said Arnold & Porter lawyer William Cook, who advised NATOA and others on legislation. Law firms around town were drafting summaries of bill and advice for local govt. officials. Miller & Holbrooke began distributing analysis of Act, and Arnold & Porter plans series of papers, with first due this week. NATOA plans series of regional seminars, Olson said.

Cities aren't expecting wave of rate increases or retiering in bid by cable operators to bypass Act, Olson said in interview: "We anticipate that we'll be able to roll back any unjustified rate increases, covering any pattern of abuse, at the end of the year. But we don't expect any because of self-policing by the industry." But he advised local officials to begin looking immediately at cable rates and talking to cable operators about rates and rate structures. On franchise issues, for example, Olson said regulators should avoid agreeing to follow federal technical standards, since Act would allow tougher local standards, and should avoid relying solely on federal rate regulation.

Cities that already are "staffed up" probably will be able to make quickest use of Act's provisions, he said, but NATOA hopes that first local activities will set precedents creating "baseline" of rules so there wouldn't be need for lot of individual legal actions. Local franchising authorities won't start fights with cable operators "over pennies" because of enormous resources they would have to use, Normal Sinel of Arnold & Porter predicted. He said first fights between regulators and operators "will take an extraordinary amount of time until the history and precedent is set." Local officials should be careful to create "good paper trail" on any rate increases proposed or taking effect before FCC finalizes its rules, Sinel said, including warning cable operators that boosts may not be acceptable, could be rolled back, might even have to be refunded. He said franchisers should be aware of possible operator efforts to put LPTV or educational channels on unused public access, educational or govt. channels since it might be difficult to get them off later.

One of advantages of bill is that it protects franchisers from having to pay damages in suits involving exercise of authority, Cook said, but it's unclear what effect that would have on existing suits. He said cities will have only brief "window" to roll back current rates that they consider unjustified -- after that they can limit increases only in current rates, so they should begin preparing arguments now.

Main first step for local authorities is to "gear up" for FCC rulemakings, Olson said. Miller & Holbrooke agreed in its analysis: "If local franchising authorities sit on the sidelines or make nonsubstantive comments during the FCC proceedings, localities will likely see much of their authority, and much of the consumers' interest, eroded. The legislation subjects local franchising authorities' control over the cable operator to federal oversight and creates ambiguities... as to whether federal or local regulatory jurisdiction will predominate. Local franchising authorities need to persuade the FCC to be aggressive in setting appropriate national standards for rate regulation."

FCC Chmn. Sikes outlined his view of communications industry's future in what he said are "perhaps my final months as the Commission's chairman," in Oct. 6 speech to USTA annual convention in New Orleans. He offered no "silver bullets," just "some simple principles" that he thought would "assure our communications future." First, "the quiet life of the monopoly" is over and has been for some time, he said. Within 10 years, everybody will be able to choose freely among telephone, cable and classified ad companies. He said even definitions of those companies "which tend to suggest clear lines of demarcation" will become blurred as those definitions expand to include increasing array of services. Second, need for one franchise provider for new communications services is history; there's no need to give single company monopoly status "to assure a good beginning," Sikes said: "Just as technology has and is destroying monopoly, so too is it enabling competition from the beginning." Third, Congress and regulators should "err on the side of freedom," he said. Market power exists, and regulation has its place, but "cartel management" intended to make strong companies weak "will not work," Sikes said. "There will be and must be room" for big and small companies to compete head to head in environment that doesn't require "throttling development" of U.S. communications infrastructure. However, Sikes also said there "must be room for the innovative... smaller" companies. He said as larger companies push ahead with innovation, smaller companies will do same because "they have no option... they therefore do it better." If big companies are found to use law as basis for thwarting opportunities of smaller companies, "the law should be changed," he said. When FCC carves out rules on new spectrum-dependent services, "new and innovative companies must be given new opportunities," he said. Fourth, Congress "with careful oversight" should let FCC do its intended job of working through industry's "claims and counterclaims," he said. When it comes to fighting regulatory battle on Capitol Hill, Sikes said: "I can tell you, in considerable detail and with some lingering pain, that when powerful members of Congress disagree with you, compromise is just around the corner."

Justice Dept. is opposing attempt by Cal. Gov. Pete Wilson (R) and Hollywood producers' Coalition to intervene in U.S. Dist. Court, L.A., proceeding in move to delete FCC's finsyn restrictions from separate Justice consent decrees with NBC, ABC, CBS (TVD Sept 7 p4). Said Justice: "California has no right to intervene because the United States represents the public interest in competition, and denial of intervention would not impede California's ability to protect that interest or any other interest it asserts... Intervention for purposes of appeal should be denied because California and the Coalition have no right to appeal... and permissive intervention would unduly prolong the litigation." In joint filing, networks opposed motions to intervene "because they serve no purpose, are untimely and would cause further delay... The Coalition and California are attempting to protect private and parochial interests." Case is scheduled to be argued Oct. 19, 10 a.m., before Judge Robert Kelleher in L.A.

Pop singer Sinead O'Connor generated deluge of complaints to NBC when she tore up color picture of Pope John Paul II on Oct. 2 Saturday Night Live (SNL) after singing song "War." Showing picture of Pope, she said: "Fight the real enemy" as she shredded picture. Action came as surprise to NBC, had resulted in unusually high 1,351 complaints by Oct. 5 "It goes without saying that the network does not condone what Ms. O'Connor did," NBC Vp Curt Block said, and it "certainly does not reflect the opinion of the network or the SNL staff."

FRANK SEES DEFECTIONS ON PTAR: Walt Disney Studios Pres. Richard Frank said "I think I'm picking up steam" in company's petition at FCC for major relaxation in prime-time access rule (PTAR). Disney has asked Commission to repeal portion of rule that prohibits network affiliates in top 50 markets from airing off-network programming during access time (7-8 p.m.). In Oct. 2 interview in Orlando, he predicted that there soon would be changes in position by major network affiliate groups and movie studios, which currently oppose Disney position, mentioning specifically Warner Bros. and MCA as likely to support Disney. Frank said he also expects "major break in ranks" by members of INTV, which is adamantly opposed to relaxation or repeal of PTAR restrictions, particularly by large independent groups.

In Washington, INTV Pres. James Hedlund immediately disputed Frank: "INTV member stations are not wavering about their strong support for retaining PTAR... Mr. Frank is one of the most dynamic and respected executives in the industry. Unfortunately, he may have been misinformed about the resolve of independent stations, including large group owners, on this issue."

FCC Chmn. Sikes originally had wanted agency to consider Disney petition (as well as one filed by Meredith Bestg., which seeks total repeal of PTAR) at Sept. 17 Commission meeting, but that was postponed at request of Comr. Quello, who asked that "contentious PTAR item" be delayed until after presidential election (TVD Aug 24 p7). Comr. Duggan has called PTAR dispute "an evil baby brother of finsyn." No new date has been set for consideration.

Disney currently has 9 prime-time hours on 4 networks and 3 more shows in production, Frank said: "But, the network business is such a crap business... You'll lose on everything [shows]." He told us Disney currently is losing \$200,000 per episode on hit show *Home Improvement*, but eventually expects to make money through syndication and foreign sales. He complained networks haven't raised their fees to programmers in 3 years "but our costs [to produce shows] keep going up." If networks don't increase fees to producers for first-run programming, he said, "we are all going to stop producing shows for the networks... or shows with much less quality."

Vice President Quayle's criticism of Hollywood has given programmers a reason, "not that they needed one, to rally around the flag" for Democratic presidential candidate Bill Clinton, Frank said: "Quayle has gone too far over the top and he's created a cause celebre" in Hollywood. He said he's not overly concerned about nudity, sex and language in prime-time network programming because ultimately public will decide when and if networks have gone too far. Programmers must take risks in subject matter, Frank said, and "there's no such thing as safe anymore... The viewers have too many choices. In order to succeed in television you have to take risks."

Asked why programmers still need protection from TV networks through finsyn restrictions, Frank referred to increase in network-produced shows in prime time this year. "It hasn't happened yet," he said, but in future networks are likely to sandwich shows they produce between 2 hit shows in attempt to assure success of in-house programming.

However, at news conference next day, Frank said that strategy doesn't work anymore because viewers are too intelligent. He said networks, by their constant shifting of prime-time programs, have created "confusion, [and] viewers don't like being confused... Consider the mindless scheduling

changes that the networks force upon viewers week after week... scaring away viewers in the process..."

Disney held celebration in conjunction with 20th anniversary of its theme parks in Fla. and with 8th annual Hall of Fame Awards ceremony by Academy of TV Arts & Sciences (ATAS), which moved event to Orlando from Hollywood for first time. Inducted into ATAS TV Hall of Fame were Bill Cosby, Andy Griffith, Ted Koppel, Sheldon Leonard, Dinah Shore, Ted Turner. ATAS also broke ground within Disney-MGM Studios entertainment complex for new east coast hq.

Upon accepting his award (last of 6), Cosby made long, impassioned plea for better treatment of blacks on TV, particularly on situation comedies, saying: "Stop this horrible portrayal of images that are being put on the screen now... It isn't us."

CABLE AD TECHNOLOGY: Work on specific protocols for digital advertising equipment will begin almost immediately and could be completed early next year, as result of consensus by CableLabs-organized Advertising Technology Task Force. Decision to go ahead followed general agreement among MSOs, hardware and software companies and other service providers on business objectives, functionality expectations and key points of interface, said Scott Bachman, who heads project for CableLabs. Meanwhile, ad groups formed consortium to buy TV commercial coding system that's been in use for 22 years from its sole proprietor, and cable ad leaders said they were seeing surge in use of cable ads by political campaigns.

Ad equipment is part of digital initiative launched by CableLabs more than year ago. Task force is to reach consensus on voluntary guidelines that MSOs can use to make individual decisions on digital ad insertion and transmission equipment. Industry believes that digital ad equipment will be cheaper than analog, will make it easier to automate transmission and insertion of ads, even make cable advertising more attractive by making it easier to target specific audiences.

In bid to assure continued availability of Industry Standard Coding Identification (ISCI) system for identifying TV ads, AAAA and ANA agreed to buy system from David Dole, who invented ISCI in 1970 and has operated it since but now wants to retire. AAAA, ANA and TVB are raising \$300,000 to buy ISCI and cover initial operating costs, spokeswoman said. ABC, CBS and NBC have committed total of \$30,000 to fund, and cable networks and Fox are expected to pledge another \$20,000, she said.

Spending on political ads on cable continues to grow, said ad sales firm Cable Networks Inc. (CNI). Its analysis showed total cable spot political ad sales of \$1.5 million in 3rd quarter, 50% more than total for first 2 quarters. "This campaign season marks the first time key national and statewide races are making spot cable a major part of their television advertising mix," CNI National Sales Mgr. Michael Labriola said. Clinton/Gore campaign has been among most active users of cable, CNI said, including month-long statewide cable buy in N.J. Bush/Quayle campaign hasn't made any cable ad buys for general election, although it did in primaries. CNI said Perot campaign was evaluating cable. That's stark contrast to 1988, when CNI described cable political ad buys as "essentially minuscule."

Univision moved from Satcom F1R, TR 7, to Galaxy 1, TR 6, on Oct. 6.

NYNEX TESTS VDT: N.Y. Telephone and N.Y.C. SMATV provider Liberty Cable said they will test video dial tone (VDT) services that could be up and running by end of Jan. Telco will provide transmission and video switching services to about 2,000 customers in 2 apartment buildings.

Many of key elements of system haven't been designed, including whether customer will gain access to advanced features over telephone or through sophisticated converter box near TV. Although Liberty has plans for video-on-demand services, first applications won't be that sophisticated, N.Y. Tel. New Products Dir. Joseph DeMauro said. Pay-per-view services will be enhanced so that there will be more channels offering programming, with starting times for movies staggered 15-30 min. apart, he said.

Telephone company will transmit signals from Liberty earth station through N.Y. Tel central office on 5 fibers, each capable of carrying 40 channels to Liberty customers. Service will provide switched video through central office on E. 56th St. using analog signals transmitted over fiber, DeMauro said. He said system eventually will go digital, but it's easier to use analog signals now because there's good choice of analog equipment. N.Y. Tel is looking at Jerrold and ALS to provide transmitting and receiving facilities, DeMauro said, and is evaluating potential vendors, including Grass Valley Group, for video switch. He said vendors should be chosen by next month.

Liberty Pres. Peter Price described his company as private firm owned by Milstein family that also has interests in hotels and financial institutions. Company started as SMATV company, and in 1991 received license from FCC to become earth station able to redistribute satellite programming. In Feb. this year, it began to build 73-channel microwave network around Manhattan, becoming "directly competitive" with established cable operator, Price said.

FCC refused to approve consulting agreement between WSNX-AM-FM Muskegon, Mich., and National Black Media Coalition on hiring of minorities. Coalition had opposed stations' renewals on equal employment opportunity (EEO) grounds but withdrew objection after WSNX-AM-FM agreed to pay it \$1,000 annually through 1996 for "minority referrals and EEO counseling." In rejecting agreement and renewing stations' licenses (with EEO reporting requirements), Commission said that NAB provides similar EEO service free and that Coalition hadn't provided any information to distinguish its service (from NAB's) or justify its cost.

Noncommercial KCDT (Ch. 26) Coeur d'Alene, Ida., went on air Sept. 22 as satellite of KUID-TV Moscow, Ida. Stations are licensed to State Board of Education; Jerrold Garber is gen. mgr., Russell Spain station mgr., Ken Segota chief engineer. With KCDT start, there now are 1,499 operating U.S. TV stations -- 1,131 commercial, 368 noncommercial.

NATPE formed search committee for new president to replace retiring Philip Corvo, who has been ill. Corvo has contract through 1994, will serve as consultant for another year, NATPE said. Assn. hopes to pick successor by Jan. convention in San Francisco. Ex-NATPE Chmn. Lew Klein, Gateway Communications, heads search committee.

CPB Pres. Richard Carlson reportedly is interested in hiring executive who could take charge of day-to-day activities at Corp., allowing Carlson more time to function as outside advocate for public broadcasting.

Times Mirror (TM) Bctg. has formed management committee to deal with issues affecting its 4 network-affiliated TV stations, Times Mirror Co. Senior Vp Donald Wright said. "This structure will permit the stations to retain an appropriate level of independence and local autonomy, while taking advantage of group coordination and collaboration," he said. Committee will have responsibility for group program purchases, special projects, "pro-active approach" to groupwide strategic issues and ensuring effective communications "in a wide variety of administrative and other issues." Committee will be chaired by Jeff Rosser, CEO of KDFW-TV Dallas; members include Wright, KTVI St. Louis CEO Wayne Thomas (vice chmn.); WVTM-TV Birmingham CEO Dow Smith; KTBC-TV Austin CEO Jack Harrison; Human Resources Dir. Rochelle Evans; Wright asst. David Grossman; TM Asst. Gen. Counsel Jeff Smith.

Meetings: Financial effects of **1992 Cable Act** will be topic of CATA Open Forum, 3 p.m. Oct. 14, at Atlantic Cable Show, Atlantic City -- 609-848-1000... **TV Answer** will discuss its planned interactive TV service at Multimedia Expo Oct. 18-20, Santa Clara, Cal., Convention Center -- 212-226-4983... **Exhibition on European Cable Communications** is scheduled for Oct. 19-20 at London's Olympia Center -- 44-734-580-015... **Discovery Chmn. John Hendricks** speaks Oct. 20 at Washington Cable Club lunch -- 703-358-2770... **Telestrategies** will sponsor **video dial tone** conference Nov. 9-10, Sheraton National Hotel, Arlington, Va. -- 703-734-7050... **Pan-Asian Telecommunications Task Force** will sponsor summit on **cable and satellite TV** Dec. 8-9, Kowloon Shangri-La, Hong Kong -- 852-549-5618.

Discovery Communications will apply jointly with Canadian broadcasters for new Canadian specialty TV license, Chmn. John Hendricks said. New satellite-delivered network would combine Canadian-produced nonfiction programming with that of Discovery, plus other international programming. New network would be similar in format to Discovery, Hendricks said. Partner is JLL Best. Group, which controls Canadian The Sports Network, Skyvision Entertainment, Le Reseau des Sports. Application will be filed with Canadian Radio-TV & Telecommunications Commission when agency opens application window.

Reorganization of Gillett Holdings Inc. was approved by bankruptcy court with majority ownership shifting to Apollo Ski Partners Inc. Gillett Holdings filed for Chapter 11 protection more than year ago after defaulting on payment of \$1 billion in junk bonds and other bank debt. Principal owner George Gillett (who becomes minority owner under reorganization) filed for personal bankruptcy protection in Aug., listing assets of \$18.4 million, liabilities of \$66.2 million.

Portugal's first private TV station went on air Oct. 7 in competition with 2 state-owned networks. Sociedade Independente de Communicacao (SIC) has staff of 270, including 99 journalists, is headed by Pinto Balsemo, former Portuguese prime minister and owner of weekly newspaper Expresso. Brazil network Rede Globo owns 15% of SIC, maximum allowed for foreign entity.

Wall St. analysts disagree widely on expected TV ad growth in 1993, according to presentations at recent meeting of TvB board. Predictions of local ad growth were in 4-8% range, spot ads 3-8%, network 3-7%, cable 10-15%. TvB said high-end predictions generally were based on assumption of early economic turnaround in 1993.

Personals

Rosel Hyde, 92, former FCC chmn., suffered stroke Oct. 7, is in Sibley Hospital, Washington. He's partially paralyzed... **Richard Lindheim**, ex-MCA, joins Paramount Pictures as exec. vp, TV Group... **Richard Glover**, ex-Titan Sports, named senior vp, ESPN enterprises, new post... **Danelle Black** advanced to vp-prime-time and daytime programs, NBC Entertainment, East Coast... Named dir.-motion pictures for TV, CBS Entertainment: **Michael Healy**, ex-Reeves Entertainment; **Ruth Benton**, ex-Avnet-Kerner.

John Janas, ex-pres.-CEO, Nostalgia TV, joins HBO and Time Warner International as senior consultant... **Gene Napier** promoted to pres., WJCT-TV-FM Jacksonville... **Klaus Schmalenbach** advanced to vp-strategic mktg., BMG International, new post... **Judith Jurisich**, ex-Best. Research Group and former asst. gen. mgr., WJBK-TV Detroit, joins public TV's American Program Service Oct. 19 as vp-national syndication... Appointments at SET Pay Per View: **Mariana Mitrione** as dir.-publicity and promotion, **Jim Dettman** as dir.-affiliate sales and mktg., **Mary O'Connor** as mgr.-affiliate sales and mktg... **John Rezabeck** named local sales mgr., WGNT Portsmouth, Va... **Arianna Ariza** promoted to asst. dir.-press relations, NCTA... **Lee Foley**, ex-WEWS Cleveland, joins WUAB, there as managing editor... **Robert Yuna**, ex-KOVR Stockton-Sacramento, appointed news dir., KSNW Wichita.

Stephen Ste. Marie, ex-Egon Zehnder International, named to head DirecTV sales and mktg... **Roni Posner** appointed exec. dir., Women in Cable... **Frank Borst** named managing dir., Odetics Best.; **Robert Stopford**, ex-Vistek, appointed sales and mktg. dir., Odetics UK.

Richard Schneider promoted to station mgr., WUFT Gainesville, Fla.; **Vickie Villines** advanced to asst. station mgr.-programming... **Robert Huber**, ex-Cap/ABC, joins Fox Bestg. as dir.-casting... **Brandon Tartikoff**, chmn., Paramount Pictures, is keynote speaker at NATPE program conference, Moscone Convention Center, San Francisco, Jan. 26.

Sandra Martis, pres., In-Flight Phone, appointed to FCC Small Business Advisory Committee... **Gus Macdonald**, managing dir., Scottish TV, named chmn., ITV board... **Thomas Unterman**, ex-L.A. law firm Morrison & Foerster, elected vp-gen. counsel, Times Mirror.

FCC Calendar -- Oct. 12: **Ralph Haller**, chief, Private Radio Bureau, participates on "More Than A Vision: SMR Market Share in 1995" panel, American Mobile Telecommunications Assn., Loews Coronado Bay Hotel, San Diego, 1 p.m. Oct. 13: Comr. **Barrett** is keynote speaker at Caribbean Telecommunications Council conference, Condado Plaza Hotel, San Juan, 9:45 a.m. **Thomas Stanley**, chief engineer, speaks on "FCC Perspectives on PCS" at National Engineering Consortium, Hyatt Regency O'Hare, Chicago, 1:15 p.m. Oct. 15: **Cheryl Tritt**, chief, Common Carrier Bureau, speaks on "Local Exchange Competition: Evolution or Revolution?" at Donaldson, Lufkin & Jenrette conference, St. Regis Hotel, N.Y., noon. She discusses issues before FCC at law offices of Haley, Bader & Potts, Arlington, Va., 5 p.m. **Walda Roseman**, dir., Office of International Communications, addresses Europa Telecom '92 on "Lessons of Deregulation on Privatization and the New Role of Government in Telecommunications," Budapest. **Stanley** participates on "Closed-Captioning for Advanced TV" panel, Electronics Industries Assn., Sheraton Washington Hotel, 6 p.m.

Pay-per-view will add NFL in near future, probably in format similar to PPV of college football games started this season by ABC, said Mark Taffet, senior vp-programming for PPV firm TVKO. He told panel session at N.Y.'s Downtown Athletic Club Oct. 5 that NFL will provide PPV coverage of games that aren't available in local market, without reducing local broadcast coverage: "That will bring them [viewers] incremental value which I think they will be more than willing to pay for at a reasonable price." He defined reasonable price as \$10-\$15 per game. Despite that, Taffet said PPV won't be "an enormous pot of gold" for NFL to replace lost broadcast revenue: "It has to be viewed as a supplemental revenue." CBS Sports Programming Vp Jay Rosenstein had said earlier on panel that networks "can no longer afford to pay the kind of money that we've paid" for sports rights. ABC Sports Programming Dir. Anthony Petitti acknowledged that network's experiment with PPV college football wasn't meeting projections that had reached as high as 30,000-50,000 buys per week: "We're going to come in right around somewhere between 10,000 and 20,000 per week." Petitti attributed shortfall in part to fact that fewer cable systems than expected are offering college football PPV.

At request of 7th U.S. Appeals Court, Chicago, which held oral argument Oct. 3 on FCC's finsyn decision (TVD Oct 5 p8), Commission is preparing to ship 22 voluminous documents from its rulemaking proceedings to Court in Chicago. FCC already has sent economic studies by Alfred Kahn (filed in 1983 proceeding) and Lawrence Summers (in 1991) -- both favorable to networks' position that finsyn restrictions should be repealed. Three-judge panel consists of Richard Posner (very active in economic matters), Thomas Fairchild, William Bauer. First 2 questioned at length FCC Assoc. Gen. Counsel Daniel Armstrong and ex-FCC Gen. Counsel Diane Killory, who represented coalition in favor of finsyn restrictions on networks. ABC, NBC and CBS were encouraged by Court's request, "an optimism which is justified," said proponent of rules. Citing expedited request for economic studies, spokesman for one network said "it's a very good bet that Posner is writing the decision... It cannot be good news for the Commission majority." New finsyn rules -- which relaxed restrictions on networks but left many in place -- were adopted on 3-2 vote (with Chmn. Sikes and Comr. Quello dissenting) and were appealed by both sides. Said another network official: "The worst we can expect is a remand."

FCC has released "quite narrow" proceeding to examine govt. interest in generally restricting indecent broadcasts to midnight-6 a.m. -- time stipulated in CPB reauthorization bill recently signed into law by President Bush (TVD Aug 10 p4). Broadcasters, commercial and public, have vowed legal challenge. Comments in proceeding (Gen. Doc. 92-223) are due Nov. 6, replies Nov. 23. U.S. Appeals Court, D.C., invalidated FCC's 2 most recent indecency policies, but agency said Court held only "that the government may not ban indecent broadcasts altogether. Rather, there must be a time period when the risk of exposure to children is minimized, during which such broadcasts are permitted." Comr. Marshall said she believes that bill's amendment on indecency "fully comport[s] with existing judicial interpretations of the First Amendment and, thus, should be expeditiously implemented." Comr. Duggan said record in proceeding would show that children "constitute a significant portion of the broadcast audience until midnight, if not later." He urged broadcasters, if they're "concerned about the issue of government intervention in their programming decisions," to "exercise greater self-restraint," and predicted that "would improve audience ratings at the same time."

IMPLEMENTATION DATA FOR CABLE ACT AVAILABLE

Warren Publishing, Inc. (WPI) offers a wide range of products and services to help you assess the effect of the 1992 Cable Act on the broadcast and cable television marketplaces:

The **Television and Cable Factbook** is the only directory of every cable system in the United States. It offers a complete profile of each system, including service areas, subscriber counts, channel capacity, ownership, broadcast and satellite program offerings and much, much more. The data are organized according to WPI's copyrighted principles -- the same ones employed in the new Cable Act: Each "system" represents those subscribers in a community or communities that receive essentially the same service at the same price from the same operator.

The **Cable & Station Coverage Atlas** is the only source for: (1) State-by-state maps showing communities with cable service overlaid with Grade B contours of full-power TV stations. (2) State-by-state maps showing communities with cable service overlaid with 35-mile and 55-mile zones from TV markets. The **Atlas** also contains a complete text of all current FCC cable and syndicated exclusivity rules.

For more customized analysis, WPI's **Market Research and Data Sales Division** makes use of the most up-to-date information available to supply you with specialized reports or electronic data for use on your own computer. Our databases are updated daily, year-round. All of the data collected on cable systems and full-power and low-power TV stations can be analyzed according to your specifications or downloaded to diskette to facilitate your own analyses.

For information on any of these services, please call Betty Alvine collect at 202-872-9200.

Tempo Satellite is "next in line" for consideration and assignment of orbital positions and channels for its proposed DBS system, FCC Mass Media Bureau said. Commission granted Tempo's request that its due diligence showing be accepted on date it was filed, Feb. 22, 1990, rather than date of issuance of conditional permit, May 1, 1992. If later date had been accepted, Tempo would have been 4th in line, FCC said. "Slight departure from normal procedures was warranted" because Tempo "executed its contract and was willing to proceed" and "due diligence showings of other applicants were not delayed," FCC said.

Congress approved NTIA authorization bill last week, sending it to President Bush for signature. Bill would give NTIA permanent statutory authority (it has operated under executive authority since founding in 1978), and immunize it from reorganization attempts. Bill also: (1) Forbids NTIA to accept gifts, although for first time it allows FCC to accept them. (2) Requires FCC to set AM stereo standard. (3) Requires NTIA study of bigotry on telecommunications networks. (4) Sets FCC fees for low-Earth-orbit satellites.

House version of "Ready-to-Learn" bill for preschoolers was approved by Senate last week and APTS said it expects President Bush to sign measure. Bill would authorize \$25 million in FY 1993 for: (1) Development of instructional programming. (2) Training and support materials to aid parents, day-care providers and Head Start providers in using video to help children learn. (3) Provision of maximum outreach and distribution of such fare.

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"*Prima facie case*" has been made by 3 Fla. gubernatorial candidates in 1990 elections that WTWT Tampa was guilty of violating lowest unit rate charge (TVD Feb 10 p8), FCC Mass Media Bureau Chief Roy Stewart ruled in establishing 60-day discovery period. Candidates -- Gov. Lawton Chiles (D), William Nelson and then-Gov. Robert Martinez (R) -- said station overcharged them about \$500,000. Bureau ruled there had been violation because WTWT charged candidates more than average rate of all stations in Tampa-St. Petersburg market. Documents obtained during discovery period will be kept in confidence, Commission said. Similar complaints are pending against several other TV stations.

OBITUARY

Sol J. Paul, 78, died Oct. 5 after suffering stroke week ago. He founded *TV Age* (later changed to *TV/Radio Age*) in 1953, also was publisher-owner of *World Radio-TV Handbook* (published in Copenhagen), *Investment Business Forecast*, *Magazine of Wall St.* Paul was graduate of Georgetown U. School of Foreign Service, reporter for *Gannett* newspapers and *Washington Post*. He joined *Bestg.* magazine in 1941 as feature writer, switching to ad sales year later, remained there until starting his own publication. Wife, 2 daughters, son survive.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	SEPT. 19-25	1991 WEEK	% CHANGE	SEPT. 12-18	38 WEEKS 1992	38 WEEKS 1991	% CHANGE
TOTAL COLOR.....	726,123*	441,125	+64.6	587,320	14,750,310	13,400,827	+10.1
DIRECT-VIEW...	714,750*	431,670	+65.6	576,686*	14,499,574	13,170,335	+10.1
TV ONLY.....	686,327	422,527	+62.4	550,067	13,930,400	12,723,347	+ 9.5
TV/VCR COMBO.	28,423*	9,143	+210.9	26,619*	569,174*	446,988	+27.3
PROJECTION....	11,373*	9,455	+20.3	10,634*	250,736*	230,492	+ 8.8
VCR DECKS.....	355,341	250,817	+41.7	292,444*	7,959,924*	6,670,548	+19.3
CAMCORDERS.....	92,790*	52,953	+75.2	53,115*	1,822,594*	1,818,135	+ 0.2
LASERDISC PLYRS#	6,999	3,393	+106.3	3,236	141,724	123,306	+14.9

Direct-view TV 5-week average: 1992--530,792; 1991--441,612 (up 20.2%).

VCR deck 5-week average: 1992--259,535; 1991--245,463 (up 5.7%).

Camcorder 5-week average: 1992--60,315; 1991--54,928 (up 9.8%).

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

SENATE PASSES AUDIO ROYALTY BILL AT 11TH HOUR: Proponents of forthcoming digital recording formats were spared uncomfortable decisions Oct. 7 when Senate unanimously passed Audio Home Recording Act (S-1623), bill that would appear to pave way for uninterrupted launch of DCC and MiniDisc (MD) systems before year-end. Just before congressional adjournment, S-1623 had to survive separate holds put on measure by Sens. Metzenbaum (D-O.) and Gramm (R-Tex.), not to mention filibuster on unrelated tax bill by Sen. D'Amato (R-N.Y.). At week's end, measure awaited expected signature of President Bush.

Nonpassage of bill would have given Sony, Philips, other hardware makers and record companies tough call on whether to proceed with new format rollouts without legislation. Some major record companies had vowed not to release their music repertoires in either new format without adoption of royalty system. Warner Music Group (WMG) congratulated Congress "for ensuring some protection to artists for their creations in this era of digital recording devices." It said Warner-affiliated labels "will now prepare releases for sale in the new digital formats that will soon be available to American consumers. We will have titles in both formats."

Bill cleared by Senate is virtually identical to that approved earlier by House (TVD Sept 28 p10). Passage of S-1623 occurred shortly after noon last Wed. -- 14 months and 6 days after it had been dropped into Senate hopper.

Reaction among supporters of Act was swift and predictably positive, albeit restrained somewhat by wait for Bush's signature. EIA Consumer Electronics Group Vp Gary Shapiro said "we're extraordinarily pleased" by Senate action and revealed plans to furnish Assn. members with manual in next few weeks explaining how terms of legislation can be complied with. RIAA Exec. Vp Hilary Rosen told our affiliated publication Audio Week that "of course, we're thrilled" by congressional passage of first royalty legislation on home copying of recorded music. She said Assn. had spent "a good long 12 years working to make this happen."

Philips Eindhoven spokeswoman said "we're very pleased" because passage means DCC-900 recorders "will now be able to flow unconditionally to American consumers starting in Nov." Tandy Chmn. John Roach similarly praised Senate's action, but said "there's not any reason in the world" why legislation "realistically should not have been completed" in March or April. Pending Bush's signature, Roach said bill's passage would let Tandy roll out its Optimus DCC decks through Radio Shack network, limited only by natural

constraints of startup production in Ft. Worth; Tandy already has sold handful of Optimus DCC decks at its Incredible Universe stores in Ore. and Tex. (TVD Sept 21 p11). He estimated that 600 Radio Shack stores could have decks to sell by end of Oct., with priority given to hi-fi-oriented outlets.

National Music Publishers' Assn. Pres. Edward Murphy said his group now would start working toward smooth implementation of royalty legislation in U.S. and assisting copyright interests in other countries to achieve systems fashioned after American compromise. On latter point, S-1623 sponsor Sen. DeConcini released statement Oct. 8 saying legislation "will enable American artists and producers to draw from" foreign royalty pools for first time.

* * * * *

Japan's Cultural Agency plans to form special committee next month to probe copyright issues involving anticipated introduction in 1994 or 1995 of first consumer digital video recorders, Nikkei-Sangyo newspaper reported. Paper said committee will be composed of members of video hardware and software communities as well as copyright interests in hope of getting head start on debate because of belief that digital video recording issues are more "complicated" than those of digital audio. MPAA greeted digital audio compromise year ago by expressing hope that "we could work amicably with the equipment manufacturers to arrive at an intelligent solution" if future technology posed same threat to movie industry "that DAT poses to the sound recording industry."

JAPANESE CAMCORDERS CONTINUE LOW-PRICE TREND: Despite increasing sophistication of product, Japan continued to export camcorders at lowest prices in history in Aug., according to Finance Ministry figures. After almost 3 years of fluctuating between \$540 and \$590 FOB, average price of shipments dropped to average of \$512 in July (TVD Sept 14 p11), then fell further to new low below \$510 in Aug.

Declining prices show evidence of hard bargaining by importers, who bought 911,567 fewer camcorders in 10 months since Japanese exports started to decline than they did in same 1990-1991 months. Japan's shipments of 1,620,399 camcorders in this year's first 8 months were almost exactly same as sales to dealers -- 1,618,831, as reported by EIA for same period. If domestic sales pick up seasonally for rest of year, that could reduce inventories significantly.

Average camcorder exported from Japan in Aug. was valued at 64,750 yen, virtually same as July's 64,516 yen, but because dollar was slightly firmer in Aug. (average of 127 yen vs. 126 in July), equivalent dollar average was \$509.84 in Aug. vs. \$512.03 in July. (In Oct., dollar has been at new postwar lows of 119-120.)

While total VCR deck imports into U.S. were soaring -- up 37.6% in year's first 7 months (TVD Sept 28 p15) -- Japan continued to represent ever-smaller percentage of total. Its exports to U.S. were down 18.7% in Aug., steepest decline of year. Japanese Finance Ministry reports are consistent with U.S. Commerce Dept. data, which showed 13.7% drop in imports from Japan in July, while Japanese export figures indicated 12.7% fall in shipments to U.S. that month.

CD player exports from Japan in Aug. were 2nd highest for any month -- 726,681 being just shy of record 745,441 shipped in July. For 8 months, CD shipments were 31.2% above 1991 figure. Japan accounts for nearly 80% of CD players imported into U.S.

Aug. exports from Japan to Canada (8-month figures in parentheses): Color TV 201, down 83.4% (3,440, down 38.8%); VCRs 43,666, down 18.6% (297,512, down 4.5%); camcorders 25,411, down 26.7% (139,447, down 24.2%); videodisc players 2,674, up 174.5% (11,896, up 35.7%); CD players 47,067, up 11.2% (348,224, up 14.3%). Here are highlights of Japan Finance Ministry report on exports to U.S. in Sept. and year's first 8 months:

Product	Aug. '92	Aug. '91	% Chg.	8 Mo. '92	8 Mo. '91	% Chg
Color TV.....	9,072	9,333	- 2.8	78,781	89,510	-12.0
VCR decks.....	503,811	619,177	-18.6	3,916,492	4,099,938	- 4.5
Camcorders.....	265,911	327,153	-18.7	1,620,399	2,378,143	-31.9
Videodisc players	23,425	12,697	+61.7	215,847	136,229	+58.4
CD players.....	726,681	554,943	+30.9	4,538,850	3,458,493	+31.2

CONSORTIUM AIMS AT MULTIMEDIA NETWORK: Microelectronics & Computer Technology Corp. (MCC), consortium owned by 22 high-tech companies, last week announced details of program to pave way for networking interactive multimedia services. MCC chmn.-CEO is Craig Fields, onetime head of Pentagon's Defense Advanced Research Projects Agency (DARPA), prime exponent of developing mass consumer product markets to amortize high costs of military and industrial systems.

Eleven companies are joining with MCC in first phase of "First Cities" program for national test of standardized system that would work with different types of transmission paths (cable TV, phone lines, fiber optics) and display formats (TV sets, PCs, etc.). Involved in test are Apple, Bellcore, Bieber-Taki Assoc., Corning, Eastman Kodak, Kaleida, N. American Philips, Southwestern Bell, Sutter Bay Assoc., Tandem Computers, U S West.

First phase of program, already under way, is development of business plan. Phase II (early 1993-Dec. 1994) will see development of "architectural framework" including software for homes and delivery organizations, as well as experiments in delivery at test sites. Phase III, beginning early in 1994, is aimed at bringing system into full operation. Among services planned: Multimedia teleconferencing for work-at-home population; interactive games; entertainment-on-demand (movies and other full-motion video with audio); shopping and transaction services; customized multimedia information (databases, etc.); distance learning; health care (delivering medical expertise).

Meanwhile, Hewlett-Packard, which is developing hardware for interactive TV Answer broadcast system (TVD March 2 p12), said it hopes to link its palm-top computers with its TV Answer consoles, probably via infrared wireless connection. That would permit consumers to use computers to receive and process information from TV screen -- for example, feeding stock price data directly into spreadsheet or incorporating reference materials from screen into computer project.

EIA COMPLETES HOME AUTOMATION STANDARD: Culminating 8 years' work, EIA Consumer Electronics Group (CEG) last week released completed CEBus Home Automation Standard, signal that manufacturers now can begin developing products that can communicate with one another throughout the home.

CEBus isn't first such standard -- National Assn. of Home Builders has Smart House, generally designed to be applied as built-in system for new homes, and Echelon Co. has own separate standard. D2B, developed by European and Japanese manufacturers, is standard in Europe and Japan and is supported by 13 manufacturers in those areas. D2B Systems, European company owned jointly by Philips and Matsushita, was established in 1990 to promote and license system (TVD Sept 9/91 p13, July 16/90 p16).

New standard actually is group of standards, providing for 4 signal distribution systems -- power line, coaxial cable, twisted pair and infrared -- and CEG's CEBus Committee also is working on standard for distribution via radio frequency (RF). CEBus Committee is chaired by Judson Hofmann, vp of Panasonic Technologies and dir. of Communications Systems Technology Lab.

Main components of CEBus, in addition to distribution methods, include standard for physical central distribution point; software used by appliances to send messages; software to interconnect twisted pair, power line and coax bus systems; software to connect IR and RF with other buses; software used by appliances to issue commands. EIA is developing plan to support related applications and programs, including database of CEBus commands for product developers, as well as product certification program, EIA/CEG Engineering Staff Vp George Hanover said, and plans workshops and other aids to designers and developers.

In Japan, meanwhile, Matsushita announced audio/video control system based on D2B standard, permitting control of all home electronic equipment from single location with one remote unit. All units manufactured by companies using D2B standard can be controlled by single system.

Copies of completed CEBus standard are available through Global Engineering Documents -- 800-854-7179; outside U.S., 714-261-1455.

NEW CAMPAIGNS--SONY XBR², PHILIPS CD-I: As industry moves into most important selling season, 2 new marketing campaigns designed to drive customers into stores with striking new TV commercials roll onto market this month.

Starting with unique national "teaser" ad campaign and dealer "sneak previews" for selected customers, Sony's super-high-end XBR² TVs (TVD April 6 p9) will burst on public consciousness next week in start of "largest campaign in Sony Consumer TV history."

In TV industry "first" borrowed from auto advertising, Sony will run series of 15-sec. national TV ads before Oct. 29 debut of XBR² series. Ads show Grand Canyon, panning to silhouette of TV set atop mesa, accompanied by voice-over: "It's coming Oct. 29 and it will change the way you feel about everything you see. From Sony."

Using Sony-supplied materials, selected dealers will stage "sneak preview" open houses. There may be some tie-ins with Sony movies as well. At least one dealer, according to TV Products Vp Brian Klosterman, is buying out movie theater for open house and showing "A River Runs Through It," hit new movie release by Sony's Columbia Pictures. As we reported in April, Sony's entire ad campaign this fall and winter will be geared to XBR²; 30-sec. national TV commercial -- also shot on location at Grand Canyon -- will break Oct. 29 on network and spot TV as well as cable. This "largest TV ad campaign in Sony history" will be seen at least 7 times by all viewers by year-end.

XBR² sets will be handled by fewer than 100 prime Sony XBR dealers, Klosterman said. As reported earlier, new sets are priced \$300-\$400 above previous top-of-line Sony XBR receivers. There currently are 3 XBR² models, all with flat-faced Trinitron tube -- 27" at \$1,899 suggested list, 32" at \$2,599 and 32" monitor with no audio (for A/V systems) at \$2,299.

Philips said that by end of year, it will have spent more on CD-I marketing campaign than it will spend for entire year on Magnavox brand. Company last week began running first in series of 5 TV spots for CD-I utilizing eye-catching "morphing" special effects technique similar to that used in "Terminator-2" movie. In each spot, key element (dinosaur skeleton, baseball pitcher, Mozart, for example) transforms itself into 5" CD-I disc, illustrating "Capture The Experience" campaign theme. Each spot and print ad ends with corporate tag line "Another First From Philips."

Unique aspect to CD-I campaign is 60-sec. direct marketing TV spot that asks viewers to call toll-free number for name and location of CD-I retailer and to receive information packet. (Direct response ads also will let Philips and its agency -- Backer Spielvogel Bates -- closely track drawing power of specific stations and markets; company has reserved 29 different toll-free numbers for project.) Spot is running throughout campaign, but also is being targeted to support dealer events that use Philips squad of 100 CD-I sales specialists. Specialists will use in-store display designed to establish dedicated CD-I promotional area quickly.

Philips Ad Dir. Michael Keel characterized target audience as "techno-open" families with annual income of more than \$60,000, children aged 2-12, and probably owners of big-screen TV, personal computer and foreign car.

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Hitachi plans "multimillion-dollar" ad campaign in TV and print media for rest of year, keyed to projection TVs, camcorders, VCRs. Print campaign also will be keyed to "Picture Perfect" sweepstakes promotion with trips to Paris and Euro Disneyland, projection TVs, camcorders and VCRs as prizes. Consumer electronics ad campaign will be coordinated with Hitachi corporate ad drive, which will include prime-time network and cable TV.

Cable bill, passed by Congress over President Bush's veto (see reports in Bcast./Cable Section) will save consumers money and create "new opportunities for consumers, retailers and manufacturers," EIA Consumer Electronics Group Vp Gary Shapiro said last week. "By requiring the commercial availability of converter boxes and remote control," he said, "this law breaks the cable monopoly and allows consumers to shop for competitive pricing on these products from sources other than the cable operator." He said features such as picture in picture "will be fully usable when [FCC] issues rules" required by law.

Philips is buying 70% of Japanese light bulb manufacturer Kondo Sylvania from GTE Sylvania for undisclosed amount. Purchase will add \$40 million to Philips' annual lighting sales of \$4.6 billion.

Bush and Clinton campaign representatives will address EIA's 68th Annual Fall Conference Oct. 18-22 in San Diego. Luncheon speaker Oct. 19 will be U.S. Trade Representative Carla Hills representing Bush, followed on Oct. 21 by Oracle CEO Larry Ellison for Clinton. Special feature of conference include day-long seminar on N. American Free Trade Agreement (NAFTA) Oct. 19 and emerging technology program sponsored by Consumer Electronics Group Oct. 20.

THIS WEEK'S YEN RATE

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

JAPANESE CUTBACKS: Cutbacks, reorganizations and changes in direction are in works at most Japanese consumer electronics companies as realization dawns that economy -- worldwide as well as domestic -- isn't going to get much better very soon.

Mighty Matsushita, one of world's 2 largest consumer electronics companies, hasn't yet adopted draconian measures taken by other leader, Philips, but may be headed in same general direction. Wall St. Journal last week said Matsushita is facing 3 years of "potentially flat sales" and is revamping its organization and philosophy to emphasize profits over traditional Japanese preoccupation with market share.

Pres. Akio Tanii, according to Journal, has ordered "dramatic" restructuring, "shaking up its distribution system, cutting labor costs through attrition, emphasizing profit... and trimming some product lines by as much as 30%."

Although Matsushita is emphasizing its film industry ties in advertising in Japan, its "expensive plunge into the U.S. entertainment business [via acquisition of MCA] does not appear to be yielding -- or even promising -- much in the way of benefits besides the glittering images," Financial Times said last week, adding that MCA "has become an expensive financial drain as Matsushita's traditional... hardware business is in trouble." Journal quoted Matsushita Entertainment Arts Div. Dir. Mamoru Furuchi as saying company was concentrating on increasing MCA's profits but was "not expecting a return on investment for several years."

Matsushita announced cutback in its affiliate Matsushita Graphic Communication Systems, planning gradual elimination of office automation gear to concentrate on fax business. Company already has shut one factory and plans to transfer some 60 research employes to parent company, according to Japanese news reports.

JVC, 52% owned by Matsushita, is facing "identity crisis" as result of heavy concentration on VCRs as slump takes its toll, Nikkei Weekly said last week. Citing company's projected heavy loss in current fiscal year (TVD Aug 31 p16), Nikkei said JVC plans to emphasize videogames, video software and music in effort to reduce "overdependence on VCRs."

JVC earns more than \$83 million annually on royalties from VHS patents, Nikkei said, which, along with \$51.7 million in interest and financial income in last fiscal year enabled company to operate without bank debt. But profitability of JVC's core business has "declined sharply," said, with breakeven point dropping to 95% of sales in fiscal 1989 from 82% in 1984.

"We will no longer rely on sales growth of VCRs, audio equipment and TVs," Pres. Takuro Bojo is quoted as saying. Goal of reorganization is to increase sales from non-AV business to 35% of total from last year's 27%. One area of concentration -- CD-ROM hardware for Sega videogames -- could be blind alley, Nikkei said, quoting unnamed senior Sega official as accusing JVC of "understanding gap" in that videogame profit is in software, not hardware.

In year through March 1992, company had \$29.2 million in pretax profits on AV software, Nikkei says, with goal of 10% increase in current fiscal year, and master plan calls for return to black ink by year ending March 1995. Article quoted JVC Dir. Nobukazu Kaneko as indicating company plans to differentiate its products from other Japanese firms, meeting criticism that it has become "a miniature Matsushita."

"The era of difficult-to-operate AV equipment with lots of useless functions is over," Kaneko is quoted as saying, and JVC plans to develop products that are easier for older people and children to operate.

Sharp reduced its pretax profit forecast for current fiscal year through March to equivalent of \$441.7 million, down 25% from last year, citing slump in consumer electronics, with sales of \$15 billion down 2% -- first dip in 6 years. Company said revenues from domestic sales of AV equipment probably will drop 6%, with LCD product sales unchanged, export earnings dipping because of rise in yen. Sharp projects 3% rise in exports of air conditioners, microwave ovens, ROM chips.

U.S.-MADE HDTV PLEDGED: Thomson Consumer Electronics (TCE) and N. American Philips last week signed unusual pledge to manufacture HDTV sets, picture tubes and "other key componentry" in U.S. no matter which system is chosen. Those 2 companies, along with Sarnoff Center, NBC and Compression Labs, are members of Advanced TV Research Consortium (ATRC), developer of Advanced Digital HDTV (AD-HDTV) system.

Two companies' statement, endorsed by IBEW and International Union of Electronics Workers, noted that AFL-CIO "recently adopted a resolution calling on the U.S. government to select an HDTV system that benefits American consumers and workers." TCE-Philips said that they believe that AD-HDTV system "is the only one that fulfills those criteria."

Pledge was released in connection with day-long presentation and demonstration of HDTV equipment in Washington for local union representatives from the 6 TCE and Philips plants represented by IBEW, with total of more than 7,000 employes.

"We are here today to underscore our intention to build HDTV receivers and tubes in this country," they said. "We do not believe that any other HDTV proponent is able to make the same commitment. Winning the HDTV competition and producing the new sets at U.S. plants will better ensure job security for our employes and strengthen the U.S. economy."

Philips-TC maneuver adds political clout to technological prowess demonstrated by series of demonstrations in Washington (TVD Oct 5 p5). Other system proponents: Zenith, which this year moved its main TV assembly operations to Mexico, with partner AT&T; General Instrument and MIT, which have no TV set or tube manufacturing, and Japan's NHK.

Thomson Polkolor, joint picture tube venture of Thomson Consumer Electronics and Polish interests, will produce its millionth tube by year-end, company said. It produced 100,000th tube last Dec., now has program to increase annual capacity to 3 million from 2 million by 1993 if needed. Polish plant originally, built by RCA and Corning Glass for Polish govt., manufactures 13-20" tubes.

Tops Appliance City opened first store in N.Y. state -- 65,000-sq.-ft. location in Westchester County town of Hawthorne -- Oct. 9. Founder-CEO Lester Turchin called store "our new prototype for future expansion." Company went public in Aug. (TVD May 4 p20).

STRONG SEPT. RETAIL REPORTS: Three publicly owned retailers reported strong Sept. sales in hopeful prelude to Christmas season. Of course, they report only volume, not profitability of those sales, so it's impossible to determine at what cost numbers have been reached.

Circuit City said total sales rose 11% in Sept. to \$237.7 million, with comparable-store gain of 6%; year ago, comparable stores were off 6%, so this represented significant rebound. Pres.-CEO Richard Sharp said gains "met our expectations." In Sept., chain opened one superstore in Dallas, replaced 2 Ga. electronics-only stores with superstores and opened single Impulse store in Costa Mesa, Cal. Company plans to open 5 superstores this month and 18 in Nov.

Best Buy reported 34% comparable-store sales rise and 105% overall increase to \$156 million in 5 weeks ended Oct. 3, latter figure keyed by strong opening of 12 stores last month, including first 8 in Chicago Sept. 11. In first 31 weeks of fiscal year, Best Buy's sales were up 58% to \$688 million and comparable stores 19%. Best Buy's increases have been generated in large part by larger sales of computers and associated merchandise, and entertainment software.

Audio Video Affiliates posted 5.6% rise in comparable-store sales in Sept. as total sales were up 14.4% to \$15 million. So far in current fiscal year, which began in Feb., total sales are up 13.3% and comparable stores 3.7%

Tandy said it had flat comparable-store sales in month in which its overall U.S. retail sales rose 10% to \$269.5 million. Statistics encompass all of Tandy's retail chains -- Radio Shack, McDuff, VideoConcepts, Edge in Electronics, Computer City, Incredible Universe. Tandy said it has resumed monthly reporting of retail sales "consistent with its emphasis on retailing and opening of new and innovative retail formats." It hadn't reported monthly sales since June 1989.

Good Guys said comparable-store sales were flat in 4th quarter ended Sept. 30 as total sales increased 16% to \$119.8 million. For year, sales were up 20% to \$503.9 million and comparable stores edged up 2%. At year end, chain had 41 stores in Cal. and Nevada. Complete financial results will be released later.

RECORD STEREO TV MONTH: Percentage of color TV sets sold to dealers that include stereo capability hit record high of 44.1% in Aug., surpassing previous mark of 43.6% in Sept. 1991. This was 2nd straight month in which more than 40% of TVs sold had stereo circuitry, and 4th straight month in which number of stereo sets sold was more than 20% higher than year-ago totals. If current trend continues, this will be first year in which more than 40% of color TVs sold by industry will be stereo.

EIA Mktg. Services Dept. reported that 725,307 of 1,645,082 color sets sold in Aug. had stereo sound, compared with 548,543 of 1,423,844 year ago. Sales of stereo sets rose 32.2% in Aug. as overall color TV sets were up 15.5%.

In first 8 months of 1992 (34 weeks), 4,746,790 of 11,915,989 color TVs sold to dealers (39.8%) had stereo circuitry. In same 1991 period, 3,955,137 of 11,048,267 sets sold had stereo capability (35.8%). So far this year, stereo set sales have increased 20% and all color sets 7.9%, EIA reported.

PIONEER PUSHES HOME THEATER: Major advertising and promotional thrust by Pioneer this fall is focused on home theater, combining its specialties -- projection TV, laserdisc, AV receivers and speakers -- with increased budget keyed to national and regional TV commercials.

Although retail traffic generally is slow, "home theater and associated products are growing at a comfortable pace," Home Electronics Senior Mktg. Vp Michael Fidler said last week in N.Y. Pioneer, he said, will take "more aggressive posture" in area. He said most people "still opt to enhance their home entertainment systems by replacing one component at a time," rather than buying complete system all at once -- "their receivers don't have enough inputs, they want to move up to multiroom systems, or get surround sound."

Moving away from separate-room displays, Pioneer is urging retailers to demonstrate home theater in traditional retail floor environment using compact display dramatizing features of system, such as Pro Logic surround. "The receiver provides the single most important impetus to buy other products" -- new cassette decks, CD changers, surround speakers -- Fidler said. "Sound," he said, "is driving the business," noting that Pioneer's Pro Logic receivers now start at \$350, down \$100 from year ago.

Unique marketing tool is Pioneer's "Home Theater Demo Disc," floppy available in 5.25" and 3.5" formats for PCs (TVD Oct 5 p14). Comprehensive disc with high degree of interactivity and animation, explains home theater, contains wiring diagrams, catalog of Pioneer products, etc. Discs will be supplied to retailers, are offered for sale (\$7.95) to consumers and will be accessible via Compuserve and Prodigy. Fidler thinks PC owners are prime candidates for home theater equipment. Some 50% of them already have component systems, he said.

LARGER FLAT DISPLAYS: First large-screen plasma display to go into production reportedly is scheduled for manufacture in Japan by Fujitsu, which says it eventually will be offered to makers of consumer TVs. First model will measure 21" diagonally and be capable of reproducing 260,000 colors. It's 1.26" deep, weighs 10.6 lb., will be designed as wall-hanging screen initially for use in ad displays.

Samples will be priced at equivalent of \$7,500. Fujitsu projects initial sales at 6,000 annually, Japanese press reports said. Fujitsu says that when mass production results in lower prices, screen will be offered to TV set makers.

Although much industry attention has been focused on LCD, plasma displays are coming in for their share of action as flat screen of future. For example, NHK already has demonstrated working 40W" plasma panel with 16:9 ratio, developed with NEC, Oki and Dai Nippon Printing and says it can be commercialized in 1997 (TVD June 15 p10).

Largest color LCD to go into production reportedly is Sharp's 17" TFT system, which will be offered first as engineering work station display. It has 1.3-million-pixel resolution, 100:1 contrast ratio. Sample shipments are scheduled to start next spring. Sharp will begin sample shipments of 10.4" TFT color LCDs for computer work stations in Dec., with mass production to begin in June. Mass production of previously announced 14" color LCD will start in Dec.

U.S. ELECTRONICS SALES RISE: Consumer electronics showed largest percentage gain of any sector as U.S. factory sales of electronics, components and related products rose 5.3% to \$208.8 million in first 9 months of 1992, EIA reported. Consumer electronics is 2nd smallest category broken out by EIA, but 15.8% gain was one of only 2 double-digit increases of 8 categories charted; computers and peripherals, 2nd largest category, saw 15.1% sales increase.

EIA Pres. Peter McCloskey said computers and peripherals "have been the driving force behind our industry's growth thus far in 1992. Despite the defense cutbacks and a slowing of industrial equipment hurt by slow overseas demand, we have good reason to be optimistic for continued overall industry growth for the remainder of 1992 and a potentially stronger 1993."

U.S. FACTORY ELECTRONICS SALES, FIRST 9 MONTHS
(in millions of dollars)

Sector	1992	1991	% Change
Electric components....	43,271	41,795	+ 3.5
Consumer electronics...	7,456	6,441	+15.8
Telecommunications....	28,100	25,590	+ 9.8
Other communications...	21,774	23,484	- 7.3
Computers & peripherals	43,215	37,533	+15.1
Industrial.....	18,428	18,064	+ 2.0
Electromedical equip...	5,796	5,604	+ 3.4
Other related.....	40,773	39,699	+ 2.7
TOTAL.....	\$208,813	\$198,210	+ 5.3



Financially ailing Frox Inc. said it reached agreement with "more than 70% of its creditors" in corporate restructuring that will allow it "to move forward with a new round of financing." Frox said deal would enable company to continue marketing and developing its high-end home theater system. It said it expects details of restructuring plan to be finalized within 30 days. Chief Financial Officer Robert Nazarenus said Frox "has made significant strides in product development, organizational streamlining and corporate strategy which should position the company for future growth." Pres. Michael Watts said creditor agreement "is the key milestone toward which we have been working these past few months."

Sales to dealers of most video products took massive jump compared with last year in 4th week of 5-week Sept., EIA Mktg. Services Dept. said (see State of the Industry). However, much of gain probably is explained by uneven comparisons due to EIA's addition of 53rd statistical week to 1991. Nevertheless, all 3 categories featured in our 5-week moving averages are in plus column, highlighted by 20.2% gain in direct-view TV, which has brought year-to-date sales up 10.1%. VCR deck sales continue to run strongly, up 19.3% so far in 1992, and strong week has put camcorder sales ahead of last year's by 0.2%.

Sears cut number of pages on prerecorded videocassettes to 2 from 8 in Christmas catalog this year (TVD Sept 28 p15) because "we've used the space for other exciting entertainment categories such as karaoke, more CD products, laserdiscs and band instruments," spokeswoman told us. Company continues to use Handleman to select its entertainment videos.

Matsushita Chinese joint venture, Beijing Matsushita Color CRT Co., claiming to be country's leading color tube maker, will introduce 27" tubes to China next year, to be followed by color monitor tubes. Spending \$125 million to develop new products, company plans to increase capacity to 3.5 million from current 2 million tubes annually, China Daily reported. Company currently produces 13", 17" and 20" tubes, with all 13" and some 17" exported, "mainly to Japan, U.S., Malaysia and Indonesia."

Sharp is delivering VCR with closed-caption decoder, first shown last spring (TVD May 18 p13) at \$450 list. Additions to Sharp VCR line include 3 other middrive models: 2-head model at \$340, 4-head at \$380, 4-head hi-fi at \$500. All feature artificial intelligence picture system, advanced auto head cleaner, "on-screen instruction coach." Also introduced by Sharp are low-end 2-head model at \$300, 4-head version at \$350, 4-head hi-fi at \$470.

Sun TV & Appliances reported 64.9% increase in net income on 48.4% sales gain in 2nd quarter ended Aug. 31 (see financial table). Comparable stores were up 7.5% in quarter. For first half, Ohio-based retailer's net income jumped 62.3% on 44.3% sales rise. Sun opened its 25th store in July, recently opened 6th outlet in Cleveland area, and plans another 2 in Northern Ohio and 2 in Western Pa. before end of current fiscal year.

Recoton signed merger agreement with Ambico (TVD Aug 24 p15) in deal valued at \$2.57 million. Under accord, Ambico's sole shareholder, Stephen Bender, will receive 174,000 shares of Recoton stock (depending on closing balance sheet adjustments) and continue as Ambico pres. Ambico markets range of electronic and nonelectronic video accessories.

HDTV closed-captioning will be explored by EIA Consumer Electronics Group's TV Data Systems Subcommittee, which called for proposals by Nov 30. Advent of digital HDTV will require reexamination of caption encoding, transmission, decoding and display, EIA said -- Tom Mock, EIA/CEG engineering dir., 202-457-4975.

Sharp's Viewcam, unique Hi8 camcorder with pivoting 4" color LCD monitor in place of viewfinder, will be available in U.S. in Feb., company announced. No price was listed for U.S., but in Japan it's equivalent of \$1,750. First U.S. report on Viewcam was in these pages 2 weeks ago (TVD Sept 28 p9).

OBITUARY

H. William Tanaka, 70, Washington attorney who represented Japanese manufacturers in many international trade cases, died Oct. 1 of pneumonia at his home in Washington. He was one of principal attorneys for Japanese in 16-year lawsuit brought by Zenith and National Union Electric charging Japanese manufacturers conspired to destroy U.S. consumer electronics industry. Suit ended in 1987 when Supreme Court refused to reverse Appeals Court's dismissal (TVD May 4/87 p12, Dec 22/86 p8). Tanaka wrote and lectured extensively on Japanese trade relations, management practices, industrial policy. Native of L.A., he served in Army in World War II and in postwar period as economist with U.S. occupation forces in Tokyo. A past pres. of Japan-America Society of Washington, last year he received Order of the Sacred Treasure from Japanese govt. Wife and daughter survive.

Consumer Electronics Personals

James Williams, formerly exec. vp, dealer relations, Canadian Tire Corp., becomes pres.-CEO and board member Oct. 19 at InterTAN, umbrella firm for Radio Shack and Tandy stores in Canada, Europe and Australia; he replaces **Robert Keto**, who moves to InterTAN exec. vp and pres. of Radio Shack Canada... **Michael Fenerty**, Thomson Consumer Electronics mgr., OEM component mktg. and sales, named product development mgr. in core line TV product management... Appointments at TDK Industrial Div.: **Dean Peterson**, ex-Panasonic, Rank Video and West Coast Video, as Western regional sales mgr.; **Mark Stockley**, formerly with Shape cassette manufacturer, as Midwest regional sales mgr.

Mission Electronics founder **Farad Azima** becomes Audio Div. chmn. of Verity Group, U.K.-based company formed from Wharfedale's recent merger with Mission and Cyrus brands... **Terry Hershey**, dir., corporate technology and development, Time Warner, named pres., Warner New Media, on retirement of Pres.-CEO **Stan Cornyn**... **Tasso Koken**, ex-Wiz, departs post as mdsg. vp, Damark International; **Barry Marchessault** leaves as pres., post to be filled by Chmn.-CEO **Mark Cohn**... **Martin Brochstein** named managing editor of Warren Publishing's Consumer Multimedia Reports, biweekly newsletter that begins publication Oct. 19, continuing also as senior editor of Television Digest... **Robert Striano**, ex-Procter & Gamble, joins Sony Recording Media of America as vp-sales and mktg., Consumer Tape Div... **David Klein**, ex-Electro, Brain and Electronic Arts, named vp, sales and distribution, Absolute Entertainment, videogame software publisher... **Steven Hoechster**, ex-Geltzer & Co., joins Jennings & Co., PR agency for IBM.

Klaus Schmalenbach advanced to vp-strategic mktg., BMG International, new post... **Laura Curtin** promoted to assoc. dir., national album promotion, Epic Records... **Joanne Singer**, ex-Columbia House and New Video, named PolyGram Video children's mktg. dir... **Robyn Miller** promoted to Buena Vista Home Video International senior mktg. vp... "Stories To Remember" series creator **Joshua Greene** joins Lightyear Entertainment as vp and equity partner.

Fifteen-hour filibuster was staged during last week's tax bill debate by Sen. D'Amato (D-N.Y.) in protest against deletion of measure he had sponsored in effort to aid Smith Corona, which is moving last word processor production from Cortland, N.Y. factory to Mexico (TVD July 27 p16).

Sign of the Times: "Radio" is out of Radio-Electronics, hobby and technical magazine founded by Hugo Gernsback as Radio-Craft more than 60 years ago. New name, starting with Nov. issue, is Electronics Now.

Warrentech reported it has signed agreements with Denver-based Pierce Electronics (SoundTrak stores) and American Furniture Co., Albuquerque, to administer service contract programs.

Photo CD catalog for professional and commercial markets will be supplied by Westlight, L.A. agency for stock photos. First catalog disc will contain sampling of 3,000 images.

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
Media General 1992-39 wk. to Sept. 27 1991-39 wk. to Sept. 30 1992-13 wk. to Sept. 27 1991-13 wk. to Sept. 30	428,727,000 437,854,000 139,967,000 142,170,000	(11,028,000) (71,572,000) (1,302,000) (78,786,000)	.42 .07 --
Raytheon 1992-9 mo. to Sept. 27 1991-9 mo. to Sept. 29 1992-qtr. to Sept. 27 1991-qtr. to Sept. 29	6,663,000,000 6,845,000,000 2,214,000,000 2,235,000,000	465,100,000 433,900,000 156,100,000 148,400,000	3.46 3.29 1.16 1.12
Sun Television & Appliances 1992-6 mo. to Aug. 31 1991-6 mo. to Aug. 31 1992-qtr. to Aug. 31 1991-qtr. to Aug. 31	149,021,000 103,253,000 78,760,000 53,073,000	3,387,000 2,087,000 2,149,000 1,303,000	.47 .38 .30 .23

Series of consumer shows around U.S. is being planned by The Extra Large Production Co., Denver-based firm founded by Michael Weiss, former principal in Connecting Point computer retail chain. First show is planned for 200,000 sq. ft. at Colo. Convention Center Feb. 5-7; Weiss said he expects about of half display space to be filled by computers, 40% by CE products, rest by "other," including video games. He said company has established Dec. 1 as cutoff date for deciding whether show will proceed as planned, depending on level of space reservations. Extra Large also is holding space reservations for late spring in San Diego, Miami, Minneapolis -- 303-741-1882.

Compaq is latest computer manufacturer to sign up for exhibit at Winter Consumer Electronics Show (CES) Jan. 7-10 in Las Vegas, joining Apple, AST, Hewlett-Packard, others. Compaq Consumer Products Vp Michael Norris said company hopes to "establish a strong presence with mass-market buyers and merchandise managers." Goals in exhibiting at CES, Norris said, are "to establish a broader distribution for our retail products, to form strong working relationships with the key players and to reinforce Compaq's commitment to the consumer electronics distribution channel."

NARDA has halved price of its in-store consultation program for independent retailers and increased number of staff members assigned to it. Group also has expanded number of subjects that can be addressed in consultations. In-store sessions will be performed by Exec. Dir. Ed Knodel, Dir. Elly Valas, National Assn. of Service Dealers Managing Dir. David Ashton and NARDA Gen. Counsel Robert Goldbeg, among others -- Elly Valas, 303-758-7796.

Hitachi will market 16:9 widescreen projection TV system with 39W" screen in Japan starting Dec. 1 at just under \$6,700. It has built-in MUSE/NTSC converter to show HDTV pictures in standard NTSC resolution. Monthly production of 500 units is planned at outset.

CONSUMER MULTIMEDIA REPORT

First issue of Warren Publishing's new biweekly newsletter, Consumer Multimedia Report, is scheduled for next Mon., Oct. 19. Drawing upon entire staff of Warren Publishing Inc., plus selected outside experts, CMR will cover hardware and software developments in multimedia field as they affect consumer market.

TELEVISION DIGEST®

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With Consumer Electronics

OCTOBER 19, 1992

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VOL. 32, NO. 42

Broadcast - Cable

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CABLE VENDETTA CLAIMED: Rep. Glickman files complaints with FCC and FEC saying Wichita system is backing opponent because of cable bill vote. Multimedia repeating editorial opposing Glickman 100 times per day, gives Glickman less time for replies. (P. 7)

PCN PLANS EXPANDED: FCC tentatively gives Cox pioneer's preference, but decision is controversial. Cablevision Systems, Time Warner and Associated PCN expand PCN trials. (P. 8)

CABLE ATTACKS VDT, RURAL EXEMPTION EXTENSION: Cable companies' future is threatened by FCC bid to extend rural exemption for telcos to own cable systems, as well as its video dial tone (VDT) proceeding (TVD July 20 p1), cable interests said in FCC comments and petitions for reconsideration last week. National Cable TV Assn. (NCTA) petition said FCC shouldn't approve VDT without adequate safeguards against telco subsidies, and CATA filed notices of appeal of VDT decision in U.S. Appeals Court, D.C. Notices provide little detail on basis of appeal, saying only that VDT ruling is "arbitrary and capricious."

If FCC extends rural exemption, allowing telcos to buy cable systems in towns up to 10,000 population instead of 2,500, it would "probably result in Cablevision's demise," said Cablevision of Tex. III partnership. Group of 17 systems contended that FCC's rule would encourage overbuilds, not new services. Intermedia Partners, which operates cable systems in 183 rural communities, said FCC goal is "nothing less than the complete elimination" of cable-telco cross-ownership rules. Telcos want even higher limits -- 25,000 or 50,000. National Telephone Cooperative Assn. (NTCA) and others said higher limit would make cable service available to more people. Alltel suggested 25,000 limit and Telecommunications Industry Assn. (TIA) said 50,000 population limit could be reasonable.

Consumer Electronics

JAPAN ELECTRONICS SHOW reflects industry's search for recession-busting product. Widescreen TV, digital audio and multimedia are closest to highlights. (P. 10)

SONY/NINTENDO AGREEMENT on CD/ROM ignites flurry of headlines and speculation, with Nintendo hailing 'industry standard,' Sony giving more measured comments. (P. 11)

SEGA CD LAUNCHED, with company projecting sell-in of more than 200,000 units for Nov.-Dec., with several programs featuring high-quality digitized video. (P. 13)

COLOR TV SALES RECORD set in Sept. as more than 2.7 million were sold to dealers, highest for any month ever. Camcorders and VCRs register declines. (P. 14)

SOFTWARE COMPANIES' EARNINGS showed big jumps in most recent quarter, with Electronic Arts up 64%, Acclaim turning loss into gain. (P. 15)

SOFTWARE PIRACY BILL, elevating commercial piracy from misdemeanor to felony, passes Senate, awaits President's signature. (P. 15)

MINIDISC, DCC PRESENCE AT JAPAN SHOW is low key, with most companies other than each format's main sponsors putting off decision or selling both. (P. 16)

AUG. AUDIO FACTORY SALES showed modest increase, as component revenues offset autosound gains. (P. 16)

NCTA said there's no need for FCC to change rules because service is "generally available now to places with 2,500 or more inhabitants." Assn. said there are only 63 communities with populations of 2,500-10,000 that don't have cable service or are in process of obtaining it and waivers are best way to deal with "exceptional cases in which telcos may be uniquely qualified" to provide service. NCTA also said that 96.5% of homes are passed by cable, not 91.2% that FCC claims, and that Commission's authority is limited to allowing telcos to provide service in rural areas where there's no practical alternative. CATA said higher limit would stymie cable builds because telcos would move first into larger, more profitable areas, leaving sparsely populated regions at bottom of longer list than before: "This rulemaking is not about how to get more and new service to rural areas. It's about how to get the telephone company into the cable television business."

FCC can't approve VDT until it resolves "fundamental regulatory issues" and imposes safeguards, NCTA said. Among other things, it said, Commission should resolve in advance such issues as cost allocation and pricing: "How telcos can be expected to come forward with specific VDT proposals without knowing how the Commission intends to allocate costs is not clear." Assn. said provision of enhanced services to programmers and packagers is fundamentally inconsistent with cross-ownership prohibitions, although concept of common carrier platform isn't inherently anticompetitive. NCTA criticized FCC decision that telcos can't buy existing cable systems in their service areas as "particularly unfair and ill-advised," saying that not only would that mean that inefficient telco system could drive out efficient cable, but "consumers and telephone ratepayers would be forced to bear the costs of building a wholly unnecessary and redundant system, while the existing facility would be wasted." Not only would cable operator be put out of business, NCTA said, but operator "would be prevented from mitigating its losses by selling" system.

Telcos agreed that they should be allowed to buy existing systems, and said they should own more than 5% of programmers, be exempt from requirement that they serve multiple video programmers and shouldn't be subject to same cross-subsidy safeguards as for enhanced services, they said in several petitions for reconsideration. Regulators, in their separate reconsideration petitions, said VDT door already is too open and Commission is taking too big a role. Broadcasters said that they should get low-cost access to telcos' VDT systems and that rural exemption shouldn't be expanded.

FCC's VDT restrictions "go far beyond the explicit language and intent of the Cable Act," Nynex said. Southwestern Bell said restrictions treat telcos as if they were dominant companies in video market, even though they "will be entering the market with zero video market share and very little in terms of video-capable facilities." Pacific Telesis and others said VDT restrictions would make it difficult for any telco to launch VDT services. BellSouth said that rather than trying to force telcos and cable to compete directly by forbidding telco purchases of cable systems, FCC should "let the market decide." Commission "arbitrarily" is deregulating enhanced services with its VDT decision, U S West said.

Rather than increase 5% limit on programmer ownership, NARUC said FCC shouldn't allow telcos to own any programmer because "retaining this restriction will encourage [telcos] to focus their resources on deployment of a VDT system." Commission also should reconsider preempting state regulation of intrastate VDT, NARUC said. Commission held that video is inseparable from data and voice in VDT application, so it could preempt VDT regulation, but NARUC said that if that's true, NARUC wants to know "what services states will be allowed to regulate" when VDT leads to integrated service.

NAB said FCC should "close the barn door" before telcos use VDT to take de facto control of video programming. In its petition, NAB said VDT was gutting statutory safeguards meant to protect consumers. INTV said FCC "paid scant heed" to effect of VDT on broadcasters and agency at least should require preferential VDT tariffs for broadcasters because "stations must maintain access to their audiences at minimal cost." INTV also said Commission shouldn't allow telcos to own 5% of programmers (which FCC saw as way to guarantee that they would have access to programming) because 1992 Cable Act already guarantees program access. Public broadcasters said they should get carriage on VDT either free or at reduced rates.

FCC POLITICAL BROADCASTING AUDIT: "Preliminary results" of June audit of stations' and cable systems' compliance with political broadcasting rules adopted late last year by FCC (TVD Dec 30 p1) showed that "most audited entities have made genuine efforts to comply with the revised rules and policies," but there's still room for improvement, Commission reported last week. Agency audited 28 stations in 10 cities, finding all but 4 in compliance with "basic requirements." Questions remain about 2 cable systems audited and FCC said it's "continuing to review the 6 remaining cases." Systems and stations still under review weren't identified.

Audit showed stations are providing candidates "a particularly significant increase in important information about sales practices," FCC said. Audit focused on 2 specific obligations of stations and systems: (1) Disclosure of pertinent information to ensure that candidates are informed about various discount structures and rate options they're entitled to under law. (2) Proper maintenance of political file, in which must be placed all requests for political ad time and their disposition. Audit didn't require information on specific purchases by candidates.

However, Commission said audit "nonetheless suggests that there is a continuing need for attention and improvement in certain areas." Mass Media Bureau listed 6 specific political "obligations" imposed on stations and systems: (1) Candidates must be informed of "specific attributes, beyond just rates, of the various classes of time offered to commercial advertisers." Stations and systems must describe what differentiates various classes of time from each other to enable political advertisers to make informed choices. (2) Candidates must be informed as to how preemptible time is sold, particularly when it's sold on "auction" basis. (3) Candidates must be informed of "likelihood of preemption."

(4) Candidates may not be told that order isn't firm until payment is made in advance. Stations and systems may not seek payment more than week in advance and candidates must be extended credit "in the same manner and according to the same policy" as those afforded commercial advertisers. (5) Broadcasters must provide "reasonable access" to candidates once "a campaign is in full swing" -- which often is before lowest unit rate charges kick in (45 days before primaries, 60 days before general elections). (6) Candidates no longer may be required to purchase a pro rata portion of any plan to obtain package rates.

FCC conducted surprise political audit of 30 stations (no cable systems) in July 1990 that led to fining of 5 stations, letter of admonition to one, caution letters to 9 others.

NAB request for declaratory ruling from FCC that stations not be required to sell time to candidates in odd increments (such as 5 min.) that normally aren't sold to commercial advertisers (TVD Aug 24 p8) will be acted on soon, we're told. And, FCC official said, broadcasters are expected to get "as much as we can give them under the law... but not all they wanted." At our deadline, staff proposal was being reviewed by Gen. Counsel's office. Meanwhile, Media Access Project and People for the American Way (which share office space in Washington) opposed NAB request. They said that granting request would "require reversal of the Commission's long-standing and consistent interpretation" of equal access requirement of Sec. 312 of Communications Act. "NAB seeks to sanction arbitrary rules which would undermine candidates' right to speak and interfere with the electorate's right to hear what they say."

Quadrennial problem of TV networks' projecting winner in presidential elections before polls close in all states has arisen once again. About 1/3 of House members (153) have written CBS, ABC and NBC asking them not to project winner until polls have closed in all states. And, for state races, letter asks that winners not be projected until all polls have closed in state involved. "Because of election-night projections, millions of Americans feel their vote doesn't count," Rep. Wyden (D-Ore.) said. He also asked presidential candidates not to claim victory or make concession speeches until all polls are closed. President Carter's early concession, and network projections that Republican Reagan had won presidency long before polls closed in West, were blamed for low voter turnouts in Western states in 1980.

Networks said they plan to follow same policies as in recent elections by not projecting winner in any state until majority of polls have closed in that state. ABC also said it won't project presidential winner until one candidate is assured of winning required 270 electoral votes. CBS News Pres. Eric Ober wrote House leaders to "reaffirm the long-standing policy of CBS News not to 'characterize' the outcome of any elections on the basis of exit polls before the great majority of polls in a given state have closed. This will certainly be our policy in November."

TV ratings for presidential debates continued to grow during week, reaching combined 41.2 (58 share) for 3 major networks for Oct. 15 debate in Richmond, according to Nielsen overnights for 25 major markets. In addition, Fox had 2.5 rating/4 share (total of 82 Fox affiliates carried debate). That compares with 34.3/56 for vice presidential debate Oct. 13 and 33.5/51 for first debate Oct. 11. Actual audience was larger because numbers weren't available for PBS, CNN, C-SPAN and Univision, which also carried debates. ABC had highest ratings for 3 debates, with 17.5 Oct. 11, followed by 13 for NBC, 10.7 for CBS.

First debate was clear winner over American League baseball playoff game on CBS, which went into extra innings and ended just after debate. Nielsen ratings in 25 major metered markets gave ABC 29% share of debate viewers with 19 rating, NBC 22%/14.5, Fox TV Network 7/4.6. On CBS, baseball had 8.3 rating, 13% of audience. Network said it received less than dozen calls of protest that debate wasn't carried, but

said it had expected "flood of calls" if it had switched from baseball. CBS escaped similar dilemma for Oct. 15 debate when American League playoffs ended after 6 games. Network is obligated by contract to carry baseball games.

Meanwhile, 2 minor party candidates, Lenora Fulani of New Alliance Party and John Hagelin of Natural Law Party, filed complaints with Federal Election Commission, claiming that they should have been included in debate and that FEC should set criteria for determining which candidates can participate.

CBS News anchor Dan Rather compared presidential debates to quiz show Jeopardy with trivia questions: "It lacks only Alex Trebek [Jeopardy emcee] as host." Speaking at Harvard Law School, he said format restrictions made candidates appear to be "a hybrid between a news conference and a photo opportunity." Real debate, Rather said, "would mean exposure to tough questions and to follow-up questions." He said he regretted fact that CBS didn't carry first debate because of obligation to baseball: "We had a contract and we were legally obligated to fulfill it. If anyone has a better idea, I'm all ears." CBS and NBC prohibited their correspondents from participating in debates; ABC permitted it, with correspondent Carole Simpson moderating Oct. 15 debate from Richmond.

PBS has invited Sen. Minority Leader Dole (R-Kan.) to participate in its election-night coverage of which he has been highly critical, but Dole spokesman said it's "doubtful" he will be able to do so because of 11th-hour campaigning and other commitments. Dole blasted coverage plans, terming them "a taxpayer-subsidized lineup straight out of the liberal Hall of Fame," and said show "tilts so far to the left, your TV may fall over." He cited number of planned participants, including co-hosts Hodding Carter, former Carter Administration official, and Kent Walker, former ABC News correspondent. PBS spokeswoman Karen Doyne responded that Dole "overlooked many of the guests," including media analyst Kathleen Jamieson and former GOP senatorial candidate Christine Whitman of N.J., and pledged that show, plus all of PBS's election coverage, would be "very fair and accurate." But Dole spokesman wasn't mollified, terming lineup "the typical PBS gimmick: A couple of warm-bodied Republicans on for one-minute segments and talking heads and then 2 hours of liberal cheerleading. That's hardly balance. That's arrogance." Dole said: "It's clear PBS has absolutely no intention or interest in ever making an effort to give the taxpayers balanced reporting."

In preliminary voting, National Radio Systems Committee (NRSC) members "overwhelmingly" approved standard on Radio Best. Data System (RBDS) transmission technology, setting stage for expected U.S. introduction of first RBDS radios next year, NRSC sponsors EIA and NAB said. Insiders told us final balloting is expected soon on standard, with draft possibly undergoing slight revision to incorporate editorial changes suggested in first phase of voting completed Sept. 30. EIA Consumer Electronics Group Vp Gary Shapiro said expected completion of standard in Jan. will usher in "a new era in data transmission, as radio manufacturers and broadcasters prepare to integrate RBDS signals into their product." NAB Exec. Vp-Operations John Abel said "we're pleased that the NAB and the EIA have cooperated to lead development of this new standard." RBDS caused rift between associations last spring when NAB withheld endorsement of standard on ground that it lacked AM provision -- action that EIA later branded as "an 11th-hour reversal." Groups eventually settled on compromise in which automatic tuning benefits of FM-based RBDS technology could be extended to AM by incorporating ID Logic "B" system into standard as voluntary provision.

Ex-FCC Comr. Stephen Sharp was sentenced Oct. 13 by Alexandria, Va., Circuit Court to 10-year prison term for sexually assaulting 3 boys (ages 12, 13 and 14) several years ago. He had been convicted of sodomy in Sept. in one charge, pleaded guilty at sentencing to other 2. As part of sentence, Judge Donald Haddock ordered that Sharp not see his 8-year-old son until boy reaches 17 and to seek mental health counseling while in prison. Sharp was promoted from FCC gen. counsel to commissioner by President Reagan, served only 9 months until June 30, 1983. When Sharp's term expired, number of commissioners was reduced to 5 from 7.

Saying that in next few years Washington issues "will become even more complex and the stakes will be higher," NAB informed its TV station members last week that their dues would be increased in 1993 and 1994. Letter (signed by NAB Chmn. Gary Chapman, TV Chmn. Ronald Townsend and TV Vice Chmn. John Siegel) announcing dues increase to stations said: "Broadcasters have been through a historic and, at times, tumultuous legislative and regulatory year. Working together, we faced the challenges of cable legislation, HDTV policy-making, FCC fees and various tax-related issues... Just think for a moment about what lies ahead": Telco-cable fight in next Congress, court challenges to must-carry, "financially sensible timetable" for implementation of HDTV, maintaining tax deductibility for advertising, protecting legality of beer and wine commercials. NAB said TV dues increase would be first in 5 years; it was approved in recent telephone conference meeting of TV board, with 2 dissents. Board mandated that dues boost "be used exclusively for legislative, legal and regulatory issues." It will be "subject to a careful review near the end of these 2 years." Amount of increases will vary by class of station, hasn't been made public.

Chris-Craft Bcstg. set up Washington lobbying office, to be headed by veteran lawyer-lobbyist Robert Giese as vp-govt. relations. Chmn. Herbert Siegel said office is needed because "these are busy times in Washington." Giese founded law firm O'Neill & Athy, as well as lobbying firm with partner, ex-Rep. Brown (R-O.).

Infinity Bcstg. is buying all-sports WIP(AM) Philadelphia from Spectator Bcstg. for \$18 million. Infinity currently owns 18 radio stations, including classic rock WYSP(FM) Philadelphia.

CABLE RULEMAKING RUSHED: FCC set up expedited processes to draft rulemaking required by 1992 Cable Act under plan drafted last week. Also during week, House Commerce Committee Chmn. Dingell (D-Mich.) said he will help FCC get funding it needs to carry out provisions of Act, and Daniels Communications filed another suit against must-carry and retransmission consent.

FCC rulemaking plan calls for William Johnson, deputy chief of Mass Media Bureau, to be relieved temporarily of most other responsibilities to oversee process. Estimated 24 or more required rulemakings will be consolidated into 13, each dealing with related subjects, and teams ranging in size from one person to 7 or 8 have been assigned to draft each. Instead of taking months to filter through bureaus, each draft will go directly to Johnson, who will send them to commissioners' offices for final consideration, although bureau chiefs still will review documents. Some drafting groups cross bureau lines. Rate regulation group, for example, is headed by Kathleen Levitz of Common Carrier Bureau and Douglas Webbink of Mass Media Bureau. Jonathan Levy of Office of Plans & Policy is heading must-carry/retransmission consent group.

FCC staffers will be prepared to put forth proposals on retransmission consent and must-carry at Nov. 5 Commission agenda meeting, Sikes told us. Bureau chiefs met daily last week: Office of Plans & Policy Chief Robert Pepper, Mass Media Bureau Chief Roy Stewart, Common Carrier Bureau Chief Cheryl Tritt, Gen. Counsel Rene Licht, Office of Legislative Affairs head Linda Solheim and Johnson. Most difficult rulemaking is expected to deal with rate regulation; some of others are expected to be relatively brief. It's still not clear which group will draft some of required rulemakings, we're told. For example, decision wasn't final last week whether rules on leased access rates should be included in overall rate regulation rulemaking.

In what might be small peace offering from Hill to FCC, Dingell wrote to Sikes asking for assistance in preparing request for supplemental appropriations early next year to help Commission pay for new responsibilities under Cable Act. Dingell said Oct. 9 he intends to make certain FCC has "necessary resources to provide consumers with the protections that have been mandated by the Congress." Reallocating agency's existing resources "is not a satisfactory way to provide cable consumers with the protections that Congress contemplated," Dingell said. Commission has estimated it could cost \$22-\$54 million over several years to carry out mandates of cable bill, depending on how many systems would be regulated by FCC and how many by local authorities. Supplemental bill couldn't be passed before next spring, however, and FCC will have to use existing personnel to start several rulemakings required by law in next couple of months. (Commission is looking at unpaid furloughs in FY 1993 because of budget shortfall.)

Daniels Communications filed suit against 1992 Cable Act, seeking injunction preventing implementation of must-carry and retransmission consent provisions. First suit was filed by Turner Bestg. same day that House and Senate voted to override President Bush's veto. "Our challenge is much broader than Turner's," said Chmn. Bill Daniels. He said Turner suit addressed only interests of programmers, while Daniels suit, filed on behalf of its Daniels Cablevision of Carlsbad, Cal., which operates 50,000-subscriber cable system, focused on complaints of cable system owners and operators. Suit, filed in U.S. Dist. Court, D.C., claims that must-carry violates First Amendment rights of cable

operators to determine what "speech" is carried on their systems and prefers specific "speakers." Lawyer John Cole said suit charges that must-carry and retransmission consent also violate Fifth Amendment prohibitions on taking property without compensation, and that retransmission consent is another form of copyright fee, which is preempted by copyright law. Govt. is expected to have 60 days to reply. Daniels said: "I expect we'll receive widespread support from cable systems and operators coast to coast."

Meanwhile, NAB retained Washington law firm Jenner & Block, with Bruce Ennis as lead counsel, to represent Assn. in court appeals of cable law. Ennis briefed NAB Exec. Committee for hour Oct. 14 and "he was very impressive," Pres. Edward Fritts said. NAB also plans Washington conference for TV station group owners in early Nov. to advise them on how to use new law, with stress on retransmission consent and must-carry. Washington session will be followed by series of regional meetings on same issues.

FCC acceptance of gifts would be "inherent conflict of interest" if they're from any person or entity that has any matters before Commission, Sen. Danforth (R-Mo.) said in letter to Chmn. Sikes. Letter said it's intent of Congress that FCC not accept any gifts until it completes rulemaking on gifts policy, despite authorization bill allowing it to do so. Danforth also said that comment period on rulemaking should be at least 90 days, that it should be during congressional session and that Commerce Committee will hold hearing on gift policy. In statement on Senate floor just before adjournment, Danforth said that he "strongly object[s]" to new gift policy, but that it was too close to end of session to change it without killing bill that accomplishes other worthwhile goals: "Acceptance of items of value, even if unconditional, from persons or entities [regulated by FCC] creates an automatic and inherent conflict of interest." NTIA, meanwhile, clarified that its new policy doesn't absolutely prohibit gifts. New policy in same authorization bill says only that NTIA can't solicit gifts and can't accept them if they would cause even appearance of conflict of interest.

MPAA and Bresnan Communications settled copyright suit in which studios claimed that MSO was setting up sham basic cable tier in effort to reduce its copyright fees illegally (TVD July 8/91 p5). Terms of out-of-court settlement are confidential, but MPAA said its program to monitor cable copyright fees now has netted total of \$20 million in additional royalties. Suit claimed that Bresnan set up broadcast-only tier, but didn't promote it and charged \$249.95 installation fee. MPAA said that since copyright fee is based on percentage of total revenue from lowest broadcast tier, some Bresnan systems were paying less than 1/3 of what they should. It said Bresnan was liable for \$100,000 for every copyright violation. Bresnan denied charges, MPAA said, but parties agreed to settlement to avoid litigation.

British broadcasters conducted secret tests of PALplus widescreen broadcasting system last month and termed them success. PALplus signals were sent during night in mid-Sept. on BBC-2 and Ch. 4 transmitters throughout country. Broadcasters said tests confirmed that existing networks can handle signal, that modified VCRs can record PALplus and that signal doesn't affect PAL receivers. Results are to be presented to PALplus steering committee this month.

OLYMPICS HURT NBC: Parent GE said Olympics TripleCast caused loss by its broadcast unit, but quarterly results by other broadcast groups indicate Games coverage helped station profits. Improved results at CBS and elsewhere indicate that political campaigns and stronger economy are meaning higher broadcast profits.

NBC Olympics-impacted operating loss alone accounted for 3rd-quarter drop in GE profit margin, company said. Strong revenue growth enabled GE's overall net profit to grow 7% to \$1.1 billion for quarter ended Sept. 30, but operating margin (operating profit as percent of revenue) dipped to 9.1% from 9.6% year ago. GE said that before restructuring charges, operating margin of all its other businesses excluding broadcasting climbed to 12.1% from 11.5% year ago. It didn't quantify losses on TripleCast or on Olympics broadcast, but best estimate still appeared to be that NBC lost up to \$100 million on Olympics, including \$170 million on TripleCast and possibly \$50-\$70 million profit on TV. GE did say that Olympics coverage caused broadcast revenue to be "significantly higher" than year ago and that despite greater revenue, Olympic activities resulted in unspecified operating loss.

CBS, coming off 1991 3rd-quarter loss of \$169.1 million -- caused by \$195.5-million after-tax write-off for losses on professional baseball and football -- said operating income for 3 months ended Sept. 30 was \$42.7 million on continuing operations. Net sales for quarter were up 8% to \$672.8 million from \$625.6 million. CBS Chmn. Laurence Tisch said network's quarterly results showed "steady improvement [reflecting] combined effect of a stronger prime-time program schedule, better ad pricing and active cost control." He said costs were held "to a subinflationary rate." Profits and sales of owned TV stations rose in quarter, he said, led by "substantially improved results" at WCAU-TV Philadelphia and WBBM-TV Chicago as well as purchase of WCCO-TV Minneapolis and WFRV-TV Green Bay. CBS Radio earnings "fell, reflecting the ongoing downturn in radio advertising," Tisch said. At end of quarter, CBS had \$1 billion invested in marketable securities, with debt of \$9 million. For 9 months, income from continuing operations was \$129.2 million, vs. \$108.1 million loss year earlier. Nine-month net was up 21% to \$3.47 million on sales of \$2.5 billion.

In other financial developments: **Time Warner** filed SEC shelf registration to offer up to \$1.5 billion in new debt. Proceeds, if debt issue is completed, probably would be used to redeem part of more costly \$6.4 billion in outstanding preferred stock... Members of Scripps family signed agreement designed to keep control of **E.W. Scripps Co.** in family after expiration of current family trust upon death of last surviving child of founder. Agreement gives family members first option to buy stock of any family members deciding to sell, and requires that if family doesn't buy it, it must be converted to nonvoting stock. Family owns 79.5% of voting stock, 67.6% of Class A stock.

Gannett said broadcast revenue rose 9% in 3rd quarter to \$89.4 million, mainly because of 13% TV revenue growth from Olympics programming on its 4 NBC affiliates. Total net profit reached \$80 million for quarter from \$59.5 million year ago, and revenue was up 4% to \$848.6 million... **News Corp.** Chmn. Rupert Murdoch predicted that company would achieve investment-grade rating within 6 months... At **Meredith Corp.**, startup costs of cable systems in Minn. and S.D. helped hold down profits. Strong magazine performance boosted overall 3rd-quarter profit to \$3.4 million from \$4.5 million loss year ago.

Century Communications had \$8.3-million net loss for quarter ending Aug. 31, vs. \$20.1-million loss year ago. Revenue increased 13.8% to \$84.6 million... **Home Shopping Network** had \$7.4-million net profit in 4th quarter ended Aug. 31, vs. \$1.1 million loss year earlier. For full year, profit was \$37.3 million, vs. \$8.9 million loss. Net sales for year grew 1.8% to \$1.1 billion... **Ackerley Communications** posted \$600,000 loss in 3rd quarter ended Sept. 30, vs. \$6.3 million loss year ago. Revenue was up 5% to \$135.2 million... **C-Cor** had \$1-million profit in quarter ended Sept. 25, vs. \$125,000 profit year ago, mainly because sales soared 46% to \$13.7 million... **Jones Intercable Investors L.P.** is distributing \$3 per unit to unit holders as result of signing definitive agreement for previously announced sale of Alexandria, Va., cable system... **United TV** said it had \$5.2-million profit (highest in its history) in 3rd quarter ended Sept. 30, vs. \$96,000 loss year ago. Revenue growth of 6.7% to \$26.1 million was attributed mainly to carriage of Olympics and political ads.

Time magazine has threatened legal action against Bush presidential campaign, which has refused to stop airing TV commercial using magazine's cover picture of Democratic candidate Bill Clinton. In letter to Robert Teeter, chmn. of Bush-Quayle Campaign Committee, Time demanded that Republicans "immediately cease and desist from any further broadcast of the commercial which uses Time magazine's image." Bush attorney Robert Burchfield said spot would be kept on air because it's "within the bounds of fair use" of publisher's copyrighted logo. Said Time official Peter Costiglio: "We think in using the cover of Time magazine in the commercial it constitutes an infringement of the copyright and trademark of Time Inc. We are also concerned that there is a suggestion of the commercial that Time endorses the commercial's contents." Bush campaign began airing 30-sec. spot Oct. 11 showing April 20 cover of Time with picture of Democratic candidate and caption: "Why Voters Don't Trust Clinton."

New FCC fee schedule violates Administrative Procedure Act, Communications Act and Commission's own rules, NAB and USTA contended in U.S. Court of Appeals, D.C. They were responding to FCC request that Court dismiss challenges to fine schedule on ground that they didn't have standing. NAB told court schedule of fines is "functioning as a substantive rule," not as "a policy statement" as claimed by FCC, and has been "applied uniformly [by Commission] to impose harshly higher penalties on broadcasters and other FCC licensees than before its adoption." As for agency's claim that NAB lacks standing, Assn. said that "all FCC licensees and their representatives" have standing in case.

Intelsat said its Intelsat K has made possible first transatlantic DBS. **Europlus** DTH satellite network debuted with transmission of RAI (Radiotelevisione Italiana) TV, radio and teletext services from Rome to "potentially over 20 million households and businesses in the Americas and Caribbean." Intelsat said Intelsat K's high power enables homes in entire region to access programming with portable antennas as small as 26" in diameter. Europlus is using Intelsat K to provide 4 TV channels, associated radio channels, minimum 3,200 pages of teletext.

TCI said it bought Southwest Cablevision from limited partnership owners for \$49.2 million cash, based on average of 3 appraisals. General partner of Southwest Cablevision was controlled by TCI and Integrated Resources Inc. Company owns cable systems with total of 28,000 subscribers in 9 Colo. cities and Round Rock, Tex.

CABLE VENDETTA CLAIMED: Citing what he called "vendetta" because of his support for 1992 Cable Act, Rep. Glickman (D-Kan.) filed complaints with FCC and Federal Elections Commission (FEC) against Multimedia cable system in Wichita. Complaint to FCC charged that 95,000-subscriber cable system began carrying anti-Glickman editorials 100 times per day Oct. 12 and has continued to do so, while offering him opportunity to reply only 30 times per day on less-watched channels. Complaint to FEC charged that editorials in effect are free campaign ads that violate prohibitions on corporate contributions, and called them "unprecedented public intervention by a corporation to effect the defeat of a candidate for public office." Multimedia officials have been unavailable for comment.

Offer of 30 replies "clearly does not constitute a reasonable opportunity" to respond to editorials, Glickman said in complaint to FCC filed Oct. 15. It said replies should be immediately after editorial and should be carried in comparable time periods on comparable channels. Editorials are being carried on 10 most-watched cable networks, including CNN, MTV, USA and Lifetime, Campaign Mgr. Kay Coles said. Cable system said "scheduling conflicts" meant that reply time was available only on less-watched channels such as Black Entertainment Network and CNBC, she told us. Glickman has refused offer, held news conference and bought broadcast time to reply. Complaint also charged that cabler was offering Glickman only about 25% as much time for each reply as was used for editorial.

By endorsing GOP opponent Eric Yost, Multimedia is "trying to buy themselves a congressman," Glickman said. "By running these 'editorials' one hundred times a day, Multimedia is demonstrating their monopoly, special interest power and the reason why the cable bill was so necessary." In addition to cable systems with total of more than 360,000 subscribers, parent Multimedia owns TV-radio stations and program services.

Editorials claim that Glickman "lost touch" with constituency on "7 or 8 issues," so his opponent should be elected. But Glickman said only reason for cable system's opposition is his vote for Cable Act. First editorial cited only Cable Act vote specifically, but officials told press in Wichita that future editorials would address other issues. Multimedia also included flyer summarizing editorials as stuffer with cable bills. Cable bill vote gets most attention in flyer, but it also cites Glickman vote on aviation legislation and tax increases, as well as participation in congressional junkets.

Multimedia plans to continue carrying anti-Glickman editorials "indefinitely," according to complaint to FCC. It also said cable operator didn't meet FCC requirement to notify candidate of adverse editorial. Wichita Eagle quoted cabler's spokesman Benjamin Sciortino as saying: "I know we most definitely have First Amendment rights. We have the right to endorse people or to editorialize if we wish."



Societe Europeene des Satellites, Luxembourg-based operator of Astra system, has agreed to loan of Ecu135 million (about \$200 million) from consortium of 9 financial institutions to help expand system with Astra 1c and 1d satellites.

FCC scheduled Dec. 9 lottery (10 a.m., Rm 856) to select tentative winners for 11 multichannel multipoint distribution service (MMDS) stations. Details -- Consuela Kearney, 202-634-1706.

Freedom Forum Media Studies Center at Columbia U., N.Y., is sponsoring Oct. 27 conference "Media, Democracy and the Information Highway: Prospects for a National Information Service." Participants include FCC Chmn. Sikes, ex-Chmn. Ferris, ex-CBS News and UPI Pres. William Small, retired ABC exec. Julius Barnathan. All-day seminar will be held at Columbia U. Kellogg Conference Center, 420 W. 118th St., N.Y. -- Judith Annozine, 212-678-6679.

FCC affirmed grant of new FM in Middletown, Md., to Barbara Marmet and removed gender preference accorded in original decision. Grant had been vacated by U.S. Appeals Court, D.C., which ruled that awarding female credit violated Fifth Amendment. In reaffirming grant, unanimous FCC said Marmet's residency, community activities and auxiliary power proposal made hers preferred application among 3. She's wife of Washington communications attorney Robert Marmet.

Emmy awards for engineering technology presented by National Academy of TV Arts & Sciences: A.B. Dick, CBS Labs and Chyron for character generators; CBS for triax camera connectors; AMS Industries for digital TV audio, Panasonic (Matsushita) for 1/2" digital VCR; NHK for 1/2" composite VCR; Philips Best. for camera technology; Hubert Schlafly for broadband cable technology; Thomson Consumer Electronics for digital compression; Vistek for standards conversion.

Actress Elizabeth Taylor is featured in series of public service TV spots scheduled to run on ABC, Fox TV and several cable networks in fight against AIDS. NBC and CBS said they haven't decided whether to air spots, produced by American Foundation for AIDS Research. In ads, Taylor says: "Whether you're gay, straight or bisexual, always protect yourself. Use a condom every time you have sex... And, if you inject drugs, don't share needles." Actress appears on cover of Oct. issue of *Vanity Fair* holding condom.

Ad-financed media will disappear in future as viewers switch to subscription-based interactive media, consumer expert James Snider predicted in Nov.-Dec. issue of *The Futurist* magazine. Move to interactive will be pushed by consumers who want immediate access to unbiased information, without clutter of ads, Snider said, and will be made possible by advent of automatic billing and convergence of different types of media. Magazine is published by World Future Society.

Hottest rumor in Washington telecommunications community last week was that FCC Chmn. Sikes will resign before Nov. 3 election. It came from sources -- Republicans and Democrats -- who told us they were quoting "reliable sources." Sikes wasn't in Washington Oct. 16, couldn't be reached for comment. "It's absolutely false," Sikes' staffer told us. Chmn.'s term ends June 30.

Meetings: New business opportunities in personal communications networks, wireless cable and other radio-based technologies is topic of conference sponsored by NTIA, FCC and N.Y.U. Law School Nov. 20 at school -- 212-431-2160... **N. Central Cable TV Assn.** annual convention is March 15-17, Hyatt Hotel, Minneapolis -- 612-641-0268.

Chaparral Communications said "a number" of counterfeits of its satellite dish feedhorns have entered market. Company said Tri-Band and Corotor II International Wideband forgeries are being sold as Chaparral feedhorns, some of which have been altered and relabeled.

PCN PLANS EXPANDED: FCC tentatively gave Cox Enterprises pioneer's preference for new technology to connect cable network with Personal Communications Network (PCN). Decision came days after Cablevision Systems and Associated PCN said they're expanding trials of advanced form of PCN -- remote antenna driver (RAD) -- that lowers costs, allows PCN from fast-moving vehicle and makes it easier to share frequencies with other users.

Holders of pioneer's preference receive 6-month head start in launch of new services, such as PCN. FCC awards preferences to firms that it believes have been innovative in using new technology or proposing new types of service. Commission, while awarding 3 tentative preferences, dismissed 53 others. Opponents of 3 preferences will have opportunity to comment on them, and Chief Engineer Thomas Stanley said he expected them to focus not on knocking winners but on persuading Commission to pick more of those that didn't receive preference. Others that won tentative PCN pioneer's preference: (1) American Personal Communications (APC), for Frequency Agile Sharing Technology spectrum-sharing techniques in 2 GHz band. (2) Omnipoint, for radio frequency engineering techniques.

Comr. Marshall asked why Cox merited preference because other cable companies had done same thing. Stanley said Cox expanded on "network of network" concept and developed interface and multiplexing equipment to make communications possible. Comr. Duggan said he, too, had "deep, deep problems" with pioneer's preference, saying that he worried about "hair-splitting debates" on technology, politicizing awards and burdening process with administrative litigation. Comr. Barrett said he would have felt "more comfortable" with decision if distinctions between selectees and those turned down were "more clear." Chmn. Sikes disagreed, saying colleagues shouldn't make "the perfect the enemy of the good."

Cablevision said it already has deployed cable-powered RADs in its N.Y. testbed, and will deploy remote antenna signal processors (RASP) later this month. Strand-mounted RADs and RASPs were manufactured by Nexus Engineering and are designed to support multiple modulation techniques, said Cablevision Vp-Technology Wilt Hildebrand. Nexus Vp Andrew Beasley said RAD is first to be microprocessor-based. Cablevision also is using 1850-1990-MHz spread spectrum PCN equipment built by Omnipoint to be used for interference testing in Roslyn, N.Y., and has agreement with unnamed major switch manufacturer to modify and deploy wireless switch to be integrated into cable-based PCN in Lynbrook, N.Y.

Associated will launch field trials of its PCN in L.A. today (Oct. 19), said Charles Conaty, gen. mgr. of company majority-owned by Associated Communications, which owns cellular firms, has joint venture with McCaw and owns 2 radio stations and "significant" share of TCI. Conaty said L.A. was selected for tests as "extremely difficult proving ground." Time Warner Telecommunications (TWT), meanwhile, said it successfully completed "several" PCN calls using "hybrid" PCS test site in TWT's St. Petersburg cable system. TWT's hybrid system uses both RADs and digital transport carriers.

Program Notes: Sci-Fi Channel agreed to pay 0.3% of its gross revenue to BMI for music licensing agreement through June 30... CNN is claiming total worldwide audience of 114 million households in 141 countries. That includes 60 million in U.S., 54.3 million in rest of world... Madison Sq. Garden Network said it signed long-term affiliation agreement with Prime Network. Deal allows MSG to carry Prime programming 24 hours per day beginning Dec. 1... CNN said it will add closed captions to 16 additional programs per week, including Daywatch, Crier & Co., Sonya Live... Learning Channel subscriber base has grown to 17.6 million from 15.5 million when it was relaunched year ago by Discovery Networks, company said... Discovery launched new line of videos of its programs, called Discovery Video Library, with tapes of People of the Forest, In Celebration of Trees, Tales of Wood and Water... Turner Bctg. selected N.Y.C. as site of 1998 Goodwill Games... Cable Video Store and TVN Entertainment jointly will launch 10-channel pay-per-view service for cable... TV Answer said it signed deal to provide ordering services for Domino's Pizza... PASS regional sports cable network will provide pay-per-view coverage of Detroit Red Wings hockey games that aren't carried by broadcast or cable.

Polish Sejm (lower house of Parliament) has approved broadcasting bill permitting establishment of privately owned commercial stations, ending 50 years of state TV-radio monopoly. Bill still must be approved by Senate and President Lech Walesa. Several private radio and TV stations have been operating illegally since Communists lost power in 1989, while others have received temporary permits to go on air. Measure would require broadcasters to "respect religious beliefs of the audience" but legislators rejected proposal of Catholic lobby to require public stations to "respect Christian values." Bill also would limit commercials to 15% of air time, restrict X-rated programming to late night and set 2-year jail term for operators of unlicensed stations.

Taking advantage of relaxed FCC ownership rules, Clear Channel Communications (CCC) is buying its 2nd FM station in San Antonio (KQXT) from Group W, price not announced. CCC now owns country-formatted KAJA(FM) and news-talk WOAI(AM) San Antonio, its hq city. KQXT format is adult contemporary and "represents a perfect complement to our existing radio operations in San Antonio," CCC Chmn. Lowry Mays said. Licensee owns 23 radio stations and 7 TVs in 18 markets.

CPB-supported U.S. Public TV International Consortium will cooperate on program production with 6 Northern European countries in move that marks its 3rd overseas programming pact. Atlantic Coproduction Alliance (ACA), agreed upon at Oct. 1-2 meeting in Stockholm, involves 20-station Consortium plus broadcasters from 6 European countries -- Denmark, Finland, Iceland, Ireland, Norway, Sweden.

Fitch's assigned BBB- rating to new \$350-million issue of Time Warner senior debt due 2012. Fitch said growth opportunities from new cable technologies outweigh threat of cable regulation.

Local radio advertising gained 3% in first 8 months of 1992, RAB reported, based on survey of 100 markets. Aug. revenue was "up slightly or flat," RAB said, on 4% drop in local revenues in West.

Country Music TV is to launch 24-hour channel in Europe Oct. 19, said E.W. Wendell, CEO of network's parent, Gaylord Bctg. Like U.S. counterpart, European channel's programming is mainly country music videos, with occasional longer form shows. Programming is produced in Nashville and sent to Europe via Intelsat.

Personals

Promotions at CBS News, effective after Nov. 3 elections: **Joseph Peyronni** to vp-CBS News prime-time programming, responsible for 60 Minutes, 48 Hours, Street Stories, CBS News Productions; **Linda Mason** to vp-public affairs; **Lane Venardos** to vp-hard news and special events; **Missie Rennie** to exec. producer-dir., Sunday Morning and weekend newscasts... **William Clark**, pres.-CEO, Shamrock Bestg., promoted to chmn.; **Martin Loughman**, ex-KUFX(FM) San Jose, joins as pres.-COO... **Ray Boller** moves from vp-sales support and communications, Showtime Networks, to vp-national accounts.

Michele Farquhar, senior legal adviser to FCC Comr. **Duggan**, named vp-law and regulatory policy, CTIA, effective Nov. 1; **Michael Altschul** promoted to vp-gen. counsel... Changes at Comedy Central network: **Joe Poletto** advanced to vp-ad sales; **Barbara Krakower** joins as dir.-mktg... Elected board officers, Assn. of National Advertisers: Chmn. **Harry Davis**, Du Pont; Vice Chmn. **Richard Garvey**, LEGO Systems... **Craig Reed**, ex-PBS assoc. dir.-research, joins Pacific Mountain Network's TV Ratings Analysis Consortium (PMN/TRAC) as dir.-research.

Herbert Brown resigns as staff dir.-chief counsel, House Telecom Subcommittee, plans undecided... Promoted to senior vps, CNN: **Gail Evans**, booking and research; **Jane Maxwell**, special events; **Alma Sanders**, finance and administration... **Michael Hayashi**, ex-Scientific Atlanta vp-gen. mgr., joins Time Warner as vp-international development... **Joan Shaffer** resigns as CPB public information specialist... **Mel House**, ex-WLFL-TV Raleigh, named dir.-programming and operations, KRRT Kerrville, Tex.

FCC Calendar -- Oct. 20: Chmn. **Sikes** addresses Ky. Bcstrs. Assn., Radisson Hotel, Lexington, 7 p.m. **Thomas Stanley**, chief engineer, participates on "Impact of Regulations" panel, IEEE Symposium on Portable, Mobile & Indoor Radio Communications, Westin Hotel, Boston, 1:30 p.m. **Cheryl Tritt**, chief, Common Carrier Bureau, addresses women's groups on "Expanded Interconnection & Transport Pricing," Mayflower Hotel, Washington, 4:30 p.m. Oct. 21: **Sikes** addresses Bestg./Cable Interface conference, Omni Sheraton Hotel, Washington, noon. Comr. **Quello** and **Walda Roseman**, dir., Office of International Communications, speak on "Regulatory Flexibility for a Dynamic Industry" at Intelevent '92 conference, Hotel Martinez, Cannes, France... NTIA Schedule -- Dir. **Gregory Chapados** participates on Best./Cable Interface panel, Omni Shoreham Hotel, Washington, 2 p.m.

Helen Goss named mgr., City of W. Hollywood's new public information/CATV Div... Appointed vps-gen. mgrs., Keystone Communications: **Harley Shuler**, ex-GTE Spacenet, East; **Charles Fedorko**, ex-Hughes Communications, West... **Christian Marks**, consultant, joins Communications Equity Assoc. Munich, Germany, office... **David Flory** and **James Sims**, both ex-office of Sen. Kasten (R-Wis.), form WinCapitol consulting firm, 2300 N St. NW, Suite 600, Washington, D.C. 20037, 202-663-9018.

Robert McAuliffe retires at year-end as exec. dir., Best. Cable Financial Management Assn., remains consultant until May 31... **Saul Rosenthal** promoted at Telemundo to east coast sales mgr... **Stacey Bronner**, ex-WBBM-TV Chicago, advanced to vp-advertising, promotion and press, CBS TV Stations Group... **Stephen McDonald**, ex-Dallas law firm Carey, Bladon, McDonald & McKeman, joins

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KTBC-TV Austin as gen. sales mgr., succeeding **Charles King**, who retires at year-end... **Brock Kruzik** named western region mgr., Group W Productions... **Paul Steen**, gen. mgr., KPBS-TV-FM San Diego, retires in several months; **Doug Myrland**, mktg. and communications mgr., advanced to deputy gen. mgr... Changes on PBS board: **Judy Stone**, Ala. Public TV, elected vice chmn., succeeding **Paul Norton**, who has left Wis. Educational Communications Board for Utah State U.; **Fred Esplin**, KUED Salt Lake City, appointed to one-year term.

U.S. Dist. Court, Tallahassee, ruled that Fla. lawyers may not use dramatizations, testimonials or multiple voices in TV commercials unless they can prove that they're not misleading. Such techniques, barred by Fla. Bar Assn. (FBA), are "inherently misleading," FBA attorney Alan Sundberg argued in suit brought by 3 personal injury attorneys. Other state bar associations are said to be watching Fla. case closely before enacting more stringent regulations on attorney advertising -- banned for years before being upheld by U.S. Supreme Court.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	SEPT. 26- OCT. 2	1991 WEEK	% CHANGE	SEPT. 19-25	9 MONTHS 1992	9 MONTHS 1991	% CHANGE
TOTAL COLOR.....	646,907	778,395	-16.9	726,123*	15,397,217	14,179,222	+ 8.6
DIRECT-VIEW...	631,791	760,805	-17.0	714,750*	15,131,365	13,931,140	+ 8.6
TV ONLY.....	589,609	739,633	-20.3	686,327	14,520,009	13,462,980	+ 7.9
TV/VCR COMBO.	42,182*	21,172	+99.2	28,423*	611,356*	468,160	+30.6
PROJECTION....	15,116	17,590**	-14.1	11,373*	265,852*	248,082	+ 7.2
VCR DECKS.....	388,876	502,889*	-22.7	355,341*	8,348,800*	7,173,437	+16.4
CAMCORDERS.....	95,390	175,587**	-45.7	92,790*	1,917,984	1,993,722*	- 3.8
LASERDISC PLYRS#	6,669	3,957	+68.5	6,999	148,393	127,263	+16.6

Direct-view TV 5-week average: 1992--544,810**; 1991--495,300 (up 10.0%).

VCR deck 5-week average: 1992--269,723; 1991--292,119* (down 7.7%).

Camcorder 5-week average: 1992--59,831; 1991--77,575 (down 22.9%).

* Record for period. ** All-time record. # Includes combi players, excludes karaoke types.

JAPAN SHOW -- INDUSTRY IN SEARCH OF PRODUCT: Japan Electronics Show in Osaka last week provided dramatic demonstration of industry's frantic search for new product to lift it out of worldwide recession. Although show is primarily for Japanese domestic consumption, there are numerous foreign visitors, and they aren't forgotten by exhibitors or show management.

Major challenge is to tickle fancy of local electronics consumers without titillating them so much with future products that they sit on their wallets and wait. So foreigners who come in search of dramatic new products generally are disappointed. Virtually every major new product exposed at last week's show has been described already in these pages. If there was major product category in limelight it probably was 16:9 widescreen TV, along with new competitive digital recording systems DCC and MiniDisc and various CD-based multimedia systems.

Most TV brand exhibitors featured widescreen 16:9 color TVs, some with satellite tuners, few with optical systems to down-convert Hi-Vision signal to standard NTSC. Those receivers were virtually all of 26W" and 30W" sizes, with largest 34W" models largely reserved for Hi-Vision HDTV sets, still astronomically priced -- although Matsushita last week joined other manufacturers in introducing lower priced Hi-Vision at around \$10,000. However, non-HDTV widescreen sets at around \$2,150 for 26W" and \$3,000 for 30W" seemed to be closer to earth, with smattering of 40W" projection models at just under \$6,000. Manufacturers called attention to fact that non-HDTV widescreen broadcasts will be coming (now called "EDTV" instead of "Clearvision II"), compatible with 16:9 sets.

HDTV theater exhibits drew crowds, but it wasn't clear whether they sold anything. Most spectacular was Mitsubishi's 300" screen demonstration using 3-barrel projector with 10" tubes and monster lenses. JVC exhibit featured theater demonstrating lightvalve projection system of Hughes-JVC Technology joint venture -- Matsushita Chmn. Masaharu Matsushita came to watch while we were there. Industrial model was demonstrated on about 250" screen, and officials reiterated that first consumer versions are scheduled for 1994.

Most of industry seemed out of fresh ideas for VCRs and camcorders. Exception was Sharp, whose Viewcam (TVD Sept 28 p9) with 4" bright LCD monitor was real attention getter. Sharp distributed Viewcams among show-goers at its exhibit to let them use product for themselves -- a move that would result in loss of large number of products if attempted at Consumer Electronics Show (CES) in U.S..

Likewise, Panasonic boldly loaned Palmcorders to show-goers for one hour, taking ID cards or driver licenses as security.

Among few camcorder innovations was Panasonic's first 3-CCD "pro" style S-VHS-C Palmcorder, including digital time base corrector but still weighing less than 2 lb. and list-priced under \$2,000. Also at high end of line was Panasonic's 10-head VCR that claimed high-quality pictures even at 3 times normal speed, with on-screen indexing feature, at \$1,375. Unique future product demonstrated by Mitsubishi was camcorder that played back through TV without physical connection via infrared beam built into viewfinder.

Multimedia products came in for their share of exhibit space, although they didn't dominate show. Most prominent format was CD-I, promoted at booth sponsored by CD-I Consortium, and at individual manufacturers' exhibits. Among players featured at combined exhibit was Philips portable with 5.6" color LCD screen, separate battery pack and provision for full-motion video (FMV) adaptor, with quoted list price of about \$2,000, but not yet available. Sony's "Intelligent Discman" portable CD-I player, labeled "for use in Japan," has 4" LCD color screen, weighs 2.6 lbs. and is promoted "for business and industry applications" in English-language brochure. It lists at \$1,650.

Portable CD-I player without screen but with wired remote control was shown by Kyocera. Maspro, maker of dish antennas and electronic systems, offered combination navigation system and CD-I player for automotive use with color LCD screen at \$4,850. Panasonic demonstrated home player with FMV, promising "combined digital motion pictures and high-fidelity digital sound." Exhibit demonstrated full motion using same sequences Philips displayed at CES. Panasonic system, which included wired mouse, was unpriced and attendants said it would be available "next year."

Japan show also featured parts and components, and included series of new display products. Sony was promoting OEM use of its 16:9 Trinitrons -- 34W-in. "high-resolution" version and 30W-in. "superflat." It wasn't clear whether company was soliciting only industrial and commercial orders or planned to sell widescreen Trinitrons to TV manufacturing competitors as well.

Innovative displays included wide variety of ever-larger (up to 17") color LCDs from Sharp, Panasonic and Toshiba-IBM. Three manufacturers demonstrated thin full-color plasma displays -- Fujitsu with its previously announced 21" version scheduled for production next year, and Matsuhita and Oki with displays co-developed with NHK and described as 25" or 26" depending on exhibitor.

Like Japan Audio Fair which preceded it, Electronics Show paid extensive attention to new digital formats, MiniDisc receiving somewhat more attention than DCC. Details appear elsewhere in this issue.

While Japan Electronics Show had its share of innovations, it introduced nothing exciting enough to accomplish mission of pulling consumer electronics industry -- Japan's or world's -- out of current stagnation.

SONY-NINTENDO -- WHAT DOES IT REALLY MEAN?: Last week's announcement of agreement between Nintendo and Sony for latter to produce console that would play SNES cartridges and CD-ROM discs generated headlines and raised eyebrows. Nintendo news release made hyperbolic claim that "pact will set industry standard for CD technology" -- statement quickly challenged by Sega, which staged U.S. launch of its own CD-ROM accessory last week (see following story). And Sony software executives sought to dispel notion that they were endorsing Nintendo's CD format over others.

Sony-Nintendo agreement, which encompasses hardware and software, was signed several weeks ago, and is latest phase in sometimes fractious relationship between home entertainment giants. Nintendo's news release was seen as timed to steal spotlight from Sega's long-planned Sega-CD event, where Sony Electronic Publishing (SEP) Pres. Olaf Olafsson was featured presenter, since Sony is publishing 5 of first 14 Sega CD software titles.

SNES CD-ROM player is "tentatively scheduled" to hit market next Aug. However, Nintendo acknowledges it hasn't developed final specifications for CD-ROM operating system, which makes it touch-and-go at best that CD-ROM drive can be shipped by then. Less than 2 months ago, Nintendo said it had halted efforts to make inexpensive 16-bit CD-ROM system, and would move straight to 32-bit version for increased power and speed (TVD Aug 31 p18). Nintendo of America (NOA) Senior Vp Howard Lincoln said specs should be completed "within a matter of weeks," expressing hope that development systems would be available to outside publishers by year-end.

Nintendo said that, under terms agreed to by directors of both companies in Japan, Sony "plans to manufacture and market a new game system that will combine the Super NES home videogame system with a CD-ROM drive" while Nintendo markets compatible CD-ROM accessory; Sony won't necessarily manufacture Nintendo's drive. SEP said its Sony Imagesoft videogame subsidiary "will immediately begin planning for the new Nintendo CD-ROM platform." It noted Sony's ability to draw from music and motion picture resources of Sony Music Entertainment and Sony Pictures Entertainment, including Columbia and Tri-Star Pictures.

Nintendo also said it would continue to work with Philips to develop CD-ROM/XA bridge format "which will make Super NES compact disc software compatible with... CD-I hardware." Lincoln acknowledged that "to take a Nintendo CD and program it so that it also bridges to CD-I is complicated... Nintendo and Philips have not accomplished this," although he didn't think spanning CD-I bridge would delay overall system development.

NOA Pres. Minoru Arakawa called pact "an important milestone," saying "development and marketing of the Super NES CD-ROM/XA format by Sony and Nintendo will create the accepted standard for CD programming around the world." Philips Interactive Media Systems Mktg. Vp Paul Fredrickson said that "we already have the first successful example of the CD ROM/XA bridge format with Photo CD and we're happy to see yet another major system adopting it."

But Nintendo's enthusiasm was in sharp contrast to Olafsson's lukewarm comments. In fact, he told us last week that pact doesn't represent ironclad commitment from Sony to market console -- decision he said can't be made until system specs are finalized. He told Wall St. Journal only that "Sony is looking into ways of entering the videogame market and is very pleased to have concluded something that makes a relationship with Nintendo one such possibility."

Sega shot out news release quoting Sega of America Pres. Thomas Kalinske as saying that "it's one thing for Nintendo to claim that a future product will become an industry standard, and quite another to achieve that goal." He pointedly noted that Sega CD will be on shelves in 2 weeks. In fact, if there ever was horse race to get CD videogame system onto market, both badly trail TurboGrafx-16, which has had CD-ROM peripheral for nearly 2 years and which this month began limited launch of TurboDuo, which incorporates its cartridge and CD systems into single \$299 console. But TurboGrafx system has held only minor share of U.S. game market, well behind Nintendo and Sega.

Sony-Nintendo deal apparently was signed several weeks ago, at about same time as Nintendo announced it would move straight into 32-bit CD-ROM platform. Lincoln last week acknowledged to us that "it's going to be very close" as to whether Nintendo can have software ready for Aug. launch, since it's generally acknowledged that it takes at least year to develop good CD-ROM product. "We've got a lot to do very quickly," Lincoln said, citing Nintendo Chmn. Hiroshi Yamauchi's statement that CD-ROM introduction schedule "will be dependent upon the successful development of unique videogames which offer a significant difference from cartridge-based games." At Sega CD launch, Kalinske noted lack of specs and Nintendo's claim of prospective Aug. launch with sarcastic comment: "They must work a lot faster than we do."

Olafsson told us new agreement "revises certain provisions of the previous contract, in general details about how we collaborate." Although he declined to elaborate, news release said companies "each plan to license 3rd parties to develop, manufacture and sell disc 'game' and 'nongame' software, with Nintendo being the contact for all licensing activity." Lincoln said that under pact, Nintendo will define whether or not program is "game." Nintendo, he said, will license all games; for nongame programs, Sony will be licensee, then sublicense to 3rd party publishers. "There are procedures in place should there be a dispute" on how specific program should be defined ("edu-tainment" titles, for example), Lincoln said, although he said he expects no such problems.

In at least one other respect, Sony-Nintendo agreement doesn't include exclusivity. Responding to our question, Lincoln acknowledged that "nothing in the agreement prevents Nintendo from contracting with any other party to do what we've done with Sony" but said Nintendo "does not have any plan to contract with anyone else." By same token, SEP spokesman said Sony isn't contractually limited to making hardware for only one game system. JVC in Japan markets WonderMega console that combines Japanese version of Sega Genesis with CD-ROM drive. Company has said it would market similar unit in U.S. next year.

Lengthy history precedes last week's announcement. Rumors of talks between Sony and Nintendo on game machine circulated as far back as late 1990. But first public acknowledgment of Play Station came

day before 1991 Summer Consumer Electronics Show (TVD June 3/91 p9) via Sony bombshell announcement that it had signed licensing agreement with Nintendo enabling it to market console that would accept SNES cartridges as well as new Super Disc format for which Sony would be worldwide licensor. Nintendo responded overnight by inserting into previously planned CES news conference announcement that it had signed agreement with Philips to support CD-ROM/XA bridge (TVD June 10/91 p14).

Rare public rift apparently involved 2 disputed points -- whether Sony had exclusive licensing control over Super CD software and whether Sony had exclusive rights to develop SNES-compatible CD-ROM format. At that point, industry was faced with threat of 2 incompatible CD-ROM formats designed to be used with SNES. "The Nintendo CD-ROM video games will not be compatible with Sony," Lincoln said, "and we will not cooperate with Sony."

All are singing different tune now. Olafsson said Sony now has "a very good relationship with" Nintendo and Sega. Lincoln chuckled when asked to contrast today's atmosphere with that of last June: "We've always had a working relationship with Sony. I'd never say we had a bad relationship. We've had our ups and downs, and I'd definitely characterize this as an up period."

MEANWHILE, SEGA CD GETS JUMBO LAUNCH: CD-ROM videogame images loomed over N.Y.'s Times Sq. on Sony's 750-sq.-ft. JumboTron screen, highlighting splashy sendoff for Sega CD (TVD May 18 p18), \$299 peripheral for Genesis system due on retail shelves early next month. Drive will be packaged with new version of Sherlock Holmes, Consulting Detective; CD compilation of 4 Sega cartridge games, including Streets of Rage; Sol Feace, made-for-CD shooting game; audio CD sampler; CD+G sampler.

Sega Group Mktg. Dir. Doug Glen said Sega CD system uses new technique called True Video, "allowing players to control real actors." It permits programmers to utilize digitized video footage from movies, ability that becomes apparent in Hook, which incorporates scenes from Columbia Pictures movie, and quartet of Make Your Own Music Video programs -- 2 published by Sega, 2 by Sony Electronic Publishing (SEP).

Make Your Own Music Video programs are perhaps most innovative of all previewed at news conference, allowing players to literally edit, compile and program host of video special effects to create personalized music video. Player constantly chooses material from among 3 constant streams of video material running in on-screen windows, compiling them into master video that runs in center of screen. Among 28 visual effects available to spice up footage are freeze frames, picture slicing, lyric overlays, others. When video is completed, it's played back by DJ (live actor who appears in digitized video), who then rates player's efforts.

Several other programs include partial screen digitized motion video, most notably Sega's Night Trap, essentially interactive movie that includes 104 min. of interactive video in which player (from first-person perspective) searches for intruders from room to room of house; live actors address comments direct to player. Glen said Sega CD system will be able to achieve capability of Virtual VCR, with ability to play back nearly one hour of linear full-motion digitized video in 70% of full screen.

Sega CD peripheral has its own 68000 processor running at 12.5 MHz, z80 processor, 6 Mb of RAM, custom sound chips, Graphics ASIC, 8X oversampling. Glen said CD-ROM drive was supplied by Sony; in fact, he pointedly noted that Sega CD development "began 4 years ago as a collaboration between Sega and Sony." That was first of many references to tight relationship between Sega and Sony during news conference, apparent reaction to Nintendo/Sony pact that leaped into headlines 2 days earlier (see story elsewhere in this issue).

Sega America Pres. Thomas Kalinske said Sega "is committed to being the first company in each new interactive technology" in effort to build up early software expertise and gain quick share. "We know that if we're first, our designers will be delivering 2nd, 3rd and 4th generations of software when our competitors are delivering their first," he said. He said Sega spent \$5 million in establishing Multimedia Studio in Cal.

Sega executives declined to discuss whether current system could be upgraded for interactive functions, although company is marketing modem for Genesis in Japan, device it has shown but not marketed in U.S. Scot Bayless, senior programmer in Sega Multimedia Studio, said Genesis unit has no cable TV interface now, but is "working on several peripherals" that could be on market as early as next year. Exec. Vp Shinobu Toyoda said Sega has had "intense discussions with major telephone companies and major cable companies" on interactive services. "They see us as a content provider," he said. He said "major players other than Sega and Nintendo are still trying to figure out their entry into multimedia, so you have multirelationships."

Kalinske said Sega of America has sold out original allocation of 170,000 Sega-CD consoles and hopes to fly in as many as 50,000 more by end of year. He said Sega expects 350,000 pieces of CD software will be sold by end of year, and "another couple of hundred thousand" in post-Christmas period; discs will retail at \$49-\$59.

Launch is being supported by \$11-million marketing campaign, with TV ads centered on prime-time shows with high teen viewership, print ads in game enthusiast magazines and such publications as Rolling Stone, Spin, Circus. In mid-Nov., Sega will run direct mail campaign to Genesis owners, offering free \$50 CD rock collection with Sega CD proof of purchase. Sega officials said retailers already have committed for 200,000 units planned for Christmas season.

Sega said "more than 75" Sega CD titles will be on market by end of 1993, and released list of 21 titles it said are "highlights" of 1992 releases by Sega and 3rd parties. However, Glen said he expects 14-15 titles to be on retail shelves by end of year. Titles highlighted include: Sega -- Night Trap, Joe Montana's NFL Football, Batman Returns, Cobra Command and Make Your Own Music Video programs with Marky Mark & The Funky Bunch and INXS; Sony Imagesoft -- Sewer Shark, Hook, Chuck Rock and Make Your Own Music Video programs with Kriss Kross and C+C Music Factory; JVC Games -- Wonder Dog, Wolf Child, Jaguar XJ220 and The Secret of Monkey Island; Sierra On-Line -- The Adventures of Willy Beamish, Kings Quest 5, Mixed-Up Mother Goose, Stellar 7; Bignet USA -- Black Hole Assault and Virgin Games -- The Terminator.

Kalinske said Sega is making 2 million cartridges of Sonic The Hedgehog 2, heavily promoted sequel to game that helped establish Genesis system, in advance of national retail launch set for Nov. 24.

SEPT. COLOR TV SALES SET RECORD BUT VIDEO SLUMPED: Seventh straight month in which sales to dealers of direct-view color TVs increased over last year also turned out to be largest sales month in industry's history, breaking record set in Sept. 1990. Best-ever month also was registered in TV/VCR combos, virtually double sales of year ago.

Record-setting Sept. volume capped strong 3rd quarter in which seasonally adjusted annualized rate of sales ran at more than 22 million sets each month. In Sept., rate was 22.5 million, down slightly from 22.8 million in July and Aug. For quarter, rate was 22.7 million, about 2 million higher than in prior 2 quarters. Rate for year to date was 21.4 million that, if maintained, would represent significant jump from 1991 sales of 20.1 million.

TV/VCR combo sales were up more than 150% in last 3 weeks of Sept., and 120,029 sets sold in Sept. far outpaced highest number EIA had reported -- 78,021 last Dec. -- since it began publicly disclosing TV/VCR combo sales figures in 1990. Sales through end of Sept. stood only about 50,000 behind record 662,369 sold to dealers last year.

Sales of projection TVs cooled off for first time since Feb., although it should be noted that industry set all-time record for any month last Sept., and sales were running at record pace for first 9 months of 1992. Seasonally adjusted sales rate dropped from more than 460,000 in Aug. to 358,311 in Sept., pulling year-to-date rate down to 413,263, still well ahead of record 379,837 projection sets sold in 53-week 1991. Rate in 3rd quarter was comparable with first 2 at 410,970.

Story wasn't so bright in video, as sales of VCRs and camcorders trailed those of last Sept. VCR unit volume was off for first time since March, although sales for year to date continued at record pace, 16.4% ahead of first 9 months year ago. Seasonally adjusted rate, at nearly 15 million for July-Aug., came back to earth at 10.7 million in Sept. Annualized rate for first 9 months of 1992 was 12.3 million, which would be 13% ahead of 10.7 million sold last year.

Seasonally adjusted rate for camcorders of 2.35 million in Sept. was lowest for any month this year, pulling rate for first 3 quarters down to 2.93 million, also lowest of year. Rate for 3rd quarter (2.95 million), actually was better than rate of 2.8 million in 2nd quarter. At same point last year, 2,864,395 had been sold to dealers.

Here are Sept. figures on sales to dealers, as reported by EIA Mktg. Services Dept.:

Product	Sept. 1992	Sept. 1991	% Change	Sept. 1990
Total color.....	2,775,825**	2,534,268	+ 9.5	2,697,040
Direct-view...	2,724,049**	2,476,499	+10.0	2,630,658
TV only.....	2,604,020	2,414,713	+ 7.8	2,583,719
TV/VCR combo.	120,029**	61,786	+94.3	61,275
Projection....	51,776	57,769**	-10.4	52,046
VCR decks.....	1,348,613	1,460,594*	- 7.7	1,293,066
Camcorders.....	299,153	387,877	-22.9	391,677*
Laserdisc plyrs..	21,573	24,330	-11.3	N.A.

* Record for any Sept. ** Record for any month.

SOFTWARE EARNINGS REPORTS: Three videogame and computer software publishers posted strong earnings and sales gains in most recent quarter (see financial table).

Acclaim Entertainment said 75.7% sales jump to \$214.6 million produced earnings of \$13.8 million (55¢ per share) compared with year-earlier \$5.7 million loss for fiscal year ended Aug. 31. In 4th quarter, sales soared 124% to \$77.4 million and earnings to \$5.1 million (19¢) from \$505,000. Pres. Robert Holmes said 44% of Acclaim's revenues came from sales and distribution operations in Europe and Japan. He said company has boosted R&D investment to prepare for CD-ROM videogame market, focusing on developing platform-independent CD-ROM tools for programmers.

Electronic Arts (EA) earnings rose 64.2% to \$5.2 million (22¢ per share) on 54% sales increase to \$54.6 million in 2nd quarter ended Sept. 30. In quarter, EA acquired Origin Systems, Tex. software publisher with experience in CD-ROM-based programs (TVD Sept 14 p14) and announced joint venture in Japan with Victor Musical Industries (TVD Oct 5 p13). New Tokyo company, Electronic Arts Victor, will create programs for world markets on videogame and computer platforms as well as convert current EA titles into Japanese. Joint venture is capitalized at \$10 million, with EA 65% owner.

Broderbund Software reported 81.3% net income increase to \$1.9 million (20¢ per share) on 40.5% sales jump to \$18.7 million for 4th quarter ended Aug. 31. For year, 34.6% sales gain to \$75.1 million generated 36.8% net income gain to \$9.7 million (99¢). Operating results reflected one-time charge of \$600,000 related to acquisition of PC Globe. Broderbund also announced deal providing it with exclusive N. American and Australian distribution rights to Binary Zoo's programs.

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Fuji announced 2nd generation of compact LCD video projector, model that can project image of 14-100" diagonal, although 70" is maximum recommended. Unit, which measures 8.74"x3.27"x8.82" and weighs 5 lbs., uses single 1" LCD panel with 89,000 pixels. Light is generated by off-dichroic mirror from 130-w halogen lamp through f/1.9 lens. Bulb life is estimated at 100 hours; unit is shipped with spare bulb. It has 2 built-in speakers, single video input, stereo audio inputs, minijack for microphone, available next month at \$999 list.

International Video Products, Thomson Toshiba joint venture plant in Singapore, has become first consumer electronics manufacturing facility to win top level of certification granted by International Organization for Standardization (ISO).

SOFTWARE PIRACY BILL PASSES: S-893, which would elevate commercial software piracy to felony from misdemeanor, has been passed by Congress and awaits President Bush's signature. Under bill, anyone who infringes 10 or more copyrights within 6-month period and reproduces or distributes copies with \$2,500 minimum retail value can be fined up to \$250,000 and sentenced to up to 5 years in prison. Second offense calls for jail term of up to 10 years.

Sen. Hatch (R-Utah), who sponsored bill, said penalties are "on par" with those Congress enacted 10 years ago against motion picture and sound recording pirates. Software Publishers Assn. (SPA) said piracy in 1990 cost computer software industry \$2.4 billion in U.S. and \$10-\$12 billion worldwide. SPA Exec. Dir. Ken Wasch lauded measure as giving law enforcement officials "incentives it needs to battle software pirates."

Nintendo of America Gen. Counsel Lynn Hvalsoe said felony sanctions represent "effective deterrent" to software pirates. "If counterfeiting continues unchecked," Hvalsoe said, "thousands of U.S. jobs in the videogame industry will be jeopardized." Measure doesn't target individual who makes single copy of program for own or friend's use.

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China backed down in trade dispute with U.S., ending American threat to increase tariffs by up to 100% on long list of imports, with heavy emphasis on consumer electronic products (TVD Aug 31 p19). On eve of Oct. 10 deadline, China agreed to U.S. demand that it end import restrictions. U.S. Trade Representative Carla Hills said pact could result in increase of "billions of dollars" in exports of American products. Principal products said to gain access to Chinese market are computers, telecommunications equipment, chemicals.

Go Video will introduce its first 4-head hi-fi dual decks by end of year, CEO Terren Dunlap said. Among unique features are "video sequencing," which automatically starts 2nd deck recording as first runs out, and looping feature for commercial use -- in playing continuous recording, 2nd deck takes over while first is rewinding, eliminating blank-screen time. Deck also will have provision for camera input and "time stamp" feature that identifies channel, time and date of off-air recording in first 10 sec. of tape.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 121 yen = \$1, except where noted.

MINIDISC AND DCC AT JAPAN SHOW: Despite abundance of prototypes at recent Japan Audio Fair in both new digital formats, "low-key" and "noncommittal" best described exhibits and attitudes toward DCC and MiniDisc (MD). But by comparison, prominence of MD displays at last week's Japan Electronics Show (JES) in Osaka suggested Sony is succeeding at building consensus behind its magneto-optical format.

Among dozen manufacturers showing one or both systems, most quietly displayed mockups under glass. Only format sponsors made any noise, but even that fell far short of hoopla generated at CD rollout 10 autumns ago. Despite contentions by Philips Eindhoven that DCC decks, introduced in Japan last month (TVD Sept 21 p15), were selling briskly, many Tokyo trade sources polled by our affiliated publication Audio Week disagreed, saying Philips and Matsushita recorders arrived with whimper, not bang, probably owing to absence of prerecorded software. Retailers in Akihabara electronics district told us that software promised for Oct. 1 wasn't expected now until early Nov. Dealers didn't shy away from casting aspersions on Philips for delay, saying they had been told stall was attributable to company's discovery of quality problems with sliding cover of blank cassettes delivered to JVC's Mito duplicating facility. They also weren't pleased by Philips' recent statements that it intends to commercialize recordable/erasable CD-E in 1996 (TVD Sept 28 p12).

Beyond home DCC decks, both Philips and Matsushita displayed prototypes of other DCC configurations at Audio Fair. Matsushita had several personal portables, one of them playback-only, another record-playback takealong similar in size and styling to company's current line of "clamshell" CD portables. Also new from Matsushita on DCC: Midisystem incorporating RS-DC01 prototype deck; shelftop DCC combo with pop-up, "heads-up" LED function display on clear panel; DIN-chassis autosound DCC player with interface control for trunk-mount CD changer.

Philips showed only 6 of 9 DCC products announced in news release to Japanese press. We were told that other 3 models, all 2nd-generation prototypes, were held back to avoid confusing marketplace. Besides current home deck, Philips showed prototype midisize deck, boombox stereo recorder with CD, Walkman-style recorder, clamshell-type portable. It also demonstrated working DIN-chassis autosound unit.

On MD front, JES displays included preponderance of component parts from companies other than Sony, seemingly pointing toward growing MD preference by crucial Japanese manufacturers. Sony showed products earmarked for sale in Japan Nov. 1 and U.S. in early Dec. (TVD Sept 14 p9), but ironically portables from MD inventor were clunky in comparison with prototypes from Mitsubishi, Sanyo, Sharp, others. For example, while Sony record-playback MZ-1 and playback-only MZ-2P are larger than Data Discman player, prototype MD playback-only portables from Mitsubishi and Sharp shown at JES seemed no bigger than Norelco cassette box. Also, Japanese press reported last week that Denon will introduce MD playback-only portable in spring measuring 3.6x1.2x6.1" and weighing 14.7 oz. with battery -- 37% smaller (in volume) than Sony models and 39% lighter. Sharp MD model measured 3.3x4.3x1" with separate tiny remote, while slightly larger model had LCD display. Similarly sized Mitsubishi prototype was in "products of the future" exhibit.

Mitsubishi displayed OEM transport for MD measuring only 8.7 mm (about 0.3") thick and weighing 17 grams (0.6

oz.). Sharp is building and selling supercompact "holographic laser pickup" for MD that achieves small size by eliminating lenses, prisms and other components found in conventional laser CD pickups for CD players. Shoei Kataoka, exec. dir. and gen. mgr. for Sharp corporate R&D, said company also has developed blue laser capable of achieving fourfold increase in density of optical disc. Kataoka said laser could be practical in 2 years and be useful in developing video applications for MD. Sanyo had extensive OEM parts-shop for MD, including read/write and read-only lasers, tiny transport and LSIs for ATRAC function and for 10-sec. shock memory buffer.

Overall, most companies exhibiting prototypes of both formats said either they would hold off launch until they saw how wind blows or field DCC and MD at same time and let market decide. Sharp Pres. Haruo Tsuji told us company will market both formats aggressively, indicating that he sees win-win situation for consumers if formats can co-exist.

AUG. FACTORY AUDIO SALES UP 3.1%: Factory audio sales in Aug. rose 3.1% despite continuing weakness in sales of components, which were off 16.1%. That marked 14th straight month in which component sales trailed prior year's month. Sharpest gains came in automotive aftermarket, where sales rose 20.1%, with more moderate increases in portable audio and systems.

For year to date, double-digit increases in automotive and portable sectors have more than offset 17.3% decline in components, as total market sales have risen 4.3%. Here's EIA breakdown of audio dollar sales in July and for year's first 8 months:

**FACTORY SALES OF AUDIO EQUIPMENT
(add 000)**

Product	Aug. 1992	Aug. 1991	% Chg.
Portable audio*.....	\$216,339	\$199,870	+ 8.2
Components.....	130,013	154,906	-16.1
Systems.....	124,782	119,867	+ 4.1
Autosound (aftermarket)	<u>128,923</u>	<u>107,348</u>	+20.1
TOTAL.....	\$600,056	\$581,990	+ 3.1
	8 Mo. '92	8 Mo. '91	% Chg.
Portable audio*.....	\$1,394,590	\$1,199,809	+16.2
Components.....	941,362	1,137,753	-17.3
Systems.....	763,333	735,355	+ 3.8
Autosound (aftermarket)	<u>988,599</u>	<u>846,266</u>	+16.8
TOTAL.....	\$4,087,884	\$3,919,183	+ 4.3

* Includes home radio.

Go-Video appeal of verdict against it in long-running case against Japanese VCR manufacturers was denied last week by 9th U.S. Appeals Court, San Francisco. Company said it has 2 other appeals pending in this and related cases that centered on its efforts to find manufacturer for its dual-deck VCR. After Go-Video had reached out-of-court settlements with several other companies, jury returned verdict last year in favor of JVC, Matsushita, Sony (TVD June 3/91 p10). "Notwithstanding the court's recent decision, the company's litigation strategy has been successful," Chmn. Terren Dunlap said, citing fact that Samsung now manufactures its deck and that it received \$6.2 million in cash settlements.

ELECTRONIC SCRATCH PAD: Newest product in Sharp's Wizard line of handheld organizers, due for sale in U.S. before Thanksgiving, bears some resemblance to Apple's Newton, but officials said it was completely developed before Sharp and Apple signed pact for development of Newton (TVD March 30 p16). As previewed last week at Sharp's hq in Osaka, Wizard OZ-9600 has several significant new features and is step in direction of what company calls "intelligent electronic paper."

Billed as both palm-sized "word processor" and "electronic scratch pad," it contains large monochrome LCD, qwerty keyboard and stylus for writing or drawing on screen as well as for accessing various functions. Stylus activates touch-access screen segment to change functions or programs, also may be used to write memos, draw maps and pictures or just doodle. Unlike Japanese cousin of OZ-9600 and Apple Newton, however, new Wizard doesn't have character recognition. But it is capable of storing written or drawn material (as well as typed characters) for instant recall.

All material, including doodles, may be printed out on computer printer. New product has another unique feature -- infrared transmitter and receiver, so any pair of OZ-9600s may communicate with one another without physical connection. Accessory IR receiver with cable and plug may be attached to printer's RS-232 connector for printing out material from Wizard by IR beam. Device has 256 kb of internal memory, which may be doubled with plug-in card, has 80-hour battery and measures 11.8x20.9". Sharp said it will be list-priced at \$650-\$700 in U.S., with street price about \$500.

Asked about Newton product, Sharp Senior Exec. Vp Atsushi Asada said first Sharp brand version should appear in about year. He agreed with Apple Pres. John Sculley that first Newton products will be largely for business use, with consumer versions to come later. Newton technology will be used in future Wizard products, he indicated. Flash memory devices for portable use will be introduced by Sharp next year, Asada said. Sharp has agreement with Intel for development of products using high-capacity quick-access flash memories.

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Sharp executive told visiting U.S. journalists last week that company is working toward 1994 product that incorporates pocket computer/LCD screen, A/V MiniDisc system and cellular phone. Possibilities are tied in part into development work on blue laser, which would be capable of generating fourfold increase in amount of information that could be stored on optical disc.



Fretter board has received formal proposal from majority owners Oliver Fretter, son Howard Fretter and Pres. John Hurley to purchase remainder of company's stock in deal valued at about \$12 million. Offer comes nearly 3 months after group announced it was exploring possibility (TVD Aug 3 p13). Company news release said group is offering \$3 per share, except for those who acquired their share as part of Fretter's 1991 purchase of Fred Schmid Appliances, who would receive \$4. Since original announcement, shares have traded around \$2.50. Meanwhile, Fretter officials announced intention to consolidate all buying operations at Schmid hq in Denver and centralize store operations in Fretter's Livonia, Mich., hq. Hurley said 6 buyers would move from Mich. to Denver, with undisclosed number of operations people going in opposite direction.

SHARP ANNUAL REPORT: Sharp, which 2 weeks ago reduced its profit forecast for current fiscal year (TVD Oct 12 p15) -- as have most Japanese electronics manufacturers -- detailed its best sales year ever in recent annual report. As already reported here, company's sales for year ended March 31 totaled \$11.5 billion (based on 132 yen per dollar exchange rate prevailing then). That represented 1.4% increase (in yen) over preceding year. However, net income fell 16.8% to \$296 million, mainly due to increase in value of yen.

Sales outside of Japan dipped 0.4% to \$5.63 billion, mainly on foreign exchange losses, with overseas sales of LCD panels, components, copiers and microwave ovens "maintaining steady growth." Japanese domestic sales rose 3.3% to \$5.87 billion, paced by growth in LCD panels and equipment, air conditioners and word processors, despite decline in AV sales.

Information systems and electronic components represented 45.3% of total sales in last fiscal year. TV and video systems had 25.9% (\$2.98 billion), down from \$3.13 billion in preceding year, with satellite tuning TVs, LCD color TVs and LCD video projectors "the year's outstanding contributors." Communication and audio systems totaled \$1.3 billion to make up 11.3% of sales, and appliances represented 17.5%.

Consumer Electronics Personals

George Scala, recently retired as Lechmere CEO and scheduled to retire as chmn. Jan. 31, has been elected dir.-at-large of NATM Buying Corp., so he can retain post as NATM pres. through end of term Sept. 30, 1993; Lechmere's seat on NATM board will be filled by **Kent Flummertelt**, Scala's replacement as Lechmere CEO... **Patrick Canavan**, former market analyst, named sales mgr., Philips Display Components (picture tubes), at Ann Arbor, Mich., hq... **Herbert Galliford** appointed Philips gen. mgr. for home entertainment products, assuming duties of former Mdsgr. Mgr. **Ralph Coker**, who recently joined Thomson Consumer Electronics as mgr.-media room programs... **David Delgross** resigns as Image Entertainment mktg. vp to pursue other interests.

Promotions at Sunsoft, videogame software maker: **Rita Zimmerer**, sales and mktg. vp, to exec. vp; **Karen Shadley**, mktg. and ad mgr., to mktg. and ad dir.; **Kazuko Harman**, coordinator of communications with parent in Japan, named customer service and overseas communications mgr... New officers at Custom Electronic Design & Installation Assn. (CEDIA): **Chris Stevens**, previously CEDIA vp, elected pres.; **Rob Gerhardt**, formerly CEDIA treas., becomes vp; board member **Eric Bodley**, Sound Advice, elected treas.; **Ferdinand Steyer** remains CEDIA secy.

James Sullivan rejoins Analog & Digital Systems (ADS) as vp-sales following short stint at Audio Animation, Knoxville; Sullivan's post at ADS had been eliminated in reorganization... **Scott Wellington**, ex-Sharp and Toshiba, joins Aiwa America as mktg. mgr... Promotions at Pioneer Home Electronics Div.: **Kerry McCammon**, senior mktg. mgr., to vp-mkt. planning; **Mark Smith**, senior mgr. to vp-business planning and research; **Steve Sakaushi** to vp-product planning... **Kevin Dauphinee**, former Ampex product mktg. mgr., joins Sony Business & Professional Group as vp-gen. mgr., Northwest region... Promotions at Sony Music: **Arnold Levine** to senior vp-creative services; **David Levitsky** to dir., video sales promotion, Columbia 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
Acclaim Entertainment 1992-year to Aug. 31	214,628,000	13,846,000	.55 ^a
1991-year to Aug. 31	122,136,000	(5,839,000)	--
1992-qtr. to Aug. 31	77,394,000	5,088,000	.19 ^a
1991-qtr. to Aug. 31	34,624,000	505,000	.03
Ackerley Communications 1992-9 mo. to Sept. 30	135,200,000	(700,000)	--
1991-9 mo. to Sept. 30	130,800,000	(14,800,000)	--
1992-qtr. to Sept. 30	39,600,000	(600,000)	--
1991-qtr. to Sept. 30	37,600,000	(6,300,000)	--
Apple Computer 1992-year to Sept. 25	7,086,542,000	530,373,000	4.33
1991-year to Sept. 25	6,308,849,000	309,841,000	2.58 ^a
1992-13 wk. to Sept. 25	1,767,734,000	97,612,000	.81
1991-13 wk. to Sept. 25	1,507,061,000	81,238,000	.67
Audiovox 1992-9 mo. to Aug. 31	244,910,000	4,942,000	.55 ^b
1991-9 mo. to Aug. 31	237,859,000	(2,020,000)	--
1992-qtr. to Aug. 31	84,708,000	2,220,000	.25 ^b
1991-qtr. to Aug. 31	86,889,000	(565,000)	--
BMC Industries 1992-9 mo. to Sept. 30	136,527,000	4,558,000	.80
1991-9 mo. to Sept. 30	149,174,000	6,280,000	1.13 ^b
1992-qtr. to Sept. 30	42,795,000	898,000	.16
1991-qtr. to Sept. 30	42,534,000	1,247,000	.22
CBS Inc. 1992-9 mo. to Sept. 30	2,535,300,000	53,800,000	3.47 ^a
1991-9 mo. to Sept. 30	2,097,600,000	(95,200,000)	--
1992-qtr. to Sept. 30	672,800,000	42,700,000	2.76
1991-qtr. to Sept. 30	625,600,000	(169,100,000)	--
C-COR Electronics 1992-13 wk. to Sept. 25	13,692,000	1,026,000	.22
1991-13 wk. to Sept. 27	9,400,000	125,000	.03
Corning 1992-40 wk. to Oct. 4	2,873,000,000	257,200,000	1.36 ^b
1991-40 wk. to Oct. 6	2,432,900,000	231,200,000	1.24 ^b
1992-16 wk. to Oct. 4	1,153,100,000	107,000,000	.57 ^b
1991-16 wk. to Oct. 6	953,500,000	106,900,000	.57 ^b
Electronic Arts 1992-6 mo. to Sept. 30	104,700,000	9,984,000	.43
1991-6 mo. to Sept. 30	62,312,000	5,155,000	.23 ^c
1992-qtr. to Sept. 30	54,601,000	5,230,000	.22
1991-qtr. to Sept. 30	34,420,000	3,186,000	.14 ^c
Franklin Electronic Publishers 1992-6 mo. to Sept. 30	31,820,000	2,722,000	.37
1991-6 mo. to Sept. 30	25,650,000	922,000	.14
1992-qtr. to Sept. 30	18,580,000	1,811,000	.24
1991-qtr. to Sept. 30	17,728,000	1,471,000	.22
Gannett 1992-39 wk. to Sept. 27	2,533,869,000	234,230,000	1.63
1991-39 wk. to Sept. 29	2,480,842,000	204,604,000	1.34
1992-13 wk. to Sept. 27	848,609,000	80,025,000	.56
1991-13 wk. to Sept. 29	819,734,000	59,527,000	.42
General Electric 1992-9 mo. to Sept. 30	44,400,000,000	3,384,000,000	3.95
1991-9 mo. to Sept. 30	42,700,000,000	1,373,000,000	1.58 ^a
1992-qtr. to Sept. 30	15,500,000,000	1,110,000,000	1.30
1991-qtr. to Sept. 30	14,600,000,000	1,042,000,000	1.20
Gray Communications Systems 1992-qtr. to Sept. 30	7,219,000	786,000	.25
1991-qtr. to Sept. 30	6,426,000	306,000	.07 ^d
Home Shopping Network 1992-year to Aug. 31	1,097,800,000	37,300,000	.42
1991-year to Aug. 31	1,078,500,000	(8,900,000)	-- ^a
1992-qtr. to Aug. 31	261,300,000	7,400,000	.08
1991-qtr. to Aug. 31	256,400,000	(1,100,000)	--
Koss 1992-qtr. to Sept. 30	7,341,395	580,476	.18
1991-qtr. to Sept. 30	6,261,240	250,505	.08

Company & Period	Revenues	Net Earnings	Per Share
Meredith 1992-qtr. to Sept. 30	177,449,000	3,441,000	.22
1991-qtr. to Sept. 30	170,008,000	(4,542,000)	-- ^a
Motorola 1992-9 mo. to Oct. 3	9,592,000,000	402,000,000	3.02
1991-9 mo. to Sept. 28	8,302,000,000	328,000,000	2.48
1992-qtr. to Oct. 3	3,396,000,000	129,000,000	.97
1991-qtr. to Sept. 28	2,745,000,000	93,000,000	.70
Musicland 1992-9 mo. to Sept. 25	599,507,000	(13,348,000)	-- ^a
1991-9 mo. to Sept. 25	544,157,000	(11,387,000)	--
1992-qtr. to Sept. 25	213,533,000	122,000	--
1991-qtr. to Sept. 25	201,902,000	(2,274,000)	--
Park Communications 1992-9 mo. to Sept. 30	115,749,000	11,105,000	.54
1991-9 mo. to Sept. 30	108,428,000	9,051,000	.44
1992-qtr. to Sept. 30	39,044,000	3,777,000	.18
1991-qtr. to Sept. 30	36,096,000	3,013,000	.15
TRW 1992-9 mo. to Sept. 30	6,205,000,000	150,000,000	2.37
1991-9 mo. to Sept. 30	5,791,000,000	91,000,000	1.48
1992-qtr. to Sept. 30	2,020,000,000	49,000,000	.77
1991-qtr. to Sept. 30	1,896,000,000	32,000,000	.52
United Television 1992-9 mo. to Sept. 30	81,618,000	8,001,000	.76
1991-9 mo. to Sept. 30	79,611,000	1,828,000	.17
1992-qtr. to Sept. 30	26,070,000	5,180,000	.49
1991-qtr. to Sept. 30	24,440,000	(96,000)	--
Westinghouse Electric 1992-9 mo. to Sept. 30	9,011,000,000	(110,000,000)	-- ^a
1991-9 mo. to Sept. 30	9,377,000,000	(1,257,000,000)	-- ^a
1992-qtr. to Sept. 30	3,039,000,000	14,000,000	-- ^a
1991-qtr. to Sept. 30	3,426,000,000	(1,482,000,000)	-- ^a

Note: ^aAfter special charge. ^bIncludes special credit.
^cRestated. ^dAdjusted.

Tandy began manufacturing Video Information System (VIS) players at its Advanced Technology manufacturing facility in Ft. Worth last week. First machines could be on shelves of some Radio Shack stores by end of month, along with 12-24 software titles, Tandy Electronics Vp Howard Elias said. Machines will be distributed chainwide by Thanksgiving, he said. Elias said at least 50 software titles will be available by end of Nov., "many more" by Christmas. That would be far fewer than 110 Tandy said would be available when VIS hit shelves in Nov. Among its prominent marketing points for VIS within industry has been that software would be readily available, since VIS operating system is offshoot of Microsoft's popular Windows environment, with easy conversion of standard Windows programs to VIS.

OBITUARY

Stephen Temmer, 64, audio innovator and engineer, died of AIDS Oct. 8 at his N.Y. home. He was founder and pres. of Gotham Recording and Gotham Audio, equipment supplier for broadcast and recording industries. As engineer for ABC in 1940s, he broadcast early taped radio programs from N.Y., recording such stars as Groucho Marx, Bing Crosby, Milton Berle, Jerry Lewis. He also made recordings of Metropolitan Opera for broadcast and produced albums by Edith Piaf and Chicago Symphony. Temmer served as technical adviser to Watergate prosecutors on White House tapes and was acoustics consultant to Lincoln Center in N.Y. for renovation of Avery Fisher Hall. Brother survives.

TELEVISION DIGEST®

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OCTOBER 26, 1992

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CAMPAIGN IS BONANZA for TV, radio. Candidate spending expected to be up \$300 million from 1988. Perot, Bush concentrate on networks; most Clinton dollars go to stations. Cable is factor. Stations don't have to offer ads in odd increments. (P. 1)

CABLE RATE ALTERNATIVE SOUGHT: FCC unhappy with rate-of-return regulation. Price caps difficult. Must-carry faces rough road. Cable Act rulemakings crowd FCC agenda. Financial impact debated. (P. 2)

STATION PROFITS UP, though Cap/ABC profit falls. Tribune, McGraw-Hill, Scripps, Multimedia, Gaylord, others report better station profits. Time Warner and Viacom up. Most cable results improve. (P. 5)

SPECTRUM FEES 'LIKELY': Chapados says auctions are almost certain in next Congress. Mooney calls fees just, hits station public interest performance. Fritts calls for detente. (P. 6)

TELCO PLANS VIDEO ON DEMAND: Bell Atlantic sets 2-year trial in Washington using twisted pair. Test could start next summer. System is less effective than fiber, called 'somewhat interactive.' (P. 7)

MULTIMEDIA MULLS APPEAL of FCC editorial rule after complaint on cable editorials against Cable Act backer. MSO claims it offered Rep. Glickman adequate chance to reply. (P. 7)

CAMPAIGN PROVES BONANZA FOR TV-RADIO AD DOLLARS: Broadcasting is expected to pick up additional \$300 million this fall from 3-way campaign for President. TV networks are getting most of it, but stations and cable also are benefiting. And political pundits are predicting spending will pick up before election -- with 3 major candidates already reserving blocks of network time election eve (Nov. 2). Ross Perot also has purchased hour (opposite 60 Minutes on CBS) Sun. might on NBC. Same pundits say that TV commercials haven't had much impact on convincing or switching voters. Adding to that is fact that 3 Presidential TV debates and one of Vice Presidential candidates attracted record TV audiences.

By middle of last week, Perot already had spent \$18 million on networks, President Bush \$17.5 million, Ark. Gov. Bill Clinton only \$4.4 million. Added to that is money spent by unaffiliated committees and millions more spent on stations and cable networks. Clinton campaign has spent much more on stations than Bush, although figures aren't available. Perot is buying only network time; his viewers often have outranked entertainment programming and have generated time on news programs. Campaigns won't say how much money remains for advertising before Nov. 3 election, but Perot's funds are said to be unlimited since he's spending his own money. Experts not involved in Bush or Clinton campaigns estimate that each had about \$5 million left in contributions and matching funds, although that figure for both is likely to increase through new contributions.

Consumer Electronics

DCC MUSIC TAPES GO ON SALE here Nov. 3 in 300 stores, PolyGram says after Philips fixes mysterious glitch in cassette, replaces all recorded tapes. (P. 11)

SINGLE AM STEREO SYSTEM mandated by Congress, reversing FCC's decade-old 'marketplace' decision. EIA, NAB agree on Radio Best. Data Service standard. (P. 12)

AUG. COLOR TV IMPORTS SOARED, partly reflecting manufacturers' moves toward lower cost labor markets. VCR import growth slowed in month. (P. 12)

INNOVATION IS KEY to survival in consumer electronics, says Sharp, which has completely rebuilt itself in 6 years. (P. 13) New plant devoted exclusively to large LCDs. (P. 17)

GOLDSTAR HALTING U.S. TV OUTPUT, moving rest of N. American color TV assembly from Ala. to Mexico in cost-saving move. Tape and service stay in Ala. (P. 14)

PHILIPS' NEW CD-I CHIEF is John Hawkins, longtime Philips executive returning from stint at DEC; communications and computer experienced stressed. (P. 14)

MANY 'FLAT' TUBES AREN'T FLAT, ad review panel says, ruling that term can't be applied to 'reduced curvature' tubes in Zenith complaint against NEC. (P. 15)

FULL-SIZE CAMCORDER SHORTAGE seen, inventory figures showing about 3 weeks' supply. (P. 15)

Responding late Oct. 23 to NAB request for ruling that stations don't have to sell time in odd increments (such as 5 min.) that aren't offered to commercial advertisers, FCC Mass Media Bureau granted NAB much of what it sought and at same time asked for comments on issue. In interim, broadcasters were told to follow FCC's "well-established" guidelines on access "which have been approved by the [U.S.] Supreme Court and consistently followed by the Commission."

At same time, Bureau said those guidelines "do not mean that broadcasters will be required to provide 5 minutes or other nonstandard" lengths of time to candidates. In several previous decisions, Commission has ruled that "the broadcaster acted reasonably" in denying such requests: "Thus, the Commission will, as previously, defer to a licensee's discretion and overturn a decision only if the licensee has acted unreasonably." Comments on required sale of nonstandard time segments are due Jan. 15, replies March 1. NAB also had requested that stations not be required to sell time to candidates in programming not produced by licensee (i.e., networks and syndicators). That issue wasn't discussed in ruling.

Meanwhile, Bush campaign pulled TV spot featuring April 22 cover of Time magazine with picture of Clinton, although U.S. Dist. Court Judge Gerhard Gesell in Washington refused to grant temporary restraining order barring its use. He ruled that magazine probably wouldn't have won its suit against campaign and that ordering commercial to be stopped would have violated First Amendment. Gesell watched 30-sec. spot during court hearing before ruling. Time said it would continue to push for trial, contending ad was deceptive and could lead to subscription cancellations by viewers who thought magazine had endorsed Bush.

Final Presidential debate Oct. 19 attracted record 89 million viewers on 4 TV networks, plus another 8 million on PBS and cable, according to ABC estimates. First of 3 debates had 81 million viewers (without coverage by CBS, which aired baseball playoff game), while 2nd claimed 84 million, according to estimates. Vice Presidential debate was seen by estimated 72 million.

In another campaign action, Democratic Party filed complaint with Federal Elections Commission charging that Christian Coalition (founded by former Presidential candidate Pat Robertson) engaged in illegal political activity. Coalition was accused of raising money as tax-exempt organization and spending it on pro-Republican activities without registering as political group, in violation of election laws. Coalition insisted it doesn't need to register because it doesn't endorse parties or candidates, merely attempts to educate its members about issues.

Marketing research firm Myers Reports survey of 274 media executives found that 55% favor Clinton for President, 34% Bush, 10% Perot. That despite fact survey found that Bush (41%) and Clinton (42%) were practically even as to which would "best serve the interests of the advertising and media industries." As for most positive impact on growth in ad spending, 43% favored Clinton, 33% Bush, 18% Perot.

FCC SEEKS ALTERNATIVE TO CABLE RATE-OF-RETURN: FCC is actively seeking alternative to rate-of-return type of regulation for cable rates, but doesn't see another choice now, commissioners said at Best./Cable Interface conference sponsored by FCBA and Bcstg. magazine. Officials also predicted tough road for must-carry/retransmission consent and said cable may not be hurt financially by 1992 Cable Act.

Comr. Barrett said he's "not a fan of rate of return, but Congress has spoken." In response to question about price caps, Chmn. Sikes said they worked for telcos because decades of active telco rate regulation provided data to set acceptable level, then provide incentives to reduce rates: "We don't have that history with cable." Barrett said it would be difficult to roll rates back to 1985 or 1989 levels because industry is very different now. He said there's no comparable industry whose data could be used to help set caps, and FCC doesn't know how to determine value of cable plant.

In interview, Common Carrier Bureau Chief Cheryl Tritt said that while trend at FCC has been away from rate-of-return regulation, Cable Act specifically requires considering rates and costs of cable operators. She said rulemaking also could ask what types of regulation could be used. For her Bureau, rate regulation for cable will be minor project between now and Dec., as proposed rule is written, but will become larger between Dec. and April, when final rule has to be drafted. After that, regulation will become major project that could find home in new separate unit within FCC, she said.

Sikes said Washington "is now emerging from the legislative 'fog of battle' on many fronts... People all over town are trying to understand what happened -- and what's going to happen with the cable bill." Meanwhile, NCTA set dates for regional seminars to update cable operators on provisions of cable bill:

Denver Nov. 12, Atlanta Nov. 13, Philadelphia Nov. 16, Chicago Nov. 17. (NAB earlier announced similar round of meetings for its members on implications of cable bill [TVD Oct 19 p4].)

FCC agendas will be heavily loaded with rulemakings required by 1992 Cable Act beginning next month (TVD Oct 19 p5), according to planning memo circulated by staff. Current plans call for Nov. 5 agenda meeting to include notices of rulemaking for must-carry (overseen by Marsha Glauberman of Mass Media Bureau's Policy & Rules Div.), retransmission consent (Jonathan Levy, Office of Plans & Policy), notice requirements for unsolicited sexual material, indecency restrictions on leased access channels, sports migration study and home wiring rules (Mary Beth Richards of Field Operations Bureau). Dec. 10 agenda meeting is to include program access rules, rate regulation and public service requirements for DBS. Comments for all Nov. items except must-carry/retransmission consent will be due Dec. 9, replies Dec. 18, with final order due Feb. 2. Must-carry/retransmission comments are due Jan. 19, replies Feb. 3, with rule due in April. Comments on Dec. 10 items are due Jan. 27, replies Feb. 11, final rule in April.

Guarantee of reasonable profit for each cable operator, which is central to rate-of-return regulation, is "one of the reasons that the cable industry wasn't terrified of rate regulation," NTIA Dir. Gregory Chapados said at conference. Duggan noted that profit percentages often are "double digit. A lot of people have lived very comfortably under rate of return." Barrett said rate of return might provide incentive for cable companies to hike their debt levels, since return regulation guarantees enough revenue to cover debt plus profit on investment. Cable stock analyst John Reidy of Smith Barney, Harris Upham said rate-of-return regulation for cable may be impossible because, unlike telcos, virtually no cable companies make profit: "I don't understand how you can do rate of return when there's no traditional rate of return."

Discovery said it will join Turner suit challenging must-carry and retransmission consent (TVD Oct 12 p1). Chmn. John Hendricks said provisions of 1992 Cable Act violate free speech: "Congress should not pick favorites among competing categories of speakers." Must-carry faces "uphill climb" in courts, Chapados said, although it may have slightly better chance this time. Past must-carry rules originated in FCC, while current ones were enacted by Congress, giving them greater presumption of constitutionality, he said. But he said connection to retransmission consent could muddy argument because it could be considered admission that there's alternative to must-carry. Chapados also predicted that Justice Dept. would take strong stand in appeal process against must-carry on ground that it's illegal intrusion into cable business decisions. Duggan said must-carry has better chance than in past on appeal because legislation includes clear showing of potential harm if there's no must-carry. Sikes called retransmission consent "important step forward," although he said he might not have done it exactly same way Congress did.

Meanwhile, NAB said it's "particularly ironic" that Turner Bctg. would complain about discrimination in access to cable systems in its appeal of must-carry and retransmission consent provisions of Cable Act. NAB, in bid to intervene in U.S. Dist. Court, D.C., case, said discrimination against Turner networks is unlikely because it's part-owned by TCI and Time Warner, which control systems serving about 1/3 of all cable subscribers. MSO ownership of Turner "could make it more difficult for noncable-affiliated programmers, such as commercial broadcast television stations, to secure carriage" because systems would probably favor Turner, NAB said. Provisions being appealed are "designed to prevent such anticompetitive discrimination." NAB said neither Turner nor FCC objected to its intervention, and it also plans to intervene in separate Daniels appeal, which NAB said probably will be consolidated with Turner case. NAB said it wants to support must-carry and retransmission consent because "local broadcast stations, and the viewing public, would be directly and detrimentally affected" if they were overturned. Assn. has same goal as govt., NAB said, but govt. also will have to devote resources to defending provisions involving low-power TV and noncommercial stations, while NAB can focus on interests of its members.

Share prices of 3 largest MSOs have fallen 15% since Cable Act, while top 500 stocks dropped only 2%, Sikes said. Despite that, Reidy said that for "good businesses, [financing] is there." Not so, said Steve Rattner, head of Lazard Freres Communications Group. He said cable groups are "greatly restrained by the lack of capital... There's not a lot of capital around." Douglas McCorkindale, chief financial officer of Gannett, said many cable companies recently have made approaches seeking financing, but he didn't say whether Gannett had invested.

Cable Act won't stall arrival of digital compression or new "programming on demand" services for cable, Discovery's Hendricks told Washington Cable Club Oct. 20. He said cable operators are seeing financial benefits of compression, which can justify new technology despite effects of reregulation: "That, in itself, will free up a lot of capital." Cable Act hasn't seriously affected Wall St. impression of cable, Hendricks said, because investors watch cash flow continue to rise and because cable already is looking at next technology steps. But he acknowledged that he probably couldn't have gotten Discovery Channel started in

current regulatory environment because deregulation made capital available and made it possible for cable operators to pass through costs of carrying new channels. Despite Cable Act, Hendricks predicted demand for cable would accelerate even faster in next 24 months, in part because of new programs made possible by compression.

Possibly unlike HDTV, there's clear consumer demand for DAB, NAB Exec. Vp John Abel said. He told International Bestg. & Telecommunications Show in Milan recently that likely consumer adoption rate for HDTV is hard to predict: "Consumer acceptance could increase at a slow rate because HDTV is motivated by technology and not by consumers." Abel said that's "biggest difference" between HDTV and DAB: "Consumers clearly have growing experience and demand for high-quality digital audio technology." About 37% of U.S. households already have Compact Disc players, he said, and new digital audio services are being offered throughout country. Some radio broadcasters consider DAB to be "unwelcome disruption" of their business, he said, in part because of potential expense of new transmitters and antennas, as well as of FCC proceedings, but they probably have little choice because of almost certain competition from satellite and other digital audio services. Despite that, Abel said, it's unlikely DAB standard will be established before 1993 or 1994, and "best guess is that it will be after 2000 before there are enough [DAB] stations on the air and receivers on the market to make DAB a significant consumer technology." Abel declined to comment on European focus on analog satellite-delivered HDTV over digital terrestrial system, but said European system wouldn't be acceptable in U.S. because it probably would require 2-step transition. HDTV may be more important as way for broadcasters to expand data communications, Abel said. Business demand for time-sensitive information is "almost infinite," he said, and digital data broadcasting can provide new revenue stream that many broadcasters need to survive.

FCC approved 2-week extension of comment deadline in HDTV rulemaking (TVD Aug 14 p6). In order released last week, FCC said extension will allow MSTV to coordinate joint comments of broadcaster groups, as it has in past. New comment deadline is Nov. 16, replies Dec. 16. FCC also released text of order itself, indicating that it will review application and construction deadlines in 1993, construction deadline again in 1996, simulcast and conversion deadlines in 1999 and again in 2002, and conduct final review of deadline for conversion to HDTV in 2008. In other details in order, FCC: (1) Directed HDTV advisory committee to monitor developments in cellular-like Coded Orthogonal Frequency Division Multiplex and "report to us as appropriate," but deferred consideration of system. (2) Confirmed that it doesn't plan to issue any new NTSC licenses after first HDTV assignments are made.

Total TV political ad spending (network and local) this year could rise as much as 30% from 1988 presidential election, said Tvb, which earlier had projected scant gains. Projection was made before Ross Perot entered race, and Tvb spokesman said reentry was "key" reason for upgraded prognosis on spending. Other factors, official said, include: (1) Bush-Clinton matchup, in which each could spend significant amounts in states they feel they must win, forcing opponent to do likewise. (2) Advertising by congressional candidates, who typically target their spending on final 2 weeks of campaigns. Big winner among networks appears to be Cap/ABC, which reportedly has more than tripled its political ad sales from 1988. Tvb is likely to revise spending projections formally within next week or so, we're told.

Freedom Forum will host "First Amendment Summit" Nov. 3-4 at Vanderbilt U. First Amendment Center in Nashville. Sessions are planned on "Facing the First Amendment Future," "The Election: Did the Amendment Win or Lose," "Religion: How Free?" "The Press: How Free?" "Censorship in Our Times," "Pornography: When Freedom Hurts," "Petition and Assembly: The Quiet Freedoms," "Strategies for a Strong First Amendment Future." There is no charge to attend. Details -- Frances DeLaGarza or Ellen Nelson, 615-321-9588. Center, in conjunction with Media Institute, also will sponsor Dec. 14 conference on commercial speech issues under First Amendment, to be held at Freedom Forum in Arlington, Va. NBC News Pres. Michael Gartner and Food & Drug Administration Chmn. David Kessler will speak.

Comsat demonstrated digital TV and radio transmission over same transponder on Intelsat-K Oct. 19, showing -- for first time, it said -- that digital technology can be used to configure single transponder for more than one service. General Instrument (GI) and Digital Cable Radio transmitted compressed digital TV and 28 channels of digital audio from N.Y.C. to European Cable Communications Show in London. Half of 54-MHz transponder was allocated to each service, Comsat said, in demonstration facilitated by high-power (47-50 dBW) Intelsat-K, at 338.5° E. GI presented 4-6 compressed channels using DigiSat and DigiCipher technology in live demonstrations uplinked via IDB's Staten Island facility using 9.2-m dish and downlinked to 2.8-m dish at Olympia Convention Center, London.

FCC established Office of Small Business Activities (OSBA) reflecting "the Commission's interest in providing expanded support and direction to the small business and minority enterprise community." Commission said OSBA will provide "a single focus point at the FCC" for small businesses and minority enterprise groups "for maximum efficiency and joint priority setting." New office, which will include asst. dir. for minority enterprise now in Office of Public Affairs, will advise FCC on how its rules and policies affect small businesses and review existing rules and initiatives "to determine whether they place undue burdens on small businesses." OSBA will be headed by John Winston, on loan from Minority Business Agency of Commerce Dept.

FCC will hold "Video Dial Tone Day" Oct. 28 at hq, Rm. 856. Displays will be designed to acquaint consumers with new VDT technology, Commission said. Featured displays include: (1) Broadband Technology and USA Video's demonstration of means of delivering high-quality "switchable" video channels from various transmission media. (2) Bell Atlantic demonstration of its Asynchronous Digital Subscriber Loop system that drives VCR-quality pictures through regular telephone line. (3) Corning demonstrations of multimedia and fiber splicing. (4) AT&T VideoPhone, including hook-up to allow consumers to make and receive calls on Videophone. (5) FCC-produced "Networks of Future" video.

Taiwan said it will lift 32-year-old ban on new radio stations, with FM licenses accepted beginning in April and AM licenses in 1994. Taiwan, which has 188 radio stations, didn't say how many new stations will be allowed.

STATION PROFITS UP: Cap/ABC's broadcast operating profit dropped 8% in 3rd quarter ended Sept. 30 to \$89.3 million, mainly because of losses at network and in radio operations, CEO Daniel Burke said, but profits increased at owned stations and ESPN. Most broadcast station groups, as well as other media companies, reported improved profit for quarter, reflecting better economic climate and impact of political advertising. Time Warner (TW) had \$6-million profit, vs. \$62-million loss year ago. Viacom was boosted by record profits at its cable networks, as well as deal with Time Warner.

Meanwhile, local and spot TV advertising were up 12.6% for 3rd quarter, according to TVB survey. TVB Vp Harold Simpson attributed much of increase to Summer Olympics and political advertising "as well as to the general economy inching back up." Local TV was up 12% and national spot 13.4%, with political spending 45% ahead of 1988 Presidential election year.

ABC network and radio revenue dipped slightly, but TV stations and video operations, including ESPN, were up "moderately," company said. Total broadcast revenue was \$944.2 million, vs. \$945.9 million. Net profit for company as whole increased to \$62.2 million, from \$54 million.

Record operating profits at HBO and Time Warner Cable contributed most to TW's earnings hike. Cable operating profit increased 13% to \$250 million and cable revenue to \$522 million from \$481 million. HBO operating profit grew 15% to \$54 million and revenue to \$385 million from \$333 million. Quarter was 3rd in row in which all TW divisions improved, Co-CEO Gerald Levin said. Operating profit in filmed entertainment improved less than 1% to \$121 million, music group rose to \$122 million from \$116 million and publishing operating profit was \$66 million vs. \$1 million.

Aided by \$35-million gain from its antitrust settlement with Time Warner and by improvements at MTV Networks and cable systems, Viacom had \$45-million net profit vs. \$13-million net loss year ago. Company said \$35 million included positive impact of "other arrangements related to future opportunities and shared expenses, net of Viacom's 1992 legal expenses related to the suit." Neither Time Warner nor Viacom has given details of financial settlement of \$2.4-billion suit (TVD Aug 24 p3). MTV Networks operating profit jumped 38% to \$63 million and Showtime Networks 3% to \$8 million. Cable system operating profit rose 16% to \$29 million and broadcast 6% to \$8 million.

Black Entertainment TV (BET) wrote off \$700,000 in "unauthorized payment" by unnamed former employee "for goods and services that were not received," it said. BET recently replaced chief financial officer and comptroller after internal investigation. Despite write-off, parent BET Holdings had \$11.7-million net profit for fiscal year ended July 31, up from \$9.3 million year ago. Total revenue increased 21% to \$61.7 million, including 31% gain in subscriber revenue and 14% in advertising.

Tribune Bcstg. operating profit climbed 9% to \$34.8 million. It said each TV station had higher revenue, although profits were down in entertainment and radio divisions. TV revenue was up 14%, in part because of recently acquired WPHL-TV Philadelphia. Parent company's profit fell 2% to \$29.7 million... **McGraw-Hill** broadcast operating profit jumped 27.9% to \$5.1 million. Company said increased political advertising helped boost broadcast revenue 8.6% to \$23.7 million... **E.W. Scripps** broadcast operating profit nearly doubled to \$15.1 million, as broadcast revenue grew

13% to \$67.1 million. Cable operating profit was up 32% to \$11.5 million and revenue 10.8% to \$61.8 million. Despite that, Scripps' overall net profit dropped to \$7.8 million from \$14.9 million... **Multimedia** net profit climbed to \$15.1 million from \$10.4 million. Broadcast revenue was up 12.7% to \$40.8 million, cable revenue 12.9% to \$38.5 million.

Gaylord Entertainment profit more than doubled to \$11.5 million, mainly because broadcast operating profit jumped to \$2.7 million from \$355,000. Cable network operating profit grew 8.7% to \$11.3 million, and cable operating loss was \$6.3 million, improvement on \$6.9 million loss year ago... **A.H. Belo** broadcast revenue climbed 16.3% to \$48.9 million and operating profit to \$12.5 million from \$7.3 million, even though company said political ads weren't significant factor. Belo's overall net profit rose \$7.1 million from \$1.9 million... **Washington Post** broadcast revenue dropped 2%, mainly because of impact of Hurricane Andrew on WPLG Miami and lower sports revenue at WDIV Detroit. Cable revenue grew 10%. Parent company profit was up to \$27.5-million profit from \$25.2 million... **Clear Channel Communications** broadcast revenue soared 44% to \$24.5 million, reflecting improvements at existing stations and addition of new stations. Net profit more than tripled to \$679,601... **Outlet Communications** broadcast revenue grew 26.5% to \$11.5 million; net profit was \$671,000, vs. \$2.1 million loss year ago.

General Instrument had \$2.3-million net profit in reversal from \$11.8-million loss year ago. Revenue was up 20% to \$284.3 million and operating profit doubled to \$32.6 million. Company said cable and satellite sales were strong... **Jones Spacelink** had \$2.7-million net loss in quarter ended Aug. 31, vs. \$12.1-million loss year ago. Revenue grew 11% to \$35.2 million. Jones said it has more than \$90 million left over from July debt sale and indicated it would use money for cable system acquisitions... **Knight-Ridder** cable operations had "fine quarter" in period ended Sept. 27, but gave no other details on cable. It had \$31.4-million net profit, up from \$28.3 million... **Arbitron** parent Ceridian Corp. posted \$9.3-million profit, up from \$8.5 million.

Three Infinity Bcstg. FM stations were fined \$2,000 each for what FCC ruled were indecent broadcasts on Howard Stern Show but "that is just the tip of the iceberg," agency official said. Following several complaints, Commission is known to be preparing indecency case because of Stern broadcasts on KLSX(FM) L.A. that's likely to result in largest fine ever against broadcast licensee, several FCC sources told us. Major complaint was filed by former L.A. resident Al Wescott, who included 47 pages of Stern program transcripts. Fines for WXRK N.Y., WYSP Philadelphia and WJFK Manassas, Va. (Washington, D.C., market) were based on Stern's 1988 "Christmas Party" broadcast. Infinity official said fines would be appealed. In related development, anti-indecency crusaders Sen. Helms (R-N.C.) and Donald Wildman are opposing Infinity's purchase of 3 Cook Inlet stations, contending it would lead to more stations' airing Stern's program. (He's carried in 10 markets.)

Annual banquet of Best. Pioneers' Washington chapter will be held Dec. 4 at Kenwood Country Club, Bethesda, Md. To be honored are Jane Cohen, Allbritton Communications programming exec.; TV commentators Paul Duke and Peter Hackes; Ted Dorf, retired head of WWRC(AM) Washington; retired engineer Harold Kassens; Thomas Paro, retired pres. of MSTV; WINA(AM)-WQMQ(FM) Washington and WBOC-TV Salisbury, Md. Details: Wallace Johnson, 703-825-5660.

SPECTRUM FEES 'LIKELY': Spectrum auctions almost certainly will rise again in next Congress, NTIA Dir. Gregory Chapados said at Best./Cable Interface conference. He said staffs of Sens. Inouye (D-Hawaii) and Stevens (R-Alaska) already are circulating draft legislation for next session that would tie auctions to release of 200 MHz of govt. spectrum. Draft has specific exemption from fees for terrestrial broadcasting, Chapados said.

NCTA Pres. James Mooney said spectrum fees for broadcasters might be necessary to "level the playing field" between them and cable. Since cable has to pay franchise fees for right to use public rights of way, he said, it makes sense for broadcasters to pay for use of airwaves. Lack of fees has been justified by broadcasters' public interest obligations, Mooney said, but he compared those obligations with "Cheshire cat," saying obligation, like cat, "once upon a time was full-bodied and furry, [but] began gradually to disappear... until nothing was left but the grin."

NAB Pres. Edward Fritts said broadcasters "have seen no reluctance in enforcement" of public interest obligations by FCC -- Commission merely has changed way stations report. He said he "wouldn't be surprised" by wave of cable rate increases before regulation takes effect and will defend must-carry and retransmission consent strongly in courts. Fritts said retransmission consent could be mechanism that forces cable and broadcast to cooperate more in future on joint efforts on programming, sales, promotion. He criticized claims by some MSOs that they won't pay retransmission consent and said industry would be better off if it focused on "making the new market work instead of engaging in temperamental outbursts."

On other FCC issues: (1) Comr. Duggan said he's "underwhelmed" by arguments for letting lenders have security interest in broadcast licenses, but said he remains "open to miraculously persuasive arguments." (2) Duggan said he expects FCC action "quite soon" to enforce indecency regulations because "Congress... is speaking to us and we have no choice but to respond." However, he said, "we are not a group of zealots at the FCC." (3) Duggan said FCC probably will have to "set aside a great number of urgent tasks" to deal with Cable Act, but Barrett said he hopes Commission can operate efficiently enough so there won't be large delays. Duggan said it would be "unfortunate" if HDTV timetable were to slip because of cable, but said HDTV also could be delayed by arrival of new President.

Keynote speaker Viacom Pres. Frank Biondi attacked Cable Act and pushed for "full and thorough review of America's telecommunications policy." He said that while Viacom would be "net beneficiary" of cable bill, new law is basically "flawed... The clouds of uncertainty which have hung over the cable industry for the last 2 years have not been removed." Biondi predicted that many provisions of Cable Act won't be implemented, but 3 congressional staffers who worked on bill -- David Leach, senior Democratic staffer of House Commerce Committee; Antoinette Cook, Democratic counsel for Senate Communications Subcommittee; and Gina Keeney, minority counsel for Senate Commerce Committee -- disagreed. All 3 predicted that new legislation wouldn't play major role in next Congress, but Keeney said many telco issues are likely to be taken up, including telco-cable entry. Leach said some "fine tuning" of cable bill may be needed.

As for HDTV, Bell Communications Research (Bellcore) Exec. Vp Irwin Dorros said no new compression technologies are on horizon that would make digital HDTV outdated: "We are approaching stability... improvements will be incremental." Hubbard Bestg. Chmn. Stanley Hubbard said

75-85% of local broadcasters won't switch to HDTV because of cost, so only alternative is DBS, such as he's planning. NAB Exec. Vp John Abel said that if FCC allows broadcasters to use some of spectrum for new data services, it could provide financial incentive for them to launch HDTV. But Hubbard said that's "not enough carrot."

Political Branch of FCC Mass Media Bureau is averaging more than 200 calls daily on campaign issues, Senior Attorney Bobby Baker said. There's "full gamut" of issues with subjects "across-the-board," he told us, with reasonable access questions prominent. Few questions are being received now on lowest unit charge, dominant subject month ago, Baker said. When station airs fetus-abortion spot, "we can tell immediately where and when because our switchboard lights up" with protests from viewers. Calls are coming from mix of attorneys, stations, campaigns (particularly fringe candidates) and viewers, he said. NAB's 800 political number is averaging 30 calls daily, said retired Washington communications lawyer William Green, who mans NAB telephone noon-8 p.m. daily. Issue ads are principal subject, he said, with few calls about Presidential campaigns.

Antinuclear activist Rick Springer, who rushed stage at NAB convention last spring as President Reagan was speaking, has pleaded guilty in U.S. Dist. Court, Las Vegas, to interfering with Secret Service. Springer smashed 30-lb. crystal eagle that had just been presented to Reagan as recipient of NAB Distinguished Service Award (TVD April 20 p1). Reagan was showered with pieces of glass but wasn't injured and continued speech after Springer had been hustled off stage by Secret Service. He told U.S. Dist. Judge Philip Pro that he smashed eagle because "it is a symbol of freedom and indigenous people. I felt it was a misuse of the symbol." Springer, who faces year in prison and \$1,000 fine, said his action "was a spur-of-the-moment thing."

Affiliates of TBS, HBO and others may insist Hughes build replacement from scratch for Galaxy 1R satellite. Galaxy 1R (HS 376) was destroyed Aug. 22 when General Dynamics Atlas 1 rocket failed after liftoff when Centaur engine didn't ignite. Given successful launches of Galaxy 4 and 7 for CBS-TV in Oct. and Dec. this year, Hughes could launch already built ground spare (Galaxy 8) to replace Galaxy 1-R, saving cost of producing another. Galaxy 1R was scheduled to replace cable-dedicated Galaxy 1 in early 1994. Hughes plans to move its in-orbit spare C-band bird to 133° W to succeed Galaxy 1 at end of its life and will launch replacement bird within 3 years.

Three new TV stations have gone on air, raising operating U.S. total to 1,502, of which 1,134 are commercial, 368 noncommercial. New stations: (1) WGKV (Ch. 45) Vanderbilt, Mich., satellite of Fox-affiliate WGKI Cadillac. Gary Knapp is WGKV gen. mgr., Glen Walker chief engineer, Joyce Bassette program dir. (2) Independent KSDI (Ch. 43) Clovis, Cal., owned by San Joaquin TV Improvement Corp. Arnold Applebaum (69% owner) is gen. mgr., David Cordoza program dir., George Cooper sales mgr., Steve Lebel chief engineer. (3) Independent WPGD (Ch. 50) Hendersonville, Tenn., owned by Sonlight Bestg. Systems; Tom Park is gen. mgr.

Spot cable advertising climbed 25% in 3rd quarter to \$24.8 million, according to analysis by ad broker Cable Networks Inc. Firm is predicting even faster growth in 4th quarter, up 73% to \$45.8 million because of gains in political and auto ads.

TELCO PLANS VIDEO-ON-DEMAND: Bell Atlantic (BA) asked FCC for permission to conduct video-on-demand trial of up to 2 years for Asymmetric Digital Subscriber Line (ADSL) technology that transmits video images over existing copper wire. Chesapeake & Potomac Telephone of Va. plans to deliver compressed video to 400 participants, employees of phone company, in what it said is test of "new technology for use in providing video dial tone service." Test could start next summer, company said.

N.Y. Telephone recently announced its video dial tone test with Liberty Cable in Manhattan. Bell Atlantic trial would be different because it would use copper-based technology, rather than microwave technology as in N.Y. BA told Commission that ADSL "is an interim technology, and is more limited in its capabilities than a broadband fiber distribution system." ADSL can transmit only prerecorded materials, not live broadcasts. BA spokesman Larry Plumb also acknowledged that ADSL doesn't have interactive capabilities of fiber, but he said it was useful because it gives customers "what they want when they want it in terms of video delivery. It also gives the ability to pause and restart the video." Technology can be "somewhat interactive," capability that could develop shopping services, Plumb said. Besides delivery of video, technology has 16 kbps signaling channel that can be used for interactive applications, BA said.

Plumb called test "significant announcement" because of debate over delivery technologies -- fiber, coaxial or copper: "The real question is who can deliver what customers want. It's a marketing issue. With the switching technology and video server, ADSL gives one channel, thousands of choices." Test will include VDT platform that includes video transmission and gateway to allow participants to select programming. Programming will come from multiple, unaffiliated sources, BA said, with programmers "solely responsible for the selection and control of video programming provided to the trial participants." Neither programmers nor participants will be charged for taking part in experiment, company told FCC.

Trial will use digitized video that will be compressed and stored in video storage server, then selected by test participants. Besides network technology, various types of equipment at customer premises will be tested, including ADSL terminating equipment, inside wiring, converter box. Test will cost about \$5 million, including \$2.9 million for DS-1 channels, about \$1.2 million for ADSL gear in central office, plus \$196,775 for installation; \$300,000 for digital cross-connect switch and \$50,000 for installation; switch control unit and audio response unit, \$450,233 plus \$67,535 installation.

Meetings: D.C.-Baltimore chapter of CTAM will sponsor panel on customer reactions, 10 a.m. Oct. 28, Greenbelt (Md.) Marriott, Greenbelt -- 703-358-2760... Rocky Mountain chapter of Women in Cable will sponsor panel on 1992 Cable Act, 5:30 Oct. 29, Hilton Southeast Hotel, Denver. Panelists are Jones Pres. Gregory Liptak and TCI Senior Vp Robert Thomson -- 303-541-1175... New business opportunities in personal communications networks, wireless cable and other radio-based technologies is topic of conference sponsored by NTIA, FCC and N.Y.U. Law School Nov. 20 at school -- 212-431-2160... CTAM will sponsor pay-per-view conference Nov. 30-Dec. 1, Hyatt Regency Alicante, Anaheim, just before Western Cable Show -- 703-549-4200... N. Central Cable TV Assn. annual convention is March 15-17, Hyatt Hotel, Minneapolis -- 612-641-0268.

MULTIMEDIA HITS EDITORIAL RULE: Multimedia believes FCC political editorializing rule is unconstitutional and will decide after Commission rules on complaint whether to test it in court, Pres. Donald Sbarra said. He also said possibility of govt. retaliation against newly regulated cable systems will "chill" future editorializing against incumbents.

Sbarra said MSO offered Rep. Glickman (D-Kan.), member of House Judiciary Committee, up to 80 reply opportunities per day to Multimedia cable system's 100 daily editorials against candidate (TVD Oct 19 p7). FCC will try to rule on Glickman complaint against Multimedia cable before election, said Milton Gross, chief of Political Programming Branch. Officials there said complaint is only one of its type that they have received.

Editorializing rule is based on fairness doctrine, which already has been scrubbed by FCC as unconstitutional restriction on free speech, Multimedia claimed in FCC filing. U.S. Appeals Court, D.C., upheld FCC decision. Even if doctrine were reinstated, MSO said it's based on broadcasters' use of scarce spectrum, so it wouldn't apply to cable.

As for Glickman complaint, Sbarra said that even though it didn't have to provide reply time, Multimedia made "good-faith effort" to allow him to answer. He said company was negotiating with Glickman when lawmaker broke off talks, called news conference and filed complaint.

Likelihood that Glickman will try to retaliate against Multimedia will frighten other cable systems that might consider airing editorials, Sbarra predicted: "We are a regulated industry and having the courage to speak out is risky." But he said cable editorials are comparable to those in newspapers and on broadcast channels. He said cable system, for example, needs to carry editorial 100 times per day to reach same cumulative audience that broadcaster can reach in single airing on high-rated news show.

Washington sources say that Republicans' No. 1 Senate target is Commerce Committee Chmn. Hollings (D-S.C.), who is in rough campaign with GOP nominee Thomas Hartnett (former member of Congress) -- whom Hollings has called "a draft dodger" for enlisting in Air Force Reserve in Vietnam War. Hartnett, in turn, has called Hollings "shameless." They have had several debates, and Hollings' lead in polls is shrinking, with recent GOP poll calling race "dead heat." Hartnett's campaign, which sources said is centered entirely in Washington, has focused on claim that Hollings is "an arrogant politician who has served in Washington too long." Senator has accused Hartnett of appealing to "racism" and having conflict of interest. Hollings, seeking his 6th term in Senate, won with 63% of vote in 1986.

Request of Cal. Gov. Pete Wilson (R) and coalition of TV programmers to intervene in joint network-Justice Dept. request to delete finsyn restrictions from consent decrees under which networks operate (TVD Sept 7 p4) has been denied by U.S. Dist. Court Judge Robert Kelleher in L.A. Judge also told parties he didn't need any further briefing on Justice filing, didn't indicate when he would rule.

Cable household penetration reached 62.9% in July from 60.6% year earlier, Arbitron said. It said that means that 57.7 million households are wired for cable, up 2.5% in year. Penetration was 62.4% in May, Arbitron said. VCR ownership reached 80.2% of households (73.6 million) from 78.2% (72.6 million) year ago.

Police seized more than 70,000 illegal cable descramblers Oct. 19 in L.A. and Las Vegas raids. Identities of firms and individuals won't be disclosed until charges are filed, NCTA said. Raids also were said to net extensive customer lists and business records of equipment sources. Descramblers were valued at \$7 million, and NCTA said each unit represents average lifetime revenue loss of \$3,200 to cable operators. NCTA said firm "advertised openly." Raids followed seizure of 10,000 descrambler units in L.A. in June, Continental Cablevision said. Felony charges were brought against 6 individuals involved in June raids. Continental estimated that more than \$100 million of cable service is stolen each year in L.A. alone.

National "Turn Off TV Day" has been scheduled for Nov. 13 to protest what Morality in Media considers offensive programming. Effort is headed by Vicki Riley, who organized similar boycott 2 years ago in Del. for Concerned Viewers for Quality TV. Said Riley: "The reason for the Turn Off TV Day is to appeal to the networks [and] prove to them that there are people who are concerned with decency standards." She asked that viewers who participate in boycott write letters of protest to Morality in Media to be sent to 4 networks. Network TV Assn. Pres. Peter Chrisanthopoulos said last such boycott was ineffective, predicted "there will be no effect" on TV ratings in Nov.

Public TV is "very carefully" considering intervening in cable industry challenges to new cable reregulation law to defend noncommercial must-carry provisions. APTS board expects to meet soon on issue, and has talked with CPB and PBS on their possible participation. Turner Bctg. and Daniels have filed separate challenges to law in U.S. Dist. Court, D.C., and others are expected.

Technical Notes: Compression Labs said it sold SpectrumSaver compressed digital video equipment valued at \$2.7 million to Westcott Communications... At cable TV convention in Buenos Aires last week, **Scientific-Atlanta** introduced line of set-top converters aimed at non-U.S. market. New Model 8598 is derivative of 8590, adapted for PAL-N standard. Company also said it received \$8-million order for cable equipment for use in Czech and Slovak republics... **C-Cor** won contract to provide fiber electronics for Jones Intercable modernization of 36,000-subscriber system in Lancaster, N.Y.

General Instrument (GI) said it has "virtually" completed Consumer Upgrade Program replacing VideoCipher II (VC II) descramblers with VideoCipher RS (VCRS) in bid to combat piracy. Owners of untampered VC II units can obtain free VCRS descramblers, which use TvPass Cards that can be replaced in future if security is compromised. Programmers soon will stop using VC II consumer authorization signals, and only VCRS and its predecessor, VC II Plus, will be able to descramble signals. Showtime announced it will shut off data stream for Showtime and Movie Channel Oct. 27.

Bankruptcy Judge Burton Lifland, N.Y., approved Orion Pictures plan for reorganization and company said it hopes to complete implementation by end of Oct. Orion filed in Dec. under Chapter 11, citing more than \$700 million in debts. Several potential buyers appeared, but no proposal was accepted. Reorganization leaves Orion under control of principal stockholder John Kluge, chmn. of Metromedia, who also becomes Orion chmn. Metromedia share of Orion will drop to 50.1% from 68%, while Orion bondholders will get 49%, with rest going to former Orion stockholders.

WPI and FCBA Joint Effort

DAY-LONG CONFERENCE SET: COPING WITH THE CABLE ACT

Warren Publishing Inc. (WPI) and the Federal Communications Bar Assn. (FCBA) will cosponsor the first daylong seminar to examine the implementation of the Cable Television Consumer Protection Act of 1992. To be held Dec. 14, at Washington's Capital Hilton Hotel, ***Coping with the Cable Act: The Future Is Now***, will take a detailed and practical look at the implications of a new law that many believe will transform the U.S. video entertainment industry.

Virtually every TV station, cable system, program producer and cable consumer will be affected directly -- and very soon. Consequently, those who should attend include communications attorneys, cable and broadcasting executives and programmers, state and local regulators, equipment manufacturers and distributors and trade association officials and their staffs.

Featured speakers and moderators will include the most prominent and best informed figures in the cable community, including chief legislators, regulators, practitioners and trade journalists.

Topics to be covered include: Local and federal rate regulation, must-carry, retransmission consent, local franchising, renewal standards, ownership limitations, program access, system sales, customer service, technical standards, EEO, theft of service, indecent programs, sports migration and -- most significantly -- Commission's plans and procedures for the nearly two dozen rulemakings mandated by the new Act.

The format will emphasize insight, analysis and projection, rather than posturing or conflict. Registration fees are \$450 for general attendees, \$350 for FCBA members and subscribers to *Television Digest*, *Satellite Week* or *Communications Daily*, \$250 for full-time academics, government employes and students. There will be an additional discount of \$55 for those registered before Dec. 1.

To reserve your seat, contact WPI's Betty Alvine at 202-872-9200.

Program Notes: Sci-Fi Channel agreed to pay 0.3% of its gross revenue to BMI for music licensing agreement through June 30... Learning Channel will launch regularly scheduled curriculum-based programming designed for elementary school teachers Jan. 5. Commercial-free programming will be transmitted Tues. 4-5 a.m. for taping by teachers... Cable Video Store and TVN Entertainment jointly will launch 10-channel pay-per-view service for cable... TV Answer signed deal to provide ordering services for Domino's Pizza... Number of buys of Playboy's pay-per-view programming increased 72.7% in last year, company said in annual report. Programming was available to 7.3 million homes in year ended June 30 (+51%), and number of buys increased to 3.1 million. At same time, monthly subscribers dropped 11.4% to 281,000... Prime Ticket Network will expand weekend programming to 24 hours beginning Oct. 31.

WFUV(FM) N.Y. licensee Fordham U. asked Sen. D'Amato (R-N.Y.) to intervene to get NTIA to clarify whether its Public Telecommunications Facilities Program (PTFP) can deny grants on basis of public station's sectarian or religious programming. PTFP, in annual grants awards early last month, declined to provide \$296,000 for equipment sought by station, but spokesman attributed that to outlet's lack of FCC construction permit (CP) for new 550-ft. tower it wants to build with money. CP was granted Sept. 30. Spokesman acknowledged PTFP was grappling with section of its rules that prohibits support for activities whose "essential thrust" is sectarian. In claim rejected by PTFP spokesman, Fordham said in letter to D'Amato that station had been "singled out" by Program since it, but not other public stations, had been asked "directly whether it broadcasts any religious programming" (emphasis in original).

Rumors of possible sale of NBC by GE are rampant again, with ex-Fox chmn. Barry Diller and Paramount Communications among possible suitors. Diller, who had lunch recently with NBC Pres. Robert Wright, would say only that he hasn't made proposal for network. Under one reported scenario, he would acquire 20% stake in network, with rest spun off to GE shareholders. Paramount reportedly has held discussions with GE recently but, according to published account, those talks haven't progressed. Speculation has GE seeking about \$4 billion for NBC, which it acquired when it bought RCA for \$6.4 billion in 1986.

President Bush will veto tax bill that includes opportunity for communications companies to write off tangible assets over 16-year period (TVD Sept 28 p6), spokesman Marlin Fitzwater said. Congress passed bill, but hasn't formally sent it to President for signature or veto. Fitzwater told reporters "he'll veto it," AP reported. Democrats reportedly are delaying sending bill to President until after election on ground that he's more likely to sign it then. Write-off provision would allow communications companies to depreciate intangible assets more quickly, giving more immediate tax benefit.

Three Denver TV stations -- KUSA-TV, KCNC-TV and KWGN-TV -- rejected commercials for group opposing gay rights amendment to state constitution on ground that they show explicit footage of actual and simulated sex acts. In Little Rock case (now on appeal), FCC ruled that stations don't have to accept commercials on ballot issues.

The Learning Channel (TLC) is adding 1.8 million subscribers with rollout on Rogers Cablesystems, TLC Vp William Goodwyn said. Canadian MSO made channel available to 850,000 subscribers Oct. 1, will add more than 970,000 in southern Ont. Dec. 1.

PBS will offer up to 5 Ku-band transponders beyond 5 it already has contracted to purchase on AT&T's Telstar 401 bird, scheduled for launch next year. Under pact, PBS will take lead in seeking to sign up nonprofits for Telstar, while AT&T will take lead on for-profits. PBS announced first partner on bird -- public TV (PTV) joint distance learning venture Satellite Educational Resources Consortium, which will use 4 channels, up from current 2. PBS Senior Vp Howard Miller said it's having "number of discussions" with other entities, which he said primarily aren't involved in PTV, and he expects additional announcements within month. Meanwhile, PBS is expected to announce soon what video compression technology it intends to purchase.

Hughes has signed Sony to design and install DBS plant for its DirecTV network in deal worth \$50 million. Set for launch in early 1994, DirecTV plans to offer pay-per-view movies, live events and entertainment programming throughout U.S. Sony will equip and intergrate Hughes' Castle Rock, Colo., broadcast facility, which is expected to house more than 400 racks of broadcast, production, playback and recording equipment, 5 digital video switchers for digital routing and customized software that can control up to 300 channels of programming.

National Hispanic Media Coalition asked U.S. Appeals Court, D.C., to reverse FCC approval of \$400-million sale of Hallmark's Univision TV stations to Perenchio TV Inc. (TVD Oct 5 p9). Coalition said FCC order: (1) Fails to articulate "adequate findings" on key arguments before agency. (2) "Capriciously and unlawfully is contrary to longstanding FCC policies intended to promote a diversity of program sources for American TV viewers." (3) "Ignores the serious reduction" in diversity of Spanish-language TV programming that will result.

FCC has fined WERC(AM) Birmingham, Ala., \$14,000 for not providing equal access to 2 candidates for state legislature in 1990 election. Commission said that candidate Tony Petolos was given "5 minutes or longer" to address several issues, including claim that his opponent Jack Pratt had made illegal campaign mailings. When Pratt called station to rebut Petolos's claim, he was given less than 5 min., was asked "accusatory questions" and faced repeated interruptions, FCC said.

Committee of Memphis City Council recommended delaying action on renewing franchise of Time Warner cable system there until system renegotiates pole attachment fees with Memphis Light, Gas & Water. Delay was requested by utility, which said current fee is only about 55% of amount paid by other pole users. Fee schedule, which was negotiated in 1982, would be renewed automatically upon franchise renewal. System, which has 150,000 subscribers, said it paid more than \$340,000 in pole fees in 1991.

Formerly independent TV station in St. Petersburg, Russia, was placed under direct govt. control by decree of Pres. Boris Yeltsin. AP speculated move was made because of station's free-market-oriented policies. Station now is called "Rossiya" (Russia) and Viktor Yugin was replaced as head by TV journalist Bella Kurkova. Yugin said he believed firing was caused by series of political debates featuring opposition leaders.

First Learningsmith store beyond Boston area is to open at Tysons Corner Mall, McLean, Va., next month under licensing arrangement with WETA-TV-FM Washington. Learningsmith Pres. Marshall Smith predicted that stores would be opened in 4 other large cities in next few months through agreements with other public TV (PTV) stations.

Personals

Jack Sander, pres.-gen. mgr., WAGA-TV Atlanta, elected Tvb chmn., succeeding **Edward Reilly**, McGraw-Hill Bestg., effective in Jan... **Dennis Gillespie**, pres.-domestic sales and worldwide mktg., Viacom Enterprises, named consultant to Viacom International as result of restructuring.

Charles Bush advanced to pres., Nostalgia Network... **Melvin Berning** promoted to vp-news sales, NBC... **Tom Hayden** advanced to vp-financial services, Showtime Networks... Additions at Keystone Communications: **Harley Shuler**, ex-GTE Spacenet, as vp-gen. mgr.-eastern region; **Charles Fedorko**, ex-Hughes Communications, as vp-gen. mgr.-western region... **Michael McBride** promoted to dir.-business development, Harris RF Communications... Newly confirmed to 3-year terms as NPR lay board members: **Joseph Dembo**, Fordham U. prof.-media studies and former vp, CBS News; **Dolores Wharton**, pres., Fund for Corporate Initiatives... Talk show host **Phil Donahue** speaks at Nov. 19 IRTS lunch in N.Y.C., Waldorf-Astoria, noon.

David Friend, ex-WABC-TV N.Y., appointed news dir., WLS-TV Chicago... **Michael Moran** promoted to station mgr., WGGB-TV Springfield, Mass... **Bryan April**, ex-KHTV Houston, appointed national sales mgr., KABB San Antonio... **Leslie Lyndon** advanced to promotion mgr., WBBM-TV Chicago... Changes at KRMA-TV Denver: **Linda Rea**, ex-dir.-TV bestg., S.D. Public Bestg., returns as dir.-production and special projects; **Sherri Grimsley**, ex-Bank Western, named corporate and foundation development mgr... **Donald North**, ex-WLWT Cincinnati, appointed news dir., KCTV Kansas City... **John Kucasaj**, ex-WGN-TV Chicago, joins KGSW-TV Albuquerque as research dir... **Carol Wolter**, ex-WKBW-TV Buffalo, appointed mgr.-sales promotion and special events, WIVB-TV Buffalo... **Helen Faust** promoted to vp-operations and sales development, Buena Vista TV.

Dennis Miller, exec. vp, TNT network, adds duties of pres., Turner Pictures Worldwide, succeeding **Jack Petrik**, retired... **Mary Anne Harrison** promoted to senior vp-assoc. gen. counsel, Fox Inc., and remains senior vp, 20th Century Fox Film... **Henri-Dominique Petit**, named gen. mgr., Kodak Motion Picture & TV Imaging unit, effective Dec. 1, succeeding **Joerg Agin**, retiring... **Diane Maguire** promoted to vp-human resources, Comcast Cable.

John Wynne, pres.-Landmark Communications, also named CEO... **Thomas Fortuin** advanced to senior vp-deputy gen. counsel, Paramount Pictures... **Joanna Spak** promoted to vp-finance, Network TV, Walt Disney Studios... **Bonnie Blecha**, ex-Hoine Box Office, appointed vp-multimedia, Time Warner Cable Ventures... **Judi Allen**, ex-USA Network, named vp-mktg. and public affairs, Century Communications Cable Div.; **Stuart Lipson** promoted to vp-programming and ad sales.

FCC Calendar -- Oct. 26: **Cheryl Tritt**, chief, Common Carrier Bureau, participates on panel at State Corp. Commission/Va. Telephone Assn. Telecommunications Summit, Tides Inn, Irvington, Va., 3 p.m. Oct. 27: Chmn. **Sikes** speaks at Freedom Forum lunch, Columbia U. Faculty House, N.Y., 12:45 p.m. Oct. 29: Comr. **Barrett** is keynote speaker at Bear Stearns Media & Communications Conference, Loews Coronado Bay Resort, San Diego, noon. **Ralph Haller**, chief, Private Radio Bureau, addresses Assn. of American Railroads Technical Conference of Communication & Signal Div. **Thomas Stanley**, chief

TELEVISION DIGEST

With Consumer Electronics

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engineer, addresses IEEE on "WARC '92: Impact on Microwave and Millimeter Wave Developments," Sheraton Denver Tech., 11:15 a.m.

CPB is doubling to \$100,000 annual grant it provides each of 4 public TV regional organizations in move that new Pres. Richard Carlson said "will help stations combat some of the worst aspects of the steep and worrisome decline in institutional and state funding they have experienced nationwide." Action aids Central Educational Network, Eastern Educational TV Network, Pacific Mountain Network, Southern Educational Communications Assn. (SECA).

Spanish-language radio news network will be created by joint venture of CNN and Caballero Spanish Media Inc., companies said. Network, called CNNRadio Noticias, is to be launched in March. At start, network will provide hourly newscasts in Spanish.

Advanced TV Test Center completed testing of last proposed HDTV system, Dir. Peter Fannon said. Testing of system proposed by partnership of MIT and General Instrument was finished Oct. 19, 4 days ahead of latest schedule, he said.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	OCT. 3-9	1991 WEEK	% CHANGE	SEPT. 26- OCT. 2	40 WEEKS 1992	40 WEEKS 1991	% CHANGE
TOTAL COLOR.....	428,558	381,690	+12.3	646,907	15,825,775	14,560,912	+ 8.7
DIRECT-VIEW...	422,153*	371,994	+13.5	631,791	15,553,518	14,303,134	+ 8.7
TV ONLY.....	411,994	360,105	+14.4	589,609	14,932,003	13,823,085	+ 8.0
TV/VCR COMBO.	10,159	11,889*	-14.6	42,182*	621,515*	480,049	+29.5
PROJECTION.....	6,405	9,696*	-33.9	15,116	272,257*	257,778	+ 5.6
VCR DECKS.....	185,882	205,038	- 9.3	388,876	8,534,682*	7,378,475	+15.7
CAMCORDERS.....	44,352*	30,697	+44.5	95,390	1,962,336	2,024,419*	- 3.1
LASERDISC PLYRS#	2,234	2,210	+ 1.1	6,669	150,627	129,473	+16.3

Direct-view TV 5-week average: 1992--548,323**; 1991--452,961 (up 21.1%).

VCR deck 5-week average: 1992--272,565; 1991--260,978 (up 4.4%).

Camcorder 5-week average: 1992--62,435; 1991--59,745 (up 4.5%).

* Record for period. ** All-time record. # Includes combi players, excludes karaoke types.

GLITCH 'FIXED,' DCC TAPES ON SALE NOV. 3: While Philips says it's mystified as to cause of problem that required recall of music cassettes, PolyGram announced newly recorded DCC titles will reach 300 storefronts nationwide Nov. 3. Launch at first will target "retail music locations in markets where DCC hardware will first be available, with full distribution to music retailers in time for the Christmas selling season."

"It is full systems go for the launch of DCC," PolyGram Group Distribution (PGD) Pres. Jim Caparro said. Software launch will be coordinated with Philips national ad campaign for DCC to break Nov. 6 listing "participating launch locations." PGD Senior Vp David Blaine said no references to actual releases were included in statement because title availability "remains a moving target right now." Company in late summer identified 89 titles as first available recorded cassettes.

While plan is subject to change, Blaine cautioned, he said PGD's first software allocations Nov. 3 would consist of 26-30 titles, with similar quantities to be added on successive Mondays until company's repertoire reaches 160. Blaine furnished Warren Publishing's Audio Week with list of 25 albums, about equally divided between pop and classics, with quantities of 420 for some titles, 840 for others in first 300 stores, totaling 10,500 individual cassettes.

Meanwhile, Philips executives were quoted in Oct. 19 Audio Week as saying they still were puzzled why first recorded DCC cassettes developed problem, although it apparently was curable using simple modification inside cassette shell. They disclosed for first time that tests in Aug., month before scheduled Japan launch, revealed baffling technical problem of head clogging due to microscopic residues affecting 10% of 200,000 cassettes duplicated at PolyGram factory in Netherlands and JVC plant in Mito, Japan. Defective tapes suffered unpredictable dropouts when subjected to hot and humid conditions. Philips confirmed that problem was discovered first by JVC, which relayed concerns to Matsushita.

While cause of problem remains mystery, Philips said it was cured by making simple change in pad springs within cassette. Company said it quietly signed pact 3 weeks ago with PolyGram, Matsushita and JVC under which all parties agreed to use same cure. Philips said that rather than waste precious time searching for cause, it took more pragmatic step of producing completely new batch of cassettes to sell in Nov. All of recalled stock is in warehouse and will be analyzed when hectic launch pressures subside. Philips admitted that because halves of DCC cassette shell are welded ultrasonically, there's no chance of modifying existing cassettes.

CONGRESS MANDATES SINGLE AM STEREO SYSTEM: More than decade after FCC chose to let marketplace decide which AM stereo system would succeed (TVD March 8/82 p10), Congress has ordered it to pick single system. Little-noticed provision in Commerce Dept. authorization bill (HR-6180), awaiting President Bush's signature at our deadline, requires FCC to initiate rulemaking within 60 days to set single transmission standard for AM stereo and adopt standard within year.

In another move affecting radio, EIA-NAB National Radio Systems Committee (NRSC) announced that members, in preliminary vote, gave "overwhelming" thumbs-up to proposed voluntary U.S. standard on Radio Best. Data Service (RBDS). NRSC vote set stage for expected U.S. introduction of first RBDS radios next year, EIA and NAB announced (TVD Oct 19 p4). RBDS system would permit AM and FM stations to transmit data (including program identification, etc.) in addition to audio, and could lead to various readout systems on home and car radios. Final ballot on standard is expected shortly, with draft possibly undergoing minor editorial revisions suggested in comments filed in first phase of voting Sept. 30. EIA Consumer Electronics Group Vp Gary Shapiro said expected completion of standard in Jan. will usher in "a new era in data transmission, as radio manufacturers and broadcasters prepare to integrate RBDS signals into their product."

AM stereo provision originally was included in bill (S-1101) sponsored by Sen. Pressler (R-S.D.) and cleared by Senate earlier in year. EIA's Shapiro said Assn. was pleased by passage because bill mandates no receiver requirements. In March 2 letter to Pressler, Shapiro argued that uncertainty over technology caused by FCC's failure to select single AM stereo broadcast standard had dampened investment in medium, producing "circle of doubt."

After selecting single AM stereo system in 1980, FCC reversed itself, restudied situation and approved all 5 proposed systems in 1982, choosing to let "marketplace" pick winner. Marketplace did narrow contest down to 2 systems, those of Motorola and Kahn-Hazeltine. But even that didn't overcome industry uncertainty and resulted in mutual recriminations and litigation.

At time of FCC's indecisive action in 1982, we ran story under headline, "FCC Leaves AM Stereo Choice to Japanese." Japan last year chose Motorola's C-QUAM system. As of Oct. 1, 7 months after start of transmissions, 12 AM stereo stations were operating there. Aiwa (Japan), which has been most aggressive marketer of AM stereo receivers, said it expects 10% increase in sales of home radios to 3.4 million, 20% of which will be equipped with AM stereo tuners. Aiwa spokesman told us company sold 150,000 pocket radios with AM stereo between March and Sept., and said pocket radio is best-selling type of AM stereo receiver. Spokesman differentiated potential success of AM stereo in Japan and U.S., saying American consumers were much more attuned to FM listening than are Japanese counterparts.

COLOR TV IMPORTS SOARED, VCR GROWTH SLOWED IN AUG.: Continued move of TV manufacturers toward lower cost labor markets continues to be reflected in import figures from Commerce Dept. Color TV imports zoomed up 36.7% in Aug., raising increase for first 8 months of 1992 to 25.2%. Mexico continued as dominant supplier, accounting for 49.2% of all color sets imported in Aug., and 53.5% so far this year. Thailand was 2nd largest supplier in Aug. (12.3% of total) and showed largest percentage increase of any country (124%), primarily on basis of rapid increase in 13" sets. Malaysia and China were in virtual dead heat for 3rd spot at about 9.4% of sets imported in Aug.

Increases in VCR imports have been outpacing growth in sales to dealers, which have been running at record rate so far in 1992 (see State of the Industry). Import growth in Aug. moderated somewhat, up mere 9.6%, bringing increase for first 8 months down to 32.5%. Japan continued to recede as source country for U.S. imports, with major increases continuing to come from Southeast Asia. Japan accounted for only 33.7% of Aug. VCRs (470,100), still largest of any country, but down considerably from historical levels. Matsushita Kotobuki factory in Indonesia continued to churn out VCRs, shipping 93,000 here in Aug. (about same as in July). Korea continued solidly as 2nd largest supplier.

Faced with widely reported sales slowdown, overall dropoff in camcorder imports continued in Aug., although 8mm models actually were 9.7% ahead of last year's month, though for year to date they were off 23.6%. "Other" formats were down whopping 33.5% in Aug. It's possible that manufacturers have gone somewhat overboard in their efforts to clamp down on possible oversupply in waning full-size VHS market, where inventories have dwindled to mere 3 week's supply (see story elsewhere in this issue).

CD player imports crested million-unit mark for 2nd straight month; 31.4% Aug. increase actually was more than 5 percentage points lower than increase for first 8 months. About 75% of all CD players continue to come from Japan.

Here's summary of imports for Aug. and first 8 months of 1992, based on Commerce Dept. data:

Product	Aug. '92	Aug. '91	% Chg.	8 Mo. '92	8 Mo. '91	% Chg.
Color TV.....	1,173,600	858,600	+36.7	7,031,600	5,617,500	+25.2
Monochrome TV....	145,500	138,500	+ 5.1	1,174,100	1,263,200	-7.0
Flat-screen TV...	37,200	20,400	+85.1	189,400	135,900	+39.4
VCR Decks.....	1,393,700	1,271,300	+ 9.6	9,244,400	6,977,300	+32.5
Camcorders.....	287,600	351,500	-18.2	1,703,500	2,301,900	-26.0
8mm.....	136,600	124,500	+ 9.7	722,400	945,600	-23.6
Other.....	151,000	227,000	-33.5	981,000	1,356,300	-27.7
Videocass. players	35,000	67,500	-48.2	358,400	442,400	-19.0
CD players.....	1,023,300	778,800	+31.4	5,859,300	4,282,800	+36.8

INNOVATION IS KEY TO SURVIVAL--SHARP: Continuing flow of innovative products, greater diversification and increasing production in U.S. and other countries where products are sold. That's formula for success -- indeed, survival -- of consumer electronics (CE) companies as offered by Sharp. Osaka-based Sharp, once known in U.S. for promotional and price-oriented CE line, has completely rebuilt itself, and its image, in little over 6 years.

Sharp made deliberate decision to diversify in 1985, Pres. Haruo Tsuji told visiting American consumer electronics journalists at Osaka hq. "We needed an additional core business," he said, and decided to devote major resources to liquid crystal displays (LCDs), first used in calculator displays, product pioneered by Sharp. That decision is beginning to pay off, with stream of large-screen color LCDs up to 17" from new plant (see separate report, this issue).

Not only does Sharp now claim leadership in LCD field, but its role has produced stream of new end products utilizing color LCDs -- including projection systems, new high-brightness handheld 4" TV, unique Viewcam combination camcorder and bright 4" monitor viewfinder (TVD Sept 28 p9). "We are determined to invest the necessary resources" to develop and nurture key new products and technologies such as LCD," Tsuji said. In addition to plant for small LCDs and new large-LCD factory in Tenri, Japan, Sharp is building another \$255-million LCD facility in Japan to open next year and has established Sharp Flat Display Mfg. Co. in U.S. as part of its microelectronics subsidiary in Camas, Wash.

Despite worldwide recession and Sharp's own downward revision in earnings and sales forecast (TVD Oct 12 p15), company has increased R&D spending to 10% of sales in this fiscal year from 8% last year, Tsuji said. Consumer electronics industry, he said, "hasn't been able to offer the user the right products" and now "must come up with a unique next generation." As examples of stagnant products, he cited conventional 4:3 TV sets and "black-box VCRs."

Sharp's No. 2 officer, Senior Exec. Vp Taizo Katsura, gen. mgr. of company's Management Planning Board, amplified Tsuji's comments, saying that Sharp had reduced reliance on home electronic end products to about 40% of total sales in current fiscal year from about 66% in fiscal 1985. He traced life cycle of consumer electronic products produced in Japan: Calculators, pioneered by Sharp, no longer can be manufactured competitively there, moved first to Taiwan and now to China. Radio-recorder combination, another Sharp first, soon will be dominated by China. Now China's strength in TV is growing and that country "will be the world leader in color TV in the next 2 years." Migration of existing products to developing countries, he said, demonstrates "importance of R&D to create totally new products to replace those moved overseas."

Localization is another part of Sharp plan. Company's target, Katsura said, is "to make more than 50% of the products in countries where they are sold." Overseas production increased to 40% of Sharp's total in fiscal 1991 from 16% in 1985, he said.

Widescreen 16:9 TV set is good example of innovative product, Pres. Tsuji said. "TV's long-term future may be HDTV, but widescreen TV is a good example of a product with features traditional TV can't offer." Sharp already has indicated that it expects widescreen TV to outsell its conventional large-screen sets next year in Japan. Tsuji said Sharp will offer 16:9 sets in U.S. around middle of next year. Other Sharp officials said company plans to produce widescreen sets in Memphis TV plant, now is considering 34W" and 30W"

sizes. Some mini LCD TV set production also will move to Memphis, we were told, eliminating problem of antidumping penalties on imports from Japan.

Most intriguing new product mentioned as under development is "portable color information terminal," which company thinks could be offered as early as 1994, combining Sharp's expertise in LCDs, TV, audio, communications. Various configurations were described by LCD Group Gen. Mgr., Exec. Dir. Isamu Washizuka, as merging color LCD display with pocket computer, TV, cellular phone, 8mm VCR or possibly video version of MiniDisc. Company demonstrated work on blue laser that can increase storage capacity of optical disc fourfold. Exec. Dir. Seiji Shiotsu, TV & Video Systems Group gen. mgr., conceded that company already has made early trial prototypes of such multimedia systems. "It can be done," he said. "We are investigating user acceptance."

Sharp will produce 5,697,000 color TV sets in 1992, according to company statistics. Of these, 958,000 (16.8%) will be produced in Memphis plant, 1,611,000 (28.3%) in Malaysia, 1,306,000 (22.9%) in Japan, 430,000 (7.6%) in Spain, 1,392,000 (24.4%) elsewhere. Company will make 4,158,000 VCRs this year, of which 2,077,000 (50%) will be built in Japan, 1,190,000 (28.6%) in Malaysia, 291,000 (7%) in U.K., 600,000 (14.4%) elsewhere (principally in Spain). Sharp indicated it has made 132,000 LCD projectors since June 1989, including 14,000 made outside Japan (presumably in U.S.) starting in March 1990.

Company gave its share of world color TV market this year as 6.5% (5,697,000 out of 87,701,000); 10.2% of world's VCRs (4,158,000 of 40,848,000); 5.7% of camcorders (570,000 of 10,010,000); 76.6% of LCD projectors (36,000 of 47,000). On Japanese domestic market, Sharp said it has 15% share of color TV sales, 12.9% of VCRs, 4.1% of camcorders, 85.2% of LCD projectors.

Despite Sharp's major commitment to color LCDs, Pres. Tsuji doesn't believe they ever will replace cathode ray tubes. "The CRT has definite advantages -- and probably will continue to have -- in terms of cost," he said. "Where there is a need for flat displays, portability or low power requirements, LCD will be used." However, he noted that LCDs are expensive and have high reject rate. Official of company's TV-video operation forecast that flat panels (LCDs, plasma, etc.) will be used for sets smaller than 13", with 13-30" sets continuing to rely largely on CRTs, and projection used for sets over 30".

GOLDSTAR HALTING U.S. TV OUTPUT: Goldstar said last week it plans to phase out color TV assembly at its Huntsville plant over next few months, moving remaining production to Mexico. Executive at Goldstar's hq in Seoul was quoted by AP as saying Huntsville TV operation was too costly to yield profits.

Goldstar Electronics International (GEI), U.S. marketing subsidiary, said move was made "to improve the company's competitive position in the North American market." In interview last winter (TVD Nov 25 p12), Peter Suh, N. American operations dir. for Goldstar Co. and pres. of GEI, told us Goldstar intended to make "major investment" in Mexico upon signing of N. American Free Trade Agreement (NAFTA). But he also said Goldstar planned to keep Huntsville plant and wouldn't abandon U.S. production in favor of Mexico. Goldstar last week was quick to point out that it's maintaining videotape manufacturing and customer service units in Huntsville, along with one of its 3 major U.S. distribution centers.

Huntsville plant has produced 10" and 20" TV/VCR combos, 19-31" table models, 25" and 27" consoles. Company could build up to 700,000 sets per year at facility, Suh told us last year.

Goldstar is most recent CE company to send U.S. manufacturing operations to Mexico for lower labor costs. Zenith earlier this year moved virtually all its remaining U.S. color TV assembly to Mexico from Springfield, Mo., although it said in affidavit filed with Commerce Dept. that it intended to make 4,000-6,000 sets in Springfield this year (TVD July 27 p11). Last Nov., Samsung ended U.S. TV production, moving final assembly of 25", 27" and 31" sets to Tijuana from Roxbury, N.J.

PHILIPS' NEW CD-I CHIEF: John Hawkins, longtime Philips employee who left company last year to join Digital Equipment Corp. (DEC), last week was named dir. of Philips Interactive Media Systems (PIMS) group. He succeeds Gaston Bastaiens, driving force behind CD-I who left earlier this year to take high post at Apple Computer (TVD July 20 p12).

Hawkins, who will assume new post Nov. 2, is British citizen who first joined Philips in 1973 and spent subsequent years in business communications areas, rising to managing dir. of Philips Business Systems Group in U.K., joining DEC when it bought much of that business from Philips in Nov. Philips Consumer Electronics Chmn.-CEO Henk Bodt said Hawkins' experience in telecommunications and computer products played "an important role in the decision to name him" to new post. News release said Hawkins "will lead the development and international marketing of products like CD-I, CD-ROM and related formats."

Philips is involved in several projects on interaction between CD-I player and remote programming source. For example, it's working with GTE ImagiTrek, Carlsbad, Cal., on system that would let broadcast or cable TV program control CD-I player, using TV's vertical blanking interval to hunt out sections of CD-I disc for on-screen display (TVD May 4 p19).

THIS WEEK'S YEN RATE

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

AD PANEL SLAMS 'FLAT' TUBES: National Advertising Review Board (NARB) last week ruled that it's misleading to advertise tubes as "flat" when faceplate actually has some curvature. Decision, which has no legal force, reverses earlier ruling of National Advertising Div. (NAD) of Council of Better Business Bureaus that use of word "flat" is permissible when applied to reduced curvature tubes in advertising. NAD and its review board are self-regulatory bodies formed "to sustain truth and accuracy in national advertising."

Complaint was brought by Zenith, developer of Flat Tension Mask (FTM) tube, whose face actually is flat, objecting to ads by NEC Technologies for reduced curvature MultiSync computer monitors. NARB recommended that NEC discontinue advertising that its monitors have flat screen, but said it was permissible to use phrase "flat square technology" ... if prominently accompanied by appropriate qualifying language."

NEC said it disagreed with ruling and denied any attempt to deceive, but agreed to "discontinue using the phrase 'the screen is flat' and... use the description 'flat square technology' ... only if accompanied by an appropriate qualifier." NEC stressed that it went along with NARB ruling because it believes self-regulation is "important to maintain the integrity of advertisers."

Although decision applies only to NEC's computer monitors, NARB expressed confidence that "most, if not all, advertisers will voluntarily correct their advertising" to conform. If some don't, it said, "we believe that future NAD proceedings, law enforcement referrals or the marketplace itself can force the needed changes."

Zenith's original complaint, filed more than year ago with NAD (TVD Oct 7/91 p13), applied to both TV sets and computer monitors, and particularly singled out Panasonic for its use of "SuperFlat" designation for its premium TV picture tube. NAD rejected that complaint as too general, after which Zenith filed new complaint, specifically against NEC, whose monitors compete in marketplace against those with Zenith's FTM tube.

Last March, NAD ruled that "in the context of specific advertisements, the terms 'flat' and 'flat square' have indeed taken on a secondary meaning and are not read in their literal, mathematical sense."

Zenith appealed that ruling to NARB, which last week released text of Sept. 10 decision, which said it "disagrees [with NAD] and does not believe that the existence of a secondary meaning for 'flat' has been established." Five-member panel argued that use of "flat" to describe "reduced curvature" tubes deprives consumers of "accurate information" they need to distinguish between "low curvature and truly flat screens." In permitting use of phrase "flat square technology," NARB said it must be accompanied by qualifier explaining that tube has "reduced curvature and/or... is relatively flatter than the original version," making clear that it isn't literally flat.

Panasonic, which bore brunt of Zenith's original complaint, hadn't seen NARB decision at week-end, spokesman said, and therefore had no comment.

Three-hour Hi8 cassette using evaporated metal coating will be produced by Sony starting in spring. TDK's 3-hour metal particle 8mm tape goes on sale in Japan in Nov.

CAMCORDERS—FEAST & FAMINE: Two words not often seen in same sentence -- "camcorders" and "shortage" -- show up starkly in Sept. figures. While total inventories still are considered too high, at 449,750, dealers looking for full-size models are scraping bottom of barrel.

Sales to dealers have run 75.3% compact (8mm and VHS-C) and 24.7% full-size, but inventories are lopsided at 88.7% compact and only 11.3% full-size. Recent warning by Thomson Exec. Vp Joseph Clayton that "dealers will have a rough time finding full-size by Christmas" (TVD Sept 21 p14) is underscored by fact that pipeline inventories held fewer than 50,800 full-size units at end of Sept., vs. almost 399,000 compacts (latter believed to be mostly 8mm).

Full-size inventories represent perhaps only 3 weeks' supply as major selling season unfolds, while stocks of compacts should last about 10 weeks (more for 8mm, less for VHS-C).

To complicate matters, full-size camcorders showed something of resurgence in Sept., representing 26.5% of month's sales, highest percentage since March. Both full-size and compacts scored highest sales of any 1992 month in 5-week Sept. Here are sales to dealers of full-size vs. compact camcorders, by month, for year's first 3 quarters:

Month	Total	Fullsize	%	Compact	%
January...	154,357	53,774	34.8	100,583	65.2
February...	132,259	36,468	27.6	95,791	72.4
March.....	185,746	53,676	28.9	132,070	71.1
April.....	214,935	51,991	24.2	162,944	75.8
May.....	216,562	46,646	21.5	169,916	78.5
June.....	242,942	50,256	20.7	191,686	79.3
July.....	260,495	58,753	22.6	201,742	77.4
August....	211,535	42,344	20.0	169,191	80.0
September.	<u>299,153</u>	<u>79,324</u>	<u>26.5</u>	<u>219,829</u>	<u>73.5</u>
TOTAL....	1,917,984	473,232	24.7	1,444,752	75.3

National Assn. of Bcstrs. (NAB) filed comments with FCC opposing proposal that would free computer manufacturers from having to obtain Commission authorization for all combinations of central processing units (CPUs) and power supplies. NAB protested that "the ability of a personal computer to comply... is dependant upon the extraordinarily complex interaction between the CPU, power supply, enclosure, the grounding system used, the length of the interconnecting wires, the relative position of the components in the computer and many other factors that can contribute to the type and amount of RF noise generated." NAB said it "believes strongly that adoption of the Commission's instant proposal would lead to increased interference to authorized broadcast services." EIA spokesman said group doesn't expect to file comment on issue.

TV sales to dealers started strongly in Oct. and continued to run nearly 9% ahead through first 40 weeks of 1992, according to EIA Mktg. Services Dept. (see State of the Industry). Strength of recent sales is highlighted by fact that rolling 5-week average stood at all-time record of 548,323 sets, eclipsing mark set preceding week. Camcorder sales also showed strength, up 44.5% in week, but continued to run 3.3% behind last year. Despite 9% shortfall in first week of Oct., VCR deck units were at record pace for year to date, 15.7% ahead of 1991.

JAPAN ELECTRONICS SIDESHOWS: Among highlights of Japan Electronics Show, in addition to those reported last week (TVD Oct 19 p10):

HDTV laserdisc players for Japan's Hi-Vision MUSE system were shown by Pioneer, Sony, Sanyo and Toshiba, last 2 for first time. Sony said its player will be introduced next year at less than million yen (about \$8,000).

In demonstration of products of future, Mitsubishi showed VCR that prints stick-on cassette label when it records, giving cassette number, date, type of program, title. It also automatically records and displays on-screen index for each cassette.

Casio boombox provides 2.2" LCD color TV screen, CD player, cassette recorder, radio, alarm clock, 3 videogames. Color screen is used for all displays (program for CD, time and alarm setting for clock, etc.). Microchip in system provides 3 simple videogames for 2 players. List price in Japan is \$400.

Sanyo showed closed-caption decoder in Japan, country that doesn't broadcast closed captions. In Japan it calls system "English Teacher" and sells it with 5 half-hour programs of PBS's Mr. Rogers Neighborhood, for which Sanyo has exclusive Japanese distribution rights, and accompanying textbook. Each cassette contains verbatim Japanese translation on closed captions. Sanyo said it has produced 230,000 caption decoders and captioned TV sets for U.S. market since 1980, giving it 66% share.

JVC demonstrated remote camcorder controller, providing pan, tilt, zoom and snapshot (still picture) functions, controlled by infrared remote, at about \$200.

In addition to CD-I players described last week, Sanyo had portable model with 4" color LCD display and mouse. Although it has self-contained screen, it also can be used as CD-I player for TV set.

Of 2 Sony widescreen Trinitrons offered on OEM market, as reported last week, 30W" (32" overall) model is described in company literature as designed "for consumer HDTV and new-generation visual media." This model has "superflat" faceplate, 0.68mm screen pitch, 32.5mm neck diameter, 38% light transmittance, is 20.4" long, weighs 83 lb. Larger (34W") model is described as "high resolution," with 0.48mm pitch, 37.5mm neck diameter, 50% light transmittance, is 23.8" long, weighs 154 lb.



Art Levis Foundation has been formed by executives of consumer electronics (CE), publishing and PR industries to "promote the development and continued success of the consumer electronics industry" by engaging in "ongoing activities designed to encourage and recognize journalistic excellence." Beginning next year, foundation will present monetary awards to writers in consumer and trade areas. It also plans to endow university scholarship in Levis's name. Levis, who was editor-in-chief of Video Magazine at his death in June 1991 and was onetime assoc. editor of TV Digest, spent more than 20 years covering CE industry. Donations can be mailed to Art Levis Foundation, Box 19100, Washington, D.C. 20036.

Best Buy held grand openings last week for stores in Ft. Wayne, Beaumont and Lubbock, raising total of retail locations to 96 in 14 states.

TANDY EMPHASIZES RETAIL STANCE: Recent Tandy annual report positions company more squarely as consumer electronics and computer retailer and less as manufacturer. Contrast with last year's report was striking -- beginning with cover, which quoted Chmn.-CEO John Roach on company's commitment "to being the nation's leading retailer of consumer electronics and personal computers." That's in direct contrast to 1991 cover, which showcased multimedia PC with metalicized CD-ROM. Roach's letter to shareholders, dwelling almost totally on retail operations, said Tandy is emphasizing "development and manufacturing of products where it has a competitive advantage," specifying such areas as DCC and multimedia.

Even as it highlighted retail operations and formats, though, report offered less specific information on each of Tandy's chains. Tandy Name Brand Retail Group (TNBRG) that encompasses McDuff, VideoConcepts and The Edge in Electronics, is downplayed, except for Incredible Universe startup. Only other chains highlighted in editorial section of report are mainstay Radio Shack and other relative newcomer, Computer City.

Report said Tandy's total retail sales rose 3.9% in year ended June 30, but didn't break down individual components except in comparable-store sales reports. Last year's report, by contrast, gave specifics of sales and gross margins for Radio Shack and TNBRG.

Comparable-store sales for company as whole rose 1% in most recent fiscal year. Report said Radio Shack's comparable stores were up "slightly" on strength of parts and accessories business, but McDuff and VideoConcepts were off 10%, "reflecting intense competitive pressure in brand name electronics retailing." Retail operations achieved 50.5% gross profit, down from 52.3% in prior year and 54.9% in fiscal 1990. Report said decline "in part reflects the faster growth of operations with inherently lower gross margins than Radio Shack." However, it said that while growth in those low-margin businesses would depress overall retail margins in future, they would be accompanied by drop in selling, general and administrative expenses.

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Tandy reported 23% decline in first-quarter net income (see financial table) despite 10% gain in revenues. Chmn.-CEO John Roach said company is "encouraged by the favorable trend of our retail business," citing improved sales and profitability of Radio Shack's "core product lines" and favorable performance of Computer City and Incredible Universe.



Voice-Powered Technology International, company that this month is launching voice-activated remote control (TVD Sept 28 p14), completed initial public offering of 1.3 million units -- consisting of one share of common stock and 1/2 of warrant -- at \$4.25 per unit. First product, VCR Voice programmer, is being offered through combination of direct marketing and national catalogs, with sales through "selected" consumer electronics chains being considered, according to prospectus.

Go-Video had new \$6.5 million credit line approved by Congress Financial Corp., company announced last week. Pres. Robert Palko said credit line will let it "offer dual-deck VCRs to a wider range of retailers throughout the U.S... With increased capital to meet higher levels of demand, we expect significant revenue growth in 1993 accompanied by profitability."

MASS-PRODUCING BIG LCDs: Sharp opened doors of its new plant for large color LCDs to journalists for first time Oct. 16 and revealed that it's building flat panel screens for TV and computers with yields as high as 70% in some versions. Highly automated factory in Tenri, Japan, next to older facility for smaller panels, now is making active matrix TFT color LCDs in 8.4", 8.6", 10.4" and 14" sizes, and will add 16.5" and 17" panels next spring (TVD Oct 12 p16).

Plant took 1-1/2 years to build, 6 months to equip and one year to start up, said Sharp Exec. Dir. Isamu Washizuka, LCD Group gen. mgr., who said biggest challenge in large-screen active matrix LCDs is price reduction. However, he cited some major cuts, partly as result of new plant. Last year, price of large LCD averaged around \$1,500, he said, but Sharp expects it to drop to about \$400 by 1995.

Latest breakthrough in plant is "world's first" 16.5" color LCD in widescreen (16:9) proportion designed for TV and multimedia, with 1,228,000 pixels and 16.7 million color tones, along with 17" unit designed for engineering work stations, both to go into production next spring. Notebook computer color screens in 8.4" size are being made at rate of 45,000 monthly, with capacity to double next April. "Extended graphics" 10.4" panel is being produced at rate of 10,000 monthly, with 14" model scheduled for production in Dec. Company also makes 8.6" screen for its wall-hanging TVs, and older plant is turning out new 4" ultracontrast panels for TV at rate of 150,000 monthly.

Company is looking into variety of new LCD technologies, Washizuka said. One is ferroelectric type (FELCD) in which Canon is investing \$770 million over next 10 years in hope of building TV panels 40" and larger (TVD May 25 p11). In separate development, meanwhile, Sharp said it has developed monochrome LCDs larger than 10" with plastic panel in place of glass.

Major attributes of LCDs haven't been fully exploited yet, Washizuka said. These are its capacities to serve as both memory and as amplifier of light -- functions that can be combined with its display capability to vastly simplify such products as computers and digital TVs. Utilizing memory and display functions together will provide "opportunities without limit" for LCDs in future, Washizuka said.

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Motif Inc. is name of joint venture equally owned by Motorola and In Focus Technologies (now itself 20% owned by Motorola) to make low-cost passive matrix LCDs that can rival active matrix in performance by using sophisticated electronics (TVD Aug 24 p16). Wall St. Journal reported last week that Tualatin, Ore., venture claimed breakthrough "by harnessing Motorola's customized ICs to In Focus's proprietary... LCDs," which could result in color displays for \$250 or less compared with active matrix models costing more than twice as much."

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Walkman patent infringement suit is being tried in London Patent County Court. Inventor Andrea Pavel is suing Sony and Toshiba, charging their portable stereos infringe on patent he filed in 1977 while he was living in Italy. Pavel's legal claim is to audio system in combination with belt. If Pavel's claim is upheld, it could result in claims against Japanese manufacturers for royalties on millions of headphone stereo systems sold in last decade.

Consumer Electronics Personals

John Hawkins, ex-Digital Equipment Corp. and long-time Philips executive, named dir. of Philips Interactive Media Systems Group, succeeding **Gaston Batiaens**, who left earlier this year to join Apple Computer (TVD July 20 p12)... **Joseph Donahue**, Thomson Consumer Electronics senior vp-Technology & Business Development, receives EIA Distinguished Service Award... **Leo Delaney** leaves as Mitsubishi mdsg. vp, plans unannounced... **Don Sarason**, ex-Bon Marche audio buyer, joins Good Guys as buyer, categories undisclosed, succeeded at Bon Marche by **Michael Latham**, ex-Tandy... Promotions at Acclaim Entertainment: **Anthony Williams**, vp-finance and chief financial officer, to exec. vp, chief financial and accounting officer; **Barry Taylor**, sales dir., to vp-sales... **Scott McNulty**, formerly of Hal Riney & Partners ad agency, appointed product mgr., Fuji Computer Products Div... **Donnie Coffelt**, ex-Casio, named sales vp, Murata/Muratec.

Donald Esters resigns as pres.-COO, Harman International Industries, reportedly due to "irreconcilable differences in management process and corporate strategy" with Chmn. **Sidney Harman**; Exec. Vp-Chief Financial Officer **Bernard Girod** named acting COO; **Mark Cerasuolo**, who formerly directed marketing services for JBL International, among other positions within Harman International, named dir. of marketing for Harman Kardon.

New officers at DCC Group of America: **Emiel Petrone**, PolyGram, becomes chmn., having served as acting chmn. since summer when **Michael Aguilar** relinquished post as result of his promotion to Panasonic sales and mktg. vp; **Jim Caparro**, who recently replaced **Gary Rockhold** as pres. of PolyGram Group Distribution, becomes secy.; **Richard Lovisolo**, Panasonic/Technics, and **Mark Wexler**, GRP Records, elected to board, latter also to represent MCA Records.

Promotions at Pioneer Car Electronics Div.: Mktg. Vp **Michael Townsen** to senior vp-mktg.; **Bob Nuka** to vp-product planning from senior product planning mgr.; **Tom Seich**, Northwest regional sales mgr., to zone vp of sales, responsible for Northwest, Southwest, Alaska, Hawaii; **Sam McClain** to car audio brand mgr., replacing **Russ Johnston**, who moves to product planning post... **Martha Planton** promoted to dir.-research and analysis, EIA Mktg. Services Dept.

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Mitsubishi Electronics of America Chmn. **Takashi Kiuchi** urged Japanese students at Salem-Teikyo U., Salem, Va., to move more into American mainstream instead of keeping to themselves. AP said Kiuchi told students -- about half of whom are Japanese -- that they need "to make a conscious, visible effort to participate outside the workplace," and shouldn't spend so much time playing golf.

Thomson has started shipping Video Acoustics home theater speaker system it previewed at last winter's Consumer Electronics Show (CES) (TVD Jan 20 p16) and plans to showcase future applications of technology at upcoming winter CES, Business Mgr. **Len Coakley** said. Complete system is available for about \$2,000.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
AT&T			
1992-9 mo. to Sept. 30	47,400,000,000	2,807,000,000	2.11
1991-9 mo. to Sept. 30	46,626,000,000	(113,000,000)	--a
1992-qtr. to Sept. 30	16,180,000,000	963,000,000	.72
1991-qtr. to Sept. 30	15,628,000,000	(1,799,000,000)	--a
A. H. Belo			
1992-9 mo. to Sept. 30	376,660,000	26,022,000	1.34b
1991-9 mo. to Sept. 30	310,226,000	6,485,000	.34
1992-qtr. to Sept. 30	127,802,000	7,117,000	.36
1991-qtr. to Sept. 30	104,087,000	1,910,000	.10
BET Holdings			
1992-year to July 31	61,700,000	11,700,000	.58
1991-year to July 31	50,800,000	9,300,000	.50
1992-qtr. to July 31	17,400,000	3,000,000	.14
1991-qtr. to July 31	13,400,000	2,200,000	.12
Blockbuster Entertainment			
1992-9 mo. to Sept. 30	802,325,000	96,925,000	.53
1991-9 mo. to Sept. 30	616,628,000	64,653,000	.39
1992-qtr. to Sept. 30	283,750,000	41,277,000	.22
1991-qtr. to Sept. 30	229,735,000	27,353,000	.16
Capital Cities/ABC			
1992-9 mo. to Sept. 27	3,702,031,000	251,421,000	15.09
1991-9 mo. to Sept. 29	3,822,418,000	240,342,000	14.31
1992-qtr. to Sept. 27	1,215,289,000	62,160,000	3.74
1991-qtr. to Sept. 29	1,209,305,000	53,959,000	3.21
Cohu			
1992-9 mo. to Sept. 30	38,849,000	2,291,000	1.13
1991-9 mo. to Sept. 30	35,848,000	1,994,000	.99b
1992-qtr. to Sept. 30	13,296,000	879,000	.43
1991-qtr. to Sept. 30	12,321,000	681,000	.34
Communications Satellite			
1992-9 mo. to Sept. 30	407,100,000	26,000,000	1.33c
1991-9 mo. to Sept. 30	381,600,000	29,200,000	1.54c
1992-qtr. to Sept. 30	146,000,000	(6,400,000)	--c
1991-qtr. to Sept. 30	127,100,000	18,800,000	.99
General Instrument			
1992-9 mo. to Sept. 30	776,593,000	(36,162,000)	--c
1991-9 mo. to Sept. 30	695,159,000	(91,306,000)	--
1992-qtr. to Sept. 30	284,270,000	2,324,000	.04
1991-qtr. to Sept. 30	236,113,000	(11,820,000)	--
GTE			
1992-9 mo. to Sept. 30	14,851,000,000	1,373,000,000	1.51a
1991-9 mo. to Sept. 30	14,392,000,000	1,065,000,000	1.18a
1992-qtr. to Sept. 30	4,965,000,000	500,000,000	.55
1991-qtr. to Sept. 30	4,851,000,000	461,000,000	.51a
Heritage Media			
1992-9 mo. to Sept. 30	163,084,000	(24,932,000)	--c
1991-9 mo. to Sept. 30	151,516,000	(14,277,000)	--d
1992-qtr. to Sept. 30	55,479,000	(10,767,000)	--c
1991-qtr. to Sept. 30	52,903,000	(2,436,000)	--d
Jones Intercable			
1992-qtr. to Aug. 31	27,264,000	(8,848,000)	--
1991-qtr. to Aug. 31	25,364,000	(10,574,000)	--
Jones Spacelink			
1992-qtr. to Aug. 31	35,174,000	(2,653,000)	--c
1991-qtr. to Aug. 31	31,594,000	(12,144,000)	--
3M Co.			
1992-9 mo. to Sept. 30	10,510,000,000	948,000,000	4.33
1991-9 mo. to Sept. 30	10,116,000,000	895,000,000	4.08
1992-qtr. to Sept. 30	3,600,000,000	338,000,000	1.54
1991-qtr. to Sept. 30	3,378,000,000	296,000,000	1.35
Multimedia			
1992-9 mo. to Sept. 30	409,389,000	41,263,000	1.10
1991-9 mo. to Sept. 30	381,169,000	33,848,000	.91
1992-qtr. to Sept. 30	140,536,000	15,080,000	.40
1991-qtr. to Sept. 30	127,366,000	10,437,000	.28
Outlet Communications			
1992-9 mo. to Sept. 30	32,529,000	(1,719,000)	--b
1991-9 mo. to Sept. 30	27,592,000	(7,936,000)	--
1992-qtr. to Sept. 30	11,515,000	671,000	.10b
1991-qtr. to Sept. 30	9,101,000	(2,118,000)	--

Company & Period	Revenues	Net Earnings	Per Share
Pulitzer Publishing			
1992-9 mo. to Sept. 30	292,007,000	15,100,000	1.44c
1991-9 mo. to Sept. 30	289,272,000	5,294,000	.51
1992-qtr. to Sept. 30	97,434,000	4,336,000	.41c
1991-qtr. to Sept. 30	95,954,000	1,987,000	.19
Scripps Howard Bctg.			
1992-9 mo. to Sept. 30	283,208,000	23,189,000	2.25
1991-9 mo. to Sept. 30	249,078,000	5,876,000	.57c
1992-qtr. to Sept. 30	95,257,000	8,436,000	.82
1991-qtr. to Sept. 30	84,857,000	1,466,000	.14
Tandy			
1992-qtr. to Sept. 30	1,160,063,000	32,143,000	.40
1991-qtr. to Sept. 30	1,051,982,000	41,833,000	.52
Texas Instruments			
1992-9 mo. to Sept. 30	5,453,000,000	170,000,000	1.68c
1991-9 mo. to Sept. 30	5,032,000,000	(324,000,000)	--c
1992-qtr. to Sept. 30	1,892,000,000	57,000,000	.58c
1991-qtr. to Sept. 30	1,699,000,000	(113,000,000)	--c
Times Mirror			
1992-9 mo. to Sept. 27	2,691,368,000	127,560,000	.99
1991-9 mo. to Sept. 29	2,639,627,000	94,978,000	.74
1992-qtr. to Sept. 27	914,355,000	43,768,000	.34
1991-qtr. to Sept. 29	889,452,000	40,972,000	.32
Time Warner			
1992-9 mo. to Sept. 30	9,349,000,000	18,000,000	--
1991-9 mo. to Sept. 30	8,631,000,000	(144,000,000)	--c
1992-qtr. to Sept. 30	3,246,000,000	6,000,000	--
1991-qtr. to Sept. 30	2,940,000,000	(62,000,000)	--c
Tribune Co.			
1992-39 wk. to Sept. 27	1,555,542,000	94,018,000	1.26
1991-39 wk. to Sept. 29	1,515,184,000	109,330,000	1.50a
1992-13 wk. to Sept. 27	527,396,000	33,803,000	.46
1991-13 wk. to Sept. 29	503,217,000	34,512,000	.47a
Viacom			
1992-9 mo. to Sept. 30	1,353,119,000	37,311,000	.31
1991-9 mo. to Sept. 30	1,248,224,000	(17,744,000)	--
1992-qtr. to Sept. 30	471,498,000	45,049,000	.37
1991-qtr. to Sept. 30	426,634,000	(12,698,000)	--
Washington Post			
1992-39 wk. to Sept. 27	1,057,025,000	92,979,000	7.86
1991-39 wk. to Sept. 29	1,013,708,000	23,855,000	2.00a
1992-13 wk. to Sept. 27	351,021,000	27,547,000	2.33
1991-13 wk. to Sept. 29	339,959,000	25,181,000	2.20a
Wells-Gardner Electronics			
1992-9 mo. to Sept. 30	37,847,000	1,465,000	.38b
1991-9 mo. to Sept. 30	28,760,000	(156,000)	--
1992-qtr. to Sept. 30	12,772,000	422,000	.11b
1991-qtr. to Sept. 30	8,224,000	(196,000)	--

Note: ^aRestated. ^bIncludes special credit. ^cAfter special charge. ^dIncludes special credit; adjusted.

European Graphic Technologies (EGT) is new organization with hq in Netherlands formed to develop database for use in automotive navigation, geographic information systems, automated map-making and related activities. Founding partners are Philips International, AND Software and Pierson, Heldring & Pierson, all of Netherlands; SAGEM of France, NavTech of U.S. Other shareholders include QC Data (Ireland), Institut Geographique National (France), Automobile Assn. of U.K. (AA). EGT telephone: 31-4998-93385.

OBITUARY

Kazuo Iwata, 82, former chmn. and adviser to Toshiba, died Oct. 22 in Tokyo of cardiac insufficiency. He joined Toshiba in 1934, was appointed to board in 1964, rose to presidency in 1976, position he held until 1980, when he was named chmn. He was named adviser to board in 1984. Iwata later was named chmn. of Japan Tobacco and adviser to board in 1988. No information on survivors was available.