

# TELEVISION DIGEST®

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With Consumer Electronics

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**COURT AND, FCC HIT FETUS COMMERCIALS:** Program on abortion showing fetuses is indecent, U.S. Dist. Court, Atlanta, ruled Oct. 30 and WAGA-TV Atlanta is justified in assigning program by congressional candidate Daniel Becker to "safe harbor" hours of midnight-6 a.m. when fewer children are likely to be in audience. Later same day, FCC Mass Media Bureau ruled on complaint by Becker, saying that until Commission "provides definitive guidance... it would not be unreasonable" for licensee to require that program be broadcast during safe harbor hours.

Dispute has arisen because of conflict in federal laws -- one that requires stations to provide reasonable access to candidates and prohibits them from censoring political programming, another that prohibits broadcast of indecent material. Unlike court, FCC didn't flat out rule that Becker program was indecent. He had sought to air program on WAGA-TV 4-5 p.m. Nov. 1, and complained to Commission when station refused that time period. WAGA-TV, in turn, sought restraining order from court to prohibit program from being carried then.

FCC had submitted brief to Judge Robert Hall same day as both rulings, claiming that it alone has jurisdiction over case. However, Hall ruled that his court did have jurisdiction and that his order would stand

### Consumer Electronics

**GHOST-CANCELING SYSTEM,** given FCC go-ahead, foreseen in sets by 1994. Remaining challenges are to cut cost from \$4,000 to consumer price and to sell it. (P. 9)

**ZENITH RESTRUCTURING,** reports \$41.8-million loss in 3rd quarter. Company will drop about 400 U.S. employees. Japanese companies report profit declines. (P. 10)

**MITSUBISHI 40" TUBE TV,** with list price below \$5,000, rolls out to more than 260 storefronts starting this week. Set being assembled in Ga. plant. (P. 10)

**NINTENDO-SEGA GAME** continues, each claiming upper hand in market share. Sega keeps battling in Accolade case. (P. 11)

**JVC'S 'DRASTIC REORGANIZATION'** aimed at diversification and improved finances, strengthens market responsibilities. (P. 12 and Personals)

**PHILIPS AND SEGA NEAR SETTLEMENT** on videogame patents dating back to Magnavox Odyssey days. (P. 12)

**DCC LAUNCHED IN U.S.** by Technics in 12 markets at \$1,000 list. MiniDisc due next month in 1,500 storefronts here. Sony dedicates MD disc plant. (P. 13)

**NEW HIGH-END CAMCORDERS** sparked by Sony 'Camcorder Station' Hi8 and Nikon and Yashica clones, tiny Hitachi model, Sharp Viewcam, JVC lens. (P. 14)



unless FCC acted by 5 p.m. Oct. 30 -- about time Commission released its order. Hall also ruled that Commission hasn't been diligent in acting on licensees' requests and complaints from several jurisdictions about fetus commercials.

Full Commission (which also approved Mass Media ruling) said it has "determined that further and comprehensive review of these complex issues is necessary," asked for comments by Jan. 22, replies Feb. 23.

**BUSH AND CLINTON PUSH TELECOMMUNICATIONS INVESTMENT:** Encouraging spending on telecommunications infrastructure is high-priority item for both President Bush and Democratic challenger Bill Clinton, they said in response to our questions about their postelection plans. Neither answered specific questions about broadcasting -- or about other telecommunications issues -- but both said communications is critical to national future.

At FCC and in other forums, President said he has supported reducing "the excessive regulatory burden on television and radio broadcasters which limits their ability to compete with other electronic media." Same is true about FCC efforts to encourage competition "within the local exchange and speed the introduction of innovative communications technologies," Bush told us in letter.

"Elements of my comprehensive telecommunications policy include targeted federal research and development done in partnership with business, reform of federal radio spectrum management to make more spectrum available on a more timely basis to the private sector, and breaking down foreign barriers to U.S. telecommunications exports," Bush said. "An efficient, responsive advanced communications and information infrastructure is essential to our nation's global competitiveness... You can trust me to press, over the next 4 years, for the policies that will make that infrastructure a reality."

Bush said nation's communications infrastructure should be developed "in response to the real needs of American consumers and businesses -- not some government bureaucracy's rigid vision of the future." To achieve that end, he said, "we need to continue the work of introducing competition and reducing unnecessary regulatory barriers... including the local telephone exchange. We do not need a massive, ill-defined government spending program coupled with inflexible regulatory policies mandating the deployment of government-favored technologies by industry... For the past 4 years, we have practiced what we preached."

Clinton told us "grand strategy from the White House" won't be enough to achieve his goals on communications issues: "Success will require a meaningful partnership with all concerned -- from Congress to the industries involved to consumer representatives. Through that partnership, we can hopefully maximize -- and appropriately reward -- individual initiative and minimize the need for regulation to protect vital public interests." Clinton, like Bush, answered none of our 16 questions directly, with communications aide telling us: "We're just issuing general statements and not getting into the nitty-gritty."

In his letter, Clinton said: "To be sure, telecommunications is not just another industry... But we cannot assume that regulation is always the appropriate response to any problem in this field. Regulations should not be adopted in a vacuum. We must assure that the anticipated benefits of regulation are real and that they can be amply justified by the costs to the public and to the affected industries."

Clinton's running mate Sen. Gore (D-Tenn.) was outspoken backer of new cable law, returning from campaign to vote in Senate to override President's veto. Clinton has cited reregulation of cable industry as example where new govt. action was necessary because of lack of competition. Clinton said: "The economy remains the overriding factor in the development of any domestic policy. Rapidly changing technology, high-quality service, and consumer satisfaction -- these basic parameters cannot be achieved if the economy continues to falter. If telecommunications industries and services are to thrive, we must provide opportunities for investment in new technologies, for the creation of new jobs and for healthy competition."

Democratic and Republican strategists alike tell us that Clinton-Gore campaign, if successful, "is a very, very long way" (as one source put it) from both process and structure of deciding who will fill any positions in new Administration's telecommunications structure -- at FCC, Commerce and other agencies: "They just haven't had time to consider that phase, let alone make any decisions, and it will be some time after the election before they do... There just won't be any immediate pressure to fill those types of jobs."

If Clinton is elected president, there will be 2 differences from current regime, FCC Chmn. Sikes said last week: (1) "I won't be chairman." (2) Commission would "[tend] to be more regulatory." Speaking at



Freedom Forum Media Studies Center conference, Sikes said there has been "bipartisanship in the Commission on policy-making."

**LECTION WINDUP PRESAGES WASHINGTON CHANGES:** Regardless of what happens in elections tomorrow, big changes are coming in Washington communications policy-making. Big shuffle is expected in both houses of Congress, and some policy-makers will move on even if President Bush wins, we're told. Changes, obviously, would be even bigger if Democratic challenger Bill Clinton wins. Meanwhile, media continue to be beneficiary of suddenly tighter race.

Democratic members of House Commerce Committee "in real trouble" are 10-year veterans Reps. Sikorski (Minn.) and Kostmayer (Pa.), according to veteran congressional observer and lobbyist who asked not to be identified. Democrats on his "watch list" are Reps. McMillen (Md.), whose opponent because of redistricting is Rep. Gilchrest (R) in race now rated toss-up; Lehman (Cal.) and Swift (Wash.), who has announced he wouldn't seek another term in 1994. Commerce Republicans "in trouble" include Reps. Ritter (Pa.), Holloway (La.), who is being opposed by incumbent Rep. Baker (D), and Bilirakis (Fla.). On "watch" list are Judiciary Committee members Mazzoli (D-Ky.) and Copyright Subcommittee Chmn. Hughes (D-N.J.), according to our source.

Even before election, at least 7 members were leaving Commerce Committee -- 5 retiring and 2 defeated in primary. Ranking minority member Lent (N.Y.) and ranking minority member of Telecom Subcommittee Rinaldo (N.J.) are among those retiring, plus Reps. Scheuer (D-N.Y.), Eckart (D-O.), Harris (D-Ala.). Defeated in primary were Reps. Bruce (D-Ill.) and Dannemeyer (R-Cal.), who was running for Senate.

Senate Commerce Committee Chmn. Hollings (D-S.C.) has faced particularly tough campaign against ex-Rep. Hartnett (R-S.C.) in bid for 6th Senate term. Washington sources say he's GOP's No. 1 Senate target. Fund-raiser for Hollings told us "it's really close," but he's now expected to win. Commerce senators also on "watch list" are Packwood (R-Ore.) and Kasten (R-Wis.). Should Clinton-Gore ticket win, Tenn. Gov. Ned McWherter (D) will appoint Senate successor for Gore to serve until next election. That would give Tenn. 2 Senate races in 1994, as is case this year in Cal. Rep. Cooper (D-Tenn.), member of Commerce Committee, is known to be interested in Gore's Senate seat.

Clinton victory would bring several communications policy-makers during 1977-1980 Carter Administration back into limelight, according to several sources. They include Washington lawyers Charles Ferris (FCC chmn. in Carter Administration), Philip Verveer, Frank Lloyd, Thomas Casey, Lewis Paper (all former FCC officials), Jonathan Blake, Craig Blakely, along with congressional staffers Antoinette Cook, David Leach, Larry Irving and Roy Neel, aide to vice presidential candidate Gore. Add to those names Sharon Nelson, chmn. of Washington State PUC, and L.A. attorney Robert Birchett, who (along with Verveer) attended Georgetown with Clinton.

As campaign winds down, Presidential candidates made flurry of network time buys and increased their appearances on talk shows. CNN's Larry King had Clinton Wed. night, Perot Thurs., Bush Fri. with normal 30-min. interview program increased to hour. In each case, candidates took questions from viewers. All 3 also were on ABC's Prime Time Live Thurs. night in taped interviews. Bush, Perot and Clinton also have been frequent guests on networks' morning news shows. On election eve, Clinton and Perot each bought 30 min. on ABC (Perot also purchased 7-7:30 p.m. Sun. night on ABC) preceding start of Mon. Night Football at cost of \$500,000 each. As of last Wed., ABC said Perot had spent \$12.3 million on network, Clinton \$7.9 million, Bush \$1.18 million. ABC had projected only \$4 million in Presidential campaign spending this year, down from \$5.9 million it collected in 1988 campaign.

Bush turned down NBC offer to sell him 30 min. election eve. As result, Perot bought two 30-min. segments (10-11 p.m.), to be preceded by Clinton half-hour. Candidates are paying \$900,000 each for those NBC half-hours. NBC said 3 major candidates have spent \$15 million on network -- Perot \$6.3 million, Bush \$5.5 million, Clinton \$3.2 million. From Labor Day through Wed., Bush had \$4.07 million on CBS in prime time, Perot \$4.04 million, Clinton \$2.42 million. Clinton and Perot separately have reserved election eve half-hour on CBS at cost of \$628,000. Clinton also has purchased election eve time on all networks to air his "The Man from Hope" 13-min. video that only C-SPAN carried during July Democratic convention in N.Y. None of spending figures include TV spot buys in states considered critical, radio or cable.

CBS, NBC and ABC plan to start their election night coverage at 7 p.m., continue as long as needed. For first time, CBS News is asking viewers to call in on 800 number or send questions by fax to network correspondents.



Democratic National Committee, governors' groups and others last week renewed requests that networks withhold projecting Presidential winners until polls have closed in all states. Generally, networks repeated earlier statements that they would declare winner once a candidate has received necessary 270 electoral votes. Solution to problem, networks and several independent studies have said, is uniform closing time for all state polls rather than staggered by time zone as now is case. At least 4 West Coast CBS affiliates -- KOIN-TV Portland, Ore., KXTV Sacramento, KJEO Fresno and KVAL-TV Eugene, Ore. -- announced that they won't air network projections until shortly before their polls close -- 11 p.m. EST.

Despite several objections, President Bush signed HR-6180, bill to authorize appropriation for FCC and NTIA, while also making official NTIA's authority and requiring FCC to set AM stereo standard. White House said bill "contains some problematic and unnecessary provisions," including: (1) Section that restricts Commerce Secy. from reassigning any NTIA function without first reporting proposal to Congress and waiting 90 legislative days. (2) Section that will "unnecessarily micromanage NTIA's responsibility for federal use of the radio frequency spectrum by detailing specific requirements for public participation." More than decade after FCC chose to let marketplace decide which AM stereo system would succeed, it now must start rulemaking within 60 days to set single AM stereo transmission standard and adopt standard within year. Said EIA Consumer Electronics Group Vp Gary Shapiro: "If a single system is adopted, radio manufacturers are more likely to bring AM stereo receivers to market, and AM broadcasters can be confident in beginning the process of upgrading to stereo transmission." AM stereo legislation also won qualified support of NAB Pres. Edward Fritts, who said Assn. has "always felt that the FCC should have established a standard for AM stereo -- better late than never." Bush also has signed S-1623, Audio Home Recording Act, which provides for royalties to be paid on tapes, including requirement for Serial Copying Management System to limit digital audio copying.

**Dispute between Multimedia** and Rep. Glickman (D-Kan.) ended Oct. 27, but company said it still will seek FCC ruling on constitutionality of political editorial rule (TVD Oct 26 p7). Glickman withdrew his FCC complaint in return for Multimedia promise to provide him with time for 50 daily 30-sec. replies on same channels as carried 100 daily Multimedia editorials, plus 50 more on other channels. Milton Gross, chief of FCC's Political Programming Branch, said that if Multimedia pursues declaratory ruling it would be handled through FCC's normal processes, which probably means it wouldn't be completed before election. Meanwhile, RTNDA said political editorial rule is "a regulatory dinosaur designed only to make it easier for politicians to hijack free television time." RTNDA agreed with Multimedia that rule is unconstitutional limit on free speech and "otherwise bad public policy." RTNDA Pres. David Bartlett called enforcement moves arbitrary and capricious: "In a world rich with different television outlets, subjective judgments about editorial fairness should be made by viewers, not politicians, bureaucrats or special-interest groups."

**Entertainer Bill Cosby**, who just ended 22-year association with NBC TV, is negotiating to buy network, according to his publicist David Brokaw. "It's for real," said Brokaw. "It is serious. It's not a rumor... He's obviously got some ideas about quality TV." In accepting induction into Academy of TV Arts & Sciences Hall of Fame earlier this month, Cosby was very critical of way blacks are portrayed on TV (TVD Oct 12 p7). His worth is estimated at more than \$300 million by Forbes magazine, and AP reported he's seeking other investors. Other groups also want to buy network and its stations (TVD Oct 26 p9). NBC and its parent, GE, as usual had no comment.

**U.S. Appeals Court, D.C.**, "improperly substitute[d] its judgment for that of Congress" when it overturned definition of cable system in case involving SMATVs, NCTA said in brief asking U.S. Supreme Court to hear case. Congress had endorsed FCC definition that SMATV system is cable system, and therefore subject to local regulation, if it crosses public rights of way or serves buildings that aren't commonly owned. However, Appeals Court said there was no "rational basis" for allowing local regulation of SMATVs serving buildings that aren't commonly owned. NCTA brief supports petition filed by U.S. Solicitor Gen. seeking Supreme Court review. NCTA said divided Appeals Court decision "failed to accord Congress the requisite deference in legislating" and Congress doesn't have to specify its reasons for drawing particular regulatory line as long as "there is no invidious discrimination... It is rare indeed where a court has found an act of Congress unconstitutional on equal protection grounds where the challenged classifications do not involve protected classes or fundamental interests." NCTA said that decision overturning part of 1984 Cable Act "upset a carefully balanced legislative and regulatory scheme [and] freed from regulation entities that can serve relatively large groups of subscribers." Decision opens door to unfair competition to traditional cable systems by unregulated entities, NCTA said, and encourages unregulated "cream-skimming."

**Room for growth** in international cable is illustrated by new NCTA report. In contrast to U.S., where 60% of TV households subscribe to cable, figure is less than 1% in former Soviet Union, Czechoslovakia, Iceland, Korea, Poland and Turkey, NCTA said. Even with all activity that exists in U.K., cable penetration there is only about 2%. Other penetration rates include France 4%, Hungary 4%, Israel 6%. On high end is Belgium (92% penetration), Netherlands 80%, Canada 77%, Switzerland 76%, Luxembourg 69%. As percentage of households passed by cable, Sweden has highest penetration (91%), followed by Switzerland 90%, Netherlands 89%, Finland 84%, Denmark 72%, Norway 71%, U.K. 60%. Separate NCTA report on U.S. cable developments, also released last month, quotes Warren Publishing's TV & Cable Factbook as saying that 33% of all cable subscribers have 54 or more channels, up from 9.8% in 1985, and another 60.2% have 30-53 channels, vs. 54.8% in 1985.

**Investment banker Warburg, Pincus** is buying "major stake" in Comcast's U.K. cable operation with investment of \$95 million, investment banker's Managing Dir. Howard Newman said. As part of deal, Bankers Trust International will invest another \$16 million. Newman said he believes deal is "the first move by any major institutional investor into U.K. cable." He said firm, which is investing through limited partnership that it organized, is "very excited" about prospects for U.K. cable-based telephony, as well as new program services that will make cable itself more attractive. Firm could make more U.K. cable investments in future, Newman said. Warburg, Pincus wouldn't say specifically what percentage of Comcast's U.K. cable interest it would own. Agreement is subject to regulatory approval.



**DIGICIPHER DEAL NEAR:** In first deal involving U.S. broadcaster, PBS and General Instrument (GI) are finalizing agreement for public and educational broadcasters to sign up for GI's digital multichannel NTSC compression system for satellite delivery of programming to stations and others, officials confirmed. Deal will: (1) Lengthen GI lead over other NTSC compression systems. (2) Include launch of single-channel-per-carrier (SCPC) version of GI's DigiCipher. (3) Set stage for developing improved version of DigiCipher with AT&T.

PBS and GI are finalizing letter of intent for consortium led by PBS to buy DigiCipher equipment for satellite relay of programming to PBS affiliates and others, Howard Miller, PBS senior vp—best. operations and engineering, confirmed. He said letter should be signed within week or 2: "This is not final, but obviously we want to move ahead on this." PBS needs to have compression system in place by Dec. 1993, when AT&T's Telstar 401 satellite is scheduled to be operational, so Miller said decision is needed almost immediately. Deal will cover much larger group than just PBS and its 180 affiliate stations, Miller said. He wouldn't identify others, but they're expected to include most of other state noncommercial broadcasting and other educational groups that will share satellite space on Telstar 401. PBS has 5 Ku-band transponders on satellite (enough for about 20 program services using compression), plus option for 5 more transponders.

"Obviously, PBS is very important because they have taken a leadership role in evaluating the technology and making a selection," said GI Business Development Vp Mark Medress. In addition to being leading educational group, PBS has been active in CableLabs process to select digital compression system. "At least one of the CableLabs parties has concluded that we're the guy," GI Advanced TV Vp Robert Rast said. Noting that GI already has made several overseas DigiCipher sales, he said "a lot of domestic business is just hanging over the edge of the table ready to fall into our lap." Cablevision Systems, which wasn't part of CableLabs process, is only domestic DigiCipher customer to date and at start it plans to use DigiCipher only to transmit ads to cable systems.

PBS deal includes 2 significant changes in DigiCipher: (1) DigiCipher will include SCPC capability, instead of being offered only in time division multiple access (TDMA) version. Latter is considered more efficient user of satellite capacity and allows smaller dishes, but it requires that all programs on transponder be uplinked from single site. PBS group wants multiple uplink sites, for variety of programmers and for remote program origination, including remote newsgathering. That requires SCPC capability, which will be available for DigiCipher by next summer, Medress said. GI plans to build DigiCipher units capable of receiving either TDMA or SCPC, adding only small amount to complexity of unit, he said.

(2) GI and AT&T will cooperate on improved compression algorithm for DigiCipher, which eventually will be proposed to Motion Picture Experts Group (MPEG) standards-setting entity. Miller said that current MPEG standard includes compromises for computer and similar uses that potentially degrade video quality and increase cost. Medress said GI and AT&T will combine their compression algorithms to come up with "entertainment profile" version of MPEG that has as much compatibility as possible without compromises. He said details of new version still are being worked out with AT&T, but companies plan to go ahead with it regardless of whether MPEG accepts it. As result, all future DigiCipher receivers will be upgradeable to use new

"joint compression algorithm" when it becomes available, probably in 1994, Medress said. He said change will require "fairly modest extension" of current DigiCipher, and units will be designed so customers can make changes themselves easily when time comes.

**RECORD \$105,000 INDECENCY FINE:** FCC last week notified KLSX(FM) L.A. that it's liable for record \$105,000 fine for indecent broadcasts on Howard Stern Show in at least 12 instances in Oct.-Dec. 1991. Action had been expected (TVD Oct 26 p5) and Commission sources tell us there are several other indecency complaints against Stern "in the Commission pipeline that haven't reached the 8th floor yet." Week ago, FCC fined 3 Infinity Bestg. FM stations \$2,000 each for single incident of indecency on Stern program, which now airs in 10 markets and is produced at Infinity's WXRK(FM) N.Y.

In letter -- approved unanimously by FCC members -- to KLSX licensee Greater L.A. Radio Inc., station was given 30 days to respond to indecency finding. Commission released partial transcripts of Stern shows, saying: "We believe the subject excerpts... are indecent in that they contain language that describes sexual and excretory activities and organs in patently offensive terms." Also, Commission said, indecent programming was aired 6-11 a.m. "when there was a reasonable risk that children may have been in the audience," making programming "legally actionable." Official of licensee said letter hadn't been received, had no comment.

Among passages FCC found indecent were those on masturbation, Stern's sexual exploits, Pee Wee Herman and sexual innuendo from Madonna music video.

Standard fine for indecency violation is \$12,500, but in levying \$105,000 penalty Commission said: "We believe the egregious nature of the material, as well as the substantial number of days [12] on which the indecent material was broadcast, severely aggravate the violation(s)." Enforcement Div. of FCC Mass Media Bureau had written KLSX July 2 and Aug. 27 asking for explanations of indecency complaints against Stern. They were filed principally by ex-L.A. resident Al Wescott (who now lives in Las Vegas). He provided Commission with tapes of broadcasts, also complained to advertisers who aired spots in Stern program.

Infinity has application at FCC to purchase 3 radio stations from Cook Inlet Bestg. Sen. Helms (R-N.C.) and Donald Wildmon of Morality in Media are opposing transaction because of Stern program. Commission official, asked whether continued complaints would have adverse impact on transaction, said: "That's an interesting question." Move also is under way in various cities, with organized opposition in Detroit, to prevent spread of Stern program to other markets. His show is rated No. 1 in N.Y. and L.A. He often makes barbed comments about FCC on air and has titled collection of outtakes from program "Crucified by the FCC."

**Emmy Awards** for engineering technology presented by NATAS: 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.



**GHOST-CANCELING CLEARED:** FCC opened door on eve of Halloween to almost immediate launch of ghost-canceling for TV broadcasters, saying Oct. 27 it will suspend enforcement of rules prohibiting use of line 19 of vertical blanking interval (VBI) for ghost-canceling. Commission said it will launch rulemaking as soon as possible to formalize allowing broadcasters to use line 19 permanently, as requested (TVD Aug 17 p3) by Advanced TV Systems Committee (ATSC). ATSC earlier selected Philips Labs system as best ghost-canceling method.

Broadcasters will take advantage of FCC rules waiver very soon, ATSC Exec. Dir. Robert Hopkins predicted: "You could probably buy a [ghost-canceling] box today. I think you'll see it starting fairly rapidly at cable headends, but it's harder to say when you'll see TV sets manufactured with ghost-canceling equipment." Cable operators are expected to be first users of such receivers. Units at headends, combined with ghost-canceling equipment installed by TV stations, would eliminate any ghosts inserted between broadcast tower and headend, allowing clearer signal to be received even by cable subscribers without their own ghost-canceling receivers.

First production chips for broadcast transmitters are available now under Philips licensing agreement with Tektronics, said Philips Labs Electronics Systems Dir. Amihai Miron. Chip set will cost each broadcaster less than \$1,000, he said. Philips itself plans to ship first receiver units for headends this month, Miron said. Units are priced at \$4,000-\$5,000, he said, but Philips expects to have consumer-priced devices suitable for receivers by 1994. Consumer units would eliminate ghosts from over-air signals, as well as any caused by cable system. Miron confirmed earlier report that Philips has received orders from cable operators for at least 200 ghost-canceling receivers.

FCC said it's in public interest to suspend enforcement of current rules, which limit use of VBI line 19 to Vertical Interference Reference (VIR) signal. VIR, which was intended to help color correction, is virtually unused. Agency rejected blanket waiver approach suggested by ATSC, saying that there may be other unidentified uses of line 19 that could be discovered in rulemaking process. It also said granting individual waivers to allow line 19 to be used for ghost-canceling would cause unnecessary delays and administrative burdens. Broadcast ghosts are "the most significant reception defect" in NTSC signals that hasn't been eliminated or minimized, FCC said. It said that allowing ghost-canceling equipment to be used immediately would quickly identify any interference problems caused by Philips system. ATSC already has completed its own ghost-canceling tests.

One minor dispute emerged. Westinghouse Bestg. will tell FCC there's continued need for VIR signal on line 19, said Raymond Benedict, company's communications mgr. He disputed FCC statement that line is virtually unused for color correction, saying that 90% of TV stations use it to correct color and contrast of picture leaving transmitter site: "Most of our engineers said they will give up ghost-canceling before they would turn off the VIR." Transmitter color correction is most important for older UHF transmitters, he said.

However, NAB Advanced Engineering Dir. Lynn Claudy said there's alternative -- VIR signal can be transmitted on other VBI lines. In fact, he said, manufacturer Tektronix is preparing field notice on how to change line for VIR: "There is no reason to mandate that a specific line be tied up for

VIR. And it is very advantageous if ghost-canceling has a single line mandated by the government. It's a tradeoff." Claudy also said that FCC action clearing line 19 doesn't mandate that stations switch immediately from VIR to ghost-canceling, although rulemaking proposed by ATSC would allow line 19 to be used only for ghost-canceling.

**WIDER CABLE APPEAL LIKELY:** As more cable companies signed on to appeals of 1992 Cable Act, industry officials predicted that protests would extend far beyond must-carry and retransmission consent. Further appeals are expected after FCC enacts rules implementing Cable Act. Meanwhile, U.S. Dist. Court, D.C., decided not to combine Turner Bestg. and Daniels appeals of must-carry, but will handle both at same time, with oral argument Dec. 7.

Congress "has no concept of how bad it screwed this [cable regulation] up," CATA Pres. Stephen Effros said. He said there's "internal inconsistency" between requirement that rates be comparable with those in truly competitive situations and that cable systems be allowed reasonable profit because none of those in competitive environments has reasonable profit.

Partly as result, Effros predicted that virtually all major sections of Cable Act -- including rate regulation, program access, leased channels, indecency rules and must-carry -- would be challenged in court: "This whole thing will be on its ear in 10 years, possibly even within one year." Effros said he hopes that U.S. Dist. Court, D.C., will act before Dec. 4, implementation date for some must-carry provisions, to delay must-carry. In meantime, he said he's advising his members to continue operating their cable systems "in a rational way," rather than trying to act on basis of someone's "guess" as to what Act means. Neither price caps nor rate-of-return regulation will work for cable, Effros said: "If they are going to regulate us the way they do telcos, rates are going to go up, not down." Best approach, he said, would be for FCC to allow cable systems to set rates within certain percentage (possibly 20%) above or below median price for comparable systems.

Scorecard will be necessary to keep track of players in must-carry/retransmission suit. Those joining so far include Family Channel, E! Entertainment, INTV, NAB, QVC, USA Network, public broadcasters -- APTS, CPB, PBS. QVC added channel positioning to portions of 1992 Cable Act being challenged in Turner suit. QVC Chmn. Joseph Segal agreed with Turner that must-carry violates First Amendment free speech provision and said "proposed uncompensated expropriation and repositioning of cable channels is a multifaceted violation of Fifth Amendment protection of private property." INTV hired Sidley & Austin law firm to defend independent stations' position in fighting appeals of must-carry and retransmission provisions. Lead counsel for INTV will be Rex Lee.

Meanwhile, NAB established schedule for 4 members-only meetings to explain implications of new cable law. First 2 sessions will be in Washington Nov. 9 (at NAB hq for group owners only) and Nov. 12 (Hyatt-Regency Hotel, Crystal City, Va.), then Nov. 13, Stouffer Hotel, St. Louis, and Nov. 16, Radisson Hotel, San Francisco. Cost is \$125 -- 202-429-5362. NCTA plans similar sessions with its members (TVD Oct 26 p3).

**GE Americom** said its new cable TV satellite, Satcom C-4 at 135° W, is operational. It said satellite is transmitting color bars on TR 15.



**OPTIMISM FOR VDT:** Video dial tone (VDT) services may be delivered more quickly and less expensively than had been forecast, according to presentations last week at FCC's Video Dial Tone Day. Commission hosted demonstrations of new services and sponsored lunchtime presentations by companies such as AT&T, Bell Atlantic, Broad Band Technologies, Corning, USA Video.

Corning's Timothy Regan said it will cost far less than some estimates of \$450 billion to install fiber-to-curb for residence, presenting analysis that put cost less than half that figure. Corning said others failed to consider declining costs of fiber technology. Its analysis centered instead on incremental cost of adding fiber for replacements and new construction while curtailing installation of copper. Using that approach, Corning said that installing narrowband or broadband fiber could be accomplished well within today's \$7.5-billion annual telephone industry construction budgets.

FCC Chmn. Sikes said that improvements in compression technologies in last few years have accelerated projections that it would be turn of century before VDT-like services would make it into homes. When concept was proposed in 1988 in NTIA's Telecommunications 2000 report, Sikes said, there was no way of knowing that copper would be basis on which first generation of VDT services would be offered. Demonstrations, including Bell Atlantic's Asynchronous Digital Subscriber Loop (ADSL), showed that acceptable picture quality is possible, although it costs as much to equip lines with ADSL as it does with fiber. Bell Atlantic spokesman Larry Plumb said ADSL technology could be used to introduce consumers to video while waiting for copper to be replaced. Arthur Bushkin, who heads Bell Atlantic's ADSL efforts, said company plans to offer 2 services -- compression and video storage. USA Video, Dallas-based startup, demonstrated VDT service that would offer video and audio on demand basis that was compatible with ADSL, and fiber, using menu to allow customer to choose selections. Broad Band Technologies demonstrated multilayered VDT service that required fiber network to operate.

**Anti-Defamation League (ADL)** filed complaint with FCC against WGST(AM) Atlanta and talk show host Miles Smith, known on air as "Ralph from Ben Hill." Complaint charges that Smith "incited lawless action and violence, particularly singling out Jews and Koreans," during Atlanta riots following April 29 court decision in police beating of Rodney King in L.A. Complaint cited these alleged Smith statements on air, with song "Burn Baby Burn" playing in background: "Let's take it to the streets, brothers... We got mobs in the streets. They're burning L.A. down. Burn baby burn."

**Independent KKFT** (Ch. 20), Ft. Scott, Kan., went on air Oct. 16 under ownership of Family Bestg. Jerry Montgomery is 48% owner and pres.-gen. mgr.; Secy.-Program Dir. Donna Montgomery also owns 48%. Montgomeries have interests in KTVC Cedar Rapids, Ia., and permittee in Grand Island, Neb. KKFT debut raises U.S. operating TV stations to 1,503, of which 1,135 are commercial, 368 noncommercial.

**FCC waived one-to-market rule** and approved purchase of KCML(FM) Hanford, Cal., by Harry Pappas, owner of KMPH (Ch. 26) Visalia-Fresno, which puts Grade A signal over Hanford. Commission said it will "result in significant public interest benefits without a significant impact on the level of diversity and competition in the Fresno-Visalia market."

**Communications Equity Assoc. (CEA)** is forming new limited partnership to invest in European communications businesses. Lead firms in new Baring Communications Equity Ltd. are CEA and Baring Venture Partners, investment affiliate of Baring Bros. & Co. Ltd., but partnership is seeking additional limited partners. It's to be capitalized at \$98 million by March 31, according to offering, and will take "significant minority positions" in cable, satellite TV, radio and TV broadcasting, publishing and information services. Jeffrey Montgomery, managing dir. of partnership, compared European situation to U.S. in 1980s, when communications was "one of the fastest growing and most attractive industries for investment in the U.S. Similar structural changes are now occurring in the European communications industry."

**FCC Chmn. Sikes** underwent surgery Oct. 29 for what was described as "a small localized malignant tumor on the prostate. The surgery was successful. The probability of recurrence under these circumstances is very low." Operation was performed at Suburban Hospital (Bethesda, Md.), and chmn.'s office said he's expected back on job by end of Nov. Senior FCC Comr. Quello will chair agency's Nov. 5 meeting. Said Sikes, 52, before operation: "The recently developed PSA blood test makes it possible to detect prostate cancer at an early stage and therefore recover completely. I am hopeful my favorable experience might lead others to have the tests and take precautionary steps annually."

**Nielsen said it will launch first nationwide** measurement of Hispanic TV viewers, with initial report to be based on Nov. sweeps. Subscribers include Hispanic networks Univision and Telemundo and major agencies and advertisers, although Nielsen didn't identify latter 2 groups. Sample will consist of 800 Hispanic households equipped with people meters. Audience data will be issued monthly, including age and sex breakdowns and identifying homes in which mostly or only Spanish is spoken. Nielsen said service is being launched after 3 years of development and "extensive pilot study" in L.A.

**Citing "terrific job"** TvB has done in "increasing the visibility of spot television," 3 NBC-owned TV stations have rejoined sales group, making all 6 NBC stations TvB subscribers. New members are WMAQ-TV Chicago, WRC-TV Washington, WTVJ Miami. NBC's 3 other TV stations -- KNBC-TV L.A., KCNC-TV Denver and WNBC-TV N.Y. -- already are TvB members. All of ABC's owned stations belong and none of CBS's do, but CBS Spot Sales joined in Sept. -- giving TvB 100% membership among rep firms. TvB now has just over 200 members, up from about 180 year ago.

**Oral argument** at U.S. Supreme Court is scheduled for Nov. 9 in case of Discovery Network vs. City of Cincinnati. Washington-based Institute for Justice said case could be important because Court is hearing 2 different commercial free speech cases in same term, and when that happens "the stage is often set for major pronouncements and shifts." City attempted to ban Discovery Network (no relation to Discovery Channel) from distributing commercial literature from newstands, while allowing newspapers and other publications it considered "noncommercial" to be distributed.

**U.S. Appeals Court, D.C.**, unanimously remanded FCC grant of new FM in Englewood, Fla., to Sandpiper Bestg. (one of 13 original applicants) and ordered agency to consider integration proposal of appellant Sarasota-Charlotte Bestg. Corp. (SCBC). Court ruled that Commission's refusal to consider SCBC proposal was "arbitrary and capricious."



## Personals

**Al DeVaney**, WPWR-TV Chicago, elected INTV chmn., succeeding **Randall Smith**, WPHL-TV Philadelphia; **Kevin O'Brien**, KTVU Oakland-San Francisco, named vice chmn.; **Dennis FitzSimons**, Tribune Bestg., secy.; **Edward Karlik**, Chase Communications, treas... **Bill Fine**, WCVB-TV Boston, elected chmn., TvB Sales Advisory Committee, replacing **Paul Wise**, KPLR-TV St. Louis... **Lisa Keller** promoted to administrative dir.-NAB Govt. Relations Dept., succeeding **Susan Platt**, now NAB vp-radio operations... **James Mikels**, WATE-TV Knoxville gen. mgr., elected pres., Tenn. Assn. of Bestrs.

**Brandon Tartikoff** resigns as chmn., Paramount Pictures, citing "family obligations"; Pres.-COO **Stanley Jaffe** adds duties of acting chmn., effective Dec. 1... Promotions at Paramount International TV: **Patrick Stambaugh** to vp-European sales; **Julie Weinberg** to mgr.-African/Caribbean sales; **David Coombes**, ex-Rolls Royce and Bentley, named mgr.-European/Middle eastern sales... **Thomas Polgar**, legislative dir., office of Sen. Rudman (R-N.H.), appointed dir.-govt. relations, Paramount Communications.

**Jorge Vespoli** promoted to pres., Scientific-Atlanta Satellite Communications Div... **Nancy Cramer**, ex-NBC Olympics Pay-Per-View and Warren Publishing, appointed vp-sales and mktg. services, MOR Music TV... **Ivan Hodac**, secy. gen., Worldwide Industry Assn., named vp-public affairs Europe, Time Warner... Promotions at C-SPAN: **Jana Fay** to vp-administration and finance, **Pamela Fleming** to vp-mktg., **Terry Murphy** to vp-exec. producer, **Lisa Kerr** to senior dir.-human resources and affiliate sales, **Roxanne Kerr** to senior dir.-corporate engineering, **Kathy Murphy** to senior dir.-programming operations.

**Paul Gertz** promoted to senior vp-production and exec. producer-features, Hanna-Barbera... **Sandra Ortiz**, ex-KCAL L.A., named dir.-business and legal affairs, 20th TV... **Robert Twining** advanced to vp-sales, mktg. and business planning, Comsat World Systems... **Louise Wildee**, ex-United Artists Cablesystems, named vp-finance, DirecTV... Joining KSTU-TV Salt Lake City: **Steven Cariston**, ex-Walt Disney TV, as vp-gen. mgr.; **Sally Lowder**, ex-KTVX-TV Salt Lake City, as local sales mgr.; **Elisabeth Murdoch**, ex-Fox TV Station Group, as dir.-programming... **Mark Pimentel**, ex-WBFF Baltimore, appointed news dir., WXIA-TV Atlanta.

**Milton Berle** will receive NATPE Lifetime Achievement Award Jan. 28 at Assn. convention in San Francisco... TBS Chmn. **Ted Turner** will speak Nov. 5 at Washington Cable Club lunch, Hyatt Regency on Capitol Hill -- 703-358-2770... FCC Calendar -- Nov. 6-7: Comr. **Marshall** participates in election law meeting of American Bar Assn., Loews Santa Monica Hotel, L.A... Elected FY 1993 board officers, NPR: Chmn. **Carl Matthusen**, KJZZ-FM Phoenix; Vice Chmn. **Tom Livingston**, WETA-FM Washington; **Tom Helinski**, ex-Center for Strategic & International Studies and Catholic U., joins NPR as deputy dir.-development.

Additions at Satellite CD Radio: **Richard Cooperman**, ex-USA Today Sky Radio/Flitecom Systems, as senior vp-development; **Robert Briskman**, ex-Comsat Mobile Communications, as asst. vp-operations... **Nicholas Ruitenberg**, Deloitte & Touche, named chief financial officer, Best. International... **Ellis Prince**, ex-Chicago law firm Gottlieb & Schwartz, named exec. dir.-best. services, National Hockey League.

**FCC will sponsor demonstration of emergency alerting systems** at hq 9 a.m.-3 p.m. Dec. 11. Morning will be devoted to presentations and discussions of various types of systems, and afternoon to closer examinations of each system. Exhibit is part of FCC information-gathering process for emergency alerting rulemaking (91-301). Manufacturers interested in exhibiting should contact FCC before Nov. 20 -- 202-632-3906.

**Radio advertising** was 8% higher in Sept. than year ago, RAB said. It said local ad revenue grew 10% and national spot ads 2% after months of declines. For year to date, local ad revenue was up 4%, RAB said, but national spot still was down 8%, for combined revenue gain of 1% in first 9 months. "If September is any indication, radio's 4th-quarter performance may well outpace other media," RAB Pres. Gary Fries said.

**NPR hopes to close** by mid-Nov. on acquisition of new 151,000-sq.-ft. broadcast facility at 635 Mass. Ave. NW near Washington Convention Center. Bond issue of unspecified amount, being placed by Goldman Sachs, is expected to close this week, and real estate deal would close in following week. NPR's current facility at 2025 M St. NW totals 92,000 sq. ft. Management is targeting Jan. 1994 move to new site.

**Whittle tripled its line of credit** with new \$150-million line managed by Bank of N.Y. Whittle said it would use expanded resources to: (1) Refinance existing debt. (2) Expand controversial ad-supported Channel One high school service to 12,000 schools from 10,000 now. (3) Develop new Medical News Network -- daily 10-min. report that it will test with 5,000 doctors beginning in March.

**First meeting of FCC's new Small Business Advisory Committee (SBAC)** is scheduled for Nov. 18, 8:30 a.m., Commission meeting room. SBAC, chartered for 2 years, was established to advise FCC on how its rules and policies affect small businesses and minority enterprise and to make recommendations for changes (TVD Oct 26 p4). FCC members are expected to participate in first meeting.

**Arianespace successfully launched Hughes Galaxy 7** satellite Oct. 27. Following in-orbit tests, satellite will be put into service in 30 days to serve broadcast TV companies and business networks in U.S. Satellite carries twenty-four 16-w C-band and twenty-four 50-w Ku-band transponders.

**House finally sent tax bill to White House** for expected veto (TVD Oct 26 p9). Bill would allow communications companies to write off intangible assets over 14 years, but spokesman has said President Bush will veto it.

**NATPE\*Net data base** of marketing statistics and sales information is available now to TV stations 24 hours per day through access to MediaCenter's "On-Line Consultant." MediaCenter sells data on subscription basis.

**President Bush signed preschool Ready-to-Learn bill** that authorizes \$25 million in FY 1993 and "such sums as may be necessary" in following year for noncommercial programming, training, outreach, support.

**FCC's 57th annual report** is available from Govt. Printing Office (GPO) at \$4.25 -- stock number 004-000-00491-4, Supt. of Documents, GPO, Washington 20402.

**Wireless Cable Assn.** will sponsor seminar on impact of 1992 Cable Act on wireless cable industry Dec. 1, Marriott Hotel, Anaheim -- 202-452-7823.



# Consumer Electronics

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

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

	OCT. 10-16	1991 WEEK	% CHANGE	OCT. 3-9	41 WEEKS 1992	41 WEEKS 1991	% CHANGE
TOTAL COLOR.....	439,851	432,824	+ 1.6	428,558	16,265,626	14,993,736	+ 8.5
DIRECT-VIEW....	433,028	425,716	+ 1.7	422,153*	15,986,546	14,728,850	+ 8.5
TV ONLY.....	422,916	414,858	+ 1.9	411,994	15,354,919	14,237,943	+ 7.8
TV/VCR COMBO.	10,112	10,858*	- 6.9	10,159	631,627*	490,907	+28.7
PROJECTION....	6,823	7,108	- 4.0	6,405	279,080*	264,886	+ 5.4
VCR DECKS.....	268,789*	216,269	+24.3	185,882	8,803,471*	7,594,744	+15.9
CAMCORDERS.....	54,672*	26,774	+104.2	44,352*	2,017,008	2,051,193*	- 1.7
LASERDISC PLYRS#	2,540	2,376	+ 6.9	2,234	153,167	131,849	+16.2

Direct-view TV 5-week average: 1992--555,682\*\*; 1991--478,543 (up 16.1%).

VCR deck 5-week average: 1992--298,266; 1991--273,171 (up 9.2%).

Camcorder 5-week average: 1992--68,064\*; 1991--59,745 (up 9.3%).

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

**FCC OKAYS GHOSTBUSTER--IN TVs BY 1994?** Biggest TV news of Halloween week was FCC's go-ahead to broadcasters for immediate use of Philips ghost-canceling system (see report in Best./Cable Section). Biggest challenge of 1993: Reduce cost of receiver unit from \$4,000-\$5,000 to price acceptable as realistic retail stepup.

Ghost-canceling system is designed to correct biggest shortcoming of broadcast TV, and broadcasters are expected to start transmitting special reference signal almost immediately, given low cost of adding it. Receiving decoders will be shipped this month by Philips -- but they will cost \$4,000-\$5,000 and are designed for cable system headends. Philips says it's confident it will have decoders priced low enough to be built into TV sets by 1994. However, it says it still doesn't know what companies will be making chips and can't estimate eventual price of decoders.

Earlier this year, NAB estimated decoder circuitry eventually would add \$100 to price of set. At Philips Labs ghostbuster demonstration last spring, nobody was willing to forecast consumer price, but nobody objected to NAB's forecast, either (TVD March 16 p16). However, at time, Philips Labs Pres. Peter Bingham said PIP feature that once added several hundred dollars to cost of set is sold by Philips now at \$50 increment: "We'd like it to be so cheap we can put it in almost every set." He said it must be in 20-30% of TV line to be worthwhile.

Although it could provide biggest improvement in TV reception in history, ghostbuster may be hard product to sell at sizeable premium, given retailers' current method of selling sets by minimizing reception problems. Sets lined up in TV stores usually all show excellent pictures -- fed by laserdisc or cable. Addition of ghost-canceling decoder to cable headends will make dealers' pictures even better -- providing no ghosts to cancel.

It's industry's fault that consumers have been taught that TV set is only factor in good reception, so naturally public already expects new set to cure all problems, including ghosts caused by geographic location, bad antennas or poor cable feeds. Introduction of ghost-canceling sets will require companion product for dealer -- ghost injector, for demonstration of "before" and "after." Above all, dealer will have to change ways, telling customer all problems aren't in the old set, after all. But dealer for first time will be able to offer new set that really can correct most common reception problem.



**Note:** FCC's action in approving line 19 of TV's vertical blanking interval (VBI) for ghost-canceling signal ends era of vertical interval reference (VIR) signal, for which line 19 had been reserved. VIR signal, originally intended to help stations monitor transmission quality, was adopted in GE TV sets in 1976 to adjust color and tint automatically (TVD March 29/76 p13), winning GE an Emmy in 1977. For many years, it was widely touted feature, and "VIR" virtually attained status of household word for a time.

**ZENITH RESTRUCTURING TO STEM GROWING LOSSES:** Zenith reported net loss of \$41.8 million in 3rd quarter on 9% decline in sales and announced restructuring to cut U.S. salaried work force about 15% (around 400 people) and to reduce employment levels in Mexico as well. Meanwhile, parent-only reports by major Japanese consumer electronics (CE) companies showed continuing declines in sales and profits.

Third-quarter Zenith loss compares with loss of \$1.5 million in same 1991 period (see financial table). For 9 months to Sept. 26, net loss was \$85.6 million, vs. \$52.1 million in 1991 period, while sales declined 6.9%. Third-quarter results, Zenith said, include special charges of \$23 million, "principally provisions for severance and other restructuring costs and increased reserves for trade receivables."

Restructuring includes 15% cut in U.S. salaried work force of 2,600, "manufacturing consolidations and related employment reductions in Mexico, consolidation of company-owned distribution and other activities and salaried employment reductions throughout the company." Asked for example of distribution consolidation, spokesman told us Cal. distribution had been reduced to one 2 branch from 2, Northern Cal. sales territory now reporting to Southern Cal. branch. He said company-owned warehouses are being consolidated and sales offices realigned.

Unit sales and margins in 3rd quarter were affected negatively by "the company's delayed response to industry color price cuts and startup costs associated with new assembly operations in Mexico," Zenith said, and shipments of color TVs and VCRs were down from last year early in quarter, "but picked up in September." Color tube shipments to other manufacturers were up, while cable product sales dipped slightly. Sales of flat tension mask (FTM) monitors were higher than year earlier, but other electronic product sales declined.

Zenith said it's considering postponing proposed public offering of 8 million common shares "in light of market conditions and... 3rd-quarter results."

\* \* \* \* \*

Japanese company parent-only reports for fiscal first half through Sept. followed pattern of declines shown throughout year, which is expected to be repeated later this month with release of more meaningful consolidated results. Some companies revised downward parent company sales forecasts for full year.

Matsushita's parent company net income declined 54%, recurring profit 51%, sales 7%. Company is cutting directors' salaries 10% for next 6 months and reducing capital spending 20%. Domestic sales of parent were down 8% from year earlier and exports down 4%. Video equipment sales dropped 15%, audio 8%, appliance sales 9%, communication and industrial 1%, components 8%, batteries and kitchen products 3%. Company forecast net income for year would be down 46%, sales off 8%.

Hitachi pretax profits plunged 53% on 6% sales decline. Parent company's CE sales fell 22%. Company forecast its CE sales would be off 2%, net profit 27%. Sharp pretax profit dropped 36.2%, with CE sales down 10%, but nonconsumer sales up 5% sparked by LCD sales, which company expects to be up 30% for full year. TV and video equipment sales fell 11.6%, audio and communication gear 21.3%, home appliances 2.3%. Mitsubishi parent pretax profit plunged 73.7%, while sales were down 4.5% and CE sales 5%.

**MITSUBISHI'S 40" TUBE TV UNDER \$5,000:** Biggest production model direct-view TV was introduced last week by Mitsubishi and went on sale at weekend. The 40" TV, first reported in these pages last month (TVD Oct 5 p11), carries suggested list of \$4,999, same price as 35" when it made bow in 1986.

Set is assembled in Mitsubishi's Braselton, Ga., plant with picture tubes manufactured at company's tube plant in Kyoto, Japan. As demonstrated at gala introduction in N.Y., set displayed bright, sharp picture. It features Mitsubishi's elaborate ViewPoint on-screen menu system, has built-in speakers, provision for external speakers, other home theater accessories.

Giant TV is being rolled out now to more than 260 storefronts in "selected markets," said Mitsubishi Consumer Electronics Group Pres. Terry O'Flynn. Dow Stereo/Video, San Diego, laid claim to being first to



have set on selling floor, putting it on sale hour after conclusion of N.Y. news conference. There was no information on production quantities of sets or tubes.

Tube has area of 768 sq. in., 37.5mm-neck diameter, uses scandium oxide cathode, has gun said to have been developed for 16:9 HDTV tubes. At 27.5", set is little deeper than 35", weighs about 266 lb., consumes 290w. Commenting on growth of big-screen sets, O'Flynn said some 600,000 sets with 35" tubes have been sold in U.S. since Mitsubishi pioneered that size. Mitsubishi also introduced its first VCR with VCR Plus programming, hi-fi model at \$599 list, new both-sides laserdisc player at \$899.

**NINTENDO AND SEGA CONTINUE NUMBERS GAMES:** About all Sega and Nintendo agreed on last week in appearances at investors seminar in N.Y. is that videogame industry enjoyed "phenomenal summer," in words of Nintendo of America Mktg. Vp Peter Main, and appears headed toward strong Christmas season, with much of heat generated by new low price points for 16-bit systems.

Demonstrating that polling disputes aren't limited to political arena, Main and Sega America Pres. Thomas Kalinske, speaking at toy industry conference staged by Gerard, Klauer, Mattison, each claimed 16-bit market leadership, citing research from same source (NPD Group), though for different time periods. Main cited Aug. figures showing Nintendo with 56% share of sellthrough, while Kalinske said same source showed Sega had 52-47% for first 9 months of 1992. (Kalinske recited phone number of NPD pres. from podium for those investors who wanted to verify claims.) Both offered bullish forecasts for rest of year, Kalinske saying Sega would sell 4 million Genesis consoles, generating sales of 15 million cartridges. Main raised Nintendo's Jan. prediction of Super NES shipments by one million to 7 million and cartridge sales estimates to 25 million pieces.

Not surprisingly, major point of departure between rivals involved market's readiness for CD-ROM peripheral. As we have reported, 16-bit Sega CD will be on retail shelves within next week at \$299, while Nintendo says its 32-bit CD-ROM drive will be on market by 4th quarter next year, retailing for "\$200 maximum," Main told us. He reiterated earlier assertion that programmers don't yet know how to create "compelling" CD software. "By itself, CD-ROM may increase the size of the gas tank, but it won't rev up the engine," he said. He noted Apple Chmn. John Sculley's recent admissions that first generation of Newton handheld devices may not be consumer product, saying Newton and CD-ROM videogames are examples of "technology breakthroughs that are not consumer products until the price is right and the benefits are established."

Kalinske, on other hand, repeated earlier assertion that Sega will sell 200,000 Sega CD units in Nov.-Dec., setting stage for sales of another 800,000 in 1993. He also talked about Sega's plans for CD programming outside videogame arena. Company plans to market music videos, classic cartoons and other nongame software for Sega CD beginning early next year, citing system's capability as "virtual VCR," with ability to play back nearly hour of full-motion video on 70% of screen. Although Kalinske said no software deals have been signed, he said "limited amount" of such discs probably would be priced at \$24.95. He said music videos and other such discs wouldn't be offered through rental outlets; Sega has been enthusiastic proponent of video store rentals of its game cartridges and Genesis consoles.

\* \* \* \* \*

Kalinske told analysts Sega will "go to the Supreme Court" if necessary in court battle with Accolade that's being watched closely by videogame, computer and software industries as test of copyright protection and legality of reverse engineering. Late last month, U.S. Appeals Court, San Francisco, issued ruling elaborating on its earlier move to dissolve injunction that kept Accolade, which isn't Sega licensee, from making and marketing Genesis-compatible cartridges (TVD Sept 7 p15).

Sega had charged Accolade with copyright and trademark infringement. Accolade said that Sega was merely trying to bully it into becoming licensee, and that legality of reverse engineering goes to heart of software development process. Opinion handed down late last month is full explanation of that ruling.

In decision on copyright aspects of case, court said that "based on the policies underlying the Copyright Act... disassembly of copyrighted object code is, as a matter of law, a fair use of copyrighted work if such disassembly provides the only means of access to those elements of the code that are not protected by copyright..." It also said "Accolade's identification of the functional requirements for Genesis compatibility has led to an increase in the number of independently designed videogame programs offered for use with the Genesis console. It is precisely this growth in creative expression... that the Copyright Act was intended to promote." Court also ruled Sega had violated spirit of trademark policies in employing Trademark Security



System that generated screen saying program is manufactured by or under license to Sega, even if cartridge wasn't made by licensee.

**Accolade Chmn.** Alan Miller said ruling "encourages the continuation of the open-systems movement in the information technology industries and strongly suggests that high-priced proprietary systems are not about to become the wave of the future." Sega Corporate Counsel Riley Russell said: "The court improperly applied the doctrine of fair use and disregarded established precedents in this area of law. We feel the court's ruling, if it stands, substantially reduces the ability of manufacturers to protect their intellectual property. The ruling also fails to recognize the significant problem of international piracy." Sega intends to file for rehearing. (Details on decision will be found in our affiliated Consumer Multimedia Report.)

**JVC REORGANIZATION:** JVC's "drastic restructuring" aimed at diversification and improved financial results is detailed in just-issued 1992 annual report by Pres. Takuro Bojo.

Noting disastrous effects of poor economy in Japan, U.S. and Europe, "saturation of the VCR market and scarcity of stimulating AV product debuts," which affected all consumer electronics (CE) manufacturers and resulted in operating loss for JVC in 1991 fiscal year (TVD June 1 p13), Bojo said reorganization was designed to "heighten employee awareness of profitability issues and focus on developing highly competitive products."

JVC changed its traditional management system based on individual plants "to become an organization with strengthened responsibilities to the market and customers," integrating planning, R&D, marketing. New structure targets 7 "strategic areas" -- video, audio, TV, professional products, software & media, core parts and "cross-over products combining AV amusements, accessories and systems." (Management responsibilities for various segments are detailed in Consumer Electronics Personals.)

New R&D section is designed to "implement a directly customer-oriented approach," and to analyze consumer trends and integrate them with marketing, advertising and customer services at hq level. In last fiscal year, Bojo said JVC dissolved 18 CE sales subsidiaries, presumably in Japan, and transferred control of their operations to head office in Tokyo.

JVC will sponsor Technofair in Jan., "an international event to be held in Yokohama geared to stimulating consumer interest in our latest products," Bojo said.

Report said JVC is world leader in multimedia development, and "our high-efficiency coding technologies represent a step forward comparable to the breakthrough of our world-leading VHS VCRs." In last 2 years, JVC said it cut number of components in VHS decks 40% and in camcorders 35% while upgrading functions. Company said VHS-C "dramatically improved market share" last year.

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**JVC will transfer production of hi-fi VCRs next year** from Japan to Malaysia, where it has joint venture plant with Philips, Japanese reports said. Yokosuka plant, where VHS Hi-Fi recorders currently are made, will specialize in Super VHS, satellite receiving VCRs, camcorders. JVC plans to produce 600,000 hi-fi VCRs in Malaysia in 1993, mainly for export to U.S. and Japan. Hitachi and Mitsubishi also reportedly plan to begin production of hi-fi VCRs in Malaysia.

**PHILIPS AND SEGA NEAR SETTLEMENT:** Sega Enterprises and Philips Electronics apparently are on verge of settlement of Philips claim on basic programmable videogame patents it acquired when it bought Magnavox in 1974. Patents actually are owned by Sanders Assoc., which granted Magnavox exclusive sublicense in 1970; Sanders worked with Magnavox on development of Odyssey system, introduced in 1972 as world's first programmable videogame.

Spokespersons on both sides of negotiations were reticent about talks. Philips legal dept. declined comment on any aspect of case, but Sega of America Pres. Thomas Kalinske acknowledged "we're very close to a settlement, but we can't announce anything yet." Although he declined to discuss amount of settlement, he termed as "ludicrous" industry rumor that it could be as high as \$100 million. He said agreement would be covered by cash reserves that have been accumulating since Sega and Philips began discussion in late 1980s.

Philips has won string of legal victories and reached numerous out-of-court settlements in enforcing its license for last 10 years. First victory was won in 1982 over Mattel, then marketer of Intellivision system (TVD July 26/82 p12); companies reached settlement following year. Array of videogame industry's most famous hardware and software names have since reached licensing agreement with Philips, in some cases following lower court decisions. Nintendo, which first became enmeshed in legal battle with Philips over patents in 1986, settled last year for undisclosed amount (TVD May 13 p15).

Earlier this year, Sega agreed to pay inventor Jan Coyle \$43 million to settle patent dispute on how background colors are displayed on screen. Coyle had won \$33 million verdict in U.S. Dist. Court, which could have been trebled by judge; parties reached settlement just before hearing on size of award (TVD May 18 p18).



"Most extensive model redefinition in TV industry history" is promised by Thomson Consumer Electronics for unveiling of new GE line in N.Y. this week. Changeover was foreshadowed in these pages in Sept. with report that both GE and RCA lines will get complete change for 1993 (TVD Sept 7 p9).

#### THIS WEEK'S YEN RATE

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



**DCC LAUNCHED HERE, MD IN DEC.:** Technics officially launched DCC recorder last week at Rabson's, N.Y. dealer, and confirmed it started shipping decks Oct. 22 to accounts in 12 previously identified major markets (TVD Sept 14 p10). Occasion was first time it publicly discussed pricing, although \$1,000 list had been subject of widespread speculation.

Meanwhile, in Terre Haute, Mark Viken, mktg. vp for Sony Gen. Audio Div., said MD portables will be rolled out nationally early next month to more than 1,500 outlets, including those of such power retailers as Circuit City, Good Guys, Silo.

In N.Y., Technics revealed details of "DCC Music Giveaway" promotion entitling buyers to choice of 10 free DCC albums. Coupon sports 22 mainly pop titles from MCA and GRP Records. Promotion is open to consumers who purchase Technics deck by June 30, although those who submit coupon by July 31 also can qualify. In addition to software offer executives said had value of up to \$200, deck itself will come packaged with GRP prerecorded sampler and Panasonic DCC blank tape.

Panasonic Vp Richard Lovisolo said worldwide estimates are that 10 million DCC units of all types will be sold by all manufacturers within 5 years -- 40% of them portables. He was noncommittal when asked about availability of first Panasonic-brand DCC record-playback portables and car players, saying they will arrive on market "sometime in 1993."

Asst. Gen. Mgr. Andrew Nelkin said it was "not our intention" to position Technics deck on basis of price, noting that at \$999.95 list "it's our belief that the product should be positioned at the high end of the tape market" in first generation, with economies of scale allowing for evolution of lower pricing in future generations. Nelkin said first recorder would be available on 200 "selling floors" at start -- principally through more specialty oriented outlets -- with target of 1,000 selling floors achievable by end of spring.

PolyGram said Bon Jovi album *Keep the Faith* will be first to be released simultaneously in U.S. on DCC, CD and analog cassette formats. Album goes on sale tomorrow (Nov. 3), among 60 PolyGram titles earmarked for launch through 300 software outlets nationally, company said. Title count is up from 25-30 envisioned week ago by PolyGram officials (TVD Oct 26 p11). Additional update on PolyGram DCC rollout is expected at N.Y. announcement scheduled for Thurs. (Nov. 5) in which Philips will outline marketing and promotional support for its hardware launch.

Sony Consumer Products Pres. John Briesch, meanwhile, declared that "it's time to replace the musicassette" with MD. He said "history has shown" that new successor to old format must be "a truly superior product," as was case when CD replaced LP. Without referring to DCC specifically, Briesch said "advancement in sound quality" isn't sufficient to guarantee success of new format, noting that MD, as optical format, will be immune from head wear, head clogging and tape shedding flaws that have caused analog cassette to decline since 1989.

While ample supply of products will be available at 1,500 storefronts, Viken said MD outlet count represents only minuscule portion of 20,000 stores that currently sell Walkman products, adding that "it's far too soon to go that broad." He said \$750 MD record-playback portable and \$550 playback-only model will be targeted at start toward

"technology buffs" and music enthusiasts, but company expects market to expand quickly to reach many in prime audience of 18-44 music listeners who enjoy making own home recordings. He said company estimates that record-playback MZ-1 could outsell playback-only MZ-2P by ratio of 4-1 at start because of novelty of optical recording feature.

Occasion was Terre Haute news conference marking first public demonstration in U.S. of MD record-playback and playback-only portables. Sony-owned Digital Audio Disc Corp. (DADC) officially cut ribbon on prerecorded MD factory capable of producing 500,000 discs monthly.

Viken said hardware launch will be supported by immediate 200-title software pool with title count growing to more than 300 by Jan. Participating will be such majors as Capitol-EMI, Sony Music and Warner Music, he said, plus more niche-oriented labels such as DMP, GRP, Rykodisc. Capitol, Sony and Warner titles also figure prominently in 20-album music "prepack" that will be shipped to hardware dealers to tout format's strong software support. In addition to consumer and trade ad campaign launched earlier, Viken said national radio promotion is in offing, but details have yet to be finalized.

DADC ceremony Oct. 29 was attended by Sony Pres. Norio Ohga and other top officials. Sony Software Pres. Michael (Mickey) Schulhof forecast that "acceptance of the MiniDisc will take shape much faster" than CD, noting that CD hardware entered U.S. for first time in early 1980s with virtually no software support available. While Bruce Springsteen's *Born in the U.S.A.* was first CD title pressed in Terre Haute, MD honor went to MTV Unplugged album by Mariah Carey, who appeared at ceremony.

Schulhof, responding to questioner, said Sony Music won't participate in DCC software launch at outset because "we haven't seen anything that makes us believe DCC will create enough demand to warrant our producing software for it."

**BLOCKBUSTER FUTURE?:** Last month's \$185-million Blockbuster Entertainment purchase of Sound Warehouse and Music Plus chains was company's first stab into audio software retailing. However, it represents only most recent move in company's effort to branch out of video store business. Vice Chmn. Steven Berrard told our affiliate Video Week that company is looking at launching overall entertainment outlet that would include cutting-edge products chain hasn't touched before, such as interactive products, virtual reality booths, arcade games, hardware kiosks. Berrard, declining to give more specifics, said new entity could roll out as early as next year.

Discussing most recent acquisition, Berrard said music is "just an extension of the line," and adding items such as books or computer software also could figure into equation in future. However, he stressed adding new lines is no indication chain's enthusiasm for home video is flagging: "Our confidence in the video rental business has never been stronger."

Blockbuster officials said company will roll sales and rental of CD-I software into most major metropolitan areas within 15 months. However, Pres.-COO Joseph Baczko cautioned that chain can't determine which new formats will survive in long run. Blockbuster, 6% owned by Philips, is offering CD-I players and software titles for rental (\$9.95 for 3 nights for hardware, \$3 for 3 nights for software) in 111 stores in L.A., San Francisco and Chicago markets.



**NEW HIGH-END CAMCORDERS:** Even as average camcorder prices continue to decline, Japanese manufacturers are pushing hard to boost sales at highest end with unique and enticing new designs.

As we forecast 2 months ago (TVD Sept 7 p11), Sony introduced Hi8 camcorder with "Handycam Station" in U.S. last week. At same time, Nikon offered presumably identical product at same suggested list price. Yashica also introduced its own brand version of same product.

Handycam Station is at least partly answer to VHS-C group's question, "will it play in my VCR?" Station (or more prosaically titled Nikon "Connecting Base") is designed to be left connected to TV or VCR. For playback, user slides camcorder into Station and connections are made automatically. During playback, Station automatically recharges camcorder battery and sequentially can charge 2nd battery.

Camcorder companion to Station is described as smallest Hi8 Sony Handycam ever, weighing 1.5 lb. without battery, 1.8 lb. with. Sony's TR200 (Nikon's VN720) is first to use lithium ion battery, which is 30% smaller than comparable nickel cadmium battery, has no "memory" and thus can be recharged at any time regardless of remaining capacity. Camcorder has 8:1 variable high-speed zoom lens, with focus accuracy during zoom controlled by new Digital Auto Focus IC, Sony says. It also has preprogrammed setting for portrait, sports and high speed. It features stereo sound and mike, has 1/3" CCD sensor with 410,000-pixel resolution, 3-lux sensitivity.

In Japan, Handycam Station is \$160 accessory to new camcorder. In U.S., it's included -- at suggested list price of \$1,600 for either Sony or Nikon camcorder, including platform and lithium ion battery.

New Sony/Nikon camcorder is one in series of unique high-end models being introduced, presumably to spark new interest in top of line. Most notable is Sharp's Viewcam, with 4" color LCD, due here in Feb. (TVD Sept 28 p9).

Although Sony was careful to avoid making competitive lightweight claim for its new Hi8 camcorder, Nikon plowed ahead, calling its version "the smallest Hi8 camcorder ever," statement that might be challenged by Hitachi, now shipping "world's smallest, lightest" Hi8, announced last summer (TVD Aug 17 p15). Hitachi claims its new Hi8 weighs less than 1.3 lb, beating Sony/Nikon model by more than 3 oz. in lightness race. New Hitachi, which also lists at \$1,600, has 16:1 optical zoom (64:1 digital), stereo audio.

JVC is scheduled to start shipment this week of S-VHS-C models with new multifunction lens and digital effects (TVD Aug 10 p14). New lens, in high-end model with digital zoom, promises more than 600 different possible combinations of shooting modes. It has 11:1 optical zoom, 22:1 digital zoom, new "microscope mode." Camcorder with digital zoom lists at \$1,999, step-down version with multifunction lens but without digital zoom is \$1,199.

One innovative high-end camcorder that American consumers probably won't see within next year is Panasonic's 3-CCD S-VHS-C model weighing less than 2 lb., introduced at Japan Electronics Show (TVD Oct 19 p11). Company spokesman in U.S. said there were no plans to introduce it here.

**DURACELL RECHARGEABLES:** Biggest manufacturer of alkaline batteries, Duracell, is entering manufacture of rechargeables with nickel-metal hydride (Ni-MH) battery packs for portable electronic devices. In alliance with Japan's Toshiba Battery and Germany's Varta Batterie, Duracell hopes to work with OEM manufacturers to develop standardized battery packs for "3 Cs" -- camcorders, computers, cellular phones.

Company chose Ni-MH system because it has higher inherent energy capacity than nickel cadmium types (at least 30%, and potentially up to 60-70%), has no "memory effect" and is more sound environmentally because of elimination of contaminating cadmium, Duracell said.

At news conference in N.Y. last week, company officials said they hope to develop camcorder packs first, with computer and cellular later. Camcorder goal is 1993 in Europe, 1994 in U.S. Aim is fewer than 10 standard packs -- possibly as few as 3-5 -- to minimize dealer inventory problems.

Duracell said it has received first order for standardized Ni-MH packs from Fujitsu Network Transmission Systems for cellular phones, with batteries due for retail distribution in late 1993. Duracell New Products Sales & Mktg. Vp Norman Allen said company already has met with more than 30 makers of cellular phones and portable computers. He said those 2 products already use more than 150 different rechargeable battery packs, making it difficult and expensive for consumers to replace them. By contrast, camcorder batteries are virtually standardized already, making it easier field to enter.

**9 MONTHS AT A GLANCE:** Here are EIA figures on sales to dealers of color TV receivers and VCRs by month for first 3 quarters of 1992, with 1991 comparisons:

COLOR TV SALES TO DEALERS

Month	Total		Direct View (TV Only)		Projection	
	1992	1991	1992	1991	1992	1991
July.....	1,452,041	1,199,851	1,373,722	1,131,943	28,381*	25,662
August.....	1,733,734	1,506,752	1,645,082	1,423,844	34,216*	31,617
Sept. (5 wks)	2,775,825*	2,534,268	2,604,020*	2,414,713	51,776	57,769*
TOTAL.....	15,397,217	14,179,222	14,520,009	13,462,980	265,852*	248,082

VCR SALES TO DEALERS

Month	Total VCRs		Camcorders		TV/VCR		Combos
	1992	1991	1992	1991	1992	1991	
July.....	943,227	615,038	260,495	176,722	49,938*	42,246	
August.....	1,041,887*	801,550	211,535	232,422	54,436*	51,291	
Sept. (5 wks)	1,348,613	1,460,594*	299,153	387,877	120,029*	61,786	
TOTAL.....	8,348,810*	7,173,437	1,917,984	1,993,722*	611,356*	468,160	

\*Record.

**Retail News:** Audio King reported 16.5% net sales rise in first quarter ended Sept. 30 but had net loss of \$25,819 (-1¢ per share), compared with profit of \$1,703 year earlier. It said same-store sales rose 22.6%, attributing gain to year-earlier closure of smaller outlet "that lacked expansion capabilities." Pres. Gary Thorne said first-quarter results "were consistent with our expectations. We expect to show improvements in sales and profitability as we go forward through the rest of this year."... **Audio/Video Affiliates** said its revolving bank credit facility has been expanded to \$50 million from \$30 million and extended to Jan. 31, 1997. Company said it will have 8 new stores by end of year, raising total to 106 in 20 states. It also said it will have jewelry departments in 8 stores by end of current fiscal year in expansion of current 2-store test.



**AUG. IMPORTS BY COUNTRY:** Although Mexico continues as dominant color TV supplier for U.S., level of imports from China and Thailand showed triple-digit gains in Aug., with China pulling into virtual dead heat with Malaysia as 3rd largest source country for month. Biggest decline was shown by Taiwan, off nearly 75% for month, 65% for first 8 months of 1992.

	Aug.	% Chg.	8 Months	% Chg.
<b>VCR Decks</b>				
<b>TOTAL....</b>	<b>1,393,700</b>	<b>+ 9.6</b>	<b>9,244,400</b>	<b>+32.5</b>
Japan....	470,100	-13.4	3,796,800	+ 1.7
Korea....	333,750	+34.6	2,061,300	+53.5
Malaysia..	274,400	+30.7	1,451,500	+91.1
Thailand..	149,500	-29.3	1,061,200	+12.6
Indonesia	93,000	*	528,400	*
Singapore	45,300	+56.5	182,300	+103.2
Taiwan...	26,950	- 9.3	150,500	+42.0

<b>TV Sets</b>				
<b>TOTAL.....</b>	<b>1,139,050</b>	<b>+32.3</b>	<b>8,205,700</b>	<b>+19.3</b>
color....	1,173,600	+36.7	7,031,600	+25.2
b&w.....	145,500	+ 5.1	1,174,200	- 7.0

<b>Mexico</b>				
total....	578,100	+31.9	3,766,000	+28.6
color...	577,300	+31.9	3,765,100	+28.6
b&w.....	900	+27.8	900	+27.8
<b>China</b>				
total...	159,600	+73.1	745,600	+17.3
color...	109,100	+119.0	449,500	+44.7
b&w.....	50,500	+19.0	296,100	- 8.8
<b>Thailand</b>				
color...	144,300	+123.9	778,600	+84.3
<b>Malaysia</b>				
total....	133,100	+44.3	719,600	+16.3
color...	110,700	+42.7	619,600	+10.6
b&w.....	22,400	+53.0	100,000	-28.1
<b>Korea</b>				
total...	97,200	- 1.9	882,800	-16.5
color...	67,800	- 1.2	551,100	+ 2.1
b&w.....	29,400	- 3.5	331,700	-35.9
<b>Taiwan</b>				
total...	34,100	-59.6	392,700	-12.8
color...	12,000	-74.4	106,100	-64.3
b&w.....	22,100	-42.2	286,600	+87.1
<b>Singapore</b>				
color...	76,800	+108.0	393,300	+47.4
<b>Japan</b>				
total...	32,700	+45.6	242,300	- 0.8
color...	21,600	+ 4.1	151,300	-11.5
b&w.....	11,100	+538.2	91,000	+24.2
<b>Philippines</b>				
total...	15,200	+ *	63,700	+ 5.2
color...	13,900	+ 0.3	60,200	+ 1.1
b&w.....	1,300	*	3,450	+263.2
<b>Hong Kong</b>				
total...	37,800	+68.7	144,700	+69.4
color...	33,200	+110.7	111,400	+134.7
b&w.....	4,600	-30.9	33,300	-12.3
<b>Canada</b>				
color...	6,700	*	40,000	+455.7

\* No significant shipments in 1991.

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

**KALOV HEADS EIA/CEG:** Jerry Kalov, Dynascan, was elected chmn. of EIA Consumer Electronics Group (CEG) board, succeeding Sony's Robert Dillon, and Joseph Clayton, Thomson Consumer Electronics, became vice chmn. at EIA Fall Conference in San Diego. Heading umbrella organization is Ronald Barnhart, Honeywell, elected EIA chmn., succeeding Frank Myers, Wells-Gardner. Matthew Flanigan, Cognitronics, is EIA vice chmn., and Clifford Tuttle, Aerovox, succeeds Flanigan as treas.

Other CEG officers for 1993 are Jack Pluckhan, Matsushita, industry vp; Myers, past EIA chmn.; Dillon, past CEG chmn.; Richard James, Harman International/JBL, former CEG chmn.; Gary Shapiro, group vp, plus all CEG division chairmen.

Newly appointed to CEG board were Darrell Issa, Directed Electronics; Gerald McCarthy, Zenith; Stan St. John, AT&T; Michael Williamson, Sharp.

CEG created new Mobile Electronics Div., which is expected to include members from Mobile Electronics Assn., currently discussing integration into EIA (manufacturer members will become active EIA members, with others eligible to join as assoc. members). New unit will be headed by Robert Shaw, International Jensen, as chmn., with Issa as vice chmn. Also newly created is High End Audio Subdiv., to be chaired by Katherine Gornik, Thiel, with Steve McCormack, McCormack/The Mod Squad, as vice chmn.

Clayton continues as chmn. of Video Div., with Paul D'Arcy, Sanyo, new vice chmn. New officers of Audio Div. are Robert Heiblim, Denon, chmn., and James vice chmn. Rected: Accessories Div. Chmn. Robert Borchardt, Recoton; Vice Chmn. Stephen Trice, JASCO; Home Information Equipment Div. Chmn. John Patterson, Tandy; Vice Chmn. William Kopp, Panasonic. AT&T's Clint Gibler continues to head Assistive Devices Div., with Paul Fontaine, DEC, newly elected vice chmn.

Others newly appointed to CEG posts: Blank Media Subdiv. -- Brad Friedrich, Fuji Photo, chmn.; Robert Kline, 3M, vice chmn. Consumer Affairs Council -- Kathryn. O'Brien, Sony, chmn.; James McCool, Hitachi, vice chmn.; Govt. Affairs Council -- John Anderson, Toshiba, chmn.; Thomas Patton, Philips, vice chmn.

As previously reported here, TCE's Joseph Donahue received EIA's 1992 Distinguished Service Award. Other honors: Clinton Lee Marketing Services Award to Dennis Gilhooley, Zenith. Engineering Award of Excellence to John Kitka, Grayhill Inc., who won same award in 1979.

**"Digital Book System"** is Franklin Electronic Publishers' entry into handheld multiprogram devices. Company, known previously for dedicated single-use devices, is offering system that accepts 2 ROM cartridges at time in 4.6-oz. device containing keyboard, 5-line 40x160 pixel display, to be sold at start through Radio Shack stores. Packaged with Merriam-Webster Dictionary and Word Games cartridges, system will retail at \$199.95. System architecture is 16-bit 65816 Western Digital CPU. Franklin said proprietary compression system allows up to 5:1 reduction ratio in physical memory requirements, and each Digital Book chip has up to 45 Mb memory. In addition to dictionary and Word Games, startup software will include Medical Letter and Video Companion at \$29-\$99. Franklin said CD-ROM systems, such as Data Discman, are "inherently delicate, expensive, can only use one database at a time and... slow to access information."



**PHILIPS, SONY CD-I PORTABLES:** Sony and Philips are bringing portable CD-I players to U.S. market -- but as business products, not for consumers. Both companies have been selling portables in Japan, Sony only as industrial product, Philips on consumer market.

Philips has begun marketing portable CD-I player to U.S. businesses as training and product education device. Machine, which costs \$1,995, includes 6" LCD screen, 2-way serial port for mouse or trackball accessory; outputs for Y/C connection; composite video or analog RGB, all of which can operate simultaneously; PAL/NTSC switch; output for stereo audio. Unit also has sensor for IR remote that will be offered as optional accessory. Cursor is controlled via touchpad built into top of machine, one of several changes from prototype unit shown as early as Winter Consumer Electronics Show in Jan.

Player can be upgraded to play full-screen full-motion video (FMV); FMV upgrade chip will be housed in special docking device, into which portable player will be placed. Docking station will be available early in 1993, at about same time FMV cartridge for consumer CD-I players will be on market. Player, manufactured by Marantz Japan, is being marketed through 150 resellers around U.S. Bernie Mitchell, national mktg. mgr. for Philips Professional Interactive Media, said recent startup of TV advertising campaign for consumer CD-I player has given significant boost to sales force's efforts in selling into business market.

Sony player for U.S. was unveiled at last week's "CD-I 2" conference in L.A. Company said it represents element in "strategy... to provide corporate, government and medical customers a selection of product -- including CD-I, as well as the Data Discman and Multimedia CD-ROM player -- to address a range of applications and budgetary requirements." CD-I player, it said, will be available early next year "to those customers whose applications require the development of customized CD-I-based software solutions." Player is expected to carry price tag of about \$1,900.

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**CD-I version** of Compton's Interactive Encyclopedia, introduced last week, will be offered free to all new CD-I player purchasers. Currently, CD-I player commonly is carrying \$599 price tag, with dealers offering unadvertised coupon for \$100 of free software as "deal closer." Through end of year, coupon that can be sent in for free Compton's program (which will carry \$299 retail price) will be offered as alternative to that coupon. Philips reportedly is exploring packing Compton's disc with player beginning next year. Compton has published several CD-ROM versions of Multimedia Encyclopedia for PCs, Macintosh and Tandy's Video Information System (VIS) player. CD-I version includes video window that will display 30 video segments of significant people, events, speeches and other items. Disc includes such recent events as political breakup of Yugoslavia and L.A. riots following Rodney King verdict.

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**Consumer intentions** to buy TV sets in next 6 month were expressed by 5.8% of families surveyed in Oct., Conference Board said. That represented increase from revised 5.5% in Sept., but still was considerably below 6.9% in Oct. 1991.

**President Bush** last week signed audio royalty bill providing for royalties on sales of consumer digital recorders and blank media (TVD Oct 12 p11) and bill directing FCC to choose single AM stereo system (TVD Oct 26 p12).

**CONSUMER REPORTS VIEWS TV:** Zenith set came out on top in ratings of 20" color sets in Nov. Consumer Reports (CR), while Sharp model was best in 13". CR said Zenith SJ2071W "performed best overall, especially in picture quality," but that at average price of \$385 it was one of most expensive, and suggested Sanyo and GE models as less expensive alternatives.

Sharp 13AM100 topped list of 13" models, with "very clear picture and an easy-to-use remote control." In its tests, CR said "most of the pictures looked fine, and the best were quite good." It also said sets are considerably less expensive than 10 years ago, "and these days you get more for your money."

Based on surveys of subscribers (121,000 owning 19" and 20" sets and 56,000 13" sets), CR showed Panasonic and JVC tied for best repair record for 19-20" sets and 5-way tie of Hitachi, Panasonic, JVC, Sharp and Mitsubishi for 13".

Of clock radios, rated in same issue, RCA unit won top rating in full-featured models, Realistic (Radio Shack) was best basic model and GE was No. 1 model with cassette player.

"Not ready for prime time" is CR's size-up of Sony's Data Discman. Magazine found it far less convenient than hard-copy book "to curl up with on a rainy day." Although it saw big advantage in rapid access features and key-word searches, it cited such disadvantages as difficulty in learning search methods for different programs, difficulty and discomfort in using tiny keypad, short battery life. CR concluded that "it's too soon to tell whether Data Discman will be a runaway success like the Sony Walkman or a dodo like Sony's Betamax."

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**First videogame with Dolby Surround** has been announced by Jaleco for shipment early next year. "King Arthur's World," developed by London-based Argonaut Software, is strategic fantasy game planned for U.S. release on Super Nintendo system in Jan.-Feb., Europe in March. Argonaut had worked with Nintendo on developing forthcoming SFX chip, which Nintendo said will offer 3-D effects in 16-bit cartridge games when it's introduced in Feb. (TVD Aug 31 p18). Meanwhile, Virgin Games reached licensing agreement with Archer Communications to use Archer's Q-Sound audio technology in games it's developing for Sega CD system.

**Toshiba will commemorate** production of 10 millionth color TV at Lebanon, Tenn., plant this month. Since it opened in 1978, facility has expanded from single production line to 6, making 30", 32" and 35" SuperTube models. To mark event, Toshiba will conduct sweepstakes for those who purchase any Toshiba set between Nov. 10 and end of year. Each of 100 grand prize winners will receive check from Toshiba for price of set.

**Video Review** resumes publication in late Nov. with "buyers' guide" issue, followed by Jan.-Feb. issue. It has been purchased by group headed by Kurt Zahner, will have circulation base of 175,000. It will emphasize articles on hardware and will feature comparative tests, with software reviews deemphasized -- 914-576-8800.

**First Sony VHS/TV combination** will make bow in Japan Dec. 5. Model with 13" TV and 2 tuners will be priced at about \$1,075. Company will produce 10,000 monthly at start, hasn't indicated export plans.



**NEW PROJECTION EMPIRE:** Ampro Corp., privately held firm headed by Charles Trippe, onetime Bell & Howell planning vp, is purchasing its 3rd projection TV company and is making bid to become significant power in commercial, industrial and consumer projection.

Ampro (which once stood for American Projector Corp.) has reached agreement to acquire privately owned Greyhawk Systems Inc., Mountain View, Cal., financially troubled developer of lightvalve equipment, including printers, photo lithography gear and projection TV. Ampro purchased Kloss Video's projection TV operation in 1988 (TVD April 25/88 p14). It also bought Esprit, formerly ESP Inc., Titusville, Fla., firm founded by inventor Arthur Tucker to manufacture his Acquastar liquid coupled projector (TVD Jan 14/80 p12).

Thus Ampro now is in position to field 3 different projection TV categories -- high-end consumer, conventional commercial and lightvalve commercial systems.

Lightvalve system developed by Greyhawk will make debut at Infocom in New Orleans in Jan., for production and delivery in Feb. at less than \$40,000, Ampro said. In many respects it's similar to Hughes-JVC Technology lightvalve projector, using LCD lightvalve and cathode ray tube to provide ultrabright picture thanks to light amplifying characteristics of LCD when external light is applied.

Michael Knudsen, principal of Greyhawk who will become Ampro mktg. vp after merger, said company's system differs from Hughes-JVC approach in that it uses fiber coupling between LCD and imaging CRT. Among other differences, he cited: Greyhawk unit achieves same brightness with 400-w metal halide light as Hughes' 1,000-w Xenon arc lamp, Greyhawk operates on 110 v (vs. 220), has single focusable projection lens (vs. 3 lenses), eliminating convergence, weighs 150-160 lb. (vs. more than 300). Knudsen said system inherently is capable of HDTV.

Later in 1993, he said, Ampro will offer lower cost lightvalve projector, with ultimate goal of reaching consumer market price -- target similar to that of Hughes-JVC. Knudsen told us his company already has had inquiries from consumer electronics manufacturers on possibility of home version of system.

**Proposal for widescreen TV channel as interim measure next year before introduction of HDTV has been drawn up by U.K. retailer Dixons, Sony and satellite operator BSkyB as way to stimulate TV sales in Europe, according to document leaked to British press. Although press reported group seeks share of \$1.1-billion fund being considered by European Community (EC) as subsidy to get HDTV started, statement by Dixons noted that "there may be a justification for some level of funding to subsidize the early year losses of the broadcasters," but that under EC plan neither retailers nor manufacturers would receive subsidies.**

**Three former Crazy Eddie executives last week pleaded guilty in U.S. Dist. Court, Newark, N.J., to charges relating to scheme to inflate company's stock artificially in late 1980s (TVD June 29 p9). Sam Antar (cousin of founder Eddie Antar) and Isaac Kairey entered guilty pleas on counts of conspiracy to commit securities and mail fraud. David Panoff pleaded guilty on single count of conspiracy to commit securities fraud. Sam Antar, according to news reports, also agreed to testify against Eddie Antar and others who were indicted in June.**

**VHS should be viable format for at least another 10 years, said Telefuture Partners Pres. Robert Pfannkuch at recent ITA Special Interest Video Seminar in Santa Monica. He cited possibility of retailer bottleneck: How many dealers can afford to stock 4 formats? He said "old technology is lazy until it's threatened," citing limited-play cassette as example of how VHS is responding to new technology. "VHS duplicators won't have to turn the lights out in the next 10 years." He termed advances in data compression "a threat for some, an opportunity for others. If you're locked into VHS, it's a threat. Saying all technologies will stand side by side is ludicrous -- just like Beta and VHS." For special interest, he said, data compression "offers a real opportunity because it has a flexibility you can't find in linear tape" and "new technology needs new programming."**

**Ads & Promos: Sony launched broad NFL-based marketing effort for Watchman TV line. Between now and Dec. 31, consumers can register to win travel package including 2 tickets to Super Bowl and tour of Sony Studios. Watchman purchasers will receive mail-in coupon redeemable toward NFL premium merchandise. Sony is running 4-color ads in more than 100 game programs... Acclaim Entertainment "T2: The Arcade Game" cartridge will be packed in with Sega's "Menacer" shooting peripheral in Dec. at \$90 retail; cartridge alone, under Acclaim's Arena brand, is expected to sell at \$49.95... Sweepstakes coupon packed in with Sunsoft "Superman" and "Batman: Revenge of the Joker" game cartridges will offer purchaser chance to have picture and name included in 1993 issue of Superman comic book.**

**Sharp will double production capacity for optical pickups, used in CD and laserdisc players, in fiscal year starting in April. Its pickup uses unique hologram system that eliminates bulky prism and reduces size 25%, compared with conventional pickups. Company currently has capacity for one million units monthly, which will be increased to 1.3 million by March, 2 million in March 1994. World market for optical pickups is estimated at about 2.5 million monthly, mostly for CD players, but introduction of MiniDisc recorders and players and growth of CD-ROM drives should result in major increase.**

**Panasonic Kid Witness News (PKWN) video education program has entered teaching partnership with Columbia U. and N.Y. Public Library's Schomburg Center for Research in Black Culture. It covers program involving annual video newsletter prepared by N.Y. public school students for national distribution to PKWN network of 200 schools.**

**NEC plans to offer active matrix LCDs for projection and direct-view TVs. It currently makes LCDs principally for computer display. By 1995, however, NEC expects 30% of its LCD sales will be for TV and other video equipment. It's developing rear-projection LCD TV with subsidiary NEC Home Electronics in Japan.**

**Terk Technologies, antenna designer and marketer, will move to new hq. Effective Nov. 9, company will be at 65 E. Bethpage Rd., Plainview, N.Y. 11803. Phone: 516-756-6000. Fax: 516-756-6007.**

**In-dash car TV by Seiko with 4" LCD screen will be marketed in Japan beginning Dec. 10. Set is removable for viewing in rear seat or outside of car, is priced at \$880, including one-year theft insurance.**



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## Consumer Electronics Personals

John Neville promoted to exec. vp, Tubes & Display Group, Thomson Consumer Electronics, responsible for worldwide color picture tube operations, including facilities in U.S., France, Italy, Poland, Mexico and Brazil; he's succeeded as N. America Tube Div. vp by Robert Lorch, gen. mgr. for mktg., sales and business development, N. America... Greg Ellis, ex-Teknekron Communications Systems, named Macrovision encryption systems product mgr.; Vickie Barber, ex-Media Home Entertainment sales vp, joins Macrovision as regional anticopy sales mgr... Donna Austi, formerly HWH Enterprises, joins Colucci & Co., N.Y. PR firm, as special events planner.

New JVC management responsibilities under Pres. Takuro Bojo, as revealed in 1992 annual report (see also separate report, this issue): Managing dirs. — Yoshihiro Ueno, Projection System Business and production promotion; Shinichi Mitsuzaki, Parts & Device Sector; Toshiro Furuichi, Technofair Promotion Committee, AV-Related Business; Hiroshi Sano, Consumer Marketing Div.; Nobikazu Kaneko, accounting and finance, general affairs. Dirs. — Masahiko Hirata; Yoji Karino,

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>Audio King</b>			
1992-qtr. to Sept. 30	7,315,743	(25,819)	--
1991-qtr. to Sept. 30	6,279,722	1,703	--
<b>Clear Channel Communications</b>			
1992-9 mo. to Sept. 30	62,598,112	2,650,642	.28
1991-9 mo. to Sept. 30	52,003,769	181,735	.02 <sup>a</sup>
1992-qtr. to Sept. 30	24,485,948	679,601	.07
1991-qtr. to Sept. 30	16,998,354	223,463	.03 <sup>a</sup>
<b>Gaylord Entertainment</b>			
1992-9 mo. to Sept. 30	483,171,000	20,610,000	.49
1991-9 mo. to Sept. 30	456,964,000	(1,193,000)	--
1992-qtr. to Sept. 30	180,461,000	11,511,000	.27
1991-qtr. to Sept. 30	172,536,000	5,415,000	.17
<b>Harman International Industries</b>			
1992-qtr. to Sept. 30	144,745,000	(1,364,000)	--
1991-qtr. to Sept. 30	135,824,000	(1,345,000)	--
<b>New York Times</b>			
1992-9 mo. to Sept. 30	1,318,145,000	(4,698,000)	-- <sup>b</sup>
1991-9 mo. to Sept. 30	1,250,633,000	12,397,000	.16
1992-qtr. to Sept. 30	429,686,000	(33,885,000)	-- <sup>b</sup>
1991-qtr. to Sept. 30	393,363,000	1,937,000	.03
<b>Oak Industries</b>			
1992-9 mo. to Sept. 30	107,429,000	10,146,000	.12 <sup>c</sup>
1991-9 mo. to Sept. 30	92,904,000	3,291,000	.04 <sup>c</sup>
1992-qtr. to Sept. 30	33,242,000	1,736,000	.02
1991-qtr. to Sept. 30	29,552,000	4,337,000	.05 <sup>c</sup>
<b>Scientific-Atlanta</b>			
1992-13 wk. to Sept. 25	171,200,000	6,790,000	.28
1991-13 wk. to Sept. 27	128,001,000	2,278,000	.10
<b>Zenith Electronics</b>			
1992-9 mo. to Sept. 26	858,500,000	(85,600,000)	-- <sup>b</sup>
1991-9 mo. to Sept. 28	922,600,000	(52,100,000)	--
1992-qtr. to Sept. 26	313,300,000	(41,800,000)	-- <sup>b</sup>
1991-qtr. to Sept. 28	343,900,000	(1,500,000)	--

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

customer satisfaction; Toshihiro Kikuchi, business affairs and promotion; Hideki Gomi, Products Strategy Div. and PR; Akira Hirota, Video and intellectual property; Hirotada Sasaki, Professional Products & Information Sector; Masanori Iwasaki, TV Sector; Masahiro Inbe, AV Software & Media Business Group; Yoshifumi Harakawa, International Mktg. Div., Corporate Management Divs. for N. America and Europe; Masahiro Fujimoto, Technology Development Div., Central R&D Center; Toshimasa Kumazaki, TV and Image Systems Divs.; Kazuo Norioka, Video Sector and Video Div.; Masano Hoshino, Magnetic Products Co., Disc Div., pres. of Victor Magnetics Co. and JVC America; Chuhei Yamamoto, Corporate Personnel Div.; Hiroki Shimizu, Audio Sector, Audio Div.

Toshiba is co-sponsoring, with National Science Teachers Assn. (NSTA), Exploravision Awards, national science competition for pupils kindergarten through 12th grade. Pupils will compete for more than \$300,000 in U.S. Savings Bonds and other prizes. Teachers and schools also will be eligible to win prizes.

Matsushita said it was only Japanese company to receive certificate of appreciation from Maritime Administration for transporting substantial share of import and export cargo on U.S.-flag ships.



# TELEVISION DIGEST®

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

With Consumer Electronics

NOVEMBER 9, 1992

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**CLINTON TRANSITION:** Unknown seen likely to head communications policy in changeover because of tough ethics rules. At least 250 major communications jobs to change hands. (P. 1)

**COURT REJECTS FINSYN:** U.S. Appeals Court, Chicago, gives FCC and others 30 days to propose interim rules. FCC criticized for failing to justify decision. No ruling on constitutionality. (P. 3)

**NEW LOOK FOR CONGRESS:** Third of House Commerce Committee changes, 2 on Senate panel. Ritter out. Term limits threaten Hollings, Danforth. (P. 5)

**CABLE LOBBYING DISCOURAGED:** FCC members say pressure won't weaken Cable Act impact. Rulemakings begun on must-carry, indecency, home wiring. (P. 6)

**JUSTICE REJECTS MUST-CARRY,** says it won't defend it in court. Congress or FCC likely to step in. NAB moves to dismiss retransmission consent. (P. 7)

**FETUS RULING DEBATED:** Appeals Court and Supreme Court Justice hold that 30-min. fetus infomercial is 'indecent'. FCC expected to seek DoJ approval of appeal. FCC criticized for delays. (P. 8)

**CAMPAIGN 'SEA CHANGE':** Talk shows, infomercials and satellites to be more important in 1996. TV news still considered necessary. (P. 8)

**CLINTON COMMUNICATIONS TRANSITION BEGINS:** Decisions on future of telecommunications policy during transition to Bill Clinton presidency are likely to be made by industry unknown, according to persons familiar with this and previous transitions. Conflict-of-interest rules expected to be adopted by Clinton transition team almost assure that persons responsible for communications policy in changeover will be new to industry -- and may not stay in industry after transition. Transition over next few months resulting from change in Administrations is expected to affect jobs of at least 250 persons involved in setting communications policy.

Democratic Planning Commission on International Communications, headed by Hogan & Hartson (H&H) partner Joel Winnick, reported to Clinton planning group last week. Report deals primarily with how to best reorganize all U.S. agencies (such as State Dept., FCC, NTIA) that are involved in international activities to assure closer coordination. No details were available. H&H attorneys are expected to play major role in Clinton Administration, with as many as 10 said to be leaving firm for that purpose.

Conflict-of-interest rules, which apparently are unprecedented among presidential transitions for their strictness, require that persons responsible for policy area have no stake in policy issues in that area,

### Consumer Electronics

**HOW CLINTON ADMINISTRATION** will affect consumer electronics is pondered by industry. R&D benefits seen, but some fear protectionist wave. (P. 10)

**WIDESCREEN WON'T BE FOR SALE** at retail before next year, as Thomson pushes back national rollout until 2nd quarter, joining several others. (P. 11)

**NEW GE LINE,** completely revamped and first full series of caption receivers, to sell at no premium, despite nearly \$10 million captioning cost. (Pp. 11 & 14)

**CAMCORDER, VCR SHIPMENTS** from Japan to U.S. at year's high in Sept., but still considerably below year earlier. CD player shipments down. (P. 12)

**PHILIPS \$87-MILLION LOSS** in 3rd quarter attributed largely to consumer electronics market weakness. Further restructuring eyed in CE, components. (P. 13)

**BROTHER WINS COURT RULING** that it's U.S. manufacturer and eligible to file dumping charge vs. Smith-Corona, but action is held up pending appeal. (P. 14)

**AMBITIOUS DCC LAUNCH** by Philips includes major 'teaser' ad campaign. All Philips audio dealers scheduled to have recorders for yule sale. (P. 15)

**8mm-VHS DUAL-DECK VCR** highlights Samsung's planned products for 1993. Company shows 8mm deck. (P. 15)



including through employment or people they represent, according to persons familiar with new rules. Rules also are expected to say that person responsible for transition policy in certain area such as communications would not be allowed to lobby or appear before agency affected by transition for 6 or 12 months after Clinton takes over, and that persons appointed to permanent jobs not be allowed to lobby agencies for 5 years after they leave office.

No decision was likely until this week on who would handle communications issues in transition. AP reported that Clinton has selected former civil rights leader Vernon Jordan to head his transition team, aided by former Undersecy. of State Warren Christopher. "Communications is way down on the agenda compared to the economy, defense and foreign affairs," said Washington lawyer Frank Lloyd, who was involved in campaign as well as in Carter transition. Attorney Philip Verveer, friend of Clinton since their college days, said "anyone who tells you they know now who will do what is blowing smoke. I think the amount people are saying is in inverse proportion to how close they are to the decisions."

Communications transition post typically has gone to unknown. Head of communications policy in 1976 Carter transition was 28-year-old campaign worker Richard Neustadt who, despite having no background in communications, eventually became White House communications policy adviser, oversaw creation of NTIA, later was co-founder of Private Satellite Network and business TV consultant. Reagan communications policy transition was headed by Michael Gardner, now Washington communications lawyer. Gardner, former energy lawyer, became head of U.S. delegation to International Telecommunication Union conference after transition, as well as chmn. of U.S. Telecommunications Training Institute and has represented Hollywood on finsyn issues. Former FCC Chmn. Richard Wiley handled Justice Dept. issues for Reagan transition.

In addition to lower level slots, transition team eventually will select nominees for 3 key communications posts -- NTIA dir., FCC chmn. and FCC member. Chmn. Sikes, recovering from surgery, wasn't available to talk about his plans, but previous chairmen have stayed in post until inauguration of President from new party. Sikes FCC term expires June 30. Wiley and former FCC Chmn. Charles Ferris did remain at Commission under Administration of different party until their terms expired, but Sikes isn't expected to do so. Other FCC appointment would be to seat now held by Comr. Marshall, Republican whose term already has expired but who is allowed to continue in seat until replacement is confirmed. She also hasn't discussed her plans publicly.

Clinton victory means more than 250 policy-making jobs affecting communications will change within next few months as new President makes his appointments and those changes trickle down through ranks. Most of changes are at USIA, but they also affect FCC, NTIA, State Dept., FTC and Justice Dept., according to official list of non-Civil Service jobs published by Govt. Printing Office. Newest version of so-called "Plum Book" is due this week, according to staffers at Senate Govt. Affairs Committee, which is responsible for arranging publication this year. Plum Book, officially called U.S. Government Policy and Supporting Positions, lists about 3,000 jobs in policy-making positions. Since some of posts are reserved for career Senior Executive Service (SES) personnel, full 3,000 won't change. But book doesn't list other jobs that can change when, for example, new FCC chmn. takes over.

About 25 jobs at FCC are likely to change, although number isn't exact. Besides chmn. and one commissioner, plus their staffs, only positions definitely subject to change are those of Chief of Staff (Terry Haines), Office of Legislative Affairs Dir. (Linda Solheim), Office of Public Affairs Dir. (Lorrie Secrest), and Office of International Communications Dir. (Walda Roseman). Common Carrier Bureau Chief Cheryl Tritt also has noncareer status, but bureau chiefs don't necessarily change. Typically, new chmn. selects own Gen. Counsel and chiefs of Office of Plans & Policy (OPP) and Mass Media and Common Carrier Bureaus, but that's not definite, and other bureau chiefs have remained in place during changeovers. Managing Dir. Andrew Fishel is career employee, but theoretically could be reassigned to another job.

According to latest Plum Book, other staffers that usually change: (1) Chmn. typically has 5 advisers, other commissioners 3. (2) There are 5 Schedule C employees scattered among OPP, Public Affairs, Legislative Affairs. (3) FCC has 30 SES employees, 10% of whom can be noncareer. Plum Book is out of date, so some of career positions have since become noncareer, and vice versa, but officials said new version won't include many major changes.

Other positions likely to change, according to current Plum Book: (1) White House adviser on communications. (2) NTIA dir. and deputy, assoc. administrator for policy analysis, dir.-congressional affairs, 2 special assistants, one SES position. (3) Asst. Secy. of State for International Communications. (4) FTC chmn. and one commissioner, plus dir., Bureau of Competition, dir., Bureau of Consumer Protection,



gen. counsel. (5) Asst. attorney gen.-antitrust and 2 Schedule C employees. (6) Asst. secy. of defense for Command, Control, Communications & Information, plus 2 Schedule Cs. (7) Three members of Board for International Communications, plus gen. counsel. (8) National Institute for Standards & Technology dir., one Schedule C employee, one SES.

By far biggest turnover will be at USIA, according to Plum Book. In addition to dir. and deputy dir., President can directly appoint at least 41 persons, mostly to governing and advisory boards. There also are 143 Civil Service-exempt positions, 31 Schedule C employees and dozens of SES, 10% of which can be assigned to noncareer employees.

**APPEALS COURT VACATES FINSYN RULES:** In decision with colorful phrases and highly critical of FCC for not clearly articulating reasons for its new finsyn rules, 7th U.S. Appeals Court, Chicago, "vacated" Commission decision Nov. 5. However, action was stayed for 30 days and parties were asked to submit supplementary briefs (no more than 10 pages) by Nov. 20 as to what rules, if any, should be in place until FCC again acts. Finsyn was returned to agency for further proceedings, and Court said: "The Commission may of course reopen the record... if that will help it reach an articulate, reasoned decision." Court acted less than 5 weeks after Oct. 2 argument was held.

Decision, written as expected by Justice Richard Posner (TVD Oct 15 p9) and signed by Chief Justice William Bauer and Senior Judge Thomas Fairchild, expressed concern about impact its order would have until there's final determination in finsyn case: "The Commission's [1991] order both adopted new rules and vacated the old ones [adopted in 1970]. If we simply vacate [new rules], this would seem to imply that the old rules... would spring back into effect... It could be important because the Commission may take some time to determine its further course in light of our order." Thus, Court stayed its action and asked for new briefs.

Posner decision adopted most of arguments 3 networks made at FCC for repeal of finsyn restrictions, saying: "The new rules, like their predecessors, appear to harm rather than to help outside producers... by reducing their bargaining power," and that since original finsyn rules were adopted in 1970, power of networks has diminished greatly and "the structure of the television industry has changed profoundly." Also, said Court, FCC never articulated reasons for adopting rules in 1970: "The basis for this concern that the networks, octopus like, would use their position in distribution to take over programming, and would use the resulting control of programming to eliminate their remaining competition in distribution, was never very clear... Nor was it clear how the [finsyn] rules would scotch the networks' nefarious schemes."

Since rules were first adopted in 1970, "the structure of the television industry has changed profoundly," Court said. "The challenged rules themselves... are so complicated that it is unclear whether they are more or less restrictive than the rules they modified." Posner said programmers and independent stations appealed "though half-heartedly -- for on the whole they are content with the new rules."

Chastising FCC for not presenting adequate basis for new rules, Court said: "It is not enough that a rule might be rational; the statement accompanying its promulgation must show that it is rational [and] must demonstrate that a reasonable person upon consideration of all the points urged pro and con... [would see it as] a reasonable response... The new rules flunk this test. The Commission's articulation of its grounds are not adequately reasoned. Key concepts are left unexplained, key evidence is overlooked, arguments that... time has only strengthened are ignored; contradictions within and among Commission decisions are passed over in silence... The Commission must do better in articulating their justification... The rules appear to handicap the networks and by handicapping them to retard new entry into production. How all this promotes programming diversity was left unexplained in the Commission's opinion [which] despite its length, is unreasoned and therefore, in the jargon of judicial review... arbitrary and capricious."

FCC vote on new finsyn rules was 3-2 (with Chmn. Sikes and Comr. Quello dissenting, both with statements) and Court said much of majority decision "consists of boilerplate... and self-congratulatory rhetoric... The opinion, like a Persian cat with its fur shaved, is alarmingly pale and thin... The Commission, ostrich fashion, did not discuss the most substantial objections to its approach, though the objections were argued vigorously by its own chairman, among others... The Commission's chairman [was] understandably irate because the majority had ignored most of the points in his long and detailed dissent."

Posner is being criticized for sitting on panel and writing opinion because he filed affidavit for CBS in 1977 finsyn consent decree proceeding at Justice Dept. before being appointed to 7th Circuit in 1983 by President Reagan. That led Pres. James Hedlund of INTV (which is strong proponent of finsyn) to state "the



decision is clouded" because of Posner's participation: "While not at all suggesting that Judge Posner was in any way biased, INTV is concerned that the reputation of the Court might be tarnished... Suffice it to say that INTV will not roll over to the big 3 networks and that we will pursue all legal avenues to their fullest."

Proponents of finsyn were encouraged by fact that Court didn't rule that restrictions on networks are unconstitutional or that FCC doesn't have authority to adopt such restrictions. Andrew Schwartzman, exec. dir. of Media Access Project, said there's a good chance that FCC will "go back and redo this thing." Diane Killory, Washington counsel for coalition of program producers, said: "This is a bad decision which, if allowed to stand, would have a devastating impact on the entire production industry and on program diversity. We will pursue every avenue of appeal, but we are also confident that the FCC, on remand, will be able to provide an explanation for its decision that will satisfy the Court's concern." Decision criticized Commission for not defining diversity in finsyn rules. Michael Gardner, also lawyer for coalition, told N.Y. Times: "This action will have a profound and devastating impact on this country's entire television production community. It seems to remove, with one glib gesture, regulatory safeguards that have promoted the financial viability of the creative community."

Networks were somewhat restrained in their comments, with CBS saying only that "we're pleased." Said NBC Senior Vp-Gen. Counsel Richard Cotton: "I think it's an excellent decision... It's really a stinging indictment of the failure of the FCC to justify any further restrictions on the networks... Hollywood is just fighting to delay the inevitable" -- removal of all network program ownership restrictions. Cap/ABC Vp-Gen. Counsel David Westin said: "We think it's a major step forward and more than justified, but the fight is far from over." Fox Bestg. Pres. Jamie Kellner said decision reveals that finsyn "emperor has no clothes... The time is past due to set all networks free." Added Fox Senior Vp-Affiliates Preston Padden: "It is our hope that the industry [networks and programmers] will have the collective wisdom and courage to stop beating this dead horse and instead shoot it to put it out of its misery."

Unknown factor if FCC once again revisits finsyn will be impact of 2 new commissioners due to be appointed by President-elect Clinton. Comr. Marshall's term expired last June 30 and she never was reappointed by President Bush; term of Chmn. Sikes expires June 30, and both surely will be replaced. Both are Republicans, and one of replacements also must be Republican to keep party ratio at 3-2. Marshall voted for finsyn rules while as noted above Sikes dissented strongly.

**U.S. Dist. Court, D.C.,** delayed jury trial on Resolution Trust Corp. (RTC) complaint against communications lawyer Michael Gardner until Dec. 23, from Nov. 12, officials said. RTC is trying to recover \$1.5 million that it claims Gardner received illegally in 1985 and 1986 from Lincoln Savings & Loan, controlled by Charles Keating. Gardner's attorney, Andrew Lipps, said case is "purely a fees dispute and Mr. Gardner will be fully vindicated." After article in Legal Times, group including FCC Chmn. Sikes, MPAA Pres. Jack Valenti, former FCC Comr. Henry Rivera, former NTIA Dir. David Markey, now of BellSouth, and Andrew Schwartzman of Media Access Project wrote letters attesting to Gardner's honesty. Gardner oversaw communications transition issues when Ronald Reagan was elected President, became communications lawyer with Akin, Gump, Hauer & Feld, then left to set up his own practice. He has since represented movie producers in finsyn proceedings and served on Pinelands (licensee of WWOR-TV N.Y.-Secaucus) board.

**U.S. Supreme Court** refused without comment to consider 2 lower court rulings setting aside National Basketball Assn. (NBA) limits on number of games on superstations. Limit of 20 such telecasts was appealed by 2-time NBA champion Chicago Bulls and WGN-TV Chicago, which telecasts Bulls games to some 34 million cable homes. U.S. Dist. Court Judge Hubert Will, Chicago, ruled that NBA restriction is violation of Sherman Antitrust Act and decision was upheld in April by U.S. Appeals Court, Chicago. NBA said cap was put in place in 1990 because too many games on superstations posed "a potent threat to the value of [League's] national television contracts."

**Union that represents FCC employees** accused Commission of partisan politics and denying its members First Amendment rights by refusing to provide meeting room before Presidential election. Union, which endorsed Clinton-Gore ticket, said meeting was to be nonpartisan and had been approved by U.S. Office of Special Counsel. Union said FCC Labor Relations Div. Chief Stephen Schumacher in denying request said: "We believe that providing FCC facilities... this close to the upcoming election to any organization which has announced support for a particular candidate would create an inappropriate appearance of partisanship on the part of the agency." Union Pres. Robert Tobias called that "supremely paranoid logic... How ironic that the one agency not to respect its employees' rights to hear a discussion of issues of importance to federal employees should have the word communications in its title." Union held similar meetings at several other govt. agencies before Nov. 3 election.

**FCC will have to move** out of 5th and 6th floors of its 2025 M St. NW Washington location by June because lease has expired, and as result has rented space in new office building at 1200 K St. NW. Other FCC space isn't affected. Alan McKie, FCC deputy managing dir., said agency must vacate floors occupied by Private Radio Bureau, Common Carrier Bureau's Domestic Facilities Div. and parts of same bureau's Enforcement Div. He said it hasn't been decided which parts of agency will be moved. He said GSA told Commission there was no response to solicitations for space in neighborhood around FCC hq at 1919 M St. NW that met GSA's requirements. Agency will have to provide shuttle bus service to new offices when they're occupied late this year, McKie said.



**NEW LOOK FOR CONGRESS:** Results of elections for House and Senate committees dealing primarily with communications bucked national trends. While Senate is seen as having major cultural shift, welcoming 4 women (including first black woman) and first Native American, Senate Commerce Committee is relative island of stability. On House side, where only 9 seats changed parties overall but dozens changed occupants, Commerce Committee will find 1/3 of its members will be new when 103rd Congress convenes in Jan. Biggest long-term effect could be term-limits approved in 14 states. If upheld in court, limits could affect House Commerce Committee Chmn. Dingell (D-Mich.) and Sen. Danforth (R-Mo.), senior Republican on Senate Committee.

Senate Committee lost 2 of 20 members -- Sen. Gore (D-Tenn.), who moves on to Vice Presidency, and Sen. Kasten (R-Wis.), who lost bid for 3rd term to Democrat Russell Feingold, 53%-47%. Committee Chmn. Hollings (D-S.C.) won bruising contest with ex-Rep. Hartnett, 52%-48%. Senate Communications Subcommittee Chmn. Inouye (D-Hawaii), despite 17-year-old charge of sexual harassment, won 6th term with 58% of vote. Sen. Packwood (R-Ore.) won tough race against Rep. AuCoin (D), 52%-48%.

In House, main loss may be that of Rep. Ritter (R-Pa.), who was in line to become senior Republican on Telecom Subcommittee and, depending on whether Rep. Moorhead (R-Cal.) left panel, on full Committee as well. Ritter, trying for 8th term, lost 47%-53% to attorney Paul McHale. Rep. Holloway (R-La.) also lost, to another incumbent, Rep. Baker (D), 49%-51%. Rep. Bliley (R-Va.) now stands to become senior Republican on Subcommittee. Republicans already had been hit hard by departures of 3 of top 4 Committee members in seniority. Reps. Lent (N.Y.) and Rinaldo (N.J.) retired voluntarily, and Rep. Dannemeyer (Cal.) was defeated in Senate primary. Three House Democrats retired before election -- Reps. Scheuer (N.Y.), Eckart (O.) and Harris (Ala.), with Rep. Bruce (D-Ill.) defeated in primary. Voters retired 2 more members, Reps. McMillen (Md.) and Kostmayer (Pa.). McMillen, running in new district, lost to Rep. Gilchrest (R-Md.) 52%-48%. Kostmayer lost to James Greenwood, 47%-53%.

In other election results, Rep. Glickman (D-Kan.) survived editorials by local Multimedia cable system, winning 9th term with 55% of vote to Republican Eric Yost's 45%. Ex-Washington TV news reporter Marjorie (Margolies) Mezvinsky (D) narrowly won House seat in Philadelphia suburbs over John Fox, but TV commentator Bruce Herschensohn (R) lost Cal. contest for U.S. Senate seat to Rep. Boxer (D), 43%-48%.

Term limitation laws approved in 14 states could have significant implications for congressional leadership, assuming they survive court challenge. Most, including Mich. statute, would limit House members to three 2-year terms and Senators to two 6-year terms, starting with 1994 election. On Senate Commerce Committee, rules would have strongest impact on Republicans, affecting Danforth, senior Republican on panel, as well Sens. Packwood, McCain (Ariz.), Burns (Mont.), Pressler (S.D.) and Gorton (Wash.), and Democrat Exon (Neb.).

**NCTA won't raise rates** for exhibitors or advance registrants at 1993 convention June 6-9 in San Francisco. Exhibit space fees remain \$15 per sq. ft. for members, \$30 for others. Advance delegate registration is \$380 for employees of member companies, \$600 for others -- 202-775-3606.

**Financials: News Corp.** TV results rose strongly in 3rd quarter, helping more than double operating profit to \$151 million, despite 2.6% revenue drop to \$1.8 billion, reflecting sale of some businesses. Company said Fox Bcstg. and Fox TV had higher earnings, but 20th Century Fox profits fell, resulting in \$172-million U.S. operating profit, vs. \$188 million year ago... **Chris-Craft** broadcast operating profit was \$12.1 million in 3rd quarter, vs. \$5.6 million loss year ago. Broadcast revenue climbed 32% to \$78.4 million, mainly on acquisition of WWOR-TV N.Y.-Secaucus... **QVC** reached agreement with Comcast to convert \$30 million of QVC debt held by Comcast into 1.7 million shares of QVC common at \$17.60 per share, 10% above market... **Maclean Hunter** net profit in 3rd quarter was \$17 million, up from \$10 million year ago, on improvements in cable, printing and publishing. Cable operating profit was \$34.6 million vs. \$28.9 million... **Infinity Bcstg.** net profit dropped to \$1.5 million in 3rd quarter ended Sept. 30, from \$13.3 million year ago, mainly because of write-offs for refinancing and stock offering. Revenue rose 31% to \$31.9 million, mainly on acquisition of WFAN(AM) N.Y... **HBO** bought additional 12.5% of Scandinavian pay service TV1000 from Kinnevik. Deal gives HBO total of 31.25% of TV1000; Kinnevik has 62.5%... **General Instrument** agreed in principle to sell its paramutuel wagering business to GTech Corp. for undisclosed price. GI earlier had established \$24-million reserve for anticipated losses on sale... **Canadian Satellite Communications** had profit of \$7,034,000 for FY 1992 ending Aug. 31, down from \$7,708,000 (75¢) year earlier... Private cable firm **Pacific Cablevision** hired Onyx Financial Group of Miami to help it secure financing for expansion... Moody's assigned B3 rating to senior subordinated debt of **Granite Bcstg.**, saying it reflected relatively good Granite performance, but cited high leverage and limited interest coverage.

**General Accounting Office (GAO)** is investigating whether federal funds are being used to pay for satellite programming, targeting DirecTV, Hughes Communications' DBS venture. Study, requested by Rep. Porter (R-Ill.), is focusing on role of Rural Electric Administration (REA) cooperatives, which include members of National Rural Telecommunications Cooperative (NRTC) -- which has signed with Hughes to provide up to \$250 million for DirecTV. But staff members of REA and NRTC told us that REA loans are earmarked specifically for physical facilities of rural electric and telephone systems -- lines, poles, etc. -- and that misappropriating those funds would be impossible. NRTC and Hughes officials said NRTC's portion of DirecTV funding would be met by equity (rather than loans) that each cooperative has saved, which is controlled by each co-op's board. Under terms of DirecTV venture signed in April, 1,000 NRTC co-ops will pay total of up to \$250 million in equity in DBS venture and Hughes will provide NRTC with 20-channel DBS package of broadcast and cable programming.

**Spectrum should be available** to all competitors for Personal Communications Services (PCS), Cellular Telecommunications Industry Assn. (CTIA) and Telocator told FCC. Comments are due today (Nov. 9) on proposed rules for structure of PCS industry. CTIA Pres. Thomas Wheeler said current 25 MHz of spectrum allocated to cellular is inadequate to meet growing demand. Cellular carriers will need access to spectrum designated for PCS in order to provide more sophisticated service, such as high-speed wireless data, he said. Wheeler also said FCC should award spectrum quickly and adopt licensing mechanism used for cellular and most recently for interactive TV, based on cellular markets.



**CABLE LOBBYING DISCOURAGED:** Cable interests shouldn't rely on FCC to soften impact of 1992 Cable Act, commissioners warned Nov. 5 as they launched first 3 of more than dozen rulemakings to implement Act. There were few surprises as FCC began process of seeking comments on proposed new rules on must-carry/retransmission consent, indecency and obscenity rules and little-noticed new rules on cable in-home wiring. FCC set Dec. 1 deadline for comments (replies Dec. 15) on home wiring rulemaking, but didn't set dates for others.

Noting that there have been "hints" that cable industry will resist Cable Act, Comr. Duggan said "we will counsel full compliance" with spirit of Act and "this agency will implement the law with the spirit of full fidelity." He said industry is wrong if it believes "a furious lobbying effort can achieve at the Commission what they couldn't in Congress." Comr. Quello said FCC still sees problems in resolving conflicting demands of law, but "it is the law and we have to do the best we can to implement it."

Meanwhile, Turner Bestg. Chmn. Ted Turner told Washington Cable Club that he doesn't believe FCC could do all that Congress wants if it "had the wisdom of Solomon." Like Quello, Turner said there's likely to be internal inconsistency between need to hold rates down and to guarantee cable operators "reasonable" profit and opportunity to expand program services.

Must-carry/retransmission consent provisions of Act "got rather complicated as they went along," Comr. Marshall said: "Now we must translate it into something that really works." Questions FCC is raising in rulemaking on must-carry/retransmission consent include: (1) How to define TV market. (2) How to implement requirement that all TV stations be carried on cable system channel number corresponding to over-air channel number, since systems could carry more than one TV station with same number. (3) How to resolve relationship between on-channel provision and obligation of cable systems to establish basic service tier containing all broadcast signals. (4) How to define cable system for retransmission consent purposes. (5) Relationship between retransmission consent and must-carry. (6) Relationship between retransmission consent fees and requirement that FCC limit cable rates. (7) Must-carry for low-power TV. (8) FCC's assumption that broadcasters, rather than program owners, have right to grant retransmission. (9) Whether signals carried under retransmission consent count toward must-carry requirement. (10) How to define noncommercial educational station entitled to must-carry. (11) Timetable.

One of key issues in indecency/obscenity rulemaking will be definition of obscenity. Acting Gen. Counsel Renee Licht said FCC starts from definition in Act, which is based on broadcast definition, but William Johnson, head of FCC's rulemaking process, said court cases suggest that cable is different environment from broadcast, so definition might have to be different. Comments also are sought on: (1) Mechanisms for blocking indecent programming. (2) Notification procedures. (3) Whether to set up dispute resolution mechanism.

Wiring rulemaking must balance interests of customers to protect premises from damage and inconvenience that would be caused from removing cable wiring after service is terminated, and interest of cable operator in retrieving property, preventing piracy and not making it easier for competitor to avoid installing new in-home wiring, said Mary Beth Richards of Field Operation Bureau, who drafted rulemaking. FCC said legislative history appears to indicate

that subscriber doesn't have to allow cable company to remove wiring, and asks: (1) Whether that's true. (2) Whether rules should distinguish between old customers and new. (3) Effect of leaving wiring in on ability of new competitors to enter market. (4) Effect of state taxes. (5) Potential for signal leakage.

FCC also released list of provisions of Cable Act that take effect automatically Dec. 5, without Commission rulemaking, including: (1) Must-carry for noncommercial stations. (2) Prohibition on exclusive cable franchises. (3) Elimination of cable operators' immunity from suits involving obscenity on leased or PEG channels. (4) Prohibition on cable operators' owning SMATV or wireless cable in franchise area. (5) Requirement that cable operators hold system at least 36 months before reselling. (6) Requirement that customers be notified when cable promotions, such as free use of pay channels, would give them access to R or higher rated programming. (7) Requirement of 30-day notice for programming changes. (8) New customer privacy rights. (9) Increased penalties for theft of cable service. (10) Limits on franchising authority liability. (11) New direct broadcast satellite requirements to carry noncommercial channels.

Despite Act, cable still won't be "as bad a business as broadcasting," Turner predicted. He said cable industry has "been through tough times before," and these won't even be as bad: "We'll be okay. We won't go away and our customers won't go away."

CPB board member Victor Gold, critical of alleged anti-Semitic programming on Pacifica's KPFB-FM Berkeley earlier this year, wrote FCC Chmn. Sikes then to ask whether agency had any policies regarding "dissemination of racist and anti-Semitic material." Republican appointee Gold defended letter, written on his personal CPB stationery, saying it "was an inquiry for information" and necessary to "carry out my function as a CPB board member." (Public Bestg. Act requires objectivity and balance in coverage of subjects of controversial nature, but also directs CPB to serve as "heatshield" in deflecting political pressure against programming.) Pacifica Exec. Dir. David Salniker expressed "shock that a CPB board member would file an inquiry or complaint with the FCC... without first contacting the licensee [or] going through any form of due process. To me, it cements the belief that a political appointee to a board [CPB] is incapable of coming to issues of objectivity and balance with any genuine sense of fairness."

Two-thirds of data users would be willing to use cable, rather than traditional carriers, to distribute their information, according to survey by Deloitte & Touche. Survey of 3,500 information directors of companies specifically concerned transition to wireless data services, and indicated that business data users would accept wireless services provided by cable systems. Consulting firm said large number of data users willing to consider cable is "a very high percentage since the cable industry has no track record in this area."

Combined net revenue of ABC, NBC and CBS TV networks jumped 25.68% to \$1.78 billion for 3rd quarter 1992 compared with same period year ago, according to Best. Cable Financial Management Assn. (BCFM). For first 9 months, network revenues rose 9.45%. Upward trend is expected to continue in 4th quarter "because of a significant increase in political advertising," BCFM Exec. Dir. Robert McAuliffe said.



**JUSTICE REJECTS MUST-CARRY:** Justice Dept. won't defend must-carry in court, it said in letter to Congress, but would be willing to back retransmission consent. Justice decision apparently means Congress will have to provide its own counsel in suits brought by Turner Bestg., Daniels and others, potentially forcing U.S. Dist. Court, D.C., to delay appeal (oral argument is Dec. 7). Meanwhile, NAB asked court to dismiss retransmission consent portion of case, while NCTA, Time Warner and others joined fray on side of cable interests (TVD Oct 12 p1).

DoJ cited President Bush's message in vetoing Cable Act in which he called must-carry unconstitutional, based on Justice Dept. analysis. In letter Congress, Asst. Attorney Gen. Stuart Gerson wrote: "In light of the strong position taken by the President on must-carry in reliance on our analysis, an ethical conflict of interest would be created were the Department now to defend these sections of the statute." Justice wouldn't have same ethical problem with retransmission consent because it didn't advise President that was unconstitutional, Gerson said, so it will defend that provision.

NAB, INTV and others said U.S. Dist. Court, D.C., doesn't have jurisdiction over retransmission consent, so it should dismiss that portion of cases brought by Turner and Daniels. Filing claims that 1992 Cable Act only set up expedited appeal process for must-carry. NAB Pres. Edward Fritts said he wasn't totally surprised by Justice action: "We've known all along the Bush Administration opposed the Cable Act. But we're dumbfounded the Department of Justice would refuse to defend the law of the land." INTV Pres. James Hedlund called DoJ decision "a major disappointment [and] likewise a highly inappropriate action given the outcome of the election [and] a repudiation of President Bush's pledge to cooperate in every way with the incoming Clinton Administration," which supported Cable Act. Hedlund said he hopes that Congress will give FCC job of defending must-carry in court. Andrew Schwartzman of Media Access Project called Justice action a message to outgoing Republicans that they should "leave no prisoners. It is scorched earth politics at its very worst."

NCTA asked court to block implementation of both issues immediately, pending final court action. Must-carry for noncommercial stations is to take effect Dec. 5. NCTA said that Cable Act provisions violate cable's speech rights and that retransmission consent is linked inextricably to must-carry. Time Warner complaint against entire Cable Act charged "unprecedented intrusions" into editorial discretion of cable operators. In addition to must-carry/retransmission consent, MSO suit challenged constitutionality of rate regulation, program access, uniform pricing provisions. It also asked Dist. Court to overturn leased access and public, education and govt. channel provisions of 1984 Cable Act. Attacks on all provisions are based on First Amendment.

First Amendment will be cited by both sides in case. In bid to intervene on side of broadcasters, Consumer Federation of America, National Council of Senior Citizens and International Assn. of Machinists said overturning of must-carry would reduce number of broadcast stations carried on cable: "Any reduction in the number of free, over-the-air television stations resulting from their exclusion from cable systems would intrude upon the First Amendment rights of the viewing public to have access to a wide range of... stations." Community Bestrs. Assn., representing LPTV, also asked to intervene, saying its interests wouldn't be represented adequately by either side.

Others joining on cable side included Arts & Entertainment Network, which is owned by ABC, NBC and Hearst, plus Black Entertainment TV, Viacom's HAVES subsidiary, International Family Entertainment, National Cable Satellite Corp., QVC, Travel Channel.

FCC never "fully defended" must-carry rules in court in past, Comr. Quello told Ariz. Bestrs. Assn. convention in Tucson Nov. 6. He said failure to mount strong defense "led to the predictable result of losing in court twice." Quello said new law, backed by "ample congressional findings," stands better chance.

**NAB is concerned** that only 2 broadcasters were appointed to FCC's new 21-member Small Business Advisory Committee (SBAC). In letter to FCC Chmn. Sikes, NAB Pres. Fritts asked that SBAC include "substantial representation from the broadcast industry." Committee will hold its organizational meeting Nov. 18. In separate comments on radio ownership rules and policies, NAB was less than enthusiastic about Commission's proposed "incubator program" that would permit major groups to exceed AM-FM ownership limits if extra stations are controlled by small businesses or minorities. Assn. was concerned that FCC's stimulating small business investments would "cloud its focus on expanding genuine minority ownership in broadcasting... NAB urges the Commission to devote its energies... to developing a set of policies that will provide real and meaningful benefits to minority entrepreneurs."

**SportsChannel L.A.** will cease operation Dec. 31, said Sharon Patrick, pres. of parent Rainbow Holdings. Network, launched in 1989, is smaller of 2 southern Cal. regional sports networks, with 1.6 million subscribers, vs. 4.2 million for Daniels-owned Prime Ticket Network. "After much investment and effort to make the channel economically viable... we have concluded that the business performance... does not support further investment in the service," Patrick said. She blamed failure in part on erosion of network as pay service on some cable systems, proliferation of sports product on basic cable, poor performance of L.A. sports teams, reduction in available professional sports programming. Network had carried games of L.A. Dodgers, Cal. Angels and L.A. Clippers, as well as programming of national SportsChannel. Network is owned by Cablevision's Rainbow Holdings, as well as NBC.

**Bell Atlantic (BA)** is unleashing ad campaign it calls industry's first "sitcommercial" in Baltimore area Nov. 8-18. Ad combines 30-min. situation comedy with commercial. Ads will air on ABC, CBS and Fox affiliates, BA said. Ad features fictional family, "Ringers." BA bought 16 time slots, including some in prime hours, to air what spokeswoman called "our pilot." Ad is billed as "family comedy in which life revolves around the telephone," with BA's custom calling features highlighted. At times, lead characters speak directly to viewers, asking them to call 800 number to sign up for service shown. Installation fee will be waived for those doing so, company said. It declined to provide cost of ads, but said "this is a very efficient use of our money." If it proves successful, BA said, it plans to film more segments for eventual rollout in all its markets.

**Nielsen increased** its estimate of U.S. TV households for new prime-time season that started in Sept. to 93.1 million, from 92.1 million year ago. Each rating point equals 931,000 households, up from 921,000 for 1991-1992 season. In Nielsen's 28 metered markets, each rating point equals 463,000 households.



**IMPACT OF FETUS RULING DEBATED:** U.S. Supreme Court Justice Anthony Kennedy refused Nov. 1 to reconsider lower court ruling that 30-min. antiabortion infomercial on fetuses is indecent. Judge Robert Hall in U.S. Dist. Court, Atlanta, had so ruled Oct. 30 -- over objections of FCC and Justice Dept. (DoJ), which claimed Dist. Court didn't have jurisdiction -- and on Oct. 31, 11th U.S. Appeals Court, Atlanta, affirmed decision.

Ga. Republican congressional candidate Daniel Becker had sought to air program on WAGA-TV Atlanta Nov. 1 immediately following Atlanta Falcons football game, at about 4 p.m. WAGA-TV sought declaratory ruling from Hall's court that station didn't have to carry program at that time and could air it in "safe harbor" period midnight-6 a.m. Hall said he viewed program, found it indecent on several counts. As result, 2 Chattanooga TV stations (which put signal into Becker's district) also refused to carry program at time requested. Independent WATL Atlanta aired infomercial after midnight Nov. 1. WAGA-TV official told us Becker didn't reorder for "safe harbor" period.

Also as result of Hall's ruling on 30-min. program, several other stations refused to air 30- and 60-sec. antiabortion spots featuring fetuses. Hall had made clear distinction between spots and 30-min. programming (as had FCC in letter of its own to Becker) and FCC official said stations that refused to run spots could be "at grave risk." However, as of Nov. 6 FCC had received no complaints against stations. Commission official also said agency very likely will seek DoJ support in appealing Hall's order on ground that Dist. Court doesn't have jurisdiction.

In ruling that his court did have jurisdiction, Hall said: "The Court notes that this is a legal question [involving conflicting statutes -- one prohibiting licensees from censoring candidates, another barring indecent programming except in safe harbor hours], not a factual question which would require [FCC's] expertise... The Court also notes that the standard to be applied is one that references contemporary standards, not a highly technical field of knowledge."

Hall also was critical of FCC's "lack of diligence" in responding to WAGA-TV and other political complaints and cited 1984 court decision (not involving FCC) stating: "Exhaustion of administrative remedies is not necessary where resort to the agency [Dept. of Energy case was cited] would be futile." He said "strongest factor" against dismissing WAGA-TV request "is the time crunch in which the litigants find themselves." In agency's written argument that Dist. Court didn't have jurisdiction, he said: "The FCC ignores the fact that WAGA petitioned the FCC for a declaratory ruling prior to the Aug. 11 [Ga.] runoff election" concerning Becker fetus spot. "The FCC did not respond until nearly 2 weeks after the election was held. Failure to rule in a timely fashion thwarts the whole purpose behind the indecency prohibition: The protection of children."

Becker tape contains "descriptions and depictions" in violation of indecency statute, Hall ruled after viewing tape. In 4-min. segment, "the videotape contains graphic depictions and descriptions of female genitalia, the uterus, excreted urine fluid, dismembered fetal body parts and aborted fetuses... in a manner which is patently offensive according to contemporary community standards... The Court further concludes that the evidence shows that the images, words and depictions in the videotape would be readily understandable to children in the audience."

WAGA-TV presented sufficient evidence to support conclusion that tape shouldn't be shown outside safe harbor period, Hall held. "The Court is convinced that this time slot best accommodates 2 competing interests and rights: The interest in protecting children from indecent materials and Mr. Becker's right to broadcast his political advertisement." Judge said neither his ruling, nor WAGA-TV's compliance, would constitute "prior restraints" on speech. He also said that "WAGA has proven that it will prevail on the merits of its claim [and] that it faces a substantial threat of irreparable injury... Furthermore, and perhaps most importantly, WAGA faces the possibility of substantial public disapproval" of airing tape in hours when children are in audience: "WAGA has proven that its own injury outweighs the injury to defendant Becker and the Becker campaign... Finally, the Court concludes that a strong public interest supports injunctive relief."

**CAMPAIGN 'SEA CHANGE':** What some are dubbing a "multimedia sea change" in campaign strategies will continue into 1994, 1996 and beyond, political scientists said last week. In addition to bypassing traditional news shows in favor of talk shows and long-format infomercials, candidates found such new communications conduits as satellite hookups, videocassettes and even computer networks. "Politicians are inveterate communicators and they're continuously looking for new ways to get their message across," said Christopher Arterton, dean of George Washington U. Graduate School of Political Management and author of "Electronic Commonwealth."

There will continue to be "definite shift" from traditional news shows to talk shows, said former CBS correspondent Marvin Kalb, dir. of Harvard's Barone Center on Press, Politics and Public Policy: "I have no problem with that at all. I'm well aware that Larry King may not ask as tough a question as Sam Donaldson, but I'm not sure the tough questions ever gained anything." Sanford Ungar, dean of American U. School of Communication, said talk show trend will continue: "It's a sobering thing for journalists."

News coverage was "more substantive" and less reactive to photo opportunities, Kalb said. He predicted that traditional "photo ops" would be thing of past in 1996. Arterton said news still is important: "It would be very bad if the networks just gave up." Ungar agreed that "there's still no substitute for good, old-fashioned reporting. But the nature of the campaign will never again be determined by one side."

New campaign methods could make it easier to mount 3rd party campaigns in future, Charles Jones of Brookings Institute predicted: "The parties have taken a beating in this election, and Ross Perot showed that you can do it outside the party structure." Perot's approach benefited from its uniqueness, which wouldn't be true next time, Jones said, and there aren't many others with Perot's money and personal appeal to do it. But he said groups such as Christian Right could have money and organization to mount similar campaign. Perot showed that candidates can run campaign essentially from their electronic front porch, Jones said. Much of post-election analysis will focus on impact of ads on campaign, particularly since Perot spent estimated \$30 million on TV. Kathleen Jamieson, of Annenberg School of Communications at U. of Pa., said she's collecting data on ad impact, but it's clear that media watch on accuracy of ads has had major effect by forcing campaigns into "higher degree of accuracy."



## Personals

**Thomas Rogers**, pres., NBC Cable & Business Development, also named exec. vp, NBC... **James Babb**, pres.-CEO, Outlet Communications, elected chmn., BMI, succeeding **James Yager**, Benedek Bestg., who remains on board; **Frances Preston** reelected BMI pres.-CEO... **Joe Roth** resigns as chmn., 20th Century Fox, effective Jan. 1, to form independent film division within Walt Disney Studios; **Peter Chernin**, head of Fox Bestg., replaces Roth; **Chris Enger**, ex-NBC, joins Fox Bestg. as vp-central sales... **Sherry Lansing**, Lansing Productions, named chmn., Paramount Pictures Motion Picture Group... **John Witherspoon**, retired chmn., San Diego State U. (SDSU) Telecommunication & Film Dept. and founding chmn., NPR, named dir.-Pacific Dialogue, program of SDSU's International Center for Communications.

**Melissa Hubbard**, ex-partner, Denver law firm Holland & Hart, appointed gen. counsel, Daniels & Assoc... **Craig Apatov**, vp-mktg., Turner Home Entertainment, named vp-corporate mktg. resources, TBS... Promotions at WJCT Jacksonville: **Richard Heuer** to vp-TV program operations, **Dan Kossoff** to vp-TV productions, **Ray Hickman** to vp-FM programming and FM station mgr... **Melissa Green**, ex-Public TV International, appointed dir.-program promotion, NCTA and National Academy of Cable Programming... **David Kapp**, ex-Viacom Networks Group, named asst. to pres., Caribbean Satellite Network... **Sean Bugg**, ex-OPASTCO, appointed mktg. coordinator, AP Best. Div.

**Mark Lipp**, ex-chief, FCC Allocations Branch, joins Washington law firm Mullin, Rhyne, Emmons & Topel... **Steve Nalevansky**, Paramount TV, will join 20th TV Syndication in Jan. as senior vp-programming... **David Corbett** promoted at Hearst to pres. of newly created Hearst Animation Product... **James Blake**, vp, Hubbard Bestg., appointed vp and national sales mgr., U.S. Satellite Bestg.; **Ralph Dolan**, pres., Cityline, named vp-programming, USSB Operated Channels... **Catherine Jaros**, ex-Kraft USA, joins Tribune Co. as vp-mktg... Changes at IDB Best. Services: **Scott Smith** promoted to dir.-business development; **Doug Nelson**, ex-ABC TV Network, joins as dir.-production services; **Mark Wallhauser**, ex-Teleport Communications Group, joins as dir.-major accounts... **Melvin Goldberg** retires as exec dir., Electronic Media Ratings Council.

**Michael Klinghoffer**, ex-Comedy Central, named senior vp-TV programming and production, Viacom Entertainment Group... **Peggy Conlon**, electronics group publisher, CMP Publications, appointed publisher Bestg. magazine, succeeding **David Persson**, resigned... **John Kamp** promoted to senior vp-govt. relations, AAAA, Washington... **John Gwynn** named dir., Hughes Communications Galaxy Satellite Services unit; **Kirsten Roth**, named dir.-cable and best. services... **David Gilbert**, ex-WVII-TV Bangor, joins WPXT Portland, Me., as news dir.

**Gerald Zuckerman**, senior attorney, FCC Common Carrier Bureau, named legal asst. to chief, Common Carrier Bureau Enforcement Div... **Steven Orland**, ex-NBC, joins DirecTV as dir.-operations, Castle Rock, Colo., Best. Center... **Hal Wolf** appointed vp-affiliate relations, Home Shopping Network subsidiary Diversified Mktg. & Media Services... **Doane Kiechel**, ex-Washington law firm Shaw, Pittman, Potts & Trowbridge, and **Robert Hoggarth**, ex-law firm Thelan, Marrin, Johnson & Bridges, join Gurman, Kurtis, Blask & Freedman as associates... **Thomas Shell**,

ex-ABC News, appointed dir.-communications, Anti-Piracy, Motion Picture Export Assn... **Derk Zimmerman**, pres.-CEO, Group W Productions, and **John Claster**, pres., Claster TV, named associates, INTV board... **Rep. Price** (D-N.C.) keynotes Chapel Hill meeting on improving children's TV, 9 a.m., Nov. 10, U. of N.C. Friday Center conference facility. Sponsor is Center for Media Education.

**Judy Ravitz** resigns as dir.-community outreach, KCET L.A., to start community and educational outreach consultancy... **Thomas Capra**, ex-NBC Productions, appointed vp-gen. mgr., KTTV L.A... **Tony Tirado** promoted at Telemundo to vp-sports... **Denise Eccher** advanced to mgr.-programming and promotion, KOCO-TV Oklahoma City... FCC Calendar -- Nov. 9: **Comr. Duggan** addresses Exchange Carriers Standards Assn. on PCS, Hyatt Regency Reston Town Center, Reston, Va., 1:30 p.m. **Cheryl Tritt**, chief, Common Carrier Bureau, speaks on regulatory issues at USTA seminar, Hyatt Regency Crown Center, Kansas City, 10 a.m. Nov. 12: **Walda Roseman**, chief, Office of International Communications, participates on regulatory overview panel, Latin American Telecommunications Conference, Ramada Renaissance-Techworld, Washington, 11 a.m. **Tritt** speaks at Goldman, Sachs lunch on VDT, 85 Broadway, N.Y., noon. NTIA Schedule -- **Thomas Sugrue**, asst. dir., moderates "Present and Future Capabilities" panel sponsored by Health & Human Services Dept., Library of Congress, 3:15 p.m.

**Arianespace will launch Astra 1E TV broadcast** satellite for Societe Europeenne des Satellites (SES) in deal estimated at \$70-\$80 million. French company launched Astra 1A in Dec. 1988, Astra 1B in March 1991, and is scheduled to fly Astra 1C and 1D in mid-1993 and mid-1994, respectively. Fifth satellite in SES system will be put in geostationary orbit by Ariane 4 rocket from Guiana Space Center, Kourou. Hughes-built Astra 1E uses 3-axis stabilized HS 601 platform, weighs 6,622 lbs. and has design life of 15 years. It has 16 active 85-w transponders and 8 spare channels. Astra 1E, which will strengthen SES's TV broadcast coverage of Northern, Eastern and Southern Europe, is Arianespace's 7th since beginning of year. Company now has backlog of 30 launches worth \$2.31 billion.

**Cap/ABC notified NAB** that effective Jan. 1 ABC TV Network will resign from Assn. ABC owned TV and radio stations will remain members. It's believed to be first time a network has resigned. "We took a long, hard look at this," Cap/ABC Vp-Gen. Counsel David Westin told us, and decided that NAB services are primarily for stations. "It was not a financially driven issue," he said. Move will cost Cap/ABC Washington Vp Mark McCarthy his seat on NAB TV board.

**Cable Media Inc. (CMI)** and Interep Radio Store said they will form joint cable ad rep firm. Venture will give CMI rep offices in 16 additional cities, and firms plan to open joint offices in Detroit, Boston and San Francisco by June.

**FCC issued formal order** suspending enforcement of limits on use of line 19 of Vertical Blanking Interval (TV-D Nov 2 p6).

**Robert Thomson**, TCI senior vp-govt. relations, speaks Nov. 19 at Media Institute lunch at Washington's Mayflower Hotel -- 202-298-7512.

Wireless Cable Assn. will sponsor seminar on impact of 1992 Cable Act on wireless cable industry Dec. 1, Marriott Hotel, Anaheim -- 202-452-7823.



# Consumer Electronics

## STATE OF THE INDUSTRY

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

	OCT. 17-23	1991 WEEK	% CHANGE	OCT. 10-16	42 WEEKS 1992	42 WEEKS 1991	% CHANGE
TOTAL COLOR.....	672,716*	478,361	+40.6	439,851	16,938,342	15,472,097	+ 9.5
DIRECT-VIEW...	656,128*	468,971	+39.9	433,028	16,642,674	15,197,821	+ 9.5
TV ONLY.....	632,911*	455,412	+39.0	422,916	15,987,830	14,693,355	+ 8.8
TV/VCR COMBO.	23,217*	13,559	+71.2	10,112	654,844*	504,466	+29.8
PROJECTION....	16,588*	9,390	+76.7	6,823	295,668*	274,276	+ 7.8
VCR DECKS.....	477,652*	276,848	+72.5	268,789*	9,281,123*	7,871,592	+17.9
CAMCORDERS.....	84,348	41,563	+102.9	54,672*	2,101,356*	2,092,756	+ 0.4
LASERDISC PLYRS#	8,183	2,436	+235.9	2,540	161,350	134,285	+20.2

Direct-view TV 5-week average: 1992--571,570\*\*; 1991--491,831 (up 16.2%).

VCR deck 5-week average: 1992--335,308\*; 1991--290,372 (up 15.5%).

Camcorder 5-week average: 1992--74,310; 1991--59,745 (up 13.4%).

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

**INDUSTRY PONDERS CLIMATE UNDER CLINTON:** Electronics industry executives were split in their Presidential endorsements this year -- and industry remains split on business climate under President-Elect Clinton.

EIA Consumer Electronics Group Vp Gary Shapiro says he's "optimistic that Clinton and the Congress together can bring about a favorable economy," noting unpredictability of more than 100 new faces in Congress (which includes member from consumer electronics industry -- Jane Harman, a dir. and 2nd largest shareholder of Harman International, and wife of Chmn. Sidney Harman -- elected as Democrat in Cal.). If new Administration succeeds in improving economy, consumer electronics should be one of first beneficiaries, based on historical trends.

Clinton's endorsement by many Silicon Valley and other high-tech firms was predicated on his promises to encourage basic research, govt.-industry scientific ventures, tax credits for R&D. He has pledged to create "an Economic Security Council, similar to the National Security Council" and has promised: "For every dollar we reduce the defense budget on R&D, we'll increase the civilian R&D budget by the same amount."

Many unknowns remain, based on rather vague campaign statements and promises. Tougher environmental regulations could impose hardships on small businesses. Companies with plants in Mexico will be watching closely for hints of any new demands by Administration for modification of N. American Free Trade Agreement. Clinton has said he won't sign implementation legislation until he negotiates agreements with Mexico on environment and workers' rights.

Stirring concern of foreign companies with U.S. subsidiaries is Clinton's goal of raising large amounts of money by cracking down on those that he said "prosper by manipulating our tax laws to their advantage." There's speculation that govt. may initiate new regulations on transfer pricing (price foreign parents charge U.S. subsidiaries for goods) or arbitrarily tax foreign companies on basis of new formula based on average industry profits. There are fears in some quarters of aggressive anti-Japan trade policy behind Clinton and Gore pledges to boost U.S. competitiveness.

Those buying from China -- and that includes most consumer electronics companies -- are concerned about Clinton's statement that "we will link China's trading privileges to its human rights record and its conduct on trade and weapons sales" -- something Bush Administration found was hard to do without



penalizing U.S. firms trading with China. As for important post of U.S. Trade Representative, 2 familiar names have been mentioned: Apple Computer Chmn. John Sculley and ex-International Trade Commission Chmn. Paula Stern, veteran of antidumping wars.

Clinton and Gore have records of contacts with consumer electronics industry. As senator, Gore has appeared on Consumer Electronics Show panels. Democratic National Committee Chmn. Ron Brown has been active in industry-sponsored Home Recording Rights Coalition.

Under Gov. Clinton, Ark. is host to major TV assembler -- Sanyo Mfg. Co. in Forrest City, joint venture with Sears as minority partner. Bill and Hillary Clinton were in Japan in 1988 pushing for more investment by Japanese companies. Host Satoshi Iue, pres. of Sanyo -- first Japanese company to invest in Ark. -- was quoted in Financial Times last week reminiscing about Clinton's visit: "He enjoyed going in a video arcade, sang very well and fascinated people by playing the saxophone like a pro." It also was noted that Bill and Hillary Clinton sang until 2 a.m. in Osaka karaoke bar.

Whether this is good or bad portent for consumer electronics isn't clear. However, EIA's Shapiro said that despite possibility of increased regulation and fight for consumers' limited disposable income, 1993 promises to be "an exceptional year for consumer electronics," which will be "poised for tremendous growth."

**WIDESCREEN WILL DEBUT NEXT YEAR, AFTER ALL:** Race to introduce widescreen TV sets in U.S. has turned into nonevent for 1992 with last week's disclosure by Thomson Consumer Electronics (TCE) that it won't have any 16:9 sets for sale here this year. At line showing before Summer Consumer Electronics Show last year, TCE announced plans to sell widescreen direct view TVs in last 2 months of 1992 and widescreen projection sets in first half of next year (TVD May 11 p14).

TCE Exec. Vp., Sales & Mktg.-Americas Joseph Clayton said company now plans to have very limited number of 34W" sets -- for display only -- next month. "It may be on the floor, but we won't be selling it," he said. TCE now plans to test variety of marketing approaches early next year, and stage full national rollout "late in the 2nd quarter." Clayton downplayed effects of delay, since "once you miss Christmas, you don't have to run too hard." He said development of widescreen projection sets "has gone slower than I'd like," and artifacts in NTSC picture become more evident as screen size is increased. He raised specter that TCE wouldn't actually introduce widescreen projection set. "HDTV is happening so fast, we may go directly to HDTV in projection," he said.

Widescreen landscape will be different by June, if plans of TCE and others are fulfilled. Panasonic plans to announce at dealer meeting this week pair of 16:9 projection TVs for U.S. market, with first model due to be shipped in April, 2nd in Sept. Philips said it will introduce 34W" direct-view set in first quarter, while JVC spokeswoman said company will introduce 16:9 set next year. Sharp Pres. Haruo Tsuji said company will field widescreen sets here around midyear (TVD Oct 26 p13). Toshiba Color TV Mktg. Dir. Steven Nickerson repeated stance taken earlier this year that company probably won't be in widescreen in 1993, citing lack of cable or broadcast signal as major factor limiting market potential.

Clayton reiterated TCE's commitment to widescreen format. Asked about Mitsubishi's introduction of 40" tube (TVD Nov 2 p10), Clayton said TCE "won't go to a bigger 4:3 set than 35", because we believe the industry is going to 16:9. We don't believe in going with the old, but investing in the new." He said 40" set is "exactly what I would have done" if he were Mitsubishi, but called it "niche product. I would gladly point out to the consumer that they can have a 60" projection IDTV with ProLogic for \$1,000 less" than suggested \$4,999 price tag of 40" direct-view set.

**NEW GE LINE ANSWERS CAPTION QUESTION:** Thomson Consumer Electronics' (TCE) completely redesigned and revamped GE TV line, foreshadowed here 2 months ago (TVD Sept 7 p9), in effect answers industry's \$140-million question: Can TV manufacturers recoup their govt.-mandated investment in closed-caption capability? The answer: No.

Although federal law doesn't require closed captions in sets made before July, GE "Trademark" series, which goes on sale in Feb., becomes first to feature captions in all models except 9" (where they're not required). Timing and extent of major design change -- new chassis, new tooling, new remotes, new on-screen menus -- was dictated by caption requirements, TCE officials said.

Adding closed captions to TVs will cost TCE "close to \$10 million," said Joseph Clayton, exec. vp, mktg. and sales, Americas, in answer to our question at N.Y. news conference to introduce new GE line last week.



Elaborating, he said captioning hardware adds \$2-\$3 to cost of set if it's integral part of newly designed chassis, but \$10-\$15 if existing chassis must be retrofitted for captions.

How much of this can manufacturer recoup? "Frankly, it will be difficult to collect," said Clayton, who added that he couldn't find single dealer willing to say captioned set could be sold at premium. However, he said he was staking hope on ability to soften price declines, now at rate of 3-4% per year. Prices in new, highly attractive GE line are "similar" to today's, he said, continuing to be below those TCE charges for comparable RCA models, which will share new chassis and also have new tooling.

Clayton said it would have been less costly to give caption adaptor free to everyone who needs one, paraphrasing similar comment by Philips Consumer Electronics Pres. Donald Johnstone (TVD Sept 7 p9). Johnstone had estimated that addition of caption chip could cost TV manufacturers \$140 million annually.

Clayton called last week's unveiling of redesigned GE line "revival meeting... breathing new life into one of the country's best known and most respected product symbols." He said brand "was allowed to drift into whatever market niche was available," but left no doubt about GE's new role as mass merchant brand, "missing block" in multi-tier TCE strategy. "Sony would have a rough time selling to warehouse clubs -- we won't," he declared. He said that GE line will have "commonality of key components" with higher priced RCA line, but that exterior tooling will remain distinctly GE's.

GE camcorder line, which has stressed single 8mm and full-size models this year, will be expanded to multiple models in each format, plus new VHS-C unit, in 1993, TCE Video Products Group Vp Bruce Allan said. He noted that industry entered 1992 with glut of more than 700,000 camcorders in inventory, figure that was cut in half by end of Sept. (TVD Oct 26 p15). He acknowledged that TCE took "some rather difficult measures" to cut its own stock, and lost camcorder share in mass market channel over last few years. As for VCR market, Allan, predicting industry would sell record 12.3 million units this year, said GE has doubled its brand share in first 3 quarters of 1992 as industry sales have risen 20%.

TCE will enter TV/VCR combo field next year, presumably under GE brand. In answer to question. Core Line TV Product Gen. Mgr. James Gatman estimated industry sales this year would total 800,000 units and said TCE would source 13" model. He declined to name supplier, but it's believed to be Samsung. (TCE's 13" TV-only models are built in own Thailand plant.)

GE and RCA will be only 2 distinct brands that TCE markets by mid-1993, Clayton said. ProScan stepup line, launched as effort to build distinct brand identity 2 years ago, will become "a derivation of the RCA brand," with sets identified as "ProScan by RCA." Clayton said that when ProScan was created, "there was a lot of baggage with the RCA brand" that would have hurt it in higher end of TV and video business, hurdle he says has been overcome during intervening period.

TCE is launching major trade ad campaign as part of effort to expand GE's presence on retail floors. Major emphasis is on brand's high visibility, quality image and perception as American name. Company has developed new point-of-purchase materials, including more descriptive carton graphics with list of features for self-sell situations. Company will mount major private GE exhibit at Riviera Hotel during Winter Consumer Electronics Show.

More detailed information on GE "Trademark" TV line appears elsewhere in this issue.

**CAMCORDERS AND VCRs FROM JAPAN AT YEAR'S HIGH:** Decline in camcorder inventories could suffer temporary setback, as imports from Japan hit year's high in Sept., according to Finance Ministry figures. Since Ministry supplies no breakdown, it's not known whether Japan has stepped up exports of full-size models to cope with shortage here (TVD Oct 26 p15) or whether it's still pumping out too many 8mm models to add to surplus.

Sept. camcorder shipments from Japan totaled 351,377, well above 299,153 U.S. sales to dealers in same period and more than 3 times as many as were sent here in April. Nevertheless, figure still is 26.7% below 478,468 of year-earlier Sept., which was high-water mark in Japanese camcorder exports to U.S. Japan put brakes on camcorder shipments here last Nov., first of 11 consecutive months of declines. Nine-month shipments were slightly above U.S. sales to dealers in same period but down 31% from last year's comparable export figure.



Month also saw highest shipments of VCRs to U.S. from Japan, 610,795 decks leaving ports there for this country. But, like camcorders, VCR deck shipments were down from Sept. 1991, which was biggest month of last year in that category. For year's first 3 quarters, shipments to U.S. were off 7.4%. However, Japan currently supplies less than 50% of U.S. VCR deck imports, but still is source of more than 95% of camcorders sold in this country.

Camcorder export prices continued to trend lower -- in yen. For 3rd consecutive month, average price was below 65,000 yen as compared with average of more than 71,000 yen for first 6 months. This month's dip was 12% below same 1991 month, following declines of 13.2% and 13.3%. However, when translated into dollars, average cost was up from July and Aug. because of decline in value of dollar to 123 yen in Sept. from 126 in July and 127 in Aug. Thus average cost of camcorder arriving here, when converted to dollars, came to \$526 in Sept., up from \$510 in Aug. and \$512 in July. However, even dollar price was 3.4% (\$18.52) below that of Sept. 1991, when average ticket was 73,508 yen (\$544.50, and \$1 bought 135 yen).

Average price of VCRs exported from Japan to U.S. in Sept. dipped 1.1% in yen but was up 8.6% in dollars to \$241.53 from year earlier. Sept. was 6th month of consecutive price increases over same month last year, and jump is likely to be considerably more pronounced in coming months as more Japanese manufacturers shift production of all but highest priced models to other Asian countries.

CD player shipments to U.S. from Japan dropped from 725,000-plus levels of July and Aug. to 589,064 in Sept., down 11.6% in year's first decline from same 1991 month. Laserdisc player exports to U.S., while off for month, were ahead by 46.9% for year's first 9 months -- totaling in excess of 100,000 (70%) more than EIA's reported domestic sales to dealers.

Average cost of CD player shipped from Japan was 15,163 yen, down 2.1% from Sept. 1991. But in dollars (considering change in exchange rate), cost of \$123.28 was up 7.4% from \$114.72 year earlier. Laserdisc player dropped average of 9% in yen to 43,828, but was virtually unchanged in dollars from last year at \$356 and change.

Japanese exports to Canada in Sept. (9-month data in parentheses): Color TV 1,198, up 141.5% (4,638, down 24.1%); VCR decks 57,957, down 12.4% (355,469, down 5.9%); camcorders 30,930, down 41.4% (170,377, down 28%); laserdisc players 2,995, up 13.2% (14,891, up 30.5%); CD players 47,224, down 8.4% (395,448, up 11%). Here's tabular view of Sept. and 9-month exports from Japan to U.S.:

Product	Sept. '92	Sept. '91	% Chg.	9 Mo. '92	9 Mo. '91	% Chg
Color TV.....	8,994	12,456	-27.8	87,775	101,966	-13.9
VCR decks.....	610,795	788,125	-22.5	4,527,287	4,888,063	- 7.4
Camcorders.....	351,377	479,218	-26.7	1,971,776	2,857,371	-31.0
Videodisc players	37,683	36,321	+ 3.7	253,530	172,550	+46.9
CD players.....	589,064	666,289	-11.6	5,127,914	4,124,782	+24.3

**CE CITED IN PHILIPS \$87-MILLION LOSS:** Philips reported \$86.9-million loss in 3rd quarter against \$106 million profit in same 1991 period and said last week it's considering restructuring in consumer electronics and component operations that could depress full-year results. In year's first 9 months, company's profits dropped 88%; sales were down 7% in quarter, 3% in full period (see financial table).

"Continuation of difficult economic circumstances and the unfavorable situation in consumer electronics markets in combination with seasonally low sales" along with lower exchange rates were responsible for deficit, Philips said. While net sales in guilders declined 7% in period because of exchange and consolidation provisions, on "comparable basis" sales actually were up 3% from year earlier, it said.

"The situation prevailing in the consumer electronics market also had an adverse effect on the related components business and on some unconsolidated companies, notably Grundig" (of which Philips owns 32%), company said. Consumer electronics sales increased in first 9 months, it said, "in spite of a 6% decline in selling prices." Philips said "lower selling prices and the high costs associated with the introduction of new products in consumer electronics" were mainly responsible for drop in operating income of Consumer Products sector to \$81.8 million in 9 months from \$349.1 million year earlier. (Dollar figures are based on guilder's current value.)



In any further restructuring, Philips doesn't plan to sell entire divisions or withdraw from consumer electronics, Finance Dir. Henk Appelo is quoted as reiterating in Financial Times. However, company will take "clear and tough" measures in CE and components to cut back losing areas. Appelo said he was confident Philips' regular operations would be profitable in 4th quarter, based on such seasonal factors as Christmas sales.

Examining Philips' finance-related expenses, Wall St. Journal called them "a new worry for investors," speculating that restructuring charges might be \$170-\$340 million at year-end. Newspaper said analysts fear Philips eventually may be forced to sell off such profitable operations as Communications Products Div. or shares in its 80%-owned PolyGram -- forecast flatly denied by Philips.

JVC reported last week that "the unfavorable situation in the audiovisual industry" resulted in \$130-million first-half loss on parent-only basis, as Japanese companies continued to post poor results for fiscal period (see report elsewhere in this issue).

**GE 'TRADEMARK' TV LINE:** New GE "Trademark" color TV line includes 17 models ranging from pair of 9" sets to single 35" dbx stereo unit. Externally, series features new soft-edged design and several models have "splatter" finishes, with undercoat topped by lighter color in random splatter pattern. Among other things, said Louis Lenzi, gen mgr. of Industrial Design and Customer Interface, splatter patter reduces visibility of minor cabinet flaws, increasing manufacturing yield. Chassis was reoriented beneath shadow of picture tube, allowing reduced height and width.

New chassis for 20" and larger sets incorporates closed-captioning, on-screen timers, 181-channel tuner, auto programming. Compatible chassis for 9" and 13" sets, made by TCE in Thailand, uses same remote codes and on-screen menus, etc. With exception of 35" model, built on older chassis, all stereo sets in new line use TCE's XS stereo system.

Series includes pair of 9" TVs, one with undercabinet mounting bracket; pair of 13" sets, including one that adds "commercial skip" and remote on-screen menus to basic package. Lineup of 20" sets includes 4 models -- 2 monaural and 2 stereo -- top one having S-video input, universal remote, channel labeling, commercial skip. Three 25" sets are topped by unit with color PIP, universal remote; same feature package is presented in higher priced of two 27" sets, both stereo, and in lone 31" set. Line is topped by single 35" model with 5w-per-channel matrix surround, 13-jack panel, parental control. TCE offered no pricing information, although Exec. Vp, Sales & Mktg.-Americas Joseph Clayton said tags would be similar to current GE line, below equivalent RCA models. Asked specifically about 35" model, he said TCE "will go where the market dictates. We're aiming to be the leader in 35" pricing, mix, promotion, volume... every aspect" of category.

With exception of 31" and 35" models, new line will ship in first quarter of 1993, with larger screen sizes due in 2nd quarter. In May, company plans to add console and projection TVs to Trademark series, and GE line will include several promotional models outside Trademark designation, officials said.

**Projectavision** said last week that "major Japanese electronics manufacturer" has advised it that it will take out nonexclusive license under N.Y. company's "depixelization" technology for LCD projection TV. Projectavision declined to identify manufacturer pending negotiation of terms of license.

**BROTHER WINS IN COURT:** Latest chapter in long-running "dumping" dispute between Brother and Smith-Corona: U.S. Court of International Trade (CIT) reversed ruling by International Trade Administration (ITA) that Brother isn't U.S. manufacturer and therefore has no standing to file antidumping complaint against Smith-Corona's importation of portable electronic typewriters from its Singapore plant (TVD Sept 30/91 p16).

Japan-based Brother had filed as U.S. manufacturer because it has plant in Bartlett, Tenn. However, ITA ruled plant didn't add enough to total value of imported parts and assemblies to be considered U.S. manufacturer. Brother appealed to CIT, which ruled that ITA's determination wasn't supported by substantial evidence and said ITA should have ruled that Brother is U.S. manufacturer with clear stake in outcome of antidumping investigation. CIT ordered ITA to reverse decision and complete its investigation of alleged Smith-Corona dumping from Singapore.

However, Smith-Corona filed notice that it will appeal CIT decision to U.S. Appeals Court. In responding to CIT's demand that it proceed with its investigation, ITA replied that court's decision wasn't "conclusive" because of pendency of appeal. "Upon a 'conclusive' decision by [Appeals Court] affirming the CIT," ITA said, it will consider whether Brother "filed the petition 'on behalf of' the domestic industry." If so, it said, it "will proceed with the investigation."

**Sharp will end** production of VHS-C camcorders for Japanese market and concentrate on 8mm, according to Japanese press, which said company has stopped development of new models. That would leave Matsushita, JVC and Mitsubishi as only companies producing VHS-C camcorders for Japanese market. Sharp no longer sells VHS-C camcorders in U.S. but will continue to sell 8mm and full-size VHS models here. Meanwhile, Nikkei reported that Asahi has dropped out of camcorder business, citing poor business climate. Officials at company's U.S. subsidiary, Pentax Corp., said they couldn't comment last week. Asahi has been selling Pentax brand 8mm models sourced from Hitachi and Sanyo. Asahi's camcorder sales declined from high of \$40.6 million to about \$8.1 million in 1991, Nikkei reported.

#### THIS WEEK'S YEN RATE

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



**DCC LAUNCH CAMPAIGN:** Declaring event "a very important moment in the history of Philips in the U.S.," company last week lifted wraps on aggressive campaign to support American debut of its first DCC recorder. Audio Mktg. Vp Frans Schmetz said launch of \$799-list DCC900 officially got under way last week in 5 cities previously announced -- Boston, Chicago, L.A., N.Y. and San Francisco -- with 10 more cities to be added by end of Nov.

"Ample supply" of DCC900s will be in 500 storefronts in first 2 weeks of launch, reaching all 800 Philips outlets "in time for the holidays." Hardware accounts represent cross-section of retail universe, from department store chains such as Macy's to key power retailers Silo and Good Guys and AV specialists such as Bjorn's in San Antonio.

Philips late last week kicked off month-long series of in-store promotions to demonstrate DCC900 to public, with HMV software outlet and Macy's flagship store as first N.Y. venues. Consumers at each event are being invited to enter drawing toward free recorder, first 100 customers also receiving DCC T-shirts. As tie-in with radio promotions planned for peak weeks of holiday selling season in 14 markets, consumers can qualify to win \$10,000 Philips home theater systems or audio systems.

Most ambitious part of campaign is "cinematic style" series of TV commercials produced by PolyGram affiliate Propaganda Films that debuted last week in U.S. and also will be shown in France, Germany, Netherlands, U.K., Japan. Aim of teaser campaign is to "burn the letters 'DCC'" into consumers' minds, making acronym as ubiquitous as "VCR" or "CD," Philips Ad Dir. Michael Keel said. Campaign began Nov. 6 with 3-min. version on MTV, shorter derivatives scheduled to be shown nationally and on spot basis over next 8 weeks. Highlight of TV effort will be Philips' sponsorship of hour-long specials featuring Irish rock band U2 Nov. 29 on Fox network and Dec. 16 on MTV. Each hour will include 8 min. of Philips DCC commercials, executives said.

David Blaine, senior vp of PolyGram Group Distribution (PGD), reiterated that first PolyGram DCC software titles arrived in 300 stores nationally last week and PGD goal is to have 160 PolyGram titles available by Thanksgiving. PGD hopes 900 music stores -- about 25% of its total storefronts -- will carry DCC titles shortly after Jan. 1.

**DUAL-DECK VCR FROM SAMSUNG:** Preparing to mark 15th year in U.S. consumer electronics market, Samsung is attempting to extend distribution in U.S. through addition of range of new products in 1993. Most notable among them should be 8mm/VHS Hi-Fi dual-deck VCR with bidirectional recording. John Lezon, mgr. of product mktg. for video, said it will be available in July at \$999. Samsung makes dual decks for Go-Video, which in past has said it would have similar model in 2nd half of next year. Go-Video couldn't be reached for update on its plans.

As we've reported, Samsung also plans to market hi-fi stereo 8mm VCR at \$500 street price, version of which it also will make for Thomson under RCA brand (TVD June 8 p14). To extend family of 8mm products, Samsung plans to begin shipping compact 8mm camcorder (\$1,099 list price) early next year.

At news conference marking company's move to new U.S. hq in Ridgely Park, N.J., Sales & Mktg. Exec. Vp K.R. Song emphasized steps to expand distribution and shift consumer name recognition from "abstract to specifics." In

terms of trade support, he said Samsung has "set up real-time on-line system with its rep force" for more up-to-date communication between field and hq.

Product Mktg. Gen. Mgr. Kevin Procter cited Samsung's expanded global manufacturing base. For example, new plant in Indonesia will begin supplying U.S. and other markets with audio and video products in 1993. Lezon said VCPs and 2-head VCRs will come from that plant by end of first quarter. He said Samsung also plans to expand VCR lineup from 10 to 13 models next year with addition of several derivative models for new distribution channels.

Company will introduce new 13" and 19" TV/VCR combos with front jacks at \$460 and \$600 list prices, respectively. Product Mgr. David Patterson said aggressive stance of warehouse clubs in combo market has induced consumer electronics superstores to increase their presence in category, accounting for much of growth to expected 800,000 units in 1992, well beyond record 662,000 in 1991.

**CES VEGAS ROOM SHORTAGE:** Some advance registrants for Winter Consumer Electronics Show (CES) Jan. 7-10 in Las Vegas are being told no rooms are available, but CES officials said last week that situation should improve as show time nears.

Las Vegas convention authorities have reserved 10,000 fewer rooms for 1993 event than at preceding show, saying that at past shows exhibitors have reserved big blocks of rooms and then cancelled many at last minute. CES Staff Vp Sam Lippman said last week that more rooms should become available as exhibitors turn back excess rooms. Other officials of CES sponsor EIA Consumer Electronics Group (CEG) expressed confidence that room allotment would be increased for 1994 show.

Lippman said CES already has contracts for 880,000 net sq. ft. of exhibit space, larger than last year's Winter Show, and most areas are sold out with waiting lists. Unique feature at this show will be debut of Radio Best. Data System (RBDS), with radio stations in Las Vegas transmitting new service for show floor demonstrations. RBDS makes it possible for receivers to identify station call letters and format on special display, to tune stations by format (rock, classical, news, etc.) and automatically tune to emergency broadcasts.

At news conference in N.Y., officials released list of more than 30 workshops and sessions for show, starting with traditional Industry Outlook session Jan. 7, featuring IBM Pres. Jack Kuehler as keynoter and industry update by CEG Chmn. Jerry Kalov.

Among major sessions will be one devoted to multimedia, with home theater, home office, audio, mobile electronics, marketing and merchandising featured in talks and panels.

CEG Vp Gary Shapiro said at news conference that finalization of integration of Mobile Electronics Assn. (MEA) into EIA (TVD Nov 2 p15) was in progress. He also revealed that CEG media spokesman and former Group Vp Jack Wayman hopes to share tasks of promoting industry products with additional spokesperson, now being sought by group.

**Amstrad Chmn.** Alan Sugar last week made formal proposal to take British computer and consumer electronics company private in \$173.6-million buyout at about 46¢ per share. Sugar currently owns 36% of company's stock.



**JVC LOWERS FORECASTS:** JVC last week reported nonconsolidated (parent-only) net loss equivalent to \$129.7 million in fiscal first half, compared with net income of \$44.85 million in same period last year (both figures based on current exchange rate). Sales of just under \$2.1 billion were off 20%.

Company skipped interim dividend and revised forecast of consolidated results in year to March 31, 1993. Consolidated sales, it said, should total \$6.26 billion, with net loss of \$276.4 million. Last May it predicted current equivalent of \$6.58 billion sales and net profit of \$17.9 million.

Commenting on nonconsolidated first-half results, JVC said "unfavorable situation in the audiovisual industry" adversely affected figures, with domestic sales down 6% and export sales 30%. Video sales were off 31%, audio 10%, TV 12%, special equipment 6%, entertainment 9%. Overseas sales declined to 52% of total from 59% year ago.

**Alpine** said its home audio sales plunged 51.2% in first half, but car audio was up 3.3% and car communication up 7.6%. Exports rose 10%.

**Alps** reported color TV parts sales declined 24.5% and VCR parts 27.6% due to cutbacks by set makers. However, broadcast satellite equipment parts rose 29.1%, while audio parts dropped 18.2%.

**OCT. RETAIL SALES REPORTS:** Publicly held consumer electronics retailers reported solid sales gains in Oct., led by expansion-minded Best Buy's 97% overall jump to \$130 million.

**Best Buy** said its 97% increase included 18% comparable-store gain, although much of it obviously was fueled by opening of 9 stores, including 2 more in Chicago, where company opened 8 in Sept. Best Buy considered 60 of its 100 stores comparable in computing Oct. figures. For first 8 months, it reported 63% sales gains to \$818 million.

**Tandy** said sales at retail operations rose 15% to \$281.9 million in Oct., highlighted by opening of first 2 Incredible Universe (IU) stores and continued expansion of Computer City. Comparable-store sales in Oct. rose 4%. In addition to IU and Computer City, Tandy's report included Radio Shack, McDuff, VideoConcepts, The Edge in Electronics.

**Audio/Video Affiliates** said 14.9% increase in comparable store sales in Oct. helped drive overall 26.4% gain to \$16.2 million. In first 9 months of fiscal year, sales rose 14.8% to \$134 million and comparable-stores 4.9%.

**ITA Update Seminar** for members Nov. 24 in N.Y. will be keynoted by TV Digest Editorial Dir. David Lachenbruch with status report-forecast on consumer electronics industry. Matsushita Vp Jack Pluckhan will speak on video hardware sales and trends, Technicolor Video Services Senior Vp Gary Hunt on video duplication, MGM/UA Video Senior Vp George Feltenstein on prerecorded video, Capitol-EMI Music Mfg. Pres. Vic Beretta on audio and CD duplication, Fuji Photo USA Magnetic Products Mktg. Dir. Brad Friedrich on blank audio and video tape, Kao Infosystems Mktg. Mgr. John Depuy on floppy disc and computer tape, Teijin-Dupont Films Product Mgr. Bruce Case on polyester film for magnetic media.

**STEREO TV DROPPED IN SEPT.:** Sales to dealers of direct-view color TVs with stereo circuitry were off 3.4% in Sept., first decline since May 1991. Percentage of color TVs with stereo, which had been well over 40% mark in 2 preceding months, fell back to 39.1%, major drop from last Sept., when 43.6% of sets had stereo capability. Sept. 1991 percentage was record until Aug. 1992 (TVD Oct 12 p16).

In first 9 months of 1992, 39.7% of sets sold to dealers had stereo capability, up from 37.2% year earlier. Slight uptick in 4th quarter would make 1992 first year in which more than 40% of color TVs sold had stereo. Here are figures on direct-view stereo color TV sales to dealers, from EIA Mktg. Services Dept.:

#### STEREO IN DIRECT-VIEW COLOR SETS

Month	1992	% of Total	1991	% of Total	% Change
January..	482,719*	39.0	418,214	35.4	+15.4
February..	543,089*	40.4	519,376	37.0	+ 4.6
March....	730,697*	37.9	673,288	36.7	+ 8.5
April....	506,096	39.1	441,194	36.7	+14.7
May.....	491,416	38.0	378,783	31.9	+29.7
June.....	680,935	37.8	546,987	32.7	+24.5
July.....	586,531	42.7	428,752	37.9	+36.8
August...	725,307	44.1**	548,543	38.5	+32.2
September	<u>1,017,503</u>	<u>39.1</u>	<u>1,053,295**</u>	<u>43.6</u>	<u>- 3.4</u>
TOTAL....	5,764,293	39.7	5,008,432	37.2	+15.1

\* Revised by EIA. \*\* Record for period.

**Sales to dealers** in all major video categories zoomed upward in 3rd week of Oct., according to EIA (see State of the Industry), with records set in every area except camcorders and laserdisc players. For first 3 weeks of month, sales in all categories showed double-digit gains. Color TV sales were on particular upswing; as was case for last 3 weeks, 5-week moving average of TV sales was at highest point ever. At same time, moving average of VCR deck sales set record for 42nd week. With 20 weeks still to go in 1992, TV/VCR combo sales are on verge of passing record 662,339 units sold all of last year.

**Commodore International**, dragged down by softness in its main European markets, reported \$18.8-million loss on \$158.6 million in sales for quarter ended Sept. 30. In same period last year, Commodore earned \$5.3 million on sales of \$204.1 million. European problems primarily affected sales of Amiga and C-64 computers. PC compatibles were up from first quarter year ago.

**Ads and Promotions:** Aiwa 4th-quarter ad drive promotes audio equipment with 4-color print ads, radio spots and TV game show and talk show spots... **JVC** received 1,364 entries from 26 countries for 15th Tokyo Video Festival, including 844 from Japan, 128 from Germany and 106 from U.S. -- winners to be announced Nov. 30.

**Flat Information Displays Conference, Exhibition and Tutorial**, 9th annual event sponsored by Stanford Resources, is scheduled Dec. 1-3 at Santa Clara Convention Center. Session is devoted mostly to computer displays but will have some discussion of HDTV -- Information Assoc., 415-322-0247; fax 415-322-0469.



## Consumer Electronics Personals

**Thomas Carson**, formerly international sales and mktg. mgr., Thomson Consumer Electronics (TCE) Sales & Mktg., Americas, named TCE Tubes & Display Group gen. mgr. for mktg., sales and business development, N. America, succeeding **Robert Lorch**, now vp, N. America Tube Div. (TVD Nov 2 p18); **David Hakala**, ex-mgr. of Marion, Ind., tube plant, promoted to gen. mgr., tube operations, N. America, responsible for Marion, Scranton and Mexico City plants; **Charles Thomas** advanced to mgr. of main tube plant in Marion, **Thomas Maziarz** to mgr. of large-tube plant there; **John Neville**, now exec. vp, TCE Tubes & Display Group, will hq in Paris.

Current officers of EIAJ, terms expiring next May: Mitsubishi Electric Pres. **Takashi Kitaoka**, chmn. Vice chairmen: NEC Pres. **Tadahiro Sekimoto**, Toshiba Pres. **Fumio Sato**, Matsushita Pres. **Akio Tanii**, Sony Pres. **Norio Ohga**, Hitachi Pres. **Tsutomu Kanai**, Murata Chmn. **Akira Murata**... **Jane Harman** resigns from Harman International board following her election to House of Representatives, new board nominee to be selected at special meeting Nov. 10... **Jeffrey Kussard**, former gen. mgr., Audio/Video Environments Div. of Audio King, joins JBL Consumer Products as senior account executive for specialty products, reporting to Specialty Products Gen. Mgr. **Eli Harary**.

**John Rougeou** named pres-gen. mgr., Elrick & Lavidge, market research firm... **Robert Merlis** appointed senior vp and dir.-media relations, Warner Records... Officers at newly formed RDL Acoustics, Bellingham, Mass., speaker company: **Roy Allison**, founder of now-defunct Allison Acoustics, pres. and chief designer; **Edgar Villchur**, founder of Acoustic Research, corporate dir.; **Bob Barr**, ex-Allison Acoustics vp, assumes same role at RDL... **Louis Feola** promoted to MCA Home Video pres., succeeding **Robert Blattner**, killed in plane crash (see Obituary)... Orion Pictures Senior Corporate Affairs Vp **Paul Wagner** will resign after company completes planned relocation from N.Y. to L.A. at year-end but will remain consultant.

**Electronics roadshow** in caravan of 38 trucks promoting Philips products to European dealers completed 12-country 6-month tour last month. Show included reception area, theater and exhibition hall in 2 main areas, each nearly 6,500 sq. ft., designed to be carried by truck. Countries visited included Portugal, Italy, Germany, Ireland. Products shown include TVs, CD-I and DCC systems.

**EIA will pay 10%** of its members' costs for exhibiting at Internationale Funkausstellung's USA Pavilion Aug. 27-Sept. 5 in Berlin. EIA is joining city of Berlin in promoting pavilion -- Margaret Cassilly, 202-457-8778.

**Philips will discontinue** sales of personal computers to consumer channels in U.K., Scandinavia, Ireland and Greece, company announced last week following similar action in U.S. last spring (TVD April 13 p12).

"**Worldwide Market Intelligence Service**" devoted to 1/2-in. videotape has been launched by ITA on subscription basis, using data compiled by Cambridge Assoc. -- 212-643-0620.

**9 MONTHS AT A GLANCE:** Here are EIA figures on sales to dealers by month for first 3 quarters of 1992, with 1991 comparisons (in last week's issue, first 6 months were omitted from table):

COLOR TV SALES TO DEALERS

Month	Total		Direct View (TV Only)		Projection	
	1992	1991	1992	1991	1992	1991
January.....	1,332,819	1,239,198	1,238,671	1,178,885	29,672*	15,475
February....	1,421,950	1,541,717	1,343,373	1,452,325	25,216	30,239*
March(5 wks)	2,026,747	1,937,642	1,928,489	1,834,689	30,768*	29,987
April.....	1,376,131	1,219,660	1,294,874	1,168,080	18,204	17,328
May.....	1,371,941	1,248,108	1,291,964	1,187,314	17,476	17,342
June(5 wks)	1,906,029	1,752,026	1,799,814	1,671,187	30,143	22,663
July.....	1,452,041	1,199,851	1,373,722	1,131,943	28,381*	25,662
August.....	1,733,734	1,506,752	1,645,082	1,423,844	34,216*	31,617
Sept.(5 wks)	2,775,825*	2,534,268	2,604,020*	2,414,713	51,776	57,769*
TOTAL.....	15,397,217	14,179,222	14,520,009	13,462,980	265,852*	248,082

VCR SALES TO DEALERS

Month	Total VCRs		Camcorders		TV/VCR Combos	
	1992	1991	1992	1991	1992	1991
January.....	769,829	547,680	154,357*	104,797	64,476*	44,838
February....	804,213	605,091	132,259*	121,928	53,361	59,153*
March(5 wks)	903,904	940,365	185,746	217,130	67,490	72,966*
April.....	812,670	624,330	214,935*	184,413	63,053*	34,252
May.....	740,958	652,265	216,562	216,884	62,501*	43,452
June(5 wks)	983,509	926,524	242,942	351,549*	76,072*	58,176
July.....	943,227	615,038	260,495	176,722	49,938*	42,246
August.....	1,041,887*	801,550	211,535	232,422	54,436*	51,291
Sept.(5 wks)	1,348,613	1,460,594*	299,153	387,877	120,029*	61,786
TOTAL.....	8,348,810*	7,173,437	1,917,984	1,993,722*	611,356*	468,160

\*Record.

**NEC's consumer electronics (CE) business** continued to decline in fiscal year ended March 31, it said in annual report. Sales of CE and "other" operations together totaled \$1.5 million, down 19% from year earlier and representing only 5% of total net sales. NEC said it's decreasing production of "less profitable VCRs" in favor of manufacturing broadcast equipment and will make Thailand facility its main color TV plant. It has ended conventional CE sales in U.S. and U.K.

**Hong Kong Electronics Fair** last month generated 10% more business than last year's event, Hong Kong Trade Development Council (HKTDC) said. Group said \$200 million in orders were generated on spot, with another \$300 million under negotiation. HKTDC said 24,000 buyers attended 4-day event, viewing wares from 548 exhibitors, 175 of them from outside Hong Kong.

**Coping with recession** in Japan, TDK has ordered 50 managers age 50 and older to stay home on 90% salary until they reach retirement age of 60, Nikkei Weekly reported. Policy is "mainly intended for divisional and departmental administrative managers with nontechnical backgrounds," it said, and quoted company as saying it hoped move would provide "shock therapy to goad other employees to reform their attitudes toward work."

"**Multiprojector**" with single 80" screen consisting of four 40" projection TVs will be put on sale in Japan by Pioneer Dec. 1. Designed for public places, it will be priced at about \$65,000. Unlike conventional "cube" systems, Pioneer's unit has seamless screen and is claimed to be more compact and easier to install than conventional multi-TV cube systems.



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With Consumer Electronics

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**Hearing on effects of N. American Free Trade Agreement (NAFTA) on U.S. industries, including electronics, is scheduled by International Trade Commission (ITC) in Washington Nov. 17-19. Hearing will gather information to help ITC fulfill request by House Ways & Means and Senate Finance Committees for analysis of NAFTA's costs and benefits to U.S. economy and industry -- ITC, 202-205-2000.**

## OBITUARY

**Robert Blattner, 40, pres. of MCA Home Video, was killed Oct. 31 in plane crash at Grand Junction, Utah, that also killed free-lance publicist Dale Berliner and pilot Kevin James of Salt Lake City. Blattner entered home video business in 1980 as Columbia Pictures Home Entertainment sales dir., advancing to vp-gen. mgr. year later. He remained in that position after studio formed RCA/Columbia Pictures Home Video joint venture with RCA in 1982 and was named pres. of N. American joint venture in June 1983. He joined MCA in 1989 as pres. of worldwide home video operations and added title of MCA Inc. vp year later. He's survived by wife, 2 daughters.**

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>Avnet</b>			
1992-qtr. to Oct. 2	533,200,000	16,900,000	.47
1991-qtr. to Sept. 27	412,900,000	11,000,000	.31
<b>BHC Communications</b>			
1992-9 mo. to Sept. 30	203,522,000	75,565,000	2.80
1991-9 mo. to Sept. 30	188,274,000	78,349,000	2.81
1992-qtr. to Sept. 30	78,358,000	28,650,000	1.08
1991-qtr. to Sept. 30	59,370,000	22,725,000	.82
<b>Chris-Craft Industries</b>			
1992-9 mo. to Sept. 30	221,060,000	47,413,000	1.77
1991-9 mo. to Sept. 30	203,750,000	41,004,000	1.54 <sup>a</sup>
1992-qtr. to Sept. 30	84,219,000	19,430,000	.73
1991-qtr. to Sept. 30	64,386,000	13,878,000	.52 <sup>a</sup>
<b>Commodore International</b>			
1992-qtr. to Sept. 30	158,600,000	(18,800,000)	--
1991-qtr. to Sept. 30	204,100,000	5,300,000	.16
<b>CTS</b>			
1992-9 mo. to Sept. 30	173,197,000	1,559,000	.30
1991-9 mo. to Sept. 30	173,277,000	3,778,000	.74
1992-qtr. to Sept. 30	56,155,000	188,000	.03
1991-qtr. to Sept. 30	58,012,000	1,266,000	.25
<b>Dynascan</b>			
1992-9 mo. to Sept. 30	82,944,000	(3,078,000)	--
1991-9 mo. to Sept. 30	100,518,000	(2,324,000)	--
1992-qtr. to Sept. 30	33,133,000	312,000	.05
1991-qtr. to Sept. 30	38,358,000	142,000	.02
<b>Esquire Radio &amp; Electronics</b>			
1992-9 mo. to Sept. 30	78,784,000	1,403,000	2.90
1991-9 mo. to Sept. 30	53,294,000	856,000	1.77
1992-qtr. to Sept. 30	21,753,000	300,000	.62
1991-qtr. to Sept. 30	20,619,000	383,000	.79
<b>General Instrument</b>			
1992-9 mo. to Sept. 30	776,593,000	(60,162,000)	-- <sup>b</sup>
1991-9 mo. to Sept. 30	695,159,000	(91,306,000)	--
1992-qtr. to Sept. 30	284,270,000	(21,676,000)	-- <sup>b</sup>
1991-qtr. to Sept. 30	236,113,000	(11,820,000)	--
<b>Granite Broadcasting</b>			
1992-9 mo. to Sept. 30	26,449,000	(9,423,000)	-- <sup>c</sup>
1991-9 mo. to Sept. 30	24,012,000	(7,313,000)	--
1992-qtr. to Sept. 30	8,602,000	(6,705,000)	-- <sup>c</sup>
1991-qtr. to Sept. 30	7,796,000	(2,049,000)	--
<b>LIN Broadcasting</b>			
1992-9 mo. to Sept. 30	412,511,000	(79,618,000)	--
1991-9 mo. to Sept. 30	334,666,000	(132,803,000)	-- <sup>d</sup>
1992-qtr. to Sept. 30	145,699,000	(23,200,000)	--
1991-qtr. to Sept. 30	114,721,000	(42,164,000)	--
<b>M/A-Com</b>			
1992-52 wk. to Oct. 3	375,248,000	11,997,000	.50
1991-53 wk. to Sept. 28	382,138,000	31,110,000	1.26 <sup>c</sup>
1992-12 wk. to Oct. 3	97,378,000	2,151,000	.09
1991-13 wk. to Sept. 28	98,025,000	5,075,000	.21
<b>News Corp.<sup>e</sup></b>			
1992-qtr. to Sept. 30	2,593,344,000	193,728,000	--
1991-qtr. to Sept. 30	2,662,481,000	106,463,000	--
<b>Philips Electronics<sup>f</sup></b>			
1992-9 mo. to Sept. 30	21,737,000,000	57,700,000	.18
1991-9 mo. to Sept. 30	22,495,000,000	493,500,000	1.65
1992-qtr. to Sept. 30	7,165,000,000	(86,900,000)	--
1991-qtr. to Sept. 30	7,720,000,000	106,000,000	.35
<b>Spelling Entertainment Group</b>			
1992-9 mo. to Sept. 30	193,359,000	6,492,000	.13
1991-9 mo. to Sept. 30	63,414,000	17,222,000	.37
1992-qtr. to Sept. 30	74,623,000	3,481,000	.07
1991-qtr. to Sept. 30	42,628,000	322,000	--

Notes: <sup>a</sup>Adjusted. <sup>b</sup>Revised; after special charge. <sup>c</sup>After special charge. <sup>d</sup>Includes special credit. <sup>e</sup>In Australian dollars. <sup>f</sup>At guilder's current rate.



# TELEVISION DIGEST®

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

With Consumer Electronics

NOVEMBER 16, 1992

## SUMMARY-INDEX OF WEEK'S NEWS

VOL. 32, NO. 46

### Broadcast - Cable

**Gore HEADS TRANSITION** office that will oversee communications. Communications aide in technology office not named. Tough ethics rules set. Clinton hits TV sex and violence, hints at music ratings. (P. 1)

**NBC NEWS ON DEMAND** to begin field testing next month. Network is in partnership with IBM and NuMedia. Desktop News to deliver product to business computers. No consumer service planned. (P. 2)

**MUST-CARRY DELAY SOUGHT** by Justice Dept., broadcasters. Cable wants Dec. 7 court start, opponents seek March 8. FCC moves on other Cable Act rules. (P. 4)

**S-A COMPRESSION CHOSEN** by Viacom, setting up possible Beta/VHS war with GI. Cable and broadcasters pushing for common MPEG-based video system. (P. 4)

**CABLE PROFITS UP:** TCI, Turner, Cablevision fare better in quarter. Study says cable is only group that boomed in 1991, while broadcasters suffered. (P. 5)

**MORE PCS LICENSEES URGED:** NTIA and FCC say half dozen licenses are needed in each locality. Cox says cable PCS would assure telco competition. (P. 5)

**IVDS PLAN OFFERED** by Interactive Network. NBC, Tribune, Gannett, IBM sign on. Company says it will use VBI, FM subcarriers if necessary. (P. 6)

**GORE OVERSEES COMMUNICATIONS TRANSITION:** Clinton Administration has assigned communications transition policy-making chores to technology office -- headed by Vice President-elect Albert Gore -- according to sources familiar with process. Communications transition policy typically had been under domestic policy office in past. Source said that even though Clinton named 48 persons to transition policy posts last week, "they haven't even started to think about" person in technology office who will be directly responsible for communications policy and eventually for filling FCC and other slots: "That's way down on their list."

Clinton did announce ethics standards for transition team and govt. appointees that are at least as tough as expected (TVD Nov 9 p1). Top transition officials will be permanently banned from any lobbying in areas they handled during transition, and aides will be banned for 6 months. They also must promise not to engage in any transition activity in which they, member of family or client has financial interest. They must file financial disclosure reports and agree not to use any nonpublic information for private gain.

Persons named to govt. jobs will have to pledge not to lobby their agencies for 5 years after they leave, and never to lobby for foreign govts. Transition staffers are prohibited from having any contact with

### Consumer Electronics

**3D LCD VIDEO GOGGLES** demonstrated by Sony, which says it's exploring uses for 'Visortron' system. (P. 8)

**'LIQUIDITY PROBLEMS'** facing Zenith in Feb. unless it can renegotiate loan or increase net worth, company says. 'Contingency plans' analyzed. (P. 8)

**BEST OCT. IN HISTORY** and biggest month of year goes into books, capped by best week ever in sales of camcorders, projection TV, VCR/TV combos. (P. 9)

**MORE TAX SETTLEMENTS** due by U.S. subsidiaries of Japanese companies after Matsushita announcement, in advance of any tougher action by Clinton regime. (P. 10)

**PANASONIC 16:9 PROJECTION TV AT \$4,999** is latest announced at new 'hot' \$5,000 price point, as company previews 1993 products at Fla. meeting. (P. 11)

**THOMSON CONSUMER ELECTRONICS** to reorganize Jan. 1, reflecting plan of Chmn.-CEO Alain Prestat. Clayton elevated in grouping by function instead of product. (P. 12)

**FULL-SIZE CAMCORDER** crisis intensifies as inventories drop to less than 10% of total stocks, while category represents 25% of sales. (P. 12)

**GOOD GUYS SHOWS QUARTER LOSS** for first time in at least 5 years, sending profits down 66% for year. (P. 12)



private-sector clients during transition work. Pledges would be significantly more strict than federal ethics rules. Clinton told reporters that he isn't opposed to lobbying per se: "Lobbying is a part of people's First Amendment rights [but] if all decisions are made by organized groups, then very often the public interest isn't served."

Outsiders predicted new rules would make it difficult to fill top jobs with high-quality personnel. One Democrat called 5-year rule "asinine... It will keep all kinds of good people from serving in the Clinton Administration." Transition Dir. Warren Christopher told reporters that transition group tried to balance "desire to have the best and most knowledgeable" transition staffers with "the imperative to ensure that no special interest will have any undue influence." Christopher said some "limited waivers" from rules will be available for persons with technology expertise, but promised that few would be granted and then only after strict review. It wasn't immediately clear whether ethics rules would apply to all 3,000 political appointees.

Clinton, meanwhile, said there's too much "mindless sex and violence" on TV and in movies. He told TV Guide that producers could "have a major new impact on the way people view the world" without undermining artistic integrity by "deglamorizing mindless sex and violence... There's no question the cumulative impact of this banalization of sex and violence in the popular culture is a net negative for America." He said he "zaps" commercials in entertainment shows and that his favorite program is American Gladiators. In interview, Clinton also said that he favors Tipper Gore's suggestion that recording industry establish rating system: "I've always liked the movie rating system because it's not censorship but gives some guidance for parents and kids."

In Little Rock news conference, Clinton indicated that Commerce Dept. (potentially including NTIA) will be major focus for his economic development plans, calling Commerce Secy. one of "major appointments" that he will make. Clinton's joint commission, for example, suggested that Commerce Secy. should lead Cabinet-level White House panel on competitiveness. Clinton said he won't rush into Cabinet appointments, pending study of possible structural changes in Cabinet. Aides said "cluster groups" would make recommendations on structural changes, as well as on personnel appointments. Transition personnel director is Jan Piercy of MacArthur Foundation; producers of inaugural and surrounding events are Hollywood's Harry and Linda Bloodworth-Thomas.

One of outgoing FCC officials, Common Carrier Bureau Chief Cheryl Tritt, predicted that "the fundamental trends we've seen in the last few years will continue to accelerate regardless of the party affiliation of the Commission's majority [because] telecommunications policy-making at the FCC is not inherently partisan." In speech Nov. 13 to Goldman, Sachs telecommunications conference, Tritt predicted that FCC policy would remain largely same on main issues such as regulatory restraint, promotion of competition, incentive regulation, emerging technologies, video dial tone. Noting that this was "pure speculation," she said there may be change "on the issue of who pays for a modern communications infrastructure and what is deemed the appropriate amount of government oversight." Tritt also predicted that FCC Chmn. Sikes would remain in office "at least" through inauguration.

**CUSTOMIZED DESKTOP NEWS ON DEMAND--HARBINGER OF FUTURE?:** NBC, IBM and NuMedia next month will begin field test of PC-based customized news-on-demand service, with national operation possible by end of next year. NBC Desktop News, as service will be called, utilizes newsgathering resources of NBC News and CNBC (NBC's financial cable news network), as well as its own staff for transforming printed news into audio-video material. It's designed as delivery vehicle to corporate users for customized mixes of business, general, market and industry-specific news, as well as distribution network for company's own training and product information.

In test scheduled to begin next month in N.Y. metropolitan area (3-4 "large pharmaceutical companies" will participate), programming will be sent to satellite receiver at participating site. Venture also plans to test delivery later via broadcast, cable, fiber. In digital version, information will be downlinked and sent to network server, then distributed to individual PCs on local area network (LAN). In analog version, programming will be distributed via existing building wiring, such as shielded twisted pair or coaxial cable.

Service will be offered on 3 tiers. Gold service will feature TV-like full-motion video (FMV) news reports in computer screen window. Silver service will include normal audio narration, screen text, still photos. Bronze service will feature customized downloading to PC-controlled VCR. Once per hour, story index will be transmitted, alerting system to capture relevant stories for playback later in day. For FMV service, user must have at least 386-based computer; for other tiers, minimal requirement is 286-based computer running at 16 MHz. Companies were noncommittal about pricing.



NuMedia Chmn. Arthur Esch, whose Desktop TV (DTV) software is at heart of multimedia capabilities, said pilot program will test delivery paths, how best to optimize integration process and how to package most effectively for rollout. He said loosely defined multimedia industry has been seeking "killer application" to spur mass acceptance and described Desktop News as "the application that is going to help multimedia explode in personal computers." NBC Cable & Business Development Pres. Thomas Rogers said venture aims now at potential \$9-billion market for business and govt. He said "technical challenges for the home are much broader," although included in presentation on potential markets were 6.6 million computers he said were based in home office settings. Asked about DBS service to home market, Esch called it "a form of delivery that may bypass a lot of the processing capability in the system," saying it's fine for transmission of linear TV but can't handle data manipulation inherent in Desktop TV.

Meanwhile, KIRO-TV Seattle and SureFind Classifieds by Telephone have signed deal to offer what they said would be "the nation's first interactive television programming." Service will offer updated news and sports 24 hours daily, starting in "early '93," companies said, with viewer using Touch-Tone telephone to access information. "We fully expect this partnership to change the direction of local broadcasting," said KIRO-TV Exec. Vp-Gen. Mgr. Glenn Wright. Service will allow viewers to participate in on-air "polling" and have access to KIRO-TV programming at all times. It also will carry classified advertising.

**EIA Digital Radio Subcommittee** timeline for choosing voluntary digital audio broadcasting (DAB) system standard has been criticized as too aggressive, "but we're going to try to keep to it," Consumer Electronics Group Vp Gary Shapiro said. Schedule calls for system proponents to deliver hardware for testing by April 15 with eye toward definitive vote by late in 4th quarter. Shapiro said he's hopeful FCC will heed EIA recommendation and designate single DAB industry standard by early 1994. He agreed that Subcommittee's timeline "is very ambitious," and conceded that task is made more complicated by fact that 10 proponents have announced intent to submit proposals. Assn. listed Subcommittee proceedings among its major 1992 accomplishments. Meanwhile, USA Digital Radio (Project Acorn) still hopes to stage first mobile demonstrations of FM portion of its in-band on-channel DAB system by year-end, but isn't prepared yet to announce schedule, said CBS Radio Vp-Technical Operations Anthony Masiello. Washington remains likely site for demonstrations, he said. Project Acorn collaborators said at Sept. NAB Radio Show in New Orleans that private mobile demonstrations of FM DAB system were possible in 60-90 days, with large-scale mobile showings of FM and AM system "on target" for NAB convention in Las Vegas in April. Masiello said Acorn, collaborators have resumed tests over station in Urbana, Ill., home of "acoustic charge transport" (ACT) technology that forms backbone of system. Acorn consortium has said ACT chip was developed by Urbana-based Electronic Decisions Inc. and is being produced on high-production line at Hughes Aircraft facility, Carlsbad, Cal.

**Ending any doubt** about future of NCTA Pres. James Mooney after cable's defeat on 1992 Cable Act, NCTA board last week approved multiyear extension of his contract. Terms weren't immediately available. Extension had been recommended by NCTA Exec. Committee. Board also gave NCTA go-ahead to become directly involved with personal communications service (PCS) issues at FCC. Since only handful of cable firms were interested in PCS at first, companies rather than NCTA have been dealing with Commission on issue, but board decided that enough members were interested now to justify Assn. involvement. For example, NCTA hasn't filed comments on PCS rulemakings to date, but is likely to do so in next round.

**Cap/ABC official** confirmed that Bruce Soloway, head of promotions at ABC News, has left company (following earlier suspension) after sexual harassment charges were filed against him.

**FCC Office of Plans & Policy (OPP)** issued longer version of paper suggesting there could be large social benefits if UHF TV license were converted to use as 3rd cellular carrier in market. OPP staffers Evan Kwerel and John Williams have been working on idea of voluntary spectrum reallocation since 1989. Earlier version put net social benefit from converting TV to cellular, using L.A. market as example, at \$754 million. In new version, authors raised potential value to \$1.057 billion due to "broader coverage areas" of spectrum involved. Study also took into account different amounts of spectrum that would be involved in different areas -- extension of previous work, they said. Paper suggested FCC adopt "limited voluntary reallocation policy" for UHF spectrum, allowing one UHF station per market to have spectrum converted for 3rd cellular system. Authors asked for limited policy because unrestricted voluntary policy "could result in excessive reallocation of spectrum and a reduction in social welfare." Kwerel and Williams suggested that voluntary reallocations could be applied more broadly and process could speed introduction of new services and technologies while increasing competition in existing services where new entry is limited because of possible problems with spectrum availability.

**Shockley Communications** filed competing applications to renewals of 4 Tak Communications' TV stations in Wis. -- WKOW-TV Madison, WXOW-TV La Crosse, WAOW-TV Wausau, WQOW-TV Eau Claire. Tak stations have been operating under Chapter 11 bankruptcy protection since Jan. 1991. Shockley is headed by Terry Shockley, who was gen. mgr. of Tak stations when they were owned by Liberty Communications, and his wife Sharon. Shockleys own KDAL-AM-FM Duluth, WOLX(FM) Baraboo, Wis. (within Grade A coverage area of WKOW-TV, for which Shockley seeks waiver of duopoly rule), WZTR(FM) Milwaukee.

**Cox Enterprises** put its 2 Fox affiliates -- KTVU (Ch. 2) Oakland-San Francisco and WKBD-TV (Ch. 50) Detroit on market. Cox Chmn. James Kennedy said "we have continued to receive unsolicited inquiries from potential purchasers" of stations and Morgan Stanley & Co. has been retained "to determine their market value and handle any potential transaction... Should the offers not meet our high expectations, we will withdraw the stations from the market... We have no overwhelming desire to sell them." Kennedy said Cox's 5 other TV stations and 13 radio stations aren't for sale.



**MUST-CARRY DELAY SOUGHT:** Justice Dept. may decide to defend must-carry after all (TVD Nov 9 p7) after Clinton Administration takes over, NAB said in joint petition asking U.S. Dist. Court, D.C., to delay proceeding. Justice asked court to delay schedule for must-carry/retransmission consent case 3 months, hearing oral argument March 8 instead of Dec. 7. DoJ petition for delay mentioned only that Congress would appoint own representative in case. Joint filing by NAB, INTV, Consumer Federation of America, National Council of Senior Citizens, Machinists Union and United Church of Christ backed schedule change, but Turner Bestg. objected to what it called "prejudicial motion" to delay case.

DoJ has reversed decisions before when Administrations changed, NAB said, and shift is likely this time because Vice President-elect Gore sponsored legislation. Both Justice and broadcasters said that failing to delay court schedule would cause irreparable harm to interests of U.S. because Congress can't act to authorize anyone to represent it until it reconvenes Jan. 5 and other proposed intervenors, including broadcasters, can't represent govt. Appeals said number of new lawsuits, motions to intervene, motions for preliminary injunctions and other filings would make it difficult to meet current timetable. DoJ said "breadth and complexity of this litigation has expanded exponentially," making current schedule "very nearly unmanageable."

Broadcasters said cable systems won't suffer if case is delayed because commercial must-carry doesn't take effect until after FCC acts, about April 5, and aren't likely to face penalties resulting from Dec. 5 effective date of must-carry for noncommercial stations because stations can file complaints only with FCC, which could dismiss them. Joint filing also said that there's no evidence that any cable system would have to carry single additional broadcast signal as of Dec. 5, or that single cable programmer would be bumped.

All intervenors had agreed previously to abide by original schedule, Turner Bestg. said in filing opposing delay. It rejected as "specious" claim that cable operators won't be hurt by noncommercial must-carry just because enforcement actions wouldn't occur until later. Turner said most cable operators would comply with rules immediately, so they would be hurt immediately. It said cable networks already are being hurt because operators aren't adding cable networks until there's decision on must-carry. New schedule would delay final decision on must-carry by U.S. Supreme Court at least until 1993 term, Turner said, "which would further and significantly prejudice" cable interests. Two more cable networks, C-SPAN and Travel Channel, have joined suit on Turner side.

Meanwhile, cable operator apparently can't block indecent programming on leased access channels unless it's identified as indecent by programmer, FCC tentatively concluded in notice of proposed rulemaking released last week. Rulemaking (MM 92-258) seeks comment on whether that interpretation is correct, how far in advance programmer must notify operator of indecent programs, whether notice should be in writing. Commission also asks whether it must tailor its definition of indecency for cable, as it has for broadcast and telephony. Rulemaking cites U.S. Supreme Court decision in *Pacifica* case, which indicates that every medium has different First Amendment "problems," so different definitions may be necessary. Basic definition is similar to that for broadcasting. FCC also seeks comments on: (1) Mechanism for blocking access to channel containing indecent programs and whether lock box is necessary. (2) Mechanisms to allow cable operator to

block obscene programs on public, education or govt. (PEG) channels. (3) How to resolve disputes between operators and programmers. Commission tentatively concluded that disputes should be resolved at local level since PEG channels are mandated by local franchises. Comments are due Dec. 7, replies Dec. 21.

**S-A COMPRESSION CHOSEN:** Week after public broadcasters selected General Instrument DigiCipher for compressing video signals (TVD Nov 2 p5), Viacom chose competing Scientific-Atlanta system. Split could lead to situation analogous to Beta vs. VHS video recording, with cable systems and consumers required to buy one of each to get all programming. However Viacom Senior Vp Edward Horowitz said deal with S-A is structured to encourage 2 companies to develop as much commonality as possible.

"Candidly, I don't think we will end up with a Beta/VHS situation," said Horowitz, who was chmn. of CableLabs' Video Compression Subcommittee, which was created to work toward common digital compression standard for industry. "Our hope and challenge is to avoid that and, if it does happen, to make sure the 2 systems work together so the consumers aren't disadvantaged." Horowitz told us that GI and S-A have assured him publicly and privately that they're willing to work on harmonization.

Key to commonality will be in Motion Picture Experts Group (MPEG) process. S-A digital video compression is based on MPEG-2, and consortium of GI and AT&T said it will submit proposal for system, called "entertainment profile," that's similar to MPEG standard but without some of compromises required by some computer users. Horowitz said he hopes MPEG process will allow 2 systems to emerge that are so similar that cost of single unit capable of handling both can be minimized.

Viacom wouldn't disclose value of deal with S-A, but said it plans to buy uplink equipment, plus enough downlinks to equip 3,000 hotels and SMATV systems. Work is to be done in first quarter 1993, and Horowitz said company plans to continue rollout to cable systems and others in 2nd and 3rd quarters. Viacom isn't committed to using S-A gear for cable systems, Horowitz said, but will use equipment that's "compatible" with S-A's. Decision clearly is meant to encourage GI and AT&T to maximize compatibility with S-A so they have opportunity to sell to Viacom. S-A equipment will be used to deliver programming of Showtime networks and MTV networks, via Hughes Galaxy 5.

Paul Heimbach, Viacom senior vp-engineering, said company selected S-A equipment because it's "extremely powerful and flexible." He said it also allows Viacom to roll out open standard system quickly, then upgrade it later. S-A capabilities include: (1) Flexibility to transmit multiple, secure video, audio, data and text signals over same transponder. (2) Ability to address and control each signal individually. (3) Variable data rates. (4) Modular software, hardware and network architecture.

**FCC set Jan. 15 comment deadline for rulemaking** that would require cable systems to carry Emergency Best. System warnings. Requirement is mandated by 1992 Cable Act. Replies are due Feb. 16. (FO Doc. 91-301, 91-171).

**Jerrold will unveil "Watch-N-Record"** addressable cable converter at Western Cable Show Dec. 2-4 at Anaheim Convention Center. Unit includes 2 tuners, allowing subscriber to watch one show while taping another.



**CABLE PROFITS UP:** Large cable companies had significantly improved profits in 3rd quarter ended Sept. 30, according to figures released last week. Among gainers were TCI, Turner, Cablevision Systems. Only major exception was Comcast, which blamed bigger losses on cost of aggressive acquisition campaign. Trend continues profit improvements that were evident throughout 1991, according to report by investment bankers Veronis, Suhler, which said cable was only communications industry that experienced boom during economic recession.

TCI had \$30-million net profit vs. \$26 million loss year ago. Revenue increased 11.6% to \$896 million and cash flow grew 18% to \$421 million. TCI CEO John Malone said that, despite "sea of change" in cable, "we are more confident than at any time in our past"... **Turner Bcstg.** profit reached \$12.5 million, up from \$7.4 million year ago. Revenue grew 16% to \$456.4 million and operating profit was up 7.7% to \$64.1 million. Entertainment segment (TNT, WTBS, Cartoon Channel) operating profit rose 15% to \$43.6 million and revenue 11% to \$229 million on high TV ad revenue generated by Atlanta Braves telecasts, and because of inclusion of revenue from Hanna-Barbera and TNT Latin America. Results included startup costs of Cartoon Network. News segment operating profit dropped to \$36.4 million from \$37.6 million despite 15% revenue hike to \$127 million and higher newsgathering costs for convention and campaign coverage.

**Cablevision Systems** net loss dropped to \$46 million from \$51.7 million year ago. Revenue increased 18.6% to \$151.3 million, and cash flow was up 18% to \$63.7 million... **Comcast** lost \$52.3 million, vs. \$40.3 million loss year ago, mainly because of interest and depreciation charges associated with acquisition program. Revenue increased 23.7% to \$221 million. Pres. Brian Roberts said he was pleased with results in period when company was positioning itself for new business opportunities: "We believe there will be attractive opportunities arising from the integration of various communications technologies which is taking place right now"... **Home Shopping Network** told SEC its sales are likely to be down 6-8% in current quarter, resulting in lower profits. It said in special SEC filing that it blames lower sales on weak economy.

**Century Communications** board okayed buyback of up to 2 million shares of common stock on open market, as well as all of its 11-7/8% subordinated debt (\$204 million). Board also approved 5% stock dividend... **International Family Entertainment**, owner of Family Channel, said it increased its offer for U.K.'s TVS Entertainment to \$68.5 million and will allow current owners to take cash instead of stock.

Cable industry had biggest profit gains of any communications industry segment in 1991, Veronis, Suhler reported, while broadcasters had 43.2% drop in operating profit and cash flow fell 33.1%. Total cable revenue increased 9.8% for year and costs were up only 5.8%, so operating profit jumped 30.9% and cash flow 15.6%, report said. Results were described as particularly impressive given weak economic environment. Report said biggest gains were at cable networks -- revenue up 11%, operating profit 47.5%, cash flow 39.7%. Cable operators' total revenue increased 9.3%, costs 6%, operating profit 26.2%, cash flow 12.4%. Meanwhile, Veronis, Suhler said, total broadcast revenue dipped 2.4% in 1991, causing operating profit to fall 43.2% and cash flow 33.1%. Network TV revenue was off 1.6%, operating income 44.5% to less than \$800 million total, cash flow 37%. Station groups' operating profit fell 41.5% and cash flow 29.2%, report said.

**MORE PCS LICENSEES URGED:** NTIA and FCC's Office of Plans & Policy (OPP) are arguing that up to half dozen competing personal communications service (PCS) licenses should be awarded in each locality. Larger number of licenses is expected to make it easier for cable systems to participate in new PCS business. Cable operators, including Cox, contended that allowing cable into PCS is best way to assure increased competition for local telephone networks.

Availability of more licenses would lead to more flexibility to resolve issues, OPP study said. If 6 licenses were available per market, FCC would have more flexibility to offer mix of national, regional and local licenses, study said. Report also said that if more than 20 MHz is needed for each PCS operator because of high density of microwave users, 3 suppliers with 40 MHz each could "still result in a satisfactory outcome." Report said 20 MHz may be sufficient to implement "low-cost PCS systems" and PCS license holders could be allowed to accumulate as much as 40 MHz per market by making deals with other licensees.

NTIA said in comments to FCC that "best starting point" for competitive market for PCS is to have more, not fewer, service providers, and suggested Commission grant at least 3, and up to 5, licenses in each geographic area. NTIA said cellular companies should be excluded in first round from obtaining licenses in their service areas, and prohibition could be reexamined in 3 years. It wanted curb because "one of the first, and potentially most commercially significant," applications of PCS may be service that's "close substitute" for cellular.

Cox said each PCS provider would need 40 MHz of spectrum plus ability to call on reserve spectrum. It said there are "strong public policy" reasons for not permitting local exchange carriers or their cellular affiliates to have PCS licenses within their service territories because FCC goal should be to create "competitive alternatives to the local loop monopoly."

Other FCC comments tended toward endorsement of use of existing cellular service areas with more, rather than fewer, licensees. Telephone companies generally said they should be eligible for local licenses, while other parties said they shouldn't be. There were few takers for idea of national licensee, as advocated by MCI.

**ABC TV Network** Nov. 13 ended 4-week experiment with Nitecap, late-night program that combined entertainment and direct-response marketing through 800 number. Experiment, which was carried by about 50 stations, was declared "very positive experience" by Philip Beuth, ABC pres.-late night and early morning entertainment programming. "We've learned a lot about how a show like this can work and feel that the genre has a great deal of potential even for a traditional network... The audience was much more receptive to a show like this than we had expected." Nitecap offered 2-3 products nightly with prices of \$19.95-\$500.

**Taiwan shouldn't** be allowed to join General Agreement on Tariffs & Trade (GATT) until it shows it will comply with intellectual property agreement, according to filing with U.S. Trade Representative Fri. by International Intellectual Property Alliance. Group said Taiwan hasn't complied fully with bilateral agreement and country's past history of "broken commitments" requires that U.S. seek full compliance. Intellectual property firms have accused Taiwan of allowing "blatant piracy."



**IVDS PLAN OFFERED:** Interactive Network (IN) announced affiliation plan for winners in FCC's Interactive Video and Data Services (IVDS) lotteries. At news conference Nov. 12 at NBC hq in N.Y., IN said it has agreements with Tribune Co., Gannett and IBM Networking Systems Services to be information providers and will affiliate with local cellular systems for networking.

IN, which operates pilot interactive TV service near San Francisco, claims it's only company with experience in interactive programming and is ready for actual startup. IN Pres. David Lockton announced that system is eligible to use IVDS frequencies that FCC has set aside and that it hopes to franchise 2 winners in each market area. Commission told IN Sept. 1 that its technology would qualify to use 218-219 MHz spectrum assigned to IVDS. IN currently uses FM subcarriers and PBS vertical blanking interval (VBI) to transmit data to \$249 consoles in each equipped home, and digital phone service to carry data from homes. Latter currently needs 20 sec. to make local connection, but Lockton said that will be reduced to 8 sec. NBC and Cablevision Systems, both of which own stock in IN, agreed to affiliate with it on local basis if either wins IVDS lottery. IN said it will affiliate with one operator in each market. Lockton said IN will provide complete services, including home consoles, to affiliates on "self-financing" basis.

What if neither of 2 lottery winners in market chooses to affiliate with IN, we asked. "Then we'll go into competition with them," Lockton replied, noting that IN doesn't require IVDS frequencies. "We view the IVDS spectrum as an opportunity to accelerate local affiliate programs by 3 years with a self-financing program," he said, "but we fully intend to stay on our national launch strategy should we not be selected by a local IVDS lottery winner in any given market. We'll compete using our current PBS TV-based [VBI] network approach."

Although Lockton is biggest IN stockholder with 15.5%, NBC has 14.1%, Groupe Videotron 10.8%, Signatronics (which makes home interactive consoles) 6.5%, Cablevision Systems 2.9%, United Artists (TCI) 2.6%, Nielsen 1.5%, General Electronics Hong Kong 1.3%, Granada Group 1%.

**Majority of 3 FCC commissioners** in finsyn decision is expected to accept recommendation of Gen. Counsel's Office and ask 7th U.S. Appeals Court, Chicago, to keep new rules in place under remand to FCC. Two weeks ago, Court vacated new rules, adopted in 1991, but stayed order for 30 days and gave parties 15 days to comment on what course should be followed (TVD Nov 9 p1). FCC majority consisted of Comrs. Marshall, Barrett, Duggan. Chmn. Sikes, who issued strong dissent that was cited by Court and who's recuperating from prostate operation, told us: "I'm just delighted with the Court's decision... I think the [finsyn] rules have long been obsolete."

**Cable prime-time ratings** are up 7% over 1991/1992 season, Cable Ad Bureau (CAB) said in analysis of Nielsen data, while ratings for 4 major broadcast networks fell 4%. Basic cable networks had combined 13.5 for first 3 weeks of 1992/1993 season, CAB said, vs. 12.6 year ago. For broadcast networks, CBS total dipped 2% to 13.2, NBC 7% to 11.1, Fox 4% to 7.8, with ABC unchanged at 12.4.

**Washington Post Co.** said it completed acquisition of regional cable network Pro Am Sports System (PASS) from Tom Monaghan. Tentative agreement had been announced Sept. 30. Terms weren't disclosed.

**FCC shouldn't raise 5% limit on telco ownership** of video programmers, Consumer Federation of America and Center for Media Education said in joint filing in FCC's video dial tone (VDT) proceeding. Filing said higher ownership limit would only increase incentive for telcos to discriminate against nonaffiliated programmers. Groups also said FCC shouldn't allow telcos to buy existing cable systems and shouldn't streamline Sec. 214 application process. VDT never would become reality if Commission allowed telcos to control programmers, NAB said in its filing. Assn. said telcos probably couldn't be passive investors and "because [telcos] desire to control programming but not construct VDT platforms, telcos would invest in programmers instead of VDT construction." CATA, in comments on related proceeding to increase size of community where telcos can own cable systems (to 10,000 population from 2,500), said earlier comments proved that virtually all communities in category already have cable. It also said FCC hasn't adequately addressed competitiveness issues if telcos are allowed to enter cable business in larger communities.

**Scientific-Atlanta** named new chmn., splitting jobs of chmn. and CEO in management realignment. Former Chmn.-CEO William Johnson remains as CEO, as former Contel CEO James Napier, member of S-A board since 1978, becomes chmn. Napier will handle board matters, legal affairs, political and govt. relations. Johnson will run overall strategy, product and market development, international activities. S-A also announced new "dual wavelength AM fiber Supertrunk" product. New cable equipment is to be shown at Western Cable Show in Anaheim beginning Dec. 2.

**FCC has fined WRSF(FM)** Columbia, N.C., \$20,000 for "egregious violation" of main studio rule for 2 years. In Jan. 1989, station was refused permission to move main studio to Nags Head, N.C., but did so anyway, according to Commission. Agency originally proposed fine of \$10,000, but increased it to \$20,000, with FCC saying violation "appears to have resulted in substantial economic gain for the licensee through the evasion of costs required to comply with the rule." Comr. Quello dissented to larger fine, calling it "regulatory overkill."

**KNVO (Ch. 48) McAllen, Tex., and KTVC (also Ch. 48)** Cedar Rapids, Ia., are on air as independents, raising operating U.S. total to 1,505, of which 1,137 are commercial, 368 noncommercial. Licensee Jefferson Bestg. put KTVC on air Nov. 1; Denny Workman owns 49%, Gen. Mgr. Jerry Montgomery 23.1%. KNVO, which carries Spanish-language Univision programming, is owned by Valley Ch. 48 Inc. (Rosalie Goldberg 100%); Larry Safir is gen. mgr.

**NAB will truncate** its winter board meetings at Ritz Carlton Hotel in Naples, Fla., and move Futures Committee meeting and Legislative Summit to same site Feb. 7-11. Since its inception several years ago, Summit has been held before start of board meetings. Board now will meet Jan. 16-19 to permit NAB dirs. to return to Washington for Jan. 20 Clinton inauguration.

**San Antonio City Council** ordered review of Paragon Cable franchise there because of show that aired on public access channel that included step-by-step instructions on how to commit suicide. Council considered requiring cable system to review shows before airing them, but decided that violated federal censorship laws. Program producer claimed show was joke.



## Personals

**Robert Kalthoff**, Granite Bestg., appointed vp-gen. mgr., ABC-affiliate WSJV Elkhart-South Bend effective Dec. 1, succeeding **Donald Fuller**, retiring at end of year; Kalthoff will be required to resign from NBC TV affiliates' board and as network rep on NAB TV board... **Todd Leavitt** promoted to exec. vp-planning and operations, NBC Productions... **Eric Rollman** advanced to senior vp-postproduction, Saban Entertainment.

**Robin McMillan** promoted to vp-PR, Showtime Networks... **Samuel Yates**, ex-Riordan Publishing, joins Viewer's Choice as vp-finance... **Craig Impink**, ex-Wolf Trap, named WETA-TV-FM Washington mgr.-foundation development... **Gregg Butler**, ex-Walt Disney Imagineering, joins L.A. office of WGBH-TV Boston's Caption Center as operations mgr... **Laurence Beirne** advanced to dir.-international sales service, Viacom Enterprises... **Steve Goldman**, pres.-domestic TV, Paramount Communications, and **John Zanotti**, pres.-COO, Great American Bestg., elected to MSTV board.

**Michael Klinghoffer** named senior vp-TV programming, Viacom Entertainment Group... Additions at CST Entertainment Imaging: **Charles Mitman**, ex-Project X Productions and Filimation Studio, as vp-production; **Stanton Rutledge**, ex-American Film Technologies, as vp-sales and mktg... **Bob Reichblum** resigns as news dir., WPLG Miami... **John Mitchell**, ex-Warner Bros. TV, appointed dir.-publicity, Buena Vista TV... **Michael Malone**, ex-WGN-TV Chicago, joins WPWR-TV Chicago-Gary as promotion mgr.

**Tom Jacobson** named pres.-worldwide production, 20th Century Fox, succeeding **Roger Birnbaum**, who moved to Disney... **John Hummel**, gen. sales mgr., KWGN-TV Denver, joins parent Tribune Bestg. as dir.-operations, Tribune Plus... Changes at Fox Bestg.: **Dan Kendall** promoted to dir.-affiliate promotion; **Mark Stroman** advanced to dir.-national promotion, new post; **Laura Barton** and **Jane Saffell** join as assoc. dirs.-affiliate relations.

**Michael Binkow**, ex-Castle Rock Entertainment, named vp-programming and development, KCAL L.A... **Frank Svet** appointed vp-TV products, Harris Allied Best. Div... Washington lawyers **David Irwin**, **Allan Campbell** and **Thomas Crowe** form self-named law firm, 1320 18th St. NW, Washington, DC, 20036 -- 202-728-0400.

FCC Calendar -- Nov. 16: **Thomas Stanley**, chief engineer, moderates "The Licensing Process" panel at Annenberg Washington Program PCS conference, 10:45 a.m., Willard Bldg., Washington. Nov. 17: **Kathleen Abernathy**, legal adviser to Comr. Marshall, moderates growth areas panel at "Bridging the Gap -- Common Carrier Practice" conference at Washington Marriott Hotel, 5 p.m. **Diane Cornell**, chief, Common Carrier Bureau International Policy Div., participates on issues panel at same conference, same time. **Stanley** addresses TeleStrategies PCS conference at Sheraton Crystal City Hotel, Arlington, Va., 11 a.m. Nov. 18: Comr. **Quello** is keynote speaker at TIA meeting, ANA-Westin Hotel, Washington, noon. Comr. **Marshall** speaks at IDATE conference on "Telecommunications: Global Realities," Montpellier, France. NTIA Schedule -- Nov. 16: Dir. **Gregory Chapados** addresses Annenberg Washington Program PCS conference at 9:10 a.m., Willard Bldg., Washington. Nov. 20: Asst. Dir. **Thomas Sugrue** speaks at "Fast Starts in New Technologies" seminar, N.Y. Law School, 9 a.m.

**Cap/ABC** formed CC/ABC Video Publishing to produce and distribute programming for U.S. home video market. **John Peisinger**, pres. of Sony Video Enterprises since 1990, will head new unit. Cap/ABC Pres. **Daniel Burke** said CC/ABC Video Publishing will work with all divisions of company to develop home video products based on existing programming resources, talent relationships, franchises. ABC's contracts with outside programmers "will remain in place," company said, but all new product developed outside those agreements "will go through CC/ABC Video Publishing exclusively." Said Burke: "It is clear that a coordinated and focused endeavor can maximize our opportunities in this business." Peisinger will report to Publishing Group Pres. **Phillip Meek**.

**FCC actions:** (1) Denied petition for reconsideration of staff dismissal of application by **Donnie Goodale** for new FM on Ch. 277A in Lenoir, N.C., because of "discrepancy" in geographic coordinates under Commission's "hard look rules" for FM applicants. (2) Refused request of KUSI-TV (Ch. 51) San Diego for rulemaking seeking to prohibit Fox TV Network from affiliating with XETV (Ch. 6) Tijuana, Mexico. Station was denied affiliation with ABC years ago because network signals were delivered electronically across border to XETV, but FCC said that in this case Fox signals are delivered "via nonelectronic means."

**Broadcast licensees** and program producers "must become more aware that there is a powerful and growing outcry against smut, excessive sex and violence on TV and radio" -- FCC Comr. **Quello** speaking Nov. 6 at Ariz. Bestrs. Assn. convention in Tucson. As evidence, he cited recent record \$105,000 fine against Howard Stern program (TVD Nov 2 p5), "overwhelming congressional concern" and complaints received by Commission. He warned that licensees "cannot abrogate responsibility for violations at their stations."

**Overbuilder is seeking Chicago franchise** to build 116-channel fiber cable system to compete with systems operated by TCI and Prime Cable. Privately owned firm, 21st Century Cable TV, lists investors as including Washington lawyer **Mark Tauber** of Piper & Marbury, which handles cable, broadcast TV and satellite issues. Firm already provides SMATV service in area and hopes to begin cable service May 1.

**Ruling that WKIJ(AM)** Parrish, Ala., has been off air since Jan. 21, 1991 "for strictly economic reasons," FCC Law Judge **Richard Sippel** recommended that station's license be revoked. Licensee Brown Communications took station off air June 24, 1990. FCC gave Brown several extensions of authority to remain silent through Jan. 21, 1991.

**Citing alleged violations** of FCC's EEO rules, Chicago chapter of NAACP filed complaints against renewals of CBS's WBBM-TV, NBC's WMAQ-TV, Fox's WFLD Chicago. Complaints sought FCC "investigation and analysis" of stations' employment records to determine whether EEO staffing levels are result of "discrimination or other violations."

**Summit Communications** completed sale of cable system with 10,500 subscribers in Iredell County, N.C., to Prestige Cable TV of Cartersville, Ga., terms not disclosed. Prestige plans to integrate system into adjacent one serving Mooresville and Mecklenburg counties. Broker: CEA.



# Consumer Electronics

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

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

	OCT. 24-30	1991 WEEK	% CHANGE	OCT. 17-23	10 MONTHS 1992	10 MONTHS 1991	% CHANGE
TOTAL COLOR.....	738,769	572,195	+29.1	672,716*	17,677,111	16,044,292	+10.2
DIRECT-VIEW...	720,944	560,539	+22.2	656,128*	17,363,618	15,758,360	+10.2
TV ONLY.....	655,922	544,981	+20.4	632,911*	16,643,752	15,238,336	+ 9.2
TV/VCR COMBO.	65,022**	15,558	+317.9	23,217*	719,866**	520,024	+38.4
PROJECTION....	17,825**	11,656	+52.9	16,588*	313,493*	285,932	+ 9.6
VCR DECKS.....	565,585**	309,231	+72.5	477,652*	9,846,708*	8,180,823	+20.4
CAMCORDERS.....	143,918**	93,534	+53.9	84,348	2,245,274*	2,186,290	+ 2.7
LASERDISC PLYRS#	8,943	5,297	+68.8	8,183	170,293	139,582	+22.0

Direct-view TV 5-week average: 1992--572,809\*\*; 1991--517,605 (up 10.7%).

VCR deck 5-week average: 1992--377,357; 1991--302,055 (up 24.9%).

Camcorder 5-week average: 1992--74,310; 1991--84,536 (up 14.8%).

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

**SONY'S 3D LCD MONITOR GOGGLES:** Culminating 6 years of work, Sony last week demonstrated product that many others have sought to develop -- personal color video monitor using 2 LCDs mounted in ski goggle-like contraption. Emphasizing that unveiling was technical progress report only, Sony said at Tokyo news conference that various applications are under consideration.

As contrasted to heavy face masks currently used for virtual reality experiments, Sony's Visortron weighs just over half pound. Each eyepiece has single 0.7" active matrix LCD of type used in camcorder viewfinder with 103,000 pixel resolution, arranged in front of lightweight plastic magnifying lens. Sony said pictures are equivalent of 31" color TV viewed at distance of about 3 ft. Adjustments control focus of each eyepiece and distance between lenses.

Since each eye views completely different LCD display, high-quality 3D image is easy to reproduce when program is shot with dual-lens camera system. System uses inner-ear type stereo headphone. Sony gave no commercialization date or price information but said it's seeking commercial uses for it. Company revealed it's talking with Japan Airlines on possible use as in-flight entertainment system. Sony said it has verified with medical departments of universities that system isn't harmful to eyes, and is continuing to study biological effects. One obvious use for Visortron, mentioned by Sony: Virtual reality display for multimedia systems of future.

**ZENITH FACING 'SERIOUS LIQUIDITY PROBLEMS':** Blaming industry price wars, Zenith said last week in SEC filing it will have "serious liquidity problems" by late Feb. unless it can renegotiate bank credit agreement or increase its net worth.

In its quarterly 10-Q report, company said its net worth dropped to \$230 million Sept. 26, just \$1 million above amount required in credit agreement negotiated Aug. 27 with Bank of N.Y. It said it had started discussions to modify pact. Zenith said it also is working with bankers in effort to "reduce its investments in components and/or noncore activities" and has begun "analysis of a full range of financing, strategic and other contingency plans." Company officials declined to state whether they included possible bankruptcy filing.



Elaborating on recent 3rd-quarter financial report in which it disclosed \$41.8-million loss (TVD Nov 2 p10), company said "pricing environment in the [color TV] industry is worse than it has been in many years" and expressed belief that "most if not all manufacturers" are now losing money in U.S. TV business. "Major price reductions were implemented in the 3rd quarter," Zenith's analysis said, "and the company was forced to cut prices again in October." Price cuts in year ended in 3rd quarter totaled about \$35 million, Zenith said.

Two major trends were cited in report: (1) Industry sales of 19-27" table models have been growing at expense of more highly featured product, and "lesser known brands, striving for increased sales," have brought their prices to new low, resulting in industry declines. (2) "Mass-merchant discount retailers, selling lower priced brands principally, now account for 1/4 of the sales activity in the industry." Zenith said it's changing distribution to recognize increasing importance of discounters, while continuing to serve traditional retailers.

Zenith has withdrawn proposed public offering of 8 million shares of common stock because of "3rd-quarter results, market conditions, October TV price reduction and near-term business prospects." One silver lining in Zenith's report: It netted \$16.1 million in year's first 3 quarters in royalties on its patents on cable-ready TV and VCR tuning systems (TVD July 6 p13).

Although Zenith's net worth has declined to \$230 million and immediate prospects are bleak because of current business climate, consumer electronics analyst James Magid, who has followed company for years, feels that it may be worth considerably more as potential takeover target because of future value of Zenith's flat tension mask tube, its HDTV developments and patents and quality of its products. Rumors in Korea that GoldStar is negotiating to increase its holdings in Zenith (now just under 5%) couldn't be confirmed.

Zenith stock, which closed at \$6.75 Nov. 11, dropped to \$5.785 next day after report was publicized and closed week unchanged.

Meanwhile, Philips will resist pressure from financial community to sell off assets or divisions in bid to raise cash and lower debt, Pres. Jan Timmer told Amsterdam investors' symposium Nov. 13 in wake of company report week ago of 3rd-quarter \$87-million loss (TVD Nov 9 p13). "We are well aware that this could be a fast solution and that by shedding just 2 parts of the company we could eliminate our entire debt," Reuters quoted Timmer as saying. "But people should realize that following such advice to shed company parts too quickly also implies that you will be selling future profit and mess up your plans for the future."

**LAST MONTH WAS BEST OCT. IN HISTORY:** Capped by biggest week ever in sales to dealers of VCRs, camcorders, projection TV and TV/VCR combos (see State of the Industry), last month was best Oct. in history in every TV and video product, best month ever for VCR decks -- and by far best this year in terms of percentage increases over Oct. 1991 for TV/video products as whole.

With only 2 more months to go, 1992 is virtually certain to be all-time record year in unit sales of projection TV and VCR decks and probably will set record for camcorders as well. Full-year record for TV/VCR combinations already has been topped this year, according to EIA figures, and there's reasonable possibility that this year will be history's best in direct-view color. VCR deck sales were at record for 10 months, 20.4% ahead of last year, and camcorders also set record for period, as did projection TV and laserdisc players, with direct-view color only 144,000 units -- or less than 1% -- behind 10-month record set in 1989.

At almost 1.5 million in Oct., sales of VCRs beat out previous best month -- Dec. 1986 -- by 2.7%. Oct. was best 4-week month in history for camcorders (up 70% from Oct. 1991) and TV/VCR combos (more than double Oct. 1991), with laserdisc players up 77.8% and projection TV up 52.9%. Direct-view color sales in final Oct. week were best for any week in 2 years.

Seasonally adjusted annual sales rate of all products ran at better than record years' results in Oct. In direct-view color, seasonally adjusted Oct. sales were best of year, at rate of nearly 24 million units, well above 21.7 million in record year of 1989. For year's first 10 months, annual rate came in just below that 1989 record at 21.66 million.

Annualized sales rate of VCR decks for Oct. was 14.67 million, as compared with 12 million sold in record year of 1989, with 10-month rate this year at 12.6 million. On basis of annualized rate, camcorders



too were headed for record at 3.43 million, compared with record 2.96 million sold in 1990; for 10 months, rate was 2.99 million. Projection TV also was at record pace -- annualized at 439,500 in Oct. and 417,000 in 10 months, vs. actual record last year of 379,837 units sold to dealers.

Here are EIA's figures on sales to dealers in Oct., with 1991 and 1990 comparisons. For year-to-date and final Oct. week data, see State of the Industry.

Product	Oct. 1992	Oct. 1991	% Change	Oct. 1990
Total color.....	2,279,844*	1,865,070	+22.2	1,986,386
Direct-view...	2,232,253*	1,475,135	+22.2	1,954,504
TV only.....	2,123,743*	1,775,356	+19.6	1,910,157
TV/VCR combo.	108,510*	51,864	+109.2	44,347
Projection....	47,641*	37,850	+52.9	31,342
VCR decks.....	1,497,908**	1,007,386	+48.7	931,148
Camcorders.....	327,290*	192,568	+70.0	308,506
Laserdisc players	21,910	12,319	+77.8	N.A.

\* Record for any Oct. \*\* Record for any month.

Although conceding business is good, most retailers said they see nothing like increases reported in EIA figures. Most prominent explanations concern spread of warehouse clubs this year, multiplication of such chains as Wal-Mart and sales for export by domestic dealers. On last point, Hitachi Exec. Vp Irv Fulton estimated these "informal exports," particularly to such S. American countries as Venezuela and Chile, now may constitute as much as 10% of color TV sales.

**MORE JAPAN-U.S. TAX SETTLEMENTS DUE:** News that Matsushita has agreed to relatively new method of resolving disputes on U.S. taxes owed by American subsidiaries of foreign companies is viewed in tax circles as prelude to more such settlements in advance of any tougher methods that might be devised by Clinton Administration.

In relatively rare glimpse of tax negotiations, Matsushita said last week that it had reached agreement with IRS and Japanese National Tax Administration on applying for "advanced pricing agreement" (APA) under which company and IRS agree in advance how much profit each product line should generate. As long as prices stay within agreed guidelines and company pays taxes based on them, IRS agrees not to challenge them.

Although IRS formally adopted APA plan only about 18 months ago, agreement with Matsushita actually covers years ended March 31, 1991 and 1992, with agreement to apply for extension to 1993, while there are other reports that company is discussing agreements for 1983-1990. Matsushita statement, issued in response to Japanese newspaper reports, said that under agreement "the import prices paid by MECA [Matsushita Electric Corp. of America] will be confirmed in advance by both countries' tax authorities by a mutually agreeable method, and we believe that the risk of double taxation will be eliminated."

IRS has been investigating possible U.S. tax evasion by both foreign and American multinational companies for several years. In 1990, it was confirmed that Hitachi, Toshiba and Matsushita were among those contacted by IRS to determine whether their tax payments were proper (TVD June 25/90 p17), while Japanese reports said Sony was contacted as well.

President-Elect Clinton promised during campaign to crack down on possible tax evasion by U.S. subsidiaries of foreign companies (TVD Nov 9 p10). While there's skepticism that this can produce anywhere near the \$45 billion he said might be attainable, there's concern that IRS will be considerably tougher in new Democratic Administration. "When an APA agreement is reached, neither side can go back [and change it], and it's assumed that the rules are more favorable now before the Clinton Administration gets in," we were told by Ken Loudon, news editor of Tax Analysts publications.

Although no monetary amounts were mentioned or speculated upon in Matsushita settlement, accounting experts generally were quoted in press as believing that APA agreements wouldn't raise great amounts of



revenue. Names of companies involved and terms of settlements are closely guarded secrets, but IRS spokesman was quoted as saying 33 companies now are involved in APA negotiations, with 16 agreements almost finished and 5 (including Matsushita) completed. Tax Analysts' Loudon quoted estimates that 300 companies are currently in preliminary talks, with 70 more preparing to talk with IRA.

In 1991, Matsushita resolved dispute with IRA on taxes due by MECA involving pricing of VCRs imported in 1981 and 1982, paying 700 million yen (then around \$4.8 million) plus undisclosed amount of interest, for back taxes, but received refund of 800 million yen (about \$5.6 million) from Japan's tax agency, according to Japanese reports.

**PANASONIC PLANS 16:9 PROJECTION AT \$4,999:** Is \$5,000 to be hot new TV price point in industry? Following Mitsubishi's announcement of 40" tube TV at that price -- and presumably anticipating similar level for Thomson's forthcoming 34W" widescreen tube TV, Panasonic announced availability of 50W" 16:9 projection TV at \$4,999 in April, to be followed by 58W" version at \$5,999 next Sept.

Highlight of Panasonic 1993 audio and video line preview at Palm Beach last week was introduction of pair of "CinemaVision" widescreen IDTV projection TVs. Sets' features include 2-tuner PIP, POP (picture outside picture) when standard 4:3 source material is being used, and input jack to TV that can be used as center channel in Dolby Pro-Logic system. Smaller version has Active Dome Sound System, which isn't included in larger system, designed as in-wall set for home theater custom installation. Infrared receiver for that model is positioned behind screen.

For normal viewing, 4:3 image is centered horizontally on screen, leaving gray bars on either side; for POP applications, main picture is shifted either left or right. Sets have zoom mode for viewer who wants 4:3 image to fill screen, although losing top and bottom of picture. In zoom mode, system uses "digital interpolation" to fill in gaps between normal scanning lines. Red and green CRTs have new filter lenses for more vibrant colors.

All of Panasonic's 1993 TVs feature simplified remotes, closed-captioning and new icon-based menu system. Tom Edwards, asst. gen mgr. of Panasonic TV Div., said company had expected models using SuperFlat picture tube to represent 20% of sales by end of current fiscal year, but percentage "will be well above that." Company has reduced SKU count on standard tube models by about 1/3, he said. SuperFlat tubes are divided into SF and XF series, latter representing expanded feature packages at top of line. More details on Panasonic's 1993 TV line will be in future issue.

Striking tone later repeated throughout meeting, Panasonic Pres. Ted Inouye welcomed dealers and press to preview of 1993 product line with declaration that company "will continue to concentrate on value-added merchandise and marketing." Chmn. Akiya Imura said that in face of soft economy, Panasonic's sales rose 9% in Oct. and are up 5% for year to date. He punctuated remarks by urging dealers to "take one more look at your inventory levels -- you wouldn't want to miss sales" in 4th quarter.

Company officials presented hopeful outlook for rest of 1992 and beyond. "There's a lot of buying now that the election is over," said Video Div. Vp. Stanley Hametz, adding that he's "optimistic that we're seeing some signs of a pickup." He forecast relatively flat unit sales for both VCRs and camcorders for 1993. Hametz said he expects VCR deck unit sales to "hang in the 12.5 million area" next year, with industry sales of about 2.9 million camcorders. About 20% of those will be full-size, he said, down from about 23% this year. He acknowledged that 1992 full-size sales would be held down somewhat by lack of supply (see separate report).

"I think by and large camcorder pricing will hold at about the price points they are now, but with feature enhancements at those price points," Hametz said. He admitted that in 1992 "our \$799 lead price point was not appropriate for what was going on" in market, indicating that Panasonic would be more competitive in next year's line, although stressing that company won't go below \$699. "Panasonic wouldn't even consider going below that," Hametz said, "and I don't even know if we're going to get there." He said 30-35% of retail sales are going to VHS-C format this year which, along with 23% for full-size, would give VHS format more than half of over-counter business. Hametz expressed belief that there's "a heavy inventory backup in 8mm... Frankly, I have the feeling we have them [8mm adherents] on the run."



**TCE TO REORGANIZE:** Thomson Consumer Electronics last week announced first details of worldwide reorganization, presumably reflecting policies of Alain Prestat, who will mark one year as chmn.-CEO Jan. 10.

New plan, effective Jan. 1, will organize company on basis of functions, rather than product. It will be first major change since it was organized along product lines in 1988 (TVD June 13/88 p12) into TV, Tubes, Video and Audio & Communications Groups. New plan splits it into 3 major components -- Mktg. & Sales, Operations, Design.

Although many details are to be filled in, Mktg. & Sales will be responsible for product management functions -- including areas that formerly reported to various product groups -- TV, video and Audio & Communications. Exec. Vp Joseph Clayton, now exec. vp, mktg. and sales-Americas, will head activity for Americas and Exec. Vp Marc Lefebvre for Europe and Asia. Operations becomes worldwide organization incorporating Development, Engineering and Manufacturing under Vp Gilles Brault; existing Tubes & Display Group, under recently appointed Exec. Vp John Neville, will be part of Operations unit.

Design becomes 3rd global function, reporting to Prestat. Business development, corporate research, finance, human resources and gen. counsel also will report to him.

Before 1988 reorganization, TCE was shaped along national lines, with U.S. operation as separate subsidiary reporting directly to Thomson S.A., as did parallel European organization.

**FULL-SIZE CAM-CRISIS:** Inventories of full-size camcorders are virtually depleted. Although about 25% of all units sold are full-size, figures at end of Oct. showed big models comprised less than 10% of inventories. In fact, the fewer than 42,000 full-size camcorders in inventory would represent less than week's supply if recent sales pace keeps up.

As big sales season for camcorders continues, some 397,000 compact (8mm and VHC-C) are in inventory, something under 2 months' supply. Total inventories of 439,000 are less than half amount at beginning of year.

In Oct., biggest camcorder sales month this year (see separate report), 75.2% of sales to dealers were compacts and 24.8% were full-size, as opposed to 60.4% and 39.6% in Oct. 1991. For year's first 10 months, compacts represented 75.3% of sales, full-size 24.7%.

**Circuit City Oct. sales** rose 16% to \$238.8 million as comparable-store revenues increased 9%. Pres.-CEO Richard Sharp acknowledged that "the addition of a 5th Saturday contributed" to gains, which he said "were generally in line with our expectations." Circuit City opened 5 stores in Oct., including its first in San Antonio, 2nd in Fresno, 2 new units in L.A. and replacement for older store in Norfolk. At end of month, it operated 195 superstores, 8 Circuit City electronics-only stores, 39 Impulse mall locations.

**Sun TV and Fretter** agreed to mutual dismissal of their claims and counterclaims stemming from Fretter suit charging Sun with malicious and misleading advertising (TVD Feb 24 p14). Each company is bearing its own legal costs, and court dismissed actions Oct. 30.

**DCC RECORDER COST HIKE:** Without fanfare, Philips has instituted 14.3% boost in dealer cost of DCC900 recorder -- unit that hit streets 2 weeks ago supported by wave of promotion and advertising, including format's first TV commercials (TVD Nov 9 p15). Philips Audio Mktg. Vp Frans Schmetz, citing company policy, declined through spokeswoman to discuss dealer pricing issue.

Increase in dealer cost of DCC900 to \$551 from \$482, according to Philips retailers surveyed by Warren Publishing's Audio Week, left machine's \$799 list price unchanged, but killed plans of some merchants to sell deck at previous "minimum advertised price" of \$699. That included Cambridge SoundWorks, direct marketer designated as one of 2 Boston-area retailers to carry first allocations of DCC900.

Cambridge had merchandised machine at \$699 introductory price in "sneak preview" catalog last spring, but latest catalog features it at new \$799 ticket. Philips last May raised price of \$700-list deck to \$799, saying then that move was designed to heed dealers' requests for "more flexibility" in pricing and margins when DCC900s hit street.

Because of Philips' policy not to comment, it was difficult to determine reason for increase. Dealer price hike in U.S. happened to coincide with 10% increase in list price of DCC900 in U.K. to 549 pounds, attributed to drastic decline in value of British currency against Japanese yen.

**GOOD GUYS QUARTER LOSS:** The Good Guys (GG) suffered first losing quarter in at least 5 years, registering net loss of \$1,577,000 (12¢ per share) in 4th quarter ended Sept. 30. In last year's 4th quarter, company had profit of \$2,247,000 (17¢).

Loss in quarter sent net income for year down 65.5% to \$3,793,000 (29¢) from \$10,985,000 (93¢) year ago. As previously reported (TVD Oct 12 p16), company's sales rose 20.1% to \$503.9 million in year and 15.9% to \$119.8 million in 4th quarter, when comparable-store sales were even with preceding year.

Company has been hit by combination of intense competition in Cal. and state's weakened economy, particularly in Southern Cal. GG opened 9 stores during year, 8 of them in Southern Cal., giving it total of 42 locations at year's end.

**Emerson has returned** \$18.48-million plus stake to 3 Far East suppliers that had pledged to buy 6.6 million common shares in company when it was fighting takeover by Fidenas Investment Ltd. (TVD June 1 p15). Purchase price was returned under terms of agreement because "specified events" hadn't occurred.

**Recoton declared** 33-1/3% stock dividend, payable Dec. 11 to holders of record Nov. 20, and announced intention to give notice of redemption of all outstanding convertible debentures due in 2006.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 124 yen = \$1, except where noted.



**NEW PRES. FOR SANYO:** In what Financial Times described as "a rare boardroom coup" in Japan, financially ailing Sanyo moved Pres. Satoshi Iue up to chmn. and promoted Vp Yasuaki Takano to pres. with mandate to restructure company's troubled electronics business. Change, effective Dec. 1, will give Iue responsibility for general supervision of all of company's business, presumably with real executive power moving to Takano.

Sanyo's restructuring program, which company said will begin next month, will delegate more responsibility to each individual business sector. Sanyo is expected to show operating loss in year ending this month. It already has cut executives' pay up to 20% and reduced bonuses, transferring some 350 staff members from Osaka hq to sales and marketing functions in field. Sanyo is paying part of managers' traditional bonus in vouchers for its products instead of cash. NEC is giving managers option of taking part of year-end bonuses in products.

Meanwhile, **Matsushita Kotobuki**, OEM branch of big manufacturer, reported sales for fiscal first half were down 1.2% and net profit down 20.3%. Video equipment sales declined 27.4%, but audio and information equipment sales increased 39.3%.

**Aiwa** reported parent-only sales up 2.5%, net profit down 43.2%. Audio equipment sales rose 2.2%, video 3%, communication 3.9%.

\* \* \* \*

**Correction:** Sanyo Mfg. Co., Forrest City, Ark. is wholly owned by Sanyo Electric of Japan, company spokeswoman said. In our article last week on Clinton Administration (TVD Nov 9 p10), we identified Sears as minority owner. Sears sold its 25% interest in 1987.

**HIGH-END Hi8s:** Parade of new high-priced camcorders (TVD Nov 2 p14) continues with introduction of \$1,999-list Hi8 model by Fuji Photo. New Fujix model with 12X zoom has color LCD viewfinder that can be rotated 180° vertically, 410,000 pixel sensor, hi-fi stereo sound, fade, 2-page titling.

**Ricoh** added Hi8 camcorder similar to Sony's "Handycam Station" model, with connecting base, lithium ion battery, at \$1,599. Identical units also have been introduced by Nikon and Yashica.

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**Comments by Sony** spokesman in Japan on company's commitment to Nintendo's CD-ROM game format that received wide attention in international press last week seemed to be reiteration of earlier remarks by other Sony executives. Noting that Nintendo hasn't released final specs for CD-ROM system, Koichi Izukura told Reuters "we are looking at the game machine business from various angles and this includes considering an independent format." That matches statements month ago by Sony Electronic Publishing (SEP) Pres. Olaf Olafsson that company was "very pleased to have concluded something that makes a relationship with Nintendo one such possibility" (TVD Oct 19 p11). Nintendo of America Mktg. & Corporate Communications Dir. Bill White stressed signing of Sony-Nintendo agreement by top level officials as evidence that companies have more than arm's-length relationship. He said Nintendo will deliver final system specs to Sony in Jan. at about time they are issued to 3rd party publishers at developers' conference. Sony "will obviously be later than Nintendo" in getting hardware on market, he said, since Nintendo is working with system as it finalizes details.

**Acclaim Entertainment** signed exclusive "technology agreement" with Memphis-based Ardent Studios and Biomechanics of Atlanta for "motion capture" techniques leading to development of "synthetic actors" as models for videogame characters. Ardent and Biomechanics are described in Acclaim news release as "experts in motion study as well as biomechanical, medical and sports analysis." Technology recently was described by Acclaim Chmn. Gregory Fishbach as having "real possibilities for the motion picture industry." Acclaim Pres. Robert Holmes said agreement "gives Acclaim the potential to establish a new animation and motion development standard for interactive entertainment." Key element in technology is its ability to capture and translate human motion onto videogame as 3D model; character's external characteristics (clothing, skin, facial features, etc.) then are layered onto figure through texture mapping techniques. Fishbach told us development of those tools ultimately would cut development costs as much as 2/3. Acclaim said its first CD-ROM products incorporating new techniques would reach market late in 1993, although its first CD-ROM games, earlier next year, would employ more traditional methods.

**Sound Advice (SA)** said it has been granted temporary extension of filing requirements of National Assn. of Securities Dealers relating to company's failure to meet Sept. 28 deadline to file annual 10-K report for year ended June 30. As result of extension, Sound Advice stock will continue to be listed on NASDAQ, although with symbol changed to "SUNDE" from "SUND." Spokesman said company expects to file report "by mid-December." When it missed original Sept. 28 deadline, SA said it planned to file "within 30 days." Spokesman said company's year-end financial review "has been complicated by adjustments earlier this year" relating to internal review of accounting practices in wake of charges of misconduct from former employe (TVD May 11 p17). SA said earlier it expected to take more than \$4 million in pretax charges and reserves in 4th quarter and year-end, and that it anticipated reporting "substantial 4th-quarter loss" (TVD Oct 5 p13).

**"Nobody will go without a room"** at Winter Consumer Electronics Show in Las Vegas, spokeswoman for sponsor EIA Consumer Electronics Group told us last week. "We are working with Las Vegas hotels" to make certain accommodations are arranged in advance for show visitors, she said. Room shortage (TVD Nov 9 p15) is result of convention authorities' reserving 2,000 fewer rooms this year than last, she said, adding that 10,000-room figure we quoted last week was too high. EIA suggested those with housing problems call 702-892-0777 after 7 a.m. Pacific Time.

**Paramount Home Video** has acquired exclusive U.S. distribution rights for video stores for Game Genie line of videogame enhancement devices from Lewis Galoob Toys. Galoob currently markets Game Genies compatible with Nintendo Entertainment System (NES), Super NES and Sega Genesis, and by Jan. will have version for Game Boy handheld. Video stores will be able to sell or rent Game Genies.

**Nintendo is likely** to replace Matsushita as 3rd most profitable manufacturing company in Japan in fiscal 1993, according to Nomura Research Institute. Toyota and NT&T are expected to continue to rank first and 2nd.

**First LCD TV** to be assembled in U.S. is Sharp's 4" model, first shown last spring and now being shipped from Memphis plant.



## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>Babbage's Inc.</b>			
1992-39 wk. to Oct. 31	108,446,000	(392,000)	--
1991-39 wk. to Nov. 2	91,059,000	(506,000)	--
1992-13 wk. to Oct. 31	36,208,000	(326,000)	--
1991-13 wk. to Nov. 2	32,260,000	(273,000)	--
<b>Cablevision Systems</b>			
1992-9 mo. to Sept. 30	414,947,000	(184,604,000)	--
1991-9 mo. to Sept. 30	375,141,000	(161,289,000)	-- <sup>a</sup>
1992-qtr. to Sept. 30	151,278,000	(45,952,000)	--
1991-qtr. to Sept. 30	127,565,000	(51,655,000)	-- <sup>a</sup>
<b>Comcast</b>			
1992-9 mo. to Sept. 30	639,106,000	(129,307,000)	--
1991-9 mo. to Sept. 30	537,059,000	(115,695,000)	--
1992-qtr. to Sept. 30	221,248,000	(52,338,000)	--
1991-qtr. to Sept. 30	178,893,000	(40,260,000)	--
<b>Lee Enterprises</b>			
1992-year to Sept. 30	363,918,000	38,492,000	1.65
1991-year to Sept. 30	346,260,000	31,501,000	1.35
1992-qtr. to Sept. 30	91,766,000	10,764,000	.46
1991-qtr. to Sept. 30	82,330,000	7,416,000	.31
<b>Recoton</b>			
1992-9 mo. to Sept. 30	47,854,000	2,199,000	.98
1991-9 mo. to Sept. 30	39,763,000	1,200,000	.61
1992-qtr. to Sept. 30	18,298,000	855,000	.37
1991-qtr. to Sept. 30	15,365,000	509,000	.25
<b>Tele-Communications</b>			
1992-9 mo. to Sept. 30	2,631,000,000	17,000,000	.01 <sup>b</sup>
1991-9 mo. to Sept. 30	2,389,000,000	(77,000,000)	-- <sup>c</sup>
1992-qtr. to Sept. 30	896,000,000	30,000,000	.06 <sup>b</sup>
1991-qtr. to Sept. 30	803,000,000	(26,000,000)	-- <sup>c</sup>
<b>Turner Bcstg.</b>			
1992-9 mo. to Sept. 30	1,231,436,000	47,923,000	.19 <sup>d</sup>
1991-9 mo. to Sept. 30	1,077,795,000	42,522,000	.06 <sup>d</sup>
1992-qtr. to Sept. 30	456,397,000	12,499,000	.05 <sup>d</sup>
1991-qtr. to Sept. 30	392,632,000	7,433,000	.01 <sup>d</sup>

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

## Consumer Electronics Personals

**Ralph Wolfe** will retire April 1 as Panasonic senior vp after 24 years with company... **David Spomer**, ex-product mktg. mgr., high-end color TV, promoted to mgr.-RCA/ProScan brands, Thomson Consumer Electronics; **Stanley Koslowski**, who joined TCE this year after serving with RCA in 1978-1989, named mktg. mgr.-DirecTV satellite receiving hardware in RCA's entry into DBS business... **Walter Salmon**, Harvard Business School retailing professor, elected to Circuit City board... Changes at Nobody Beats the Wiz, N.Y.: **Doug Ricken** joins as merchandise mgr.-home office products following brief stint as Sansui national sales mgr.; **Robert Becker** promoted to merchandise mgr.-home entertainment.

Appointments at Sega: **Joe Miller**, ex-Epyx, Koala and Atari, as senior vp, software development; **Tom Abramson**, ex-Ice Capades and Harlem Globetrotters, promotions dir.; **Pamela Kelly**, ex-SNK and New Line Cinema, product mgr. for action/adventure, character, music video and puzzle game products... **Bernard Stolar**, ex-pres., Atari Corp. Entertainment Div., joins Archer Communications as mktg. and sales vp-licensing of QSound process... **Donald Kingsborough**, ex-Atari and Worlds of Wonder, currently chmn.-CEO of Intelligy, named to board

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With Consumer Electronics

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of Passport Designs, software publisher, as part of company's "multimedia software strategy."

Promotions at JVC Professional Products Co.: **Thomas McCarthy** appointed vp-sales and mktg.; **Tad Iwasaki**, gen. mgr.-accounting and finance, to vp-gen. administration; **Mark Falzarano** to national sales administration mgr... **Jon Peisinger**, ex-Sony Music Video and Vestron, named pres., new Cap/ABC Video Publishing... **Michael Weiss**, ex-IVRA, appointed Video Alliance exec. vp-COO, replacing Exec. Vp **Ronald Friedman**, who recently resigned; IVRA National Sales Dir. **Joe Fleischman** departs.

**Mitsubishi will produce 10,000 giant 40" tubes for sale in N. America in first year, Japanese press reported.** Company is assembling biggest direct-view color TV in Braselton, Ga. (TVD Nov 2 p10). Mitsubishi is considering offering 40" set in Japan and Southeast Asia. Same 40" tube will be offered for broadcast monitors, arcade games, computer displays. Report said development of 40" tube production cost Mitsubishi 1 billion yen (about \$8 million).



# TELEVISION DIGEST®

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

With Consumer Electronics

NOVEMBER 23, 1992

## SUMMARY-INDEX OF WEEK'S NEWS

VOL. 32, NO. 47

### Broadcast - Cable

**FCC URGES JUDGE'S RECUSAL** in finsyn case over strong dissents by Sikes, Quello. Majority wants to keep new rules in force while FCC considers remand from 7th U.S. Appeals Court. (P. 1)

**TRANSITION MOVING** in Little Rock. Names circulating for technology posts for Clinton Administration. Decision likely this week on person to propose FCC and NTIA nominees. (P. 3)

**GABELLI SETTLES WITH FCC:** Investor and agency agree on plan including divestiture or reduced control of stations, but no fines. Final decision pending. (P. 5)

**CABLE APPEAL WIDENED:** Discovery seeks ruling on rate regulation, program access, channel positioning, leased channels. Same arguments used for must-carry/retransmission consent. (P. 5)

**UHF HDTV PLAN HIT:** Broadcasters say putting HDTV in UHF threatens industry. NAB backs matching HDTV areas to NTSC. Paramount disagrees. (P. 6)

**CITIES APPEAL VDT**, saying telcos need franchise. NTIA and telcos tell FCC to open VDT door wider, but cable groups oppose higher rural exemption. (P. 6)

**CABLE ACT FEATURED** at Western Show. Panels add 'veneer' on reregulation. Multimedia also highlighted. Barry Diller, John Malone, Ted Turner to speak. (P. 7)

**FCC MAJORITY WANTS POSNER DISQUALIFIED:** In action considered surprising by many Washington observers, 3 FCC commissioners (Marshall, Barrett, Duggan) who voted for new finsyn rules last year also voted Nov. 20 to support motion seeking disqualification of Judge Richard Posner, who wrote decision vacating rules (TVD Nov 9 p3). Move came over strong dissents from minority in 3-2 finsyn decision -- Chmn. Sikes and Comr. Quello. Posner's disqualification was sought in Nov. 18 filing by Hollywood coalition and its allies because, while prof. at Chicago U. Law School, he had filed affidavit in 1977 for CBS on issue in consent decree negotiations with TV networks.

FCC majority, with no separate statements, said only: "The Commission instructed the general counsel to file a response with the U.S. Court of Appeals [7th Circuit] supporting the motion 'for essentially the reasons set forth therein.'" Clerk of 7th U.S. Appeals Court, Chicago, had called all parties asking them to file comments on motion to disqualify Posner by today (Nov. 23).

Same majority of 3, again over dissents of Sikes and Quello, asked 7th Circuit to keep in force finsyn rules adopted in 1991 while agency considers case on remand. Posner's decision had vacated rules, but order was stayed for 30 days and parties were required to file comments by last Fri. (see below). Programmers and

### Consumer Electronics

**HDTV RECEIVERS COULD SELL** for \$2,550 with 34W" tube, \$3,850 in 56W" projector, regardless of which system is chosen, first detailed study finds. (P. 11)

**RECORD UNIT SALES** in 1992 seen certain for VCRs, projection, TV/VCR combos, likely for total color TV, possible for camcorders in strong finish. (P. 12)

**SONY AND MATSUSHITA EARNINGS FALL SHARPLY** in 2nd quarter, with much of blame put on lower sales in Japanese market. Pioneer also off, Nintendo up. (P. 13)

**CIRCUIT CITY TESTING MUSIC** software in Richmond and some Atlanta stores in what is seen as preparation for more battles with Best Buy. (P. 14)

**BEST BUY LEAVING NATIONWIDE** buying group as inevitable product of differences in size and also in marketing. (P. 15)

**SONY DUAL-DECK VCR**, combining 8mm and VHS, goes on sale in Japan. Company has 'no plans' for export. (P. 15)

**COMDEX IS TECHNOLOGY PREVIEW** for CE market, with speech recognition and mass storage devices portent of patterns in later generation. (P. 16)

**EMERSON PROFITS CLIMBED** in 3rd quarter, rising sixfold under new management. 'Robust' color tube market sparks healthy earnings by BMC. (P. 16)



allies want rules retained, while networks (including Fox) asked Court to let them operate without finsyn restrictions while Commission acts on remand. Commission majority told Appeals Court that it plans to "complete such a proceeding on or before its July 1993 open meeting."

"There was near unanimity among almost everybody involved in this thing," said official of one of groups seeking Posner's disqualification. Groups include Coalition to Preserve the Financial Interest & Syndication Rule (Hollywood producers), Media Access Project (representing Ariz. Consumers Council), INTV, King World Productions. Prominent network opponent missing from filing is Tribune Bestg., which we're told will support disqualification in Nov. 23 filing.

Motion uses many of Posner's own words from his 1977 affidavit for CBS that also were used in his opinion for Court earlier this month. Under such circumstances, U.S. Code "requires that Judge Posner disqualify himself," petitioners argued: "The federal statute, like the Code of Judicial Conduct, states that a judge 'shall disqualify himself in any proceeding in which his impartiality might reasonably be questioned...' The standard for disqualification is not whether there is a showing of actual bias or impartiality, but 'whether an objective, disinterested observer fully informed of the facts... would entertain a significant doubt that justice would be done in the case.'"

Petition said U.S. Code also requires disqualification because Posner: (1) Served as expert witness for CBS on finsyn. (2) Served as lawyer for network "with respect to the matter in controversy." (3) Obtained "knowledge of disputed facts relevant to the matter in controversy during his prior work for CBS... Judge Posner did not publicly disclose his prior work for CBS despite [Court's] admonition that 'the statute places on the judge a personal duty to disclose on the record any circumstance that may give rise to a reasonable question about his impartiality... Unless he disqualifies himself, Judge Posner will ultimately have to sit in judgment on the FCC's rebuttal to Professor Posner's expert theory [emphasis in original]. The appearance of partiality is overwhelming."

Petition for disqualification also was signed "of counsel" by Prof. Geoffrey Hazard, Yale Law School, and Steven Lubet, Northwestern U. School of Law, which "gives it a sense of gravity," said Andrew Schwartzman, exec. dir. of Media Access Project. Disinterested parties agreed that signature of 2 law professors gives pleading additional weight. Filing had been expected because of Posner's 1977 affidavit, but question had been which party would file. Noting that it had been signed by 4 opponents of network, we were told: "There's safety in numbers."

On disqualification issue, Sikes said question should be left up to judge, and FCC shouldn't interfere. However, he said, "fundamental fairness also dictates that attacks on a decisionmaker's impartiality should be made before, not after, a decision on the merits is reached -- particularly when the parties are aware of the alleged conflict beforehand." To do otherwise, chmn. said, risks "creating the impression that they are manipulating the judicial process for their own ends or, worse yet, that political forces are compelling them to do so."

Quello's dissent to majority favoring Posner's disqualification was much more strident: "The motion must be seen for what it is -- a belated and obvious effort to avoid an adverse result... While it is understandable that the parties' attitudes toward the decision would be governed by their interest in the outcome, there should be at least some restraint on the tactics employed... Filing a motion for disqualification out of disappointment with a court's ruling exceeds the bounds of advocacy open to counsel as officers of the court... To challenge the integrity of a judge because the litigants dislike the outcome crosses the line." Under normal circumstances, Quello said, he wouldn't be concerned "that a litigant has chosen to pursue a foolish or desperate litigation strategy." But in this case, he said, "the Commission majority has been persuaded to join in an unsupportable recusal effort. This choice could reflect on the Commission's credibility."

Program Producers & Distributors Committee (PPDC) also said Posner should disqualify himself because "serious questions have been raised regarding" his impartiality. Other filings on disqualification (including FCC's) are due today (Nov. 23).

Sikes joined in Quello dissent from majority's request that 1991 finsyn rules be kept in place while court remand is under consideration, and chmn. had his own separate statement on issue. Joint dissent said there "is little to be gained by starting with rules that are unsupported by fact or logic. Six months [for reconsideration] may give the majority enough time to grow a new coat for the rules, but in the end I fear we will be stuck with the same scrawny cat... I believe it makes more sense to start with a clean slate" with no finsyn restrictions in force.



In separate statement, Sikes said "I wholeheartedly agree" with Quello that no rules should be in place during FCC's consideration of court remand. Chmn. said "there is an especially crucial basis for vacating the current rules... The inertia exerted by the finsyn restrictions falls just short of the magnetic force of the South Pole. Vacating the rules [will] protect the Commission from being stymied by the intense lobbying efforts of those who benefit from maintaining the status quo."

Interesting fact is that there probably will be 2 new commissioners before FCC takes new finsyn action as result of remand -- one on each side of fence. Marshall's term expired June 30. She never was reappointed by President Bush, and she is serving under law until her successor is qualified. Sikes' term expires June 30, and his successor as chmn. is likely to be in place long before then. He hasn't given any indication of his plans under Clinton Administration.

Appeals Court issued its order vacating FCC's finsyn rules Nov. 5, but stayed it for 30 days to give parties time to file comments. Among questions Court asked was whether 1991 finsyn rules, 1970 rules they amended, or no rules at all should be in force while Commission reconsiders case.

As might be expected, networks argued that no rules should be in force while FCC responds to remand, while Hollywood and its allies said 1991 rules should remain during interim. In joint filing, Coalition to Preserve the Financial Interest & Syndication Rules and Ariz. Consumers Council asked Court to permit modified rules to remain in effect during further Commission consideration: "If this Court does not wish to return to the original rule, it can remand rather than vacate" new finsyn rules. "The courts cannot and should not vacate the original rule -- thereby eliminating for the first time [since 1970] all restrictions on the networks' acquisition" of finsyn rights.

INTV and several independent stations supported FCC's request for remand and stay of Court's decision until agency has completed reconsideration. To restore 1970 finsyn rules "would result in disruption of a marketplace now functioning without untoward effects" under 1991 modified rules, they told Court. (Several commenters cited harm that would be inflicted on Fox TV Network if old rules were reinstated.) But, INTV said, "what Court should not and cannot do is adopt an order requiring the FCC to leave no rules in effect... Some rules must remain in place pending further FCC action." PPDC also asked Court to retain new rules, contending that it would be exceeding "Court's constitutional and statutory powers" if it granted networks' requests.

Fox and its affiliates, noting that network has thrived under new rules and plans to add Tues. night to its schedule in Jan. for 7 nights of programming weekly, said: "Whatever fate may await the new rules on remand, there is no [reason] for a return, even temporarily, to the more restrictive and admittedly outmoded regulatory regime of 1970." Such move "would effectively sentence Fox to death," said Fox. But, it said, leaving new rules in place during remand "would fly in the face of the Court's holding that they are 'unreasoned and unreasonable.'" Fox's case "provides a graphic illustration of the pitfalls of applying the new rules during an indefinite remand period," network told Court. "The new rules would constrain any further expansion of its prime-time programming." When it adds 2 one-hour shows to schedule Jan. 19, Fox will be programming up to FCC maximum of 15 prime-time hours weekly without triggering finsyn restrictions. To stay at 15 hours, Fox will program its Mon. night movie only once per month.

In joint statement, ABC, CBS and NBC told Court: "Unless and until the Commission supplies a reasoned basis for intervention in this [finsyn] market, the networks should be free to compete." They argued: (1) The old rules were vacated by the Commission and should not be reinstated. (2) There's no legal basis for leaving rules adopted in 1991 in place. (3) "It defies common sense to say that rules that appear to be counterproductive and anticompetitive should be kept in force... to permit further study when no rational justification for the restrictions has ever been presented."

**CLINTON COMMUNICATIONS DECISIONS NEAR:** Transition team of President-elect Clinton is beginning to focus on communications, with some early decisions likely this week, according to transition team member. Official said group began circulating list of names last week of people to be on technology transition team, which would include person responsible for communications. He said personnel announcements probably will begin this week. Person responsible for communications issues will have major role in selecting nominees for such positions as FCC chmn. and member, NTIA dir. and about 250 other high-level communications policy-making positions (TVD Nov 16 p1).

Personnel decisions apparently began moving after Clinton announced that former S.C. Gov. Richard Riley would be asst. dir.-personnel for transition team. While Clinton will focus on top Cabinet posts, Riley



will do final screening of communications staffer suggestions for sub-Cabinet positions such as FCC and NTIA dir.

FCC still hasn't heard from anybody on Clinton transition team and in fact "they haven't even started thinking about appointments yet" below Cabinet level, we were told by a Democrat. FCC Chmn. Sikes' office will handle transition efforts for agency, and Linda Solheim, chief of Office of Legislative Affairs, has been assigned job of preparing "briefing book" for Democrats.

More than 3,000 federal jobs will change hands as result of Clinton's election. Unlike at FTC, where no commissioner jobs are open, new Administration can fill 2 FCC spots almost immediately (Comr. Marshall, whose term expired June 22, and Sikes, whose term expires in June). Even if Sikes stays on Commission, Clinton will name new chmn. after he's sworn in Jan. 20. Most expect veteran Democratic Comr. Quello to get job on interim basis until new person can be confirmed.

Meanwhile, public interest group OMB Watch is seeking comments on memo it plans to send Clinton suggesting ways to improve operations of OMB and its relationship with other federal agencies, Congress, business. Group charges that during Reagan and Bush Administrations, OMB and Council on Competitiveness (headed by Vice President Quayle) "have routinely used regulatory review powers to subordinate statutory mandates and agency discretion for the political priorities of the President." OMB Watch is particularly critical of moratorium President Bush imposed on new regulations, saying that "the development of an information infrastructure and a policy that promotes the public's right to know can be a significant Clinton legacy."

While FCC and its regulations aren't mentioned specifically by OMB Watch, paper discusses new electronic information technologies, criticizes govt. for not pursuing development of coordinated infrastructure and tells Clinton: "The development of such a policy must be started immediately. Within 30 days, you should create a Task Force on National Information" chaired by Vice President-elect Gore.

**TV stations must make same must-carry vs. retransmission consent decision for all directly competing cable systems, FCC tentatively concluded in must-carry notice of rulemaking released Nov. 20 (TVD Nov 9 p6).** Stations would be able to make different choices for cable systems that don't overlap, Commission said, but it asked comment on what degree of overlap would require same decision. Document tentatively concluded that stations are entitled to on-channel position only if channel number is within basic tier (e.g. Ch. 50 isn't entitled if tier has only Ch. 2-12). Other tentative conclusions include: (1) Retransmission consent stations count toward must-carry quota. (2) Fees or other considerations for retransmission consent clearly qualify as program costs that can be included in rate base. (3) A/B switch requirements no longer are in effect. Questions raised in notice include: (1) How to define noncommercial station qualified for must-carry. (2) How to determine whether noncommercial stations' programming is "substantially duplicated." (3) What procedures to apply for placing noncommercial stations on unused PEG channels. (4) How to determine location of cable system for must-carry purposes. (5) How to define TV market, and how to change designations over time. (6) What effect changing TV market definitions would have on copyright payments. (7) How to define network affiliate for must-carry purposes. (8) How to determine whether low-power TV station qualifies for must-carry. (9) Whether retransmission consent applies to SMATV. Comments are due Jan. 4, replies Jan. 19.

**Study for Freedom Forum** found that 44% of journalists consider themselves Democrats, up from 38% 10 years ago, while 16% said they were Republicans, down from 19% since 1982. Median income of fulltime reporters increased \$31,297 last year from \$19,000 in 1981, while their average age rose to 36 from 32. Study included interviews with 1,410 U.S. reporters, conducted June-Sept. by Ind. U. Profs. David Weaver and Cleveland Wilhoit.

**Combined telephony/video fiber system** will be installed in 3 N.J. communities in spring under N.J. Bell and Sammons Communications agreement. If FCC approves, telco will install fiber-to-curb system manufactured by BroadBand Technologies in Chatham Borough, Florham Park, Madison. Fiber will be used to provide telephony to all 11,700 telephone subscribers in 3 communities, as well as cable service to 8,000 Sammons subscribers. Fiber will deliver telephony and video to curbs, then normal twisted pair copper and coaxial cable will continue into homes. "From an applications standpoint, it covers virtually any service that can be provided through one or a combination of these platforms," Bell Atlantic Information Services Pres. Arthur Bushkin said. N.J. Bell CEO James Cullen said telco and Sammons also will develop and test additional services, including video-on-demand. Work on new network is to begin in spring, if regulators approve, and be completed in 1994. Telco officials said deal will enable N.J. Bell to replace existing copper with fiber, reducing maintenance costs and opening door to new types of service.

**Excluding audiovisual sector from new General Agreement on Tariffs & Trade (GATT)** would be "a misguided, dangerous action," according to CEOs of 7 major movie studios. In letters Nov. 19 to U.S. Trade Representative Carla Hills and White House Chief of Staff James Baker, CEOs threatened that if audiovisual is excluded studios will support independent legislation to remedy problem, oppose ratification of GATT agreement or file unfair international trade complaints. Letters called press reports of possible exclusion potentially "eerily accurate prediction" given similar decisions in U.S.-Canada and N. American Free Trade Agreements. U.S. and European officials announced Fri. that they finally had reached agreement on agricultural issues, clearing way for overall 108-nation GATT deal. Details weren't disclosed immediately.



**GABELLI SETTLES WITH FCC:** Broadcast investor Mario Gabelli signed agreement with FCC Mass Media Bureau that, if approved, would head off any further Commission action on violations of agency's station ownership rules and require him to at least reduce his control of some TV stations (TVD Aug 31 p6). Gabelli, who owns or manages about \$1 billion in media stocks, doesn't admit any violations, but papers filed with Memorandum of Understanding show he has attributable interest in 18 stations. Memorandum awaits approval of FCC Chief Administrative Law Judge Joseph Stirmer.

Agreement appears to require Gabelli and his Gameco Investors to sell either 6.45% of their 11.45% interest in Chris-Craft Industries or 4% of 9% interest in Liberty Corp. in order to achieve compliance. Chris-Craft owns 8 stations and Liberty has 7. Gabelli also has attributable interests in 3 other stations. FCC limit is 12 TV stations.

Gabelli has other options, plus 8 months after deal is approved, to comply with rules, officials said. He resolved issue of ownership of 5.75% of Paramount (6 TV stations) by transferring voting control of some of Paramount stock managed by his companies to outside voters, and could do same with Chris-Craft or Liberty. He filed documents at SEC that would allow transfer. Liberty also considered selling stations or reducing Gabelli's ownership by issuing additional stock, and those options could be revived. It also was suggested that Gabelli might want to discount possibility of actual stock sales to avoid affecting stock values.

FCC agreement accepts Gabelli's solution of transferring voting control to reduce attributable ownership of Paramount stock. He said in Aug. that he considered ownership of 5.75% of Paramount to be key issue. His companies didn't directly own 5% of Paramount, but FCC claimed that ownership, along with stock handled by Gabelli firms in money manager and mutual fund roles, added up to more than 5%. Agreement doesn't call for any penalties against Gabelli, even though FCC's original order, which claimed he owned 25 stations, said he could be subject to fines up to \$25,000 per day per violation. Memorandum says Gabelli doesn't admit violation of "any law, rule or policy," but agrees to "come into full compliance" within 8 months. He also agrees to set up internal monitoring system to avoid future violations.

In addition to Chris-Craft and Liberty, Gabelli has cognizable interests in: (1) Associated Communications, owner of WSTV(AM) and WRKY(FM) Steubenville, O. (2) Hector Communications, owner of Mirm. cable systems. (3) Lynch Corp., owner of WHBF-TV Rock Island. (4) Outlet Communications, owner of WCMH Columbus and WJAR Providence. (5) Rockland Communications, which owns WRKL(AM) N.Y.C. and WXP(SFM) Briarcliff Manor, N.Y. (6) Communications Assoc. limited partnerships with multiple cable systems. (7) Limited partnership interest in Falcon Cable. His nonattributable media interests (he also owns or manages \$5 billion worth of nonmedia stocks) include: (1) C-Tec. (2) Media General. (3) Paramount. (4) Television Station Partners L.P. (5) Sandler Media Partners. (6) New Orleans Associates L.P.

Gabelli also asked for waiver of one-to-market rule to resolve noncompliance issue involving WWOR-TV N.Y.-Secaucus and WRKL(AM) N.Y.C. and WXP(SFM) Briarcliff Manor. Filing says waiver should be granted because stations "clearly meet" FCC standards for granting waivers for top-25 markets that have more than 30 "voices."

**CABLE APPEAL WIDENED:** Discovery Communications is trying to widen appeal of 1992 Cable Act to include rate regulation, program access, channel positioning and leased cable channels provisions, in addition to must-carry and retransmission consent. Even though Cable Act specifically allows only U.S. Dist. Court, D.C., to hear must-carry appeal immediately, Discovery is using concept of pendent jurisdiction to try to convince court to broaden case and speed decision on other issues. "We will take our fight all the way to the U.S. Supreme Court if that is what it takes to stop enforcement" of Cable Act, Discovery Chmn. John Hendricks said.

Discovery lawyers say they're confident they can convince court to hear wider case because it's more expedited way to deal with all issues and because it would waste court and other resources to hear essentially same issues raised in 2 separate cases. Lawyer Allan Tuttle of Patton, Boggs & Blow said 3-judge panels such as that set up by Cable Act often have taken wider jurisdiction even in federal-state cases, so extending jurisdiction over strictly federal case should be "fairly easy sell." If court doesn't hear broader issues, parties probably would have to await FCC decisions, then go through normal appeal process.

Discovery case probably will be consolidated eventually with other appeals of Cable Act, Discovery Senior Vp Judith McHale said. Time Warner is making many of same arguments in its separate appeal, but Discovery will argue from point of view of pure programmer. McHale said Discovery is basing its appeal of all issues on First Amendment, saying that Act limits ability of Discovery Network and Learning Channel to distribute their speech as widely as possible. Learning Channel has lowered its growth projections 25% as result of Cable Act, Discovery said in filing. It based new figures on retiering required by Act, as well as channel capacity limits because of must-carry and leased access provisions. Discovery said program access would make cable systems less willing to carry channels. Complaint said Act's channel-positioning provision would displace cable networks to less favorable channel positions and that leased access, together with must-carry, could use up half of many cable systems' channel capacity, making it difficult for cable networks to get carriage. Like other appellants, Discovery said U.S. Supreme Court has recognized only spectrum scarcity as rationale for such limits on First Amendment, which it said doesn't apply to cable.

Meanwhile, Daniels said broadcasters have "mistaken notion" that 3-judge panel can't consider Fifth Amendment challenge to must-carry and retransmission consent. Daniels said issues are "inextricably intertwined" and "Congress expressly designed must-carry and retransmission consent to be enacted and enforced as a single statutory scheme." Broadcasters claim clear reading of 1992 Cable Act gives Dist. Court jurisdiction only over must-carry.

**FCC received 1,878 applications for interactive video and data service (IVDS) licenses in most recent filing window for 6th through 10th largest TV markets. Number of applications for each market is down slightly from levels for 2nd through 4th markets, but remained fairly consistent in next 5. FCC said 375 applications were filed for 2 IVDS licenses for Boston, 385 for San Francisco, 378 for Washington, D.C., 372 for Dallas, 368 for Houston. In previous rounds, there were 778 applications for N.Y.C., 502 for L.A., 491 for Chicago, 464 for Philadelphia. Detroit, 5th market, hasn't been opened for applications because FCC says it needs to coordinate frequencies with Canada.**



**UHF HDTV PLAN HIT:** FCC plan to put all HDTV stations in UHF band drew heavy broadcaster fire in latest round of filings, but was backed by land mobile groups that want access to VHF band (TVD Aug 17 p7). Matching HDTV service areas to existing NTSC service areas and using VHF band, as proposed in joint filing of 105 broadcast groups, would allow 85% of TV stations to serve all of their current audience. In contrast, joint filing said FCC plan to use only UHF and provide each station with minimum 55-mile service area would mean that only 48.5% of stations still would reach 100% of current audience.

VHF allotments are "essential" to implementing HDTV and to "preserve and protect existing and future UHF service," said joint filing that includes NAB, INTV, MSTV, all networks, most station groups, others: "A viable... table of allotments may need to include between 100 and 200 VHF stations." Broadcasters said effort to "pack" HDTV into UHF band would "lead to a severe loss of HDTV coverage as well as a substantial increase in interference." Filing said matching HDTV contours to NTSC "offers the best possible means of satisfying the greatest number of licensees and providing a sounder basis for stations to negotiate channel assignments."

Commission move to all-UHF HDTV "is placing in jeopardy the future of this country's over-the-air television system," said separate joint filing by 25 small- and medium-market TV stations represented by Hogan & Hartson. Group said FCC's "rigid" timetable and forced migration to UHF would reduce service areas and require large capital expenditures without necessarily gaining "critical mass" of audience. Station owners said many stations may risk licenses because they can't afford HDTV conversion.

Paramount was exception among broadcasters, saying FCC has "unique opportunity to achieve coverage parity" for all TV stations as it allots channels for HDTV. Owner of 6 TV stations also said all HDTV allotments should be in UHF. Paramount said it would oppose any allotment plan that tried to replicate existing stations' service area "because such a plan needlessly perpetuates the existing coverage disparities between competing UHF and VHF stations."

Public broadcasters aren't protected adequately in FCC's HDTV allotment plan, they said in joint filing. They said FCC should reserve spectrum for noncommercial use, since current plan would mean there would be no HDTV allotment for more than half of vacant NTSC channels allotted to noncommercial broadcasters. Public broadcasters said FCC decision to put all HDTV in UHF could violate mandate to assure public channels.

Assn. of Public Safety Communications Officers said it's "deeply concerned" that HDTV allotments "would cause serious destructive interference" with public safety land mobile services on Ch. 14-20. It also said channel awards should be predicated on quick return of VHF channels. Forestry-Conservation Communications Assn. said moving land mobile services to VHF after HDTV conversion would be very attractive because VHF is less affected by heavy foliage or smoke and doesn't require as many repeaters for large land areas.

Meanwhile, Zenith said performance of its HDTV system was hurt in Advanced TV Test Center testing by "incomplete pretest tuning." SEC filing said Zenith "believes the system performed very well in most respects" in testing, and partners have submitted documentation to FCC's Advanced TV Advisory Committee on proposed improvements: "The

company and AT&T are seeking to have the final decision on the new HDTV broadcast standard based on the most up-to-date information." Zenith has asked that its system be retested, but Advisory Committee hasn't made decision.

**CITIES APPEAL VDT:** Coalition of more than 30 cities appealed FCC's latest video dial tone (VDT) order (TVD Aug 17 p4), assuring that they will be included in next round of proceedings in U.S. Appeals Court, D.C. Meanwhile, NTIA and most telcos told FCC that opening VDT door wider and allowing telcos to operate cable systems in larger towns would benefit consumers. Cable groups said increasing rural exemption is violation of congressional mandates to keep telcos out of cable.

Cities said FCC is wrong in belief that telcos don't need local franchise because that "would allow evasion of the reasonable and appropriate regulation imposed by localities under the franchising provisions of the Cable Act." FCC should consider expanding rural exemption even further, NTIA said in its filing. Commission is proposing to allow telcos to operate cable systems in communities of up to 10,000, vs. current limit of 2,500. NTIA said that Congress should repeal telco-cable cross-ownership rule, and that letting telcos into larger cities would "benefit U.S. consumers" in interim.

Supporters can't justify expanding rural exemption, NCTA said, because more than 98% of communities between 2,500 and 10,000 already have cable, have franchise awarded or have application pending. Assn. said telcos are trying to claim that many of those areas aren't covered fully by cable, but said there's no reason to believe many low-density areas would be served by telco-owned cable systems either. NCTA said FCC can grant waivers for telco-owned systems in "exceptional circumstances." Telco proposals would "dilute" safeguards against telco cross-subsidies, New England Cable TV Assn. said, but it backed allowing telcos to buy cable systems in some cases. Cal. Cable TV Assn. (CCTA) said consumers are "likely to be milked for cross-subsidies" to support VDT under FCC's proposed rules.

Much larger number of rural residents are underserved by cable systems than NCTA indicates, Telecommunications Industry Assn. (TIA) said. Rather than 63 communities claimed by NCTA, group said there are at least 148 where majority of residents don't have cable, and at least 455 where 25% are unserved. TIA also said that, contrary to claims that telcos would buy out small cable operators, large cable MSOs are buying small telco-owned cable systems. U S West said FCC shouldn't reconsider VDT decision because there's no merit to cable arguments that Congress specifically prohibited loosening telco-cable restrictions. It also said preferential rates and carriage for broadcasters would conflict with FCC's VDT goals, and "discriminatory pricing is not in the public interest."

**CPB board member** Victor Gold's inquiry at FCC on alleged anti-Semitic programming aired by Pacifica's KPFB-FM Berkeley early this year drew response from Pacifica. In letter to CPB Chmn. Sheila Tate, Pacifica Exec. Dir. David Salniker complained that "neither Mr. Gold, CPB nor the FCC ever contacted us about the complaint or the program in question... I would expect CPB board or staff to have had the decency to notify the licensee that an issue was to be raised at the board level... This is particularly crucial to CPB's credibility if it is now going to launch an entirely new scrutiny into the political content of programs."



**CABLE ACT FEATURED:** Western Cable Show will add "veneer" of coverage of 1992 Cable Act to its already scheduled panels and speeches, spokeswoman said. Group also will feature cable-delivered multimedia.

Show will include 3 new multimedia exhibits, plus general session on convergence of cable and computers. Exhibits include: (1) Canada's **Videoway**, interactive TV and videotex. (2) **Microsoft**, off-line multimedia devices. (3) **Digital Cable TV**, which is Digital Equipment Corp.'s cable entity, interactive multimedia applications with "Personal Computer Kiosks," including communitywide networked games. Multimedia panel, 8:30 a.m. Dec. 3, includes Scientific-Atlanta CEO William Johnson, Jerrold Pres. Hal Krisbergh, CableLabs Pres. Richard Green, Electronic Arts Chmn. Trip Hawkins, Prodigy Services Co. Senior Vp James Beall.

Other events at Show include: (1) Opening general session, 10 a.m. Dec. 2 -- former Fox CEO Barry Diller, Lucky Duck Productions Pres. Linda Ellerbee, TCI CEO John Malone, Turner Bcstg. Chmn. Ted Turner. (2) Closing general session, 10 a.m. Dec. 4 -- Falcon Cable Chmn. Marc Nathanson, Fox Senior Vp Preston Padden, CATA Pres. Stephen Effros, Denver Office of Telecommunications Dir. William Bradley. (3) Session, 1 p.m. Dec. 2 on basic networks -- Court TV CEO Steven Brill, Cartoon Network Pres. Betty Cohen, Comedy Central CEO Robert Kreet, Bravo Pres. Josh Sapan. (4) Multimedia session, 2:30 Dec. 2 -- IBM Dir.-Multimedia Alliances Kathleen Earley, TCI Senior Vp Thomas Elliott, Microsoft Vp Robert Glaser, Cox Vp William Killen. (5) Premium network panel, 10:15 Dec. 3 -- HBO Exec. Vp John Billock, Disney Pres. John Cooke, Showtime Exec. Vp John Heim, Encore Chmn. John Sie. (6) Finance panel, same time -- Leo Hindery of InterMedia Partners, Liberty Media Senior Vp Robert Bennett, Daniels Managing Dir. Michael Garstin, Bank of N.Y. Senior Vp Deborah Rasin, Adelphia Senior Vp Timothy Rigas.

(7) Session on cable telephony, 10:15 Dec. 3 -- Optical Networks International Pres. Andrew Paff, consultant Thomas Gillett, Cablevision Vp Wilt Hildenbrand, Cox Senior Vp David Woodrow. (8) Capitol Hill panel, same time -- Larry Irving, Cathy Reid and Michael Regan of House Telecom Subcommittee and David Leach of House Commerce Committee. (9) NCTA Pres. James Mooney gives lunch speech Dec. 3. (10) Sports panel, 9 a.m. Dec. 4 -- Home Sports Entertainment CEO Edward Frazier, Rainbow CEO Sharon Patrick, L.A. Clippers Exec. Vp Andrew Roeser, Century Pres. Andrew Tow.

**FCC approval** of Satellite CD Radio (SCDR) would be "premature" and "prejudicial in the extreme" to other radio interests, NAB said in petition to deny SCDR petition for authority to begin service. NAB said Commission first should make policy decisions on shape and goals of digital audio broadcasting (DAB) in U.S., including role of local broadcasting. It said license grant would come before technology had been tested or frequencies allocated, and in face of "uncertain and unplanned DAB situation worldwide and despite the absence of any apparent need to rush." Broadcasters said granting SCDR request "would do a great disservice to our system of free, local radio." If FCC grants license, NAB said, it would "put the cart before the horse and set it rolling in an unplanned direction which we all may be forced to follow." Assn. said Mass Media Bureau should evaluate all issues of shape and structure of DAB in U.S. before making any licensing decisions, and "serious technical questions must be resolved."

**NARUC WEIGHS CABLE DATA:** Communications Committee of National Assn. of Regulatory Utility Commissioners (NARUC) said state regulators could need access to much of same data from cable firms as they now collect from telephone companies. But resolution adopted by Committee said information would be needed only if cable operators become common carrier competitors to telcos. It amended proposal to delete language that might have been interpreted as endorsing strict rate-of-return regulation for cable.

Group said it might need such information as balance sheet, revenue by category of service; market demographics; detailed statistics on quality of service; system capabilities, including number of channels, bandwidth and deployment of fiber or copper; description of common carrier services provided. Panel dropped language suggesting that uniform accounting and cost-allocation rules be required, after Fla. PSC Chmn. Thomas Beard said he read proposal as expressing intent to endorse rate-base regulation. Del. PSC Chmn. Nancy Norling, who sponsored resolution, said that even with language deleted "the end result is significant guidelines to regulate cable TV providers." Resolution still calls for cost allocation, and it will be difficult to do that without some uniform guidelines, Norling said. Cable industry tried to defeat resolution, which also asked FCC to work with states on issues involving cable provision of intrastate telecommunications services.

At NARUC meeting, consultant Edwin Parker said he wouldn't want to guess whether fiber or radio would be appropriate technology to provide development to rural regions: "The key is to get the services." That way, he said, phone companies wouldn't have to worry about "fiber to the farm" in rural areas if alternative technologies such as satellites or radio could accomplish same goals.

**City of New Orleans** expects to reach settlement within 30 days in franchise dispute with Cox Cable, said Edward Morris, city's dir.-Dept. of Utilities. City had threatened to go to court to get Cox to pay \$420,000 in franchise fees that city said had been underpaid since 1987. City also claimed that Cox violated franchise provisions on amount of cable to be installed in central business district, Eastern New Orleans and Lake Catherine areas. Morris said city has received settlement offer and City Council cable committee is making counteroffer. Morris said Cox also has suggested extension of franchise in return for faster installation of fiber. Franchise expires in 1996, but Cox has option for 5-year extension.

**FCC released** long list of clarifications of cable technical standards adopted in Feb. (TVD Feb 17 p4). Among other things, changes reduce number of test points and require each cable system to set up complaint resolution process. At same time, FCC said it believes rulemaking satisfies congressional mandate in 1992 Cable Act that requires Commission to set minimum technical standards for cable systems.

**Motorola reached agreement** in principle with General Instrument and MIT to produce integrated circuits for companies' proposed HDTV system. Deal includes Motorola's promoting GI system at FCC. Motorola said it will use advanced submicron technology in chips.

**NAB's political hot line** received 750 calls between end of Sept. and Nov. 3 election. Most-asked questions concerned lowest-unit-rate, reasonable access and debate rules.



**Financials:** Disney had \$223.7-million net profit in 4th quarter ended Sept. 30, up from \$174 million year ago. For full year, profit was \$816.7 million, vs. \$636.6 million. Filmed Entertainment Div. revenue grew 6% to \$784.6 million, and operating profit was up 21% to \$121.6 million... **Telemundo Group** said it had \$7.7-million net loss in 3rd quarter, vs. \$8.7 million loss year earlier, as revenue increased 19% to \$39.2 million... **International Family Entertainment**, parent of Family Channel, said profit doubled in 3rd quarter to \$8.1 million... **MGM** said it lost \$79.8 million in 3rd quarter, vs. \$73.3 million loss year ago. Program production revenue rose 12.7% to \$170.6 million... **QVC** profit more than doubled in 3rd quarter to \$16.4 million on 10.3% revenue growth to \$274.3 million. Operating profit gained 40.9% to \$33.5 million... **Saga Communications**, owner of 16 radio stations, filed amended SEC registration for initial public stock offering. Underwriters are First Boston and Furman Selz... **Harris Corp.** said profits soared 63% in first quarter ended Sept. 30 to \$20.7 million vs. \$12.8 million year earlier. Sales jumped to \$727.6 million from \$685.9 million... **Falcon Cable** had \$8.3-million net loss in quarter, vs. \$6.3-million loss year ago, despite 10% revenue growth to \$11.6 million. Cash flow rose 8% in period... **Jones Intercable Investors** had \$491,806 net loss in quarter ended June 30, vs. \$1.6-million loss year ago. Revenue increased 7% to \$10.4 million. Company also said annual 1992 independent appraisal of Independence, Mo., cable system (68,735 subscribers, 35 channels) was \$143 million, up 1.6%... **Compression Labs** reported sales of \$28.5 million in 3rd quarter ended Sept. 30, up 41%, but profits were at break-even, down from \$1.2 million... **Southern Starr Bcstg.** profit dropped to \$126,000 in 2nd quarter ended Sept. 30 from \$194,000 year ago, despite 22.6% revenue growth to \$2.6 million... Successor to Financial News Network, **Data Bcstg. Corp.**, said it had \$566,000 net profit in quarter ended Sept. 30, vs. \$945,000 loss, as revenue rose 10.2% to \$13.5 million.

**Further subsidies** for Europe's HD-MAC advanced TV system are being delayed by British govt. reluctance, officials said after meeting of European Community (EC) communications ministers Nov. 19. EC's executive body had proposed \$1-billion subsidy for HD-MAC, nearly matching amount EC already has provided for HDTV. Money, to be spread over 5 years, would be used to develop widescreen programming and studio equipment to encourage broadcasters to switch to HD-MAC. Proposal was backed by 10 of 12 EC countries -- all but Denmark and Britain -- but such spending plans must have unanimous approval. All but U.K. then proposed another meeting later this year to continue discussions, but Britain, which is serving its turn as EC president, blocked that at least until next year. Decision prompted Dutch Communications Minister Hanja May-Weggen to accuse Britain of "sabotaging" HDTV plan.

**MPAA sued Cencom Cable** for copyright infringement in U.S. Dist. Court, St. Louis. Suit claims that cable operator underpaid its cable royalties by about \$3 million since 1986 by setting up unpublicized tier priced at \$2.95 per month, then computing royalties as if all customers subscribed to that tier. MPAA charged that only 1,000 of Hallmark-owned Cencom's 108,000 customers subscribed to \$2.95 tier, while others paid as much as \$25.70 per month for basic service. After low-priced tier was publicized, MPAA said Cencom tried to discourage subscribers by tripling installation fee to \$95. MPAA Pres. Jack Valenti said: "Cencom has grossly abused the royalty payment system. The MPAA will not stand by and let cable operators take advantage of copyright holders."

**Coalition is forming** of filmmakers, actors and others critical of PBS's record in accepting and rejecting documentaries of controversial nature. Members of group, including David Geffen, Michael Moore, Jack Lemmon and Oliver Stone, expressed concerns in interview carried by E!, and more than 40 signed full-page ad to appear in Daily Variety early next month. Ad singles out PBS rejection of Academy Award-winning *Deadly Deception* and Oscar-nominated *Building Bombs* in expressing concern "about what rejection of these programs and many other programs dealing with vital issues implies for the future of public television." Jennifer Lawson, exec. vp-national programming, said PBS doesn't "shy away from controversial programs. But public TV viewers expect public TV to maintain the highest editorial standards." *Deadly Deception*, which deals with GE's manufacture of nuclear weapons, was rejected because it was partly funded by grass-roots corporate accountability group that's also featured in film, Lawson said, and *Building Bombs* was turned down because it "does not give adequate voice to those who are proponents of nuclear arms." Meanwhile, International Documentary Assn. (IDA), L.A.-based group of some 1,500 documentary makers, also has written PBS about acceptance standards.

**FCC shouldn't delay** lotteries for interactive video and data service (IVDS) until fee dispute is resolved, IVDS firm Radio Telecom & Technology (RTT) said in filing with Commission. Group called Committee to Preserve Statutory Fees filed petition saying that \$1,400 IVDS application fee set by FCC is excessive. RTT replied that no serious IVDS applicant has been deterred by fee and agency shouldn't delay whole process until fee dispute is settled: "It is not likely that anyone who cannot afford a \$1,400 filing fee can afford to construct and operate a viable IVDS system. The most likely result of reducing the filing fee would be to attract speculators as applicants." RTT said everyone should be included in lottery, even if they paid lower fee. Lottery winners that paid \$1,400 fee would get license immediately, while those that paid less would have to wait until fee issue is resolved. If \$1,400 fee is upheld, those paying less would lose license, which would go to next person drawn in new lottery that paid full fee, RTT suggested.

**NBC, ABC and CBS TV networks'** coverage of 1992 Presidential campaign "was more negative, less substantive and had shorter soundbites than in 1988," according to Center for Media & Public Affairs. Study analyzed 703 campaign stories, totaling 23 on-air hours, between Labor Day (Sept. 7) and Nov. 3 election. Findings, Center said, "call into question the networks' efforts to improve upon their much-criticized election coverage" of 1988. Coverage of "issues," as opposed to "horse race" aspect, declined in 1992 from 1988, Center said, with only 32% of campaign stories this fall dealing with issues, down from 40% 4 years ago. Candidates' voices were used in only 12% of campaign air time in Presidential campaign, while reporters' statements were used 70% of time. In 1992, President Bush was evaluated negatively by 69% of outside sources, President-elect Clinton by 63%.

**German broadcaster** will provide multilingual TV programming to virtually all of N. America and much of S. America as result of agreement with Mind Extension U. (MEU). Deutsche Welle said it will use MEU's transponder on Satcom C-4 satellite 24 hours per day to deliver German, English and Spanish programming. Deutsche Welle is nonprofit public broadcasting service targeting persons outside Germany. MEU said it also will use Deutsche Welle programming 10.5 hours per week as part of MEU's own cable network transmitted on Hughes Galaxy 5.



Citing its "precarious" financial situation, Community Bestrs. Assn. (CBA) has asked for \$1,000 one-time contributions from as many members as possible to raise \$100,000 needed to participate in FCC rulemakings and to intervene in court challenges to new Cable Act. "It is imperative that we intervene in the Turner suit [against Cable Act] immediately," said new CBA Pres. Jud Colley, owner of Beach TV, Panama City, Fla. In memo to members following Oct. 27-29 convention in Las Vegas, he outlined successes of organization, but said: "Our industry is at a crossroads. We have made accomplishments... but we cannot become complacent. Now is the time for action." Assn. is contacting all non-LPTV members, plus CP holders, in effort to increase membership. CBA formerly had paid staff in Milwaukee, now has no fulltime employees, with shift of hq to Eddie Barker & Assoc. (which handles exhibits at convention) in Dallas (214-720-1335). Colley was elected CBA pres. to succeed D.J. Everett, W43AG Hopkinsville, Ky., who becomes treas.; Louis Jenkins, W19AW Baton Rouge, is new vp; Robert Raff, K06KZ Junction City, Kan., secy.

**Independent WMLB-TV** (Ch. 35) Miami is now on air under ownership of New Miami Latino Bestg. Station is owned by William C. de la Pena; Jose Molina is gen. mgr., Richard Vanhook chief engineer. WMLB-TV's start raises operating U.S. TV stations to 1,506 -- 1,138 commercial, 368 noncommercial.

**FCC negotiated contract** with Free State Reporting, Annapolis, to provide transcripts of proceedings before administrative law judges and Review Board. Schedule of fees may be obtained from Diane Windell, 410-757-6337.

**Taking advantage** of higher signal-to-noise ratio available on cable (vs. broadcast), Zenith is proposing system that it said would double number of TV programs that can be carried on single 6-MHz cable channel without additional compression. Div. Vp Wayne Luplow said system would allow single cable channel to carry 2 HDTV programs, or 9 live NTSC programs, or as many as 23 movie channels, or combination. Zenith expands 6-MHz channel's data-carrying capability to 43 Mbps, from current 21.5 Mbps, by switching to 16-VSB (vestigial sideband) modulation technique from current 4-VSB. Luplow said it's equivalent of 256-QAM system, compared with 64-QAM used in compression systems. He said cable can handle higher signal-to-noise ratio (40 dB vs. 16 dB) because it faces less interference, and Zenith uses greater capacity to carry more data.

**Corporate ad spending** is up 12.5% this year, according to Assn. of National Advertisers (ANA) study. Data suggested increasing use of corporate advertising as marketing tool and improved coordination with PR and ad campaigns, ANA said. Survey has been conducted annually since 1975. Newest study, based on responses from 83 national advertisers, is available for \$27.50 (\$17.50 for ANA members) (212-697-5950).

**TransMedia Communications** (TMC) Pres. Dick Barron heads group that bought TMC from Affiliated Regional Communications (ARC), terms not announced. Houston-based TMC, launched in June 1990, is sports consulting and new business firm for broadcasting and cable. ARC is limited partnership that owns or manages 6 regional cable sports networks; Liberty Media and broker Bill Daniels are majority partners.

## **WPI and FCBA Joint Effort**

### **ROBERTS, OLSON AND FINNERAN AMONG PARTICIPANTS**

#### **AT DAY-LONG CONFERENCE ON NEW CABLE ACT**

Comcast Pres. Brian Roberts, New York State Cable Commission Chmn. William Finneran and NATOA Pres. David Olson are among the large group of industry experts who will be participating in the Dec. 14 conference, *Coping With the Cable Act: The Future Is Now*. Warren Publishing Inc. (WPI) and the Federal Communications Bar Assn. (FCBA) are co-sponsors of the day-long seminar, which will feature sessions on rate regulation, must-carry/retransmission consent, municipal and state regulation, program access and customer service rules.

Also providing nuts-and-bolts information and analysis will be Daniel Brenner, NCTA vice president-regulation; Antoinette Cook, senior counsel for the Senate Communications Subcommittee; James Hedlund, INTV pres.; Jack Goodman, NAB special counsel; Robert Sachs, Continental Cablevision vice president-legal affairs; Bert Carp, Turner Broadcasting vice president-government relations. A number of attorney experts and FCC officials, including Chmn. Sikes and Mass Media Bureau Chief Roy Stewart, also will take part.

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

The conference will emphasize practical insight, analysis and projection, rather than posturing or conflict. All sessions will be based on a Q-and-A format. Registration fees are \$450 for general attendees, \$350 for FCBA members and subscribers to *Television Digest*, *Communications Daily* and *Satellite Week*, \$250 for full-time academics, government employees 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.



## Personals

**Kerry McCluggage** promoted to chmn., Paramount TV Group, new post; **James Boaz** resigns as pres., Paramount TV Stations Group, to take "prolonged sabbatical"... **Thomas Remiszewski** promoted to vp-advertising and promotion, ABC Sports and daytime programs... **Brian Kelly** appointed senior vp-gen. counsel-secy., Chris-Craft Industries and BHC Communications, succeeding **Barry Green**, retired.

**Michael Niceberg** appointed vp-asst. controller, Viacom International... **Julius Knapp** named chief, FCC Office of Engineering & Technology Authorization & Evaluation Div... **Charles James**, acting asst. U.S. attorney, Justice Dept.'s Antitrust Div., returns to Washington law firm Jones, Day, Reavis & Pogue as partner... **Daniel Waggoner**, partner, Seattle law firm Davis, Wright, Tremaine, reappointed chmn., ABA Forum on Communications.

Inducted into Radio Hall of Fame sponsored by Museum of Best. Communications, Chicago; **Leonard Goldenson**, founder of ABC-TV and chmn. of Cap/ABC Exec. Committee; **J.P. McCarthy**, veteran WJR(AM) Detroit personality; actor **Don Ameche**; personality **Casey Kasem**; program **Grand Ole Opry**... **Gerry Byrne** promoted to vp-dir. of publishing operations, Daily Variety and weekly Variety, new post, responsible for sales and marketing at both; Variety Inc. Editorial Dir. **Peter Bart** promoted to vp... Elected to Arbitron TV Advisory Council: **Mike Conway**, WTXF-TV Philadelphia; **William Moll**, WKRC-TV Cincinnati; **Ed Groves**, WEMT Greenville, Tenn... Named to new Showtime PR Operations & Photographic Services Dept.: **Peter Kellner**, dir.; **Larry Landsman**, mgr.

**Jay Batista**, ex-LBA Group, joins Wegener Communications as U.S. sales mgr... **Robert Carr** moves from Chicago Tribune to mgr.-media relations, parent Tribune Co... **Peter Chadwick**, ex-Unisys, appointed dir.-total customer satisfaction, General Instrument VideoCipher Div., new post... **Lee Keenan**, consultant, joins General Instrument as human resources dir... **Hank Cohen** promoted to senior vp-TV development, MGM TV... **George Bodenheimer** advanced to vp-affiliate sales and mktg., ESPN... **Sid Bernstein**, N.Y. musician manager, named vp, Madison Sports & Entertainment... Promotions at Keystone Communications: **Bruce Hall** to vp-transponder management, **Barbara Stevenson** to dir.-sports services... Changes at NBC Media Relations: **Dawn Dubovsky**, consultant, joins as dir.-series programs, West Coast; **Eric Van Der Werff**, appointed mgr.-photography; **Janine Jones**, ex-Fox Best., joins as press mgr.-series programs, West Coast.

**Elizabeth Maas**, spokeswoman in Perot campaign, becomes dir.-publicity, ABC News, at end of month... **Stuart Powell**, ex-WFLD Chicago, appointed gen. mgr., WXIX-TV Cincinnati, succeeding late **William Jenkins**... **Perry Chester**, ex-KSNT Topeka, named gen. mgr., WQAD-TV Moline, Ill., replacing **Oliver Gillespie**, resigned... **Ira Goldman**, special asst. to Cal. Gov. Pete Wilson, is keynote speaker at Satellite Bestg. & Communications Assn. show, Jan. 13, San Diego Convention Center.

**Kenneth Jaeggi**, chmn.-CEO, Imagraph, joins Scientific-Atlanta as senior vp-finance and chief financial officer, replacing late **Raymond Hartnett**... Promoted to exec. vps, Black Entertainment Network: **James Ebron**, corporate media sales; **Sheila Johnson**, corporate affairs; **Debra Lee**, gen. counsel-secy.; **Jeffery Lee**, network operations; **Curtis Symonds**, affiliate sales; **Janis**

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**Thomas**, ad management... **Robert Wormington**, vp-gen. mgr., KSHB-TV Kansas City, retires Dec. 31... FCC Calendar -- Nov. 23: **Cheryl Tritt**, chief, Common Carrier Bureau, addresses National Engineering Consortium conference on network reliability and survivability, Stouffer Orlando Resort, Fla., 10 a.m. **Wald Roseman**, chief, Office of International Communications, attends European Radio Communications Office conference on postal and telecommunications administrations, Copenhagen.

## OBITUARY

**Bryson B. Rash**, 79, pioneer broadcast newsman who started career at age 12 in St. Louis as voice of Buster Brown on radio commercials for shoe company, died of emphysema Nov. 10 at his home in Washington. Rash came to Washington in 1936, worked for all 3 radio networks as well as several Washington-area TV-radio stations. In 1939, he interviewed govt. dignitaries from Washington Mall in first TV remote telecast. He was broadcasting for ABC Radio when United Nations was formed in 1945 and is given credit for helping persuade President Truman to do first presidential news conference in 1947. He's former president of National Press Club, was active in Best. Pioneers and its Washington-based Library. Survivors include wife, 2 daughters.



# Consumer Electronics

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

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

	OCT.31- NOV. 6	1991 WEEK	% CHANGE	OCT. 24-30	44 WEEKS 1992	44 WEEKS 1991	% CHANGE
TOTAL COLOR.....	379,452	584,544	-35.1	738,769	18,056,563	16,628,836	+ 8.6
DIRECT-VIEW....	372,105	568,893	-34.6	720,944	17,735,723	16,327,253	+ 8.6
TV ONLY.....	363,403	549,350	-33.8	655,922	17,007,155	15,787,686	+ 7.7
TV/VCR COMBO.	8,702	19,543*	-55.5	65,022**	728,568**	539,567	+35.0
PROJECTION....	7,347	15,651*	-53.1	17,825**	320,840*	301,583	+ 6.4
VCR DECKS.....	234,227	394,314*	-40.6	565,585**	10,080,935*	8,575,137	+17.6
CAMCORDERS.....	25,979	136,594*	-81.0	143,918**	2,271,253	2,322,884	- 2.2
LASERDISC PLYRS#	4,930	6,941	-29.0	8,943	175,223	146,523	+19.6

Direct-view TV 5-week average: 1992--520,872\*; 1991--479,223 (up 8.7%).

VCR deck 5-week average: 1992--346,427; 1991--280,340 (up 23.6%).

Camcorder 5-week average: 1992--70,654; 1991--65,832 (up 7.3%).

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

**FIRST DETAILED STUDY OF HDTV SET COSTS:** From standpoint of receiver cost, it doesn't make much difference which HDTV system FCC adopts -- by 1998, first year of true mass production, HDTV sets with 34W" tube could retail for around \$2,550 and 56W" projection version for about \$3,850. That's conclusion of report to FCC Advisory Committee on Advanced TV Service (ACATS) summarizing most exhaustive study to date on comparative HDTV receiver costs.

None of 5 HDTV systems now under consideration has significant cost advantage, Specialist Group on ATV Receiver Cost (SG6) said in its engineering report. Cost differences among receivers for 5 systems will be "virtually insignificant" when mass production is reached, according to panel of receiver engineers and system proponents. If system is selected in 1993, SG6 proceeded on assumption that 1% market penetration of HDTV would be reached in 1998, first year of million-set production. Although group mainly developed cost estimates for materials, it assumed normal multiplier of 2.5 to achieve approximate retail selling prices. Neither retail estimate (for 34W" or 56W" set) is far out of line with prices of giant-tube or projection NTSC system receivers today.

SG6 report made these major points: (1) "There is a difference between the cost of electronics for the proposed systems but its impact on receiver cost is virtually insignificant and the differences are smaller than the margin of error in this investigation" (given as  $\pm 3\%$ ). (2) "The cost of electronics... will decrease rapidly with volume and time, reducing the difference between systems even further." (3) "The cost of the display is the same for all systems and has a substantial impact on the cost of HDTV and will not reduce appreciably in the near future."

Average cost of materials for HDTV receiver with 34W" tube is approximately \$1,011, and for 56W" projection sets \$1,532. Group gave these estimated material costs for sets designed for specific systems: MUSE (NHK), 34W" CRT set \$1,048, projection set \$1,564; DigiCipher (General Instrument), \$978 and \$1,494; DSC (Zenith-AT&T), \$1,009 and \$1,537; CC-DigiCipher (MIT), \$1,017 and \$1,545; ADTV (NBC, Philips, Sarnoff, TCE), \$1,006 and \$1,522.

Group found cost of widescreen picture tube "difficult to obtain because [it] is kept highly confidential by most manufacturers." For reference, SG6 based estimates on present cost of 35" NTSC tube, which is about \$550. Using data from "a major U.S. manufacturer," it made these estimates for 34W" CRT costs: With 0.7-mm phosphor pitch (NTSC quality) \$550; with 0.3-mm pitch (full HDTV quality) \$1,000; with



0.5-mm pitch (near HDTV quality) \$700. For purpose of estimates, group used \$700 version. It used \$1,050 as cost figure for 56W" projection screen, optics, CRTs, assembly.

"The cost for future displays with various flat panel technologies and light-valve projectors could not be estimated with any degree of accuracy, because no such displays appear ready for consumer HDTV at this time," report said. "Therefore direct-view CRT and projector technology were assumed to be the most cost-effective displays for the time frame of this analysis."

Cost estimates assumed 2nd-generation receiver design and assigned digital IC costs using formula developed by semiconductor industry (FAIRCOST II). Electronics in 34W" sets varied from \$216 to \$258, in projectors from \$304 to \$374. Cabinet cost for all 34W" sets was estimated at \$90, for all projectors at \$140. Detailed component and cost breakdown comparisons for 5 systems cover 15 pages of charts in group's report.

Specialist Group 6 was chaired by EIA's Ralph Justus and included representatives of all system proponents as well as engineers from receiver manufacturers, including Advanced TV Systems Committee (ATSC), AT&T, EIA, General Instrument, Hitachi, Matsushita/Panasonic, MIT, NHK, Philips, Samsung, Sharp, Sony, Thomson Consumer Electronics, Zenith.

**Note:** Designation of "W" after picture diagonal denotes 16:9 ratio, nomenclature system adopted almost 2 years ago by TV Digest and used in SG6 report, presumably paving way for industry standardization.

**1992--RECORDS IN VCR, COLOR, PROJECTION:** With only 8 weeks remaining to be reported, 1992 is certain to go down as record year in sales to dealers of VCRs, projection TV and TV/VCR combos, probably will set record in total color TV, and possibly -- if there's final Christmas burst -- in camcorders.

All major TV-video products except camcorders now seem certain to exceed last year in sales for full calendar year -- despite fact that 1991 had 53 weeks in EIA's statistical calendar but 1992 had 52. TV/VCR category will lead gains with 38.8% increase, in our estimate, and chalk up total sales of close to million. Next will be VCR decks, up 17.7%, followed by 8.2% increase in projection, with direct-view and total color categories up 6.6-7.8%, more than 1.5 million units above 1991. Camcorders will be neck-and-neck with 1991.

Barring year-end slump, 1992 will be first year to see total color TV sales (direct-view plus projection) of more than 22 million, but less than 1% ahead of 1989 record of 21,971,424. Increases in projection and TV/VCR combos will push total color to that new record. Total direct-view may or may not exceed 1989 record of 21,706,124 -- too close to call. VCRs will push through to new record easily, exceeding previous all-time high of 11,701,846, set in 1986, by almost million (7.8%) while camcorders currently appear to be headed to end up 3.7% below 1990's record total.

Picture would appear still brighter if 1991 had been normal 52-week year -- this time last year (with 44 weeks reported), year still had 9 weeks to go. Below are our forecasts for how year will end up in terms of unit sales to dealers, as compared with actual figures for 1991 and 1990. Same trends may not apply to dollar sales for year -- which has been marked by price cutting and attrition in most products.

Product	1992 (52 weeks)	1991 (53 weeks)	1992 vs. 1991	1990 (52 weeks)	1991 vs. 1990
Total color....	22,121,000*	20,516,224	+ 7.8%	21,159,789	- 3.0%
Direct view...	21,685,000	20,136,387	+ 7.7%	20,808,396	- 3.2%
TV-only.....	20,765,200	19,474,018	+ 6.6%	20,384,860	- 4.5%
TV/VCR combo.	919,700*	662,369**	+38.8%	423,536	+56.4%
Projection....	410,800*	379,837**	+ 8.2%	351,402	+ 8.1%
VCR decks.....	12,611,400*	10,718,336	+17.7%	10,118,839	+ 5.9%
Camcorders.....	2 852,300	2,864,395	- 0.4%	2,961,691**	+29.0%

\* Projected record. \*\* Record.



**SONY AND MATSUSHITA EARNINGS TAKE SHARP FALL:** Sharply reduced demand in Japan for consumer electronics is taking its toll on major suppliers, as Sony and Matsushita reported equally lower consolidated earnings in 2nd quarter ended Sept. 30. Sony said net income plunged 86.3% on 5.4% net sales increase and Matsushita posted 81% net income drop as sales declined 5% (see financial table).

Although noting softness elsewhere in world, both companies pointed to deteriorating conditions in domestic market as having particularly hurt sales. In first half, Sony said: "The pace of economic recovery in the U.S. was slower than anticipated, and in Europe stagnation became more pronounced. In Japan, personal spending and capital investment declined markedly." Matsushita said: "Japan's economic growth continued to slow down with decreased capital investment, inactive consumer spending and aggravated capital market conditions, while a recessionary climate lingered in the U.S. and Europe." Additional pressure on earnings came from strength of yen, which Sony said had appreciated about 9% against dollar since last year's quarter.

Sony said business environment "is expected to become even more severe" because of conditions in Japan "and the significant economic slowdown in Europe. The advance of the yen against the U.S. dollar and the maelstrom in European currency will keep foreign exchange markets unstable." Sony forecast that consolidated net sales for full year would increase 3% to \$31.8 billion, with operating income dropping 20% to \$1.07 billion and net income off 40% (factoring out proceeds from stock sale) to \$283 million. Forecasts assume exchange rate for 2nd half would average about 125 yen = \$1. New projections are markedly lower than those at beginning of year, when company projected gains of 9% in net sales, 8% in operating income, 20% in net income. Assumption at that point was that yen would be trading at about 130 = \$1.

In 2nd quarter, sales rose in all categories except video equipment and filmed entertainment. (All dollar amounts in this section are calculated at 119 yen = \$1, rate at end of quarter.) Largest growth shown by any hardware category came in "other," which includes semiconductors, components, disc drives, telephones. That group's sales rose 12.2% to \$1.46 billion. Audio remained largest hardware sales producer, up 1% to \$2.09 billion. Sales of video hardware dipped 0.7% to \$1.9 billion, while TV sales gained 6.3% to \$1.31 billion. Filmed entertainment revenues jumped 35.5% to \$729 million and recorded music sales were off 0.7% to \$915 million. U.S. accounted for largest slice of sales pie, up 10.5% to \$2.65 billion. European business rose 11.4% to \$2.29 billion and other overseas sales 4.1% to \$1.52 billion. However, sales in Japan fell 5.7% to \$1.95 billion.

Sony said unit sales of 8mm devices were down 9% to one million, of which 80% went overseas; camcorders constituted 90% of total. For full year, it expects units to reach 3.5 million. Sales of 1/2" VCRs were flat at one million, with double-digit gains in U.S. to about 200,000. Main drop came in Europe. For year, Sony expects to sell 3.7 million 1/2" VCRs. TV sales in quarter rose 8.6% to 1.9 million and are expected to reach 7.5 million by year-end. CD player sales jumped 6.8% to 3.9 million, forecast at 14 million for year; Walkman sales plummeted 27.9% to 3.1 million on slowdown in domestic market. Units are projected to hit 12.5 million this year.

Matsushita said drop in operating profits could be traced to yen appreciation and increased capital investment depreciation in addition to sales decline. Those factors overrode savings in other areas such as lower manufacturing costs and "rationalization of product design," company said. It now expects consolidated sales for year to drop 5% to \$57 billion, with pretax income off 53% to \$1.37 billion and net income down 64% to \$390 million. Those estimates are sharply lower than forecast at beginning of fiscal year, when company predicted sales would rise 1%, pretax income 6%, net income 9% (TVD May 25 p14).

Sales of communications and industrial equipment overtook video to become 2nd quarter's largest category. Only 2 product groupings in which sales rose were communication and industrial (up 4% to \$3.66 billion) and electronic components (up 2% to \$1.88 billion). Video equipment sales fell 14% to \$3.24 billion, audio sales 5% to \$1.3 billion, home appliances 8% to \$1.87 billion, entertainment software (film, music and video) 2% to \$1.24 billion, batteries and kitchen products 2% to \$788 million.

For first half, video equipment sales dropped 12% to \$6.18 billion, audio 5% to \$2.42 billion, appliances 2% to \$4.13 billion and entertainment software 2% to \$1.24 billion, but communications and industrial equipment edged up 1% to \$7.07 billion, components stayed essentially flat at \$3.58 billion and batteries and kitchen appliances fell 2% to \$1.47 billion.

Pioneer consolidated net income dropped 54.4% to \$22.2 million despite 1.6% sales gain in quarter to \$1.2 billion. Pretax income fell 29.8% to \$64.2 million.



Nintendo parent-only net income rose 10.4% to \$349.3 million in first half as sales jumped 13.2% to \$2.33 billion. Company said its Japanese sales gained 15% and exports 12%. Nintendo projected that parent-only sales would increase 10.3% to \$4.7 billion with net income relatively flat at \$723 million.

One domestic consumer electronics marketer, meanwhile, had good news. Under new management, Emerson posted strong improvement in 3rd-quarter results (see separate report in this issue).

**CIRCUIT CITY IN MAJOR MUSIC SOFTWARE TEST:** Circuit City (CC) is testing move into recorded music business by opening CD and tape departments in its newest store, which made debut last week in its home town of Richmond, Va. Departments also are being retrofitted into CC's other 2 Richmond stores, and have been placed in at least 2 stores in Atlanta area. CC's effort is seen as preparation for increasingly direct competition with Best Buy, which has been riding music and video sales to more consistent customer traffic and increased revenues. CC competes with Best Buy mainly in Tex. now, but chains are preparing to clash in Chicago, Minneapolis and other markets over next year and beyond. Other noteworthy aspects of new store are expanded computer array, latest version of less threatening home theater sales environment, reorganized checkout system and fact that no product (except portable cellular phones) is under glass.

Store follows racetrack layout and red-and-gray palette with neon highlights that have become CC fixture over last several years. Customer entering store can't doubt company's commitment to core TV and video businesses. Three well-separated camcorder tables -- one each devoted to VHS-C, 8mm and full-size VHS -- sit in front of wall of 80 VCRs and VCPs dead ahead of entryway at store's center. On opening day, store carried 21 8mm, 16 VHS-C and 12 full-size camcorders. Several on each table were tagged as "open" model -- units from open boxes, carrying full warranty, that could be bought at significant savings.

Entire left side of store, viewed from entrance, is devoted to TVs that line wall and also are merchandised on series of 6 curved fixtures. First 2 fixtures show off 13 different 35" TVs (7 consoles, 6 table models); succeeding fixtures display sets in descending screen size, down to better 27" sets. Smaller sets are housed in traditional TV wall.

Home theater receives 2-part presentation. Most notable is 300-400-sq.-ft. room mostly closed in by slightly smoked glass that displays 3 merchandise arrays, each angled toward 2 pairs of theater-styled seats at room's center. At opening, featured sets were Mitsubishi 60" (\$4,099), JVC 31" (\$999) and Sony 53" (\$3,399), with variety of audio and video electronics and accessory speakers. Area seemed to succeed in creating merchandising area that offers environment with high-quality performance characteristics but isn't so separated that nobody would walk in,. Among room's amenities: 4 Bose speakers suspended beyond and at either side of theater seats and walls lined with cloth-covered acoustic tile.

Those 2 elements -- ceiling-hung speakers and cloth-covered tiles -- are carried across racetrack aisle to more traditional mass market home theater display, where selection of projection and large-screen direct-view TVs are arrayed on raised platform along curved wall with supporting speakers and electronics.

Most obvious change in basic CC mix is music department, which occupies 1,600 sq. ft. (including CD and cassette storage devices) in back half of store. Goldman, Sachs retailing analyst David Bolotsky said CC is moving into CD and tape business for 2 major reasons -- "to try to eliminate any reason for the customer to shop at Best Buy" in upcoming markets and in "effort to improve sales productivity, which has stagnated somewhat in recent years." He also said music departments would "create some excitement in an otherwise subdued store atmosphere."

Department is flanked by pair of "listening stations", 2-sided kiosks designed to let shoppers pretest any of 8 CDs. Four pairs of headphones are attached to each kiosk, and listeners can move forward or reverse and control playback volume. Albums demonstrated are stocked in CD and cassette formats on kiosk itself. Company is buying and merchandising department on its own, rather than going through rackjobber.

Opening 12-page circular says that each of CC's 3 Richmond stores (other 2 are being retrofitted for music departments) stocks "more than 9,000 CDs." Company is adhering to its low-price guarantee. That was brought into sharp focus when we compared CC's CD prices with Price Club less than 1/2 mile away; CC prices were 1¢ lower than at warehouse club on same titles. Although there's no prerecorded video for sale, 5 monitors arrayed overhead continually show music videos.

Computer section had expanded merchandise selections in all categories, including printers, accessories, software. First display table consumer sees on way from store entrance holds all 4 models of Apple's new



Performa line. Next to it is stack of boxes labeled as Macintosh Accessory Kits. Cartons carry logos of both Apple and Circuit City, include mouse pad, copy clip, paper, blank diskettes and storage box for \$29.92. Department also stocks parts of Compaq's new Prolinea line.

Audio department bears testimony to national chains' efforts to cultivate mix-&-match components business that long was province of specialists. Department is dotted with multivendor packages (Onkyo-Sony-JBL, Kenwood-DCM-Audio Source, JVC-Bose, Sony-Bose) offered as "matched systems." Most striking was display of Technics DCC deck as part of prepackaged system with Harman-Kardon components and speakers. Deck was stacked on HK-3500 receiver and HD7600II CD player, flanked by HK40 speakers, with package offered at \$3,279. DCC player alone could be bought for \$999, though deck itself wasn't tagged. CC official verbally informed consumer that purchase of deck would be accompanied by mail order coupon for 10 pieces of DCC software. Music department across aisle didn't have any DCC tapes.

Operationally, most significant change evident on sales floor is at checkout, where customers can receive merchandise at register. In other Circuit City locations, shopper goes to checkout to pay, then proceeds to separate pickup deck to get goods.

**BEST BUY LEAVING NATIONWIDE:** In move that's been subject of speculation for at least year (TVD March 9 p16), Best Buy last week announced exit from Nationwide buying group. Parting of ways was inevitable result of rapid growth of Best Buy's empire and marketing philosophy embodied in Concept 2 stores, which stress their lack of commissioned salespeople and sharp prices on such things as extended warranties.

Best Buy had grown to be by far largest Nationwide member, with annual sales expected to top \$1-billion mark in current fiscal year. Most of Nationwide's other members are much smaller local retailers -- particularly since it incorporated membership of SEBA (Select Businessman's Assn.) buying group earlier this year -- many of them in markets in which Best Buy has begun operating its Concept 2 stores.

"The issues facing Best Buy's long-range planning, strategic positioning and purchasing discipline differ significantly from the majority of the new group's membership," Best Buy said. It quoted Chmn.-CEO Richard Schulze as calling decision "difficult personally," but in "the mutual best interests of Best Buy and Nationwide."

Nationwide Pres. Lee Guttman stressed that parting was "mutually amicable" and said Best Buy's logistics were as much of issue as its sheer size. "They're working on January 1994, while we're getting ready for this Christmas," he said. He also cited divergent marketing plans: Nationwide members stress talents of their salespeople while "Best Buy sells against salespeople. Nationwide sells warranties, while Best Buy sells against them."

"Our newly combined group has enormous potential without Best Buy and will continue to evaluate new applications for membership where the history and objectives are applicable," Guttman said. He said he doesn't anticipate that Fretter, other Nationwide member that dwarfs most others, will follow Best Buy's lead.

**Tandy half-hour infomercial** supporting introduction of Video Information System (VIS) multimedia system was scheduled to be carried on CNBC cable channel Nov. 21. Tandy has begun shipping VIS players to stores from Ft. Worth plant. It's also boosting launch by mailing 10-min. videotape to "tens of thousands" of households around country, spokesman said.

**SONY DUAL-DECK VCR:** First double-deck VCR introduced in Japan went on market there last week -- from Sony. It combines 8mm and VHS and is designed for editing or dubbing camcorder tapes to VHS, Sony said. It contains both broadcast and satellite tuners and carries list price equivalent to \$1,520. Sony said it has no plans to export system.

Both decks in tandem machine are equipped for hi-fi stereo audio, and both can reproduce high-band recordings (Hi8 and S-VHS) in standard resolution ("quasi"). System will record or edit from either format to other, but can record TV in only one format at time. Editing functions include shuttle edit, system guide, auto edit. Sony was careful to explain that it contains anticopy circuitry, presumably to prevent dubbing of Macrovision-coded prerecorded software. Sony plans initial monthly production of 5,000.

Samsung recently demonstrated 8mm/VHS Hi-Fi recorder with bidirectional recording capability for sale here in July at \$999 list (TVD Nov 9 p15) and Go-Video plans similar model at midyear.

Sony also introduced in Japan programmable remote control that doesn't require battery replacement. It has solar cell and built-in rechargeable battery. Priced at \$62, it will be produced at start at rate of 10,000 monthly.

**New Stores:** Tandy last week opened its 2nd expanded Radio Shack (RS) "superstore," about double size of standard RS store. RS Exec. Vp Joseph Tanner said several ideas from original superstore, which opened earlier this year in Mesquite, Tex. (TVD Feb 17 p14), have been incorporated into latest unit in Scottsdale, Ariz. "The Scottsdale store will have a distinctly different and more exciting look, carrying the experiment even further," he said. Store has automotive sound room with switching system, first for chain, and includes TandyVision Interactive electronic catalog... **Baltimore Gas & Electric** opened its 13th appliance and electronics store, 9,000-sq.-ft. unit in Laurel, Md.

#### THIS WEEK'S YEN RATE

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



**COMDEX--CE TECHNOLOGY PREVIEW:** Speech recognition and mass-storage devices no bigger than credit cards were among technologies featured at last week's COMDEX -- with broad implications for consumer electronic (CE) products. One notable change was increased presence, official and otherwise, of attendees from CE industry, including press. Among vendors, Sony had gigantic circular exhibit housing 4 divisions, including consumer.

Show drew more than 130,000 attendees to over 2,000 exhibits at Las Vegas Convention Center and 5 satellite hotels, including much ballyhooed Multimedia extravaganza at Bally's. There, visitors saw proliferation of lower cost add-on boards and software for multimedia audio, graphics and video, most aimed at desktop business presentation market. Intel's Digital Video Interface (DVI) made big showing in wide assortment of products, including Microsoft Windows for Video. Several vendors also offered Photo CD capability in CD-ROM drives. Meanwhile, approaching consumer price-points as low as \$349 were more than half-dozen new adaptors to convert PC display for NTSC video sources, including TV.

Although Personal Digital Assistants (PDAs) or "subnotebooks" a la Apple's Newton were subject of much talk, all remained vaporware as far as shipping dates go. Among general trends: Laptop and notebook computers getting smaller, lighter, more power efficient from combined use of credit-card-size solid state storage, nickel metal-hydride (NiMH) batteries, new lower voltage 386 microprocessor at 3.3 versus 5 volts. Particularly noteworthy: Panasonic CF-1000 (\$2,300) that lets user substitute 2nd NiMH in space occupied by floppy drive, yielding 11 hours of power; portables becoming more muscular and flexible through use of powerful 486 chip; pen-based input built in or as add-on, cellular radiophone or packet radio output.

AT&T chip for Mobitex data communication system, along with just-introduced Hobbit microprocessor, is seen as key component for new generation of handheld Personal Communications Systems and PDAs. So are PCMCIA-standard cards -- interchangeable solid state devices that can replace mechanical storage units. These are credit-card size, hold 100 Mb but consume 1/25 power of hard disc drives and are shockproof. Other applications include voice, data and fax modem on card, infrared module for wireless input/output.

Leading Japanese companies including Matsushita, NEC and Toshiba say they will develop PDA products around Hobbit. PDAs were as elusive as Tolkien leprechauns at COMDEX. Apple kept Newton mockup under glass. IBM demonstrated "concept product" shaped like walkie-talkie, with cellular phone for communication and LCD touchpad as input/output device for accessing E-mail and other services. IBM gave no timetable for PDA, privately expressed fear Apple has created too-high expectations as to availability, price and capabilities that won't be satisfied. IBM touted "concept product" as in-house project but sources told us Big Blue is prepared to shop outside to get product in pipeline quickly.

IBM also showed slew of home-grown or licensed voice-operated technologies. But key breakthrough was its own low-cost system that's speaker independent. System lets users respond vocally to prompts or questions displayed on screen, has vocabulary of 20,000-plus words, up to 1,000 available at time per screen application. System is designed for customized applications, as shown in variety of demonstrations. For example, real estate demo let shoppers

speak their price range and other requirements to access house listings. Ditto for classified ads. For sushi restaurant, diners order from automated menu by voice. For foreign language applications, tourist selects and speaks displayed phrase in own language and computer displays translation.

IBM says system is speaker-independent because analog speech is digitized and compared with model created from 17,000-plus voice and accent samples -- including Japanese executive with transposed Ls and Rs. Demo was run on 486 desktop with OS-2 operating system but also could use 386, though slowed down. Pricing depends on user requirements, but system is part of IBM Speech Server Series that also includes \$7,000 speaker-dependent program with 20,000-word vocabulary that accepts dictation at 70 words per min. Cheaper system (\$2,300) licensed from Dragon Systems has 7,000-word vocabulary that lets computer user enter program commands by voice instead of keyboard. WEN Technology introduced \$4,500 notebook computer that takes voice commands.

**EMERSON PROFITS CLIMB:** Emerson's net income for quarter to Sept. 30 jumped more than sixfold from same 1991 period, and loss for 9 months was less than half of comparable 1991 figure (see financial table). Pres.-CEO Martin Holleran of company's new management credited significant increase in core business sales and improved gross profits.

Net sales in "core business" -- consumer electronics -- totaled \$265.8 million in quarter, up 23% from \$215.7 million, largely attributed to higher unit sales of TVs and video products. In 9-month period, consolidated net sales rose 8% and core business sales 21%. Chmn. Donald Stelling said new management is focusing efforts on core business and cost structure and expects continued improvement in 4th quarter.

**BMC**, reporting 6th consecutive quarter of increases in operating earnings over year earlier (TVD Oct 19 p18), said "robust" U.S. market for color tube shadow masks "helped offset a continuing erosion of the European mask market, particularly in the high-end large-size masks." European tube market is contracting "with significant plant shutdown time experienced by our customers," but BMC expects inflated European inventories to "dissipate" in 2nd quarter of 1993.

**Japanese consumer electronics** manufacturers said last week they were studying new "advanced pricing agreement" (APA) method of resolving disputes over taxes owed by U.S. subsidiaries of foreign companies, along lines of Matsushita settlement (TVD Nov 16 p10). Toshiba and Sony spokesmen said their companies were studying APA system with interest but weren't involved in negotiation with IRS on subject. Commenting on our report last week, Sony spokesman said company had been questioned in past by IRS, but only in "routine" manner.

**Asahi is restructuring** AV Products Dept., will decide before year-end whether to leave camcorder business. Company, which markets Pentax brand camcorders made by others, denied through spokesman in Tokyo published reports that decision already had been made (TVD Nov 9 p14). Film camera makers that buy camcorders on OEM basis have been particularly hard hit by current slump, and others are rumored to be considering leaving field.



**MOVIES FIRST, MULTIMEDIA LATER?** Digital video must use movies or "some sort of networking" to build sales and circulation, adding interactive programming later. So said Denon America Pres. Robert Heiblim last week at Techno Expo '92 in N.Y. showcasing company's new products and technical prowess. But he forecast "within 5 years all of us will be selling consumer digital video products."

One exhibit was devoted to industrial version of self-contained digital video interactive (DVI) player, which obviously wasn't prototype of promised full-motion consumer version (TVD Oct 5 p10). However, Heiblim said Denon was "very close" to laserdisc quality on 5" disc, which "quite possibly" would be marketable next year. "Call this Year One of digital video," he said.

Any such interactive digital product must be marketed first as "a VTR, which stands for 'videotape replacement,'" he said, because consumers won't buy unknown devices and software. He said product has to be at least as good as laserdisc and sell for less than \$500 to be consumer product. In order to appeal to consumers, he said, it must have quality superior to existing media and be "something that plays movies and is also interactive," rather than being sold primarily as interactive device.

Videogames don't provide key to true multimedia market, Heiblim said. "People won't spend for high quality on game systems. Game companies have no desire either. They want the hardware to be cheap" because they make their profits on software. To achieve high quality required for digital movies, he said, "there's probably going to have to be another standard" higher than MPEG II.

Heiblim said Denon isn't wedded to DVI, and "if somebody has anything better, we'll jump on it." That product isn't CD-I, however, which he said used "ancient" operating system.

In audio, meanwhile, Denon moved decidedly into Sony camp when Heiblim told reporters that "full development" of Denon portable, home and car Mini Disc (MD) players is under way. In answer to question, he said MD "is a better format." He added that DCC represents "the Nth iteration of the compact cassette," while MD is "the first iteration" of recordable optical format for consumers.

Heiblim said: "We see real value in every respect, from its convenience, longevity and its compactness to its sound quality and its future multimedia potential." He reiterated company's plan to show MD playback-only portable at Las Vegas Consumer Electronics Show for possible delivery late in first quarter of 1993. He sidestepped questions about pricing, saying he hopes playback-only MD would be "as cheap as possible."

Heiblim, who originally had hoped to ship Denon DCC recorder in Nov. but killed those plans on ground that delay in Matsushita delivery of key components prevented Denon parent Nippon Columbia from marketing deck of its own design, echoed other executives in saying company would field DCC product "if the public wants it." But window of opportunity for Denon DCC recorder has closed at least temporarily, he said. Public clamor for product has become condition for Denon's marketing it and "I wouldn't introduce it if the know-how became available tomorrow."

**Over-40" color plasma display for HDTV is goal of 5-year plan at Matsushita, Dempa said last week.**

**AUDIO'S UPBEAT SEPT.:** Double-digit gains in portable audio, systems and aftermarket autosound buoyed factory audio dollar sales to impressive gains in Sept., EIA Mktg. Services Dept. reported. Components declined for 15th consecutive month, albeit by more modest pace than in recent past.

Overall Sept. factory dollar sales rose 21.3% to \$775.64 million from \$639.67 million year earlier, EIA said. Biggest gain came in portable audio category -- 31.3%. Running close behind were aftermarket autosound, up 30.7%, and systems, up 28%. Meanwhile, components fell 3.5%, although dip was paltry compared with 16.1% downturn month earlier.

For 9 months, unabated erosion in components sales resulted in drop of 15.5%. Overall factory audio dollar sales, however, climbed 6.7%, spurred mainly by year-to-date gains in portable audio and aftermarket autosound. Factory dollar sales in portable audio gained 18.7% and car stereo aftermarket sales 18.3%. Systems category rose 7.5%.

Here's EIA breakdown of factory audio dollar sales in Sept. and year's first 9 months:

FACTORY SALES OF AUDIO EQUIPMENT (add 000)			
Product	Sept. 1992	Sept. 1991	% Chg.
Portable audio*.....	\$304,573	\$231,881	+31.3
Components.....	164,596	170,593	- 3.5
Systems.....	169,818	132,677	+28.0
Autosound (aftermarket)	<u>136,650</u>	<u>104,522</u>	+30.7
<b>TOTAL.....</b>	<b>\$775,636</b>	<b>\$639,672</b>	<b>+21.3</b>
	<b>9 Mo. '92</b>	<b>9 Mo. '91</b>	<b>% Chg.</b>
Portable audio*.....	\$1,699,164	\$1,431,690	+18.7
Components.....	1,105,958	1,308,346	-15.5
Systems.....	933,151	868,032	+ 7.5
Autosound (aftermarket)	<u>1,125,249</u>	<u>950,918</u>	+18.3
<b>TOTAL.....</b>	<b>\$4,863,521</b>	<b>\$4,558,856</b>	<b>+ 6.7</b>

\* Includes home radio

**Christmas gifts recommended in Dec.** Consumer Reports, based on products previously rated best buy: Panasonic cordless phone, RCA clock radio, Zenith 20" TV, Sony answering machine, Brother word processor, Sharp Wizard personal organizer, Sony camcorder. Also in Dec. issue: Ratings of universal remotes, small microwave ovens, corded phones, recommendations for midpriced audio components and this advice: "One thing you don't need -- extended warranties on audio and video gear. They usually do more for the retailer's bottom line than for your peace of mind."

**VCR Plus licenses** have been signed by "90% of the world VCR manufacturers," Gemstar Development Corp. says. In U.S., VCR Plus programmer is being sold in 26,000 stores, and programs are carried in more than 700 newspapers worldwide, as well as in TV Guide. Programmer is being sold in Japan, Korea, France and New Zealand in addition to U.S. and Canada, with new markets in Europe, Southeast Asia and S. America scheduled in 1993.

**Sharp Viewcam**, 8mm camcorder with 4" LCD monitor (TVD Sept 28 et seq.) will carry suggested list of \$2,200 when it's sold in U.S. starting in Feb., Japanese reports said. First monthly shipment will be 3,000, planned to increase to 30,000 monthly by end of 1993.



## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>Adelphia Communications</b>			
1992-6 mo. to Sept. 30	151,206,000	(71,618,000)	-- <sup>a</sup>
1991-6 mo. to Sept. 30	134,793,000	(71,239,000)	--
1992-qtr. to Sept. 30	76,015,000	(32,029,000)	--
1991-qtr. to Sept. 30	68,307,000	(34,443,000)	--
<b>Atari</b>			
1992-9 mo. to Sept. 30	101,873,000	(51,714,000)	-- <sup>a</sup>
1991-9 mo. to Sept. 30	161,894,000	30,042,000	.52 <sup>b</sup>
1992-qtr. to Sept. 30	34,529,000	1,882,000	.03
1991-qtr. to Sept. 30	49,240,000	1,634,000	.03
<b>Emerson Radio</b>			
1992-9 mo. to Sept. 30	618,332,000	(25,479,000)	-- <sup>a</sup>
1991-9 mo. to Sept. 30	572,656,000	(55,768,000)	-- <sup>a</sup>
1992-qtr. to Sept. 30	265,783,000	6,709,000	.18
1991-qtr. to Sept. 30	230,576,000	982,000	.03 <sup>a</sup>
<b>Falcon Cable Systems</b>			
1992-9 mo. to Sept. 30	37,767,700	(6,258,600)	--
1991-9 mo. to Sept. 30	34,281,400	(8,270,700)	--
1992-qtr. to Sept. 30	12,730,100	(2,803,300)	--
1991-qtr. to Sept. 30	11,584,000	(2,542,900)	--
<b>Good Guys Inc.</b>			
1992-year to Sept. 30	503,901,000	3,793,000	.29
1991-year to Sept. 30	419,428,000	10,985,000	.93 <sup>c</sup>
1992-qtr. to Sept. 30	119,797,000	(1,557,000)	--
1991-qtr. to Sept. 30	103,342,000	2,247,000	.17 <sup>c</sup>
<b>Image Entertainment</b>			
1992-6 mo. to Sept. 30	26,737,096	(2,297,549)	--
1991-6 mo. to Sept. 30	22,536,853	(681,748)	--
1992-qtr. to Sept. 30	16,935,961	(622,884)	--
1991-qtr. to Sept. 30	12,835,223	(199,109)	--
<b>International Family Entertainment</b>			
1992-9 mo. to Sept. 30	95,606,000	23,291,000	.94
1991-9 mo. to Sept. 30	83,511,000	16,982,000	.88
1992-qtr. to Sept. 30	31,697,000	8,077,000	.28
1991-qtr. to Sept. 30	27,724,000	4,037,000	.24
<b>Jones Intercable Inv.</b>			
1992-9 mo. to Sept. 30	30,499,230	(2,646,130)	--
1991-9 mo. to Sept. 30	28,768,752	(5,633,653)	--
1992-qtr. to Sept. 30	10,352,836	(491,806)	--
1991-qtr. to Sept. 30	9,666,751	(1,640,406)	--
<b>King World Productions</b>			
1992-year to Aug. 31	503,200,000	94,900,000	2.43
1991-year to Aug. 31	475,900,000	90,600,000	2.31 <sup>a</sup>
1992-qtr. to Aug. 31	98,000,000	20,600,000	.53
1991-qtr. to Aug. 31	93,500,000	19,800,000	.50
<b>Matsushita Electric<sup>d</sup></b>			
1992-6 mo. to Sept. 30	29,502,000,000	138,000,000	.66 <sup>e</sup>
1991-6 mo. to Sept. 30	30,821,000,000	653,000,000	2.97 <sup>e</sup>
1992-qtr. to Sept. 30	15,108,000,000	62,000,000	.30 <sup>e</sup>
1991-qtr. to Sept. 30	15,942,000,000	332,000,000	1.51 <sup>e</sup>
<b>Nostalgia Network</b>			
1992-9 mo. to Sept. 30	8,445,297	(2,084,079)	--
1991-9 mo. to Sept. 30	7,131,680	(2,743,074)	--
1992-qtr. to Sept. 30	2,746,364	(1,105,192)	--
1991-qtr. to Sept. 30	2,560,518	(419,756)	--
<b>QVC Network Inc.</b>			
1992-9 mo. to Oct. 31	728,753,000	36,222,000	.89 <sup>a</sup>
1991-9 mo. to Oct. 31	640,144,000	10,598,000	.34 <sup>a</sup>
1992-qtr. to Oct. 31	274,332,000	16,363,000	.40
1991-qtr. to Oct. 31	248,762,000	5,709,000	.18 <sup>a</sup>
<b>Republic Pictures</b>			
1992-9 mo. to Sept. 30	55,702,000	490,000	.11 <sup>b</sup>
1991-9 mo. to Sept. 30	58,939,000	251,000	.06
1992-qtr. to Sept. 30	19,651,000	162,000	.04
1991-qtr. to Sept. 30	18,637,000	158,000	.04
<b>Sony<sup>d</sup></b>			
1992-6 mo. to Sept. 30	15,968,000,000	150,529,000	.38 <sup>e</sup>
1991-6 mo. to Sept. 30	15,231,000,000	378,504,000	.93 <sup>e</sup>
1992-qtr. to Sept. 30	8,404,000,000	25,059,000	.07 <sup>e</sup>
1991-qtr. to Sept. 30	7,976,000,000	182,353,000	.45 <sup>e</sup>

Company & Period	Revenues	Net Earnings	Per Share
<b>Walt Disney</b>			
1992-year to Sept. 30	7,503,896,000	816,740,000	1.52
1991-year to Sept. 30	6,111,969,000	636,608,000	1.20 <sup>c</sup>
1992-qtr. to Sept. 30	2,075,087,000	223,738,000	.42
1991-qtr. to Sept. 30	1,716,855,000	174,054,000	.33 <sup>c</sup>

Notes: <sup>a</sup>After special charge. <sup>b</sup>Includes special credit. <sup>c</sup>Restated. <sup>d</sup>At rate of 119 yen = \$1. <sup>e</sup>Per ADR.

## Consumer Electronics Personals

**Tom Mitsui**, Toshiba America TV vp, is returning to Japan for new assignment after serving in TV posts for company here since 1983... **Joseph Henderson**, ex-Highland mdsg. vp (TVD Sept 28 p16), takes same title at Roberts, Dayton-based retailer... **Steve Caldero** promoted to Yamaha vp-sales; he had been national sales mgr. of Yamaha Home Audio Group, responsible for components and Concert Systems since March restructuring following departure of longtime Mktg. Vp **Steve Girod**... Appointments at KEF U.K.: **Stephen Halsall** as mktg. mgr., **Terry Livesey** as purchasing mgr., **Kenneth Smith** as production mgr... **Denise Bean**, ex-Ballantine Books, appointed PR coordinator for J.B. Stanton Communications, N.Y. PR firm.

Promotions at Prism Entertainment: **Joseph Petrone** to senior sales and mktg. vp, **Tim Landers** to sales vp... **Pam Kelley**, ex-LIVE Home Video, named New Line Home Video national accounts dir., new post... Changes at St. Paul-based Video Service resulting from its sale to Major Video Concepts: Pres. **Scott Evert** joins Major as St. Paul branch mgr., **Joseph Jenniges** named branch sales mgr.; both will be involved in Major's rollout of used-tape business that was part of deal... **Dale Cooper**, ex-RKO Warner Video chain, joins Palmer Video as buyer for its 36 corporate stores.

Inductees at Dec. 8 Video Hall of Fame dinner at Marriott Marquis, N.Y.: Palmer Video Chmn.-Pres. **Peter Balner**; late **Lawrence Hilford**, founder of Orion Home Entertainment and first pres.-CEO of FoxVideo predecessor CBS/Fox; **Art Lewis**, late Video Magazine editor-in-chief and one-time assoc. editor of TV Digest.

**Christmas cheer** for retailers from Conference Board: Its 5,000-family survey indicates that average household spending on Christmas gifts this year will be 6.5% higher than last year. Average U.S. household plans to spend \$400 on gifts, and 25% will spend more than \$500. Families headed by people aged 45-54 are biggest spenders, followed by 35-45 group. Additional good news is that there are 28 shopping days this year between Thanksgiving and Christmas, 2 more than last year.

**Projaxtvision** said last week it had received \$2.2 million from exercise of 92% of outstanding common stock purchase warrants. Proceeds will be used for "R&D, marketing, working capital, acquisitional and other general corporate purposes."

**Silo and Marshall Field** agreed to one-year extension of Silo's lease to operate consumer electronic departments in 11 Marshall Field stores. Original agreement, which paved way for Silo's entry into Chicago market, was to run out early next year.



# TELEVISION DIGEST®

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With Consumer Electronics

IN THIS ISSUE: Warren Publishing's List of Top 100 Cable Operators  
Western Cable Show HQ: Booth 565, phone 714-490-2319

NOVEMBER 30, 1992

VOL. 32, NO. 48

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**DISAPPOINTING HDTV RESULTS** for Zenith/AT&T system blamed on poor tuning, bad camera. Company claims problems are solved. Picture quality. (P. 1)

**TOP 100 MSOs** have improved pay channel results. Gain more than doubles previous 6 months. Basic subscribers lower than growth of households. Top 100 listed. (P. 2)

**PRODIGY EYES CABLE:** Prodigy, Microsoft to woo cable operators at Western Show, seeking higher data rates available on cable. New revenue streams offered. (P. 5)

**GE SELLS SPACE DIV.,** but says NBC isn't on block. Sale to MM for \$3 billion eases pressure on GE. Welch calls network 'premier property,' makes no promises. (P. 5)

**JUDGE, COALITION FIGHT OVER FINSYN:** Posner refuses to disqualify himself. Hollywood, INTV seek reconsideration before 3-judge panel. (P. 6)

**MUST-CARRY SLOWED:** Oral argument delayed by court at broadcasters' request. (P. 7)

**IGER TO SUCCEED SIAS** as pres. of ABC TV Network Group, which includes Entertainment, Sports and News. ABC sweeps victory confirmed. (P. 7)

**NAB, NCTA 'ROAD SHOWS'** give differing views of Cable Act. NCTA calls it more complicated than 1984, possibly than 1934 Communications Act. (P. 8)

**ZENITH/AT&T HDTV TEST RESULTS DISAPPOINTING:** Zenith/AT&T HDTV system had poorer picture quality and was less robust than expected, according to test results from Advanced TV Test Center (ATTC). Zenith blamed problems on poorly tuned equipment and undue noise in video material used for tests, which it shot on 787.5-line camera. It said in recent SEC filing (TVD Nov 23 p6) that most of problems had been resolved by retuning and other improvements since testing was completed May 21. ATTC expects to make final version of test results public next month, and those for Advanced TV Research Consortium system are due week or 2 later.

Zenith spokesman told us there were "really no surprises" in published test results: "We knew at the time of testing that there were certain things that we would have hoped would have performed better. Since then, we have been making significant improvements, which we have demonstrated. We now have a demonstrable system that has corrected the shortfalls of 6 or 7 months ago at the test center." Spokesman also pointed out that RF performance of digital spectrum compatible HDTV (DSC-HDTV) was "excellent" in tests.

### Consumer Electronics

**ZENITH BRAND AUDIO LINE** to be developed and marketed by Soundesign. Autosound, telephone products included in deal, for late 1993 availability. (P. 12)

**GO-VIDEO VS. SONY AGAIN,** as Ariz. firm asks court to review conspiracy testimony in light of Sony's introduction of dual-deck VCR in Japan. (P. 13)

**CAPTION DEBACLE FEARED** by industry leaders. Toshiba celebrates 10 millionth U.S.-assembled color set. Matsushita's Pluckhan sees records in 1992. (P. 13)

**VCR AND COLOR IMPORTS** up sharply in year's first 9 months as CD players set record. (P. 15) Mexico increasing lead as top source of imported color TV. (P. 16)

**SEARS TO TRIM CE PRODUCTS,** among other items, in catalog, in revamping of operation to stem annual \$200-million mail-order losses, according to report. (P. 16)

**PHILIPS-THOMSON LCD** venture will involve pooled research and production with SAGEM of France, with Philips holding 80%. EC could add \$27 million. (P. 16)

**CONSUMER ELECTRONICS DECLINE** cited in govt. report that finds domestic market's share is only 5%. CE seen vital as 'driver of new technologies.' (P. 17)

**PROGRESS ON MPEG-2,** standard for high-quality full motion video, reported at London meeting. (P. 18)



Picture quality of Zenith/AT&T DSC-HDTV system was noticeably lower than 1,125-line source material for 20 of 23 test segments, according to prepublication draft of ATTC report (final version will include corrections for power calibration problem at ATTC, which officials said will have little effect on results). Report said one segment had same quality, and 2 were judged better than original, possibly because progressive scanning system reduces visibility of interlace artifacts. For example, tests of General Instrument system showed little difference in picture quality between source material and that displayed on HDTV sets (TVD Sept 14 p3). Zenith picture quality delivered over cable was judged virtually identical to that received at headend, and Zenith officials said they were pleased with cable test results.

Zenith said picture quality was "generally good relative to the 787 source" camera, but low quality of camera, particularly in low luminance conditions, introduced about 6 dB more noise than 1,125 source material. Zenith was given opportunity to convert 1,125 source material, as were 1,050-line proponents, but chose not to. In addition to causing lower picture quality, camera-induced noise decreased coding efficiency and made signal less robust, Zenith said in comments included with report. Reduced picture quality means more data are needed from low-priority carrier in order to keep video viewable, Zenith said.

Biggest impact was on Zenith/AT&T claim that DSC-HDTV would degrade gracefully at edge of service area, rather than become unviewable almost instantly as is case with other HDTV systems. Zenith said it achieved graceful degradation by dividing signal into high-priority area that's delivered with more power, and low-priority area with less power. Even when low-priority data no longer are received, high-priority data will be available and provide viewable picture, Zenith said. However, expert observers in test process said video became unviewable as soon as low-priority threshold was reached in virtually all cases except some still pictures, indicating there was little if any graceful degradation. Observers also said there appeared to be "a serious coding artifact" even in high-priority section: "The observers believe that the [artifact] activity in still images in the normal mode would be noticeable by average viewers... and would become objectionable. The robust mode is judged not to produce HDTV-quality images." Experts acknowledged, however, that DSC-HDTV didn't produce artifacts that are typical of interlaced systems.

HDTV-to-HDTV interference levels of DSC-HDTV generally appeared to be acceptable in most cases, according to test results. Like other digital systems, DSC-HDTV interference into NTSC showed as "white noise" that didn't affect NTSC picture seriously, but expert observers said co-channel interference showed up as rainbow-like color bar in NTSC pictures, caused by HDTV segment sync falling on NTSC's color subcarrier frequency. Zenith said problem could be solved by offsetting DSC-HDTV segment sync by additional 30 MHz, placing it in Fukinuki hole, where no NTSC information is transmitted. Improvements in system since testing was completed were made without changing basic compression algorithm, company said, and there were no changes in channel data format. Zenith acknowledged, however, that it's still doing tradeoff between picture quality and transmission performance. Other changes included remedying improperly tuned video coder and improving and retuning transient response.

Zenith dismissed results of audio tests conducted by ATTC, saying "there are problems with how these tests were conducted which make the results... unreliable and sometimes even anomalous." Proponents of other HDTV systems agreed with Zenith that subjective audio tests aren't sensitive enough for results to be usable. FCC's Advanced TV Advisory Committee had considered complaints earlier, but decided it was too late to change test procedures. Now, issue is to be discussed again by Systems Subcommittee in Jan. One possibility would be using tapes of each system collected during test process for retesting later, avoiding need to reinstall each system at test center.

But even those tests may turn out to be inadequate. ATTC, at direction of Advisory Committee, tested only 2 audio channels of HDTV systems. But Advanced TV Systems Committee, representing consensus of industry, agreed last spring that at least 5 audio channels are needed for any truly advanced TV system. Systems Subcommittee members have been drafting possible test plan for 5-channel audio system in case group decides that's needed.

**PAY-TV UNITS FOR TOP 100 MUCH IMPROVED, BASICS FLAT:** Pay units at top 100 cable operators grew 1.8% since March 1, more than double 0.81% gain in previous 6 months (TVD May 4 p4), and biggest increase in 3 years, but basic subscribers were virtually flat. Here are key figures from our latest survey:

(1) Top 100 had 52,814,484 basic subscribers as of Sept. 1, up 0.7% from March 1, compared with 2.6% increase for previous 6 months. Basic growth rate failed to keep pace with that of U.S. TV households -- using latest estimates from Arbitron, top 100 now serve 56.9% of TV households, down from 57.2% in our last survey. (2) Pay units were 38,505,977, up 1.8%. Pay-to-basic penetration grew slightly to 72.9%, up from



72.82%. (3) Homes passed were 88,720,441, up 3.13%. Basic-to-homes-passed penetration fell to 59.5% from 61%.

Companies in top 100 were fairly stable for last 6 months. Most notable change is consolidation of ATC (previously ranked 2) and Warner Cable (5) into Time Warner Cable (now 2). Impact of Hurricane Andrew also is reflected in numbers, with Storer Cable informing us that its decrease from previous survey was due to total loss of system serving S. Dade County.

**Note:** We continue to offer most up-to-date cable TV data anywhere, based on our 43 years of tracking details on cable systems. Data are available for use on your own computers or as customized reports. We will be demonstrating services at Western Cable Show in Anaheim, Dec. 2-4: Booth 565, phone 714-490-2319. Attending for Warren Publishing: Gene Edwards, Karen Fahle, Mike Feazel, Lynn Levine.

## Top 100

Rank	System Operator	Number of Subscribers	Pay-Cable Units	Homes Passed by Cable	Miles of Plant	Addressable Homes
<b>FIRST 50</b>						
1.	Tele-Communications Inc. <sup>a,h</sup>	8,900,000	5,900,000	15,312,500	160,000	N.A.
2.	Time Warner Cable <sup>b</sup>	6,800,000	5,090,000 <sup>c</sup>	12,500,000 <sup>c</sup>	115,000 <sup>c</sup>	N.A.
3.	Continental Cablevision Inc.	2,852,000	2,538,000	4,968,000	51,880	N.A.
4.	Comcast Corp. <sup>d</sup>	2,518,000	1,820,000	4,386,000	53,500	680,000
5.	Cablevision Systems Corp.	1,757,446	3,487,838	2,948,496	26,000 <sup>a</sup>	N.A.
6.	Cox Cable Communications	1,704,429	1,243,957	2,745,457	25,680	623,204
7.	Storer Cable Communications	1,608,800	1,011,600	2,739,000	35,681	307,000
8.	Newhouse Bcstg.	1,321,806	1,064,345	1,926,758	28,523	641,005
9.	Jones Spacelink Ltd.	1,200,000	884,400	2,000,000	23,700	499,800
10.	Adelphia Communications Corp. <sup>a</sup>	1,189,000	629,356	1,613,844	21,500	N.A.
11.	Cablevision Industries Inc.	1,172,259	683,625	1,711,125	29,747	377,676
12.	Times Mirror Cable TV	1,121,300	709,900	1,965,700	18,850	N.A.
13.	Viacom Cable	1,104,486	798,642	1,749,100 <sup>a</sup>	14,000	425,000
14.	Falcon Cable TV	1,054,500	364,700	1,254,700	24,260	377,977
15.	Sammons Communications Inc.	940,000	602,326 <sup>a</sup>	1,383,050 <sup>a</sup>	15,500 <sup>a</sup>	N.A.
16.	Century Communications Corp. <sup>a</sup>	884,000	473,000	1,600,000	17,981	N.A.
17.	Colony Communications Inc. <sup>a</sup>	778,767	478,474	1,244,774	5,037	N.A.
18.	Crown Cable Inc.	721,620	452,000	1,416,110	28,000	400,000
19.	Scripps Howard Cable Co. <sup>a</sup>	649,181	505,746	1,096,344	12,000	N.A.
20.	TeleCable Corp.	649,061	628,078	971,736	13,030	516,395
21.	KBLCOM Inc.	566,615	415,460	1,171,917	9,321	263,185
22.	Lenfest Communications Inc.	546,145	447,561	848,881	10,102	103,790
23.	Maclean Hunter Cable TV	524,810	621,234	1,144,556	6,707	305,412
24.	Prime Cable Corp. <sup>1</sup>	514,000	495,000	1,140,921	8,651	450,000
25.	InterMedia Partners	504,077	286,233	856,622	113,218	N.A.
26.	MultiVision Cable TV Corp. <sup>a</sup>	485,400	299,700	827,111	12,493	129,865
27.	Post-Newsweek Cable Inc.	456,384	276,763	669,868	8,900	165,210
28.	TCA Cable TV Inc. <sup>a</sup>	454,852	235,621	643,585	9,950	N.A.
29.	Tele-Media Corp.	447,577	140,011	642,019	11,201	N.A.
30.	Wometco Cable Corp.	408,567 <sup>d</sup>	260,944	736,259	11,129	170,234
31.	Multimedia Cablevision Inc.	373,576	301,935	641,097	7,500	60,000
32.	Rifkin & Assoc.	340,401	186,276	505,910	9,154	2,000
33.	Triax Communications Corp.	334,862	146,887	578,752	12,463	3,849
34.	TKR Cable Co.	333,886	348,291	470,092	5,247 <sup>a</sup>	103,000
35.	Western Communications	314,205	156,248	417,401	4,300	N.A.
36.	Simmons Communications Inc.	275,412	141,721	495,933	8,500 <sup>a</sup>	N.A.
37.	C-TEC Cable Systems	260,446	123,358	400,071	9,248	N.A.
38.	Service Electric Cable TV Inc.	235,000	82,000	342,000	5,400	N.A.
39.	Columbia International Inc.	225,000	183,000	375,200	4,600	150,000
40.	Harron Communications Corp.	224,824	150,422	327,128	6,419	118,004
41.	Greater Media Inc.	219,067	183,003	360,650	2,947	168,000
42.	Hauser Communications	219,000	212,000	383,600	4,000	N.A.
43.	Media General Inc.	210,174	199,301	314,701	4,109	196,956
44.	US Cable Corp.	195,851	127,026	337,519	4,850	115,000
45.	Sutton Capital Group	183,000	175,000	300,000	2,719	148,000
46.	Palmer Communications Inc.	179,092	69,375	264,414	2,950	30,500
47.	Star Cablevision Group <sup>a</sup>	175,416	73,225	271,634	6,041	N.A.
48.	Armstrong Utilities Inc.	174,905	99,692	221,747	4,212	N.A.
49.	Fanch Communications Inc. <sup>a</sup>	172,000	80,000	280,000	N.A.	N.A.
50.	Summit Communications Group Inc.	157,285	100,046	243,842	4,384	N.A.
<b>Total—First 50</b>		<b>48,638,484</b>	<b>35,983,320</b>	<b>81,746,124</b>	<b>1,030,584</b>	<b>7,531,062</b>



Rank	System Operator	Number of Subscribers	Pay-Cable Units	Homes Passed by Cable	Miles of Plant	Addressable Homes
<b>SECOND 50</b>						
51.	Bresnan Communications Co.	150,846	60,276	225,357	4,044	N.A.
52.	Booth American Co.	146,913	71,506	195,903	3,712	16,300
53.	United Video Cablevision Inc.	144,863	74,275	210,018	6,005	35,000
54.	Blade Communications Inc.	143,500	64,000	230,000	1,800	109,800
55.	Northland Communications Corp.	142,981	46,196	206,820	7,500 <sup>a</sup>	N.A.
56.	McDonald Group <sup>a</sup>	142,548	61,841	208,873	2,500	N.A.
57.	Pencor Services Inc.	134,182	60,712	101,978	4,795	26,080
58.	Insight Communications Co.	132,000	89,000	276,000	4,500 <sup>a</sup>	37,000
59.	New Heritage Assoc.	126,456	67,997	246,378	4,054	117,600
60.	Marcus Cable Partners L.P.	112,886	70,057	171,206	2,719	32,336
61.	Barden Communications Inc.	112,864	237,334	393,324	2,100	96,337
62.	Midcontinent Cable Co.	110,000	48,000	150,000	1,938 <sup>a</sup>	N.A.
63.	Susquehanna Cable Co.	109,700	66,400	153,800	2,300	60,000
64.	Sonic Communications	106,250	48,124	168,854	1,778	30,000
65.	WEHCO Video Inc.	103,899	47,723	147,000	2,515	N.A.
66.	Coaxial Communications	101,851	82,858	189,029	3,320	N.A.
67.	Cooke Cablevision <sup>a</sup>	101,000	58,966	220,000	3,200	9,152
68.	Prestige Cable TV Inc.	93,324	36,766	138,016	3,955	56,442
69.	Chambers Communications Corp.	88,310	29,549	137,064	945 <sup>a</sup>	N.A.
70.	Cardinal Communications Inc.	85,357	70,172	120,743	1,889	24,000
71.	Helicon Corp.	80,000	27,000	110,000	2,400	20,000
72.	James Cable Partners	79,000	30,100	127,200	3,425	N.A.
73.	Douglas Communications Corp. II <sup>a</sup>	78,800	34,375	128,425	2,955	N.A.
74.	North Coast Cable	76,000	111,000	214,000	1,035	76,000
75.	Buford Television Inc.	73,499	49,163	156,217	5,753 <sup>a</sup>	N.A.
76.	Star Cable Associates	72,858	39,279	126,488	N.A.	N.A.
77.	Unity Broadcasting Network	65,000	121,706	173,000	535	N.A.
78.	Leonard Communications Inc.	63,000	20,000	100,000	1,500	N.A.
79.	Masada Corp.	62,139	31,107	115,937	3,898	N.A.
80.	New England Cablevision Inc.	60,750	32,521	78,023	1,519	18,986
81.	State Cable TV Corp.	60,714	28,315	63,000 <sup>a</sup>	1,350 <sup>a</sup>	N.A.
82.	Cablevision of Texas Ltd.	60,537	22,044	51,000	850	N.A.
83.	Omega Communications Inc. <sup>a</sup>	57,859	24,000	98,000	1,950	N.A.
84.	Great Southern Printing & Manufacturing Co.	57,354	36,497	78,910	1,500	1,800
85.	Wade Communications Inc.	57,000	92,100	166,200	591	57,000
86.	Bill Daniels	55,996	44,314	77,246	816	14,494
87.	Donrey Media Group Inc.	54,529	22,460	78,250	775	6,500
88.	Schurz Communications Inc.	54,170	37,657	72,371	880	31,900
89.	Galaxy Cablevision	54,100	40,000	97,000	2,600	20,000
90.	Twin County Cable TV	54,016	17,536	125,000	2,762	14,096
91.	Verto Cable TV <sup>a</sup>	54,000	24,000	79,000	932	N.A.
92.	Americable International <sup>a</sup>	53,600	21,440	105,000	1,049	N.A.
93.	Benchmark Communications	52,514	41,353	80,047	1,215 <sup>a</sup>	73,544
94.	Rock Assoc. <sup>a</sup>	52,000	27,500	77,000	1,100	13,000
95.	Telesat Cablevision Inc.	52,000	34,000	103,000	1,329	120
96.	Cable America Corp.	51,027	34,719	114,714	2,200	19,691
97.	World Co. <sup>a</sup>	50,362	17,843	62,112	900	N.A.
98.	Richard Treibick	48,346	28,986	81,814	1,163	2,800
99.	Amzak Cable <sup>a</sup>	48,000	24,590	85,000	902	23,348
100.	National Cable Ltd. <sup>a</sup>	47,100	15,300	60,000	N.A.	23,000
<b>Total—Second 50 .....</b>		<b>4,176,000</b>	<b>2,522,657</b>	<b>6,974,317</b>	<b>114,223</b>	<b>1,066,326</b>
<b>GRAND TOTAL—Top 100 .....</b>		<b>52,814,484</b>	<b>38,505,977</b>	<b>88,720,441</b>	<b>1,144,807</b>	<b>8,597,388</b>

<sup>a</sup> As of March 1, 1992 or earlier. <sup>b</sup> Includes Kansas City Cable Partners & Paragon Communications. <sup>c</sup> Warren Publishing's estimate. <sup>d</sup> Figures reflect 50% ownership of Storer Cable Communications. <sup>e</sup> Includes Copley Press Electronics Co. figures. <sup>f</sup> Includes G.C. Assoc. figures. <sup>g</sup> Includes Robert M. Bass Group figures. <sup>h</sup> Numbers represent TCI & consolidated subsidiaries where ownership interest is greater than 50% as of December 31, 1991.

**Westinghouse Electric**, which announced major reorganization in 5 key businesses, denied that it plans to sell broadcast operations, despite published reports to contrary. Westinghouse, through subsidiary Group W, owns 5 major market TV stations, 16 radios and is engaged in programming production and syndication. Burton Staniar, head of Group W, was appointed to 8-member Westinghouse management committee and 5-person office of pres.

**U.S. production company** Broadway Video dropped out of bidding for U.K.'s TVS Entertainment, owner of MTM Entertainment, last week, saying it no longer is interested in company that produced such shows as Lou Grant and Hill St. Blues. Since TVS said it received no other offers, decision appears to clear way for International Family Entertainment, owner of Family Channel, to complete buyout.



**PRODIGY READY FOR CABLE:** Prodigy and Microsoft will be among computer data services trying to convince cable industry at Western Cable Show this week in Anaheim that data could generate major new revenue stream for system operators as early as 1994. Prodigy, which hopes to conduct cable trial early next year and launch full service in 1994, will use Jerrold booth to demonstrate prototype of cable-based system that can deliver data to home computers at 1 Mbps, 100 times faster than telephone.

Data rate of 1 Mbps is "no-brainer" for cable, Prodigy Technology Dir. David Waks said, and industry ultimately could handle "hundreds of megabit" rates. Prodigy, which operates at 2400 bps, expects to get 9600 bps service in full swing in next few weeks, Waks said. Slow data rates are "single biggest complaint" of subscribers. Prodigy was ready to begin using cable delivery system in 1988, he said, but industry wasn't: "Now they're calling on us before we can call them."

Jerrold views Prodigy, with its 1.75-million subscriber base, as "part of an entire multimedia environment," Subscriber Mktg. Dir. Daniel Moloney said. He said company is exploring all types of multimedia applications with goal of adding them to next-generation converters: "The Prodigy service is an ideal demonstration because it's an information source that can be downloaded directly to a subscriber's home at a much faster rate over cable." Prodigy isn't wedded to Jerrold for data service, and has been contacted by most other major equipment makers to participate in their Western Show displays, Waks said. Microsoft and others also will be demonstrating data services there, but he said Prodigy is only one in position for quick start: "The question now is whether the cable operators will do it."

Prodigy officials wouldn't talk about financial terms of data service. Waks said "the numbers are still being worked out" on cost of adding data capability to cable systems, and on how revenue would be divided between cable and Prodigy. Such service wouldn't require dedicated cable channel, Waks said, since it could be carried in existing "holes" in frequency bands used by cable. Data capability would require new-generation set-top converter that would include equivalent of IBM 286 personal computer chip to handle data flow under Prodigy plan. Low-cost computer chip would be accessed via special TV remote control unit, with display on TV set. Waks said additional cost of converter would be relatively low.

Key problem is return link from subscriber to data service. Waks said Prodigy still is looking at hybrid system using cable to deliver data to subscribers, with telephones as return link, "but we're holding our nose. We're trying to get cable to get on with it with 2-way cable." Waks said that cable is just one of several delivery methods that Prodigy will use. Cable-based technology is delivery method that would allow service perhaps to offer features and pricing structures different from telephone-based delivery, he said. Differences are based not only on access, but also on usage patterns of customers.

**Christian Science Church** has letter of agreement to sell its WQTV (Ch. 68) Boston to undisclosed buyer, according to report to members to be released Dec. 7. Sale is part of church's restructuring after \$250-million loss on cable Monitor Channel, which was closed earlier this year, AP reported. Report also said church had laid off more than 500 employees, including 400 from Monitor Channel, and imposed salary freeze and cost-cutting measures on those remaining.

**GE SELLS AEROSPACE DIV.:** In action that could reduce interest in disposing of NBC, network's parent GE sold its aerospace operations to Martin Marietta (MM) for \$3.05 billion last week, although it kept satellite leasing subsidiary. Action came as GE Chmn. Jack Welch repeatedly said in press interviews that conglomerate isn't interested in selling its TV network.

GE Aerospace's 1991 sales were \$5.3 billion, MM's \$6.1 billion. Merged entity will be biggest aerospace company in world. As part of deal, MM acquired GE Aerospace's Astro-Space Div., main satellite-making wing of GE, but not GE American Communications, unit that owns and operates telecommunications satellites. However, GE Americom spokesman said 2 companies will continue to work closely. GE will receive cash and \$1 billion in convertible preferred stock in MM, and MM will support GE's nomination of 2 members to expanded board.

Welch told Washington Post that NBC isn't for sale -- at least not now. "I don't want to say what we're going to do with NBC," he said, "because we don't know what we're going to do about NBC... I have a lot of these issues, and NBC just happens to be more jazzy." Rumors that NBC was on market, fueled by Wall St. reports, have continued to spread, with many possible buyers mentioned as GE refused to comment. In Newsweek interview, Welch said he never would promise that GE wouldn't ever sell any business unit, but "our current plans are not to sell NBC... We like NBC." He said network's cash flow is "very good," it has "a certain cachet that it imparts to our businesses," and earnings are improving: "NBC is a premier property."

**FCC approved 7-year phase-in period** for most difficult of cable technical standards that it approved in Feb. (TVD Feb 17 p4). In order last week in response to 8 petitions for reconsideration, Commission said operators can measure signal quality before it passes through cable converter, rather than after, until Dec. 30, 1999. Technical standards had required that signal frequency response available to customer's TV set be within 2 dB range throughout most of 6-MHz channel. However, industry petitioners said virtually all cable systems that use converters would be unable to comply with standard because frequency response alone would border on or exceed limits. NCTA and CATA said 20-30 million converters wouldn't be able to meet standard. FCC said it was persuaded that cable operators had "legitimate concerns" about standards and cost of meeting them. Commission said it selected 7-year phase-in based on depreciation standards. It made only minor changes in number of test points required for technical standards, and agreed to relax aural carrier level standards for baseband converters. Commission upheld previous decisions or made only minor changes in other technical standards.

**Suit charging TCI with antitrust violation** in sale of The Learning Channel (TLC) to Discovery has been dismissed by U.S. Dist. Judge John Keenan, N.Y.C. Data Bestg. Corp., successor to TLC owner Financial News Network, sought \$26 million in suit claiming that TCI used monopoly power to ensure that TLC was sold to Discovery for lower price (TVD July 6 p5). Suit charged that after Lifetime offered \$50 million for TLC (later reduced to \$38 million), TCI dropped LC from its cable systems, making it unprofitable and causing Lifetime to reduce bid. Discovery, which is 49% owned by TCI, later bought TLC for \$30 million. Keenan ruled that Data Bestg. wasn't damaged directly by alleged action, so it couldn't sue. Data Bestg. officials said they would appeal.



**JUDGE, COALITION FIGHT OVER FINSYN:** Judge Richard Posner refused to disqualify himself from further consideration in 7th U.S. Appeals Court, Chicago, consideration of finsyn case, as sought by Hollywood Coalition and INTV (TVD Nov 23 p1). And language used in unanimous 3-judge decision in case written by Posner eliminated any possibility that he should not recuse himself from further participation in case, Coalition countered in seeking reconsideration of Posner's decision by original 3-judge panel.

Coalition asked judge to submit renewed request for disqualification for consideration by other 2 panel members -- Judges William Bauer and Thomas Fairchild. Coalition also called preposterous contention by networks that it had attempted to manipulate court through press. Posner's disqualification is being sought because of affidavit he filed in 1977 on behalf of CBS in Justice Dept. antitrust case.

Hollywood group said that with exception of networks and Fox Bestg., all parties that commented on its petition to disqualify Posner favored that course of action -- including FCC by 3-2 majority. However, new pleading said, judge merely noted FCC position and didn't appear to give it any weight. Coalition also said that Posner denied motion for his disqualification less than 2 hours after pleadings had been filed. Networks' charge that Coalition gave information to press about Posner's affidavit is totally erroneous, Coalition said.

Move to disqualify Posner wasn't made before his decision was released (TVD Nov 9 p3) because, Coalition said, it assumed that judge could participate in way that avoided any appearance of partiality. However, Coalition said, that possibility evaporated when text of Posner's decision -- which vacated FCC finsyn rules, but suspended verdict's effectiveness for 30 days -- was made public. Also, no strategic purpose could be served by seeking to disqualify Posner earlier in case, Coalition said.

In 8-page order refusing to disqualify himself, Posner said: "The exact relief sought by the producers is unclear and unspecified because a decision has already been rendered (and by a unanimous panel). Do the movants want the case reargued before a different panel? Transferred to a different circuit? They do not say -- and if that is what they want, they have directed their motion to the wrong person." Coalition said no to both questions in its petition for reconsideration. Posner also said motion for his disqualification is "untimely. The movants acknowledge that they were aware of my affidavit [for CBS]... before the present case was argued... They waited until 2 weeks after the decision was handed down before filing the motion to disqualify. That was too late."

Posner said his affidavit was based on "publicly filed documents" in antitrust case: "Anyone who troubles to equip himself with all the facts bearing on the circumstances of my participation in this and the 1977 proceeding... will be satisfied that the affidavit was not an impediment to my judging the present case impartially... I was not retained as, nor did I serve as, a lawyer" in antitrust proceeding. He said he released text of his refusal to disqualify himself because of "press publicity surrounding the motion for disqualification and the public attention that the panel decision received."

On Nov. 21, FCC 3-commissioner majority (Marshall, Barrett, Duggan) supported petition for disqualification (over dissents by Chmn. Sikes, Comr. Quello) "for essentially the reasons set forth therein." FCC majority made no further

comment to Court on deadline for filing on disqualification request.

Meanwhile, NBC, CBS and ABC filed separately Nov. 23 (same day that Posner ruled) in same court in opposition to motion to disqualify him. CBS, along with Schurz Communications (which first filed appeal of finsyn rules in 7th Circuit, with fight following over which court should have jurisdiction in case) and association of CBS affiliates stressed that Posner affidavit covered only antitrust issues, and "did not opine on any issue relating to judicial review of administrative proceedings or on the propriety of the FCC's 1970 finsyn rules... Finding themselves disappointed with the Court's decision, the Coalition and its colleagues" now maintain that Posner should be disqualified -- even though no such argument was made before Oct. 2 oral argument or Court's decision vacating FCC finsyn restrictions. Judicial precedent "furnishes no basis" for disqualifying Posner, CBS said. "If, as is apparent, the Coalition is unhappy [with decision], its remedy is to appeal it on the merits -- not to impugn the integrity of the Court by seeking to disqualify the messenger."

Cap/ABC also argued that current proceeding has nothing to do with Justice Dept. consent decrees. FCC relied on promoting program diversity, not antitrust law, in adopting 1991 finsyn rules, network told Court. Like other parties opposing Posner disqualification, ABC also said Coalition's petition wasn't timely filed. Posner's impartiality was challenged "only after the Court had ruled," ABC said.

NBC said it supported "basic legal analysis" of CBS's brief and filed separately to make 3 points: (1) Motion to disqualify was "untimely" filed. Not to dismiss Coalition filing on that ground "would sanction outrageous and indefensible behavior by litigants, whereby they publicize outside the courtroom alleged judicial conflicts." (2) Posner affidavit was filed 15 years ago in antitrust case. "The Commission was repeatedly at pains to emphasize in its opinion that this case has to do, not with the antitrust laws, but with those 'other social grounds' about which Judge Posner expressed no opinion." (3) "Coalition itself implicitly recognized the shaky basis" for motion to disqualify when it didn't seek judge's recusal once it learned he was on 3-judge panel.

In one-paragraph filing, independent groups Chris-Craft, United TV and Tribune Bestg. said simply that they "support the motion for disqualification," without going into details.

Clinton transition hq made 2 communications-related appointments last week. Peter Knight, partner in Washington law firm Wunder, Diefenderfer, Ryan, Cannon & Thelen, which represents U.S. Telephone Assn., was named Clinton/Gore deputy dir. for personnel. Clinton also named ex-astronaut Sally Ride head of team examining science and technology agencies and policies, group that's likely to oversee communications issues. Ride, first U.S. woman in space (in 1983) since 1989 has been dir. of Cal. Space Institute and physics prof. at U. of Cal. San Diego.

Two dominant AM stations in Cincinnati, both 50 kw and owned by major groups, have joined in local marketing agreement to combine programming and sales efforts. Jacor Communications' WLW has combined with Great American's WKRC, with WLW to manage combined operations and sales and Jacor obtaining option to purchase WKRC under terms of agreement (length of which wasn't announced).



**MUST-CARRY CASE SLOWED:** Oral argument on must-carry appeals arising from 1992 Cable Act has been delayed from scheduled Dec. 7 date because govt. won't be ready to defend Act, U.S. Dist. Court, D.C., said last week. Instead, Dec. 7 session will be devoted only to status report on case, and court invited Senate and House to send representatives. New date for argument is expected to be set then.

Both govt. and broadcasters asked court to delay proceeding for about 3 months to give Congress time to appoint someone to defend govt. position since Justice Dept. refused to do so (TVD Nov 16 p4). Court also said it will consolidate noncommercial and commercial must-carry issues from all cases into single case, along with "ancillary" issues. Retransmission consent foes contend that that's ancillary, and claims could be made for other Cable Act issues.

Cable isn't entitled to same First Amendment protection as print media because govt. has "indisputably legitimate role in the provision of cable service," both because of cable's impact on broadcasting and because of its use of public rights of way, INTV told same court. Filing seeks summary judgment dismissing Daniels Cablevision's First Amendment appeal of must-carry and retransmission consent. Assn. acknowledged that rejecting Daniels arguments also would require denying motions for preliminary injunction filed by Turner Bcstg. NAB said court should dismiss cable suits because record "convincingly demonstrate[s] that the 1992 Cable Act was enacted to redress competitive imbalance in the market for video programming and is not intended to suppress any idea or point of view." NAB said "there is a substantial governmental and First Amendment interest in promoting a diversity of views through multiple technology media." Broadcast group also said cable's right to "speak" isn't limited by Act because it can say whatever it wants on other channels and can even expand number of channels if necessary. Cities said cable is not unlike broadcasting, whose regulation is justified on basis of spectrum scarcity. National Assn. of Telecommunications Officers & Advisers and others said in joint filing that there's limited space available on public facilities such as poles for cable "speakers," just as there's limited spectrum for broadcast speakers, so content-neutral govt. regulation is justified. APTS, CPB and PBS jointly urged court to dismiss cable challenge of public TV (PTV) must-carry section of law, saying that cabling "have casually and indiscriminately lumped" it with their challenge to commercial must-carry component and "without any separate analysis of the 2 sections."

Meanwhile, coalition of noncable program deliverers is forming to defend program access provisions of Act. Group is expected to include Wireless Cable Assn. (WCA), National Private Cable Assn. (SMATV), and home satellite and DBS entities. Robert Vogelsang, pres. of National Satellite Programming Network, said cable and programmers already are organized against Act, but noncable groups "are not yet unified." WCA Pres. Robert Schmidt said group probably would file and argue in support of program access provision in court challenges, but also might initiate separate actions.

**Continental Cablevision** said it completed recapitalization program with sale of \$50 million of common stock to Boston Ventures. In last year, 3rd largest MSO arranged \$500-million credit facility, issued \$400 million of subordinated debt and sold 1.6 million shares of common stock for \$555 million. Proceeds were used to reduce debt.

**IGER TO SUCCEED SIAS AT ABC:** Same day as ABC's victory in Nov. sweeps was confirmed, Entertainment Pres. Robert Iger was promoted Nov. 23 to pres. of ABC TV Network Group, effective Jan. 1. In addition to network, Group includes ABC Entertainment, Sports and News Divs. He will succeed John Sias, who stayed in post year beyond planned retirement at request of Cap/ABC Pres. Daniel Burke. Burke said Sias will remain "in an advisory capacity."

"I'm thrilled," said Iger. "My goal has been to remain with this company." He has been with ABC since July 1974, serving in several capacities at Network and Sports Divs. before being named pres. of Entertainment 3-1/2 years ago. At sports, he held 8 exec. positions under Pres. Rooney Arledge -- who now will report to Iger. Iger currently reports to Sias, will report directly to Burke in new job. Before being named Entertainment pres., Iger was exec. vp of Network Group.

Burke said: "Bob's record in each job he has held during his 18 years at ABC has been superb. He has had experience in virtually every aspect of the television network business and has distinguished himself" as Entertainment pres. Promotion immediately led to speculation that Iger is favored to replace Burke (who is 63) as CEO. Such move would be popular with most Cap/ABC employees, we're told, because Iger is well-liked and well-respected within company.

Network had scheduled Nov. 25 teleconference with reporters for Iger to discuss ABC's win in Nov. sweeps, leading him to tell about 2 dozen journalists via telephone: "I've upstaged myself." He said that he wasn't told about new job until week before it was announced and that his first task will be to find his own successor as Entertainment president. He said he will take some time on choice and will look within ABC and outside company. Iger said Burke had given him "no agenda" as head of Network Group and that it was too early to speculate about any structural changes.

ABC won Nov. sweeps (in upset over CBS) for first time since 1981 with rating of 13.3, 21 share; CBS had 12.8/20, NBC 11.8/19, Fox 8.2/13. ABC did much stunting of programming during sweeps month, fact pointed out by CBS (which said it used 90% regular programming), for which Iger had no apology: "November wasn't atypical... There's been a lot of stunting over the year." However, he didn't dispute claim of CBS Best. Group Pres. Howard Stringer that CBS would be overall winner in 1992-1993 season in "total households." But, Iger said, ABC will win in its targeted audience of viewers 18-49 years old.

**Transactions:** Mountain View Enterprises sold cable systems of Rabun Cablevision, Sky Valley Cablevision and Lake Rabun Cablevision, all in northeastern Ga., to **Northland Communications** for undisclosed price. Systems have 3,000 subscribers... Premier Cablecomm sold system in Ark. towns of Danville, Belleville and Havana, with 1,900 subscribers, to **Friendship Cable of Ark.**, price not disclosed... Lake Tansi Cable TV sold system in Lake Tansi, Tenn., to **First Cablevision** of San Francisco. Price of 600-subscriber system wasn't revealed. Broker in all 3 transactions was CEA... Merrill Lynch said it completed previously announced sale of **Teleport Communications** to TCI and Cox Enterprises... **Las Vegas Entertainment Network**, producer of TV programming featuring Las Vegas activities, said it's buying Maxim Hotel and Casino for stock and cash. Deal is subject to approval of Nev. Gaming Commission.



**NAB AND NCTA 'ON THE ROAD':** Series of seminars, with views from opposite sides, have been hosted by NAB and NCTA to explain 1992 Cable Act to their members. Series has been so popular that NAB has added Dallas to schedule next month. Broadcasters' sessions focus on value of their signals to cable systems, while NCTA finds frustration among its members.

New Cable Act is "more intricate and complex" than 1984 Act, and possibly even more than 1934 Communications Act, NCTA officials told attendees as closed-door "road shows" concluded last week. Attendees weren't depressed about Act, said NCTA Vp Daniel Brenner, who conducted sessions, but there was "some frustration" and "anxiety" about how it would affect their businesses. New Act includes more specifics than 1984 Act, which Brenner said was "fairly general. Usually a statute is fairly general and becomes more specific over time. This one is highly detailed. That's what makes it so difficult." Road shows could provide only quick tour through provisions and point out potential pitfalls and what still needs to be worked out, he said. Shows included extensive slide presentations on rate regulation and must-carry, although attendees were told that NCTA is confident that must-carry and retransmission consent will be overturned in courts. NCTA and its outside counsel Charles Walsh also worked through "interactive hypotheticals" such as what cable operator should do if network signal is duplicated or if formerly distant signal suddenly is classified as local.

Questions generally were "very practical," Brenner said, including: (1) How TV market will be defined, including what happens if headend is in Washington, D.C., market, for example, while most of subscribers are in Baltimore. (2) Who's responsible for getting acceptable signal to headend. (3) How negative-option marketing prohibition will work. (4) What kind of notifications are needed for previews that include R-rated material. "There clearly are some questions that the FCC has to define," Brenner said. "There's a fair amount of anxiety about rate regulation. We certainly hope the FCC won't impose rate regulation in a way that would cause a sea change in the business." Brenner said that in talks with cable industry, FCC officials have exhibited "a heady awareness that they have to act with real care" on rate regulation. Total of 5 sessions generally attracted 100-150 each, Brenner said, with attendees ranging from system-level employees to lawyers to CEOs and chairmen. Sessions were in Atlanta, Chicago, Denver, N.Y.C., Philadelphia.

NAB has held 4 meetings that were highly successful, said Senior Vp Charles Sherman, and 5th was added (Dec. 9, Hyatt Regency, Dallas-Ft. Worth Airport) for members who couldn't attend sessions in Washington (2 meetings), St. Louis, San Francisco. David Londoner of Wertheim Schroeder appeared live at first NAB session in Washington for group owners, via videotape at other seminars. At each, stress was on value of broadcasters' signals to cable systems. Londoner put total value at average of 65¢ per subscriber per month -- 15¢ for each of 4 off-air TV networks, 5¢ for strong independent station. NAB sessions included FCC update by Commission staffers and stressed legal and regulatory issues, antitrust implications, how to negotiate with systems and MSOs. Also appearing, in addition to NAB staffers, were antitrust counsel Theodore Henneberry of Howrey & Simon and Max Bazerman of Northwestern U. on negotiation techniques.

At regional meetings, NAB said that it's setting up clearinghouse to sift reports from broadcasters on cable negotiations and that it's prepared to launch new "PR

initiatives" if reports come back "in a negative mode" about cable. NAB TV members soon will be sent "cable kit" to help them in dealing with new law. Said James May, NAB exec. vp-govt. relations: "It is important for TV broadcasters to understand their rights and obligations under the new cable law in order that they may fully utilize the bill to the station's benefit."

**COMSAT SIGNS NBC:** Comsat World Systems said NBC and IDB Communications Group have committed to 36 MHz of cross-strapped capacity on Intelsat VI AOR satellite, full-time international digital TV service at 332.5° E. Companies join ABC and CBS, which signed 7-year leases in Sept. for Comsat's analog-to-digital offering for services on same bird.

NBC and IDB leases enable them to take advantage of analog-to-digital transition tariff available through Dec. 31. Tariff allows customers to convert from analog to digital at any time in next 3 years without starting new lease term. Comsat announced digital TV service Sept. 1. It's marketing preemptible and nonpreemptible services in bandwidths ranging from 100 kHz to 72 MHz; for operation in C- or Ku-band frequencies, or combination of 2; and for leases ranging up to 10 years. "The strong interest of Comsat's customers in our digital TV service and transitional tariff shows that the digital video age is fast approaching," said Comsat World Systems Best. Services Dir. Joanne Tanner.

**FCC waived** its duopoly rule and approved purchase of KEZW(AM)/KOSI(FM) Aurora-Denver by Tribune Co., which owns KWGN-TV Denver. Newsweb Corp. (permittee of unbuilt KTVJ Ch. 14 Boulder) had opposed Tribune purchase, charging it with anticompetitive behavior because KWGN-TV wouldn't permit KTVJ to use its tower. In approving sale, Commission said Newsweb hadn't shown that no comparable transmitter site was available and it found "no substantial and material question of fact." In separate order, FCC waived one-to-market rule in approving sale of WJBF (Ch. 6) Augusta, Ga., to Spartan Radiocasting Co., which owns WSPA-TV (Ch. 7) Spartanburg, S.C. Waiver was required because Grade B contours of 2 stations overlap. Spartan also owns WTWA(AM)/WTHO(FM) Thomson, Ga., within Grade A contour of WJBF, and acquisition of WJBF is conditioned on those outlets' being sold. Comrs. Barrett and Duggan dissented.

**Jerrold is testing** several methods of adding electronic program guides (EPGs) to its set-top cable converters, Product Mktg. Dir. Daniel Moloney said. Company will test reaction to 2 different EPG systems at Western Cable Show in Anaheim this week, as well as in market trials, he said. First is digital EPG developed by Liberty Media and TV Guide that enters field trials early next year, Moloney said. Second is by InSight Telecast, which combines patented EPG with one-touch VCR programming. "Cable subscribers demand ease of use," InSight Exec. Vp John Burns said, and proliferation of cable channels means that simply "grazing" over channels no longer is practical, so new EPG is needed.

**Instant Video Technologies** said it received 3rd patent for its system to transmit compressed video and audio. Firm, previously known as Explore Technology, said system can transmit programs over cable, satellites or high-capacity telephone lines using time compression, with 2-hour movie transmitted in as little as 5 sec. Technology was demonstrated 2 years ago.



## CABLE ACT CONFERENCE SCHEDULE ANNOUNCED

### COPING WITH THE CABLE ACT: The Future Is Now

Monday, December 14, 1992

Capital Hilton Hotel

- 9:00-9:10 Welcome: Robert A. Beizer, President, FCBA, and Albert Warren, President, Warren Publishing, Inc.
- 9:10-9:25 FCC Implementation Overview: Roy Stewart, Chief, FCC Mass Media Bureau
- 9:25-9:40 Broadcaster Keynote: TBA
- 9:40-9:55 Cable Operator Keynote: Brian Roberts, President, Comcast Cable Comm.
- 9:55-11:00 Panel: **Cable Rate Regulation**
- ▶ Co-Moderators: Richard H. Waysdorf, Jones, Waldo, Holbrook & McDonough, and Arthur Brodsky, Warren Publishing, Inc.
  - ▶ Kathleen Levitz, Deputy Chief, FCC Common Carrier Bureau
  - ▶ Daniel Brenner, Vice President-Regulation, National Cable Television Assoc.
  - ▶ Antoinette D. Cook, Senior Counsel, Senate Communications Subcommittee
  - ▶ Frank Lloyd, Mintz, Levin, Cohn, Ferris, Glovsky & Popeo
  - ▶ Nicholas P. Miller, Miller & Holbrooke
- 11:00-11:15 Break
- 11:15-12:15 Panel: **Must Carry and Retransmission Consent**
- ▶ Co-Moderators: Gregory M. Schmidt, Covington and Burling, and Dawson B Nail, Warren Publishing, Inc.
  - ▶ James Hedlund, President, Assoc. of Independent Television Stations
  - ▶ Robert Thomson, Senior Vice President-Government Relations, TCI
  - ▶ Jack Goodman, Special Counsel, National Association of Broadcasters
  - ▶ John P. Cole, Cole, Raywid & Braverman
  - ▶ Carter Phillips, Sidley & Austin
- 12:30-2:00 Lunch: TBA
- 2:00-3:00 Panel: **Municipal and State Regulation of Cable Operations**
- ▶ Co-Moderators: Richard E. Wiley, Wiley, Rein & Fielding, and R. Michael Feazel, Warren Publishing, Inc.
  - ▶ David Olson, President, National Association of Telecommunications Officers and Advisors
  - ▶ Robert Sachs, Vice President-Legal Affairs, Continental Cablevision
  - ▶ William Finneran, Chairman, New York State Cable Commission
  - ▶ Norman Sinel, Arnold & Porter
  - ▶ Stuart F. Feldstein, Fleischman & Walsh
- 3:00-3:15 Break
- 3:15-4:30 Panel: **Programming, Ownership, and Customer Service Regulations**
- ▶ Co-Moderators: R. Clark Wadlow, Sidley & Austin, and Daniel Warren, Warren Publishing, Inc.
  - ▶ William H. Johnson, Deputy Chief, FCC Mass Media Bureau
  - ▶ Gene Kimmelman, Legislative Director, Consumer Federation of America
  - ▶ Bert Carp, Vice Pres.-Government Relations, Turner Broadcasting System
  - ▶ Maurita K. Coley, Cole, Raywid & Braverman
  - ▶ Paul J. Sinderbrand, Keck, Mahin & Cate
  - ▶ Brenda L. Fox, Dow, Lohnes & Albertson
- 4:30-5:00 Closing Keynote: Alfred Sikes, Chairman, FCC
- 5:00-6:00 Cocktail Reception



**Cable ratings** and spending on original programming continued to grow in 1992, NCTA said in year-end report. Assn. said prime-time ratings for basic cable networks averaged 13.5 in first 3 weeks of 1992-1993 season, up 7% over year ago. Spending on original programming totaled \$1.8 billion, vs. \$1.5 billion, and total basic network program costs climbed to \$3 billion from \$2.7 billion. NCTA said cable ad revenue jumped \$500 million to \$3.4 billion. Total number of cable households reached 56.6 million this year (61.3% of all U.S. households), from 56.1 million year ago (60.3%). Launches of Cartoon Network, Sci-Fi Channel, MOR Music TV and Flix so far this year raised number of cable networks to 77. Channels saying they plan to launch in 1993 include Advertising TV, Crime Channel, Global Village Network, Golden American Network, How-To Channel, Talk TV Network.

**Future of TV** "can only get better," said former NBC (1949-1956) Pres. and Chmn. Sylvester (Pat) Weaver, creator of Today, Tonight and Home shows. However, he said in interview in Dec. issue of Emmy magazine, TV will be "quite different from what we know now... The networks are falling behind in all areas." Asked if he was predicting over-air networks wouldn't survive, he said: "Not quite. I think there will be room in the spectrum for only one of the 3 big networks... I think it will be ABC, mostly because it was smart enough to get into cable earlier than the others."

**American Movie Classics** will launch 2nd cable channel, called Romance Classics, in early 1994. Pres. Joshua Sapan said 24-hour channel will appeal to millions of viewers who read romance novels and watch romantically oriented TV series. In addition to classic movies, new channel will develop original series and specials, he said.

**Meetings:** Washington-Baltimore chapter of CTAM will sponsor seminar on customer diplomacy, 9:30 a.m. Dec. 2, Media General studio, Fairfax, Va. -- 703-378-3931... International Cablecasting Technologies founder Jerry Rubinstein will discuss **Digital Music Express** at Washington Cable Club lunch Dec. 8, Sheraton City Center, Washington -- 703-358-2770... ResponseTV magazine will sponsor conference on **direct response TV**, April 13-15, Hyatt Regency Hotel, Irvine, Cal. -- 714-493-2434.

**Jones Cable** said it's nearing agreement for \$250-million financing to develop U.K. cable franchise in Leeds, one of U.K.'s largest, potentially passing 289,000 homes. Deal calls for County NatWest, investment banking arm of National Westminster Bank, to underwrite about 1/3 of financing and syndicate rest. Financing for project by Jones Intercable subsidiary, which will be divided about equally between equity and debt, is expected to take several months.

**European Commission (EC)** launched investigation into satellite TV scrambling technology of Rupert Murdoch's News Corp., largest shareholder in U.K. satellite channel British Sky Broadcasting, and Canal Plus, French satellite channel operator. Inquiry will focus on how 2 companies market their proprietary encryption systems, which have become de facto standards for satellite TV in Europe.

**Reuters**, sole owner of Visnews since buying out minority partners NBC and BBC earlier this year, has changed name of TV news service to Reuters TV. Visnews has 650 TV subscribers in 80 countries. Reuter Editor-in-Chief Mark Wood said name change reflects integration of Visnews operations into Reuters.

## WARREN LAUNCHES WEEKLY REPORT ON CABLE INDUSTRY REGULATION

Responding to the cable industry's immediate need for information on how the 1992 Cable Act will affect their business, Warren Publishing is launching a weekly newsletter to provide comprehensive information on cable regulation and regulators, the company announced.

*Warren's Cable Regulation Report* will include detailed information about Cable Act-related lawsuits, FCC rulemakings, precedents, complaints and waivers. For example, it will detail the significant rate decisions made by local franchise authorities, broken down into groups of comparable systems, to help cable operators and regulators determine whether their own proposed rate increases are reasonable in light of the Cable Act. The newsletter also will carry information on such things as: (1) Definitions of cable markets. (2) Must-carry and channel position disputes. (3) Program access complaints. (4) Overbuilds, SMATV, wireless cable, satellites and others with impact on the effective-competition situation. (5) Retransmission consent agreements. (6) Franchise renewals and franchising authorities certified by the FCC. (7) Customer service and technical standard disputes and waivers. (8) Activities of state associations and regulators.

*Warren's Cable Regulation Report* will draw on the detailed coverage of cable regulation for which Warren Publishing has been known for more than 40 years, as well as the unique and extensive data resources of Warren Publishing, which produces the *Television & Cable Factbook*, its own computerized data base, Market Research and Data Service, and *Television Digest*, *Communications Daily*, *Satellite Week*, *Cable & Station Coverage Atlas* and other publications.



## Personals

Appointments at Time Warner: **Timothy Boggs**, senior vp—public policy; **Carol Melton**, vp—public policy; **Art Sackler**, vp—public policy; **Joan Sumner**, vp—investor relations... Named presidents, New Nielsen Mktg. Research USA business units: **Richard Derr**, Nielsen Information Services; **David Lonsdale**, Nielsen Software & Systems; **Andrew Tarshis**, Nielsen Household Services; **Gary Payne**, Client Service... **George Bodenheimer** advanced to vp—affiliate sales and mktg., ESPN... **John Quigley** promoted to vp—finance and corporate controller, Harron Communications... **Ron Johnson** advanced to dir.—communications, Ark. Educational TV... **Jay Rodriguez**, pres., Hafif Family Foundation, Claremont, Cal., elected chmn., National Latino Communications Center.

**Manuel Martinez Llorian**, ex-Telemundo, named gen. mgr., WNJU-TV Newark-N.Y... **Robert Fay**, vp-treas., Harris Corp., appointed vp—controller, succeeding **John Hubner**, retired; Fay is replaced by **David Wasserman**, vp—taxes... **Richard Zackon**, consultant, joins Court TV as vp—research... Promotions in reorganization of engineering, operations and production (EOP) unit, WETA-TV Washington: **Jerry Butler** to vp—engineering, **James Schneider** to vp—operations and production, **James Corbely** to dir.—EOP.

**Robert Kotlowitz**, former senior vp, dir.—programming, WNET N.Y.—Newark, named 1992-1993 senior fellow, N.Y.C.-based Freedom Forum Media Studies Center; he will work on industry-related book, Forging A National Community: The Impact of Public Broadcasting... **Richard Lynn**, ex-owner of music/video production firm Blue Light, joins QED Communications (WQED-TV-FM Pittsburgh) as dir.—new business development, new post.

**Walter Ward** promoted to mgr.—consumer PR, Showtime Networks... **Karla Vinson**, ex-Davis Entertainment, appointed vp—movies for TV and miniseries, Reeves Entertainment... **Kenneth Dubow**, ex-Blair Entertainment, moves to Newgard Entertainment as exec. vp... **Dan Gasby**, ex-Multimedia, named senior vp—TV marketing, Camelot Entertainment Sales... **Julie Resh** promoted to vp—production and development, Goldwyn TV.

FCC Calendar -- Dec. 3: **Cheryl Tritt**, chief, Common Carrier Bureau, participates on "Regulatory Agenda for the Common Carrier Bureau," panel, FCBA-Practising Law Institute telecommunications conference, Omni Shoreham Hotel, Washington, 10:15 a.m. NTIA Schedule -- Dec. 3: Dir. **Gregory Chapados** speaks at closing of same conference, same place. Asst. Dir. **Thomas Sugrue** participates on panel at same conference, 10:15 a.m.

**Huntsville will pay Cable Alabama** estimated \$8 million over next 15 years in out-of-court settlement resulting from city's refusal to approve sale of overbuilder to Cox Cable, which operates competing Huntsville system. City Telecommunications Mgr. **David Buckelew** said Huntsville agreed to pay Cable Alabama percentage of franchise fees paid to city by Cox, with total likely to reach \$8 million. U.S. Dist. Court earlier ruled that City Council had acted illegally when it refused to transfer Cable Alabama franchise to Cox on ground that it wanted to preserve competition. Cox agreed 2 years ago to buy competing system with 11,000 subscribers.

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Washington Post reported Nov. 22 that newly reelected Sen. Packwood (R-Ore.), senior Republican on Senate Communications Subcommittee, has been accused by 10 former female staffers and lobbyists of making improper sexual advances. Packwood, noted champion of issues important to women, was defended by other former employees, including ex-FCC Comr. Mimi Dawson. Women's groups are calling for investigation. In statement released as news story was published, Packwood said: "If any of my comments or actions have indeed been unwelcome or if I have conducted myself in any way that has caused any individual discomfort or embarrassment, for that I am sincerely sorry."

Stating that "First Amendment is a shield, not a sword," U.S. Dist. Judge Jack Weinstein in Brooklyn ordered CBS to turn over videotapes of raid on suspect's home in credit-card fraud case. CBS crew was present at invitation of Secret Service agents; suspect wasn't at home at time of raid but his wife and child were. Weinstein ruled that raid, with CBS crew present, violated constitutional protections against unreasonable search -- and that outweighed First Amendment newsgathering rights: "Even a reporter must accept limits on how far upon another person's privacy he or she may intrude." CBS complied with order.



# Consumer Electronics

A Section of Television Digest with Consumer Electronics

## STATE OF THE INDUSTRY

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

	NOV. 7-13	1991 WEEK	% CHANGE	OCT.31- NOV. 6	45 WEEKS 1992	45 WEEKS 1991	% CHANGE
TOTAL COLOR.....	587,010*	468,859	+25.2	379,452	18,643,573	17,097,695	+ 9.0
DIRECT-VIEW...	580,011*	464,128	+25.0	372,105	18,315,734	16,791,381	+ 9.1
TV ONLY.....	558,564*	451,376	+23.7	363,403	17,565,719	16,239,062	+ 8.2
TV/VCR COMBO.	21,447*	12,752	+68.2	8,702	750,015**	552,319	+35.8
PROJECTION....	6,999	4,731	+47.9	7,347	327,839*	306,314	+ 7.0
VCR DECKS.....	283,272*	161,154	+75.8	234,227	10,364,207*	8,736,291	+18.6
CAMCORDERS.....	60,313*	53,005	+13.8	25,979	2,331,566	2,375,889*	- 1.9
LASERDISC PLYRS#	1,893	4,985	-62.0	4,930	177,116	151,508	+16.9

Direct-view TV 5-week average: 1992--552,443\*; 1991--497,649 (up 11.0%).

VCR deck 5-week average: 1992--365,905\*; 1991--271,563 (up 34.7%).

Camcorder 5-week average: 1992--73,846; 1991--70,294 (up 5.1%).

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

**SOUNDESIGN TO DEVELOP ZENITH AUDIO LINE:** Soundesign will "develop, manufacture and market" Zenith-brand audio and telecommunication products under what companies described as "multimillion-dollar" licensing deal. Terms weren't disclosed, but companies said it's expected to yield first portable, home and car audio products and telecommunications equipment by 2nd half of next year.

Zenith Sales Pres. Gerald McCarthy said that by signing on with Soundesign, "Zenith will extend the reach of its famous brand name into a broad range of products that complement Zenith's own product lines." Extension to "full range" of audio products, McCarthy said, "will expose the Zenith brand to younger customers, enhancing our marketing efforts for our core product" categories of color TVs and VCRs. Soundesign Pres. Morris Franco said "we plan to capitalize on the strength of the great Zenith brand name" by marketing products in all major consumer audio configurations late next year through 25,000 storefronts nationally.

Franco said pact with Zenith builds on 35-year-old Soundesign's experience in brand marketing, adding that its Playskool Electronics line in last 2 years "has become a dominant force in children's electronics." It didn't mention licensing deal Soundesign announced with International Jensen last spring to "develop, produce and market various Jensen brand products in the U.S., Canada, Mexico and Central and South America" as stepup alternative to current Soundesign products (TVD March 16 p19).

Zenith spokesman said company will have "final sign-off" privileges on all Soundesign products covered in deal, but "it will be their design, their manufacturing, their distribution." He said "we have an intense interest in maintaining the reputation of the Zenith brand name, and are fully confident that Soundesign will do the brand name justice." He said Zenith in recent years "tested the waters" in audio by fielding such products as rack system, CD boombox stereo and clock radio through limited number of small dealers and rental accounts. Results showed "great interest" in Zenith audio line, spokesman said. Company at same time was pursuing licensing opportunities of type agreed to with Soundesign, he said.

Soundesign deal will give cash-short Zenith benefit of entry into audio without risks it would have incurred in launching audio products on its own, spokesman said. Licensing agreement means Zenith will have "no capital tied up in inventory or receivables," but will enjoy payoffs in added awareness of brand among younger audiences it has been wooing, not to mention revenue stream from licensing brand name.



Soundesign spokesman told us company was drawn to Zenith because its position as U.S.-owned video company is "analogous" with Soundesign's role as U.S.-owned audio supplier. He said that while agreement extends to full range of audio gear, including car stereo, his assumption is that first Zenith-brand equipment will be home and portable products. As first products aren't scheduled to reach dealers until 2nd half of 1993, spokesman said, Soundesign is more likely to show line at 1993 Summer Consumer Electronics Show in Chicago than at upcoming winter trade event in Las Vegas. Like Jensen-brand products, Zenith audio gear will be marketed as stepup alternative to Soundesign brand goods and will compete against GE, RCA and Magnavox audio brands, spokesman said.

Agreement specifically covers: (1) "Home audio products, including audio rack systems, bookshelf (compact) audio products and component audio products." (2) "Portable audio products, including radios, personal cassette players, CD players and cassette player/recorders." (3) "Consumer telephone equipment, including corded handset phones, feature phones, cordless phones, telephone answering machines, telephone-tape combinations and clock radio-telephones." (4) "Consumer audio products for automobiles." Soundesign is unit of SDI Technologies, privately held firm with hq in Jersey City, design and engineering offices in Far East, and manufacturing operations in Asia and N. America.

**GO-VIDEO GOES TO COURT ON SONY DUAL DECK:** Go-Video last week asked federal court to examine Sony's testimony as to viability of dual-deck VCR in long-running conspiracy case, in light of Sony's introduction in Japan of 8mm/VHS model earlier this month (TVD Nov 23 p15). Go-Video, which lost jury verdict to Sony, Matsushita and JVC last year (TVD June 3/91 p10), filed motion Nov. 24 asking 9th U.S. Appeals Court, San Francisco, "to investigate statements made by Sony officials to the Federal District Court in 1991, now contradicted by Sony's recent press release in Japan," company news release said.

As we reported, Sony has introduced dual-deck 8mm/VHS VCR with anticopy circuitry in Japan for equivalent of \$1,520 list. Company said it has no plans to export system, which at start will be produced at rate of 5,000 per month. Go-Video release contrasted Sony announcement with its court statements last year, quoting Sony officials as having told court: "This product that he [Go-Video Chmn. Terren Dunlap] came to us with was not something we were making, was not something we wanted to make, was something we'd already determined that we didn't want to make, and was not something that was innovative."

Go-Video Pres. Robert Palko admitted he expects Sony to respond by citing evolution of video market since original testimony, but he wants such statements on record in case of future litigation. At press time, Sony officials couldn't be reached for comment. Larger issue, Palko said, is that Sony's announcement (and those of other manufacturers over last year) "is an endorsement of what Go-Video said a long time ago" on viability of dual decks: "Dual-deck video is as natural a progression as dual-deck audio. If Go-Video had not gotten in the way of these companies' master plan, we would have dual decks [from those companies] today. If not for the litigation, dual-deck recorders would be a staple of the VCR business."

Go-Video said that since trial ended, Panasonic had introduced VHS/VHS-C dual deck with one-way recording capability, and that Toshiba and Hitachi introduced 2-deck VCRs that can't copy from deck to deck. All those models, Go-Video said, sell for more than \$1,100. Dunlap said that all 4 companies (including Sony) said they had no export plans, but they "apparently are willing to risk tooling and development costs in the hope that Go-Video's Japanese patents are delayed a few more years," adding that its applications "have been pending in Japan since 1985." Patent applications also have been filed in Europe.

Asked about licensing possibilities, Palko said "companies in addition to Samsung [which manufactures Go-Video's dual deck and which intends to market one under its own label next year (TVD Nov 9 p15)] have expressed interest in talking to Go-Video about dual-deck VCRs in multiple formats." He declined to offer specifics on any aspect of discussions, including number or national origin of companies with which Go-Video is talking.

**INDUSTRY LEADERS FEAR CAPTION DEBACLE:** Two industry marketing leaders have added their voices to widespread apprehension over effect of mandatory inclusion of closed captions in TV sets made after July 1 (TVD Aug 17 p15 et seq.), one suggesting that it could lead to shakeout among manufacturers and even dealers. Estimating that adding caption generator "will cost [industry] \$100 to \$200 million in the first year," Toshiba America Marketing Dir. Steve Nickerson forecast that "if we give it away and not sell it, it will certainly hasten the departure of [some] manufacturers and retailers." Addressing combined audience of dealers and press attending celebration of company's 10 millionth U.S.-made set delivered from Lebanon, Tenn., plant, Nickerson said "who bears the cost will be the key question."



"The big question is whether we can recoup the cost," said Matsushita America External Affairs Vp Jack Pluckhan, using some of same words in talk to ITA Membership Update Seminar in N.Y last week. "This is probably only an academic question," he quickly added, "as the industry has never had much success in raising prices."

Both speakers pinned some hope on selling captioning on basis of appeal to others than hearing-impaired viewers. Although neither mentioned it specifically, they presumably were referring to EIA's proposal to expand captioning to "TV data system," which is expected to result in FCC action before year-end (TVD April 27 p14). Pluckhan cited possibility of "more uses [for captions] by year-end." Nickerson suggested that caption system finally could "get teletext off the ground in the U.S. by ending the chicken-and-egg problem." Industrywide, he said, "the key is to sell the feature and benefits," such as silent bedroom TV viewing, helping children learn reading, etc. He estimated captions add cost of \$5-\$7 per set at manufacturing level, or \$15-\$20 at retail, but indicated main problem is to persuade consumers to pay even "a slight premium."

Speakers at both events forecast that 1992 would wind up with major increases in video product unit sales. Pluckhan said U.S. video equipment factory sales would total \$12.5 billion this year, up 5% from 1991. He saw VCR decks totaling at least 12.6 million units, up from 10.7 million in 1991. He noted that VCR prices were "stable," with less than 4-week supply in inventory. Some 24% of VCRs being sold are stereo, up from 21% in 1991, he said. Videocassette player sales will be down 30% from 1991, lowest since 1988, because of small price differential for recording feature. TV/VCR combos will hit 825,000 this year, Pluckhan said, up from 662,000, and he forecast sales of at least million units in 1993 as more brands enter category. Average selling price of combo is \$400, he said.

Pluckhan said camcorder sales this year could climb as high as 3 million, but with full-size, at only 650,000, less than 23% of total, largely due to short inventories. Compact camcorder sales will run more than 2 million, he predicted. He estimated 45% of this year's sales would be in 8mm format, 32% in VHS-C, with "slightly faster" growth of VHS-C than 8mm next year, full-size dropping to 15-20% of total.

Direct-view color TV could have its best year, with sales of at least 21 million units, 30" and larger accounting for more than 700,000 and stereo TV running 40% of total by year-end. Projection TV will hit record of 420,000 units, Pluckhan said. He said he expected TV to maintain current sales rate next year despite some consumer uncertainty about HDTV. As for 16:9 sets, such as Panasonic plans to introduce next year (TVD Nov 16 p11), he conceded existence of non-HDTV widescreen sets "does somewhat muddy the water, but it can serve as a bridge between today and the [HDTV] set of the future."

\* \* \* \*

At Toshiba celebration, both Nickerson and Toshiba America Consumer Products Pres. Hitoshi Ohashi reiterated there are no plans to introduce widescreen set next year because of insufficiency of 16:9 programming (TVD Nov 9 p11). Robert Traeger, vp-plant mgr. at Lebanon, made commitment to continue producing TVs in Tenn., eschewing example set by Zenith, Goldstar and Samsung in moving assembly to Mexico. Toshiba has 5-year-old chassis plant in Mexico, employs 700 in 15-year-old Lebanon assembly plant. Traeger predicted plant would be producing HDTV sets in 2 years and would turn out its 20 millionth TV before 2000.

Toshiba has met or exceeded its plans in 3 areas, Nickerson said: (1) Maintained market share in 30" and over "Supertube" TV despite increased competition. (2) Doubled share in projection TV. (3) Made major move into home theater with launch of "Cinema Series" of TVs, sold on basis "other than price." Nickerson said Toshiba's policy is not to lead in any price moves but to follow "aggressive response policy" when others cut tags. Giving preview of its first closed-caption models -- 32" and 35" sets with new chassis -- Toshiba promised more new set introductions in 1993 than in last several years.

Nickerson said industry this year would see first increase in color TV unit sales in 3 years -- to 21.6 million -- with 13-20" sets inching up less than 2%, 26" down 20% and virtually all unit growth in 25" and 27" and above. However, he warned that unit growth is being accompanied by price erosion, with 25" up 13% in units, but retail price down 10%. He saw 30-35" sets at more than 775,000 units this year, but with prices down \$100-\$300 from last year.

"Strongest holiday season in many years" is beginning, Nickerson said, but he warned of dropouts at both manufacturer and retailer levels. He said Toshiba's TV sales will rise 10% this year to exceed 1.3 million units, with most growth in 27" size. Next year, he predicted, will be "basically flat," with only real growth continuing from larger sizes. Asked about TV/VCR combination, Nickerson said Toshiba is "looking very



strongly at it" and hopes to have 13" and 19" or 20", but perhaps not as soon as next year. Pres. Ohashi floated trial balloon, asking dealers their reaction to 35" combo; there were several negative comments and no vocal endorsement of idea. As for reentry into U.S. camcorder market, Ohashi indicated time wasn't right in today's atmosphere of "confusion and price erosion," but said company is constantly "observing the market." (Toshiba product introductions are covered in separate report, this issue.)

**9-MONTH VCR AND COLOR IMPORTS UP SHARPLY:** U.S. imports of VCR decks, color TVs and CD players scored major increases in 1992's first 3 quarters. CD players pushed to new 9-month high of 6,867,300, up 36.4% from year earlier. VCR deck imports for period, at nearly 10.9 million, were highest for first 3 quarters since 13 million in record year of 1986, while imports of color sets were up 28.1%.

Camcorder imports continued to decline, dropping 26% for 9-month period. Imports of 1,033,800 were only 6% above U.S. sales to dealers in same period. Of total camcorder imports, 43% were 8mm. That format registered 43% decline in shipments to U.S., while 1/2" formats dropped 27%. In Sept., camcorder sales fell 26%, and 48% of imports were 8mm. However, 8mm imports declined 29.1% in Sept., others 23.1%.

Of VCRs imported in 1992's first 3 quarters, just under 40% were from Japan, as opposed to 52.3% in same 1991 period. Trend away from Japan was even more pronounced in Sept., when only 32.4% originated in that country. Korea was 2nd with 23% of total. In month when total VCR imports were up 21.3%, Japan's share dropped 14%, with Korea up 29.6%, Thailand up 42.2%, Malaysia up 20.5%, Singapore up 143.7%. Indonesia is just becoming power in VCRs with 116,000 shipped in Sept. and 644,500 in 9 months vs. virtually none last year.

Videocassette player market here is shrinking fast, as price differential vs. recorders continues to decline, and that's reflected in import figures with fewer than half million arriving in 9 months, down 12.4% from last year, and Sept. imports dropping almost 30%.

Increased color TV production in Mexico is reflected in 9-month figures. Imports from there rose more than million units from year earlier, Mexico accounting for 57.8% of increase in total color imports. In Jan.-Sept., 53.9% of imported color TVs came from Mexico. Thailand was 2nd most important source, followed by Malaysia, Korea and China, in that order.

Vast majority of CD players still come from Japan -- 76.4% in 9 months vs. 80% year earlier -- and Japan's shipments were up 30.4%. Singapore was distant 2nd as CD source, followed by China, Korea, Mexico. Here's table of imports for Sept. and first 9 months:

Product	Sept. '92	Sept. '91	% Chg.	9 Mo. '92	9 Mo. '91	% Chg.
Color TV.....	1,083,000	807,500	+34.3	8,116,000	6,334,100	+28.1
Monochrome TV....	231,000	159,900	+44.5	1,405,100	1,416,100	-0.8
Flat-screen TV...	83,600	57,600	+45.1	273,100	193,500	+41.1
VCR decks.....	1,597,800	1,317,600	+21.3	10,872,200	8,294,900	+30.7
Camcorders.....	330,350	446,500	-26.0	2,033,800	2,748,400	-26.0
8mm.....	151,900	214,300	-29.1	874,300	1,160,000	-24.5
Other.....	178,500	232,100	-23.1	653,200	1,159,500	-27.0
Videocass.players	83,600	69,600	+45.1	448,800	512,000	-12.3
CD players.....	1,008,000	751,500	+34.1	6,867,300	5,031,350	+36.4

**Disgruntled stockholders** packed annual meeting of Amstrad in London last week to fight proposal by Chmn. Alan Sugar to take company private in buyout offer of 30 pence (about 46¢) per share (TVD Nov 9 p15). Outspoken Sugar said only hope for company is to "buy it back and shrink it down in size," admitting he can't identify next hot product and implying he will resign if his offer is rejected. "There was a cretin in the Far East who offered me 22 or 23 pence for a 29.9% stake, but I told him to get stuffed," he said. "I could have taken his money, and then where would the lot of you be," he asked shareholders.

**JVC holiday tape promotion** offers free video movie with any 6 videocassettes purchased through Jan. 31. Movies are Batman Returns, Home Alone, Silence of the Lambs, Ghost, Beauty & the Beast.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 124 yen = \$1, except where noted.



**MEXICO DOMINATES COLOR:** Mexico is increasing its lead over other countries as source for imported color TV, analysis of Sept. and 9-month import data from Commerce Dept. showed.

In Sept., Mexico supplied more than 5 times as many color sets to U.S. as No. 2 source country, Thailand. Aside from those 2, no country shipped as many as 100,000 color sets to U.S. China, with 96,600, was 3rd largest source. In VCRs, only Japan declined as source of imports in Sept. and 9 months. Here are major source countries for VCR decks and color TVs:

	Sept.	% Chg.	9 Months	% Chg.
<b>VCR Decks</b>				
<b>TOTAL....</b>	<b>1,597,800</b>	<b>+21.3</b>	<b>10,244,400</b>	<b>+32.5</b>
Japan....	527,800	-14.0	4,314,500	- 0.5
Korea....	369,600	+29.6	2,430,900	+49.6
Malaysia.	236,000	+20.5	1,687,400	+76.6
Thailand.	239,300	+42.2	1,300,500	+17.1
Indonesia	163,000	*	644,500	*
Singapore	94,100	+143.7	276,400	+115.4
Taiwan...	16,700	-33.3	167,200	+27.1
<b>TV Sets</b>				
<b>TOTAL.....</b>	<b>1,314,000</b>	<b>+35.9</b>	<b>9,521,100</b>	<b>+22.9</b>
color....	1,083,000	+34.3	8,116,000	+28.1
b&w.....	231,000	+44.5	1,405,100	- 0.8
<b>Mexico</b>				
color...	614,000	+32.6	4,376,200	+30.7
<b>China</b>				
total...	212,900	+176.8	962,700	+35.3
color...	96,600	+174.8	551,900	+59.6
b&w.....	116,300	+178.5	410,800	+12.2
<b>Thailand</b>				
color...	127,500	+104.1	899,300	+88.4
<b>Malaysia</b>				
total....	114,200	+53.1	833,800	+35.7
color...	87,700	+29.0	707,400	+15.1
b&w.....	26,500	+300.0	126,400	+95.2
<b>Korea</b>				
total...	65,150	-32.4	948,200	-17.1
color...	38,450	-23.5	590,600	+ 1.8
b&w.....	26,700	-42.2	357,600	- 2.3
<b>Taiwan</b>				
total...	56,300	-42.7	448,100	-25.0
color...	8,600	-82.4	114,600	-60.7
b&w.....	47,700	- 3.5	333,400	+31.7
<b>Singapore</b>				
color...	50,900	+21.3	460,200	+50.6
<b>Japan</b>				
total...	30,300	-11.2	272,500	+ 1.9
color...	21,700	- 0.4	173,000	- 4.9
b&w.....	8,500	-30.4	99,500	+16.3
<b>Philippines</b>				
total...	14,000	+29.6	51,400	-27.9
color...	14,000	+60.0	47,800	-30.0
b&w.....	0	--	3,450	+16.9
<b>Hong Kong</b>				
total...	11,700	+49.7	154,800	+44.8
color...	6,800	+ 3.9	116,500	+122.1
b&w.....	4,900	+262.0	38,300	-29.7
<b>Canada</b>				
color...	9,800	+640.6	49,900	+662.9

\* No significant shipments in 1991.

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

**SEARS CATALOG CUTBACKS:** Sears will sharply trim number of consumer electronics offerings in its catalog as part of general overhaul of its mail order business, according to Nov. 27 Wall St. Journal. Sears representatives couldn't be reached over holiday weekend for comment.

"Sears plans to deeply scale back [catalog] offerings of consumer electronics, such as TVs and VCRs," Journal said, citing "fierce competitive pressures" from electronics retail chains "whose prices often are substantially lower." Company also is considering deletion of major appliances from catalog.

Quoting "Sears officials close to the deliberations," Journal said moves being considered could trim \$500 million (about 13%) from company's annual U.S. catalog sales of \$4 billion. Analysts estimate Sears catalog losses at more than \$200 million per year. Spokesman is quoted as saying company isn't pleased with performance of catalog operations, "so additional measures will be taken."

Arthur Martinez, who was named chmn. of company's retail and catalog operations in Sept., is responsible for program to revamp catalog. J.C. Penney dropped major appliances from its catalog several years ago, but still carries wide variety of own and major brand consumer electronics. Montgomery Ward left catalog business in 1985, but announced reentry last year in joint venture with Fingerhut (TVD Oct 28/91).

**PHILIPS-THOMSON LCD VENTURE:** Philips, Thomson and 2nd French company, Societe d'Applications Generales d'Electricite & de Mechanique (SAGEM), have agreed to pool their resources and efforts in active matrix LCDs in new consortium to develop and produce flat color displays for TVs and computers in competition with Japanese, who now dominate LCD manufacture.

Philips will own 80% of new venture, with Thomson and SAGEM each holding 10%. Philips already has pilot LCD plant in Eindhoven and is building \$111-million factory there for mass production. It also plans to acquire 10% stake in SAGEM.

LCD joint venture will start operations in Jan., with goal of manufacturing LCDs for its 3 parent companies as well as others, with sales "expected to reach... some hundreds of millions of guilders in the coming years," Philips said. Venture will build on LCD technology of both Philips and SAGEM.

European Commission is considering contributing \$27 million for LCD research to group of companies that would match sum from own treasuries. Group includes Philips, Thomson, Britain's GEC, others.

"Inspiration Book," slick 16-page newspaper insert in 19 top markets Dec. 6, will reach 10.5 million consumers, Sony said. Brochure showcases 6 Sony innovations -- XBR<sup>2</sup> TV, MiniDisc portable recorder, Hi8 TR101 camcorder, autosound controller, audiovideo system, Multimedia CD-ROM player.

**FM stereo transmitter** is built into new 10" Sony color TV introduced in Japan at about \$600. Although set itself has loudspeaker, it also can transmit TV sound to standard FM set or component system in room with no wired connection.



**GOVT. CITES CE DECLINE:** "U.S.-owned domestic market share" of consumer electronics (CE) is estimated at 5% in report by General Accounting Office (GAO) on 11 high-technology industries. Study concluded that 10 of those categories slipped behind foreign competition in 1980s. In addition to CE, they included telecommunications equipment, fiber optics, robotics, supercomputers and semiconductor equipment and materials.

Report (GAO/NSIAD 92-236) cited "relatively low technology" in much of consumer electronics market and added: "Given historically lower production costs in other countries, the exit of U.S. producers has been characterized as predictable and rational." It said that "more recently, foreign firms have also led in new product innovation and development."

"Consumer electronics has been a driver of new technologies," report said, "and some analysts argue that the emergence of HDTV as a viable consumer product is increasing the technological importance of the industry. At the same time, existing low-cost manufacturing technology of consumer electronic items has relevance for other industries, particularly data processing and telecommunications."

Table of audio and video equipment shipments, imports and exports 1980-1990, expressed in 1990 dollars, showed total industry domestic shipments of \$8.833 billion, exports of \$1.644 billion and imports of \$6.391 billion in 1980. Ten years later, imports had risen to \$12.405 billion, exports to \$2.096 billion, with domestic shipments down to \$7.319 billion.

Sen. Bentsen (D-Tex.), chmn. of Finance Committee who requested GAO report, said areas covered are as important to President-elect Clinton as they are to him: "History demonstrates that a cooperative and supportive government is essential to advancing high-tech industries. That lesson has been largely ignored by the last 2 Administrations. It is time for us to insist that proven results -- such as the success of joint research efforts like Sematach -- replace ideology as the litmus test in the hunt for the high-wage jobs of tomorrow."

\* \* \* \* \*

**Consumer electronics** (CE) balance of trade declined 14% in year's first 9 months, EIA reported, and had negative trade balance of \$9.275 billion for 1992 period, as compared with \$8.136 billion in 1991's first 9 months. While exports increased 19.7% to \$2.238 billion from \$1.869 billion, imports in same period went up 15.1% to \$11.513 billion from \$10 billion.

For electronics industry as whole, imports totaled \$63.8 billion, up 14.2% over \$55.8 billion, while exports reached all-time high of \$56.7 billion, up 4.8% from previous record of \$54.1 billion, EIA Mktg. Services said on basis of preliminary Commerce Dept. figures. Segments with favorable trade balance this year were electron tubes, solid state products, telecommunications and other communications equipment, industrial electronics, electromedical equipment. However, amount of favorable balance declined for all segments except medical equipment.

Computers and peripherals moved to unfavorable from favorable balance in this year's 9-month period. Unfavorable balance also was registered by passive components, in addition to CE. Without CE's deficit, entire electronics industry would have had favorable balance in both periods.

**PANASONIC AND TOSHIBA SETS:** Panasonic and Toshiba introduced their first closed-caption TV sets (see related reports in this issue and TVD Nov 16 p11). Panasonic will continue to emphasize SuperFlat system in 1993 line. SuperFlat lineup will include four 27" table models, five 31" tables and single 27" console. In addition to pair of widescreen CinemaVision sets, as already reported, Panasonic is expanding projection line to include top-of-line 51" model with slim cabinet, 2-tuner PIP, Dolby ProLogic.

All Panasonic 1993 sets, whether in SuperFlat or standard lines, include icon-based menu system, simplified remotes, closed-caption capability. Dark glass has been added to mainline 20" and 27" sets. New SuperFlat sets have been regrouped, with fewer models in higher end XF series and additions to more moderately priced SF line. Total of 10 new SF and XF sets are in 1993 line, all scheduled for delivery in 2nd quarter.

**Toshiba** introduced 4 "Supertube" models with new chassis and tooling. Console with 32" picture incorporates TV set and 2 storage shelves in single cabinet. Sound system has 10-w-per channel amplifier and 13-w subwoofer. It has 2-tuner PIP, 3-language display, velocity modulation, S-video input. Black cabinet and wood grain versions will be available in Jan. at \$1,799 list. New 35" version with universal remote, molded cabinet, 10-w-per channel amp, front surround sound, will be \$2,300. Similar model with 2-tuner PIP has digital signal processing with 4 sound environments, digital comb filter at \$2,500. Both 35" models will be available in April.

**FCC has been asked** by EIA Consumer Electronics Group and Telecommunications Industry Assn. to extend Dec. 20 deadline for rules implementing Telephone Consumer Protection Act that requires all fax machines to mark date, time, sender's identity and phone number on each transmission. Groups said machines without those capabilities now are low-end units, "many of which lack the timekeeping circuitry necessary." To add those functions would increase complexity and expense, they said, adding that separate provision of law would ensure that all fax transmissions were labeled properly. They said rule would focus on some equipment but that other gear, notably fax boards used in personal computers, wouldn't have similar restrictions. They suggested date and other marking requirements apply to models whose manufacturing started Dec. 20 or later.

**Unit sales to dealers** of major video products, which took major dive preceding week, resumed steady uptrend in 2nd week of Nov., with all categories except laserdisc players showing strong double-digit gains. For year's first 45 weeks, camcorders were only category in which current year's sales were trailing 1991 pace, off 1.9%. VCR deck sales climbed within 350,000 of last year's 53-week figure on way to what should be recordbreaking year. Five-week moving average of VCR sales at mid-Nov. was 34.7%, highest level in last 3 months.

**Consumer intentions** of buying TV sets rose in Nov. from Oct., Conference Board survey found, but still were below those of Nov. 1991. Preliminary results indicated 6.6% of 5,000-household sample intended to buy TV in next 6 months, up from revised 5.9% in Sept. and down from 7% in Nov. 1991. Nov. 1992 figure was best since Aug. Consumer Confidence Index registered 11-point gain over Oct. to 65.5, which was 13 points above Nov. 1991.



**PROGRESS ON MPEG-2:** "Substantial progress" was made toward development of technical specifications for MPEG-2 video compression at week-long London meeting of Motion Picture Experts Group (MPEG), setting stage for implementations to hit market in "mid-late 1993," according to executive summary of proceedings.

Compared with MPEG-1 standard, which provides for CD-quality audio and VHS-quality video reproduction, MPEG2 is aimed at providing "audiovisual quality ranging from today's top-of-the-line consumer TVs to tomorrow's theater-like HDTVs and provide the flexibility needed to support exotic new interactive applications."

Requirements for MPEG-2 video include optimized image quality at 3-15 Mbps, support for various interlaced and progressive video formats, provision for multiresolution bitstream and decoder scalability, random accessibility. Audio requirements include support of 5-channel surround sound, multilingual audio and stereo coding at rates below 64 kbps. Summary said: "The aims of MPEG-2 systems are to support those new audio and video formats in a manner extensible from the MPEG-1 systems specification and to enable multiplexing of multiple MPEG-1 systems streams in support of multichannel broadcast and new multimedia applications."

If all proceeds according to schedule, frozen technical specification will be agreed upon by end of MPEG meeting in March in Australia, with committee draft completed next Nov. Latter document "will likely be a basis for early implementations by... manufacturers," summary said. Most publicized early implementation of MPEG-1 compression will be in full-motion video adapter and cartridge scheduled to be released by Philips for CD-I player in Jan.

**Photo CD 5-disc changer** is being shipped by Kodak to consumer electronics retailers at suggested \$649 list price. In addition to features in high-end single-disc Kodak player (zoom, random selection, favorite picture selection), carousel changer has on-screen display to indicate how many discs are in player, whether they're photo CD or audio CD discs, number of photo or track being played, other data. Player is compatible with all Photo CD formats (Pro Photo CD Master Discs, Portfolio and Catalog formats) that TDK has announced for commercial applications.

**Shintom has closed VCR plant** in Kofu, Japan, eliminating 94 jobs, but will continue to make recorders in Singapore. Company has eliminated 242 full-time jobs in last year, now employs 540, but seeks to cut another 150 through voluntary retirements. Company reportedly has ended own-brand distribution in U.S., with Craig to handle its VCRs here. Shintom's consolidated sales dropped 54.5% in year to last March, with loss of \$59 million.

**Matsushita's first LCD** projection system is being offered in Japan at \$6,450. Projector can be switched from 16:9 widescreen to standard ratio at touch of button. It uses three 3" LCDs with 110,000 pixels, providing 50-150" picture in widescreen mode or 40-110" in standard dimensions. Light source is 150-w metal halide lamp. Company said special filter eliminates mosaic pattern of LCD pixels.

**Antidumping investigation** covering color TVs imported into Europe from Malaysia, Singapore, Korea, Taiwan, Thailand and Turkey has been opened by European Commission. Probe follows complaint by group including Bang & Olufsen, Grundig, Nokia, Philips, Selexo, Thomson Consumer Electronics.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>Carolco Pictures</b>			
1992-9 mo. to Sept. 30	399,987,000	(51,943,000)	-- <sup>a</sup>
1991-9 mo. to Sept. 30	446,548,000	(91,002,000)	--
1992-qtr. to Sept. 30	180,025,000	(33,129,000)	--
1991-qtr. to Sept. 30	165,560,000	(43,692,000)	--
<b>Handleman</b>			
1992-26 wk. to Oct. 31	534,164,000	18,892,000	.57
1991-26 wk. to Oct. 26	445,633,000	18,092,000	.55
1992-13 wk. to Oct. 31	321,852,000	14,360,000	.43
1991-13 wk. to Oct. 26	278,858,000	12,578,000	.38
<b>J2 Communications</b>			
1992-year to July 31	4,511,000	(1,165,000)	--
1991-year to July 31	6,073,000	(2,734,000)	--
<b>Warrantech</b>			
1992-6 mo. to Sept. 30	22,487,331	728,630	.06
1991-6 mo. to Sept. 30	27,442,910	476,485	.04 <sup>b</sup>
1992-qtr. to Sept. 30	11,286,234	342,779	.03
1991-qtr. to Sept. 30	14,148,698	643,711	.05 <sup>b</sup>

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

## Consumer Electronics Personals

**Rusty Bennett** resigns as Aiwa America sales and mktg. vp, post he's held for 3 years, to become sales vp for startup technology firm in Seattle area, details to be announced; no replacement named... **Thomas Lauterback**, ex-EIA and Quasar, named mgr.-corporate communications, National Trade Productions, Washington-based operator of 170 trade shows and seminars... **Michael Strange** promoted to dir.-customer service at Sony-owned Digital Audio Disc Corp., reporting to Sales Vp **Scott Bartlett**... Best Buy Chmn. **Richard Schulze** named one of 3 national finalists for "Master Entrepreneur of the Year" award by Ernst & Young, Inc. Magazine and Merrill Lynch.

**Moriyuki Mizumachi**, Tokyo U., elected chmn. of Japan GPS Council, 80-company consortium formed to promote awareness of global positioning navigation system to consumers and other end users... **Susan Mann**, ex-Commerce Dept. Patent & Trademark Office, named principal, Griffin/Johnson Assoc., Washington govt. relations firm for National Music Publishers' Assn... **Philips Interactive Media of America Pres. Bernard Luskin** to be keynote speaker at Showbiz Expo East Film & Video Conference, Jan. 7-9, N.Y. Hilton... **Helene Cohen Smith** takes maternity leave from Nikon Electronic Imaging, her duties as PR mgr. assumed temporarily by **Nora Bertucci**.

**Bud O'Shea** appointed senior vp, catalog and new business development, CEMA Distribution, post that includes overseeing company's involvement with new technologies, including DCC, MiniDisc, CD-I and CD-ROM; he most recently was senior vp, catalog and video planning, Capitol-EMI Music, whose distribution is part of CEMA... **Gene Silverman** resigns as Orion Home Video senior sales vp to take job in premium incentive business, succeeded by onetime Eastern Regional Sales Vp **Herb Dorfman**, who returns to company after 6 months with PPI Entertainment/Parade Video... Changes at West Coast Video: **Ken Graffeo** promoted to exec. vp; **Richard Abt** named gen. counsel; **Steven Apple**, ex-Video Insider, joins as vp-communications and new business development.