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With Consumer Electronics

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Broadcast - Cable

NO CABLE DIVESTITURE LIKELY: FCC suggests 25%-35% national MSO ownership limit, higher than any current figure. Few practical limits likely on channel occupancy, program production. (P. 1)

FCC REOPENS FINSYN for umpteenth time. Reacting to court order, agency says it will reexamine 'extensive record' already compiled and seek new information. Sunset to be considered. (P. 2)

CABLE RATE TREND UPWARD: Most new hikes exceed 5% average for 1992, although most still are in 4-6% range. More variability shown in 2nd spot check. TCI, Time Warner hold overall average down to 6.1%. (P. 3)

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DIGITAL PREMATURE?: Multimedia firm says 'primitive' digital compression may be good enough for video-on-demand, but miss boat on interactive multimedia. Hawkins says that improvements are 'within our grasp.' (P. 5)

FCC WON'T REQUIRE MSOs TO DIVEST CABLE SYSTEMS: No cable MSOs will have to divest cable systems in order to meet horizontal concentration requirements of 1992 Cable Act, FCC indicated in notice of rulemaking released last week (TVD Dec 14 p2). Notice specifically asks whether MSO ownership limit of 25%-35%, well above that of largest MSO, would be reasonable, although it leaves open possibility of other limits. Rulemaking also appears to avoid limiting amount of MSO-owned networks on each cable system and specifically says FCC tentatively is concluding it won't limit MSO participation in program production. Comments are due Feb. 9, replies March 3.

FCC proposed to base ownership limits on homes passed, rather than subscribers, saying that's better measure of homes to which MSO has access. Citing Warren Publishing's Television & Cable Factbook, Commission said that TCI, largest MSO, has interest in systems passing 24% of U.S. homes "and thus it appears that divestiture would not be required if the limit set is within our suggested range." In proposing limit higher than any present level, FCC said industry falls far short of Justice Dept. standards for concentration. Justice considers industry concentrated if 4 largest companies control 50% of business, while comparable cable figure is only 36%. It also said some level of horizontal concentration benefits public by providing economies of scale and encouraging investment in programming.

Consumer Electronics

1992 MOVES INTO RECORD BOOKS, with color TV, projection, TV/VCR and VCR decks setting new sales peaks for any year. Only camcorders lag. (P. 8)

55W' WIDESCREEN PROJECTOR, scheduled by JVC for marketing in May at \$4,495, is 5th 16:9 system planned for sale this year. (P. 9)

HOT BUTTONS AT CES are digital audio and multimedia as Las Vegas show this week inaugurates Digital Age. Major new initials: DCC, MD, RBDS, 3DO. (P. 9)

YEAR'S HIGHEST IMPORTS in TVs, VCRs, camcorders were recorded in Oct. But camcorders marked 12th consecutive month of declines from year earlier. (P. 10)

5" PROJECTION TV set that uses built-in Polaroid to make prints from videotape or broadcasts among new items being shown in Las Vegas CES. (P. 12)

SEGA CD SHINES, NINTENDO'S PLANS HAZY as videogame companies position for multimedia age. Nintendo's 1993 CD entry is increasingly doubted. (P. 12)

NEW TV, VCR AND CAMCORDER lines to be shown by Panasonic at CES. Sanyo to show VCR, camcorder. (P. 13)

CES WORKSHOP PROGRAM omits traditional video and audio outlook sessions, substituting product-oriented seminars after industry summary and keynote. (P. 13)

Commission proposed to use attribution criteria it already has set up for other media to determine system ownership. Rulemaking asks whether there should be regional concentration standards as well as national, and tentatively concludes that reporting requirements may be unnecessary since subscriber information is available publicly.

Number of channels carrying networks owned by MSO that owns system should be percentage of total channels not used to relay broadcast channels, FCC said. It didn't set specific figure, but sole example it used included "hypothetical" 20% figure. In example, MSO-owned cable system with 40 channels not used to relay over-air stations could carry maximum of 8 channels affiliated with MSO owner. FCC tentatively concluded that Act referred only to networks owned by MSO that owns specific cable system, not to all MSO-owned networks. No MSO has interest in more than 8 cable networks since TCI spun off some of its programming interests to Liberty Media. FCC said it believes that video compression will eliminate need for channel occupancy limits and proposes to establish threshold number of channels beyond which there would be no limits. It also asks whether limits are needed for systems that face effective competition.

Limits on MSO participation in program production probably aren't needed, even though provision is included in Cable Act, FCC said, since other structural limits being enacted will accomplish same purpose: "In view of the structural and behavioral restrictions already required under the 1992 Act, we seek comment on whether additional restrictions... are warranted. We believe that at the present time the objectives of such a restriction may be fully addressed by the other provisions."

Congress didn't clarify rationale for antitrafficking provisions, FCC said. Rulemaking proposed that local govts. have primary responsibility for policing rule, although FCC would be able to issue waivers. Commission did ask how to define "transfer of ownership" and what types of transactions would be covered by rules. On cross-ownership rules, FCC concluded that its existing ban on cable/wireless cross-ownership meets congressional mandate and proposed to extend same rule to cable/SMATV cross-ownership.

FCC REOPENS FINSYN FOR COMMENTS FOR UMPTEENTH TIME: Acting under mandate of 7th U.S. Appeals Court, Chicago, FCC Dec. 31 issued further notice of rulemaking on its finsyn rules. Working under 120-day deadline (which started Dec. 8) established by Court (TVD Dec 14 p10), Commission set Feb. 1 for comments, Feb. 16 for replies. And, for first time, it's soliciting comments (at insistence of Comr. Barrett) on whether any new finsyn restrictions put in place should include sunset provision.

In staying its Nov. order vacating finsyn rules (TVD Nov 9 p3), Appeals Court told Commission it could attempt to justify rules adopted in 1991 or it could come up with new rules -- subject to Court's review. Agency is asking for comments on either or both as best way to proceed. Comments were limited to 30 double-spaced pages, replies to 20 pages. If FCC hasn't acted by Court's deadline, there will be no finsyn restrictions on TV networks under Court mandate, Commission said.

Still pending before Chicago Circuit is petition by Hollywood Coalition for en banc reconsideration of 3-judge panel's ruling that vacated finsyn rules. Coalition also was unsuccessful in efforts to disqualify Judge Richard Posner (TVD Nov 30 p6), who wrote Court's decision.

FCC adopted new finsyn rules on 3-2 vote, with Chmn. Sikes and Comr. Quello dissenting strongly. And now it appears there will be 2 new commissioners (or less than full complement) who will vote on any new or modified rules adopted by Commission. Sikes has resigned, effective Jan. 19, and term of Comr. Marshall (who was in finsyn majority) expired last June 30. However, she may continue to sit on Commission until her successor is qualified. Clinton transition officials have indicated that 2 FCC posts will be filled quickly, citing heavy workload Cable Act placed on agency.

In separate statement on last week's order, Sikes said: "Commenters should address -- and debate should surround -- the question whether the networks, if they were accorded free rein, would be more or less hospitable to prospective or nascent producers, especially those with new programming ideas. If networks are likely to be less hospitable, commenters should then recommend reasonable steps this agency might take to ensure an environment that is more conducive to allowing prospective or nascent producers to make a contribution" to network programming.

KMST (Ch. 46 CBS affiliate) Monterey, Cal., has been sold by Retlaw Enterprises to newly formed Harron-Smith TV Partnership, owned by Paul Harron and Robert Smith, price not announced. Kalil & Co. was broker.

Digital Mobile Communications Inc. - Mich. has been fined \$40,000 by FCC for "willful and repeated violations of the rules" for operating land mobile station KQC884 at unauthorized location in Dearborn since July 1991.

CABLE RATE TREND UPWARD: Half of cable rate increases for year-end period exceed 5% national average growth of cable costs for previous 12 months, according to our 2nd spot check. Like previous spot check (TVD Dec 21 p6), latest version covering 60 increases showed largest group to be in 4-6% range (40.7% of total). Latest round also had more variability, with 18.5% of hikes less than 4% (vs. 2% earlier) and 27.8% exceeding 8%.

Latest figures could indicate slight upward trend in cable rates, in comparison with 12-month period ending in Nov. According to Labor Dept.'s Bureau of Labor Statistics, nationwide cable rates grew average of 5% in that time, including 0.8% in Nov. alone (TVD Dec 14 p9). In same 12-month span, overall consumer prices rose average of 3%. Only 2 of 60 rate increases we checked were less than rate of inflation. Most of those for Dec.-Jan. were annual figures, and average was more than 6.1%. Many of cable systems attributed hikes largely to increases in prices they pay for programming. For example, Viacom system in Salem, Ore., (37,874 subscribers) which raised rates 7.3% to \$24.05 for expanded basic, said its program costs grew 13.2% last year.

Figures are even starker when data for single MSO -- TCI -- are eliminated. TCI systems alone accounted for 22 of 32 price rises of less than 6%, and every one of those of less than 5%. Time Warner systems had 5 of 7 hikes of 5%. If TCI is excluded, 46.9% of rate hikes exceed 8%.

Virtually all of largest increases were attributed by operators to changes in system configuration, marketing or channel lineup. For example, Service Electric system in Birdsboro, Pa., (11,500 subscribers) said 13.9% hike to \$20.50 was justified because it added 6 basic channels last year. Continental system in Keokuk, Ia., (5,943 subscribers) attributed 10.6% rise to \$20.95 for expanded basic to addition of American Movie Classics, Arts & Entertainment, Prevue Guide. Helicon system in Roxboro, N.C., (5,000 subs) said 10.4% raise to \$21.94 for expanded basic was caused by addition of Learning Channel, Sci-Fi Channel and stereo sound for Country Music TV and VH-1. TCI system in Santa Cruz, Cal., added \$4.64 to price of basic service (to \$18.14), but eliminated \$2.95-per-month charge for remote control.

Highest monthly cable rate we found was \$30.95 for expanded basic at Media General system in Fairfax County, Va. (outside Washington), followed by \$27.65 for expanded basic at Cencom system (30,729 subscribers) in Florissant, Mo. Cencom system has 82 channels, including 25 basic cable networks, 7 off-air signals plus several public, educational and govt. (PEG) channels. Florissant system offset part of its 7.6% hike by cutting price for Disney Channel 80¢ and reducing pay-per-view rates. Lowest rate was \$14.29 for 180,000-subscriber Time Warner system in Cincinnati. Vast majority of monthly rates will be \$19-\$25 after increases take effect, with 37% between \$19 and \$22 and 35% between \$22 and \$25. Only 5 of 60 rates we checked were higher than \$25 per month, and 11 were below \$19.

Rates in Washington metropolitan area are sensitive because of large number of regulators and legislators who live in region. Media General (184,721 subscribers) justifies its 6.9% increase by saying it has 120-channel system with most popular basic cable networks. Total price for some subscribers actually will go down this year, company said, because it's converting Bravo to basic from pay and lowering price for Home Team Sports. System also added several new channels. Other Washington area rate increases: Hauser in Montgomery County, Md., (161,574 subscribers) up 8.2% to

\$24.45; TCI of D.C., (78,508) 6% to \$23.79; Multivision in Prince George's County, Md., (72,000) up 8.3% to \$23.95; Jones in Alexandria, Va., (34,200) up 5.1% April 1 to \$24.65.

COURT SEVERS MUST-CARRY: There's no need to consider retransmission consent simultaneously with must-carry, 3-judge panel of U.S. Dist. Court, D.C., said in formal opinion rejecting request that it consider all First Amendment attacks on 1992 Cable Act (TVD Dec 21 p5). Opinion, written by Judge Stephen Williams with concurrence by Judge Stanley Sporkin, said that panel will decide later if any decision against must-carry automatically would kill retransmission consent, and that Judge Thomas Jackson would consider impact of copyright on retransmission consent.

Full panel might have discretion to consider all challenges to Cable Act because all are related to same legislation, are based on First Amendment and have other linkages, Williams said, but "we believe that prudential factors argue for our exercising [discretion] against jurisdiction." He said arguments for having all issues heard by 3-judge panel "impute to Congress an intent to saddle the judicial system with rather heavy burdens for no apparent purpose." Using 3-judge panel triples cost to court system at time when Congress has been shrinking jurisdiction of such panels "drastically" in effort to relieve courts of that burden, Williams said. Opinion also suggests that Congress called for 3-judge panel for must-carry in bid for prompt resolution of constitutional doubts about provision, and adding other provisions could delay that process.

Court declined to address whether retransmission consent is linked inextricably to must-carry, saying it would "have to evaluate plaintiff's theory against the Supreme Court's severability standard... But that is no reason to sweep within this lawsuit the independent constitutional attack on [retransmission consent] which... turns on concepts akin to copyright."

First Amendment attacks against 1992 Cable Act will have to overcome "range of standards," Williams warned in opinion. For example, he said Act's provision of immunity from liability for obscene programming is directed to content and subject matter, and therefore raises First Amendment problems different from noncontent provisions. Those, in turn, face standards different from retransmission consent, he said.

Williams said there's no dispute as to court's jurisdiction over 1992 Cable Act cases, despite implications of same court's earlier ruling in Telecommunications Research & Action Center vs. FCC, in which it said only Appeals Court had jurisdiction over FCC actions. Some claimed that lower court action in Cable Act cases would foreclose FCC role. "The question is only the allocation of jurisdiction between a three-judge panel and the District Court out of which it has been created," Williams said.

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FCC proposes to fine KRTM(FM) Temecula, Cal., \$5,000 for violating prohibition against ads on noncommercial stations. Station claimed that announcements were merely acknowledgments of sponsorships, not prohibited promotions. FCC disagreed, saying announcements included price information, calls to action and inducements to buy, as well as comparative and qualitative language. FCC said \$5,000 fine is appropriate, even though lowest allowable penalty would be \$2,500, because announcements continued after Commission notified station of its concern.

IN-BAND DAB MOVING: Executives of Project Acorn in-band on-channel (IBOC) consortium reiterated that they're well on target toward staging first mobile DAB demonstrations at April NAB convention in Las Vegas. Moreover, consortium -- which includes Gannett Radio, Group W and CBS Radio -- could hold at least informal licensing talks with consumer audio and broadcast equipment manufacturers by time first Acorn demonstration hits road in spring, Gannett Vp Engineering Paul Donohue said.

Donahue said consortium (also called USA Digital) already has held informal consultations on technical issues with consumer audio makers he wouldn't identify. While Acorn brain trust has been preoccupied with task of proving IBOC is viable DAB technology that won't interfere with existing analog AM and FM broadcasts, Donahue said consortium members have paid increasing attention to how technology can be licensed to transmitter and receiver makers on royalty basis. He insisted that Acorn's withdrawal Dec. 18 from EIA Digital Radio Subcommittee wasn't attempt to sabotage proceeding, only that action stemmed from belief that proponent couldn't join testing process that didn't have support of broadcasters. Action followed vote by NAB DAB Task Force to recommend to Assn.'s radio board that IBOC systems be tested by NAB-EIA National Radio Systems Committee (NRSC) and that board give full preference to IBOC DAB proponents.

Donahue indicated that because IBOC service such as Acorn's would operate within station's existing licensed spectrum "mask," there's considerable support within consortium to approach receiver and transmitter makers directly on Acorn licensing plan. But he conceded that no formal licensing framework has been established within consortium. At same time as IBOC concept enjoys wide acceptance among consumer audio engineers for its purported ease of transition into new DAB era, Donahue admitted that many in engineering community also have doubts about its technical viability. He said he worried that withdrawal from EIA testing would fuel speculation that project had hit snag, but insisted that developers remained on schedule to mount first working mobile demonstrations of AM and FM DAB systems in Las Vegas in spring.

Papers on Acorn progress could figure prominently at Jan. 14-16 meetings in L.A. of International Radio Consultative Committee (CCIR) study group 10-B on DAB. DAB study group report is among agenda items scheduled for discussion at meeting Jan. 8 of full NRSC during Winter Consumer Electronics Show in Las Vegas. NRSC meeting notice said separate discussions of AM and FM DAB are scheduled. As for Las Vegas show itself, event figures to be low key on DAB front in comparison with Radio Best. Data Service promotions planned in big way.

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Wireless cable telemarketer has agreed to repay \$100,000 to customers and avoid misrepresenting economic viability of wireless cable in future, under settlement with FTC announced Dec. 28. Applied Telemedia Engineering & Management (A-TEAM) and principal Gerald Seifer will provide \$100,000, under one agreement, and principal Anthony Liggio will have to post \$50,000 performance bond under 2nd. Settlement dismisses charges against A-TEAM Sales Mgr. Charles Fremer. FTC's 1991 complaint against A-TEAM claimed that firm was telling potential customers that they were virtually certain to win wireless cable franchise, that systems were likely to be worth millions and that A-TEAM contract was low-risk, high-return investment. Settlement is subject to final approval of U.S. Dist. Court, Miami, where FTC filed charges.

FCC launched formal rulemakings on ghost-cancelling and expanding opportunities for closed-captions in noticed released Dec. 28. Commission indicated it's putting both on fast track because "significant benefits can be derived by prompt action in this rulemaking." FCC noted that TV manufacturers already are designing sets equipped with captioning circuitry to meet requirements of 1990 TV Decoder Act, and "the earlier the FCC can act on these proposals, the less disruptive it will be for manufacturers [and] the sooner televisions equipped with these features can be made available." Ghosting is most serious unresolved NTSC defect, FCC said, and it agreed with NAB's Advanced TV Systems Committee (ATSC) that ghost-cancelling, rather than long-neglected vertical interval reference signal, is best way to solve it (TVD Aug 17 p4). Agency earlier had cleared way for ghost-cancelling by suspending enforcement actions against those who did (TVD Nov 2 p6). Captioning rulemaking is at request of EIA, which wants to use field 2 of vertical blanking interval line 21, as well as current field 1, effectively doubling data space available. FCC said doubling would enhance captioning for hearing-impaired and expand multiple language and other captioning options for nonimpaired. Commission rejected proposal by PBS and National Captioning Institute for multiple levels of captioning, saying that was outside scope of proceeding. Changes were sought by Consumer Electronics Group of EIA and ATSC.

Suit filed by Resolution Trust Corp. (RTC) against Washington communications attorney Michael Gardner (TVD Nov 9 p4) \$1.5 million was dismissed by U.S. Dist. Court, D.C., after Gardner agreed to pay \$350,000. All other claims asserted by RTC were "dismissed with prejudice," according to Gardner's attorney Andrew Lipps. RTC claimed that Gardner was paid fees illegally in 1985-1986 by embattled Lincoln Savings & Loan for advice in investing in broadcast properties. However, during pretrial discovery proceedings, it was shown that Lincoln made more than \$50 million profit from \$132 million it invested in Gulf Bestg. with Gardner's advice. Gardner said evidence in case "demonstrated beyond dispute that the consulting fees I received were reasonable and proper," position with which expert witnesses agreed. Referring to what Gardner said were "recklessly excessive claims" by RTC, he said he settled because such action is "normal and routine in such disputes" and to avoid "another year or more of the RTC's taxpayer-financed prosecution."

Chesapeake & Potomac (C&P) Telephone already may be violating procedural requirements for nondiscriminatory access for video dial tone (VDT) services, NCTA said in FCC filing on telco's Asymmetric Digital Subscriber Line test in Va. (TVD Dec 14 p6). In reply to NCTA petition to deny Sec. 214 approval of trial, C&P said more than half-dozen unaffiliated programmers had agreed to participate. NCTA said that means C&P apparently signed contracts before approval of Sec. 214 and filing of tariffs. Even signing unaffiliated programmers doesn't prove there's no discrimination problem, NCTA said, because terms haven't been disclosed. Cable group also said C&P is forcing telephone ratepayers to subsidize VDT test because DS-1 costs aren't included in VDT and C&P will assign only direct incremental costs to video portion, forcing telephone subscribers to pay all common costs.

Twelve of 14 holders of QVC warrants have agreed to exchange them for new shares of QVC stock, company said. Warrants for about 2.4 million shares will remain after 7.1 million are converted, it said.

COMPRESSION DECISION PREMATURE?: Cable industry should avoid committing to primitive digital compression technology that doesn't take into account future demands of interactive TV, said Electronic Arts & 3DO Chmn. William (Trip) Hawkins. Writing in CableLabs publication Specs Technology, Hawkins said:

"A minimum video-on-demand system can be created with a minimum digital commitment. However, for slightly more cost, the cable industry could instead create an entirely new medium, or 'interactive TV,' that will revolutionize the use of TV and spawn vast new markets and significantly higher consumer spending. While such a system does not exist today, it is within our grasp and it would be a strategic error for the cable industry to commit prematurely to a shortsighted system that provides merely adequate video on demand."

Hawkins also warned against "premature cable industry commitment" to Motion Picture Experts Group (MPEG) or MPEG-2 compression standards, saying they're "struggling" to achieve variety of "important" performance considerations such as symmetric real-time encoding, scalability and "frame-accurate random access both forward and reverse," in addition to picture of VHS quality or better. Hawkins said key digital technologies for future are real-time animation and full-motion digital video. Quality of animation, he said, must improve from what today's PCs and video games present (maximum of about one million pixels per sec.), and surpass quality even of TV (6 million pixels per sec.). "To create a truly new home medium," he said, "will require the development of real-time animation that is more than 10 times better than what PC technology has to offer."

Finally, Hawkins urged standardization of in-home boxes, and recommended that industry adopt technology sophisticated enough to assure widespread consumer acceptance. "It would be a major mistake if a premature commitment were made" to compression algorithm such as MPEG "when more recent research suggests that far better solutions are imminent."

3DO multimedia system has stirred interest in part because it's owned by Time Warner, Matsushita and Electronic Arts, whose strengths in cable TV, music, motion pictures, computer entertainment and consumer electronics manufacturing lend air of legitimacy that otherwise might have been difficult for startup venture to attain. Its executives, led by Hawkins, have talked publicly only in broadest terms about system in advance of news conference scheduled for Jan. 7 at opening of Consumer Electronics Show in Las Vegas. But software developers and others familiar with project say 3DO hopes to create home media center that goes well beyond videogame.



Lockheed teamed with Russia's Khrunichev Enterprises to market Russian-built Proton rocket for commercial satellite launches. Space industry analysts said signing of deal not only could enable new venture -- Lockheed-Khrunichev International (LKI) -- to achieve lock on international launch market with bargain-basement pricing, but also could signal that Lockheed is making foray into commercial satellite business. Lockheed's move follows recent acquisition by rocket manufacturer Martin-Marietta of GE Aerospace -- including its satellite-making wing, GE Astro-Space -- move that was viewed by some analysts as another attempt at vertical integration of satellite services, making launch-satellite-insurance deals possible.

VideoCrypt encryption system is coming to U.S., U.K.'s News DataCom (NDC) said in FCC filing Dec. 24. In comments on Commission's encryption rulemaking, NDC said it intends to build and market VideoCrypt products in U.S. for satellites, cable and wireless cable, as well as set up VideoCrypt authorization center to compete directly against General Instrument (GI). Filing didn't include timetable. Company, subsidiary of News Corp., also said it's exploring "wide range" of licensing and manufacturing deals. "General Instrument has earned a strong market position," NDC said. "Any company that relies on proprietary interfaces to maintain its position is particularly susceptible to price competition from open architectures and standard interfaces." NDC predicted that arrival of VideoCrypt would lead to "vibrant competition" among scrambling equipment manufacturers and told FCC that "the temptation to regulate [encryption market] should be resisted. This is a rapidly evolving marketplace ill-suited to the pace and rigidity of government processes." NDC originally developed VideoCrypt for use with British Sky TV satellite system. It combines Thomson-developed line cut and rotate scrambling technology with NDC's smart card encryption technology. Virtually all major scrambling information for VideoCrypt is included on replaceable smart cards with standard nonproprietary interface that are inserted into generic descrambler. In addition to being replaceable whenever they're compromised by pirates, or even if subscribers don't pay bills, smart cards allow single descrambler to function with multiple encryption systems, NDC said. System also is compatible with both analog and digital compression, according to filing. NDC said VideoCrypt system is being sold in U.K. for about 1/3 price of typical U.S. integrated receiver/decoder, although U.K. version isn't steerable.

Cable reregulation will "unleash a tide of competition for local ad dollars" that will hurt broadcast stations, CATA Pres. Stephen Effros predicted in opinion article in Nov.-Dec. issue of Best. Cable Financial Journal published by Best./Cable Financial Management Assn. Broadcasters saw 1992 Cable Act as way to limit financial growth of cable, Effros said, but he predicted that "will rebound to hit local broadcasters right in the gut. Cable operators are now forced to turn to ancillary revenue streams -- such as the vastly underdeveloped market for local ad sales." Effros said must-carry won't survive court test and retransmission consent-only environment "will wreak havoc upon the marginal broadcast station." For example, he said, cable systems previously were responsible for assuring quality of broadcast signals they retransmitted, but Act switches responsibility to broadcasters -- and "that's likely to entail some additional costs for television stations that can least afford them."

Following customary practice, FCC has waived its rules Jan. 8-21 to allow for advance coordination of use of auxiliary broadcast frequencies during Presidential inauguration. All Part 74 users under FCC rules are covered by waiver within 100 km of Washington. During waiver period, Washington Exec. Best. Engineers (WEBE) has been designated to coordinate use of auxiliary stations through Jon Banks, WLTT(FM) Rockville, Md., 301-816-4406.

Oak Industries said it had \$2.7-million gain on sale of ComStream Corp., which designs and manufactures satellite data communications products. Oak said nonrecurring gain will be reported in quarter ending Dec. 31. In same quarter, Oak, which manufactures cable equipment, plans to write off \$1.5 million of cost of consolidating recently acquired Houston Electronics. Company said it also signed \$15-million revolving credit agreement with First Boston.

Separate satellite systems PanAmSat and Orion are continuing their paper jousting over former's proposed merger with Mexico's Televisa, in which Mexican investors would acquire 50% of PanAmSat for \$200 million. Deal, which would require FCC approval, is being challenged by Orion on ground that past associations between PanAmSat and major Televisa shareholder Emilio Azcarraga show that Mexicans would have "undue influence" over American satellite company. Orion's Dec. 23 petition to deny said PanAmSat agreement with Televisa is attempt to recreate same interlocking ownership arrangement that FCC 6 years ago found gave Mexican investors undue influence over Spanish International Network (SIN) (TVD Dec. 28 p6). In latest volley of FCC filings last week, PanAmSat insisted that current PanAmSat Chmn. Rene Anselmo would retain control after transaction. It said board would have 3 Anselmo-appointed directors and 2 Televisa representatives, giving latter minority interest.

Following lead of several other industry executives (TVD Dec 7 p4), Clear Channel Communications (CCC) Pres.-CEO Lowry Mays has exercised options to purchase 419,523 common shares at \$5.59 each. To do so, he exchanged 110,942 CCC shares at \$21 each, leaving him net gain of 308,581. Mays said that transaction was made because of expected tax increases under Clinton Administration and that deal would result in tax saving of \$2.2 million for CCC. Meanwhile, CCC announced Dec. 31 that it's buying 2nd FM in Austin, Tex. -- KHF1(FM) for \$3.5 million. Licensee currently owns KPEX(FM) there, has 25 radio stations, 7 TVs, in 18 markets.

National Religious Bcstrs. (NRB) is moving its convention out of Washington for first time in many years, and Feb. 13-16 sessions at L.A. Convention Center will take on high Hollywood profile. Among entertainers scheduled: Pat Boone, Carol Lawrence, Angela Lansbury, Kelly Thompson, Glen Campbell, Marilyn McCoo, Dick and Mel Tunney, Brush Arbor, Janet Paschal. Speakers include Pat Robertson and, on cable panel, TCI Pres. John Malone, Cablevision Pres. Charles Dolan, Stuart Blain of United Artists. Former President Reagan and Cal. Gov. Pete Wilson (R) have been invited. Details: NRB Exec. Dir. Brandt Gustavson, 703-330-7100.

Harlan Mathews, top aide to Tenn. Gov. Ned McWherter (D), has been appointed by governor to replace Vice President-elect Gore (D) in Senate. Mathews, who campaigned for Clinton-Gore ticket, has worked in Tenn. state govt. all but 4 years since 1950. He resigned as state treasurer in 1986 to run McWherter's gubernatorial campaign. Rep. Cooper (D-Tenn.), member of House Telecom Subcommittee, had sought Senate post, now is expected to run in special election in 1994; McWherter said he won't run then. Gore planned to resign from Senate Jan. 1.

Chicagoland TV News (CTN) was to begin operation Jan. 1, providing 24-hour CNN-like local news to 650,000 subscribers to cable systems in 6 Ill. and 2 Ind. counties. Similar local cable news networks are operating on Long Island and in N.Y.C., Orange County, Cal., Boston, Washington metropolitan area. CTN is owned by Tribune Bcstrg.

"Managing Out of the Box" is theme of Feb. 4-7 RAB managing sales conference at Loews Anatole Hotel, Dallas. Conference will feature "The World's Greatest Salesperson," presented by Metro Radio Group of England -- Laura Morandin, 212-387-2166.

N.J. Bell's proposed telephony/video fiber system for 3 N.J. communities isn't video dial tone (VDT), so FCC shouldn't approve it, according to joint filing Dec. 28 by NCTA and CATA. Telco proposes to lease 60 of 64 channels on fiber network to current cable operator, Sammons, and carry telephony on others (TVD Nov 23 p4). Since telco won't add video channels for other users for at least 3 years, it isn't true common carrier as required by VDT rules, NCTA said. Cable groups also said that VDT rules require provision of services that are significantly different from current service, that application omits "major cost factors" and that cost allocation and jurisdictional separation procedures are inconsistent with law and FCC policies. Filing said any VDT service should be offered consistent with franchise provisions of Cable Act, position that FCC has disagreed with, and said cable groups "look forward to the expeditious judicial resolution of this controversy."

First independent TV station in Moscow was to go on air Jan. 1 as joint venture of Turner Bcstrg. and Russian-owned Moscow Independent Bcstrg. (MIB). As announced earlier, ad-supported station (Ch. 6) will include 5 hours per day of CNN programming, 19 hours of cartoons and films from Turner library, Russian movies. MIB is headed by Eduard Sagalev, former dir. gen. of state-owned Ostankino TV. Top Turner executive at station is Sidney Pike, pres.-CNN International Special Projects. Turner and MIB applied for Ch. 6 license last summer.

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Nielsen released its first national rating of Hispanic TV viewing in Nov. Service, which began Oct. 26, utilizes panel of 800 Hispanic households representing 6.2 million Spanish-speaking homes. Maria Mercedes program on Univision was No. 1 with 22 rating (each point represents 62,500 Hispanic homes). Subscribers to service include Univision and Telemundo networks and several advertisers and agencies. Reports will be issued monthly.

Meetings: France Telecom will sponsor conference on pay TV and pay-per-view Jan. 28, Pierre Hotel, N.Y.C. -- 212-332-2100... Prentice-Hall and Fordham U. will sponsor conference on 1992 Cable Act Feb. 18, N.Y. Hilton -- 201-894-8484... Bcstr./Cable Financial Management Assn. annual conference is May 16-19, Buena Vista Palace Hotel, Lake Buena Vista, Fla. -- 708-296-0200.

Transactions: Partnership of N.Y. investment firm Charterhouse Group and Galaxy Cablevision bought wireless cable systems in Austin and San Antonio from CableMaxx. Systems have 11,500 subscribers... Wooldridge Construction sold cable system with 1,100 subscribers in Hershey's Mill, Pa., to Lenfest subsidiary for undisclosed price. Broker: CEA.

Sale of CHCH-TV Hamilton, Ont., to Western International Communications was approved by CRTC. Maclean Hunter sold station for undisclosed price, effective Dec. 31.

Personals

Richard (Mick) Schafbuch promoted to exec. vp, KOIN-TV Portland, Ore.; Station Mgr. **Greg Veon** advanced to vp-gen. mgr., succeeding Schafbuch... **Howard Shrier**, KPTM Omaha vp-gen. mgr., named exec. vp; Station Mgr. **James McKernan** promoted to vp... WTVH Syracuse Gen. Sales Mgr. **Edward Bradley** advanced to vp-gen. mgr., succeeding **Cathy Creany**, now vp-gen. mgr., WFAA-TV Dallas... **Jonathan Levy**, senior economist, FCC Office of Plans & Policy, awarded Fulbright Scholarship to study "Australian-American Trade in Audiovisual Products" at U. of Technology, Sydney, Australia, June-Aug.

Robert Clasen moves from consultant to chmn., Comcast International Div., responsible for overseas operations... **Michael Labriola** promoted to dir.-affiliate relations, Cable Networks Inc., new post... **Mary Devlin**, insurance broker, joins Exec. TV Workshop as dir.-client services... **Bruce Mundt**, ex-PBS, appointed program dir., WNET Newark-N.Y... NBC Sports Pres. **Dick Ebersol** moderates IRTS post-Super Bowl luncheon Jan. 21 featuring NBC Sports Exec. Producer **Terry O'Neil** and announcers **Bob Trumpy**, **Bill Parcells** and **O.J. Simpson**, Waldorf-Astoria Hotel, N.Y.

Greg James advanced to vp-news services and broadcast operations, KSL-TV Salt Lake City... **Richard Rexroat** promoted to vp-engineering, TCI... **James Weiss**, ex-Rainbow Programming Holdings, joins Turner Network TV as PR dir., corporate relations and nonoriginal programming... **Gerald Holland**, ex-WRC-TV Washington, named mgr.-ads and promotion, Paramount Domestic TV.

Changes at Saban Domestic Distribution: Consultant **Mark Lieber** appointed vp-west coast sales; **Peter Schmid**, ex-Goodman Entertainment, named vp-east coast sales; **Nan Halperin**, vp-ancillary sales, also assigned responsibility for syndication sales... **Robert Weinstein**, KTVN Reno gen. sales mgr., appointed to same position at WOOD-TV Grand Rapids... **Martin Machowski**, ex-consultant to NAB and former legislative dir. for Rep. **Boucher** (D-Va.), joins Washington-based public affairs consultancy Issue Dynamics as senior consultant... Promoted to vps at ESPN: **Randy Brown**, Central Div., new post; **Sue Della**, Eastern Div.; **Steve Raymond**, Western Div., new post.

Elected at Women In Cable: **Ruth Warren**, Jones group vp, national pres.; **Dianne Blackwood**, gen. mgr., Time Warner Cable Burlington, N.C., vp; **Madie Hellman**, senior counsel, TCI, treas.; **Barbara Sanden**, Bell Media, secy.; executive committee members: Past Pres. **Sharan Wilson**, vp, TCI, and **Mary Jane Fietze**, Family Channel.

Citing debt-retirement payment that led to \$20.1-million special charge, Allbritton Communications said it lost \$16.5 million in fiscal year ended Sept. 30. Operating income for year was up 20.7% to \$25.8 million, company said. Allbritton owns WJLA-TV Washington, KATV Little Rock, KTUL-TV Tulsa, WCIV Charleston, S.C., WSET-TV Lynchburg-Roanoke, Va.

Public TV's Dec. pledge drive "was slightly less productive than last year's," PBS Development said. Final national results are expected soon, PBS said, and indications so far are that pledge dollars and dollars per min. were down 9% and number of pledges off 11% for 54 stations that conducted on-air drives this month and in Dec. 1991. Average pledge and number of days pledged were "about even" with last year, PBS said.

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Program Notes: Turner Bctg. System said its on-line computer data service dealing with environment was to begin Jan. 1. Project is joint venture of Turner Educational Services and America Online... **WTBS Atlanta** is claiming 11th consecutive basic cable ratings win for 1992, averaging 1.4 for full year, same as 1991... **Learning Channel** will launch monthly magazine to accompany its program network, beginning this month.

European Bctg. Union (EBU) planned to launch Euronews on Eutelsat II (F-1) satellite at 3:30 p.m. Jan. 1. All-news channel is to be on air 6 a.m.-2 a.m. daily, in English, French, German, Italian, Spanish. Arabic sound track is planned for midyear. EBU estimated that Euronews would be available to 35 million homes via satellite dishes or cable. Startup will mean that satellite is carrying total of 12 TV channels.

C-Tec Cable said it will buy Jerrold CFT-2000 addressable converters to upgrade its cable systems in affluent N.J. and N.Y. suburbs of N.Y.C. Converters, which provide on-screen display, are expected to increase pay-per-view orders for systems, which already have one of highest per-subscriber revenue streams in nation. Converters can be upgraded to digital later, Jerrold said.

Consumer Electronics

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STATE OF THE INDUSTRY

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

	DEC. 12-18	1991 WEEK	% CHANGE	DEC. 5-11	50 WEEKS 1992	50 WEEKS 1991	% CHANGE
TOTAL COLOR.....	523,051*	443,670	+17.9	478,375*	21,567,386*	19,533,391	+10.4
DIRECT-VIEW...	510,955*	433,047	+18.0	466,172*	21,179,607*	19,175,706	+10.5
TV ONLY.....	487,990	415,131	+17.6	447,171*	20,282,648	18,546,492	+ 9.4
TV/VCR COMBO.	22,965*	17,916	+28.2	19,001*	896,959**	629,214	+42.6
PROJECTION....	12,096*	10,623	+13.9	12,203*	387,779**	357,685	+ 8.4
VCR DECKS.....	285,173	230,638	+23.6	258,911	11,925,634*	10,154,717	+17.4
CAMCORDERS.....	69,908	54,601	+28.0	59,412*	2,731,994	2,719,618	+ 0.5
LASERDISC PLYRS#	5,926	7,395	-19.9	3,400	204,355	185,759	+10.0

Direct-view TV 5-week average: 1992--572,775*; 1991--476,865 (up 20.1%).

VCR deck 5-week average: 1992--312,285; 1991--283,685 (up 10.1%).

Camcorder 5-week average: 1992--80,086; 1991--68,746 (up 16.5%).

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

1992 MOVES INTO TV-VIDEO RECORD BOOKS: With 2 weeks' statistics for 1992 yet to be released, projection TV sales to dealers pushed to record for any full year (see State of the Industry, above). TV/VCR combinations already had bested any full year by final week of Oct. (TVD Nov 16 pp8&9). By time EIA releases its final figures on dimensions of 1992, direct-view TV, VCR decks and laservision players will have joined them in marking their best year in terms of unit sales.

Among all TV-video products charted by EIA on weekly basis, only camcorders will fall short of record in 1992. For months, their sales have been running neck-and-neck with 1991. If they maintain their 50-week lead (0.5%) for next 2 weeks, they will make 1992 2nd best year in history (after 1990). Our best guess, however, is that camcorder sales for 1992's 52 weeks will total about 2,850,000, just 0.5% behind 2,864,336 charted in 53-week 1991 and 3.8% below record 2,961,691 of 1990.

It's clear sailing for everything else. As we forecast in Nov., 1992 will go down in history as first 22-million sales year for total color TV. We think total color (direct-view plus projection) will come in at 22,366,000 for 52 weeks, besting previous record of 21,971,424 set in 1989 by 1.8% and running 9% ahead of 1991's total 20,516,224.

Total direct-view TVs (including combinations) will come out to about 21,956,000, some 1.2% above 1989 record of 21,706,124 and 9% higher than 1991's 20,136,387. TV-only direct-view (minus TV/VCR combos) will total about 21,020,000, up 7.9% from 1991 and most certainly new record (although there are no figures for that category before 1991).

As noted, TV/VCR combos already are at record. Their anticipated 1992 total of 936,000 will be new record -- 41.3% above 1991's previous record 662,369. Projection TV, also already at record, should total about 410,000 for year, 7.9% over 1991 record of 379,837.

Comeback story of 1992 is VCR deck category, which will break 6-year-old record when final sales total of about 12,400,000 is tallied by EIA. That's 3.3% above previous high of 12,005,415, set in 1986, and big 15.7% (or nearly 1.7 million) ahead of 1991's full-year total of 10,718,336. Laserdisc players are expected to set new record of 230,000 for year -- still short of that magic 250,000, but up 11.4% from 206,554 of 1991, which we assume was record year, lacking any earlier data.

In unit sales, at least, 1992 turned out far better than most had hoped at beginning of year. Incidentally, it upheld tradition of TV sales boom in quadrennial Presidential election/Olympic Games years (TVD Jan 6/92 p7). It was 7th of 7 of those years (since 1967) to show increase in color TV sales over preceding year and 6th of 7 to set color sales record.

JVC SCHEDULES 55W" PROJECTOR IN MAY: You won't see it at Consumer Electronics Show (CES) this week, but JVC is joining race to 16:9 widescreen TV with 55W" projection system, scheduled for availability in May at \$4,495 list. It's 5th company known to be planning to offer wide format NTSC receiver this year, others being Panasonic, Thomson Consumer Electronics (TCE), Philips, Sharp. Those 4 will display widescreen sets in Las Vegas this week during CES, as will Toshiba, which says it has no plans to offer set this year (TVD Dec 28 p11).

JVC and its parent Panasonic are only brands promising projection this year, although Hitachi has shown widescreen projector at CES in past; Hitachi officials couldn't be reached last week for comment on their plans. TCE, Philips and Sharp will offer direct-view tube-type sets.

Widescreen sets are test of manufacturers' ingenuity in terms of features -- and just as TCE has offered some surprise features on its CinemaScreen sets (TVD Dec 21 p10), JVC has some unique ideas up its sleeve. One is attempt to make 4:3 picture fill wide screen without distortion caused by stretching it longitudinally or elimination of top and/or bottom of picture by enlarging it to fit width of screen. JVC has developed "Panorama" mode that it says "progressively stretches the left and right edges... to fill the 16:9 screen, [while] the center area of the picture remains unprocessed," eliminating distortion in area of picture where action occurs.

JVC's NV-55BX4 features 3 other display modes: Regular, which has 4:3 picture in center of screen, with dark bars to left and right; Cinema, which zooms letterbox movies so they fill width of screen; Full mode, which expands "squeeze" currently employed in one JVC S-VHS camcorder -- system adopted by VHS group for VCRs as well (TVD Dec 16/91 p14). Squeeze provides higher resolution than letterbox mode.

Other features of JVC set include PIP and picture outside picture (POP), Dolby Pro Logic surround, 9-mode digital signal processing, universal remote. When "Theater Status" is selected on remote, 7 controls are adjusted to provide "movie theater atmosphere" for viewing in darkened room, including NTSC standard 6500° K color temperature. JVC says projector employs high-resolution 4-element lens system, tubes with aspherical phosphor surface, double lenticular screen for brightness and wide viewing angle, extremely detailed picture with 0.85mm stripe pitch.

Projector was "designed to meet the demands of current and future software needs," JVC said, and has 4 AV inputs, 3 of them S-VHS, with front panel AV/S-VHS input, 2 RF inputs, one RF loop out. At our deadline, JVC had no information on distribution or quantities. JVC showed 34W" direct-view set at 1991 Summer CES in Chicago (TVD June 10/91 p15).

At this year's Winter CES, widescreen is likely to provide only TV excitement in show dominated by digital audio and multimedia. Philips will announce its widescreen marketing plans in Las Vegas. TCE has said it plans rollout in 2nd quarter, Panasonic will offer 51W" projector starting in April and Sharp says it will have direct-view set in 2nd half.

CES HOT BUTTONS -- DIGITAL AUDIO, MULTIMEDIA: "Consumer Electronics For the Digital Age" might well be slogan of 1993 Winter Consumer Electronics Show Jan. 7-10 in Las Vegas. Starting with keynote speech by IBM Pres. Jack Kuehler, major excitement on and off exhibit floor presumably will be dominated by fierce rivalry of new digital audio recording systems and exploratory thrusts into multimedia world, of which videogames increasingly provide first mass-market exposure.

TV and video, still in analog world, are expected to take back seat at this show as far as any major revelations are concerned, but be very much in evidence in widespread home theater demonstrations. Widescreen 16:9 sets will get major dealer exposure as proponents increasingly announce marketing plans (see above), but big announcements have been made already. Perhaps only hot new product in camcorders or VCRs will be U.S. debut of Sharp's ViewCam combination camcorder and color TV monitor, product destined to be imitated -- perhaps even at this week's show -- in view of its instant success in Japan.

Tip-off to changing times at CES is elimination of traditional video and audio overview sessions in workshop schedule for first time ever (see program in this issue)

As Digital Compact Cassette (DCC) and MiniDisc (MD) haltingly move into mass market, new configurations of those products will get exposure. Philips and Panasonic are expected to make major announcements, shedding light on availability and perhaps pricing of first DCC portables. Sony, with biggest CES audio presence in 2 years, is expected to put spotlight on mobile electronics, including detachable faceplate MD in-dash system with CD changer control, due in stores shortly. Sanyo sometimes appears to be even more aggressive MD promoter than Sony, scheduling opening day CES news conference to announce MD portable playback-only unit and 3-disc in-dash MD changer it's already advertising in car audio buff magazines.

Broadcasters in Las Vegas will key another radio innovation -- Radio Broadcast Data Service (RBDS) -- just as they once did FM stereo at CES many years ago. Show sponsor EIA Consumer Electronics Group (CEG) is buying RBDS encoders and supplying them free to Las Vegas radio stations for use during show -- and thereafter, including NAB convention in Las Vegas next April. At our deadline, 7 stations had accepted offer, and number could rise to 10 before show opens.

RBDS broadcasts will provide material for show floor and hotel suite demonstrations of system that supplies description of program content on radio readout and lets users tune by type of program, or automatically tune car radios by program format as they move from one station's area to another. National Radio Systems Committee (NRSC) will meet Jan. 8 in Las Vegas to discuss enhancements of RBDS technology, including extension into automobile navigation systems.

New prominence of multimedia and personal computing in CES constellation are apparent with quick look at show schedule, beginning with keynote speech by Kuehler, and proceeding through 3 multimedia workshops and 5 sessions on computers and home office topics. PC powerhouses such as IBM, Apple and Compaq increasingly are showing up on floor, joining clone makers that have been taking large part of home and small business computer market share.

Biggest noise in multimedia at CES will emanate from pair of new product introductions. 3DO, Silicon Valley company whose primary investors include Electronic Arts, Time Warner and Matsushita, will take wraps off its multimedia system at last. System, which will include advanced sound and graphic processors and 32-bit CD-ROM drive, is being watched because of its backers' strengths in areas such as cable TV and entertainment software of all sorts.

Meanwhile, Pioneer will be unveiling interactive laserdisc system that reportedly will include ability to play programs developed for Sega CD peripheral -- either as embedded programming on standard laserdisc or as peripheral for Genesis system. Sega is coming off successful Christmas season with its CD peripheral, and Nintendo is expected to give further indication of plans for its version, now scheduled for release late this year (see separate report, this issue).

TV, VCR AND CAMCORDER IMPORTS AT 1992 HIGH IN OCT.: U.S. imports of color TVs and VCR decks hit highest monthly figure in more than 2 years in Oct., and camcorder import figure was largest in year, according to Commerce Dept. data released last week.

Despite hitting year's high of 339,000, imports of camcorders were down 29.9% from Oct. 1991, last month before start of decline in imports, now in 12th consecutive month. Inventories have been reduced sharply (TVD Dec 21 p13) and camcorder imports for 1992's first 10 months were in balance with sales -- 2,372,800 imported, 2,245,274 sold to dealers in same period. For Jan.-Oct., camcorder imports were down 26.6% from 1991, with 8mm and "other" both off about same amount. Some 42.3% of imported camcorders in 10 months were 8mm, but in Oct. percentage had declined to 38.4%. With shipments of 53,500 in 10 months, Malaysia easily passed Korea (4,800) as No. 2 source of 8mm camcorders after Japan.

Color TV imports, at more than 1.3 million in Oct., reflected surge in shipments from Mexico, which had 57.7% of total in Oct. and 54.5% in first 10 months. Imports from Thailand, No. 2 source of color sets, passed million in first 10 months and those from Mexico exceeded 5 million.

Black-&-white TV seemed to be holding its own -- perhaps it has reached irreducible minimum -- with imports of 1.66 million in Jan.-Oct., only 1.3% below same 1991 period. China was principal source of monochrome sets. shipping 538,700, followed by Korea, with 399,900.

Imports of VCR decks shot up to more than 1.8 million in Oct., presumably increasing in response to good sales here. Total imports of decks in 9 months were up 29.2% from last year, all sources except Japan showing increases, with biggest gains by Indonesia and Singapore. Big 4 in VCR decks, in order of shipments, were Japan, Korea, Malaysia, Thailand.

CD players showed unusual slippage in imports in Oct., perhaps their first year-to-year monthly decline ever. However, Oct., with 836,300 imports, came after one of history's best months in Sept., when more than million were shipped here. Shipments for year to date still were up 29.5%. Here's summary of Oct. and 10-month 1992 imports:

Product	Oct. '92	Oct. '91	% Chg.	10 Mo. '92	10 Mo. '91	% Chg
Color TV.....	1,314,800	1,093,500	+20.2	9,429,800	7,538,500	+25.1
Monochrome TV....	257,700	269,300	- 4.3	1,662,800	1,685,300	-1.3
Flat-screen TV...	49,400	36,000	+37.4	322,500	229,500	+40.5
VCR decks.....	1,842,900	1,524,200	+20.9	12,685,100	9,819,200	+29.2
Camcorders.....	339,000	483,700	-29.9	2,372,800	3,232,100	-26.6
8mm.....	130,100	218,600	-40.4	1,004,400	1,378,600	-27.1
Other.....	208,800	265,100	-21.3	1,368,400	1,853,600	-26.2
Videocass.players	60,800	50,800	+19.8	509,600	562,800	- 9.4
CD players.....	836,300	915,500	- 8.7	7,703,600	5,949,900	+29.5

JVC CHINA CE COMPLEX: Major consumer electronics manufacturing complex and sales and service network was opened in Dec. 21 Shanghai ceremony by JVC Pres. Takuro Bojo, along with Chinese govt. and city officials.

JVC Shanghai Electronics Co., joint venture 55% owned by JVC, in Shanghai's Outer Free Trade Zone in Pudong, has started production of color TV and plans to expand into VCRs and mini CD systems for domestic sale in China and for export. First products are 23" and 27" color TVs, of which 4,000 are scheduled to be produced monthly this year, gradually expanding to 20,000 over next several years.

In addition to factory, JVC has established service centers in 12 major Chinese cities in joint venture, for maintenance and marketing, with sales network of about 1,000 franchised dealers in 1993, expanding to 30 cities and 3,500 stores "before 1995."

JVC Shanghai is capitalized at \$5 million, will have 125 employees in first year, has 3-story plant with 106,000 sq. ft., separate 3-floor office building of 14,000 sq. ft.



Unique pay-TV system: Videomaker magazine will produce quarterly how-to tapes, starting in spring. They will be available by subscription on VHS cassettes. However, lower priced version will be broadcast on cable TV late at night. Subscribers to pay-TV service will be sent scheduling information -- time, channel, etc. -- so they can program their VCRs to tape it for them, saving duplication, tape and shipping charges. Price for each program is \$24.95 on tape or \$9.95 if show is recorded from cable -- 916-891-8410.

Retail advisory committee is being assembled from among top retailing executives by EIA, according to some of those who have been contacted by Assn. Although dealers have participated in various EIA functions (show panels, cooperation in some lobbying activities), they never have had formal role in association. Details on advisory group are expected to be disclosed at this week's Consumer Electronics Show.

COURT BLOCKS LCD DUMPING CASE: LCD antidumping decision suffered 2nd blow in 3 weeks when Court of International Trade (CIT) ruled last week that International Trade Commission (ITC) erred in its finding that imports of Japanese flat panel displays injured domestic industry.

In resolving long-running case brought by domestic computer and Japanese display manufacturers, CIT said ITC was wrong in lumping all types of flat displays together, instead should have looked at each type (LCD, electroluminescent, etc.) as separate industry. It ordered ITC to reconsider injury decision, which paved way for imposition of 62.67% antidumping duties on active matrix displays from Japan.

Court case is completely separate from recent action by Commerce Dept.'s International Trade Administration (ITA) to determine whether to revoke its 1991 dumping ruling against high-resolution active matrix displays (TVD Dec 21 p14). That action was in response to petition by parent of sole U.S. active LCD manufacturer, OIS, which asked for revocation.



Commerce Dept.'s International Trade Administration, obeying court order (TVD Dec 7 p14), reversed decision that Brother wasn't U.S. manufacturer of portable electronic typewriters and reinstated its investigation whether Smith Corona is dumping typewriters from its Singapore plant, promising decision by Jan. 29. Smith Corona and U.S. govt. appealed ruling by Court of International Trade (CIT) that Brother was U.S. manufacturer and requested stay on antidumping proceeding. CIT hasn't ruled yet on request.

THIS WEEK'S YEN RATE

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

5" PRINTING PROJECTOR: "Consumer affordable" video printer combined with tabletop 5" rear projection LCD TV will get first exposure behind closed doors during Consumer Electronics Show in Las Vegas this week to measure dealer reaction. Device is designed specifically to let camcorder owners make prints from their tapes, according to promoters.

System uses 0.7" color LCD as picture source and has built-in Polaroid camera system to turn out 3.6x2.9" color prints. It also has fold-out translucent screen permitting viewing of tapes or TV. Button on wireless remote makes snapshot from LCD (flash is visible briefly on screen) and Polaroid print is ejected from slot below screen.

System, called "Magic Moments," is being promoted by VideoSnap Inc., whose chmn.-CEO is Freddie Fields, onetime chmn. of MGM Pictures. Pres. is Vincent Donohoe of London. System will be distributed by Fonex, Utah firm that sells system to use AC outlet as phone jack. Information on Las Vegas showings will be available at Booth 5540 in Hilton Center during CES.

LCD has 104,000 pixels, according to Donohoe, who said system has 100:1 contrast ratio and provides 250 lines of horizontal resolution, making full-frame Polaroid prints. It will be manufactured in U.S., he said, and will contain multistandard PAL/SECAM/NTSC tuner as well as input jack for camcorder or VCR. Fields said it will be promoted as "the best companion a camcorder ever had." Goal is U.S. sales in time for Christmas season 1993.

Among CES attractions:

"Black-Hole Light-Trap," filter system for TVs and video display terminal screens, claimed to give almost 3-D effect, will be demonstrated by Effective Solutions, Dallas.

Universal remote with built-in 4-event programmer will be introduced by Fox Electronics, Oak Brook, Ill., at \$60 list. LCD display features prompts for proper setting of channel, time, etc.

Color LCD monitor with 3.8" screen for mounting on camcorder, with 141,900-pixel resolution, is offered by CBM Electronics this month at \$249 list.

Audio/video component enclosures to match Mitsubishi projection and direct-view TVs is being offered by Prestige Electronics, Santa Ana, Cal.

As if there's not enough talk over cellular phones, Blaupunkt will show Voice Command module that will let you talk to as well as through your phone. Just in case your vocal cords still are operable, you will be able to talk to your stereo as well.

Next: Analog CD (for those who prefer analog sound)? Carver is capitalizing on success of its vacuum tube CD player ("for those who prefer the sound of a vacuum tube output stage") by introducing "world's first vacuum tube CD changer."

Best product name of show: "Audio Static," high-end Dutch loudspeaker being imported by Sota Industries, Romeoville, Ill. (Maybe next year someone will come out with "Video Snow.")

SEGA CD SHINES, NINTENDO PLANS HAZY: Market for CD-based videogames tied to current systems appears headed toward uncertain year. In counterpoint to Sega's undisputed success in selling through first 200,000 units of its \$299 Sega CD peripheral, details of Nintendo's announced intention to offer \$200 32-bit CD device are murky at best.

In last week, software community has been awash with conflicting reports on whether Nintendo has delivered system specifications to developers -- necessary first step in launching system. "The more I hear, the more I'm convinced that it's not going to be a '93 event," said Robert Kleiber, software analyst for Piper, Jaffray & Hopwood investment firm. Nintendo spokeswoman said plan for CD "will be talked about at CES," and is "one of the topics" set for company's Feb. developers' conference.

Kleiber, referring to crucial one-year lead in 16-bit system that helped solidify Sega's videogame position, said "Nintendo got smoked by Sega once, and they won't let it happen again." At same time, though, Sega, Nintendo and others "have got to evaluate whether [Sega CD purchasers at Christmas] were just early adopters or real." Answer to that question will help to determine level of urgency Sega's competitors place on their own CD projects.

Nintendo spokeswoman said CD system specs haven't been finalized, but 2 major game software producers told our affiliated Consumer Multimedia Report that they had received specs from Nintendo within last 2 weeks, although Konami Senior Vp Emil Heidkamp said "there are as many questions left [unanswered] as were answered." Typical of confusion is conflicting information circulating about system. One source said Nintendo CD machine is freestanding unit that will take only CDs, with no provision for accepting cartridges, even from Super Nintendo Entertainment System (SNES).

Meanwhile, Japanese press report described double-speed CD-ROM peripheral that plugs into SNES cartridge slot, contains 32-bit Reduced Instruction Set Computing (RISC) chip operating at 21 MHz, 12 Mb of Dynamic Random Access Memory (DRAM) (of which 4 Mb are used for buffer memory). Particularly notable aspect, according to report, is that CD must be placed in special caddy that contains security chip -- apparently designed to eliminate nonlicensed software. Caddy also would contain Static Random Access Memory (SRAM) and battery backup, which would let player remove game from one machine, place it in another and resume playing where individual left off.

Most logical explanation for conflicting information is that Nintendo is studying several courses of action in CD, particularly in wake of apparent retail sellthrough of about 200,000 Sega CD players in Christmas season. Major retailers with whom we spoke last week said players sold whenever they were in stock, major consumer electronics dealer saying "we could have sold a lot more than we did" if deliveries had been larger. Sega of America Mktg. Services Dir. Ellen Beth Van Buskirk said company "sold all that we produced" and moved about 400,000 discs -- average of 2 for every player. Company is forecasting sales of million Sega CD players this year, for which it has "started ramping up production."

GE-Thomson agreement extending former's 100% ownership of RCA consumer electronics patents (TVD Dec 28 p8) runs through 1998, not 1994, as we reported last week. GE spokesman last week noted error but declined further comment.

NEW PRODUCTS AT CES: Continuing practice of showing new lines in Jan. instead of spring, Panasonic is unveiling new ranges of TVs, VCRs and camcorders this week in Las Vegas.

TV introductions comprise 8 new Gao (SuperFlat) direct-view sets and 5 projection models, in addition to two 16:9 widescreen projection TVs already announced (TVD Nov 16 p11). Among features of new sets is icon-driven menu with on-screen illustrations for TV functions.

Panasonic's new direct-view sets have on-screen graphic equalizer, channel captioning, S-Video jacks, universal remote and Dome Sound System with Techno Surround. Table models with 27" and 31" screens start at \$849 and \$1,599, respectively; with single-tuner PIP \$1,099 and \$1,699; with 2-tuner PIP and new icon-driven menu \$1,199 and \$1,999. Consoles with subwoofer are \$1,199 for 27", with 31" price to be announced. Table models will be available in April-June, consoles in Sept.

Projection TVs are 45" with single-tuner PIP, icon menus and closed captions at \$2,799, and 51" with same features at \$2,999. High-end projection, 51" model with 2-tuner PIP and Dolby Pro Logic, is \$3,399.

Panasonic's new VCR line features remote control Program Director programmer in all models. Two leader models -- one 2-head, one 4-head -- carrying no list price, available in Feb., have quick play, real-time counter, digital auto tracking. Three 4-head models have universal Program Director remotes that can operate TVs and cable boxes as well as Digital Auto Picture. Basic version is \$299, with VCR Plus added to stepup at \$329, and hi-fi stereo in \$349 model, all available in Feb.-March.

Other stereo VCRs have new DynAmorphous Metal Heads, claimed to reduce tape contact noise and boost video signal to noise ratio 15dB. Color noise reduction and advanced noise reduction also are featured. Both models have Super VHS Quasi Playback and VCR Plus. Stepping up from \$449 model (available in March), \$549 version (April) has 4-hour timer backup and shuttle dial. Two S-VHS models top lineup, both with DynAmorphous heads and VCR Plus; model with shuttle control is \$649, while editing version with remote jog/shuttle, flying erase, synchro edit and digital time base corrector is \$1,099. Both are due in April.

Panasonic camcorder line includes 2 full-size VHS models with high-speed shutter and 12:1 zoom at \$799. Model with color light and attache style case is \$899. New IQ series VHS-C point-and-shoot Palmcorders have 10:1 zoom and full-size head drum. Series starts at \$799, with \$899 stepup, color viewfinder model at \$999, hi-fi stereo with color finder topping group at \$1,099, all available in March.

Palmcorders with digital electronic image stabilization and 20:1 digital zoom, both with widescreen 16:9 switch, are \$1,299 for standard VHS-C version and \$1,599 for S-VHS-C.

Sanyo is introducing midmount hi-fi VCR with 6-event programmer, trilingual on-screen programming at \$350. New Sanyo 8mm camcorder weighs 1.8 lb., has fuzzy logic automatic control, 6 preset shutter speed and date-time stamp at \$800.

Unique combination offered by Sanyo is personal portable cassette and FM-AM player with built-in calorie

counter, pedometer and stop watch for exercise enthusiast, due in May at \$70.

Sony will have car MiniDisc system on show floor, and will have private showings in Las Vegas of 46" slim projection TVs and CCD-VX3 "prosumer" 3-CCD camcorder.

CES WORKSHOP PROGRAM: For first time, seminar program at Consumer Electronics Show (CES) this week omits traditional video and audio outlook sessions, instead substitutes series of specific product-oriented workshops. Only exception is Industry Outlook session at 8:30 a.m. on opening day, Jan. 7, featuring keynote address by IBM Pres. Jack Kuehler, industry overview by Dynascan's Jerry Kahlov, chmn. of CES sponsor EIA Consumer Electronics Group. Day-by-day program (panelists are listed in official program):

Thurs. Jan. 7 -- 11 a.m., multimedia; 11:30 a.m., retail karaoke. 1:30 p.m., digital wireless communications. 2:30 p.m., home office; home theater.

Fri., Jan. 8 -- 9 a.m., CEBus; accessible products. 10 a.m., using network TV to boost sales; systems integration. 11 a.m., Radio Bcast. Data Systems (R BDS); bar coding for inventory control. 11:30 a.m., multimedia software. 1 p.m., marketing and selling PCs. 2 p.m., consumer spending. 2:30 p.m., environmental issues (batteries). 3 p.m., digital audio recording formats; portable mobile office. 3:30 p.m., results of EIA accessories survey. 4 p.m., Home Theater Industries Assn. (HTIA) introductory meeting. 5 p.m., "Swim With the Sharks Without Being Eaten Alive."

Sat., Jan. 9 -- 9:30 a.m., service; International Autosound Competition Assn. 10 a.m., home office. 10:30 a.m., home theater furniture. 11 a.m., digital audio radio. 1 p.m., vehicle recovery systems. 2 p.m., effective personnel. 2:30 p.m., selling new TV features. 3:30 p.m., mobile electronics certification. 4:40 p.m., current and future playback media; home theater.

Sun., Jan. 10 -- 10 a.m., mobile electronic certification testing (installer exam). 1:30 p.m., mobile certification testing (installer first class, cellular specialist, security specialist exams).

Personal Communications & Computing (PCC) Show is scheduled to be held in conjunction with Summer Consumer Electronics Show (CES) June 3-6 in Chicago. It will be housed on 9.5 level of McCormick North, with same booth rental rate of \$18 per sq. ft. charged for CES. CES trade attendees will be able to attend PCC at no additional charge. However, PCC won't be open to consumers. Products to be displayed at PCC are expected to include portable computers, digital, cellular, fax and data transmission equipment, communications services. Show is joint project of CES and new Personal Communications Suppliers Assn., fledgling group that will hold first meeting at Winter CES this week.

Additions to software lineup for Franklin's Digital Book System (DBS) will include series of nutrition titles based on databases assembled by nutritionists Annette Natow and Jo-Ann Heslin, for which Franklin has acquired exclusive rights. Company also announced agreement with IDD Information Services to publish Trendline database of stock performance information for DBS. For European market, Franklin will publish DBS version of Hachette's *Dictionnaire de la Poche*.

MEXICO DOMINATES TV IMPORTS: Of some 9.4 million color TV sets imported in 1992's first 10 months, more than 5 million (54.5%) came from Mexico, with Malaysia very distant 2nd. Of major suppliers in 10-month period, only Korea, Taiwan and Japan showed declines in color shipments here.

Japan was only loser as VCR source in Jan.-Oct., but Taiwan had steep drop in Oct. Massive percentage increases were shown by VCR suppliers Indonesia and Singapore in both periods. Korea remained 2nd largest source, but Malaysia passed 2-million mark for year to date in Oct. Here are imports by country, from Commerce Dept. data:

	Oct.	% Chg.	10 Months	% Chg.
VCR Decks				
TOTAL....	1,842,900	+20.9	12,685,100	+29.2
Japan....	669,500	-11.5	4,984,100	- 2.1
Korea...	462,200	+41.9	2,893,200	+48.1
Malaysia.	317,600	+36.5	2,005,100	+68.8
Thailand.	177,400	+49.2	1,477,900	+20.2
Indonesia	100,681	+807.0	745,150+5679.5	
Singapore	95,400	+181.4	371,900	+129.2
Taiwan...	18,203	-59.7	185,400	+ 5.2
TV Sets				
TOTAL....	1,572,400	+15.4	11,092,500	+20.3
color....	1,314,800	+20.2	9,429,700	+25.1
b&w....	257,700	- 4.3	1,662,800	- 1.3
Mexico				
total....	--	--	5,138,900	+29.1
color...	759,000	+31.1	5,138,050	+29.1
b&w....	--	--	900	-32.8
China				
total...	237,200	+26.6	1,198,800	+33.0
color...	108,200	+90.3	660,100	+63.1
b&w....	129,000	- 1.2	538,700	+ 8.6
Thailand				
total...	--	--	1,014,100	+76.2
color...	106,800	+27.6	1,012,900	+76.6
b&w....	--	--	1,200	-40.1
Malaysia				
total....	166,200	+18.2	1,000,100	+19.9
color...	129,300	+ 1.1	836,700	+10.1
b&w....	36,900	+190.9	163,300	+120.6
Korea				
total...	101,500	-40.5	1,050,500	-21.0
color...	60,000	-39.1	650,600	- 6.2
b&w....	41,500	-42.4	399,900	-37.1
Taiwan				
total...	53,700	-21.5	505,500	-24.1
color...	17,200	-58.0	131,900	-65.7
b&w....	36,500	+32.9	373,600	+33.0
Singapore				
color...	60,500	+ 3.4	500,300	+36.2
Japan				
total...	29,100	-22.4	301,700	-18.8
color...	19,700	-11.6	192,700	-11.0
b&w....	9,400	-38.2	109,000	+ 8.1
Philippines				
total...	8,950	--	86,700	+ 3.2
color...	6,950	-46.4	81,200	- 0.1
b&w....	2,000	*	5,450	+105.7
Hong Kong				
total...	30,710	+77.6	187,200	+48.9
color...	30,000	+110.7	148,200	+145.1
b&w....	700	-93.2	39,000	-40.3
Canada				
color...	16,800	+551.6	66,700	+610.8

* No significant shipments in 1991.

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

President-elect Clinton's appointee as U.S. Trade Representative, Mickey Kantor, is unknown quantity since he isn't on record on trade issues. However, his law firm registered with Justice Dept. as agent for NEC, although Kantor himself didn't work for NEC. Meanwhile, outgoing Bush Administration Trade Representative Carla Hills last week questioned "Japan's resolve" to implement 1991 arrangement that called for Japan to import 20% of its semiconductors by end of 1992. Hills said total for 3rd quarter was only 15.9% and warned of "serious confrontation" if quota isn't met. Laura Tyson, who will head Council of Economic Advisers (TVD Dec 21 p12), reportedly said in interview last year that agreement should have contained clause specifying sanctions if Japan falls short of goal. However, in her 1992 book, she wrote that agreement's "success should be judged on the basis of whether substantial new market opportunities have been provided, not on the basis of whether the 20% target is realized within a specific period of time."

Crazy Eddie founder Eddie Antar reportedly will stop fighting extradition from Israel to U.S. to stand trial on variety of federal securities fraud charges. Move reportedly is result of deal struck with U.S. Attorney in N.J. Antar was arrested in Israel this summer (TVD June 29 p9), having disappeared more than 2 years ago during broad investigations and failing to appear for hearing in civil suit filed by SEC that ultimately resulted in \$75 million judgment against him. Indictments also were handed down in June against Eddie's brothers Mitchell and Allen Antar and cousin Eddie Gindi. Several of those involved in alleged schemes have pleaded guilty on specific counts, apparently in return for their cooperation in legal battle against Eddie Antar.

FCC proposed rulemaking last week on "TV data system" proposed by EIA (TVD April 27 p14) and on ghost-canceling system proposed by Advanced TV Systems Committee (TVD Nov 2 pp6&9). Action had been promised before year-end. TV data system would use same technology and hardware as closed captions and make possible automatic program identification and VCR programming aids. Both proposals are expected to be adopted. Further details are in Best./Cable Section, this issue.

Consumer intentions to buy TV sets rose in Dec. for 4th consecutive month, but still were below those of Dec. 1991, Conference Board reported. Its survey of 5,000 households showed 6.8% planned to buy new TV within next 6 months, compared with 6.5% in Nov., 5.9% in Oct., 5.5% in Sept. In Dec. 1991, percentage was 7.2%, which was reached again in March, highest of 1992; lowest was 4.2% in July. Board's Consumer Confidence Index rose almost 13 points to 78.3% in Dec., after 11-point gain in Nov.

Consumer Electronics Personals

Ted Green promoted to Onkyo USA vp-sales and mktg. from national sales and mktg. mgr... **John Lemon** and **Cliff Henricksen** named vps of sales and mktg. and product development, respectively, of USS Corp., new subsidiary formed following Carver's acquisition of U.S. Sound, N.J.-based professional audio manufacturer; **Mark Schulz** named USS dir. of operations... **Robert Blumberg**, former N.Y.-area rep and onetime Tandberg national training dir., joins Nakamichi America as senior vp-sales and mktg.

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JANUARY 11, 1993

SUMMARY-INDEX OF WEEK'S NEWS

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Broadcast - Cable

RETRANSMISSION CONSENT HIT by bills, comments. Hughes would require pay for programmers, Frank would repeal it. Broadcasters and cable sharply divided on must-carry and consent. (P. 1)

SIKES, GORE AGREE on key issues, FCC chmn. says in last news conference. FCC could be part of 'battle for the heart and soul of the Democratic Party,' he warns, particularly on TV deregulation. 'Full plate' for successor. (P. 3)

NEW HDTV REVENUE SOUGHT by broadcasters. Ancillary data, interactive TV, multiple camera angle TV possible. NAB cites \$400-million annual revenue estimate. (P. 5)

FCC DELAYS PTAR ACTION, despite heavy lobbying. Issue not on Jan. 14 agenda, in part because of congressional pressure to await Clinton FCC chmn. (P. 5)

SPORTS CHANNELS MERGE after Liberty buys Daniels' Prime stake. Prime and SportsChannel to have 41 million subscribers, but it still must face ESPN. (P. 6)

NEW CONGRESS GETS FAST START with hearing for proposed Commerce Secy., reorganization of House Commerce Committee and introduction of hundreds of bills. (P. 6)

HOLLYWOOD CRITICAL OF PBS for failing to air controversial programs. Public TV executives defend record in critics' tour presentations. (P. 7)

RETRANSMISSION CONSENT HIT BY BILLS, COMMENTS: Broadcasters would have to get copyright owners' permission before granting retransmission consent to cable system under bill (HR-12) introduced Jan. 5 by House Copyright Subcommittee Chmn. Hughes (D-N.J.). Same day, Rep. Frank (D-Mass.) introduced previously announced bill to repeal retransmission consent entirely. Hughes said he plans "early hearings" on his bill, which he said is intended to "cure a gridlock" created by consent provision of 1992 Cable Act. Failure to obtain permission from program owner would be considered copyright violation, HR-12 says. Meanwhile, comments in FCC rulemaking on must-carry/retransmission consent indicate issue is likely to be among most contentious agency will face as result of Cable Act.

Broadcasters don't own rights to programming that they transmit, Hughes said, so they shouldn't be able to sell retransmission rights. Copyright owners are deprived of free market under current situation, which combines retransmission consent for broadcast signal with compulsory license for program copyrights, Hughes said: "While broadcasters extol the virtues of the free market for themselves, they don't believe in the free market for anyone else. The current copyright compulsory license is the antithesis of the free market." He said House version of Cable Act was "hijacked" by networks and large broadcasters. As result,

Consumer Electronics

MULTIMEDIA CES keynoted by IBM plea for cooperation. 3DO and Pioneer demonstrate new systems. (P. 9)

'HDTV-READY' WIDESCREEN set to be offered by Philips in 2nd half at \$6,000, with input to accommodate RGB output of high-definition decoder or VGA computer. (P. 10)

FOGLIANO LEAVING THOMSON Consumer Electronics in reorganization. He was only American on TCE board. Other TCE changes. (P. 11)

EIA SEES RECORD 1993 CE sales, at nearly \$40 billion in factory value, up 3.4%, after 7.9% rise in 1992. Video products expected to rise 1.1%. (P. 11)

PHILIPS' U.S. SALES of consumer electronics set record for 4th quarter, up 10% from 1991. (P. 13)

AT&T CUTS VIDEOPHONE PRICE \$500 to new under-\$1,000 level. Survey finds no AT&T store that has sold more than 25, despite 'overwhelming' claim. (P. 14)

STRONG RETAIL CHRISTMAS reported by major chains for Dec., with comparable-store sales up as much as 13%. Best Buy to handle Sony line in Chicago stores. (P. 14)

MIXED BAG IN STOCKS of consumer electronics-related companies last year. Major retailers' and software publishers' shares show bigger gains than manufacturers. (P. 15)

Hughes said Act gave broadcasters "billions of dollars in savings the legislation had intended to go to consumers."

Commenters to FCC disagree sharply over definition of geographic area for must-carry, who owns vertical blanking interval (VBI) and subcarriers, who pays for signal quality, definition of duplicated signal, resolving channel position disputes, whether retransmission consent applies to radio. About all they agree on is that SMATV should face same rules as cable and that copyright fees are covered by compulsory license -- but MPAA sharply disputes that.

Cable wants limited and flexible definition of geographic area for must-carry. NCTA backed FCC plan to base definition on location of "principal headend" and said system should be able to designate which headend is principal and change that when it wants to. It said that cable systems that serve different areas of dominant influence (ADIs) should be able to carry different TV signals in different parts of system. Continental Cablevision said inflexible rules could "greatly inhibit" deployment of fiber: "The cable operator must retain total flexibility."

NAB wants larger must-carry responsibility for cable systems, saying they should carry all stations serving any "community" that falls within even small part of system's area: "The location of the system's principal headend is simply irrelevant, as is the cable operator's decision as to how it has chosen technically to integrate its systems." INTV backed "faithful adherence" to using ADIs to determine must-carry eligibility, saying all subscribers should get all local signals from their ADI. INTV also said historical carriage patterns should be "primary determinative factor" in deciding on must-carry.

FCC should set clear, precise and "nondiscretionary" guidelines to determine must-carry and channel positioning, APTS said, especially given "extensive findings by Congress of anticompetitive behavior by cable." Rulemaking proposes to let cable systems select among stations for must-carry if requests exceed carriage requirements and resolve channel positioning disputes. APTS said there's "substantive likelihood" that discretion would be "abused" and "the history of animosity and distrust between cable and broadcasting virtually assures that a significant percentage of discretionary decisions will be contested." Fox argued for minimal regulatory approach, saying that "rapid and fundamental changes in technology... are likely to alter materially the effect of whatever regulations are adopted."

Allowing broadcasters to own cable systems is long-term solution to "uneasiness" between broadcast and cable, Competitive Cable Assn. (CCA) said. CCA said broadcasters "absolutely require" cable carriage to survive, but cable shouldn't have to "make its expensive facilities available at the command of a broadcast competitor." Broadcast-cable cross-ownership ban was justified when broadcasters could stall cable's development, CCA said, but now broadcast ownership of systems is best way to assure broadcast carriage and "would serve to induce competition to the established cable industry."

Cable should carry all broadcast material on VBI and subcarriers, particularly ghost-canceling signals, NAB said. Assn. said cable also should have to carry such materials as TV program guides, interactive games, interactive TV shopping data: "The viability of these new services would be jeopardized if cable systems were allowed to create a bottleneck." However, NCTA said cable systems often use portion of VBI to send information to addressable converters, and Continental said HDTV and other technologies may block use of VBI: "We believe that the nonvideo and audio portion of the signal is in fact our own property."

Broadcasters should have responsibility to provide good signal to cable headend to qualify for must-carry, NCTA said, and cable should "under no circumstances" have to take "extraordinary measures" to get adequate signal. NAB said cable should have to "take all reasonable steps necessary to extract the highest quality signal available."

Broadcasters should have to make same decision marketwide between must-carry and retransmission consent, NCTA said. Otherwise, stations would "gain tremendous bargaining leverage" over individual cable system. NCTA also said that broadcasters that choose consent should have to negotiate such things as channel positioning and carriage of nonprogram part of signal. Wireless Cable Assn. (WCA) said there's "unintended loophole" in Cable Act that cable could use to threaten viability of wireless cable. Group said cable could require exclusivity against other multichannel systems as condition of paying retransmission consent fee to broadcasters, and financial condition of broadcasters makes them vulnerable to such deals. WCA said FCC should prohibit such exclusivity for at least 10 years.

Compulsory license continues to govern right to retransmit programming carried within TV signal, NCTA and NAB agreed, so retransmission consent doesn't give program producers right to new fees. MPAA

said broadcasters have right to fee for compiling various programs into overall signal, but courts have found value of compilation to be "negligible" so program producers should get rest of fee. MPAA said Cable Act "clearly and unambiguously" recognizes right of program owners to negotiate with broadcasters for portion of any retransmission fee.

FCC should limit retransmission consent fees paid (per subscriber) by small rural cable operators, possibly to amount paid by large metropolitan operators for same signals, CATA said. Assn. also said Commission should limit signals designated as distant, possibly by expanding definition of market, or rural customers will lose TV signals.

On other issues: (1) NCTA said must-carry requirements should be percentage of operating channels, rather than maximum channel capacity, saying that latter would provide disincentive to build additional capacity. (2) Cable officials said retransmission consent shouldn't apply to radio signals, but broadcasters said it should. (3) NCTA said station should be considered duplicative if 25% of its prime-time schedule, or 50% of its total schedule, duplicates another's any time within week. APTS said signal is duplicate only if majority of programs are same simultaneously. (4) NCTA said there's "no reason" for SMATV to be exempt from retransmission consent while cable, wireless cable and satellites aren't. (5) Continental said existing channel positioning contracts with cable networks should be grandfathered, or cable systems should be exempted from liability for violating those contracts.

SIKES FINDS AGREEMENT WITH GORE ON KEY ISSUES: Changeover at FCC from Bush to Clinton Administrations could be relatively smooth, based on fact that Commission Chmn. Sikes in past has agreed on many issues with Vice President-elect Gore, Sikes said at briefing with reporters Jan. 7. Major factor in his resignation (effective Jan. 19) -- his term doesn't expire until June 30 -- he said was belief that "I don't think a lame-duck chairman can lead the Commission" because it's not time to act on controversial issues "when you're a lame duck." He also said it would be mistake for any interim Commission chmn. to handle major items while waiting for permanent appointee to take office because "I don't think an interim chairman can lead the Commission."

At same time, Sikes also believes that FCC could become part of upcoming "battle for the heart and soul of the Democratic Party" that he expects to develop over next 12 months. He said there are many activist Democrats who want to move party more to left, and many who want to keep it in center. Some of lightning rod issues include TV deregulation and further regulatory relief for AT&T, Sikes said.

If Gore turns out to be architect of Administration telecommunications policy, as expected from his Senate service, then Sikes initiative in video dial tone (VDT) probably would be strongly supported and accelerated, Sikes said. Gore showed strong support for technological issues in his legislative career, Sikes noted, same area in which chmn. takes great pride. Sikes testified in favor of bill sponsored by Gore and Sen. Burns (R-Mont.) to further national fiber network, (although they differ on role private sector and govt. should play in National Research & Educational Network), and he said Gore's view of cable-telco issue is similar to his own.

Sikes said he sees FCC as having technological mission, allocating spectrum for new services, giving that side of Commission's activities higher profile than basic economic regulation. He noted with approval that Clinton transition team put FCC in Science and Technology cluster, rather than in same domestic regulatory cluster with FTC, SEC and other agencies, where FCC could be considered as backwater. Gore voted against Sikes' nomination to be chmn., but only because he didn't think FCC had gone far enough in opposing indecency, Sikes recalled.

Sikes acknowledged he's leaving his successor "full plate" of issues, situation that he said couldn't be avoided. HDTV, Personal Communications Services, low-Earth-orbit satellites, cost allocations, price cap review, PTAR (see separate story, this issue) and host of other complex issues await new chmn. and new commissioner who will replace Comr. Marshall. Sikes said he didn't list new cable regulations as among most controversial issues still in mill because Congress gave FCC fairly strict instructions what should be done (TVD Oct 12 pl).

In advising interim chmn. to avoid controversial items, Sikes joked that one exception to that advice would be that caretaker should "get rid of finsyn," issue that he said "drove a wedge between the commissioners" and created what he said was false impression of general Commission disharmony. He also said failure to solve finsyn was his "biggest disappointment" as chmn. Sikes criticized heavy and virtually constant lobbying on issue, saying that after finsyn, any differences among commissioners on issues would be

"blown up" out of proportion. On more serious side, Sikes did advise interim chmn. to ask courts for extension of 120-day deadline to await new commissioners before FCC is required to act. He predicted court would be "sympathetic" to request. There's near universal expectation in communications circles that veteran Democratic Comr. Quello will be designated interim chmn. until Clinton nominee can be confirmed by Senate and Quello is openly seeking that designation. Quello told us that if he's appointed interim chmn., he will remain on Commission after that until his term expires June 30, 1996.

Finsyn was one of 4 major items on which Sikes dissented while FCC chmn., he said, others being colocation, Howard Stern penalty for indecency (Sikes wanted it stronger) and political advertising rules. Dismissing criticism that he wasn't one to compromise, Sikes said that if that were case, results on 99.5% of other issues would have to be interpreted as chmn. having his way -- which clearly wasn't case, he said.

Sikes had both advice and warning for his successor. Advice: Take some time to sit down with other commissioners, Congress and White House to determine where new chmn. would like Commission to be when his term expires. One major problem with FCC, he said, is that most of its work is reactive -- to petitions and pleadings -- and it's necessary to set agenda. Warning: Job as FCC chmn. is "more difficult than I thought it would be" coming in. Issues at Commission, while not as high profile as many others in govt., are as difficult as any, particularly now when agency is at "defining moment" in setting stage for new technologies. Job also is somewhat lonely because there is no peer group for FCC chmn. -- no other members of Cabinet with whom chmn. can consult and meet to discuss issues or to coordinate strategies. FCC chmn. doesn't have that much in common with chmn. of other regulatory panels, Sikes said.

Meanwhile, widespread reports in Washington last week that Antoinette Cook, senior counsel to Senate Commerce Committee, was set to be named FCC chmn. in Clinton Administration turned out to be premature, according to several sources. She has strong support for post, including that of powerful Senate Democrats. However, those same Democrats hadn't been informed that any appointment would be forthcoming soon, and Clinton team isn't yet focusing on agencies despite expectation that FCC chmn. will be one of first appointments after sub-Cabinet posts are filled. Cook has declined to comment publicly on possible appointment to FCC, and some dozen other names have surfaced as possibilities for FCC chairmanship.

What's next for him, Sikes was asked: "I don't know... I'm going to take a few months to explore... I've had a couple of nice honoraria offered." Sikes has overseas speaking engagements lined up, including Singapore in Feb. and Montreux International TV Symposium in June. He will make probably his last such appearance as chmn. Jan. 12 on live C-SPAN call-in show at 8 a.m.

There were major changes last week in hierarchy at Fox Bestg., with Pres. Jamie Kellner resigning and Lucille Salhany moving over from 20th Century Fox to take his place with title of chmn. Kellner said it's "time to move on to other challenges, other opportunities" in announcing resignation Jan. 4. He had been pres. of Fox Bestg. since TV network was formed in Feb. 1986, didn't announce plans but will remain active at Fox Inc. as member of board. Kellner entered broadcast with CBS in 1969, was pres. of Orion Entertainment Group before joining Fox. Salhany's promotion was announced day after Kellner quit and she also was named to board of parent Fox Inc., along with 20th Century Fox Chmn. Peter Chernin and News America Publishing Pres. Les Hinton. Salhany was named chmn. of 20th TV in July 1991, overseeing syndication, production and distribution activities. She previously was pres. of Paramount Domestic TV and vp of Taft Bestg.

Midterm review of EEO compliance by broadcasters will be only "early warning" for stations that don't meet standards, FCC said in rulemaking released Jan. 6 (MM 92-261). Rulemaking, mandated by 1992 Cable Act, requires FCC to review stations' EEO compliance midway through license renewal period, but Commission tentatively concluded that lack of warning about midterm compliance would not establish EEO compliance. For cable EEO rules, FCC proposed to modify cable reporting forms to emulate broadcast forms and adopt current EEO definitions for cable. Comments are due Feb. 15, replies March 4.

What FCC considers indecent broadcasts have resulted in fines against 2 more radio stations: (1) WSUC(FM) Cortland, N.Y., was fined \$23,750 for broadcast describing "sexual activities and organs in patently offensive terms... Because it aired at midafternoon, when there was a reasonable risk that children may have been in the audience, [broadcast] is legally actionable." (2) Agency upheld previously announced \$25,000 fine against KMEL(FM) San Francisco for indecent material "on a number of different dates" on Rick Chase Show aired 2-6 p.m. Commission said broadcasts "involved not just fleeting or isolated utterances, but deliberate dwelling on sexual matters."

Two new TV stations went on air at end of 1992, raising operating U.S. total to 1,508, of which 1,140 are commercial, 368 noncommercial. KHDT (Ch. 9 independent) Caldwell, Ida., started Dec. 28. Owned by Pres.-Treas. William Schuyler and Kristine Schuyler, KHDT is in Boise ADI; Robin Mahr is gen. mgr. WNTZ (Ch. 48 Fox affiliate) Natchez, Miss., went on air Dec. 31 as satellite of KADN Lafayette, La. Station is owned by Eddie Blanchard, who also owns KADN.

Fine of \$52,000 originally levied by FCC against Madison Communications, Athens, Ala., for operating on 26 unauthorized frequencies has been reduced to \$26,000 by agency. Madison admitted violations occurred when it extended service of its small cable system to Huntsville via wireless cable.

'ANCILLARY' HDTV PUSHED: Broadcasters need maximum flexibility to use HDTV channels for new services, such as ancillary data, multiple video channels, interactive TV and even 3-D TV, they said in comments in FCC's 3rd HDTV rulemaking. TV set manufacturers, meanwhile, urged similar flexibility in adding HDTV capability to receivers, saying market ultimately should decide timetable. Flexibility to incorporate new technologies into advanced TV (ATV) signal "will have a tremendous impact on whether, and to what extent, these formats will in fact be implemented," MSTV said. EIA said opportunities could include ancillary data services, possibly at high data rates, multiple-camera-angle TV, rapid downloading of movies to VCRs, picture-in-picture service on single channel.

Additional revenue from new services will be necessary to make HDTV viable, NAB said. It cited Frost & Sullivan estimates that ancillary data service could generate \$400 million annual revenue by 1995. All 5 proposed HDTV systems can carry at least 100 Kbps of ancillary data, have flexibility to allocate more bandwidth to data. MSTV questioned whether FCC should have "substantive concern" over balance between video and ancillary services on ATV channels because simulcast rules will assure that video will be primary function.

HDTV will bankrupt "every terrestrial TV station" by year 2008, and public still will be watching NTSC, Isaac Blonder said. Blonder, founder of Blonder-Tongue Labs, said humans are "adequately satisfied" with NTSC, and public is enthusiastic about VHS, despite 1/3 less resolution than NTSC. He also predicted that HDTV would be "hopelessly outgunned" by digitally compressed NTSC because audience prefers quantity of program choices over video quality.

Other comments on rulemaking: (1) EIA said all HDTV sets probably will be able to receive NTSC, but govt. shouldn't mandate that because it's market issue. (2) United Telecommunications Council supported quick move of all VHF stations to UHF channels and said FCC should begin separate proceeding to reallocate VHF band to private land radio and mobile data services. (3) APTS said few public TV stations can meet Commission financial qualifications, so FCC's first-come, first-served allocation system would deprive them of HDTV channels. APTS said Commission should modify standards for public stations and extend construction deadlines. (4) Consultant Merrill Weiss, vice chmn. of implementation subcommittee of FCC's Advanced TV Advisory Committee, said agency should maintain flexibility to allow so-called "cellular" HDTV (TVD July 6 p5). He said system isn't "panacea" because operating costs are higher than single-transmitter HDTV, but it could ease tower and spacing problems for some broadcasters.

WGUL-AM-FM New Port Richey, Fla., has been denied reconsideration by FCC of short-term renewals and \$15,000 fine for violation of Commission's EEO rules. Agency said stations "failed to implement a formal EEO program until the last 5 months" of most recent license term: "Specifically, [licensee] used no minority, and few general, recruitment sources... and received no minority referrals during the term." In separate action, FCC renewed licenses of WHK(AM)/WMMS(FM) Cleveland over EEO protests by NAACP, which had asked Commission to hold hearing.

KING-TV Seattle will receive 30th Golden Mike Award from Best. Pioneers at March 8 banquet, Plaza Hotel, N.Y. Pioneer TV station was purchased 2 years ago by Providence Journal Co. from A. Scott Bullitt family.

PTAR DOESN'T MAKE FCC AGENDA: Despite heavy behind-scenes lobbying, proposed FCC relaxation of prime-time access rule (PTAR) won't be on agenda for meeting Thurs. It originally was scheduled to be brought up last fall but was pulled at request of Comr. Quello, who cited finsyn proceedings in court and upcoming Presidential election as reasons (TVD Aug 24 p7).

Now, Rep. Dingell (D-Mich.), chmn. of House Commerce Committee, and Sen. Inouye (D-Hawaii), chmn. of Senate Communications Subcommittee, have urged Commission not to reopen controversial subject during Presidential transition. PTAR prohibits network affiliates in top 50 markets from airing off-network programs during access time (7-8 p.m.).

In Jan. 6 letter to FCC Chmn. Sikes (whose resignation is effective Jan. 19), Dingell and Inouye referred to "substantial speculation" that FCC planned to put PTAR on agenda for Jan. 14 meeting, adding: "Inasmuch as the petition [by Disney Co.] seeking changes in the rule was filed more than 2 years ago, we fail to see any compelling need to release a [notice of rulemaking] at this late date" -- particularly in light of President-elect Clinton's Dec. 7 letter urging that during transition "agencies refrain from taking actions that would bind the hands of the new Administration... Moreover, it seems to us that the existing commissioners would surely want to extend the new Administration and its appointees the courtesy of permitting them to determine when, and how, this controversial issue should be addressed by the Commission."

At Jan. 7 news conference, Sikes said PTAR issue will be left to his successor: "I was willing to put it on [agenda] but I wasn't going to force it on." He is advocate of relaxing off-network programming restrictions imposed by PTAR.

IRS claim that Cablevision Systems Chmn. Charles Dolan owes \$233.8 million is "arbitrary, unreasonable" and without either legal or factual basis, he said in petition for U.S. Tax Court review. Dolan's lawyer, Bruce Haims, said largest IRS claims are based on what Dolan says are nontaxable gains from reorganization of Cablevision Systems in 1984. He said similar IRS allegations against others involving same transactions were dropped by IRS attorneys before they went to trial. Those claims account for half of \$179.9 million in back taxes and \$53.9 million in penalties that IRS alleges Dolan owes, Haims said. He said 2nd largest group of claims involves income that Dolan already has reported from sale of his private interests in cable systems to Cablevision Systems. One of IRS claims involves what IRS said is income to Dolan from sale of system that he never owned and never received any money for, Haims said: "This whole thing is so off the wall that it's unbelievable." IRS has until Feb. 14 to reply to Dolan's petition to Tax Court, and is likely to get 30-day extension, Haims said. He predicted negotiations on settlement could last year before case would go to trial.

Viacom completed sale of cable system in Milwaukee suburb of Greenfield to Time Warner for \$95 million (\$2,000 per subscriber) in deal announced earlier as part of settlement of \$2.4-billion antitrust suit (TVD Aug 24 p3). Deal gives Time Warner, which has 80,000-subscriber system in Milwaukee, total of 180,000 subscribers in 78 southeastern Wis. communities. Greenfield system has 108 channels, 2-way capability, franchise that expires Nov. 1, 1995. It passes all 78,200 homes in franchise area, has 47,000 subscribers. Viacom said it will have about \$55 million pretax profit on sale for first quarter 1993.

SPORTS CHANNELS MERGE: Liberty Media buyout of Bill Daniels' stake in Prime Network cleared final hurdle last week in 3-year negotiations for merger of Prime, largest regional sports network, with nearest competitor, SportsChannel America. Deal gives combined networks 41 million subscribers, figure that NBC Cable Pres. Thomas Rogers said moves it closer to being national ad sales vehicle that can compete with ESPN.

In addition to providing "backdrop" for local sports networks such as Home Team Sports in Washington, D.C., merged Prime SportsChannel Networks (PSCN) now will be available on standalone basis to cable systems, companies said. Until merger is finalized, both Prime and SportsChannel will continue to provide programming directly to affiliates. Liberty CEO Peter Barton also predicted that Prime SportsChannel would move quickly to multichannel format. Merger will mean stronger programming for all regional sports networks, said Roger Werner, pres. of Daniels-owned Dansport, which owned Daniels' Prime stake and still controls Prime Ticket network of Southern Cal. Both provide fulltime sports programming that regional networks use to wrap around coverage of local sports events.

PSCN still will have hard time competing with ESPN, analysts predicted. Merged audience is well below ESPN's 60 million and "backdrop" status means that regionals preempt most prime-time programs for local events, so PSCN will deliver even smaller audience. Despite that, Rogers said that "by creating this national vehicle, we will be creating a very attractive service for NBC Ad Sales to offer to national advertisers... an attractive alternative to the leading cable sports network."

Liberty bought Daniels' 22.66% share of Prime. Liberty, which had owned 54% of Prime, was one of 2 general partners in network; Daniels' Dansport was other with 22.66%. Limited partner John McMullen will continue to own 22.06% and Group W 1.28%. Terms of Liberty buy-up of Daniels share weren't disclosed, but price was believed to be \$40 million. Buyout talks had been going on at least since early 1992, prompted in part by clause in partnership agreement that could have allowed either Liberty or Daniels to buy other out, beginning last May 20. Daniels also was said to be motivated to conclude deal by Dec. 31 to avoid potential impact of rumored 1993 tax increase by new Clinton Administration. Prime parent Associated Regional Communications acquired 1/3 interest in 2 regional sports channels owned by Cablevision and NBC, Prism and SportsChannel Philadelphia as part of deal that also gives NBC Ad Sales responsibility for selling ads on combined network.

Australian Bcstg. Corp. (ABC) is planning to transmit 8-10 hours per day into nearby Asian countries via one of Indonesia's Palapa satellites. ABC's new service, scheduled to start later this month and called Australian TV International (ATVI), will accept ads. Number of TVRO dishes in region is growing rapidly, and market for C-band TV services is mushrooming. Taufik Akbar, senior engineer for PT Telekomunikasi Indonesia, told us that almost all transponders -- 66 of 72 -- on state-owned company's three 24-transponder next-generation Palapa-C birds have been leased already. ATVI will compete against CNN International, ESPN and HBO Asia, based in Singapore. Discovery Channel also is negotiating lease on Palapa bird.

NTIA will host 2nd meeting of Advisory Council on Children's Educational TV at 10 a.m. Jan. 27, Rm. 6800, Dept. of Commerce -- 202-482-1551.

NEW CONGRESS BEGINS WORK: Congress returned to Washington last week, starting off with new business by conducting confirmation hearing and reorganizing committees, picking up new business by introducing batches of bills, many of which are retreads from last session.

In hearing Jan. 6 before Senate Commerce Committee, Ronald Brown, designated to be Commerce Secy. in Clinton Administration, said NTIA "ought to be the lead policy arm for telecommunications in America," acting as "principal adviser" to President. He endorsed goal of creating national telecommunications superhighway "to make sure young people have access to information. If you tap into Nintendo, you can tap into the Library of Congress as a resource." Brown was replying to question by Communications Subcommittee Chmn. Inouye (D-Hawaii), who said U.S. was "the only country that doesn't take educational television seriously." Brown said U.S. should do better job in education generally "through the vehicle of TV." He faced tough questioning on his lobbying activities for foreign-owned entities (see separate story in Consumer Electronics section).

On other side of Hill, House Commerce Committee, at 34 members one member larger than last year, chose 2 new Democratic and 3 new Republican members for its Telecom Subcommittee, which will be one member smaller, at 24, than last year. Rep. Markey (D-Mass.) remains as chmn., with Rep. Fields (R-Tex.) taking over as senior Republican member from Rep. Rinaldo (R-N.J.), who retired. Both new Democratic members are freshmen, Reps. Schenk (Cal.) and Margolies-Mezvinsky (Pa.), latter former journalist at WRC-TV Washington.

New Republican members are Reps. McMillan (N.C.), Gillmor (O.), Hastert (Ill.). McMillan and Hastert already were on parent Commerce Committee, moved from other subcommittees. Gillmor is new to Committee. In addition, Committee voted to limit opening statements at hearings to 5 min. by chmn. and ranking Republican, 3 min. by others. Democrats had proposed one-min. limit for member statements, but accepted 3 min. after Republicans objected.

Members of House also celebrated opening of congressional session last week by introducing 104 bills, 54 joint resolutions, 27 resolutions, 9 concurrent resolutions. Many dealt with familiar issues, including family and medical leave, promotion of competitiveness, tax indexing, FBI and digital telephony, radio broadcasts to Asia, use of technology in schools.

N.Y.C. judge ordered HBO to pay \$4.8 million (including interest) for violating agreement to pay BroadBand Communications \$3.2 million in 1984 for rights to package of 14 movies. After 8-year legal battle, Judge Ira Gammerman in N.Y. Supreme Court (lowest level), in decision last week, made award to firm headed by Irving Kahn. Original deal was signed in Sept. 1984 by HBO's then-CEO Frank Biondi, but was repudiated by successor Michael Fuchs month later on ground that BroadBand hadn't delivered films on time. Jury decided last year that HBO had violated contract, then Gammerman held separate trial to set amount of damages.

David Prosperi, former asst. secy.-public affairs at U.S. Dept. of Transportation and now vp-communications at Chicago Board of Trade, appointed to CPB board succeeding Marshall Turner. Prosperi appointment by President Bush gives Republicans 6-1 edge, with Martha Buchanan as sole Democrat.

HOLLYWOOD CRITICAL OF PBS: PBS ran into maelstrom of criticism from liberal Hollywood last week on charges of self-censorship and of failing to air controversial programming. Attack came at start of semiannual presentations to TV critics by networks and cable, included demonstration at Loews Santa Monica Hotel (where critics were meeting) and full-page ad in Daily Variety signed by several Hollywood figures. They were particularly upset that PBS hadn't aired *Deadly Deception: General Electric, Nuclear Weapons and Our Environment*, and *Building Bombs*. Both programs deal with pollution of environment through release of nuclear waste and worker safety problems.

Jennifer Lawson, exec. vp-national programming, defended PBS's record. She told critics GE program was rejected because it failed to meet PBS's underwriting standards, *Building Bombs* because it failed to "give adequate voice to other points of view... Our record speaks for itself on our willingness to tackle controversial issues." Counteracted actor Ed Asner, who signed newspaper ad along with other actors and producers: "This is the time for PBS not to play it safe. They must be the leader in uncovering truth and exposing corruption and waste." Ironically, PBS is under constant attack from conservatives, particularly in Congress, on charges that programming is slanted to liberals.

On good news side, PBS told critics viewership and membership are up for first half of 1992-1993 season. Prime-time ratings for last 3 months "show a steady upward trend," up 10% in Sept., 4% in Oct. and "in the very competitive [sweeps] month of November... holding steady with a year ago," said John Grant, senior vp-national programming. PBS Pres. Bruce Christensen said stations report that public membership is at all-time high. Bad news, he said, is that average pledge from fund-raising telethons has shrunk. However, he said, "corporate and foundation underwriting are at record highs."

Christensen said PBS is doing all the right things toward positioning itself for advent of interactive TV "in a way that I think will put us right at the forefront of this technology." He said network has acquired VSAT system that permits 2-way interactive programming through telephone lines and other transmission methods.

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C-SPAN viewership grew at more than double rate of increase in subscribers between 1988 and 1992, according to new survey of 1,400 adults conducted for network by Statistical Research Inc. (SRI). Subscriber base jumped 35% to 58 million homes in 4-year period, but number of persons who actually watched C-SPAN soared 80% to 58.5 million, SRI said. Regular viewers of C-SPAN watched it average of 5.1 hours per week in 1992, vs. 4.1 hours in 1988, and more than 50% of viewing was in prime time. SRI said 77% of C-SPAN audience was 18-49, 52% male, half had annual family income of less than \$40,000. Politically, 28% of viewers said they were Democrats, 29% Republicans, 31% independents (98% of viewers said they voted in 1992 election, vs. 55% of entire population). Survey indicated that C-SPAN viewers were twice as likely as general population to contact legislator or participate in political campaign; 64% said they read newspaper every day (vs. 51% of population) and 69% said they watched TV news (vs. 60%). C-SPAN Chmn. Brian Lamb said network, which isn't rated by Arbitron or Nielsen, has similar survey every 4 years to "measure growth and value" of network to cable subscribers: "We don't know how many people are watching at any given moment, but we can see that more people are watching and that we are having an effect on their political decision-making. That's why C-SPAN is here."

Financials: **Time Warner** said it's offering \$1 billion of senior debt with 9-1/8% interest rate. Income will be used to redeem existing debt and preferred stock. Offering is to close Jan. 19... **TCI** priced \$550 million debt offering due 2003, up from original \$200 million, to yield 8.26%. Second offering of \$500 million due 2023 was priced to yield 9.29%. Moody's rated debt offering Baa-3... **Comcast** said it will offer \$200 million of senior subordinated debt, due 2008, underwritten by First Boston. Proceeds will be used for working cash... **Jacor** said stockholders approved previously announced financial restructuring plan, which will be completed within week... **Gannett** said it will write off \$146 million for 1992 as result of 2 accounting changes for retirement employee benefits and income taxes... **Harron Communications** said it arranged \$140-million financing from group of banks led by Chase Manhattan. CEO Paul Harron said money will help MSO enlarge existing business and "explore some new business opportunities"... **TCA Cable** said its profit jumped 76% to \$15 million in fiscal year ended Oct. 31. Revenue grew 9% to \$138.8 million, and operating profit 8% to \$70.4 million. Fourth-quarter profit rose 62% to \$3.8 million... **King World** profit for 4th quarter ended Nov. 30 gained 5% to \$28.5 million, despite 15% revenue drop to \$169.7 million because of lower TV station payments for shows such as *Jeopardy* and *Wheel of Fortune*... **Varian Assoc.** predicted its earnings for first quarter ended Jan. 3 would drop below last year's \$7.6 million, but didn't give figure. Analysts had predicted flat earnings, so stock price fell nearly 10% on news... **All American Communications** said it expects to receive \$25-million working capital loan from Chemical Bank this month, will use portion of money to pay \$3-million balance that was due Dec. 31 on revolving credit line from Credit Lyonnais.

Home Shopping Network (HSN) faces more delay in previously announced sale of controlling interest in network to **Liberty Media** because of continuing Justice Dept. inquiries (TVD Dec 14 p8). HSN said it received another inquiry about antitrust implications of sale to Liberty, which has possibly controlling interest in main competitor, QVC. Analysts said probe almost certainly means antitrust review won't be completed before Clinton Administration, which is expected to be tougher on antitrust, takes over. Action prompted HSN to postpone annual meeting, originally scheduled for Jan. 12, to give shareholders more time to consider changes related to sale to Liberty. New date hasn't been set. Despite that, HSN is going ahead with refinancing plan while it awaits sale. HSN will redeem \$100 million of 11-3/4% senior notes effective Feb. 19, using \$60-million long-term loan and \$40-million 3-year revolving credit facility from Bank of Japan and Bank of Montreal. Redemption will leave more than \$43 million of senior notes outstanding. Liberty had hoped to complete buyout by end of 1992, said it still is expected to close early this year. HSN, meanwhile, said it completed spinoff of Silver King Communications subsidiary to HSN stockholders. Silver King owns several broadcast stations.

Hopkinsville, Ky., City Council established 7-member TV Cable Commission Authority to oversee Cencom Cable TV, which operates 9,700-subscriber system in area. Authority will make recommendations on franchise awards and renewals, review subscriber complaints and system performance, and possibly regulate rates, Mayor Wally Bryan's office said. Members of Authority will be appointed Jan. 19. Authority's budget and funding source hasn't been determined, but proposals include 2% tax on system's gross revenue and increase in franchise fee to 4% from 3%. Spokeswoman said group will redraw city's 13-year-old cable ordinance.

Personals

Personnel changes at FCC: **Kenneth Robinson**, senior legal adviser to Chmn. **Sikes**, resigned to practice law, consult and "undertake certain publishing enterprises"; he served with Sikes when latter was NTIA dir., had been with govt. 24 years; **Alexandra (Sandy) Wilson**, legal adviser to Sikes, named special asst. to FCC Mass Media Bureau Chief **Roy Stewart** for cable TV to oversee agency's implementation of Cable Act; **Robert Ungar**, attorney, FCC Office of Engineering & Technology, joins CATA as vp-gen. counsel, new post.

John Zanotti, pres., Great American TV Group, named CEO, parent Great American Communications, succeeding **Carl Lindner**, resigned... **David Prosperi**, vp-communications, Chicago Board of Trade, appointed by President **Bush** to CPB board, succeeding **Marshall Turner**... **Charles Forma** named vp, law-cable operations, Cablevision Systems... **Ann Burr**, pres., Time Warner Cable San Diego Div., named chmn.-govt./industry liaison, San Diego Communications Council... **Jeff Kole**, assoc. editor, Warren Publishing, and managing editor of Warren's Public Bestg. Report, resigned to pursue entrepreneurial opportunities; **Michael French** promoted to asst. editor, Warren Publishing.

Bruce Buzogany, exec. dir., NATPE*Net, named to same post, Best. Cable Financial Management Assn., replacing Robert McAuliffe, retired... **Robert Ackley** appointed vp-finance and operations, Cap/ABC Video Publishing... **Robin Walker**, ex-Terrie Williams Agency, N.Y., named mgr.-trade and sports publicity, Showtime Networks.

Stacey Marks-Bronner, ex-CBS TV Stations Group, named vp-gen. mgr., WFLD Chicago... **Mark Hoffman**, ex-news dir., WBBM-TV Chicago, appointed vp-news services, KNBC-TV L.A.... **Randy Foulds**, ex-U TV Canada, named dir.-marketing and promotion, WBBH-TV Ft. Meyers, Fla.... Promotions to vp-sales at KTVH Helena: **Pam Bailey**, **Charlene Murdo**, **Marguerite Rylander**... **Harriet Lodin** promoted to national sales mgr., WAGA-TV Atlanta.

Thomas Burchill, pres.-CEO, Lifetime, returns to TV station consulting firm Petry Inc. as CEO, succeeding **David Allen**, who remains chmn... **Randall Yates**, ex-Whitehall Labs., named vp-mktg., Nielsen Media Research, new post... **Rebecca Swett** promoted to dir.-affiliate relations, Fox Bestg.; **Michael La Vaccare** advanced to scheduling dir.; **Dana Freedman**, vp-mktg., Arsenio Hall Communications, named vp-publicity, 20th TV; **Chris Paula**, ex-senior vp-mktg., 20th Century Fox and Fox Bestg., joins New Line Cinema as pres.-theatrical mktg., succeeding **Sandra Ruch**, resigned; **Karen Hermelin** promoted to vp-research and strategy, new post.

Ex-House Telecom Subcommittee member Rep. **Eckart** (D-O.), who didn't seek reelection, joins Washington law firm Winston & Strawn as partner... Washington law firm Halprin, Mendelsohn & Goodman renamed Halprin, Temple & Goodman as **Riley Temple**, ex-Verner, Liipfert, Bernhard, McPherson & Hand, joins as partner; **Joel Bernstein**, ex-Verner Liipfert, joins as associate; former partner **Martin Mendelsohn** joins Verner Liipfert as of counsel... **Richard Weinstein**, ex-vp-corporate planning, Katz Communications, joins Electronic Media Ratings Council as exec. dir.

Paul FitzPatrick resigns as pres., The Weather Channel... Changes at Tribune Entertainment: **Michael Adinamis** to vp-broadcast operations, **Larry Hutchings** to regional vp-West, **Stephen Mulderrig** to regional vp-East, Wil

Allmendinger and **Dan MacKimm** to regional sales mgrs... **Steven Crowley** forms self-named engineering consultancy, 1133 15th St. NW, Washington, 202-223-1101; he remains consultant to Washington firms du Treil, Lundin & Rackley and A.D. Ring Assoc... **Ed Bliss**, long-time CBS News writer/producer, will receive RTNDA Paul White Award at Oct. 2 dinner at Assn.'s Miami Beach convention.

Appointments at Univision TV Group: **Jaime Davila** returns as chmn.-CEO, replacing **Ray Rodriguez**, who remains as pres.-COO; **Raul Torano** to pres.-network sales, **Andrew Goldman** to exec. vp-business affairs, **George Blank** to exec. vp-chief financial officer... **Gian Dilawari** promoted to senior vp-engineering, Cable & Wireless, new post.

Discovery will take over 100% ownership of Discovery Channel-Europe and U.K. version of Learning Channel under deal with TCI announced Jan. 7. TCI-owned United Artists Entertainment Programming (UAEP) will manage networks under contract with Discovery. Discovery, which had owned 30% of Discovery-Europe and none of U.K. Learning Channel, paid undisclosed price. It will own European networks through limited partnerships. Deal is part of strategy by Discovery and part-owner TCI to create global brand name, Discovery Chmn. John Hendricks said. Discovery-Europe provides 8 hours of programming per day to cable and satellite dishes in U.K., Ireland, Belgium, Denmark, Finland, Netherlands, Norway, Sweden. European network is expected to have 5.9 million subscribers by end of year. Learning Channel provides 3 hours of programming per day to U.K. cable subscribers. UAEP CEO Joyce Taylor will report directly to Hendricks on Discovery-Europe and Learning Channel issues, and to TCI on other matters. At same time, Hendricks named Greg Moyer as Discovery exec. vp-programming, responsible for all domestic programming operations plus international programming with exception of Discovery-Europe and Learning Channel.

OBITUARIES

Stanley E. Hubbard, 95, pioneer in broadcasting, died Dec. 27 at Miami Heart Institute following lengthy illness. Man of strong views who often expressed them, he put WAMD(AM) St. Paul-Minneapolis (now KSTP) on air in 1923, KSTP-TV in 1948 as first non-NBC-owned TV affiliate of network. Hubbard was pilot in World War I, flew for Internal Revenue Service after war. Company, now run by son Stanley S., owns 9 TV stations, 3 radios, is heavily involved in developing DBS through U.S. Satellite Bestg. Wife also survives.

James C. Conley, 71, former pres. of Meredith Bestg., died of pneumonia Jan. 1 at Courtland Garden Residence, Stamford, Conn., after long illness. He joined ABC in 1962 as vp-TV Spot Sales, becoming pres. of ABC-owned TV stations in 1966. Conley was named pres. of Meredith Bestg. in 1974, serving in that capacity until 1983, when he became senior vp until his retirement in 1985. He was in Army during World War II, receiving Silver Star, Bronze Star and Purple Heart for service in Europe. Wife, 3 sons, daughter survive.

William B. Lodge, 85, veteran CBS exec., died Jan. 5 in Dobbs Ferry, N.Y., after long illness. He spent his entire career at CBS, which he joined in 1931 as engineering asst. Lodge served in many positions at network, including engineering dir., and when he retired Dec. 31, 1971, was vp-affiliate relations and networking. He also served several years as CBS rep on NAB TV board. Widow survives.

Consumer Electronics

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

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 4th statistical week of 5-week Dec. and year to date:

	DEC. 19-25	1991 WEEK	% CHANGE	DEC. 12-18	51 WEEKS 1992	51 WEEKS 1991	% CHANGE
TOTAL COLOR.....	371,851	471,900*	-21.2	523,051*	21,939,237*	20,005,291	+ 9.7
DIRECT-VIEW...	364,469	460,461*	-20.8	510,955*	21,544,076*	19,636,167	+ 9.7
TV ONLY.....	345,774	445,725*	-22.4	487,990*	20,628,422*	18,992,217	+ 8.6
TV/VCR COMBO.	18,695*	14,736	+26.9	22,965*	915,654**	643,950	+42.2
PROJECTION....	7,832	11,439	-35.5	12,096*	395,161**	369,124	+ 8.4
VCR DECKS.....	145,203	270,718	-46.4	285,173	12,070,837**	10,425,435	+15.8
CAMCORDERS.....	34,596	72,923	-52.6	69,908	2,776,590	2,792,541	- 0.9
LASERDISC PLYRS#	4,810	7,495	-35.8	5,926	209,165	193,254	+ 8.2

Direct-view TV 5-week average: 1992--495,573*; 1991--471,666 (up 5.1%).

VCR deck 5-week average: 1992--266,675; 1991--288,629 (down 7.6%).

Camcorder 5-week average: 1992--70,870; 1991--72,780 (down 2.7%).

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

IBM PRESIDENT KEYNOTES MULTIMEDIA CES: From IBM Pres. Jack Kuehler's keynote plea of "let's work together" to unveiling of 3DO's widely anticipated "interactive multiplayer" to presence of most computer giants and even showbiz moguls, Winter Consumer Electronics Show (CES), which opened 4-day run last week in Las Vegas, clearly ushered in new era in consumer electronics dominated by digital multimedia systems.

"We're not separate industries any more" as far as consumer is concerned, Kuehler said in speech that truly sounded keynote of show. He expressed appreciation for skills of consumer electronics manufacturers in meeting consumer needs and conceded that "by comparison, we in the computer industry are neophytes in responding to that kind of demand."

Widely publicized unveiling of 3DO's interactive multiplayer came at news conference with impressive array of consumer electronics, communications and entertainment industries flanking Chmn. William (Trip) Hawkins in front of more than 500 representatives of news media, developers, onlookers. With equal parts of showmanship and hard business talk, Hawkins outlined 3DO's intention to create "interactive power so realistic and so compelling it will create a mass market."

Surprise addition to 3DO investors was AT&T, described at news conference as "several-million-dollar equity investor, hardware licensee and networking company." AT&T joins star-studded investor lineup of Matsushita and its subsidiary MCA, Time Warner, Electronic Arts, Kleiner Perkins Caulfield & Byers. AT&T and Panasonic are expected to be among companies manufacturing and marketing compatible hardware systems when product is launched in fall at anticipated retail price of about \$700. First hardware units will be free-standing CD-ROM-based devices, with networked version expected early in fall.

Still another starter in multimedia race is unique "LaserActive" (LA), previewed by Pioneer at CES (TVD Jan 4 p10). Technology, developed in cooperation with Sega and NEC, combines laserdisc player with choice of plug-in modules that will allow consumer to play software developed for either Sega Genesis (including Sega CD) or Turbografx system. System will be introduced in Japan in July at about \$725, with each module selling for about \$485. U.S. sales, prices unspecified, are expected to begin in Aug. Pioneer officials made major point of compatibility with existing laserdisc players, insisting that it helped counter trend toward mutually incompatible systems, rather than exacerbating it.

Kuehler's keynote, which met warm response, was sharp contrast to keynote of Winter CES 1992 by Apple Pres. John Sculley, which some observers saw as arrogant and condescending. Industry attendees found it refreshing to hear Kuehler, as head of company that virtually started computer industry, concede that consumers want "freedom from having to be computer literate by using products that are 'people literate' -- helping them interact with devices on their own terms." He coined word that's not likely to live on in either computer or CE lexicon -- "human-centric" -- for products designed for easy consumer use.

Kuehler outlined some IBM developments with strong consumer potential, noting that computerized kiosks at Expo '92 in Seville, Spain, accommodated 15 million people "and became the world's most-used multimedia application ever." Among products and ventures mentioned:

(1) Giant 16" color active matrix LCD developed in Toshiba joint venture (and displayed on exhibit floor) with 100-million pixel resolution. (2) Joint study with Blockbuster Entertainment aimed at solving audio and video software inventory problems. In future, he said, retailer could download any audio or video program digitally and produce CD or cassette immediately in store, providing unlimited selection. (3) Various easy ways to use multimedia software-generating systems. (4) Joint venture with Polaroid -- announced for first time at show -- to develop "affordable" instant electronic photography system. (5) Video-on-demand systems, offering digitally stored electronic Yellow Pages, videogames, home shopping, movies, undergoing trial this summer in Va. (6) Venture with Seiko to develop personal messaging wristwatch. (7) Project with In-Flight Phone Corp. to develop digital air-ground network that would let airline travelers access databases, play videogames, communicate by video or "select from more than 1,000 feature films."

"By combining our individual strengths," Kuehler said, consumer electronics and computer industries can "create a world where entertainment and information is more mobile, more pervasive, more potent, more affordable and a lot more fun." He issued blanket invitation: "If you have a new idea, if you need advanced technology, worldwide networking capability or information delivery to bring that idea forward, we can do it." He said IBM is working with multitude of partners "to help us chart the new frontier."

Wedding bells resounded in that fabled marriage of computer and video at CES. Noting presence of MCA Chmn. Lew Wasserman and Pres. Sidney Sheinberg in town for 3DO conference, one veteran industry sage commented: "Times -- and company ownership -- have changed. The mountain of Hollywood has come to the Mohammad of the [consumer electronics] industry." (Detailed coverage of CES, which was in only its 2nd day at our deadline, will be featured in subsequent issues.)

PHILIPS TO OFFER 'HDTV-READY' WIDESCREEN: Philips announced 34W" 16:9 "HDTV-ready" set that also can accommodate standard VGA computer input, for shipment by midyear at \$5,995 suggested list price. To be offered under Philips brand, set was premiered to franchised dealers and press in Las Vegas hotel suite during Consumer Electronics Show (CES).

Philips Consumer Electronics Co. (PCEC) is one of 5 companies announcing that they will be in widescreen TV market this year, others being Thomson Consumer Electronics (TCE), Panasonic, Sharp and JVC (TVD Jan 4 p9, Dec 28 p11). It's first to claim HDTV compatibility, although TCE's brands in Europe also are being plugged as HDTV-ready, even say "HDTV" below screen on cabinet.

HDTV claim is based on wideband RGB input to accommodate future HDTV decoder. Same input makes it compatible with personal computers' video displays operating in standard VGA 640x480 format. Table model features built-in sync adaptor for computers and uses progressive scan IDTV with double number of normal NTSC scan lines to display standard TV pictures. Philips said picture tube has improved spot size, 0.79 pitch invar shadow mask, scan velocity modulation. Philips, like TCE, is member of Advanced TV Research Consortium (ATRC) that's fielding own digital HDTV system as candidate for U.S. broadcast standard.

"This is the monitor/receiver for the transition period from current TV pictures through letterbox movies into the HDTV broadcast era," PCEC Color TV Senior Vp-Gen. Mgr. Ron Marsiglio said. He defined first buyers in somewhat same terms as TCE (TVD Dec 21 p10): "A small but significant market of video buffs and pros wanting to be in on the cutting edge during this unprecedented time of evolution in TV technology."

Philips set will be assembled in Greeneville, Tenn., using tubes imported from its picture tube plant in Aachen, Germany. PCEC spokesman said widescreen tubes would be made at Philips Display Components plant in Ottawa, O., when demand warrants. Like other widescreen sets announced to date, it has PIP and

picture-outside-picture (POP) and can accommodate letterbox movies full-screen as well as standard 4:3 pictures. Set has Dolby Pro Logic surround, graphic equalizer, subwoofer. Philips set is about \$1,000 more in list price than TCE's 34W" set and JVC's and Panasonic's projection sets as well as Mitsubishi's 40" non-widescreen direct-view TV.

Hitachi, which has demonstrated widescreen projection set at past shows, will sit out 16:9 market in 1993, Exec. Vp Irv Fulton told us. "We have the capacity [to produce it], but we don't see much of a market for it," he said, in view of "limited amount of software" and lack of widescreen broadcasting. "It's an image piece, a statement," he said, noting TCE's expectation to sell perhaps 10,000-15,000 sets this year -- "that's just one to each dealer."

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If any visitors to Las Vegas hadn't heard about 16:9, they certainly were aware of it almost from moment of their arrival at McCarran Airport. TCE papered the town -- including air terminal -- with banners and billboards for its CinemaScreen models. When they arrived on exhibit floor, visitors faced prominent Panasonic display of its CinemaVision projection models in addition to high-key TCE exhibit geared to widescreen.

FOGLIANO OUT IN TCE REORGANIZATION: Joseph Fogliano, only American member of Thomson Consumer Electronics (TCE) board and exec. vp of company's worldwide TV Group, will leave Feb. 1 as direct result of reorganization under Alain Prestat, who Jan. 10 marked his first anniversary as chmn.-CEO (TVD Nov 16 p12). In related development, James Meyer was named senior vp, product management, reporting to Joseph Clayton, exec. vp, mktg. and sales-Americas.

Describing departure as "amicable," Fogliano told us there was "nothing challenging" in way of assignment under restructuring of worldwide company by function, rather than by product. New setup is 3rd alignment of Thomson's worldwide consumer electronics business. Under Pierre Garcin as chmn.-CEO of both European and American operations, Fogliano in 1988 was named pres.-CEO of Thomson Consumer Electronics Inc. (TCEI), American subsidiary, succeeding Richard Miller, at time when company was organized along geographic lines (TVD April 18/88 p10). Under subsequent restructuring along product lines, which lasted through administration of Bernard Isautier, Fogliano took over international TV post.

Fogliano still holds title of pres.-CEO of TCEI, which continues as holding company, presumably eventually will resign that post as well. He spent 7 years at former GE TV receiver operation in Portsmouth, Va., was named TCEI manufacturing vp when Thomson took over former GE/RCA Consumer Electronics. He is one of 2 representatives of American operation who have ever been on parent TCE's board. Other, Martin Holleran, Clayton's predecessor as exec. vp, mktg. and sales-Americas, resigned last year and now is pres. of Emerson Radio (TVD July 13 p15).

In Meyer's new post, he is responsible for all TV, video, audio and communications products as well as direct broadcast satellite program; he formerly was senior vp, TV Div.-Americas. Also reporting directly to Clayton is Gilbert Ravelette, who has been promoted to vp, brand management, charged with development of brand, merchandising and ad strategies for RCA, ProScan and GE products.

As realignment continues, these new appointees all report to Meyer: James Gatman, vp, TV product management, formerly gen. mgr., core line TV product management; Guy Johnson, vp, video product management, formerly gen. mgr., camcorder product management; Robert Giordano, vp, audio and communications product management, adding audio to title. Bruce Allan, formerly with Video Products Group, gets intriguing new title of vp, digital video development, including such new frontiers as multimedia.

Reorganization, which was effective Jan. 1, divides company into 3 major components: Mktg. & Sales (Clayton for Americas, Exec. Vp Marc Lefebvre for Europe and Asia), Operations (engineering and manufacturing under Vp Gilles Brault, Tubes & Display Group under Exec. Vp John Neville) and Design (reporting directly to Prestat).

EIA SEES RECORD 1993 SALES, BUT PRICE CUTS: Consumer electronics factory sales soared 7.9% to new record last year and will beat that figure by 3.4% in 1993, according to preliminary estimate and consensus forecast issued by EIA Consumer Electronics Group (CEG) at opening of 4-day Winter Consumer Electronics Show Jan. 7 in Las Vegas. However, manufacturers' association predicted even sharper price attrition in 1993 than in 1992.

Total CE factory sales will fall just short of \$40 billion, at \$39.499 billion this year, according to forecast, after rising to \$38.218 billion in 1992 from previous record \$35.429 billion in 1991. CEG sees video

products rising 1.1% to \$13.413 billion from \$13.263 billion in 1992, which was up 9.6% from \$12.1 billion in 1991. Audio factory volume will exceed \$10 billion for first time at \$10.296 billion, up 3.6% from \$9.935 billion in 1992, which represented 7.2% increase from 1991's \$9.266 billion.

Home information equipment also will pass \$10-billion mark this year, in CEG's opinion, up 4.6% from \$9.6 billion in 1992, which was 9% above \$8.81 billion for 1991. Blank media will grow 6.3% to \$4.427 billion from \$4.166 billion and home security systems 5.2% to \$1.315 billion from \$1.25 billion. Every major division of industry is due to hit record in dollar sales, according to CEG.

However, if you think 1992 was tough year pricewise, you ain't seen nothing yet, CEG seems to say. In video, every major category will show decline in average prices this year, it predicts. Distillation of members' forecasts shows declines of 1.6% in average price of direct-view color set, 3% in projection TV, 2.5% in TV/VCR combos, 3.8% in VCR decks, 3.7% in camcorders, 3.6% in laserdisc players. In 1992 vs. 1991, some average prices actually went up -- direct-view color 1%, TV/VCR combos 0.5%, VCRs 3.9%, laserdisc players 5.3%. Projection average prices dropped 3.7% last year and camcorders 7.1%, figures indicate.

In unit sales, direct-view, projection, LCD TV and VCRs hit record last year, tabulation shows, and forecast indicates further new records for all of these in 1993, plus record for camcorders. Totaling up all TV categories -- direct-view color and monochrome, projection and LCD -- indicates sales of 24,554,000 units in 1993, some 2.4% above 23,988,000 of 1992, which was 8.6% above 22,080,000 in 1991. Here are EIA consensus-forecasts for 1993 and estimates of 1992 in video products:

U.S. SALES TO DEALERS AND FACTORY VALUE -- Video Products

Product	Units (add 000)		Value (\$000,000)		Average Price	
	1993	1992	1993	1992	1993	1992
Direct-view TV-only.	21,675	21,150	\$6,611	\$6,557	\$305	\$310
with stereo.....	9,320	8,460	\$3,775	\$3,762	405	434
Projection TV.....	460	420	773	727	1,680	1,731
Monochrome TV.....	572	633	41	47	72	75
LCD color TV.....	310	300	62	60	200	200
LCD monochrome TV...	549	525	33	32	60	60
TV/VCR combinations.	1,100	960	432	387	393	403
Vidcassette players.	290	348	40	49	139	140
VCR decks.....	12,800	12,600	2,931	2,999	229	238
with stereo sound..	3,503	2,948	1,188	1,014	339	344
Camcorders.....	3,100	2,950	1,950	1,926	629	653
Laserdisc players...	300	250	120	104	400	415
Home earth stations.	350	300	420	375	1,200	1,250

EIA sees another hotly competitive year in audio, which it expects to set new record. However, it sees rack audio systems and separate components continuing to decline in both unit and dollar sales. Rack systems, according to forecast, will be down 1.6% in units and 2.4% in dollars after 3% and 4.5% declines in 1992. Separate components are predicted to drop another 3.8% in dollars on top of 1992 decline of 4.5%. Compact systems will show 3.3% increase in units after 20% rise last year, and autosound should be up more than 7%. Total CD player sales will hit phenomenal 18.4 million units, excluding laserdisc combi players. Here are EIA's audio figures:

U.S. SALES TO DEALERS AND FACTORY VALUE -- Audio Products

Product	Units (add 000)		Value (\$000,000)		Average Price	
	1993	1992	1993	1992	1993	1992
Rack audio systems.	1,350	1,372	\$622	\$637	\$461	\$464
Compact systems....	4,117	3,984	778	769	189	193
Separate components	--	--	1,508	1,567	--	--
Aftermkt. autosound	--	--	1,571	1,463	--	--
Factory autosound..	--	--	3,199	2,990	--	--
Home radios.....	21,303	214740	320	322	15	15

(cont'd.)

Product	Units (add 000)		Value (\$000,000)		Average Price	
	1993	1992	1993	1992	1993	1992
Portable tape or CD	13,159	12,768	605	562	46	44
Same with radio....	31,343	30,664	1,693	1,625	54	53
Headset audio.....	24,286	24,198	899	895	37	37
<u>Total CD players*</u> ...	18,400	16,335	--	--	--	--

* Includes home players, audio systems, all portable equipment and autosound; excludes laserdisc combos.

Virtually every home office and communication product will show increase in unit sales but will post declines in average prices, forecast indicates, highlighted by sales of 7.84 million computers and 3.1 million dedicated word processors. Blank videocassette sales to consumer distribution will hit record 450 million units, according to prediction, and videogame software will jump 9.4% to more than \$4.1 billion. Here are EIA's home information, software and accessories forecasts for 1993 and estimates of 1992 factory sales:

U.S. SALES TO DEALERS AND FACTORY VALUE -- Home Information and Miscellaneous

Product	Units (add 000)		Value (\$000,000)		Average Price	
	1993	1992	1993	1992	1993	1992
Cordless telephones	19,640	17,670	1,414	1,343	72	76
Corded telephones..	25,830	26,153	620	654	24	25
Tele. ans. devices..	16,107	15,482	1,015	1,016	63	65
All cellular phones.	4,500	3,750	1,341	1,275	298	340
Consumer fax devices	575	520	239	247	415	475
PWPs & elec. typwtrs	3,100	3,000	558	555	180	185
Home computers.....	7,840	7,125	4,861	4,524	620	635
Blank audiocassettes	450,000	440,000	396	388	--	--
Blank videocassettes	383,000	375,000	980	944	--	--
Blank floppy discs..	685,000	640,000	397	371	--	--
Electronic access...	--	--	840	768	--	--
Batteries (consumer)	--	--	1,814	1,695	--	--
Home security system	--	--	1,315	1,250	--	--
Videogame software..	--	--	4,103	3,750	--	--
Electronics furn....	--	--	1,100	1,200	--	--

PHILIPS' U.S. SALES PEAK: As Consumer Electronics Show opened in Las Vegas last week, Philips Consumer Electronics Co. (PCEC) announced record 4th-quarter key product sales last year, with total sales to dealers up 10% from 1991 period. In dollar sales to dealers, Oct. was biggest month in company's history, Nov. 2nd biggest and 1992 ended with best Dec. in history, up 25% from Dec. 1991.

Hailing "excellent holiday sales season," PCEC Pres.-CEO Donald Johnstone at same time expressed concern over "consistent lowering of prices at wholesale and retail levels."

Johnstone said both CD-I and DCC brought "plus" business in final quarter, CD-I sales increasing "significantly" in period. He said number of storefronts handling CD-I reached 2,000 and PCEC staged more than 500 promotional events at retail in Oct.-Dec. More than 11,000 training sessions with retail salespersons were held by 100 regional specialists, "delivering instant results while leaving a lasting support capability exceeding that of any other advanced home entertainment product." Late-year ad campaign created some 140 million impressions for CD-I. Johnstone said DCC recorders were in 850 storefronts by year-end.

VCR deck sales broke annual record in 51st week of sales to dealers, according to EIA data (see State of the Industry). Sales for 51 weeks exceeded those of record full year in 1986 by more than 65,000 units. In 51 weeks, total color sales, at 21,939,237, were just 31,187 short of record for any year, set in 1989. Once again, EIA's revision of its statistical calendar threw off comparisons of week's sales in 4th Dec. week. In 1992, 4th week of 5-week Dec. included Christmas (Dec. 19-25), while EIA's comparable week, in 6-week Dec. 1991, covered hot Dec. 14-20 shopping period. Therefore, every product category except TV/VCR combos showed sharp declines from year earlier.

Emerson brand will go on small kitchen and home appliances worldwide, based on agreement by joint venture of Extech Corp. and Robeson Industries to license Emerson name. Robeson makes and markets kitchen and household appliances; Extech, hotel supplier, recently entered home appliance business.

THIS WEEK'S YEN RATE

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

AT&T CUTS VIDEOPHONE PRICE: Fighting for world dominance in videophone medium, AT&T last week cut price of its unit 33% to \$999.99 from \$1,495. AT&T Global VideoPhone Systems Gen. Mgr. Stephen Clemente said company would make "unheard-of move for the consumer electronics markets" and rebate \$500 to all those who have bought AT&T videophones since company began shipping last month.

Actually, move isn't quite without precedent. One that immediately comes to mind is RCA's cut of 15" color sets to \$495 from \$1,000 in 1954, with refund of \$505 to each customer who paid \$1,000 (TVD Aug 14/54 p15).

AT&T also said it would offer videophone rentals for \$29.95 through its 400 AT&T phone centers and was instituting interest-free installment purchase plan.

Clemente refused to divulge sales figures, saying AT&T has sold "thousands" and consumer response has been "nothing but overwhelming." He declined to specify numbers, but said: "By 'overwhelming,' I'm referring to the response from around the industry -- to major hotel chains that have committed to purchasing the product, to the more than 10,000 inquiries we got on the first day we announced the product."

However, we polled 25 AT&T retail phone outlets and none had sold more than 25 units. Industry analysts estimated AT&T has sold fewer than 10,000 phones (if each of its 400 stores sold 25, that would total 10,000). Employees we polled at centers said customer response wasn't "overwhelming." "I'd say people are interested, but that it'll take time to catch on," one saleswoman said, adding: "Price is the big thing." Stores we contacted Jan. 5 hadn't yet heard of price drop, policy that AT&T spokesman said was calculated: "We don't want employees to know ahead of time and have reporters calling them and finding out this kind of news before we announce it."

Move to cut price was "a matter of economics of scale and wider market demand than we thought," Clemente said. It came just ahead of MCI's expected start in shipping own videophone at \$750 retail. AT&T's Global VideoPhone Standard (GVS) differs significantly from technology developed by GEC-Marconi, which makes MCI phones. Hitachi and France's Matra also make phones that are incompatible with other systems.

Clemente said AT&T had heard from "several major manufacturers worldwide... including Japan" about licensing agreements, which are expected in 2nd half of year. AT&T's videophone currently is being sold in U.S., Mexico and Canada, and company is working with distributors in Chile, Dominican Republic, Ecuador, Hong Kong, Malaysia, Philippines, Singapore, Taiwan, Thailand, Turkey, Venezuela. It said it's "committed to obtaining regulatory approval" worldwide, especially in Europe, where it lags behind GEC-Marconi in getting its technology approved by govt. agencies.

Eleven hotel chains that AT&T said it signed up include Hilton, Marriott, Sheraton and Westin, and more than 150 individual hotels reportedly plan to have videophones installed by mid-Feb.

According to videoconferencing study by Dataquest, videophone won't become mass market product until \$500 price point is cracked. Based on history of cellular phones and other comparable products, \$299 might be closer to consumer mass market price.

STRONG RETAIL CHRISTMAS: Reports by publicly owned retailers for Dec. showed good business over Christmas shopping season, comparable-store sales among consumer electronics specialists rising as much as 13% above Dec. 1991

Circuit City (CC) said its Dec. sales totaled \$568.9 million, 21% over year earlier, with comparable-store sales of \$469.7 million, up 9%. Pres.-CEO Richard Sharp said sales growth reflected 30 Superstores opened in 1992 and comparable-store increase "that somewhat exceeded our expectations." He said results "continued to be affected by the weak economy in Southern California." Company now operates 213 Superstores, 7 Circuit City stores and 39 Impulse stores in East, Midwest, West.

Best Buy sales in 5-week period to Jan. 2 totaled \$330 million, 77% above \$186 million of last year's period, while year-to-date (44-week) sales of \$1.34 billion were up 73% from \$776 million. Comparable-store sales rose 13% for Dec. and 19% for year to date, Chief Financial Officer Allen Lenzmeier said. Company operates 111 stores in 14 states, of which 63 are considered comparable.

The Good Guys said sales for its first quarter ended Dec. 31 totaled \$168.7 million, up 11% from \$152.6 million year ago, with comparable-store sales up 1%. In quarter, company opened one store in San Francisco and relocated one store. Company has 42 stores in Cal. and Nev.

Audio/Video Affiliates sales were up 15.8% in Dec. to \$47.3 million from \$40.8 million in Dec. 1991 and comparable-store sales 4.5%. For fiscal year to date (11 months), sales rose 14.9% to \$206.7 million vs. \$179.9 million; comparable-store sales in period were up 4.5%. At year-end, company operated 106 stores in 20 Midwest and Sunbelt states vs. 99 at end of 1991.

Sears Merchandise Group, reporting 9% increase in domestic store sales for 5 weeks to Jan. 2 (comparable stores up 8.2%), said rise was led by sales of "apparel, home appliances and home electronics, home office equipment, videogames, furniture and floor coverings."

Toys 'R' Us said total sales were up 19% and comparable-store sales up 10.7% in 8 weeks to Dec. 26. Vice Chmn. Michael Goldstein singled out videogames as selling better than expected.

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Best Buy (BB) said it has been approved to handle full Sony line in all of its Chicago locations, "consistent with the company's other stores through its 14-state marketing area," starting in first quarter. BB had been denied Sony line in Chicago since opening its first stores there last fall. However, Highland Superstores pulled out of Chicago market, where it operated 19 stores, after filing for Chapter 11 protection last Aug. (TVD Aug 31 p16). Sony was Highland's largest unsecured trade creditor.

Japan must globalize -- liberalizing markets, reforming political system and improving its economic structure -- or "find itself isolated from the global community" of post-Cold War era, Sony Chmn. Akio Morita warned in article in Nikkei Weekly. He cited Clinton election as illustration that "Americans value youth, do not fear change and can themselves change to seek a better life. That is one reason why I like the U.S." However, he said, "the Japanese hesitate to act where no precedent exists." He urged his countrymen "to join the rest of the world in harmonizing their rules of competition, so each can attain economic development through fair and free competition among businesses."

MIXED BAG IN 1992 STOCKS: List of major consumer electronics (CE) manufacturers, retailers and software companies traded on U.S. stock exchanges shows more 1992 winners than losers. Not surprisingly, given their consistently declining earnings performances, largest CE companies showed drops in stock value during year. Some of largest percentage gainers were rapidly expanding retailers (Best Buy and Circuit City) and videogame and computer software publishers (Electronic Arts, Broderbund, Acclaim Entertainment). Companies are listed here with Dec. 31 closing prices, followed by percentage gain or decline.

Retailers: **A/V Affiliates**, 8-5/8, +38%; **Best Buy**, 39, +136.4%; **Blockbuster** 18-3/4, +56.3%; **Circuit City**, 51-3/4, +123.8%; **Fretter**, 2-3/4, -35.3%; **Sound Advice**, 5-7/8, -24.2%; **Sun TV**, 37-1/4, +144.3%; **Tandy**, 29-3/4, +3%; **The Good Guys**, 10-3/4, -23.9%;

Manufacturers and marketers: **Audiovox**, 7-1/4, +314.3%; **Boston Acoustics**, 19, -6.2%; **Emerson Radio**, 2-1/4, unchanged; **Esquire Radio** 37, +6.5; **Franklin**, 8-7/8, +10.9%; **Go-Video**, 3-1/8, +212.5%; **Harman International**, 15-1/4, +71.8%; **Koss** 5-1/4, +110.0; **Matsushita**, 93, -20.2%; **Philips**, 10-3/4, -38.6%; **Recoton**, 18-1/2, +153%; **Sony**, 34-1/8, -1.4%; **Video Display**, 7-3/4, +106.7%; **Wells-Gardner**, 6-5/8, +231.3; **Zenith**, 5-7/8, -20.3%.

Software: **Acclaim**, 18-1/8, +291.9%; **Broderbund**, 42-1/4, +84.8%; **Electronic Arts**, 41-1/4, +115.7%; **Sierra On-Line**, 16-1/2, -16.5%; **Software Toolworks**, 7-1/2, +48.1%.

Photo CD price cut for U.S. market was announced by Kodak at opening of Consumer Electronics Show last week, with \$100 lopped off suggested list price of 2 step-up models and \$70 off leader model. Kodak said cut will "reduce the price gap between audio CD players with similar features and the equivalent Photo CD compatible players, making Kodak Photo CD players more affordable even to first-time CD buyers." Entry-level model has been cut to \$379 from \$449, full-featured single disc model to \$449 from \$549, 5-disc changer model to \$549 from \$649.

Interactive Video and Multimedia Exhibit will be highlight of Infocomm Jan. 14-16 in New Orleans, managed by International Communications Industry Assn. Exhibit will feature CD-I, CD-ROM, DVI, magneto-optical discs, touchscreens. Other exhibits will include "Mars Explorer" virtual reality display by Multimedia Research project of Cal. Polytechnic State U., HDTV systems, multivendor Interactive Multimedia Presentation Center, Projection Shoot-Out comparing 65 projectors and video cube walls by 28 manufacturers -- 703-273-7200.

"Brave New World of Digital" will be theme of ITA seminar March 10-14 in Phoenix. Among topics: Digital TV, HDTV, satellite TV, erasable CDs, DCC and MiniDisc, CD-ROM, communications revolution and video retailers, replicators and tape manufacturers, multimedia, data storage, N. American Free Trade Agreement (NAFTA) and European Common Market, environmental regulations, technological developments and consumer market -- 212-643-0620.

Cable compatibility with consumer electronic products, mandated in 1992 Cable Act, will be subject of post-Consumer Electronics Show meeting of representatives of EIA Consumer Electronics Group and NCTA. FCC asked 2 trade groups to hammer out compromise as basis for future rulemaking.

RONALD BROWN DEFENDS RECORD: Responding to relatively gentle questioning at 2-hour Senate Commerce Committee hearing, Ronald Brown, designated by President-elect Clinton as Commerce Secy., defended his representation of Japanese companies in Home Recording Rights Coalition (HRRC) and promised to turn Commerce Dept. into "powerhouse" in sponsoring U.S. technology and trade.

In answer to questions about his lobbying activities, Brown said he worked for American subsidiaries of Japanese companies. He said he would disqualify himself in any matter involving video copyright questions because of his work on HRRC, but wouldn't rule out his participation in other matters related to VCRs, even if they involved foreign clients.

Brown said Commerce Dept.'s NTIA unit "ought to be the lead policy arm for telecommunications in America" and endorsed goal of creating national communications superhighway "to make sure young people have access to information. If you can tap into Nintendo, you can tap into the Library of Congress as a resource."

Brown endorsed expansion of National Institute of Science & Technology (NIST) into nation's center for technological development and promised Commerce would become "forceful advocate for American commercial interests."

CE HOUSEHOLD PENETRATION: More than half of U.S. homes now have telephone answering devices, 40% have videogames, 42% home CD players, 40% color TVs with stereo sound, 35% computers. Those are among EIA Consumer Electronics Group (CEG) estimates of household penetration of consumer electronics products as of Jan. 1993, released at Consumer Electronics Show in Las Vegas.

At lower end of scale, only 1% of homes are equipped with laserdisc players, 2% with fax, 4% with satellite earth stations, 5% with TV/VCR combos, 8% with cellular phones, 9% with monochrome or color LCD TV, 9% with projection TV.

Both TV and home radio have 98% penetration of U.S. households, with color TV remaining at 97%, while 94% have audio systems. VCR decks have reached 80% penetration, but only 19% of homes have camcorders. Compact audio systems are owned by 67%, rack systems by 55%, monochrome TV 50%, cordless phones 46%, home security systems 16%, auto CD players 10%. EIA's data are based on estimate of 95.8 million U.S. households.

Honeywell said it has settled auto-focus patent disputes with Chinon, Ricoh and Vivitar, which will pay it combined \$11.4 million in exchange for being dropped from infringement lawsuit. With latest settlements, only Fuji Photo still is defendant in infringement case. Honeywell previously announced settlements of \$303.1 million from 11 other camera manufacturers. Patent applies to basic auto-focus system used in film cameras and camcorders.

HDTV-compatible VHS technology has been developed in Japan by JVC. Called W-VHS, it can be used with all existing or proposed HDTV systems, JVC said. Same recorder can be used for both standard signals and HDTV. JVC plans to present system to other members of VHS group for their reaction. System differs from one developed by Zenith and GoldStar (TVD Dec 30 p10).

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With Consumer Electronics

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The Good Guys' 10-K report for year ended Sept. 30 showed significant shift in business from traditional home audio and video products toward home office, auto electronics and accessory and service lines. Compared with prior year, sales of TVs dropped 2 points to 19% from 21%, and video to 19% from 20%. Other category falling as percentage of business was home audio, down single point to 17%. In contrast, sales of personal electronics, telephones and home office gained point (to 15%), as did car audio and cellular phones (to 10%). Catchall category that includes extended warranties, automotive installation, tape, accessories and other businesses gained 2 points to 20% of company's revenues.

Electronic Industries Foundation (EIF) and parent EIA have been awarded grant by U.S. Dept. of Education to develop voluntary national skill standards for electronics technicians. Project will be collaborative effort of EIF, EIA, National Assn. of State Dirs. of Vocational Technical Education and other industry, labor and educational organizations

Joint promotion: Buyers of Universal Electronics' One-For-All Remote will be entitled to \$5 rebate when they purchase Sports Illustrated's 1993 Swimsuit Video.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Acclaim Entertainment 1992-qtr. to Nov. 30 1991-qtr. to Nov. 30	78,768,000 42,033,000	6,264,000 2,468,000	.22 .12
King World Productions 1992-qtr. to Nov. 30 1991-qtr. to Nov. 30	169,714,000 199,046,000	38,502,000 36,560,000	.98 .94
Sound Advice 1992-qtr. to Sept. 30 1991-qtr. to Sept. 30	37,753,021 31,647,565	372,717 666,325	.10 .18 ^a
Sun Television & Appliances 1992-9 mo. to Nov. 30 1991-9 mo. to Nov. 30 1992-qtr. to Nov. 30 1991-qtr. to Nov. 30	252,355,000 168,141,000 103,334,000 64,888,000	6,098,000 3,269,000 2,711,000 1,182,000	.84 .57 .37 .19
TCA Cable 1992-year to Oct. 31 1991-year to Oct. 31 1992-qtr. to Oct. 31 1991-qtr. to Oct. 31	138,839,000 127,090,000 35,589,000 32,765,000	14,989,000 8,493,000 3,762,000 2,325,000	.61 .35 .15 .10

Note: ^aRestated.

Consumer Electronics Personals

William Sliney, ex-Marshall Field, *Platt Music and Emporium*, joins *Highland Superstores* as finance vp-chief financial officer; most recently he was pres. of *Phoenix Service Corp.* (consumer electronics warranties)... New management team at *Spectrum HoloByte*, entertainment software publisher, shifting emphasis from computers to consumer market: **Patrick Feeley**, ex-pres. of *Bandai of America* and *Tonka Toys*, to CEO; **Barry Folsom**, ex-pres.-CEO of *Radius Inc.* (hardware), to pres.; founder **Gilman Louis** moves from CEO to chmn.

Charles Koppelman named to head all *Thorn EMI* record operations in U.S., assuming duties of *Capitol-EMI Music* Pres.-CEO **Joe Smith**, who plans to retire in March... **Kevin Kelleher**, ex-Price Waterhouse, appointed senior vp-controller, *Sony Music Entertainment*; **Paul Vitale** promoted from vp-controller to vp-business development... **Matthew Robertson**, formerly *Sennheiser* mgr. of market development for western U.S., promoted to vp in charge of company's new Burbank, Cal., hq.

Joseph Bacsko resigns as *Blockbuster Entertainment* pres.-COO and board member to start new retailing venture in which *Blockbuster* plans to invest... **Gene Silverman**, ex-*Orion Home Video*, named *Promotional Concept Group* exec. vp... **Michael Katchman** resigns as *FoxVideo* regional sales mgr. to rejoin *Orion Home Video* as national accounts mgr., new post based in Cincinnati... **Gareth Brown**, ex-*HBO Video* mktg. mgr., joins *Turner Home Entertainment* as mktg. dir... Promotions at *Bender, Goldman & Helper Home Entertainment* Div.: **Shawna Lynch** to dir., **Andrea Marozas** to east coast mgr., **Jenny Roelle** to west coast mgr.

Special meeting of EIA board Jan. 27-30 in Naples, Fla., will discuss Clinton-Gore Administration and its effect on electronics industry. Guest speakers: *Eaton Corp.* Planning Vp **Adrian Dillon**, *American Medical Assn.* spokesman **Jerry Schenken**, *National Technology Transfer Center* Dir. **Lee Rivers**, Sen. **Bumpers** (D-Ark.), technology writer **George Gilder**.

TELEVISION DIGEST®

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

With Consumer Electronics

JANUARY 18, 1993

VOL. 33, NO. 3

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

INAUGURAL PLANS: Communications firms help finance inaugural. Broadcasters and cable plan extensive coverage. CBS, MTV plan parties. (P. 1)

NO NAMES FOR FCC but White House staff is set. Stephanopoulos heads communications at White House, Dee Dee Myers is press secy. Cook still considered a front-runner for chmn. (P. 2)

TV HAS SEEN 'BEST DAYS' Iger tells TV critics. ABC executive says networks must change approach. Sagansky says networks will meet with producers on TV violence guidelines. (P. 4)

TCI ADDING FIBER for 90% of subscribers in 4 years. Capital spending to grow \$300 million per year. Compression pushed. (P. 4)

INTV, NATPE SET for back-to-back San Francisco conventions, optimistic about attendance. Three dozen govt. officials expected. (P. 5)

CUSTOMER-SERVICE LIMITS backed by cable interests. Franchiser role and negotiations demanded. Performance standards suggested. (P. 6)

BUYTHROUGH COST HIT: NCTA says rules could cost cable \$260-\$580 million per year, increase rates, hurt quality, delay compression. Waiver sought for small systems. (P. 7)

INDUSTRY INVOLVED IN INAUGURAL ACTIVITIES: In their search for corporate sponsors to help finance Clinton inaugural activities, organizers found many communications companies willing to donate and/or lend money, personnel, equipment. But critics of practice charge that companies contributing to events will have host of issues before new Administration, and jumping to help out during inauguration is path to early influence.

Even donating equipment is viewed as agenda item: "Well, it's maybe just loaning some equipment, but this equipment is essential to a successful inauguration and if it weren't loaned [Clinton team] would have to buy it," said Ellen Miller, exec. dir. of Center for Responsive Politics, private group that tracks political money. She said: "People are trying to gain influence through these actions. They want to appear as friends of the new Administration. There are all kinds of ways to buy influence and access. And this is just one more to say, 'we are friends of this Administration.'"

For example, AT&T is lending \$50,000 worth of fax machines and telemarketing services in addition to lending Inaugural Foundation \$100,000 and donating another \$100,000. Inaugural Committee "depends on these types of donations and loans," AT&T spokesman James McGann said. "We've been doing this type of

Consumer Electronics

1994 SUMMER CES MOVED to late June, 21 days later than planned, as result of conflicts in Chicago. First Summer CES in summer since 1971. (P. 9)

WINTER CES IS UPBEAT send-off for healthy new year after good 4th-quarter sales. Shortages seen for some products in early part of year. (P. 9)

SILO, TANDY CUT STORES, moving toward larger formats, in further consolidation of CE retailers. Tandy spins off manufacturing operations. (P. 10)

GEMSTAR 'INDEX PLUS' VCR system previewed privately to manufacturers, first of many proposals for 'Extended Data Service' expansion of closed captions. (P. 11)

3DO MULTIMEDIA SYSTEM unveiled in flashy CES debut. First 'interactive multiplayer' hardware expected from Panasonic and AT&T in fall at \$700. (P. 13)

BEST BUY, SUN TV SET EXPANSIONS, former preparing to enter Detroit and 4 Ind. cities, latter readying stock offering to fuel new stores. (P. 13)

W-VHS COMPATIBLE HDTV recorder system developed by JVC is adopted by Matsushita. 'Parallel recording' system can record 2 standard programs at once. (P. 14)

CABLE-CE INTERFACE inquiry opened by FCC. EIA and NCTA begin discussions of subject at FCC's request. (P. 14)

thing for decades and we're happy to help out." Is AT&T hoping to gain special access or influence in new Administration? "There's nothing behind our efforts except trying to be good corporate citizens," McGann said. "Obviously, if we're preceived as being helpful people, that's good." Besides, he said, "there's far too many people involved in this to be singled out and remembered afterward."

Contributions of this sort don't have to be legally accounted for, unlike those given to political parties or candidates for campaigns. Money "comes in too haphazardly for any kind of official reporting," Miller said.

CBS will be most visible of TV networks with reception for bigwigs Jan. 19 at Capitol Center (expected to include Clintons and Gores) just ahead of inaugural gala (which CBS will air live) starring top names of Hollywood. NBC will host 3-hour noontime brunch same day at Willard Hotel, and Fox Bestg. is a sponsor of Rock the Vote reception at Sheraton Carlton Hotel. Cap/ABC has nothing planned. On cable side, MTV is hosting huge party that's one of most eagerly sought tickets in town inaugural night at Washington Convention Center.

Others providing support, sevices or equipment include manufacturers, long distance telephone companies, labor unions. Motorola has loaned inaugural staff 500 pagers, 200 cellular phones and 900 handheld walkie-talkies that have total value of \$1.5 million. Motorola spokesman said it would be "naive" to think that companies wouldn't like to get something out of their efforts to help out in inaugural efforts. Company is "supporting the government because we depend on the government to help us further our manufacturing and trade" in U.S. and internationally, he said.

Another wireless operator, Skytel, is installing cellular sites in Charlottesville, Va., where Clinton begins his bus trip to Washington for inaugural. Skytel also is providing 500 pagers to operate on that network, which cost company \$135,000. Skytel is subsidiary of Mobile Telecommunications Technologies (Mtel), company that in July 1992 received coveted Pioneer's Preference license from FCC for field trials of Personal Communication Service. That license, if reaffirmed in current rulemaking, would exempt Mtel in subsequent licensing process for so-called National Wireless Network from lotteries, comparative hearings or other competitive proceedings.

MCI isn't providing services or equipment, is giving \$100,000. MCI Vp-Corporate Affairs Frank Ovaitt said money is going for "the things you would normally expect in terms of some of entertainment activities, but not in any kind of visible sponsorship." MCI PR Dir. Bernard Goodrich said money is being used "largely to underwrite public events." About \$50,000 has been contributed to Inaugural Foundation and \$50,000 to Inaugural Committee to underwrite opening reception, Goodrich said.

Providing such nonvisible support is important, even if there's no direct agenda attached, Miller said: "Million-dollar [event] sponsors or [direct] \$100,000 loans [to Inaugural Committee], it's all the same thing. To be seen as someone who can be counted on when the money is necessary is an important way of getting access and influence."

Others providing nonvisible support include GE, Sprint, CWA. CWA "doesn't have equipment or money, so we've sent over a few bodies," union spokesman Jeff Miller said. CWA is providing 5 staffers to help with administrative and clerical work. Sprint hasn't been "directly involved" in inaugural planning, but has "been involved at the edges," spokesman Steve Dykes said. "Sprint's done things like sponsor tables and purchased tickets to some of the inaugural balls," he said. Dykes couldn't put dollar figure on Sprint's efforts, but tables are going for \$15,000 and tickets run into hundreds of dollars each.

Meanwhile, Sony was one of 4 corporate sponsors for party planned Jan. 17 for Commerce Secy.-designate Ronald Brown that he canceled to avoid appearance of conflict. Party was intended to honor his service as chmn. of Democratic National Committee. Clinton's recently named Dir. of Communications George Stephanopoulos said President-elect "thinks that Ron Brown made the right decision."

NO NAMES FOR FCC; WHITE HOUSE STAFF SET: "No name or set of names has been presented to [President-elect] Clinton" for appointment to FCC, transition source told us Jan. 15. "Bill hasn't looked at this at all nor has he been asked to... There are all kinds of wild and crazy rumors" about 2 impending appointments to FCC, said source in position to know, and more than dozen names have been mentioned as possibilities. But, we're told Clinton advisers haven't focused yet on Commission.

Several Clinton transition sources tell us that prospects that Antoinette (Toni) Cook, senior counsel of Senate Communications Subcommittee, will be appointed chmn. of FCC wouldn't be handicapped by fact that she profited by about \$500,000 in settlement among 8 competing applicants for facilities of WGMS(FM) Washington. Applicant, Riggs Radiocasters Inc., filed in 1983 when Cook was with Washington law firm Wiley, Rein & Fielding, and case was settled in 1987 shortly before Cook went to Senate. She owned 26.5% of Riggs, which received \$2.1 million in buyout in public document that was chronicled in trade press. (FCC changed its rules in 1989 to permit payment only of applicant's out-of-pocket expenses in such buyouts.)

"That isn't something that should cause any concern and shouldn't diminish her chances in anybody's eyes," Philip Verveer, partner in Washington law firm Willkie, Farr & Gallagher, told us -- and just about everybody else agreed with that sentiment. Verveer was active in Presidential campaign, has been friend of Clinton since both were law students at Georgetown U. Another applicant in WGMS case, which received \$765,000 in settlement, was Vernell Bestg., 12%-owned by Vernon Jordon, Cook's stepfather and chmn. of Clinton transition team. Ann Dibble Jordan, his wife and Cook's mother, owns 100 Cap/ABC shares and is member of its board.

Typical comment about Cook, from Republicans and Democrats alike: "Everybody assumes it's Toni's if she wants it, and I'm led to believe that she wants it." Meanwhile, sources indicate presence of behind-scenes maneuvering to keep Tenn. PSC Chmn. Stephen Hewlett from serious consideration for FCC chairmanship; he has been mentioned for post. Consumer groups and others are upset with PSC's handling of S. Central Bell rate case in which telco was allowed to spend overearnings for network, rather than refund money to consumers. Case was hotly contested before PSC and in courts.

Clinton campaign spokesman George Stephanopoulos has been appointed White House dir. of communications, with David Drier, from staff of House Majority Leader Gephardt (D), Jeff Eller and Ricki Siedman as deputies. Dee Dee Myers, currently press secy. to Clinton, will retain that job in White House; her assts. include Lorraine Voles, press secy. to Sen. Harkin (D-Ia.) who made brief run for presidency, and Arthur Jones, press aide to Boston Mayor Raymond Flynn. Howard Paster, head of Hill & Knowlton Washington office, who will head congressional liaison office, named Susan Brophy, formerly of staff of ex-Sen. Wirth (D-Colo.), as deputy. Melanne Verveer, wife of Philip, was appointed deputy asst. to President and deputy chief of staff for First Lady.

John Podesta, principal in political consulting firm Podesta & Assoc., will be White House staff secy. He's ex-aide to Sen. Leahy (D-Vt.), active in privacy issues and in lobbying Congress for newspaper publishers in MFJ battle. Domestic Policy Council will be headed by Carol Rasco, long-time Clinton aide, with Bruce Reed and William Galston as members.

Roy Neel, long-time staffer for Vice President-elect Gore, has been named his chief of staff. Neel at one time had been prominently mentioned as prospect for FCC chairmanship. Gore's press secy., Marla Romash, will retain that position in Vice President's office.

Television is in "a big transition stage" that "fascinates me," said ex-Fox Chmn. Barry Diller, who last month invested \$25 million in QVC Home Shopping Network. In appearance on PBS's Charlie Rose Show, he said hundreds of channels will be available "2-3-4 years from now... You'll simply press a thing and it [program] will be there whenever you want it." Interactive TV (such as QVC) now is at "a very primitive level of this development" in retailing, Diller said, but it's "a healthy, kicking baby" that can hook up "43 million customers," with success just 3-4 years away. Asked by Rose if TV networks are "scared," Diller responded: "Yeah, I think there will be plenty of casualties." Fox TV Network, he said, can "live in a world where it can get 10% of the audience" because its expenses are so much smaller than Big 3 networks. He said Big 3 spend very little time planning for future, while "cable minds are unbelievably alert about what's going on." As for his surprise resignation from Fox last spring, Diller said: "I had to do this thing... I don't want to work for anyone anymore." He expressed enthusiasm for incoming Clinton Administration. "What a joy," he said of Clinton proposals, but he said "under no circumstances" would he take job in Washington. "It's so political [and] I'm not political."

Cablevision Systems will add all future cable networks on a la carte basis, it said in mailing to subscribers of its Long Island system, which at 371,383 subscribers is nation's largest. Cablevision said policy will give subscribers "greater freedom to shop" for cable services. Mailing also promised to limit future rate increases to level set by FCC and said company will offer "broadcast basic" tier beginning in April. Meanwhile, Cablevision also said it completed previously announced deal to buy 20% of U.S. Cable, which has 202,000 subscribers on 36 cable systems in Ga., Ill., Ind., Mo., N.J., N.M., N.Y., S.C., Tex. Financing was provided by GE Capital.

FCC bade Chmn. Sikes farewell Jan. 14 as he chaired his final public meeting (resignation is effective Jan. 19). Comr. Duggan said Sikes "came with a blueprint -- you had that vision thing." After reviewing proposal to develop Non-Voice, Non-Geostationary Mobile-Satellite Service, which goes by acronym NVNGMSS, Duggan suggested staff could develop "acronym creativity" by inserting vowels to produce easier-to-speak words. Sikes said his final act would be to appoint Duggan head of one-commissioner task force to review acronym mania that plagues FCC.

IGER EVALUATES NETWORKS: Over-air TV networks have seen their best days "even though we at ABC have been successful... in the last few years," said Robert Iger, who has been pres. of ABC TV Network Group about 6 weeks, moving up from head of ABC Entertainment (TVD Nov 30 p7).

Speaking at TV critics tour in Santa Monica, he said TV networking is "still a good business and it can be a good business in the future. But it's my feeling that in order to continue to operate profitably, we simply have to change our approach. And, one way to do that is with fewer people." (Ex-Fox Chmn. Barry Diller said on PBS Jan. 8 that Fox TV Network can survive because it operates with many fewer people and that there will be "casualties" among big 3 networks.)

Networks' future can be "quite good in terms of revenues," Iger said, but "growth in audience terms, because of competition, is unlikely." However, he said: "I don't think we're going to make this a better business simply by saying we're going to do it with less... We have to maintain a very strong belief that the program is the thing." Ted Harbert, who succeeded Iger as pres. of ABC Entertainment, trumpeted Michael Jackson's first live appearance on network TV, scheduled in interview with Oprah Winfrey Feb. 10. He replied "no" when asked if superstar would be paid. Harbert said Jackson went to Winfrey with idea for appearance.

Attracting much attention from TV critics was successful struggle of CBS to sign NBC's late-night David Letterman. CBS promised Letterman 11:30 p.m. slot (he's on NBC at 12:30 a.m. following Jay Leno), will pay him reported \$14 million annually to compete against Leno. Letterman said his last show on NBC will be June 25 and he's due to start on CBS in late summer.

Lucille Salhany, who appeared before critics just 4 days after her promotion to Fox Bestg. chmn. (TVD Jan 11 p4), said her top priority is to solidify Fox's 7th night of programming, due to start this week with 2 hour-long dramas. She said Chevy Chase is definite go for late-night program to start in Sept., sees "a real niche" in late-night following Johnny Carson's retirement. Asked what it was like to become highest woman executive in TV and to break into exclusive "boys' club," Salhany responded: "Industry in general, and our business in particular, has been dominated by men... But, over 25 years I've always felt part of that system... I think it's just a club and I'm in it."

CBS Entertainment Pres. Jeff Sagansky told critics that CBS, NBC and ABC will hold joint meeting with programmers in spring to discuss voluntary guidelines on televised violence (TVD Dec 14 p6). "We've got to be more sensitive" to issue, he said, and CBS is considering separate meeting with producers on its own. Joint meeting and possible agreement to curb violence in shows was made possible under legislation exempting networks from antitrust laws for 3 years.

TV critics have been ensconced in Santa Monica Loew's Hotel since Jan. 6, hearing presentations from PBS, Fox, ABC and CBS in that order. Writers took Jan. 13 off for meeting of their TV Critics Assn., picked up with NBC Jan. 14-15, followed by 3 days with cable networks.

WILF (Ch. 53) Williamsport, Pa., went on air Dec. 30 as satellite of WOLF-TV Scranton & Wilkes-Barre. Stations are owned principally by gen. partner Russ Kimble. WILF start raises U.S. operating total to 1,509, of which 1,141 are commercial, 368 noncommercial.

TCI BOOSTS SPENDING: TCI will increase cable capital spending \$300 million per year beginning this year in move to provide fiber to 90% of subscribers within 4 years, COO Brendan Clouston said. He said fiber upgrades are part of plan to "live up to the spirit of the Cable Act, and go beyond it." Other steps include: (1) Inaugurating broadcast basic tier by April 1. (2) Complying with Act's anti-buythrough provision by April 1 even though MSO could qualify for 10-year exemption. (3) Beginning "comprehensive effort" to develop consumer electronics compatibility standards. (4) Speeding up digital compression implementation (TVD Dec 7 p5).

Barry Marshall, COO of TCI's domestic cable operations, estimated that 20% of MSO's cable trunks are fiber now, total that he said would increase to 30-40% by year-end. Clouston said TCI's capital budget for cable will grow to \$750 million per year this year from \$450 million. Despite that, Clouston assured Wall St. that company's free cash flow would double this year. MSO plans fiber-to-neighborhood architecture, in which fiber will reach nodes of 500-2,000 customers, with coaxial going "last mile."

Marshall said TCI is making commitment to exceed customer service standards required by Act because "the market will demand far more than the FCC." Clouston said customers are demanding choice, convenience and ability to pay only for what they really watch. Result is decision to implement anti-buythrough provisions, which allow subscriber who buys lowest cost tier to get pay-per-view and premium channels now rather than wait 10 years as allowed by legislation. Broadcast basic tier will be priced about \$10 nationwide beginning April 1, TCI said. It said it will be limited "primarily" to broadcast channels, plus public, educational and govt. channels, with basic cable networks on "expanded basic" tier. New broadcast basic tier won't affect total price paid by customers of expanded basic, TCI said.

Senior Vp Robert Thomson repeated TCI stand that it wouldn't pay retransmission consent fee to carry broadcast channels, but Marshall said it would do what it could to avoid disruptions for customers by losing access to broadcast channels. He said MSO has begun meeting with networks on retransmission consent and will start talks with local stations this month. Even though TCI won't pay fees, Thomson said MSO is willing to negotiate such things as channel positioning and cooperative ventures.

In bid to accelerate digital compression, TCI set up project management team headed by Mark Hess, former N.Y. state mgr., to conduct detailed planning for implementing technology. Barry said team also will supervise first installation of compression equipment. He said TCI will build previously announced \$20-million satellite uplink facility for compressed signals in Denver.

—
Clear Channel Communications (CCC) led media companies in 1992 with 86.9% stock growth appreciation, Best. Investor said. Company's stock value rose to \$21.13 on Dec. 23 from \$11.30 on Dec. 12, 1991. No. 2 in growth was Rupert Murdoch's News Corp. at 78.9%. CBS stock rose 29.8%, Cap/ABC 17.9% (no figure is available for NBC, which is subsidiary of GE). On negative side, largest drop was at Great American at -76.9%.

E.W. Scripps Co. said it increased ownership of Scripps Howard Bestg. to 86% from 80.4% through purchase of 576,680 shares for \$28.3 million (\$49 per share). Scripps Howard owns 10 TV stations, 5 radios, cable systems with 281,000 subscribers. E.W. Scripps owns 21 daily newspapers and cable systems with 390,000 subscribers.

INTV AND NATPE TO SAN FRANCISCO: INTV and NATPE are gearing up to try their first back-to-back conventions, during which they will share exhibitors and one joint session, at Moscone Center in San Francisco Jan. 24-28 (Sun.-Thurs.). In past, 2 conventions had been very close to each other, causing grumbling by program syndicators, many of whom exhibited at both. Both associations are optimistic about attendance in San Francisco: INTV said registration from stations is up 20%; NATPE said it also is up and it expects to top 8,700 year ago in New Orleans. Total of about 3 dozen FCC and congressional staffers, plus all 4 commissioners and handful of congressional members, are expected to participate.

Both INTV and NATPE have reshuffled their schedules with resignation of FCC Chmn. Sikes (who had been scheduled as INTV keynoter and for separate speech at NATPE). Comr. Quello will be INTV keynoter at Sun. session, while Comr. Duggan will speak at Mon. lunch in session titled "A Time for Change." In only joint session of 2 associations, Tues. morning, all 4 commissioners will answer questions; at least 2 members of Congress are expected.

Following Quello's keynote at INTV, "Politics and Public Policy in 1993" will feature panel of FCC and congressional staffers moderated by Tribune Bst. Washington Vp Shaun Sheehan. INTV Mon. morning will open with tutorial: "Everything You Ever Wanted to Know about the Cable Act but Were Too Confused to Ask," followed by panel on "Changing Face of Independent Programming." "Off the Air with Howard Stern?" is subject of next session, to be moderated by FCC Mass Media Bureau Chief Roy Stewart with panelists Charles Kelly, chief of Bureau's Enforcement Div.; David Leach of House Commerce Committee; Andrew Schwartzman of Media Access Project; Susan Wing of Washington law firm Hogan & Hartson.

NATPE, with theme of "Programming the Global Village," will be celebrating 30th anniversary. Convention has goal of providing TV executives "with significant information that will impact their jobs in more dramatic ways than ever before," Conference Chmn. Russ Myerson of Media General Bst. Group said. "We're also initiating an informal talk-show style format to foster interactivity between the panel and the audience." Brandon Tartikoff, who recently resigned as chmn.-CEO of Paramount TV, retains his keynote role, to be delivered Tues. morning following joint session with INTV.

As is customary, NATPE sessions will end at 11 a.m. each day to permit delegates to visit exhibits -- some 280 this year taking up 250,000 sq. ft. Exhibits will be open 11 a.m.-6:30 p.m. Tues.-Thurs., with convention cut back to 3 days from 3-1/2. Also as is normal, slew of Hollywood stars will participate, including Milton Berle, who will receive NATPE's Lifetime Achievement Award at Iris Awards ceremony (to be hosted by Burt Reynolds) Thurs. morning. Other NATPE sessions: "Syndication Goes Prime Time;" "Finding Your Niche," dealing with scheduling; "New Era of Children's Programming;" "The Great Debate: PTAR, Retransmission and More;" "Can the Network/Affiliate Marriage Be Saved;" "Can You Afford to Be No. 1" in ratings and revenue, plus 2nd NATPE session on "Racism, Intolerance & TV."

Sidelight at NATPE is possibility that new pres. will be named during convention to replace retiring Philip Corvo. Selection committee, headed by Lew Klein of Gateway Communications, will interview candidates at start of convention.

FCC should liberalize foreign ownership rules for broadcast licenses, as well as cross-ownership and multiple ownership rules, as way to make U.S. media companies more competitive in world market, NTIA said in study released Jan. 15 on Globalization of the Mass Media. In one of last actions before Administration changes, NTIA used study to push pet projects, several of which it admitted would have relatively little impact on global competitiveness, among them eliminating compulsory license and liberalizing cross-ownership of network-cable, cable-telco, broadcast-cable, broadcast-newspaper, finsyn rules. Changes are necessary because new technologies such as satellites, fiber and digital compression, as well as more liberal foreign policies toward media ownership, require liberalization here to keep U.S. competitive, NTIA said. Report pointed out that 39% of U.S. film and TV revenue comes from overseas and says U.S. has best developed broadcast industry in world: "Were entry barriers to foreign firms liberalized... it is likely that the opportunities for foreign expansion for the U.S. broadcast industry would exceed any concomitant risks in the U.S. market." Although it acknowledged that prospects for liberalized foreign ownership rules overseas vary, NTIA said more relaxed U.S. rules would provide leverage for U.S. interests. It suggested FCC start rulemaking on allowing foreigners to own more than 25% of U.S. licensee. Networks aren't likely to "bypass" broadcast affiliates if network-cable rules are eased, NTIA said, and rules could solve problem by requiring that networks retain local affiliate where they have cable holdings. Eased broadcast-cable rules wouldn't directly make it easier to export U.S. programming, NTIA said, but Congress should at least allow FCC to grant waivers of rules. It said multiple ownership rules aren't needed anymore because of burgeoning diversity, and eliminating them could make it easier for American companies to invest overseas. Need for competitiveness means that U.S. companies shouldn't be "encumbered" by finsyn, report said.

Home shopping TV stations may be able to continue to receive licenses without necessarily earning must-carry status, FCC suggested in rulemaking last week. Commission also seeks comment on how to determine which stations deserve must-carry. It tentatively concluded that it would give stations 18 months to change format to qualify for must-carry. Rulemaking is among those required by 1992 Cable Act, which directed FCC to determine whether about 100 TV stations that primarily carry home shopping programming are justified, given other demands on spectrum, and whether they should qualify for must-carry. Act indicates that if FCC finds that they meet public interest requirements for their licenses, they should get must-carry status, but FCC seeks comments on whether some of them could retain license without qualifying for must-carry. Rulemaking acknowledges potential difficulty in changing format to programming that would qualify for must-carry, and tentatively concludes that stations should be able to do so within 18 months, time span that Comr. Quello called "reasonable." FCC also seeks comments on transitional rules for home shopping stations and how it should coordinate home shopping must-carry rules with separate rulemaking on must-carry and retransmission consent in general.

Gaylord Bstg.'s WVTW and ARBY Communications' WCGV-TV, both Milwaukee, have signed joint operating agreement under which ARBY would acquire time brokerage agreement to provide certain services to WVTW and option to buy station. Licensees said promotion, billing, traffic, production and other administrative services would be combined. FCC has proposed rules change to permit 2 UHFs in a market to be owned by same licensee.

CUSTOMER SERVICE LIMITS: Cable customer service standards should take effect only after they're adopted by franchising authority, and franchiser shouldn't be able to have tougher standards than FCC's unless they're negotiated with cable operator, cable groups said in filings at Commission (MM 92-263). NCTA and CATA also said FCC should give local regulators flexibility to use performance standards, rather than content standards, to measure customer service, similar to those proposed by Continental.

It doesn't matter how cable satisfies customers, NCTA said: "It is the result that matters. Operators whose customers are satisfied should not be required to meet artificial performance criteria." Assn. said FCC should use NCTA's own customer service standards, with minor modifications outlined in filing, as national "benchmark." Local regulators would be allowed to put benchmark standards into effect unilaterally for local system, but would have to negotiate with operator for any tougher standards, NCTA proposed. Assn. said franchising authorities have no right to implement tougher standards unilaterally before franchise renewal, and Act is designed to entitle cable operator to partial expectancy of franchise renewal if it met previous customer service standards and its proposed standards are reasonable. NCTA also said FCC should limit franchisers' right to fine cable systems that don't meet standards.

FCC should encourage use of performance standards, rather than content standards, to measure customer-service performance, Continental said. Performance standards typically use surveys to measure actual customer satisfaction, while content standards set specific measures, such as busy signal rate for customers calling cable system. Continental said performance standards are easier and cheaper to implement and "have the added benefit of actually reflecting the impact of services on the consumer." For example, it said, system could lower busy signal rate by instructing customer-service staff to spend less time with each customer, but actual customers' satisfaction would drop because fewer of their problems would be solved. Continental estimated that customer surveys would cost about \$3,000 per cable system. Higher cost of measuring content standards would divert money away from actually solving problem, MSO said.

Complying with excessive standards can be unnecessary expense, cable groups said. Complying with NCTA's code cost Continental \$1.93 per subscriber for startup and \$2.66 per subscriber per year, it said. Comcast put figure at \$2.46 per subscriber per year and Colony \$1.73. NCTA said experience showed that standards set without cable input "tend to impose expenses with no concern for whether they are offset by a demonstrated need or benefit." CATA said small systems especially can't meet some standards without "potentially imposing unjustified costs."

Communities are being "inundated" with advice and offers by consultants to help them reregulate cable, CATA said, so some will "feel great pressure to adopt something, anything, since the law now gives them that power." But CATA said many communities may prefer not to set customer service standards because they don't want to add bureaucracy. It said FCC specifically should avoid imposing NCTA standards for telephone response time and installation and repair time on small systems because they may not affect customer satisfaction significantly, but could force up rates.

FCC set Feb. 26 as lottery date for wireless cable applications for 54 markets. Lotteries will begin at 10:30 a.m., Rm. 856, FCC hq.

FCC won't allocate portion of 28-GHz band to wireless cable or grant waivers to applicants for 971 phone service that would allow them to use band, agency said in rulemaking proposing to set up new local multipoint distribution service (LMDS). In order released Jan. 8 (CC 92-297), Commission said it doesn't see "compelling public interest justification" for giving part of spectrum to wireless cable, in part because it recently allocated extra spectrum for that business, but it invited comments on tentative conclusion. FCC said granting 971 waiver requests "would amount to a de facto reallocation of the 28-GHz band" and such largescale waivers have been discouraged by courts. Basic rules for LMDS are similar to those FCC adopted for interactive video and data services, including plan to grant 2 LMDS licenses for each of 487 Basic Trading Areas identified by Rand McNally. Commission tentatively decided not to adopt cross-ownership rules for LMDS band because it's "inclined not to exclude any existing video distribution or telecommunication firm" from LMDS. Other proposed rules: (1) 90% of residents must have access to LMDS within 3 years of licensing. (2) Lotteries or auctions will be used to select licensees. FCC rejected Harris claims that 28-GHz band should be used for Personal Communications Service and private radio, saying company had provided no evidence of industry demand. Comments are due March 16, replies April 15.

FCC shouldn't recreate "Cable Bureau" in response to 1992 Cable Act, Comr. Duggan said at Consumer Electronics Show in Las Vegas. Duggan, who had suggested creating Mobile Services Bureau to oversee cellular, Personal Communications Service, private mobile radio and similar technologies, said cable is transcending traditional service boundaries: "The Commission needs to organize itself in a way that deals with the new Cable Act in the much larger context of mass media and telecommunications services." He said FCC should rely more on industry advisory committees, such as that set up for HDTV, "as the technologies we regulate become more complex." He said he made New Year's resolution to be "sensitive" to fact that broadcasters need "realistic pace" to launch HDTV, and that consumers need time to accept it. Duggan said he still has reservations about telco ownership of video programming, but "the rapid convergence of voice, video and data technologies will continue to push the Commission toward regulatory approaches that establish boundaries rather than barriers."

Federal court should have deferred to Congress on whether SMATVs serving buildings with different owners should have to obtain local franchise, NCTA said in U.S. Supreme Court brief filed Jan. 14 in Beach Communications case (TVD Dec 7 p6, March 16 p4). "If Congress believed that different types of SMATVs stand on different footing, then a federal court should not override that belief unless the facts plainly show that no difference exists," NCTA said. Lower courts said SMATVs that don't cross public rights of way don't need franchise, despite 1984 Cable Act. Assn. said smaller SMATVs are likely to be more responsive to consumer needs, and exempting SMATVs from local regulation while retaining it for traditional cable systems "creates a potential for serious competitive inequities."

Viacom is opening its first Washington office and named senior vp-gen. counsel Mark Weinstein to head it as senior vp-govt. affairs. "Government affairs has become increasingly important to Viacom and to its diverse entertainment businesses," Viacom CEO Frank Biondi said. "We feel this is the time to establish a greater presence in Washington." Site for office will be selected soon, company said. Weinstein's successor as gen. counsel also will be named soon.

BUYTHROUGH COST HIT: Stringent antibuythrough rules could cost cable industry \$260-\$580 million per year, increase rates, hurt service quality and impede arrival of digital compression, NCTA said in comments on FCC rulemaking (MM 92-262). Small cable operators said they should be granted virtually blanket waiver of all rules, and Cablevision Systems said any new rules required by 1992 Cable Act should avoid hindering multiple channel discounts and other marketing options.

NCTA's \$580-million estimate assumes that addressable converter would have to be installed in all 36 million cable homes that aren't currently addressable in order to meet Act's prohibition on requiring subscribers to pay for expanded basic service in order to buy premium and pay-per-view channels. Lower estimate takes into account current industry projections that addressability will be added to many homes anyway. NCTA assumes that industry wouldn't provide addressability for 16 million customers without legislation. In drafting Act, Senate assumed that 25% of cable households already are addressable, but NCTA said it believes that estimate "seriously overstates" number.

Unbundling cable programming services may be trend for future, but still isn't feasible, NCTA said, so only systems that already are addressable should have to comply with antibuythrough provision, while all others would have full 10-year transition period included in Act. Assn. said that if cable systems are forced to invest now in addressable converters, they will have economic incentive to delay next switch to full digital compression until useful life of addressable converters expires.

NCTA specifically sought waiver for systems with fewer than 1,000 subscribers, where cost of addressability is highest per user. Using figures from Warren Publishing's Television & Cable Factbook, NCTA estimated that 5,815 of the 11,086 cable systems have fewer than 1,000 subscribers. Consortium of small cable operators, in separate filing, said complying with antibuythrough would be "prohibitively expensive" for small systems, so any system that submits "good-faith certification" of its size should get permanent exemption from rules: "Micromanagement at the federal level is unwarranted and unworkable." Consortium said small operators probably couldn't even afford cost of applying for normal waiver.

FCC should clarify policy on pricing of individual cable networks, Cablevision said, to specify that multiple channel discounts don't constitute price discrimination or violation of antibuythrough. Cablevision said that final rules also should clarify that lower per-channel prices can be offered for intermediate tiers, and that FCC should exempt even addressable systems from buythrough provisions at least until consumer electronics compatibility rules take effect because complying with rules would disable some advanced features of consumer electronics equipment.

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Cable rates and service deteriorated most among all city problems in 1992, according to survey by National League of Cities (NLC). Survey was part of "baseline report" that group provided to Clinton team and cabinet appointees, said NLC Pres. Donald Fraser, mayor of Minneapolis. Of 425 municipal officials surveyed, 57% said cable service and rates had gotten worse in 1992, vs. 4% who said they were better. Next lowest rating went to unemployment (54% said it got worse) and drugs (49%). "I think that response alone summarizes the importance of Congress finally taking action last year on legislation to curb the abuses of this monopolistic industry," Fraser said.

Items on circulation for votes by FCC members have been "just pumped out" by Chmn. Sikes' office as he attempts to clear decks of as much as possible before leaving Jan. 19, Commission officials said. "He just dumped them in December," said one. Record 101 items were on circulation for votes at middle of last week, and that figure was reduced only slightly by end of week. Most of them have been added since early Dec., another 8 since Jan. 1. However, one item on need to preempt state and local laws dealing with amateur radio goes back 11 months, to Feb. 14. Record shows that Sikes has voted on all pending items, with many still needing votes of other 4 commissioners. None of items being circulated involves major issues, although several are of general interest, including first fine ever proposed for LPTV stations, in Twenty Nine Palms, Cal. Proposed rulemaking, put on circulation Dec. 21, would examine ways to afford relief for LPTV stations and translators displaced by advanced TV stations.

Ark. AFL-CIO and local group have asked U.S. Appeals Court, St. Louis, for en banc rehearing of Court's 2-1 decision upholding FCC ruling that fairness doctrine has been repealed legally, decision upheld by U.S. Appeals Court, D.C., and thus can't be applied to ballot issues (TVD Dec 7 p7). Case, involving KARK-TV Little Rock, charged station had failed to give adequate coverage to opponents in 1990 referendum involving Ark. usury limits. AFL-CIO lodged fairness complaint at FCC, which on 3-2 vote (Comrs. Duggan and Barrett dissenting), upheld station. In request for en banc hearing, labor group said case "involves an exceedingly important issue of national policy: Whether broadcasters must adhere to the fairness doctrine" and whether doctrine had been codified by 1959 amendment to Communications Act. "Affirmance simply is not possible here without a remand," petitioner said, since FCC "rationale was neither reasonable nor permissible."

First proposed application of field 2 of line 21 of vertical blanking interval (extended closed-caption service) was demonstrated privately to manufacturers at Consumer Electronics Show (CES) in Las Vegas by Gemstar Development Corp., developer of successful VCR Plus programmer. For demonstration, NBC and Fox networks and their Las Vegas affiliates transmitted proposed standard "Extended Data Service" (EDS) signals on field 2, which cued "smart chip" built into VCR to provide on-screen index of programming recorded onto videocassette, by title and locator number. "Index Plus" is just one function proposed for EDS, or "CC+" signal. Others are on-screen network and station ID on demand, program title and content display, on-screen grid for programming VCR, etc. EIA plans on-air demonstrations and technical papers on EDS at NAB convention. EDS-equipped receivers are expected to be demonstrated at Summer CES in June and some could be on sale this year.

Two new TV stations went on air at end of 1992, raising operating U.S. total to 1,508, of which 1,140 are commercial, 368 noncommercial. KHDT (Ch. 9 independent) Caldwell, Ida., started Dec. 28. It's owned by Pres.-Treas. William Schuyler and Kristine Schuyler. KHDT is in Boise ADI; Robin Mahr is gen. mgr. WNTZ (Ch. 48 Fox affiliate) Natchez, Miss., went on air Dec. 31 as satellite of KADN Lafayette, La. Station is owned by Eddie Blanchard, who also owns KADN.

FCC awarded duplicating contract to International Transcription Services (ITS), effective Jan. 25. ITS will have office at Commission hq in Rm. 246, and at 1270 Fairfield Rd. in Gettysburg, Pa., 717-337-1433. Contract requires that ITS install all-new Xerox equipment.

Personals

Paul Friedman, ABC News exec. producer, promoted to exec. vp-ABC News, to replace **Stephen Weiswasser**, who also is senior vp of Cap/ABC and will be reassigned; **Robert Murphy** promoted to senior vp-hard news, ABC News; **Robert Siegenthaler**, pres. of broadcast operations for ABC TV and leader in HDTV development, will take early retirement in Feb... **Les Hinton**, former editor, Star magazine and head of News America Publishing, named chmn.-CEO, Fox TV Stations, succeeded by **Patrick Purcell**; **Mitchell Stern** promoted to pres.-COO.

John Spinola named vp-operations, Group W TV, new post, succeeded as vp-gen. mgr., WBZ-TV Boston, by **Debra Zeyen**, vp, Group W TV Stations, effective Feb. 1... **John Hane**, senior assoc. in Washington law firm Fisher, Wayland, Cooper & Leader, appointed NBC Washington corporate counsel, effective Jan. 25, succeeding **Jane Genster**, now gen. counsel, Washington Post Co.

Nicholas Trigony, Cox Bstg., elected chmn., TV Operators' Caucus; newly elected to board: **Kenneth Elkins**, Pulitzer Bestg.; **Philip Jones**, Meredith Bestg.; **John Zanotti**, Great American Communications... CTAM names **Corrine Beller**, ex-Comcast mktg. dir., as vp-mktg... **Herbert Brown**, ex-staff dir., House Telecom Subcommittee, rejoins Washington law firm Kirkpatrick & Lockhart as partner... **David Reese** advanced to exec. vp-chief financial officer and a dir., ACTV... **James Hart** named vp-technology, Scientific-Atlanta Broadband Communications Group.

Dennis Patton, senior exec.-mktg./business development, SportsChannel regional networks, appointed interim gen. mgr., Prism, Philadelphia, and SportsChannel Philadelphia, replacing **Don Heller**... Promotions at Turner Network TV: **Thomas Karsch** to vp-sports mktg. and network promotions, **Scot Safon** to vp-advertising... **Bill Lee** returns to MGM International TV Distribution as vp-worldwide pay TV.

Linda Solheim, dir., FCC Office of Legislative Affairs, leaves Jan. 19 to join Jefferson Group lobbying and PR firm as vp-federal communications policy, effective Jan. 25... **Jeffrey Gaspin**, vp-development, NBC News, adds duties of vp-prime-time programming... **Wallace Henderson**, ex-office of Sen. Breaux (D-La.), joins CTIA as vp for congressional affairs... **Richard Weinstein**, vp-corporate planning, Katz Communications, named exec. dir., Electronic Media Ratings Council, succeeding **Melvin Goldberg**, retired.

Promotions at Cox Cable: **Dawn Sepe** to vp-controller, **Angelina Li** to vp-mktg. research, **John Hartman** to dir.-satellite services... **Jerrold Perenchio** resigns as a dir. of Cablevision because of his acquisition of Univision, which owns UHF station serving same market as Cablevision... **Marc Schacher** promoted to vp-programming dir., Tribune Bestg... To be presented engineering achievement awards at NAB convention in Las Vegas April 21: **Herbert Schubarth**, vp-engineering, Gannett Bstg., for "career that helped nurture and shape the television broadcast industry;" **Robert Silliman**, consultant, for "contributions to AM and FM antenna designs;" **Stanley Baron**, managing dir.-technical development, NBC, for "contributions to digital TV systems for over 30 years."

Charla Rath, ex-common carrier asst. to FCC Chmn. Sikes, joins Freedom Technologies... **Henry Levine**, **Debra Lagapa** and **Ellen Block**, all ex-Morrison & Foerster, form new Washington law firm Levine, Lagapa & Block, 1200 19th

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St. NW, Suite 602, Washington, D.C. 20036 -- 202-223-4980, fax 202-223-0833... **Mark Bauman** named vp-chief financial officer, Encore; **Gregory Mills** appointed dir.-strategic planning... **Thomas Dolan**, ex-WLS-TV Chicago, joins KTSP-TV Phoenix as vp-news... **Judge Raymond Randolph**, U.S. Appeals Court, D.C., addresses FCBA lunch on administrative law issues, Jan. 21, Washington Marriott, noon -- 202-736-8149... **Douglas Eichten**, ex-Canterbury Downs, joins American Public Radio as vp and dir.-development.

OBITUARY

Chester F. Naumowicz, 67, 23-year employee of FCC who retired in 1978 as chief law judge, died Jan. 13 of cancer at Althea Woodland Nursing Home, Silver Spring, Md. He joined Commission in 1955, was appointed law judge in 1961, chief judge in 1975. Major cases over which he presided included Southwestern Cable, in which FCC first examined impact of cable on over-air TV, and Carterphone, which established right of consumers to own their own telephone equipment. Naumowicz served in Air Corps during World War II, received law degree from U. of Md. After leaving FCC, he was in private law practice until retiring in 1991. Wife, 2 sons, daughter survive..

Consumer Electronics

A Section of *Television Digest with Consumer Electronics*

STATE OF THE INDUSTRY

EIA figures on total 1992 TV and video sales to dealers are scheduled for release next Mon. (Jan. 25) after traditional one-week year-end delay. They will cover 52 weeks of EIA's statistical calendar for 1992 as compared with 53-week figures for 1991. At same time, EIA will release data for 5-week Dec. 1992, compared with 6-week Dec. 1991.

1994 SUMMER CES MOVED TO LATE JUNE: For first time in 22 years, Summer Consumer Electronics Show actually will be held in summer next year. It wasn't planned that way, but sponsor EIA Consumer Electronics Group (CEG) heeded urgent plea by Chicago Convention & Visitors' Bureau and agreed to date 21 days later than originally planned -- June 23-26.

CEG had no alternative but switch from previously planned June 2-5 date. It agreed to later date at board meeting during CES in Las Vegas, attended by representative of Convention Bureau, which had pushed for immediate response. Change in date was result of 2 unusual events scheduled for Chicago in spring 1994 -- International Plastics Exposition, held every 4 years in various world cities, and World Cup soccer matches. Plastics Exposition would tie up McCormick Place, while World Cup would put extreme pressure on hotel space.

CEG board members not only accepted change in date, many were enthusiastic. Sampling of board seemed to indicate that later date may be preferred in future. Among arguments: It makes for more even spacing (6 months) between Summer and Winter shows. It eliminates need to set up exhibits on Memorial Day holiday. It gives dealers chance to recover from private line showings and prepare their shopping lists. However, some retailers said that for all but largest dealers, late June show could come too late in their buying cycle for year's 2nd half.

Chicago authorities were put in position of having to tell CEG to take it or leave it. Less than week before board vote, official of Convention Bureau told us it was asking CEG to move show one week earlier than planned. One board member told us CEG had no alternative but to agree to new date, particularly in view of excellent cooperation it had received from Convention Bureau and city in past. In exchange for CEG agreement to change date, Bureau promised assortment of favors, including price freeze at cooperating hotels, which would agree to charge 1993 rates in 1994.

Late June CES date isn't unprecedented. Four of first 5 shows were held after summer solstice began, and one -- 1970 in N.Y. -- actually ran into July (June 28-July 1). First CES was June 25-28, 1967, in N.Y., 2nd June 23-26, 1968, while first Chicago show (1971) was June 27-30. All Summer shows since then have had earlier dates. This year's Summer show will run June 3-6, open to public on last day (Sun., June 6).

CES -- SOLID SEND-OFF FOR HEALTHY NEW YEAR: Attendance was off less than 1%, but spirits seemed to be up by 100% at 1993 Winter Consumer Electronics Show as it closed 4-day run in Las Vegas Jan. 10. Show served as celebration of unexpectedly strong close for 1992 and indications that business continued buoyant in at least first week of Jan. For most part, though, caution still was watchword as dealers planned their 1993 assortments.

Consensus of exhibitors and attendees was that it was good show in every way, from dealers' orders to new products. With many dealers reporting inventories cleaned out during Christmas season and high sales of major products such as large-screen TV, there was talk of shortages developing in first quarter in several areas, including 30"-and-over TV and TV/VCR combinations, along with continuing scarcity of full-size camcorders.

Although that widely anticipated "magic" new product hasn't arrived yet, there was no question that when it does it will be digital, and enough new areas were exposed to titillate buyers, manufacturers, engineers. Biggest crowds were attracted to demonstrations of 3DO's multimedia system by both 3DO and Panasonic, Pioneer's LaserActive system, widescreen TVs in 3 exhibits, Sharp's ViewCam camcorder. And

special mention must go to highest people-to-exhibit-space ratio at tiny booth in very back of main exhibit floor where Virtual Vision demonstrated its video goggle system (TVD Dec 21 p15, Dec 14 p14) to long lines of attendees throughout show. Videogame exhibits in South 6 and adjacent Nintendo pavilion drew usual throngs.

With customary hyperbole, EIA/CEG Vp Gary Shapiro said: "The industry is riding high thanks to an influx of new technologies and product introductions. We had the most upbeat group of consumer electronics buyers and manufacturers ever gathered in one place, and they were here to do business."

It's true that dealers cut down on number of personnel sent to show, trend that's likely to continue. Although there were 2,000 fewer verified buyers at this show than last year's winter event -- 22,654 vs. 24,716 -- decline was almost overcome by increase in representation of other categories. As CES became more of computer show and multimedia attracted additional interest, editorial media attendance soared almost 25% -- to 1,835 from 1,475 year ago. Foreign attendance also increased -- to 7,290 from 7,028. Total attendance was 78,503, down 591 from 79,094 at 1992's Las Vegas event.

CES saw major audio innovations, including launch of Radio Best. Data Service (RBDS) by 10 EIA-equipped stations in Las Vegas area, and beginning of proliferation of DCC and MD digital recorder and player models. Specific video highlights of Winter CES 1993 are covered in separate reports in this issue. Audio highlights, based on detailed reports in this week's edition of *Audio Week*, will appear here next week.

SILO, TANDY THINK BIG, CUT SMALLER STORES: Decade-long transformation of consumer electronics retailing into big-store business came into sharp focus last week with announcements by Silo and Tandy that they will close total of more than 150 stores and put most of their efforts into larger formats. Tandy announcement came as part of larger restructuring in which manufacturing operations -- including Memtek and O'Sullivan -- will be spun off to its stockholders as new company, TE Electronics. Split will leave Tandy Corp. pure retailing company, identity it has been courting for last few months, most prominently in pages of annual report (TVD Oct 26 p16).

Pattern represented by Silo and Tandy closings is "inevitable," long-time retail analyst said. "Many of these stores have no real reason to exist anymore. They were weak sisters to companies like Best Buy and Circuit City." JVC Exec. Vp Harry Elias, critic of retail overexpansion in last decade, said merely that industry came to point where "many markets are over-retailed, and something's got to give." Thomson Consumer Electronics Americas Sales & Mktg. Exec. Vp Joseph Clayton said some of business is flowing to mass merchants and warehouse clubs, "but a warehouse club can't sell a projection TV. That will be absorbed by existing players." He said manufacturers "should all be concerned when we see high-service retailers consolidating... I don't think it's over. I think we'll see some additional regional powers having problems."

Those problems are exacerbated as healthier chains spread tentacles. Best Buy is continuing expansion, while Circuit City is set to enter New England and Chicago this year. Meanwhile, increasingly aggressive Sun TV said proceeds from stock offering announced last week will go toward 6-8 store openings this year and company "may accelerate its planned expansion by acquiring... multiple stores or store locations from 3rd parties." (See story elsewhere in this issue.)

Silo parent Dixons Group last week reported U.S. chain had operating loss of \$26.2 million on sales of \$489.5 million in 28 weeks ended Nov. 14. Similar 1991 period showed \$18.7 million loss on \$487.5 million sales. Comparable-store sales dropped 3%, increased sales of computers and business products more than overshadowed by drop in audio and major appliances. Sales in Southern Cal., Silo said, "were significantly lower against the background of a weak economy and strong competition." Dixons now expects Silo to have higher operating loss this year than last.

Silo last week began closing 45 stores in 7 midwestern states, process that should be complete by end of March. Areas in which stores will close: Bloomington, Carbondale, Champaign, Peoria and Springfield, Ill.; Cape Girardeau, Columbia, Kansas City, Springfield and St. Louis, Mo.; Okla. City and Tulsa; Wichita; Nashville and Memphis; Paducah; Evansville, Ind. Dixons said closing would cost company \$40 million. Silo Pres. Robert Sirkis said decision of which stores to close was based on "putting our resources where they were most likely to give us the best return." He said closings were mostly of "small stores, poorly sited" and weak stores in other markets ultimately would be replaced by larger stores in better locations.

Two of Silo's biggest markets -- and those subject of most industry speculation -- remained unscathed. Sirkis called Chicago "a line-in-the-sand market that is very important to us," saying that business there has

been "reasonable. Highland leaving the game gave us a terrific opportunity," despite entry of Best Buy and planned entry of Circuit City this year. He noted that Silo recently bought 4 Highland leases in area and recently extended for additional year leases in Marshall Field stores that would have expired this spring. As for Southern Cal., Sirkis said: "We lose more money in L.A. than in any other market. But it would not take much of an increase for us to break even or make money there." Silo opened 2 stores in area in 4th quarter, backing conviction that "we need at least 10 more stores in that market" to better amortize distribution and ad costs while boosting business.

Company is planning new store concepts, including expanded home office sections (in 58 stores now, another 50 "very soon" and "as many as possible" by end of year); larger automotive electronics demonstration and installation areas (in 36 stores now, to be in all remodeled and new stores) and in-store repair centers (22, expanding into remodeled and new stores). Sirkis said he remains convinced customer wants "more and better service" along with price, adding that optimal size for new generation of stores is 20,000-30,000 sq. ft. Silo is working with concepts that both include and exclude major appliances. Asked about trade comments that Silo's new plan most closely resembles that of Good Guys, he said only that "our vision of the way forward is closer to them than any of the others, but even they aren't getting everything done."

Dixons Chmn. Stanley Kalms said company "remains committed to restoring our U.S. retail business to profitability." Sirkis conceded: "If you backed them into a corner, I think they'd admit they significantly underestimated the problems of Silo and the difficult nature of this market." However, most believe Dixons will hold on for at least another 2 years, although investing more cautiously. "They can afford a couple more years because their business in the U.K. has been good," market observer said. "Dixons has been in for all the bad times, so they'll give them a couple more years to make it."

Tandy, meanwhile, plans to put most of its expansion muscle behind The Incredible Universe (IU) and Computer City, superstore formats it has unveiled in last 18 months. Company offered no specifics on how quickly those chains would grow, although market sources indicated they expect no more than 2-3 Incredible Universe megastores would be added this year. Vendors with whom we spoke said verdict still is out on viability of IU, some expressing doubt whether sales mix includes enough stepup goods to keep margins at adequate levels.

Tandy is closing 110 of 416 stores in its Name Brand Retail Group, including 79 McDuff and 31 VideoConcepts locations, generating \$47.5 writeoff. Stores losing most stores are Fla. (25), Tex. (18), Cal. (16), Colo. (16). Those chains will "focus on secondary markets and on its mall stores," company said. Tandy's total retail sales (including Radio Shack) were about \$3.8 billion last year. Dec. sales of \$604.6 million in U.S. stores were 7% ahead of same month last year, with comparable stores up 1%.

TE Electronics goes into operation immediately, although stock in new company probably won't be issued for 6 months. It includes all Tandy manufacturing, including accessory furniture maker O'Sullivan Industries, Memtek Products and computer makers Grid Systems and Tandy Grid Europe (Victor). Major portion of TE's consumer electronics sales are to Tandy retail operations. Although only about 27% of TE's sales are made to Tandy retail companies, large percentage of outside business is accounted for by O'Sullivan, Grid, Victor. TE spokesman said it will pursue OEM contracts "aggressively" in all phases of consumer business. Tandy CEO John Roach said move "will permit the manufacturing business to establish more strategic alliances for new product development and manufacturing and to broaden its consumer base."

MANUFACTURERS VIEW GEMSTAR VCR INDEX SYSTEM: As TV manufacturers and marketers at Consumer Electronics Show (CES) pondered how to get their money back from added costs of federally mandated closed-caption (CC) encoders in sets after midyear, Gemstar -- developer of successful VCR Plus programmer -- was demonstrating one possible way to ease pain, via VCR.

At private showings in Las Vegas last week, with cooperation of NBC and Fox networks and their local affiliates, Gemstar previewed system tentatively called "Index Plus." System depends on FCC's doubling of space available in vertical blanking interval (VBI) for transmitting of captions, as proposed by EIA Consumer Electronics Group for "Extended Data Service," or EDS (TVD April 27 p14). FCC has formally started proceeding to allocate field 2 of VBI line 21 in addition to field 1 already used for CC (TVD Jan 4 p4).

Manufacturers who viewed Gemstar demonstrations signed confidentiality agreements and declined to discuss system, but we have learned that some were quite enthusiastic. Gemstar was member of EIA TV Data Systems Subcommittee that proposed allocation of field 2 to FCC. Index Plus uses standard EDS

signals to be transmitted by broadcaster or cable channel, and "smart chip" that would be built into VCR to provide automatic indexing of videocassettes. In demonstrations, chip in VCR provided on-screen index of recorded material in videocassette, displaying name of program and other information along with index number on VCR, for rapid access to desired program. System presumably could operate in other ways, as well. With added memory, one observer said, chip could provide on-screen index of contents of entire cassette collection, by number assigned to cassette and VCR locator number. Gemstar couldn't be reached for comment by our deadline.

EDS signal is standard and is designed to add information-on-demand feature to TV sets -- extension to VCR is Gemstar's proprietary application. Among other uses suggested for EDS are station and program identification, even during commercials, automatic TV and VCR clock setting, automatic adjustment of widescreen TV for 16:9 or 4:3 programs, on-screen grid for programming VCR from TV set. "There undoubtedly will be some applications we haven't thought of," said Mitsubishi's Julius Szakolczay, who headed EIA subcommittee that developed system FCC is expected to adopt. Sets with closed-caption capability will use public domain "CC" logo, and EIA group tentatively has proposed "CC+" to identify sets equipped for EDS.

On-air demonstrations and technical sessions on EDS are planned for NAB convention in Las Vegas in April to show broadcasters value of service. And it's known that at least one TV manufacturer plans to demonstrate EDS set at Summer CES in Chicago, and equipped sets could be available this year, since FCC approval of EIA proposal is virtually certain. EDS system principally involves programming of software and is said to add little to cost of sets capable of decoding basic closed captions.

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Some manufacturers previewed their caption TVs at CES, and there was talk of efforts to recoup at least part of extra cost by adding features in package including CC. As we reported, Thomson is redesigning chassis and cabinets and providing extra features as prop for somewhat higher prices (TVD Sept 7 p8), and that course will be followed by some others as well.

At CES, Sharp told dealers its new TV sets to be shipped starting at midyear would carry tags 2-3% higher than predecessors, reflecting "added features." CC was mentioned specifically, as were trilingual on-screen menu, message board (permitting family members to post notes on-screen by means of remote control), calendar with important date reminder (birthdays, engagements, etc.), program timer, sleep timer with clock. Company officials indicated dealer cost would go up \$2-\$7 on models 13" and larger. Panasonic also will enhance features, and presumably prices, on new line. Among new features will be on-screen icons, selected by cursor operated from remote control unit, TV Div. Asst. Gen. Mgr. Tom Edwards said.

Video Div. of EIA Consumer Electronics Group under TCE's Joseph Clayton plans to accentuate the positive on CC, with campaigns to promote system to dealers and consumers as significant feature whose value goes far beyond assisting hearing-impaired. Committee developing promotional campaign in time for Summer CES may seek new, more glamorous name for feature.

GE/Sanyo is new brand for battery line that "becomes the undisputed rechargeable battery market leader in U.S.," partners in joint marketing agreement said at Consumer Electronics Show. Under agreement, Sanyo will manufacture all products using dual trademark and both companies will market entire line. Sanyo opened 2nd N. American plant last Oct., also has facilities in Japan and Hong Kong. Citing industry estimates, companies said rechargeables account for more than \$330 million annually -- 10% of battery market -- and rechargeable market is growing at more than 20% annually, projected to reach \$1 billion by 1995.

Retail News: Circuit City Express (CCE) is name on 4 of parent company's mall stores previously known as Impulse. Stores carrying CCE name are in Cincinnati, Philadelphia and 2 in Phoenix area, company said. Circuit City has no current plan to rename all Impulse stores, still considers 39-store Impulse chain to be test... **The Appliance Store** bankruptcy filing (TVD April 13 p11) was converted from Chapter 11 reorganization to Chapter 7 liquidation in week after Christmas. Pittsburgh-based company had about 25 stores at that point, down from 50 when first filing was made.

Sony ad insert in recent "Man of the Year" Time magazine issue and upcoming Super Bowl issue of Sports Illustrated unfolds to 21x37" with simple message. One side has outline of floor space required for new 41" slim-line projection TV (19-7/8" x 36-1/2") and reads: "Give Us Just This Much Floor Space..." Reverse side has huge color picture of skier with legend: "and We'll Give You More Than This In Return." It notes that picture is shown actual width, but height of TV screen is 4-1/2" greater than one on pull-out.

Home video print pack standard has been agreed upon by Kodak, Hitachi, Sony. Specs for thermal dye transfer system include structure and shape of cartridge, physical and optical characteristics, mechanical interface with printer.

THIS WEEK'S YEN RATE

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

3DO SEIZES CES SPOTLIGHT: With equal parts showmanship and hard business talk, Chmn. William (Trip) Hawkins officially unveiled 3DO multimedia system that reigned as most anticipated technology introduction of Consumer Electronics Show (CES).

Standing before more than 500 reporters, developers and onlookers including MCA Chmn. Lew Wasserman and Pres. Sidney Sheinberg, Hawkins outlined 3DO's intention to develop "interactive power so realistic and so compelling it will create a mass market." Unveiling was more technology demonstration than product introduction, since Hawkins acknowledged system shown at CES wasn't final version and 3DO will be "going through 2 revisions of silicon" before manufacturing begins in summer. Demonstrations at 3DO and Panasonic booths ran for most part off hidden Macintosh computers.

AT&T and Panasonic will be among first to market 3DO-compatible hardware when product is launched in fall at expected retail price of about \$700. First hardware units will be freestanding CD-ROM-based devices, with networked version expected early in 1994. (We misstated rollout plans in last week's issue.) Company is targeting launch in Japan and Europe for spring 1994. 3DO acts as licensing company, manufacturing no hardware or software under its own name. All products will carry company's logo -- stacked array of red diamond, purple TV screen and gold globe -- to signal compatibility.

Hawkins defended price level by noting that most home computers had cost much more than that at introduction with far fewer capabilities. Better comparison might have been with VCR, which progressed from high-priced specialty product, commonly more than \$1,000, to today's ubiquity. Hawkins said he expects price to be "under \$500 within a couple of years." VCR comparison is more relevant since Hawkins was careful to position 3DO as consumer electronic product that won't reside in home office. "The big battle is for the family room," he said. "We think we don't have a lot of competition for the family room."

System is based on 32-bit Reduced Instruction Set Computing (RISC) microprocessor, custom animation, graphics and sound chips, CD-ROM drive that can run at double speed for faster data throughput. Device also will have port for user-installable MPEG cartridge for full-screen full-motion video (FMV). At news conference and in booths, company demonstrated own software-based digitized FMV, showing brief clip from movie *Backdraft*. Quality of reproduction was uneven at best, showing high level of picture artifacts and blocking. Sales & Mktg. Vp Bob Faber said it was shown as technology demonstration for interactive software development, calling quality "good, but not what we think is good enough for movie playback."

Faber, who said he hoped half-dozen hardware companies would manufacture machines for launch this year, said most important issue for 3DO is "driving velocity" of sales to population of 500,000 "innovators," earliest target market. He said 3DO, as licensing organization, will function as "catalyst" for those sales efforts, contributing significant resources to promotion, consumer and trade education.

In effort to build industry standard quickly, 3DO isn't charging hardware manufacturers royalty for technology. For "first few years," Hawkins said, they will be paid incentive for every 3DO machine they sell. Software licensing program would seem to be born from Hawkins' experience as chmn. of Electronic Arts, among largest

videogame software manufacturers. Software companies long have criticized Nintendo and Sega licensing programs, which charge high royalty rate, control cartridge manufacturing and limit number of titles publisher can produce. 3DO software license has top rate of \$3, with no title or manufacturing restrictions. Company says it has signed up more than 80 software licensees.

BEST BUY, SUN TO EXPAND: Even as Tandy and Silo moved to consolidate retail ventures (see report elsewhere in this issue), Best Buy (BB) and Sun TV separately announced intention to move into new markets and strengthen existing ones.

Confirming earlier report (TVD Dec 7 p15), Best Buy said board approved 35-store expansion for 1993, including first outlets in Mich. Company this year will open about 6 stores in Detroit plus single units in Ann Arbor, Benton Harbor, Flint, Grand Rapids, Jackson, Kalamazoo, Lansing, Muskegon, Saginaw. Senior Sales Vp Wade Fenn said BB sees Detroit eventually as 8-9 store market. Also, BB will raise Indiana store count to 11 with new units in Bloomington, Lafayette, S. Bend, Terre Haute.

At same time, BB said it will lift Chicago-area store total to 24 by opening 10 new ones. Addition of those stores, at least 4 planned by Silo, plus 20 that Circuit City says it intends eventually to open (10-12 this fall), more than makes up for last summer's departure of Highland, which had 19 stores there when it filed for bankruptcy and withdrew from market (TVD Aug 31 p16). However, sales vp for one top vendor said "for some length of time, Chicago has actually been under-retailed for this business," and even now "it won't be as volatile as Dallas or St. Louis." He expects overall electronics sales in and around Windy City to increase with increased ad exposure.

BB also will open stores this year in Boulder, Dallas, Houston, Little Rock, Wichita. Fenn said several of new stores will be of largest prototype (45,000 sq. ft.) with much-expanded software and computer sections. Company also will remodel many existing stores to accommodate those departments. BB now operates 111 stores in 14 states.

Meanwhile, 31-store Sun announced public offering of million shares of stock, with estimated \$35 million in proceeds slated to fuel expansion. According to prospectus, Sun plans to open 6-8 stores this year "in both existing markets and a major new metropolitan market." It also may accelerate planned expansion by "acquiring in the future multiple stores or store locations from 3rd parties." Sun also said Dec. sales rose 45.3% to \$77.7 million as comparable store business increased 16.6%.

Original filing with SEC included additional 600,000 shares controlled by Chmn.-CEO Macy Block and ZS Partners, largest holders of Sun stock. Those 600,000 shares were dropped from offering later in week after shares fell as much as \$3 from \$37.25 price after offering was announced, according to Sun Pres. Robert Oyster (shares recovered to \$36 by Fri. morning). Oyster stressed price move "does not change in any respect the position of the company" that price was adequate, saying its "motives and selling shareholders' motives are different."



NARDA/NASD Convention & Expo March 24-27 in New Orleans will be keynoted by economist Arthur Laffer -- 708-953-8950.

MATSUSHITA ADOPTS W-VHS: Matsushita said last week it will adopt W-VHS format proposed by JVC for HDTV recording (TVD Jan 11 p15), although it will continue to work toward all-digital VCR. W-VHS format, widescreen HDTV version of consumer VCR, maintains compatibility with standard VHS recordings. System provides some other basic benefits, such as simultaneous recording or playback of 2 NTSC programs, as well as simultaneous input from 2 video cameras for 3D pictures in future.

Although JVC plans to commercialize format in fall, it's still in discussion with other manufacturers on standardizing W-VHS as part of VHS format. JVC says system will work equally well -- or perhaps better -- with digital systems being tested in U.S. and with European HD-MAC. Company says it will introduce W-VHS recorder in Japan by next fall at initial price of about \$4,800.

W-VHS system accomplishes baseband recording of HDTV simply and economically, JVC says, by adding Hi-Vision signal processing circuits and Hi-Vision heads to conventional VHS, maintaining same tape and drum rotation speeds as standard VHS, permitting manufacturers to make HDTV recorders on conventional VHS recorder production lines with minimal investment.

Using metal tape in standard VHS cassette, W-VHS recorder lays down track 1/3 width of standard SP-mode recording. It divides 1,125 scanning lines of Hi-Vision into 2 tracks, each recording alternate lines. When played back, signals of 2 tracks are mixed to make complete 1,125-line picture.

One-track conventional VHS recording thus is divided into 3 in W-VHS mode -- 2 used for video signal, 3rd for digital audio and other uses. In addition to HDTV heads, drum contains conventional heads for NTSC signals. JVC says W-VHS's "parallel recording" system should be even more effective for proposed U.S. or European HDTV systems since they probably will have exactly double lines of standard NTSC or PAL. Basically, system triples recording capacity of VHS recorder. Katsuya Yokoyama, gen. mgr. of JVC R&D Labs, said W-VHS recorder provides picture bandwidth of more than 13 MHz, more than adequate for Hi-Vision picture's 12 MHz. Only 4 special ICs are required, he said.

W-VHS differs markedly in approach from compatible HD-VCR developed by Zenith and GoldStar (TVD Dec 28 p10). That system, designed for digital signal, records entire compressed signal as broadcast, leaving all decompression to TV set.

In addition to W-VHS, JVC announced HDTV receiver for Japanese satellite system at about \$8,000, for sale in fall, becoming latest Japanese manufacturer to offer drastically reduced and simplified HDTV set. JVC's system was developed within company.

JVC says "W" in W-VHS stands for "wide," which signifies worldwide penetration of VHS, wide-aspect ratio video and wide range of applications for VHS. It also could stand for wide number of prefixes and suffixes added to VHS acronym. Could this possibly lead to new line of W-S-VHS-C tapes, HG of course, possibly using either ME or MP process?

Electronic still camera by Fuji Photo using flash memory card for storage will go on Japanese market this week at new low price of about \$1,750. Card can store 40 frames, uses new 16-Mb flash memory, is priced at about \$500.

CABLE INTERFACE PROBE OPENS: FCC opened inquiry last week into compatibility between cable and consumer electronics as required by 1992 Cable Act. At Commission meeting, Comr. Duggan warned of "too rigid and too intrusive approach" to mandating interface, and Comr. Marshall cautioned against stifling innovation.

Inquiry (text to be released later) followed Jan. 11 meeting in Las Vegas of joint committee of EIA Consumer Electronics Group and NCTA, formed at direction of FCC to work on problem. Some attendees told us they wouldn't be sure exactly what they were supposed to do until FCC releases test, but said they plan to appoint task forces to work on various aspects of problem.

Comr. Barrett told FCC meeting he fears there may not be economic incentive for 2 groups to agree on solution. FCC Deputy Chief Engineer Bruce Franca said Cable Act appears to put brunt of responsibility for assuring compatibility on cable industry. However, he said his discussions with both industries had been "very encouraging" and that "with the push of this legislation it may just be possible to get an agreement."

Compatibility requirements were put in Cable Act in response to complaints from consumers and industry groups that many cable systems made it impossible to use various features of their home electronic products, such as remote controls, picture-in-picture, taping one program while watching another, etc. FCC inquiry seeks information on extent and nature of problem, approaches to block cable piracy, costs to cable and electronics companies and consumers of various compatibility regulations.

FCC specified that it intends further consultations with industries, representatives of franchising authorities and consumers before writing rules and reporting to Congress within year, as required by law.

Meanwhile, nation's largest cable system owner, TCI, announced its intention "to meet, and in some cases, exceed" requirements of Cable Act (see report in Best./Cable section). As part of program, TCI said it "intends to begin shortly a comprehensive effort to develop standards for compatibility of cable service and home electronics equipment," including efforts to interface "cable encryption equipment and advanced TV picture generation and display features."

Major manufacturers are jumping into all-brand accessories business with both feet. Both Zenith and Thomson Consumer Electronics (TCE) are promoting long lines of accessories, Zenith having exhibited its Allegro line on Consumer Electronics Show (CES) floor. At CES, TCE announced new Accessories & Components Div. (formerly Distributor & Special Products Div.) that will sell accessories for all brands under its Accessories Business Unit, headed by Bob Pape. New unit promises more than 200 new or redesigned products in 20 categories, most under RCA brand. Among products distributed by new unit: RF cordless rechargeable headphones operating in 900 MHz band, new antennas and universal remotes, camcorder batteries, bags and tripods, cables, jacks and connectors, tape rewinders, Super Shield projection TV screen protectors.

Dark-screen TVs with 20" and 27" tubes of conventional curvature were displayed in back room at Consumer Electronics Show by Panasonic as companions to Gaoo SuperFlat sets to size up dealer reaction. Favorable response could result in virtually complete line of high-contrast tubes.

TCE SETS SATELLITE PLAN: Major increases in stepup product will highlight TV and video industry gains in 1993, according to Joseph Clayton, exec. vp-sales and mktg.-Americas for Thomson Consumer Electronics (TCE). In presentation at Consumer Electronics Show media gathering, TCE officials offered bullish assessment of market's upper tier and supplied more details on launch of DirecTv direct broadcast satellite (DBS) service with Hughes Communications planned for early 1994.

Satellite products' official designation will be "Digital Satellite System (DSS)," which will appear on all relevant RCA hardware and that of other manufacturers after TCE's exclusive license runs out. TCE will offer 2 packages -- leader will include 18" dish, decoder and remote control for \$699, with stepup including advanced decoder, dual-output dish, universal remote, for \$899. TCE will offer installation kit to consumers, although Senior Vp James Meyer said company "is recommending professional installation."

Meanwhile, DirecTv Pres. Eddy Hartenstein announced service's first 2 programming agreements, with Disney Channel and Paramount Pictures. Latter is for pay-per-view theatrical films and special events. DirecTv subscribers will have access to Paramount films in normal PPV window, following video store distribution. DirecTv system will include preview channel that will let subscribers view clips from films being offered.

Clayton said color TV unit sales this year will rise 2-3% above 22 million in 1992, holding open possibility "we'll experience another surprise growth spurt if the economy continues to improve." Biggest gain will be in largest screen sizes, he predicted. Sets with 30" and larger screens (including projection TVs) will expand 20%, after growing 32% in 1992. Clayton broke that down this way: 35" table models will be up 25%, after 78% rise last year; 30-34" table sets will rise 20%, following better than 45% increase last year; projection TVs will gain 10% after 9% growth to 415,000 sets in 1992.

Increased production of larger sets will push unit costs and consumer pricing down and expand sales, Clayton said: "It's the realistic way to keep growing the large-screen market." Thomson has been industry's most aggressive big-screen TV pricer over last year (and has provoked criticism by competitors, particularly for pricing moves on big-screen GE sets).

Clayton also predicted stepup models would get larger share of VCR sales in 1993, which he said should be even with 1992's 12.4 million units. Hi-fi VCR unit sales will rise 13%, and 4-head models 12% in 1993, he projected. Both categories had gains of more than 30% unit last year, he said. He saw 5% increase in camcorder unit sales, with VHS-C units 40% ahead of 1992 and 8mm staying even.

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VideoSnap video printer that combines LCD rear projector with 5" screen and Polaroid system to make low-cost prints (TVD Jan 4 p12) will retail at about \$499, said developer Vincent Donohoe, who said system will work on NTSC, PAL or SECAM standard. Also planned or shown by VideoSnap: Lower priced version without projection screen, stepup with 50" front projection, AC/DC 13" LCD projection TV that folds to 3" deep for portability, autofocus 400,000-pixel projector using Polaroid self-focusing system to provide sharpest pictures on screen. Donohoe, also pres. of VideoSnap, indicated equipment would be manufactured in China at start, possibly in U.S. later. Manufacturer and marketer is Phonex Corp., Midvale, Utah (801-566-0100).

PIONEER ENTERS MULTIMEDIA: Attempting to leverage its laserdisc (LD) business by making it centerpoint of multimedia system, Pioneer at Consumer Electronics Show (CES) unveiled unique "LaserActive" (LA) technology, developed in "technical cooperation" with Sega and NEC (TVD Jan 11 p9). Format combines laserdisc player with choice of plug-in modules that will allow user to play software developed for either Sega Genesis (including Sega CD) or TurboGrafx system, or module to make player compatible with LaserKaraoke software. Array of software is being developed that combines analog LD video with Sega and TurboGrafx CD-ROM to create interactive programs.

LaserActive player will be introduced in Japan in July at 90,000 yen (about \$725), with each module selling for 60,000 yen (about \$485). Sales in U.S. are expected to begin in Aug., but in news conference at CES, Pioneer didn't specify pricing here. Company said it expects to sell 100,000 players in Japan in first year, significantly fewer than that in U.S.

Pioneer Electronics USA Pres. Sho Yamada said LA "will go a long way in helping revitalize the consumer electronics market" that he says has been "stymied" by plethora of incompatible formats. Exec. Vp Michael Fidler called market "regular acronym heaven." Yamada said LA presents unique opportunity by "taking confusion out of the [consumer's] format decision by offering compatibility with other formats." He said Pioneer's long history with LD format should give consumers confidence that they won't be stuck with orphan machine. At same time, he said, "this product creates new opportunities for software developers."

Fidler said 7-10 pieces of LA software would be available at launch. Sega of America Exec. Vp Paul Rioux said company will have one "Mega-LD" title in fall, is working on 2 others and has committed to develop 3 additional programs. He said his responsibilities will include developing software programs on this side of Pacific, with first development in Japan. Sega and TurboGrafx modules, which slide directly into base of LA player, can play cartridge and CD software for respective systems.

Acknowledging that LA's price will preclude mass distribution, Fidler said Pioneer will "spend a lot of energy marketing to existing LD player owners," although details haven't been finalized. It's expected that there will be some cross-marketing activities with Turbo Technologies and Sega. Fidler defended viability of high price -- "we sell an awful lot of \$1,000 laserdisc players" -- but said Pioneer was being "realistic," expecting slow build in sales "because the price points are high." LD player in unit, he said, is comparable with high-end units in Pioneer line.

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Chinese magnetic media manufacturer Dysan has completed major expansion of its facility in Zuhai, China, company announced at Consumer Electronics Show. Mktg. Dir. Don Metzger said Dysan can deliver up to 9 million videocassettes, 6 million audio tapes and 53 million floppy discs monthly to customers worldwide. He said plant is first outside Japan licensed by Sony to produce 8mm cassettes. Sales & Mktg. Vp Jack Battaglia called Dysan "the most cost-efficient producer of magnetic media products in the world."

Franklin Electronics Publishing earnings rose 78.6% on 24.2% sales increase for first quarter ended Dec. 31 (see financial table). Chmn. Morton David attributed gains primarily to sellthrough of backlist titles in electronic book line, although newly introduced Digital Book System "contributed to this quarter's increases."

Consumer Electronics Personals

Officers of TE Electronics, manufacturing company to be spun off from Tandy Corp: CEO **William Bousquette**, who was exec. vp-chief financial officer of Tandy Corp.; COO **Robert McClure**, Tandy Electronics pres.; Vp-Gen. Counsel **Fred Padden**, Tandy Corp. deputy gen. counsel, intellectual property; Sales & Mktg. Vp **Howard Elias**, Tandy Computers vp; Treas. **Philip Bradtmiller**, Tandy Corp. investor relations dir.; Controller **Terry Crump**, Tandy Electronics vp-controller. New Tandy Corp. officers: **David Thirion**, retail services vp; **George Berger**, human resources vp; **Jim Sheets**, legal vp; **Lou Ann Blaylock**, corporate relations vp... Retail consultant **Walter Loeb** elected to board of InterTan, which operates Tandy stores in foreign markets.

Robert Arnett, onetime RCA Bloomington and Indianapolis plant mgr., named vp-gen. mgr., Toshiba America Consumer Products Mfg. Div. (TV plant), with hq at Lebanon, Tenn., succeeding **Robert Traeger**, who has retired but continues as consultant; Traeger this week becomes 2nd American to receive Toshiba International Award in Tokyo ceremony honoring his 15 years of leadership... **James Bennison**, promoted from sales vp to exec. sales vp, Mitsubishi Electronics America... **John Birmingham**, ex-Sony, joins AT&T as gen. mgr., Telephone Answering Systems group... **David Nagel** named Apple senior vp for Macintosh software, continuing as senior vp-Advanced Technology Group until replacement is named... **Bob Pape**, ex-Stanley Tools and Philips Norelco, appointed mgr.-accessories business unit, TCE Accessories & Components Div.

Louis Bernucca, ex-Appliance Store and Highland, joins Roberds as pres. of retailer's 5-store Fla. div... Elected officers of Progressive Retail Org. (PRO) buying group: Pres. -- **Gary Thorne**, Audio King; Vp-Secy. -- **Peter Beshouri**, Sound Advice; Treas. -- **Shelly Miller**, United Audio... Former Platt Music exec. vp **Francis Arnone** named retail/wholesale industry dir. for Digital Equipment Corp., where he was consultant last year... **Richard Fisher**, ex-Sony Corp., joins Sony Electronic Publishing as national sales mgr. for Publishers Data Service Corp. Div... **Jacques Noels**, ex-pres., Nokia Consumer Electronics, named pres.-CEO, Zenith Data Systems, replacing **Enrico Pessatori**, leaving to join Digital Equipment Corp... **William Perlstein** promoted from Good Guys regional sales mgr. in Northern Cal. to chainwide store operations vp, new position.

John Bishop departs as exec. vp, ADS, to start own Newburyport, Mass., rep, mktg. and PR firm whose clients will include ADS Technologies, new Wilmington, Mass., company formed from merger of ADS and Museatex; **Godehard Guenther**, formerly ADS pres., becomes ADS Technologies chmn... Changes at Handleman software rackjobber: **Jerry Adams** becomes vp and music product mgr., replacing **Mario DeFilippo**, promoted to senior vp and video product mgr... **Roger Stange**, most recently Yamaha Electronics senior vp-gen. mgr., becomes senior vp-finance and administration, umbrella Yamaha Corp. of America; Stange, who retains seat on Yamaha Electronics board, will supervise newly consolidated operations at 2 companies.

Front-page news in Jan. 9 N.Y. Times was dispatch from Tokyo headlined "Shock in a Land of Lifetime Jobs: 35 Managers Dismissed in Japan." Story said Pioneer had offered 35 managers in their 50s large bonuses if they would retire by end of Jan. "If they don't, they would eventually be dismissed."

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
Apple Computer 1992-13 wk. to Dec. 25 1991-13 wk. to Dec. 25	2,000,292,000 1,862,612,000	161,341,000 166,018,000	1.33 1.36
Craig 1992-year to Sept. 30 1991-year to Sept. 30	-- --	(8,689,000) 4,813,000	-- .76
Franklin Electronic Publishers 1992-9 mo. to Dec. 31 1991-9 mo. to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	52,609,000 42,394,000 20,789,000 16,744,000	6,114,000 2,821,000 3,392,000 1,899,000	.82 .42 .45 .28
Gray Communications 1992-6 mo. to Dec. 31 1991-6 mo. to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	15,029,000 13,664,000 7,810,000 7,238,000	1,505,000 822,000 719,000 516,000	.49 .22 .24 .16
Motorola 1992-year to Dec. 31 1991-year to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	13,303,000,000 11,341,000,000 3,711,000,000 3,039,000,000	453,000,000 454,000,000 181,000,000 126,000,000	3.39 ^a 3.44 1.35 .96
Paramount Communications 1992-year to Oct. 31 1991-year to Oct. 31 1992-qtr. to Oct. 31 1991-qtr. to Oct. 31	4,264,900,000 3,895,400,000 1,202,500,000 1,166,300,000	261,400,000 122,200,000 101,400,000 83,000,000	2.19 ^a 1.03 ^a .85 ^a .70
Park Communications 1992-year to Dec. 31 1991-year to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	159,870,000 149,180,000 44,121,000 40,752,000	17,223,000 11,855,000 6,118,000 2,804,000	.83 .57 ^a .30 .14 ^a
Video Display 1992-9 mo. to Nov. 30 1991-9 mo. to Nov. 30 1992-qtr. to Nov. 30 1991-qtr. to Nov. 30	46,943,000 39,924,000 15,558,000 13,384,000	1,720,000 1,466,000 490,000 487,000	.42 .36 .12 .12

Note: ^aAfter special charge.

RECORD-ONLY CAMCORDER: To boost camcorder sales in Japan, Matsushita has introduced record-only VHS-C model at about half price of conventional type. Idea borrows from original Sony Handycam, which was record-only product. Difference is that Handycam required own companion 8mm deck for playback, while VHS-C cassettes can be played in any VCR by using adaptor. However, JVC introduced record-only VHS-C camcorder in 1987, palm-held C9 at \$1,150 list in U.S. (TVD Jan 19 p16), to compete with Sony model, and that one bombed.

Matsushita says it found that most camcorder users play cassettes back through VCR deck, rather than connecting camcorder to VCR (as most 8mm owners must do). Matsushita spokesman indicated that unit will be introduced in U.S., but said timing hasn't been decided.

Model NV-CS goes on market in Japan March 15. It weighs 1.3 lb., has volume of 61 cu. in., about 2/3 that of conventional camcorder. It's designed for easy operation, with few controls, and is said to be inspired by simple point-and-shoot film camera. It has 270,000-pixel 1/3" CCD, 28mm wide-angle lens, pushbutton 3x zoom. It has optical, rather than electronic, viewfinder. It records for 80 min. with supplied nickel-hydrogen battery, 60 min. with 6 alkaline AA batteries or 2 hours and 20 min. when using both supplied battery and dry cells. Battery recharge time is 50 min. List price in Japan is about \$855, and Matsushita plans monthly production of 30,000.

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JANUARY 25, 1993

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CARETAKERS FOR FCC: Transition staffers have no authority, will serve as 'communications channel' with Administration, handle public affairs. Interim chmn. still awaited; ethics rules adopted. (P. 1)

CABLE BURDEN HIT: City officials say they can't handle work of proving lack of effective competition. Locals applaud 'teeth' of Cable Act, begin to gear up. (P. 2)

NAB MEETING QUIET, called smoothest in years. No contentious issues surface as executives say Assn. is in great shape. Programming principles reaffirmed. (P. 3)

SELF-INSPECTIONS OPPOSED BY NAB: Radio board is unanimous, with concern expressed over how agency would use completed questionnaires. Improved radio relations with Arbitron expected. Latest DAB developments. (P. 4)

NONDUPLICATION HIT: NCTA tells FCC rules give broadcasters unfair advantage in must-carry, retransmission consent. Broadcasters reject cable arguments on selection criteria. (P. 5)

NBC PROFIT UP despite Olympics setback. Westinghouse and Meredith also improve. Time Warner, News Corp. readying debt issues. (P. 6)

TELCO VIDEO PUSHED: AT&T and Compression Labs team up on technology for video delivery by telephone line. Local telco demos possible by 1994. (P. 7)

ADMINISTRATION SENDS 2 'CARETAKERS' TO FCC: White House sent Morrie Goodman and Douglas Wilson to FCC last week to serve as what was described as "caretakers" and/or "babysitters" and "basically a communications channel" from Commission to Clinton Administration. Observers couldn't recall any similar appointments in previous transitions. Neither appointee served on President Clinton's communications transition team and neither will have authority at agency. However, according to reports, Goodman (who works in PR) will handle FCC's Office of Public Affairs, overseeing news releases, until new chief is named. Alan McKie, deputy managing dir., was delegated to handle press inquiries about situation at Commission, which is operating without chmn.

Wilson is retired Foreign Service officer, has consulting firm in Phoenix and considerable political experience. Goodman, former reporter, was in charge of TV for last week's inaugural activities. They have been delegated to Commission for 120 days, assigned space in Rm. 847, and neither is expected to play permanent role at agency. They called individually on commissioners Jan. 21 (day after inauguration). They were sent to FCC by Bruce Lindsay, new head of White House Personnel Office.

Goodman and Wilson reportedly told commissioners they have no idea who next permanent chmn. will be or when that person will be appointed. FCC has authority to appoint its own interim or acting chmn. "It's

Consumer Electronics

1992 BROKE RECORDS in sales of direct-view and projection TV, TV/VCR combos, VCR decks and laserdisc players. (P. 9) Year at-a-glance. (P. 12)

76% OF CAMCORDER SALES were compacts in 1992, with evidence that VHS-C models were nearly half of compact total. Shortage of full-size models seen. (P. 10)

U.S. TO REVOKE ANTIDUMPING duties on LCDs from Japan at request of sole American manufacturer. Main impact is on computers now, perhaps TVs later. (P. 11)

ZENITH CHALLENGED as 'screwdriver' assembler by Taiwan TV manufacturers, which say only \$8.86 is added to value of set at Springfield plant. (P. 11)

MITSUBISHI CUTTING 1993 SALES GOAL in effort to 'right-size' and reclaim position as stepup profit line; plans 8,000-10,000 40" sets this year. (P. 12)

DCC AND MD MODELS PROLIFERATE for home, portable and automotive applications as opposing camps prepare for expected long battle. (P. 13)

HOME THEATER SURVEY for EIA shows Americans prefer movie rentals to theater attendance. Typical home theater installation costs \$3,000 or less. (P. 13)

NINTENDO AND SEGA ARGUE over videogame sales results in annual CES faceoff. (P. 14)

not necessary to name an acting chairman because the Commission is awaiting the guidance of the White House," McKie told us. Next FCC meeting, when chmn. will be necessary, is Feb. 11.

Situation isn't sitting well with many Commission officials, one of whom told us "we're hanging in limbo." However, none of FCC commissioners would speak on record about situation. And, some Hill Democrats aren't happy with Wilson's and Goodman's functions at FCC either. They had scheduled meeting late Jan. 22 to determine whether their preliminary concerns were justified, Hill aide said. White House emissaries were seen lunching with Comr. Quello, who is most often mentioned as probable acting chmn. Other agencies also were assigned "housekeepers" by Administration, but in most cases only one person, while Cabinet-level departments generally were assigned 3.

In one of his first official acts just hours after his Jan. 20 inauguration, President Clinton signed Executive Order creating stricter ethics rules for federal officials. However, they aren't as strict as those first proposed shortly after he was elected (TVD Nov 9 p1). New rules impose 5-year ban on lobbying govt. in area of specialty after official leaves govt. (original proposal was for lifetime ban) and lifetime ban on lobbying for foreign interests. New rules will apply to officials making more than \$104,000 annually -- about 1/3 of Clinton appointees (TVD Dec 14 p5). They will apply to FCC commissioners and many top staffers, such as bureau and office chiefs.

Clinton White House Jan. 21 rescinded last-min. order by Bush Administration that 6 FCC executives leave their posts by Jan. 25. However, McKie said that new directive was unclear and that FCC was awaiting clarification from White House. Also awaiting clarification are Schedule C employees Briana Gowing in Public Affairs Office and James Spurlock of Common Carrier Bureau, plus noncareer SES employees Terry Haines, Lorrie Secrest, Cheryl Tritt, Walda Roseman. That clarification hadn't come by our deadline and all 6 were expected to report to work today, with pay.

Ronald Brown was confirmed by Senate Jan. 21 to be Secy. of Commerce, hours after Senate Commerce Committee cleared nomination. Brown was approved on voice vote after hour of debate. Sen. Lott (R-Miss.), who had raised ethics questions with Brown during confirmation hearing, brought them up again in floor debate, but said Brown had resolved them satisfactorily.

LOCAL OFFICIALS' CABLE BURDEN CRITICIZED: FCC should shift burden of proving effective competition from franchise authorities to cable operators, according to Charlotte Cable Communications Administrator Doris Boris. Other cable authorities are anxious for Act to kick in. Chicago Cable Administrator Joyce Gallagher said Act "gives us teeth" because of new ability to fine.

Boris said that because of most municipalities' tight resources, Cable Act will be "very difficult to implement if the FCC dumps the burden on franchising authorities." She said FCC should adopt rule that says it's assumed cable operator is monopoly until operator proves otherwise. Companies are only ones with resources available to prove effective competition, Boris said. Process to certify rate regulation by authorities "must be simple," Boris said, "because most cities don't have cable regulators." She said now is time to try to influence rulemaking process by becoming "active participant" in comment process, especially in concert with NATA. Another unintended side effect of Act is on existing franchise agreements and city ordinances, she said, because rewriting ordinances and renegotiating agreements could further tax strained city govts.

Gallagher said her city "already has office established," and "they'll be set" when FCC is expected to issue rulemaking. Best-case rulemaking scenario, said St. Louis Cable Administrator Susan Littlefield, would be "rate regulation that would allow localities to deal with their particular circumstances... Regulations need to stay at local level." But, she said, "we want to see the exact wording [of FCC rulemaking] before we proceed, so we can act in the best interest" of city's residents. "FCC has a really hard job to satisfy Congress and be fair to everybody," Littlefield said.

Nation's mayors "want control over basic [cable TV] fees," said Las Vegas Mayor Jan Jones, chmn. of U.S. Conference of Mayors (USCM) after Jan. 21 meeting in Washington. She identified major cable TV concerns and positions of committee members as: (1) Franchise fees -- cities should have ultimate authority. (2) Retransmission consent -- committee doesn't support it. (3) Competition -- committee welcomes it. (4) Telco entry -- committee is concerned about cross-subsidization and MFJ issues. Jones said she wants to "ensure fair treatment for responsible operators," and considerations should be given to promote better infrastructure and programming. USCM spokeswoman said group has explained position to commissioners and is "waiting to see the outcome."

NAB's SMOOTH SAILING IN FLA.: Most noncontroversial -- and shortest -- NAB board meetings in recent memory were concluded last week in Naples, Fla., without single contentious issue raised. Radio board went full-term 8 a.m.-5 p.m.; TV board lasted just 3 hours; closing joint board (TV and radio) session Jan. 19 consumed only 20 min. as many members were anxious to get back to Washington for Presidential inaugural ceremonies. Chmn. Gary Chapman, LIN Bestg., and Pres. Edward Fritts had high praise for accomplishments of Assn. in 1992, with emphasis on successful override of Presidential veto of Cable Act.

Boards approved budget for fiscal year starting April 1 of \$18.7 million in revenues, \$18.2 million in expenses. This compares with \$17,086,000 and \$16,984,000, respectively, for current fiscal year. Fritts called it "our most ambitious budget ever," premised on success of April convention. Chapman said he "personally reviewed every line item [in budget] for appropriateness and accuracy... This budget tightens the belt in some areas, reallocates resources and returns a substantial amount to cash reserves."

In position paper, joint board declared that broadcasters should take "great care... to avoid [program] presentations purely for the purpose of sensationalism or to appeal to prurient interests or morbid curiosity." Action reaffirms statement of principles adopted in June 1990, which was somewhat controversial. NAB said statement would be "particularly useful at this time, given public concern about certain serious societal problems, notably violence and drugs." And, while controversial Howard Stern radio program (which has received hefty fines from FCC) wasn't mentioned in NAB position paper, he was mentioned prominently in discussions of board members. One radio director suggested that statement say Assn. "sternly" warns broadcasters on indecent programming, although NAB took no "stern" position on such programming that led to fines for stations that carry Stern program.

Guidelines are totally voluntary and no sanctions are involved -- except by FCC and viewers and listeners. They cover children's TV, indecency, obscenity, violence, drug abuse. NAB stressed that "each broadcaster should exercise responsible and careful judgment in the selection of material for broadcast... NAB would hope that all broadcasters would set down in writing their general programming principles and policies [and] exercise responsible and careful judgment in the selection of material for broadcast."

NAB conceded its statement of principles is "of necessity general and advisory rather than specific and restrictive. There will be no interpretation or enforcement... by NAB... Specific standards and their application and interpretation remain within the sole discretion of the individual... licensee." NAB's Radio and TV Codes, which provided for sanctions against broadcasters, were dropped several years ago after Justice Dept. sued Assn., charging time standards in Codes were antitrust violation.

Board also expressed "strong concern" about indecent broadcasts, at same time reaffirming its position that FCC definition of indecency is vague and lacks "constitutionally acceptable safe harbor" for such programming. (Safe harbor was established by FCC Jan. 22.) Instead of concern, Assn. expressed "strong opposition" to FCC fine schedule, "the manner in which it was adopted and the excessive amount of fines overall." NAB, which challenged FCC fine schedule in court last fall, "expressed concern that the excessive size of the new [i.e., Howard Stern] forfeitures appears to be a fund-raising tool without regard to the seriousness of the offense, rather than an enforcement mechanism."

In speeches to opening session of joint board, both Fritts and Chapman praised Assn.'s legislative accomplishments in 1992 (read that Cable Act), making it "one of NAB's most successful years ever." Praising Fritts, Chapman said NAB now is "a powerhouse association." Fritts said Cable Act "was just the biggest win in a year where we had a number of victories... After putting our heart and soul into [cable] effort, we cannot afford to let our victory slip away because we lacked the resolve to fund the best possible legal defense."

Fritts said "we're in pretty good shape" on membership front, with stations supporting NAB "pretty stable." He said recent increase in TV dues was "implemented with almost no negative impact." Major loss he didn't mention was resignation of ABC TV Network, effective at end of 1992. He said that, compared with other associations, NAB is in "terrific shape financially and positioned well for the future." Fritts saw next 2 years as "likely to be our most challenging in legislative and regulatory terms."

On cost-cutting side, Chapman said Exec. Committee will be taking look at committee structure to reduce costs and will phase out panels that are of questionable benefit or have achieved their mandates. Exec. Committee's goal "will be to strike a balance in cutting committee costs without reducing broadcaster input or service." Unlike most associations, NAB pays expenses of all its committee members.

TV board statement concluded that effective system of ghost-cancelling would represent "significant improvement" and introduction "as quickly as possible is in the public interest." Thus, board said, it "fully endorses" NTSC voluntary standard for ghost-cancelling and urged TV stations to implement that standard "at the earliest possible date." FCC has issued proposed rulemaking that, if adopted, would reserve line in vertical blanking interval for Advanced TV Systems Committee ghost-cancelling signal. On advanced TV, board said it "continues to have strong concerns regarding the specific timetable and policies for implementation" that Commission has proposed.

* * * * *

Politicking for NAB leadership positions usually begins about winter board meeting time, and last week's meetings in Fla. were no exception. To date, only one contest has developed -- for radio chmn., between current Vice Chmn. Robert Fox, KVEN(AM)/KHAY(FM) Ventura, Cal., and Bayard Walters, Cromwell Group. Last June, Walters was defeated for chmn. by Wayne Vriesman, Tribune Radio, by single vote. Vriesman is unopposed as joint board chmn. to succeed Chapman. Also currently unopposed: Skip Finley, WKYS(FM) Washington, for radio vice chmn.; current TV Vice Chmn. John Siegel, Chris-Craft/United TV, to succeed Chmn. Ronald Townsend, Gannett Best., who is ineligible for reelection to board, and William Ryan, Post-Newsweek Stations, for TV vice chmn.

—

Ex-Fox Chmn. Barry Diller finalized deal to become chmn. of QVC Network, as expected (TVD Dec 14 p8). He invested \$25 million for 2.8% share of QVC, has option to buy additional 20%. Diller has deal with Comcast and Liberty Media (owners of 35%) to vote their shares as block. He replaces Joseph Segel, named chmn.-emeritus.

FCC has granted waiver of prime-time access rule to permit 30-min. versions of original Ed Sullivan Show (which was hour) to be broadcast on weekends in prime time. Show, which aired in 1950s-1960s, is being syndicated by Andrew Solt Productions.

NO SELF-INSPECTIONS BY RADIO -- NAB: NAB radio board was unanimous in opposing FCC plan to require 20% of U.S. radio stations to make annual self-inspections and send certified report back to agency on their compliance with Commission rules and regulations. Meeting in Fla. last week, board said major concern was how responses would be used by Commission in enforcement activities and whether stations would be fined or otherwise censured as result of their answers. That raises question of "due process and fairness," NAB Gen. Counsel's Office said in letter Jan. 19 to Office of Management & Budget (OMB) and FCC. Commission's proposed survey form is awaiting clearance by OMB.

Assn. complained about "disparities that are substantive" in separate questionnaires proposed for AM and FM stations and undue burden compiling responses would place on licensees: "NAB is concerned over new FCC enforcement-related developments that might exacerbate the problems... The Commission should abandon the concept of the self-inspection forms. Correspondingly, the NAB urges OMB, in the event the FCC chooses not to rescind its clearance request, to deny approval..."

Radio board also instructed staff to seek FCC rulemaking to relax regulations on broadcast of taped telephone conversations. Specifically, NAB wants Commission to endorse proposal to permit station to seek consent to air recorded conversation after talk had been recorded, rather than before.

Board referred to its Radio Membership and Board Composition Committee question whether size of radio board should be reduced. It now has 35 members, with 36th to be added as designated seat this winter. Committee will consider proposal to cut number back to 30, report at June board meeting.

Arbitron Pres. Stephen Morris, who has been in job for only month, appeared for 2 hours before radio board (about 90 min. of which was answering questions). "He came and showed his face and told us a little bit about what he was up to," said participant in meeting, and basically was following up promise of his predecessor Rick Aurichio to appear before board.

Several sources said Morris made good impression. NAB Radio Chmn. Wayne Vriesman said he was "very candid" in face of negative questions and statements by board members. Vriesman said that radio industry "is on the verge" of forming better relationship with Arbitron and that Morris would meet shortly with Radio Operators Caucus. Session with NAB followed what was described as "very contentious" meeting last fall between Aurichio and RAB board.

"We now know more... than we did one year ago" on how in-band digital audio broadcasting (DAB) systems will work, and "what we know, so far, is encouraging," NAB DAB Task Force Chmn. Alan Box, EZ Communications, told radio board. Board voted to adopt Task Force recommendations that testing and standards-setting for in-band on-channel (IBOC) DAB proposals be conducted by EIA-NAB National Radio Systems Committee (NRSC) and that NAB mission statement on DAB be revised to support development of IBOC proposals.

On latter point, Box said Task Force "believes that broadcasters' best options" lie with IBOC systems because technology represents "the least disruptive alternative for implementing DAB" and "provides the clearest regulatory

path at the FCC." He said IBOC systems would allow existing stations to "simply add a DAB transmitter to the existing broadcast chain" without need for "expensive new towers, new transmission sites or new frequency assignments."

Showtime Networks achieved "up year" in 1992 and is planning even more growth in 1993, after 4 consecutive down years, Chmn. Winston Cox told TV critics in Santa Monica. Meanwhile, HBO blamed its flat results in 1992 on loss of 300,000 subscribers to Hurricane Andrew and other national disasters in La., Hawaii, Guam. Showtime and Movie Channel will have added at least 350,000 subscribers in 1992 when final figures are totaled, Cox said, mainly because of restructuring of marketing and pricing, which essentially lowered price for customers. There always have been natural disasters that affected cable service, HBO Chmn. Michael Fuchs said, but "in this case, whole populations were displaced." He cited example of Guam, where all 12,000 HBO subscribers "were washed away in the hurricane." Even larger numbers were affected by natural disasters on mainland, he said. Disney also is expecting growth for 1992 after books are closed, Pres. John Cooke said. He predicted end-of-year total would be "substantially more" than 7 million subscribers.

FCC proposal to reserve spectrum for Personal Communications Service (PCS) and mobile satellite services (MSS) could destroy satellite TVRO industry, according to discussions at Satellite Bctg. & Communications Assn. (SBCA) convention in San Diego last week. But Commission is unlikely to approve frequency change that would have direct effect on millions of satellite customers, Hughes Senior Vp Jerry Farrell and SBCA Senior Vp-Gen. Counsel Andrew Paul acknowledged. PCS and MSS have been allotted spectrum in 2-GHz region effective in 1996 (in U.S.), meaning that all existing users in those bands would have to move elsewhere. Farrell said microwave industry's technology requires that users have clear, interference-free channel. If proposal by microwave relay users to move to same 4-GHz band used for C-band downlinks to satellite home dishes and cable headends were adopted, he said, programmers such as HBO and Viacom would have hampered view of their satellite transponders.

N.J. Bell plan to build video system in Dover Twp., N.J., is "standard lease-back arrangement" rather than video dial tone (VDT), NAB said in petition asking FCC to deny approval of proposal. Broadcasters said they favor VDT competition to cable, but N.J. Bell application "is insufficient for immediate consideration" by Commission. Filing said telco plan, which would provide 60 channels for video competitor and maximum of 4 for common carrier use, isn't true VDT system and N.J. Bell hasn't provided enough cost and rate information for FCC to make decision. NAB said that telco hasn't promised that video channels ever will be available on common carrier basis, as required for VDT.

FCC amended rules to extend statute of limitations in assessing fines from 3 years to length of station's license (5 years for TV, 7 years for radio). Earlier this month, Commission rescinded \$20,000 fine against KGMN(FM) Kingman, Ariz., for unauthorized transfer of control because 3 years had expired before agency acted.

Two Tampa-St. Petersburg TV stations have been fined \$10,000 each by FCC for airing more than 12 min. of commercials per hour in weekday children's programs. WTTA was fined for too much commercial time in 4 programs Jan. 16 between 3-5 p.m., WFTS for 6:30 a.m. program GI Joe same day.

NONDUPLICATION RULES HIT: FCC should modify network nonduplication rules if retransmission consent takes effect, NCTA said in petition for rulemaking. Cable group said nonduplication rule gives network affiliate unfair market power in retransmission negotiations, and could make much network programming unavailable to cable viewers. Broadcasters, meanwhile, rejected most cable arguments on selection criteria for must-carry and channel positioning in latest round of comments in rulemaking (TVD Jan 11 p1).

Nonduplication rules "cannot rationally survive" new environment, NCTA said, and have "potential to cause significant disruption" to TV service. Rules allow local network affiliate to block cable carriage of more distant affiliate of same network, even if local station isn't carried on cable system. That could mean that if local affiliate chooses retransmission consent and isn't carried, it could "ensure that no network programming is available." Ability to block cable carriage of any affiliate "markedly increases the chances that the real losers... will be the cable-viewing public," NCTA said. Assn. said rules should be amended to deny nonduplication rights to station electing retransmission consent and allowing nonduplication to be part of marketplace negotiations.

Every cable system in Arbitron area of dominant influence (ADI) must carry every station in that ADI, NAB said in comments on rulemaking (MM 92-259), and any modifications of market definition based on mileage or significant viewing status "would be contrary to the [Cable] Act." Broadcasters also said it's "frivolous" to suggest that station has to make same choice between must-carry and retransmission consent for all cable systems in its area, and that cable has to carry station's entire program lineup. On other issues, NAB said: (1) Primary burden for signal quality falls on cable system. (2) Must-carry stations have priority for channel positioning. (3) Must-carry would take effect 6 months before retransmission consent "whether or not some cable operators believe that their negotiating position would be enhanced by a different arrangement." (4) Retransmission consent rights are "totally separate and distinct" from copyright.

NAB proposals "fundamentally and improperly shift the burden" of must-carry paperwork to cable, NCTA said in its own reply comments. Cable group said NAB plan would require operator to research must-carry rights even of stations that don't seek carriage, and would require multiple rounds of paperwork and notices. Other NCTA claims: (1) APTS suggestion to limit cable system designation of principal headend is "unworkable." (2) Broadcasters' claim that any station in ADI is qualified for carriage violates Cable Act and would be "burdensome." (3) Broadcasters' definition of substantial duplication is too narrow. (4) Requirement that cable operators retain broadcast ghost-canceling signal could create ghosts, rather than eliminate them, and cable operators don't have to aid broadcasters in nonbroadcast commercial ventures using vertical blanking interval.

Gray Communications, owner of 3 small-market TV stations and Albany (Ga.) Herald, announced Jan. 20 that it had retained investment firm Lodestar Group of N.Y. to advise it on possible sale. Divestiture of some or all of company is being explored "to maximize shareholder value," Gray Chmn.—CEO John Williams said. He said several companies had expressed interest in acquiring some or all of Gray but that no deal had been made. Gray owns WALB-TV Albany, WJHG-TV Panama City, Fla., KTVE Monroe-El Dorado, La.

FCC rules on customer service and antibuythrough should be self-executing and apply to all cable systems without requiring positive action by local franchising authorities, NATOA, National League of Cities, Conference of Mayors and other municipal groups said in joint filing at FCC. Customer-service filing said Commission should adopt its own specific standards, rather than those proposed by NCTA, which it said are "neither stringent nor specific enough." Rules should allow local franchisers to either waive specific standards or adopt tougher ones and give local authorities enforcement power, cities said. They suggested that FCC's only role should be as arbiter of disputes. On antibuythrough, which requires cable operators to allow customers to buy premium services without paying for expanded basic, municipal groups said technology already is in place, or at least exists. Cities said FCC should assume that all cable systems were capable of complying with antibuythrough provision, which typically requires full addressability. Cable interests said fewer than 25% of cable systems were addressable, but cities said current technology would allow virtually all of them to install it at reasonable cost. Rules for waivers to antibuythrough provision should be drawn narrowly, cities said, available to "only those systems that will truly face an adverse financial impact." For example, filing said that small cable systems shouldn't get waiver if they were part of larger system or affiliated with MSO. Franchising authority should grant waiver, municipalities said, with FCC stepping in only when case "implicates national considerations" or requires special Commission expertise. Cities said buythrough is "crucial component" of 1992 Cable Act, and FCC "should not gut [it] by allowing large numbers of cable operators to escape compliance."

Licenses of 8 radio stations (most of them noncommercial) have been set for hearing by FCC for unauthorized construction and misrepresenting facts. In addition, owner Kent Atkins has been notified he's also liable for record \$250,000 fine. Commission said investigation revealed that noncommercial KLMN(FM) Amarillo, KAMY(FM) Lubbock and KENT(FM) Odessa, all Tex., were constructed and operated without authorization. Agency said Atkins "misrepresented facts and/or lacked candor with respect to his activities by knowingly submitting fraudulent documents to the Commission." Violations were brought to FCC's attention by broadcast competitor, agency official said. Of applications set for hearing, some are for renewals, some for licenses to cover CPs. Other Atkins stations facing hearing are KRNG(FM) Amarillo, KENT(AM) Odessa, KOJO(FM) Lake Charles, La., and application to assign CP for KBTT(FM) Bridgeport, Tex. Commission action was taken Jan. 11 but text of order hadn't been released at our deadline and Atkins couldn't be reach for comment.

Following mandate of Public Telecommunications Act of 1992, FCC has finalized rulemaking to provide "safe harbor" for airing of indecent programming by radio-TV stations. With one exception, such programming will be permitted only midnight-6 a.m. Exception is public stations that go off air by midnight, which will be permitted to carry such programming beginning at 10 p.m.; that fits only public stations in Alaska. FCC also warned licensees that "obscene broadcasts are prohibited at all times."

NCTA board renewed industry's \$10-million ad/PR campaign for 3rd consecutive year. Details weren't immediately available on decision at board meeting Jan. 18 in L.A., but financing is expected to be near previous years' \$10 million annual level. Full-day meeting also included updates on FCC cable regulation rulemakings, HDTV, video dial tone, NCTA convention in June, minority hiring.

NBC PROFIT UP: NBC TV network financial performance improved in 1992, despite losses on Summer Olympics, parent GE said, but overall broadcast operating profit was down slightly. Olympics contributed to "somewhat higher" broadcast revenue for year, GE said, but as usual it didn't provide details. It also gave "productivity" improvement at NBC part of credit for "significant" gain in operating margin in 4th quarter. For GE as whole, full-year profit rose 7% to \$4.7 billion and revenue 3% to \$62.2 billion. Fourth-quarter profit increased 6% to \$1.34 billion, although revenue was up only 1.1% to \$17.8 billion.

In other financial results, **Westinghouse Bcstg.** operating profit grew "substantially" in 4th quarter and full year, mainly because of cost cuts in TV and radio and revenue growth at Group W Satellite and Westinghouse Communications. Specific figures weren't available. Parent Westinghouse had \$1.2-billion net loss in 4th quarter, vs. \$171 million profit year ago, because of decision to sell financial services business and accounting change. For full year, loss was \$1.3 billion, vs. \$1.1 billion loss year ago... **Meredith** said profits at several TV stations were depressed by national economy, but overall revenue inched up 0.7% to \$80 million. Net profit for 2nd quarter ended Dec. 31 rose 2.8% to \$4.7 million.

Jones Spacelink had \$3-million net loss for 2nd quarter ended Nov. 30, vs. \$10.7 million loss year earlier. Revenue jumped 16% to \$37.5 million... **Jones Intercable** net loss grew to \$10.4 million in quarter ended Nov. 30 from \$9.9 million year ago. Revenue was up 16% to \$25.5 million... **Time Warner** said it will pay \$2.5 billion to redeem 45 million shares of convertible preferred stock at \$54.3847 per share. Company already has raised money for redemption through other debt issues. TW also said it will offer \$500 million of new debt, due 2000, with 7.95% interest rate, with proceeds being used to repurchase preferred stock or higher priced debt... **Harris Corp.** had \$25.4-million net profit for 2nd quarter ended Dec. 25, up from \$19.2 million year earlier. Revenue was up 1.7% to \$768.8 million, despite slower sales of broadcast products... **C-Cor** had \$739,000 net profit in 2nd quarter ended Dec. 25, up from \$271,000 year ago. Revenue rose 20% to \$13.2 million.

News Corp. filed SEC shelf registration for up to \$2 billion of new debt, to be issued when conditions warrant... **Blockbuster** paid \$25 million for 35% of **Republic Pictures**. Republic will use new capital to reduce bank debt... Video-on-demand company **Instant Video Technologies** said it sold \$1 million of convertible preferred stock, will use new capital to continue developing its technology and market... Multimedia firm **Electronic Arts** had \$12.3-million profit in 3rd quarter ended Dec. 31, vs. \$8.2 million year ago. Revenue jumped 65% to \$107.1 million.

Interactive TV company **TV Answer** signed long-term lease for capacity on Hughes' SBS 6 and Galaxy 4 Ku-band satellites to link VSATs at each interactive TV site. Contracts run through 1999. TV Answer said it will begin using TR 2 on SBS 6 immediately for testing and related activities, then migrate to higher power transponder (50w) on Galaxy 4 after it's launched. TV Answer also is using Hughes-built VSATs.

Indianapolis City-County Council voted to create Cable Franchise Oversight Agency to be responsible for ensuring that franchises comply with local codes and contracts, hearing concerns and complaints, operation of local govt. access channel.

U.S. broadcasters would be disadvantaged by proposed European Community (EC) rules that would ease satellite earth station licensing in Europe, according to letter signed by Cap/ABC, CBS, NBC, Turner Bcstg. Letter to FCC, NTIA and State Dept. urged U.S. govt. to "encourage" changes in EC rules that would make it easier for American networks to do satellite newsgathering in Europe. Draft proposal to be considered by EC Transport Ministers Feb. 2-3 would allow any earth station licensed in one EC country to be licensed automatically in all others. However, mutual recognition plan would be limited to earth stations owned by companies based in EC and 75% owned by European nationals, situation that networks said "affirmatively would discriminate against nonnationals such as U.S. broadcasters." Networks often use leased European-owned earth stations, which would qualify for new rules, but said "there are occasions when they prefer to use their own equipment" such as "when the networks must act with great dispatch to cover a fast-breaking news story." In such situations, European broadcasters that don't need special licenses for transportable earth stations would have advantage, letter said. It also suggested that eased licensing for Europeans would lead to more burdensome procedures for outsiders and said that if EC adopted new rules discriminating against U.S. broadcasters it could be more difficult to get simpler licensing rules for Europeans in U.S.

TCI has become partner with International Cablecasting Technologies (ICT) in latter's European subsidiary, which is launching ICT's Digital Music Express (DMX) cable audio service there. TCI, which owns 10% of parent ICT, will provide \$25 million equity financing in return for 49% of ICT Europe, and TCI Exec. Vp J.C. Sparkman will join ICT Europe board. TCI already has invested in European versions of Bravo, Children's Channel, Discovery Channel, Learning Channel, Parliamentary Channel, U.K. Gold. Meanwhile, TCI indicated that it will carry DMX on European cable systems in which it has interest, and ICT Europe signed carriage agreements with United International Holdings, which has 800,000 subscribers in Hungary, Ireland, Israel, Malta, Norway, Sweden. ICT also signed deal for British Sky Bcstg. to distribute DMX to satellite dishes in U.K. and Ireland. European version of DMX will include 21 music channels from U.S. DMX, plus 9 channels exclusively for European market.

Satellite TV industry is gearing up to press Congress to extend law, which expires Jan. 1, 1995, that gives satellite TV packagers access to superstations, industry sources said at Satellite Bcstg. & Communications Assn. (SBCA) convention in San Diego. Satellite Home Viewers Act (SHVA) will be SBCA's top priority, officials said. On other side is MPAA, which contends that Act never should have been adopted and should die quietly. Superstation representatives at convention, such as WTBS Atlanta, want license extended since it would broaden their access to U.S. homes, especially when planned DBS systems are in full operation. "Unless the industry acts now, the loss of these valuable programming services will negatively impact the satellite industry and its customers," SBCA Legislative Affairs Vp Andrew Paul said.

Cable ad firm Rainbow Advertising Sales said it topped \$100 million in sales in 1992, first time it has reached that mark. Cablevision Systems subsidiary sold more than \$109 million of ads in year, boosted by 32% growth of its Cable Networks Inc. division. Company said it also sold 29% more ads for SportsChannel America, and had 17% growth in ads on local cable systems. Pres. Robert Fennimore said he expects 32% growth overall in 1993.

TELCO VIDEO PUSHED: AT&T Paradyne teamed with Compression Labs (CL) to develop device for home and business use to deliver video over residential quality telephone lines. Device would act much like cable box, but use ordinary telephone lines rather than coaxial cable, AT&T said. Companies haven't developed prototype and don't have estimate of eventual cost, but CL supplied compression technology for early version of AT&T's videophone.

AT&T is contributing 2 technologies to venture -- Asymmetrical Digital Subscriber Line (ADSL) and Compressed Digital Video. ADSL transports video-over-copper through use of Carrierless, Amplitude/Phase (CAP) Modulation, technology AT&T Paradyne introduced year ago. CAP allows development of high bandwidth services over traditional copper-based twisted pair found in local loop, AT&T said. CL will do actual development of device, incorporating AT&T technology. Applications include video-on-demand, catalog shopping, educational programming.

AT&T said it will make device available to telephone companies so they can conduct broadband video service trials. Move is strategic one for local telcos that recently have been allowed to carry video services. When available, product will "represent an important milestone for the telephone companies in the emerging visual communications marketplace," said Joseph Crupi, AT&T Paradyne vp-Advanced Transmission Technologies Div. As result of July FCC ruling allowing telcos to offer video services, "I envision the telcos could provide commercial service offerings as early as 1994," he said.

To make device work, local telephone companies will have to refit hundreds of central office switches with new hardware and software, allowing phone line to carry 80 times current capacity. AT&T's ADSL combined with CL compression technology will compress 45 million bits of data (amount currently needed by home TV set) to 1.5 million bits -- still 78 times more than household telephone lines can handle now. Unlike ISDN, which telcos have been slow to deploy, AT&T said hardware needed at central office switch for ADSL is easier to implement because technology is dependent on copper, not fiber. Interoperability is key factor, CL said. Company said VCR-quality receiver will "be compatible with other telecommunications suppliers" that use ADSL technology.

Remains of NBC correspondent who disappeared 23 years ago in Cambodia have been positively identified, network said, as those of Welles Hangen, who disappeared May 31, 1970, in Cambodian jungle. Earlier tests of remains at same site identified NBC sound technician Yoshihiko Waku, cameraman Roger Colne and CBS sound technician Kojiro Saki, but identification of Hangen was delayed.

Programmers told us they had been in discussion on whether to sign with Hughes' DirecTV high-powered DBS venture. DirecTV sources said number of programmers that venture has signed thus far "can be counted on one hand," but they wouldn't give names or exact figure. Thus far, only Disney Channel has announced participation (DirecTV also has signed Paramount's PPV service). Others reportedly were waiting for more programmers to sign on before making announcements for fear of alienating cable carriers. HBO told us it has been talking with DirecTV "very aggressively" but definitely hadn't signed. Several others were silent on issue, but nearly all confirmed that discussions were continuing. Hughes is under pressure to fulfill \$50-million contract with National Rural Telecommunications Cooperative, in which DirecTV is expected to provide 20-channel package that NRTC will sell to rural areas outside cable's reach. NRTC sources told us they have been successful in holding up their end of deal, having signed many cooperatives. Private entrepreneurs have opportunity to buy into deal at rate of \$45 per household in areas in which service would be provided.

NBC alone of major networks aired graphic footage of Emilio Nunez shooting to death his ex-wife, Maritza Munoz, at gravesite of their daughter, who had committed suicide, in Ft. Lauderdale. Footage, take by Telemundo crew that was interviewing Nunez when Munoz walked up unexpectedly, also was aired on reality shows and by many network affiliates. It was fed to stations by ABC and CBS, which didn't air tape, nor did CNN. NBC said it received hundreds of complaint calls from viewers of tape, which aired Jan. 19 on Nightly News, but defended action: "NBC News made the editorial decision to air the videotape because it illustrated the horror of domestic violence, which is an ongoing crisis that NBC is committed to covering." Said CBS News Vp Thomas Goodman: "Granted, it was unusual video, but we thought it wasn't editorially important" enough to carry. CNN's Eileen Murphy called tape "sensational [but] there was no news value" in showing it. Nunez was captured by FBI Jan. 20 in Tex. on bus bound for L.A.

National Captioning Institute (NCI) hopes to caption for hearing-impaired all 25 of top-rated syndicated shows by 1994, Programming Vp Jane Edmondson said. NCI now captions 12 of top 15 shows. Edmondson said 1994 deadline is important because TV Decoder Act takes effect this year, meaning that nearly 10 million TV households will have access to captioning by end of year, and half will have captioning by 1996.

British Sky Bctg. and Nickelodeon announced joint venture to operate children's TV channel in U.K. Channel, which will include original British programming for children, will be launched in Oct.

WARREN'S CABLE REGULATION MONITOR LAUNCHED

Enclosed with this issue of *Television Digest* is complimentary premier issue of our newest weekly newsletter, *Warren's Cable Regulation Monitor*.

Monitor was launched in response to TV industry's immediate need for information on how 1992 Cable Act is affecting business. First issue has exclusive survey of cable rate increases, among other features.

To subscribe, just fill out the enclosed order form or call Circulation Mgr. Betty Alvine collect at 202-872-9200.

Personals

Entertainer-producer **Dick Clark** will receive NAB's Distinguished Award April 19 at opening ceremony of NAB convention in Las Vegas. NAB promotions: **Kenneth Almgren** to exec. vp-chief financial officer, **Mary Dickson** to senior vp-comptroller... **Patricia Langer**, senior gen. attorney, NBC, appointed vp-entertainment law.

Gerald Levin, CEO, Time Warner, elected chmn., replacing late **Steven Ross**... **James Eaton** promoted to vp-programming, Group W TV... **Louis Weiss**, chmn. emeritus, William Morris Agency, will receive IRTS 1993 Gold Medal at dinner, April 14, Waldorf-Astoria, N.Y.... **Joseph Cacciabuado**, independent sales rep, named vp and group mgr.-TV buying division, Horizon TV.

Dana Moorehead, ex-Paramount Domestic TV, appointed mgr.-mktg. and program research, Group W Productions... **Mike Burgess**, ex-KSAX Alexandria, Minn., appointed asst. gen. mgr., KOB-TV Albuquerque... **Allen Berkelhammer** promoted to vp-financial planning and analysis, Viacom Best. Group... **Milton Berle** named chmn., Future Communications subsidiary Mainstreet TV.

Phillipe Dauman, partner, N.Y. law firm Shearman & Sterling, appointed senior vp-gen. counsel, Viacom International... **James Hart** named vp-technology, Scientific-Atlanta Broadband Communications Group... Promotions at General Instrument VideoCipher Div.: **Dick Armstrong** to vp-uplink sales and mktg., **Allen McCabe** to vp-consumer products sales, **Greg Gudorf** to dir.-mktg., **Suds Chawla** to national sales mgr.-original equipment manufacturer sales.

Walter McCormick, former gen. counsel, Transportation Dept., and minority chief counsel, Senate Commerce Committee, joins Washington office of St. Louis law firm Bryan, Cave, McPheeters & McRoberts as partner... **Susan Solomon**, principal, Trillium Media, joins Andrews Group as exec. vp-media and entertainment holdings.

David Smith, news dir., WATE-TV Knoxville, named to same post, WTVW-TV Evansville, Ind... **Wayne Lansche**, pres.-gen. mgr., KBAK-TV Bakersfield, appointed to same post, WVUE New Orleans, succeeding **Philip Nye**, who assumes Lansche's post at KBAK-TV; stations are owned by Burnham Bestg... **Sue Kawalerski** promoted to news dir., WCIX Miami... Changes at Warren Publishing: Senior Editor **Michael Feazel** named associate managing editor, Communications Daily; Senior Editor **Art Brodsky** moves to congressional beat, also assumes duties of Managing Editor-Washington for Television Digest, replaced on federal common carrier regulatory beat by **Myron Struck**, ex-Washington Post.

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Cable Act doesn't require systems to participate in Emergency Best. System (EBS), although FCC can mandate that all who participate voluntarily conform to Commission standards, NCTA and CATA said in joint filing in rulemaking (FO 91-301). Cable groups noted that FCC rulemaking seemed to indicate that EBS participation could be mandatory, and said Commission should clarify that it isn't and that multichannel nature of cable "presents unique technical hurdles and related costs." Whatever system FCC selects should have universal, standardized features and be fully compatible with existing cable alerting equipment, NCTA and CATA said. Filing estimated that it could cost \$10,000-\$50,000 per headend to install EBS equipment, totaling as much as \$60 million industrywide.

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NPR board approved sweeping changes in dues and programming fees at meeting last week. New fee structure, which will be in effect for at least 5 years, will require larger stations to pay higher prices for NPR programming, while lowering cost for smaller stations. Plan also calls for adding 24-hour newscasts Mon.-Fri., while retaining 18-hour newscasts on weekends. All member stations will pay flat membership fee to NPR, then fees for use of news and cultural programs based on percentage of station's total revenue. For example, stations would pay 10.2% of total revenue as access fee for full news service. Schedule also sets up new lower fee for stations that want to vote but carry new programming. New schedule begins in FY 1994 (starting Oct. 1), but stations will be liable for only 50% of increase in first transition year.

OBITUARY

Philip L. McHugh, 75, co-founder of broadcast consulting firm McHugh & Hoffman, died of cancer Jan. 13 in Villanova, Pa. Graduate of Notre Dame, he entered broadcasting with CBS in 1938. In 1954-1962, he was vp-radio and TV, Campbell-Ewald ad agency in Detroit, before founding McHugh & Hoffman. Son, 2 daughters survive.

Consumer Electronics

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FINAL 1992 SALES FIGURES

Final and official EIA statistics on consumer video sales to dealers for 1992, with 1991 comparisons, are below. In last 3 columns are EIA's figures for 1992's 52nd and final week, as compared with final 2 weeks of 1991 (52nd and 53rd weeks).

	1992 52 WEEKS	1991 53 WEEKS	% CHANGE	DEC. 26- JAN. 1	1991 52/53 WKS.	% CHANGE
TOTAL COLOR TV...	22,396,202*	20,516,224	+ 9.2	456,965**	510,993	- 8.8
DIRECT-VIEW....	21,991,899*	20,136,387	+ 9.2	447,823**	500,220	-10.5
TV ONLY.....	21,056,255	19,474,018	+ 8.1	427,833	481,801	-11.2
TV/VCR COMBO..	935,644*	662,369	+41.3	19,990**	18,419	+ 8.5
PROJECTION.....	404,303*	379,837	+ 6.4	9,142	10,713	-14.7
VCR DECKS.....	12,328,788*	10,718,336	+15.0	257,951	292,901	-11.9
CAMCORDERS.....	2,814,979	2,864,395	- 1.7	48,389	71,854	-32.7
LASERDISC PLAYERS#	211,675*	206,554	+ 2.5	2,510	13,300	-81.1

Color TV 5-week moving average: 1992--449,466*; 1991--354,207 (up 26.9%).

VCR deck 5-week moving average: 1992--235,352; 1991--196,369 (up 19.9%).

Camcorder 5-week moving average: 1992--52,379; 1991--49,227 (up 6.4%).

* Record for any year. ** Record for 52nd week of any year. # Includes combi players but not karaoke types.

1992 RECORDS -- TV, PROJECTION, VCRs, LDPs: It's official -- 1992 was record year in unit sales of direct-view and projection color TV, TV/VCR combos, VCR decks, laserdisc players. Those new records in sales to dealers are shown in EIA figures for full year, above.

Records are significant in year that suffered from recession from start to finish, when most other consumer goods showed sharp declines. Just how good year was is underlined by fact that EIA's calendar for 1992 had 52 weeks vs. 53 weeks in 1991 (EIA adds extra week every 6 years to bring its calendar back into balance). Despite that handicap, total color TV was up 9.2%, combos up 41.3%, projection up 6.4%, VCRs up 15% and laserdisc players up 2.5% from 1991's 53-weeker.

Total TV set sales to dealers -- direct-view plus projection -- exceeded 22 million for first year ever. Total of 22,396,202 sets sold beat 1989's all-time record of 21,971,424 by 1.9%. Projection TV sales passed 400,000 mark for first time in any year. VCR decks made remarkable comeback, exceeding previous all-time record (12,005,415 in 1986) by 2.7%. Camcorders ran 5% below 1990 record of 2,961,691.

Year started off slowly, gained momentum through first half, reaching highest sales (on seasonally adjusted basis) in 3rd or 4th quarter, depending on product. Color TV didn't let up through year, rising from adjusted annual rate of 20.4 million in first quarter to 20.8 million in 2nd, 22.7 million in 3rd, 23.5 million in final quarter. VCRs were hot most of year after 11.1-million rate in first quarter, with 2nd and 3rd quarters at 12.9-million rate and 4th quarter settling down to 12.4 million.

Camcorders, on other hand, showed best sales to dealers in opening quarter, at 3.17-million rate, tapering off to 2.8 million and 2.9 million in 2nd and 3rd quarters, respectively, and finally 2.6 million in 4th quarter. Similarly, projection TV had best quarter at beginning of year, but all quarters except 4th were at better than 400,000 annual rate.

Rates represent sales to dealers, and there's good reason to believe sales to consumers were at higher rate, as retailers indicate they wiped out much of inventory in 1992 and ended year in leaner shape than they started. If this is universally true, Jan. and Feb. sales should reflect increased dealer buying.

EIA figures on sales to dealers for final Dec. week (State of the Industry, above) show double-digit declines for most products -- but they compare single week in 1992 (Dec. 26-Jan. 1) with 2 weeks in 53-week 1991 (Dec. 21-Jan. 3). If 1992's final week were viewed against most comparable 1991 week (53rd week), most products would show triple-digit percentage increases -- total color TV up 133.2%, direct-view TV-only 127.3%, TV/VCR combos 276.4%, projection 287.5%, VCR decks 102.9%, camcorders 58.3%. Since final figures presumably contain some year-end adjustments, we think neither comparison is particularly apt.

Dec. sales of all products except TV/VCR combos were below Dec. 1991, which had 6 weeks vs. 5 weeks in Dec. 1992. Annualized sales rates also were down in Dec., perhaps reflecting some distortion of our seasonal equation due to extra week in Dec. 1991, or possibly slower shipments by manufacturers because of merchandise shortages. At any rate, seasonally adjusted annual sales of all major products in Dec. were below their full-year rate. Direct-view color (including combos) came out to seasonally adjusted annual rate of 21.3 million, VCRs to 9.8 million (lowest of year), camcorders to 1.85 million (also lowest of year), projection to 363,500. Here's table of sales to dealers in Dec.:

Product	Dec. 1992 5 Weeks	Dec. 1991 6 Weeks	% Change	Dec. 1990 5 Weeks
Total color.....	2,297,609	2,343,867*	- 2.0	2,208,058
Direct-view...	2,247,331	2,290,999*	- 1.9	2,150,293
TV only.....	2,145,298	2,212,978	- 3.1	2,091,795
TV/VCR combo.	102,033*	78,021**	+30.8	58,498
Projection....	50,278	52,868	- 4.9	57,765*
VCR decks.....	1,176,760	1,458,594	-19.3	1,148,731
Camcorders.....	261,897	357,327	-26.7	413,672**
Laserdisc players	23,233	44,804	-48.1	N.A.

* Record for any Dec. ** Record for any month.

* * * * *

Not only did color TV sales set unit record, there also was good reason they set dollar mark as well, as bigger screen sets continued to show strong growth pattern. Sales of sets 30" and larger increased progressively through year. For year as whole, category was up more than 50% in sales from 1991 (while total direct-view sales rose only 9.2%). Sales in very largest category -- 35" and up -- rose about 52%, 30-34" about 50%, 27-29" around 10% and 25" about 23%, with 20" increasing about same as direct-view TV as whole, all other sizes showing gains of less than 9.2% for all direct-view TVs.

Forecasts of early-1993 shortages are beginning to be heard, particularly in giant-screen TV. One source estimated there's only about 7 weeks' supply of 30"-and-over models, down from more than 16 weeks year ago, with only 5 weeks' inventory of 25-27" sets and just over 9 weeks' of projection sets. Altogether, by Christmas, inventories of direct-view TV sets totaled some 1.82 million, down 1.4% from same time in 1991, plus 73,000 projection sets, down 19.8% from 91,000 year earlier.

COMPACTS WERE 76% OF 1992 CAMCORDER SALES: Full-size models constituted just 24% of total camcorder sales to dealers in 1992, according to EIA data, but it's unclear whether decline from 32.2% in 1991 was due to dip in popularity or shortage.

Data obtained from unofficial sources show total camcorder inventories declined to less than 365,000 from almost 650,000 in year. That's big improvement, but at anticipated sales rate for early in year it still would represent 11 weeks' supply if inventories were in balance between compacts and full-size. But they still are out of whack, with shortage of full-size models and surplus of compacts. Some 325,000 in pipeline inventory (manufacturer plus distributor) are compacts and only 39,590 full-size. That represents about 3 months' supply of compacts and some 3 weeks' supply of full-size models.

Compacts appear to have settled at about 75% of total, with month-to-month trends for year mixed but indicating major increases in compacts' share may be over. As opposed to 1992's 76%-24% mix, 1991 saw compacts at 67.8%, full-size at 32.2%. Compact sales were up 10.2% in 1992 from 1991 as full-size dropped 26.8%. While full-size units represented 24% of sales at year-end, they constituted only 10.8% of pipeline inventories.

Although EIA figures don't break down compact sales into 8mm and VHS-C, evidence indicates gains for latter in last year. Based on import figures, which do break down 8mm and "other," we estimate that VHS-C

constituted 46% of 1992 compact sales to dealers, up from some 38% in 1991, with VHS-C models totaling more than million in 1992 for first time. Here are monthly sales to dealers for 1992 vs. 1991:

1992 CAMCORDER SALES -- FULL-SIZE VS. COMPACT

Month	Total	Full Size		Compact	
		Units	%	Units	%
January.....	154,357	53,774	34.8	100,583	65.2
February....	132,259	36,468	27.6	95,791	72.4
March.....	185,746	53,676	28.9	132,070	71.1
April.....	214,935	51,991	24.2	162,944	75.8
May.....	216,562	46,646	21.5	169,916	78.5
June.....	242,942	50,256	20.7	191,686	79.3
July.....	260,495	58,753	22.6	201,742	77.4
August.....	211,535	42,344	20.0	169,191	80.0
September...	299,153	79,324	26.5	219,829	73.5
October....	327,290	81,166	24.8	246,124	75.2
November....	307,808	63,818	20.7	243,990	79.3
December....	<u>261,897</u>	<u>57,172</u>	21.8	<u>204,725</u>	76.6
TOTAL....	2,814,979	675,388	24.0	2,139,591	76.0

GOVT. TO REVOKE LCD ANTIDUMPING DUTIES: In move that directly affects computer manufacturers and eventually may be significant for U.S.-assembled thin screen TV, Commerce Dept. said it will revoke controversial 62.67% antidumping duty on imports of active matrix LCDs.

Commerce cited "changed circumstances" after Guardian Industries, new parent of OIS Optical Imaging Systems, only domestic LCD manufacturer, asked for revocation (TVD Dec 21 p14). There was speculation that U.S. computer industry -- which uses Japanese-made LCDs -- put heavy pressure on Guardian, manufacturer of higher priced specialty LCD screens. Apple, Guardian customer, supported lifting of punitive tariff, along other other computer makers, including IBM, Rockwell International, Sun Microsystems.

Adding to pressure for revocation or reconsideration was ruling by Court of International Trade that International Trade Commission (ITC) had erred in its finding that Japanese flat panel displays injured domestic industry, finding that led to imposition of duties (TVD Jan 4 p11). Commerce Dept.'s revocation doesn't affect 7.02% antidumping duties on electroluminescent displays.

Not directly affected are imports of LCD TVs. These come under long-standing dumping finding on imports of color TVs from Japan, levied against most Japanese TV makers (exception, Sony). While antidumping penalties on LCD screens covered only those with more than 120,000-pixel resolution and therefore wouldn't affect most small screens used in pocket TV sets, it would have hampered imports of larger LCDs for U.S. assembly into TVs and other displays.

ZENITH CHALLENGED AS 'SCREWDRIVER' ASSEMBLER: Commerce Dept.'s ruling that Zenith is U.S. TV manufacturer (TVD July 27 p11) has been challenged by Taiwan TV makers, which say they have "new information" proving that last U.S.-owned color TV (CTV) maker has only "screwdriver" plant in Springfield, Mo., where just \$8.86 is added to value of TV set basically built in Mexico, and that company "does not currently have the capacity actually to produce a single CTV in the U.S."

Allegation is significant because Zenith has been prime mover in actions to assess or increase antidumping penalties against imported TV sets. If Commerce upholds charge, it means Zenith has no standing as "interested party," therefore can't file in such cases. Asked about charge, Zenith said in statement it "believes the position has no merit and will respond in due course."

In comments to Commerce Dept., attorneys for 5 Taiwan TV manufacturers cited affidavits and interviews with current and past employes at Zenith's Springfield plant in attempt to contradict Zenith's statement that it "has a major color TV manufacturing presence in the U.S." Zenith had filed affidavit that it intends to manufacture 4,000-6,000 color TVs monthly in Springfield.

Taiwan manufacturers' filing quotes assembly workers saying that: (1) Springfield assembly line "merely screws or bolts together Mexican-fabricated components to CRTs." (2) By last month, Zenith employed only 20-25 people on assembly line. (3) Only part made in Springfield by Zenith is plastic cabinet, which is shipped to Mexico for finishing. (4) "Total processing time per CTV is one minute." (5) "In some instances... Zenith has instructed assembly line workers to place 'Made in USA' labels over the cartons' 'Assembled in Mexico' markings."

Petition doesn't contest Zenith's statement that last summer it employed 700 at plant, but says only 40-50 were involved in "processing" of color sets (since reduced to 20-25), others being employed at distribution center. Taiwan manufacturers complained that "for the past 8 months, Zenith has taxed the resources of the Commerce Dept. under the pretext that it is a U.S. 'producer' of CTVs with a legitimate stake in the outcome of this review." Since Zenith was sole party to request current review of dumping duties on Taiwan color sets, petitioners asked that review be dropped.

Petition was filed by Willkie, Farr & Gallagher law firm in behalf of Action Electronics, AOC International, Proton, Sampo, Tatung. Meanwhile, Commerce Dept.'s International Trade Administration (ITA) posted preliminary results of administrative review of Taiwan color TV antidumping duties requested by Zenith, which would assess extra duties of up to 23.89% (see list elsewhere in this issue).

MITSUBISHI CUTTING SALES GOAL: Attempting to reclaim position as stepup profit line, Mitsubishi plans to "right-size" its sales this year at level about 15% below 1992 revenues. "We made a conscious decision that 1993 would be a repositioning year," Mktg. Mgr. Michael Stapleton said, acknowledging that company had lost share last year, although "in the last 4 months we think we gained some of it back." He said Mitsubishi isn't making "conscious effort to reduce distribution," but U.S. executives won't feel need to replace business lost in retail bankruptcies and other problems in effort to prop up numbers. By same token, though, "we will always try to seek out better distribution," dealers who contend to be significant players in stepup big-screen market. Stapleton said company pricing in 1993 would be "competitive," though not as low as most aggressive companies in big-screen business, notably Thomson.

Cornerstone of Mitsubishi's efforts toward end of 1992 was 40" direct-view set (TVD Nov 2 p10), which also was only product company displayed at Consumer Electronics Show booth. Stapleton said company sold every piece it had in 10-market rollout in last 2 months of year, and game plan for 1993 projects sales will reach 8,000-10,000. It has only single model for 1993, with additional versions planned for 1994 and beyond. Pricing patterns of 40" sets, he said, should follow same basic pattern over time as seen in 35" sets, which Mitsubishi launched at \$3,500, but which have worked their way down to vicinity of \$1,500.

Meanwhile, Stapleton confirmed that Mitsubishi is planning limited reentry into audio business, essentially to provide components to niche dealers who want to present company's home theater array.

Visual radio was launched unofficially at Consumer Electronics Show in form of Radio Best. Data System (RBDS), with 10 Las Vegas radio stations sending signals, thanks to encoders supplied by EIA Consumer Electronics Group (CEG). Stations will keep encoders and are expected to stage similar demonstration at NAB convention in Las Vegas in April. Formal RBDS launch is due later this year, with stations transmitting call letters and slogans for display on front panel readouts of radios. SGS Thomson, Philips and Sanyo provide chips for RBDS receivers. CEG Vp Gary Shapiro predicted RBDS sets would arrive on consumer market by midyear, starting new era in radio listening.

1992 AT-A-GLANCE: Here are EIA's monthly figures on sales to dealers, in units, for 1992 as compared with 1991:

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	1,219,560	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*
October....	2,279,894*	1,865,070	2,123,743*	1,775,356	47,641*	37,850
November....	2,421,482*	2,128,065	2,267,205	2,022,704	40,532	41,037
Dec.(6 wks) #	2,297,609	2,343,867	2,145,298	2,212,978	50,278	52,868
TOTAL.....	22,396,202*	20,516,224	21,056,255	19,474,018	404,303*	379,837

Month	Total VCRs		Cassorders		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.....	740,948	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
October....	1,497,908*	1,007,386	327,290*	192,568	108,510*	51,864
November....	1,305,320*	1,078,919	307,808	320,778	113,745*	64,324
Dec.(5 wks) #	1,176,760	1,458,594	261,897	357,327	102,033*	78,021
TOTAL.....	12,328,788*	10,718,336	2,814,979	2,864,395	935,644*	662,369

* Record. # 6 weeks in 1991.

Philips and Nynex have formed venture to develop and test next generation of screen telephones that can deliver text as well as voice. Larry Moore, pres. of new Philips Home Services subsidiary, said company has been working with service providers, such as home banking systems, to develop products for screen phone. Philips already has phone with pull-out keyboard that costs about \$600, but goal of new project is to develop consumer phones that could sell for less than \$200. Technical trial, which will include tests of simple electronic mail system, is expected to start early this year and be completed by first quarter 1994.

THIS WEEK'S YEN RATE

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

DCC/MD MODELS PROLIFERATE: Although industry consensus at Consumer Electronics Show (CES) seemed to be that it will be years before there's winner in digital home recording media, members of both camps fielded multiplicity of models -- in production form, prototype, mockup.

But CES wasn't final word, even for the month. Sony news conference in N.Y. Jan. 26 is expected to introduce home MiniDisc (MD) recorder. Model will be "similar" to bookshelf-sized recorder introduced in Japan for sale there Feb. 1 at suggested list of about \$765, Sony America said. That system is designed for sophisticated editing, including home keying of readout for song title, etc.

Although Sony always has insisted that MD was designed for portable and car applications, it's obviously going to be home medium as well. At CES, home prototypes were shown by several suppliers, with Sanyo, Denon and others discussing plans to ship them this year.

Also at CES, Sanyo emerged as a dominant MD supplier, announcing plans to market up to 4 models by year-end. Due in April or May is \$600-list playback-only portable, with record model due later in year. Due by midsummer is \$999 in-dash MD changer, with mini home recorder by late 1993.

Meanwhile, in Digital Compact Cassette (DCC) camp, Philips and Panasonic introduced apparently identical playback-only portables for summer delivery, both at \$549 list. Philips said it plans by year-end to announce 3 DCC autosound units, and Panasonic plans to be equally aggressive with car players.

Thomson Consumer Electronics displayed prototypes of DCC home recorder and MD portable player at news conference and promised to "attack the entire marketplace" with both systems, but company officials conceded that products shown might not be ones actually introduced. Exec. Vp Joseph Clayton said Thomson will announce plans for marketing in next 60 days, with first models to be sold under RCA brand and with GE versions to follow when there's mass market.

Car models proliferated in both formats. Blaupunkt showed MD single-disc player for 3rd-quarter shipment, and will explore building own DCC player, although it sources units from Philips in Germany. Kenwood leans toward MD, Vp Bill Cowdrey said.

Sony stuck with prediction that worldwide MD sales could total more than 10 million by 1995. It said total MD product shipments since Nov. were just under 60,000, of which 40,000 were to Japan. Sony Vp Michael Vitelli said MD hardware is available now in "nearly 1,000 retail locations" in U.S. Technics Asst. Gen. Mgr. Andrew Nelkin said company had placed DCC decks in 300 storefronts in 15 markets by end of 1992, well ahead of target. Tandy Senior Mktg. Dir. Michael Grubbs said his company plans to put DCC deck in all locations.

China will make "massive investment" in its electronics industry this year and increase imports of technology and equipment, China Daily reported last week. Yu Zhongyu of Ministry of Machinery & Electronics was quoted as forecasting industry's output would grow to \$26.3 billion by 1995 from last year's \$19 billion, with 20% gain in 1993. He said goal is production by 1995 of 12 million color TVs, 15 million phones, 400,000 microcomputers and 500 million ICs annually. Last year's consumer electronic production was up 15% from 1991, components up 18%, industrial electronics up 40%.

HOME THEATER SURVEY: Results of survey unveiled at Consumer Electronics Show demonstrate how important video entertainment has become in American family life. Based on 1,000 interviews conducted by American Communications Group (ACG) last month under commission from EIA Consumer Electronics Group (CEG), survey found video rentals are by far most popular way to watch movie, with pay-per-view (PPV) ranked last. Moreover, comparison with similar CEG survey last year showed home video widened lead over theaters in terms of active consumers.

Asked their "most enjoyable way to watch a movie," 36% of sample chose video rentals, followed by pay-TV at 22%, ad-supported broadcast networks 16%, movies in theaters 16%, purchased videotapes or laserdiscs 5%, PPV 2%. In terms of value for money, video rentals were "hands-down winner" at 65%, followed by purchased movies 38%, movies in theater 37%, cable movies 32% and PPV 9%, ACG said. PPV was seen as poorest value for money by 79%, followed by purchased movies 47%, cable movies 46%, theater movies 38%, rental movies 19%.

Some 77% of sample said they rent movies (76% tape, 1% laserdisc, 1% both formats), up from 69% last year, while movie viewership in theaters declined to 64% from 66%. Rental activity has increased in last 2 years among 40%, with largest percentage of that group -- 29% -- citing better choice of movies, followed by poor quality of network TV 22%, lower cost of renting vs. moviegoing 13%, acquisition of VCR 12%.

Of those surveyed, 6% said they owned home theater, defined as combination of big-screen TV, hi-fi VCR, laserdisc player, audio/video receiver with surround sound or Dolby ProLogic, 4 or more speakers. Survey indicated typical home theater installation costs \$3,000 or less and is set up by family member, only 23% having been installed professionally. Of families reporting ownership of home theater, 26% said total component costs were \$2,000 or less, 39% said around \$3,000, 10% citing \$4,000, 11% saying \$5,000, 10% more than \$6,000.

Some 64% of respondents were familiar with laserdisc players, 51% with surround sound, 42% with home theater. Only 14% are watching more TV than 2 years ago, with 44% spending less time on it, 41% maintaining same level. Big 81% expressed need to find entertainment family can experience together.

Preliminary antidumping margins for color TV sets made in Taiwan for year ended March 31, 1992, were posted by Commerce Dept. (see separate report on challenge to inquiry). Manufacturers whose margins were tentatively changed from those of preceding year (TVD May 18 p17): Action, increased to 16.11% from 1.64%; Proton, increased to 21.94% from 4.13%; Tatung, increased to 18.27% from 6.23%; Thomson, decreased to 0.25% from 0.41%. Others, unchanged: AOC, Funai, Hitachi, Nettek, Paramount, Shinlee, Teco, all 23.89%; Kuang Yuan, 0%; Sampo, 0.78%; Sanyo, 4.66%.

Thomson is entering custom home theater market with in-wall and furniture systems, company announced at Consumer Electronics Show (CES). Thomson Consumer Electronics (TCE) Custom Home Theater Mgr. Ralph Coker said company will offer packaged systems combining video and audio for easy installation. TCE's Video Acoustics Div. unveiled in-wall adaptation of its high-end home theater speaker system at CES. Company claimed it's first system designed for use with 5-channel Dolby Pro Logic array.

VIDEOGAME NUMBERS DISPUTED: Adhering to what is fast becoming Consumer Electronics Show tradition, Nintendo and Sega released conflicting estimates of relative sales of 16-bit videogames in 1992 and forecasts for year ahead. Extra spice was added this year with Nintendo scoffing at Sega's claim of having sold 200,000 CD players to consumers during Christmas season.

Nintendo of America (NOA) Mktg. Vp Peter Main said company "believes the real number was about 80,000," with approximately 40,000 Sega CDs shipped into retail and 40,000 left in dealer inventory. Meanwhile, every major dealer with whom we spoke (including 2 of top 5 mass consumer electronics retailers) said they had sold through every piece of significant quantities. Main said Nintendo hasn't made decision on whether to introduce CD peripheral in 1993, although he said company remains concerned about relatively high price point such peripherals carry. In any event, CD isn't "a core piece" of Nintendo's business plan for this year, he said. NOA spokeswoman said CD project will be discussed at developers' conference next month, though not necessarily as major topic for 1993.

Sega of America Exec. Vp Paul Rioux said company plans to sell one million CD consoles this year. Company is trying to extend utility of CD player beyond games, introducing plans to ship first 2 "Virtual VCR" software titles, which offer linear programming, next month at \$29.95 each. One offering will be compilation of music videos, concert footage, interviews and documentary material from rock musician Prince; other initial title will be disc containing 3 episodes from "Time Marches On" series of documentaries produced by Time magazine 1935-1951.

Rioux said Sega sold about 4.5 million Genesis consoles in 1992, same as number of Super NES consoles Nintendo sold. He forecast that Sega would sell 6 million Genesis units in 1993, about million more than Nintendo. On other hand, Main said his company sold 6.6 million pieces of SNES hardware last year, and expects to dominate market with sales of another 8-8.5 million in 1993. He said year for 16-bit business "will be reminiscent of 1989 in 8-bit," when that market had biggest sales bump.

Meanwhile, Turbo Technologies Inc. (TTI), which holds down weak 3rd place in games race, will concentrate on "the hard-core gamer" in 1993 marketing and distribution efforts. Sales & Mktg. Vp James Gregg said that in addition to maintaining presence in larger chains, company will focus on independent game shops in "more of a grass-roots effort" at building solid niche business in U.S. "To follow Nintendo and Sega is a losing proposition," he said. Gregg said company will spend \$10-\$12 million on advertising and promotion this year, with ad dollars aimed at media "that are targeted to our user group, not the general public," such as videogame magazines and youth-oriented cable channels. Gregg said that TTI sold more than 25,000 TurboDuo consoles in N.Y. and L.A. in 4th quarter "with very little advertising and promotion," and that unit will be introduced nationally in spring. He acknowledged that company -- joint venture of Hudson Soft and NEC, which took over marketing of TurboGrafX system from NEC here -- hasn't exploited its software base adequately in Japan, where it's among leading systems. Company will focus efforts on expanding software roster in U.S., with 40 CD titles expected out by end of year -- 3rd year in which company has had CD system.

Fiber plant jointly owned by Philips and Chinese interests formally started operation in Wuhan, China. Cost was estimated at \$40 million for project, on which construction began in 1988.

KALOV -- CUT PRODUCT RETURNS: Jerry Kalov, Dynascan chmn.-CEO and EIA Consumer Electronics Group (CEG) chmn., urged industry to attack twin scourges of product confusion and too-liberal retail returns policies in speech at opening session of Winter Consumer Electronics Show (CES) in Las Vegas.

Kalov expounded on problems in context of announcing EIA's intention to establish Retail Advisory Council (TVC Jan 4 p11), consisting of manufacturers and dealers "as partners, not adversaries, acknowledging the fact that we are interdependent." EIA officials have been soliciting undisclosed number of retailers for panel, which is expected to hold first meeting April 1-2 in Washington. Dec. 23 letter from Kalov and CEG Vp Gary Shapiro to several retailers said that "whether and how frequently the Council meets after this initial meeting will be decided by you and your colleagues."

In CES speech, Kalov criticized retailers for not adequately sizing up customers before sale and not trying to minimize returns after sale. He stressed "how costly the anything-goes return policy is. It is unnecessarily cost-driven by lack of information at the point of sale and lack of assistance at the return. We have got to distinguish between the customers who are dissatisfied and [those who] just don't know how to operate the product. We must learn to qualify the customers better. We must invest time and effort into satisfying the customers and keeping products sold."

Kalov took manufacturers to task for rate of technology turnover and for making products and manuals unnecessarily confusing. "There's a lot of confusion in operating our products, and we are in an industry with constantly changing technologies. Perhaps they're changing too quickly," he said. "Or perhaps we're designing them in a way that's too complicated for the consumer. And perhaps that's why as an industry one of the growing expense items for us is the area of consumer returns." He also suggested that "maybe we come to shows too often, forgetting that it takes a long time for these new products to even find their way into the market."

"Why are we putting in so many features, so many buttons, so many menus, so many choices?" he asked. "I don't know about you, but when I get home and I want to watch TV, I just want to watch it," he said. "Consumers do not want to spend half of their remaining lives trying to learn how to use our products."

"So let's not scare them away with Star Wars light displays and industry lingo and jargon that we ourselves don't understand. Let's try to create more easily understood manuals. That really should be the first place the consumer should go to answer a question, but it shouldn't look like they have to read 'War and Peace' to get there."

Fireworks Partners is new IBM unit formed to fund and carry out joint ventures in multimedia field -- presumably including those outlined by Pres. Jack Kuehler in his Consumer Electronics Show keynote speech earlier this month (TVD Jan 11 p9). IBM said Fireworks will spend "tens of millions of dollars" on joint projects. It also will take over Kaleida Labs, joint venture with Apple Computer, and NBC Desktop News project with NBC and NuMedia Corp. First new Fireworks deal could be announced within 30 days, with further announcements throughout year.

Philips Lighting Div. had operating profit in N. America in 1992 for first time since 1984, Philips Lighting Pres. Einar Kloster said last week.

NEW LINES AT CES: Emerson Radio formally introduced first new lines since it was taken over by Fidena's Investment and new management team was installed. At Consumer Electronics Show (CES), company entered camcorder market, making good forecast by new Pres.-CEO Martin Holleran just after his appointment (TVD July 13 p15). Emerson chose to go with VHS-C, introducing 3.5-lb. model with 8x zoom, high-speed shutter and 1/3" CDD pickup, to be available this quarter at \$900 suggested retail price.

Emerson already has quietly sold 10,000 camcorders since Feb. through its key accounts, Exec. Vp Marino Andriani said. Camcorders are understood to be made in Japan by Orion, Emerson's principal supplier of VCRs and color TVs.

Emerson also showed new VCRs featuring exclusive Head Maintenance Indicator (HMI) on all models that flashes when use of head cleaner is indicated. Leader model has center load transport, 4-week 4-event timer, at \$330, with line topped by two 4-head models, center or side loading, both at \$370. New combos, all with digital tracking, include 9" AC-DC model at \$700 list, 13" with HMO feature is \$650 and 19" with same features is \$750.

Emerson color TV line, all with closed-caption decoding, remote control and on-screen displays, starts with three 13" models at \$300; 19" leader is \$380, with MTS/dbx stereo model at \$450; 20" MTS is \$500; 25" mono \$600, stereo \$700; 27" monitor receiver with velocity modulation \$800. Most of line is advertised as U.S.-assembled (by Orion in Princeton, Ind.)

"Specialty TV" lineup: 5" AC/DC monochrome with AM/FM stereo radio and stereo cassette recorder is \$170; 5" AC/DC color \$300; 9" white cabinet AC color set \$330; AC/DC 9" color with remote control \$370.

Samsung introduced its first compact 8mm camcorder with stereo sound, superimposed titling, wireless remote, weighing 1.75 lb., at \$900 list, and full-size VHS with 2-lux sensitivity, 2-hour battery pack, hot shoe for light, flying erase, \$1,100. Redesigned TV/VCR combos are \$460 for 13" and \$600 for 19".

Sharp put \$2,100 suggested price tag on its widely acclaimed ViewCam and promised delivery in late Feb. It also showed 2 middrive VCRs with VCR Plus at \$430 and \$530. Another new Sharp 8mm camcorder is claimed to be first with "Neuro Auto Exposure" that adjusts picture for various lighting conditions "much like the human eye." It has 12x 2-speed zoom, detachable card-type remote, lists at \$1,000.

Sony introduced widely anticipated 3-CCD Hi8 camcorder (CCD-VX3 Handycam Pro) with new 12x high-resolution zoom lens. Each 1/3" CCD imager has 410,000-pixel resolution, providing more than 530 lines of horizontal resolution, Sony said. It's available this month at \$3,800 list.

New Sony Color Watchman has 3" LCD, AM/FM stereo, on-screen display and memory presets (12 TV, 9 AM, 9 FM), clock alarm and sleep timer, at \$420. Two additions to slim-line projection TV series are 46" at \$3,200 and 53" at \$3,700.

Proton adds 20" stereo monitor receiver at \$730, 27" at \$1,000, PIP 27" at \$1,400, 31" at \$1,700, same with PIP at \$2,200.

SONY CONFIDENT FOR 1993: Just "wait and see" how Sony overcomes recession, Chmn. Akio Morita advised Japanese journalists at company's annual New Year news conference in Tokyo last week. Key to Sony's efforts will be creation of "the best products," he said, noting that, unlike some other companies, Sony planned no changes in top-level organization.

Pres. Norio Ohga echoed Morita's confidence, saying that his experience had taught him that "it is the bottom of the recession when all leading economists are pessimistic, and I believe we are at that time now." Morita said engagement of Prince Naruhito and inauguration of President Clinton helped to give new year fresh start. He said Japan's problems stem from fact that nation's economy isn't integrated into world economy -- internationally, yen is as strong as 120 to the dollar, but on domestic market its purchasing power still represents average of about 200 rate.

Managing Dir. Minoru Morio said Sony hasn't yet decided whether to adopt JVC's W-VHS format for HDTV (TVD Jan 14 p14). While conceding that multiple formats aren't desirable, he said any format should last at least 10 years, and digital VCR is unavoidable now. He said digital signals can be applied to both standard and widescreen receivers at same time. Morio disputed JVC's contention that W-VHS is literally compatible with VHS, noting that 2 formats require different heads and signal processing circuits and have different azimuth requirements. However, there was indication that Sony will go along with W-VHS if other manufacturers follow Matsushita's lead and adopt it.

Personal Video Group Senior Gen. Mgr. Yasumasa Mizushima applauded 2 competitors' camcorder developments -- Matsushita's record-only system and Sharp's ViewCam -- as contributing to expansion of market. He said it soon will be Sony's turn to make contribution, and key word will be "simplicity."

Other Sony officials said: (1) Company is considering whether to join multimedia alliance or form its own. (2) Sony will propose MiniDisc format for computer data this spring that can hold about 100 times more data than standard floppy disc.

Canon will enter LCD viewfinder market, offering 0.6" active matrix (TFT) LCD with 280,000 pixels in own 8mm camcorder by year-end. Company said display has more than twice as many pixels and 5 times response speed of conventional versions. In larger panels, Canon continues to develop ferroelectric LCDs (FELCDs), and Japanese press said company already has made 24" monochrome and 21" color versions as well as 15" high-resolution (5-million pixel) units that eventually could sell at far lower prices than TFT models (TVD May 25 p11).

First front-loading Data Discman model is scheduled for Feb. 1 delivery by Sony in Japan at suggested list of about \$350. Sony, which plans monthly production of 8,000 at start, calls new DD-8 model industry's lowest-priced electronic book player. Japanese-English and English-Japanese dictionaries capable of reproducing 1,000 words in sound will be bundled with player, which boasts faster data retrieval speeds than earlier models.

Polaroid-IBM instant electronic photography system cited by IBM Pres. Jack Kuehler in his Consumer Electronics Show (CES) keynote address (TVD Jan 11 p10) is designed to put photographic quality images on PC in digital format. As demonstrated at CES, it uses digital camera that's claimed to supply images "2 to 3 times better than standard TV quality."

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
Ackerley Communications 1992-year to Dec. 31	187,300,000	3,200,000	.21
1991-year to Dec. 31	182,200,000	(39,100,000)	--
1992-qtr. to Dec. 31	52,100,000	3,900,000	.26
1991-qtr. to Dec. 31	51,400,000	(24,300,000)	--
Audio King 1992-6 mo. to Dec. 31	17,652,219	229,908	.09
1991-6 mo. to Dec. 31	14,527,604	179,318	.09
1992-qtr. to Dec. 31	10,336,476	255,727	.10
1991-qtr. to Dec. 31	8,247,882	177,615	.09
C-COR Electronics 1992-26 wk. to Dec. 25	26,857,000	1,766,000	.38
1991-26 wk. to Dec. 27	20,466,000	396,000	.09
1992-13 wk. to Dec. 25	13,165,000	739,000	.16
1991-13 wk. to Dec. 27	11,067,000	271,000	.06
Electronic Arts 1992-9 mo. to Dec. 31	211,805,000	22,263,000	.97
1991-9 mo. to Dec. 31	127,095,000	13,366,000	.60 ^a
1992-qtr. to Dec. 31	107,105,000	12,279,000	.51
1991-qtr. to Dec. 31	64,783,000	8,211,000	.36 ^a
General Electric 1992-year to Dec. 31	62,200,000,000	4,725,000,000	5.51
1991-year to Dec. 31	60,200,000,000	2,636,000,000	3.03 ^b
1992-qtr. to Dec. 31	17,800,000,000	1,341,000,000	1.57
1991-qtr. to Dec. 31	17,600,000,000	1,263,000,000	1.46
Jones Intercable 1992-6 mo. to Nov. 30	57,144,000	(19,268,000)	-- ^b
1991-6 mo. to Nov. 30	51,416,000	(20,246,000)	--
1992-qtr. to Nov. 30	29,880,000	(10,420,000)	-- ^b
1991-qtr. to Nov. 30	26,052,000	(9,672,000)	--
Jones Spacelink 1992-6 mo. to Nov. 30	72,642,000	(5,692,000)	-- ^b
1991-6 mo. to Nov. 30	63,763,000	(22,852,000)	--
1992-qtr. to Nov. 30	37,468,000	(3,039,000)	-- ^b
1991-qtr. to Nov. 30	32,169,000	(10,708,000)	--
Koss 1992-6 mo. to Dec. 31	16,067,985	1,366,708	.41
1991-6 mo. to Dec. 31	13,870,783	525,118	.16
1992-qtr. to Dec. 31	8,726,590	786,232	.24
1991-qtr. to Dec. 31	7,609,543	274,613	.08
Meredith Corp. 1992-6 mo. to Dec. 31	367,569,000	8,150,000	.53
1991-6 mo. to Dec. 31	344,848,000	39,000	-- ^c
1992-qtr. to Dec. 31	190,120,000	4,709,000	.31
1991-qtr. to Dec. 31	177,969,000	4,581,000	.28 ^c
Musicland Stores 1992-year to Dec. 31	1,020,508,000	15,781,000	.53 ^b
1991-year to Dec. 31	932,231,000	9,038,000	.38
1992-qtr. to Dec. 31	421,001,000	29,129,000	.97
1991-qtr. to Dec. 31	388,074,000	20,425,000	1.00
Orion Pictures 1992-9 mo. to Nov. 30	169,611,000	281,276,000	138.16 ^d
1991-9 mo. to Nov. 30	400,687,000	(102,071,000)	-- ^c
1992-qtr. to Nov. 30	53,726,000	303,438,000	52.06 ^d
1991-qtr. to Nov. 30	94,813,000	(29,190,000)	-- ^c
Raytheon 1992-year to Dec. 31	9,058,000,000	635,100,000	4.72
1991-year to Dec. 31	9,274,000,000	591,800,000	4.48 ^d
1992-qtr. to Dec. 31	2,395,000,000	170,000,000	1.26
1991-qtr. to Dec. 31	2,429,000,000	157,800,000	1.19 ^d
Westinghouse Electric 1992-year to Dec. 31	8,447,000,000	(1,291,000,000)	-- ^b
1991-year to Dec. 31	8,490,000,000	(1,086,000,000)	-- ^c
1992-qtr. to Dec. 31	2,346,000,000	(1,181,000,000)	--
1991-qtr. to Dec. 31	2,360,000,000	171,000,000	.51 ^c

Note: ^aAdjusted. ^bAfter special charge. ^cRestated.
^dIncludes special credit.

Matsushita produced 5-millionth microwave oven in Franklin Park, Ill., last week.

Consumer Electronics Personals

Robert Carberry and **Michael Braun** named to head IBM's new Fireworks Partners project involving multimedia joint ventures with other companies; they report to **James Cannavino**, senior vp, Personal Systems... **Larry Moore**, ex-Lotus Development, appointed pres.-CEO, Philips Home Services International, Philips subsidiary developing smart phones... Promotions at Billboard: **Susan Nunziata** to news editor, **Ken Terry** to senior news correspondent, **Marilyn Gillen** to pro audio editor... **J.C. Sparkman**, pres.-CEO, TCI, joins board of new European subsidiary of International Cablecasting Technologies, parent of Digital Music Express cable audio service.

All American Communications Chmn.-CEO **Anthony Scotti** named LIVE Entertainment chmn., replacing **Alan Hirschfield**, who left last June; LIVE CEO **David Mount** adds pres. title and remains LIVE Home Video pres.-CEO and LIVE Specialty Retail Group chmn... Warner Home Video Mktg. Dir. **Brian Moreno** resigns to become A*Vision Entertainment vp overseeing Jane Fonda label and all of company's marketing and promotion activities; **Mindy Levine**, ex-Quality Family Entertainment, named mgr. of company's new KidVision label... **Cynthia Basciani**, ex-Columbia TriStar Home Video Special Interest Div. vp, joins Cap/ABC Video Publishing as programming and acquisitions vp... **Michael Lennox**, ex-independent marketing consultant and one-time S.I. Video, joins MGM/UA Home Video as sales and mktg. mgr.; **P.J. Ebert**, previously with real estate developer, appointed customer service representative... **Ronald Peak**, ex-Ingram Mdsg. Services, joins Cabin Fever Entertainment as southwest regional sales mgr... **Sharron Ames** and **Richard Skillman**, ex-VCA Teletronics, named Allied Film & Video group sales and mktg. dirs. in wake of Allied's acquisition of VCA.

Owners of CD-I players have received direct mail pitch from Philips offering chance to order any software titles by fax, phone or mail. Letter dated Jan. 15 over signature of Philips Interactive Media Systems Vp **Paul Fredrickson**, also urged consumers to order by Feb. 1 to beat \$2-\$10 price increases on 34 titles, slightly less than half number of carryover CD-I programs. Consumers can order "and have your titles shipped the very next day. You can expect delivery within 7 to 10 days of ordering." Philips spokesman said dealers, who were told of direct marketing campaign during Consumer Electronics Show, generally were supportive. "They understand the value of getting more discs into the hands of people who are acting as evangelists for the system," he said. But one major retailer we contacted said: "It bothers me a little bit, given that we're spending money on inventory carrying a good selection of titles to support the format." Meanwhile, Philips spokesman reiterated that company hasn't yet set debut of plug-in MPEG cartridge to give CD-I players ability to show full-screen full-motion video (FMV). Introduction schedule, he said, continues to depend on availability of FMV software (TVD Dec 14 p18). Comments followed comments by Philips Interactive Media of America (PIMA) Pres. **Bernard Luskin** at recent Showbiz Expo in N.Y. that PIMA expects to have FMV titles in 4th quarter. Philips spokesman said Luskin's comments don't necessarily refer to first FMV titles and denied that FMV debut is scheduled for that late in year, although he wouldn't specify introduction schedule. Philips originally had said it would have FMV cartridge and software late in 1992.

Sega will take over Canadian distribution of its products Feb. 1 from Irwin Toys, which has handled business for 6 years.