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CABLE RATE REGULATION DEBATED AT FCC: FCC faces heated debate on cable rate regulation -- not only on whether to use benchmarks, rate-of-return or price caps, but among multiple variants in each type -- according to comments filed in Commission rulemaking (MM 92-266). Under most Draconian approach proposed by Consumer Federation of America (CFA), rates would be forced down average of \$5 per month per subscriber to average of \$13.80 per month, lowering cable bills (and cable industry revenue) by \$3.5 billion per year.

CFA proposed basing cable rate benchmark on cable prices in either 1984 or 1986, before deregulation took effect, adjusted only for inflation (although it also would be altered downward to account for ad revenue). System should stay in effect only until FCC can gather enough data for true cost-based regulation, it said. Current cable rates are 30-50% too high and rate regulation rules should roll them back that much, 7 municipalities said in joint filing. They include Austin, Dayton, Montgomery County, Md., St. Louis. They said that cable rates should be about 32¢ per channel per month and that there was no need to allow "stripped-down" broadcast basic tiers that "will lead to consumer dissatisfaction and evasion of basic rate regulation."

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HOME DIGITAL HD-VCR prototypes shown by Hitachi and Sony as part of ATRC demonstration of recordability of its system. Will HDTV end reign of VHS? (P. 11)

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FCC should roll cable rates back to Oct. 1992 levels to wipe out any increases intended to beat effective date of 1992 Cable Act, municipal groups said. Joint filing by NATOA, National League of Cities, U.S. Conference of Mayors and National Assn. of Counties also said FCC should regulate premium tiers, regulate basic rates in uncertified franchise areas, limit equipment and installation charges to "actual costs," eliminate exemptions for small cable systems, put burden of proof on cable systems to prove rates are reasonable. Municipalities said FCC should preempt state laws limiting rate regulation, adopt "postcard" certification for local franchising authorities, require cable systems to charge lower leased access channel prices for nonprofit users. However, city of St. Petersburg said "majority of franchising authorities do not have the expertise to regulate cable rates" so FCC should establish uniform standards, but municipalities are in best position to police cable operator.

NCTA agreed with benchmark approach, but said it should be based on per-channel price for current systems facing effective competition, adjusted annually. Systems exceeding benchmark would have opportunity to justify higher prices, although local authorities could resort to rate-of-return hearings in extreme cases, NCTA said. Systems also would be allowed to factor in such things as franchise fees and taxes; public, educational and govt. (PEG) channel costs and retransmission consent fees under NCTA plan. Assn. said, however, that there may not be enough systems subject to effective competition to set accurate benchmark and pointed out that many of them are subject to "price wars," so rate doesn't represent stable market.

NAB said cable systems shouldn't be able to include retransmission consent fees in cost base for setting basic cable rates because Congress already has concluded that current rates include value of broadcast signals, even though broadcasters aren't receiving money: "Thus, any amounts which the cable system must now pay to continue using those signals should not raise the price which consumers pay." NAB said price for 16-channel basic tier on 40-channel system should average \$4.52 per month, based on study it commissioned from Strategic Policy Research.

Telcos said cable should face same regulations as telcos since technologies and services offered by 2 industries are converging. That means that FCC should impose price cap regulation on cable, Bell Atlantic (BA) said. BA said cable companies already are violating law by providing interstate common carrier telephony services without filing tariffs with FCC. Pacific Telesis said cross-subsidies between cable-delivered video and telecommunications services are "especially of concern."

Telco-type rate regulation isn't appropriate, cable commenters said. NCTA said it's "simply wrong to assume that regulated rates were established at appropriate competitive levels," and most rates before 1984 were "significantly below" market price. Cablevision Industries said cost-based regulation "creates inappropriate incentives and is too cumbersome to implement." Rate-of-return should be last resort only when cable operator is trying to prove that its higher rates are justified, Continental said. Rate increases that fall within benchmarks should be effective upon proper notification, without franchise authority approval, Cablevision said, and franchising authorities should get access to rate information only when rates exceed benchmark, and then only if confidentiality safeguards are in place.

Rate regulation for nonbasic program services must be much looser than for basic, cable groups said. NCTA said nonbasic rates should be considered excessive only if they're in top 5% of nation, and cable should be allowed to justify them based on higher costs. Cablevision said burden of proving that nonbasic rates are excessive should be on complainant. Equipment charges should be evaluated as whole, rather than on item-by-item basis, NCTA said, and should include direct costs, overhead, reasonable profit. Cox said charges should be based on "appropriate national average equipment costs, accounting for a reasonable return."

Cable systems should be allowed to charge nonprofit entities only 0.1¢ per subscriber per month for leased access to cable channel, or 3% of channel's gross revenue, said Center for Media Education and other consumer groups. FCC should lower even that price if leased channels aren't used within 2 years, groups said, and rates for leased channels should vary depending on how they're used. However, cable groups said all leased channel fees should at least recover costs fully, and NCTA said they also should be based on effect of leased channels on "the operator's own program packages and offerings." Continental said leased access fees should be at least high enough to prevent satellite-delivered cable channels from migrating to leased channels.

Comments on other issues included: (1) Cox said cable operators must have flexibility to put more than minimum number of channels on basic. (2) NCTA said cable systems need at least 90 days after rate regulation takes effect as transition period, and Cablevision Systems said rate regulation should be phased in

over 18 months. (3) NCTA said franchising authorities should have only 30 days to rule on rate increases, and rates need only be uniform throughout franchise area, not throughout entire system. (4) New England Cable TV Assn. said that FCC rules shouldn't displace state regulations, which are tailored to local conditions, and that Commission has no jurisdiction to impose regulation if local franchising authority doesn't initiate it. (5) Consortium of small cable systems said FCC should exempt systems with fewer than 10,000 subscribers or less than \$7.5 million annual gross revenue from rate regulation on ground that they already are operating at or below cost and expense of complying with paperwork requirements would force many out of business. (6) National Telephone Cooperative Assn., many of whose members operate cable systems, said cost-based rate regulation would be particularly burdensome for small cable operators. (7) CATA said MSOs that serve mainly small communities should be allowed to submit data to FCC on MSO-wide financial performance, which would create presumption that each individual system's rates are reasonable. Assn. also said FCC should certify franchising authorities in largest communities first, then gradually move to smaller towns. (8) Wireless Cable Assn. and Competitive Cable Assn. both said FCC should require cable operators to set uniform prices throughout service area. (9) Community Cbstrs. Assn. urged that LPTV stations receive same rates for leased access channels as nonprofit groups because their local programming is so important to viewers.

TIME WARNER's 'ELECTRONIC SUPERHIGHWAY INTO THE HOME': Attempting to stake out leadership position on establishing cable as most logical interactive media pipeline into home, Time Warner (TW) announced Jan. 26 its intention to have "Full Service Network" (FSN) operating for demonstration by end of year, with first residential service in Orlando area by early 1994. Planned network will include fiber trunk lines from headend leading to coaxial feeder lines into residences, digital broadband switches and servers. System also will offer video-on-demand (VOD), telephony, data services, videoconferencing, multimedia.

"By adding fiber optic and digital switching and storage technologies to our existing systems, we can create fully interactive broadband networks of power and flexibility, and we can do it more quickly and less expensively than any other industry," TW Chmn. Gerald Levin said. "It will truly usher in the Multimedia Age." FSN is envisioned as providing wide range of business and consumer services, including instantaneous VCR-like VOD, customized news on demand, long distance telephone access, interactive multimedia home shopping and entertainment. TW Cable Chmn. Joseph Collins said new interactive environment is "fundamentally different from the multichannel environment we've been in for the last 20 years." At media briefing in N.Y., several TW executives repeated that "a bit is a bit," illustrating ease of moving any form of digital information over proposed network.

Levin said that "it's become clear to us and to others that cable can be done faster, cheaper and better than any other pathway into the home." He stressed repeatedly that "this is not a test," saying that company is "completely committed to putting this endpoint system into all our clusters. That's why we have these cable clusters. We've been moving our inventory around for so many years so that we'd be in a position to do it." He didn't specify specific rollout schedule, saying only that it would be "over time."

Telcos responded that TW is just catching up with what they already are doing. For example, BellSouth said that TW plan sounds virtually identical to telco's service that has been operating in another Orlando suburb since 1989: "The difference will be that Time Warner doesn't have the same universal service obligations or the artificial government restrictions that face BellSouth." Pacific Telesis Vp Ronald Stowe said TW announcement is "an excellent example of the type of initiative that dozens of companies, including telephone companies, should be undertaking all over the country." PacTel spokeswoman Janice Rylander noted that her company, for example, would be prohibited from providing cable and long distance services that TW will offer.

Fla. PSC spokesman said TW will need competitive access provider (CAP) certificate because of telephony applications. He said process in Fla. isn't difficult and 10 CAP certificates have been awarded in state. TW representatives will go to Fla. to talk with PSC commissioners, he said, but no date has been set. He said no opposition has been registered against proposal.

TW officials refused to discuss cost of Orlando project or of converting systems in other markets to FSN capability. Levin would say only that TW Cable's 1993 capital expenditures would be "materially" higher than in 1992. Company said it's far too early to estimate cost to consumers, although Levin was quick to point out that TW Cable will maintain "baseline" cable service, with "everything else optional." TW estimated that system would have room for about 60 channels devoted to analog video and 260 channels for digital video, plus additional spectrum devoted to interactive services and 2-way communications.

Orlando area is one of TW's largest cable clusters, with more than 500,000 subscribers, 2nd only to Metropolitan N.Y. At start, service will be routed to about 4,000 residential customers in suburbs. Orlando is one of several markets where TW is upgrading to fiber trunk system. However, Collins said company is purchasing "wideband packet switch, servers, customer-premises equipment and operating system so the whole system can function as an FSN." He said TW has been talking with potential suppliers "over several years" and is "confident we'll be able to get the product we need" in time to meet its self-imposed deadlines. TW has applied to FCC and Fla. officials for experimental licenses for PCS in Orlando.

Collins said video-on-demand "clearly will be very high on the list" of initial services. "We're going to be substituting an electronic highway for the road to your local video store." He said that "this is not about [the number of] channels anymore. The minute this technology is up and running, each individual household will be delivered whatever video it wants at any time it wants it" with ability to pause, fast-forward, etc., as with videotape in VCR. Levin said experience with year-old, fiber-based Quantum system in small area of Queens, N.Y., showed that "running movies every 15 minutes just isn't as good as running it anytime you want to get it," with full operational control.

TW Cable Senior Vp-Engineering & Technology James Chiddix said most critical issue in developing system's in-home terminal "is the human interface part, to put in the capability in this device to allow people to easily and obviously deal with all the services."

Citing essentially same evidence and arguments in support of "channeling" indecent programming to early morning hours that it did in 1990 bid to ban such shows entirely, FCC issued final order limiting such programming to midnight-6 a.m. for most stations. Exception is noncommercial stations that go off air by midnight. They will be allowed to carry such programs 10 p.m.-midnight, according to order released late Jan. 22. FCC cited unspecified "additional data supplied by commenters," as well as congressional legislation, as new support for channeling plan. Commission rejected arguments that it shouldn't define children as those up to 17 years old, and that there was no evidence that indecent programs harm children. It also turned down arguments that FCC should only give parents opportunity to supervise children's listening and viewing. Instead, it said, govt. has "independent interest in ensuring the well-being of minors," as well as "the right of all members of the public to be free from indecent material in the privacy of their homes." Commission said none of comments in rulemaking successfully refuted any justifications for limits on indecency. "Channeling" indecency to early morning hours "is a narrowly tailored means of achieving the government's compelling objective," FCC said. "We do not believe that expanding our indecency enforcement to midnight [from current 8 p.m.] will foreclose all indecent programming." Commission did say that it will consider strong evidence that there's "no actual risk that children were in the broadcast audience" as defense against individual cases of indecent broadcasts.

Sen. Hatch (R-Utah) introduced bill (S-23) to clarify that monitoring of TV news is "fair-use activity" for copyright purposes. He said bill "does not create a blanket license to copy news programs" or lessen current copyright tests. Instead, he said: "It simply provides that video news monitoring be considered an activity similar to scholarly research, to criticism, or to news reporting itself -- in other words, an activity that should be entitled to rely on the fair-use exception."

About only major complaint of NATPE exhibitors in San Francisco was cost of doing business with suppliers. "It was absolutely exorbitant," major syndicator told us. With shift of convention to Miami Beach in 1994 (Jan. 24-28), NATPE estimates exhibitors will save 20-25% from San Francisco prices.

FCC should defer to broadcasters' judgment on whether to channel political ads containing what they consider to be indecency into "safe harbor" time periods for indecency, NAB said in comments on Commission rulemaking. Noting that agency repeatedly has declined to rule on whether content is indecent before it's aired, NAB said that "so long as the Commission holds the view that it is the broadcaster, and not the candidate, who is liable for broadcast of matter the Commission deems indecent, the Commission must defer to the broadcaster's reasonable good-faith judgment." Gillett Bestg., in comments, said FCC should even allow broadcasters to "reject outright political advertisements that contain shocking or offensive material that the station would not otherwise carry as not in the public interest." Gillett-owned WAGA-TV Atlanta carried political ad in July that included depictions of aborted fetuses, which filing said generated 160 protest calls, "all of them blaming the station rather than the candidate." Station said it later obtained court injunction against 30-min. political ad from same candidate containing even more graphic material. Gillett said FCC wouldn't violate law by allowing stations to limit such broadcasts: "Nowhere in the statute or its legislative history is there even a suggestion that Congress intended the reasonable-access provision to cover the sort of unreasonable speech a tiny minority of candidates have sought to force broadcasters to air."

Radio ad revenue was up 7% in Dec., primarily because of 9% growth in local ad sales, Radio Ad Bureau said. Gains were biggest in Southwest, up 17% for local ads and 10% for national spots, and lowest in Midwest and West. For full year, radio ad revenue inched up 2%, with 5% increase in local ads and 6% drop in national revenue, RAB said. Pres. Gary Fries called Dec. figures "phenomenal" and said they indicated that consumer confidence and spending had "finally returned." Early figures for Jan. also are up, Fries said.

FCC gave "most restrictive reading possible" to program access provisions of 1992 Cable Act in proposed rules, Wireless Cable Assn. (WCA) said in comments last week. Filing said Commission "devotes far less attention to lowering barriers to entry than it spends on advancing proposals to raise unnecessary barriers." Group sought broadly defined attribution policies and said most exclusive contracts shouldn't be grandfathered.

NATPE GOES INTERNATIONAL: NATPE International plans to stress last word in its name -- and one that seldom is used -- in years ahead. That became clear at Assn.'s 30th convention last week in San Francisco with unanimous board appointment of Bruce Johansen, vp-west coast programming and international sales for Multimedia Entertainment, as pres. to replace Phil Corvo, effective April 1, as its 2nd fulltime pres. Johansen, who received 2-year contract (terms not disclosed), also is chmn. of NATPE International Committee.

Sessions included orientation for 1,500 international attendees called "Making Global Partnerships Work," and activity already has started on overseas activities for future. Said Johansen: "We have made a concerted effort to develop practical programs that can explain to people from around the world how to properly and fully take advantage of [NATPE] resources." Assn., which attracted record 10,495 for convention, is considering holding similar sessions in Europe in near future, several officials said.

NATPE Chmn. Pat Patton, KMBC-TV Kansas City, said of convention: "This is terrific... The most successful that NATPE has ever had." At start of business Jan. 27, NATPE had registered record 10,145 -- up 1,470 from close of 1992 convention in New Orleans. Figures include 1,494 international attendees, just ahead of year ago. Exhibitors, 295 compared with 274 year ago, purchased 256,000 sq. ft., up from 244,000.

Keynoter Brandon Tartikoff expressed optimism on future of TV in era of 500 video channels in home, saying that key to over-air success is "to stop pandering and start reclaiming the high ground." To do that, he said, stations should concentrate on developing local programming (he's helping 2 stations in New Orleans do just that). At same time, he said, "with the proliferation of more and more channels playing more and more reruns, it is imperative that networks remain 'first-run theaters.'" To do that, he said, networks must concentrate on what they do best -- weekly series programming with viewers able to find such programming.

Relations with networks, children's TV, finsyn and PTAR all made for lively panel discussion topics.

At panel titled "Can the Network/Affiliate Marriage Be Saved," Meredith's Philip Jones, former chmn. of CBS TV affiliates board and critic of network's attempt to reduce compensation 25% last year, suggested that affiliates of all 4 networks meet jointly each year ahead of spring affiliate conventions. Tony Malara, pres. of CBS TV affiliate relations, called for "sacrifices on both sides," but was challenged from audience by ASTA Pres. Tim Duncan, who accused Malara of putting CBS's interest ahead of its affiliates in claiming 11:30 p.m. time period.

Broadcasters and programmers peppered Barbara Kriesman, chief of Video Div. of FCC Mass Media Bureau, with questions about what constitutes "educational" children's program, as law requires stations to provide, and why Commission has no clear definition. Kriesman said: "Congress made the law. The FCC does not want the role of telling you what an educational program is." Judy Price, CBS vp-children's programming and daytime specials, called on broadcasters' social conscience to improve kid TV offerings: "We have an obligation."

Panel titled "The Great Debate: PTAR, Retransmission and More" resulted in long debate between CBS's Jay Kriegel from panel and Leonard Hill, head of syndicator ACI, from

audience. They repeated familiar arguments on finsyn and prime-time access rule, which Kriegel called "a ridiculous, outdated, anticompetitive" restriction on networks designed to help only handful of companies. He expressed hope Clinton Administration would provide strong FCC "that can clean up some of the issues of the past." Of CBS, Kriegel said: "We run very, very lean. We hitch rides on studio planes... We don't have limos."

Panelist Bruce Paisner of Hearst Entertainment said that anybody favoring repeal of finsyn curbs on networks "simply hasn't negotiated a program deal with a network recently" and "my guess is that the rules will continue in some form." However, he said, results of PTAR haven't been what was intended and Commission should open doors to competition. "It's an economic issue," he said.

Transactions: **Crown Media** bought cable system with 28,500 subscribers in Ashford, Conn., from Tele-Media, price not disclosed. System has 54-channel capacity, franchise that expires in 1998. Broker: Daniels... **Fanch Communications** purchased system with 10,000 subscribers in Bowling Green, O., from Three Sixty Corp., price undisclosed. System passes 19,000 homes, has 62 channels and franchise that expires Oct. 5, 1996. System was last one owned by Three Sixty, which still holds wireless cable systems. Deal gives Fanch 190,000 subscribers in 11 states. Broker: Waller... **Post-Newsweek Cable** acquired system with 9,700 subscribers in Long Beach, Miss., from Coast Cable TV, price not announced. Broker: CEA. System has 24 channels, is being upgraded to interactive, has 350 miles of coaxial plant, passes 20,000 homes... **Westwood One** said it agreed to sell WYN(YFM) N.Y.C. to Bestg. Partners Inc. for \$50 million. Westwood bought station in 1988 for \$39 million... **Time Warner** bought systems with total of 2,350 subscribers in Senatobia and Como, Miss., from N. Central Miss. Cablevision, price not disclosed. Broker: Waller... **TCI** acquired Seattle-based Pacific Communications, which it said is nation's oldest independent cable ad firm. TCI also owns Seattle/Tacoma-based Northwest Cable Advertising. Pacific billed about \$4 million in 1992. Price wasn't disclosed... **KDRV** (ABC affiliate) Medford and satellite KDKF Klamath Falls, both Ore., were bought by Soda Mountain Bestg. for \$4.1 million from Love Bestg., owned by John Hash, also owner of WLOX-TV Biloxi-Gulfport-Pascagoula, Miss. Soda Mountain is subsidiary of Chambers Communications, which owns KEZI Eugene, Ore... Joint venture of Clear Channel Bestg. and James Snowden, gen. mgr. of company's **KHYS(FM)** Houston, bought WYLD(AM/FM) New Orleans for \$7.5 million, subject to bankruptcy court approval... FCC approved transfer of CP for **KRBQ-TV** Sheridan, Wyo., to licensee of KULR-TV Billings, Mont., from K2 Radio L.P. Station will operate as satellite.

FCC will support bid for rehearing of court decision on finsyn rules, despite opposition of Comr. Quello. Commission instructed gen. counsel to file answer with 7th U.S. Appeals Court, Chicago, supporting petition for rehearing submitted Dec. 21 by Coalition to Preserve Finsyn and Ariz. Consumers Council. Court vacated finsyn rules, but gave FCC 120 days to react. Commission endorsed rehearing on ground that court had "improperly substituted its own views... for the conclusions of the expert agency and because the panel vacated long-standing regulations that the agency had determined were critical to preserving the public interest in broadcast program diversity." However, Quello said it's "inappropriate" for FCC to act because "this is a party to which the Commission was not invited" and because petition for rehearing is "wrong on the merits."

INTV MEETING UPBEAT: "Overall, I feel real good, real good," INTV Pres. James Hedlund told us Jan. 26 at wrap-up of Assn.'s convention in San Francisco, which was held back-to-back with NATPE for first time. Two groups held one joint session -- panel of FCC commissioners that drew near full house in Moscone Center Ballroom. He said INTV results were "way beyond expectations," with expected profit of more than \$200,000.

Hedlund admitted to great trepidation going in, not knowing what to expect by holding convention minus frills of previous years and without program exhibitors. However, station attendance was up "about 50%," he said, with total registration just under 500. That was well down from year ago at same site because of loss of attendees from syndication companies. INTV's expenses for convention also were down -- from \$250,000 at same site (Fairmont Hotel) in 1992 to only \$50,000 this year. Dozen INTV assoc. members helped hold down cost to Assn. through joint sponsorships.

INTV didn't feel as if it were playing "2nd fiddle" to much larger NATPE, Hedlund said. And he likes new format because convention was so expensive "the old way." INTV members we talked with also were enthusiastic about new format, with one telling us: "It should have happened years ago."

With pullout of Fox's 7 TV stations year ago, many had predicted demise of INTV about now. However, Hedlund and board cut back, closed L.A. and N.Y. offices and decided to concentrate on Washington and regulatory matters, and Assn. has more than held its own. Station membership has dropped only one in last 10 months, now totals 112. INTV and NATPE will convene in Miami Beach next year, and Hedlund admitted "I don't know what we'll do" in 1995.

Hedlund said INTV's major goal this year is to "keep PTAR deeply buried." He added that "ultimate resolution" of telco entry into cable "may determine whether free TV sinks or swims," promising INTV would fight "kicking, biting, gouging... doing everything necessary" to keep telcos out of programming. He expressed regret that cable industry has refused to "negotiate a permanent peace" with broadcasters, as he had proposed at INTV 1992 convention.

Retransmission consent and must-carry were major concerns at convention. All lawyers on panel were optimistic that courts would uphold constitutionality of must-carry requirement of law. INTV's David Donovan said "we have a very good chance" of seeing must-carry upheld by courts, and Gregory Schmidt of Covington & Burling said chances were "very high." NAB's Jack Goodman predicted U.S. Dist. Court, D.C., would rule by April 4, when must-carry provision of Cable Act takes effect.

Station executives expressed much concern in questions about must-carry waivers sought by cable systems and channel positioning. Goodman said newer UHF stations will have "unique advantages" on channel positioning under Cable Act that should provide good leverage in negotiations with systems.

INTV keynoter, FCC Comr. Quello, said that "reports of my interim chairmanship [of FCC] are greatly exaggerated." On question of HDTV, he said he has "worked to ensure that the patient [over-air TV] stays healthy while undergoing the cure... At this point, there are too many unknowns -- not the least of which is consumer acceptance -- for the Commission to decree when the entire TV industry should be transformed."

CABLE VIOLENCE DESCRIBED: Original cable programs are only slightly more violent than broadcast TV, and cable's children's programs are significantly less violent, according to survey of programming for NCTA by U. of Pa. Prof. George Gerbner. Despite that, NCTA Pres. James Mooney said cable "take[s] little comfort in... conclusion that cable is on par with the broadcast networks." He said NCTA adopted 4-point plan to reduce violence on cable and industry policy statement discouraging "gratuitous use of violence."

Total of 70.7% of all cable programs contained violence, vs. 77.7% for broadcast networks, according to survey of all 11 cable networks that carry original programming, and of similar group of broadcast shows. (News, sports and similar programming wasn't surveyed). Violence index (VI) developed by National Commission on the Causes and Prevention of Violence gave cable shows overall VI of 171.8, slightly higher than 169.6 for broadcast. VI accounts for number of violent acts per hour, identity of victims and perpetrators and other factors to judge overall violence of each show. Cable's VI was higher in part because it included 9.8 violent acts per hour, vs. 9.0 for broadcast. Cable "take[s] great pride" in relatively low level of violence on its children's programs "because it is precisely this audience... who are of greatest concern when it comes to televised violence," Mooney said in letter to Sen. Simon (D-Ill.), sponsor of bill to curb TV violence (TVD Nov 5/90 p1). Cable children's shows had average of 17.3 violent acts per hour and 196.0 VI, compared with 32 violent acts and 244.2 VI for broadcast TV. Cable's other programs averaged 9.2 violent acts per hour and VI of 169.2, vs. 4.0 and 141.7 for broadcast networks.

One point of 4-point plan to limit cable violence will be 2nd study in 2 years, after current program contracts expire to see if "significant changes" have taken effect, Mooney said. Other points, he said: (1) Developing new antiviolence statement. (2) Urging individual cable systems to develop their own internal standards by end of year. (3) Joining in conference on TV violence being planned by 3 broadcast networks. Simon's bill gave cable, broadcast and Hollywood temporary antitrust waiver to develop voluntary program guidelines on violence. NCTA will "discourage and will strive to reduce the frequency" of "exploitive" violence, new policy statement said. It said that "depiction of violence is a legitimate dramatic and journalistic representation of an unavoidable part of human existence," but said that "gratuitous use of violence depicted as an easy and convenient solution to human problems is harmful." Plan is "clear sign of progress," Simon said. He said he's particularly pleased that cable will participate in antiviolence conference with broadcasters: "The closer we can move to industrywide standards, the more meaningful they will be."

NCTA's 4-step plan is "clear sign of progress," Simon said: "These are the most comprehensive steps the cable industry has yet taken to address this problem." He said he's particularly pleased that cable will participate in antiviolence conference with broadcasters in L.A. in spring. "The largest remaining issue is the need for general standards on television violence that can have currency throughout the industry," Simon said. "The closer we can move to industrywide standards, the more meaningful they will be. Individuals will be more likely to follow standards that the competition also is following."

Harris Corp. said it will build HDTV broadcast equipment compatible with Zenith/AT&T progressive-scanned system. It also said it will license technology to other manufacturers.

FINSYN SEEN AS 'BARRIER' If finsyn goes, "we will immediately see mergers" among major industry groups, including networks and Hollywood, FCC Comr. Duggan said. Appearing with his 3 colleagues in San Francisco at joint session of INTV and NATPE conventions last week, he said finsyn remains "the only barrier" to rash of such mergers and he's concerned about "concentration of power" that could result.

Comr. Marshall said she shared concern about concentration in industry, but Comr. Quello said he isn't so worried now because of quantity of new program services for home either existing or on drawing boards. Marshall said "it's certainly possible" for FCC to meet court deadline of 120 days (expiring in early April) on adopting new rules satisfactory to 7th U.S. Appeals Court, Chicago, and agency "has every intention of doing so."

Moderator Star Jones of NBC News tied in prime-time access rule (PTAR) with finsyn, prompting response from Barrett that there's "too much linkage to finsyn" to consider PTAR now. Asked why it hadn't been on agenda, Duggan suggested Jones ask Quello, who twice has delayed consideration. Quello said he acted because of letter from congressional communications leaders Sen. Inouye (D-Hawaii) and Rep. Dingell (D-Mich.) suggesting that issue be delayed to await input from new Administration. Duggan said FCC should "take on one [major] rule at a time." He said PTAR has worked: "On balance, this rule has been a boon in public interest terms." He said new rulemaking would be out for comments now, as ex-Chmn. Sikes wanted, if Administration hadn't changed, because "there were 3 votes."

Questioning then turned to Howard Stern and indecent programming, and commissioners agreed they didn't see any change in enforcement under new Administration. They also said any other changes in Commission activity would have to await President Clinton's appointment of 2 new commissioners. Barrett said FCC has done good job enforcing indecency statute: "I expect the Clinton-Gore Administration to stay on top of it." At separate session on "Off the Air with Howard Stern," moderator Roy Stewart, chief of FCC Mass Media Bureau, confirmed what commissioners had said on joint panel about indecency, predicted Commission will be much more proactive in future enforcement, particularly at license renewals and on children's TV programming requirements and EEO. David Leach of House Commerce Committee said that under Democratic Administration Congress will show "much more deferral [to FCC], with less 2nd-guessing," and said Congress is expecting shift in emphasis by Commission in 3 areas: "Vigorous enforcement" of EEO regulations, children's TV, "slightly reduced emphasis" on indecency. Others on panel disagreed with Leach on indecency, with Charles Kelly, chief of Enforcement Div. of Mass Media Bureau, saying he expected no change in enforcement of those rules under new Administration.

At INTV session on Washington, moderated by Shaun Sheehan of Tribune Bestg., staffer Larry Irving of House Telecom Subcommittee predicted that first issue to come up "probably" will be stations' compliance with new children's TV programming rules. He said House members aren't "very happy" about how stations complied and there will be "very, very close scrutiny." Of House oversight of new technology, Irving said "we really can't keep up... It's moving too fast." He said Congress tends to rely on FCC for input. Antoinette Cook, chief counsel of Senate Communications Subcommittee, said that among first issues will be reinstatement of fairness doctrine. Irving said he expected

Clinton Justice Dept. to reverse President Bush's policy and defend must-carry in court.

Robert Pepper, chief of FCC Office of Plans & Policy, said agency will put out notice of inquiry within 2 weeks on cable siphoning of programming -- statement that received approval of independent operators. Hill staffers were unanimous in saying that most communications issues in Congress are nonpartisan.

ABC PROFIT DOWN: ABC network profit dipped slightly in 4th quarter ended Dec. 31, and "significantly" for full year, Cap/ABC said. Overall broadcast operating profit fell 7.1% for quarter to \$207 million and 7.5% for year to \$619 million, in part because of write-off for staff reductions. Video operations, including ESPN, showed strong revenue and profit gains, company said.

TV network revenue increased "moderately" in 4th quarter, Cap/ABC said, and TV station revenue was up "slightly." Radio revenue was down, but significant revenue gain was reported for video operations, primarily because of continued growth of ESPN. Overall broadcast revenue was up 6.3% for quarter to \$1.36 billion but was off slightly for year because of lack of special-events sports programs. TV stations were up slightly and video continued to grow. Full-year broadcast revenue dipped 1.5% overall to \$4.27 billion.

Cap/ABC wrote off total of \$143 million in 1992, mostly for accounting changes to comply with retirement and income tax accounting rules. Write-offs helped hold down full-year profit to \$246.1 million, vs. \$343.5 million year ago. Fourth-quarter profit rose to \$137.9 million from \$103 million.

Other Financials: Scripps Howard Bcstg. said 4th-quarter profit jumped 32% to \$13.6 million, and full-year profit was up 53% to \$36.8 million. It said TV and radio operating profit increased 13% to \$31.5 million and revenue 7.2% to \$107 million. Cable profit rose 39% to \$6.8 million, while broadcast was up 11% to \$25.7 million... Parent E.W. Scripps profit more than doubled to \$60.5 million for quarter ended Dec. 31 and grew to \$83.9 million for full year, vs. \$66.6 million... **Multimedia** net profit jumped 32% to \$19.2 million in 4th quarter ended Dec. 31, and 25% for full year to \$60.5 million. Broadcast revenue was up 11.5% to \$44.9 million for quarter and cable revenue 14.7% to \$40.7 million.

Scientific-Atlanta (SA) profit dropped to \$1.4 million in 2nd quarter ended Jan. 1 from \$2.2 million year ago, despite record sales. Chmn. James Napier said "higher-than-anticipated" \$7.5-million cost of launching new digital video compression product line reduced profit. Revenue was boosted 40% to \$186.5 million, largely because of increased capital spending by cable clients, and new orders were up 52% to \$207.2 million... **Media General** TV broadcast operating profit and revenue was up in 4th quarter, largely because of good results at its Fairfax Co., Va., cable system, officials said. Profit for 4th quarter ended Dec. 27 was \$7.6 million, vs. \$9.2 million year ago, and revenue grew 0.6% to \$148.9 million... Fitch assigned BBB- rating to \$2 billion of new **Time Warner** debt... **Disney** profit jumped 25% to \$260.3 million for fiscal year ended Dec. 31. Filmed entertainment revenue grew 25% to \$1.21 billion... **Century Communications** had \$9.1-million net loss in 4th quarter ended Nov. 30, vs. \$20.9 million loss year ago. Revenue was up 12% to \$85.7 million. Full-year loss was \$17.4 million, vs. \$41 million. Century also said it received new \$300-million revolving credit line from group of banks led by Citibank.

HDTV TESTS FACE DELAY: Likelihood of another delay in HDTV decision by FCC's Advanced TV Advisory Committee (ATAS) and FCC itself appears to be growing as support seems to increase for another round of testing, this time of improvements in proposed systems. Each of HDTV proponents has said that it has improved its system so much since testing that original results don't indicate system's true quality. Meanwhile, ATAS working party said cost to each TV station of adding at least minimal HDTV capability would be \$1.7-\$1.8 million, depending on which system is selected. In San Francisco, Comr. Duggan told INTV convention that FCC must determine that consumers really want HDTV before forcing broadcasters to give up NTSC, and "broadcasters deserve a rational timetable for converting to HDTV."

ATAS will make decision on retesting at meeting Feb. 24, although group still could recommend HDTV winner then, Chmn. Richard Wiley said. None of ATAS members has specifically opposed retesting, believing that 4-5 month delay in making decision that could affect TV for 40 years isn't excessive, although many haven't yet expressed view. All 5 HDTV systems backed retesting.

HDTV officials already are making plans for retesting at Advanced TV Test Center (ATTC). Wiley said that's just so delay would be minimal if ATAS decides on retesting. Under draft plan, each system would spend 3-4 weeks in ATTC, making it possible for ATAS to make final recommendation by midyear, rather than original Feb. 24, Wiley said. Group assumes that only 2-4 systems actually will be retested. FCC is likely to act about 7 months after ATAS recommendation, moving final decision into 1994. ATAS decision originally was due in 1991.

Retesting could help resolve controversy over progressive-scanned systems. Zenith/AT&T officials believe their test was hurt by problems with camera that generated progressive-scanned test material. Robert Hopkins, chmn. of group drafting that section of report, said Zenith/AT&T "hasn't been able to convince the rest of the people in the process" that problem should be highlighted in final report: "We have gone further in this case than in any others to accommodate a proponent's wishes."

HDTV cost figures for broadcasters still are rough, said Larry Thorpe of Sony, chmn. of economic assessment group. He told System Subcommittee that lack of data meant that cost figures were "plus or minus about 20%." Working party used data from equipment manufacturers to assess likely cost for each TV station to be able to pass through network HDTV signal and do HDTV insertion of local ads and graphics. Working party said General Instrument DigiCipher system transition would cost \$1,700,500 per station, lowest among systems. Highest is \$1,785,500 for AD-HDTV system proposed by NBC, Philips, Sarnoff Research Center, Thomson, Compression Labs. Other figures are \$1,710,700 for Narrow MUSE, \$1,739,500 for GI/MIT, \$1,759,500 for Zenith/AT&T. Cost of encoder/modulators ranges from \$1 million for Narrow MUSE and DigiCipher to \$1.4 million for AD-HDTV. Specialist group on HDTV receivers had said earlier that there would be little difference in receiver cost among systems.

Each of 4 digital HDTV systems performed best in at least some of spectrum utilization tests, data from Planning Subcommittee showed. Zenith system did best on 4 of adjacent-channel tests, DigiCipher and MIT system each led on one co-channel and one adjacent-channel test, and AD-HDTV got top score on 2 co-channel tests.

ATAS effectively eliminated 3 latecomers to HDTV process as being either inadequately documented or outside its jurisdiction. Working party that certifies systems for testing agreed not to okay those proposed by Future Images Today (TVD Aug 31 p5), Quadratic Solutions Inc., Scabbard Corp. Group said neither Future Images nor Quadratic provided any significant benefits, and 2,500-line camera proposed by Scabbard isn't full HDTV transmission system that would fall under ATAS jurisdiction.

NATOA PLAN ATTACKED: NATOA proposals for cable customer-service standards took most of heat in reply comments in FCC rulemaking. Cable officials said NATOA plan for nationwide standards and automatic imposition of rules would impose undue costs on subscribers, would hurt customer service in some areas and would put unreasonable administrative burden on FCC.

NATOA standards are "strong evidence" of cable claims that "franchising authorities tend to ignore the costs of their cable wish lists," NCTA said. CATA said plan is "blatant attempt to impose an overly burdensome, bureaucratic process and to micromanage not only the cable operator's business, but also that of the cities NATOA purports to represent."

"Many municipalities are satisfied" with current customer service and would prefer not to follow national standards because of higher costs, NCTA said. Cities that don't want to follow NATOA's proposal would have to obtain FCC approval of their standards, placing "totally unreasonable" administrative burden on FCC, CATA said. Assn. called NATOA's "ludicrous plan... disturbing evidence that local regulators maintain the same extreme, anticonsumer positions they did in the early 1980s." Continental said NATOA's plan would: (1) Force larger cable systems owned by MSOs, and their customers, to subsidize smaller systems. (2) Give no consideration to events beyond cable operator's control. (3) Be internally inconsistent and lack sufficiently defined terms.

GTE said FCC should impose even tougher customer-service standards on cable, based on those of local exchange carriers. Standards include requiring that 90% of all calls be answered within 20 sec., 90% of all installations be completed within 5 business days, 95% of service interruptions be cleared within 24 hours.

Public TV station owned by N.Y.C. sued Time Warner (TW) in 2nd U.S. Appeals Court, N.Y., in effort to block company from moving station from Ch. 3 to Ch. 31 on subsidiaries Manhattan Cable and Paragon Cable. WNYC-TV N.Y. charged that TW is violating 1992 Cable Act by realignment because law forbids moving noncommercial station to different channel. Station also petitioned FCC to prevent channel change. WNYC-TV said TW wanted Ch. 3 for self-interest because it planned to assign channel to Turner Network TV, in which TW has interest. TW said it was following FCC guidelines that allow operator to assign station same channel as its broadcast frequency. WNYC-TV is on Ch. 31 over air.

Only 15% of cable officials are "optimistic" on how Clinton Administration will handle cable issues, according to Women In Cable (WIC) poll. Poll of 2,300 WIC members at 326 locations showed that 43% were "pessimistic" about Clinton cable actions and 42% were unsure. In contrast, 75% of WIC members said they were optimistic on how new Administration would handle women's issues.

NCTA BACKS ACCESS LIMITS: FCC should use antitrust standards to determine whether cable networks are discriminating in sale of programming to multichannel competitors, NCTA said in comments on Commission's program access rulemaking (MM 92-265). Meanwhile, separate cable group -- CATA -- said that cable networks do discriminate in program sales, that small cable operators are among main victims, that FCC should protect small cable systems and that cable networks should have burden of proving that their practices aren't discriminatory.

Even though program access provision of 1992 Cable Act was designed to protect overbuilders, wireless cable, SMATV and satellite dishes, CATA said small operators are among main victims of discrimination in pricing and terms: "Many of CATA's member operators... have found that certain of the practices of certain video programming suppliers... result in unfair competition." Small cable systems typically pay 20% more per subscriber than large systems for right to carry cable networks with "market power," CATA said. Other discriminatory terms cited by CATA include: (1) Pressure by MTV Networks and Turner Bstg. on cable operators to carry all of their channels. (2) Heavy penalties if networks aren't on lowest cost tier. (3) Networks such as CNN and ESPN that require cable systems to pay based on total number of subscribers, rather than just those that get tier that networks are on.

There are no "off-the-rack, readily available standards" for determining whether program access limits are anticompetitive, NCTA said, although FCC standards should be based on antitrust principles. Cable group said those claiming discrimination must show that they suffered competitive harm because there's discrimination between competing buyers in same market and discrimination affects retail prices. However, National Rural Telecommunications Cooperative (NRTC) said antitrust analysis is "inapplicable" for program access and Nynex said antitrust tests won't work because they're designed for goods and commodities, not services, and would require complicated, lengthy proceedings.

FCC should use actual voting control, rather than 5% attributable interest, as standard to determine whether MSO controls cable programmer, NCTA said. Continental said "simplistic ownership benchmark would unfairly penalize those program services where the intent of cable operators has been solely to be truly passive investors to stimulate new program services." Rainbow, which is owned by Cablevision Systems, said MSO interest in programmer should be attributable only if MSO serves more than 10% of all U.S. cable customers, and then only in those geographic areas where that MSO has cable systems. NRTC said even 5% limit "may well be insufficient" since cable itself has suggested even lower limit in cable-telco cross-ownership.

No program access provisions should be retroactive, cable groups said, but NRTC said that "grandfathering" existing contracts limiting program access "would defeat the very purpose" of Cable Act, and that Cable Act doesn't allow grandfathering. Turner said "reasonable differentials [in prices and terms] should be presumed to be justifiable" unless complainant proves harm because "dish distributors are solely middlemen, and they do not add to the potential customer base, since Turner's own dish distribution business potentially reaches all TVRO homes." Cable interests also claim FCC plan to allow 2-year window for exclusive contracts for new cable networks is inadequate. Rainbow said 5-year window is necessary to provide enough incentive to launch new network; Continental suggested at least 7 years.

GORE TELECOMMUNICATIONS ROLE SET: Vice President Gore will have "traditional role" as policy adviser to President Clinton, but won't take control of telecommunications policy, his chief of staff, Roy Neel, said Jan. 27. Rather than have Gore head new telecommunications office, or take day-to-day role in policy, Administration will concentrate on making "current institutions work better," Neel said at conference hosted by Center for Strategic & International Studies (CSIS) in Washington.

At same conference, Time Warner Senior Policy Vp Timothy Boggs said company no longer would oppose network-cable cross-ownership rules, but also wouldn't "actively support" legislation sponsored last year by House Judiciary Chmn. Brooks (D-Tex.) to put conditions on lifting of MFJ restrictions. Boggs said TW wouldn't change its position on 2 other crucial issues -- finsyn and cable-telco cross-ownership.

There will be "strong officials" at regulatory and executive agencies who will be able to handle policies, Neel said, but he didn't indicate when appointments, such as for FCC chmn. or NTIA dir., would be made, although he did say that choice for NTIA was closer than for FCC. Other sources said Commerce Secy. Ronald Brown was soliciting recommendations for that post.

Neel promised that White House would issue "strong policy statement" on telecommunications at some point, stressing themes of economic growth and job creation, and that telecommunications are integral part of infrastructure policy.

Meanwhile at FCC, remaining 4 commissioners can (themselves name interim acting chmn. in absence of Presidential action, and they may have to do that if they're to hold scheduled Feb. 11 meeting, since chmn. (or interim acting chmn.) sets agendas. For most administrative matters, Managing Dir. Andrew Fishel is in charge, Commission spokeswoman said. "A good portion of the agency, in terms of its functions, is not directly impacted [by continued absence of chmn.] because most that takes place is by delegated authority to the office of the bureau chiefs," Fishel said. "What you are left with is an agency that can conduct its day-to-day business, but is devoid of leadership. Most actions can be approved by the commissioners remaining." Fishel, career Senior Executive Service staffer, said he expected to remain in post for at least required 120-day period new chmn. must wait before forcing reassignment of senior staffers.

Over at State Dept., Richard Beaird took over temporary leadership of State Dept.'s Bureau of International Communications & Information Policy (CIP) as acting coordinator. He was highest ranking civil servant in Bureau. However, departing chief, Bush appointee Bradley Holmes, hasn't been left out in cold. He has been designated as "senior policy adviser" to CIP and will stay in Bureau for 60 days.

Spelling Entertainment said it's forming group to launch cable networks worldwide. New Spelling Satellite Networks (SSN) said it will start first ad-supported basic cable network, Tele-UNO, in Mexico with partner Multivision of Mexico. New network will serve all of Latin America, including Brazil and Caribbean. In partnership, Spelling will handle marketing, sales and acquisitions, while Multivision will be in charge of programming and technical services.

Personals

NATPE First Vice Chmn.-Treas. **Lou Gattozzi**, WJW-TV Cleveland, elected chmn., succeeding **Pat Patton**, KMBC-TV Kansas City; **Russell Myerson**, 2nd vice chmn.-secy., moves up to replace Gattozzi; **Carolyn Worford**, WJBK-TV Detroit, succeeds Myerson... Promotions at ABC Entertainment: **Alan Sternfeld** to senior vp-program planning and scheduling, **Deborah Leoni** to vp-dramatic series development, **Brian McAndrews** to vp-current series programs... **Alan Wurtzel** appointed senior vp-magazine and long-form programming, ABC News, new post... **Walter Porges**, vp-news practices, ABC News, retires... Changes at NBC: **David Verdi** advanced to exec. news dir., NBC News; **William Wheatley** to exec. producer, Brokaw Reports program; **Lori Openden** promoted to senior vp-talent and casting, NBC.

Kenneth Almgren advanced to exec. vp-chief financial officer, NAB; **Mary Dickson** promoted to senior vp-finance and controller... Appointed to Fox Bestg. Promotion Advisory Council: **James Byrne**, WFXT Boston, pres.; **Paul Silvestri**, WOLF-TV Scranton/Wilkes-Barre; **Victoria Buchner**, KOKH-TV Okla. City; **Terry Caywood**, WPGH-TV Pittsburgh; **Judith Dages**, WXIN Indianapolis; **Brian Anderson**, KGSW-TV Albuquerque; alternate **Denise Rolfe**, WTXF Philadelphia. Elected to Fox Affiliates board: **Gregg Filandrinos**, KDNL-TV St. Louis, chmn., succeeding **Kevin O'Brien**, KTVU Oakland-San Francisco. New members: **Michael Conway**, WTXF Philadelphia; **Joseph Young**, WXIN Indianapolis.

Janet Blake promoted to vp-writer development and special projects, Walt Disney Network TV; **Rosiland Marks** advanced to vp-business affairs... **Joshua Elbaum**, ex-vp-international sales, ITC Entertainment Group, appointed vp-international TV distribution, MGM International TV Distribution... **H.W. Goodall**, head of Continental Cablevision Va. region., named to same post, new Southeast region, hq in Jacksonville, replacing **Jeffrey DeLorma**, promoted to exec. vp.... Promoted to vps, USA Networks: **Donna Rothman** and **Robert Riordan**, N.Y. sales; **Thomas Olson**, ad sales, Sci-Fi. Channel; **Barry Frey**, international sales and new business... Promotions at Showtime Networks: **Karen Ticktin** to vp-advertising, **Susan Goldberg** to vp-direct mktg... **Bruce Henrickson** appointed dir.-programming and public affairs, Pa. Cable Network... **Joseph DiSalvo** promoted to gen. sales mgr., Viacom Enterprises... **Joanne Lintjer**, Daniels & Assoc., elected pres., Rocky Mountain Women in Cable... **Sandra Pedlow**, S.C. Educational TV Network, joins CPB as dir.-cultural, drama, and arts programs.

David Guerrero appointed Latin American sales dir., Warner Bros. International TV, based in Mexico City; **Joshua Berger** named managing dir. for Spain and Portugal, based in Madrid... **Carlos Bardasano** promoted to pres.-CEO, Venevision International, succeeding **Carlos Barba**, recently named pres. of Univision Station Group... Attorneys **Paul Sinderbrand** and **Dawn Alexander**, ex-Keck, Mahin & Cate, form new firm, Sinderbrand & Alexander -- 202-835-8292... **Katie King**, ex-Wiley, Rein & Fielding, joins office of Sen. **Pressler** (R-S.D.) as legislative asst... FCC Calendar -- Feb. 1: **Roy Stewart**, chief, Mass Media Bureau, participates in W.Va. Bestrs. Assn. roundtable discussion, Charleston Marriott, 10 a.m. Feb. 3: **Comr. Duggan** participates on "Town Meeting: Teleco Entry: Cable, Information Services & Manufacturing" panel, ComNet '93, Washington Convention Center, Rm. 300, 3 p.m.

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Meetings: AWRT sponsor reception for new members of Congress 5:30-7:30 p.m. Feb. 2 in Cannon Caucus Room -- 703-841-0606... RAB offers **Managing Sales Conference** Feb. 4-7, Loews Anatole Hotel, Dallas -- 212-387-2100... ANA schedules **TV Advertising Forum** Feb. 9-10, Waldorf-Astoria Hotel, N.Y.C. -- 212-697-5950... Annenberg Washington Program sponsors conference on coverage of **Presidential debates and national issues** Feb. 19, Annenberg office, Willard Office Bldg., Washington -- 202-393-7100... London's Financial Times sponsors conference on cable and satellites Feb. 23-24 in London -- 44-471-814-9770... NATOA Pres. David Olson and Denver Telecommunications Dir. William Bradley will be speakers at CATA Open Forum Feb. 24 during Tex. Cable Show, San Antonio -- 512-474-2082... **Jack Valenti**, pres., MPAA, speaks at American Film Market, Feb. 25, Miramar Sheraton Hotel, Santa Monica... Conferences on **1992 Cable Act** will be sponsored by Practising Law Institute March 4-5 in N.Y.C. and April 15-16 in San Francisco -- 212-765-5710... **NATOA** will sponsor Washington Legislative Seminar March 5 at Ramada Renaissance Hotel, Washington, D.C. -- 202-626-3010... **AAF** govt. affairs conference is scheduled for March 9, Willard Hotel, Washington -- 800-999-2231.

Consumer Electronics

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

STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 1993's first 2 weeks, through Jan. 15, as compared with similar 1992 period, along with full year 1992 and 1991 figures:

	JAN. 2-15 (2 WEEKS)	1992 (2 WEEKS)	% CHANGE	DEC. 26- JAN. 1	FULL YEAR 1992	FULL YEAR 1991	% CHANGE
TOTAL COLOR.....	461,410	554,445	-16.8	456,965**	22,396,202*	20,516,224	+ 9.2
DIRECT VIEW....	454,923	544,571	-17.4	447,823**	21,991,899*	20,136,387	+ 9.2
TV ONLY.....	502,074	510,853	- 1.7	427,833	21,056,255	19,474,018	+ 8.1
TV/VCR COMBO..	14,046	16,465**	-14.7	19,990**	935,644*	662,369	+41.3
PROJECTION.....	12,105	12,434**	- 2.6	9,142	404,303*	379,837	+ 6.4
VCR DECKS.....	302,112	269,971	+11.9	257,951	12,328,788*	10,718,336	+15.0
CAMCORDERS.....	50,803	58,169**	-12.7	48,389	2,814,979	2,864,395	- 1.7
LASERDISC PLAYERS#	3,217	17,807	-81.9	2,510	211,675*	206,554	+ 2.5

Color TV 5-week moving average: 1992-1993--355,634; 1991-1992--298,239 (up 19.2%).

VCR deck 5-week moving average: 1992-1993--198,088*; 1991-1992--166,638 (up 18.9%).

Camcorder 5-week moving average: 1992-1993--40,739; 1991-1992--40,589 (up 0.4%).

* Record for any year. ** Record for week.

ATRC SHOWS HOME DIGITAL HDTV RECORDING: Complete break with past in home VCR -- long-sought digital recording system using new, smaller cassette, which could end reign of VHS (and 8mm as well), was implicit in demonstration last week of recording capability of Advanced Digital HDTV (AD-HDTV) system proposed by Advanced TV Research Consortium (ATRC), with help from Hitachi and Sony. Although recorders demonstrated used wider tape, proponents made it clear that density of compressed digital recording could be so high that long playing time easily could be achieved on smaller cassettes.

While several recent proposals for home HD recorders revolve around familiar cassette configurations -- Toshiba's digital 8mm, Zenith-GoldStar digital VHS and JVC analog W-VHS, which is due for sale this year -- sentiment among ATRC leaders seems to be that change should be complete, in terms of geometry as well as recording mode. Officials of member companies in ATRC called for industrywide effort to develop new consumer digital VCR standard as successor to VHS, Philips Labs Pres. Peter Bingham suggesting cassette about half size of current one, "perhaps 8mm or 6mm," for both camcorder and home recorder use. Agreement on single new standard, he and others said, would avoid repetition of Beta-VHS battle. In addition to Philips, members of consortium are Compression Labs, NBC, Sarnoff Research Center, Thomson.

Issue of smaller cassette came up in connection with density of recording system being proposed, although that wasn't point of news conference, which was held at NBC studios in N.Y. to show that AD-HDTV system can meet important requirement of home recording, including special effects. ATRC members said digital VCR could be ready at same time as receivers for HDTV system -- 1995-96. AD-HDTV System is one of 5 HDTV systems under consideration for future standard.

Sony and Hitachi showed lab technology prototypes of home VCRs, giving preview of what might be expected in digital age -- picture that's indistinguishable from original. Unlike VHS analog system, recorder itself introduces no degradation into recording. Hitachi also demonstrated computer simulation of visible fast-forward and reverse -- special effects that proponents said never had been demonstrated with any digital system and were made possible by unique characteristics of AD-HDTV format. Hitachi said it developed special effects system on basis of 2-min. computer tape provided by ATRC containing about 2.5 gigabits of digital data.

Special effects playback, developed in Hitachi America's Advanced TV & Systems Lab in Princeton, N.J., at request of ATRC, featured visible fast-forward at 3x and 9x speeds and reverse at 9x using special "trick play tracks" that ATRC engineers said were made possible by 3 exclusive characteristics of their system -- MPEG-based compression, packetized data structure, 2-tiered transmission. Special-effects modes provided lower resolution picture with digital mosaic structure visible, but without characteristic bands seen in high-speed playback on most VHS recorders. Hitachi Lab Senior Dir. Jack Fuhrer said Hitachi hoped to "apply this technology to other compressed digital HDTV systems."

Both VCRs recorded compressed signal just as it would be received from TV station, cable or satellite, with all processing and decompression done at receiver. Sony officials declined to give many details about VCR demonstrated, saying it was "technology prototype" only, but Sony's Y. Kubota, deputy senior gen. mgr. of Video Technology Center, emphasized that standard for digital recording still must be set. Engineers of ATRC member companies said recording systems could be developed that would record analog as well as digital programs and, in case of digitally compressed 525-line pictures, as many as 12 VHS-quality programs simultaneously, providing 12 movies on single 2-hour cassette.

Hitachi prototype used 1/2" VHS cassette with metal oxide tape, could record 4 hours of digital material. Recorder, including special effects, would have recording bit rate of about 37 Mbps (18.4 Mbps for each of 2 channels). Of 37 Mbps, recorded picture requires 22 Mbps, "housekeeping functions" (error correction, etc.) 10 Mbps, trick-play tracks 5 Mbps. Such special effects as still picture could be handled by semiconductor memory in receiver, it was suggested.

Demonstration, Sarnoff Center Pres. James Carnes said, was intended to show that AD-HDTV system is designed with "high-quality home recording and key VCR features such as fast-forward and reverse firmly in mind." NBC Operations & Technical Services Pres. Michael Sherlock said demonstrations "show from 2 manufacturers' points of view that AD-HDTV is a recordable system."

Zenith and GoldStar in Dec. announced home digital HD-VCR based on VHS and compatible with existing VHS cassettes. Like ATRC's proposal, that system would record compressed signal just as it's received, letting TV set decompress it as if it were picked up directly from broadcast or cable (TVD Dec 28 p10). Last year at NAB convention, Toshiba demonstrated prototype 8mm home digital VCR for DigiCipher System developed in its Princeton, N.J., lab (April 20 p18). JVC has developed analog HD-VCR based on VHS system -- W-VHS -- that it intends to market by fall and has proposed as new VHS standard. Matsushita says it will adopt W-VHS, presumably as interim system while it continues to work toward digital VCR (TVD Jan 18 p14). Asked about W-VHS, Sony's Kubota also called it interim system on way to digital.

Motorola will demonstrate prototype "cost-effective consumer HD-VCR" developed jointly with Toshiba for General Instrument's 2 DigiCipher HDTV systems, and is expected to show chips for HDTV receiver, in Washington Feb. 3-5.

TV, VCR IMPORTS KEEP CLIMBING, CAMCORDERS DROP: U.S. imports of color TVs and VCR decks continued their year-long increases versus figures in Nov., but camcorders showed 13th consecutive decline as inventories began to assume some semblance of shape (TVD Jan 25 p10).

Nov. color TV imports were 8.5% ahead of year-earlier pace, bringing growth for first 11 months down to 23% from 25.1% for 10 months. As we have noted before, much of that growth apparently reflected movement of some production from domestic U.S. plants to Mexico, rather than vastly increased sales in U.S. retail stores. Sales to dealers of color TVs rose 9.2% last year, healthy rate but still well below increase in imports. Mexico accounted for 54.4% of all color TVs (nearly 5.8 million) imported into U.S. through Nov. -- up 26.5% in period. Thailand was 2nd largest source for color TVs, up 67.3% to 1.1 million sets, or 10.4% of total.

For first time since VCR was introduced, fewer than 30% of VCRs imported into U.S. in Nov. came from Japan. As much of VCR production moves elsewhere on Pacific Rim, percentage of units from Japan has been dropping steadily, most recently into high 30s. Steep drop to 29.9% in Nov. reduced percentage of VCRs from Japan to 38.2% for first 11 months.

Japan still was largest VCR source, though. Korea was 2nd (24% in Nov., 22.9% for first 11 months), followed by Malaysia and Thailand. Largest growth sources have been Indonesia, which sent slightly less than one million decks to U.S., and Singapore, which had more than doubled its shipments through Nov. Overall, 27% increase in U.S. VCR imports reflected rise in retail sales; VCR imports were up 11.8% in Nov., 27% for first 11 months, while retail unit sales rose 15% for full year 1992.

Camcorder imports continued year-long drop in Nov. -- through first 11 months of 1992, both 8mm and "other" formats were off 25%. In Nov., 8mm showed larger slippage, down 30%, compared with 19% drop in VHS formats. Japan continued as predominant camcorder source, accounting for 88.6% of all units shipped into U.S. Malaysia was by far 2nd largest 8mm source (17% -- 19,289 in Nov.), followed by Korea (2.3% -- 2,646).

Imports of videocassette players (VCPs) continued late-year run, with 3rd straight month of double-digit increases leaving 1992 imports mere 6% behind 1991 through Nov. Monochrome TVs were essentially flat with last year after strong Nov., while flat-screen TV shipments were 100,000 ahead of last year, up 36%.

For 2nd straight month, imports of CD players were off, trailing prior Nov. by 4.8%, following 8.7% drop in Oct. However, shipments for year continued to run 25.5% ahead of 1991 pace. Here's table of imports for Nov. and first 11 months of 1992:

Product	Nov. '92	Nov. '91	% Chg.	11 Mo. '92	11 Mo. '91	% Chg.
Color TV.....	1,175,000	1,083,100	+ 8.5	10,604,700	8,621,500	+23.0
Monochrome TV....	267,100	246,900	+ 8.2	1,929,800	1,932,200	- 0.1
Flat-screen TV...	51,500	44,800	+15.0	374,000	274,300	+36.4
VCR decks.....	1,574,100	1,408,100	+11.8	14,259,100	11,227,200	+27.0
Camcorders.....	281,400	369,400	-23.8	2,654,200	3,601,600	-26.3
8mm.....	113,300	161,800	-30.0	1,117,800	1,540,400	-27.4
Other.....	168,100	207,600	-19.0	1,563,500	2,061,200	-25.5
Videocass. players	62,200	46,200	+34.6	571,800	609,000	- 6.1
CD players.....	743,100	780,700	- 4.8	8,446,600	6,730,600	+25.5

SONY DEBUTS HOME MD DECK, 100-CD CHANGER: As expected, Sony dropped other shoe last week, unveiling MiniDisc (MD) home recording deck in bid to establish MD as digital recording and dubbing medium for consumers (TVD Jan 25 p13). And Sony underscored its contention that home deck is primarily for recording (as opposed to competing with CD as playback medium) by introducing 100-disc CD changer. In Japan, meanwhile, Sharp introduced "world's smallest and lightest" headphone MD players and said exports would start in May.

Bookshelf-size MDS-101, pegged at \$1,000 for April delivery, was one of several new products introduced at Jan. 26 news conference in N.Y. Audio Senior Vp Martin Homlish characterized 9"-wide standalone deck as "logical next step" on MD's march to "ultimately replace the analog cassette as the mass market recording format of choice."

Demonstration stressed speedy access and ease of recording with 2.5" magneto-optical MD. Deck was linked to 100-disc CD changer, also making debut, to custom-program digital dubs for home, portable or car MD playback. Although MDS-101 will be sold as separate component, it matches width and cosmetics of Sony's MHC shelftop line. Company wouldn't rule out standard rack-size MD deck, but has no such plans at present.

Somewhat bigger than breadbox is jukebox-style CDP-CX100 home CD changer (\$1,200, Sept. delivery). Up to 100 CDs are filed on end radially like slides in projector carousel. Front-panel LED readout displays title, track and other CD information. Variety of programming modes gives users pushbutton access to titles or individual tracks, including by genre, allows customized playlist or shuttle play. Worst-case access time among discs, Sony High Fidelity Vp Vic Pacor said, is slower than company's 5-CD carousel but faster than 10-CD magazine.

Sony also introduced broad line of CD and analog components, including its first cassette decks with Dolby S noise reduction. Top-of-line ES line puts Dolby S in 3 single- and 2 dual-well decks "to give you near CD-sound with full cassette compatibility," Homlish said. Price range is \$380-\$750. Regular TC-series hi-fi line puts S-NR in \$300 dubbing deck and \$380 three-head model. Dolby-S decks are scheduled for April-May delivery. Two years ago, Sony eschewed any interest in Dolby's high-end NR system. Turnabout comes as result of "economies of scale in the cost of production," Homlish said. "We didn't dream of bringing it in at a \$400 price point 2 years ago." New chip set made it possible to bring in deck at below \$1,000, he said.

Sony is seeking to expand home theater market beyond buffs with simple plug-in SA-VA3 sound system (\$950, April). Amps and decoder for Dolby Pro Logic are housed in 2 front-stereo speaker towers along with

center channel speakers. Two surround-channel satellites round out package, which simply plugs into audio-out of video source.

In Japan, meanwhile, Sony said it will increase production of MD players and recorders to 50,000 monthly by summer from current 35,000-40,000. Spokesman told us portable recorders are being shipped at ratio of 4 to 1 over play-only models.

Also in Japan, Sharp introduced tiny play-only MD headphone models previewed last fall at Japan Electronics Show (TVD Oct 19 p16). They will be available in Japan this month, with introduction in U.S. and Europe scheduled for May, company said in Japan. Model MD-S10, pocket player with separate LCD-readout remote control, weighs 10.2 oz., while MD-D10 with built-in 10-character LCD for song titles is 11.2 oz. Both measure 3.3x4.3", with MD-S10 one inch thick, MD-D10 1.1". On Japanese market, they carry list prices equivalent to \$500 and \$450, respectively, including rechargeable battery. Battery life on full charge is 100 min. for playback of prerecorded disc, 90 min. for home recorded magneto-optical disc.

Slim size is made possible by use of Sharp's hologram laser pickup and proprietary chips achieving first 3-v MD drive, along with miniaturized mechanical drive section weighing 2.8 oz. Both Sharp models have 1-Mb D-RAM, providing 3-sec. delay memory for shock resistance, as opposed to Sony's 4-Mb for 10-sec. delay. Sharp says 3 sec. is adequate for play-only device. Sharp says it is working on compatible CD/MD pickup. Sony has said it will be 2-3 years before it has players as small as those Sharp introduced.

Audio Equipment Div. Gen. Mgr. Tamotsu Kazusa forecast worldwide MD hardware demand at 940,000 this year and 5 million in 1995. He said Sharp would have MD recorder and MD/cassette recorder this year. Deputy Div. Mgr. Kiyonori Yoshihisa said Sharp has invested \$12.1 million in MD development and similar amount on DCC, but greater investments will be required for mass production.

TVs 'MORE THAN 50% U.S. MADE' -- ZENITH: Terming Taiwanese allegations that it's not U.S. TV manufacturer "a bit mystifying," Zenith last week asserted in letter to Commerce Secy. that U.S. content of its sets assembled in Springfield, Mo., is "substantially in excess of 50% of the total variable manufacturing cost." Taiwan TV manufacturers had argued that Zenith had no standing as U.S. TV maker and therefore couldn't petition Commerce for higher antidumping duties because it wasn't "interested party."

In letter rebutting comments to Commerce made last month in behalf of 5 Taiwan TV manufacturers, Zenith disclosed that it will move its single U.S. assembly line this spring from Springfield to McAllen, Tex. -- across border from its Reynosa, Mexico, plant. Asked for elaboration, Zenith issued statement saying move is part of program to improve efficiency, and new plant "will be able to share materials, management and other functions with other Zenith facilities" in Mexico. Company said move will eliminate about 100 hourly and salaried jobs in Springfield, leaving employment there at 400-500, mainly in plastic molding and distribution.

Meanwhile, in separate action on dumping of TV sets from Taiwan, Zenith apparently won significant victory last week in Court of International Trade (CIT). Senior Judge James Watson rejected Commerce Dept.'s methodology in determining antidumping margins on color TVs from Taiwan and ordered it to recompute them based on errors that Zenith said Commerce had made. CIT ruled for Zenith on 6 counts, most significant one involving whether Taiwan commodity tax is to be included in determining domestic price of TVs. If ruling stands on expected appeal, it presumably would result in recomputing antidumping penalties on imports since 1983 -- first year of Taiwan dumping case -- which could mean higher retroactive duties. (Because of continuing litigation, so far as we know no antidumping duties ever have been paid on color TVs from Taiwan.)

In letter to Commerce Secy., Zenith counsel Frederick Ikenson pointed out that Commerce already had rejected Taiwanese manufacturers' allegations that Zenith wasn't U.S. TV maker (TVD July 27 p11). He said so-called "new evidence" they presented was incorrect and ignored much of Zenith's U.S. manufacture.

"Not only is Zenith's final assembly cost substantially higher than [\$8.86 per set] the Taiwanese suggest," company said, "but the U.S. variable manufacturing cost alone, which includes, among other things, the costs of components made by Zenith in the U.S. -- e.g., picture tubes, printed circuit boards, stamped metal parts -- is substantially in excess of 50% of the total variable manufacturing cost." Letter expressed puzzlement at "the Taiwanese decision to ignore such U.S. activities and costs, not to mention all of Zenith's research, development and design work" in U.S.

In response to charges that Springfield workers were ordered to cover "Made in Mexico" legend on cartons, Zenith attached Customs rulings that Springfield plant "substantially transforms" components imported from Mexico, and therefore product shouldn't be labeled as Mexican assembled. On some older cartons, Zenith said, it obliterated "Made in Mexico" legend "in order to comply with the requirements of the Customs law."

Zenith said it produced more than 33,000 TV sets in U.S. in June-Dec. 1992. For 1993, number will be "somewhat lower" -- presumably because of move of assembly to Tex. -- "but still above 40,000 units for the year."

AUTOSOUND SURGED IN NOV.: Whopping 37.9% surge in factory dollar sales of aftermarket autosound equipment spurred respectable rise in Nov. audio hardware market despite unabated erosion of hi-fi components, according to EIA statistics.

Overall Nov. sales jumped 6.9% from year earlier, autosound's solid sales more than offsetting 6.2% decline in components. Portable audio and systems rose modestly in month. For 1992's first 11 months, overall audio dollar sales advanced 6.8%, with autosound hottest category, up 18.7%, while components market, down 13.1%, seemed certain to finish year with double-digit decline. Here's EIA breakdown of Nov. and 11-month factory dollar audio sales:

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

Product	Nov. 1992	Nov. 1991	% Chg.
Portable audio*.....	\$240,939	\$230,798	+ 4.4
Components.....	157,226	167,608	- 6.2
Systems.....	144,811	135,872	+ 6.6
Autosound (aftermarket)	<u>125,466</u>	<u>91,012</u>	+37.9
TOTAL.....	\$668,442	\$625,290	+ 6.9
	11 Mo.'92	11 Mo.'91	% Chg.
Portable audio*.....	\$2,238,305	\$1,925,319	+16.3
Components.....	1,452,150	1,671,573	-13.1
Systems.....	1,256,942	1,164,260	+ 8.0
Autosound (aftermarket)	<u>1,373,481</u>	<u>1,157,177</u>	+18.7
TOTAL.....	\$6,320,878	\$5,918,329	+ 6.8

* Includes home radio.

"Most critical issue" in developing cable hardware for new Time Warner (TW) Full Service Network (see story in Broadcast-Cable section) is "the human interface, putting the capability in this device to allow people to easily and obviously deal with all the services," said James Chiddix, TW Cable senior vp, engineering and technology. TW Chmn. Gerald Levin, asked how TW investment in 3DO figures into strategy, said only that 3DO is "one among several avenues people are working on, and we're encouraging development of terminals that want to take advantage eventually of full-motion video." TW officials mentioned possibility of interfacing with variety of home devices, including CD-ROM formats such as CD-I, Video Information System or 3DO, as well as personal computer.

Consumers' plans to buy TV sets plunged in Jan., according to Conference Board survey of 5,000 households. Preliminary figures indicate only 4.7% planned purchase within next 6 months, down from revised 7% in Dec. and 6.5% in Jan. 1992. Jan. was 2nd lowest in last 12 months, after 4.2% in July.

NEC AND SANSUI DROP VCRs: NEC and Sansui have ended VCR production. As foreshadowed late last year (TVD Nov 9 p17), NEC is converting its Gotenba VCR factory to production of CD-ROM and broadcast video equipment. NEC Home Electronics is now selling 2 VCR models made by Sanyo, principally to its 6,000 NEC stores in Japan, at rate of 2,000-3,000 monthly. NEC left VCR and most consumer TV businesses in U.S. and Europe in 1990.

Sansui, which once had earmarked VCR as one of its mainstays, withdrew due to unprofitability and change of ownership. When principal owner Polly Peck International ran into serious financial troubles, it sold off subsidiary Capetronic, which made VCRs in Taiwan, and more recently changed its VCR producing subsidiary Fukushima Sansui to audio manufacturing.

Sansui says it will produce VCRs for OEM accounts if it gets orders. In 1991, it sold \$24.2 million worth of VCRs, according to Japanese reports.

3DO has licensed CompactVideo compression and decompression technology from SuperMac Technology for use in interactive multiplayers. CompactVideo also is being used in Apple QuickTime multimedia system. SuperMac said its system will allow for "realistic, true-color full-length movies (2 hours or more)" to fit on CD without addition of special hardware. 3DO has said its system will have software-based compression, plus plug-in cartridge to make hardware compatible with MPEG-2 standard currently under development, with possible market implementations by middle of year. MPEG-2 standard would produce picture quality significantly better than VHS -- level that could make major movie studios more willing to have feature films distributed on 5" CDs.

Portable board copier is scheduled to be shipped by Casio this month at \$795 suggested retail price. Unit weighs 4.2 lbs., measures 11.7"x8.3"x2.2", operates on rechargeable battery. It's designed to sit on tabletop, take snapshot of blackboard or other presentation (including 3-dimensional objects) and print on thermal paper, with CCD producing resolution equivalent to 3.9 million pixels, Casio said. Camera portion features autofocus and auto iris.

MiniDisc computer data memory standard will be proposed by Sony, which plans to make first concept statements on subject this spring. Company says 2-1/2" MD can hold 100 times more data than conventional 3-1/2" floppy disc. Sharp also says it plans MD data applications.

THIS WEEK'S YEN RATE

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

SEARS' LAST CATALOG: Final Sears "wish book" is spring/summer version that began arriving in consumers' homes last month. Although hard figures about catalog consumer electronics business are difficult to come by, big book clearly had been declining in importance in this and other merchandise categories with rapid spread of mass merchandise and superstores into most rural areas. Overall, catalog operation lost \$135-\$175 million in each of last 3 years, with 1992 revenues of \$3.3 million. Company will accept orders from last catalog throughout 1993.

Meanwhile, Sears also announced closing of 113 U.S. retail stores, among them 2 freestanding Brand Central outlets in N.Y. area. Company also said all home appliance installations will be done through authorized licensees, program that will be phased in this spring. In addition, it will consolidate Sears Product Services operations, which provides parts and repair service for electronics, appliances and other products, with calls handled almost exclusively by specialists in 5 regional centers. Companywide restructuring program will result in \$1.7-billion after-tax charge in 4th quarter of current fiscal year.

Big 1,556-page spring-summer catalog, still being mailed to customers, has 53 pages of consumer electronic products (including home office), with 2 pages of Nintendo (Game Boy, Nintendo Entertainment System and Super NES) hardware and software and 2 pages of Sega (Game Gear, Super CD, Genesis).

TV section begins with lowest priced product, Sony 2.7" b&w Watchman at \$100, with 13" rotary dial color LXI set at \$170, remote model at \$190 through Feb. 28 (down \$30). Other small sets are Sony, GE, Panasonic and Magnavox. Noteworthy is Magnavox stereo with universal remote at \$300 through Feb., \$370 thereafter.

LXI 20" stereo remote is \$280 through June, \$340 thereafter. Only other 20" models are from RCA (\$300 and \$360). Traditional low-end nonremote 25" at \$300 is just a memory -- lowest now is LXI remote at \$370, with Magnavox stereo at \$480, Zenith PIP model at \$600. Sole 26" is RCA stereo at \$500 through Feb. (\$540 thereafter). "Sears Best" LXI 27" with surround sound also is \$500 through Feb. (\$600 thereafter). Other 27" models are from Sony, Zenith, RCA, Magnavox.

In larger screen TVs, 31" LXI stereo with universal remote is priced at \$900, 35" at \$1,500, 31" Philips with color PIP \$1,000, 35" RCA \$1,700 and 32" Sony \$2,300 (2,100 without PIP). Consoles are by RCA, Magnavox, Panasonic and Zenith, starting with 25" LXI at \$400. In projection TV, LXI home theater systems are \$1,900 for 46", \$2,100 with PIP, \$2,300 for 52". RCA 46" is \$2,300, 52" \$2,500, Hitachi 46" PIP \$2,700, 50" \$3,000, Magnavox 61" PIP \$3,000.

TV/VCRs are \$400 LXI 13" model, 20" Panasonic at \$560. Zenith caption TVs are \$340 for 20" and \$450 for 25", with NCI caption decoders at \$130 and \$180.

In VCRs, catalog features first LXI model with VCR Plus, 4-head stereo unit at \$350. Leader VCP model is \$160, with VCRs by LXI, Goldstar, RCA, Sony and Zenith. Full-size VHS camcorders start with LXI model at \$600, topped by RCA 10x zoom at \$800. In 8mm, Sharp Twinbeam is featured at \$1,000, with Sony and RCA models as well. In VHS-C, Panasonic and RCA models are leaders. Pioneer laserdisc players are \$500 and \$690.

BEHIND CES DATE CHANGE: Hotel problems resulting from International Plastics Exposition and World Cup soccer matches caused change in date of 1994 Summer Consumer Electronics Show (CES) in Chicago from June 2-5 to June 23-26, as reported exclusively in Television Digest last month (TVD Jan 18 p9).

CES actually wasn't bumped by World Cup but by plastics show, as City of Chicago and Chicago Convention & Tourism Bureau (CCTB) attempted to juggle 3 major events to avoid overload on city's 26,000 hotel rooms and jam in transportation and parking facilities.

Plastics show is one of few to dwarf CES -- it requires 900,000 sq. ft. of exhibit space vs. CES's 500,000. It was scheduled to open June 20, which would have put exhibit setup period in hotel space in conflict with opening of World Cup matches in Chicago June 17 and actual show in conflict with 2nd soccer match June 21. At peak, plastics show requires 14,200 rooms, as opposed to CES's 8,000-10,000. Therefore, CCTB asked CES sponsor EIA Consumer Electronics Group (CEG) to take later date after World Cup opening and after teardown of plastics show, which then would move up to CES's former slot in first week of June.

Thus, CEG accepted proposal to move CES to June 23-26. There's still conflict with World Cup game June 26, with final Chicago match June 27, day after CES closes. CEG Staff Vp Cynthia Upson said group accepted Chicago's proposal because of past favors from city and in exchange for some concessions, including price freeze on hotels. She said that scheduling of CES just ahead of final World Cup match could well help international attendance.

As we reported, CEG board voted unanimously to accept new dates. Exhibitors had mixed reactions to new schedule, but there was no major revolt against it, some hailing it as providing better interval between Summer and Winter shows.

Lowest priced HDTV receiver in Japan was introduced last week by Toshiba, which will sell it later this month at equivalent of \$7,840. Set with 30W flat-faced 17:9 tube is said to have "true" MUSE decoder as opposed to shortcuts in other lower priced models. LSI kit for decoder was reduced to 5 from 39 chips, with 2 by Motorola and 3 by Toshiba. New tube boasts 60% more brightness and 35% better contrast than predecessor, contains automatic correction system. Screen pitch is 0.75mm in center and 0.9mm in corners. Built-in converter lets users record Hi-Vision broadcasts on NTSC VCRs.

Reversing direction of recent years, IEEE will spotlight consumer-oriented technology in keynote speech at April 27-29 Electro/93, East Coast's largest electronics engineering conference and exhibition at Raritan Center, Edison, N.J. David Sarnoff Research Center Pres.-COO James Carnes will discuss "HDTV and Imaging Technology" at keynote dinner April 27.

First 8mm deck with built-in VCR Plus will go on sale in Japan by Toshiba March 1 at list of about \$1,265. System, which has built-in satellite tuner, also is designed to program other VCRs and can set up program on both VCRs sequentially. Toshiba also has introduced S-VHS recorder with VCR Plus.

Corning, reporting net loss for 1992 due to accounting changes (see financial table), said Samsung-Corning, Korean picture tube glass joint venture, more than doubled earnings of year earlier.

JAPAN DOWN AS VCR SOURCE: Japan accounted for only 29.9% of VCRs imported into U.S. in Nov., by far lowest percentage ever, according to Commerce Dept. figures. Korea was next largest source, with 24%. Mexico continued to dominate as largest color TV source, with 53.8% of Nov. total, trailed most closely by Malaysia (11.6%), China (9.5%), Thailand (7.7%). For first 11 months of 1992, Mexico was source of 54.4% of color TVs imported into U.S., followed by Thailand (10.4%), Malaysia (9.2%), China (7.3%).

	Nov.	% Chg.	11 Months	% Chg.
VCR Decks				
TOTAL....	1,574,050	+11.8	14,259,100	+27.0
Japan....	471,400	-14.6	5,455,500	- 3.7
Korea....	377,800	- 8.1	3,271,000	+38.3
Malaysia.	297,100	+26.4	2,302,200	+91.1
Thailand.	213,700	+62.7	1,691,600	+24.3
Indonesia	115,200	+329.8	860,400	+2054.8
Singapore	84,900	+156.5	456,800	+133.8
Taiwan...	13,530	-25.1	198,900	+ 2.4
TV Sets				
TOTAL....	1,442,000	+ 8.4	12,534,600	+18.8
color....	1,175,000	+ 8.5	10,604,700	+23.0
b&w....	267,100	+ 8.2	1,929,800	- 0.1
Mexico				
total....	--	--	5,771,000	+26.5
color...	632,100	+ 8.7	5,770,100	+26.5
b&w....	--	--	900	-33.1
China				
total...	250,700	+41.7	1,453,100	+35.1
color...	111,700	+23.6	775,400	+57.3
b&w....	139,000	+60.5	677,700	+16.3
Thailand				
total....	--	*	1,104,500	+67.0
color...	90,500	+6.9	1,103,400	+67.3
b&w....	--	**	1,200	-40.0
Malaysia				
total....	162,400	+63.1	1,162,500	+24.0
color...	136,700	+70.7	973,400	+15.9
b&w....	25,750	+31.9	189,100	+94.9
Korea				
total...	120,800	-35.6	1,171,200	-22.8
color...	66,800	-39.2	717,300	-10.7
b&w....	54,000	-30.6	453,900	-36.4
Taiwan				
total...	51,800	-39.0	558,000	-25.9
color...	12,000	-70.6	144,500	-66.2
b&w....	39,800	- 2.6	413,400	+27.2
Singapore				
color...	53,600	+30.6	553,900	+35.6
Japan				
total...	26,600	-11.6	328,400	- 5.5
color...	19,900	+ 1.7	212,600	- 9.9
b&w....	6,800	-36.1	115,800	+ 3.8
Philippines				
total...	--	*	99,500	- 1.5
color...	12,700	-24.0	94,000	- 4.1
b&w....	--	*	5,450	+84.7
Hong Kong				
total...	15,400	-18.8	202,500	+40.0
color...	13,700	+17.8	161,900	+124.6
b&w....	1,700	-78.0	40,700	-44.0
Canada				
color...	21,400	+341.2	88,100	+518.1

* No significant shipments in 1991.

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

Sony Electronic Publishing and ESPN announced "strategic relationship" for developing sports videogames to be published by Sony Imagesoft Div. They said first 2 games -- baseball and football -- will be on market in 4th quarter. Games, which will include ESPN trademarks, personalities and programming, will be developed for Super Nintendo, Sega Genesis and Sega CD platforms. ESPN Pres.-CEO Steve Bornstein called deal "a logical linking of leaders in electronic publishing and TV sports that provides a strong basis to pursue emerging opportunities in the multimedia business." Sony has committed to minimum of 4 ESPN programs, and has been talking with ESPN for 6 months, spokesman said. Deal with Sony follows Oct. out-of-court settlement in ESPN dispute with Electronic Arts (EA) over latter's use of "EASN" designation on its line of sports games. EA has been advertising its renamed "EA Sports" series on ESPN, among other places.

The Good Guys' first-quarter earnings jumped 13% to \$5.2 million on 11% sales increase to \$168.7 million (see financial table). As we have reported, comparable-store sales in quarter ended Dec. 31 were up 1%. Gross margin reached 29.5%, from 27.8% in same quarter year earlier, which Pres.-COO Robert Gunst credited to "merchandising and advertising strategies... notwithstanding the still heavily promotional retail environment." It was most profitable quarter in history of company, which operates 42 stores and has announced plans to open outlets this year in Studio City, Redondo Beach and Torrance, Cal. Meanwhile, Gunst added CEO title. Chmn. Ronald Unkefer, who founded chain 20 years ago, relinquished CEO responsibilities "to devote more time to my other interests."

Precautionary notice that videogames are among stimuli that can trigger epileptic seizures in people with preexisting conditions will be on videogame systems sold worldwide by Nintendo by year-end, company said. Nintendo has been including such notices in products sold in N. America since 1991. Nintendo news release cited report by Epilepsy Foundation of America that only 3% of epilepsy sufferers have preexisting sensitivity to seizures induced by certain flickering patterns, such as those in some videogame programs. Latest concern was sparked by widespread reports in British and Japanese press on alleged videogame-induced seizures.

Harman International, crediting "a very good quarter" from its Automotive OEM Group, reported 125.6% surge in net income on 8.5% sales gain in 2nd quarter ended Dec. 31 (see financial table). Chmn.-CEO Sidney Harman said new organization adopted in quarter, in which company was divided into 5 "coherent" groups, "will enable us to more effectively capitalize on the many opportunities in the marketplace and achieve our corporate marketing objectives." Groups include Consumer, Professional, Automotive OEM, Manufacturing and International Mktg., Distributing.

High-end home theater accessory: Line Doubling Control Center, introduced at Consumer Electronics Show by Harman Video, is designed to convert standard TV or video to progressive scan for video monitors or projectors with RGB input. It has multiple inputs, wireless remote, on-screen graphics. New Harman data projector line (\$9,995-\$13,995) may be used with new control center.

JVC will supply VCR kits and technical assistance to Brazil's Gradiente Electronics. Designed for Brazil's PAL M color system, some 50,000 are scheduled for shipment this year, to be doubled in 1994 and increased further in subsequent years.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
AT&T			
1992-year to Dec. 31	64,904,000,000	3,807,000,000	2.86
1991-year to Dec. 31	63,089,000,000	522,000,000	.40 ^a
1992-qtr. to Dec. 31	17,504,000,000	1,000,000,000	.75
1991-qtr. to Dec. 31	16,463,000,000	635,000,000	.48 ^a
Avnet			
1993-6 mo. to Jan. 1	1,060,000,000	32,400,000	.90 ^b
1991-6 mo. to Dec. 27	828,100,000	22,700,000	.64
1993-qtr. to Jan. 1	526,800,000	15,500,000	.43 ^b
1991-qtr. to Dec. 27	415,100,000	11,800,000	.33
A. H. Belo			
1992-year to Dec. 31	515,942,000	37,170,000	1.90 ^c
1991-year to Dec. 31	431,585,000	12,392,000	.65
1992-qtr. to Dec. 31	139,282,000	11,148,000	.56
1991-qtr. to Dec. 31	121,358,000	5,907,000	.31
Capital Cities/ABC Inc.			
1992-year to Dec. 31	5,344,127,000	246,093,000	14.82 ^b
1991-year to Dec. 31	5,381,989,000	343,493,000	20.47 ^b
1992-qtr. to Dec. 31	1,642,096,000	137,907,000	8.38
1991-qtr. to Dec. 31	1,559,571,000	103,151,000	6.17 ^b
Corning			
1993-53 wk. to Jan. 3	3,708,700,000	(12,600,000)	--
1991-52 wk. to Dec. 29	3,259,200,000	316,800,000	1.69 ^d
1993-13 wk. to Jan. 3	996,200,000	41,200,000	.21
1991-12 wk. to Dec. 29	826,300,000	85,600,000	.45 ^d
Gannett			
1992-year to Dec. 27	3,468,957,000	199,680,000	1.39 ^b
1991-year to Dec. 29	3,382,035,000	301,649,000	2.00
1992-13 wk. to Dec. 27	935,088,000	114,177,000	.79
1991-13 wk. to Dec. 29	901,193,000	97,045,000	.68
Good Guys			
1992-qtr. to Dec. 31	168,682,000	5,217,000	.42
1991-qtr. to Dec. 31	152,633,000	4,584,000	.36 ^a
Harman International			
1992-6 mo. to Dec. 31	322,059,000	1,971,000	.18
1991-6 mo. to Dec. 31	299,166,000	134,000	.02
1992-qtr. to Dec. 31	177,314,000	3,335,000	.31
1991-qtr. to Dec. 31	163,342,000	1,479,000	.17
Heritage Media			
1992-year to Dec. 31	250,891,000	(18,560,000)	--
1991-year to Dec. 31	222,360,000	(14,958,000)	-- ^d
1992-qtr. to Dec. 31	87,807,000	6,372,000	.29
1991-qtr. to Dec. 31	70,844,000	(681,000)	-- ^d
Lee Enterprises			
1992-qtr. to Dec. 31	96,347,000	11,503,000	.49
1991-qtr. to Dec. 31	94,203,000	9,625,000	.42
M/A-Com			
1993-13 wk. to Jan. 2	79,135,000	374,000	.02
1991-13 wk. to Dec. 28	91,011,000	3,145,000	.13 ^d
Microdyne			
1992-qtr. to Dec. 31	20,338,000	725,000	.05
1991-qtr. to Dec. 31	17,027,000	1,775,000	.12
Multimedia			
1992-year to Dec. 31	576,781,000	60,504,000	1.61
1991-year to Dec. 31	524,326,000	48,397,000	1.30
1992-qtr. to Dec. 31	167,392,000	19,241,000	.51
1991-qtr. to Dec. 31	143,157,000	14,549,000	.39
Scientific-Atlanta			
1993-27 wk. to Jan. 1	357,800,000	8,200,000	.23
1991-26 wk. to Dec. 27	261,507,000	4,500,000	.13 ^d
1993-14 wk. to Jan. 1	186,600,000	1,400,000	.04
1991-13 wk. to Dec. 27	133,500,000	2,200,000	.06 ^d
Scripps Howard Bcstg.			
1992-year to Dec. 31	389,819,000	36,759,000	3.56 ^b
1991-year to Dec. 31	348,541,000	16,155,000	1.56 ^b
1992-qtr. to Dec. 31	106,611,000	13,570,000	1.31
1991-qtr. to Dec. 31	99,463,000	10,279,000	1.00

Company & Period	Revenues	Net Earnings	Per Share
Texas Instruments			
1992-year to Dec. 31	7,440,000,000	247,000,000	2.50 ^b
1991-year to Dec. 31	6,784,000,000	(409,000,000)	-- ^b
1992-qtr. to Dec. 31	1,987,000,000	78,000,000	.80 ^b
1991-qtr. to Dec. 31	1,752,000,000	(85,000,000)	-- ^b
Walt Disney			
1992-qtr. to Dec. 31	2,391,356,000	260,304,000	.48
1991-qtr. to Dec. 31	1,916,333,000	208,126,000	.39 ^a

Note: ^aRestated. ^bAfter special charge. ^cIncludes special credit. ^dAdjusted.

Consumer Electronics Personals

Robert Gunst, pres.-COO, The Good Guys, adds title of CEO from founder **Ronald Unkefer**, who remains as chmn... **Geoffrey Holmes**, Time Warner senior vp, assumes official designation as senior vp-technology, responsible for new-technology business development; **Edward Adler** advanced to media relations dir... **Michele Anthony** promoted to Sony Music Entertainment exec. vp; **James Lightstone** advanced to vp-senior counsel... **Robert Jenkins**, III. Tool Works exec. vp, added to International Jensen board.

Promotions at Warner Home Video: Senior Vp-Gen. Mgr. **James Cardwell** to N. America exec. vp; Senior Vp-Gen. Mgr. **Edward Byrnes** to international exec. vp... **Lois Sloan** advanced to Turner Home Entertainment exec. vp-worldwide licensing and merchandising... Norwest Chmn. **Lloyd Johnson** elected to Musicland Stores board... Telefuture Partners Pres. **Robert Pfannkuch** appointed to board of Mediatech, Chicago-based duplicator and distributor of commercials, corporate communications materials and syndicated programs.

Brother and Smith Corona, typewriter and word processing antagonists on world scene, both reported drop in profits. Japanese-owned Brother said it had operating loss of \$10.8 million in year through Nov., although it eked out pretax profit, with sales down 2.7%. Smith Corona had 2nd-quarter operating income of \$5.2 million, less than half of year ago, with net income of \$4 million, down from \$7 million. Sales declined 22%, but Chmn.-CEO Lee Thompson was "encouraged" by upturn in U.S. retail sales and "enthusiastic and upbeat mood at the recent Consumer Electronics Show."

New videotape categories by TDK: Like film makers, company is offering 8mm and Hi8 cassettes specifically recommended for indoor or outdoor use. For low-light and indoor applications, TDK has reformulated cassettes claimed to have 16% increase in metal particle packing density to reduce noise and provide more accurate color. For low-light Hi8 use, TDK has new metal evaporated tape. Full-light and outdoor applications are served with new series of HS cassettes. For outdoor and all semipro Hi8 uses, TDK recommends new metal particle formulation with increased output.

Sony will eliminate about 100 jobs in its U.S. Business & Professional Group, but hopes to move some of those displaced into other positions with Sony ventures. Company is consolidating group's field operations to 5 regional sales and marketing offices from 7, with sales and support functions now reporting directly to group hq in Montvale, N.J.

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

QUELLO NAMED INTERIM CHMN.: Senior commissioner to serve in post till Clinton picks new chmn. Marshall recuses herself from all cable and TV proceedings, including finsyn remand. (P. 1)

HDTV TRADEOFFS EMERGE: System with best picture among worst in interference; best on interference among worst picture quality. (P. 3)

DAB COMMENTS FLOOD FCC: Some hail new technology as bright vision of future, others claim it could kill terrestrial radio. (P. 4)

CABLE LAGS IN U.K.: Govt. threatens to revoke franchises. Davey says systems won't be built before franchises expire. Economy blamed. (P. 4)

FINSYN SUNSET HIT in comments to FCC. Independent stations support continued restrictions. (P. 5)

U S WEST GOES VDT, asks for proposals to deploy service regionwide. Costs match those of copper, so program ownership isn't needed. (P. 6)

DIGITAL CABLE RADIO backed by record companies. Sony and Warner buy stake and agree to program channel. (P. 6)

SPECTRUM BILLS progress on Hill. House Telecom Subcommittee approves legislation to reallocate 200 MHz. Similar measure introduced in Senate. (P. 7)

QUELLO APPOINTED INTERIM FCC CHMN. BY CLINTON: In action that had been expected ever since his Jan. 20 inauguration, President Clinton Feb. 5 appointed James Quello, who has served on FCC since April 1974, as chmn. on "an interim basis, pending my designation of a permanent chair." Quello, one of 2 Democrats on Commission (other is Comr. Duggan), now will be able to chair agency's Feb. 11 meeting -- agenda for which was prepared by "committee of commissioners," whereas chmn. usually sets agenda, with individual commissioners having right to remove items, as Quello did last fall with prime-time access rule.

Quello's appointment arrived at lunch time, was delivered to him by his Confidential Asst. Ginger Clark at Palm Restaurant. He actually received 2 documents from White House, both signed by Clinton. One was on plain paper stating: "I hereby designate James H. Quello as chair of the Federal Communications Commission" -- making no mention of interim or acting. Other was letter to Quello on White House stationary stating: "This is to inform you that I am today designating you to serve as the chair of the [FCC] on an interim basis... I appreciate your willingness to serve in this capacity."

Long-time broadcaster at WJR(AM) Detroit, Quello was first appointed to Commission by President Nixon and confirmed only after long and acrimonious series of hearings. He was opposed aggressively -- as

Consumer Electronics

JVC PUSHES DIGITAL VIDEO DISC but analog tape at Technofair in Yokohama, showing CD-based MPEG-2 simulation, studying CDs and MiniDisc. (P. 11)

PERSONAL COMMUNICATIONS STANDARD is goal of General Magic, which today officially reveals its backers and technologies for 'new class of products and services.' (P. 12)

35" TUBE TV SALES ROSE 52% IN 1992, keying 47% gain in all direct-view sets over 30"; larger sizes also biggest winners in projection TV gains. (P. 13)

STRONG JAN. RETAIL SALES reported by several chains, topped by Best Buy's doubling of revenues and 30% comparable-store gains. (P. 14)

TCE INVESTS IN COMPRESSION LABS, taking better than 10% stake as part of strategic business alliance. (P. 14)

DOUBLE-DENSITY VIDEO CD SYSTEM, capable of displaying full-length movies from single disc on standard CD player, shown by Nimbus. (P. 15)

DIXONS EXECUTIVE NAMED AS SILO PRES., 3rd person to hold position in last 2 years, as chain brings in person with 'retailing and property skills.' (P. 15)

JVC SHOWS ARRAY OF TECHNOLOGY at Technofair in effort to change mix for more even split among consumer, nonconsumer and software businesses. (P. 16)

ex-broadcaster -- by civil rights, women and liberal groups, was staunchly supported by such liberals as then Sen. Hart (D-Mich.) and Rep. Dingell (D-Mich.), along with Vice President Ford, also of Mich. He was sworn in April 30, 1974 (terms were 7 years at that time). He was reappointed for 3-year term in 1981 by President Reagan, again for full 5-year term by Reagan in 1984, and by President Bush in 1991. His current term expires June 30, 1996.

Quello's designation as interim chmn. received nearly universal approval within Washington communications sector. Said Andrew Schwartzman, exec. dir. of Media Access Project: "As one who opposed his nomination in 1974, I've grown to respect Chairman Quello's gut-level sense of justice. He does what he thinks is right and more and more he is right." NAB Pres. Edward Fritts: "Jim Quello will make an excellent interim chairman. We are pleased that the Commission will have strong leadership during a period when a number of important issues, including HDTV, DAB and the Cable Act implementation, are at a crucial state." From Quello's colleagues, Comr. Marshall: "I'm glad we have an acting chairman and I'm sure Jim Quello will do an outstanding job." Comr. Duggan: "Jim's appointment is a fitting capstone to his long career here. I'm delighted and look forward to working with our new chairman."

FCC now is down to 3 votes on renewed consideration of its finsyn rules with recusal last week by Marshall from "all cable or broadcast TV proceedings," plus matters in which Washington law firm Lathain & Watkins is involved. Action removes her from participating in reopened Commission consideration of finsyn rules, which have been vacated by panel of 7th U.S. Appeals Court, Chicago (see separate story, this issue).

Observers said that Marshall possibly still could vote on next finsyn go-round by withdrawing recusal if she isn't negotiating with any of parties involved at time of vote. Others speculated that unless there's unduly fast action by White House, her move will make it very tough for FCC to meet court deadline with only 3 commissioners. "However, they could reach accommodation that all 3 could accept," source said. Remaining commissioners were split 2-1, in 1991, with Barrett and Duggan for new rules, Quello issuing strong dissent. Spokeswoman said that Marshall has just begun "preliminary discussions" with prospective employers and her decision probably is several weeks away.

Commissioners formally asked White House to designate acting chmn. Jan. 21 through Maurice Goodman and Douglas Wilson, who had been designated as Administration liaison at agency and spent 2 days on fact-finding mission (TVD Jan 25 p1). "We haven't seen, or heard, from them since," said Alan McKie, FCC deputy managing dir., Feb. 1. Source said Wilson had been detailed to another federal agency; Goodman couldn't be reached at White House.

White House still hasn't gotten very far in search for permanent successor to ex-Chmn. Sikes, according to several sources close to process, although numerous names have been mentioned as likely candidates. None of those mentioned would comment for record. Same is true of successor for Marshall, whose term expired last June but who continues to sit until successor is chosen. To stay within statutory requirement that no more than 3 commissioners be from same party, Marshall's successor must be Republican or independent. Janice Blanchard, wife of ex-Mich. Gov. James Blanchard (D), is head of agency appointment process within White House. Newest name to resurface as Marshall successor is Columbia U. Prof. Eli Noam, who has been recommended to White House by House Telecom Subcommittee Chmn. Markey (D-Mass.). Noam, who also served as commissioner on N.Y. PSC, is registered as independent, but believes he could round up enough Republican support to keep appointment from being blocked, sources said.

Meanwhile, at FCC, record 101 items that were on circulation in mid-Jan. (TVD Jan 18 p7) now have grown to more than 150, 8th floor sources tell us. When Charla Rath, common carrier legal asst. to Sikes, left to join Freedom Technologies, she pointed out to us what she described as "a drawerful" of items that needed to be circulated. Most of those now are on circulation for votes of commissioners.

Over at White House, Clinton Administration, which day after Jan. 20 inaugural opened its daily news briefings to cameras and microphones, shut them out Feb. 1 without advance notice. CNN and C-SPAN had been telecasting briefings since Jan. 11, but were cut off after 5 min. of session. Radio stations carrying briefing were left with dead air since they were given no advance warning. Afterward, Communications Dir. George Stephanopoulos told reporters he may appear on camera occasionally, but not as regular matter. Reporters, who are upset that they no longer have access to communications dir. and press secy.'s offices, speculated plug was pulled on cameras because of stormy sessions that Stephanopoulos has had with media during regular briefings.

HDTV TRADEOFFS BECOME CLEARER AS EXPERTS GATHER: Group of experts from FCC's Advanced TV Advisory Committee will be cloistered in suburban Va. hotel beginning today (Feb. 8) to start evaluating tradeoffs among proposed HDTV systems. Types of tradeoffs are becoming increasingly apparent as data dribbles out from committee sources indicating that, for example, HDTV system that gives best picture quality is among worst in interference characteristics, while system that was among best in interference was among worst in picture quality. Group also will have to decide whether to order retesting for most or all systems (TVD Feb 1 p8).

Advisory Committee began distributing draft of recommendations on HDTV systems to its members last week. Draft doesn't include specific recommendations to be set after meetings of experts group and full Advisory Committee Feb. 24, but does include first full set of comparative performance data for each system. Results include:

NHK's analog MUSE system had some of worst results. According to Advanced TV Test Center (ATTC) data, MUSE would interfere with all but 8.6% of HDTV stations during transition, 49.5% after transition and would provide additional interference for 74.4% of NTSC stations. Typical station's conversion to MUSE would cost \$1,710,700, and typical MUSE TV receiver would cost \$2,620, according to draft. Picture quality for still photos was judged in subjective testing to cluster around 0.5 grade below studio reference, and motion video quality around 1.0 grade below studio quality. (Lower numbers indicate better picture quality.)

GI/MIT DigiCipher had 2nd best carrier/noise ratio, 15.95 dB, and best peak/average ratio, 7.0 dB. It had best cable channel change time, 0.75 sec., would interfere with all but 42.4% of HDTV stations during transition (worst among digital) and 60.2% after transition. It would provide additional interference for all but 60.1% of NTSC stations, best among systems. Station conversion would cost average of \$1,700,500, and TV set \$2,445. Still picture quality measured in subjective tests clustered around 0.25 below studio quality, and motion quality around 0.33 below, 2nd best of all systems.

Zenith/AT&T DSC-HDTV had 15.97 dB carrier/noise ratio, and worst peak/average ratio, 9.5 dB. It had 4.0 sec. cable channel change time, and would interfere with all but 59.9% of HDTV stations during transition (best) and all but 71.7% after transition (best). It would provide additional interference for all but 58.2% of NTSC stations (2nd best). Station conversion cost was set at \$1,759,500 and TV set at \$2,523. Picture quality was 2nd lowest, clustering around 0.45 below studio quality for stills and 1.25 below for motion.

AD-HDTV system developed by NBC, Philips, Sarnoff Labs, Thomson and Compression Labs had 18.14 dB carrier/noise ratio, worst among digital systems, and 2nd worst peak/average ratio, 8.1 dB. It had 2.5–5.8 sec. cable channel change time, and would interfere with all but 46.5% of HDTV stations during transition (2nd worst among digital) and all but 55.2% after transition (worst). It would provide additional interference for all but 55.7% of NTSC stations, worst among digital. Station conversion cost would average of \$1,785,500 and TV set \$2,515. Picture quality figures were best among systems, with both still and motion picture quality clustered around 0.25 below studio.

GI/MIT CC-DigiCipher had 15.38 dB carrier/noise ratio, best among systems, and 2nd best peak/average ratio, 7.9 dB. It had less than one sec. cable channel change time, and would interfere with all but 54.1% of HDTV stations during transition and all but 72.3% after transition (best). It would provide additional interference for all but 59.4% of NTSC stations. Station transition cost was set at \$1,739,500 and TV set at \$2,543. Picture quality was worst among systems, with subject judgments of still quality ranging from 0–1.25 below studio (most between 0.75 and 1.0). Motion quality ranged from 0.75–2.0 below studio, with most between 1.0 and 1.75.

Zenith, GI and MIT held lengthy demonstrations in Washington last week to show improvements since ATTC testing finished. Zenith was pushing for retesting, saying that progressive-scan systems results weren't as good as they could be and FCC should be willing to delay process few months in order to get best possible standard for next several decades. GI opposes retesting, but wants to be sure that any new tests include CC-DigiCipher.

GI Vp Robert Rast blamed CC-DigiCipher problems on inadequate tuning of system and "implementation errors." He said problems have been fixed and improvement is so great that FCC should consider 16-QAM version of system, which lowers data rate from 32-QAM in return for larger TV station service area. GI demonstration included improvements to both DigiCipher and CC-DigiCipher: (1) It added Dolby AC-3 sound system. (2) It included previously announced packetized transmission, which makes it more

computer-compatible. (3) System has improved error concealment and transmission filters and provided option for broadcasters to clip peak power levels, allowing them either to reduce capital investment for transmitters or use higher average power. Error concealment and improved filters were designed for CC-DigiCipher but were installed in DigiCipher after testing. Filters allow better adjacent and taboo channel interference performance.

Zenith did IIDTV broadcasts on WNVT Goldvein, Va., transmitting 28 miles to \$2 antenna in downtown Washington. DSC-HDTV also was demonstrated on TCI cable system in D.C., carrying 2 HDTV channels per 6-MHz cable channel. Zenith showed that it could receive true HDTV signal even when transmitter power 28 miles away was reduced to 270 w. More typical power level was 6.6 kw. Even though Zenith system placed 3rd in video quality tests, improvements could make it first in retesting, Group Vp Wayne Luplow said. Zenith clearly improved picture quality since system was tested, demonstration showed, most notably on video of basketball game that included large amount of complex motion. But many of changes had to be pointed out, and then still were difficult for casual viewers to discern.

NAB SEES DAB THREAT: DAB "threatens the entire terrestrial radio industry," Pres. Edward Fritts told La. Assn. of Bestrs., and Assn. will "use all resources at its disposal" to oppose new industry. He said FCC already has "shoehorned in" more than 2,000 new radio stations in last 10 years, giving U.S. one station per 22,000 people, vs. one per 50,000 in Canada and one per 92,000 in Mexico.

In comments in inquiry into regulation of new digital audio radio services (DARS), NAB told FCC that issue "is and must be the introduction of new DAB technology," not establishment of new radio delivery service suggested by notice. It said it believes Commission strayed from its true purpose by turning rulemaking to establishment of DAB satellite service. NAB said FCC must "correct its course" to most efficient introduction of terrestrial DAB. It cited "significant progress" in developing in-band, on-channel DAB: "Once the technology is perfected and agreed upon, the existing AM and FM services can transition their existing operations to DAB by means of a simulcast service, in a seemingly seamless manner that will give consumers the confidence, familiarity and continuity that can be critical to the public's acceptance."

However, others said technology for satellite DAB is here now via high-powered DBS satellites. NPR and CPB supported satellite-based DAB, but said "sufficient" spectrum should be set aside for public radio, whether terrestrial or satellite. CPB recently began 15-month study of DAB that it said will help determine amount of channel capacity needed for DAB. NPR also recommended that FCC create "blue-ribbon" advisory panel to "consider the difficult economic, legal, technical and policy issues confronting the Commission" in DAB. NPR and others opposed FCC decision to allocate S-band (2310-2360 MHz) for satellite DAB. Virtually all other countries, with exception of former Soviet Union, China, India and some smaller Asiatic nations such as Pakistan, endorsed L-band (1452-1492 MHz) -- along with S-band. Some European nations selected L-band for primary use of satellite DAB, but noted that it wouldn't be available for 15 years.

Monitor Radio, Muzak and WavePhore (would-be hardware designer for DARS systems) supported DAB. Several commenters objected to short comment period. Digital Satellite Bestg. Corp. requested extension, but FCC denied it. Satellite CD Radio, meanwhile, filed opposition to extensions of comment period. Reply comments are due March 1.

Reuter news services said Mexican govt. is planning to sell to private sector 2 national TV networks, more than 100 theaters and national newspaper with estimated total value of \$500 million.

U.K. THREATENS CABLE: Cable operators in Britain won't finish building cable systems before their 15-year franchises expire at current building rate, said Jon Davey, dir.-cable at U.K.'s Independent TV Commission (ITC). U.K. Cable TV Assn. recently said cable systems would pass about 800,000 more homes in 1993. If that building rate continues, it would take more than 18 years for cable to pass all 14.5 million homes for which U.K. has granted broadband cable franchises.

U.K. Office of Telecommunications (Oftel) is threatening to revoke licenses issued to at least 8 MSOs for failure to meet building timetables, although Oftel believes awarding new ones could delay process even further. It revoked 8 franchises in 1992 for failure to build quickly enough. Among those whose franchises Oftel is threatening to drop are Maclean Hunter, Pacific Telesis and Telecable, each of which said it would withdraw partly or entirely from U.K. cable market, as well as English Cable Enterprises, Insight, Scotcable, Starstream, Yorcan. Some companies are "pressing ahead very fast" with cable construction, Davey said, notably partnership of TCI and U S West, as well as Comcast, General Cable, Nynex, Southwestern Bell. Davey said he's reluctant to criticize many of others: "We certainly recognize how hard it is in the current financial environment."

Cable industry hasn't issued overly optimistic predictions in past, said Richard Woollam, head of U.K. Cable TV Assn. He said Assn. predicted 800,000 new homes would be passed by cable in 1992 (actual number was 720,000) and industry would have met goal if PacTel hadn't withdrawn. Estimate of 800,000 homes for 1993 is "very conservative," Woollam said, and takes full account of "the chill wind of the current recession." Assn. predicts that million homes will be added in 1994, and possibly 1.5 million in 1995. Woollam said buildout will accelerate after industry completes current stage of consolidation, in which MSOs buy or trade cable systems in effort to consolidate holdings in particular geographic areas.

NCTA said local govts. are "simply wrong" in claiming that technology is in place for all cable systems to implement antibuythrough provisions of 1992 Cable Act. Joint filing by NATOA and others had said FCC should apply antibuythrough to all cable systems immediately, but NCTA reply comments said that's misreading of Act, and local govts. dismissed technical and operational ramifications "and most importantly the costs." Cable group said, for example, that it's inefficient, costly and usually "untenable" to use system of traps to implement provision. Reply also said Cable Act doesn't require systems undergoing modification to add addressability.

FINSYN SUNSET OPPOSED: Proponents of programming restrictions on networks reject automatic sunset of any new finsyn rules, in comments filed last week with FCC. Opponents didn't comment on that possibility raised by Commission. Replies are due Feb. 16, and under remand Commission must report back to 7th U.S. Appeals Court, Chicago, by April 6 (TVD Jan 4 p2). Meanwhile, Comr. Marshall has recused herself from finsyn proceedings (see separate story, this issue).

INTV urged Commission "to stand its ground [on finsyn]. No retreat is called for by the Court's opinion. Indeed, the purported shortcomings in the Commission's decision... represent nothing more than immaterial lapses of explanation which may be cured easily on remand... INTV, therefore, urges the Commission to appreciate that the Court's sojourn in the fantasyland of economic theory is no substitute for the Commission's expert assessment of reality."

In joint filing, independent TV stations reiterated support of continued restrictions on network syndication of programming and finsyn interests. However, stations "strongly" urged FCC to clarify that syndication rule is independent of finsyn and that "the former should be assessed on its own merits irrespective of the fate of the latter." To permit networks to syndicate up to 40% of their programs in prime time, as new rules would allow, "will give them too much latitude to participate in domestic syndication," stations said. Also, they said: "An automatic sunset of the rules on a predetermined date cannot be sustained on either legal or policy grounds."

Fox "is diversity," fledgling TV network told Commission, and agency "cannot resolve the Court's concerns unless and until it recognizes that its arbitrary cap on Fox's growth is utterly irreconcilable with the Commission's stated purpose to encourage diversity" in programming. Thus, FCC "simply cannot justify rules that today are arbitrarily strangling Fox's growth." Fox affiliates urged Commission to "eliminate the finsyn rules, at least as to new networks like Fox," also argued that Fox network has added much diversity to TV programming: "In sum, Fox is solving the very problems that gave rise to the finsyn rules" but its promise "has not been fully realized" because of restrictions on networks. Fox is heavily involved in syndication and has stayed just below 16 hours of prime-time programming per week that would trigger finsyn restrictions.

Among most strident in attempting to keep network restrictions in place, Coalition to Preserve the Finsyn Rule urged FCC to retain curbs to preserve diversity "while adjusting to a changing marketplace." Coalition called "absurd" networks' contention that programming concentration of power rests with 7-8 major program producers, and opposed any sunset provision for any new rules. It asked FCC to reiterate importance of safeguards to prevent network abuses and to continue to protect producers and independent stations from networks' "anticompetitive conduct."

FCC "need not, and must not, alter its decision" to maintain finsyn restrictions on networks, Program Producers & Distributors Committee said: "The Court's opinion... never addressed the first-run syndication rules... The defects that the Court perceived in the Commission's process were directed to the other parts of the finsyn rules." FCC's decision was based on "well-articulated and reasoned findings," Committee said. Group also said agency "must not adopt a sunset provision, which would constitute abdication

of the Commission's statutory obligation to act only upon a complete and timely record."

To reinstate finsyn rules, said CBS, FCC "must respond to overwhelming evidence and argument in the 1991 record which demonstrate even more dramatically than in 1983 [when agency tentatively concluded rules no longer were necessary] that such regulation is both ineffective and counterproductive... CBS respectfully submits that such an effort cannot succeed." Record before FCC "furnishes no reasonable basis... justifying regulatory restraints on the competitive process... In truth, the long debate over finsyn is by now an anachronism which has consumed the energies of this Commission and those it regulates far beyond any rational reckoning." FCC, said CBS, should allow finsyn restrictions on networks to "pass out of existence" to permit agency "and those it oversees to focus together, at long last, on the daunting issues facing over-the-air broadcasting."

Based on record FCC has compiled since 1970 (when original finsyn rules were adopted), "the only rational and justifiable action at this time is to completely eliminate" rules, NBC said. Justice Dept., FTC staff, noted economists and 2 commissioners (Quello and then-Chmn. Sikes) "have all added their voices in calling for repeal of these outdated regulations," NBC said. Marketplace trends, "have bolstered reasons for eliminating all finsyn restrictions... Clearly, these rules are counterproductive and should be eliminated." Said Cap/ABC: "No reasoned explanation is possible" for FCC to retain any finsyn rules, and "there is no answer" to objections raised by Appeals Court in vacating and remanding rules.

New study sent to Commission "confirms" that FCC's finsyn rules "are obsolete," NBC said in releasing analysis by Economists Inc. commissioned by ABC, CBS, NBC. Study said number of prime-time program suppliers to networks had dropped to 26 today from 55 in 1970 (when syndication restrictions on networks were adopted). Major Hollywood studios now produce 62.8% of networks' prime-time programming, up from 43.5% in 1970, study reported. Said Richard Cotton, NBC exec. vp-gen. counsel: "The study confirms that the finsyn rules are outdated and anticompetitive and that their impact is precisely the opposite of what was intended. The only companies benefiting from the restrictions... are the big Hollywood studios, most of which are foreign owned."

Super Bowl provided NBC with 3 top-rated prime-time TV programs for week ended Jan. 31 and its first weekly win since start of new season last fall. Game itself was rated No. 1 for week (45.1 rating/66 share), pulling in record 133.4 million U.S. viewers, according to Nielsen, plus millions more worldwide. Nielsen said game attracted 6.4 million more than previous record holder, 1986 Super Bowl between Chicago Bears and New England Patriots. Pregame show finished 2nd for week, postgame show 3rd. Network's halftime program starring Michael Jackson had 45.1 rating. CBS still leads for season to date with 13.1 rating, followed by ABC 12.4, NBC 11, Fox 7.8.

Sen. Danforth (R-Mo.), senior Republican on Senate Commerce Committee, said Feb. 1 he won't run for reelection in 1994. Danforth, ordained minister, said he wants to fulfill commitment to Episcopal Church. He has been influential policymaker in telecommunications issues, ranging from cable regulation to promotion of several associates, including ex-FCC Chmn. Sikes, into positions of authority in govt.

U S WEST PLANS VDT: Tacitly admitting that owning programming isn't necessary to making video dial tone (VDT) financially successful, U S West issued request for proposals for VDT equipment and said it would begin adding VDT capability regionwide in 1994. Denver-based RHC said it now believes that it can install full VDT capability for same cost as copper and probably will do so for all newbuilds. Company said VDT plan won't require increase in current \$2.4-billion annual capital budget, will open new revenue sources. Bell Atlantic previously made major commitment to VDT.

In addition to serving its own customers, U S West said it will make infrastructure available to anyone else, including franchised cable operators. It said network will be capable of cable-type video service, video-on-demand, computerized information delivery, video telephony, telecommuting, telemedicine, distance learning, plain old telephone service. Basic telephony will be improved because digital fiber network will provide higher quality and more reliability, U S West said. RHC said telephony improvements are needed to keep service competitive with telephony it expects to be provided by competitors, including cable, within 3-5 years.

"This is probably the most exciting development in our business since the introduction of direct dial service," U S West CEO Gary Ames said. Company plans to begin technical trial to determine best construction and related methods late this year. U S West plans to make service available to 100,000 customers by end of 1994 and add 500,000 per year beginning in 1995. Ames said it will take decade or more for all 14.5 million U S West customers to get service.

Exec. Vp Thomas Bystrzycki said RHC was encouraged to switch to broadband by responses to informal request for information sent to manufacturers last year. Suppliers must respond to current RFP by March 23, and U S West said it expects to award one or more contracts by summer. It said schedule and locations for VDT installation haven't been decided, will depend largely on market demand.

Decision to go ahead with project was allowed by FCC's VDT decision (TVD Aug 17 p4). Before then, U S West was among companies that argued that VDT wasn't attractive financially unless they were allowed to have more than 5% ownership interest in programmers allowed by FCC. RHC still is arguing that FCC should increase limit to at least 25%, but spokesman acknowledged that decision last week indicates that it believes project can be successful even at 5% because further study of technology and markets convinced company that construction costs are lower than originally believed.

U S West network will have only 70-100 video channels at first, well below 500 planned for cable projects, although it may offer 500 in future. Channel capacity "isn't really the issue" in VDT projects, spokesman said, because video-on-demand allows every customer to get virtually any channel desired. Network is to include mix of fiber, coaxial, copper wire.

Fox TV Stations Inc. is buying its 8th station, affiliate WATL (Ch. 36) Atlanta for \$60 million in 3-way deal. Renaissance Communications is purchasing 4 stations from Chase Communications, including KDVR Denver, WXIN Indianapolis and WTIC-TV Hartford, spinning off WATL to Fox.

CABLE RADIO BOOSTED: World's 2 largest record companies bought stakes in Digital Cable Radio (DCR) in deal that makes it easier for DCR to continue expansion and could give 2nd largest cable audio network leg up over Digital Music Express (DMX). It also assures record companies that they will get at least token royalties on music played on network, as well as protection against taping that could cut into record sales. Deal is expected to expand availability of DCR on U.S. cable systems.

Sony and Warner Music together bought one full partnership stake in DCR for undisclosed price that's believed to be close to \$10 million. At same time, Time Warner Cable, which like Warner Music is owned by Time Warner, acquired separate full partnership stake for similar undisclosed price. Other partners include Jerrold, which launched DCR, and cable MSOs Adelphia, Comcast, Continental, Cox, Times Mirror. Deal makes 4 of 5 largest MSOs partners in DCR; TCI is part owner of DMX, which claims twice as many subscribers as DCR's 55,000.

DCR Pres. David Del Beccaro said new partners are large, successful, well-known consumer companies whose names will make DCR easier to sell overseas and whose marketing and programming expertise will make DCR more successful. Record companies also are expected to provide music programming, including programming at least 8 new audio channels, making DCR more attractive to consumers, Del Beccaro said. In addition to initial investments, new partners will pay pro rata share of cost of planned expansion to 56 channels from 28 on May 1, overseas increase, eventual growth to 250 channels in next few years.

Deal requires DCR to pay "small" license fee to Sony and Warner every time their music is played on DCR, but amount is believed to be much smaller than normal licensing fees. "We continue to have the right to operate without paying royalties, but this is part of the quid pro quo," Del Beccaro said. "They view the principle to be very important." Deal also limits number of consecutive cuts that DCR can play from any Compact Disc in bid to limit album-like taping by consumers at home, but DCR never plays 2 consecutive cuts anyway.

As part of deal, Time Warner Cable agreed to make DCR available to at least 3 million more homes (nearly half its total) by end of 1994, increasing total homes with access to DCR nearly 50%. Doubling of DCR channels May 1 will include adding several new music formats, including "everything from blues to sock hop oldies to reggae," Del Beccaro said. Planned expansion to 250 channels will include adding 100 channels that target different language groups in U.S., 75 information-type channels, 20 more music formats. DCR already is available throughout U.S. and Mexico, is seeking Canadian license, plans to launch in Europe, Asia, Latin America.

FCC began inquiry on migration of sports to cable and other subscription media. Inquiry is to gather data for interim report due to Congress by July 1, with final report year later, under 1992 Cable Act. Commission said study will examine migration of sports programming from broadcast TV on sport-by-sport basis, and include local and regional events, as well as national. It will focus on professional baseball, basketball, football and hockey, as well as college football and basketball, but FCC said commenters can discuss other sports. In addition to economic causes and social and economic consequences of any migration, FCC said it will look at impact of exclusive TV contracts signed by college athletic conferences.

SPECTRUM BILLS PROGRESS: House Telecom

Subcommittee Feb. 4 approved legislation to reallocate 200 MHz of spectrum from federal reserve to private sector. Bill (HR-707) passed on voice vote after perfunctory hearing needed for record. Meanwhile, on Senate side same day, similar legislation was introduced. In key difference, latter measure contains spectrum auction authority, while House will consider auctions in separate legislation.

House Telecom Subcommittee Chmn. Markey (D-Mass.) said that House legislation should be "considered the first 'jobs bill' of the Clinton era. This bill will create thousands of jobs and perhaps whole new industries." He said reallocation of spectrum "will spur robust economic growth precisely because the commercial viability of many exciting new technologies has been threatened by the lack of available new spectrum." Similar bill was passed unanimously by House last year but died in Senate. Markey said he expected bill to pass again.

At brief hearing before vote, NAB Pres. Edward Fritts again supported reallocation generally, but voiced broadcasters' concerns about auctions, "which we vehemently oppose." He also testified on 2 spectrum-related issues, problems with satellite-delivered digital audio broadcasting (DAB) and "potentially premature implementation" of HDTV. DAB is "the single greatest threat facing locally based American radio," Fritts said, while questioning FCC's decision to put all HDTV frequencies into current UHF band.

Computer Business Equipment Mfrs. Assn. wanted panel to consider whether newly assigned spectrum would be used by new technologies, such as Personal Communication Service (PCS). Digital Equipment Corp. Vp Paul Kozlowski said there should be more emphasis on portable technologies.

Senate bill also would transfer 200 MHz to private use, with some changes to protect amateur radio users, while permitting FCC to conduct spectrum auction test favored by Sen. Stevens (R-Alaska). Proposals were released in staff draft of legislation last summer, with some changes made to accommodate concerns of small telcos, Chmn. Inouye (D-Hawaii) of Senate Communications Subcommittee said in floor statement. He said proposal wouldn't allow auctions to allocate frequencies among different service categories, but would permit FCC to use auctions to assign licenses to particular users.

Stevens said that bill would require FCC to make certain that needs of rural America "are not slighted in a competitive bidding system," while otherwise giving Commission flexibility to devise bidding procedures that would develop new technologies. According to bill, if FCC decides to use bidding for service that competes with telco in rural area of fewer than 2,500 residents, it must reserve one license for rural telco, which would receive license automatically if it pays fee equal to average of amounts paid for licenses assigned through auction.



Time Warner plan to build "electronic superhighway" in Orlando means direct confrontation with telcos, according to telco consultant Michael Killen of Killen & Assoc. He will release study later this month on how telcos can handle interactive TV business opportunities. "Time Warner plans to use this network to seize what many telcos consider their future -- the interactive video data services marketplace," Killen said. "In fact, its intent is to segue into the current telephony services marketplace as well."

U.S. Dist. Court, Boston, invalidated several limits on cable systems imposed by 2 Mass. towns, saying they violated Constitution and 1992 Cable Act. In first federal court decision on impact of Act on local franchises, U.S. Dist. Judge Nathaniel Gorton said franchising authorities can't set nonnegotiable conditions at beginning of franchise renewal process and can't exclude franchise renewal reimbursements from 5% limit on franchise fees. Gorton said several bylaws adopted by Mass. towns of Athol and Orange are invalid and he upheld franchise agreements that violate those bylaws. Bylaws, adopted by town meetings in 1991, were endorsed by town selectmen and used as their initial negotiating position with Time Warner for renewals, but selectmen approved franchise agreements Oct. 20 that violated those bylaws. Gorton rejected bylaw limiting franchise renewal period to 6 years, even though he said there wasn't specific prohibition on such limits in either Act or Constitution. Judge said such limits are "inconsistent with the boards' authority" because limits can be set only after hearings and negotiations. Franchise calls for 6-year license period, with TW having unilateral option to renew it for 4 years. Franchising authority can't require TW to reimburse it for "all charges and fees incidental to awarding, renewing, extending and/or enforcing the license," including cost to towns of legal ads and attorney and consultant fees, Gorton ruled, because towns already are charging legal maximum of 5% franchise fee allowed by Cable Act. Cities had argued earlier that such reimbursements aren't part of franchise fee. Bylaws requiring TW to keep rates in town at least as low as nearby comparable towns set too-stringent limits on rates and program offerings, according to ruling. Towns also said TW had to offer similar installation and service charges to all subscribers and to offer basic service "at a minimal rate." Gorton ruled that those provisions violated Cable Act limits on local rate regulation. Judge also rejected bylaw provisions on program services that had to be carried on basic, saying local authorities are allowed to regulate only "broad categories of video programming and other services."

NBC reached into sports and movie production area in naming Donald Ohlmeyer to new post of pres.—NBC West Coast. Under move, NBC Entertainment Pres. Warren Littlefield and John Agoglia, pres. of NBC Enterprises and Productions, will report to Ohlmeyer. After leading in prime-time ratings 6 straight years, NBC has experienced sharp drop last 2 years and currently is running poor 3rd. Ohlmeyer spent 10 years at ABC Sports and is former producer of Mon. Night Football, leaving in 1977 to join NBC Sports. He left in 1982 to form Ohlmeyer Communications, which has produced many TV movies, some series and currently provides auto races for ABC. Ohlmeyer also produces Indianapolis 500 for ABC. He said company that bears his name would continue without him, although ABC said no decision has been made as to whether its tie with Ohlmeyer Communications will remain in place.

Graff Pay-Per-View is paying \$4 million for 25% of U.K.-based PPV channel, Home Video Channel Ltd. (HVC), and to buy remaining 75% over 2-year period. HVC owns 2 PPV channels, Adult Channel on Astra satellite, plus Home Video Channel, which is tape-delivered network for cable systems. Graff also said it completed private placement to institutional holders to raise \$4 million, and deal also qualified Graff for NASDAQ listing.

KSVI (Ch. 6) Billings, Mont., has gone on air as ABC affiliate, raising U.S. operating TV stations to 1,511 -- 1,143 commercial, 368 noncommercial. Group owner Big Horn Communications is KSCI licensee; Ray Moser is gen. mgr., Ron Walden chief engineer.

POLITICAL AD BILLS BACK: Picking up where they left off last year, 3 leaders of Senate Communications Committee reintroduced legislation Feb. 4 to reinstate fairness doctrine and to put new restrictions on content of campaign ads. Bills were introduced by Chmn. Hollings (D-S.C.), Communications Subcommittee Chmn. Inouye (D-Hawaii) and senior Republican Danforth (R-Mo.). In floor speech on fairness doctrine bill, Hollings assailed FCC for eliminating final application of doctrine as it applied to coverage of ballot issues: "This ruling is without merit or foundation. Making the airwaves available for opposing viewpoints is inherent in the public interest, especially when it comes to informing the public about issues on which they will vote."

Hollings also called "utterly baseless" FCC contention that spectrum no longer is scarce, saying: "The greatest battles at the FCC take place over spectrum, because it is in such short supply." New technologies such as HDTV will require large allocations, as will new services, he said. He also disagreed with FCC's contention that there's more competition in TV and radio, saying there's "increasing concentration" in radio ownership. Commission argument that doctrine has "chilling effect" on news media ignores role it plays in protecting public right to present opposing viewpoints, Hollings said. Inouye called burden on stations as result of doctrine "both necessary and minimal," while Danforth said it "strikes a careful balance between protecting the First Amendment rights of broadcasters and the First Amendment rights of the public."

"Clean Campaign Act," introduced by same 3 lawmakers, contains portions of political advertising bills that were considered by Congress in last session and approved by Commerce Committee. Measure covers use of broadcast time to attack political opponents and use of PAC money to air ads. It would require that if candidate wants to discuss opponent in ad, candidate should do so in person. Hollings said attacks "are becoming more and more insidious and are contributing less and less to the debate about candidates' qualifications for office." Bill would require that if station airs ads paid for by PAC, broadcaster must give free response time to candidate who is opposed or "otherwise not supported."

Danforth also introduced bill to regulate prices of political ads. Details weren't available, but measure is believed to be similar to one that passed Congress last year but was vetoed by President Bush.



Cuba has taken first step toward bridging gap with U.S. by allowing Comsat World Systems to broadcast TV to and from Cuba. FCC Feb. 1 waived Sec. 214 of Communications Act to allow Comsat to use Intelsat satellites to broadcast Cuban TV signals into U.S., and vice versa. FCC approval, which was facilitated by approvals by Treasury, State and Commerce Depts., allows Comsat to permit Cuban and U.S. broadcasters to use Intelsat's Atlantic Ocean Region (AOR) satellites at 335.3° E and 325° E. Cuba currently has one Earth station that points to primary AOR satellite at 335.3°. "This [approval] will greatly streamline and intensify our service to our customers by awarding a general license [to broadcast] rather than having to deal with each occasional-use broadcast on a case-by-case basis." Comsat International & Regulatory Affairs Vp Maury Mechanick said. "This is consistent with the Cuban Democracy Act that was passed [by Congress] last year. The act was intended to improve the flow of democracy into Cuba, and telecommunications is a big part of that. This is a means of promoting democratic interests within Cuba."

Justice Dept. will defend must-carry and all other provisions of 1992 Cable Act in court, DoJ said Feb. 4. Decision reverses position under Bush Administration and clarifies govt. role in must-carry litigation. Shortly after 1992 Cable Act was enacted over President Bush's veto, his Administration said must-carry provision, among others, was unconstitutional, so it wouldn't be ethical for govt. to try to defend it in appeals in U.S. Dist. Court, D.C., brought by Time Warner, Turner Bcstg., Daniels, others. Justice Dept. refusal to participate in case caused repeated delays and raised question whether provisions would have to be defended by lawyers representing either Congress or FCC. "The President is the ultimate client of the Justice Department, and now we have a new client," DoJ official said. Then-Sen. Gore was co-sponsor of Cable Act. Clinton Administration had been expected to order Justice to defend Cable Act in court, but didn't make formal decision until last week. Official said Justice lawyers were preparing brief defending must-carry and will submit it by Feb. 12 deadline. Change would make govt. position in favor of must-carry more consistent and easier to defend, said Andrew Schwartzman of Media Access Project, which is supporting must-carry. He said decision would make litigation less complicated and eliminate potential distraction for court: "This is the first robin of spring, and the first palpable change [in communications policy] directly attributable to the new Administration." Meanwhile, Senate Feb. 3 adopted resolution directing its lawyers to file amicus brief supporting must-carry provisions of last year's cable bill in case pending in U.S. Dist. Court, D.C. Senate Majority Leader Mitchell (D-Me.), who sponsored resolution with Minority Leader Dole (R-Kan.), said that even though Justice now can defend must-carry in court, there still is merit in filing brief on behalf of Senate that describes legislative record of Cable Act.

NAB is hosting legislative and futures conferences Feb. 9-11 at Ritz-Carlton Hotel, Naples, Fla., with 125 broadcasters expected. Members of Congress participating include Reps. Bilirakis (R-Fla.), Bonilla (R-Tex.), Fields (R-Tex.), Istook (R-Okla.), Rogers (R-Ky.), Swift (D-Wash.). Of group, Bonilla and Istook are freshmen members of Congress (with past broadcast connections) and Swift has announced that he won't seek reelection in 1994. Participating in futures conference will be John Abel, NAB exec. vp; Charles Jungo, Wave Phone Inc.; Greg Jones, dir. of engineering, KSL-TV Salt Lake City. Andrew Marcus of Alex Brown & Co. will deliver paper "Economic Trends Driving the Radio Industry" and Andrew Economos, Radio Computing Services, will speak on "Integrating Digital Operations in Radio Stations."

FCC is planning several tests throughout U.S. of proposed new Emergency Broadcast System (EBS) equipment over next several months. Tests will be conducted to assure that proposed new standards are compatible with all technologies that deliver EBS information, Commission said. Equipment manufacturers, stations and cable systems have been invited to participate. Results will be made part of official record in current EBS rulemaking (FO Doc. 91-301) released last fall -- 202-632-3906.

Cable spot ads soared 78% to \$45.7 million nationwide in 4th quarter, cable ad firm Cable Networks Inc. (CNI) said in survey. Fourth-quarter figures increase total 1992 revenue for cable spot to \$111.6 million, up 36% over 1991. CNI predicted cable spot would grow 33% in first quarter 1993 to \$33.1 million. Biggest 4th-quarter gain was in automotive products, CNI Senior Vp Peter Moran said, with first-quarter advances expected in autos and financial services.

CABLE WINS ON INDECENCY: Cable won one and lost one in first 2 new rules to be finalized by FCC in implementing 1992 Cable Act. Commission, in decisions announced Feb. 2, said cable operators can block indecent programs on leased channels entirely if they wish and, if they allow such programs, put most of burden on policing them on program producers. But FCC rejected cable industry efforts to limit homeowners' control over coaxial cable left in home after subscription is canceled.

Operators need to block access to leased access channels that carry indecent programming only during time when indecent shows are on, and can use any blocking mechanisms that they want as long as they're effective, FCC said. Indecency ruling allows cable operators to: (1) Accept programmer assurances that shows aren't indecent. (2) Require programmers to provide written certification that programs aren't indecent. (3) Require producers of live programs to certify that they will exercise reasonable efforts to ensure that shows will contain no indecent or obscene material. (4) Not require operators to begin blocking channel until they receive request to carry such show, and channel can be used unblocked for other leased access shows that aren't indecent.

Operators had proposed that they be allowed to rely on certifications by programmers that shows aren't indecent because it would be too costly to monitor programming in advance and that could be considered censorship. Civil liberties groups, including ACLU, had argued that FCC shouldn't require blocking of indecent programs because simple parental lockboxes are less intrusive.

Commission said operators must offer to sell cable wiring to subscribers who terminate service so they could avoid disruption of removal. It said cable systems must offer to sell in-home coaxial cable to terminating subscribers at per-foot cost of wires themselves. System still would be allowed to remove wiring from homes if subscribers don't want to pay for it, and could remove it from any home that cabler shuts off because of nonpayment or theft of cable service. Congress required FCC to set new rules for in-home wiring to give users opportunity to avoid disruption of having wires removed, and to make it easier for competing multichannel system to use existing wiring. FCC said cable system isn't responsible for signal leakage on wiring left behind.

FCC decision won't mean major change for cable industry, since comments filed in proceeding indicated that most systems leave wiring in place anyway because it costs more to remove it than wire is worth. Rules apply only to wiring itself, not to active elements such as amplifiers or converter boxes. Rule defines in-home wiring as everything up to 12" outside home.

Women became more visible on network TV news in 1992, but minorities made few gains, according to study by Center for Media & Public Affairs. Women held 10 spots in top 50 among reporters getting most stories on network news, vs. 4 in 1991, and 4 women were in top 10, including NBC's Andrea Mitchell, who was first woman to win top spot (tied with NBC's John Cochran). Women reported 19% of stories on evening news shows of big 3 networks, vs. 14% year ago, study said. Five minorities made top 50, vs. none year ago, but their percentage of stories remained under 10%, Center said. Black reporters handled 6% of stories, vs. 4% in 1991, and Asians and Hispanics combined for 3%. Study said women reported 25% of all CBS stories, and minorities 16%, while ABC and NBC had 17% women and 6% minorities.

8 ELECTED TO NAB RADIO BOARD: In at-large election for seats on NAB TV board, 2 incumbents are among 12 candidates seeking 6 spots, while 8 dirs. were elected to radio board without runoff. TV incumbents are Bruce McGorrill, Me. Bestg., and William Ryan, Post-Newsweek Stations. Other TV candidates: Michael Bock, Guy Gannett Bestg.; Michael Finkelstein, Renaissance Communications; Philip Jones, Meredith Bestg.; Harold Meagle, KFVS-TV Cape Girardeau, Mo.; Thomas Oakley, QNI Best. Group; Clyde Payne, Benedek Group; Harold Protter (ex-dir.), KPLR-TV St. Louis; J.A. (Skip) Simms, WEVV Evansville, Ind.; Nicholas Trigony, Cox Bestg.; Russell Withers, Withers Bestg.

Elected to radio board without runoff (*incumbent): Dist. 5 -- William Evans, WQXE(FM) Elizabethtown, Ky.; Dist. 9 -- Houston Pearce*, Radio South Inc.; Dist. 11 -- Richard McBroom*, WONW(AM)-WNDH(FM) Napoleon, O.; Dist. 13 -- Ross Biederman*, Midwestern Bestg.; Dist. 15 -- Bayard Walters*, Cromwell Group; Dist. 17 -- Radio Chmn. Wayne Vriesman*, Tribune Bestg.; Dist. 19 -- Douglas Williams*, KWOX(FM) Woodward, Okla.; Dist. 21 -- Paul Hedberg (ex-dir.), KMRS(AM)-KKOK(FM) Morris, Minn.; Dist. 23 -- David Benjamin*, Community Pacific Bestg., Salinas, Cal.; Dist. 25 -- Harold Greenberg*, KMAS(FM) Shelton, Wash.

Runoffs are scheduled in 3 districts: Dist. 1 -- Richard Ferguson, NewCity Communications, Bridgeport, Conn., and Alan Okun, WGFP(AM)-WSGQ(FM) Webster, Mass. Dist. 3 -- Jerry Lee (ex-dir.), WEAZ-AM-FM Philadelphia, and Donald Steese, WMLP(AM)-WOEZ(FM) Milton, Pa. Dist. 7 -- Paul Levesque, WXXL(FM) Taylor, Fla., and Matt Mills, Paxson Bestg., Orlando. Winners will be announced March 15.

Tower lighting and painting were chief culprits in several dozen fines in all classes of services levied last week by FCC's Field Operations Bureau (FOB). Notices of liability were issued following onsite inspections by Commission field office personnel, including to 28 broadcast stations, 18 of which are in Denver. Fines ranged from highest of \$13,150 against Mile High Bestg. to \$200 against maritime radio operator in Honolulu. At least one govt.-owned licensee was hit, KQT621 mobile safety station owned by state of Fla. FCC also fined 2 TVs and 3 radios in Kansas City area, including KTWU Topeka, owned by Washburn U. In addition to towers, stations were punished on such issues as faulty public inspection file, Emergency Bestg. System, log maintenance, unattended stations. NAB, which has launched major campaign against FCC fee schedules (TVD Jan 25 p4), expressed concern at most recent fines. Said Henry Baumann, NAB exec. vp-gen. counsel: "What we've suspected all along appears to be correct. The Commission appears to be using fines as a source for increasing revenue." Another Assn. official said fines are likely to become major issue over next several weeks.

KBLCom paid \$5.8 million for what it calls "major equity interest" in InSight Telecast, which provides customized on-screen program guide for cable. Deal gives KBLCom CEO Gary Weik seat on InSight board, joining representatives from Spelling, Tribune, Viacom. Weik said InSight service will be available to KBLCom subscribers in selected markets later this year.

Total of U.S. cable households rose 4.2% to 58,533,400 in Nov., Arbitron said, with cable penetration at all-time high of 63.1%, vs. 61.2% year ago, and 62.9% in July. Arbitron figures are calculations based on extrapolation of data from its diary households.

Personals

William Sullivan, KPAX-TV Missoula, Mont., elected chmn. of CBS TV affiliates' board, succeeding **Richard (Mick) Schafbuch**, KOIN-TV Portland, Ore... Advancements at NBC: **Randel Falco** to pres., Bcast. & Network Operations; **Michael Sherlock** to exec. vp-technology... **Thomas Schaick** promoted to senior vp-finance and administration, ABC Entertainment.

Michael Burgess, ex-KSAX Alexandria, Minn., appointed pres.-gen. mgr., KOB-TV Albuquerque, succeeding late **David Herman**... **Ed Goldman**, pres., Group W TV sales, advanced to vp-station mgr. WBZ-TV and gen. mgr., WBZ(AM), Boston... **Lee Ann Tallbear**, free lance writer, named outreach mgr., Independent TV Service, new post... Former Rep. **Mel Levine** (D-Cal.) joins Washington office of law firm Gibson, Dunn & Crutcher as partner... **Ray Duffy** advanced to exec. vp, United Video... **Joseph Euteneuer** promoted to corporate controller, Comcast... **Frank Reitter**, ex-N. American Philips, joins TV Answer as vp-consumer mktg.

NTIA Dir. **Gregory Chapados** has been appointed senior vp-new business development, new post, Hallmark Cards subsidiary Crown Media, cable MSO with 810,000 subscribers... **Ellen East**, mgr.-corporate communications, Cox Enterprises, named mgr.-public affairs, Cox Cable... President Clinton announced he would nominate Cray Research CEO **John Rollwagen** to be deputy Commerce Secy. Rollwagen has been leading participant in Computer Systems Policy Project (CSPP), group led by Apple CEO John Sculley, in promoting advanced U.S. telecommunications network.

James Gattuso, deputy chief of FCC Office of Plans & Policy, resigns effective Feb. 22 to become vp-policy development, Citizens for a Sound Economy, Washington public interest group. Last year, he was detailed to White House to help develop telecommunications policy in Bush Administration... **Walda Roseman**, chief of FCC Office of International Communications, resigns to form Washington-based CompassRose Inc., international strategic and business consultant... Promotions at Showtime Networks: **Jeff Wade** to senior vp-zone gen. mgr., East; **Richard Ingerbrand** to same post, West; **Richard Maul** to vp-field mktg... **Ross Jones** appointed vp-finance, Knight-Ridder.

Lowell Mate advanced to senior vp-creative affairs, HBO Independent Productions... **Bruce Kapas**, pres., Request TV, appointed pres.-COO, Reiss Media Enterprises, succeeded by **Hugh Panero**... **Steven Fadem**, ex-Multimedia Entertainment, joins Viacom Entertainment Group as senior vp-business affairs... **Matthew Cooperstein**, ex-KCAL L.A., appointed west coast regional dir., New Line TV... **Patricia Clamm-McRae**, KTNV Reno news dir., named to same post at KHQ-TV Spokane... **Tony Dwyer** promoted to vp-gen. sales mgr., MTM TV Distribution... **Susan Reiner** appointed dir.-drama development, Warner Bros. TV.

Sandra Harden, senior vp-station mgr., KVIE Sacramento-Stockton, appointed dir.-development, WMHT Educational Telecommunications, Schenectady... **Bruce Henrickson** named dir.-programming and public affairs, Pa. Cable Network; **Bradford Hammer** joins as mgr.-sales and mktg.

FCC should move toward assessment of competitive barriers to market entry, service quality and targeted subsidies, Comr. Barrett said in speech at Institute for International Research in Dallas Feb. 2. "We are likely to be faced with a new paradigm of competitive entry regulation," he said. "Clearly, the transition to a new competitive entry model will take a period of years at the federal level, and is not likely to occur uniformly at the state level." Technology is "eroding traditional barriers between communications service providers and their formerly distinct markets," Barrett said in what was billed as major speech on regulatory evolution. "In order to remain a country with a first-rate, modern communications infrastructure, I believe that regulators and policymakers must maintain a vision for the future," he said, pointing out that Commission would try to be "sophisticated enough to assess issues regarding cross-subsidy, accounting gimmickry or abusing pricing." Barrett singled out AT&T and MCI as vendors that are aiming at more involvement in local wireless services, and Sprint/Centel merger as example with similar ramifications. "The regulatory implications of these ventures will be closely examined as our PCS [Personal Communication Service] docket continues to evolve." Barrett said PCS will be central issue this year, with broad range of issues to be discussed and resolved: (1) Jurisdiction -- federal-state squabbling will be "significant issue." Comments show many advocate common carrier or comparable regulation while some advocate self-regulation or private carriage treatment. (2) Spectrum Allocation -- should be assessed "in terms of new entrant competitive requirements, and the ability of existing players to technologically compete in PCS with 20 MHz or less." PCS, Barrett said, must be able to draw investment capital. (3) Market Size -- "I prefer a mix of regional and local licensing schemes." First comments focused on wide range of options. (4) Eligibility -- he will keep open mind on whether LECs should have full eligibility and whether special treatment should be accorded small telcos. (5) Numbering Plan -- "aggressive comment" is necessary to draw all points of view to table on how evolution of N. American Numbering Plan will affect PCS use.

Continental Cablevision said it caught more than 140 alleged cable pirates in sting operation last Nov. in Springfield, Mass. MSO carried ad that was visible only to those using illegal decoders during Holyfield-Rowe championship fight in Nov. Ads offered free T-shirt to those calling in, and T-shirts were sent by registered mail. Continental now is sending letters to all who signed for shirts, saying that it will take legal action against those who don't reach settlement with cable operator. Previous settlements have ranged up to \$1,200 for residences and \$5,000 for commercial theft, Continental said. In another action, Peter Greenwood of Brigantine, N.J., pleaded guilty to selling and installing pirate chips in cable decoders. Sentencing in U.S. Dist. Court, Camden, N.J., is set for April 16. He faces up to 5 years and \$500,000 fine.

TV Answer said it signed contract worth up to \$100 million for local transmission and reception equipment for its interactive TV system. MATCO Electronics of Vestal, N.Y., will build equipment to receive, process and transmit signals between viewers' TV sets and TV Answer's local cell sites.

Texas Instruments and C-Cube Microsystems said they will cooperate to develop integrated circuits for use in compression of video and audio. Circuits will be compatible with MPEG and JPEG compression standards, they said. Agreement allows each company to develop derivative products based on other's products.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	JAN. 16-22	1992 WEEK	% CHANGE	2 WKS. TO JAN. 15	3 WEEKS 1993	3 WEEKS 1992	% CHANGE
TOTAL COLOR.....	362,660	382,464	- 5.2	461,410	890,525	922,216	- 3.4
DIRECT-VIEW...	354,633	376,619*	- 5.6	454,923	870,393	902,801	- 3.6
TV ONLY.....	341,727	363,538	- 6.0	502,074	843,801	874,391	- 3.5
TV/VCR COMBO.	12,906	11,945	+ 8.0	14,046	26,592	28,410	- 5.1
PROJECTION....	8,027	6,981	+15.0	12,105	20,132*	19,415	+ 3.7
VCR DECKS.....	203,295	242,524	-16.2	302,112	505,407	512,495	- 1.4
CAMCORDERS.....	38,535	35,266	+ 9.3	50,803	89,338	93,435*	- 4.4
LASERDISC PLYRS#	4,099	4,424	- 7.3	3,217	7,316	22,231	-67.1

Direct-view TV 5-week average: 1992-1993--324,370; 1991-1992--281,471 (up 15.2%).

VCR deck 5-week average: 1992-1993--181,712; 1991-1992--161,079 (up 12.8%).

Camcorder 5-week average: 1992-1993--34,465; 1991-1992--33,058 (up 4.3%).

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

JVC PUSHES DIGITAL VIDEO DISC, ANALOG TAPE: As only company producing full-motion video (FMV) on CDs for consumer consumption, JVC plans higher resolution version to carry movies after Moving Picture Expert Group approves MPEG-2 standard, expected by year-end. Since that standard has no upward limit, company already is talking about widescreen high-definition recordings on 5" disc -- or possibly even on 2.5" MiniDisc (MD).

But at same time, company is caught in incongruous position of strongly backing analog recording system for high-definition widescreen tape recording -- presumably to extend life of VHS recording format -- even as other companies continue to announce or demonstrate proposed consumer digital high-definition recorders (TVD Feb 1 p11).

At Technofair in Yokohama last week, one of star attractions was demonstration of striking high-resolution video simulation of what might be attainable with MPEG-2 based on "JVC extension" of MPEG-1, which JVC proposed to MPEG. Tsuneyoshi Hidaka, chmn. of Testing Committee of MPEG -- as well as deputy gen. mgr. of JVC's Central R&D Center and gen. mgr. of JVC Lab of America -- told us that company plans to put movies on 5" CD discs with 4 times capacity of today's discs, running at faster speed on narrower tracks but still providing 74 min. That approach is almost opposite of that demonstrated by Nimbus, which runs disc at slower speed to achieve more than 2 hours' playing time (see separate report).

JVC bases optimism for movies on discs on its success in karaoke market with MPEG-1 discs. That "Digital Vision" system constitutes most widespread current use of FMV on CD. JVC doesn't consider karaoke disc picture quality adequate for movies, but okay for use in bars for delight of slightly intoxicated would-be singers. JVC already has developed first real-time recorder with MPEG-1 FMV.

JVC is studying possibility of recording movies on both CD and MD, said Masahiro Inbe, gen. mgr. of Audiovisual Software & Media Business Group. "We are still in the process of preliminary testing," he said last week. "We think we can produce high-quality programs on CD" with MPEG-2. As for MD video, it's definitely being studied, but "we think CD has an advantage because of higher capacity."

In contrast to its work on digital prerecorded movies, JVC insists that it's not yet time to attempt to field digital consumer recorder. It's pushing hard for its W-VHS analog system of 2-track recording that's compatible with all VHS machines in non-HDTV mode. As demonstrated at Technofair, W-VHS produced

excellent widescreen HDTV pictures indeed. Target price for W-VHS recorder this fall is about 600,000 yen (about \$4,825) -- high end of consumer scale.

Although VHS format is 16 years old, JVC feels responsibility to maintain compatibility in next generation of recorders, Video R&D Labs Gen. Mgr. Katsuya Yokoyama said. He said W-VHS can record any widescreen or HDTV system, whether analog or digital, but "a digital VCR must be designed for a specific [broadcast] system and can't be modified once it is designed -- that's a characteristic of digital. In high volume, we think W-VHS has much more merit than a digital system." He noted that digital recorder might be considerably more expensive. However, he conceded that next generation after W-VHS will be digital. Asked to estimate when that product would be developed, he said 1997. Yokoyama said any system must be based on cost/performance ratio. Even if digital system is available in 1997, he said, W-VHS still will be compatible with any HDTV system. Asked whether future JVC digital recorder would be compatible with VHS or would use completely different medium, such as recordable disc, he said no decision had been made yet on format.

JVC Pres. Takuro Bojo accepted fact that digital VCR would be introduced to public at some time, although he cited W-VHS as one of keys to JVC's immediate future. He revealed that manufacturers in Japan have agreed to launch "the same format" for digital recorders when time comes, but said there's no coordinated work yet toward any format. As for Digital Vision disc system, Karaoke version is selling now twice as fast as last year. "In the future, we plan to convert [digital video on disc] to a consumer product, and are talking with other manufacturers on standardization."

As for future of high-definition broadcasting, Bojo said: "I don't think we will be able to continue analog HDTV in Japan. We must think of the next generation after MUSE. We are promoting R&D on digital HDTV."

GENERAL MAGIC TRIES FOR PERSONAL COMMUNICATIONS STANDARD: Although saving specific product announcements for later, much-discussed General Magic (GM) today (Feb. 8) is making first public disclosures of its ownership and plans to establish "a new class of personal communications products and services" built around pair of proprietary technologies, including communications protocol it hopes to establish as industry standard for wireless communications. Stakes potentially are immense, with some estimates seeing market growing to more than \$20 billion in annual hardware sales by turn of century as devices such as personal organizers, telephones and computers merge into single unit.

As with another recent touted startup -- 3DO -- General Magic has drawn attention not just on merits of its efforts, but also for identity of its backers and fact that it won't make product, but instead provide operating platform for others to license. Company was incorporated in May 1990, spun out from Apple Computer, where it began as internal project to explore new products beyond traditional personal computers. Sony and Motorola joined Apple following Feb., and within last year AT&T, Matsushita and Philips also have taken equity stakes. All backers are represented on board and will market products based on GM technology. Only other shareholders are company employees, said Pres.-CEO Mark Porat, who led original project at Apple.

In addition to those companies, GM is identifying 4 "content providers" -- Intuit, Mead (owner of Nexis and Lexis on-line services), News Corp. and Sony Electronic Publishing (SEP) -- though not specific products they will produce. SEP spokesman declined comment on nature of products being developed for GM-based communicators, but said team has been working on project for several months. Team reports to Robert Hurley of Publishers Data Software Group, SEP division that develops software authoring tools.

Matsushita, Motorola, Philips and Sony are expected to market personal communicators based on GM technology. Telescript, communications protocol element of GM technology, also will be included in AT&T Personal Communicator 440, designed by EO Inc., which will market its own version later this year; Matsushita and AT&T are strategic partners in EO. Apple is said to be "working with GM to incorporate GM technologies into current and future products," most logical of which would be Newton personal digital assistants (PDAs). AT&T EasyLink is building enhanced network service incorporating Telescript to "enable different brands of personal communicators and computers to communicate with each other." Motorola also is said to be providing "semiconductor support."

Telescript protocol is embedded within "Magic Cap," icon-based operating platform. Philosophically, aim was to create technology that could address "whole person thinking," Porat said, describing range of business, communication, social and other forces that flit in and out individual's everyday life. More

prosaically, GM goal in developing Magic Cap was to make device easy to use, "probably the first consumer electronics product that would not have to be explained," Porat said. Mockup we saw was pen-based device whose front was totally taken up by screen, which displayed icons for wide variety of functions; however, one source cautioned against taking mockup too literally, likening it to "artist's rendering".

Reference to "consumer electronics product" indicated GM's desire to shepherd products into consumer channels. Widespread reports were that first products would retail for less than \$1,000. Porat said that personal computers still are essentially business products, but that more are sold through consumer channels today than anywhere else. Michael Vitelli, senior vp-gen. mgr., Sony Personal Audio Products Co., which will handle company's sales efforts, said first customer for devices will be "the mobile business person who can recognize the value and rationalize the purchase" on economic basis," and spread outward from there. "There is great potential for compelling, easy-to-use technologies that combine the best in personal information, personal communications and multimedia technologies from the consumer electronics, entertainment, telecommunications and computer industries," Sony said. "In fact, Sony envisions an entire new market developing from the 'merger zone' among these industries, with a potential far greater than even established product categories such as personal computers."

Porat headed original project that developed concept called "Pocket Crystal." GM was spun out as separate company in May 1990, with Porat, Bill Atkinson and Andy Hertzfeld as co-founders. Atkinson, member of original Macintosh development team and principal designer of HyperCard technology, is GM chmn. Hertzfeld, also member of Macintosh team, is listed officially as "senior vice president, Software Wizard."

35" TUBE TV SALES ROSE 52% IN 1992: Color TV's crowning glory, 35" direct-view TV sets, paced continuing overall large-screen surge in 1992 with 52% climb from 1991 in first available comparison of that size from year to year. All direct-view sets with tubes 30" and above jumped 47% in 1992, according to EIA-based figures obtained from unofficial sources.

Climb in 35" category is all the more remarkable in view of fact that Sony, which has significant share of giant-screen market, doesn't even field that size. (Category actually is "35 and above" direct-view color, which could include tiny number of Mitsubishi 40" sets sold to dealers at end of 1992.) Total 35" sets sold in 1992 was 243,900 (both consoles and table models) as compared with 160,500 in 1991. Some 786,800 sets with tubes 30" and larger were sold last year vs. 535,100 in 1991.

Sets over 26" totaled 3,473,300, up 17% from 2,968,500. Continued growth of 25" size yielded remarkable 3,084,400 sets in 1992, big 22.8% ahead of 1991, when total was 2,512,700. So-called "big-screen" sizes (excluding projection), 25" and over, came to 7,314,600 -- 34.7% of total direct-view sets (not counting TV/VCR combos) in 1992. That was 15.3% increase from 1991, when those sizes represented 32.6% of total -- 6,343,600.

In year when total direct-view TV-only sales rose 8.1%, every single screen size except 16" increased from preceding year. Consoles continued their decline, to all-time low of only 6.4% of sales in 1992, vs. 7.8% in 1991. TV/VCR combos grew to 4.3% of total direct-view sales from 3.3% in 1991, with larger sizes (mostly 19" and 20") increasing their share of combos to 45% from 37%.

In projection TV, whose sales hit record despite growing less than direct view, trend continued to larger sizes, with 50" and above now accounting for almost half of total and 44" and under shrinking to just above 10%. Here's screen size breakdown of 1992 vs. 1991 sales to dealers:

COLOR TV PRODUCT MIX, SALES TO DEALERS
1992 vs. 1991

	1992 Sales	1991 Sales	% Change	1992 % Share	1991 % Share
Portable-Table Models	19,717,000	17,950,500	+ 9.8	93.6	92.2
8" and under....	179,700	171,400	+ 4.8	0.9	0.9
9-10".....	346,100	319,400	+ 8.4	1.6	1.6
13-14".....	3,960,200	3,923,500	+ 0.9	18.8	20.1
19".....	4,241,300	3,981,900	+ 6.5	20.1	20.4
20".....	5,014,300	4,734,200	+ 5.9	23.8	24.3
25".....	2,553,500	1,852,500	+37.8	12.1	9.5

	1992 Sales	1991 Sales	% Change	1992 % Share	1991 % Share
26".....	652,500	686,500	- 4.9	3.1	3.5
27-29".....	2,145,500	1,871,800	+14.6	10.2	9.6
30-34".....	464,000	319,200	+45.4	2.2	1.6
35" and over....	159,900	90,100	+77.6	0.8	0.5
Consoles.....	1,339,300	1,523,500	-12.1	6.4	7.8
25" & under....	530,900	660,200	-19.6	2.5	3.4
26".....	104,400	175,900	-40.6	0.5	0.9
27-29".....	541,000	561,600	-3.7	2.6	2.9
30-34".....	78,900	55,400	+42.5	0.4	0.3
35" and over....	84,000	70,400	+19.3	0.4	0.4
TOTAL TV-ONLY¹.....	21,056,300	19,474,000	+ 8.1	100.0	100.0
TV/VCR Combinations²	935,600	662,400	+30.6	4.3	3.3
13" and under...	515,000	417,400	+23.4	55.0	63.0
14" and over....	420,700	245,000	+71.7	45.0	37.0
TOTAL DIRECT-VIEW...	21,991,900	20,136,400	+ 9.2	100.0	100.0
Projection³.....	404,300	379,800	+ 6.4	1.9	1.9
44" and under...	41,600	58,900	-29.4	10.3	15.5
45-49".....	182,300	171,100	+ 6.6	45.1	45.0
50" and over....	180,400	149,900	+20.3	44.6	39.5
[50-54".....	149,400	na	--	37.0	--]
[55" and over....	31,000	na	--	7.7	--]
GRAND TOTAL.....	22,396,200	20,516,200	+ 9.2	100.0	100.0

¹ TV-Only screen size shares are percentages of Total TV-Only.

² Total TV/VCR Combo share is percentage to Total Direct-View.

³ Total Projection TV share is percentage of Grand Total.

Bracketed figures are breakdowns of line above and aren't included in totals.

Totals may not add due to rounding.

JAN. RETAIL SALES WERE STRONG: Marching in tune with retail industry as whole, major publicly held CE dealers are reporting strong Jan. sales on total and comparable store basis.

Best Buy doubled its sales for 4-week period ended Jan. 30, chalking up \$148 million in this year's month, giving it total of \$1.48 billion through first 11 months of fiscal year. That represented 74% gain for year to date. Revenues at comparable stores were up 30% in Jan. and up 20% so far in fiscal year, highlighted by improved volume in computers and peripherals as well as audio, video and computer software. At end of Jan., Best Buy had 111 stores in 14 states.

Tandy, which in Jan. announced plan to become pure retailing company by spinning off manufacturing operations (TVD Jan 18 p10), said Jan. retail sales rose 15% to \$297.5 million and comparable-store sales 7%. Company doesn't break out performance of individual retail operations.

Audio/Video Affiliates said total sales jumped 34% to \$19.1 million in Jan., with 21.8% increase in comparable stores. Month was final one in company's fiscal year, which saw sales rise 16.3% to \$225.7 million on 5.7% comparable-store revenue gain. Company had 106 stores at end of month, compared with 98 year ago.

Sears Mdse. Group Chmn.-CEO Arthur Martinez cited "continuing strong sales trend in recent months" in home electronics as contributing to 5.9% revenue gain in 4 weeks ended Jan. 1, as U.S. comparable store sales jumped 8.3%.

TCE INVESTS IN COMPRESSION LABS: Thomson Consumer Electronics and Compression Labs (CL) announced signing of "strategic business alliance" and said Thomson will invest \$14.9 million in new class of CL preferred stock, which would equate to more than 10% of company's shares.

Companies already are heavily involved with each other. Both are part of Advanced TV Research Consortium (ATRC) that has proposed HDTV standard to FCC. Also, CL is developing and manufacturing MPEG-based video compression system for DirecTV DBS system being launched next year by Thomson and Hughes under RCA label.

Agreement announced last week "provides for technology sharing, co-development of products, distribution and manufacturing of total systems for digital TV markets worldwide," joint news release said.

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Texas Instruments and C-Cube Microsystems said they will cooperate to develop integrated circuits for use in audio and video compression. Circuits will be compatible with MPEG and JPEG compression standards. Agreement allows each company to develop derivative products based on other's technologies.

THIS WEEK'S YEN RATE

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

NIMBUS's DOUBLE-DENSITY VIDEO CD: British record company Nimbus Engineering & Technology wooed crowds at recent Midem '93 music industry conference in Cannes, France, by demonstrating technology capable of storing full-length feature film on single disc, with stereo sound track, for playback on conventional CD player hooked into TV set via special adapter.

Until Nimbus demonstration, industry had worked on assumption that only way to increase storage capacity of CD enough to accommodate full-length movie was through use of short-wavelength blue lasers. But solid-state blue lasers aren't expected to reach commercial stage for several years.

Nimbus said it has been working for 5 years on practical means of doubling disc capacity without need for blue laser. Conventional CD has spiral track of "pits" for scanning by player's laser pickup, with each spiral having pitch of 1.6 micrometers. Rotational speed of normal disc continually changes to keep at constant 1.2 Mps, linear speed at which pits pass through laser beam. Microscopic size of pits themselves, each measuring about micrometer long and 0.5 micrometers wide, was chosen 10 or more years ago to conform to focusing accuracy capable then from solid-state infrared lasers with wavelength of 0.78 micrometers.

Mindful that quality of CD laser pickups has improved markedly since format's birth decade ago, Nimbus said it found that if optics in modern CD player were tweaked to tighten focus tolerances, player could be made to read pits half the size of those in conventional CD. It said that better grade CD players will read even half-size pits without need for adjustment. Moreover, Nimbus engineers said, existing players, by happy accident, will cope automatically with slightly slower disc speeds because they already need to vary rotational speed continually within very wide range. Accordingly, Nimbus said it has reduced track pitch by square root of normal pitch, to 1.26 micrometers, and reduced tracking speed by similar rate, to 1.1 Mps. Combined, those 2 reductions double playing time on disc containing pits half the size of those on conventional CD while staying within operational range of existing lasers and speed control circuits.

Nimbus said at Midem it expects double-density discs and players to be available within one year. It demonstrated breakthrough on standard CD player with digital output. Signal was fed to "Kermit" card containing MPEG standard full-motion video (FMV) compression chipset sourced from C-Cube Microsystems, which also is said to be developing FMV cartridges and chipsets for Philips CD-I system. Observers at Midem agreed that picture quality at demonstration exceeded VHS standards, although setup seemed to lack CD-I's interactivity. Nimbus executives said they realize Philips, as co-licensor of CD system, may object that doubling density is violation of CD standard. But Nimbus believes that once music and film industries become enamored of technology's capabilities, double-density disc will become unstoppable.

Sony put off construction of new European hq in Berlin (TVD July 1 p15) because of challenges from within European Community that it bought 7.5-acre-site on Potsdamerplatz at less than market price. Company never has revealed price it paid to Berlin municipal govt., although at the time it was estimated at \$56-\$60 million. Building complex, which would include hotel, restaurant and shops in addition to hq, was due to start this year. Sony spokesman was quoted as saying that if added payment is requested, Sony would review plans, probably killing project.

CHANGE AT TOP OF SILO: Silo has 3rd new president in last 2 years with last week's appointment of Peter Morris to position, replacing Robert Sirkis, who left company. Morris has been with Silo parent Dixons Group since 1988, most recently as retail group property dir. He spent time in U.S. earlier in career -- 5 years as gen. mgr of U.S. subsidiary of Smith & Nephew, and also with Revlon.

Morris's appointment comes less than month after Silo announced plans to close 45 stores in 7 Midwestern states after reporting \$26.2 million operating loss on sales of \$489.5 million in 28 weeks ended Nov. 14 (TVD Jan 18 p10). At time, Dixons Chmn. Stanley Kalms reiterated company's intention to restore Silo to profitability, although Sirkis conceded that Dixons had "underestimated the problems of Silo and the difficult nature of this market." Store closings are expected to cost Dixons \$40 million.

"The task at Silo requires a specific combination of retailing and property skills," Dixons Retail Group Managing Dir. John Clare said last week. "With [Morris'] wide experience in general management and retailing on both sides of the Atlantic, Peter is ideally suited to the job," which Morris assumes almost exactly 2 years after Dixons Group Finance Dir. Tony Dignum took over reins from long-time pres. Barry Feinberg, with Sirkis joining Silo as exec. vp (TVD Feb 18/91 p11). Later that year, he was named pres. as Dignum returned to full-time duties in U.K.

Nintendo still hasn't given outside software developers completed specifications for its CD-ROM system, but prospective peripheral was major topic of conversation among 170 developers who attended company's 2-day conference last week. Mktg. & Corporate Communications Dir. William White confirmed reports that drive would be built around proprietary 32-bit RISC (Reduced Instruction Set Computing) chip and double-speed drive using CD-ROM/XA architecture. White wouldn't specify when CD-ROM system specs would be delivered to developers (the said midyear is "a goal, not a target"). He also declined to confirm report (repeated to us by publisher who was represented at conference) that Nintendo's CD-ROM drive will require disc to be inside caddy, which will contain security chip designed to preclude nonlicensed programs from being played. Meanwhile, Japanese press reported agreement by Nintendo and Nomura Research Institute to develop and sell personal computer that would enable home users to develop their own game software. Report said product is planned to be marketed by end of next year in U.S. and Japan for about \$750. Computer, which would be designed to connect to TV set (not monitor), reportedly would include 32-bit CPU, with Nintendo installing enough of operating system to allow users to develop games.

Designer Philippe Starck and Thomson Consumer Electronics (TCE) agreed to "long-term collaboration affecting all CE products marketed by TCE worldwide." TCE Chmn.-CEO Alain Prestat said he's "confident he will help generate Thomson products that are even closer to the consumer's needs and expectations." Starck has long list of industrial design and architectural credits, including Paramount and Royalton hotels in N.Y., Asahi Bldg. in Tokyo, interior design and consumer products.

Canon USA Tech Expo '93, company's annual display of its latest technology, will be held March 10-12 at N.Y. Hilton. Expo, which this year commemorates 55th anniversary of Japanese parent, will include several technologies that Canon never has shown in U.S.

JVC DISPLAYS TECHNOLOGY: Scrappily determined to fight its way out of recession with increased emphasis on technology and software, JVC celebrated 65th anniversary of its founding (as subsidiary of Victor Talking Machine) last week with display of its technological might in its home town of Yokohama.

JVC's Technofair focused on products of near future that might enhance flagging consumer market or even revitalize it. Major attention was on new W-VHS HDTV recording system and digital video CDs (see separate report in this issue).

"We must transform our company," Pres. Takuro Bojo told journalists invited from 7 Western countries where JVC does business. "We can no longer ride on the growth of VHS." Near-term goal is to change business mix from 67% consumer, 17% nonconsumer and 16% software (in 1991) to 55%, 20% and 25%, respectively, in 1993. But Bojo gave eventual goals as 1/3 for each category.

In meantime, JVC has no intention of surrendering its image as technological company. Among new or potential products displayed at Technofair:

(1) Receiver for Clearvision II, proposed EDTV 16:9 system to be introduced in Japan in 1995. When letterboxed program is transmitted, additional information is sent in blank spaces above and below picture to add resolution, resulting in picture far clearer than existing NTSC.

(2) Widescreen 55W" projection set that will be introduced later this year in U.S. (TVD Jan 4 p9). Unique feature is ability to stretch edges of 4:3 picture without damaging central portion. Picture appeared surprisingly linear, without distortion that's so obvious when standard picture normally is stretched onto wide screen. Company claimed linearity of picture is within 5% for 70% of screen, but no stretching was noticeable with most subject matter.

(3) First fruits of collaboration with Hughes Aircraft on lightvalve projection TV (TVD June 1 p11). JVC showed 3 versions of "Image Light Amplifier" (ILA), largest being 300" theater screen. Rear-projection 150" screen was demonstrated in brightly lighted room. JVC said some versions will use LED instead of CRT for higher resolution (1,600 dots per inch). First versions will be for industrial use at around \$100,000. Consumer model appears to have been postponed for about year, now is due for introduction around Sept. 1995, Hughes and JVC officials said.

(4) S-VHS recorder with 5 channels of digital audio, but compatible with other audio tracks on standard VHS tape. One version demonstrated used Dolby SR/D audio, currently found in only in a few theaters.

(5) Self-tracking VCR with "color memory" that locks onto color of subject being photographed and pans horizontally to follow it -- said to be valuable for following children, animals, etc., as they move about.

* * * * *

"The key to our survival," Pres. Bojo told journalists, "is not to expect major growth in existing consumer electronic products." He cited ILA, CD-ROM-based videogames, W-VHS and software as keys to future.

Asked about relationship with parent Matsushita, he conceded it's changing. "We have a closer relationship than ever before, but will keep our independence as a company, while looking for possibilities for cooperation." Matsushita, he noted, will be making circuit boards for JVC VCRs as well

as semiconductors to incorporate into JVC products, but no end-product manufacture will be pooled.

One video area coming under intense study at JVC is camcorder, and Bojo indicated major departure to expand base: "We must develop a new type of product which is very simple to use, starting up again with a low-priced product. We hope to have it this fall or earlier." Although he declined to describe product, there was speculation that it might be simplified record-only model of type already introduced in Japan by Matsushita (TVD Jan 18 p16).

NEW GO-VIDEO HEAD NAMED: Go-Video last week named Roger Hackett, who joined board in Dec., as new pres.-COO in wake of resignation of Robert Palko. Palko also resigned as member of board, but will be consultant to Go-Video for year. Meanwhile, Sales Vp Kevin Sullivan was named exec. vp-sales and mktg.

Chmn.-CEO Terren Dunlap said company is moving into "a different phase of our growth. We've come through a tremendous sales and marketing phase with Bob Palko leading the charge," but now needs "total concentration and focus on the bottom line." He acknowledged that "we've begun to be profitable, but think we can do even better."

Palko, who joined Go-Video in June 1991 and was named president later that year, said parting came after "a philosophical difference with the board of directors" emerged. Although he wouldn't elaborate on what sparked disagreement, he said board in late Dec. voted him "a substantial discretionary bonus" based on last year's results, and actually had offered him CEO title late last month, but "the package was not one we could come to terms on. As a result of that, I reevaluated my position with Go-Video," and resigned. Dunlap declined comment on Palko's comments, but said short time between Hackett's joining board and assuming presidency was coincidental.

Hackett founded CAMS Div. of ATI Medical, which provides barcode-based software to hospitals. Most recently he has been senior vp, sales and mktg., for Serving Software, which bought CAMS last year. Dunlap said Hackett was experienced in running public company, and key for Go-Video "is going to be the financial controls." He said part of Go-Video efforts would be "to see what sort of partnering and licensing arrangements" company could develop with its patents related to dual-deck technology.

In most recent quarter, ended Oct. 31, Go-Video's sales jumped 68% to \$6.1 million, with net income of \$21,000, compared with \$483,000 loss in year-earlier period.



Sony last week introduced 2 DAT portables, including industry's first ultrasmall playback-only Walkman fittable in shirt pocket, product envisioned when DAT was thought of as long-term digital successor to compact cassette. Recorder-player (\$630 list price) and playback-only unit (\$450) are due to arrive in U.S. next month. Company said 4 AA cells will power recorder for up to 4 hours, with same longevity on playback unit using only 2 cells. Latter unit clearly is more noteworthy product from standpoint of novelty, as it measures only 4.7x1.1x2.8" and weighs only 8.8 oz. with batteries. Sony (Japan), which introduced same models for March 10 shipment in domestic market, said playback-only will be targeted toward consumers who already own DAT recorders -- factor made all but inevitable because it will come to market with virtually no mainstream prerecorded software support.

Consumer Electronics Personals

Hajime Mitarai named pres. of Canon Inc. in top-level restructuring, succeeding **Keizo Yamaji**, who becomes vice chmn... Promotions at Sanyo (Japan), effective Feb. 25: Vp **Masaru Yamano** moves to vice chmn., will serve as liaison officer for CEO **Satoshi Iue** in financial and international business matters; Audiovideo Business Hq Pres. **Hironobu Yagata** becomes senior managing dir.; Audiovideo Vp **Takaharu Yamada** advances to managing dir.

Michael Larson, ex-vp-national accounts/special markets, named senior vp sales/operations/distribution, Toshiba America Consumer Products, position vacant since Jan. 2 early retirement of Thomas Steckbeck (TVD Dec 7 p18)... Changes at Go-Video: **Roger Hackett**, ex-CAMS Div. of AIT Medical and since Dec. member of Go-Video board, named pres.-COO, replacing **Robert Palko**, who resigns, but continues as consultant for one year; **Kevin Sullivan**, sales vp, promoted to exec. vp, sales and mktg.; **Edward Brachocki**, ex-MTA/EMCI consulting group and Goldstar Telecommunications, joins as mktg. vp (see story elsewhere in this issue).

Peter Morris, retail group property mgr., Dixons, named pres. of Silo, Dixons' U.S. subsidiary, replacing Robert Sirkis (see story elsewhere in this issue)... **Kent Flummertelt**, Lechmere pres.-CEO, also elected chmn., as expected since resignation announced last summer of **George Scala** (TVD June 29 p15), which became effective Jan. 31... **Stan Krangle** to leave as pres. of Franklin Electronic Publishing, no replacement named... **Frank Reitter**, ex-vp, national accounts, Philips Consumer Electronics, named vp-consumer mktg., TV Answer.

Changes at Harman International (HI): **Thomas Jacoby**, ex-pres., JBL Consumer Products, named pres., Harman Consumer Group, responsible for HI consumer divisions, including JBL Consumer, Harman Kardon, Harman Video and Fosgate; **Richard James**, JBL ex-pres., appointed pres., Harman Business Group; **Mark Friedman**, ex-Carver and Onkyo, named pres., JBL Consumer Worldwide; **Cary Christie**, ex-Infinity pres., takes new position of HI mktg. vp; **Floyd Toole** ex-HI vp-acoustic research, appointed HI engineering vp; **Bruce Scroggin**, ex-pres., JBL International, named HI corporate planning vp; **Kohtaro Yasuda**, ex-JBL mktg. dir. in Asia, becomes dir., new Harman Asian Mktg. entity.

Other changes at Infinity: **Hank Suerth**, exec. vp-COO, replaces Christie as pres.; **John Sternberg** resigns as dir., integrated systems, his duties to be assumed by Home Audio Vp **Fred Yando**; **Russ Swanson** departs as national sales mgr.-car audio, plans unannounced; **Leon Kube** resigns as product mgr., but will remain Infinity consultant on product training, international sales and military business; **Michael Ollins** departs as mktg. communications mgr., will continue working on publicity and ad materials as free lancer.

Robert Baruc resigns as home video pres. of Majestic Entertainment (which has been renamed Unipix) to become Triboro Entertainment Group pres., replacing Pres.-CEO **Michael Holzman**, who will depart at end of month to pursue new opportunities; Holzman can be reached at 212-686-6116... **Mark Gilula**, ex-Barr Films and Wood Knapp Video, joins Cap/ABC Video Publishing as sales and mktg. vp based in Stamford... Changes at Baker & Taylor (B&T): Pres.-COO **Jim Warburton** will concentrate on company's SoftKat operation; he remains pres. of both B&T Video and SoftKat; **Frank Wolbert** shifts from B&T Books senior sales vp to B&T Video exec. vp-COO; B&T Video Senior Sales &

Mktg. Vp **James Ulsamer** moves to B&T Books in same capacity.

New Video Group CEO **Steve Savage** and COO **Susan Margolin** assume sole ownership of company from former joint venture partner Fox/Lorber; also joining New Video are Mktg. Vp **Mark Kashden** and **Liza Mortimer**, who handles direct marketing accounts... Appointments at Prism Pictures: **Gary Rubin**, ex-Viewer's Choice, as vp-acquisitions and ancillary sales; **Liz Mackiewicz**, ex-Kodiak Films, joins as vp-international sales and acquisitions... **Jose Velasquez**, former mktg. dir. for Caesar Chavez, joins Barr Films in same capacity... **David Kosse** advanced to HBO Video retail mktg. dir... **Jay Barack** promoted to Uni Distribution Burbank regional video dir., replacing **Barbara Schmitt**, who transfers to Atlanta in that capacity.

3DO Chmn. **William (Trip) Hawkins** will deliver keynote address at opening session of Summer Consumer Electronics Show (SCES) June 3 in Chicago. He becomes 4th straight keynoter from outside mainstream audiovideo business, following Apple Chmn.-CEO **John Sculley**, Motorola Chmn.-CEO **George Fisher** and, most recently, IBM Pres. **Jack Kuehler**. EIA Consumer Electronics Group (EIA/CEG) Vp **Gary Shapiro** said 3DO's "efforts to create a new standard in consumer electronics entertainment have had a huge impact on our industry." Meanwhile, EIA/CEG said Industrial Designers Society of America (IDSA) has endorsed and is advising Innovations '93 Design & Engineering program for upcoming SCES and announced new fee schedule for those who submit entries. SCES exhibitors may submit without fee one entry per 100 sq. ft. of assigned booth space; multiple entries in excess of that ratio must be accompanied by nonrefundable \$1,000 fee per additional entry. Companies that exhibited at Winter CES but not at SCES must accompany each entry with nonrefundable \$1,000 fee. Those that exhibit at neither show aren't eligible -- Maureen Sweeney, 202-457-8773.

To be shown at Toy Fair, opening Feb. 8 in N.Y.: Video Technologies -- 2 new versions of Video Painter, including stepup model (\$180) available in fall that hooks into TV, lets child draw freehand with stylus in various modes, includes 120 preprogrammed objects and backgrounds, animation mode, sound effects. Optional RAM card can store images, be sent back to company to get color printouts... **Revell-Monogram** -- line of multimedia programs that will let modelers build vehicles (in standard plastic kits and on-screen) and race them against other vehicles on screen. Each disc in series will include step-by-step assembly instructions for 4 different kits. Discs in series will be released first in Multimedia Personal Computer (MPC) format, packed with plastic kit, followed 2 months later by Sega CD version. Others are being considered.

Recoton reached settlement on charges it infringed on patents held by Telcor and Arnco Mktg. involving rotatable telephone connectors that prevent tangling of phone cord. Under agreement, parties are forgoing collection of any judgments. However, Recoton has purchased 2 Telcor patents in question, and Telcor and Arnco have agreed to buy their rotatable phone connectors from Recoton through 2004.

Seiko Epson has invested more than \$16 million to expand LCD production facilities in Taiwan to produce 4-7" supertwist nematic displays for video products such as games, company said. Monthly production of 700,000 is scheduled to start in summer. Taiwan operation previously had specialized in 3" LCDs at rate of 700,000 per month, but has little room for expansion of capacity.

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
Blockbuster Entertainment			
1992-year to Dec. 31	1,200,494,000	142,034,000	.77
1991-year to Dec. 31	868,003,000	93,681,000	.56
1992-qtr. to Dec. 31	398,170,000	45,109,000	.23
1991-qtr. to Dec. 31	251,375,000	29,029,000	.17
Clear Channel Communications			
1992-year to Dec. 31	94,471,583	4,293,199	.45
1991-year to Dec. 31	74,141,940	1,125,781	.14 ^a
1992-qtr. to Dec. 31	31,873,471	1,642,557	.17
1991-qtr. to Dec. 31	22,138,171	944,046	.10 ^a
Commodore International			
1992-6 mo. to Dec. 31	396,300,000	(96,000,000)	--
1991-6 mo. to Dec. 31	575,700,000	45,400,000	1.35
1992-qtr. to Dec. 31	237,700,000	(77,200,000)	--
1991-qtr. to Dec. 31	371,600,000	40,100,000	1.18
General Instrument			
1992-year to Dec. 31	1,074,695,000	(52,993,000)	-- ^b
1991-year to Dec. 31	928,826,000	(110,657,000)	--
1992-qtr. to Dec. 31	298,103,000	7,170,000	.12
1991-qtr. to Dec. 31	233,668,000	(19,346,000)	--
GTE			
1992-year to Dec. 31	19,984,000,000	(754,000,000)	-- ^b
1991-year to Dec. 31	19,621,000,000	1,580,000,000	1.75
1992-qtr. to Dec. 31	5,133,000,000	417,000,000	.44 ^b
1991-qtr. to Dec. 31	5,229,000,000	515,600,000	.57
Media General			
1992-year to Dec. 27	577,659,000	19,000,000	.73 ^c
1991-year to Dec. 31	585,900,000	(62,091,000)	-- ^b
1992-13 wk. to Dec. 27	148,932,000	7,581,000	.29 ^c
1991-13 wk. to Dec. 31	148,046,000	9,181,000	.35
3M Co.			
1992-year to Dec. 31	13,883,000,000	1,233,000,000	5.63
1991-year to Dec. 31	13,340,000,000	1,154,000,000	5.26
1992-qtr. to Dec. 31	3,375,000,000	289,000,000	1.32
1991-qtr. to Dec. 31	3,224,000,000	259,000,000	1.18
Times Mirror			
1992-year to Dec. 31	3,701,973,000	(66,601,000)	-- ^b
1991-year to Dec. 31	3,614,061,000	81,954,000	.64 ^b
1992-qtr. to Dec. 31	1,010,605,000	(61,686,000)	-- ^b
1991-qtr. to Dec. 31	974,434,000	(13,024,000)	-- ^b
Tribune Co.			
1992-year to Dec. 27	2,108,611,000	119,825,000	1.56
1991-year to Dec. 29	2,043,973,000	141,981,000	1.94 ^d
1992-13 wk. to Dec. 27	553,069,000	42,006,000	.57
1991-13 wk. to Dec. 29	528,789,000	32,651,000	.44 ^d
United Television			
1992-year to Dec. 31	115,127,000	16,155,000	1.54
1991-year to Dec. 31	112,902,000	5,151,000	.48
1992-qtr. to Dec. 31	33,509,000	8,154,000	.78
1991-qtr. to Dec. 31	33,291,000	3,323,000	.31
Washington Post			
1993-53 wk. to Jan. 3	1,450,867,000	127,796,000	10.80
1991-52 wk. to Dec. 29	1,380,261,000	70,824,000	5.96 ^b
1993-14 wk. to Jan. 3	393,842,000	34,817,000	2.94
1991-13 wk. to Dec. 29	366,553,000	46,969,000	3.96

Note: ^aAdjusted. ^bAfter special charge. ^cIncludes special credit. ^dRestated.

Sanyo reported consolidated loss of \$10.3 million on 3.2% sales decline to \$12.3 billion in year ended Nov. 30. Company said decline in capital investment, domestic consumption and housing starts in Japan, combined with slow economic recovery in U.S. and Europe, contributed to sales drop. Statement accompanying earnings said Sanyo expects business environment will "continue to be severe" in domestic and foreign markets, particularly in Europe. It said it will continue to implement move toward decentralized management system focused on individual profit centers.

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With Consumer Electronics

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Nintendo now is largest stockholder in Japan's financially troubled *Satellite Digital Audio Broadcast Co.* (SDABC), Nikkei newspaper reported. It said videogame giant made investment in hope of using satellite for digital datacasting, possibly for electronic delivery of game programs to Japanese software stores. Report said Nintendo has left open question whether it plans eventually to transmit games directly to consumers. SDABC's Radio St. Giga digital music station started pay-per-listen service in Sept. 1991, but reportedly ran up large debt because of lagging subscriptions. Newly restructured Nintendo Giga will be based in Tokyo and headed by Nintendo Pres. Hiroshi Yamauchi.

Philips won't manufacture HDTV sets, blaming Britain's move in Dec. to block plan for European Community to grant more than \$600 million to satellite broadcasters and program producers to produce programming (TVD Dec 21 p16). Philips Consumer Electronics CEO Henk Bodt was quoted as saying: "There isn't any sense in setting up an HD-MAC production line if there aren't any programs for it." Later in week, Philips Pres. Jan Timmer struck slightly more conciliatory tone: "I still hope that in a less political, more relaxed atmosphere, we can still get the project accepted." Timmer said Philips plans to turn its attention to development and marketing of widescreen TVs.

TELEVISION DIGEST®

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With Consumer Electronics

FEBRUARY 15, 1993

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Broadcast - Cable

TELCO BUYS HAUSER SYSTEMS: Southwestern Bell is first RHC to test cable waters, pays \$650 million, possibly 'opening the floodgates' in cable system sales. (P. 1)

NBC APOLOGIZES TO GM over rigged truck crash. GM files, then withdraws, suit against network and threat to pull ads from NBC News programs. (P. 3)

NO CLEAR HDTV WINNER: Specialists eliminate MUSE but say more testing is needed for digital systems. Each system best in some areas, lags in others. (P. 4)

CABLE BENCHMARK PUSHED: Cities say rate should be 34¢ per channel. Cable seeks limited regulation. (P. 5)

FCC PONDERING CUTS: Quello says Cable Act will require more staff, not less. State Dept. bureau eliminated. (P. 5)

CABLE BIDS TO SOFTEN FCC ownership rules. Industry seeks higher ownership limits, eased constraints on channel occupancy. (P. 6)

IRVING NAMED TO NTIA: Senior House Telecom Subcommittee aide picked by Clinton. (P. 6)

CBS EARNINGS BOOSTED by 'modest profitability' of TV network. Fox, Time Warner earnings improve. (P. 7)

CABLE OWNERSHIP REVIEW: Markey asks reexamination after telco deal, infrastructure advances. (P. 7)

SOUTHWESTERN BELL TO PAY \$650 MILLION FOR HAUSER CABLE: Southwestern Bell (SWB) will be first RHC to buy major cable system if \$650-million purchase of Hauser Communications' 2 cable systems, in Washington suburbs of Arlington, Va., and Montgomery County, Md., is completed on schedule this summer. Deal also sets up possibility of cable-and-cellular based network competitor to Bell Atlantic, raising concerns on Capitol Hill (see related story this issue). Purchase includes one of highest per-subscriber prices in recent years, and could spur new cable system trading activity. Only other RHC to attempt such deal, Pacific Telesis in 1989, still is awaiting court permission to buy Chicago franchise.

Price is about \$2,888 per subscriber, well above \$2,000-\$2,100 in most recent transactions, based on 225,000 subscribers reported by Chinn. Gustave Hauser. SWB put price at 10.6 times cash flow, equal to or less than most current cable sales. Others familiar with deal said actual figure is 11 times cash flow, relatively high price for such large transaction. Montgomery County system is almost fully addressable, has 50 miles of fiber backbone, offers 66 channels to 161,574 subscribers. Both also have relatively long remaining franchise life -- Montgomery expires May 25, 1998, and Arlington, with 49,500 subscribers, on Oct. 18, 2000. Systems are completely built and each has penetration rate below 60%, allowing for growth, analysts said.

Consumer Electronics

STRONG START TO 1993 seen in sales to dealers -- Jan. records set in TVs, combos, camcorders. VCR sales also solid, but laserdisc players were off. (P. 12)

FCC REGULATIONS ON TV AND VCR features for greater compatibility with cable raised as possibility in agency's inquiry to comply with Cable TV Act. (P. 13)

SHARP OUT OF SUMMER CES, move that could spur major reshuffling on main floor at McCormick Place, with home office, multimedia gaining visibility. (P. 14)

3DO APPARENTLY ON VERGE of naming additional hardware licensee to join Matsushita and AT&T in products based on multimedia technology. (P. 15)

COMPULSORY HDTV TUNING in future receivers is backed by broadcast group, opposed by Zenith in comments in FCC advanced TV rulemaking. (P. 15)

NEW DIGITAL WORLD to dominate ITA seminar next month, with sessions on multimedia, digital TV and audio, widescreen and alternate video delivery. (P. 16)

CONFICTING MINIDISC FORECASTS by enthusiasts Sony and Sharp: Former sees 10 million sales by 1995, latter less than half that, mostly in Japan. (P. 16)

HARMAN RESTRUCTURING of 21 operating units to preparing for new technology, Japanese competition. (P. 17)

Key to deal's importance will be whether there's "ripple effect," said analyst John Reidy of Smith Barney, Harris Upham. Analysts speculated that SWB wouldn't stop at 2 cable systems, and that other regionals would follow quickly. Jessica Reif of Oppenheimer said: "This could open the floodgates. This brings a new, very well capitalized buyer in." John Waller of Waller Capital said: "This will get the market moving, finally. We've been waiting for a big, visible, high-multiple deal. There's a lot of pent up demand."

Hauser buy also could resolve lingering questions about MFJ limits on RHC ownership of cable systems outside their service area. Stephen McGaw, who was on SWB negotiating team, said that company, which is based in Dallas, will have to resolve whether interLATA restrictions apply to satellite-delivered signal, for example. LATA boundary also passes through Montgomery cable franchise, possibly requiring waiver of interLATA rules, he said. Analysts predicted that questions would be resolved adequately, making it easier for other telcos to buy in.

Cable industry probably won't oppose deal, NCTA Pres. James Mooney said, although he's reserving final judgment until he sees details. He said: "NCTA historically has looked askance even at out-of-market cable deals by Bell companies." Deal proves that there isn't absolute barrier to telcos' entering cable and that "important players in the telephone industry don't really buy the everything-through-one-wire propaganda," Mooney said. However, SWB executives said fact that they were buying outside of region didn't prove they don't need right to buy within region. SWB already has franchises in U.K. and interests in cable systems in Israel.

Hauser probably isn't leaving cable business permanently, he said. He said "I fully expect to come back," although he said he doesn't have any deals in mind. SWB said deal will have virtually no immediate impact on its earnings, although Chmn. Edward Whitacre said it has potential for long-term profit growth. SWB reported \$1.3 billion net profit in 1992, up from \$1.15 billion in 1991, and revenue of \$10 billion. "Obviously, this was not a monumental deal in terms of size for Southwestern Bell," Reidy said. "They put their foot in the water, but they didn't really go for a swim." SWB is continuing to look at more cable systems, McGaw said, although it has no specific transactions in mind: "Our core strength is in operating and maintaining complex networks, and cable is becoming a more complex network. Cable makes use of our corporate strength." SWB said most of management of cable systems will remain in place, with exception of Hauser himself and Pres. John Evans, who will remain with Hauser.

Gene Kimmelman, legislative dir. of Consumer Federation of America (CFA), called purchase price "outrageous sum" to pay per subscriber: "This had better be investors' and not ratepayers' money because the price they are paying is perhaps 4 to 5 times the cost of building one of these systems." Only reason for such large price is that SWB is trying to catch up with other RHCs that are making inroads into video market through other means, he said. Ironically, Kimmelman noted, many RHCs had complained of high prices for cable systems in recent FCC filings in cable rate regulation proceeding.

Ameritech spokeswoman said "a lot of the [former Bell] holding companies are looking into cable ventures, including ourselves. For us, it fits in perfectly with the vision of the future of what the telecommunications industry is going to be." Ameritech is looking at numerous potential opportunities, she said, and hopes to have deal soon. Nynex Govt. Affairs Vp Thomas Tauke said there's larger public policy issue to be addressed: "Is it good public policy to [permit SWB] or any other competitor to do more for customers outside of its region than it can do for customers inside its region?" Tauke said Nynex hasn't been looking at cable investments outside of its territory, except internationally, but he didn't rule out possible cable acquisitions in future.

PacTel is only other RHC that has tested cable waters. Deal to buy Group W system in Chicago is being held up by Justice Dept. as RHC waits for ruling on critical waivers. PacTel spokeswoman said waiver delay isn't likely to foreshadow any problem SWB should expect. "I think it was just a matter of timing within Justice," she said. PacTel wouldn't tip its hand on other possible cable deals, but spokeswoman said SWB deal "got our attention."

Telcos could buy entire cable industry for less than cost of upgrading their telephone systems to deliver video, said Richard Taylor, Pa. State U. telecommunications prof. He called Southwestern Bell purchase of Washington-area cable systems "a major public policy issue" that "should concern consumers" and could lead to heavier govt. involvement because telco buyout of cable could "put control of information in fewer hands." Taylor said cable operators' reaction could be ambivalent because telco deals "will bring new buyers and higher prices for their systems," but telephone customers will be angry because telco revenue is being used to "buy far-off cable systems" instead of reducing telephone rates.

NBC APOLOGIZES TO GM OVER CRASH: NBC News last week was forced to apologize on air to General Motors after auto maker filed suit against network over procedures followed in testing crash-worthiness of GM pickup truck for Dateline NBC broadcast Nov. 17. GM also threatened to pull its ads from network news programs, but backed off from both actions after show anchors Stone Phillips and Jane Pauley read detailed retraction near end of their Feb. 9 program.

In what Pauley called "a bad idea from start to finish," small incendiary devices had been used to bring about fire when truck was hit by car in crash test NBC set up, fact that wasn't revealed until GM's suit disclosed company had tracked down burned-out truck with tape still attached where device left residue. Pauley and Phillips also acknowledged on air that several other GM claims were true: (1) No gas tank ruptured in collisions, despite claim of reporter Michele Gillen. (2) Gasoline that ignited was ejected from tank fill pipe, which had been secured with improper gas cap. (3) Collision speeds were considerably faster than Gillen reported. Said Phillips: "We deeply regret we included the inappropriate demonstration in our Dateline report. We apologize to our viewers and to General Motors. We have also concluded that unscientific demonstrations should have no place in hard news stories at NBC. That's our new policy."

NBC also released internal memos from CEO Robert Wright and NBC News Pres. Michael Gartner. Wright said that story was "confusing at best," while Gartner said that it included "procedures that were questionable and conclusions that were not clearly presented." Both said company is reviewing its policies and specific incident. Said Gartner: "The only good that comes out of an experience like this is if we learn from it." There was no news of reprimands or other disciplinary action at NBC News.

GM suit charged that network deliberately rigged crash tests of pickup trucks to get film footage supporting claims that gas tanks rupture and catch fire in collisions. In 2-hour briefing for reporters broadcast from Detroit, GM Exec. Vp-Gen. Counsel Harry Pearce laid out highly detailed indictment of NBC, claiming segment broadcast on Nov. 17 Dateline was "conscious deception" that GM would have uncovered earlier if it hadn't been for misleading assurances from network: "I took NBC at its word and that's a mistake I won't make again."

Evidence supporting rigging of 2 test crashes, one of which produced fire, was presented in abbreviated courtroom fashion, using transcribed testimony of several witnesses, photos, private videos, photographs. Substance of claim, confirmed by testimony of several witnesses and heard on tapes, was that reporter Gillen and a producer were present during placement of incendiary model rocket engines on trucks so that if gas tanks ruptured, fuel would ignite. Private videos of tests, conducted in rural Ind., do appear to show plumes of smoke emerging from trucks before test impact.

Among others, deputy sheriff who was present told GM in depositions revealed Feb. 8 that rocket engines were employed. Use of devices wasn't revealed in Dateline report, and broadcast video angle didn't show premature plumes. Also misleading, according to GM, was Gillen voice-over statement that gas tank ruptured, and fact that tests were shown in reverse order, with crash that didn't produce fire shown first, even though it was conducted last. GM said that was done because first crash fire wasn't large enough to satisfy NBC, and when 2nd crash at higher speed produced no fire at all, it was necessary to pretend it came first.

Pearce repeatedly denied that suit was part of "public relations offensive" following \$105-million dollar verdict in Jan. against company in trial related to fire in same class of pickup trucks. He said company was seeking only to put truth before 11 million Dateline viewers and others. Before making its apology, NBC issued statement Feb. 8 saying that GM hadn't proved that "sparking device" caused fire and that crash test was only small portion of longer report.

NAB said NCTA bid to eliminate network nonduplication rules for stations that choose retransmission consent would "restore to cable precisely the type of monopoly-base leverage which Congress sought to curb" in 1992 Cable Act. In reply comments on FCC rulemaking (MM 92-259), NAB urged Commission to reject NCTA plan as thinly veiled effort to undermine retransmission consent because cable operator could "coerce" local network affiliate into charging little or no compensation by threatening to import distant TV station that's affiliate of same network. Broadcasters said allowing that would undermine mandate to provide local programming and infringe on TV networks' right to control distribution of their own programming.

In part because of heavy demand for cable rulemaking documents, and in part because of intermittent breakdowns of Record Image Processing System, which it said is "severely stressed by high-volume printing," FCC is making extra paper copies of "hot dockets" on emergency basis. Extra copies of all documents in Docs. 92-261 to 92-266 will be available for review at FCC Reference Center.

FCC is proposing to fine Berkeley Cable, owner of cable systems in Harleyville and Moncks Corner, S.C., \$23,750 for repeated violations of cable signal leakage rules. System has taken corrective action, FCC said, but that doesn't excuse initial violation, which Commission classified as egregious.

NO CLEAR HDTV WINNER: Specialist group effectively eliminated NHK's MUSE system from HDTV competition, but said more testing is needed beginning March 15 to select among 4 remaining digital systems. Recommendations go to full Advanced TV Advisory Committee for final decision Feb. 24. Specialist group, as expected (TVD Feb 8 p3), said each digital system excels in some areas, but lags in others. Detailed recommendation is expected to go to Advisory Committee this week. NAB has been pushing retesting on ground that all of systems would interfere too much with existing NTSC stations.

Analog MUSE system clearly was inferior to digital units in station service area and in interference levels, specialist group concluded in 4-day meeting that ended just before midnight Feb. 11. MUSE wasn't able to provide HDTV station service areas equivalent to current NTSC areas, unlike digital systems, which generally exceeded NTSC areas, and caused added interference, according to analysis of results of testing at Advanced TV Test Center.

Group is recommending further testing for all 4 digital systems, said Chmn. Robert Hopkins of Advanced TV Systems Committee: "There were areas in which each performed best, so it would be best to look at the improvements of all systems. We couldn't find that one is clearly superior or one clearly inferior, especially if you consider the improvements."

Interlace systems were "clearly superior" on picture quality, but it wasn't possible to select clear winner between them (General Instrument DigiCipher and AD-HDTV by consortium of NBC, Philips, Sarnoff Labs, Thomson and Compression Labs), Hopkins said. He said AD-HDTV did better on scene changes, but DigiCipher was better in some other areas.

Progressive scanned systems did better on spectrum issues, and MUSE did significantly worse, group said. Zenith/AT&T DSC-HDTV and MIT/GI CC-DigiCipher are progressive scanned. Group said there's no overall winner on signal robustness or extensibility, with each doing better in some areas, and all 4 digital systems scoring about same on economic factors.

AD-HDTV had slight edge on scope of service and features, including ancillary data, audio, text, captioning and addressability, group said, but there was little distinction among others. DSC-HDTV and CC-DigiCipher scored best on interoperability, primarily with computers, but AD-HDTV also did well, it said.

All proposed HDTV systems "have to do better" on interference with existing NTSC stations, NAB Exec. Vp John Abel said, and NTSC interference improvements should be one of key criteria in retesting: "This has to be added to the list of improvements. If they don't, this is a big problem for existing broadcasters." Test results indicate relatively few NTSC stations would face significant new interference from digital HDTV systems, but Abel said there would be interference in major metropolitan areas where largest number of viewers would be affected. Lowering power levels is main way to reduce interference into NTSC, and some of tests indicate such levels are possible, Abel said, but other methods should be considered, and data are needed on tradeoffs in terms of service area and robustness of signal. He said proponents have indicated they can improve NTSC interference levels if they have more time to work on systems.

Each system claimed to be best. GI Vp Robert Rast said "clearly" no system has better picture than DigiCipher, but he admitted that DigiCipher didn't have best radio frequency (RF) test results. Zenith Group Vp Wayne Luplow cited "best overall" RF results of DSC-HDTV system. DSC-HDTV's less stellar video quality resulted from problems with implementation and with source material, he said. Backers of AD-HDTV claimed it won or tied in each of 10 selection criteria, despite test results showing it at or near bottom in RF results (which were blamed on adjacent channel interference results that consortium members said should be thrown out). Jae Lim of MIT said progressive scan system is "the only one that makes sense if you're looking for a standard that will stand for decades."

There continued to be some talk, but little action, on increased cooperation among proponents on HDTV systems. GI, MIT and Zenith group earlier had announced agreement to share royalties if any of them won and Rast said GI is "highly motivated to work with other companies." He said, however, that main goal should be moving toward final decision so nonproponent companies that are interested in participating can sign on with apparent winner: "We need to harness the creative energy of America in a productive way."

Meanwhile, NCTA said giving broadcasters too much freedom to use HDTV channels for ancillary purposes, including data, "would raise serious questions about whether this is a new service rather than a new technology." FCC justified giving broadcasters first opportunity for new HDTV channels by saying HDTV is new technology, not new service. That decision still could be challenged by land mobile and other interests, which say new channels should be awarded only after comparative hearings. NCTA said FCC should "carefully restrict the use of HDTV channels for ancillary and other uses" and "prohibit uses unrelated to HDTV broadcasting services." Broadcasters claim ancillary uses are necessary to make HDTV cost-effective.

FCC Chmn. Quello, in that post all of 6 days, made his first personnel moves last week -- all 3 involving individuals on his personal staff. He named senior legal adviser Brian Fontes as acting chief of staff, mass media adviser Robert Corn-Revere as "chief counsel to the chairman" and Lauren (Pete) Belvin as acting chief of Office of Legislative Affairs. Quello, who will serve as chmn. until new Clinton appointee is confirmed by Senate, had wanted to make Corn-Revere acting gen. counsel (Deputy Gen. Counsel Renee Licht has been in that post since last Sept.) but was advised against it. Quello told us Corn-Revere will work closely with Gen. Counsel's Office. Belvin has held several posts at FCC, currently is on loan from Gen. Counsel's Office as Quello's common carrier adviser. Quello told us that during his tenure, FCC will be "a report and order Commission" rather than "a caretaker Commission." That's result of many mandates to agency by Cable Act of 1992, he said. There still was no indication when Administration would appoint new chmn., and new names keep popping up. Latest is Edwin Alderson, radio station owner and friend of President Clinton from El Dorado, Ark.

WXXA-TV (Ch. 23 Fox affiliate) Albany, N.Y., has been sold to McKee Communications by Heritage Bstg. for \$25 million. Buyer is headed by Clarence McKee, former attorney at FCC and ex-pres. of WTWT Tampa. Wood & Co. was broker.

Fletcher, Heald & Hildreth law firm has moved from Washington to 11th floor, 1300 N. 17th St., Rosslyn, Va. 22209, 703-812-0400.

CITIES PUSH CABLE BENCHMARK: Cable rate "benchmark" should be 34¢ per channel per month, plus or minus 15%, local govts. said in joint filing on FCC's proposed rules implementing 1992 Cable Act (TVD Dec 28 p1), but broadcasters and telcos said benchmark should be cost-based. Cable groups said FCC should regulate only rates that "far exceed the norm" and that fees such as retransmission consent, state and local taxes and program costs required by franchises should be passed through. Rate of 34¢ per channel approximates fee in competitive markets, according to filing by NATA, National Assn. of Counties, National League of Cities, U.S. Conference of Mayors. Group also repeated proposal that FCC roll back all rate increases since Oct. 5. Separate filing by 8 cities said benchmark should be 32¢ per channel.

NAB and others suggested cost-based benchmark, saying that FCC should develop replacement cost matrix for capital equipment, then allow cable operators to charge percentage above capital cost. Nynex said cost-based regulation should be backed up by price caps and, as did other telcos, said same standard should apply both to basic and to programming services. Continental called NAB plan "outrageous scheme intended to hobble cable while assuring NAB of a transparent passthrough of retransmission consent fees."

NCTA said cost-based benchmarks would be "unduly complex, time-consuming and unpredictable, even if it were not beyond the resources and expertise of most franchising authorities." Assn. said benchmarks based on past regulated rates may be far less than justified to recover costs and reasonable profit. New England Cable TV Assn. (NECTA) said hands-on experience in Mass. with cost-based regulation demonstrates that that wouldn't meet congressional intent. On rate regulation for cable programming, NCTA said benchmark requiring even 5% of cable systems to roll back rates and expenditures "would have a direct impact on the programming industry and would seriously impair the quality of... programming." As result, Assn. said, programming benchmarks should classify only "very small percentage" of rates as "unreasonable."

Consumer Federation of America (CFA) called cable industry proposals "illegal and laughable," highlighting cable's call for "grace period" for rate regulation to take effect: "Given cable's track record of raising rates even after the Congress passed the Act, this proposal should be named the 'fleece period.'" CFA said NCTA misread legislative history in claiming that Congress wanted to regulate only bad actors. Continental disputed what it called CFA "fantasy" that declining premium channel revenue will sustain industry.

Cable should be allowed to pass through all costs imposed by state and local regulators, Cal. Cable TV Assn. (CCTA) said. For example, it said that Cal. possessory interest tax is 4¢-\$4 per month per subscriber, and utility taxes 3-10%. Telcos pushed for "regulatory symmetry" between cable and telephony. Pacific Telesis said head-to-head competition between telcos and cable is "inevitable" so they should have same cost-allocation rules.

Other comments: (1) CCTA said FCC should specify that video dial tone is multichannel video programmer, subject to same regulations, but Nynex said VDT shouldn't have same regulation because VDTs don't select or package programming. (2) NAB disputed cable claims that requiring that rates be below cost is unconstitutional, saying constitutional standard is much higher and regulated basic rates aren't only revenue that cable operators can get from

system (such as pay-per-view and telephony). (3) CCTA said that if cost-based benchmarks are used, they should allow for regional cost differentials.

FCC WAITING FOR AX: Effects of President Clinton's Executive Order imposing cuts in federal jobs and perquisites may affect FCC, but Chmn. Quello and senior staff members haven't determined yet how much, we're told. Clinton Feb. 10 ordered elimination of 100,000 positions in govt. through attrition and early retirement by FY 1996, reduction in federal advisory committees, reduced overhead, and care in use of govt.-provided vehicles, travel, dining facilities.

Quello said at Feb. 11 agenda meeting that implementation of 1992 Cable Act will force Commission to use more, not less, staff. "Lacking that, we will do the best we can with what we've got." He said that although he's only interim chmn., he has responsibility for staffing agency properly. FCC officials said they expected Office of Management & Budget (OMB) to approve request for more money made by then-Chmn. Sikes in waning days of Bush Administration.

"Where the Commission would take its cuts, or how it would meet its targets, has not been decided," said Maureen Peratino, FCC deputy dir.-public affairs. She said 3 advisory committees -- Network Reliability Council, High-Definition TV Committee and Small Business Advisory Committee -- "may be affected, we just don't know yet." Brian Fontes, Quello's chief of staff, said first reading of Executive Order shows it might not affect FCC at all because FCC is independent regulatory agency.

State Dept. already has made substantial change in telecommunications policy apparatus, eliminating Bureau of International Communications & Information Policy (ICIP). Functions will be moved into much larger entity to be called Bureau of Economic & Business Affairs (BEBA). While some industry watchers have expressed concern that larger bureau could signal lessened status of telecommunications, State Dept. said that telecommunications interests wouldn't be lost: "International telecommunications negotiations and agreements are critical to maintaining the competitive position of this important U.S. industry."

At NTIA, federally constituted Advisory Council for Children's Educational TV is congressionally chartered and should continue. Otherwise, no instructions have been issued by parent Commerce Dept. on staff cuts, Congressional Affairs Dir. James Wasilewski said. Institute for Telecommunication Sciences Core Research Advisory Committee and Spectrum Planning Advisory Committee, both of which report to NTIA, face mandatory review for possible elimination.

Number of exhibitors for NCTA convention June 6-9 in San Francisco's Moscone Center already is up from year ago, Show Mgr. Daniel Dobson said. He said 144 companies, 9 of them new, have contracted for 164,100 sq. ft., up 13,700 sq. ft. from comparable period last year. Convention this year will focus on technologies such as fiber, digital compression, interactivity, video-on-demand, multimedia, telecommunications -- 202-775-3669.

All American Communications obtained \$25-million line of credit through Chemical Bank, De Nationale Investeringsbank, Kredietbank Luxembourg. All American said money will be used for production of TV programs and to repay debt. Company also said it has closed on purchase of LBS Communications and has merged it into All American.

OWNERSHIP RULES HIT: Even FCC's proposed 25-35% limit on MSO ownership of cable systems is too low, cable operators said in comments in Commission rulemaking. NCTA said there's no evidence that allowing single MSO to own systems passing 40% of U.S. homes would "pose any undue risk." Cable groups also sought higher limits on number of channels that can carry MSO-affiliated cable networks, but broadcasters said proposed limits already are too high (TVD Jan 4 p1).

Commission should weigh "significant benefits" of horizontal and vertical integration in cable industry, NCTA said, as well as "the lack of any evidence of imminent harm." Channel occupancy limits should be set "fairly high" to avoid deterring beneficial MSO investment in cable programming, filing said. Cable groups also pressed for eased rules on cable trafficking. Cablevision Industries, Comcast and others said only transfers of majority control should be subject to 3-year limit, and rules shouldn't apply to stock transfers, convertible debt or limited partnerships. They also said that spinoffs should be exempt and that 3-year limit should apply to system that's been held longest in multisystem deals.

Subscriber limits should be imposed on national basis, rather than regional or local, cable groups said. Continental said there are "host of consumer benefits" from MSOs' clustering systems regionally because clustering stimulates technical advances, increases customer service efficiency, spurs regional programming ventures, facilitates cable ad sales, allows operators to compete in telecommunications. "If regional cable MSO ownership restrictions were imposed by the FCC, the regional Bell operating companies would be the biggest winners," Continental said. Cable groups also said subscriber limits should be based on homes passed, although GTE said they should be on total homes in franchise area.

FCC should impose tough limits on number of channels that can carry MSO-affiliated networks, said Community Bestrs. Assn. (CBA), which represents low-power TV (LPTV). CBA said operators often claim they don't have enough channels for LPTV stations because they carry many cable networks, but real reason is that cable doesn't want to make it easier for LPTV stations to compete for local ads. CBA said local franchising authorities should enforce channel occupancy rules, but NCTA said that should be up to FCC. Too-stringent channel occupancy limits would threaten First Amendment rights of cable operators by limiting their ability to select "speech" carried on cable systems, NCTA said, so FCC should "exercise great caution in establishing channel occupancy limits." Cablevision and Comcast said occupancy limits should apply only to first 54 channels, NCTA said number should be capped at 36.

It "makes no sense to claim" that channel occupancy limits would aid program diversity, Turner Bestg. said, because they would curb programming available to subscribers. Other comments: (1) NCTA said there's no need for any limits on cable operator involvement in creating programming. (2) NCTA said FCC should signal willingness to grant waivers for minor violations of subscriber limits or when MSO expands into previously unserved areas. (3) National Telephone Cooperative Assn. said FCC should retain rural exemption allowing its members to own cable and SMATVs in same area. (4) BellSouth said FCC should use same percentage figure for determining whether MSO has attributable interest in programmer as it does for broadcast TV and telcos, especially since industries are converging.

IRVING TO HEAD NTIA: Larry Irving's long wait ended Feb. 12 when President Clinton announced he would nominate House Telecom Subcommittee staffer to head NTIA. Nomination had been widely reported open secret and had been "expected shortly" for weeks.

Irving, who has been at Subcommittee since 1987, has had responsibility for mass media issues including cable regulation and children's TV legislation. He also worked on infrastructure policy during Clinton transition. He joined Subcommittee staff after working Jan. 1983-March 1987 as aide to late Rep. Leland (D-Tex.), who was member of panel. Irving also had been associated for 3 years with law firm Hogan & Hartson before going to Hill.

In official announcement, Clinton said: "One of the most important missions that I have charged the Commerce Department with is nurturing the key industries of the future, in areas like telecommunications. Larry Irving has a clear vision for turning telecommunications innovations into high-skill, high-wage jobs." Clinton said Irving would be "invaluable in moving legislation" swiftly through Congress. President also said he would nominate Hope, Ark., native Sheila Anthony to be Commerce Dept. asst. secy. for legislative and intergovernmental affairs.

Congressional observers said that key difference for Irving, as opposed to his predecessors in last 12 years, is that new Administration is knowledgeable about and appreciative of telecommunications issues and policies. Agency is expected to take higher profile than it has in past.

Clinton and Commerce Seey. Ronald Brown gave other examples of that commitment last week, continuing to keep idea of national information network and aggressive technology policy front and center in their public pronouncements. At Feb. 11 White House meeting at which Clinton discussed economic plan to be outlined in State of the Union speech this week, he told business leaders: "I want also to do something the governments of our competitors do without apology. I think we ought to have pragmatic partnerships with the private sector to strengthen our technological leadership. Research and development resources should shift toward technologies that will translate into commercial successes, and we must work together to create a national information infrastructure."

In interview in Feb. 12 USA Today, Brown said Clinton's plan would include incentives for investment in technology, including national network. Brown was quoted as saying: "I'd like to be remembered as the secretary who helped build the telecommunications superhighway."

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Preservation and enhancement of free universal broadcast service will top agenda for as long as he serves in post, FCC Chmn. Quello said at Feb. 11 agenda meeting. He said March and April meetings will focus on congressionally mandated implementation of 1992 Cable Act. "I don't have any delusions of grandeur at being chairman or interim chairman," Quello said. But "the future challenges are exciting with the practical implementation of the oncoming advanced telecommunications world of telecomputing, fiber optics, digital audio broadcasting, high-definition TV, interactive communications, satellite transmission and cellular and personal communications services." He said mission is to foster competition, "but appreciate that more is not necessarily better. Consumer acceptance and affordability should be a prime consideration in the implementation of advanced technology and multichannel services."

CBS, FOX PROFITS UP: CBS reported revenue of \$3.5 billion (up 15%) in 1992, resulting in \$81 million profit, reversing \$85.8 million loss in 1991. Income in 1992 from continuing operations was \$162.5 million, compared with 1991 loss of \$98.7 million. Chmn.-CEO Laurence Tisch attributed improved results to "a modest level of profitability" by TV network in 1992 with "much-improved results in the areas of entertainment, news and sports programming." CBS radio profits "fell sharply" last year, he said.

Tisch said 15% sales increase was "driven by a number of extraordinary factors," including Winter Olympics and Super Bowl, plus acquisition of WCCO-TV Minneapolis and WFRV-TV Green Bay. TV Stations Div. registered "record-setting sales and profits," he said, and CBS didn't incur "any losses" in 1992 on professional baseball or football contracts. Much of 1991 loss was attributed to \$195.5 million after-tax write-off for expected losses from sports telecasts and 3 accounting procedures changes made year ago. Advertising has "picked up modestly" in 1993 first quarter, he said.

Fourth-quarter revenue was up 3% to \$968.3 million, CBS said, as earnings for quarter more than tripled. Operating income was \$39.8 million, up from \$6.8 million, and earnings of \$33.3 million were up from \$9.4 million. Despite record year, 4th-quarter profits declined at owned stations because of weakened sales in N.Y., Chicago and L.A. and write-downs for syndicated program, CBS said. TV network sales were near "break-even" point for 4th quarter, while radio profits declined.

Profit growth at Fox Bestg. and Fox TV stations helped boost **News Corp.** to \$308-million profit in 6 months ended Dec. 31, vs. \$241.7 million year earlier, even though revenue was flat at \$3.6 billion. Profits were up 20% each at Fox network and Fox stations as higher ratings drove ad revenue gains, although profits dropped 55% at 20th Century Fox. In U.K., BSkyB had profit, reversing loss year ago, because of 79% jump in revenue. News Corp. announced 3-for-1 stock dividend.

Time Warner profits were boosted by cable operations and HBO to \$68 million in 4th quarter ended Dec. 31 vs. \$45 million year ago, and to \$86 million full-year profit, vs. \$99 million loss. Cable operating profit rose 13% to \$255 million in 4th quarter and HBO 19% to \$56 million. TW cable subscribers increased to 7.1 million at year end, from 6.7 million year ago... Strong earnings by cable systems and cable networks gave **Viacom** \$49-million profit in 1992 from \$50 million loss year ago. Cable system operating profit rose 17% to \$122 million and revenue 9% to \$411 million. MTV and Showtime networks' profit gained 19% to \$206 million and revenue 15% to \$1.06 billion. Broadcast operating profit rose 15% to \$32 million and revenue 6% to \$169 million. Fourth-quarter profit was \$12 million, vs. \$32 million loss year ago.

BHC had \$33.7-million profit in 4th quarter ended Dec. 31, up from \$30 million, and full-year profit of \$109.3 million, vs. \$108.1 million. Station earnings soared 172%, primarily because of lower programming and acquisition costs at WWOR-TV N.Y.-Secaucus... **Infinity Bestg.** net profit for 4th quarter ended Dec. 31 jumped to \$2.45 million from \$138,000 year ago, mainly on 38% revenue growth to \$44.9 million with acquisition of WFAN(AM) N.Y.C. Broadcast cash flow increased 17% to \$20.3 million... **N.Y. Times** broadcast operating profit fell to \$4.1 million in 4th quarter from \$4.8 million year ago, but full-year profit was \$14.8 million, vs. \$14 million. Broadcast revenue grew 6.1%

to \$21.6 million for quarter and 5.9% to \$80.5 million for year. Parent had \$3.7-million loss for quarter, vs. \$34.6-million profit year ago, and \$11.3-million loss for year, vs. \$47-million profit in 1991... **KBLCom** cut loss for year ended Dec. 31 to \$21.2 million from \$57.4 million year ago, parent Houston Lighting & Power reported.

TELCO/CABLE REVIEW: Southwestern Bell's purchase of Hauser Communications cable systems last week (see related story this issue) has prompted House Telecom Subcommittee Chmn. Markey (D-Mass.) to suggest there should be fresh look at raft of issues involving relationship between, and responsibilities of, telephone companies and cable franchises.

Markey made his concerns known in 6-page letter Feb. 12 to FCC Chmn. Quello that discussed wide range of policies that also included recommendations on specific questions of content ownership of programming by telcos and common carriage status for new wireless service. On general principle, Markey said, prohibition against telcos' owning content "has served the public interest," but recent conditions are causing him to reevaluate that position. In case where both providers of entertainment services in market are telephone companies, as would happen if Bell Atlantic were to offer those services over its network in Washington area in which Southwestern Bell (SWB) provides cable, Bell Atlantic would be put at disadvantage because it would not be able to own programming, but SWB would, Markey said.

Because of ease with which local exchange carriers are facing all sorts of new competition, and fact that entertainment providers are gaining capability to offer telephony, "it may be time to reexamine the prohibition on content ownership enacted through the Cable Act of 1984," Markey wrote. Larger picture, he said, is how policymakers, including legislators and regulators, will deal with arrival of fully competitive infrastructures in which 2 or more different types of companies have capability to offer voice, data, video. If market is going to develop into full-blown competition for voice services, then FCC should "weigh heavily" question of making wireless services common carriers so they can't be selective in customers they target, Markey said.

Question whether telcos should own cable systems in their service territory raises different set of concerns, Markey said, indicating he opposes idea: "Lifting the cross-ownership restriction so that telephone companies could simply purchase existing systems in their service area fails to serve the public interest since it denies the public a meaningful cable competitor." Such moves could "inadvertently wipe out 2 forms of potential competition" through one purchase. Markey said it's also time to look at what new mechanisms might be needed to make certain that provision of universal service is continued, noting that current cost structure of local loop is under new pressures.

Markey asked for responses from FCC by March 1 to host of questions about cable-telco issues, including what would be necessary for SWB-Hauser deal to go through and Commission opinion on consequences of lifting in-region barrier to telco entry.

National Narrowcast Network is offering "Listen Live Via Telephone" -- congressional hearings and proceedings, FCC and other agency meetings. Service also carries news briefings after FCC meetings. Cost is \$20 for first 10 min., \$15 for each additional one min -- Carla Flug, 202-966-2211.

MUST-CARRY DEBATED: Must-carry limits on free speech aren't content neutral, so they must be subject to toughest court scrutiny, Daniels said in brief Feb. 12 to U.S. Dist. Court, D.C. Brief (TVD Oct 12 p1) claims that must-carry rules clearly are unconstitutional because they don't come close to meeting scrutiny standard. NAB filed counterbrief saying that must-carry is content neutral because cable operators still can say whatever they want on vast majority of channels that aren't affected by must-carry, and because must-carry itself isn't based on content of programming.

"Must-carry purposefully discriminates among equally protected speakers," Daniels said. "The government's intrusion is content-based and speaker-partial." Company said editorial judgments of cable operators should have same protection as those of broadcasters or newspapers. It also denied that must-carry meets "generally applicable" standard because it clearly doesn't apply to other media. Daniels said interest-balancing standard in U.S. vs. O'Brien is appropriate only when free speech restrictions are needed to enforce other constitutionally acceptable laws. "Defendants place all of their eggs in the O'Brien basket," Daniels said, and "defendants are wrong on the law."

However, NAB said strict scrutiny applies only if speech restrictions occur because govt. disagrees with content of message. Broadcasters said cable interests aren't even claiming that govt. goal is to suppress speech, but that's precisely showing plaintiffs must make. Must-carry is content neutral structural regulation designed to preserve competition and ensure continued availability of free TV, NAB said. Broadcasters said must-carry doesn't discriminate in favor of broadcasters by mandating that they be carried by cable, while cable networks don't get same guarantee, because rule isn't aimed at suppressing ideas. NAB said claim that must-carry targets some speakers would mean that every provision of both 1984 and 1992 Cable Acts would be subject to strict scrutiny.

Meanwhile, one more name has been added to list of cable companies challenging must-carry. New Inspirational Network filed amicus brief claiming that it, as new cable network, is being hindered because must-carry requires cable operators to devote channel capacity to broadcasters rather than new networks. Network offers mix of interfaith religious programs.

Broadcast TV political ads reached \$299.6 million in 1992, up 31.5% from previous high in 1988, with most of increase at network level (up 92% to \$73.8 million), TvB reported. However, TvB Vp-Research Harold Simpson highlighted growth in local and spot political ads, up 19.2% to \$225.8 million over 1988. He said Clinton campaign targeted local ad strategy, spending 70% of its \$32.2 million broadcast TV ad budget on local stations. Bush campaign, in contrast, spent only 39% of its \$42.6 million locally. Perot campaign put nearly 79% of its \$39.5 million budget into network ads. "With candidates realizing the effective use of local television, we can expect to see a significant increase in the off-election year of 1993," Simpson said. "Looking ahead to 1994, we forecast spending of a quarter of a billion dollars." L.A. was biggest local political ad market, totaling \$19.2 million, followed by N.Y.C. with \$13.9 million, Philadelphia (serving both Pa. and N.J.) \$10.6 million, Boston \$7.9 million, St. Louis (Mo. and Ill.) \$7.7 million.

NCTA Pres. James Mooney will speak on cable regulatory situation at Feb. 17 lunch meeting of Washington Cable Club, Sheraton City Center -- 703-358-2770.

Sen. Kerrey (D-Neb.) is proposing new methods to "control technology and channel it" so that there could be more direct benefits of Information Age services for homes and schools. In last few weeks, Kerrey has made major speech on telecommunications technology in N.Y., and spent much time in Neb. meeting with proponents of grass-roots concept for making wealth of data available on Internet more accessible. In N.Y. speech to education conference Jan. 27, Kerrey outlined 4-point policy to increase use of telecommunications in education and other areas: (1) Each state should create agency to establish telecommunications agenda and needs. (2) U.S. should have govt. structure that coordinates "overlapping and competing" federal agencies and policies. One possibility would be White House committee headed by Vice President Gore. (3) There should be "new generation of libraries" in country, built around accessing databases and multimedia materials. (4) Training should be provided so that everyone has "an opportunity to become 'tele-literate.'" Kerrey's conclusion: "America needs a telecommunications system which serves the individuals and families who inhabit American households. Those needs are much deeper than interactive shopping or easy selection of movies. American households have a need for knowledge, understanding and skill development." He urged "home-based learning center" that current educational institutions are incapable of building, and "most dramatic possibility for technology lies in education."

NCTA said it wanted to intervene on side of federal govt. to defend 1984 Cable Act provision prohibiting RHCs from owning cable systems in their service area, saying telcos are "uniquely well positioned to engage in unfair, predatory practices" against cable competitors. Motion to intervene said federal govt. doesn't oppose NCTA role. Bell Atlantic challenged constitutionality of provision in U.S. Dist. Court, Alexandria, Va., saying that it violates First Amendment guarantee of free speech and Fifth Amendment guarantee of equal protection. Cable had expected telcos to test constitutionality, and case was expected to be on fast track. Bell Atlantic's Chesapeake & Potomac Telephone wants to build broadband fiber network in Alexandria, effectively overbuilding Jones Intercable system. NCTA said prohibition is justified because telcos "are enormous companies with unparalleled power and advantages in the communications marketplace... Congress sought to prevent telcos from extending their historic monopoly." Cable group said telcos can cross-subsidize video operations from monopoly telephony revenues and could make it difficult for cable operators to get access to telephone poles and conduits needed to carry cable. NCTA said such cross-ownership limits aren't unusual, citing FCC ban on owning cable system and TV station in same market.

FCC will open low-power TV (LPTV) filing window March 29-April 2 for applications for major changes in all existing LPTV and translator stations, and for new CPs for stations more than 100 miles from list of 36 major cities. Commission said restriction on new LPTVs close to major cities still is necessary because of frequency needed for HDTV and because of large number of LPTVs and translators already authorized in those areas. FCC said no applicant may file for more than 5 new LPTV stations -- 202-632-3894.

Reed International has sold its 3.66% stake in British Sky Bestg. (BSkyB) satellite TV venture to other partners -- Granada Group, Pearson and Chargeurs -- for \$89.1 million. Reed said it wanted to concentrate on its core businesses of publishing and other information services. It said sale price was more than its original investment in BSkyB, satellite TV consortium that offers news, sports, entertainment, films.

TRADE DISPUTE STALLS: President Clinton will ask Congress to extend March 2 deadline for negotiating General Agreement on Tariffs & Trade (GATT) because of lack of progress in talks between U.S. Trade Representative (USTR) Mickey Kantor and Leon Brittan, top European Commission (EC) trade official. U.S. threatened Feb. 1 to bar EC states from bidding on U.S. govt. telecommunications projects in retaliation for EC trade directive that gives member nations preferential treatment on telecommunications and energy procurements.

Kantor declined to say how much of extension Clinton would seek -- U.S. negotiators already are operating under 2-year GATT extension. Brittan said he welcomed U.S. decision to proceed with GATT, but warned that another 2-year extension might stall talks completely. Clinton Administration sought to shake off label that it's protectionist as officials appeared on several TV interview programs Feb. 7. Commerce Secy. Ronald Brown said on TV: "This is not a protectionist Administration. We believe in free trade. We also believe in fair trade. We want to have a level playing field." Kantor, in his TV interview, defended Administration's swift action when he said locking U.S. out of estimated \$15 billion market "is not in the interests of expanding trade."

U.S. telecommunications industry is supporting tougher trade stance. Telecommunications Industry Assn. (TIA), which primarily represents equipment manufacturers, said: "We are pleased that the government is taking action under the Trade Act to address a situation which discriminates against U.S. products." But TIA Pres. Allen Frischkorn said it hopes threat of retaliatory action will be enough to forestall actual implementation: "We... hope discussions can take place between the U.S. and the European Community to resolve these issues."

N.J. Bell plans to install upgraded network in Dover Twp., N.J., even if FCC doesn't approve video segment of its video dial tone (VDT) proposal, telco said in latest FCC filing. Company said it already has state approval for upgraded voice network, needs FCC Sec. 214 okay only for video segment. Oppositions filed by "incumbent cable monopolists" raise only "baseless and irrelevant objections" aimed at "us[ing] the regulatory process to block competitive entry," N.J. Bell said, and all but one should be dismissed because they don't include required affidavits containing "specific allegations of fact." Telco discounted claims that since 60 of its 64 channels already are committed to one user, it's not common carrier as required for VDT. It said those 4 channels will be compressed to provide up to 64 additional channels within 6 months after construction begins, and within 36 months others also will be compressed, allowing system to carry "several hundred" video channels on common carrier basis. N.J. Bell said VDT system is justified economically, there will be no cross-subsidies and existing safeguards against anticompetitive conduct are adequate.

Meetings: **Home Media Expo**, Beverly Hilton Hotel, L.A., will include session March 3 on TV Answer and March 4 on **Interactive TV and game shows**. Full conference is March 3-5 -- 310-274-7777... **National Assn. of Black Owned Bcstrs.** annual awards dinner will be March 11, Sheraton Washington Hotel, Washington -- 202-463-8970... **Wireless Cable Assn.** annual convention will be July 31-Aug. 3, Marriott World Center, Orlando -- 319-752-8336... **U.K. Cable TV Assn.** will sponsor conference on **European Cable Communications** Oct. 18-20, Olympia Center, London -- 44-71-222-2900.

FCC proposed Feb. 11 to eliminate licensing requirement for most international TV receive-only (TVRO) Earth stations for fixed satellite services, streamlining marketing for international satellite services such as DBS and VSATs. At agenda meeting, Commission said change could open new markets and services for international communications and make DBS more feasible for U.S. customers. First beneficiary of change, if adopted, would be Comsat and Intelsat, whose petition year ago asked for similar licensing waiver for TVRO dishes that would receive Intelsat K satellite in Central and S. America (permission for waiver for Latin American TVRO customers was granted recently). Earth stations that would be excluded from FCC's proposal would be those operating as terminal stations or hubs that are connected operationally to domestic common carrier traffic via Intelsat satellite system. Commission proposed voluntary registration program for international TVROs seeking interference protection similar to that for domestic TVROs. Intelsat competitors such as Columbia Communications, Orion and PanAmSat are likely to submit comments asking that FCC broaden inquiry to include larger issues of Comsat and Intelsat "privileges," such as Intelsat's near-monopoly on international satellite public phone connections, immunity from antitrust regulations, tax privileges, other issues.

About 1/4 of those offered early buyouts by Cap/ABC TV Network Group accepted offer, meaning that about 500 of 2,800-3,000 eligible will be leaving network on or about Feb. 19. Hard hit was Washington news bureau, where about 4 dozen reportedly accepted network's offer of 2 weeks' pay for every \$10,000 in salary, plus 2 months' severance pay and 6 months of benefits. There were no age or length-of-service qualifications attached to ABC offer, which applied only to TV Network Group, which includes sports, news, entertainment, production. Offer didn't apply to employees who are covered by union or guild contracts. Deadline for accepting was Feb. 5. Covered were executives, clerical personnel and producers, among others. Cap/ABC refused to "name names" of any persons who accepted offer. However, Steve Solomon, ABC Sports senior vp-planning and administration, is one; he will join National Hockey League in executive capacity. In move unrelated to buyout, Mimi Gurbst, now dir.-national news coverage, is expected to be named vp-news coverage, succeeding Robert Murphy, recently promoted to senior vp for hard news.

FBI agents seized more than 10,000 pirate cable descramblers in raids Feb. 8 in Neb. and Ga. on alleged distributors of pirate equipment. In Omaha, agents seized 10,000 descramblers from 2 M.D. Electronics locations. Firm frequently advertises in national electronics magazines. In Atlanta, they seized more than 100 descramblers from Universal Products, which also advertises nationally. Meanwhile, federal grand jury in Ind. returned 15-count indictment against William Norris of Plymouth, Ind., charging sale of pirate descramblers. He faces 5 years in prison and \$250,000 fine for each of 9 counts of wire fraud, and 5 years and \$500,000 fine for each of 5 counts of manufacturing illegal decoders and one count of mail fraud.

InterMedia Partners affiliate agreed to buy cable systems with 30,300 subscribers in Central Tenn. from American Cable TV Investors III for undisclosed price. Systems serve Decherd, Estill Springs, Gallatin, Murfreesboro, Winchester, Cowan and surrounding incorporated areas. Purchase by affiliate First CableVision is subject to regulatory approval. Three other InterMedia affiliates -- Volunteer CableVision, Tenn. Valley CableVision and E. Tenn. CableVision -- have 125,000 subscribers in state.

SPORTS MOVES TO EXPANDED BASIC: Cable systems have converted more than 2 million premium channel subscriptions to less expensive expanded basic tiers in last year, causing drop in number of premium subscriptions in 1992, according to data in 1993 edition of Warren Publishing's Television & Cable Factbook. On other hand, virtually every major premium movie channel reported increases in number of subscribers in 1992.

Regional sports networks accounted for most of switches to expanded basic, our figures showed. Although all were fully or mostly premium services in 1991, Madison Sq. Garden Network had 694,033 expanded basic subscribers in 1992, KBL Sports Network 574,336, Home Team Sports 522,622, New England Sports Network 40,646. In addition, Disney had 217,787 expanded basic subscribers in 1992.

Switches to expanded basic caused total number of premium channel subscribers to fall in 1992 for first time, our data showed. Pay subscriptions totaled 37,151,361, according to figures supplied by individual cable systems, down 524,304 (1.4%) from 1991. That decline followed increases of 8.75% and 5.5% in 2 previous years. Total number of expanded basic subscriptions, in turn, rose to 12,072,220 in Nov. 1992 from 9,871,391 in April 1992, increase of 22%, according to our data. Data showed that 22.6% of basic cable subscribers received expanded basic, up from 18.8% in 1991 and 8.4% in 1989, reflecting rapid retiering of industry. Total of 53,375,474 U.S. homes subscribed to cable in 1992, according to Factbook data -- 57.5% of U.S. TV households. That provides pay-to-basic ratio of less than 70%, figure that has been flat or declining for several years. Factbook also showed that 94.5% of cable subscribers have systems with 30 or more channels, and 34.57% have 54 or more, almost double number with 54 channels 5 years ago.

Premium movie channels generally did better than they expected in 1992, despite recession, they told us. New Encore service had biggest percentage gain, climbing to 3,775,000 subscribers from 3.2 million. Disney's final 1992 figures weren't available, but spokesman said they would top 7 million, vs. 6.2 million at end of 1991. Showtime and Movie Channel had total of 10.5 million subscribers at end of 3rd quarter, vs. 10.2 million at end of 1991. HBO was up 100,000, although Cinemax was relatively flat, for total of 17.4 million at end of year, spokesman said.

Newly issued Factbook marks first time all 3 volumes have been published together. Previously, Cable and Services volumes were published in June. Three-volume set, 4,468 pages, is available for \$395 from WPI, Circulation Dept., 2115 Ward Court NW, Washington, D.C. 20037, phone 202-872-9200.

What happens when FCC issues proposed rulemaking and receives no comments? It goes ahead and adopts proposed rule. At least that's what did happen. In April 1992, Commission asked for comments on proposal to exempt certain records from provisions of Privacy Act of 1974. Nobody commented; as result, agency announced Feb. 10 that proposed rules had been adopted.

Latest issue of Media Studies Journal, titled "The Fairness Factor," contains comprehensive report on doctrine by 14 scholars, journalists, critics. They question whether and how media can provide more "representative and equitable reports to the public." For copy: Shirley Gazsi, 212-678-6600. Journal is published by Freedom Forum Media Studies Center.

"Spectrum crowding is not inevitable and it could actually ease in the near future," NTIA said in new draft analysis. Robert Matheson, engineer at NTIA's Institute for Telecommunications Sciences, in paper titled "Spectrum Conservation: Adjusting to an Age of Plenty," said changes in how spectrum is used, along with new frequency management and other improvements, could alter commonly held perception: "To a very considerable degree, the radio spectrum is whatever you want to make of it, rather than being a rigidly fixed resource that needs to be rationed." New services, such as expanded cellular or Personal Communication Service (PCS), could contribute to less spectrum crowding, rather than put pressure on existing services, Matheson said. Factors he considered are trends to using shorter signal paths, lower power and frequency reuse: "Although cellular/PCS services are expected to continue the present rapid growth in the number of users, the amount of spectrum required will not grow as rapidly." Number of bands that are becoming practical and economical for consumer services also is expanding, he said, at same time as there's: (1) Improvement in integrated circuits made from gallium arsenide. (2) Technical improvement in data compression and error correction techniques. (3) Flexibility of digital systems that allow more than one function to be performed over one system that previously would have taken more than one, and as result, provide more spectrum. (4) Substitution of fiber in variety of services, including mobile services. (5) Increased diversity of distribution of broadcast signals. His view of broadcasting's future includes satellites, combined cable and fiber and over-air broadcasting of digitally compressed signals. In theory, each of 68 UHF channels could carry 10 compressed TV signals, he said, and comparable capacities are available from cable. Matheson said govt. also could cut down on spectrum it uses by shifting to commercial services, which also are cheaper, or to newer and more efficient technologies. His paper is to be discussed at March 4 meeting of NTIA Spectrum Planning Advisory Committee.

Proposal in N.M. legislature to ban all forms of advertising for alcohol products has been attacked by ANA in letter to state Senate Committee on Public Affairs, which has bill under consideration. ANA Exec. Vp Daniel Jaffe wrote Committee that "legislation goes far beyond the issues of banning advertisements for alcohol beverage products. It raises a number of serious questions with both regional and national implications and could create a broad precedent affecting all forms of advertising." For instance, he said, bill would ban alcohol ads in N.M. that appear in national print media and on cable and TV networks: "This would clearly be a violation of the interstate commerce clause of the U.S. Constitution."

FCC received record 2,025 activation reports of Emergency Best. Service (EBS) in 1992, including 386 in Nov.-Dec. They bring to 15,442 total number of EBS activations reported since program was begun in 1976. Actual number is much higher, FCC said, because stations aren't required to report when they activate EBS for local emergencies. Stations are encouraged to use system for state and local emergencies and Commission said record activations last year "show the great success" of EBS on state and local level.

Girard Bcstg. has sold 3 small-market Neb. TV stations -- KSNB-TV Superior, KHGI-TV Kearney and KWNB-TV Hayes Center -- plus 5 translators, to Fant Bcstg. for \$2.05 million cash. All stations are ABC TV affiliates and are under protection of bankruptcy court. Buyer is headed by Anthony Fant, who owns WNAL-TV Gadsden, Ala. Connally Co. was broker.

Personals

Judy Smith, White House deputy press secy. in Bush Administration, joins NBC as senior vp-corporate communications, succeeding **Betty Hudson**, named exec. producer, NBC Productions, with 3-year contract; **Lloyd Siegel** named dir.-news partnerships, NBC News... **Susan Binford**, ex-NBC, appointed Turner Bctg. System senior vp-PR, Entertainment Group... **Preston Padden**, senior vp-affiliates, Fox Bctg., also named senior vp-govt. relations, News Corp.; **Molly Pauker**, vp-corporate and legal affairs, Fox Bctg., adds duties of vp-govt. relations, News Corp.; **Eve Szurley** promoted to vp-creative development, Fox Bctg.

Cecelia Holloway advanced at Viacom Entertainment to senior vp-human resources and administration. **Robert Spilman**, CEO, Bassett Furniture Industries, elected chmn., Jefferson-Pilot, succeeding **Roger Soles**, who retires in March; **Hugh McColl**, pres.-CEO, Nationsbank, and **David Stonecipher**, pres.-CEO, Jefferson-Pilot, named to board, succeeding **Robert Koonts** and **C.D. Spangler**, resigned... Changes at Walt Disney: **James Rasulo** promoted to senior vp-corporate alliances; **Peter Clark** named senior vp-special projects, new post... **Terry Chili**, ex-Prime Sports Network, named dir.-mktg., Home Team Sports... Elected to NATPE board for 3-year terms: **Matt Mixon**, WFSB Hartford; **Craig Smith**, KING-TV Seattle; **Lynn Stepanian**, WESH Daytona Beach-Orlando; **John Rohr**, Blair TV; **John Ryan**, Worldvision.

Roy Simpson, ex-Satellite Music Network, joins Jones Satellite Networks as gen. mgr... **Preston Davis** promoted to pres.-Bctg. Operations & Engineering, ABC TV Network Group, succeeding **Robert Siegenthaler**, who is taking early retirement... **Ira Miskin**, former exec. vp, Turner Entertainment Networks, and **Farrell Reynolds**, ex-Whittle Communications and former pres., Turner Bctg. Sales Worldwide, form Conduit Communications TV, film and multimedia production and distribution company in Atlanta, Chapel Hill, N.Y.C... Promoted to vps, Black Entertainment TV: **Cheryl Holmes**, direct response advertising and research; **Deborah Tang**, news and public affairs.

KQED San Francisco Pres.-CEO **Anthony Tiano** resigns at end of April to "pursue other commercial communications interests"... Changes at CPB: **Carolynn Reid-Wallace**, ex-asst. secy. of education, named senior vp-education; **Thomas Harvey**, former deputy administrator, Veterans Administration, appointed senior vp-gen. counsel, succeeding **Paul Symczak**, who becomes senior vp-corporate affairs; **Renee Ingram** promoted to corporate treas.; **Frederick De Marco** named senior vp-system and station development... **Karen Freeman**, ex-United Way, appointed mgr.-education press, PBS... **Alice Cahn**, former dir.-outreach projects, Education First!, appointed dir.-children's programming, PBS, succeeding **Alyce Myatt**, named exec. producer-special projects, Lancit Media.

William Lincoln, ex-chief financial officer, Fox Stations Group, named senior vp-finance and administration, ACI... **Michael Harabin**, ex-NBC, joins Hughes Communications as mgr.-network operations... **Randy Stone** appointed vp-talent/casting, network TV, 20th TV... **Douglas McCormick**, group vp, Haves, and exec. vp, Lifetime, named pres.-COO, parent Hearst/ABC-Viacom Entertainment... Warren Publishing Exec. Editor **Dawson (Tack) Nail** received Special Recognition Award from Okla. Assn. of Bestrs. at annual convention.

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OBITUARIES

Harold Beverage, 99, pioneering TV-radio engineer who was one of stalwarts of RCA virtually from its founding, died Jan. 27 in Stony Brook, N.Y. In long career, he amassed virtually every honor in radio engineering, including presidency of IEEE (1937), IEEE fellowship (1928), Armstrong Medal (1930). He had 33 patents, including diversity antenna system, was subject of 1988 biography, "Genius at Riverhead," by Roberta Wallen. He was RCA chief research engineer 1929-1941, then served as vp-research dir. until his retirement in 1958. There are no direct survivors.

Edward P. Morgan, 82, veteran CBS and ABC broadcast journalist and winner of 1956 George Foster Peabody Award, died of cancer Jan. 27 at his McLean, Va., home. Native of Walla Walla, Wash., he worked as print journalist for 2 decades before joining CBS, where he was named dir.-TV and radio news in 1954. Year later, he joined ABC and in 1967 took leave of absence to become chief correspondent for Public Bctg. Lab. He retired as *Newsday* Syndicate columnist and ABC commentator in 1975. Survivors include daughter.

Consumer Electronics

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STATE OF THE INDUSTRY

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

	JAN. 23-29	1992 WEEK	% CHANGE	JAN. 16-22	JAN. 1993	JAN. 1992	% CHANGE
TOTAL COLOR.....	699,703*	410,603	+70.4	362,660	1,590,588*	1,332,819	+19.3
DIRECT-VIEW...	688,242*	400,346	+71.9	354,633	1,558,995*	1,303,147	+19.6
TV ONLY.....	640,982*	364,280	+76.0	341,727	1,484,783*	1,238,671	+19.9
TV/VCR COMBO.	47,260*	36,066	+31.0	12,906	74,212*	64,476	+15.1
PROJECTION....	11,461*	10,257	+11.7	8,027	31,593*	29,672	+ 6.5
VCR DECKS.....	352,087	257,334	+36.8	203,295	857,494	769,829	+11.4
CAMCORDERS.....	77,980*	60,922	+28.0	38,535	167,318*	154,357	+ 8.4
LASERDISC PLYRS#	7,102	3,378	+110.2	4,099	14,418	25,609	-43.7

Direct-view TV 5-week average: 1992-1993--401,364; 1991-1992--299,342 (up 34.1%).

VCR deck 5-week average: 1992-1993--223,089; 1991-1992--179,391 (up 24.4%).

Camcorder 5-week average: 1992-1993--43,141*; 1991-1992--36,983 (up 16.7%).

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

INDUSTRY GETS RUNNING START IN 1993: Strong finish to 1992 carried over into first month of new year, with increases in sales to dealers recorded in virtually all major video categories (see State of the Industry). Furthermore, month was record-setter in all categories except VCRs (which still registered solid increase) and laserdisc players, only category we track on weekly basis that ran behind 1992 results.

Jan. sales become even more striking when projected out to full-year performance, taking into account historical seasonal factors. Direct-view color TV, on basis of Jan., projects to 24.9 million sets for full year, well ahead of last year's record sales of just under 22 million. Jan. projection TV sales would indicate full-year sales of 545,000, up from record 404,303 in 1992. VCR deck sales would project to 14 million this year, up substantially from record 12.3 million in 1992. Seasonally adjusted camcorder sales rate is 3.97 million, which would be more than 40% ahead of 2.8 million sold to dealers last year.

Of course, single strong month in any category can't be said to be accurate indicator of how full year will go. Because EIA figures represent sales to dealers, and not to consumers, performance in Jan. could reflect only fact that hot Dec. retail sales depleted retailers' inventories and they replenished them in Jan.

Final week of month traditionally is strongest, since many manufacturers count all of month's sales as made at end-of-month billing period. That was particularly true in Jan., because EIA's calendar now is in reasonable sync with Julian one in general use. Sales of most products were down in first 3 weeks of month, with final week (through Fri. Jan. 29) setting records for all products except VCR decks -- and with direct-view color sales up 71.9% from same 1992 week.

* * * * *

VCR deck sales in Jan. were weighted heavily toward stepup models. According to new breakdown, fewer than 1/3 were 2-head mono units, while 43% were 4-head mono and 24% were stereo models. Almost 11% of Jan. sales to dealers had built-in VCR Plus programmers, while only 0.6% (about 5,000) were Super VHS. No 1992 comparisons were available. VCR inventories are in good shape, representing less than month's supply.

Camcorder inventories dropped again at end of Jan. to just over 330,000, about half of 650,000 peak of Nov. 1991, and now appear to represent less than 2 months' supply. In Jan., 24.3% of camcorders sold were full-size, 75.7% compacts, about same as full-year 1992 (TVD Jan 25 p10). Percentage of full-size in mix was highest since last Oct., but was considerably lower than 34.6% of Jan. 1992.

FCC CONSIDERS MANDATING TV, VCR FEATURES: Consumer electronics industry's campaign to require cable system compatibility with advanced TV set and VCR features could backfire, on basis of FCC's notice of inquiry into subject (TVD Jan 18 p15). Unusually comprehensive document asks comments on all aspects of compatibility problem and not only suggests possible changes in cable system equipment and operation but hints that Commission would be open to regulating some specifications of future TV sets and VCRs.

Among questions thrown open for comment in notice (ET Doc. No. 93-7): (1) "What modifications could be made to existing consumer TV equipment designs to make it more compatible" with cable service? (2) "Should shielding requirements be required [sic] for cable-ready consumer equipment to protect against interference to cable signals from direct pickup of broadcast signals and to limit unintentional radiation of cable signals...?" (3) "Should consumer electronics equipment be required to be equipped with 2 cable input ports to accommodate dual cable systems?"

(4) "What standards should be specified as technical requirements with which TV receivers, VCRs and other consumer equipment must comply in order to be sold as cable compatible and cable ready? For example, should we adopt rules regulating: The number of cable channels that can be received and the frequencies of those channels? A universal connection to enable the use of separate devices that can descramble signals encoded using alternative security techniques?" (Last question carries shades of ill-fated EIA/NCTA Multiport program for cable interface, which was ignored by most cable systems and some consumer electronics manufacturers.)

Inquiry notice was issued under interface requirements mandated in Cable Act passed last year by Congress -- section that was backed strongly by consumer electronics industry. Footnote in FCC notice's section on possible receiver changes states that "we note that the Senate and House conferees, in drafting the 1992 Cable Act, encouraged the development of voluntary efforts by the cable industry and the manufacturers of TV equipment to meet the technical requirements the Commission will adopt" (underlining in original). EIA Consumer Electronics Group (CEG) Vp Gary Shapiro won't have comment on inquiry notice, spokeswoman said, because official CEG groups are in intense discussions now with cable industry on compatibility issue.

Commission says inquiry notice was merely part of "first phase" of implementation of compatibility mandate in which "we seek information on the nature and extent of the compatibility problem." In connection with information gathering, notice asks:

(1) "What types and portions of currently available consumer TV equipment" include features that "can be affected by the manner in which cable service is delivered?" (2) "How are these features affected by the various methods of cable signal delivery," particularly those used for protection against theft of service? (3) How should "cable-compatible" or "cable-ready" be defined, including features and number of channels. (4) "What equipment other than TV receivers and VCRs are affected" by cable-compatibility problems? (5) "Are any new consumer TV equipment features anticipated or expected" that would pose other compatibility problems?

Document notes that scrambling poses one of major compatibility problems and asks cable operators about alternative approaches to maintaining security without interfering with such consumer features as remote control, picture in picture and various recording modes. Commission quotes estimate that theft of service costs cable operators \$4.7 billion in lost revenues annually and says that must be balanced against "costs associated with incompatible and unusable consumer electronics equipment [which] may also be in the billions of dollars." Interesting aspect of inquiry is question of how digital transmission techniques will affect cable security or cable-electronics interface. It even touches on "implications for a standard interface arising from the digital transmission of video over common carrier networks." As directed by Congress, FCC asks extensive questions about cable boxes and remote control devices, including availability to public on purchase basis.

As for timing, notice says that "we must balance the interests in minimizing the impact of this regulation on industry with the need to promote compatibility in a prompt manner." Some of law's requirements (including notification of cable subscribers that some TV or VCR features may not be usable with cable service or that customers may purchase as well as rent remote control) "would have little impact on industry," so they may be implemented quickly, notice says, asking advice on time schedule for effectiveness of new rules -- issue not addressed in Cable Act.

Note: Should TV set manufacturers be required to include HDTV reception capability in all receivers -- and, if so, when? That battle has flared briefly in comments to FCC. It's treated in separate report, this issue.

SHARP SAYS IT WON'T BE AT SUMMER CES: Main floor of McCormick Place will have decidedly different look at Summer Consumer Electronics Show (CES) in June, with last week's decision by Sharp not to exhibit at Summer Show and reported decision by Toshiba to leave upfront audiovideo area for space elsewhere at CES. Toshiba couldn't be reached for comment by our deadline.

Those companies have been among most prominent anchors of main home entertainment display area, and holes they leave could bring companies from other parts of industry into main arena. EIA spokeswoman pointedly noted high level of inquiries from "so many companies from the computer, home office and multimedia areas that are interested in the Summer Show or are interested in additional space." She said Show would hold to long-standing seniority rules that govern booth placement, but left open possibility that companies from outside traditional A/V realm could move onto main floor.

This will be first CES that Sharp has missed for well over 10 years. Company has occupied one of most prominent and larger exhibits in main hall -- 8,400 sq. ft., much of it double-decked, on main aisle. Spokesman said Sharp made business decision to attend only one CES, and Winter Show better fit its needs. "This decision is based on the timing of most new-product introductions and our commitment to provide the best service possible to our customers," it said in statement released in response to our request. "Our current business cycle more closely coincides with the Winter Consumer Electronics Show, where we realize greater efficiency and return on investment." Statement stressed that Sharp "is committed to continuing support of the EIA/CEG [Consumer Electronics Group], and will remain a major exhibitor at the Winter CES."

EIA spokeswoman expressed sorrow that "they're not in the Summer Show, but happy they're as supportive as they are of the Winter Show and other EIA programs." She said CEG has commitments from several major audio and video companies for Summer Show, including Panasonic and Thomson. It also is expected that Philips will be taking large space on main floor. JVC spokeswoman said decision on Summer CES plans is "imminent." Deadline for commitment actually was earlier this month, but it's not unusual for cutoff date to be extended.

There's been striking change in character of CES in recent years, with videogame, home office and, more recently, multimedia companies grabbing larger share of floor space, traffic and publicity. As we have noted, when 3DO Pres.-CEO Trip Hawkins delivers CES keynote June 4, he'll be 4th straight keynoter from outside mainstream audiovideo world, following Apple Chmn.-CEO John Sculley, Motorola Chmn.-CEO George Fisher, IBM Pres. Jack Kuehler.

In addition, EIA this summer will stage first Personal Communications & Computing (PCC) show in conjunction with CES on 9.5 level of McCormick North. Event, open to trade only, will bring together suppliers of business computing and communications products and services. Some PCC exhibitors also will be on CES floor, while others will show at only one event. Additional details on PCC will be disclosed at news conference in N.Y. Feb 18.

TV/VCR combinations are increasing in popularity in Japan as well as U.S., sales in 1992 rising to 400,000-500,000, up nearly 50% from 1991 (in U.S. they were up 41.3%), with 700,000 forecast for 1993. Strength of product in Japan is resulting in more introductions by manufacturers, which also can be expected to offer greater variety of product in U.S. In Japan, Sony has added 13" combo with VHS Hi-Fi deck and 2 tuners, its 4th combination. Hitachi has started selling 13" combo made for it by Matsushita, with Aiwa and Funai also fielding combos and Toshiba and JVC to debut products in spring. As in U.S., leader in combo field is Panasonic, with models in 8", 13", 20", 23" and 27" in Japan.

Video Display Corp. (VDC) last week restated financial results for quarter and 9 months ended Nov. 30 to reflect \$820,000 write-down of value of shares in common stock of CXR it owns. As result, company had net loss of \$330,000 in quarter for which it previously had reported net income of \$490,000, and 9-month net income was reduced to \$900,000 from \$1.7 million (TVD Jan 18 p16). VDC is world's largest CRT rebuilder with 7 plants in U.S., 2 in Mexico, one each in U.K. and India and also claims to be one of largest U.S. distributors of consumer electronic parts and accessories.

Sound Advice earnings for 2nd quarter ended Dec. 31 jumped 79% on 19% net sales increase (see financial table). Company said gains were limited by effects of Hurricane Andrew, which closed one of its 20 stores for more than month during quarter. Gross margins increased to 31.4% from 29.2% year ago. Company recognized as "other income" expected \$290,000-business interruption insurance claim for 4th quarter, on top of \$450,000 claim for 3rd quarter. Meanwhile, Sound Advice said it completed renewal of credit facility, providing total of \$30 million in revolving credit and term loan facilities.

Universal Electronics, maker of One For All and other universal remote controls, announced initial public offering of \$2.4 million shares of common stock at \$13 per share to be sold by company and 400,000 shares by "certain stockholders." Underwriting team is headed by Montgomery Securities, San Francisco.

THIS WEEK'S YEN RATE

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

ANOTHER 3DO HARDWARE LICENSEE? 3DO apparently has reached agreement with at least one additional licensee -- believed to be major Japanese manufacturer -- to make hardware based on its widely touted multimedia technology. To date, only Matsushita and AT&T -- both equity shareholders in 3DO -- have announced intention to make compatible hardware. But 3DO Pres. Trip Hawkins was cited in N.Y. Times article as claiming several hardware licenses have been signed.

In presentation at Piper Jaffray Personal Software Conference in N.Y. last week, Sales & Mktg. Vp Robert Faber said that "we already have multiple hardware manufacturers and over 120 software publishers committed to the platform." Asked later to define "multiple," Faber would say only that "we haven't announced any further licensing agreements." At CES, Faber said 3DO hoped to have as many as 6 hardware licensees for launch, although number was more likely to be 3-4.

Sources at Sony, which has been weighing CD-based technologies for prospective Play Station console, said they were unaware of any imminent agreement with 3DO. Sharp spokesman in Japan said company is looking at 3DO system, but hasn't decided on course of action.

At same conference, Lawrence Probst, pres.-CEO of Electronic Arts (EA) -- which owns slightly less than 30% of 3DO -- said EA is developing "more than 10" software programs for 3DO system, and expects to have 4-6 ready to ship at system's scheduled debut in 4th quarter. He forecast that 30-50 software packages for 3DO will be available at launch, although "my personal opinion is that it will be closer to the smaller number than the higher." Faber said later that he believes 30 software companies "have a shot at getting product out for the launch." He also said company forecasts sales of 500,000-1,000,000 3DO-compatible hardware devices in first 12 months.

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Also at conference, Sega of America Pres. Thomas Kalinske forecast company would sell 6 million Genesis consoles and 1.5 million Game Gear handheld games in 1993, and repeated company's assertion that it would sell million Sega CD consoles. He expects company and its 3rd party publishers will move 25 million Genesis cartridges, 6.6 million Game Gear software packs, 3.5 million pieces of CD software.

At unrelated gathering of analysts and media in N.Y., Nintendo of America (NOA) Mktg. Vp Peter Main said company expects to sell 14-15.5 million pieces of game hardware and 80-90 million software cartridges this year. Projections by system: Super NES -- 8-8.5 million hardware consoles, 35-40 million software cartridges; Game Boy -- 4-4.5 million hardware, 25-27 million software; 8-bit NES -- 2-2.5 million hardware, 20-25 million software.

It also seems increasingly unlikely that Nintendo will bring its CD-ROM peripheral to market by year-end. Main was more forceful in saying that "until the software is up to high game standards, you're not going to see this product from us." Apparently, if Nintendo does manage to ship system this year, it will be with minimum of 3rd party software. Acclaim Chmn. Gregory Fischbach said at Piper Jaffray conference that after recent Nintendo developers conference, "we do not anticipate we will have [system specifications] for 2 to 3 months," too late to develop and market programs for system this year.

COMPULSORY HDTV TUNING? Should FCC mandate HDTV reception for all sets -- presumably under authority granted in All-Channel Act (which requires UHF tuning in all TV sets), and if so, when? Commission tossed out that little-noticed question last fall as part of its continuing HDTV rulemaking.

Assn. for Maximum Service TV (MSTV) said that since FCC planned to require "initiation of mandatory ATV broadcasts," probably no later than 6 years after HDTV standard is adopted, it also should "mandate dual-mode all-channel NTSC/ATV receivers as soon as is practicable, and in any event prior to the beginning of mandatory ATV broadcasting." Absence of receivers, MSTV said, would "create an unnecessary impediment" to HDTV broadcasting.

MSTV proposed that 3 years after it adopts HDTV standard FCC should seek comments on requiring all TV sets sold to be capable of picking up HDTV signals. It said All Channel Act gave Commission authority to require dual-mode sets. MSTV cited study predicting 1% HDTV receiver penetration wouldn't be reached until 7 years after broadcasting begins, and said "it might take as long as 10 years before significant numbers of consumers began purchasing ATV receivers."

In reply filed last week, Zenith said "economic realities" make MSTV's proposal unpractical. It said ATV Advisory Committee study pointed to "retail price premium in the area of \$500 per set" for "receiving, demodulating and decompressing digital ATV signals in a non-HDTV receiver." Company noted that 70% of all TV sets are purchased for less than \$350 each and that 13" sets, mostly selling for under \$200, account for 25% of industry unit sales. "It is clear," Zenith said, "that a \$500 premium would cut millions of Americans out of the market for new TV receivers." That would "reduce broadcasters' audiences and would create havoc for the entire consumer electronics industry, from manufacturers and suppliers to distributors and retailers."

Zenith said All-Channel Act was designed to fill "entirely different purpose from that involved in making the transition to a superior transmission system." Company said it believes "true HDTV will generate significant audiences -- reaching 1% market penetration in just 2 years after introduction." It cited study by Advisory Committee working party that concluded that "based on conservative estimates," HDTV sets will reach 5% penetration by 5th year after FCC adopts system.

Consumers, said Zenith, "deserve the right to continue to purchase products that meet their needs and the consumer electronics industry should have the latitude to develop, manufacture and market these products."

Yes! Entertainment, new electronic interactive toy company, last week announced fall introduction of TV Teddy, stuffed bear that interacts with series of specially programmed VHS tapes. Infrared transmitter plugs into VCR output, sends signal to receiver inside bear, whose eye and mouth movements are synchronized with what's appearing on screen. Toy will ship with Berenstain Bears tape, expected to retail for \$60-\$70; 12 other tapes are expected by end of year. Bear bears distinct resemblance to Worlds of Wonder's (WOW) Teddy Ruxpin -- toy of late 1980s that moved eyes and mouth according to signals from audio cassette inserted into its back. That's probably not coincidental, since Yes! Chmn.-CEO is Donald Kingsborough, former Atari executive who founded WOW. Exec. Sales Vp Mark Bradlee and Product Development Vp Patricia Root also are WOW alumni.

ITA DIGITAL SEMINAR: Hot topics of multimedia, video compression, widescreen TV and new video delivery media will dominate "Brave New World of Digital," ITA's 23rd annual seminar, March 10-14 in Phoenix. Preliminary program highlights:

Multimedia Systems -- Full-Motion CD-I, Paul Frederickson, Philips; LaserActive, Michael Fidler, Pioneer; Interactive Multiplayer, Hugh Martin, 3DO; Video Information System (VIS), Michael Grubbs, T.E. Electronics; Home Entertainment via CD-ROM, Doug Glen, Sega of America.

Communications Revolution -- Home Video via Satellite, Tom Bracken, DirecTV; Telephone Delivery Capability, Mark Emberson, GTE Cerritos Project; Wireless Cable, Bernard Brossard, Cellular Vision of N.Y.

Digital TV -- Richard Bruno, Prism International. Video Compression -- Bruce Allan Thomson, Consumer Electronics. Taped 16:9 Videos -- Al Hart, Modern Videofilm. European Widescreen Survey (TVD Dec 7 p11) -- Saieoze Hemani, BIS Strategic Decisions. New Delivery Technologies' Impact on Home Video Industry -- Dick Kelly, Cambridge Assoc.

High-Speed Videotape Duplication -- Tom Burroughs, Hightree Media; Harvey Mabry, Panasonic; Barry Schwab, Sabre; Ken Washino, Future Network. Optical Media for Data Storage -- Richard Zech, Advent Enterprise Group.

Digital Audio Recording -- Digital Compact Cassette (DCC), Sean O'Brien, Philips; MiniDisc, Paul Foschino, Sony. N. America Free Trade Agreement -- Bob Sacko, Deloitte & Touche, Toronto; Ernesto Cervera, Grupo Economistas y Asociados, Mexico City. Clean Air Act of 1990 -- Thomas Zosel, 3M. Additional topics and speakers will be announced.

Registration for ITA members is \$995, for nonmembers \$1,495 -- 212-643-0620.

Circuit City's Jan. sales rose 27% to \$227.3 million, with comparable stores up 13%. "January's comparable-store sales growth significantly exceeded our expectations, Pres.-CEO Richard Sharp said. "The total sales increase reflects the strong comparable-store sales pace, 5 Saturdays in the month [vs. 4 last year] and the geographical expansion of our store base." Company has 213 superstores, 7 electronics-only outlets, 39 Impulse units. Circuit City's results were in tune with those reported by other chains for Jan., including comparable-store gains of 30% for Best Buy, 7% for Tandy, 5.7% for Audio/Video Affiliates (TVD Feb 8 p14).

Channel Master, manufacturer of outdoor home TV antennas and satellite dishes, has no place in parent Avnet's future, according to Chmn.-CEO Leon Machiz, as quoted in Feb. 12 Wall St. Journal. CM once was major picture tube rebuilder, even fielded line of TVs. CM, according to article, accounts for about \$125 million of Avnet's annual sales, and Machiz said it either will be sold or spun off and Avnet will concentrate on parts distribution business. Machiz expects sales of \$2.2 billion in current fiscal year ending June 30, up from \$1.76 billion in 1992 year.

NATM Buying Corp. moves to new hq at 1 Penn Plaza, Suite 4405, N.Y. 10119. Phone and fax numbers remain same -- 212-239-7222, 212-714-0403.

CONFICTING MD FORECASTS: Whose MiniDisc forecasts do you believe? Although Sharp seems almost as committed to concept as Sony -- having introduced 2 tiny play-only models in Japan (TVD Feb 1 p14) -- it's considerably less optimistic about worldwide sales potential of new system over next 2-3 years.

In announcing MD introductions in Japan Jan. 27, Sharp Audio Equipment Div. Gen. Mgr. Tamotsu Kazusa forecast worldwide MD hardware demand at 940,000 units this year and nearly 5 million in 1995. Latter estimate is roughly half that projected by Sony.

Asked to elaborate on Kazusa's forecast, Sharp spokesman in Osaka told us that company expects worldwide sales of 4,750,000 MD units by 1995 -- half of which will be portables. He said company is projecting that 3,600,000 -- 75% of total -- will be sold in Japan, rest in U.S. and Europe, surprisingly low estimates of sales outside Japan.

Sony (Japan) spokesman, meanwhile, said that company is firm in its belief that 10 million MDs will be sold worldwide by 1995. He said it bases projection on past CD player sales trends, noting that Sony expects more pronounced growth curve because MD market will be dominated more heavily by portable configurations that traditionally generate larger sales volumes and better economies of scale. He cautioned that projection is subject to change, depending on degree of MD product and marketing support shown by various licensees. Sony spokesman wouldn't disclose projections on Japanese vs. overseas sales, nor would he estimate proportion of 10 million units that will be composed of portables.

European Community could formally bury its HD-MAC analog HDTV strategy when telecommunications ministers meet May 10, Financial Times reports. Instead, it probably will concentrate on promotion of widescreen programming and equipment using PAL standards. Philips has announced it won't produce sets for HD-MAC (TVD Feb 8 p18) and both Philips and Thomson now are emphasizing widescreen sets with standard definition. Latest position paper of Eureka HDTV Project, dated Oct. 1992, called D2-MAC and HD-MAC "today's standards" and digital transmission "tomorrow's standards," adding: "Years of research and development work lie ahead and the expected complexity of a digital picture receiver makes it unlikely that affordable sets can be offered to consumers before the turn of the century." However, 2nd Financial Times article in week on demise of HD-MAC concluded: "By waiting for a digital standard, manufacturers in the U.S. are in pole position to determine a world standard for digital high-definition broadcast."

National Cancer Institute (NCI) went step further in controversy involving speculation that cellular handheld phones might cause cancer, announcing it will undertake new study. Dir. Richard Adamson said NCI will begin "comprehensive" study in effort to determine whether any link exists between cancer and RF radiation from handheld cellular phones. Adamson earlier told House Telecom Subcommittee that NCI would incorporate questions on phones into current "comprehensive, epidemiological" study that's looking at many sorts of environmental links to cancer. New effort will be "case-control study to assess the exposures" of persons recently diagnosed with brain cancer, comparing them with others of similar age and background. Class-action suits have been filed against Mitsubishi and Motorola.

HARMAN RESTRUCTURING: Harman International's restructuring of its 21 operating units "into logical and focused business groups" (TVD Feb 8 p17) is "designed to enhance the company's ability to respond to rapidly changing global market needs and to sharpen its competitive focus," Chmn. Sidney Harman said.

Announcement was separate from that released same week on management shakeup at Infinity, which for time being continues as independent Harman unit. However, common thread was that former Infinity Pres. Cary Christie assumes new post of corporate mktg. vp, reporting directly to Chmn. Harman. Operating units have been aligned into 5 "coherent" groups -- Consumer, Professional, Automotive OEM, Manufacturing, International Mktg. & Distribution.

Harman statement said company "will develop greater proficiency in digital technology and we will match our world-class manufacturing ability with world-class marketing." Tom Jacoby, pres. of new Harman Consumer Group encompassing JBL Consumer, Harman Kardon, Harman Video and Fosgate brands, said realignment is designed to transform company into competitive marketing and product development power on par with Japanese majors such as Sony and Matsushita, competing "on a global scale."

Harman in past was "arm's-length conglomeration of independent operating units," Jacoby said. While each group had individual responsibilities for product development and engineering, tasks now will be pooled for greater efficiency without diluting individual brand identity, he said. Asked what day-to-day benefits would accrue to brands under his wing, Jacoby said, for example, that Harman Kardon would enjoy its largest infusion in years of product development funds and other support.

Jacoby said first priority of Harman Consumer Group is to implement realignment. Asked about status of Harman Kardon brand, which in recent years has fallen out of favor with independent audio dealers because of growing entrenchment of power retailers such as Circuit City, he said company within next 6 months will draft 3-year plan to "help define its strategic objectives" in marketplace.

Harman outsiders were perplexed as to why company would institute dramatic realignment days after releasing upbeat financial report showing 8.6% rise in net sales for 2nd quarter ended Dec. 31 and net income jump to \$1.97 million in first half from \$134,000 year earlier (TVD Feb 1 p18). Jacoby generally sidestepped specifics on whether realignment has resulted in staff reductions, but conceded "modest decline" was possible in overall Harman "head count." On other hand, he said, staffers whose responsibilities are being phased out are being shifted elsewhere within company wherever possible, and company plans "significant" number of "outside hires" as result of move.

Reference to Jacoby's appointment as head of "new" Harman Consumer Group wasn't entirely accurate, as former Blaupunkt executive Alex Wijnen was hired to similar Harman post in summer of 1990. Wijnen resigned year ago because "restructuring" of division he controlled "altered the scope and responsibilities" of his position, company said then without elaborating. Wijnen since has become senior executive at Emerson Radio. Jacoby said Harman Consumer Group under his control would incorporate JBL Consumer now under direction of new Pres. Mark Friedman, who left Carver recently after 4 years as senior vp-sales and mktg. Under Wijnen's control, Harman Consumer Group didn't include JBL Consumer brand, which came under JBL Pres.

Richard James, who now shifts to new post of pres., Harman Professional Group.

In internal memo, Chmn. Harman told employees that reorganization is "not complete in every detail," but said "our first task was to develop a new organizational arrangement which will help us successfully meet the changing needs and demands of our markets." First priority, he said, "is to be certain we implement the changes in the most professional and constructive way," which he described as "an ongoing process." He said "we can't pull a switch to make everything happen at the same time, in the same way, for everyone. Some units will be more affected by this new structure than others. Some of our people will be repositioned."

BROTHER WINS ANOTHER: Long-running battle between Smith Corona and Brother in Commerce Dept., International Trade Commission and courts at expense of U.S. taxpayer has taken another twist. Commerce Dept.'s International Trade Administration (ITA), which once ruled that Brother wasn't U.S. manufacturer, now has issued preliminary determination that Brother is more representative of U.S. portable electric typewriter industry than Smith Corona, and, in fact, that Smith Corona is dumping typewriters from its Singapore plant.

ITA tentatively ruled that Smith Corona is bringing its typewriters to U.S. at 16.02% below fair market value, and has required company to post bond equal to that estimated dumping margin. ITA's new determination follows ruling by Court of International Trade (CIT) that Brother is U.S. manufacturer (TVD Jan 4 p11). Smith Corona has appealed CIT's decision.

ITA said it hopes to make final determination by April 14. No matter what that is, it's certain to be challenged before ITA and courts.

In another exercise in futility, International Trade Commission has asked for industry comments on whether it should obey ruling by CIT ordering it to reconsider its finding that imports of Japanese flat-panel displays injured domestic industry (TVD Jan 4 p11). Proceeding probably is moot as it applies to LCDs, since sole U.S. manufacturer has asked ITA to revoke decision that those displays are being dumped (TVD Dec 21 p14).

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"Casio Cool" is new line of electronics for children 6-13. First product, unveiled last week at Toy Fair in N.Y., is "Buddy Book," electronic digital diary including graphic icons and other features such as "Fun Face Maker." Principal function is storage of names, addresses, birthdays, phone numbers and memos, as well as calculator, clock, timer.

Consumer Electronics Week series of coordinated in-store promotions will be held Feb. 22-28 in Phoenix, 2nd time for event there. Total of 14 local retailers will host seminars and demonstrations during event, sponsored by EIA. Next month, EIA will sponsor CE Week in Tampa, followed by similar efforts in Salt Lake City and Nashville.

"Consumer Technologies Showcase" to highlight for legislators products of U.S. companies will be staged at Rayburn House Office Bldg Feb. 16 by American Electronics Assn. Companies participating will include AT&T, Centigram Communications, Go-Video, Motorola, Northern Telecom, Trimble Navigation, Videonics.

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
Audiovox 1992-year to Nov. 30 1991-year to Nov. 30	343,905,000 327,966,000	7,670,000 (14,658,000)	.85 ^a --
BHC Communications 1992-year to Dec. 31 1991-year to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	307,883,000 262,568,000 104,361,000 74,294,000	109,295,000 108,115,000 33,730,000 29,766,000	4.09 3.89 1.29 1.08
CBS 1992-year to Dec. 31 1991-year to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	3,503,000,000 3,035,000,000 968,300,000 937,400,000	81,000,000 (85,800,000) 33,300,000 9,400,000	5.23 -- ^b 2.14 .61
Chris-Craft Industries 1992-year to Dec. 31 1991-year to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	331,535,000 283,835,000 110,475,000 80,085,000	65,150,000 58,258,000 17,737,000 17,254,000	2.39 ^c 2.12 ^c .65 ^c .63 ^c
New York Times 1992-year to Dec. 31 1991-year to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	1,773,535,000 1,703,101,000 468,187,000 452,468,000	(44,709,000) 46,993,000 (3,670,000) 34,596,000	-- ^b .61 -- .45
News Corp. 1992-6 mo. to Dec. 31 1991-6 mo. to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	3,792,242,000 4,114,075,000 1,901,435,000 2,041,067,000	322,422,000 277,216,000 181,175,000 194,324,000	1.55 1.72 .85 1.15
Oak Industries 1992-year to Dec. 31 1991-year to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	143,249,000 124,366,000 35,820,000 31,462,000	14,438,000 5,570,000 4,292,000 2,279,000	.17 ^a .07 .05 ^a .03
Sound Advice 1992-6 mo. to Dec. 31 1991-6 mo. to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	89,420,000 75,156,000 51,668,000 43,509,000	1,852,000 1,490,000 1,479,000 824,000	.50 ^d .39 ^d .40 .22 ^d
Time Warner 1992-year to Dec. 31 1991-year to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	13,070,000,000 12,021,000,000 3,721,000,000 3,390,000,000	86,000,000 (99,000,000) 68,000,000 45,000,000	-- ^b -- ^b -- --
TRW 1992-year to Dec. 31 1991-year to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	8,311,000,000 7,913,000,000 2,095,000,000 2,122,000,000	(156,000,000) (140,000,000) 59,000,000 (231,000,000)	-- -- .94 -- ^b
Viacom 1992-year to Dec. 31 1991-year to Dec. 31 1992-qtr. to Dec. 31 1991-qtr. to Dec. 31	1,864,683,000 1,711,562,000 511,564,000 463,338,000	48,965,000 (49,657,000) 11,654,000 (31,193,000)	.41 ^b -- ^b .10 -- ^b

Note: ^aIncludes special credit. ^bAfter special charge.

^cAdjusted. ^dRestated.

Commodore suffered \$76.7-million loss as sales fell 36% in 2nd quarter ended Dec. 31; company had \$40.1-million profit in same period year earlier (TVD Feb 8 p18). Commodore said loss reflected costs and restructuring charges related to consolidation of manufacturing operations in Philippines and closing of plants in Hong Kong and Germany. It also said it was hit by costs involved in "special pricing and promotional allowances given to certain major customers to stimulate sales in the December quarter."

Chinese factory sales of color TVs for 1993 are forecast at 8 million and VCRs at 2.5-3 million, China Daily reported.

Consumer Electronics Personals

Marvin Stern, for last year Sears vp-home improvement, named pres. of newly formed Home Group in Sears Merchandise Group, responsible for home electronics and appliances, furniture, windows and floor covering, home improvement and product services. Before heading home improvement, Stern was vp-home electronics and appliances, presiding over creation of Brand Central. New head for Brand Central, position vacant since last year's resignation of **Martin Hanaka** (TVD Oct 5 p16), will be named later... **James Hilmer**, ex-Whittle Communications and Leo Burnett ad agency, joins Blockbuster Entertainment as senior vp-chief mktg. officer, position last held in 1991 by **Thomas Gruber**, who remains senior vp.

Suzanne Heaton resigns as EIA Consumer Electronics Group staff vp, govt. and legal affairs, to become corporate affairs mgr. for Kraft Div. of General Foods in Chicago; no replacement has been named. Promotions at EIA: **John Wyatt** to vp-Engineering Dept., succeeding **J.M. Kim**, retired; **Patricia Berkenbaug** to vp-human resources... Officials of newly formed Yes! Entertainment Corp., interactive toy company: Chmn.-CEO **Donald Kingsborough**, ex-pres. of Atari Consumer Product Div. and founder-CEO of Worlds of Wonder; Exec. Sales Vp **Mark Bradlee**, ex-Atari, Worlds of Wonder and Championship Sports Games; Product Development Vp **Patricia Root**, ex-Worlds of Wonder and Intelligy.

Carol Lindsay promoted to vp-operations, Bang & Olufsen of America... Denon America appointments: **Hunter MacDonald** promoted to Western zone mgr.; **Scott Sylvester**, ex-Yamaha, named Western regional sales mgr.; **Kenneth Burnett** joins as Eastern regional sales mgr. from Onkyo, where he held similar post... **Greg Andrews**, ex-Boston Acoustics, joins Cambridge SoundWorks as vp-chief financial officer.... **John Gusdorf** and **Michael Gusdorf** have resigned as chmn. and exec. vp of Gusdorf Corp.; Pres. **John Brincko**, L.A. management consultant, now is only company officer... **Richard James** moved from JBL pres. to pres. of Harman Professional Group. We gave incorrect name for his new organization last week.

Projectavision is buying about 33% of Tamarack Storage Devices, according to letter of intent citing joint development of future products. Tamarack was established by Microelectronics & Computer Technology Corp. (MCC), consortium headed by **Craig Fields**, former head of Defense Advance Products Research Administration (DARPA), and has developed holographic storage technology designed as substitute for magnetic and optical recording. Projectavision CEO **Marvin Maslow** said joint development could lead to applications in "computer, consumer and TV products." Asked for examples, he cited solid-state movie recording for home use. He said Tamarack also is developing new type lightvalve surpassing LCD technology that Projectavision currently uses in its projection TV development.

More than 130 titles are available in Japan in standard "Electronic Book" (Data Discman) format, according to **Nikkei**, which reported these popular works: Quarterly listing of racetrack results with data on horses, jockeys, trainers. "How to Cook 500 Kinds of Dishes," in which user enters ingredients on hand and book gives recipes that can be prepared from them. "Home Clinic," which diagnoses illnesses when users enter symptoms. Book that advises prospective mothers on auspicious names for children.

TELEVISION DIGEST®

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

With Consumer Electronics

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HDTV PROONENTS WORKING ON 'GRAND ALLIANCE': Digital HDTV proponents have been in "serious talks" for 2 weeks on merging their proposed systems, and officials expressed very guarded optimism that deal could be reached by March 15. That date has become implied deadline for agreement because retesting of existing systems would start then, under proposal to be considered by FCC's Advanced TV Advisory Committee Feb. 24. Advisory Committee Chmn. Richard Wiley wrote to members Feb. 18 suggesting that "grand alliance" be given chance "if it should come to pass prior to March 15."

Groups normally couldn't reach agreement by March 15 on such complicated deal, Thomson Senior Vp Joseph Donahue said, "but we are all spending a lot of money, and the retesting gives us some real incentive" to resolve issues. He predicted that retests probably would show that HDTV systems' performance levels would move even closer together as result of improvements to each since first round of testing, making it even more difficult to select among them. Specialists Group said week ago that it couldn't choose among applicants (TVD Feb 15 p4). "We have all gotten to see the whites of one another's eyes," one proponent said. "We're all continuing to spend money without knowing where it will go, and a merger is a chance to see that we get at least a little something out of it." Key question, General Instrument Vp Robert Rast said, is

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DIGITAL HOME VIDEO RECORDER may not use tape. Samsung promises disc-based device for 1995 while Japanese and European makers plan single tape format. (P. 9)

SONY'S RON SOMMER to move to European subsidiary. New Sony America head to be named later. U.S. is bright spot in gloomy Sony financial report. (P. 10)

1992 AUDIO DOLLAR SALES set record at factory level, EIA reports. Aftermarket autosound leads gains, up 19% from 1991, but portables show top dollar volume. (P. 12)

PERSONAL COMMUNICATIONS & COMPUTING show will be staged by EIA at Summer CES in effort to bring new technologies together for businesses, resellers. (P. 13)

FUJITSU MULTIMEDIA COMPUTER for Japanese market represents latest attempt by computer company to reconfigure desktop PC for living room use. (P. 13)

VIDEOTAPE MARKET CHANGES could result from growth of chains, carrying fewer lines, upsetting brand share equation, 3M official says. (P. 14)

CLINTON ECONOMIC PLAN gets positive response from electronics trade associations. (P. 14)

PHILIPS SAYS NIMBUS VIDEO CD SYSTEM is well short of being technically or commercially viable and many CD players can't play its dual-density discs. (P. 15)

"if it is possible to meet the needs of the various proponents and still meet the needs of the Advisory Committee." He said it's still too early to know whether group can meet March 15 deadline.

Wiley said he has encouraged mergers from very beginning of selection process and, "given the considerable expense inherent in additional testing, it is understandable that the digital proponents would consider a grand alliance." He said result would have to be system at least as good as best that's been tested. He acknowledged that alliance could delay process in short run, because it would take 30-45 days to finalize system concept, then "a number of months" to build and test system. Despite that, Wiley said, "in the long run, I think that the establishment of a new advanced TV broadcast standard will be advanced" by giving alliance chance. He told Committee members that he doesn't believe group could select winning system now, that if there's no alliance by March 15 retesting should go ahead, and that proponents should be given until March 15 to form alliance.

There still are 2 key hurdles to forming HDTV alliance -- agreeing on technical details of new system and working out business arrangements -- according to participants. Some said agreeing on both is equally difficult, but others said technical side is hardest. "It's easier to decide on business issues because you can compromise on dollars," MIT's Jae Lim said. "You can't compromise between interlaced and progressive. People have very strong feelings on the technical side." Rast agreed that "there is truly religious fervor on the issue of interlaced versus progressive. Nobody has decided yet that their system is not best."

Despite that, everyone seemed to agree that it's technically possible to merge best parts of each proposed system. "With the possible exception of our system, it's unrealistic to believe that any one system has all the best parts," Rast said. He said technical difficulties to merging pieces from different systems are "not trivial, but not insurmountable." Lim said group is "in some ways close" to being able to agree by March 15, "but on some issues we are oceans apart."

"Serious" talks on alliance began week of Feb. 8 during Specialists' Group meeting, although some preliminary contacts were made previous week, according to participants. Parallel sets of talks deal with technical and business issues, they said, and discussions have included both face-to-face meetings and conference calls (latest one was Feb. 19). Talks were described as "very serious" and "very constructive." Business talks are said to be complicated by large number of preexisting deals among members of consortia, among different consortia and between proponents and outside hardware makers.

* * * * *

Influential European Community (EC) official is pushing for member nations to switch to U.S. digital HDTV standard, but final decision isn't likely until national telecommunications ministers meet May 10. German Martin Bangemann, who took over telecommunications responsibilities for European Commission Jan. 1, told reporters last week that he backs digital HDTV and there's no reason to start new global standards war. Bangemann's predecessor supported European HD-MAC standard. At least some European countries are believed to still be reluctant to switch to digital HDTV.

AUTHORITY FOR SPECTRUM AUCTIONS SOUGHT: Clinton Administration last week said it would ask Congress for broad spectrum auction authority. Proposal was part of economic plan outlined in speech to Congress by President Clinton Feb. 17 and in 145-page book of backup material released next day. Economic plan also calls for end to Board for International Bestg. (BIB) and most of its functions, such as Radio Free Europe and Radio Liberty (RFE/RL). Overall, plan is heavy on spending for high-tech infrastructure programs.

Announcements were first wave of what's expected to be more detailed technology program. Speaking at telephone industry conference last week, Roy Neel, chief of staff for Vice President Gore, said more formal technology initiative will be unveiled in week or so. Neel also said no decision had been made on selecting new FCC chmn.

Administration said it would propose legislation to transfer 200 MHz of spectrum used now by govt. to private industry and would give FCC authority "to assign this new spectrum, and make all other future license assignments, using auctions." Legislation, as described by Administration, "will help to ensure that new licensees do not reap large financial windfalls at the taxpayer's expense. The proposal does not apply any fees or royalties to existing licensees so as not to disturb settled arrangements." Administration put "estimated savings" at \$2.1 billion in 1997, \$4.1 billion over 4 years. Traditional method of assigning spectrum, by lottery or hearing, "has often resulted in huge windfalls" being distributed to individuals and businesses at the taxpayers' expense," Administration said, citing "overnight fortunes" made by speculators in cellular lotteries.

Bills to reallocate 200 MHz of spectrum have been introduced in House and in Senate, but former doesn't include spectrum auction authority while Senate's includes trial program for auctions. NAB Pres. Edward Fritts said broadcasters have "consistently opposed" auctions and Assn. hoped that Administration plan would follow bill by Sens. Inouye (D-Hawaii), Communications Subcommittee chmn., and Stevens (R-Alaska). Fritts also said he was concerned by new details of plan that other proposals would emerge that would affect broadcasters, such as user fees or limits on deductibility of advertising.

Sources said that savings Administration expects from reorganization of international broadcasting functions -- \$644 million between FY 1994 and FY 1997 -- are based on plan that would abolish BIB and RFE/RL. Functions now performed by BIB, and its assets, would be moved into Voice of America operations in USIA's Bureau of Bcstg. Proposed radio relay station in Israel would be canceled. Office of Management & Budget has told all agencies there will be no appeal from its decisions. BIB officials said that its members oppose folding its functions back into USIA, in part as means of protecting journalistic integrity, but conceded that Clinton plan logically is easiest to accomplish of several choices being considered.

Technology sector is targeted for \$17 billion in spending over next 4 years, through FY 1997, single largest chunk of \$48 billion set of proposals Administration characterizes as long-term investments to "rebuild America." Total includes \$275 million for "Information Highways" project in Commerce Dept. -- \$6 million in FY 1994, \$42 million in FY 1995, \$98 million in FY 1996 and \$129 million in FY 1997. Plan also proposes continuation of tax credits totaling \$6.4 billion over 4 years. In infrastructure development, more detailed version of plan said \$54 million would be available in FY 1994 as seed money from Commerce Dept. for grants to states, local govts., universities, school systems and nonprofit groups to link those entities to national electronic network as part of plan for long-term investment. Between 1995 and 1998, \$150 million would be available each year for such projects. Those funds would come on top of another \$64 million to be made available quickly.

Other parts of plan affecting industry include increased corporate tax rate, research and experimentation tax credits, elimination of tax deductions for lobbying expenses and country club dues. Ending of those 2 categories could bring in \$1.7 billion in FY 1994-1997, Administration said. Staff at FCC and other govt. agencies, however, won't be pleased with decision to freeze salaries of federal workers. CWA Pres. Morton Bahr said union disagreed "with the excessive burden the President is placing on the backs of our federal government employees. This part of the plan should be revisited and changed." For most part, however, Bahr said Clinton plan was "right on the mark."

In unusual preparation for Clinton economic speech, White House spokesman George Stephanopoulos conducted briefing for 4 radio talk show hosts and producers. Session day earlier, which lasted about 30 min., included conference call with Mutual Radio producer Pat Piper (who works with Larry King and James Bohannon), Gene Burns of WOR in N.Y., Ira Glass of NPR and Michael Harrison, publisher of magazine for radio talk-show hosts. More such briefings are planned, sources said.

Video dial tone (VDT) providers should be under same EEO rules as cable systems, NCTA and United Church of Christ (UCC) told FCC. In unusual case of agreement, they said Congress clearly intended that all multichannel video providers comply with EEO rules. However, GTE said such rules for VDT aren't needed because common carriers already have their own EEO standards. Comments generally suggested relatively few changes in proposed FCC rules. UCC called Commission's rules for common carriers "antiquated" and said agency should make sweeping changes in overall EEO regulations because it has assessed only one such fine in history of oversight, enforcement is part-time responsibility of only one FCC staffer and reports filed by telcos aren't investigated for accuracy or compiled into industrywide trend analyses. Accuracy checks are needed, group said, because 50% of operators audited each year fail, even though every one certified that it complied with requirements. UCC also said Commission should publicize list of operators denied EEO certification. NCTA suggested that FCC redefine corporate officer and consider negotiating with Labor Dept. to eliminate duplicative requirements. Consortium of small cable operators, in separate filing, pressed for eliminating duplicative reports, which they said are more burdensome on such companies.

Latest name to appear on President Clinton's short list for FCC chmn. is Bruce DuMont, 48-year-old Chicago-based political correspondent and radio talk show host. DuMont confirmed White House has contacted him, saying he's under "serious consideration" for unspecified FCC post (in addition to chmn., Comr. Marshall's term has expired). DuMont had 12 years hosting radio political talk show Inside Politics and producer/correspondent for non-commercial WTTW Chicago since 1982. He's also a founder and pres. of Chicago's Museum of Bestg., is nephew of DuMont Network founder late Allen DuMont.

Great American Communications, controlled by financier Carl Lindner, plans Chapter 11 reorganization to reduce its \$625-million debt load incurred when it acquired Taft Bcstg. in 1987. Plan must be approved by creditors before being submitted to bankruptcy court. Company said it can't meet payments on loan principal due in March to Continental Bank, Chicago, and Bank of Boston. It's also negotiating new line of credit to replace existing \$245-million credit line. Under reorganization, designed to reduce debt 31% to \$430 million, Great American will issue common shares in exchange for \$275 million in preferred stock.

CABLE TO CONSOLIDATE: Further consolidation of cable system ownership is inevitable as smaller systems find that they can't raise money and keep pace with technological progress, speakers said at cable reregulation conference in N.Y.C. last week. Financial speakers said reregulation had little impact on consolidation, but CATA Pres. Stephen Effros said that if rate rollback plans are adopted many small cable operators will "just hand their systems over to the city and say you do it."

"Small operators are in for very rough sledding" in new technology and financial environment, Communications Equity Assoc. Chmn. Patrick Michaels said. "The number of small and medium operators is shrinking every day," said Steven Rattner, general partner at Lazard Freres, "but the reasons are more complex than just the regulatory situation." He told conference sponsored by Prentice-Hall and Fordham U. that keeping up with technology requires "some size and a considerable amount of capital," which smaller operators often don't have. Michaels said expected changes in estate taxes are "quite ugly," so many smaller operators are considering selling now to avoid them.

Telecos are ready to buy cable systems as soon as there are sellers, Rattner said. Michaels said 3 RHCs are very interested in cable, 2 don't want to buy because they want to build own video systems, one isn't interested at all. Seventh one, Southwestern Bell, already is acquiring 2 systems in Washington suburbs. Problem is relative lack of potential sellers, especially in top 50 markets that are main interest of telcos and large MSOs, he said. New ownership limits in 1992 Cable Act aren't major factor, Comcast Senior Vp Lawrence Smith said, because MSOs are interested primarily in buying and selling systems to consolidate in geographic areas. Rattner said ownership limits will affect only "one, or possibly 2" MSOs and there are "a lot of other aggressive consolidators."

New rate regulations will be important, said Washington lawyer Norman Sinel, who represents NATA: "There is a substantial likelihood that monopoly profits will be shaken out of cable rates." Effros said Consumer Federation of America (CFA) is suggesting 30% cable rate cut and cities are proposing 34¢ per channel rate, and said such rollbacks would force many small cable operators to "simply stop operating." CFA Legislative Dir. Gene Kimmelman said group doesn't want to bankrupt cable, but economic studies showed rates could be lowered without doing that.

On cable's court appeals of Cable Act, Kimmelman said it's "an extremely troublesome enterprise to use the First Amendment as the ultimate shield. The cable industry is drawing us into the kind of constitutional jurisprudence that will haunt it in every other endeavor in the future." Effros said even cable industry believes that U.S. Dist. Court, D.C., will "duck" First Amendment appeals of non-must-carry issues on ground that they're not "ripe."

Cable Act emerged from process that was "even more disorderly than usual," Washington attorney Philip Verveer said. As result, he said, "there's a tremendous amount of room for unintended consequences" so FCC decisions will "have to be provisional and have a good deal of slack." Kimmelman said harshly adversarial relationship between Capitol Hill and cable industry lobbyists caused many weaknesses in Act, including what he said may have been as many as 10 separate provisions that wouldn't have been included if sides had agreed on other issues. Relationship was so bad, he said, that there had been "no rational contact" between Hill staffers and cable lobbyists since 1989: "The cable industry didn't come to the table. In many

cases, it didn't play even a behind-the-scenes useful role in the drafting process."

Broadcasters should conduct retransmission consent negotiations as group owners, rather than individual stations, CBS Senior Vp Jay Kriegel said. He said major MSOs will make consent decisions at MSO level, so local cable managers will have little flexibility and only way to get same clout is for group owner to speak for several stations. Kriegel called retransmission consent "historic victory" for broadcasters because of potential revenue, and also because it set precedent that broadcasters control their signals: "This will be important in a future of multiple multichannel competitors. There will be more than one bidder for our signal."

JUSTICE BACKS CABLE ACT: Cable isn't entitled to same First Amendment protection as print press because, unlike print media, it has technology to choke other "speakers," Justice Dept. said in brief on must-carry in U.S. Dist. Court, D.C. (TVD Feb 15 p8). Separate Justice brief also rejected all other First Amendment challenges to 1992 Cable Act, saying that each one serves important governmental interest and therefore doesn't violate First Amendment.

Print press isn't appropriate model for First Amendment rights of cable for several reasons, DoJ said: (1) Cable has both technology and economic incentive to suppress broadcasters, and "significant number" of broadcast stations have been dropped by cable since must-carry died in 1985. (2) Cable always has been subject and beneficiary of federal regulation, including benefiting from compulsory license. (3) Cable is "inherently intertwined" with broadcast media, which themselves are subject to looser First Amendment standard.

Justice Dept. also denied that must-carry is subject to strict First Amendment scrutiny, which it said is reserved for "content-based" speech curbs. Cable's strict scrutiny argument is "fundamentally misconceived" because Cable Act is "content-neutral" and intended to accomplish "legitimate and important purpose of preserving the nation's broadcast industry." Dist. Court doesn't have jurisdiction over non-must-carry appeals of 1992 Cable Act because cable industry has failed to demonstrate that it has been injured by provisions, Justice said. It said statutory provisions are intended to aid public interest by "correcting structural problems in the cable industry."

Meanwhile, Rep. Boucher (D-Va.) is pressing FCC to make sure cable systems don't use retransmission consent to block competitors, such as satellites and wireless cable. In letter to Chmn. Quello, Boucher said Commission would "be handing cable operators a new weapon in their efforts to thwart competition" if they allowed them to negotiate consent agreements with broadcasters that gave cable exclusive right to broadcast programs: "This would clearly be contrary to Congress' stated intent." Boucher said ban on exclusive contracts should be in place at least 10 years because "any multichannel video programming distributor which hopes to compete with cable must have access to local broadcast programming."

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Pulitzer Publishing is purchasing WESH-TV (Ch. 2

NBC) Daytona Beach-Orlando and KCCI-TV (Ch. 8 CBS) Des Moines from H&C Communications for \$165 million cash. H&C, which owns 3 other TV stations, purchased WESH-TV and KCCI-TV from Cowles Bestg. in 1985. Pulitzer currently owns 7 network-affiliated TV stations, 2 radios.

CABLE WAR POSSIBLE: Jurisdictional "war" over cable regulation is possibility unless FCC, states and municipalities work out responsibility sharing, N.Y.C. Telecommunications Comr. William Squadron said. But just minutes later at cable regulation conference in N.Y.C. sponsored by Prentice-Hall and Fordham U., Robert Pepper, chief of FCC Office of Plans & Policy, raised some hackles by suggesting that municipalities turn over 1% of their 5% franchise fee to Commission to help pay for its regulatory activities.

"It may be idealistic to think that we can put our turf issues aside," Squadron acknowledged, "but a jurisdictional war would serve no one's interest." He said there already is confusion as to how responsibility is shared and, as Cable Act takes effect and telco and cable technologies merge, situation will get worse. Squadron said he "wouldn't bet" that jurisdictional problems will be solved, "but we ought to at least give it a shot."

Sheer number of franchising authorities is hurting telecommunications policy-making, Pepper said: "We have 31,000 separate jurisdictions making decisions about the national telecommunications infrastructure. If there's that kind of atomized decision-making on telecommunications infrastructure, there won't be a telecommunications infrastructure." Sheer volume of work is pressuring FCC to offload much of new regulatory work onto local authorities, potentially solving some jurisdictional problems, said Alexandra Wilson, who's handling Cable Act issues in FCC Mass Media Bureau.

Pepper said it's still unclear whether FCC will get additional money to implement Cable Act. He said "Congress may want to consider" forcing franchising authorities to turn over portion of franchise fee to FCC, since it's taking over some regulatory responsibilities. Squadron said Pepper was misreading intent of franchise fee in saying it's to offset cost of regulation. He said fee is just rent for cable's use of public property, so FCC has no right to it.

Clinton Administration may be signaling its interest, or lack of it, in Cable Act by delay in appointing FCC chmn., NCTA Vp Daniel Brenner said. He said President could have moved quickly to name chmn. who has "strong feeling" about cable regulation and it's "remarkable" that Administration didn't move swiftly on something so important. FCC panelists, including Pepper and Wilson, agreed that change in Administration has had little impact yet on FCC.

There's "a likelihood for war" between broadcasters and cable over retransmission consent, NBC Cable Pres. Thomas Rogers said. He said there's fundamental conflict between broadcasters' "key strategy" of getting 2nd revenue stream and cable's new rate regulation constraints. Time Warner N.Y.C. Cable Pres. Richard Aurelio agreed that "there will be a confrontation between cable and broadcasters, and the consumers will be hurt." Rogers predicted that "a lot of creative negotiations" on retransmission consent will involve noncash issues such as joint ventures, but "it will take a while for that to shake out."

FCC received 94% return (708 of 752) of questionnaires it sent to cable systems as first step in carrying out mandates of 1992 Cable Act, according to Chmn. Quello. In first speech as chmn., he said FCC is preparing database from responses that will be made public as soon as it's completed. Quello predicted Southwestern Bell buy of 2 cable systems in Washington suburbs, where telco owns cellular franchise, will provide "competitive challenge" to

Bell Atlantic, which provides area's telephone service. He said deal "could trigger a rush of investments in cable companies by phone companies through outright purchases or joint ventures."

On other issues: (1) Cablevision Systems Chmn. Charles Dolan said systems will be "coerced" into complying with rate benchmarks even if higher rates could be justified because of "vast increase in overhead" that would be necessary to deal with every franchising authority. (2) Aurelio said that if there's any rate regulation, it should be at state rather than local level because state is more immune to local political pressure. (3) Cablevision Industries Chmn. Alan Gerry said Southwestern Bell purchase of Hauser cable systems in Washington suburbs (TVD Feb 15 p1) is good for industry because it gives banks higher "comfort level" on system prices, and other telcos are likely to follow. He said cable buyers clearly are watching system economics closely in making purchasing decisions, since many systems priced at \$1,400-\$1,500 per subscriber can't find buyer. (4) Rogers said cable programmers may be hurt more than operators by Cable Act and will be "extremely incented" to do deals with alternative multichannel carriers in order to find new revenue sources. (5) Aurelio called costs of complying with Act "onerous," saying expense of responding to FCC rulemakings alone is exceeding some program costs.

House Telecom Subcommittee Chmn. Markey (D-Mass.) last week outlined broad policy goals for his Subcommittee for coming year. In speech to USTA, he suggested goal should be that any new infrastructure should be available to all at reasonable prices, and that legislation could set out benchmarks to make certain policy is being followed. In short term, he said, there should be more access to digital services for residential consumers, noting that telephone ratepayers already have supported \$100 billion in investments for digital switching. On information services issue, he ruled out entry test proposed in last session of Congress by Rep. Cooper (D-Tenn.) and others as moot, in part because restriction was lifted 18 months ago. Markey said there would be progress on safeguards because he expects new FCC chmn. to be someone who is "not viscerally antiregulation." He said he was changing his position on telco entry into cable, reinforcing view he set out in letter to FCC Chmn. Quello, and said it also was time to look at whether cable companies should be common carriers as systems develop more capacity. Commenting on sale to Southwestern Bell (SWB) of Hauser Communications cable systems in Washington, D.C., area, Markey said best reason to lift restriction would be to promote competition. But even after SWB deal, there still would be one cable company in Montgomery County, Md.: "The competitive picture has changed not one pixel." Also at conference, Roy Neel, chief of staff to Vice President Gore, said no decision had yet been made on nominee for FCC chmn.

Antinuclear activist Rick Springer, who stormed podium at NAB convention last spring while ex-President Reagan was speaking, was sentenced to 120 days in jail Feb. 17 for interfering with Secret Service. Springer smashed 30-lb. crystal Distinguished Service Award that had just been presented to Reagan, with shards of glass striking Reagan in face. At sentencing in Las Vegas, U.S. Dist. Judge Philip Pro told Springer that he had right to protest but in this case went too far and created "a very dangerous situation. People can get hurt. People can get killed." Springer, who had obtained NAB press credentials permitting him to reach stage, pleaded guilty to misdemeanor charge last fall and still faces destruction of property charge in state court.

FINAL ROUND OF FINSYN COMMENTS: Reply comments were filed at FCC last week in reopened finsyn proceeding, as mandated by 7th U.S. Appeals Court, Chicago, that vacated rules last Nov. but stayed decision to give Commission 120 days to adopt new rules acceptable to Court (TVD Nov 9 p3). Meanwhile, same Court Feb. 17 denied en banc reconsideration of 3-0 panel's decision declaring finsyn rules "vacated." Rehearing had been sought by FCC and Hollywood producers (TVD Nov 30 p6).

Issue of sunsetting rules had been major subject in comments on FCC's newest proposal (TVD Feb 8 p5), but were hardly mentioned in reply comments. Finsyn at FCC has been clouded by resignation of Chmn. Sikes and recusal of Comr. Marshall. New curbs on networks were adopted in 1991 on 3-2 vote, with Marshall in majority, Sikes dissenting.

INTV said no basis remains "for tampering with the Commission's relaxed finsyn rules... once the superficial lustre of the networks' arguments evaporates under the unremitting glare of reality... In the face of such consistent repudiation of their position, the networks now have submitted comments which are remarkably devoid of any remotely refreshing facts or arguments..." In joint filing separate from INTV, independent TV stations said only ABC made more than "the most perfunctory challenge" to continued finsyn restrictions on networks. That "weak challenge," they said, should do nothing more than "strengthen the Commission's resolve to stand by the syndication rule on remand." Contrary to ABC's claim that off-network programs don't contribute to diversity, such shows add to viewing choices available in particular time slots in certain markets, stations said: "It is not appropriate for the Commission to sit in judgment of the degree to which particular types of programming enhance program diversity."

Fox TV Network said that if FCC is to resolve court's concerns over finsyn, "it must act on the basis of record facts, not the self-serving views of competitors in the video marketplace. The facts, however, demonstrate that there is no basis for the Commission to 'rejustify' the rules' restrictions on broadcast networks in general, or on emerging networks such as Fox in particular." Fox said it has stimulated competition and strengthened local TV stations while injecting "hundreds of millions of dollars into the production community."

Responding to ABC, NBC and CBS, Program Producers & Distributors Committee said networks "continue to paint a highly misleading and inaccurate picture of the impact that the finsyn rules have had on the number of TV program suppliers" and that they "again argue that their participation in first-run syndication would somehow increase competition while ignoring the inherent structural advantages that they would have over other program distributors."

Coalition to Preserve the Finsyn Rule said it "refutes and reverses" network allegations on number of producers of TV programs, revealed "errors and omissions" in networks' statistics, claimed that number of producers of prime-time entertainment series "alone has nearly tripled" since restrictions on networks first went into effect in 1970. Coalition used economist Frederick Warren-Boulton to counter network study claiming that number of producers has decreased under finsyn rules. He said networks have "market power and absent regulation would exercise their economic power to extract revenues from producers by paying lower prices than they would in a competitive market." Coalition said it now has more than 325 "established and emerging producers, directors, writers,

industry and consumer organizations, labor groups, public interest groups" and independent TV stations as members.

CBS told FCC that supporters of finsyn have "presented no new evidence or arguments which could create a reasoned justification for the rules." Thus, network said, there is no basis for agency to reinstate 1991 rules or to adopt new restrictions to satisfy court objections. Record demonstrates that intense competition for programming among ABC, CBS and NBC "and other video outlets eliminates any ability on the part of the broadcast network to 'extract' rights from program suppliers for less than fair market value," said CBS.

PROGRAM RATES PROPOSED: No program access complaints ever could be filed against cable networks if industry proposals to limit rules (TVD Feb 1 p1) are accepted, according to comments to FCC by Consumer Federation of America (CFA) and National Rural Telecommunications Cooperative (NRTC). However, NCTA said Commission must balance procompetitive and anticompetitive effects of program carriage agreements.

Programmers should file General Rate Structures (GRS) detailing all prices, terms and conditions, including volume discounts, packaging variations and other legitimate service offerings, CFA and NRTC said. Any variation from GRS would establish "prima facie case of discrimination." Filing said FCC can't require video providers to prove "harm" from discrimination: "Discrimination is per se harmful and violative of the statute."

NCTA said variations alone don't prove discrimination and 1992 Cable Act gives only competitors such as DBS and wireless cable "opportunity to demonstrate, in expedited Commission proceedings, that there is substance to their complaints." Assn. said that: (1) Conduct by vertically integrated programmers shouldn't be considered unfair if nonintegrated programmers do same thing. (2) FCC should adopt zone of reasonableness for price variations. (3) Act doesn't allow review of existing exclusive contracts.

Program access provisions don't apply only to vertically integrated programmers, U S West said. RHC also said earlier comments were wrong in claiming that FCC must grandfather existing contracts. GTE rejected claims that FCC should base program access rules on antitrust standards, saying "antitrust law on nonprice vertical restraints cannot adequately reflect congressional insistence on local program competition and diversity." Using antitrust standards would make program access provisions essentially "unenforceable, short of prolonged litigation," GTE said.

Reflecting new makeup of FCC, Commission has asked for remand of Little Rock fairness doctrine case. Two commissioners (Barrett and Duggan), who dissented to original FCC decision rejecting ballot issue fairness complaint of AFL-CIO against KARK-TV Little Rock, have become majority since departure of Chmn. Sikes and Comr. Marshall's recusal from mass media issues. With Chmn. Quello dissenting, Duggan and Barrett ordered gen. counsel to file brief in 8th U.S. Appeals Court, St. Louis, seeking remand of case, in which AFL-CIO is seeking rehearing. Commission said remand would allow it to consider further whether Congress codified fairness doctrine into law when it amended Communications Act in 1959, saying it now believes "that there is no clear congressional intent on this point" and remand could "facilitate a final resolution of this issue by the courts."

NRTC BOOSTS DBS: National Rural Telecommunications Cooperative (NRTC) made \$100-million escrow payment to Hughes Communications after signing up 250 rural electric cooperatives to market Hughes' Direct Broadcast Satellite (DBS) system, officials said at annual National Rural Electric Cooperative Assn. (NRECA) meeting Feb. 14 in Dallas. Although money doesn't go directly to Hughes, it helped kick start campaign to sell high-powered DBS service.

Hughes' DirecTV hardware manufacturer, Thomson Consumer Electronics, also unveiled RCA-brand hardware package specifically designed for rural DBS market. System and programming will be made available to members and affiliates of NRTC, which supplies telecommunications services to rural areas. Hughes deal, signed in April, will allow NRTC to market DBS hardware and service to its members in exchange for \$250 million. System is scheduled to be switched on in early 1994.

Although initial plans for DirecTV and RCA's digital satellite system (DSS) have been targeted toward mainstream consumer electronics channels, launch of rural program may be venture's best bet for early success. About 12 million U.S. homes aren't passed by cable, virtually all of them in rural areas, and they're considered much likelier purchasers of \$700-\$900 dish, decoder and remote control hardware. "Part of Hughes' success is getting as many eyeballs as they can get looking at DBS," Thomson DBS Product Development Mgr. William Mengel said. "Rural America is probably a very good place to jump-start that success."

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Bell Atlantic (BA) challenge to limits on telco entry into cable "has nothing to do with the rights and responsibilities of NCTA or its members," RHC said in court filing opposing NCTA bid to intervene in case in U.S. Dist. Court, Alexandria, Va. BA said dispute is between it and federal govt. over whether there's sufficient public interest in ban on telco entry to justify "otherwise unconstitutional" prohibition. Cable has "a strong private interest in preventing competition" from telcos, BA said, but its "private interest does not translate into a legal interest sufficient to support intervention." BA said NCTA "will undoubtedly employ this litigation as a competitive weapon, using discovery to obtain useful business information" and will use every legal means possible to delay case: "Any delay it can procure in this proceeding postpones the day of reckoning." If NCTA is allowed to intervene, it should be permitted only to file briefs and argue dispositive motions, BA said, because that would give it "fair opportunity to present its views without delaying this proceeding and burdening the court."

FCC Comr. Barrett said govt. must respond quickly to technological advancement in telecommunications industry this year. "The revolution will proceed with or without us," he said in speech at Carnegie Mellon U., Pittsburgh, Feb. 16. "Service providers can only decide whether or where they want to participate. Regulators can only decide whether and how they might want to influence its direction." He remains uncertain, he said, as to whether technological achievements should result in FCC's eliminating business restrictions and other regulations that BOCs say have "limited their forays into the Information Age." Industry's signals to Commission often are mixed, Barrett said, making rulemaking -- and efforts to alleviate regulatory burdens -- difficult. Regulators must focus on how technology affects policy when leveling rules "so that policy is not being set in accordance with a view of the world that is no longer valid."

Financier Ronald Perelman is acquiring 51% of financially troubled SCI TV Inc., which owns 6 TV stations and is buying WTVT Tampa from Gillett Holdings for \$163 million. Perelman is investing \$100 million and assuming SCI debt. Gillett Holdings, now under control of creditor Apollo Advisors, formerly controlled SCI. SCI, which is carrying \$1.3 billion in debt, said it plans to seek Chapter 11 bankruptcy protection. Restructuring is expected to eliminate \$570 million in debt. Perelman controls cosmetic firm Revlon, TV programmer New World Entertainment, Marvel Entertainment Group.

Citing licensee's lack of "past compliance history" on indecent broadcasts, FCC has fined WLUP(AM) Chicago for 2nd time for indecent programming -- \$33,750 this time. Station had been fined \$6,000 in 1989 for indecent comments on "Steve and Garry Show." Most recent violations occurred Jan. 13, 1991, on same program, and March 4, 1991, on Kevin Matthews Show. Commission said programs aired at 11:35 a.m. and 5:30 p.m., when children were likely to be in audience. Language used on programs, agency said, "described sexual activities and organs in patently offensive terms and were, therefore, indecent."

Bcst. Promotion & Marketing Execs. (BPME) changes name to Promotion & Marketing Execs. in the Electronic Media (Promax). Change was made to reflect emergence of cable and other new media, Pres. James Chabin said.

OBITUARIES

Richard S. Salant, 78, attorney who spent 27 years at CBS including 2 stints as news pres., died Feb. 16 at Park City Hospital, Bridgeport, following heart attack. When stricken, he was speaking to senior citizens group in Southport, Conn. Salant, outspoken defender of First Amendment, graduated from Harvard in 1935 with Phi Beta Kappa key and from Harvard Law School in 1938 as member of Law Review. He joined National Labor Relations Board in 1938 and held several other govt. jobs in Washington before entering Navy in World War II. In 1946, he joined N.Y. law firm Rosenman, Goldmark, Colin & Kaye, which represented CBS, notably in long and vicious battle with RCA over color TV standards, and moved to network in 1952 as vp-gen. exec. He was pres. of CBS News 1961-1964 and again 1966-1979. In that post, he played major role in expanding network evening news to 30 min. and fought long but losing battle for hour of evening news (move that was resisted by affiliates). As pres., he also introduced 60 Minutes and many documentaries, most famous of which was 1971 program Selling of the Pentagon. That program, strong attack on Defense Dept., led House Commerce Committee to cite CBS Pres. Frank Stanton for contempt of Congress, action rescinded in House floor vote, for refusing to give documents to Committee. Upon reaching mandatory CBS retirement age of 65 in 1979, Salant moved directly to NBC for what he admitted were 3 very unhappy years. After leaving NBC, he was appointed to NPR board, post he resigned in 1990 in protest over NPR policy of accepting corporate contributions earmarked for specific news programs. Colleagues and competitors say he had sharp wit and tongue to match. Widow, son, 4 daughters survive.

Michael J. Faherty, 54, exec. vp-broadcasting, Cox Enterprises, died of pneumonia at his Atlanta home Feb. 13. He had been ill with leukemia for several months. Faherty joined Cox in 1981 as vp-gen. mgr. of WSB-AM-FM Atlanta and was promoted to most recent position last June. He spent 19 years with Group W Radio before joining Cox, also was with N.Y. rep firms Radio Advertising Reps and Robert E. Eastman Co. At his death, he was member of NAB and RAB boards. Survivors include wife, 3 daughters, 3 sons.

Personals

Blake Byrne, ex-LIN Bestg., and **Robert Marbut**, ex-Harte-Hanks, form Argyle Communications, plan to acquire TV stations... **Anthony Cassara**, ex-Coral Communications and Wometco Bestg., named pres., Paramount Stations Group, succeeding **James Boaz**, retired... **Richard Evans**, ex-pres.-CEO, Dorna USA, appointed exec. vp-COO, Gaylord Entertainment, new post... **Ira Goldstone**, dir.-best. operations/engineering, KTLA L.A., adds duties of dir.-engineering, parent Tribune Bestg... **Thomas Doerr**, KTRK-TV Houston news dir., moves to WPLG Miami in same post.

Kenneth Coyote, pres.-CEO, Worldwide TV News, appointed chmn.-CEO and Exec. Vp **Robert Burke** pres.-COO... **Eileen Murphy** appointed vp-PR, CNN... **Mimi Gurbst** named vp-news coverage, ABC News, succeeding **Robert Murphy**, appointed senior vp-hard news... **Seth Davidson**, ex-NCTA legislative counsel, joins law firm Fleischman & Walsh... **William Luehrs** named vp-gen. mgr.-video systems, Scientific-Atlanta.

Gerald Levin, chmn-CEO, Time Warner, addresses IRTS lunch, Waldorf-Astoria, N.Y., March 11... **Henry Chu**, ex-KGO-TV San Francisco, joins KXTV Sacramento as news dir... **Nelson Burg**, ex-WJBK-TV Detroit, named news dir., WNEM-TV Saginaw... **Daniel Crowe** appointed gen. sales mgr., Spanish Best. Div. of KYHY-TV L.A... **Randolph Booth**, vp-finance, Turner Bestg. System, resigns to form consulting firm, remaining at Turner until replacement is found... Former Piper & Marbury attorneys **Robert Kelly** and **Douglas Povich**, and former Gardner, Carton & Douglas attorneys **Charles Hunter** and **Laura Mow** form law firm Kelly, Hunter, Mow & Povich, 1133 Connecticut Ave. NW, Washington 20036, 202-466-2425.

Named vps, Tribune Co.: **Donald Gresko**, chief financial officer; **David Hiller**, gen. counsel; **John Kazik**, Tribune Information Systems; **John Sloan**, administration... Changes at Prism: **Terri Morse** named senior dir.-sales and mktg., and **Ronald Bishop** mgr.-PR... **Lee Masters**, pres.-CEO, E! Entertainment TV, named chmn., National CableACE Competition Committee, replacing **Josh Sapan**, Bravo/AMC.

Eve Szurley promoted to vp-creative development, Fox Bestg... **Nancy Valenta**, ex-KNBC-TV L.A. news dir., joins KTTV there as exec. producer-news... **Randy Freer** promoted to exec. vp, Turner Entertainment Sales... **Thomas Becker**, ex-WJW-TV Detroit, appointed local sales mgr., WUAB Lorain-Cleveland... Film maker **Nancy Savoca** speaks at Washington Women in Film & Video festival, March 26, Cineplex Odeon Jennifer, Washington. Event will be connected by satellite to similar forums in Sydney, Australia, Toronto.

David Price, ex-M/A-Com, joins TV/Com International as vp-operations; **Robert Chalfant**, ex-Tacan, joins as dir.-technical mktg.-video compression... **Steven Tello**, ex-ABC News, appointed vp-gen. mgr., Professional Video Services... FCC Calendar -- Feb. 23: **Thomas Stanley**, chief engineer, speaks on Personal Communication Service, brown-bag lunch, FCC hq, Rm. 856, noon.

House Intellectual Property Subcommittee Chmn. Hughes (D-N.J.) Feb. 16 introduced bill (HR-879) to eliminate Copyright Royalty Tribunal and replace it with arbitration panels. Bill also would delete requirement for copyright registration as prerequisite to filing for infringement. Hearings on bill are set for March 3-4.

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"Reregulation means pain" for cable industry, "but it doesn't need to mean stagnation," NCTA Pres. James Mooney told Washington Cable Club Feb. 17. He said new technology provides "wide-open door through which our industry can move." Cable industry can rebuild entire plant with fiber for about \$20 billion, Mooney said, well under \$400-billion estimate for telcos, and that provides cost advantage that should get cable through learning curve for telephony services. He said industry is willing to support "reasonable interconnection and compatibility policies," and govt. could have role in encouraging such standards. Cable's "affirmative" public policy agenda will include supporting open entry policies and opposing supposedly neutral policies, such as state regulations, that actually shut cable out of new businesses. Mooney repeated claim that cable won't refight Cable Act, but said retransmission consent "may well set off scores of local controversies as broadcasters test their economic power and political muscle, market by market." He said N.J. Bell plan to build video dial tone system in Dover Twp., N.J., is example of "subterfuge" to allow local telephone customers to subsidize video services. Telco promised it wouldn't raise local telephone rates for 7 years, but Mooney said it neglected to mention that nearly complete depreciation of its plant would have required it to lower rates without VDT.

Consumer Electronics

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STATE OF THE INDUSTRY

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

	JAN. 30- FEB. 5	1992 WEEK	% CHANGE	JAN. 23-29	5 WEEKS 1993	5 WEEKS 1992	% CHANGE
TOTAL COLOR.....	263,082	256,915	+ 2.4	699,703*	1,853,670*	1,589,734	+16.6
DIRECT-VIEW...	258,301	251,984	+ 2.5	688,242*	1,817,296*	1,555,131	+16.9
TV ONLY.....	251,157	245,164	+ 2.4	640,982*	1,735,940*	1,483,835	+17.0
TV/VCR COMBO.	7,144	6,820	+ 4.8	47,260*	81,356*	71,296	+14.1
PROJECTION....	4,781	4,931*	- 3.0	11,461*	36,374*	34,603	+ 6.1
VCR DECKS.....	102,224	142,489	-28.3	352,087	959,718	912,318	+ 5.2
CAMCORDERS.....	18,387	11,319	+62.4	77,980*	185,705*	165,676	+12.1
LASERDISC PLYRS#	4,135	2,650	+56.0	7,102	18,563	28,259	-34.3

Direct-view TV 5-week average: 1993--363,459; 1992--311,026 (up 16.9%).

VCR deck 5-week average: 1993--191,944; 1992--182,464 (up 5.2%).

Camcorder 5-week average: 1993--37,141*; 1992--33,135 (up 12.1%).

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

NEXT VIDEO RECORDER -- TAPE OR DISC? Digital video recording, now the standard for broadcasting, has been thrust onto center stage as next generation for home recording in light of new digital audio recording systems and U.S. tests of digital HDTV broadcast systems. Actually, manufacturers have been working quietly on digital home recording systems for at least 10 years, largely keeping results to themselves for fear of causing consumers to stop buying existing analog VCRs.

As Japanese manufacturers intensify negotiations on standard under nudging from Ministry of International Trade & Industry (MITI), new question keeps cropping up: Will next generation of video recorders use tape at all? Rapid progress in development of magneto-optical discs (MODs) for recording, as well as expectation that International Standardization Organization (ISO) will approve Moving Picture Experts Group's MPEG-2 standard for picture quality equivalent to S-VHS or better by year-end, are causing more than one company to consider whether first digital video recorder (DVR) should use disc instead of tape.

Indeed, just as word leaked into general press of manufacturers' discussions on digital VCR (DVCR) standard, Samsung of Korea sought to upstage Japanese with demonstration of disc-based DVR and announced it would have 120-min. "D-VDR" (digital videodisc recorder) on market in 1995. Samsung said its technology, which led to development of green laser, put it in position "to take the world lead" in DVR technology. Company said it would "participate actively in the standardization committee of the next generation D-VDR and the MODD" (magneto-optical disc drive).

As we reported 2 weeks ago in interview with JVC Pres. Takuro Bojo, manufacturers have agreed to launch single digital VCR format to avoid Beta-VHS situation in future (TVD Feb 8 p12). In report on demonstrations of Hitachi and Sony Lab prototype DVCRs recording AD-HDTV system, we said that such discussions could result in "system using new, smaller cassette," quoting one participant as saying cassette size could be "perhaps 8mm or 6mm" (TVD Feb 1 p11).

Widely quoted Japanese press reports last week indicated talks have begun, but no technical details have been disclosed. Sony and Matsushita -- arch-rivals in past and current VCR and camcorder format wars -- are playing major roles in discussions, presumably under direction from MITI. Actually, according to at least one source, preliminary talks have been in progress for 2 years. Discussions are known to involve virtually all Japanese VCR manufacturers -- with Hitachi, JVC and Toshiba specifically mentioned -- as well as Thomson and Philips. Sony apparently agrees with JVC's recent estimate that DVCR will be on market by 1997.

Whether talks will result in single system still is unpredictable. After wrenching Beta-VHS battle, MITI directed industry in early 1980s to get together on new standard and, as we reported in 1983 (TVD April 4/83 p10), 122-company multinational standardization conference "announced in Tokyo it had reached agreement on broad new standard for next generation of home VCRs" -- 8mm.

Current preparations will be complicated by question of whether next-generation home DVR will use tape at all. Breathtaking progress in squeezing video into CD-sized discs could cause some rethinking. JVC already is offering full-motion CDs (Digital Vision) in karaoke machine, has demonstrated extremely high-resolution video using simulation of its proposal for MPEG-2 standard and has openly proposed CD-type disc as standard movie carrier (TVD Feb 8 p11).

First reusable recordable MOD for consumer use is Sony-developed 2.5" audio MiniDisc. Although it's long step from recording audio to video, work already is under way in labs to put compressed video signals on MD. It's not too hard to visualize tiny, almost weightless, disc becoming ideal medium for digital camcorder recording, with compatible disc somewhat larger used for home recording and movie playback.

* * * * *

Samsung Advanced Institute of Technology (SAIT), R&D arm of Korea's Samsung Group, said last week that 60 of its researchers, "working with various Russian technology institutes," had developed D-VDR system over 3 years at cost of more than \$25 million. Current system can provide 60 min. of MPEG-2 (S-VHS quality) video on 5.25" MOD, Samsung said (Samsung is member of MPEG). By time of commercialization in 1995, company hopes to be able to squeeze twice as much onto standard size CD.

Principal breakthrough in Samsung's technology is development of green laser powerful enough to be used for both record and playback on prototype disc. According to Samsung, 4 other technologies are used to squeeze almost 60 min. of video onto disc equivalent in size to CD (which could store about 17 sec. of uncompressed digital TV): (1) short track pitch of disc, (2) data compression, (3) high-density recording, (4) "system integration aspects of these technologies." Prototype 4.75" disc held 55 min. of recording using constant angular velocity (CAV) recording method. Use of constant linear velocity (CLV) method could increase that to 110 min.

While claiming to be first to develop practical green laser diode recording system (providing spot size one-half of that in commonly used infrared type), Samsung said it plans to "take the world lead in this field by expediting the development of blue laser," which provides even smaller spot size. Samsung noted that 20-mw power of its green laser uses 2nd harmonic generation, but future products should generate more than that power directly. At same time, it said, "the production cost of the [MOD] should be lowered" for home use.

Noting advantages of VDR over VCR, Samsung cited use for viewing movies as well as making and editing home movies "with a disc camcorder." It suggested "Note-Video-Man" portable combined with color LCD and said video rental industry "will also benefit from the compact size and durability of the disc." Disc, of course, currently is medium of choice for interactivity because of instant access feature. Samsung raised possibility of widespread use for multimedia. "Massive information [storage] -- video, audio, text, etc. -- [for archiving and retrieving] is critical for any multimedia product. D-VDR is the only possible solution. MODD, used as a secondary computer storage device, is the closest [current] product to this concept. However, even the next generation of MODD, which [will have] 2 or even 3 times more capacity, is far from satisfactory. Since D-VDR has more than 3 times larger capacity than the next generation of MODD, it is a truly viable solution in the multimedia era."

Samsung's D-VDR has 17 gigabit memory, company said, 4.8 times larger than current computer MODD, and CLV recording could increase that to 25 gigabits. Samsung's announcement is expected to smoke out more DVR developments from other labs. It also should provoke new strategy sessions among movie copyright owners. Some press reports already are speculating that future digital recording systems will contain anticontrol chips and be subject to copyright fees on recorders and tape because of their ability to make perfect copies. Those articles have cited U.S. digital audio legislation, despite arguments by hardware manufacturing proponents that law doesn't set precedent for video.

SOMMER NAMED SONY EUROPE PRES.-COO: Ron Sommer will leave presidency of Sony America April 1 to become pres.-COO of Sony Europe. Announcement was made just hours after Japanese parent issued consolidated quarterly financial report showing U.S. was island of increased sales for Sony in both 3-month and 9-month periods ended Dec. 31, while European sales were down. Spokesman for Sony America said that

operation (hardware) had double-digit sales increase with sustained profit growth during Sommer's 3-year tenure.

Sony's consolidated net income declined 72.1% in 3rd quarter and 68.3% in full period (see financial table). However, last year's income included major gain from sale of stock in subsidiary Sony Music Entertainment. If that gain were excluded from last year's figures, net profits would be down 23.8% in quarter, 44.2% in 9 months. Although company forecast business environment would become "even more severe," it noted that its total U.S. sales were up 1.2% in quarter and 8.1% in 9 months, while European sales were down 10% and 1.3%, respectively, and Japanese sales declined 8.6% and 9.1%.

European post to be occupied by Sommer, former Sony Germany pres., is new one. He'll report to Sony Europe Chmn.—CEO Jack Schmuckli. At Sony America, Chmn. Ken Iwaki (who also is Sony exec. deputy pres.), will assume role of acting pres. until Sommer's successor is chosen. Timing of announcement Fri. may have been forced by report on his coming move in same day's Wall St. Journal, which speculated it was "first step in a broader restructuring" of Sony's U.S. operations into single entity under Sony USA Vice Chmn. Michael Schulhof. Iwaki took unusual step of telling employes in memo: "Contrary to the Wall St. Journal report, Sony Corp. of America remains Sony's U.S. electronics operation and there will be no further changes at Sony in the United States."

Announcement of change in Sommer's assignment, quoting Iwaki, said U.S. hardware operation "maintained a rate of sales growth... far exceeding that of the electronics industry overall" during Sommer's tenure. "Mr. Sommer's experience will now be applied to the business opportunities and challenges" of European Community.

Sony's consolidated net sales declined 3.8% in quarter but were up 1.5% in 9-month period. During quarter, company said, there was "gradual economic recovery" in U.S. but "European economy became more sluggish" and economic situation became "more difficult" in Japan, where audiovideo equipment market registered "4th consecutive year of shrinkage." Quarter's net sales would have increased except for appreciation of yen vs. dollar, Sony said.

Good sales performance was registered by TV sets, up 10.8% in quarter, while video equipment dropped 11.9% and audio 6%. Music entertainment was down 4%, filmed entertainment 11.8%. For 9 months, sales in all categories except video and audio equipment were up. In quarter, Sony said total electronics business dipped 2.8%, while entertainment business fell 7.4% because of appreciation of yen and decline in TV syndication business from high 1991 level.

Sony's forecast for full fiscal year to March 31 is unchanged from that of end of first half (TVD Nov 23 p13) -- consolidated sales up 3%, operating profit down 20%, net profit down 29%. Company said its "business environment is expected to become even more severe due to the further slowdown of the Japanese and European economies and the advance in the value of the yen." Sony said its "appropriate steps" toward recovery include controlling capital investment, reducing inventories, promoting operational efficiency, developing and introducing "attractive new products," further improving performance of entertainment business.

In Japan, Sony gave this breakdown of worldwide sales by product for 3rd quarter, with projections for full fiscal year: 8mm Video, 900,000 units sold, down 25% from 1.2 million year earlier, camcorders comprising 90% of total, with sales sluggish both in Japan and overseas. For full fiscal year it forecast sales of 3.5 million, down 12.5% from 4 million last year. Half-inch video sales in quarter rose to 1.2 million from 1.1 million, with 15% of sales in U.S., where business was good. Overseas sales represented 80% of 1/2" business. For full year, sales should be 3.7 million, up from 3.6 million. TV sales increased to 2.2 million from 2.1 million and company projected 7.1% increase to 7.5 million from 7 million for fiscal year.

CD player sales declined 12.3% to 3.2 million from 3.65 million, with U.S. sales good but with slowdowns in Japan and Europe. Company reduced fiscal year projection from earlier 14 million to 13.5 million, still up slightly from 13.3 million last year. Walkman sales fell to 3.1 million in quarter from year-earlier 3.8 million, full-year projection being 15 million, same as last year. Supported by good sales of personal computers in U.S., semiconductor production is expected to be unchanged at \$190 billion for fiscal year despite drooping domestic sales. Sony is producing 800,000 3.5" disc drives and 22 million 3.5" computer discs monthly.

Matsushita, which will report quarterly earnings this week, probably will experience 51.5% plunge in pretax profits for full fiscal year through March, according to Nikkei, quoting "company sources." Report said sales would decline about 9% and company planned to halve its capital investment for year.

FACTORY AUDIO DOLLAR SALES SET RECORD IN 1992: Add consumer electronics records for 1992: Audio. EIA made its Jan. estimate official last week, announcing audio equipment factory sales set record of \$6.844 billion, up 7.1% from 1991 and 6.9% from previous record of \$6.401 billion in 1990. Figures exclude factory-installed autosound, estimated at additional \$2.99 billion in 1992, not record but up 4% from 1991.

Gains in all 4 broad product categories -- including first rise in components in 18 months -- buoyed factory audio dollar sales to double-digit increase in Dec. Year set record despite 12.1% drop in separate components, which managed nevertheless to beat out aftermarket autosound as 2nd largest category in terms of factory dollar volume.

Strongest category for year was aftermarket autosound, which climbed 19%. But portable audio was year's strongest finisher in terms of dollar volume, as shipments rose 15.8% to \$2.42 billion. Systems recovered from early-year sluggishness to finish 1992 with 8.4%.

EIA credited CD technology -- "particularly in the portable area" -- along with "strong holiday selling season" for "strength and the diversity" in year's performance. It said overall CD player dollar sales climbed 26% in year to over \$3 billion, with nearly 44% of factory dollar volume reflected in "purchases of products utilizing CD technology." However, Assn. said home CD players didn't share in wealth, as that segment, which accounts for nearly 1/3 of dollar volume in home separates, declined 16% in year.

Other trends cited by EIA: (1) Surround sound and other home theater-related gear accounted for \$636 million (about 9%) of overall dollar volume. (2) CD boombox stereos and standalone CD portables gave takealong category its biggest boost, accounting for 44% of "total billings" in year. (3) Unit volume in systems climbed 15% to more than 5.2 million, share of systems sold with CD player or changer rising to 63% from 49% year earlier. More than 17% of systems sold in 1992 had surround sound capability. (4) Aftermarket autosound sales totaled \$478 million in last 4 months of year, rising 24% from Sept.-Dec. period year earlier. Car CD players rose 39% to \$309 million.

Here's EIA breakdown of factory audio dollar sales for Dec. and for calendar years 1991 and 1992:

FACTORY SALES OF AUDIO EQUIPMENT
(add 000)

Product	Dec. 1992	Dec. 1991	% Chg.	1992	1991	% Chg.
Portable Audio*.....	\$182,097	\$164,608	+10.6	\$2,420,927	\$2,089,927	+15.8
Components.....	134,323	133,945	+ 0.4	1,586,473	1,805,417	-12.1
Systems.....	113,576	100,102	+13.5	1,370,517	1,264,362	+ 8.4
Autosound (aftermkt). .	93,451	75,388	+24.0	1,466,932	1,232,563	+19.0
TOTAL.....	\$523,447	\$473,943	+10.4	6,844,325	6,392,272	+ 7.1

*Includes home radio

Videotape rentals and TV sets were among best values cited by consumers in Conference Board survey, while pay-per-view TV was ranked dead last (replacing hospital charges, last year's bottom rung), with cable TV 7th from bottom. In "composite ratings" based on value assessments of 50 goods and services by 6,500 households, Compact Discs came out about in middle of list. Poultry was listed as top value, followed by videotape rental, fruits and vegetables, TV sets. In detailed explanation, Conference Board's magazine, Across the Board, said TV sets got "exceptionally high marks," with 1/3 of consumers saying they received good value, another 60% fair value. More than 35% of respondents found videocassette rentals good value, while both cable and PPV TV were considered poor value by more than half. Most said CDs offered reasonable value.

China enhanced its position as world's No. 1 TV set producer in 1992, turning out 28.16 million units, up 7.4% from 1991. Of total, 13.4 million were color, up 10%, while 15.02 million were monochrome, up 4.9%.

Built-in home theater for "nontechies" was unveiled last weekend by Zenith and Bose at Home Builders Show in Las Vegas. "BUILT-INVisible" system consists of 52" rear-projection TV with Bose "VideoStage" surround sound, compatible with Dolby Surround encoded films. In new construction, system is built into framing of home, with screen resembling framed picture on wall. For remodelers, system can be mounted in standard size (30" deep) closet. Sound system uses Acoustimass technology, bass speaker below floor or above ceiling, with small front, center and surround speakers mounted in walls or ceiling. Single chassis contains all audio components in single shoebox-sized metal enclosure. Simplified operation uses only 2 controls.

THIS WEEK'S YEN RATE

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

PERSONAL COMMUNICATIONS SHOW: In its first trade show startup since Consumer Electronics Show (CES) was inaugurated in 1967, EIA Consumer Electronics Group (CEG) is hoping to attract corporate technology buyers, value-added resellers (VARs) and business communications users to first Personal Communications & Computing (PCC) Show to be held in conjunction with Summer CES in Chicago in June (TVD Jan 4 p13). As we have reported, show will be housed on 9.5 level of McCormick North, site of ill-fated Cafe Karaoke at last summer's CES. Badgeholders for either show will be admitted to other at no additional charge. However, consumers won't be allowed at PCC.

CEG Vp Gary Shapiro expressed hope that PCC Show "will become the most significant forum for products and services that are emerging and converging in this new era of digital information processing and data transmission for home and work-related environments." He said advent of PCC Show "complements the new-technology theme" of CES, adding that "it used to be the summer and winter shows were primarily buying shows, but that has changed," with growing emphasis on CES as place to view new products rather than order-writing forum.

EIA says it expects to attract "more than 75 exhibitors." First mailings to 2,000 potential booth-holders went out within last 2 weeks, and CEG said 9 companies have sent in checks and reservation forms for more than 10,000 sq. ft. of exhibits: American Mobile Satellite Corp., Ameritech, ARDIS, AT&T, Cardiff Publications, Microlytics, Prairie Systems, Skytel, U.S. News & World Report. Shapiro said show displays will occupy "well over 20,000 square feet." EIA plans direct mail appeals to list of 150,000 potential PCC attendees, hoping to attract "several thousand" extra showgoers. Group also has established 21-company PCC advisory board that includes EO Inc., IBM, Microsoft, Prodigy, Telecommunications Industry Assn.

Shapiro stressed that PCC is aimed at market distinct from that of CES. He said that consumer and business markets often are addressed by different parts of same company, holding out hope that certain exhibitors would display at both shows. PCS Show's accent will be on wireless and portable communications technologies and devices, although it's also expected to include some computers, primarily notebooks and other portables.

EIA is positioning PCC as professional conference in addition to product show, including four 3-hour workshop sessions for added fees: \$100 per session, \$375 for all 4, with \$100 discount for preregistered attendees. Topics: "Technology -- Setting the Stage for Strategic Planning;" "Service & Content Providers -- the Market and Issues;" "The Reality and Challenges for Wireless Communications;" "Marketing -- Making the Strategy Pay Off."

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Toshiba hasn't made final decision on whether to exhibit at upcoming Summer CES, Toshiba America spokeswoman said, commenting on our report of last week (TVD Feb 15 p14). Last summer, Toshiba was among highest profile exhibitors at front of main traffic aisle in McCormick East. Meanwhile, JVC said it has decided not to exhibit this summer, 2nd straight year it won't be on floor in Chicago. 3M is returning, taking 3,000 sq. ft. on main floor. Company was in summer show in 1991, but has been infrequent exhibitor over last decade.

Fujix portable projector, 3rd to be introduced by Fuji Photo, has 3" monitor built into side panel. Monitor is tiny rear-projection system, using same single LCD as is used to project 6-40" front-projection picture. Projector weighs about 1 lb., carries \$799 suggested list price.

FUJITSU TV MULTIMEDIA COMPUTER: Japanese computer giant Fujitsu is dipping toe into consumer electronics waters with launch of CD-based multimedia offshoot of its FM Towns computer system in Japan. Device, to be marketed under name "Marty," will retail for \$800, about \$200 more than equivalent Sega console with built-in CD-ROM. Fujitsu didn't announce plans for marketing product elsewhere in world. Marty is designed to be plugged into TV for multimedia applications. It will be marketed through range of retail outlets including mass merchandisers, PC specialists, supermarkets, department stores, consumer electronics dealers.

In much same manner as Commodore created CDTV system as offshoot of Amiga computer, Fujitsu is trying to leverage FM Towns into quasi-consumer multimedia product. Fujitsu has sold about 250,000 FM Towns units in 4 years, but plans to sell 200,000 Marty consoles in first year, growing to cumulative sales of million in first 3 years. FM Towns operating system is installed on ROM in Marty unit for compatibility. However, Marty will operate only about 1/3 of FM Towns software programs; display and memory limitations won't allow other FM Towns programs to be played.

Console incorporates digital video converter chip based on LIST (Line Interpolation Scanning Technology) to display 640x480-dot images on conventional NTSC screen, connected through either standard video-out or S-video connector. Marty is built around 32-bit Intel processor, can display up to 32,000 colors. It has standard speed CD-ROM drive and single 3.5" floppy disc drive. CD-ROM drive can play standard audio CDs, CD+G, CD karaoke and CD-book (according to EPWING standard).

Control pad emulates mouse functions and has zoom button to enlarge pictures on screen. Unit measures 12.5" x 10" x 3.1" and weighs 6.5 lbs. Optional accessories will include IC card modem for about \$250, computer keyboard for \$65, controller for \$20, mouse for \$30. Software prices at start are \$65-\$110, but are expected to drop as more machines are sold.

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"Capture the Experience" CD-I promotion in 36 Sears stores starts next weekend (Feb. 26-28), supported by 60-sec. direct-response TV spots on host of cable TV channels. Spots began appearing last week on Arts & Entertainment, CNN, Discovery Channel, ESPN and superstations WGN-TV and TBS, and will continue through end of events. Philips has been staging similar promotional events -- which incorporate movable expanded CD-I exhibit and Philips-trained merchandisers and demonstrators -- for other CD-I dealers since Christmas selling season.

Cutbacks in models planned by consumer product manufacturers this year were announced by Ministry of International Trade & Industry in Japan. Survey showed that 10 top TV manufacturers plan to produce 192 models in March, some 10% fewer than March 1992, while 9 VCR makers will cut their models by 25 to 72 in same period. Camcorders will be down by 3 to 20, but microwave ovens will be up by undisclosed number.

Footnote to who's-American squabble between Brother and Smith Corona (TVD Feb 15 p17): Feb. sale catalog for Service Merchandise (N.Y.-N.J. edition) carries "Assembled in U.S.A." labels on pictures of Emerson, Magnavox and Sharp TVs, "Made in U.S.A." on Brother portable word processor, no label on Smith Corona personal word processor (but with offer of \$50 U.S. savings bond).

VIDEOTAPE MARKET CHANGING: Continuing growth of large retail chains and trend toward fewer lines per store could change brand picture in videocassettes, according to David Crist, 3M brand mgr. for video and accessories.

Although major impact isn't likely to be felt this year, he said all tape marketers know that dealers plan to concentrate on fewer lines. That trend could change market share rankings markedly, he predicted. While he said surveys continued to show 3M as top brand in market share, Crist conceded share difference among brand leaders is just a few percentage points. "If retailers deal with fewer vendors and big retailers keep getting bigger," he forecast that one or more brands "could finally break out of the pack" and gain significant leadership.

For 1993, Crist sees continuation of last year's trends -- unit sales relatively flat, dollar sales stable to higher. While prices of comparable products continue to decline, he said increase of high-grade tapes in mix results in relatively stable dollar sales. He cited ITA estimate that high-grade tapes constituted 25% of total last year and forecast sales of premium tapes would increase as prices go down.

Byproduct of trend toward fewer lines and larger retailers -- along with lower prices of brand-name tapes -- is decline in sales of unbranded and store brand cassettes, Crist believes. "The first casualty of retailer consolidation is the nonbranded tape," he said. He said brand names have become increasingly important in videotape, citing 3M's research with focus groups. Of people who had bought branded tape in last 6 months, very few also had purchased nonbranded tapes. "People readily switch between brands but not between brand and nonbrand," he said.

Among surprises revealed in focus groups of lower and middle-income consumers was number of multi-VCR homes, Crist said. "Some people had as many as 4 VCRs in their homes." Extra recorders go into children's rooms, summer cabins, even kitchens. Many focus participants said VCRs give them control over what their children watch.

Although viewing rented movies is important use of VCRs, Crist said focus groups still report heavy time shifting. There was some complaint about poor TV programming as providing little incentive to tape, and widespread opinion that VCRs still aren't user-friendly, preventing them from making timer recordings. Another complaint was "confusion bordering on irritation" with high-tech claims for videotapes. "The industry does not do a good job talking to the consumer," Crist told us. Consumers also criticized lack of clarity and differentiation in various grades of tape. "Who buys videocassettes in discount, drug and grocery stores? Almost invariably women."

As for camcorder tapes, 3M's sales of VHS-C and 8mm are about same, Crist said, and may be different from industry in general because "we have been stronger in C." However, he cautioned that "C is far from dead and in fact is coming back quite strong." He said consumers are "beginning to talk about compatibility" of camcorders, presumably reflecting ad campaigns by Panasonic and others.

VHS-C camcorder owners buy more replacement tapes than do those who own 8mm, he said, because many 8mm owners "transfer [camcorder tapes] to VHS, and then reuse the original cassette," saving only most valuable originals. Thus when 8mm cassette is purchased it's likely to do duty as "a permanent master." Camcorder owners do "a lot of dumping onto VHS," he said, even including some VHS-C owners.

As for S-VHS, "we have the tapes if anybody wants them." 3M doesn't offer Hi8 cassettes.

OPTIMISM ON CLINTON PLAN: Both major electronics manufacturers' trade associations reacted favorably to President Clinton's economic plan as outlined in his State of the Union message last week.

EIA Pres. Peter McCloskey said initial reaction in survey of members was generally positive. "We are pleased about a good-faith attempt to cut the deficit -- that must be the No. 1 priority of the electronics industry because it has the most long-range impact." While he said none of member companies was "thrilled" about tax increase, "the amount which is tolerable is directly proportional to the amount of spending cuts -- and we hope the cuts will stand up or be augmented."

McCloskey told us Assn. was pleased by President's indicated commitment to high-tech community. Capital gains tax credit, R&D credit and investment tax credit "for equipment made by our members" all are positive developments, he said, as is increased commitment to funding R&D. McCloskey attended White House reception for industry week before Clinton's address and said he was impressed by President's attempt to get to know each attendee personally.

American Electronics Assn. (AEA) Pres. Richard Iverson applauded Clinton's "leadership in presenting a long-term serious plan to get the economy moving again." He expressed concern about some of tax provisions, "especially those related to foreign tax issues." AEA said many of its long-standing priorities were included in President's package, including reduced capital gains rates for long-term investments in small companies, R&D, investment tax credits, significant funding increases for Commerce Dept. technology projects, more support for worker training, backing for Uruguay Round trade talks, N. American Free Trade Agreement, fair access to foreign markets.

Not lost on representatives of high-tech industries was fact that Apple CEO John Sculley was seated next to Hillary Clinton in House visitor's gallery for address.

Pioneer (Japan) reached agreement with Trimble Navigation, clearing it to market global positioning satellite (GPS) car and marine navigation products throughout world. News accounts said Pioneer was barred from selling its AVIC GPS products outside Japan because it had lacked deal with Trimble, which owns fundamental patents. As result of pact, companies agreed to dissolve Pioneer Trimble Inc. (PTI) joint venture in Japan and pursue business opportunities independently. Pioneer bought out Trimble's 49% stake in PTI, terms undisclosed, converting it into subsidiary to be called Pioneer Navicom Inc. Japanese newspaper report said Pioneer plans to start exporting GPS products this year, but Pioneer U.S. officials couldn't be reached for comment.

Companies most likely to succeed into 21st century, based on survey of Japanese business people by Nikkei: Sony continued as No. 1, same as last 2 years, while Nintendo moved to No. 2 from 3rd and Sega shot up to 5th from 43rd last year, with NEC dropping to 10th from 6th. In similar survey of nonbusiness people, Sony also was No. 1 (for 2nd year), while Nintendo jumped to 3rd from 13th, Matsushita moved up one place to 7th, NEC dropped to 8th from 5th and Canon rose to 8th from 23rd.

NIMBUS SYSTEM NOT READY -- PHILIPS: Philips, which co-developed CD and has hitched its multimedia wagon to CD-I, scoffed at Nimbus demonstration of technology to store full-length feature film on 5" CD (TVD Feb 8 p11), saying U.K.-based record company has long way to go before proving system is technically and commercially viable.

Philips criticized Nimbus for innovation that uses disc with smaller track pitch and spins at lower speed than standard CD. Demonstration at Midem used specially mastered CD capable of delivering more than 2 hours of full-motion video (FMV) with digital sound. As we reported, observers at Midem agreed that picture quality of Nimbus demonstration seemed to exceed that of VHS, although setup appeared to lack CD-I's interactivity.

Conceding that spinning such specially mastered CDs at lower-than-usual speed "may deliver about twice the information density of regular CDs," Philips said Nimbus effort "does not prove that such discs can be played back on all existing CD players with acceptable margins." Nimbus engineers said improvements in quality of laser pickups enable today's better quality CD players to read discs with half-size "pits" without need for adjustment, while other hardware easily could be tweaked to tighten focus tolerances.

Philips said Nimbus double-density CD "is a nonstandard disc for which no adequate system has been developed up to now." It said "a new type of CD player will be required to play back these types of higher density discs." Arguing in favor of its own CD-I format, Philips reiterated it plans to introduce FMV capability in consumer market this year, saying innovation will be capable of delivering 72 min. of CD-quality audio and VHS-quality FMV on 5" disc. Philips said "various consumer electronics companies in the world are researching even more advanced systems in terms of motion picture quality at higher bit rates" than current systems based on Moving Picture Experts Group's MPEG-1 standard can deliver.

Philips said future systems "require a higher density and higher data rate" than those of Nimbus system shown at Midem. It said "one should always keep in mind that even if the feasibility of the new technology has been demonstrated, to successfully market such a product, the support and content of the publishing world... is required."

Meanwhile, Pioneer (Japan) spokesman, asked to comment on Investors Daily report that Nimbus had discussed project with his company, professed ignorance of talks and declined further comment on Nimbus. However, he confirmed Pioneer is working to develop its own compression technology for accommodating FMV on 5" CD. Spokesman said engineers believe Pioneer technology is more advanced than that of other efforts to deliver full-length movie playback on existing disc. But he wouldn't field questions on how technology works.

Lowest priced **widescreen** set announced for Japanese market is Panasonic 30W" model to carry list price of about \$3,600, including MUSE/NTSC converter (to permit display on HDTV pictures in standard NTSC definition). Matsushita also plans 34W" model. Japanese units will use direct-view picture tubes, although Matsushita plans to field **widescreen** projection sets in U.S. (TVD Nov 16 p11). Meanwhile, Sharp introduced least expensive Hi-Vision TV in Japan. The 30W" set has simplified MUSE decoder, line-doubling circuit for NTSC broadcasts, at list price of about \$5,835.

ACCOLADE-SEGA FEUD CONTINUES: Accolade has filed suit to recover \$15 million in damages from Sega following denial by 9th U.S. Appeals Court, San Francisco, of Sega request for rehearing on court's dissolution of injunction that kept Accolade from selling and marketing Genesis-compatible games for nearly 6 months (TVD Nov 2 p11). Sega had sought to have case that originally was decided by 3-judge panel -- closely watched dispute over legality of reverse engineering -- heard by all 28 judges of court. Original judges said full court was informed of Sega's request "and no active judge has requested a vote on whether to rehear the matter en banc."

Accolade Chmn. Alan Miller said decision was "everything we had hoped for and more," adding that it "further strengthens the ability of American companies to compete in the worldwide videogame and computer software industries. The court recognizes that competition spurs innovation, which ultimately benefits consumers and society." Case now reverts to trial on merits, although arguments are expected to closely track those in hearings on injunction.

However, Sega spokesman said company has additional evidence it didn't submit during injunction hearings. He said Sega is "very likely" to petition U.S. Supreme Court for expedited hearing even before Dist. Court trial proceeds. He said Sega has until early April to file request. Hearing on damage suit, which was filed in U.S. Dist. Court, San Francisco, is expected about May 4, Miller said.

Meanwhile, Miller also announced \$11-million cash infusion from Prudential Equity Investors, which spokeswoman said is equivalent to 29% of company. Portion of funds initially is earmarked to finance manufacturing of game cartridges. Miller said Accolade expects to sell within year 500,000-600,000 copies of *Bubsy Bobcat* cartridge, "Claws Encounters of the Furred Kind," to be introduced in April. Company, which has taken on "Games with Personality" theme and which recently signed licensing agreements with hockey player Brett Hull and soccer star Pele, is rumored to have signed deal with Phoenix Suns basketball player Charles Barkley. Spokeswoman wouldn't comment.

International Trade Commission (ITC) formed new Office of International Competitiveness (OIC) to identify and analyze factors affecting American industry's ability to compete globally. OIC also will monitor and evaluate U.S. govt. policies and commercial practices vis-a-vis foreign competitors, ITC said. Expertise developed by OIC will "enhance the ability" of ITC to provide advice and analysis on competitiveness issues to President and Congress, to be used in formulation of economic policy as it relates to international trade, ITC spokesman said. He said OIC will work on such areas as environment, high technology, capital formation, tax policy, labor. Agency expects to name OIC head shortly, spokesman said.

Circuit City declared 2-for-1 stock split for shareholders as of close of business Feb. 26. Company has 47,816,000 shares outstanding; following split, there will be 95,631,000. Board also increased dividend on presplit shares to 4¢ from 3¢.

Two of largest European electrical products retailers are joined in \$800-million takeover of Darty, reportedly France's largest electronics merchant, by Kingfisher, British conglomerate that operates Comet stores, among other chains.

Consumer Electronics Personals

Ron Sommer to leave as Sony of America pres. April 1 to take newly created post of Sony Europe pres.-CEO; Sony of America Chmn. Ken Iwaki assumes role of acting pres. (see story elsewhere in this issue)... John Garrison, ex-Sony, appointed vp-mktg., Consumer Electronics Div., Samsung Electronics America, new position... Brian Klosterman, ex-Sony Consumer TV products vp, named senior vp, consumer electronics mktg., Insight Telecast, effective March 1... Guy Leibler, ex-pres.-CEO, Shulman Realty Group, appointed pres., Sony Plaza, newly created company to manage public and retail areas at Sony USA's new Madison Ave., N.Y. office complex, formerly AT&T hq... Douglas Dunn to become chmn. of Philips Semiconductors July 1, succeeding retiring Heinz Hagmeister.

Mitchell Witten, onetime sales and mktg. mgr., Teac's high-end Esoteric Div., joins Infinity as national sales mgr., Home Audio Div., reporting to Vp Fred Yando... Ken Terry resigns as Billboard magazine senior news correspondent to accept editorial post at Medical Economics Co., no replacement named... Bob Buziak, formerly pres.-CEO, Warner-affiliated Chameleon Entertainment, appointed pres., new Sony-owned TriStar Music Group label... Jim Angle, host of daily business and finance report on National Public Radio, to keynote ITA seminar, March 10-14, Ariz. Biltmore Hotel, Phoenix.

Changes at Academy Entertainment: Brian Kandler promoted to acquisitions and business affairs vp; Susan Lusik advanced to exec. dir. based in N.Y.; David Bryant, ex-Film Finders, joins as operations dir.; Rob Ulrich, ex-Trimark Pictures/Vidmark Entertainment, named sales administration dir. Joining as regional sales mngs.: Janet Ehman, ex-MGM/UA Home Video and MCA/Universal Home Video, and Scott McMillan, ex-Sight & Sound Distributors, Midwest; Kathleen Gilbert, ex-New Horizons Home Video and MGM/UA Home Video, Southeast; Susan Vallenzi-Johnson, ex-Columbia TriStar Home Video, West; Monte Larson, ex-ETD, Southwest.

Dwayne Witten resigns as Baker & Taylor national rackjobbing mgr. to head Allied Artists Entertainment video operation... Martin Weinstein resigns as Turner Home Entertainment senior vp-gen. mgr. to join Goodtimes Home Video March 8 as exec. vp of new subsidiary to market to video rental outlets; Mktg. Dir. Gareth Brown rejoins HBO Video as creative services mgr... Brian Clendenen, ex-Pacific Arts and Rhino Records, named Christian Science Monitor Video gen. mgr... Ex-Republic Pictures International Pres. Larry Sugar joins Prism Pictures as board member and consultant handling sales and marketing and representing company in international co-productions... Thomas Hawkins promoted to Blockbuster Entertainment vp-gen. counsel and corporate secy... Stephen Kutner, ex-SelecTV and United Satellite Communications Inc., named USA Video Programming pres.

EIA Spring Conference March 14-18 in Washington will include nearly 100 meetings and traditional Govt.-Industry Dinner. Special events include session on Dynamics of Trade Show Selling, led by Allen Konopacki, legislative and regulatory outlook, environmental issues, govt.-to-industry technology transfer -- 202-457-4980.

Flash memory venture by Mitsubishi and SGS-Thomson is scheduled for signing early next month. Development would give Mitsubishi entry into European market and SGS-Thomson foothold in Japan. Flash memory chips, invented by Toshiba, eventually could replace moving media, such as disc drives and magnetic tape.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Adelphia Communications			
1992-9 mo. to Dec. 31	229,881,000	(95,841,000)	-- ^a
1991-9 mo. to Dec. 31	205,308,000	(102,008,000)	--
1992-qtr. to Dec. 31	78,675,000	(24,223,000)	--
1991-qtr. to Dec. 31	70,515,000	(30,769,000)	--
BMC Industries			
1992-year to Dec. 31	180,830,000	7,039,000	1.22 ^b
1991-year to Dec. 31	203,185,000	8,243,000	1.48 ^b
1992-qtr. to Dec. 31	44,303,000	2,481,000	.42 ^b
1991-qtr. to Dec. 31	54,011,000	1,963,000	.35 ^b
Image Entertainment			
1992-9 mo. to Dec. 31	43,300,000	(3,200,000)	--
1991-9 mo. to Dec. 31	42,100,000	180,000	.01
1992-qtr. to Dec. 31	16,600,000	(876,000)	--
1991-qtr. to Dec. 31	19,500,000	861,000	.06
LIN Bctg.			
1992-year to Dec. 31	572,521,000	(95,055,000)	-- ^b
1991-year to Dec. 31	468,137,000	(170,210,000)	--
1992-qtr. to Dec. 31	160,010,000	(15,437,000)	--
1991-qtr. to Dec. 31	133,471,000	(37,407,000)	--
Pulitzer Publishing			
1992-year to Dec. 31	398,373,000	(1,245,000)	-- ^c
1991-year to Dec. 31	393,372,000	10,559,000	.92 ^c
1992-qtr. to Dec. 31	106,366,000	9,843,000	.85 ^c
1991-qtr. to Dec. 31	104,100,000	5,265,000	.46 ^c
Sony^d			
1992-9 mo. to Dec. 31	23,503,100,000	1,137,856,000	2.76 ^e
1991-9 mo. to Dec. 31	23,857,680,000	360,376,000	.90 ^f
1992-qtr. to Dec. 31	9,002,944,000	777,320,000	1.87 ^e
1991-qtr. to Dec. 31	8,656,616,000	217,072,000	.53 ^f
Turner Bctg.			
1992-year to Dec. 31	1,769,892,000	77,622,000	.30 ^b
1991-year to Dec. 31	1,480,243,000	85,936,000	.24 ^b
1992-qtr. to Dec. 31	538,456,000	29,699,000	.11 ^b
1991-qtr. to Dec. 31	402,448,000	43,414,000	.17 ^b
Video Data			
1992-9 mo. to Dec. 31	46,943,000	900,000	.22 ^a
1991-9 mo. to Dec. 31	39,924,000	1,466,000	.36
1992-qtr. to Dec. 31	15,558,000	(330,000)	-- ^a
1991-qtr. to Dec. 31	13,384,000	487,000	.12

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

^cAdjusted; after special charge. ^dAt rate of \$1 = 125 yen.

^ePer ADS; includes special credit. ^fPer ADS.

First 180-min. 8mm cassettes were announced last week in Japan. Sony's Hi8 uses evaporated metal tape, with 7-micron base film, 20% thinner than conventional tape. To be marketed in Japan starting April 10, cassette will carry \$26.50 list price. Maxell will introduce first 180-min. standard 8mm tape, at about \$19, March 10.

OBITUARY

Joseph Sullivan, 76, longtime consumer electronics sales executive, died Feb. 5 of heart attack at his home in New Canaan, Conn. He joined industry in 1946 at Stromberg-Carlson, later becoming national sales mgr. of Sylvania. He served as national sales mgr. of Sony 1957-1969, leaving to become pres. of Clairtone, Canada-based TV manufacturer. He then joined Mitsubishi and later was named sales vp at Emerson, leaving in 1976 to form own Nutmeg Distributing Co. in Wethersfield, Conn., from which he retired in 1979. He's survived by wife and 4 sons, including Kevin, exec. vp of Go-Video. Sons Mark and Pat also are involved in electronics business as pres. of Boston sales rep and vp of computer peripherals firm, respectively.