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CABLE SYSTEMS' RATES UP 48% SINCE 1986: Average basic cable rate has increased 48% since 1986, even though number of basic channels is virtually unchanged, according to our analysis of cable data collected by FCC for its rate regulation rulemaking. Commission made data public Feb. 24 on computer discs distributed by International Transcription Service and said it expects parties to provide analyses of data by March 8 for its consideration in rulemaking.

Data are complex and must be handled with care because they include some numbers that clearly are wrong. For example, several cable systems appear to report annual revenue of more than \$7,000 per subscriber. Analysis by Warren Publishing's Market Research & Data Sales Div. eliminated financial and subscriber figures for 17 cable systems where numbers obviously were wrong. Also, some parts of questionnaire (Schedules 2-4) asked for data pertaining to entire cable system, while other parts involved one or 2 individual franchise areas within system. No single questionnaire covered more than 2 franchise areas, so some systems with multiple franchise areas received and completed more than one questionnaire. Therefore, responses to questions involving entire system service area are repeated for systems that answered more than one questionnaire. We removed such duplication in our analyses of those parts of

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STRONGER YEN COULD MEAN higher prices in U.S. for products with Japanese content. Sony's Iwaki says surcharge may be added to products shipped here. (P. 8)

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questionnaire. All of our analyses are unweighted for any factor and deal only with data reported for full cable system and parts of questionnaire for first franchise areas.

Andrew Schwartzman, of Media Access Project, said he's not surprised there are concerns about data: "I was skeptical about the utility of the data to begin with." NAB Senior Vp-Research Richard Ducey, who's "knee-deep" in analyzing data, said he believes there may be some inconsistencies, but it's too early to tell whether they can be explained and how useful overall they will be. He pointed out, for example, that totals for all cable systems in survey may be misleading because survey includes virtually all of largest cable systems and virtually all of systems facing competition, giving extra weight to both groups, vs. random sample of other systems. Right now, Ducey said, data are "an ungodly web of mystery," and NAB still is just generating list of questions and trying to find out what data are available. NCTA spokeswoman said her group is just starting to analyze data and it's too early to draw conclusions.

Average current basic cable rate is \$15.25 per month, according to FCC data. For that, subscriber gets average of 19.88 basic channels. In addition to ads, revenue is boosted by following average fees: Installation, \$34.82; reconnect, \$27.07; additional outlet, \$3.83 monthly; remote control rental, \$3.37 monthly; converter box rental, \$2.66 monthly. Only 18 systems surveyed said they charge disconnect fee, averaging \$12.97. Average basic cable rate has increased 48% from \$10.30 in 1986, according to data. Number of basic channels essentially is unchanged -- average of 19.85 channels in 1986 vs. 19.88 now. Most other cable fees also are up, averaging: Installation, \$22.77; reconnect, \$16.59; additional outlet, \$3.13 monthly; remote control rental, \$3.30 monthly; converter box rental, \$2.56 monthly; disconnect fee (only 4 systems reporting), \$10.

Basic service accounts for only 39.32% of total cable revenue, according to our analysis of data. Other tiers account for 20.55%, data indicate, and pay channels for 22.1%. Data also indicate rapid retiering since 1986, but lower per-channel price for expanded basic tiers.

Rates for expanded basic tiers climbed 18% to average of \$7.05 per month since 1986, but number of channels included in that tier expanded to average of 16.1 from 11.9 in 1986. As result, per-channel price dropped to average of 43.9¢ from 50.2¢ in 1986. That's sharp contrast to hike in per-channel cost for basic tier, to 76.5¢ now from 51.7¢ in 1986, according to data. Figures also indicate large expansion of retiering, with 7,859,656 subscribers to expanded basic tier now among systems replying, vs. 1,809,983 in 1986.

Higher per-channel costs for basic directly contradict cable industry claims that, while basic rates have gone up, value has gone up faster since subscribers get more channels, Schwartzman said. He said data indicate that cable justifications for higher rates have been "disingenuous."

Additional outlet charges is next biggest source of cable revenue, after basic, expanded basic and pay channels, accounting for 4.26% of total revenue, followed by 3.66% for equipment rental and 3.03% for "other." Pay-per-view provided only 2.59% of revenue of systems responding to questionnaire, and ads on basic 1.14%. Ads on other tiers generated 1.65% of revenue and on pay and pay-per-view 0.08%. Installation charges accounted for 1.48% of revenue.

Average cable subscriber generated total of \$31.19 revenue per month, including monthly fees, premium channels, ads and fees for extra services such as hookups and extra TV set connections. Systems reporting had total of \$7.54 billion revenue for 20,153,593 subscribers, according to our corrected data. Subscriber count indicates that even though FCC surveyed only 6% of U.S. cable systems, figures cover 37.8% of all U.S. cable subscribers, based on 53,375,474 subscribers reported by cable systems in latest edition of Warren's Television & Cable Factbook. FCC data give heavy emphasis to large cable systems, since 100 of biggest were included among 748 survey forms originally mailed.

Other preliminary findings from data. (1) Cable household penetration rate is 55.17%, based on total of 37,365,138 homes passed by systems included in survey. (2) Those systems said they had total of 8,975,586 addressable subscribers, 43.5% of total number of subscribers. Figure probably exaggerates nationwide total because of overrepresentation of large cable systems. (3) Data showed only 11 cable systems facing competition from system owned by franchising authority (authority-owned system had to be available to 50% of households in at least one franchise in system area). Penetration rates for systems with at least some competition from franchise authority-owned systems ranged from 28.83% to 78.44%. (4) More than 73% of systems responding said they had provided service to same cable franchise in 1986, according to FCC data. Of 480 who served same franchise in 1986, 197 (41%) said they were rate-regulated in 1986. (5) Systems surveyed had total of 415,728 miles of cable plant installed, according to FCC data. Figure breaks down to

74.55% above ground, 26.05% below ground (data don't total 100% because of apparent reporting errors by several systems). Systems reported that only 0.72% of their installed cable plant is fiber.

Raw data are available from FCC on diskette for \$5, although there's \$30 fee for same-day service -- 202-857-3800.

HDTV RETESTING OKAYED, DELAY LIKELY: Rejecting proposals for accelerated decision on HDTV, FCC's Advanced TV Advisory Committee (ATAC) unanimously approved proposal to begin retesting all 4 digital systems about April 1 (TVD Feb 22 p1), while ATAC Chmn. Richard Wiley continues trying to shepherd "grand alliance" of system proponents. Decision will delay ATAC decision on winning system at least until fall, and possibly to end of year, but Wiley and others said it would save time in long run by reducing possibility of petitions for reconsideration and court appeals.

Proponents disagreed who was holding up alliance. Wiley and General Instrument (GI) Chmn. Donald Rumsfeld indicated all of proponents except Advanced TV Research Consortium (ATRC) have agreed in principle on alliance. But Zenith partner AT&T said that's not necessarily so, and ATRC officials vehemently denied that they were dragging their feet. NBC Operations Pres. Michael Sherlock said it took months for GI to form alliance with MIT, and later with Zenith/AT&T; ATRC is trying to join alliance in matter of weeks.

Achieving grand alliance is difficult for several reasons: (1) Zenith Chmn. Jerry Pearlman told us there appear to be disagreements among members of ATRC, making it difficult for consortium to even put forward proposal. (2) Others said situation is complicated by clause in GI/Zenith contract guaranteeing that Zenith modulation system will be used. Pearlman said contract has clause prohibiting parties from commenting on contract. (3) Sherlock said ATRC members are doing careful review of antitrust implications of alliance. (4) Business and technical issues still are far from being resolved.

NAB is concerned about "grand alliance," Pres. Edward Fritts said. Assn. supports retesting systems, he said, but "the competitive environment in which the advanced television process has taken place has served us well. Unless a grand alliance system is substantially better technically than any of the existing proponent systems, we fear neither broadcasters nor the public will be well served."

Even if there's no grand alliance, process could be speeded by either allowing alliance among other 3 proponents or by limiting number of systems that will be retested, officials said at meeting. However, Wiley said he's "not sure if it would be consistent with the rules of the game" to allow combination of 3 proponents to compete against ATRC alone. Rumsfeld said FCC could reduce time and cost by, for example, retesting only winner and backup, or by making decision now between interlaced and progressive systems. Cost of retesting is heavier burden for small companies such as GI, Rumsfeld said. He estimated cost as \$2.5 million, which would grow to \$8-\$10 million when development and test costs are added. He said ATAC members voting for retesting (proponents are ex officio members) "have no financial exposure to the consequences of their decisions... and indeed could be viewed as benefiting by deferring their own future HDTV investments."

GI's DigiCipher system will be tested first, based on results of lottery held after ATAC meeting. DigiCipher also was first digital system tested in first round. It will be followed by ATRC, CC-DigiCipher developed together with MIT, then Zenith/AT&T. GI had objected earlier to lottery, saying it was "disadvantaged by the schedule in the first round of testing" and fact that it still was on time at test center, unlike others, should give it preference in 2nd round.

"Now is a good time to focus on slowing down and getting it right," FCC Comr. Duggan told ATAC, calling delay for retesting "the right thing for humanity." ATAC member George Vradenburg, exec. vp-Fox, said retesting will cause "some small delay now, but a great deal of acceleration getting this to market." Duggan said entire process vindicates success of managed competition: "If this is industrial policy, it will mark the true model of how it should be done." He said U.S. success in developing digital HDTV could lead to unified worldwide TV standard for first time.

New schedule calls for retesting to begin about April 1, with each system to be tested for about month, Wiley said. ATAC probably would make decision in fall, followed by field testing. If grand alliance emerges, it would take 30-45 days to review system concept, then proponents would have 6 months to build combined system, he said. ATAC could make decision after that system was tested, probably late this year, followed by field trials.

NAB's INCOME, HOW IT'S SPENT: NAB now expects \$18.78 million income for fiscal year starting April 1, expenses of \$18.22 million, leaving net for year of \$56,000. That compares with substantial deficit in current fiscal year on income of \$17.22 million and projected expenses of \$18.29 million. Deficit was caused by year-long effort to get cable bill through Congress, followed by override of Presidential veto (TVD Oct 12 p1).

NAB has projected \$4.1 million in TV dues (which reflects 20% rate increase that became effective Jan. 1) for next fiscal year and, despite loss of ABC TV Network as member, up from \$3.69 million now expected for current fiscal year. On radio side, Assn.'s budget calls for \$3.13 million in dues, compared with \$3.2 million now expected for current year and \$3.33 million originally budgeted. That raises total dues income to \$8.19 million when \$1.13 million in assoc. member dues are included.

Non-dues income of \$10.59 million is expected for year starting in April, with by far major source of \$8.4 million net (on \$12.1 million gross) coming from April convention in Las Vegas (up from \$7.4 million net in 1992). As for advertising, NAB said it would place "continued emphasis in this revenue source," along with "increased marketing activity for sponsorships." Assn. expects convention advertising gross revenue of \$829,000, \$747,962 net, along with \$303,000 from sponsorships of specific events, up from \$284,018 at 1992 convention. NAB has invited President Clinton, has budgeted \$17,000 for possible "Presidential appearance"; Assn. spent \$22,707 on ex-President Reagan's appearance in 1992 to accept Distinguished Service Award.

Convention, at 45%, now is NAB's single largest revenue source, followed by dues at 44%. Other major sources of expected income include \$1.15 million from NAB Services (sale of publications and paraphernalia); \$633,000, Sept. radio convention; \$180,000, interest; \$166,000, advertising (not including 2 conventions); \$51,000, miscellaneous.

NAB said expenses will be "zero-based in all cases" while reflecting "consideration of economic uncertainties." It said it will undertake "no significant additional efforts" during year "for which there is no offsetting revenue," while holding "discretionary expenses" to levels for current fiscal year. Assn. said it expects no major membership churn in next fiscal year and that employment level will stay at or near current 169. Those staffers will be paid combined total of \$7.37 million.

Unbudgeted expenses for intensive effort to pass 1992 Cable Act, which were approved in advance, increased expected Govt. Relations expenses for current year to actual \$4.33 million from budgeted \$2.98 million. Other major expenses for 1993, by Depts.: General & Administrative (which includes president's office) \$6.76 million, up from \$6.37 million; Govt. Relations \$3.088 million; Legal \$1.76 million, up from \$1.04 million; NAB Services \$1.02 million, down from \$1.05 million; Science & Technology \$913,000, down from now projected \$1.07 million; Radio \$904,000, up from \$868,000; Public Affairs & Communications \$833,000, up from \$764,000; TV \$670,000, up from \$652,000 but \$1,000 less than had been budgeted for current fiscal year; Meetings & Special Events (including board and committees) \$592,000, up from \$543,000.

Cox officials aren't commenting on report that they're considering investing \$300 million in Southwestern Bell's U.K. cable operations. Wall St. Journal said talks were under way on plan that could lead to expansion of telco's U.K. cable operation.

STOP FCC ON INDECENCY, COURT ASKED: Charging broadcasters' First and 5th Amendment rights are being violated, coalition of 21 media and public interest groups asked U.S. Dist. Court, D.C., last week to enjoin FCC from "initiating or conducting" further forfeiture proceedings under U.S. Code for alleged violations of indecency rules. Coalition also asked court to "order the dismissal" of all pending FCC fines for indecency, noting that none of them had been prosecuted successfully in court. They also requested court to enjoin Commission from "using, or threatening to use, contested and judicially unreviewed indecency forfeiture orders... to the detriment of any broadcaster in any other proceeding," such as renewals.

Noticeably missing from filing were ABC, CBS and NBC, which declined to join after being asked. "This is a big case," one of parties told us. "We're not going to take any more crap from the FCC" on fines. Now pending in U.S. Appeals Court, D.C., is challenge to Commission's new safe harbor for indecent programming. Those rules were scheduled to become effective Feb. 24, but were stayed day before by Appeals Court until oral argument is held on merits. Court ordered "expedited hearing" of case, with oral argument planned for first available open date in fall. As result of Court's action, FCC said that it would continue to enforce its current policy of banning indecent programming 6 a.m.-8 p.m. -- instead of 6 a.m.-midnight as provided in rules that were stayed.

Dist. Court filing said Appeals Court twice has ordered Commission to hold "full and fair hearing" on its restrictions on indecent broadcasts, which unlike obscene programming are protected by First Amendment: "Instead of conducting a hearing, the FCC perfunctorily promulgated regulations, without any notice and comment." Coalition told Dist. Court that Commission's midnight-6 a.m. safe harbor is "unconstitutionally narrow" and that Public Telecommunications Act of 1992 on indecency "unconstitutionally discriminates among broadcasters." Group said it wasn't raising any of issues now before Appeals Court and "challenges only the FCC's procedures for adjudicating" indecency fines.

Current law and practices don't provide licensees with "prompt administrative adjudication or judicial review" of indecency fines, coalition complained. "The FCC uses its indecency forfeiture scheme to instruct broadcasters how to program their stations. The FCC frequently uses [notice of fines] to announce requirements that it expects broadcasters to follow and to threaten them with a wide variety of future sanctions should they refuse to comply."

NBC News has found it necessary to apologize twice within month because of inaccurate footage used in news report. Latest one dealt with Jan. 4 segment on evening news alleging that overcutting of timber in Ida. was endangering fish. Footage showed dead fish from different forest than one named (Clearwater Forest) and others that weren't dead but had been stunned for testing purpose. On Feb. 24 evening news, anchor Tom Brokaw said: "We regret the inappropriate video to illustrate what was otherwise an accurate report." Apology came after Sen. Craig (R-Ida.) had attacked NBC earlier same day on Senate floor, saying network had "twisted reality and sensationalized an issue... NBC's Clearwater Forest story goes to unjustified lengths to support predetermined conclusions. NBC has hoodwinked the nation again." Craig referred to NBC's Feb. 9 apology following rigging of test results on safety of GM trucks (TVD Feb 15 p3). Brokaw didn't address senator's claim that forest shown was actually in Wash. and that timber actually had been burned; senator said he was "certainly pleased they responded as quickly as they did."

REACTION TO AMERITECH WARY: Regulators and competitors were reacting warily last week to Ameritech proposal to, in effect, give it access to cable and information services market in return for giving competitors direct access to local telephone network. RHC, which serves 17 million customers in Ill., Ind., Mich., Ohio and Wis., said change would require approval of FCC, Justice Dept., local regulators. Full details could be filed with FCC and Justice Dept. as early as this week.

Plan could make it easier for cable operators to connect their switches or other equipment that supply services, including Personal Communications Services or even voice service, to Ameritech network. Ameritech Chmn. William Weiss said goal is to make "the local loop as fully competitive as long distance." Ameritech, in turn, would be allowed wider freedom to do information services, including cable video, and serve as long distance competitor.

NATOA "certainly supports the overall objective" of Ameritech plan, said NATOA Vp William Squadron, head of N.Y.C. Telecommunications Office, but "the huge question is how to handle the transition." He said regulators "can't suddenly subject everyone to the same rules overnight because the landscape doesn't change overnight. The difficult challenge is to manage the transition well." Among other things, Squadron said regulators must worry about cross-subsidies, which not only can hike cost of basic telephony, but also could preclude development of competitive market. FCC Chmn. Quello called Ameritech plan "a big step toward giving customers a full choice of local and long distance calling" but said Commission will have to study plan in detail.

NCTA spokeswoman called Ameritech proposal "interesting," but repeated cable's argument that telco-cable cross-ownership restrictions must remain in place until there's strong competition in local telephony market: "You can't dismiss the threat of cross-subsidies with a press release." She acknowledged that Ameritech's stated goal is competition in local loop, but said it's too early to tell whether that actually will happen until company files details of its plans with FCC.

Ameritech said it would ask FCC and state agencies for more flexible forms of regulation for existing services and for opportunity to offer other services. Ameritech didn't commit to providing any new services or types of services, but said it would take advantage of market opportunities.

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Faced with threats of legal and FCC action, Cablevision Systems said Feb. 23 it will reverse plan to drop 5 Conn. TV stations from program lineup of 95,000-subscriber Fairfield County, Conn., cable system. MSO told Conn. Dept. of Public Utility Control (DPUC) that it was dropping plan because of public opposition and would turn to alternate plan that includes: (1) Dropping independent WTXX Waterbury, which is being sold. (2) Creating additional channel capacity by combining Weather Channel and preview channel onto single cable channel, and combining 2 public and educational channels. New plan is contingent on Conn. stations' not charging retransmission consent fees, company said. Cablevision originally had said it wanted to drop stations, which largely duplicate programming of N.Y.C. stations that it would continue to carry, to provide channel capacity for additional cable networks. In reaction to original plan, Conn. Attorney Gen. Richard Blumenthal had said he would file court suit to stop plan as violation of franchise agreement, and Conn. Gov. Lowell Weicker (I) had asked FCC and DPUC to block change.

CABLE HURRY-UP URGED: Panelists at Tex. Cable Show in San Antonio last week said window of opportunity for cable provision of telecommunications service is "slamming shut." Ronald Johnson of Iowa Electric warned operators who want to build fiber networks to compete with local exchange carriers (LECs) that "big cities are done," leaving only smaller cities available, and wiring less dense areas with fiber may not be profitable.

But Sprint's David Scott said deregulation of local exchange business could be watershed for cable, comparing today's opportunities with 1983 Sprint entrance into long distance market. Sprint wants cable companies to enter telecommunications because it will "benefit from changing the status quo," he said. He said LECs "will find it difficult to respond" to competition because telcos don't have "a competitive culture, don't move fast and are saddled with an outdated network."

If cable operator does enter telecommunications, Johnson recommended that it form separate subsidiary. To be successful in alternate access business, "you have to focus, focus, focus," he said, and subsidiary shouldn't be identified with parent because of "stigma" attached to cable operators. Entry is "logical choice" for operators that already are installing fiber, said Robert Niles, pres. of American Cablevision, which provides telecommunications service in Kansas City. Bell Atlantic (BA) Information Services Dir. Robert Townsend said company definitely will enter cable in one of 3 ways: (1) As partner with cable companies, traditional program suppliers and new programmers in video distribution business. (2) As supplier that builds networks for clients. (3) As direct competitor to cable operators that provides programming on common carrier basis.

INDECENCY RULE APPEALED: FCC's new indecency rules for leased access channels are "system of censorship" that has "impeded the dissemination of programming" over such channels, according to appeal filed in U.S. Appeals Court, D.C., by ACLU, Alliance for Communications Democracy, Alliance for Community Media, People for American Way. Groups said new rules (TVD Feb 8 p9) violate First and 5th Amendments and are contrary to statute, arbitrary and capricious, violation of Administrative Procedures Act.

Rules are "seriously disruptive to leased access programming," appeal said, and don't provide public with any benefit beyond that of current rules requiring cable operators to provide lockboxes: "The Commission and the courts have previously recognized that lockboxes are an effective, content-neutral way for parents to prevent their children from being exposed to programming they deem inappropriate." In addition to contesting FCC rules, petition questions constitutionality of provisions of 1992 Cable Act that required Commission to conduct rulemaking.

Petition asks court to consolidate review with expected appeal of similar rules for public, educational and govt. (PEG) channels, which FCC is scheduled to issue within next 2 months. PEG channel rules are part of same Commission rulemaking, are based on same section of Cable Act and involve many of same legal arguments and analysis, petition said. Marjorie Heins of ACLU said FCC efforts to protect children means rules "reduce the adult American population to viewing only what is fit for children."

CABLEVISION ADDS FIBER: Cablevision Systems said it completed first stage of fiber upgrade in N.Y.C. metropolitan area and seeks to provide benefits of fiber to 1.1 million additional subscribers by 1995. That moves Cablevision from among lowest of major MSOs in fiber implementation to near top, according to our analysis of data collected in NCTA survey of fiber implementation. Analysis indicates more than 25% of U.S. cable subscribers benefit from some fiber in their systems. Among largest MSOs surveyed by NCTA, more than 35% of subscribers (13.6 million) have some fiber.

Cablevision said it's building nation's largest "electronic superhighway" (TVD Feb 1 p3) for its systems in N.Y.C. and L.I. Project, expected to cost \$300 million, will include more than 3,000 miles of fiber. Among other things, company will increase channel capacity, ease adoption of Personal Communications Networks, open door to multimedia and allow high-speed data links among medical institutions and other major facilities. MSO chose 750-MHz fiber system because it allows upgrade without risk and expense of 1-GHz operation, company said. It also believes digital compression will allow 750-MHz system to provide nearly unlimited number of channels without 1-GHz capacity.

Before N.Y. project, Cablevision had fiber in systems serving only 6.5% of its nearly 1.8 million subscribers, lowest figure among major MSOs, according to analysis of NCTA survey results. Adding fiber for 1.1 million N.Y.-area customers would raise ratio to 68.3%, one of higher figures. Cox has greatest fiber penetration, to 95.3% of its 1.7 million subscribers. Others with high fiber penetration included KBLCom (77.1% of 566,615 subscribers), TeleCable (63.6% of 649,061), Viacom (63.3% of 1.1 million), Scripps-Howard (57.8% of 649,181), Times Mirror (54.6% of 1.1 million).

Some of largest MSOs have been slow adopters of fiber, although they generally have announced major expansions. For example, TCI has fiber serving only 12.7% of its 8.9 million subscribers, and 2nd largest MSO, Time Warner (which has announced its own "superhighways" in N.Y.C. and Orlando) to 38.9% of its 6.8 million. Other fiber penetration figures include Adelphia 40.8% of 1.2 million subscribers, Cablevision Industries 28.6% of 1.2 million, Century 13.4% of 884,000, Colony 33.7% of 778,767, Comcast 33% of 2.5 million, Continental 31.3% of 2.9 million, Falcon 11.4% of 1 million, Jones 47.2% of 1.2 million, Newhouse 41.2% of 1.3 million, Sammons 38.4% of 990,000, Storer 23.9% of 1.6 million. (Subscriber figures are from Warren Publishing's *Television & Cable Factbook*).

Most N.Y.C. TV stations were forced off air Feb. 26 as result of powerful explosion at World Trade Center; police said it may have been bomb. Stations, with exception of WCBS-TV, had to cease broadcasting about 1:30 p.m. when power was cut off to building, where their transmitters are located. WCBS-TV was able to switch immediately to standby transmitter on Empire State Bldg. Programming of WNET N.Y.-Newark was switched to WNYE-TV, which also has transmitter on Empire State Bldg. Other stations still were off air late Fri. afternoon.

All sectors of TV advertising increased in 1992, with overall 6% gain over 1991, TvB reported Feb. 25, quoting figures supplied by Arbitron MediaWatch. National syndication (which includes Fox TV Network) had largest increase at 12%. Local and national spot billings each were up 6%, while big 3 TV networks together gained 5% (although ABC showed decline). By TV networks, ABC dropped to \$3.04 billion last year from \$3.2 billion in 1991, CBS was up to \$3.36 billion from \$2.92 billion, NBC up to \$3.58 billion from \$3.34 billion.

PPV TO SPLIT AUDIENCE: MTV Networks Chmn.-CEO Thomas Freston said cable networks could face same ratings loss to pay-per-view that broadcast networks did when cable arrived. "If we quintuple the number of channels, there'll be dilution of ratings," he said at IRTS seminar in N.Y. However, he stressed that having more channels on systems doesn't necessarily mean today's networks have to worry about swarm of newcomers grabbing their viewers away. "Most of the big ideas have been taken," he said. PPV officials, meanwhile, believe marketing problems are limiting usage.

Despite its potential, PPV has been less successful than it could be because of high pricing, difficult ordering procedures and complex scheduling, panelists at Kagan PPV seminar in L.A. said. Failure to promote PPV is reason it ranked as worst buy of 50 products in recent Conference Board survey, Request TV Pres. Hugh Panero said. Industry should be spending 15-20% of projected revenues on ads, Action PPV Chmn.-CEO Andre Blay said.

Current pricing for PPV doesn't make sense, Jones Intercable PPV Dir. Nancy Anderson said, pointing out that while it comes after home video, cable companies charge more than average video rental. Jones' research shows consumers don't feel PPV's added convenience justifies cost. Viewer's Choice Senior Programming Vp James English agreed prices must come down. Satellite-delivered service received 4.5% response rate in market test in which it offered 99¢ movies to first-time PPV buyers, he said.

Even in face of potential ratings dilution, basic cable networks still will make money, Lifetime TV Pres. Douglas McCormick predicted at IRTS. "There are far smaller ratings in 1992 versus 1972, but there also are more dollars," he said. "Advertisers have decided TV is the best way to sell a product." Studios and networks react positively to possibility of PPV system with 500 channels when they see it presents them with opportunities too, Discovery Communications Chmn. John Hendricks said.

FCC Comr. Duggan warned of possibility of denying new technologies to those who can't pay for them: "There's a possibility that less affluent viewers will sit in the cheap seats." Among challenges posed by greater number of offerings is difficulty of finding unity among audience that's "atomized," with each segment watching different program. Duggan predicted broadcast networks would maintain cultural dominance, but cautioned that there's no certainty they would remain on top: "If General Motors or IBM can fail, the networks can self-destruct."

Combined revenues of big 3 TV networks increased 6.9% in 1992 over 1991, according to Ernst & Young survey for Best. Cable Financial Management Assn. (BCFM). Total revenues for year were up \$488.57 million to \$7.57 billion, BCFM said. However, 4th-quarter revenues inched up only 0.7%, with prime time down 2.07%, news up 17.22%, late night up 4.58%, daytime down 0.7%. For full year, sports, buoyed by Winter and Summer Olympics, jumped 45.78% to \$692.8 million, while prime time was down 7.07%, late night down 3.28%. No breakdown was provided for networks individually.

AAF's annual Govt. Affairs Conference is scheduled March 3, Willard Hotel, Washington. Speakers include Senate Commerce Committee Chmn. Hollings (D-S.C.), Senate Minority Leader Dole (R-Kan.), House Ways & Means Committee members Kopetski (D-Ore.) and Grandy (R-La.), Wis. Attorney Gen. James Doyle -- 1-800-999-2231.

Personals

Richard Evans, ex-Dorna USA, appointed exec. vp-COO, Gaylord Entertainment, new post... **Joseph Berwanger**, vp-gen. mgr., KDKA-TV Pittsburgh, named pres., Group W TV Sales, effective March 15... **William Frank**, pres.-gen. mgr., KCOP L.A., appointed exec. vp, parent Chris-Craft Industries, succeeded at KCOP by **Rick Feldman**, station mgr.; **Robert Qudeen**, ex-KBHK-TV San Francisco, named vp-gen. mgr., Chris-Crafts' WWOR-TV N.Y.-Secaucus, N.J., replacing **Michael Alexander**, resigned... **Charlotte Kandel** named Time Warner senior vp-worldwide publicity and promotion.

Robert Hynes, ex-NBC Washington corporate vp, joins lobbying firm Davidson Colling Group, which moves to 1101 Pa. Ave. NW, Washington 20004, 202-638-1101... **Leonard Kennedy** named partner, Dow, Lohnes & Albertson law firm... **Hugh Latimer**, ex-Washington law firm Pepper, Hamilton & Scheetz, joins Wiley, Rein & Fielding as partner; **Alan Price** and **Daniel Troy** promoted to partners... **Richard Waysdorff**, Washington law firm Jones, Waldo, Holbrook & McDonough, and **Mark Van Bergh**, of Gardner, Carton & Douglas, form communications law firm Waysdorff & Van Bergh, effective March 1, 202-785-2870.

FCC Calendar: March 1 -- Chmn. **Quello** addresses NAB state leadership conference, 10:15 a.m., J.W. Marriott Hotel, Washington. **Roy Stewart**, Mass Media Bureau chief, and commissioners' legal aides participate on "M St. Dialogue" panel at same conference, 9:15 a.m. **Thomas Stanley**, chief engineer, speaks at Cellular Telecommunications Industry Assn. convention, Dallas Convention Center, 2:30 p.m. March 3 -- Comr. **Duggan** will be luncheon speaker at CTIA convention. **Beverly Baker**, deputy chief, Private Radio Bureau, speaks at CTIA convention, 11 a.m.

Clinton Administration officially recommended to House Commerce Committee that legislation to allocate 200 MHz of govt. spectrum include auction authority. But House Telecom Subcommittee Chmn. **Markey** (D-Mass.) said Feb. 23, during markup of bill (HR-707) which doesn't include auctions, that subject would be dealt with later as part of "comprehensive licensing reform package." Committee adopted bill on voice vote, with Rep. **Oxley** (R-O.) noting that conditions may be more favorable now for auctions because of new Administration's backing: "The game may have changed." Commerce Dept., in letter Feb. 22 to Commerce Committee Chmn. **Dingell** (D-Mich.), said that President Clinton's budget proposes to raise \$4.4 billion in FY 1995-FY 1998 through auctions. **Carol Darr**, Commerce acting gen. counsel, wrote: "Accordingly, the Administration believes that legislation should be enacted which includes competitive bidding provisions." She said Commerce would work with Committee to put auction language in HR-707 or another appropriate bill, such as budget reconciliation. Commerce also had other technical concerns about provisions that would limit Administration's flexibility to substitute frequencies, and that would require advisory committee to be set up at time when Administration is trying to eliminate such panels. **Markey**, who said "HR-707 is one bill that's going to fly," said hearings would be held on auctions in spring, but he wanted to make certain that they didn't lead to situation in which all spectrum would be purchased by large companies. **Dingell** also committed to dealing with issue, while voicing concern over selling spectrum, which he termed "public trust." OPASTCO last week released position paper opposing auctions as harmful to rural interests.

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NCTA can intervene in Bell Atlantic (BA) challenge to 1984 Cable Act prohibition on telco entry into cable but only to file briefs, U.S. Dist. Court, Alexandria, Va., ruled. Court set May 13 trial date. NCTA will intervene on side of federal govt. to defend constitutionality of ban on telcos' owning cable systems within their service areas, will claim that limit is justified because telcos have "unparalleled power" to overwhelm cable competitors. BA had said NCTA shouldn't be allowed to participate because case doesn't involve Assn. or its members, merely questions whether there's enough public interest to justify free speech limits.

OBITUARY

William C. Fitts Jr., 87, CBS exec. for nearly 2 decades, died Feb. 21 at St. Raphael Hospital, New Haven, after brief illness. Cause of death wasn't given. After graduating from Yale Law School, he spent several years with Tenn. Valley Authority before joining N.Y. law firm Fly, Fitts & Shuebruk in 1945. He moved to CBS in 1950, where he was vp-labor relations and employe relations until retiring in 1969. He then served in labor relations with Allied Maintenance Corp. until 1975. Survivors include 3 sons, 3 daughters.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	FEB. 6-12	1992 WEEK	% CHANGE	JAN. 30- FEB. 5	6 WEEKS 1993	6 WEEKS 1992	% CHANGE
TOTAL COLOR.....	351,324*	288,333	+21.8	263,082	2,204,994*	1,878,066	+17.4
DIRECT-VIEW...	345,782*	282,930	+22.2	258,301	2,163,078*	1,838,061	+17.7
TV ONLY.....	327,475*	272,218	+20.3	251,157	2,063,415*	1,756,053	+17.5
TV/VCR COMBO.	18,307*	10,712	+70.9	7,144	99,663*	82,008	+21.5
PROJECTION....	5,542	5,403	+ 2.6	4,781	41,916*	40,006	+ 4.8
VCR DECKS.....	150,976	158,997	- 5.0	102,224	1,110,694	1,071,315	+ 3.7
CAMCORDERS.....	17,038	19,796*	-13.9	18,387	202,743*	185,472	+ 9.3
LASERDISC PLYRS#	1,927	2,786	-30.8	4,135	20,480	31,045	-34.0

Direct-view TV 5-week average: 1993--374,884*; 1992--314,881 (up 19.1%).

VCR deck 5-week average: 1993--191,932; 1992--187,266 (up 2.5%).

Camcorder 5-week average: 1993--35,468*; 1992--31,269 (up 13.4%).

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

STRONGER YEN COULD PUSH U.S PRICES UP: With Japanese consumer electronics companies reporting ever greater declines in profitability as slump continues in Japan and Europe, eyes increasingly are turning toward U.S. where business is comparatively good.

Yen last week hit postwar high against dollar, and Japanese companies of necessity must consider raising prices in U.S. for products with heavy Japanese content -- not only in attempt to compensate for losses in domestic market but also to avoid any appearance of selling below fair market value.

Ken Iwaki, chmn. of Sony America and deputy pres. of parent company, expressed dilemma last week in interview with Japan's Nikkei newspaper. He said Sony is considering adding surcharge to cost of products it sells to its U.S. subsidiary to compensate for appreciation of yen. In past, according to article, Sony has been able to absorb some of decline in dollar through cost reduction, but there's little opportunity left for significant cuts. At same time, he's quoted as saying, U.S. market probably has room to absorb price increase, thanks to comparatively good economy here. Sony America spokesman indicated such action is under consideration.

TANII OUT AS MATSUSHITA NET CONTINUES FALL: Worldwide economic woes continued to batter finances of major Japanese companies, with Matsushita and Pioneer last week reporting sharply reduced sales and earnings for 3rd quarter ended Dec. 31. Companies' reports follow by week similarly downbeat announcement by Sony (TVD Feb 22 p10).

Matsushita report was accompanied by terse statement announcing immediate resignation of Pres. Akio Tanii only days after his 7th anniversary in job, to be replaced by Exec. Vp Yoichi Morishita. Tanii said he was resigning to take responsibility for 2 of major mishaps in last 2 years -- loan fraud scandal at National Leasing subsidiary that cost company about \$200 million, and shipment of 700,000 defective refrigerators in domestic market that also cost company millions of dollars. Fact that resignation takes effect immediately -- in most cases they're announced well in advance of effective date -- has led some to believe that Tanii also is taking blame for Matsushita's declining financial fortunes. In Tokyo news conference, Tanii said he was resigning of own volition, not being forced out.

Matsushita's consolidated sales in quarter dropped 6% to \$15.1 billion (at 125 yen = \$1, rate at end of quarter), sending operating profit down 29% to \$767 million, with pretax income plunging 60% to \$402 million and net income off 76% to \$100 million. Sales for first 9 months were down 5% to \$43.2 billion, with operating profit off 45% to \$1.47 billion, pretax income off 63% to \$945 million, net income off 78% to \$231 million. Domestic sales dropped 9% to \$7.68 billion and overseas sales 3% to \$7.39 billion.

Video and TV sales continued year-long slump, with largest drop by far of any merchandise category, down 16% in quarter to \$3.3 billion. Company blamed shortfall in sales of TVs, video equipment and audio products (last category off 3% to \$1.43 billion) on "generally weaker" demand everywhere except in Asia. Communication and industrial equipment was only category to show increase in quarter, up 3% to \$3.33 billion. For 2nd consecutive quarter, that was largest sales classification, having overtaken video, traditionally biggest Matsushita sales area. Increases were led by jumps in sales of cordless phones in Japan and of printers, hard disc drives and fax machines in overseas markets. Component sales were off 5% to \$1.77 billion on lower semiconductor sales, while home appliances declined 3% to \$1.97 billion. Entertainment revenues dipped 9% to \$1.35 billion, although company cited success in theme parks and several MCA/Universal movies.

Matsushita, like others, explained soft sales by citing weak worldwide economic conditions, with exception of Asia, where it achieved "favorable sales advances." It cited "effect of unstable employment conditions on the slow economic recovery of the U.S.," as well as "ongoing recessionary climate in Japan" and "prolonged European economic setbacks." Profits, it said, were hurt by stronger yen and "higher capital investment depreciation."

Morishita, 58, is 35-year Matsushita veteran who was named exec. vp in Dec. He came up primarily through sales side, was named managing dir. of Consumer Product Sales Div. in 1989, senior managing dir. in 1990, and was put in charge of Living Business Group in Dec. 1991. At Tokyo news conference, he said he plans to continue "management innovation program" begun by Tanii. He said era of pursuing only mass market sales has passed, and company must become more customer-driven in areas such as quality and service. He also cited importance of improving performance in domestic Japanese market and forecast that major issue for 21st century would be how to develop Chinese market.

* * * * *

Pioneer's consolidated net income plunged 60.8% in 3rd quarter to Dec. 31, with operating income off 50.3%. For year's first 9 months, net income and operating income both were down 51%. Consolidated sales decreased 9.6% in quarter and 2.5% in 9 months (see financial table). Company blamed "sluggish sales and the strength of the yen."

Particularly hard hit were audio and video product sales in Japan, "primarily minisized compact stereo systems, laserdisc players and commercial laser karaoke systems," company said, but "favorable sales" were registered in car navigation systems, auto CD players, audio/video software. Pioneer's total video product sales dropped 15.6% in quarter from 1991's same period, audio products 13%, while car electronics were up 2.6% and "others" down 4.9%. Figures indicate sales worsened in quarter, since 9-month declines aren't as great, while car electronics were up 10.3% for the full period.

In N. America, Pioneer said, "overall sales dropped slightly in yen terms, but sales of projection TVs and car CD players rose," while sales were down in Europe because of "weak economic conditions." Domestic sales declined 16.6% in quarter, overseas sales 4.3%. For 9-month period, overseas sales were up 3.1% but domestic sales dropped 19.6%. In 3rd quarter, 60% of Pioneer's sales were overseas, up from 56.6% in same year-earlier period.

Pioneer forecast continued "difficult operating environment, caused by economic uncertainty worldwide, unstable currency exchange rates and intensifying competition in our major markets." Company promised to strengthen R&D capabilities and improve cost effectiveness. "Building on such examples as our car navigation systems, rewritable videodisc recorders and high definition LD players, we will emphasize the development of innovative products that create markets."

Meanwhile, TDK reported 2.8% sales decline to \$1.1 billion and 22.3% net income drop to \$40.4 million in quarter. Recording media, which account for slightly more than 1/3 of sales, posted 5% sales decline, while electronic materials and components were off 1.6%. In latter segment, strong sales of semiconductors and magnetic heads, combined with demand from personal computer manufacturers, was more than counterbalanced by sluggish market for components for audio and video hardware. Recording media business

was characterized by unit volume increases but severe price declines. Company said it had higher sales of floppy discs, but lower revenues from audio and video tape.

* * * * *

JVC will liquidate 3 subsidiaries before end of its fiscal year this month. Most significant is shutdown of JVC Magnetics Europe and end of production in its Düsseldorf plant, affecting 100 employees. JVC will supply tape to European market from its plants in Japan and U.S. It also will eliminate J2T holding company in Holland, but will continue to operate J2T VCR plant in Germany. It will combine 2 magnetic recording equipment subsidiaries in Japan. Loss incurred by those moves will be offset in part by sale of 2 Japanese recording companies (Polydor, Nippon Phonogram) to PolyGram and by sale of some real estate to subsidiary Victor Musical Industries.

1992 COLOR TV IMPORTS AT HIGH 11,594,000: Sparked by 28% increase in shipments from Mexico, color TV imports rose 22.5% last year to 11,594,100, probably all-time record. VCR imports increased more than 20%, but camcorders declined 26% from record set in 1991, according to full-year Commerce Dept. import figures.

Color sales last year set record at least since 1987, and probably for all time. However, change in Commerce Dept. import classifications makes it difficult to determine. In 1987, imports totaled 14,360,000 sets, but that included chassis & kits, actual complete color sets totaling 8,790,000.

One record that certainly was broken was that for CD players, of which nearly 9 million were imported last year, increase of 19.5% over 1991. VCR deck imports were up 21.4% to 15.2 million, which nevertheless was far shy of 1986's record of more than 17 million. Monochrome TV held its own at 2 million sets, while "flat-screen" TV -- believed to be mostly LCD -- jumped 34.9% to 400,000.

In full-year camcorder imports, 8mm format represented 42.6% of total, declining 27.1%, while others (VHS, VHS-C) fell 25.3%. Japan was source of nearly 93% of camcorders last year, only other significant source countries being Korea (which shipped 101,000) and Malaysia (83,000).

Japan accounted for only 37.6% of VCR imports last year, all-time low for any year -- and in Dec. its share sank to new monthly low of 28.6%. For 1992, shipments from Japan were down, while all other source countries except Taiwan showed increases. After Japan, major VCR sources are Korea, Malaysia, Thailand, Indonesia and Singapore, in that order.

In analysis of 1992 color TV imports by screen size, trend that stands out is increased volume of large-screen sets. For first time, 21"-and-over category represented more than million sets, soaring 84% over 1991, and increasing in share of imports to 9.4% from only 3.1% in single year. While imports of 13", 19" and 20" sets increased substantially, their share of total declined. That jump in large-screen sets reflects increasing production in Mexico, much of it sparked by move of most Zenith assembly there.

Last year, 55% of imported color TV sets came from Mexico, with Malaysia 2nd largest unit source, followed by China and Korea. How completely Mexico dominates all significant size categories is shown in table of imports by screen size below. Data here are subject to usual misclassifications. Combinations refer to combinations with radio and/or cassette, not VCR.

Size or Type	Total	% Change	% of Total		Dominant Source
			1992	1991	
8" & under.....	181,000	+ 9.3	1.6	1.7	China
9-10".....	489,200	+29.4	4.2	4.0	Mexico
11-12".....	640,700	+24.3	5.5	5.4	Mexico
13".....	3,707,600	+16.9	32.0	33.5	Mexico
14-15".....	285,800	- 0.4	2.5	3.0	Mexico
16-18".....	6,500	+ 5.0	0.05	0.06	Thailand
19".....	3,105,100	+19.5	26.8	27.4	Mexico
20".....	1,649,500	+10.9	14.2	15.7	Mexico
21" & over.....	1,095,600	+84.0	9.4	3.1	Mexico
combinations.....	189,300	-28.4	1.6	2.8	China
monitors.....	113,900	-22.7	1.0	1.6	Mexico
unclassified.....	130,100	-11.7	1.1	1.6	Mexico
TOTAL COLOR ...	11,594,100	+22.5	100.0	100.0	Mexico
TOTAL B&W.....	2,122,800	- 2.2	100.0	100.0	China

Following is table of Dec. and 1992 imports in units, by product. Breakdown by country will be found elsewhere in this issue.

Product	Dec. '92	Dec. '91	% Chg.	1992	1991	% Chg.
Color TV.....	989,400	845,300	+17.0	11,594,100	9,466,900	+22.5
Monochrome TV....	193,000	239,100	-19.3	2,122,800	2,171,300	-2.2
Flat-screen TV...	25,300	21,700	+16.6	399,300	296,000	+34.9
VCR decks.....	979,000	1,320,800	-25.9	15,238,100	12,548,100	+21.4
Camcorders.....	209,100	271,700	-23.0	2,863,400	3,873,300	-26.1
8mm.....	102,700	133,700	-23.2	1,220,400	1,674,100	-27.1
Other.....	106,500	138,100	-22.9	1,642,900	2,199,300	-25.3
Videocass.players	58,700	43,350	+35.3	630,500	652,300	-3.3
CD players.....	441,900	710,310	-37.8	8,888,600	7,440,900	+19.5

USPL SEES MODEST PROJECTION TV GAINS IN 1993: Annual forecast of projection TV (PTV) market by U.S. Precision Lens (USPL), which makes lenses for most of world's sets, has become industry tradition since 1983. This year's edition of "Projection TV: Past & Future," to be published this week, envisions 10% gain in U.S. domestic sales and continuing tough price competition, with 50"-and-above screen size increasing share to 50% of market. For 11th consecutive year, TV Digest is first to carry highlights of this authoritative continuing study.

USPL's forecast of 445,000 sets sold to dealers for consumer market this year is more conservative than EIA's 460,000 (TVD Jan 11 p10). USPL expresses some doubt that improvement in U.S. economy will have major impact on sales. Actual sales to dealers last year totaled 404,303 sets, up 6.4% from 1991, according to EIA data, short of USPL's forecast year ago (435,000) as well as EIA's consensus prediction of Jan. 1991 (415,000), and more in line with TV Digest forecast of 400,000 (TVD Jan 6/92 p7).

Export market grew dramatically in 1992, USPL says, quoting EIA figures showing sales rose more than 60% to 26,000 from 16,000 in 1991, raising total domestic and export sales to 430,000. Report speculates that exported sets go to Canada, Mexico and other NTSC countries. It forecasts export sales growth of more than 50% this year to more than 40,000, which would increase domestic plus export total to at least 485,000. USPL believes gain in export sales will "help the overall cost structure of PTV sets as the total quantity manufactured continues to grow." PTV exports in 1990 totaled 7,000, up from 5,000 in 1989, 3,000 in 1988, 2,000 in 1987.

Trend to larger screens will continue, biggest increase coming in 50-54" category, at 41% of total, up from 37% in 1992, while 55" and higher will grow to 9% from 8%. In smaller sizes, 45-49" will dip to 44% from 45% while sets of smaller sizes will drop to 6% of total from 10% last year, according to forecast. Other highlights from report:

Consumer sales in 1992, although record, could have been much better but for "overall poor economic conditions in the U.S., especially in California." European and Japanese markets suffered much more. Estimated 13,000 sets were sold in Europe, down more than 40% from 1991. Japanese sales were off about 10% to 60,000. Worldwide institutional sales were about 30,000, up 10% from 1991.

"Significant price reductions" occurred in 1992, "causing profitability... to become a major concern" as difference in performance between high- and low-end models narrowed. "Fierce competition" in 35" direct-view sets has resulted in "dramatic price reductions, making it very difficult for 40-inch PTV sets to compete." While pipeline inventories hit 5-year high of about 16 weeks' supply in mid-1992, they had dropped to 9 weeks by year-end, at least partly as result of "manufacturers' taking a level-load approach to production throughout the year." Unlike previous years, there appear to have been no problem of component shortages in 1992.

Among product trends are use of tinted plastic in front of screen as protective device and to improve contrast, which nonetheless "degrades picture quality" but makes set look more like direct-view. Once again overall picture performance improved in 1992. As for LCD projection, USPL believes CRT will continue to be primary picture source for next few years, at least. Despite efforts to develop LCD projection systems, "most PTV makers believe the obstacles to making [LCD] rear screen sets are formidable and will not be overcome soon." Among problems cited: High manufacturing cost, poor brightness, inadequate lamp life.

"We expect improvements in these areas in 1993 [but] we are not forecasting that a rear-screen LCD-based system will be introduced in the U.S. market in 1993."

Copies of report are available from USPL Pres. David Hinchman or Sales & Mktg. Vp David Szkutak (513-752-7000).

DIGITAL FEE RULES: May 15 is important date for manufacturers and importers of consumer digital audio recorders and blank media. It's deadline for first filings and payments of royalties due on products distributed from Oct. 28 through end of 1993's first quarter March 31. Oct. 28 was date digital audio legislation was signed into law by then President Bush.

Copyright Office (CO) last week released interim regulations on quarterly and annual "statement of account" filings required by law. Filings are to accompany actual royalty payments to CO by manufacturers and importers of Digital Compact Cassette (DCC) decks, MiniDisc (MD) recorders, Digital Audio Tape (DAT) machines and other consumer digital audio recorders and blank media.

CO said companies have option of reporting on calendar or fiscal year basis, but must stick with chosen schedule for 3 years and then may change only upon written approval from agency. Spokesman in CO's Licensing Div. said statement of account forms are being drawn up and will be available for distribution by end of March.

Notice accompanying interim rules contained few surprises, except for CO's plan to charge interest on late royalty payments. It said law's purpose is to compensate music copyright owners for private, noncommercial recording of their works, while fostering better flow of new digital audio technologies by removing threat of copyright lawsuit, such as one that impeded success of DAT market. CO said that if royalty payments are late, "the goal of compensation is frustrated and copyright owners suffer from loss of the present value of funds."

CO said establishment of rules requiring interest on late payments is within agency's authority and "consistent with the intention of Congress." It said interest rate will be that quoted by Treasury Dept. on first business day after filing deadline for accounting period in question. CO source said most recent rate of 4% was published in Oct. and isn't likely to change until new rate is set in fall. CO said interest payment requirement will be waived if total interest due is \$5 or less. Comments on interim rules are due March 24. Details -- Copyright Office, 202-707-8380.

Ads & Promotions: Kodak is offering \$50 in coupons toward cost of Photo CD transfers to those buying Kodak Photo CD players March 15-Sept. 30. Coupons will be available at Photo CD dealers, to be mailed in with proof of purchase... Hitachi awarded trips to Paris and EuroDisney and Super Bowl in Pasadena to 4 retail salespeople who participated in company's Nov.-Dec. "Picture Perfect" Sweepstakes. Company said it received more than 100,000 consumer entries and will announce sweepstakes winners shortly.

Fuji's videotape plant in Greenwood, S.C., is now complete, company announced, resulting in one of biggest VHS factories in world, ready for full production. The \$100-million facility can produce equivalent of 150 million T-120 cassettes annually. Plant has been producing in limited quantities since Nov. 1991.

ZENITH UPHELD IN DUMPING CASE: Commerce Dept.'s International Trade Administration (ITA) last week threw out claim by 5 Taiwanese TV manufacturers that Zenith isn't U.S. TV manufacturer and therefore has no standing to participate in administrative review of antidumping case against them (TVD Feb 1 p14, Jan 25 p11).

ITA said "new information" submitted in Jan. and Feb. by attorneys for Taiwan companies was provided after deadline, which was last Nov. 18. As for Zenith's standing to participate, ITA said it's "not required to consider standing at any stage of a review" and "absent timely opposition, standing may be presumed." It noted it already had determined that Zenith had standing in case and cautioned that it wouldn't accept any "new information" in future briefs related to review.

At week's end, William Clinton, attorney for Taiwan manufacturers, asked Commerce for "changed circumstance" review of antidumping duty orders on Taiwanese color TV receivers on ground that "there has been no U.S. color TV industry" since April 1, 1992, at latest.

Meanwhile, International Trade Commission (ITC) is expected to embark on major study of possible cost of antidumping actions to U.S. economy. Inquiry was requested by Carla Hills shortly before she stepped down as U.S. trade representative. ITC was asked to look into effect of antidumping duties and other protectionist actions on U.S. competitiveness. Among factors to be studied are effect on U.S. consumers, parts and components producers, workers, protected industries.

Go-Video registered 2nd straight profitable quarter, with \$60,000 net income for period ended Jan. 31 as sales increased 186% to \$8.6 million (see financial table). Chmn.-CEO Terren Dunlap said company expects "continued sustainable growth compared with our previous fiscal year" on basis of new product line and "new management controls we are implementing." Go-Video last month named new executive team, including Pres.-COO Roger Hackett, citing belief that company needed more stringent financial controls to move into "a different phase in our growth." It's now shipping its first 4-head hi-fi dual deck VCR, and expects to begin shipments to retail of rest of new 3000 series within 2 months.

Consumers' plans to buy TVs soared to year's record in Feb., according to preliminary figures from Conference Board's monthly survey. Some 7.5% of households planned to purchase TV within next 6 months, up from 4.8% in Jan. and 6.6 in Feb. 1992. High for 1992 was 7.2% in March and low was 4.2% in July. Conference Board's Consumer Confidence Index declined 8 points to 68.5 (1985 = 100) in Feb., but Board noted survey was conducted in 2-week period immediately preceding President Clinton's State of the Union speech.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 117 yen = \$1, except where noted.

TANDY REVAMPS NAME BRAND GROUP: Tandy's Name Brand Retail Group (TNBRG) has reorganized merchandising, marketing and operational responsibilities of executives now that it has made commitment to transfer Incredible Universe (IU) from test tube to retail operation. Company's 4 formats of stores have been split into 2 operating groups -- Mall Stores, encompassing The Edge in Electronics and VideoConcepts (VC), and Destination Stores, including IU and McDuff. "In a merchandising and marketing sense, they are going to operate as 2 separate companies," TNBRG Pres. Vic Sholis said.

TNBRG is putting most of its near-term expansion muscle behind IU, with Tandy Chmn. John Roach forecasting opening of 14 more IU stores by end of 1995. Sholis said he would like to open 2 more this year and expects to announce at least one for fall within next month. He said proliferation of formats made it "unrealistic" to expect same organization to operate so many diverse stores effectively. Mall Stores will be headed by Mdsdg. Dir. Chuck Thompson, formerly gen. mgr. of The Edge, and Div. Mgr. Brent Hutton, who held similar operational post at VC. VC Mktg. Mgr. Dan Stell will have same position for Mall Group, reporting to Thompson. Destination Stores group will be headed by Mdsdg. Vp Hank Allen. Reporting to him will be Budd Ferman, McDuff divisional mgr., and Richard Hollander, who continues as vp for Incredible Universe.

Sholis said groups "aren't going to share the same piles of merchandise" because distribution operations will be separated, probably within 90 days. He acknowledged new arrangement could become "a little awkward" for vendors that now will have to deal with separate buying staffs, rather than single person for all TNBRG chains.

In related move, Tandy is converting 31 McDuff mall stores into VC stores in Dallas-Ft. Worth, Denver, San Jose and Tampa -- areas in which Tandy has closed free-standing McDuff locations as part of general retail reorganization (TVD Jan 18 p10). "We think the VideoConcepts name, merchandise mix and general strategy is more of a pure mall strategy than McDuff," Sholis said. VC marketing plan is built on generally higher ticket items and selling proposition based on attracting mall traffic, rather than using hot prices on advertised products as do destination retailers. However, company has been increasing mix of personal electronics items in VC stores in effort to entice more passersby. Sholis acknowledged difficulty some high-ticket retailers have had in getting salespeople to sell low-ticket electronics and said company is considering altering compensation plan to make it more attractive.

Using McDuff name in mall locations where there are McDuff destination stores is good news/bad news proposition, Sholis said. Mall store gets support of superstore advertising, but also is forced to carry low-margin traffic builders that wouldn't normally make it into mall. Front half of that dilemma is winning out, Sholis said. "The name recognition, if you have it, and the advertising power, is something you don't want to give up."

* * * * *

Circuit City reportedly shares Sholis's view on power of name recognition within mall environment. Trade sources said company has embarked on program to change name on all its Impulse stores to Circuit City Express, name with which it has experimented in Cincinnati, Philadelphia, Phoenix (TVD Jan 18 p12). Circuit City spokeswoman said she wasn't aware of plan to change name on any Impulse stores beyond those in experiment.

1992 IMPORTS BY COUNTRY: Japan continued to decline as source for VCRs, dropping to 28.6% in Dec., according to Commerce Dept. import data, while Korea, Malaysia, Thailand, Indonesia and Singapore scored major increases for 1992. In color TV, Mexico increased its dominance with 28.1% gain while China rose 53.6% and most other major source countries dropped. Here's table of VCR and TV imports by country for 1992 and Dec.:

	Dec.	% Chg.	1992	% Chg.
VCR Decks				
TOTAL....	979,000	-25.9	15,238,100	+21.4
Japan....	280,200	-49.7	5,735,600	- 7.5
Korea....	189,300	-45.2	3,460,300	+27.6
Malaysia.	250,600	+12.2	2,552,800	+55.1
Thailand.	69,300	-31.3	1,760,900	+20.5
Indonesia	114,200	+240.6	974,500	+1226.9
Singapore	61,000	+96.2	517,800	+128.7
Taiwan...	13,300	-53.7	212,300	- 4.9
Hong Kong	200	*	3,600	*
TV Sets				
TOTAL....	1,182,400	+ 9.0	13,716,900	+17.9
color....	989,400	+17.0	11,594,100	+22.5
b&w....	193,000	-19.3	2,122,800	- 2.2
Mexico				
total....	568,900	+46.6	6,339,900	+28.1
color...	568,900	+46.6	6,339,000	+28.1
b&w.....	0	--	900	-32.8
China				
total...	146,100	+12.7	1,559,900	+30.6
color...	79,500	+24.3	855,700	+53.6
b&w....	66,500	+ 1.5	644,200	-11.5
Korea				
total...	79,900	-53.1	1,278,200	-26.0
color...	32,200	-69.8	749,600	-17.6
b&w....	47,700	-25.1	498,600	-35.9
Malaysia				
total....	103,000	+ 3.4	1,265,300	+22.0
color...	80,900	+12.7	1,054,300	+15.6
b&w.....	22,000	-20.9	211,000	+69.1
Thailand				
color...	129,100	+38.2	1,232,500	+63.7
Taiwan				
total...	54,900	-21.8	612,300	-25.6
color...	9,100	-70.0	153,000	-66.6
b&w....	45,800	+14.8	459,300	+25.8
Singapore				
color...	38,800	-24.0	592,800	+29.0
Japan				
total...	23,900	-37.7	352,200	- 8.7
color...	14,900	-43.5	227,500	-13.3
b&w....	9,000	-24.7	124,800	+ 1.1
Philippines				
total...	11,300	+138.1	110,700	+ 5.0
color...	11,300	+138.1	105,300	+ 2.5
b&w....	0	*	5,450	+100.4
Hong Kong				
total...	12,300	-22.6	214,800	+33.9
color...	10,500	+109.9	172,400	+123.7
b&w....	1,700	-84.0	42,400	-49.2
Canada				
color...	12,000	+226.3	100,100	+459.0

* No significant shipments in 1991.

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

Large-screen TV sets 30" and over posted 70% gain in sales to dealers in Jan. over 1992 month, EIA Consumer Electronics Group announced.

REMOTE PATENT SQUABBLE: Can consumer be sued for using programmable remote control? That interesting question has come up in little-noted court dispute between Zenith and 2 manufacturers of aftermarket remote units.

Issue apparently first was raised as sidelight to trademark infringement and unfair competition suit filed in U.S. Dist. Court, Albany, N.Y., by Zenith against Brad Cable Electronics, N.Y., which was marketing remote control unit under trade name "ZEN-2200." In addition to charging infringement of Zenith trade name, Zenith alleged that Brad also infringed and contributed to infringement of 1984 Zenith patent for "IR Remote Control System."

Although Zenith declined comment on details of whether it contacted other makers of programmable remotes, Universal Electronics (UE), major manufacturer of aftermarket remotes, filed suit last year asking U.S. Dist. Court, Chicago, to declare Zenith's patent invalid and unenforceable, charging that those involved in patent knew of existence of prior art and asking that Zenith be enjoined from suing for patent infringement. UE also asked that it be ruled not to have infringed or contributed to infringement.

Zenith responded by filing suit against UE denying allegations and charging its "infrared transmitting device" operates Zenith products by "executing the signaling protocol defined" in its patent, accusing UE of "inducing of infringement and contributory infringement" because users of its remote control units "directly infringe" its patent. Zenith asked for jury trial.

UE then asked summary judgment on infringement issue, stating that: (1) Zenith's patent relates to remote control requiring "both a transmitter and a receiver," while UE's device is transmitter only. (2) UE's remotes employ variety of codes for many receiving devices utilizing several different "modulation schemes" other than "single-word multibit code" covered by Zenith patent.

In support of its motion, UE told court that "Zenith must prove that its own customers who have already paid for a TV or VCR with a remote control system become direct infringers when they operate their TV or VCR with Universal's remote." By accepting customer's money, Zenith has "knowingly allowed the customer to use its patented method without any limitation," UE said. UE also said user replacing Zenith remote with another one is "simply repairing his/her property."

UE even cited Betamax decision by Supreme Court in connection with argument that its remote control has "substantial noninfringing use" (in combination with other TVs and VCRs). In that landmark case, Court cited patent law to indicate that product with such noninfringing uses doesn't violate law even though it also may have infringing uses. Both Brad and UE cases still are before courts.

European retail consumer electronics (CE) market dipped 4% in 1992 to \$45.9 billion, according to report on 18 western European countries released by BIS Strategic Decisions, consulting company. Drop was due more to price than volume declines, with BIS calculating that in 1992 average retail VCR prices fell 8% and camcorder prices 11%. U.K. was only country in which market rose last year, up 6% to \$6.8 billion. Italy suffered largest percentage decline -- down 11% to \$5.1 billion. Sales in Germany, largest European CE market, were off 2.8% to \$13.8 billion. Others: France, down 6% to \$7.9 billion; Spain, down 4% to \$2.9 billion; rest of Europe, down 4% to \$9.8 billion.

AIRCRAFT CD, VIDEO FLAP: Amid scare stories of passenger electronic devices interfering with cockpit instruments, FAA has reiterated that airlines and pilots should set own rules on use of CDs, videotape players, videogames and laptop computers aboard aircraft.

Typical of scares is report in Feb. 22 Time magazine claiming "mounting evidence" that passengers' use of portable CD players and other electronics products can cause commercial aircraft "to veer sickeningly out of control" because of interference with navigation circuitry.

In letter to Time made public by EIA, Consumer Electronics Group Vp Gary Shapiro protested that article was "simply untrue" and "contrary" to results of "exhaustive" FAA study that had looked into matter. Shapiro said FAA committee -- which Time report didn't mention -- "could not find one verifiable incident involving interference" despite offer by group's chairman of \$1,000 reward "to any pilot who could provide one." Shapiro said several products, including portable CD players, were tested and no interference, "real or potential," was found.

Additional airline restrictions on devices beyond current rules barring their use during takeoff and landing "make no sense," Shapiro wrote. "To arbitrarily ban the use of products when there is a perfect safety record is a disservice to the flying public who use time in the air to relax with music or work on a laptop computer."

Use of cellular phones, AM/FM radios and radio-controlled toys are banned during flight. FAA's advisory on passenger electronic equipment was intended primarily to remind airlines of cellular phone rule and "should not be read as an indication that the FAA thinks that other devices may be dangerous," Washington Post reported, quoting Assoc. Administrator Anthony Broderick as saying: "The FCC is confident that the likelihood of interference... caused by laptops and other things that leak energy is very remote."

All new analog cassette releases by WEA Mfg. will incorporate Dolby S noise reduction. System will make them sound "dramatically better on the new Dolby S decks, yet give excellent results on conventional players" equipped with Dolby B encoding, Dolby R&D Senior Vp Joseph Vayda said. Dolby S technology is claimed to "rival the sound quality of digital formats." Dolby is certain that other major music labels will follow WEA's lead, helping give analog cassette new lease on life. Immediate speculation focused on Sony Music, whose hardware affiliate last month introduced line of Dolby S cassette decks (TVD Feb 1 p13). Sony Music said it's evaluating system's compatibility with Dolby B as well as consumer acceptance "before making a substantial investment" in prerecorded Dolby S music. At our deadline, Philips executives declined comment.

President Clinton and Vice President Gore used Silicon Valley backdrop last week to unveil their promised high-tech package. As they toured area companies, White House released 36-page booklet, "Technology for America's Economic Growth," which proposes govt. support for technology firms that can't get adequate backing from private sector. Included in proposal is continued support for Sematech semiconductor research consortium. Unlike previous proposals for civilian or defense backing of technology projects, no specific mention is made of HDTV or display technology and plan stops short of promising govt. financing for production of new products. Clinton said he would increase civilian R&D spending to about \$36.6 billion in fiscal 1998 from current \$27.9 billion.

CONSUMER REPORTS ON 'GEAR': Consumer Reports (CR) once again devotes virtually entire issue to consumer electronics in its March "Guide to the Gear" 36-page look at big-screen TVs, VCRs, camcorders, receivers, CD players, speakers, tape decks, remote controls.

For TVs, it recommends viewing distance of 4-8 times screen height -- which means sitting at least 10 ft. from 50" projection set. It says image on best projection set, although "certainly watchable... still wasn't as clear as the worst picture on a conventional set." Discussing TV sound, it says best performing TV sets didn't come up to quality of midpriced audio receiver.

As for VCRs, CR says 8mm picture quality at SP speed "was worse than the poorest VHS images, a problem inherent in regular 8mm," but 8mm camcorders performed as well as VHS-C -- and Hi8 decks, along with S-VHS, provided picture "basically perfect for home video." Camcorder section omits full-size VHS as product "whose days have come and gone" and notes that 15 VHS-C and 8mm models tested had declined average of 9% in selling price between July and Dec.

TV ratings place Quasar 31" model at top and rate it as "best buy" at average retail price of \$950. Second best was Toshiba 32" at \$1,499. In rear-projection sets, Hitachi 50" came out best of 5 brands tested. Panasonic VCR was rated best in monophonic models, Sony in hi-fi stereo. Minolta Pro-8 Hi8 was winner in 8mm camcorders, with Sony best of standard 8mm models, while Panasonic came out best in both S-VHS-C and VHS-C categories.

Best-rated audio receivers were from Pioneer, Onkyo and Sherwood in various categories, with Technics rated best in carousel CD changers, Pioneer and Sony tied in magazine changer category.

Frequency of repair ratings based on surveys of readers showed Sony best in 8mm camcorders, JVC in VHS-C, but cautioned that "about one in every 14 compact models bought by our readers since 1987 has required repairs... despite the fact that the median usage of camcorders was only about 6 hours of taping a year and that most... had been owned for less than 2 years."

In VCRs, Matsushita-made models took all of reliability honors -- Magnavox, Sylvania, Panasonic, GE and Quasar coming out on top -- based on 230,000 subscriber responses to survey. Repair records on single-disc CD players gave top place to JVC, Panasonic, Kenwood, Technics and TEAC (tie), while Sony and Technics shared honors in CD changer reliability.

■ ■ ■

Talking electronics dictionary marketed by Franklin Electronic Publishing has been approved for Medicaid reimbursement for people with special needs in state of N.Y. Franklin Chmn. Morton David said he believes ruling "sets a precedent for the approval of Franklin's advanced technology by state Medicaid programs across the country."

Multi-TV homes are common now in China's capital. China Daily reports that there are 101.4 color TV sets for every 100 households in Beijing, nearly double figure of year ago. Govt. newspaper also reports there are 41.7 VCRs per 100 households.

Warrentech signed 3-year agreement with Macy's Northeast and Macy's South to administer extended warranties for consumer electronics products. Macy's previously had handled warranties itself.

Full-motion video (FMV) cartridge for CD-I players won't be delivered at least until fall, Philips is telling player owners in U.K. During Christmas season, company had offered U.K. customers choice between bundle of software or free FMV cartridge to be delivered in April. Now, though, it has written those who opted for cartridge that "due to the fact that we wish to launch FMV with a reasonable catalog of titles, we have decided to postpone the launch until September." Consumers now are being offered choice of waiting for FMV cartridge or receiving either 2-head VCR, 13" color TV or portable CD player. John Hawkins, who took over CD-I project as dir. of Philips Interactive Media Systems late last year (TVD Oct 26 p14), said that when he came aboard, he saw that there could be at best 6 FMV titles ready for spring launch. He now says that for Sept. launch there will be range of interactive programs and "linear" movies. Philips executives have long stated belief that development of interactive movies will be more important to popularization of CD-I players than will standard movies on 5" discs. Meanwhile, Philips Pres. Jan Timmer is expected to report worldwide CD-I sales figures this week at meeting with journalists and analysts in Eindhoven as it releases final 1992 financial results. In article published last week in U.K., Hawkins wouldn't disclose sales, although he said in 1992 that U.S. accounted for half of worldwide CD-I sales, Europe 40%, rest of world 10%.

Dixons Group, struggling to turn around flagging Silo operation in U.S., jumped into computer superstore retailing with \$12.2-million purchase of Vision Technology Group (VTG), which operates 4-store PC World chain in U.K. Dixons, which already has computer departments in 176 Dixons stores and 32 Currys superstores, reportedly plans to open as many as 30 PC World stores in U.K. within next 3 years. In most recent year, to Aug. 31, VTG had \$573,000 pretax profit on sales of about \$70 million. Colin Snaps, most recently Dixon Stores group mktg. dir., was named managing dir. of VTG. Dixons last month appointed Peter Morris as Silo's 3rd pres. in last 2 years (TVD Feb 8 p15), and earlier this year closed 45 Silo 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). Company also said it expects this year's overall operating loss to be greater than last year's \$32.6 million.

Unique Casio TV products for sale in U.S. this year: (1) TV boombox with 2.2" LCD color TV, CD player and stereo FM/AM radio. Color LCD displays CD functions as well as TV and includes 2 videogames. At \$500 suggested list, it will be available in Sept. (2) "World's Smallest Color TV," listed in Guinness Book of Records, has 1.4" LCD screen, weighs less than 6 oz., is due on U.S. market in Aug at \$430. (3) "High-resolution" LCD color TV with 1.6" screen, to be marketed in April at \$180 list.

Wells-Gardner reported profitable operation in 4th quarter and calendar 1992 with "significantly higher sales" (see financial table). Monitor manufacturer said sales in gaming segment were up 150%, with video lottery terminals showing "explosive growth." Chmn.-CEO Frank Myers said company was sole or dominant monitor source for 9 of 10 most popular video arcade games last year.

Large plasma display panel for color TV, VCR and PC use will be introduced this year by Fujitsu General, Japanese press report said. It said 21" panel at under 1 million yen (\$8,550) is 1.26" deep, weighs 10.6 lb., has 640x480 pixel resolution and will be followed by 40" version of about same thickness later in year for HDTV display.

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
Cohu			
1992-year to Dec. 31	54,398,000	3,077,000	1.51 ^a
1991-year to Dec. 31	48,364,000	2,642,000	1.30
1992-qtr. to Dec. 31	15,549,000	1,196,000	.58
1991-qtr. to Dec. 31	12,507,000	648,000	.31
Comsat			
1992-year to Dec. 31	563,600,000	42,900,000	2.18 ^a
1991-year to Dec. 31	522,900,000	44,800,000	2.35 ^a
1992-qtr. to Dec. 31	156,500,000	16,900,000	.85
1991-qtr. to Dec. 31	141,300,000	15,700,000	.82
Go-Video			
1993-6 mo. to Jan. 31	14,727,589	81,383	.01
1992-6 mo. to Jan. 31	6,650,082	(1,106,104)	--
1993-qtr. to Jan. 31	8,606,588	60,220	.01
1992-qtr. to Jan. 31	3,009,370	(622,705)	--
Handleman			
1993-9 mo. to Jan. 31	869,820,000	33,216,000	1.00
1992-9 mo. to Jan. 31	751,918,000	30,146,000	.91
1993-qtr. to Jan. 31	335,656,000	14,324,000	.43
1992-qtr. to Jan. 31	306,285,000	12,054,000	.36
Matsushita Electric ^b			
1992-9 mo. to Dec. 31	43,148,000,000	231,000,000	1.10 ^c
1991-9 mo. to Dec. 31	45,382,000,000	1,041,000,000	4.73 ^c
1992-qtr. to Dec. 31	15,063,000,000	100,000,000	.47 ^c
1991-qtr. to Dec. 31	16,041,000,000	419,000,000	1.90 ^c
Pioneer Electronics ^b			
1992-9 mo. to Dec. 31	3,724,300,000	100,200,000	.55
1991-9 mo. to Dec. 31	3,819,100,000	203,500,000	1.13
1992-qtr. to Dec. 31	1,339,800,000	39,200,000	.22
1991-qtr. to Dec. 31	1,482,300,000	100,184,000	.56
Wells-Gardner			
1992-year to Dec. 31	48,949,000	1,545,000	.40 ^d
1991-year to Dec. 31	38,814,000	(1,464,000)	-- ^a
1992-qtr. to Dec. 31	11,102,000	80,000	.02
1991-qtr. to Dec. 31	10,054,000	(1,308,000)	-- ^a

Note: ^aAfter special charge. ^bAt rate of \$1 = 125 yen.
^cPer ADS. ^dIncludes special credit.

"Globalization and technology" are future of movie industry and world, Sony USA Vice Chmn. Michael Schulhof said in address to L.A. World Affairs Council last week. He urged Hollywood to understand and participate in international market, which he forecast will soon be greater than domestic film market. He predicted movie theater of future would display HDTV pictures distributed by satellite and "going to a movie will be like visiting an electronic theme park" as result of interactivity. "When leaving the theater," he said, "you'll also have the option of buying interactive videogames based on the movie theme and characters." Feature-length movies will be produced specifically for interactive home videogame market, he forecast. He said he expects MiniDisc format "to account for 50% of the worldwide prerecorded music market in another 10 years."

Fretter is planning to open as many as 4 stores this summer in and around Columbus, O., home of Sun TV & Appliance, currently one of industry's most aggressive chains. Fretter Pres.-CEO John Hurley said number of stores and when they will open depends on course of negotiations for sites. He acknowledged that Sun "does a great job" in its home city, but said "we do very well against them in Cleveland," one of 4 markets in which they compete against each other. Hurley said stores would be served out of Fretter warehouse in southern Mich.

Consumer Electronics Personals

Akio Tanii resigns as pres. of Matsushita Electric Industrial (MEI), will remain as adviser; his successor is Yoichi Morishita, MEI exec. vp since Dec... Tandy Chmn.-CEO John Roach to receive EIA Medal of Honor, Assn.'s highest award, at annual Govt.-Industry Dinner March 16 in Washington... Paul Allen resigns as vp of Sharp's Personal Home Office Electronics and Wizard Divs., replaced on acting basis by Gen. Mgr. Ken Bowman... Gordon Tetreault, formerly Memtek mktg./product mgr., headphones and accessories, joins Maxell as accessories product mgr.

Appointments in reorganization of Tandy Name Brand Retail Group (see report elsewhere in this issue): Chuck Thompson, gen. mgr. of The Edge in Electronics, named mdsg. dir. of newly formed Mall Store Group (MSG); Brent Hutton, div. mgr. for VideoConcepts, gets same title for MSG, in charge of field operations; Dan Stell named MSG mktg. mgr.; Hank Allen, vp-mdsg., McDuff, named to same post for new Destination Stores Group (DSG); McDuff Div. Mgr. Budd Fermann appointed to same post, DSG; Richard Hollander continues as vp for Incredible Universe; Jim Smith, TV buyer for McDuff, named DSG mktg. mgr; Jeff Alva continues as mktg. mgr. for Incredible Universe.

Appointments at JBL Consumer Products: Joel Frankl promoted to vp-sales for 4-zone Eastern region; Stephen Sischo becomes vp-sales for 2-zone Western region. New Eastern zone mngs. reporting to Frankl: Peter Mastrangelo, Northeast and New England; John Ledford, Southeast; Joe Saraceno, metro N.Y.; Jack Travis, Ind., Mich., Ohio, Western Pa. Appointed Western zone mngs., reporting to Sischo: Bill Disch, upper Midwest, Ark., Ill., Ia., Kan., La., Minn., Mo., Neb., Okla., Tex., Wis.; Phil Schwartz, remaining western states.

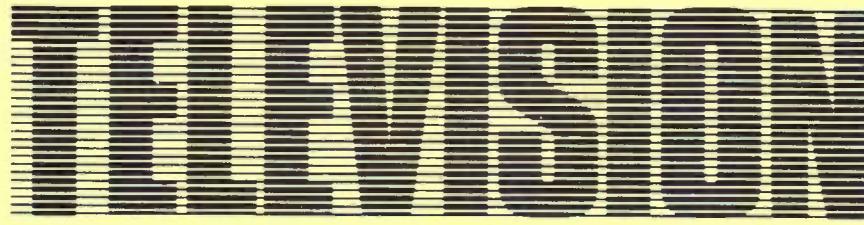
Instant Video Technologies said it received its first international patent -- #627841 in Australia -- for its "burst transmission" method of transmitting audio and video programs in fraction of real time. Patent covers 164 separate claims. Company said it has been awarded 3 U.S. patents, has others pending here and elsewhere.

More than 70 videogame companies, led by Nintendo, filed comments with U.S. Trade Representative (USTR) under Special 301 trade law asking retaliation against Taiwan for remaining "center for videogame piracy throughout the world." Companies estimate piracy costs them more than \$2 billion annually.

It's Against the Law . . .

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

With Consumer Electronics

MARCH 8, 1993

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CABLE RATES UP more on noncompetitive cable systems than competitive, analysis of FCC data shows. Basic fee up 54.1% since 1986, but per-channel expanded basic was down. (P. 1)

FCC TO 'GUIDE' STATIONS ON KIDVID: Agency starts inquiry to determine programming that meets mandates of 1990 children's TV law. Long-form shows preferred. House hearing March 10. (P. 3)

COPYRIGHT CORRUPTION: Chmn. of Copyright Royalty Tribunal alleges misuse of office by colleagues, during hearing over abolition of agency. (P. 4)

DBS SIGNS PROGRAMMERS: USSB signs Viacom and Time Warner networks on its own transponders on Hughes bird. Meanwhile, Hughes competes to fill its own transponders on same bird to fulfill deal with NRTC. (P. 4)

CABLE SALES ACCELERATE: Total of 17 deals with more than 450,000 subscribers announced last week. Trend seen as beginning of cycle. (P. 5)

FOLEY SEES SPECTRUM AUCTION: House Speaker won't speculate on details. Also tells NAB he opposes giving candidates free air time. (P. 6)

GARTNER RESIGNS as NBC News pres., citing 'recent controversies.' Exec. Vp Browne takes over on interim basis, search for new head to 'begin immediately.' (P. 7)

NONCOMPETITIVE CABLE SYSTEMS CHARGE MORE: Competitive cable systems charge average of 16.8% less for monthly basic service than do noncompetitive systems and 43.1% less on per-channel basis, according to our analysis of data from FCC cable rate survey (TVD March 1 p1). Data showed that basic fee for noncompetitive cable systems (those without multichannel competition) rose 54.1% since 1986 to average of \$15.78, compared with 41.3% growth to average of \$13.13 for systems facing competition. Per-channel fee for expanded basic tier fell 22.6% for noncompetitive systems and 74.1% for competitive systems, according to FCC data analyzed by Warren Publishing's Market Research & Data Sales Div.

Difference in prices between competitive systems (those with competitors that pass 50% of households in area and have 15% of subscribers) and noncompetitive systems wasn't large for either basic or expanded basic tiers. As our detailed analyses below show, instead of lowering prices, competitive systems provided more channels. Not surprisingly, data showed that municipally owned systems had lowest monthly fees, lowest price per channel, most basic channels.

We examined data 2 ways: (1) Classifications of competitive and noncompetitive systems are based on system operators' responses to questions in Schedule 4 of FCC survey. (2) Classifications of top-100, small

Consumer Electronics

PHILIPS OPERATING INCOME fell 21% in 1992, net loss totaling \$488 million. Consumer electronics drags results down, forces company to consolidate Grundig. (P. 12)

FILMMAKERS URGED TO CREATE new entertainment forms for multimedia, rather than merely extending capabilities of old software formulas. (P. 13)

JAPANESE VCR AND CAMCORDER shipments to U.S. down in 1992. CD players set record at 6,390,532 exports to U.S. VCR and camcorder pricing firm in Dec. (P. 14)

LCD ANTIDUMPING DUTY of 62.67% against Japanese companies restored by ITC, despite court's remand, protests by Japanese govt., U.S. computer makers. (P. 15)

U.S. GOVT. EFFORT IN LCD urged by SEMI trade association, asking industry consortia and other support from Clinton Administration. (P. 15)

BEST BUY AND CIRCUIT CITY end fiscal years on strong note with solid increases in Feb. sales. Tandy, Audio/Video Assoc. also post gains. (P. 16)

STEREO INCLUDED in 40.5% of direct-view color TVs last year, EIA says, up from 37.9% in 1991. (P. 16)

ALL TV ANTIDUMPING DUTIES come under challenge from Taiwan manufacturers with charge no company qualifies as producer of color TVs in U.S. (P. 16)

penetration and random sample systems (survey category) are based on categories assigned to systems by FCC at time questionnaires were mailed. Competitive and noncompetitive results include data for all 685 systems, regardless of survey category. Results reported for top-100, small penetration and random sample surveys are for systems that fell exclusively into those categories and don't include systems classified in more than one of categories (29 systems of total 685 had multiple classifications). No calculations were weighted for subscriber size or any other factor. Weighting by subscriber size may alter both actual results and relative position of results for particular analysis. All analyses were for first franchise area responses only.

Data can provide various answers to most questions. For example, average price per-channel for basic tier (total number of channels for all systems divided by total price for all systems) was 83.1¢ in random sample of cable systems. But per-channel price charged by average cable system (average of per-channel prices for each system) was 97¢. Following FCC lead, all of our per-channel prices here use latter method. Difference is akin to that between computing baseball team batting average by taking average of all averages (player who has one at-bat gets same weight as player with 600), vs. dividing all players' at-bats by all hits. Statistical experts said both figures are correct, disagree on which best represents actual price, agree only that each has to be labeled clearly.

Basic Service

Competitive systems carried average of 23.87 channels on basic tier, 20.4% more than average 19.82 channels on noncompetitive systems. Competitive systems' total included average 12.03 satellite-delivered cable networks, vs. 8.43 on noncompetitive systems, and 3.7 distant signals, vs. 2.23 distant signals on noncompetitive systems. Municipally owned systems had most basic channels, average of 26.53 (14.27 satellite-delivered/4.33 distant signals). Average total number of channels on basic was unchanged from 1986 for competitive systems and was down 0.7% for noncompetitive systems from average 19.96. Using survey categories, FCC's random sample of systems reported average 18.5 channels on basic (7.82/2.42), up 3.2% from 1986, top-100 had 23.6 channels (7.49/1.43), down 2.5%.

Handful of systems in sample owned by franchising authorities (15 systems of total of 685) charged lowest average basic cable rate, \$11.66 per month. Systems that appeared to have some competition but apparently wouldn't meet effective-competition standard had next lowest prices. In those systems (classified in data as "NB") monthly basic rate averaged \$11.95. Survey showed respondents from 100 largest cable systems charged average basic cable fee only slightly higher than competitive systems, \$13.65 per month vs. \$13.13. Basic cable rates had climbed 54.2% since 1986 to average of \$15.37 for random sample systems, while number of channels inched up 3.2%.

Noncompetitive systems price per-channel averaged 93¢, 43.1% more than 65¢ rate at competitive systems. Per-channel rate for noncompetitive systems was up 45.3% from 1986, 41.3% for competitive systems. Municipally owned systems had lowest per-channel rate of 53¢ (up 8.2% from 1986) and NB systems averaged 78¢ (up 14.7%). Top-100 systems had per-channel rate of 63¢, vs. 65¢ for competitive systems. Lower rate for top-100 systems may reflect trend toward retiering to provide low-cost basic plus expanded basic tier, data indicate. Per-channel basic rate was average 97¢ for systems in random sample.

Expanded Basic

Data showed 91.5% of top-100 cable systems had expanded basic tier, vs. 51% in 1986. In random sample, 65.7% had expanded basic, up from 39%. Among noncompetitive systems, 63.2% had 2nd tier (up from 37.2% in 1986), vs. 60% (up from 23.5%) for competitive systems and 46.7% (down from 50%) for municipally owned systems.

Top-100 systems expanded basic tier channels grew to 17 from 15.8 in 1986. Biggest change was in number of satellite-delivered channels in top-100 expanded tier, 15.71 now vs. 11.6 in 1986 (number of local and distant TV signals, public, educational and govt. [PEG] channels and others in expanded tier dropped sharply). Number of channels in expanded tier also increased for random sample of systems, to 14.72 from 9.78, with growth concentrated in satellite networks. For competitive systems, number of expanded basic channels more than tripled to average 22.72, of which 21.28 were satellite signals. In noncompetitive systems, expanded basic channels increased 27.3% to 14.93. Municipally owned systems offer 18.43 expanded basic channels, up 63.5% from 1986. NB systems had most channels of all on tier -- average 23.21.

Average price for expanded basic for competitive systems was \$5.89, 12.2% below that of noncompetitive systems (\$6.71), according to data. Municipally owned systems had lowest price (\$5.15) for

expanded basic. Since 1986, expanded basic monthly rates were up 2.4% at competitive systems, 13.7% at noncompetitive systems and 52.8% at municipally owned systems. At top-100 systems, average expanded tier rate was \$8.38 (up 22.9% from 1986) and was \$6.82 for systems in random sample (up 20.3%).

Monthly rate increases may be misleading for expanded basic tier because in most cases increase in number of channels offered on tier meant per-channel rates fell or stayed about same. Expanded basic per-channel rate fell 74.1% from 1986 to 28¢ at competitive systems. Per-channel rate at noncompetitive systems dropped 22.6% to 48¢ (71.4% higher than competitive system rate). Expanded basic rate at NB systems was same 48¢ as at noncompetitive systems (up 26.2% from 1986) and was 36¢ per channel at municipally owned systems (up 38.5%). Rate fell 20.6% (from 63¢ to 50¢) at systems in random sample and stayed virtually same for top-100 systems (52¢ to 51¢).

Other Fees and Characteristics

Installation and reconnect fees were up since 1986, data showed. For noncompetitive systems, installation fee soared 56% to average of \$35.16, and competitive systems' installation fees grew 11.2% to \$27.51. Top-100 systems' installation fee averaged \$27.59, up 30.3%. For disconnect fees (only handful charged them), competitive systems were up 15.9% to \$20.09 and noncompetitive systems 65.7% to \$27.42.

Other fees had risen more slowly since 1986. Additional outlet charge was up 51.8% for competitive systems to \$3.72 per month, 21.3% for noncompetitive systems to \$3.88, 24.2% for top-100 systems to \$5.07. Monthly converter rental fee was up 6% to \$2.66 for noncompetitive systems, 35.9% to \$2.80 for competitive systems, 19.9% to \$2.65 for top-100 systems. Monthly remote control rental fee grew 20.4% to \$3.25 for competitive systems, 2.4% to \$3.41 for noncompetitive, 2.1% to \$3.41 for top-100.

Not surprisingly, top-100 systems ranked first in amount of fiber and in below-ground installations. They reported 1.72% of plant was fiber vs. 0.87% for random sample. Fiber use in competition analysis was 0.9% for NB systems, followed by 0.67% for noncompetitive, 0.11% for competitive systems. Top-100 systems averaged 31.24% below-ground cable plant, random sample 20.45%, NB systems 30.36%, noncompetitive 24.78%, competitive 22.13%.

FCC TO 'GUIDE' STATIONS ON KID TV: Seeking how it "might better guide broadcasters in discharging their children's programming obligations," FCC issued notice of inquiry March 2 on what guidelines and rules it should adopt to make sure licensees carry out programming mandates of Children's TV Act of 1990 (CTA). Law requires stations to air educational and informational programming for children on regular basis. Commission said it believes regular-form programming better meets that purpose because parents will know when it's available, rather than "snippets" and public service announcements.

Meanwhile, House Telecom Subcommittee announced March 10 hearing on implementation of Children's TV Act. Hearing will be at 10 a.m., with location and witness list to be announced later. Consumer groups have been critical of FCC as being too lenient on broadcasters who have claimed that cartoons are educational programs that fulfill Act's requirements (TVD Oct 5 p7). During hearing, public interest groups are expected to ask for legislation to protect children from televised violence.

In launching inquiry, FCC said it believes that broadcasters "may remain uncertain" as to what is required of them under CTA: "Indeed, where the CTA has imposed specific, palpable performance standards [such as time limits on commercials], broadcasters' compliance rate appeared to be quite high." FCC said it has audited more than 320 TV renewal applications since law became effective and has found that majority "demonstrated adequate effort to meet the needs of children." However, agency said stations had operated under CTA for only short period when renewals were filed, and it wants to ensure that licensees having "significantly longer periods remaining in their license terms be aware of Congress' intent to expand and improve the level of educational and informational programming directed at children."

Commission adopted new rules in April 1991 to carry out mandates of CTA and, in issuing inquiry, expressed concern that very little new product had been made available since of educational and informational nature for children. It cited Fat Albert and the Cosby Kids as example of acceptable programming under law. Some licensees had listed Flintstones and G.I. Joe as programs that met mandate of law, action that prompted flood of criticism from Congress and public interest groups. Said FCC: "We do not believe that this level of performance is... consistent with the objectives underlying the CTA."

Both FCC and stations "might benefit" from further efforts to exemplify and define the CTA's programming requirements," agency said. "Accordingly, we believe it is appropriate to again address some of the more difficult issues raised by the statute and our rules and to inquire how we might better guide broadcasters..." Commission also raised question of establishing renewal "processing guidelines" for children's programming that would meet CTA requirements, with applicants "not satisfying the processing criteria... subject to further review." Comments on inquiry are due April 23, replies May 24. FCC Chmn. Quello was scheduled to be on both NBC Evening News and Entertainment Tonight March 5 on subject of children's TV.

As might be expected, NAB isn't happy with FCC inquiry. Said Exec. Vp-Gen. Counsel Henry Baumann: "Congress clearly rejected the concept of [program] quotas and we are surprised that the Commission would even consider turning back the clock to the 1970s and imposing numerical processing guidelines for public interest programs." However, he said, "we look forward to participating in this review."

TRIBUNAL TRIBULATIONS TROUBLING: House

Intellectual Property Subcommittee is in no hurry to make decision on fate of Copyright Royalty Tribunal (CRT), Chmn. Hughes (D-N.J.) said March 4. In 2nd day of hearings on legislation (HR-897) designed to eliminate CRT and to make changes in copyright law, Hughes said Subcommittee "will take whatever time it needs to take" to decide on changes in Tribunal.

Hearing's first day veered from issues into personal attacks as CRT Chmn. Cindy Daub, who favors keeping CRT intact, charged other 2 commissioners with "corruption and abuse" of agency assets by conducting private business on govt. property, wrongly approving financial disclosure forms and failing to follow agency procedures. Other commissioners, Bruce Goodman and Edward Damich, who favor abolishing agency, denied allegations. All 3 are Republicans. Goodman and Damich are recess appointees named in Sept. who will leave when Clinton Administration names new Tribunal members. Daub's term lasts until 1996. At one point, Rep. Moorhead (R-Cal.), senior Republican on panel, told CRT commissioners: "Please try to get along."

Librarian of Congress James Billington and Register of Copyrights Ralph Oman opposed parts of bill that would eliminate requirement that copies of materials be filed with Copyright Office before copyright suits could be entered. They said elimination of requirement would take away incentive of authors to file materials. However, Paul Warren, exec. publisher and senior editor of Warren Publishing, representing Newsletter Publishers Assn., and representatives of artists and photographers, said change would help them get out from under heavy expense of filing individual pieces of work.

Tribunal has only 9 employees for which govt. pays only 14% of budget. Rest, about \$800,000, is paid through copyright royalties, although there were suggestions that royalties could pay for entire budget. Subcommittee also is considering whether to make changes in CRT, rather than abolishing it. Options include putting functions under Librarian of Congress or Register of Copyrights, using arbitration panels, administrative law judges or new commission. Bill would make Register of Copyrights a presidential appointee.

FCC plans to take final action on 3 rulemakings required by 1992 Cable Act at agenda meeting March 11 -- must-carry/retransmission consent (MM 92-259), buythrough (MM 92-262), consumer protection and customer service (MM 92-263). Other items on agenda include proposed rules on guidelines for evaluating environmental effects of radio frequency radiation.

VIACOM, TIME WARNER ON DBS: U.S. Satellite Bstg.

(USSB) said it will carry 8 new channels on its direct broadcast satellite (DBS) package under new deals with Viacom and Time Warner, raising total to 15. Carriage deals include Viacom's Showtime, Movie Channel, Flix, MTV, VH-1 and Nickelodeon/Nick at Nite, plus TW's multiplexed HBO and Cinemax. Hughes' DirecTv is trying to sign same programmers for its proposed DBS system. Complicating matters, DirecTv also is trying to sign programmers for its own DBS offering.

Although Viacom and TW spokesmen said there's nothing in USSB deal that excludes them from making similar arrangements with DirecTv, which will use same Hughes DBS satellite (they said they hadn't signed deals yet), industry observers said result would be inefficient use of satellite: Should same services be offered on multiple transponders -- on same bird? USSB Pres. Stanley Hubbard II said putting same programmers on different transponders would be inefficient use of bird. If Hughes feels same way, DirecTv and NRTC would be left with few options: Turner Bstg. Channels, Arts & Entertainment, Lifetime, Black Entertainment Channel, ESPN.

Hughes DirecTv spokesman said company is trying to work deals with Viacom and TW. He said DirecTv has assembled "core group" of "best of cable" programmers for DBS package to be distributed through National Rural Telecommunications Cooperative, including Disney and Paramount pay-per-view package. Spokesman said Hubbard deal "doesn't preclude us from distributing cable programming from either of those sources. The important point is that the leaders in the industry have committed to DBS distribution."

It will be business as usual at all of our stations," SCI TV Pres. George Gillett said in announcing all of creditors had accepted "prepackaged" Chapter 11 reorganization plan. Plan to reduce \$661 million in principal secured bank debt includes cash investment of \$100 million by Andrews Group, subsidiary of MacAndrews & Forbes Holdings, in return for 52% of common stock of reorganized SCI. Andrews is controlled by financier Ronald Perelman and owns syndicator New World Entertainment and Marvel Entertainment Group. Under plan, holders of SCI senior secured bank debt will receive new securities equal to 82.5% of their claims and 35% of company's common stock. Holders of unsecured debt will receive about 13% of common shares in SCI. SCI also is purchasing WTWT Tampa for \$165 million. SCI's 6 other TV stations -- in Atlanta, Boston, Cleveland, Detroit, Milwaukee and San Diego -- will continue to operate outside parent's Chapter 11 bankruptcy filing. SCI said current management team will remain in place, but under reorganization Gillett will end up with no equity in firm.

CABLE SALES ACCELERATE: Sale of 9 cable systems with 175,000 subscribers by group of limited partnerships, Cox Cable buy into Southwestern Bell's U.K. cable operations, TCI/Time Warner (TW) swap of systems with 68,000 subscribers and other deals in last week indicate growing momentum in cable transactions market. Total of 17 deals involving more than 450,000 cable subscribers was announced or proposed last week. Many additional deals are likely to become public in next few months, expanding process that started last fall, Waller Capital Senior Vp Richard Patterson said.

"This is the beginning of a cycle in which the public will see a lot of deals culminated," Patterson said. "But it's really the last stage of a cycle that began last fall." He told us that variety of factors, including "generational change" among cable owners, end of highly leveraged transaction rules, lower interest rates and strong cable prices had created industrywide consensus last fall that it was time to buy and sell systems.

Limited partnerships formed by Integrated Resources in 1980s and managed by general partners controlled by Integrated and TCI sold 9 systems to several MSOs. Terms of cash sales weren't disclosed. Deals include (channels and subscribers in parentheses): (1) Joint venture of **Century Communications** and **Citizens Utilities** bought systems in Glendora, Cal. (38, 25,319) and in Chino, Cal. (60, 17,393). (2) **Jones Intercable** purchased N. Augusta, S.C., system (36, 11,541). (3) **InterMedia Partners** affiliate acquired 2 Tenn. systems -- Murfreesboro (30, 16,714) and Gallatin (36, 6,119). (4) In Ga., **Bresnan Communications** bought systems in Hinesville (33, 11,084), Richmond Hill (28, 1,948), Ludowici (24, 426). (5) In Cal., **TCI** purchased systems in Redlands (37, 21,788), San Bernardino (37, 13,106), Colton, (36, 7,228), Tuolumne County (37, 11,201). Deals mark liquidation of Integrated's ACT 2, ACT 3 and Foothills partnerships.

Cox signed memorandum of understanding to buy 25% of Southwestern Bell's U.K. cable interests for undisclosed price, with option to increase stake. It had been reported to be paying as much as \$300 million. Telco's U.K. interests include cable systems near Liverpool and Birmingham with potential of passing 1.2 million homes, plus partnership in some U.K. cable channels, including CPPI and Parliament Channel. Systems currently pass 245,000 homes, with penetration of nearly 23%.

Cox withdrew from U.K. cable in early 1980s because it thought then that not enough good programming was available and because govt. regulation was believed to be too restrictive. That no longer is true, Cox Cable Pres. James Robbins said: "We believe the United Kingdom is the freest competitive telecommunications marketplace in the world today." Cox will be looking for more "strategic alliances" in future, he said.

In TCI/Time Warner deal, companies are consolidating system ownership into clusters that they expect to be more profitable. For example, TCI, which has several Denver-area systems, gets 30,000-subscriber, 35-channel system serving Denver suburbs of Northglenn, Thornton and Wheat Ridge, where it already has system. It also gets TW's 50% interest in Council Bluffs, Ia., system with 16,000 subscribers. TW, in turn, gets Germantown, Tenn., with 12,443 subscribers (54 channels) near its Memphis div., and Round Rock, Tex., system with 9,622 subscribers (36 channels), near its Austin operation. Deal was completed March 1, and MSOs already have agreed in principle to trade TW system in Littleton, Colo., for TCI's in Titusville, Fla.

InterMedia Partners continued buying binge, acquiring systems with total of 22,000 subscribers in Northern Ga. from Melanie Cable Partners L.P. and King Kable. In Feb., MSO bought systems with 45,000 subscribers in Tenn. in 2 large transactions, and last June added systems with 114,000 subscribers in Ia., Ill., Minn. and Wis. (TVD July 6 p3). In latest deals, InterMedia's 1st CableVision affiliate bought: (1) Systems with 20,700 subscribers in Buford, Flowery Branch, Gainesville and Oakwood from Melanie Partners. (2) Systems with 1,500 subscribers in Canon, Franklin Springs, Lavonia, Royston Springs. Deals give InterMedia about 45,700 subscribers in Ga. Terms weren't disclosed.

Rock Assoc. said it will sell systems with total of 53,800 subscribers. Each is owned by different private entity, but is managed by Rock. Upturn in financial markets and desire to provide liquidity for outside shareholders are main reasons for sale, Chmn. Gordon Rock said. Systems: (1) Coeur d'Alene, Ida., with 14,075 subscribers. (2) Libby, Mont., 2,689. (3) Moscow, Ida., and Pullman, Wash., 15,700. (4) Alaska towns of Cordova, Homer, Kodiak, Kotzebue, Nome, Petersburg, Seward, Valdez, Wrangell, with total of 8,800 subscribers. (5) Burney Falls and Susanville, Cal., 5,300. (6) Crested Butte, Gunnison and Telluride, Colo., 4,500.

Galaxy is selling its systems because "we feel the time is right," Pres. Thomas Gleason said. Systems have total of 55,000 subscribers in Ark., Ill., Ky., La., Tenn., Tex. Deal would involve essentially all of systems owned by Galaxy, 89th largest MSO.

Jones Intercable said it agreed to sell system with 19,000 subscribers in Gaston County, N.C., to subsidiary of Cablevision Industries, price undisclosed. Closing, which is contingent on regulatory approvals and franchise transfer, is expected in spring. Jones also has sold other holdings, floated more than \$40 million of new stock and raised \$100 million on bond market, leading to speculation that MSO may be planning at least medium-sized cable purchase of its own.

Cablevision Systems said it bought Interactive Media Services (IMS), which provides customized local and regional telephone services for business users and local govts. MSO plans to combine IMS with its Cablevision Lightpath subsidiary, which provides alternative access, forming company that will provide full-service voice, data and video services. Terms weren't disclosed.

Southwestern Bell (SWB) last week asked for MFJ waiver for its purchase of 2 Hauser Communications cable systems in Washington, D.C., area. On March 1, SWB asked U.S. Dist. Judge Harold Greene for interexchange waivers on 2 issues: (1) Both systems own and operate receive-only earth stations that receive signals from outside of LATAs where cable systems are located, and SWB said it wanted waiver to own and operate facilities. (2) Small portion of Montgomery County, Md., served by Cable TV Montgomery is in Hagerstown LATA, outside of Washington LATA. SWB asked for waiver to own and operate interLATA distribution facilities to serve that area. SWB said it "will not use interLATA distribution facilities to provide any interexchange voice or data transmission independent of its provision of video and audio programming services." Company said there was no possibility that it could leverage any monopoly power through waivers.

FCC Field Operations Bureau has issued 34 fines totaling \$175,475 in several classes of services. Fines, including 4 against broadcast licensees, were \$375-\$20,000. Broadcasters were fined for improper tower maintenance and public inspection file.

FOLEY PREDICTS SPECTRUM AUCTION: Passage of legislation authorizing spectrum auction is "going to happen," House Speaker Foley (D-Wash.) said March 1. Talking with reporters following speech to NAB State Leadership Conference in Washington, he wouldn't speculate on details of auction legislation, saying that would be left to House Commerce Committee. Foley noted that Committee Chmn. Dingell (D-Mich.) hasn't been "enthusiastic supporter" of auctions in past, but believed he would give issue "a fair hearing." House voted March 2, by 410-5, to pass bill (HR-707) that would free up 200 MHz of govt. spectrum for private use, but it doesn't contain auction authority. Telecom Subcommittee has said it would hold hearings on auction in spring.

On Senate side, legislation allowing auction test is "on a fast track," said Mary McManus, Republican counsel for Senate Communications Subcommittee. Appearing on panel at NAB function, she said she expected hearings this month and suggested panel would pass measure. Fate of bill on Senate floor is harder to predict, she said. Some senators, particularly Sen. Danforth (R-Mo.), for whom she works, want to increase amount of spectrum, now set at 30 MHz, that would be available for auction. She also suggested that auction legislation could "get tangled up in the economic program" proposed by Clinton Administration.

On other topics, Foley said there's need for campaign reform bill this year, but said he doesn't "believe it is useful to extract free TV or radio time" from broadcasters. Bill by Rep. Bliley (R-Va.) would require broadcasters to give up 8 hours per year for candidates. Foley said there were "other ways of working together [between politicians and broadcasters]" in helping present issues in elections. He said broadcasters should be satisfied with current lowest-unit-charge legislation because their situation could be worse if they were required to sell time at even lower rate under some sort of special election discount. Foley declined comment when asked about possibility of imposition of more fees on broadcasters. That issue, he said, is "more difficult than auctions," and he's prepared to leave that to Dingell's committee. He also said legislation to end tax deductibility for ads would be difficult to pass.

Panel of half-dozen Hill staffers (3 each from Senate and House) predicted that this congressional session would focus largely on telco-related issues. Question whether telco-cable fits into agenda split panel. Dirk Forrister, aide to Rep. Cooper (D-Tenn.), said Congress generally likes to stay away from issues that recently caused major contention -- such as last year's cable bill, which is where cable-telco issue resides. On other hand, Cathy Reid, chief Republican counsel for House Telecom Subcommittee, said recent events in industry, such as Southwestern Bell's purchase of cable systems in Washington, D.C., area, may force Congress to act.

Compulsory licensing phase-out also is likely to come up this year, staffers said. Rep. Hughes (D-N.J.), chmn. of House Intellectual Property Subcommittee, already has introduced stop-gap legislation (HR-1103), and broader bill is likely, Subcommittee Counsel Hayden Gregory said on panel. Senate Judiciary Committee members are looking at similar legislation for short term, as well as longer term phase-out of 4 years, with exceptions for small systems, 7 years for emerging technologies such as wireless cable, said Karen Robb, chief counsel of Patents Subcommittee. Bill on advertising labeling also may come up, Andrew Vermyley of Senate Consumer Subcommittee staff said. Question for broadcasters would be whether laws that restrict what can be said on product label, such as whether product is "light" or "biodegradable," also would apply to broadcast ads.

Four political consultants on panel "The New Administration" agreed that development of national communications infrastructure would be major goal of Clinton Administration, with Vice President Gore and his Chief of Staff Roy Neel in forefront of that movement. Effort has been slowed, said Susan Buck of Bond, Buck & Donatelli, because of Administration's delay in appointing key people. But, she said, all signals indicate that White House is anxious to build "an information highway" and that employment of new technology is taking place much faster today than was case 10 years ago.

Said Jon Plebani, of Loeffler & Leath, in reference to change in Administrations: "It's a very difficult time for both parties" and Republicans "need to come together" before party can become factor in influencing new Administration. However, he said that he didn't expect that to happen. Tony Podesta of Podesta Assoc. said: "I don't see a way to bridge the gulf that exists in the Republican Party" on economy and other issues. He said Gore and Neel will be "extraordinarily active" on telecommunications issues. Podesta said Clinton appointment process has been slow because of his "search for diversity" and fact that White House examines each prospective appointment. He predicted "we're about to see a rush of appointments... The floodgates are about to open." Other panelists said Clinton hasn't been much slower than Bush and Reagan Administrations, pointing out that it took Reagan 6 months to name new FCC chmn.

James Davidson, Davidson Colling Group, said Clinton Administration "has learned to use our media very effectively" by bypassing "gatekeepers" -- network TV anchors. However, Plebani said, that works only when things are going well for Administration. Issue of campaign reform is "politically... an albatross," he said. Buck said bill will move "fairly slowly," with Senate acting "much faster" than House, but in any case no new campaign law will be in place in time for 1994 elections. "Looming in the background," Davidson said, is threat that Administration will attempt to make portion of cost of advertising taxable. That, he said, would have "tremendous impact" on broadcasting.

NAB has launched major attack on FCC policy on fines, along with size of many fines, and on panel of Commission staffers Mass Media Bureau Chief Roy Stewart repeated earlier statement that it's "not the Mass Media Bureau's intention to reduce the federal deficit" through fines. He called attention to FCC Bulletin #18 on fines policy and urged state broadcasters' associations to "provide it to every member of your association." Primary interest of Field Operations Bureau in levying fines is safety, such as tower lighting, painting and fences, he said.

John Hollar, senior legal adviser to Comr. Duggan, predicted "a continued, increasing, level of scrutiny" by Congress on how Commission enforces children's TV law and licensees' compliance with requirement for educational and informational programming directed toward children (see separate story, this issue). Chief Counsel Robert Corn-Revere said first audit of stations showed some 95% compliance with children's programming law, that data still are being compiled on 2nd audit but it too shows "more than 90%" compliance. Stewart said Commission won't act on petitions for reconsideration of new FM rules (with NAB in forefront in attacking portions of those rules) until there's full complement of 5 commissioners. "The timing is bad right now, he said.

Correction: NAB expects surplus of \$560,000 for its fiscal year beginning April 1 on income of \$18.78 million, expenses of \$18.22 million (TVD March 1 p4).

GARTNER OUT AS NBC NEWS PRES.: Michael Gartner announced his resignation March 2 as pres. of NBC News after 4-1/2 years in post. Exec. Vp Don Browne "immediately" was assigned "day-to-day responsibilities for the division's management," NBC said: "The search for a successor to Gartner will begin immediately. Candidates both inside and outside of NBC News will be considered." Already being mentioned as possible successors are Washington News Bureau Chief Tim Russert, host of *Meet the Press*, who reportedly has said he doesn't want job; William Wheatley, head of NBC's 1992 Presidential campaign coverage; NBC Sports Pres. Dick Ebersol.

"Recent controversies" involving NBC News prompted Gartner to speed up planned Aug. resignation, he said: "Concern over recent NBC News broadcasts continues to consume a great deal of energy and attention within the NBC News organization. For that reason, and because I have accomplished much of what I set out to do when I accepted this position, I have decided to make this change." Gartner joined NBC News in Aug. 1988 from Des Moines Register; he's former front-page editor of Wall St. Journal and with 2 partners owns 9 newspapers in Midwest. He had no broadcast experience when hired by NBC to succeed Lawrence Grossman (who came out of public TV and also had no news experience) as News pres.

Recent controversies to which Gartner referred involved *Dateline* segment on safety of GM vans, with NBC later apologizing and admitting that test results were rigged (TVD Feb 15 p3), and story on *Evening News* alleging that overcutting of timber in Ida. was killing fish (TVD March 1 p4).

Said Gartner: "Given the publicity of late, I think it best to announce it [resignation] now in hopes that this will take the spotlight off of all of us and enable us to concentrate fully on our business... Over the next several months, I intend to spend more time in Iowa where my family and business interests are located." He said he was proud of many accomplishments while head of NBC News, including bringing it "into very sound financial footing." He was assigned task of cutting staff and expenses, and News Div. is expected to make money this year for first time in many years.

Gartner said that he informed NBC Pres. Robert Wright in Dec. that he planned to leave in Aug. However, several NBC sources had predicted that he wouldn't survive controversies and we're told that Wright demanded his immediate resignation 10 days ago. Said Wright: "Michael helped NBC News adapt to a much more competitive news environment and can take pride in a number of achievements." In memo to NBC staff, Wright said Gartner "moved up his departure date in the hope that by doing so he might help minimize the attention and energy consumed by the *Dateline* controversy."

Later in week, Wright told TV Digest that NBC is "very healthy... yet we are entangled in a number of public issues that has put a cloud over what is otherwise a healthy situation. That is very hard to deal with... The News Division is a very solid organization and we are enjoying a lot of success in other parts of the company." Investigation of *Dateline* GM debacle is under way, and report to NBC is due soon, although Wright wouldn't say just when. However, he said report will be made public.

McKee Communications' planned purchase of Fox affiliate WXXA-TV (Ch. 23) Albany, N.Y., from Heritage Bestg. for \$25 million has fallen through after financing failed to materialize.

BOMB SPURS TRANSMITTER TALKS: N.Y.C. TV stations will consider setting up backup transmitters at separate site as result of shutdowns caused by bombing at World Trade Center Feb. 26 (TVD March 1 p6). Station officials said they lost hundreds of thousands of dollars of ad revenues during 10-hour shutdown, and figure could have gone much higher if damage to their facilities had been more extensive. Most stations continued to be carried on most local cable systems while they were off air, and several worked deals with other full-power and low-power stations to get their programming out.

Stations were allowed to resume transmitting from World Trade Center itself shortly after 11:30 p.m. day of noon-time explosion. Some stations, including WNBC, had been knocked off air shortly after noon by blast that killed 5 and injured hundreds. Others, including WABC-TV, stayed on air intermittently until power was cut off to entire building about 1:30 p.m. Several radio stations also were shut down. Only WCBS-TV was able to switch to backup transmitter on Empire State Bldg. Backup transmitters for others, including WABC-TV, WNBC, WNYW, WPIX, WNJU N.Y.-Newark and WWOR-TV N.Y.-Secaucus, also are in World Trade Center. Other stations that weren't affected include WXTV N.Y.-Patterson (Univision) and WHSE N.Y.-Newark (Home Shopping Network), both with transmitters on Empire State Bldg.

Several stations went back on air using others' transmitters. WABC-TV, for example, bought carriage on WXTV and WHSE, as well as N.J. Network, Pres.-Gen. Mgr. Walter Liss said. WNBC was carried on WLIW Garden City (PBS), with signal transmitted to Long Island station via Cablevision Systems link. WPIX got on air on LPTV station between 3 and 4 p.m., Exec. Vp-Gen. Mgr. Michael Eigner said. WNBC also did special satellite uplink to all cable headends that normally receive its signal, Pres.-Gen. Mgr. William Bolster said. Stations were carried nonstop on most cable systems via direct fiber and coaxial links from stations to headends. Despite that, stations still lost "quite a bit of coverage," Liss said.

WNBC lost \$300,000 in ad revenue "plus or minus 10%," Bolster said. WPIX's Eigner also said loss was "in the neighborhood" of \$300,000, as did WABC-TV's Liss. Losses could have mounted quickly into millions of dollars per station if transmitters had been shut down much longer, Eigner said: "If the building had come down, [losses] could have been huge. All stations have to reevaluate the possibility of having a separate backup site." Bolster agreed that all N.Y.C. broadcasters should consider backup transmitters at separate site, but said it was too early to know where. WCBS-TV is believed to have spent about \$200,000 per year since 1979 to maintain backup transmitter on Empire State Bldg. Emergency is believed to be first time it was used.

N.Y.C. broadcasters became part of story they were covering. Network stations and cable news channel New York 1 all went to full-time news coverage of incident during afternoon, and anchors often received telephone calls from people still trapped in World Trade Center. In several cases, anchors were able to reassure frightened callers that it still was safe to continue walking down smoky staircases to exits.

Writers Guild of America reached new 3-year contract with CBS March 4 covering 275 network employees in 4 cities. Contract calls for 9.5% pay increase over 3 years. Old contract expired March 1, leading to round-the-clock negotiations before new agreement was reached. WGA members will vote on new pact this week.

NO NEW FCC STAFF YET FOR CABLE: FCC was told by Office of Management & Budget (OMB) last week that it couldn't add any staff to carry out responsibilities assigned by Congress under 1992 Cable Act, Chief of Staff Brian Fontes told CompTel '93 Conference in Boston. FCC Chmn. Quello had pushed for additional funding and staff as top priority of his interim chairmanship.

Quello told us March 5 that "it's not a major thing. I think they're [OMB] going to give us some money and authorize us to hire some people." However, for present, hiring freeze remains in effect. Fontes said FCC "can hire [nonfederal workers] under contract," but that involves longer learning curve. "We are looking for an explanation as to what they [OMB] are doing," he said.

In other comments, Fontes said Quello is moving quickly to consolidate power and keep agency moving despite his interim status. Fontes said emphasis is on "coordinated policy" between Congress and FCC, although final shake-out will have to await new permanent chmn. "Over the last 12 years, we've seen deregulation just for the sake of deregulation," Fontes told CompTel. "The Clinton Administration will look toward a transition from a regulated environment to a competitive environment."

Process of circulation also has been changed, Fontes said. Now, all commissioners see material as soon as it's forwarded from bureau or office to Quello's office. In past, item could "sit there [in chmn.'s office] for a month or more" before it was circulated to any other commissioners for vote, who then had limited time to make decisions (TVD Feb 8 p2). New system provides alerts if paperwork gets lost in shuffle. "We are trying to work to develop consensus among commissioners," he said. "The way we were working before was not necessarily beneficial to those we regulated." He said system is designed to give bureau chiefs and senior staff more of incentive to present commissioners with "sound public policy in letter-perfect" form.

At weekly Mon. senior staff meeting involving bureau and office chiefs, Fontes said, all actions under Quello will be guided by single principle: "Are consumers getting the best available services they can get?" He said Commission under Chmn. Sikes had become too consumed with working out issues and problems and losing perspective on its mission.

John Hollar, senior legal adviser to Comr. Duggan, said most important element is to "bring grass-roots members" of trade groups such as CompTel to table to explain real impact of federal regulatory policies. He recommended that those appearing before Commission be ready to argue best points of their opponents, not just proactive case. Hollar said major issue may become building strong working relationship with NTIA and Congress. "To say the relationship [with Congress] has been rocky is certainly putting a good face on it," he said. "Independence is one thing, gridlock is another."

Ronald Plessner, chief of Clinton-Gore FCC transition team, said group provided Administration with underpinnings for cooperative spirit now emerging. "President Clinton, Vice President Gore and others already knew how important telecommunications is," he told us. He said he would have no involvement in selection of new chmn., saying issue was left to White House personnel office. "We stuck to the issues." At panel session with FCC staffers, Plessner said FCC "should emerge a stronger, more effective regulatory body" during Clinton Administration.

OPPOSITION TO PTAR WAIVER STRIDENT: Disney Co. and MPAA have joined INTV in strong opposition to MTM TV's request for FCC waiver of prime-time access rule (PTAR) for Rescue 911 on ground that program is "reality-based" and thus should fall under documentary exclusion from PTAR. Also pending at FCC is waiver request for syndicated series to be based on old Ed Sullivan Show. Both requests were filed with FCC Mass Media Bureau, and neither has been put out for comment.

MPAA said it's "alarmed at the failure of MTM to follow, and the Commission to demand, adherence to established procedures... We urge the Commission not to abandon essential procedural protection of the rights of the public through cavalier treatment of PTAR-related requests" and to put them out for public comment. MPAA said there has been "spate" of waiver requests in last 2 years, causing Assn. to urge FCC "to avoid setting forth down a path of 'rulemaking by waiver,' dealing with PTAR in a piecemeal, ad hoc fashion oblivious to the implications for the programming marketplace." Only appropriate course of action for FCC is to reiterate to MTM that agency doesn't issue declaratory rulings in this area, MPAA said. It noted that one of its members, 20th Century Fox Film, didn't subscribe to its position.

Disney, which has had request pending at FCC for 2 years for repeal of portion of PTAR that prohibits network affiliates in top 50 markets from airing off-network programming 7-8 p.m. (TVD Oct 12 p7), told FCC: "Rather than embark down a winding path of ad hoc waiver decisions -- a treacherous path that threatens both illegalities and inequities -- the Commission should examine whether the underlying off-network prohibition should be eliminated... Applying Band-Aids haphazardly is neither good policy nor fair to those who do not receive them." In no event, said Disney, should FCC grant waivers sought by 911 and Ed Sullivan Show: "Neither request has a substantive merit."

PTAR has been contentious issue at Commission for some time. Then-Chmn. Sikes attempted in Sept., and again for his last meeting in Jan., to place proposed rulemaking to repeal rule on agenda. He was stymied both times by current Chmn. Quello, who said any proposal to repeal PTAR should await resolution of finsyn issue.

Hughes Communications' DirecTv has selected Sony's Betacam technology as house broadcast and production format for its 150-channel DBS service. DirecTv said it will buy more than 300 Digital Betacam videotape recorders and related systems for its all-digital broadcast center in Castle Rock, Colo. Delivery is expected in 6 months, Sony said. In Oct., DirecTv awarded Sony \$50-million contract to design, integrate, install and maintain equipment at new facility. Terms of latest deal weren't disclosed.

TCI signed new carriage agreement with Black Entertainment TV (BET), guaranteeing it carriage on largest MSO for 10 years and increasing to 50 number of MSOs signed to new rate card, BET said. Deal, which takes effect Jan. 1, requires operator to pay BET 10¢ per subscriber in 1994, 11¢ in 1995 and 1996, with 1¢ increases each of following 7 years. Current fee is 8¢ per subscriber.

Freshmen members of House and Senate Commerce Committees will be honored by FCBA at 5:30 p.m. reception March 24, Gold Room, Rayburn Bldg. FCC commissioners and committee and subcommittee chmn. also are expected to attend. Tariff is \$25 for FCBA members, \$40 for nonmembers, \$15 for govt. officials -- 202-833-2684.

CABLE REGULATORS HEAR COMPLAINTS: Nation needs "sensible and rational" regulation of cable rates to ensure investment in technology and programming and survival of "highly leveraged" cable operators, NCTA Vp-Legal Daniel Brenner told NATOA legislative seminar in Washington March 5. He said that if operator's cash flow is too affected by rate regulations, "banks could find them in default."

FCC Deputy Mass Media Bureau Chief William Johnson said many cable systems "paid too much for" their systems, and question is "should we bankrupt" them? He said "core issue" is benchmark standard for setting rates, which has approval of Consumer Federation of America (CFA), many on Capitol Hill, NCTA, FCC, NATOA. Data used to determine benchmark include only rate information, no cost information, he said. Rates could drop automatically with introduction of competition from direct broadcast satellite systems (DBS), which "we've been doing everything we could to make happen and it looks like it will next year."

CATA Pres. Steven Effros and CFA Legislative Dir. Gene Kimmelman debated what constitutes infrastructure. DBS satellite, which costs \$500 million, isn't "cream skimmer," Kimmelman said in response to Effros' assertion that cable operators wouldn't have incentive to build ground-based infrastructure in face of unfair competition from DBS. "There is a distinction, and Al Gore knows this, between 2-way interactive fiber infrastructure and delivering entertainment via a bird," Effros said. Kimmelman said public doesn't care what form infrastructure takes, "satellites are fine; so is over air, or fiber."

Asso. of America's Public TV Stations (APTS) urged House Appropriations Subcommittee to support \$360-million funding that CPB is asking for FY 1996. San Francisco teacher Melissa Breen, testifying for APTS, said \$310 million is needed to maintain current levels of service, with rest to use for PBS infrastructure for new services. CPB's current appropriation would give it \$292.6 million through FY 1995. Additional \$50 million would be used for projects such as math and ready-to-learn channel, adapting TV programs for instructional uses in classroom, more adult literacy outreach activities, vocational training. Breen said APTS also supports additional \$50 million for Star Schools, \$25 million for Ready to Learn TV Act to support programs for preschoolers, and \$10 million for Access to Education for All Americans Through Telecommunications Program, aimed at those with disabilities.

Selection of HDTV standard should be based in part on which system creates most jobs in U.S., Labor Secy. Robert Reich said in letter to FCC. Advanced TV Research Consortium, including NBC, Philips, Sarnoff Labs, Thomson and Compression Labs, has said that its system would generate most U.S. jobs, and has won backing of several labor unions on that basis. General Instrument (GI), among others, is disputing claim. GI Govt. Affairs Dir. Quincy Rodgers said there's no difference among systems in job creation since virtually all HDTV sets will be built in U.S., regardless of which system wins: "The real job issue is to get the standard written without undue further delay so we can get on with creating jobs."

Transactions: Jones Intercable agreed to buy cable systems with 15,240 subscribers in N. Augusta and Beech Island, S.C., and in Thomson and Dearing, Ga., for undisclosed price. Seller is American Cable TV Investors 2. Jones said it's buying systems for its own account or for affiliated partnership.

Both sides claimed victory in long-awaited decision by U.S. Dist. Court Judge Michael Dolinger in N.Y. that gives TV stations option of music rights under blanket contract or on per-performance basis. Case began in 1985 when ASCAP and All-Industry TV Station Music License Committee were unable to agree what stations should pay for music. Committee filed suit in 1988 for per-performance rights after 2nd U.S. Appeals Court, N.Y., overturned Dist. Court ruling that ASCAP's mandatory blanket licenses violated antitrust laws. Dolinger decision runs 226 pages and ASCAP and Committee said they still were digesting it. Decision will require series of meetings to work out new music rates, subject to court approval, they said. ASCAP said decision would grant music licensing firm "an increase in both blanket and per-program fees" paid by TV stations. It said no decision had been made on whether to appeal. Since 1985, TV stations (including network-owned outlets) have been paying combined \$72 million annually on interim basis. Under Dolinger's order, music licenses no longer will be based on station's revenue, as in past. Stations also will be able to license music rights direct from program producers and syndicators, said Jack Zwaska, administrative dir. of Committee. "This decision should save [stations] at least \$50 million between now and the next 3 years when measured against what ASCAP had asked the Court for in fees," he said. "We also save \$200 million against ASCAP's demands for the 10-year retroactive period from January 1983... and an additional \$150 million after we add in the Broadcast Music Inc. (BMI) fees," which are tied by contract to ASCAP rate case. BMI will receive 70% of amount stations eventually are required to pay ASCAP in license fees.

Sens. Metzenbaum (D-O.), Mack (R-Fla.), Graham (D-Fla.) and others introduced legislation March 4 to remove blanket antitrust exemption from major league baseball. Metzenbaum said bill wouldn't overturn 1961 Sports Bctg. Act that provides major professional sports leagues with antitrust exemption for national free-TV contracts. But law doesn't apply to local TV contracts and wasn't intended to "shield from antitrust scrutiny TV contracts -- either national or local -- with cable channels. It is the TV contracts with cable channels which are causing the most concern among fans. Removing baseball's blanket antitrust exemption will mean that those deals can be subject to antitrust review." Lifting exemption "should discourage the owners from placing most or all of their games on expensive pay-TV channels," Metzenbaum said.

There were no surprises in oral argument March 4 on appeals to U.S. Dist. Court, D.C., of must-carry provisions of 1992 Cable Act. Argument lasted from 10 a.m. to 5:45 p.m., generally included rehash of written arguments submitted by cable, broadcasters, govt. Main diversion were repeated complaints by U.S. Dist. Judge Stanley Sporkin about quality and price of his cable service. Questions by 3-judge panel (others were Thomas Jackson and Bryant Williams) focused on distinction between strict scrutiny test for impact of govt. actions on free speech vs. less strict guidelines for legitimate govt. actions that only incidentally affect speech (O'Brien test). Decision is expected before must-carry and retransmission consent provisions take effect April 4.

Sixteen media groups, with ACT in forefront, have asked U.S. Appeals Court, D.C., to clarify its Feb. 23 action staying "safe harbor" of midnight-6 a.m. established by FCC for airing of indecent programming. As result of Court's action, Commission next day went back to old safe harbor banning indecent programming 6 a.m.-8 p.m. That's not what Court ordered, coalition said in seeking clarification.

DAB SUMMIT PLANNED: Parties in months-long EIA-NAB dispute over standardization of digital audio broadcasting (DAB) (TVD Jan 15 p3) will try to work out compromise at March 8 meeting at EIA's Washington hq. Tentative deal, which emerged from earlier round of secret meetings between senior EIA and NAB executives, would allow EIA to complete standardization work started by its Digital Radio Subcommittee, but also heed wishes of broadcasters to have EIA-NAB National Radio Systems Committee (NRSC) choose in-band on-channel (IBOC) system as single standard. It appears EIA will do actual testing.

Sources described potential deal as "elegant" compromise that accepts wishes of EIA Consumer Electronics Group Vp Gary Shapiro to have EIA Digital Radio Subcommittee as only standardization game in town, but also bows to broadcasters' desire to control their own destiny on IBOC technology they support. Report by Warren Publishing's Audio Week said that although overall standardization effort would continue under banner of EIA Subcommittee, NRSC would work with EIA unit to develop standard for single IBOC system. Compromise allowing parallel standardization efforts would open up possibility that EIA Subcommittee would recommend more than single DAB system for eventual adoption as voluntary U.S. standard, since results of overall effort apparently will be grouped under EIA umbrella.

Terms would call for NAB to make substantial financial contribution this year -- as much as \$85,000 -- to support EIA testing of only IBOC systems, although NRSC would analyze and evaluate IBOC technical results and select standard. NAB Radio Board Chmn. Wayne Vriesman, Tribune Bestg., recently turned down EIA request for financial contribution to help defray EIA testing costs because NAB DAB Task Force voted in mid-Dec. to pursue NRSC route on IBOC standardization.

Financials: Black Entertainment TV net profit grew 14% in 2nd quarter ended Jan. 31 to \$3.3 million and revenue 20% to \$18 million. Cable ad revenue was up 20% to \$9.6 million and subscriber revenue 19% to \$7.4 million... **Saga Communications** said net loss dropped to \$288,000 in 4th quarter ended Dec. 31, from \$1.1 million loss year ago, and cash flow increased to \$2.8 million from \$1.7 million. Revenue was up 13.7% to \$31 million... **Cablevision Industries** said it will issue \$200 million of new senior debt bearing 9.25% interest.

U.S. Dist. Judge T.S. Ellis, Alexandria, Va., issued order March 1 that set out conditions for NCTA's participation in case Bell Atlantic has filed challenging Cable Act restrictions that keep telcos out of cable. Under order, NCTA will be able to file briefs and affidavits in connection with dispositive motions, but won't have right to engage in discovery or to question witnesses unless first asking court for permission to do so. Parties were ordered to submit mutually agreeable briefing schedule (2 briefs per side) that would lead to oral argument May 13, May 20 or May 27.

Clear Channel Communications is adding to its stable of 25 radio stations and 7 TVs in 18 markets with purchase of WRNL(AM)-WRXL(FM) Richmond and Va. News Network from Capitol Bestg. for about \$9.75 million cash. Clear Channel already owns WRVA(AM)-WRQV(FM) Richmond.

Cable Networks Inc. said it signed cable ad sales representative deals with systems serving 337,000 subscribers (93% of households) in Portland, Ore.

FCC has "unwittingly played into the hands" of franchised cable operators by proposing to revise its handling procedures for ITFS channels often used by wireless cable, said Washington lawyer John Pellegrin, who represents wireless cable interests. In presentation last week at Washington conference sponsored by Private Cable magazine, Pellegrin said proposed rules (FCC 93-90) are "delaying tactic" that will slow start of new wireless cable operations by 6-9 months and disadvantage them when new filing windows open. Instead of accepting ITFS applications at any time, FCC effectively froze them during rulemaking and will accept them only during filing windows in future. Since rulemakings typically take 6 months, Pellegrin said all ITFS applications that didn't make cutoff face delay at least that long, and probably longer, until filing windows are reopened. He said new procedures also will use paper comparative process, rather than lottery, with special weight on educational uses of ITFS channels. That will make it more difficult for ITFS operators that plan to lease enough channels to wireless cable operators to make wireless cable viable, Pellegrin said. He said filing windows also will give educational users more time to consider ITFS, probably leading to more purely educational proposals. Noting that one of FCC's goals is encouraging competition for franchised cable operators, Pellegrin said: "I suspect the FCC doesn't understand the consequences of what it's doing." James MacNaughton of Liberty Cable suggested that FCC could rule that franchised cable systems can't claim they face effective competition (limiting regulations they face) unless they prove that competitor has equal program access.

CNN, ABC and CBS news broadcasts were in near dead heat for "believability" in poll by L.A. Times Mirror, while NBC slipped to 4th from first in similar poll 4 years ago. CNN and ABC scored 76% in public ratings for "believability," CBS 75%, NBC 73%. NBC had been rated most believable in previous survey. Only 14% gave CNN low rating, 21% for both ABC and CBS, 24% for NBC. Said Survey Dir. Andrew Kohut: "I think what the survey shows is that NBC paid a cost in diminished believability as a consequence of staging the truck explosion." Newspapers slipped from 67% believable rating 4 years ago to 63% in Feb. 12-21 survey of 2,001 adults.

House Telecom Subcommittee Chmn. Markey (D-Mass.) has asked for NTIA's views on how spectrum auction should be structured. He wrote in response to Feb. 22 letter from Commerce Dept. Acting Gen. Counsel Carol Darr, who said agency favored spectrum auction in bill (HR-707) that would reallocate 200 MHz from govt. to private use. Measure passed House March 2 on 410-5 vote. Markey asked how auction could be constructed so that small entrepreneurs would have chance at spectrum and what would be appropriate term of lease for spectrum that would be auctioned.

"The New Multimedia Mix: Microchips, Markets and Madonna" is title of March 31 conference sponsored by Center for Strategic & International Studies, 9 a.m.-2:30 p.m., 1900 K St. NW, Washington. Speakers include House Telecom Subcommittee Chmn. Markey (D-Mass.), MPAA Pres. Jack Valenti and executives of Apple, BBC, Bell Atlantic, CableLabs, Cap/ABC, Disney, Fox, IBM, Philips Interactive, Sony, TCI, Time Warner -- 202-887-0200.

Combined national spot and local radio advertising was up 5% in Jan. over same month year ago, according to RAB audit of more than 100 markets. Local revenue, which accounts for 75% of radio advertising, was up 7% in month and national was down 3%, with East Coast "the only soft spot," RAB Pres. Gary Fries said.

Personals

PBS nominations: Former Va. Gov. **Gerald Baliles** (D) to be chmn.; **Maria Flood**, Tex. Tech., vice chmn.; **Judy Stone**, Ala. Public TV, professional vice chmn... Changes in Senate Judiciary Committee staff: **Cynthia Hogan** named chief counsel, succeeded as staff dir. by **Catherine Russell**, staff member of Technology Subcommittee; **Lawrence Spinelli**, office of Rep. Downey (D-N.Y.), appointed press secy... FCC Chmn. **Quello** addresses Best. Pioneers' Golden Mike Award dinner March 8, Plaza Hotel, N.Y.; Award will be presented to KING-TV Seattle.

Peter Chrisanthopoulos, ex-pres.-CEO, Network TV Assn., appointed exec. vp-research, mktg. and promotion, ABC TV Network Group, new post except in research area, where he succeeds **Alan Wurtzel**, now senior vp-magazine and long-form programming, ABC News; **Jennie Trias** promoted to pres.-children's programs, ABC TV West Coast; **Mary Ellen Holahan** promoted to vp-Detroit sales mgr., ABC TV Network; **Charles Clark** promoted to vp-sales, Western Div... **Thomas Goodman** advanced to vp-communications, CBS News and CBS TV Stations Div.; **Sue Norris**, ex-NBC Productions, appointed dir.-current programs, CBS Entertainment... **Lorna Bitensky** promoted to senior vp-production business affairs, NBC Productions... **Francis Martin**, Chronicle Bestg. pres., resigns to form U.S. Media Corp. to specialize in new technology; **Amy McCombs**, pres.-gen. mgr. of Chronicle's KRON-TV San Francisco, succeeds Martin.

Jonathan Cohen, ex-Arter & Hadden law firm, named assoc. counsel, Office of Presidential Personnel... **Mark Mays** promoted to senior vp-operations, Clear Channel Communications; **Randall Mays**, ex-Trammell Crow Co., joins as vp-treas... **Lisa-Gaye Shearing** appointed managing dir., Communications Equity Assoc. International, London... **H.L. Stevenson**, ex-Crain Communications, joins Exec. TV Workshop as assoc... **Stephen Sewell**, asst. chief, FCC Video Services Div., retires.

Gerald Hogan, ex-Whittle Communications, appointed pres.-CEO, Home Shopping Network... **John Clemons**, ex-GTE Information Services, joins Joint Center for Political & Economic Studies as vp-communications... **Terry Noble**, ex-Media Central, appointed dir.-sales development, Arbitron's MediaWatch... **Gerry Laybourne**, pres., Nickelodeon, named vice chmn., MTV Networks, new post.

Michael Nelson, ex-aide to Sen. Gore (D-Tenn.), joins staff of White House Office of Science & Technology Policy... **Jonathan Thackeray**, ex-Baker & Hostetler law firm, Cleveland, named vp-gen. counsel, Hearst Corp., succeeding **Victor Ganzi**, now Hearst senior vp-chief financial and legal officer... **David Britt**, pres., Children's TV Workshop, elected chmn., American Center for Children's TV... **Thomas Hagopian** promoted to vp-ESPN Enterprises, new post... **Robert Greene** promoted to vp, Showtime.

Philip Kent joins Turner Home Entertainment from HBO as pres., new post... **Stuart Goldfarb**, ex-James Communications, appointed senior vp-gen. counsel, Communications Equity Assoc... NBC News appointments: **David McCormick** to senior producer-broadcast standards; **Wendy Wilkinson** to national news dir.; **John Stack** to foreign news dir.; **Clare Duffy** to weekend news mgr... **Steven Carcano** joins E! Entertainment as dir.-affiliate sales, south central region.

Cynthia Marion, ex-N. Tex. Public Bestg., joins Mind Extension U. as dir.-advertising and national program mktg... Named sales mgrs., Medialink: **Mary Buhay**, Washington; **Eric Mangol**, N.Y... **Laura Blake**, ex-Media Management Strategies, appointed national sales mgr., Cable Networks, Detroit... **Joseph Reilly**, ex-Warner Bros. TV, moves to co-owned Telepictures Productions as vp-business affairs... **Louise Henry**, ex-NBC Olympics Pay-Per-View, joins Court TV as vp-western regional affiliate relations... **Chris Killebrew** appointed dir.-affiliate sales and mktg., SportSouth... **Lucille Salhany**, chmn., Fox Bestg. addresses Maximum Service TV meeting at NAB convention, April 19.

William Sumner appointed senior vp-information systems, Sony Pictures Entertainment, succeeding **Peter Schemente**, resigned... **Arthur Bell** promoted to senior vp-mktg., Comedy Central... **Philip Marella** advanced to senior vp-legal and business affairs, Worldvision Enterprises... **Loretta Ucelli**, onetime NAB, appointed chief spokesperson, Environmental Protection Agency... **Wendy Menzies**, ex-ABC Radio Networks, joins Cable Networks as mgr.-sales planning, N.Y.

Michael Connolly, press secy. to House Telecom Subcommittee Chmn. **Markey**, named vp, Washington office of Edelman PR Worldwide... **Rick Jacobson**, ex-Buena Vista TV, appointed pres.-domestic markets, Viacom Entertainment... **John Behnke**, Fisher Bestg., Seattle, receives Belva Brissett Award at NAB convention, April 21, Las Vegas Hilton, for efforts in FCC's video dial tone proceeding.

Andrew Ockershausen, ex-WFTY and WMAL-TV-AM Washington gen. mgr., joins Home Team Sports as coordinator-new business development... **Greg White** promoted to vp-construction, Comcast Cable, new post... **Lindsay Gardner** advanced to exec. dir.-corporate planning, Viewer's Choice... **William Urbanic** promoted to senior vp-syndication, MCA TV; **Glenn Weisberger** advanced to vp-dir., legal and business affairs, MCA TV; **Isa Gberman** promoted to dir.-business administration... **Carl Keller**, ex-KIOA-AM-FM Des Moines, appointed gen. sales mgr., KBJR-TV Duluth.

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Adelphia said it will rebuild Syracuse cable system with 750-MHz "passive cable network architecture." System, which has 38,842 subscribers, will deploy fiber more deeply into network than fiber-to-feeder design, use no coaxial amplifiers and be fully 2-way. Coaxial runs will be limited to about one mile under architecture that Adelphia said probably will cost about same as 750-MHz fiber-to-feeder. Vp-Engineering Daniel Liberatore said reducing cost of fiber is making it attractive to move it closer to home, but MSO still is trying to determine whether new architecture is economical in less urban environments.

Ads on 20 cable networks increased 16% in 4th quarter 1992 to \$602 million, Best.-Cable Financial Management Assn. (BCFMA) said in latest survey. Total was up more than 15% to \$2.12 billion for full year. BCFMA attributed some of gain to 2-point increase in ratings of cable networks. Cable Ad Bureau Pres. Thomas McKinney said 4th-quarter growth was "all that much more remarkable" because it came as broadcast networks were "pulling out all the stops to launch their new seasons."

Scientific-Atlanta is sponsoring seminar Thurs. (March 11), Sevilla Palace Hotel, Mexico City, on emerging broadcast technologies, hosted by NAB and Mexican broadcasters -- Terri Rabel, 202-429-5342.

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	FEB. 13-19	1992 WEEK	% CHANGE	FEB. 6-12	7 WEEKS 1993	7 WEEKS 1992	% CHANGE
TOTAL COLOR.....	369,613	377,125	- 2.0	351,324*	2,574,607	2,255,192	+14.2
DIRECT-VIEW...	364,025	371,921	- 2.1	345,782*	2,527,103	2,209,981	+14.3
TV ONLY.....	337,646	363,388	- 7.1	327,475*	2,401,061	2,119,441	+13.3
TV/VCR COMBO.	26,379*	8,522	+209.2	18,307*	126,042*	90,540	+39.2
PROJECTION....	5,588*	5,205	+ 7.4	5,542	47,504*	45,211	+ 5.1
VCR DECKS.....	155,565	199,449	-22.0	150,976	1,266,259	1,270,764	- 0.4
CAMCORDERS.....	29,769*	27,202	+ 9.4	17,038	232,512*	212,674	+ 9.3
LASERDISC PLYRS#	1,850	3,084*	-40.0	1,927	22,330	34,129	-34.6

Direct-view TV 5-week average: 1993--348,788; 1992--336,533 (up 3.6%).

VCR deck 5-week average: 1993--181,725; 1992--200,159 (down 9.2%).

Camcorder 5-week average: 1993--35,468*; 1992--32,268 (up 4.5%).

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

PHILIPS OPERATING INCOME FELL 21% IN 1992: "Unprecedented" market developments and resulting "negative impact" on consumer electronics business were blamed by Philips last week for 21% decline in 1992 income from operations and net loss of 900 million guilders (\$488 million) compared with year-earlier profit of \$606.8 million (see financial table).

Company said consumer electronics sector lost \$300 million before restructuring costs, as opposed to operating income of \$150 million in 1991. Consumer electronics sales in 1992 were \$11.7 billion, up from \$9.19 billion in 1991. Comparable increase in sales was only 2%, since 1992 figures include Grundig on consolidated basis.

Although Philips said it achieved 2% sales growth in 1992, average selling prices fell 3% overall and 6% in consumer electronics. At Eindhoven news conference last week, Pres. Jan Timmer said he was unable to predict when conditions would improve, saying company expected no appreciable recovery in 1993. Business prospects "are relatively better" in U.S., Philips said, but core markets in Europe "show no signs of improvement" and sales "in real terms" are expected to be "flat."

Overall net sales in U.S. and Canada reached \$6.94 billion, virtually flat compared with year earlier, while operational profit totaled \$41.2 million as opposed to \$542,000 loss year earlier. N. American sales last year accounted for 22% share of total, down slightly from 22.5% in 1991. Europe (excluding Netherlands) remained company's largest market worldwide by far with 55% share, rising slightly from 53% in 1991.

In announcing 1992 loss, Philips said it reduced work force by another 10,200 jobs last year, reducing total employee base to 252,000 by year-end. It said additional restructuring would result in cutting another 10,000-15,000 jobs this year, although we're told U.S. consumer electronics operations will be spared staff reductions. For 3rd year in row, Philips has told shareholders it can't pay dividend, marking first such 3-year dividend moratorium in century-long history of Philips.

Losses included massive setbacks suffered at Grundig, in which Philips purchased 31.6% share in 1984. German company was singled out for harsh treatment in latest Philips financial statement, first time Grundig results have been included on consolidated basis. "In a marketplace that became ever more competitive in the course of 1992," Philips said, "it became apparent that Grundig was of subcritical size."

Grundig VCR and cordless phone production in Europe has been incorporated into that of Philips to attain better economies of scale, and company noted that "further integration is needed in other areas as well." Timmer admitted he's still studying how to tackle problem, but said: "Only by joining forces can we solve the problem." Clearly, companies' production effectively will be merged.

Philips share of Grundig's 1992 loss came to \$262.5 million in 1992, including \$108.5 million restructuring charge. Consumer electronics losses included \$104 million attributed to Grundig. Parent "will have to assume greater control" of German affiliate, company said, while preserving Grundig's identity "as much as possible." At news conference, Philips said it's saddled with 20-year deal signed in 1984 requiring it to pay 61 million guilders (\$33 million) annually to Max Grundig Foundation, ostensibly to channel funds to family of late founder "during good times or bad." Asked by reporters about absurdity of payments when Philips is reporting losses of such magnitude, Timmer said "that is the way the contract was written, and that is the way it is," noting that it was drawn up by previous Philips administrations.

At news conference, Philips said it spent about \$27 million generating software support for CD-I, which Timmer said has achieved worldwide hardware sales of 100,000 players since reaching retail shelves in late 1991. (At Home Media Expo in L.A. last week, Philips Interactive Media executives told reporters that software effort resulted in sales of one million CD-I discs throughout world last year.) Same day, Philips announced formation of new Software & Services Business Group to be headed by Pres. Scott Marden, formerly senior managing dir., Bear Stearns & Co., who reports to Henk Bodt, Philips Consumer Electronics Div. Timmer said Philips "has repeatedly stated that its software interests are an important part of its assets" and that "coherent management of these activities is paramount to our strategy." Marden, who for now will be based in N.Y., will supervise Philips software interests in CD-I and other technologies, but won't be involved in Philips-controlled PolyGram.

Timmer seemed to bristle at questions from reporters last week about whether Philips was pondering sale of PolyGram or other divisions to raise cash. Reiterating that no such plans were in offing, he responded: "I have said this 3 years in a row now, but I still see reports saying otherwise. Please take what I say seriously." Earlier in week, PolyGram reported 13% gain in net income to \$280 million (\$1.65 per share) in 1992 from \$246 million (\$1.45) year earlier despite recession and "substantial investments" company made in filmed entertainment, music, manufacturing.

Timmer and other executives generally exuded confidence when asked about results thus far in worldwide DCC launch, although company didn't follow its own CD-I example in releasing hardware or software sales estimates. Timmer said he was "very pleased with positive reactions from the trade and specialist press" on DCC. Noting that portable DCC products are scheduled for introduction later in year, he said DCC "is on line with expectations," but "will take a number of years" to reach mainstream penetration, as was case with CD format. Responding to question from TV Digest correspondent, Timmer said Philips executives "are very confident" of DCC commitment by co-developer Matsushita, and "we expect other Japanese companies to become actively involved." On latter point, he hinted broadly at major DCC announcements expected by midyear.

Asked whether it was true that Philips produced only 120,000 widescreen 16:9 tubes last year, less than 1% of total tube unit production, Timmer responded: "Yes, that's reasonably accurate." As for whether company would produce more of its VCR components in Hungary, he said that can't be ruled out.

FILMMAKERS URGED TO FORGET PLATFORMS, CREATE NEW PROGRAM TYPES: For all talk about how onset of interactive media will give movie studios way to leverage past assets, accent at 2 L.A.-area conferences last week was on creating entirely new entertainment forms on clean canvas.

"When we can quit thinking of CD-ROM as a 'better' version of something else [reference book, TV show, motion picture], only then will we have turned this into a real business," Warner New Media founder Stan Cornyn told independent film makers at annual American Film Market in Santa Monica. He said they shouldn't try to figure out which platforms to back: "You need not bet on one technology versus another. It doesn't mean you shouldn't pursue them all, but to do that is very expensive. What you should pursue is some knowledge of what they can do, but more importantly, what you should pursue is making hot copyrights -- copyrights that are multimedia, interactive and novel. If you have those, the techies will handle the rest."

Cornyn urged filmmakers to spend more time preplanning for multimedia markets, saying that if they "have the right stuff, then a pathway will be beaten to your door by the player makers." Similar note was

struck by Turner Entertainment Group Pres. Scott Sassa, representing cable industry, who said compression technology "is going to create capacity which is going to lower the barriers of entry. If you are an artist and you understand the medium, then you'll always be in demand."

Cornyn said he considers it "odd" that "people mostly in charge of creating CD-ROMs are graduates of MIT." He said CD-ROM creation today "falls into the hands of code-writers, those who can work the authoring systems and can keep the computers from clutching up. These highly paid people are the wrong people to be running things." Cornyn also said industry needs "the creation of a real and impressive community of artists and authors who envision works of CD-ROM from the get-go," rather than as extensions of books, films, etc. He said "depth of existing copyrights is in many ways an impediment in this business."

Gordon Stulberg, chmn. of Philips Interactive Media International, reassured audience that Hollywood, in multimedia as in other entertainment software businesses, "will be the center of the universe for product." He also rapidly disposed of issue of pace of technology, saying it's moving so quickly that "this year, feature-length motion pictures will be compressed and play off a CD and onto a variety of machines." (Philips is believed ready to announce officially by end of month that it will introduce long-awaited MPEG cartridge for CD-I player in fall.) However, 3DO Pres. Trip Hawkins said limited storage capacity of 5" discs would relegate feature films to minor role and urged film community for short term to "look for program material that has a short play duration that can be put on a CD."

* * * * *

Idea of content as king got similar boost in another part of L.A. at annual Home Media Expo, which brought together creative community and technologists at Beverly Hilton Hotel.

Mark Stahlman, pres. of New Media Assoc., financial firm, said "we are probably 5 years away from building a thriving new media industry," although he reassured developers that time to start developing is now. He said there's no shortage of funds available in industry these days, but rued fact that "the shortage is in business innovation. The problem is that most of the money is being spent by major companies who are in trouble in their own businesses" and are looking for new ventures to solve their problems. He pointed to film companies' "repurposing their movies, which I believe will not work," and gave similar thumbs-down to cable companies' move toward megacapacity systems and phone companies' expectations on ability to leverage video-on-demand. "I am certain there will be many millions of dollars wasted to learn those lessons," he said. On other hand, he expressed excitement about potential of cellular cable systems (like CellularVision in N.Y.C.) "which I think are going to be hugely successful" owing to relatively low cost of entry and new blood entering business via franchise lotteries.

Changeover of game industry from cartridges to CD-ROM was positioned as financial and creative boon, with publishers citing vastly reduced manufacturing costs of CD as lowering risk factor in developing programs for other than mainstream audience of males 8-30 years old. "If you lower the risk, it will create a huge diversity of product," Stewart Bonn of Electronic Arts said. He cited average \$15 cost to manufacture cartridge (along with tremendous lead times), compared with about \$3 for CD-based product. Activision Chmn. Robert Kotick said publishers look fondly on using CD for PC-based programs as means of reducing rampant piracy. Kotick and Bonn agreed that market for 16-bit game cartridges will begin to decline within next 2 years in favor of CD and other media.

JAPANESE VCR AND CAMCORDER SHIPMENTS DOWN IN 1992: Although many Japanese manufacturers say U.S. was bright spot in near-disastrous year, exports of Japan's 2 most important video products to U.S. showed hefty declines in 1992. Camcorders dropped 31.1% as American importers sought to sell off massive inventories and VCRs declined 13.8% as other Far East countries took over much of market.

Finance Ministry figures show camcorder exports to U.S. down every month in 1992 -- in fact, Dec. was 14th consecutive month of declines from preceding year's corresponding month. Record for any year was set in 1991, when country shipped 3,841,909 camcorders here (and 2,864,395 were sold here). In 1992, number plummeted to 2,646,061 (when U.S. sales totaled 2,814,979). Japan supplied 93% of U.S. camcorder imports last year.

Declining VCR exports were another story in 1992, when sales here broke all records. Last year, Japan accounted for only 37.6% of those imported into U.S., down from 49.4% in 1991, as lower-wage countries took over (although many of VCR plants there are owned by Japanese companies).

Bright spot in Japanese exports was CD player, which set record in shipments at 6,390,532, although Japan is only one of several sources. It also set record in shipments of videodisc players, exceeding 300,000 for first time.

Average price of VCR shipped from Japan in Dec. was \$258.33, highest of year, and in fact highest since Sept. 1987. Camcorder average price, which had been hovering in \$510-\$530 area since July, shot up to \$561 in Dec. Those prices don't reflect firming of yen, which started in Feb.

Japanese exports to Canada for full-year 1992 (Dec. in parentheses): Color TV 5,277 sets, down 28.3% (138, down 54%); VCRs 468,996, down 6.2% (22,951, down 20%); camcorders 250,876, down 26.5% (12,024, down 41.1%); videodisc players 24,607, up 21.8% (2,074, down 26.6%); CD players 513,523, up 4.4% (24,669, down 41.6%). Here's table of Japanese exports to U.S., from Japan Finance Ministry:

Product	Dec. '92	Dec. '91	% Chg.	1992	1991	% Chg.
Color TV.....	12,748	8,694	+46.6	116,836	129,774	-10.0
VCR decks.....	281,972	473,062	-40.4	5,733,165	6,649,614	-13.8
Camcorders.....	194,897	277,382	-29.7	2,646,061	3,841,909	-31.1
Videodisc players	15,875	21,692	-26.8	324,664	263,858	+37.1
CD players.....	276,021	530,581	-50.0	6,390,532	5,939,735	+ 7.6

LCD ANTIDUMPING DUTY UPHELD: In move widely protested by U.S. computer manufacturers, Japanese govt. and Japanese LCD makers, U.S. International Trade Commission (ITC) last week ruled again that imports of Japanese active matrix LCDs "injure or threaten injury" to U.S. industry and reinstated 62.67% antidumping duties.

Japan's Ministry of International Trade & Industry (MITI) protested that there was no domestic industry to injure. Apple Computer Govt. Affairs Dir. James Burger called ITC action "an Alice in Wonderland decision [which] defies logic."

Court of International Trade (CIT) ruled in late Dec. that ITC had erred in its injury finding because it erroneously lumped all flat-panel displays together, when it should have looked at each type as separate industry (TVD Jan 4 p11).

ITC followed last week by reiterating earlier finding that domestic industry was injured by imports of active matrix LCDs, but withdrew injury finding on electroluminescent (EL) displays, removing 7% antidumping penalty on those products.

Antidumping duties may not last long, however, since Commerce Dept.'s International Trade Administration (ITA) is investigating whether to revoke its 1991 decision that active matrix LCDs are being dumped here -- decision that resulted in 61.67% antidumping duty (TVD Dec. 21 p14). Inquiry is in response to "changed circumstance" petition by sole U.S. active matrix LCD manufacturer, OIS Optical Systems, asking for revocation of penalties.

"Simple Hi8" at equivalent of \$930 is Fuji Photo's entry into simplified camcorder derby. It's not only cheapest Hi8 but lightest camcorder to date. Point-and-shoot unit is operated with single button. It has playback function but optical viewfinder. Weighing only 1.1 lb., it has 1/3 fewer parts than conventional model, Fuji said. It can operate continuously for 70 min. with lithium-ion battery. Optional "Video Port" converts it to Hi8 deck, at \$255. Company said it plans 200,000 domestic sales in first year and 100,000 export sales, which will begin in fall in U.S. and Europe.

GOVT. LCD EFFORT URGED: President Clinton's technology package (TVD March 1 p14) omitted mention of flat-panel displays (FPD), and semiconductor trade association SEMI hoped to correct that last week with offer to work with govt. to help U.S. industry.

SEMI Pres. William Reed said more than 250 of group's member companies "have developed equipment and materials for the FPD market," and promised white paper outlining state of international FPD industry and recommending "courses of action for government and industry to build a U.S. manufacturing base." He added: "We are not going to ask the government to write checks for our members' R&D. We will be calling for more cooperative efforts with national laboratories, support of developing industry consortia and other forms of cooperative support." He urged govt. to set up R&D consortium "in the mold of Sematech" to help make U.S. competitive in flat panels.

Meanwhile, in Japan, 2 major LCD manufacturers have disclosed plans to invest total of \$1.3 billion in new facilities over next 3 years, although it's uncertain whether those plans have been disclosed before. They come at time when govt. expenditures on LCD have been cut back.

Korean electronics manufacturers' sales and profits were up in 1992, largely from increased exports of consumer electronics and rising sales of semiconductors. Largest manufacturer Samsung reported 5.5% increase in net profits to equivalent of \$91 million, while sales rose 16.6% to \$7.7 billion. Samsung's consumer electronics sales were up 10% to \$4.15 billion. GoldStar net earnings climbed 43.2% to \$33.3 million on 2.9% gain in sales to \$4.75 billion, improvement credited largely to exports to Asia and Latin America as counterbalance to sagging exports to N. America. Daewoo profits soared 22% to \$20.9 million on 9.6% sales rise to \$2.14 billion. Hyundai Electronics moved from 1991 loss to post \$12.6 million profit as sales jumped 25% to \$1.3 billion.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 117 yen = \$1, except where noted.

BEST BUY AND CIRCUIT FINISH STRONGLY: Consumer electronics industry's most dominant specialty chains -- Circuit City and Best Buy -- topped off fiscal years with strong showings in Feb. Both will report complete financial results in next few weeks.

Circuit City said comparable-store sales in 28-day Feb. this year ran 4% ahead of 29-day month year ago as total sales rose 17% to \$240.5 million. For full year, sales were up 17% to \$3.27 billion on strength of 7% comparable-store gains. Company said it would open about 40 superstores in new fiscal year, most of them through entry into Boston and Chicago markets; first Boston-area store opened last month. Currently, it has 214 superstores, 7 electronics-only stores and 39 Impulse and Circuit City Express mall stores.

Best Buy said sales for year ended Feb. 27 rose 74% to \$1.62 billion, with Feb. sales soaring 70% to \$136 million. That brought 4th-quarter revenues to \$613 million, up 80% from prior year. Comparable-store sales were up 11% in Feb., 16% in quarter, 19% for year. Best Buy operates 111 stores, of which 73 were considered comparable in Feb.

Audio/Video Affiliates said sales in Feb., first month of its fiscal year, rose 23% to \$17.4 million, as comparable-store revenues increased 10%.

Tandy said its U.S. retail sales at Radio Shack, Computer City, McDuff, VideoConcepts, The Edge in Electronics and Incredible Universe stores increased 5% to \$244.4 million in Feb. Report didn't include volume from stores Tandy has said it will close as part of retail consolidation. Company didn't announce direct comparison with Feb. 1992 performance; instead it noted that, excluding 29th day of last Feb., which was extra Sat., comparable-store sales would have been up 1% and total sales up 11%.

Blockbuster Entertainment is studying technology for in-store duplication of prerecorded videocassettes that would deliver copy to customer one min. after it's requested and already has technology at its disposal to copy CDs and laserdisks "in seconds," according to report last week in The Independent, British newspaper. Blockbuster Corporate Finance Dir. David Lundeen declined comment on article except to say technology doesn't involve laserdisks. Technology wouldn't be exclusive to Blockbuster, which helped in its development, report said, but would be made available on licensing basis to other retailers. Blockbuster is known to be working on digital audio and video delivery system with IBM. Described by IBM Pres. Jack Kuehler at Jan. Consumer Electronics Show in Las Vegas, system would provide music titles "on demand, digitally downloaded from file servers strategically placed around the country or the world." Consumers would be able to sample programming and "a touch of the screen prompts the network to authorize the CD or cassette to be produced immediately in the store," he said. He said technology would offer record labels "complete audit trail for every product sold and a totally secure distribution system." Kuehler said then that technology would work "just as easily" for movies, CDs, multimedia products, computer games or business software -- "anything that can be digitized and electronically distributed."

Office Max subsidiary of K mart completed purchase of BizMart from parent Intelligent Electronics for \$270 million in cash.

40.5% OF TVs HAD STEREO IN 1992: Figures issued by EIA last week show 40.5% of direct-view color TVs sold to dealers last year (excluding VCR combos) had built-in stereo TV reception, up from 37.9% in 1991. Stereo TVs were up 15.7% in year when color TV sales rose 8.1%.

Dec. figure of 39.9% stereo was decline from 43.7% in Nov., but still full percentage point above Dec. 1991. Here's monthly table of stereo TV units, derived from EIA data (1992 had 52 weeks, 1991 53 weeks):

STEREO IN DIRECT-VIEW COLOR SETS

Month	1992	% of Total	1991	% of Total	% Change
January..	482,719*	39.0	418,214	35.4	+15.4
February.	543,089*	40.4	519,376	37.0	+ 4.6
March....	730,697*	37.9	673,288	36.7	+ 8.5
April....	506,096	39.1	441,194	36.7	+14.7
May.....	491,416	38.0	378,783	31.9	+29.7
June.....	680,935	37.8	546,987	32.7	+24.5
July.....	586,531	42.7	428,752	37.9	+36.8
August...	725,307	44.1**	548,543	38.5	+32.2
September 1	1,017,503	39.1	1,053,295	43.6	- 3.4
October..	922,595	43.4	741,905	41.7	+24.4
November.	990,378	43.7	786,286	38.9	+28.6
December.	856,672	39.9	840,598	38.0	+ 1.9
TOTAL....	8,533,938	40.5	7,377,221	37.9	+15.7

* Record for period. ** Record percentage.

ALL TV DUMPING DUTIES CHALLENGED: In effect challenging right of all TV manufacturers here to participate in antidumping proceedings, 5 Taiwan manufacturers wrote to Commerce Secy. Ron Brown Feb. 26 charging that "there is no industry in the U.S. producing color TV receivers" and that therefore no company qualifies as interested party to participate in antidumping cases.

Letter was response to action by Commerce's International Trade Administration (ITA) rejecting Taiwan companies' challenge to Zenith's standing on ground of "new information" showing it no longer was a U.S. TV manufacturer (TVD March 1 p12, Feb 1 p14, Jan 25 p11).

Taiwanese asked for "changed circumstances" review and revocation of antidumping duty orders against them on ground that since April 1992 when Zenith shifted production to Mexico there has been no U.S. TV manufacturing industry. "No company performs any combination of operations that would qualify as U.S. 'production' of color TV receivers," said letter. "In particular, it is doubtful that any company has significant chassis production in the U.S."

Letter said all U.S. TV companies except Zenith are foreign owned and import color TVs to U.S. "All of these companies have been subject at one time or another to one of the antidumping duties on Taiwan, Korea or Japan" and therefore should be barred from participating in dumping cases as representatives of domestic industry.

Companies listed in letter as not producing chassis in U.S. "based on available public information": Matsushita, Toshiba, Thomson, Philips, Hitachi, Sharp, Mitsubishi, Sanyo, Samsung, Goldstar, JVC, Daiwoo. Sony is listed as "assembling chassis in the U.S. from printed circuit boards that have already been inserted in Mexico."

INSIDE UNIVERSAL ELECTRONICS: Universal Electronics (UE), offering 2.4 million common shares at \$13, revealed its sales and net profits have more than doubled in 1992 from 1991 (see financial table) and it has been profitable since 1989, its 2nd year. Prospectus of company, which makes One for All and other universal remote controls, revealed it had sold more than 5.4 million units since beginning of 1990.

Company's most valuable possession, presumably, is "its library of infrared codes that control the operation of video and audio devices," as well as its software, "patented upgrading technology and its technical know-how." Infrared (IR) code library and software are proprietary, prospectus said, and company "attempts to protect them under copyright and trade secret laws... nondisclosure agreements and other safeguards." Prospectus takes note of UE's litigation with Zenith (TVD March 1 p12) and expresses confidence that outcome won't have material effect on its business.

Korea's Kimex Electronics manufactured 83% of company's products in 1991 and 43% in 1992 and UE has agreed to exchange 24,000 common shares for 15% equity interest in Kimex. Unnamed Chinese company produced 14% of UE's remote controls in 1991 and 53% in 1992, and 2nd Chinese company is being phased in as supplier. Japan's SMK Corp. represents UE to major Japanese OEMs and will make some of UE's remotes at SMK plants in Japan and Mexico. Motorola makes all of UE's ROM chips. Some of UE's newer remotes use upgradeable RAM chips.

UE's 3 largest customers accounted for 44% of its 1992 sales, with biggest one producing 18%. Last year, company "increased its sales to existing retail customers, such as K mart, as well as to new customers, including Wal-Mart and Dixons," added in mid-1992. Of company's \$50.8-million net sales last year, branded remote products in U.S. accounted for about 52%, private label and OEM sales in U.S. 33.5%, international sales 11.5%, Eversafe line of home safety and automation products (acquired in 1991 from Eveready Battery for \$1.6 million) 3%.

Among major U.S. retailers handling One for All, in addition to K mart and Wal-Mart, are Bradlees, Caldor, Circuit City, Lechmere, Montgomery Ward, P.C. Richard, Sears, Silo. Company has distribution in 15 foreign countries, sells on private label basis to Tandy and Jasco Products. It supplies remotes on OEM basis to Bose, Goldstar, Harman Kardon, Houston Tracker Systems, Jerrold, JVC, Samsung, Thomson Consumer Electronics. It also supplies remotes to cable operators Comcast, Continental, Cox, Jones, Storer, TCI, Time Warner.

UE estimated that about 10% of remote controls are lost or broken each year. Based on warranty card returns, it said about 70% of its sales are to replace lost or broken remotes. National Family Opinion polls commissioned by UE showed about 78% of 93 million U.S. TV households have 2 or more IR remote controlled devices, 40% have 3 or more. Remote controlled sets are in 86% of color TV homes (79 million), remote VCRs in 92% of VCR homes (68 million), remote cable converters in 72% of cable homes (27 million).

UE's library contains more than 37,000 IR codes and is updated daily. Its software permits codes to be compressed before being loaded into memory chip, prospectus said, resulting in "significant cost and space efficiencies" permitting inclusion of "many more codes" in chip's memory than competitors' products. New RAM remotes are upgradeable after sale to eliminate obsolescence.

UE's R&D facility in Anaheim has 43 full-time employees. Company, with hq in Twinsburg, O., employs total of 316, including 199 part-timers. Among company officers: Frank Doherty, chmn., whose principal occupation is listed as commodities trader; Thomas Tyler, pres.-CEO, who formerly headed MTC/USA, onetime distributor of UE products; Bruce Vereecken, chief financial officer, treas. and asst. secy., former Akron accounting firm chief; Paul Darbee, R&D dir., a company founder and former independent engineering consultant; Michael Harvey, engineering dir., ex-MTC/USA engineering vp; Frank O'Donnell, vp, cable sales and new business development dir. and secy., a company founder and former pres. of Cable Business Assoc.; Richard Tyler, national sales mgr., who served in similar post at MTC/USA; Michael Reilly, mktg. dir., who joined company in Jan., is former sales and mktg. vp, Selfix Inc., housewares manufacturer, and onetime vp of Philips' Genie Div.

Tandy will break ground March 10 for 3rd store in its Incredible Universe (IU) venture on 14.5-acre site in northeast Dallas. Company reportedly bought land from Wal-Mart, which is building Sam's Warehouse Club on adjacent site. Store, scheduled to open in fall, will be 2nd IU outlet in Dallas area; one of 2 test stores opened last year in Arlington, west of Dallas. As we have reported, Tandy plans to open 2 IU stores this year, 14 over next 3 years. Official said Arlington store has been drawing little traffic from Dallas and points east, so new one won't cannibalize many sales from Arlington. He also said Arlington store and original IU that opened in Wilsonville, Ore., in Sept. are generating sales at \$60-million annualized rate each, both drawing more than 100,000 shoppers per month. Tandy expects that one-millionth IU customer will step over threshold this month, and is planning special event to commemorate milestone.

Color TV slipped out of year-to-date record column in 7th week of 1993, but still was running well ahead of 1992 in sales to dealers, according to EIA data (see State of the Industry). Camcorders, projection TV and TV/VCR combos still were at record pace for 7 weeks, and those same products set weekly records for Feb. 13-19. For first 3 weeks of 4-week Feb., color combos were up 98.9% from same 1992 period, direct-view color (excluding combos) up 4%, projection up 2.4%, camcorders up big 11.8%. Declines for period were registered by VCR decks (down 18.4%) and laserdisc players (down 7.1%).

"Ban on use of all passenger-carried electronic devices during taxi, takeoff, initial climb approach and landing" was recommended by International Air Transport Agency (IATA) Safety Advisory Committee in confidential letter to members in Feb., Reuters reported. IATA said subject awaits discussion by its Technical Committee at meeting in April. Same dispatch said McDonnell Douglas Aircraft Div. at last year's end warned its customers that devices such as computer games, laptop computers or portable CD players could interfere with radio transmissions (TVD March 1 p14).

Pioneer's U.S. laserdisc sales in 3rd quarter hit 40,000, and laserdisc dollar volume increased 16% during April-Dec., company reported. Japan's Nikkei said Japanese parent would post \$68.4-million operating loss for 4th quarter, full-year sales would drop 2% to \$5.1 billion and operating profit would plunge 69% to \$154.7 million. Report said profits would be affected by declining demand for audio/video equipment, particularly commercial karaoke systems in Japan, and stronger yen, although sales in U.S. are good.

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With Consumer Electronics

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Brian C. Mealey Ed. Supv.

Market Research & Data Sales Division

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Consumer Electronics Personals

Appointments at Philips: **Jan Tollenaar**, chmn., Philips Domestic Appliances & Personal Care Products Div., becomes COO, Philips Consumer Electronics Div. April 15, reporting to Chmn. **Henk Bodt**; Bodt becomes Philips Electronics exec. vp and member of board of management May 6; **Scott Marden**, senior managing dir., Bear Stearns & Co., appointed pres., new Philips Software & Services Business Group within Consumer Electronics Div., supervising Philips interests in software area, including CD-1, but excluding PolyGram... **Ype Bouwkamp** to retire May 6 as Philips Electronics exec. vp and as member of board of management and group management committee, to be succeeded by **Pierre Everaert**, who joins group management committee immediately.

Ric Halstead, Mitsubishi national account mgr. for Circuit City chain, promoted to Northeastern regional vp-sales, based in Mitsubishi's Somerset, N.J., branch office; he replaces **John Esposito**, who left post late last year to join The Wiz (TVD Dec 14 p20)... **Donald La Dieu**, ex-Toshiba and Sharp, joins Aiwa America as senior vp-sales, succeeding **Rusty Bennett**, who left company in fall to accept equity post with Seattle-based VirtualVision (TVD Nov 30 p18)... **Brett Moyer** promoted to vp-sales

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
BET Holdings			
1993-6 mo. to Jan. 31	35,352,000	6,236,000	.30
1992-6 mo. to Jan. 31	28,219,000	5,218,000	.26
1993-qtr. to Jan. 31	18,040,000	3,322,000	.16
1992-qtr. to Jan. 31	14,997,000	2,908,000	.14
Certron			
1993-qtr. to Jan. 31	3,032,000	(64,000)	--
1992-qtr. to Jan. 31	4,179,000	109,000	.03
Granite Broadcasting			
1992-year to Dec. 31	35,957,000	(10,698,000)	-- ^a
1991-year to Dec. 31	33,426,000	(8,458,000)	--
1992-qtr. to Dec. 31	9,507,000	(930,000)	--
1991-qtr. to Dec. 31	9,413,000	(1,145,000)	--
Philips Electronics^b			
1992-year to Dec. 31	31,739,000,000	(488,000,000)	--
1991-year to Dec. 31	30,903,000,000	606,800,000	2.03
1992-qtr. to Dec. 31	9,311,000,000	(543,000,000)	--
1991-qtr. to Dec. 31	9,274,000,000	141,000,000	.47
Universal Electronics			
1992-year to Dec. 31	50,763,610	2,623,444	.74
1991-year to Dec. 31	22,541,991	1,125,305	.35

Note: ^aAfter special charge. ^bAt guilder's current rate.

plans, Zenith Sales Co... **Jack Aiello**, ex-GRID Systems, joins Videonics in newly created mktg. vp post... **Thomas Farrell**, pres., Gannett New Media Group, appointed to board of Interactive Network... **Michealene Cristini**, ex-Marvel Productions and Mattel, named group dir., licensing and character development, Sega of America; **Dianne Drosnes**, acting licensing dir., continues as consultant... **Cheryl Morris**, ex-Acclaim, named PR for Absolute Entertainment.

Changes in Kenwood restructuring, effective April 1: **George Aratani** becomes chmn., Kenwood Americas Corp. (KAC), new umbrella organization for Kenwood USA and new subsidiaries Kenwood Communications and Kenwood Services; **Bruce Tatsuta** assumes dual role of KAC pres. and Kenwood Services pres.; **Dan Petersen** becomes KAC senior vp-mktg. development, Western Hemisphere; **Bill Kasuga**, **Joe Richter**, **Bill Cowdrey** and **Masa Tezuka** become Kenwood USA chmn., pres., senior vp-sales and vp, respectively; **Nick Namiki** named pres., Kenwood Communications; **Butch Miller** appointed vp, Kenwood Services... **Richard Powlowsky** promoted to U.S. sales mgr., Ferrofluidics Corp. Fluids Technology Div.; **Scott Bowden** appointed international sales mgr... **Mitch Perliss**, onetime vp at Personics music service, joins Image Entertainment as dir.-sales promotion.

Steven Jarmus promoted to MCA Home Entertainment Group senior international vp; **David Shiba** advanced to senior finance vp... Promotions at MGM/UA Home Video: **Suzanna Regos** to editorial services dir., **Gina Terrones** to creative services coordinator... Brentwood Home Video Pres. **David Catlin** named to Madison Group Assoc. board... **Rick Roberts** named mgr. of VPD's new Jacksonville branch... **John Vasseur**, ex-Phoenix Communications, joins Allied Artists as senior producer of sports programming.

Projectavision says unnamed major Japanese manufacturer has agreed on terms for licensing its LCD projection TV technology. Projectavision's basic patent applies to "depixelation" process for LCD projection.

TELEVISION DIGEST®

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

With Consumer Electronics

MARCH 15, 1993

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

MUST-CARRY FINALIZED: FCC says must-carry, retransmission consent, will take effect in about 2 months. NAB calls decision 'historic.' Cable warns of rate increases, stations to be dropped. (P. 1)

FCC SETS CABLE STANDARDS: Customer service and antibuy-through rules tougher than cable wanted. Local authorities responsible for supervision. (P. 2)

RATE DATA CALLED FLAWED: NAB says FCC's cable figures are 'quagmire,' suggests cost-based standard. NCTA says figures are usable, with hikes close to inflation rate. (P. 4)

HILL WARNS ON KIDVID: Markey says broadcasters could lose licenses, or be forced to pay for spectrum, if they fail to meet obligations. Stronger FCC enforcement expected. (P. 5)

QUELLO HITS TV VIOLENCE directed toward children, although he agrees there's First Amendment issue. ART bids Congress act on restrictions in children's viewing hours. (P. 6)

RF GUIDELINES PROPOSED: FCC's proposed rules would be tougher on AM and FM. NAB says station costs would be small. Cellular, PCS, others affected. (P. 6)

BROADCASTER TOWER FEES issue to be reviewed on Hill. Senate panel to examine advisory committee's new report on policy rejected by Agriculture Dept. (P. 7)

LORAL ENTERS DBS, competing with GE, Hughes. (P. 8)

MUST-CARRY/RETRANSMISSION CONSENT RULES FINAL: FCC's new must-carry and retransmission consent rules are expected to begin taking effect within 2 months as result of Commission decision March 11. Agency said must-carry applies only to wired cable systems, but wireless cable and SMATVs are subject to retransmission consent. It said cable systems must get consent to carry broadcast radio and low-power TV signals, but don't have to carry nonprogram information embedded in TV signals.

NAB Pres. Edward Fritts said decision marked "a historic and long-awaited day." He said broadcasters "hope to work cooperatively with the cable industry to ensure as smooth a transition as possible," and FCC officials pressed for calm negotiations between broadcasters and cable. Saying that consent negotiations could touch off "internecine warfare" between broadcasters and cable, Comr. Duggan said there "ought to be a symbiotic and supportive relationship" between industries. Mass Media Bureau Chief Roy Stewart warned that if disputes break out, "Congress could step in again." FCC Chmn. Quello applauded new rules, saying they mean "power now belongs to the people who originate and pay for the programming. Now the broadcasters have got to use good judgment" because they benefit from cable carriage.

NCTA Pres. James Mooney said new rules "could result in significant confusion this fall." He said "sharpest impact consumers will experience will be upward pressure on cable rates [because of retransmission consent]... and the dropping of

Consumer Electronics

ZENITH CONSIDERS SALE of equity or assets, new borrowing arrangements to tide it over for next 12 months after reporting \$105.9-million loss for 1992. (P. 9)

NEW HARDWARE-SOFTWARE SUMMIT proposed by Timmer to address issues in home delivery of digital audio and video. Sees need for DCC and MD to coexist. (P. 9)

COLOR TV IMPORTS at record in 1992, domestic assembly accounting for only 48.2% of total supply. Imports rose to 55.7% of supply in 4th quarter. (P. 10)

VCR ONLY SOFT SPOT IN FEB. sales to dealers; all other categories ran well ahead, as dealers still seemed to be replenishing from strong end to 1992. (P. 11)

PHOTO CD PLAYERS to be made for Kodak by Hitachi, starting with portables. Philips continues as supplier of table-top models. Kodak says 100,000 sold. (P. 12)

PHILIPS TO MOVE production of CD and CD-I players, mass market audio equipment from Belgium to Far East, phasing out 800 jobs at Hasselt plant. (P. 12)

FIRST FERROELECTRIC LCDs demonstrated by Canon at N.Y. technical event in 15" and 21" color panels, 24" monochrome. Production to begin next year. (P. 13)

HDTV AS PROMOTER OF U.S. JOBS causes furious debate among proponents after Labor Secy. (P. 13)

some cable channels to make way for broadcast channels of marginal interest." INTV Pres. James Hedlund said decision "should put an end to Cablevision's renegade guerrilla tactics of dropping television stations" from channel lineups (TVD March 1 p5) and said INTV "will work with our stations to monitor compliance with the new rules."

Cable systems must begin notifying broadcasters within 30 days after rules are published in Federal Register (expected within 2-3 weeks) of location of their chosen principal headend, what broadcast signals are too weak to qualify for must-carry and which can be dropped because system would incur extra copyright liability by carrying them. Systems must begin carrying full complement of must-carry stations 60 days after publication, but don't have to conform to channel position rules until retransmission takes effect Oct. 6. Stations must choose between must-carry and retransmission consent by 75 days after publication, and FCC said it hoped that consent negotiations would be concluded by early Aug. so systems would have time to notify subscribers of any dropped stations by Sept. 6.

Cable operators can select which headend to designate as principal, decision that could affect some stations' must-carry status, FCC said. It also said cable must carry all program-related material in vertical blanking interval and sidebands, such as closed-captions, but doesn't have to carry nonprogram material such as nonvideo data services. New must-carry rules, which require most cable systems to devote up to 1/3 of activated channels to broadcast stations, define activated channels as those whose headend is equipped technically to deliver, regardless of whether channels actually are used. Other decisions include:

(1) All program services that deliver 15 hours of programming per week to more than 25 stations are defined as networks for purpose of rules. That would include Fox, Telemundo and Univision, for example. (2) Systems that serve more than one Arbitron Area of Dominant Influence (ADI) can have different must-carry lineups in different parts of system if technically feasible, but if system can't be split, all parts of it must carry all signals that are must-carry for any part of system. (3) All subscribers must be able to receive all must-carry signals on all TV sets hooked to cable.

(4) Pure video dial tone systems aren't subject to rules, but programmers that use them for common carriage are. (5) Must-carry designations are based on ADI, but either systems or broadcasters can request ADI modifications as soon as rules are published. (6) Retransmission consent rules don't apply to noncommercial stations, home satellite dish reception of most superstations and network stations, multichannel distribution of stations that were superstations before May 1, 1991. (7) Consent rules apply to distant stations that aren't superstations.

(8) Broadcasters can make different must-carry/retransmission consent selections for different cable systems, but must make same decision for each of multichannel systems that compete directly with each other. (9) Broadcasters may not sign exclusive retransmission consent deals with single multichannel distributor. (10) Both must-carry and retransmission consent apply to entire program schedule, not individual programs. Commission said consent is new communications property right that's distinct from copyright. (11) Systems carried under retransmission consent will count as part of must-carry limit. (12) Retransmission consent doesn't apply to foreign broadcasters.

FCC refused to limit amount of retransmission consent fees that broadcasters could charge, saying that its rate regulation proceeding is appropriate forum for determining reasonableness of fees and effect on cable rates. Commission also rejected NCTA petition that it revisit network nonduplication rules as part of must-carry/retransmission consent proceeding. Cable group had said nonduplication rules give network affiliates unfair advantage in consent negotiations, since broadcaster can prevent system from carrying another network affiliate.

FCC SETS TOUGHER CUSTOMER-SERVICE STANDARDS: FCC approved new customer-service and antibuythrough rules March 11 that are tougher than cable industry wanted but said local franchise authorities will have main responsibility for overseeing compliance. Regulations grandfather even tougher standards that already are part of some cable franchises and allow local authorities to negotiate or legislate higher standards. Antibuythrough provisions extend rules to many systems that use traps, rather than limiting them to addressable systems.

Franchising authorities can begin enforcing customer-service rules 90 days after providing operators with written notice, under new rules, and authorities don't have to be certified by FCC, as is proposed for rate regulation. Rules, which take effect July 1, aren't meant to supersede existing franchise requirements, FCC said, and authorities may enact any state or municipal law imposing stricter or different standards. Rules also include waiver provisions, allowing systems with fewer than 1,000 subscribers to seek FCC okay to avoid complying with standards because they would be too expensive and increase cable rates.

Cable officials' initial reaction to new rules was muted. NCTA Pres. James Mooney said only that "it should be noted that the customer-service rules are very similar to those already adopted voluntarily by the industry." FCC officials said

only about 1,000 of 11,000 cable systems have been certified as complying with NCTA standards, although others that haven't been certified may comply.

Rules are "somewhat tougher" than NCTA standards, said Alexandra Wilson, FCC staffer who handled issue. She said definitions of some "key terms" are stricter and rules, for example, require cable operator to begin fixing service interruptions within 24 hours, rather than merely "respond," as NCTA requires. Provisions include: (1) System offices must be open during community's "normal business hours," including some evening and weekend hours. (2) Work on fixing problems must begin within 24 hours under "normal operating conditions," but not in cases of natural disaster, civil disturbances, power outages, telephone outages, severe weather. (3) Service interruption means loss of audio or video on one channel.

(4) Telephones must be answered within 30 sec. on 24-hour basis, and callers can receive busy signal no more than 3% of time. However, rules don't require cable operator to buy new monitoring equipment or conduct surveys to measure compliance unless operator has historic record of complaints. (5) Customers must be notified 30 days in advance of any changes in rates, programming, channel positions. (6) Standard installations must be performed within 7 business days. (7) Systems must provide 4-hour "appointment window" for service calls.

Decision rejected proposals by NCTA and CATA that had urged that service standards take effect only after they're adopted by franchising authority and authority shouldn't be able to set tougher standards without negotiating with cable operator (TVD Jan 18 p6). Continental also had proposed survey-based performance standards, rather than specific standards.

Decision on antibuythrough rules also rejected NCTA claim that traps are inefficient, costly and usually "untenable" (TVD Feb 8 p4). Rules forbid cable systems that are technically capable, through addressability or traps, to require subscribers to buy nonbasic tier in order to get premium channels or pay-per-view. Mass Media Bureau Chief Roy Stewart said 1992 Cable Act doesn't preclude requiring systems with traps technically capable of implementing rules from doing so: "There may be some minimal costs for rearranging the traps, but I don't think it's significant." However, Stewart said that FCC won't monitor cable systems to determine whether they're technically capable of complying with new rule.

FCC said antibuythrough applies to trap systems only if it can be done without degrading technical quality of signal and without incurring system expenditures that would force rate increase. Systems that can't meet rules technically now have 10 years to comply, under Act. New rules also prohibit discrimination on per-program rates between subscribers who get only basic and those who receive higher tiers, but operators still can use discounts and incentives as marketing strategies. They also say cable operators can charge for converters needed to implement antibuythrough.

Citing KTTV L.A.'s "multitude of honors and awards," FCC Review Board affirmed initial decision of Law Judge Joseph Chachkin and renewed station's license in decision announced March 10. Competing application of Rainbow Bestg. was denied as financially unqualified. Rainbow immediately said it would appeal to full Commission. Fox TV acquired KTTV in March 1986 and renewal was for license that expired Nov. 30, 1988. While Board found that Fox's "attention to several FCC strictures has been less than rapt... there is no factual or regulatory justification for penalizing the Los Angeles public to which Fox has shown powerful fealty in service and investment." Board ruled that Fox took "extraordinary measures to learn of the issues confronting the Los Angeles community." Record "reflects very favorably on KTTV and the record further suggests that its excellent repute was hard-earned," Review Board said. Responded Rainbow: "The FCC obviously is going to great lengths to 'protect' Fox, even to the point of excusing repeated misconduct." In vowing to appeal, Rainbow said any result other than grant of its application "would send the wrong message to all licensees... that they can systematically lie, cover up past rule violations, reduce their service and lapse into mediocrity without any adverse reaction by the FCC." Rainbow principals are more than dozen local Hispanics, headed by Esther Renteria, ex-KCBS-TV L.A.

Brissette Bestg. plans to sell its 8 network-affiliated TV stations, all in small markets. Brissette, former exec. of Adams Communications, acquired stations in 1991 from Adams for \$200 million and assumption of debt. Adams had purchased most of stations in Aug. 1984 from Forward Communications.

Free interactive data storage and retrieval system for consumers will be started in W. Palm Beach and Dallas, said Future Communications Inc. (FCI). FCI, operator of Main St. TV network of independent stations, has formed joint venture with Hong Kong's Jeen International Inc. (JII) for use of vertical blanking interval (VBI) or separate TV channels to distribute data. System, developed by JII and Advanced Digital TeleCorp (ADTEC), uses set-top TeleData Recorder (TDR) about half size of VCR that permits users "to selectively capture, store, retrieve and display information on command to either an ordinary TV or PC," developers said. TDR can hold about 1,000 pages in memory, constantly updated, to be chosen by viewer via wireless remote control. It's claimed to offer text, graphics or full channel video. Proponents say system will be free to users and proposes it as ad medium. Details are scheduled for release at NAB convention next month in Las Vegas.

Clinton Administration has waived for 6 months prohibition against govt. officials' accepting meals of more than \$20 value (including tax and tip) from journalists. Action will allow officials to accept invitations to March 18 annual Radio-TV Correspondents' Assn. banquet, plus similar events. Administration reconsidered restrictions after appeals from media, White House spokesman George Stephanopoulos said. "The battle will be rejoined" after 6-month waiver, said Karen Hosler, pres. of White House Correspondents' Assn., which will host dinner in May.

FCC Mass Media and Adjudication Branch Reference Center (Rm. 239) will be closed for maintenance March 19.

CABLE DATA 'FLAWED': NAB called FCC's cable rate data "but a quagmire of numbers which can be subject to varying and inconsistent analyses and interpretations." Local govts. and consumer groups say data (TVB March 8 p1) may be so flawed and subject to so many interpretations that they're useless. However, NCTA said it believes FCC's data are sufficient to form basis for rate-based benchmarks. Cities and Consumer Federation of America (CFA) said data prove that cable is charging "monopoly rents," but NCTA said different analyses showed that rates -- adjusted for inflation -- had hardly increased since regulation ended in 1986.

Broadcasters said problems with data "confirm our expectation that any rate-based benchmarks will necessarily be not only error-prone, but arbitrary and capricious," so FCC should rely on cost-based hybrid benchmark model that NAB had proposed earlier. Some problems with data arise from methodology of survey itself, including imprecise definitions, NAB said, but they also are due to "the very nature of the cable industry." Broadcasters said there's great inconsistency in composition of cable tiers and pricing strategies, and "the dynamic nature of the cable industry makes a rate-based benchmark all too complicated and unfair." NAB also said rate-based benchmark "remains subject to gaming by cable operators." Other problems Assn. cited included issues of weighting, statistical generalizability, imprecise measurement of variables, availability of data, comparability of statistical groupings. For example, NAB said random sample of cable systems is too small to be statistically reliable. Filing didn't include any analysis of specific numbers.

NCTA claimed FCC survey "produced statistically reliable results," however, despite some flaws that it said it would show Commission how to factor out. Data are adequate to support rate benchmarks, which cable is supporting, it said. Using definition in legislation that describes small-penetration systems as competitive, NCTA said survey included more than 100 competitive systems, "more than enough to estimate reliably the difference between competitive basic rates and the rates to be regulated."

CFA said survey included too few competitive systems and they were too "unique" to provide "sound comparative standard" for establishing rate benchmarks because small-penetration systems should be excluded. Group said data had other problems (1) 15% of monopoly systems and 25% of low-penetration systems failed to report 1986 rate data, even though they were providing programming then. (2) Data were "unaudited" and "incomplete." (3) Data on small-penetration systems should be discounted because they were "an odd lot" and for municipally owned systems because there were too few and they were too unlike other systems. Joint filing by municipal groups said data showed need for "additional fact gathering," particularly on costs.

NCTA said data showed that rates hadn't increased "unreasonably" since 1986. Cable group lumped random sample and top-100 systems together, weighted them by subscriber count, excluded noncompetitive systems that FCC originally thought were competitive, excluded most small-penetration systems. After accounting for 28% inflation rate since 1986 (based on Bureau of Labor Statistics data), NCTA said per-channel price of lowest cost tier had increased only 5% to 61¢ since 1986. More importantly, it said, per-channel price of "most popular package" including basic and expanded basic dropped 5.5% to 52¢.

CFA said data showed that truly competitive systems charged 30-50% less than noncompetitive ones (88¢ vs. 65¢ per-channel for basic, and 77¢ vs. 50¢ for expanded basic package), as well as about 15% less for other services such as installation and

equipment. Filing said fact that competitive systems had maintained low rates since 1986 indicated that no "greenmail" was involved. Cable industry argued that competitive systems' rates were below cost as systems try to knock each other out of business or force rival to buy them out at inflated price.

Cities called data "a significant step in identifying the magnitude of monopoly rents" charged by cable operators and proof that rates had "increased dramatically" since 1986, but said numbers were inadequate and should be supplemented by specifics on costs. According to cities, noncompetitive systems charge 46% more for cable than do competitive (67¢ per channel vs. 46¢), as well as "significantly more" for installation and other services. Actual rate for competitive systems may be even lower because data may include some systems that face competition within their franchise area, even though systems don't actually overlap, cities said.

ThinkLink, fiber-based video dial tone (VDT) educational network that provides 4th-graders with on-line access to educational programming, has begun operation on trial basis, Mich. Bell said. Ameritech paid \$3.5 million to construct and operate ThinkLink, first working VDT network, in Detroit suburb of Sterling Heights, spokesman said. Network, used by 115 students at Warren Consolidated School Dist., consists of fiber-to-home, central office video switch, conversion box at rear of house and set-top box similar to cable box. Normal monthly bill for service will be "about \$5-\$7," Mich. Bell said, but foundations have provided scholarship grants to cover test costs. "There will be no installation charges, and no charges of any kind to the district," company said. NATOA Pres. David Olson was critical, saying FCC "wrongly decided" VDT issue and companies should pay for rights of way and community services. He said he wouldn't "support Bell entry until they're willing to pay." Sterling Heights Mayor Steve Rice said telco entry into cable could result in \$500,000 annual loss in revenue that city receives in franchise fees from Comcast Cablevision of Southeast Mich. and its 36,000 subscribers. He said "immediate concern is seeing the municipality and the city government being hurt" by loss of funds and public, educational and govt. (PEG) channels. Because of "a new monster -- Bells with fiber... in 5 years there won't be a cable industry," Rice told recent National League of Cities seminar in Washington. He said city was "attacked" by telco when it introduced ThinkLink. Mich. Bell "went ahead with [ThinkLink] without our approval" and cities across country will be losers because of loss of franchise and access fees and local-originated programming when telcos replace cable operators, he said. Rice told us that telco had "sidestepped" those issues and was attempting to "bully its way through the market."

FCBA members now will hear much different speech from what they had expected at Assn.'s March 18 luncheon, Washington Marriott Hotel. INTV Pres. James Hedlund will replace NBC Exec. Vp-Gen. Counsel Richard Cotton. Cotton, who accepted invitation late last summer, in pulling out reportedly said he was "enmeshed in so many other things." Hedlund -- strong supporter of finsyn restrictions on networks -- now will address FCBA less than 3 weeks before FCC is scheduled, under court mandate, to hand down its revised finsyn decision.

Scripps-Howard Bestg. said it has placed its 5 radio stations on market through Donaldson, Lufkin & Jenrette so it can concentrate on its TV stations and cable systems with 282,300 subscribers. Company owns 4 NBC affiliates, 3 Fox affiliates and one each affiliated with CBS and ABC. Radio stations to be sold: WVFT(FM) Baltimore, KUPL-AM-FM Portland, Ore., WMC-AM-FM Memphis. Stations provided \$12.5 million (3%) of Scripps-Howard revenue in 1992, compared with 68% from TV stations, 29% from cable.

HILL WARNS ON KIDVID: Broadcasters who fail to live up to their obligations to provide educational programming for children could find their licenses challenged at renewal time, and industry as whole could end up having to pay for new spectrum, House Telecom Subcommittee Chmn. Markey (D-Mass.) warned at hearing March 10. At close of 2-hour session to examine whether industry has lived up to mandates of children's TV legislation passed 2 years ago, Markey made certain that his message wouldn't be missed or misinterpreted:

"Broadcasters beware. The new era has begun." He said that too many broadcasters were engaging in "ancestor worship" by thinking that they would be able to get by in 1990s with children's programming they used in 1980s. If they follow that course, Markey said, there will be "challenges and losses" of licenses. In move that pleased Markey, FCC recently released notice of inquiry in which it said it wants to "guide" stations' programming in children's area (TVD March 8 p3).

Issue of 200 MHz arose when Markey said broadcasters have asked to be exempt from fees for new spectrum because they're required to serve public interest. Question, he said, is "are we getting a good deal" from broadcasters, which so far are exempt from fees and have been granted other favors such as must-carry. Commitment to children's TV is payback for those favorable rulings, he said.

Most witnesses were receptive to Markey's message. They were ACT founder Peggy Charren; Jeff Chester, co-dir., Center for Media Education, group that last fall issued critical report on compliance; Shari Lewis (and puppet Lamb Chop), long-time program producer currently on PBS, who said commercial broadcasters have allowed children's TV to deteriorate; Ernest Wynder, pres., American Health Foundation, who testified on harm to health from TV portrayal of "unhealthy life-styles" involving bad nutrition, drugs, smoking. They pressed Congress to make certain broadcasters and FCC hold to their obligations.

Paul LaCamera, vp-mgr., WCVB-TV Boston, and Brooke Spectorsky, vp-gen. mgr., WUAB-TV Lorain-Cleveland, testified that industry has taken new requirements to heart and counterattacked on each allegation, arguing to Subcommittee that: (1) TV stations are complying with law's requirements. (2) Chester's study was premature and incomplete. (3) It will take more time for creative community to come up with innovative children's programs. (4) Broadcasting industry is under financial pressures from cable and other sources so it didn't have former resources to devote to children's TV. They agreed, however, that failure to live up to standards of children's TV law could result in losing licenses.

LaCamera, whose station was cited as having exemplary record in children's TV (prompting Markey to observe: "The NAB never sends bad broadcasters."), said he opposed suggestion by Rep. Wyden (D-Ore.) that stations be required to broadcast one hour of children's TV per week on ground that govt. shouldn't make decisions for broadcasters about content. For each of broadcasters' answers, other panelists and legislators had replies. To protests that it would take longer than year to create new programs, Lewis said: "That's not an issue." She said there are artists in every area who can produce "magnificent product" quickly, and said PBS consistently has dipped into that community to find quality programming.

There were several observations that some children's programs won higher ratings than sports events and that sales of educational videotapes, particularly starring "Barney" dinosaur character, were making millions for their creators, indicating market exists. Hillary Clinton was "generally supportive" of need for better children's TV programming in

10-min. meeting day before hearing with Charren, according to source who attended. Clinton indicated she's familiar with Children's TV Act of 1990 and congratulated Charren on role in getting it passed, according to attendee.

Upgrade of telecommunications infrastructure was voted 3rd highest priority of National League of Cities (NLC) Communications & Transportation Committee, while full NLC adopted development of infrastructure in general as priority, at recent conference in Washington. Main theme of conference was economic development and, in particular, support of economic package of tax and spending increases of President Clinton, who addressed group March 8. Spokesman said League would seek ways to "sharpen and define" types of infrastructure, including communications, to "make us more competitive" in world market. Panel singled out telecommunications infrastructure as priority from variety of communications issues raised, including: (1) Competition from telcos. It was suggested that competition in multichannel video distribution marketplace might reduce abuses by cable companies. (2) Role of PUCs in protecting consumers from cross-subsidies. Delegates said PUCs should take more active roles to protect ratepayers who "pay for greater profits" for telcos. (3) Concerns on billing practices for cellular phones. Committee said callers, not only cellular phone owners, should share expense. (4) Eavesdropping. Some members said national privacy legislation should be passed to protect cordless phone users. (5) Protection of public, educational and govt. (PEG) channels. Members were concerned that telco entry into cable and emergence of direct broadcast satellite (DBS) systems could pose threat to local govt.'s ability to gain access to consumers' TV sets. (6) Cable costs. Committee addressed concerns that rate regulation provision of Cable Act might not protect average cable consumer from high monthly rates. (7) Policy revision. NLC hasn't revised communications policy since passage of 1992 Cable Act and should consider reviewing both cable and telco stances in light of FCC's video dial tone (VDT) decision, members said.

NAB and EIA agreed to cooperate on testing in-band DAB systems, but latter indicated it will continue on its own to test out-of-band systems. In accord signed March 8, groups agreed to move oversight of in-band testing to National Radio Systems Committee (NRSC) from EIA's DAB Subcommittee and for each to pay 25% of cost of testing (rest comes from proponents). In agreement, NAB said it won't consider out-of-band systems unless testing proves that in-band won't meet requirements for terrestrial DAB. EIA, in turn, said it believes that FCC needs "objective comparative data on all proposed technologies." Accord provides that EIA Subcommittee will continue to implement actual testing under NRSC oversight and NRSC will evaluate test results and develop recommendation for in-band system. Deal is subject to NAB board approval of at least \$50,000 initial contribution to funding by July 1 (expected to be discussed at NAB board meetings in April or June). Timetable sets goal of completing testing by June 30, 1994. EIA Group Vp Gary Shapiro said deal "sets forth an environment in which our mutual interests are satisfied, and ensures a clear path for the evaluation of proponent systems." NAB Exec. Vp John Abel said he's pleased because "the radio industry's strong desire to have a clear path for in-band testing and standardization is recognized and supported by the EIA."

NAB has joined forces with Beer Institute and National Beer Wholesalers Assn. to launch public service campaign against underage drinking. One radio spot and 2 TV spots will be sent to stations, also are obtainable from Beer Institute (202-737-2337). Said NAB Pres. Edward Fritts: "We encourage our member stations... to air these spots as often as possible."

QUELLO WOULD RESTRICT TV VIOLENCE: FCC Chmn. Quello said that govt. officials receive more complaints about televised violence than indecency and that's why he supports consumer groups' push for legislation to restrict amount of violence on TV, especially during children's viewing hours, he told AP. Americans for Responsible TV (ART) has launched letter-writing and petition campaign to get bills introduced in Congress and plans in-person campaign on Hill and at FCC to lobby for effort. No legislation has been introduced yet.

Quello said Commission basically is powerless to do anything about TV violence: "All we can do is mention in a speech that Hollywood and cable and the networks are actually flooding the airwaves with too many violent programs and some of these kids are starting to imitate the violence they see on television."

ART, based in Detroit (Quello's home town), was founded and is headed by Terry Rakolta, who said in announcing campaign: "Congress and the courts have put restrictions on indecent material... and we think the violence is just as obscene." Commented Quello to AP: "She's on a kick here. I think she's on a good one." In 1990, Congress granted antitrust exemption to networks and cable so they could discuss joint efforts to reduce violence. Nothing has been accomplished, but meeting is set to discuss issue in late spring.

Quello acknowledged that any attempt at govt. regulation of violence in programming could clash with First Amendment. However, he asked: "How far should First Amendment rights extend if they are actually harming the public interest? There's a conflict there, and I think the public interest has to prevail." Two years ago, NAB adopted broad statement of voluntary programming principles that said: "The use of violence for its own sake and the detailed dwelling upon brutality or physical agony, by sight or by sound, should be avoided." NAB has no mechanism for enforcement.

ART was formed by Rakolta in 1989 to lead campaign in protest against Fox TV Network sitcom *Married with Children*. It's nonprofit group claiming 80,000 members and plans to open national office in N.Y. in May. Rakolta was appointed to National Endowment for Children's TV in 1992.

CBS has signed agreement with N.Y.C. and state of N.Y. to maintain its hq there for at least 15 years. Network will receive \$37 million in tax incentives from city and state, \$12 million in low-cost energy (electricity), with money to be used to improve CBS production facilities in N.Y. and to implement advanced TV technologies. CBS currently employs 4,600 in N.Y. and is estimated to generate more than \$1.4 billion annually in economic activity. N.Y. Mayor David Dinkins said CBS will invest up to \$6.5 million of its benefits in new production facilities and another \$2.5 million to renovate recently purchased Ed Sullivan Theater, where CBS plans to tape David Letterman late-night show when he switches from NBC in late summer. CBS occupies 2 main buildings in N.Y. -- hq, commonly called "Black Rock," at W. 52nd St. and Ave. of Americas, and CBS Bcst. Center on W. 57th St.

"Sole effect" of U.S. Appeals Court, D.C., order Feb. 23 on FCC's "safe harbor" guidelines on indecent programming was to stay agency's new rules adopted Jan. 22, Court said in clarifying its action. Court acted after coalition of media and public interest groups asked for clarification of order (TVD March 1 p5) and after FCC returned to its old safe harbor (8 p.m.-6 a.m.) for indecent programming instead of midnight-6 a.m. as it had planned. Court denied coalition's motion "to the extent petitioners sought to impose further restrictions" on Commission's enforcement authority pending judicial review.

EMISSION GUIDELINES PROPOSED: FCC has proposed to amend and update guidelines it uses for evaluating radio frequency (RF) radiation from regulated transmitters of all types, from broadcasting to handheld communicators. Action is first step toward codification into law of voluntary industry standards adopted last year by IEEE and ANSI. FCC has been using standards developed by IEEE and ANSI in 1982.

Standards would affect broadcasting, but extent is in question, said FCC's RF radiation expert Robert Cleveland. Standard would be "much more complicated... It's stricter in some ways, meaning [broadcasters] will possibly have to restrict access to certain places near their antennas more extensively than in the past." New standard would take into consideration RF levels for public exposure; old standard didn't differentiate between public and occupational exposure limits. Proposal calls for public exposure levels to be 5 times more strict than occupational limits. Some broadcasters may have to spend money to come into compliance when license comes up for renewal, Cleveland said.

Tougher standards won't have great financial impact on broadcasters, NAB Deputy Gen. Counsel Barry Umansky said: "I don't expect there to be a significant new set of burdens on broadcasters. Certainly, it's a standard that is a little more stringent in some regard, particularly for public exposure, not that much for worker exposure." Majority of broadcasters are well within current guidelines, Umansky said. Less than 10% of all broadcasting facilities would have to be modified to come into compliance with stricter standards, said engineering consultant Jules Cohen.

However, tougher standards could put crimp in plans of several companies that propose Personal Communications Systems (PCS) and cellular systems based on constellations of low-Earth-orbit satellites, limiting them to power output of 0.3 w or less -- both types propose to operate near cellular telephone power output of 0.6 w.

Selling off NBC Entertainment Div. would violate affiliate agreements, said Affiliates Board Chmn. James Waterbury, pres.-gen. mgr., KWNL Waterloo-Cedar Rapids. Three Blind Mice author Ken Auletta said in article in March 15 New Yorker that GE planned to sell network, or at least Entertainment unit, for \$500 million-\$1 billion. Unit primarily is responsible for producing prime-time programming. NBC and GE officials refused to comment on story. Waterbury pointed out that rumors of network sale have been circulating at least since 1991 and NBC officials repeatedly have told affiliates that such deal wouldn't make sense.

Sen. Dole (R-Kan.) and Rep. Grandy (R-Ia.) warned ad industry representatives March 9 to be on guard against any attempt by congressional Democrats to extend disallowance of ad expenses from tobacco and alcoholic beverages to other products. In comments to AAF Washington conference, Dole said crucial battles over deductibility would be fought in Senate Finance Committee, which has 11 Democrats and 9 Republicans. He said industry probably would lose on any votes in House Ways & Means Committee, where Democrats far outnumber Republicans. Congress in last session considered bill to limit deductibility to 80%.

TV broadcasters received 2,249 subpoenas to compel identification of source in 1991, according to survey by Reporters Committee for Freedom of the Press. For all media among 1,010 outlets surveyed, 44% received at least one subpoena that year, with TV stations averaging 7.41 each. Total was down from 46.7% in 1989, last year survey was made before 1991. In 1991, courts struck down more subpoenas based on state shield laws than on First Amendment arguments.

TOWER FEES CONTROVERSIAL: Senate Public Lands subcommittee is set to reopen contentious issue of how much TV and radio broadcasters should pay to have their transmission towers on federal lands. Issue was sparked by Agriculture Dept. rejection earlier this year of crucial recommendations of 11-member advisory committee's report that Dept. said could cost taxpayers millions of dollars, affecting hundreds of towers. One key question is whether broadcasters should pay fair market value for lease, or whether they should get discount for public services that they provide. Agriculture Dept., in rejecting committee's fee recommendations, said it wants higher amount, with broadcasters pushing for lower.

Hearing will be March 23, 2:30 p.m., Rm. SD-366, Dirksen Bldg. Panel is chaired by Sen. Bumpers (D-Ark.). Witnesses will include 2 members of advisory committee with widely divergent views — staffer from Wash. state office that rents public lands who charged that advisory group was dominated by NAB and who believes broadcasters aren't paying enough, and broadcaster from N.M. who believes that rents should be raised, but not by amounts others want.

Radio-TV Best. Use Fee Advisory Committee was set up in June as directed by Congress in conference report on Forest Service's FY 1993 appropriations bill to review methods for setting rental fees for radio-TV users. Panel's report issued at end of last year recommended that govt. set up fee schedule to replace site-by-site appraisals now in use. At urging of panel member Jerry Danziger, pres. of KOB-TV Albuquerque, committee said there should be separate radio and TV fee schedules. TV fees would be based on ADI and radio on Metro Market sizes. Committee worked out fee schedules and said there should be 30% discount from those totals to take into account benefits that broadcasters provide to public, such as news, public affairs, weather reports, emergency information in disasters. Radio fees would be discounted 30% from TV fees.

For example, under fee schedule set by Committee that would apply to Albuquerque station, tower rent would be \$10,500 per year — 70% of rental value of \$15,000. Under Forest Service methodology, lease would be \$20,000 per year. Committee said it had reviewed Forest Service analysis: "The substantial increases that these rentals would have imposed on radio and TV broadcasters prompted the Committee to recommend the rental fees shown above. The Committee recognizes that these schedules do not represent fair market value."

Danziger currently pays small percentage of investment in his building — he estimated it at about \$1,000 per year. In minority report to Committee, and in interview, he said he recognized that broadcasters should pay more, but said other factors should be taken into consideration, such as public service and improvements to land that broadcasters must make, including putting in roads and power. Broadcasters often are only users of those improvements, he said, and in many cases areas are willing to lease space for \$1 per year so that TV signals can be received in outlying areas. Danziger also criticized govt. appraisal process, saying many sites used by govt. weren't comparable.

At other end of spectrum, Wayne Hardy of Wash. State Dept. of Natural Resources charged in his minority report: "This rent schedule prepared by the industry representatives and approved by the industry representatives on the committee is simply a schedule the industry and NAB will accept." Hardy, who also is to testify at March 23 hearing, said: "You simply cannot expect industry representatives [broadcasters] to be objective and to do what's right for the owners of the land." He pushed for fair market standards. Hardy said broadcasters pay "fair market salaries" to employees and for other products,

and should pay that for land use. He said organization of Western land commissioners endorsed his position.

Hardy's recommendations were endorsed by then-acting Agriculture Secy. Charles Hiltz, who said in Jan. 21 letter to House Appropriations Committee Chmn. Natcher (D-Ky.) that Dept. agreed with use of fee schedules, rather than appraisals, adjusted by Consumer Price Index. But Hiltz said: "If fair market value were collected — as I recommend — the annual fees would total approximately \$25 million. Congressionally mandated limits are costing the Department and the taxpayers over \$23 million each year — and growing." Congress has held increases in leases to 15% over limits in place on Jan. 1, 1989. In letter, Hiltz, who no longer is at Agriculture Dept., said one TV station with lease on Mt. Wilson near L.A. pays \$8,140 in annual rent, while appraised fair market value would be \$75,000. He said advisory panel had gone beyond its scope by proposing fee schedules. Yet Danziger said Forest Service personnel had presented information on fees during meetings.

In number that cable officials call "significant," calculations indicate that difference of each 1¢ in setting of FCC benchmark for cable rates could increase or decrease industry's basic cable revenue by more than \$160 million per year (about 1.6% of basic cable revenue). "That means that they have got to get it right for sure," CATA Exec. Vp James Ewalt said. "We hope they will be as precise as possible because that's money that we could use for additional programming or customer service." FCC officials said they're very aware of how accurate benchmark must be. "We want to get it as right as we can," one said. If price-per-channel basic rate benchmark were applied to weighted average of 25.5 channels per subscriber (based on NCTA analysis of FCC's rate data), 12 months per year, it would be total of \$3.06 per year per subscriber for each 1¢. Warren Publishing's Television & Cable Factbook lists 53,375,474 basic subscribers, for possible total impact of \$163,332,805 for each 1¢ that per-channel benchmark moves. Actual number will be somewhat lower because some cable systems will be below benchmark so they won't have to adjust rates, FCC officials pointed out. But benchmarks also apply to expanded basic tiers, and Factbook data show that 12.1 million cable customers subscribe to expanded basic. Based on NCTA weighted average of 17.8 channels for expanded basic, each 1¢ change in expanded basic benchmark could have additional \$25.8 million impact.

N.H. House adopted resolution asking FCC to enact rules that would bar cable operators from charging for more than one cable connection per household unless incremental costs could be justified. Resolution, reported in March 8 Congressional Record, said that: (1) FCC should establish rates for installation and monthly use of connection "based upon actual cost." (2) Cable operators should be required to use same cost methodology as for installation of other cable equipment when calculating rates for additional hookups. (3) Cable operators should recover only incremental costs of additional installation if additional connections are made at original installation. (4) Costs of cabling for additional connections should be recovered through nonrecurring charges or charges that end when costs have been recovered. Measure said state House is considering bill to preclude cable operators from charging for more than one connection per household. Resolution passed N.H. House Feb. 4 and was forwarded to Congress Feb. 25. William Durand of New England Cable TV Assn., said he told legislators that FCC was proposing rules along same lines as they had recommended.

Cable Ad Bureau predicted cable advertising would total \$3.9 billion in 1993, up 16% from 1992, and cable subscribers would pay total of \$23 billion in 1993, up from \$21.5 billion.

Personals

Lawrence Wangberg, pres.-CEO, Times Mirror Cable and a corporate vp, promoted to group vp and member, Mgmt. Committee... **Peter Ross**, senior legal adviser to FCC Comr. Marshall, returns to Washington law firm Wiley, Rein & Fielding as partner... **William Leonard**, former vp-assoc. gen. counsel, Bell Atlantic, joins Philadelphia law firm Schnader, Harrison, Segal & Lewis as managing partner... **Harold McCombs**, ex-Holland & Knight, opens own communications law firm, 1820 Jefferson Pl. NW, Washington 20036, 202-296-1402.

Joseph Batson, COO, Prevue Networks, promoted to pres... **Lawrence Epstein**, ex-CBS, joins Primestar Partners as vp-finance and administration and chief financial officer... **Howard Polskin** named vp-PR, Turner Entertainment Group, N.Y.; **Robin Yates** promoted to dir.-PR, WTBS Atlanta... **James Blueweiss** advanced to eastern regional mgr., syndication sales, Group W Productions... **Greg Schaefer** promoted to vp-gen. sales mgr., Group W TV Sales... **Barbara Gehrig** appointed area business mgr., Baltimore, Comcast Cablevision.

Jonathan Thackeray named vp-gen. counsel, Hearst Corp... Elected at Times Mirror: **James Guthrie**, vp-chief financial officer; **Efram Zimbalist III**, vp-strategic development... **David Glade**, appointed vp-regional ad sales, TCI Cable Management; **James Birschbach** named corporate dir.-ad sales... **Patrice Mawhinney** appointed dir.-development and syndication, International Channel.

Changes at NBC Entertainment: **Anne Sherwood** promoted to dir.-affiliate advertising and promotion services; **Ruth Slawson**, senior vp-miniseries and motion pictures for TV, resigns... **Mike Wheeler**, ex-Financial News Network, named NBC New Media as senior vp-gen. mgr., NBC New Media.

Glen Friedman, ex-Century Cable TV, joins Hughes DirecTV as dir.-consumer mktg... **William Wanger** promoted to dir.-special projects, research and mktg., Fox Bstg.; **Piers Akerman**, vp-news, WITG Washington, also takes over Fox News Service in Washington, succeeding **Paul Amos**... **Judith Merians**, ex-Warner Bros., appointed vp-business and legal affairs, Saban Entertainment; **Jacqui Grunfeld** joins as dir.-business and legal affairs... Elected trustees, Museum of TV & Radio: **Richard Carlson**, CPB; **Gustave Hauser**, Hauser Communications; **Ed Ney**, Burson-Marsteller; **Barbara Walters**, ABC News... **Kevin Burns** promoted to dir.-special productions, 20th TV.

Joseph Batson, COO, Prevue Networks, advanced to pres... **Larry King** keynotes opening lunch May 17 at convention of Bst.-Cable Financial Management Assn., Disney World, Orlando... **FCC Chmn. Quello**, Sony Pictures Chmn. **Peter Guber** and **Ogilvy & Mather Chmn. Charlotte Beers** address Wertheim Schroeder-Variety magazine conference on "The Business of Entertainment: The Big Picture," March 23, Pierre Hotel, N.Y., 8:30 a.m.

Clifford Lachman advanced to senior vp-programming and production, Paramount Domestic TV... **John Costell**, pres.-COO, Nielsen Mktg. Research USA, resigns... **Howard Zaremba** appointed staff vp-special markets, Arts & Entertainment Network... Changes at American Playhouse: **David Davis**, pres.-CEO, retires; **Lindsay Law**, promoted to pres.-COO; **Ward Chamberlin**, ex-WETA Washington, named chmn.-CEO... **Labor Secy. Robert Reich** keynotes American National Standards Institute banquet, March 18, ANA Westin Hotel, Washington.

House Telecom Subcommittee will hold hearing March 18 on political advertising and campaign reform, 9:30 a.m., with witnesses and location to be announced.

SPACE SYSTEMS/LORAL TO ENTER DBS: Space System/Loral said it intends to enter DBS market with up to 480-channel service that would compete with Hughes Communications' proposed DirecTV 180-channel offering, Hubbard Bstg.'s U.S. Satellite Broadcasting (DBS service on same Hughes bird) and Echosphere's proposed Echostar DBS offering. Loral hasn't filed application with FCC, and all 8 orbital slots (32 transponders each) that Commission has reserved for DBS in U.S. have been spoken for.

However, late last year Loral filed with FCC 2-year-old memorandum of understanding (MOU) between Ford Aerospace (of which Loral is successor entity) and Continental Satellite Corp., Wilsonville, Ore., that could allow Loral to take over Continental, one of 9 DBS applicants in due-diligence proceedings with Commission. MOU (dated Oct. 1990 and filed in late Nov.) said Loral, in lieu of Continental's payments for Loral's constructing DBS bird, could exercise option to purchase stock in Continental. That company so far has made no payments to Loral and no construction is under way. Loral sources wouldn't confirm whether company had exercised option, but submission of document was regarded as move that could pave way for entry into DBS competition.

Meanwhile, another event may signal opening for Loral: Under FCC's due-diligence rules, satellite construction must start within 6 years after application unless agency grants extension based on extenuating circumstances. Another of 9 applicants, Dominion Video Satellite, technically saw its permit expire Dec. 4, 1992; it has filed for extension, but FCC has yet to act on request. Loral is said to be relying on one or more of 9 applicants to withdraw or let bids lapse, opening prime orbital slots. If slot opens, Loral is expected to emerge as major player. It's major defense electronics manufacturer, and though it has seen its share of commercial satellite business wane in face of tough competition from Hughes and GE, it has been successful because of predecessor Ford Aerospace's long-time ties to Mitsubishi in tapping Japanese commercial satellite market, particularly in DBS.

If Loral can obtain orbital slot and CP, it plans to build high-powered FS 1300 bird for DBS that will deliver as much as twice power per transponder as Hughes' HS 601 birds, which are rated at 120 w, Loral sources said. That power would enable home viewers to pick up DBS on smaller dishes or pick up more channels on larger dishes. Two birds could carry as many as 24 channels on 10 transponders each, for total 480 channels. Loral sources claim that FS 1300 birds also are less susceptible to fading than either HS 601s or GE 7000 series (on which Echostar would be based). For example, Hughes says its HS 601 birds have 99.7% availability, which translates to about 2 hours per month of blackout, rate that Loral source told us was "unacceptable."

Canadian Radio-TV & Telecommunications Commission (CRTC) has begun hearings on regulations and policies to shape future of TV industry. Month-long hearings are focusing on DBS systems (called "Death Stars" by Canadian cable TV operators), compression, microwave distribution services. Biggest concern is perceived threat posed by DBS, which would transmit American programming to most of country and possibly affect "Canadian identity" in process, CRTC said. Canadian cultural groups have asked that CRTC require minimum Canadian content in programming. Chmn. Keith Spicer said new regulations should: (1) Provide Canadians with wide range of general and special-interest programming. (2) Ensure that Canadian broadcasting remains viable. (3) Assure that Canadian services have fair and equitable opportunity to become established, without "unduly limiting access" to similar or comparable non-Canadian services. (4) Ensure that Canadians have access to Canadian services that may be deemed "essential" or "vital."

Consumer Electronics

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

STATE OF THE INDUSTRY

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

	FEB. 20-26	1992 WEEK	% CHANGE	FEB. 13-19	2 MONTHS 1993	2 MONTHS 1992	% CHANGE
TOTAL COLOR.....	772,768*	499,577	+54.7	369,613	3,347,375*	2,754,769	+21.5
DIRECT-VIEW...	759,844*	489,900	+55.1	364,025	3,286,947*	2,699,881	+21.7
TV ONLY.....	719,885*	462,603	+55.6	337,646	3,120,946*	2,582,044	+20.9
TV/VCR COMBO.	39,959*	27,297	+46.4	26,379*	166,001*	117,837	+40.9
PROJECTION....	12,924*	9,677	+33.6	5,588*	60,428*	54,888	+10.1
VCR DECKS.....	354,364	303,278	+16.8	155,565	1,620,623	1,574,042	+ 3.0
CAMCORDERS.....	93,290*	73,942	+26.2	29,769*	325,802*	286,616	+13.7
LASERDISC PLYRS#	6,695*	3,780	+77.1	1,850	29,025	37,909*	-23.4

Direct-view TV 5-week average: 1993--483,239*; 1992--359,416 (up 34.5%).

VCR deck 5-week average: 1993--223,043; 1992--212,309 (up 5.1%).

Camcorder 5-week average: 1993--47,293*; 1992--38,636 (up 22.4%).

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

ZENITH SEEKING BUYERS OR MAJOR INVESTORS: Rescued for time being by relaxation of terms of its bank credit agreement, Zenith warned last week that it's "actively considering new borrowing arrangements, asset sales and/or sale of equity" in advance of new cash crunch expected within 12 months.

At same time, company reported net loss of \$105.9 million in 1992 on 5.9% decline in sales, vs. \$51.6 million loss in 1991. In year's final quarter, net loss was \$20.3 million, reversing \$500,000 profit in same 1991 quarter, while sales were down 3.5% (see financial table). Fourth-quarter operating loss, Zenith said, was \$5 million, restructuring costs reaching another \$25 million, partly offset by \$10 million tax credit.

"The decline in quarterly operating results was principally due to the cumulative effect of several color TV industry price declines during 1992," company said. It announced that its \$60-million revolving credit agreement with Bank of N.Y. Commercial Corp. "has been amended to relax certain financial covenants," new agreement running through June 1994. However, Zenith said that since its peak financing requirements for next 12 months are expected to exceed \$60 million, it's considering new borrowing and sales of assets or equity.

Listing options, Zenith this time refrained from referring to "other contingency plans" as it did last fall, when it unleashed speculation on possibility of bankruptcy filing (TVD Nov 16 p8).

Zenith said cost of products sold declined 2.4% for year to \$1.18 billion, but increased 1% to \$357.9 million in 4th quarter. Selling, general and administrative expenses were down in both periods -- 7.1% for year and 8.1% in final quarter -- while engineering and research expenses rose 2.4% for year to \$55.4 million and 8.3% for quarter to \$14.3 million.

TIMMER URGES NEW HARDWARE-SOFTWARE SUMMIT: "Worldwide dialog" to address "mind-boggling" legal and copyright issues involved in future home delivery of digital audio and video services should be initiated "forthwith," Philips Pres. Jan. Timmer told National Assn. of Record Merchandisers (NARM) convention in Orlando keynote speech last week. In interview later with our affiliate Audio Week, Timmer proposed copyright talks be convened on digital delivery modeled after 1989 Athens summit that produced compromise on DAT. He urged that talks begin "sooner rather than later."

Most of Timmer's talk was devoted to current new digital tape and disc media vying for consumer favor. On future home delivery of digital audio and video services, he acknowledged that many in music industry view prospects as threat because of uncertainty over whether business will be dominated by current record industry "klatsch" or bevy of innovators without sensitivity to need of current software retailers or manufacturers.

"It seems to me there are huge copyright and legal issues to be tackled, and I would suggest they have to be tackled rather sooner than later," he said. "Because one thing about this digital effort is once it moves, it will move very fast. Should that be seen as a threat or an opportunity? I believe if the right measures are taken, even this inevitable unavoidable development could be turned into an opportunity. But not by waiting. Not by sitting on the sidelines. Not by letting it happen without you and without the music industry."

Complexities of digital delivery legal issues could make current and past music and copyright debates seem like "chicken feed" by comparison, he said. Timmer suggested forum under possible "auspices" of RIAA or its largest American member company, Time Warner. Latter recently revealed plans for "electronic superhighway into the home," to be operating in 4,000 households by early next year (TVD Feb 1 p3). RIAA Exec. Vp-Gen. Counsel David Leibowitz declined comment on Timmer proposal, except to say he found remarks "intriguing."

In current digital home recording dichotomy, "it is in everybody's interest" for tape- and disc-based music carriers "to live side by side," Timmer said. Without mentioning DCC or MiniDisc (MD) by name, he said "there will always be people who like tape, there will always be people who like disc, and some of them will like both." Positioning of "this difference of opinion" between Philips and Sony "as a battle between 2 companies is something I take exception to," he said, noting that real point of commercializing new music carriers is "how we can assure through orderly introduction of hardware that we don't confuse the marketplace," yet create new software businesses with long "time windows."

Timmer told record crowd of 3,000 that those who today take CD revolution for granted should recall that launch "wasn't an example of a very good introduction" because "it was very much still technology-driven and it annoyed -- rightly so -- quite a few people in the music industry." Consumer electronics manufacturers learned from that experience that "a better process of consultation" with music industry was necessary to assure smoother introduction of new technologies. Timmer said that as head of PolyGram in mid-1980s he opposed introduction of DAT as being wrong "at that point in time" on ground that launch, coming so soon after debut of CD in 1983, would have confused consumers and blunted CD growth.

With CD launch, he said, industry "created conditions where LP owners could migrate quietly and confidently" to new CD carrier without fear that purchase would become outmoded quickly by better technologies. Referring to MD and DCC, he said "it's unfortunate in a way" that consultation process learned from CD experience "has not been able to prevent another debate at this particular point in time -- a debate that is made into a fight between 2 carriers. I have never seen it that way and I still don't see it that way."

Assuring longevity of 5" CD was basis of Philips philosophy in early 1980s when company first envisioned format extensions into multimedia area, Timmer said. Present thinking "is to build on the comfort people have with... the optical disc, and add on other features which will create new business for software designers, for software companies, for you in the retail trade," he said. He said progress of CD-I, which he reiterated had reached "milestone" of 100,000 CD-I players sold worldwide by end of Feb. (TVD March 8 p12), has made Philips executives "feel strengthened in our belief that that theory is correct. I can also make that statement confidently because CD-I is an open standard. It is not monopolized by my company. It is open to everyone else to take advantage of."

"Time windows on new music carriers are of the essence," Timmer said. "Any consumer electronics product that is software-dependent in which we ask the consumer to invest a lot of money must be given a long enough lifetime to make it worth it for consumers to spend their money." He urged patience in building new music carriers into mainstream businesses, noting that process "always" takes minimum of 5 years and "sometimes" 10 to bear fruit because "initial growth" in new format launches traditionally has been "modest." In what some in NARM audience interpreted as veiled reference to DCC, Timmer said "I sometimes feel that we have become terribly impatient when we want new carriers to succeed almost overnight... The early days of the cassette, of course, were somewhat obscured because there was a rivaling system called 8-track and it took a long time for market forces to eliminate 8-track and for cassette to take over."

COLOR TV IMPORTS AT RECORD IN 1992: Outflux of color TV final assembly to Mexico stands out starkly in our analysis of EIA and Commerce Dept. figures for 1992, which show majority of sets were imported in complete form, reversal from just year earlier.

Only 48.2% of total color TV supply was assembled in U.S. last year, as opposed to 52.9% in 1991. By 4th quarter, ratio of imports to U.S. assembly had increased, with 55.7% of supply coming from other countries, reversing 46-to-54 ratio of domestic vs. imports that prevailed one year earlier. Imports set records in year and quarter -- in total color (11,594,000 for any year, 3,478,000 for any quarter) and percentage of total color supply (51.8% for year, 55.7% for quarter). For last several years, domestic assembly has comprised more than half of total color supply.

Total color TV supply (figure that EIA calls "production") came to 22,379,000 last year (including TV/VCR combos but not projection), increase of 11.2% over 1991. However, while domestic assembly rose only 1.3% (to 10,785,000), imports

soared 22.5% (to 11,594,000). Trend became more apparent in 4th quarter. Domestic plant output in quarter plunged 24.7% below same 1991 quarter (to 2,767,000), while imports climbed 11% (to 3,478,000). Total supply thus was down 8.3%, but all of decline was in domestic production.

In terms of total TV (color plus monochrome), import lead is even greater because all monochrome sets are imported. Monochrome supply totaled 2,123,000 last year, according to Commerce Dept. import figures, down 2.2% from 1992. Total supply of color plus monochrome last year came to 24,502,000, of which 56% was imported. In 4th quarter, big 60.3% of total 6,963,000 TV supply was imported.

Mexico now accounts for well over half of all color TV imports, and TVs from there increased 28.1% last year and total color imports 22.5%. Among companies moving much of production to Mexico last year were Zenith, Hitachi, GoldStar, Samsung. Others, including Thomson, added new production facilities there or increased output in existing plants.

Our breakdown of imports vs. domestic assembly is derived by subtracting Commerce Dept. import figures from EIA "production" (total supply) data. Following tables show data for full year and 4th quarter (significant color TV category is in boldface):

TOTAL TV SUPPLY, 1992 vs. 1991

	U.S.-Produced*	% Change	% of Total	Imports*	% Change	% of Total	Total Supply	% Change
Total TV 1992....	10,785,000	+ 1.3	44.0	13,717,000	+17.9	56.0	24,502,000	+ 9.9
1991....	10,651,000	- 7.3	47.8	11,638,000	- 1.7	55.5	22,289,000	- 4.5
Color TV 1992....	10,785,000	+ 1.3	48.2	11,594,000	+22.5	51.8	22,379,000	+11.2
1991....	10,651,000	- 7.3	52.9	9,467,000	+ 1.3	47.1	20,118,000	- 3.5
B&W TV	1992....	0	--	2,123,000	- 2.2	100.0	2,123,000	- 2.2
	1991....	0	--	2,171,000	-13.1	100.0	2,171,000	-13.1

FOURTH QUARTER

Total TV 1992....	2,767,000	-24.7	39.7	4,196,000	+ 7.9	60.3	6,963,000	- 7.9
1991....	3,676,000	+44.4	48.6	3,888,000	+21.8	51.4	7,564,000	+31.8
Color TV 1992....	2,767,000	-24.7	44.3	3,478,000	+11.0	55.7	6,245,000	- 8.3
1991....	3,676,000	+44.4	54.0	3,133,000	+23.6	46.0	6,809,000	+34.1
B&W TV	1992....	0	--	718,000	- 4.9	100.0	718,000	- 4.9
	1991....	0	--	755,000	+14.7	100.0	755,000	+14.7

* Imports include assembled sets and unassembled but complete kits (chassis with tubes).

U.S.-produced sets include those made from imported chassis.

Figures include TV/VCR combinations, but not projection TV.

VCR ONLY SOFT SPOT IN FEB. SALES TO DEALERS: Sales to dealers of all major TV and video products ran well ahead of last year's pace in Feb. with notable exception of VCR decks, which slipped slightly, although they still topped last year for first 2 months. It was best Feb. in history for sales of direct-view color, camcorders, laserdisc players. Bullish EIA sales statistics fly in face of reports we have heard of generally soft retail business in Feb., so they could reflect dealers' catching up from strong sales for last quarter of 1992 and Jan.

In all cases, seasonally adjusted annualized sales rate in Feb. trailed that of Jan. Color-TV sales was at annualized rate of 24,685,000 sets, pulling rate for first 2 months down to 24,788,000. Both figures would be well ahead of record 21,991,899 in 1992. Feb. records were set in all aspects of direct-view sets, including TV/VCR combos.

Projection TV sales in Feb. trailed record pace set in 1991, but seasonally adjusted rate of 449,844 sets, if carried through year, still would be well ahead of record 404,303 sold in 1992. For first 2 months, annualized rate was 494,906.

VCR deck sales in Feb. were at annualized rate of 12,249,000, for 2-month rate of 13,122,000. Industry set record of 12.3 million VCRs sold to dealers in 1992. Sales of camcorders were at 3,756,000 annualized rate in Feb., with 2-month figure at 3,865,000, both totals well ahead of 1992 and far surpassing record of 2.96 million set in 1991.

Like Jan., Feb. concluded with bang-up week that set records for any final Feb. week in all products except VCRs. However, it still was biggest week of year in VCRs and best week by far in direct-view and projection TV (see State of the Industry).

Here are Feb. figures for sales to dealers, from EIA:

Product	Feb. 1993	Feb. 1992	% Change	Feb. 1991
Total color.....	1,756,787*	1,421,950#	+23.5	1,541,717
Direct-view...	1,727,952*	1,396,734#	+23.7	1,511,478
TV only.....	1,636,163*	1,343,373#	+21.8	1,452,325
TV/VCR combo.	91,789*	53,361	+72.0	59,153
Projection....	28,835	25,216	+14.4	30,239*
VCR decks.....	763,129	804,213	- 5.1	605,091
Camcorders.....	158,484*	132,259	+19.8	121,928
Laserdisc plyrs..	14,607*	12,300	+18.8	11,085

* Record for any Aug. # Revised by EIA.

PHOTO CD TO HITACHI: Hitachi will supply Eastman Kodak with Photo CD players on OEM basis, we have learned. For time being, at least, Philips also will continue as supplier.

Philips currently makes 3 tabletop player models for Kodak. Next model, also to be made by Philips, will be portable, due soon. It won't have own screen, but will be designed to plug into TV set. However, in Sept. Kodak is expected to launch first Hitachi-made Photo CD player under its brand name, also screenless portable. It's believed Hitachi's first player for Philips will have reduced audio specs to bring price down. That will be followed by another portable, also by Hitachi, with built-in screen.

Neither Kodak nor Hitachi would confirm our report. Kodak spokesman said company is talking with several potential OEM suppliers but has made no announcement. In Japan, Hitachi declined to comment, but official said it's offering professional Photo CD players supplied by another company.

Meanwhile, Advertising Age reported that Kodak has prepared 30-min. "infomercial" on Photo CD that will be aired in selected markets starting this month. Ad Age said infomercial, developed by J. Walter Thompson, will complement "Kodak's estimated \$35-million network TV and print Photo CD ad campaign" that kicked off in Oct. Kodak said 100,000 Photo CD players have been sold worldwide since last year's introduction.

Kodak also has distributed more than 60,000 free informational videos to consumers who requested them, as well as 45,000 free brochures to those dialing toll-free number in 12 test markets, Wall St. Journal said. Brochure includes offer for free disposable camera to those who attend Photo CD demonstration. Company said it received some 25,000 requests for information from subscribers to Prodigy.

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New RF emission guidelines for regulated transmitters were proposed last week by FCC. Among products affected could be cellular phones and personal digital assistants that communicate via satellite. They would be limited to power output of 0.3w or less. Conventional cordless phones presumably wouldn't be affected because their power is too low. Devices radiating 0.7w or less will be excluded automatically unless they're used within 2" of head. New guidelines are in response to concerns about health, not interference. Details in Bct-Cable Section.

PHILIPS BELGIUM CUTBACK: Philips will phase out routine production of mass market consumer electronic products at Hasselt, Belgium, where it currently makes CD-I players, CD players and other audio gear as well as laser optical modules for players. Production will be transferred to lower labor cost areas, presumably in Far East, with reduction of 800 jobs in 1993-1994.

Announcement by Philips in Brussels marked first implementation of plan to cut 10,000-15,000 more jobs, as announced by Pres. Jan Timmer week earlier (TVD March 8 p2). Company said Hasselt operation is "faced with heavy losses" as result of "market slowdown, industrial overcapacity and continuing strong price erosion" in consumer electronics industry.

Majority of audio production activities at Hasselt will be terminated, with optical modules and CD-I players "greatly reduced." In future, Philips said, Hasselt plant "will concentrate on the development and production startup of complex technically advanced products and modules," discontinuing "the series production of simple products."

Hasselt plant, on Dutch border, currently employs 1,974, including 1,702 in consumer electronics. Of 800 to be eliminated in 1993-1994, Philips says it expects to cut 150 in production, 80 office staff, 70 in management this year.

Philips announcement didn't mention where production would be shifted, but Financial Times quoted Philips in Belgium as saying CD and CD-I players could be manufactured 25% more cheaply in Singapore, where Philips has major plant facilities.

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Reporting relationships within Tandy Name Brand's Destination Stores Group were incorrectly characterized in our earlier report (TVD March 1 p13). Within that group, Mds. Vp Hank Allen, McDuff Div. Mgr. Budd Ferman and Incredible Universe Vp Richard Hollander all report directly to Tandy Name Brand Retail Group Pres. Victor Sholis. In addition, newly named mktg. mgr. for Mall Group is Mike Stell.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 118 yen = \$1, except where noted.

CANON SHOWS COLOR FLCDs: "World's first" ferroelectric liquid crystal displays (FLCD) were demonstrated last week in N.Y. at Canon's Techno Expo '93, showcase of company's present and future technical prowess.

As we reported last spring, Canon is proceeding full speed ahead on FLCD technology rejected by other manufacturers (TVD May 25 p11). It's completing "intermediate" plant to produce 5,000 color FLCDs monthly, mostly 15", for work station and computer use, with high-resolution TV and video panels to come in next 2-3 years, representative said at Expo.

Demonstrated at N.Y. event were 15" and 21" color and 15" and 24" monochrome panels, all with 1,280 x 1,024 pixel resolution, and high-resolution 15" monochrome panel with 2,560 x 2,048. All had contrast ratios of more than 40-1. Canon has claimed in past that FLCD is ideal for large-screen displays because it's thinner, weighs less, has low power requirements and wider viewing angle than conventional LCDs. As observed at Expo, backlit displays were crisp and sharp with bright colors and good contrast. Video speed picture was displayed in portion of one color panel.

One unique property of FLCD is lack of flicker. Since FLCD molecules have memory -- once switched on they remain switched on until fresh electrical charge is applied -- they're considered ideal for digital TV because only parts of picture that change need to be switched. Pioneer said its FLCDs let it "pioneer new applications in LCDs which were previously undreamed of."

Canon also showed prototype high-definition digital still camera with 1.3 million pixels. In familiar SLR configuration, when available it can use built-in 120 Mb hard disc pack or flash memories of 40 and 80 Mb, company representative said.

Company's first HDTV system, for producing multimedia presentations, includes HD codec, high-speed camera, still video disc, HD digital VCR. It demonstrated magneto-optical disc (MOD) 10 times faster than conventional 3.5" magnetic drives, with recording speed of 2.3 Mb/sec, with storage capacity of 350 Mb, designed for multimedia applications.

High-definition color LCD camcorder viewfinder demonstrated had 280,000 pixels in 0.66" display as contrasted to 100,000 in conventional 0.7" unit. Newsprint was clearly legible in viewfinder. Canon showed its first loudspeakers, "Wide Imaging Stereo Digital Signal Processing" (WIS/DSP), speakers developed in U.K. and due for sale here this year. Advantage claimed for system is much broader stereo area, including between and behind speakers, not only in central "hot spot" area.

Nokia cut its loss in half for 1992 from 1991 and would have been in black but for results in consumer electronics, where operating loss jumped to \$149.1 million because of European market conditions. Europe's 3rd largest TV maker reported consumer electronics operation was responsible for 32% of sales, down from 34% in 1991, mobile phones' share grew to 20% from 16%, telecommunications to 18% from 12%. Pretax loss declined to \$30 million for 1992 from \$60 million in 1991. Net loss was \$138 million, "mostly due to large provisions to finance efficiency enhancing measures at Nokia Consumer Electronics." Company said consumer electronics sales rose 9% to \$1.1 billion in 1992 and it will take provision of \$65.1 million this year for further cost efficiencies in that area.

Britain's Amstrad is expected to announce consumer-priced "personal digital assistant" March 18 in London. Advance publicity says event will mark "first time a revolutionary product incorporating state-of-the-art technology will be sold at a mass market price from launch."

HDTV AND U.S. JOBS: Labor Secy. Robert Reich stirred up accusations and counter-accusations among HDTV system proponents when he sent letter to FCC Chmn. Quello urging Commission to give "significant weight" to job creation in selecting HDTV standard. Advanced TV Research Consortium (Philips, Thomson, NBC, Sarnoff Research Center) has said its system would generate most jobs.

Letter to Reich from Donald Rumsfeld, chmn. of HDTV competitor General Instrument, said Labor Dept. intervention in selection process could "reward government-subsidized foreign technology over U.S. technology." He said virtually all HDTV sets will be built in U.S. regardless of which system is selected, and warned that GI, as relatively small company, might pull out of competition if rules were changed at last min., "thereby denying the U.S. the best technology available." He warned that choice of ATRC system actually could cut into U.S. jobs because it has deal with European manufacturers to build HDTV semiconductors.

Govt. could help most in creating jobs by pushing for "worldwide standards based on the U.S. standard," Zenith Chmn. Jerry Pearlman wrote in letter to Reich. He said semiconductors would be biggest source of new high-tech HDTV jobs and if U.S. system becomes world standard worldwide, HDTV chip market could reach \$2-\$4 billion annually. "Where HDTV sets are assembled is not related in any way to the selection of the new U.S. broadcast standard," Pearlman said, noting that "major players in the TV set business today will clearly be in the HDTV set business tomorrow," regardless of system. "European consortium's system," Pearlman forecast, will be based on ICs made in Europe and its audio technology is "European-based."

Thomson Senior Vp Joseph Donahue denounced as false any assumption that majority of consortium's chips would be made in Europe, noting that Thomson and Philips together own 4 IC factories in U.S., and because chosen system will be digital "we will see more and more U.S. sourcing." As for "assumption that HDTV sets will automatically be made in U.S.," Donahue said that "at least 7 companies make large-screen TV sets in Mexico today," obvious reference to Zenith's move of main final TV assembly south of border.

In satellite-delivered news conference devoted to another subject, Reich was questioned on charge that he was attempting to politicize decision on HDTV standard. He denied implication, noting that economic impact is one of factors to be considered by FCC and its Advanced TV Advisory Committee, and "my letter to Chairman Quello pointed out that one of the economic factors, I hoped, was going to be the effect in the U.S... on high-wage employment."

BIGGEST TV RECALL in European history is modification of Philips sets with "K-series" chassis, of which estimated 2 million were sold in 1983-1986 out of Philips' total sales of 10 million TVs during period. Most sets reportedly will require merely resoldering of poor connection, but some may need replacement of circuit board with remanufactured version. Customers with latter type are being offered 25% discount on new set as alternative to repair.

TYPEFACE CHANGE

Equipment failure at our deadline required use of a different typeface for this issue. We regret any inconvenience this may cause. We expect to return to usual format next week.

DETAILS OF 3DO STOCK OFFERING: Registration statement filed last week by 3DO Co. for \$30-million initial public offering (IPO) revealed company has lost \$13.2 million since it began in Sept. 1991. Offering will include 2.2 million shares (plus another 330,000 for underwriters to cover over-allotments), with price expected at \$10-\$12. Proceeds are to be used "primarily as working capital to fund anticipated operating losses" as company attempts to bring technology to market later this year.

When system was unveiled officially at Winter Consumer Electronics Show (CES) in Jan., company said first product -- CD-ROM-based console under Panasonic label -- was expected to come to market in 4th quarter of 1993. But SEC filing said that 3DO "has not entered into a license agreement with any 3rd party to manufacture" compatible hardware, "although it expects to grant such a license to Matsushita."

Filing included first public disclosure of equity partners' shares listed as percentage of total before offering (with post-offering percentage in parentheses): Electronic Arts (EA) 24.3% (21.4%), Matsushita 17.6% (15.5%), Time Warner 17.6% (15.5%), Kleiner Perkins Caufield & Byers venture capital firm 14.8% (13.1%), Pres.-CEO Trip Hawkins 6.2% (5.5%), AT&T 6.1% (5.3%).

Document included cautious qualifiers characteristic of IPOs for new technology companies; most-repeated phrase in 75-page filing was "there can be no assurance..." However, company went well beyond that tone in discussing importance of making it to market by end of year. 3DO's success, it said, "is critically dependent on the successful introduction and sales during the 1993 Christmas selling season of the 3DO Interactive Multiplayer by one or more hardware system licensees, and of software titles by its software licensees... If the company does not achieve a successful introduction... during the 1993 Christmas selling season, there will be a greater risk that a product introduced by a competitor during 1993 or the following year will achieve market acceptance and make it more difficult for the company to establish its technology as an industry standard."

Preliminary prospectus acknowledged that "competition for [independent software developers' time and resources] is intense and is expected to increase," and that availability of quality software would be key determinant of marketing success. It also conceded that EA's position within 3DO ownership could cool developers' ardor "to the extent that 3rd party software developers perceive that [3DO's] independent development efforts or its relationship with EA confers unfair advantages."

Meanwhile, document admitted that "as is typical with complex development projects, the company has already experienced delays in the development of its proprietary chipset." Filing said AT&T, which became equity partner on eve of Winter CES (TVD Jan 11 p9), has manufactured chipset prototypes, but that 3DO has yet to license any manufacturer to make final version in commercial quantities.

As had been reported, 3DO revenues will be drawn from fees charged hardware manufacturers for certifying that their designs meet technical standards, and royalties from chipset manufacturers and software publishers. Latter royalty has been set at first at \$3 per CD pressed, far below rate charged by Nintendo and Sega, where licensing and manufacturing costs charged to 3rd party publishers hover at \$15-\$20. SEC filing noted that company hadn't determined royalty plan for software delivered electronically in future versions of 3DO system (AT&T is expected to market networked version in 1994). In effort to establish multivendor hardware base quickly, 3DO isn't charging per-machine royalty to hardware makers for first 3 years.

CD PACED 1992 MUSIC RECORDS: CD format, which became music "configuration of choice" in 1992's first half by overtaking album-length cassettes in unit and dollar shipments for first time (TVD Oct 5 p15), paced music industry to "healthy" finish for 12 months, RIAA said last week in releasing year-end factory sales statistics.

RIAA said overall unit shipments climbed 11.8% in year to 895.5 million from 801 million year earlier, reflecting "substantial growth" in 2nd half. It applauded "solid growth" in dollar shipments, saying overall volume rose 15.2% to \$9.02 billion from \$7.83 billion (calculated at suggested list price), first time sales reached that milestone. All configurations had dollar-shipment increases in year except LPs, which plunged 54.1%.

CD unit shipment increase of 22.3% to 407.5 million was "a significant factor in 1992's record unit and dollar numbers," RIAA said. It said CD format "is likely to continue to climb" because players still are in only 42% of U.S. homes (with household penetration rate of 52% when car CD ownership is factored in). RIAA emphasized that "it is particularly noteworthy" that 22.3% rate of 1992 CD unit increase was greater than 1991 gain of only 16.4%. However, it didn't mention that 1992's 22.8% dollar increase lagged slightly behind 25.7% in 1991.

RIAA had predictably kind words for album cassettes, saying format remained "a mainstay in the audio marketplace" despite rising only 3.2% in dollars and 1.7% in units. Cassettes represented 47% of total album-length units shipped in year, Assn. said. Scant 1992 unit increase compared favorably with 1991 decline of 18.6% in cassette albums, dropoff that had many industry-watchers writing off category for dead year ago.

After more than 30% drop in 1991, music video sales enjoyed double-digit growth last year, although category didn't rebound to record 1990 level. It generated highest percentage dollar jump in 1992 among all music products -- 33.3%. Unit sales growth of 24.6% wasn't as dramatic -- and in fact was surpassed by CD singles at 28.1%. Music video gains all came in 2nd half, as RIAA had reported first-half plunge of 30.7% in units and 10.1% in dollars.

Here's breakdown of RIAA's year-end numbers, including comparisons with 1991 (units and dollars in millions):

Product	1992		1991		% Change	
	Units	Value	Units	Value	Units	Value
CDs.....	407.5	\$5,326.5	333.3	\$4,337.7	+22.3	+22.8
CD singles.....	7.3	45.1	5.7	35.1	+28.1	+28.5
Cassettes.....	366.4	3,116.3	360.1	3,019.6	+ 1.7	+ 3.2
Cassette singles	84.6	298.8	69.0	230.4	+22.6	+29.7
LPs/EPs.....	2.3	13.5	4.8	29.4	-52.1	-54.1
Vinyl singles...	19.8	66.4	22.0	\$63.9	-10.0	+ 3.9
Music videos....	7.6	157.4	6.1	118.1	+24.6	+33.3
TOTAL.....	895.5	\$9,024.0	801.0	\$7,834.2	+11.8	+15.2

"It is ludicrous" to ban use of consumer electronic devices on airlines during flight, EIA Consumer Electronics Group (CEG) Vp Gary Shapiro said last week in commenting on recent scare publicity (TVD March 1 p14). CEG said independent Radio Technical Committee for Aeronautics (RTCA), after several years of study, including tests of such products as CD players, "found no evidence that these products caused interference to airline navigational systems." In addition, NASA's Aviation Reporting System, which has 43,394 records on in-flight situations of concern, showed only 40 mentions of consumer electronic devices, "and only half of these concern speculation that they caused interference." Those incidents decreased to only 2 in 1992, CEG said, "while the use of laptop computers and portable electronics has skyrocketed."

Consumer Electronics Personals

Haruo Murase, exec. vp, Sales & Mktg. Operations Group, will become pres. of Canon USA at end of month, succeeding **Hideharu Takemoto**, who will return to Japan as pres. of Canon Sales Co... **John Costello**, ex-Nielsen Mktg. Research, Pepsico, Procter & Gamble, becomes senior exec. vp-gen. mgr., Sears Mdse. Group Mktg. Div. April 1, replacing **Matthew Howard**, who is accepting early retirement... **Martin Moad**, ex-InterTan, named Tandy investor relations dir... **P. Hansen**, formerly responsible for Philips' Industrial Electronics activities in Belgium, to manage company's activities in Kiev, Ukraine.

Billiynne Keller named exec. dir., Custom Electronic Design & Installation Assn. (CEDIA), new post. Keller is vp at Raybourn Group, Indianapolis firm that will serve as CEDIA's new management company... **Carol Feinberg** resigns as Blockbuster Entertainment senior vp-chief merchandising mgr., with Senior Operations Vp **Gerald Weber** assuming product merchandising responsibilities and Senior Vp-Chief Mktg. Officer **James Hilmer**, marketing duties... Changes at Wherehouse Entertainment in Merchandising Dept. restructuring: Video Vp **George Rogers** named vp-music and video procurement; Sale Products Vp **Jim Dobbe** appointed vp-merchandise allocation and field product management; **Joseph Haley**, ex-Carter, Hawley, Hale and Macy's, joins as vp-consumer electronics and accessories procurement.

John Burns promoted to Uni Distribution pres... Handleman Senior Finance Vp-Chief Financial Officer **Louis Kireos** named senior vp-corporate development and subsidiaries, seeking out growth opportunities and overseeing Video Treasures and Entertainment Zone subsidiaries; he will assume new post when replacement is found... Blockbuster Senior Programming & Communications Vp **Ron Castell** replaces Vice Chmn. **Steven Barrard** as VSDA board appointee... **Gary Hunt** promoted to Technicolor exec. vp for European operations, new post based in U.K.; **Devendra Mishra**, ex-LIVE Entertainment, named pres. of company's New Ventures Group... **Michael Olivieri**, ex-PICS Previews, Forum Home Video and Vestron Video, joins Fox Lorber Assoc. as exec. vp and Home Video Div. gen. mgr.

Kevin Kasha advanced to sales vp, New Line Home Video... **Todd Tappin** promoted to vp-finance, 20th Century Fox, responsible for N. American home video operations; **Deborah Mitchell**, ex-Mattel Toys, appointed FoxVideo mktg. mgr... **Howard Polskin**, ex-TV Guide, named vp-PR, Turner Entertainment Group, N.Y... **Garrett Lee** advanced to mktg. dir., Image Entertainment... **Rick Jacobson**, ex-Buena Vista TV, appointed Viacom Entertainment Group pres., overseeing syndication, cable, home video, merchandising, licensing... **Chris McQuown** promoted to MCA Music Entertainment Group Information Services assoc. dir., replacing **John Woolery**, advanced to dir., Universal Studios Hollywood Information Services; **Lynn Jacobs** and **Rob Landers** promoted to assoc. dirs., Filmed Entertainment & Studio Information Services.

OBITUARY

Tadao Kashio, 75, pres. of Casio Computer from 1960 until his 1988 retirement, died of respiratory failure March 4 in Tokyo hospital. He co-founded company with his father, Shigeru, in 1946 as manufacturer of relays. They were joined by 3 younger brothers, Kazuo, Toshio and Yukio. During his presidency, Casio became major innovator and producer of calculators, watches, LCD TVs and cash registers. His own interest in music, along with his engineering background, is credited with Casio's development of wide range of synthetic musical instruments. He's survived by wife, son, 3 daughters.

TCE'S ACCESSORY PLANS: Firmly launched in all-brand universal accessories business, Thomson Consumer Electronics' Accessories & Components Div. (formerly Distributor & Special Products Div.) plans to be player in "20 accessories categories" this year, said **Bob Pape**, mgr. of Accessories Business Unit (TVD Jan 18 p14).

Unique product for which TCE has exclusive manufacturing and distribution rights is Super Shield line of projection TV screen protectors. Acrylic shield is available in 102 models to fit 17 different projection TV brands. In addition to protecting screen, Super Shield enhances contrast. Suggested retail prices are \$149-\$229, depending on screen size.

Another major product category is RF wireless devices, first unit being cordless headphones operating on 900 MHz band. They are available under RCA brand at \$149 and ProScan at \$159 list.

Among other products are tape rewinders, indoor antennas, camcorder batteries for all brands, connectors and cables, tripods and camcorder carrying bags, last in "good, better, best" categories.

Accessories unit will "concentrate on the expertise and advanced core product knowledge" of parent TCE, Pape said, and will provide research to TCE. "We have the opportunity and capability to develop products from scratch, internally," he said. Unit plans to manufacture about 1/3 of its product line, design 1/3 to be made by others and source 1/3 of total ready-made.

Recoton, boosted by contributions from companies it has acquired in last 2 years, reported 151.5% increase in net income on 56.2% gain in sales for 4th quarter ended Dec. 31. That raised net income for year 105.1% to \$3.7 million as sales jumped 31.7% to \$76.7 million (see financial table). Sales in last quarter include contributions from Ambico and Proturn, both of which were acquired in 2nd half of last year. Earnings include \$565,000 charge related to consolidation of certain operations from N.Y. and N.J. to its Fla. facilities, although that was offset almost totally by reversal of \$490,000 reserve in relation to patent infringement litigation (TVD Feb 8 p17). Pres. Robert Borchardt said company expects to begin realizing economies from consolidation of operations to Fla.

FlightLink audio-video communication system will be installed in up to 402 USAir planes for digital air-to-ground phone and data service by end of 1994, developer In-Flight Phone Corp. announced last week. LCD screen will be located in each seatback, with handset beneath armrest. Connection to ground is through 90 receiving stations or satellite. Among features are live sports, news and entertainment radio programs, passenger paging from ground, electronic games including crossword puzzles, connecting flight information, airport maps, TV news and weather, aircraft positioning, car and hotel check-in, restaurant reservations, theater tickets, catalog shopping, connection for laptop computer and portable fax.

Stereo TV reception was incorporated in 42.4% of color sets sold to dealers in Jan., up from 39% in Jan. 1992, EIA reported. Total of 629,650 stereo sets were sold, up 30.4% from 482,719 in Jan. 1992. Total color TV sales (excluding projection) rose 19.9% in same period. The 42.4% stereo compares with 40.5% for all of 1992 (TVD March 8 p16).

Sales of "Marty," Fujitsu's multimedia system that uses TV screen, have been good in first week, according to Dempa, which said company received orders for 12,000 despite high price of \$800 (TVD Feb 22 p13).

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
Babbage's 1993-year to Jan. 30	209,171,000	6,785,000	1.29
1992-year to Feb. 1	168,375,000	5,586,000	1.06
1993-13 wk. to Jan. 30	100,725,000	7,177,000	1.36
1992-13 wk. to Feb. 1	77,316,000	6,092,000	1.16
Dynascan			
1992-year to Dec. 31	117,733,000	(9,514,000)	__a
1991-year to Dec. 31	135,901,000	(5,656,000)	__a
1992-qtr. to Dec. 31	30,869,000	(4,679,000)	__a
1991-qtr. to Dec. 31	35,383,000	(3,332,000)	__a
Esquire Radio & Electronics			
1992-year to Dec. 31	101,870,000	1,678,000	3.47
1991-year to Dec. 31	68,014,000	923,000	1.91
1992-qtr. to Dec. 31	23,085,000	274,000	.57
1991-qtr. to Dec. 31	14,720,000	67,000	.14
National Semiconductor			
1993-39 wk. to Feb. 28	1,455,800,000	84,100,000	.63
1992-39 wk. to Feb. 23	1,226,000,000	(147,600,000)	__a
1993-13 wk. to Feb. 28	491,500,000	26,900,000	.19
1992-13 wk. to Feb. 23	401,800,000	14,500,000	.11
Outlet Communications			
1992-year to Dec. 31	45,153,000	(1,552,000)	--
1991-year to Dec. 31	39,434,000	(9,265,000)	--b
1992-qtr. to Dec. 31	12,624,000	167,000	.02
1991-qtr. to Dec. 31	11,842,000	(1,329,000)	--
Paramount Communications			
1993-qtr. to Jan. 31	943,700,000	900,000	.01
1992-qtr. to Jan. 31	1,070,600,000	18,400,000	.16
OVC Network			
1993-year to Jan. 31	1,070,587,000	55,092,000	1.29a
1992-year to Jan. 31	921,804,000	19,625,000	.61a
1993-qtr. to Jan. 31	341,834,000	18,870,000	.42a
1992-qtr. to Jan. 31	281,660,000	9,027,000	.25a
Recoton			
1992-year to Dec. 31	76,682,000	3,663,000	1.16
1991-year to Dec. 31	58,224,000	1,781,000	.67c
1992-qtr. to Dec. 31	28,828,000	1,464,000	.40
1991-qtr. to Dec. 31	18,461,000	582,000	.21c
Zenith Electronics			
1992-year to Dec. 31	1,243,500,000	(105,900,000)	__a
1991-year to Dec. 31	1,321,600,000	(51,600,000)	--
1992-qtr. to Dec. 31	385,000,000	(20,300,000)	__a
1991-qtr. to Dec. 31	399,000,000	500,000	.02

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

^cAdjusted.

Sony is discussing pricing situation resulting from strong yen with its U.S. subsidiary (TVD March 1 p8). Sony America spokesman said last week in response to our question. He denied report in March 8 Nikkei Weekly that Sony would institute 5-6% price increase here on "the company's most competitive audiovisual products." He said any pricing moves are yet to be determined, as are specifics on timing and amounts, "by individual business groups and sales companies, depending on the market situation." Sony, he said, is "not at the point" of increases described in article.

Babbage's, computer and videogame software retailer, posted 21.5% gain in net income on 24.2% rise in sales for year ended Jan. 30 (see financial table). Comparable-store sales were up 8%. "Substantial growth" in sales of 16-bit videogame hardware and software helped drive 4th-quarter sales up 30.3% as net income rose 17.8%. Comparable-store sales rose 12% in quarter. Company, almost all of whose stores are in major regional malls, ended fiscal year with 247 outlets, up from 203 year earlier. Since then, it has opened another 3 stores in its 37-state trading area.

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Street Fighter II, top-selling 1992 cartridge for Super Nintendo game system, will appear in "Championship Edition" for Sega Genesis in June under worldwide agreement announced last week by Sega and Capcom. Capcom USA Senior Vp Joseph Morici said agreement to create first Genesis cartridges is "important for future growth opportunities." Company is "already working on developing several other hot software titles for Genesis," he said. Meanwhile, Sega officials said they expected to catch up with demand for Game Gear handheld system by within next few weeks; unit has been in short supply, they said, because inventory planned to last through March was eaten up during Christmas selling season. Sega of America Pres. Thomas Kalinske said company has no plans to move any Game Gear production to N. America, saying it makes more sense to manufacture in Japan, where company sources unit's color LCDs. Similarly, he said, "it's still more economical" to import Genesis systems from Asia than establish manufacturing in N. America. Same day Sega announced deal with Capcom, its shares were traded for first time on U.S. OTC market (as American depository receipts) and on Paris Bourse.

Olivetti took equity share in EO Inc., personal communicator company whose other investors include Matsushita, AT&T and Marubeni. EO Europe Chmn. Hermann Hauser said announcement is significant because "it completes our global alliance portfolio... with Olivetti as a vital 4th leg."

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CABLE COMPETITOR BACKED: Comments support cable-like service in 28-GHz band. Many details disputed. Threat to satellites seen. (P. 2)

SIKES TO JOIN HEARST to head newly formed New Media & Technology Group to deal with advancing technologies and seek alliances. (P. 3)

RADIO FREE EUROPE and Radio Liberty should be disbanded, presidential commission recommended. (P. 3)

HDTV ALLIANCE DELAYED as start of retesting slips, with April date now likely. Proponents jostle over forming 'grand alliance.' (P. 4)

COMPULSORY LICENSE BILL gets House subcommittee hearing. Satellite and wireless groups support extension while network and independent broadcasters oppose it. (P. 4)

CAP/ABC UNIT TO TRADE ADS for equity. Capital Cities Capital formed to swap TV time and print ads for stock in small and emerging companies. (P. 5)

HEDLUND MESSAGE TO FCC: Refine finsyn if necessary, but 'don't abandon the ship... or be bullied or intimidated by a single judge.' (P. 5)

CLINTON ADMINISTRATION ENDORSES LARGER SPECTRUM AUCTIONS: Venturing out onto political limb, Commerce Secy. Ronald Brown March 17 endorsed spectrum auctions without protections for broadcasters or rural telephone companies that have been included in virtually every such proposal yet considered, including legislation pending before Senate Communications Subcommittee. Brown's position was made public in one sentence of letter to Subcommittee Chmn. Inouye (D-Hawaii), whose panel held hearing on legislation (S-335) that would reallocate 200 MHz of spectrum from govt. to private industry, while giving FCC 3-year authorization to auction 30 MHz.

Inouye, who opposes auctions for broadcast spectrum, predicted markup could be held in about 4 weeks. He's leaving hearing record open for another couple of weeks, with markup to begin about 2 weeks after that. Bill is on fast track, he said at hearing, predicting it would pass in this session of Congress after failing last year. Impetus, of course, is estimate that auctions could raise \$4-\$5 billion, although FCC Chief Engineer Thomas Stanley testified that figure could be low. House of Representatives agreed, in March 18 vote on Clinton Administration budget package that suggested \$7.2 billion could be raised from auctions.

Congressional budget committees are working to include auction language in their resolutions that would direct Commerce Committees in House and Senate to come up with additional funds through auctions. It

Consumer Electronics

CABLE TV AND CONSUMER ELECTRONICS negotiations bear little fruit at deadline for filing with FCC. 'Channel mapping' among areas of disagreement. (P. 8)

TANDY TO CUT VIS TO \$399 from normal \$699 in promotion to begin next week in effort to build strong hardware base quickly for multimedia system. (P. 9)

HOME CD PLAYER SALES OFF 14.6% last year, but home theater saved audio components business. Cassette decks, receivers also down, EIA figures show. (P. 10)

JAPANESE EXPORTS TO U.S. dropped sharply in Jan., VCRs lowest since 1980. Camcorders, laserdisc, CD players also down. Color TV insignificant. (P. 10)

2 OF 3 VCRs SOLD in 1993's first 2 months were stereo or 4-head mono. Full-size camcorder sales resurged in Feb. as inventories came under control. (P. 11)

EMERSON 'DOWNSIZING,' sees tough times ahead for 1993, with loss in first half and substantial dip in revenue, despite moving into black in 1992's 4th quarter. (P. 11)

HIGHLAND CLOSING LAST 30 STORES after creditors reject reorganization plan. (P. 12)

FRETTER, AVA REPORT increased sales and earnings for 4th quarter, year; AVA says it will open 20-30 stores this year. (P. 12)

will be up to those panels to set ground rules for auctions, said Antoinette Cook, senior counsel of Senate Commerce Committee. (She told reporters she had yet to hear anything from Administration on her possible appointment as FCC chmn., although her selection is widely rumored.)

Brown's letter, listing proposed changes in legislation, said: "The bill should not exempt commercial radio and television broadcast services from competitive bidding." It currently contains exemption for those services, as well as for public safety, private radio, others. Brown opposed set-aside for rural users that also is in bill. He said Department's position is that rural license program "is not necessary to protect rural interests. Generally, spectrum is not scarce in rural areas. Rural telephone companies should have no problem acquiring spectrum through assignment by competitive bidding or in the market subsequent to assignment."

There was little comment on Brown letter at hearing, although opposition is certain. One Commerce Subcommittee staffer said this was first Administration pronouncement of general policy on auctions and that at this stage no industry should be exempted. NAB said it "strongly supports" broadcast exemption, whether in current version of bill or in future versions if auction authority is expanded in scope or duration. Exemption for broadcasters is "logical and sound communications policy," NAB Pres. Edward Fritts said.

Rural telephone companies also traditionally have opposed auctions. Philip Nelson, pres., Hamilton Telephone Co., Aurora, Neb., speaking for Rural Telephone Coalition, told Subcommittee that while it appreciated set-aside language, it still had concerns. Primary among them, and one on which Sen. Stevens (R-Alaska) centered his questions, is how to define "rural." Definition will be worked out with Subcommittee staff in next few weeks to determine whether it should include maximum limit on population in any given town, such as municipality with 2,500 residents that would be considered as "rural," or to say generally that one county couldn't have population greater than some amount Congress might designate. Wayne Perry, McCaw Cellular vice chmn., and Robert Foosaner, Fleet Call senior vp, said rural interests could be protected by auctioning spectrum for small-market areas with many providers in each market.

Commerce Dept. also set out some details of its policy in 6-page letter to Rep. Markey (D-Mass.), chmn. of House Telecom Subcommittee. His panel also is said to be preparing legislation that would authorize auctions, with broad authority for FCC to auction frequencies for Personal Communications Services and others that would provide bulk of revenue. March 16 letter from Acting NTIA Dir. Thomas Sugrue said that arrangements could be made so that smaller firms could participate in auctions, such as series of annual payments rather than requirement of paying all of money up front. He said there were procedures that could be used to prevent bid rigging or other abuses of system.

NEW COMPETITOR FOR CABLE BACKED: Almost everyone supported FCC plan for new cable-like service to operate in 28-GHz band (TVD Jan 18 p6), but unusually large number of comments recommended significant tweaking of rules. Changes proposed by most commenters include setting up smaller service areas for Local Multipoint Distribution Service (LMDS), longer license periods, more flexibility for telco entry, slower buildout deadlines. Satellite interests said LMDS threatens future of Fixed Satellite Service (FSS), Ka-band, even mobile satellite service.

LMDS has good potential as new competitor for wired cable, wireless cable and other video services, as well as for voice and data services, virtually all nonsatellite commenters said. But Basic Trading Area (BTA) is too large to receive single LMDS license, many of commenters said (FCC proposes to award 2 licenses for each BTA, each for 1,000 MHz of bandwidth serving entire area). Telephone & Data Systems Inc. (TDS) said smaller license areas would promote rapid development, and others said it would be too difficult for developers to meet FCC requirement that service be available to 90% of BTA area within 3 years.

FCC requirement of 90% buildout within 3 years was attacked by many commenters, including EMI Communications, GTE, Sprint. Most said FCC should set benchmark at 75% within 3 years, although some suggested 75% within 5 years. Only handful of larger companies, including U S West, said Commission should stick to 90% figure. Many of same companies said proposed 5-year license period was too short, suggested 10 years.

LMDS access to 28 GHz is serious threat to satellite services, NASA and several such operators complained. NASA said there would be harmful interference between LMDS and virtually all FSS earth stations and LMDS threatened value of Advanced Communications Technology Satellite (ACTS), which depends heavily on Ka-band. Entire 27.5-30 GHz band will be needed soon for Ka-band uplinks, NASA

predicted. Proposed LMDS band is "essential" for Iridium uplinks, Motorola said. Hughes said FCC plan could deny satellite operators "effective use" of 80% of uplink bands for Ka-band.

Telcos and USTA pressed for easing rules on local exchange carrier use of LMDS spectrum, saying there's no policy reason for excluding telcos. USTA said 2-GHz allocation is "overly generous" since FCC is providing only 220 MHz for Personal Communications Service (PCS) and 400 MHz combined for VHF and UHF TV. EMI said agency should consider allocating 4 licenses for each service area -- two 750-MHz licenses for video and two 250-MHz licenses for voice and data.

Some LMDS licensees and applicants supported devoting half of proposed bandwidth to educational TV. Suite 12, which developed technology that became LMDS and is guaranteed at least one major metropolitan area license, backed plan to allocate one 1,000-MHz block to noncommercial in each service area -- plan that effectively would give Suite 12 monopoly in its area or areas. Others, including Bell Atlantic, said assigning half of spectrum would make it difficult for LMDS to be truly competitive with cable. NAACP said FCC should set aside one of 2 blocks to promote "diversity" in media ownership. Group calling itself Grand Alliance Partnerships, which has total of 25 wireless cable licenses, suggested that FCC should set aside one of 2 blocks in each area for wireless cable licensee because that would assure quickest possible use of band.

SIKES TO JOIN NEW HEARST UNIT: Hearst Corp. is forming New Media & Technology Group and has picked ex-FCC Chmn. Sikes to head effort, effective March 29. He will be based in N.Y., reporting to Hearst Pres.-CEO Frank Bennack. Sikes' last day as FCC chmn. was Jan. 19 and he served in post 3-1/2 years in Bush Administration. Former owner of group of Midwest radio stations, he came to Washington in March 1986 as NTIA dir. under President Reagan.

New Media & Technology Group will be charged with positioning Hearst to adopt "editorial and programming resources to the new formats and delivery systems being created by advancing technologies." Group will accelerate Hearst's new-business efforts "and seek alliances with companies here and abroad" in new areas, said Bennack: "Computer technology, combined with the electronic superhighways of fiber optics and over-the-air frequencies, promise new opportunities that can only be sensed, not predicted."

Said Sikes: "In a sense, this opportunity is the culmination of my work in Washington." While at NTIA, he pushed through Telecom 2000 study of U.S. communications future. Under his administration, FCC assigned spectrum for emerging technologies, developed video dial tone, approved low-Earth-orbit satellite services. Sikes also has been in forefront in pushing development of digital HDTV.

By taking job with Hearst, Sikes becomes 3rd former FCC chmn. in row to go into advanced technologies. His predecessor, Dennis Patrick, took similar job with Time Warner Telecommunications, new unit looking into Personal Communications Services (PCS) and other offerings. Patrick's predecessor, Mark Fowler, is pres. of Bell Atlantic's PCS unit in addition to his duties at Latham & Watkins law firm.



ABC has delayed start of Nightline 5 min. to 11:35 p.m., beginning April 5, giving affiliates extra time for local programming. Network also will give stations that carry program live extra 30-sec. spot in Nightline, PrimeTime Live, 20/20. Nightline now is aired live in just over 60% of country. At ABC TV affiliates' convention last spring, ABC News Pres. Roone Arledge said there was "a great possibility" program would go off air if live clearances didn't improve (TVD June 8 p3).

Presidential advisory panel on public diplomacy has called for abolition of Radio Free Europe/Radio Liberty (RFE/RFL) and immediately was attacked by supporters of those organizations. Panel said in annual report that new means of distributing information, including satellite TV and other technologies, combined with U.S. budget crunch and end of Cold War, made RFE/RL redundant. So is VOA, panel said. Panel said those organizations should be abolished and merged into USIA, which also houses VOA. Panel Chmn. Thomas Korologos said group also recommended that TV Marti be shut down immediately and that short wave relay station planned for Israel be moved to Kuwait because it didn't make sense to broadcast to Arab countries from Israel. Panel, which includes NCTA Vp Pamela Turner, also suggested that restrictions on distribution of USIA programming within U.S. be modified. Korologos acknowledged that preliminary Clinton Administration budgets also had included abolition of radio operations, but said nothing was final. He noted his group had made similar recommendation 3 years ago. Board for International Bestg. (BIB) Chmn. Malcolm Forbes Jr. denounced panel's recommendations, saying there's difference between VOA, which broadcasts as official arm of U.S. govt., and RFE/RL, which are "regarded as virtually indigenous media" in other countries.

Incumbents Bruce McGorrill, Me. Bestg., and William Ryan, Post-Newsweek Stations, have been reelected for 2-year terms on NAB TV board. Also elected, in 12-person race for 6 seats: Philip Jones, Meredith Bestg.; Thomas Oakley, QNI Best. Group; Clyde Payne, WKBO Bowling Green, Ky.; Nicholas Trigony, Cox Bestg. Elected to 2-year terms on NAB radio board: Dist. 1 -- Richard Ferguson, WEZN(FM) Bridgeport, Conn.; Dist. 3 -- ex-Dir. Jerry Lee, WEAZ-AM-FM Philadelphia; Dist. 7 -- Matt Mills, Paxson Bestg., Orlando. Winners of 10 other radio board races, which didn't require run-off, were announced earlier (TVD Feb 8 p9).

FCC fines: (1) Weston Properties, licensee of WKBR(AM) Manchester, N.H., \$8,000 for unauthorized transfer of control to Brian Dodge. Weston said management agreement was signed with Dodge in Sept. 1991 to restore WKBR, which went off air in Jan. 1991. Agreement expired in Jan. 1992, wasn't renewed, and WKBR went off air again that March. (2) Public land mobile station KNKG445 Tipton, Ia., \$6,000 for going on air without authorization.

HDTV ALLIANCE DELAYED: Date for start of HDTV retesting continues to slip, and with it de facto deadline for forming "grand alliance" (TVD Feb 22 p1) of HDTV proponents, according to persons familiar with process. Latest, best estimate for start of retesting is mid- to late-April, giving proponents another 4-6 weeks to agree on technology and business relationship for unified HDTV proposal.

March 15 was original date to start latest round of testing, but that slipped to April 1. Now, officials said date is likely to be mid-April and possibly late April, because of difficulty in reaching agreement on what tests are critical in determining quality of proposed system, and what new test materials should be used. Working party of Systems Subcommittee of FCC's Advanced TV Advisory Committee, headed by Mark Richer of PBS, is trying to work out issues. Systems Subcommittee itself meets at 2 p.m. April 2 at FCC hq and probably will finalize plans.

Proponents continue to negotiate toward "grand alliance" proposed by Advisory Committee Chmn. Richard Wiley (TVD March 1 p3). Advanced TV Research Consortium made its latest proposal for technology and business structure this month and is awaiting response from General Instrument, MIT and Zenith, said Joseph Donahue, senior vp of consortium member Thomson: "I think we put a very credible proposal on the table. But I'm not surprised that it would take a little while for them to respond. These are big issues, and very important."

March 15 wasn't "magic date" for forming "grand alliance," Donahue said, even though Wiley originally had set it as deadline: "I don't think there is a magic date. Testing is still a long way from restarting." Donahue said there may even be time to reach agreement after retesting starts. Key issues still to be resolved include compression system, modulation scheme, business issues. General Instrument's DigiCipher system is to be retested first, followed by consortium, MIT, Zenith/AT&T.

Meanwhile, in latest round of HDTV letters to Labor Secy. Robert Reich, Advanced TV Research Consortium (ATRC) said it's only HDTV proponent to have "taken the HDTV receiver manufacturing job pledge." Responding to suggestions by General Instrument and Zenith that selecting their systems would generate more U.S. jobs because ATRC would make semiconductors in Europe, ATRC said in March 18 letter that HDTV semiconductors are "relatively modest" portion of HDTV jobs, and consortium plans to make "high percentage" of them in U.S. anyway. ATRC also wrote to persons involved in HDTV selection process saying it "strongly favors the formation of a 'grand alliance,'" but only if it results in "truly the best technical system."

Cap/ABC plans to repurchase up to one million of its common shares on open market at prevailing prices. Stock will be retained as treasury shares, available for employee plans and "for other corporate purposes." Cap/ABC has repurchased 1.99 million shares under 1988 and 1990 authorizations.

Senate Rules Committee voted 8-5 March 18 for campaign reform measure that among other things would require broadcasters to cut ad rates in half for Senate candidates agreeing to spending limits for their campaigns. Bill could come to vote next month in full Senate.

Cal. Cable TV Assn. spring meeting will be April 26-27, Sacramento Hyatt. Main activities will be board elections and meetings with state legislators -- 510-428-2225.

Legislation to extend compulsory license, now scheduled to end Dec. 31, 1994, received strong support from satellite broadcasters, wireless cable and Register of Copyright, among others, at March 17 hearing of House Intellectual Property Subcommittee. Chmn. Hughes (D-N.J.) has introduced bill (HR-1103) to extend expiration date. Rep. Boucher (D-Va.), who also has offered bill (HR-759) on same topic, testified in favor of Hughes' legislation, but made 2 suggestions: (1) Change date in bill so that first arbitration would be June 1, 1997, instead of June 1, 1995. As currently written, bill would mean rates arrived at in arbitration completed May 1, 1992, would end in 3 years, not 5. (2) Modify definition of satellite carrier to cover all direct-to-home services, including fixed satellite and DBS. Broadcasters, including coalition of ABC, CBS, NBC and Fox, attacked bill and compulsory license arrangement. Wade Hargrove, testifying for Network Affiliated Stations Alliance (NASA), said that so-called "white area" portions of law allowing satellite transmission of signals to areas that can't be reached by TV signal, has been virtually impossible to enforce. He submitted letters from several stations reporting satellite viewing of distant stations in their areas, and said there's no effective enforcement. Fox Senior Vp Preston Padden said marketplace -- not govt. rules -- should govern relationship between programmers and satellite systems. Bill also would make sure wireless cable was covered by compulsory license.

Cable must work to change perception of its service quality, not only service levels themselves, said CTAM Chmn. Beales. She told Washington Cable Club lunch March 16 that industry already has made "great strides" in improving service, but "it does no good to invest in improving service unless you are also willing to invest in informing your customers about your activities." Beales said marketing, rather than programming or new technology, will drive cable this decade and beyond, and much of marketing effort must focus on building satisfaction of current customers. She said it's cheaper to retain existing users than to find replacements, and "satisfied customers will stay with cable when offered the alternative of new, untested distribution mediums." Industry has received "negative attention" on rate increases, Beales said, and "we must shift the issue to value. A customer's loyalty to a product is driven more by what that product is worth to them than by price comparisons alone."

N.Y. state attorney gen. confirmed that his office is investigating Freedom Forum for possible misspending of funds. Forum, based in Arlington, Va., is incorporated in N.Y. and is headed by ex-Gannett Chmn. Alan Neuharth. Among issues being investigated is "whether certain expenditures [of Forum] were excessive or imprudent," said spokeswoman for attorney gen. Freedom Forum promotes free speech and media causes, formed First Amendment Center at Vanderbilt U. in 1991. It formerly was Gannett Foundation but Neuharth changed name when he retired at Gannett and sold Foundation's 10% of Gannett stock. Forum official said there "have been no excessive or imprudent expenditures."

Ad hoc committee is looking into potential new sites for National Cable TV Center & Museum, now at Pa. State U., William Bresnan, acting chmn. of Center, confirmed. In letter to cable pioneers, he said "vast majority" of industry representatives on board want to move Center because of friction with university and latter's decision to withdraw financial support for Center's dir. Bresnan said group has received "numerous offers" of new sites. In meantime, it's circulating survey to measure importance of various Center activities to members.

CAP/ABC UNIT EQUITY-SWAP TIME: In action described as "unusual," "interesting" and "unique," Cap/ABC has formed new unit that plans to provide broadcast time and print space for small and emerging companies in exchange for equity interest. Named Capital Cities Capital (CCC), it will have as pres. George Cain, now senior vp of ABC TV Network Group.

CCC expects to deal with new companies and those billing up to \$250 million annually, will provide them with \$5-\$25 million in advertising on ABC networks, owned TV-radio stations and publications owned by Cap/ABC subsidiary Fairchild. Cap/ABC equity in companies will be temporary, lasting average of 2-5 years, then will be sold back to companies involved.

Cain, who will report to Phillip Meek, pres. of Cap/ABC Publishing Group, said first "investment" for equity could come as early as next month, and he expects about 5 deals per year. Portfolio of companies is being prepared for CCC to explore, and source said half-dozen have been identified. CCC will seek equity of 15-20% in companies in exchange for advertising. Time also will be made available on Cap/ABC's cable operations, such as ESPN. New unit "will invest in companies with limited cash resources whose products or services are ideally suited for accelerated growth through the use of television advertising," Cap/ABC said.

CCC has hired N.J. investment firm William Sword & Co. to find suitable companies. Cap/ABC expects effort to provide secondary source of income and nurture companies that otherwise couldn't afford TV spots, while demonstrating power of TV to other advertisers. It's also expected to help small and startup companies become grow enough to become network advertisers on their own and give ABC "some great examples of the value of network TV advertising," Cain said.

He told reporters idea for CCC just evolved over several months of discussions within company on how to produce additional streams of revenue. However, it was pointed out that Cap/ABC Pres.-CEO Daniel Burke and Philip Beuth, pres. of ABC late-night and early morning entertainment, tried similar plan years ago when they were both at CapCities WKBW-TV Buffalo, N.Y. That experiment wasn't successful.



New basic cable network targeting computer users, Jones Computer Network (JCN), will be carried on Mind Extension U. (ME/U) beginning within 60 days and probably will be on separate satellite transponder by early summer, according to Jones Intercable Chmn. Glenn Jones. He called ad-supported computer network "just another part of our all-out effort to educate the citizens of America." There's potentially huge audience for computer network, Jones said, because 40 million personal computers are in use. ME/U already carries some computer education programming and "the response to that programming shows us that computers are a hot item," he said. Network will focus almost exclusively on educational programs teaching consumers how to use hardware and software, although there will be some coursework leading to information science degree. Jones said JCN will start with 2-3-hour block of programs 5 days per week on ME/U, then transfer to waiting transponder on Satcom C-3 after new Jones uplink facility is finished by early summer. Amount of programming will increase gradually, Jones said, allowing it to become full-time network about time digital compression arrives late this year or early next.

"Message" from INTV Pres. James Hedlund to FCC on finsyn: "Make some further refinements if necessary, but don't abandon the ship... Rules that have served everyone well should not be abruptly jettisoned... The FCC should not be bullied or intimidated by a single judge into throwing in the towel." He was speaking at March 18 FCBA lunch in Washington with FCC Chmn. Quello at head table. Under mandate from 7th U.S. Appeals Court, Chicago, Commission will attempt to decide issue of network involvement in original and syndicated programming at April 1 meeting. Hedlund said programming restrictions on networks are necessary because "robust, free television marketplace needs [independent] stations that are able to... not just retransmit schedules dictated from New York." He discussed slew of other issues facing independent TV stations, saying: "We are appalled at the tactics of Chuck Dolan and his Cablevision Systems in dropping [Conn.] stations [from cable systems]. These are actions of unparalleled arrogance, clearly in defiance of the Congress..." Hedlund also expressed reservations on whether retransmission requirement in Cable Act will be of much help to broadcasters, saying it "may be the latest version of the check is in the mail... The cable operator is a monopsonist and has all the leverage..."

Program Notes: L.A.-based Unity Bctg. said it will launch **World African Network** as cable premium channel in June 1994. Chmn. Eugene Jackson said startup will cost about \$15 million and programming will be mix of cultural, dramatic, documentary, concert films, sports and public affairs shows... HBO signed 3 partnership deals with Britain's Anglia TV for joint production of movies and entertainment programs... **ESPN** agreed in principle to buy sports programming interests of Ohlmeyer Communications, headed by Chmn. Donald Ohlmeyer, recently named pres.-NBC West Coast. Among other things, company produces "Skins Game" golf competitions, International Race of Champions auto racing series, Subway College Football Awards show, Checkered Flag auto racing highlights series. Terms weren't disclosed. Ohlmeyer also will produce this spring's Indianapolis 500 for ABC TV... **Discovery** will launch in Japan April 1, providing 15 weekly hours of programming to more than 800,000 cable homes via Eisei Channel... **Disney Channel** said it added 832,000 subscribers in 1992, ending year with 7.08 million.

Sens. Harkin (D-Ia.) and Bradley (D-N.J.) said last week they would introduce legislation to allow advertisers of tobacco products to deduct only half of their advertising expenses. Rep. Moran (D-Va.) had offered bill that would take away full deductibility from tobacco and alcoholic beverage ads. Harkin measure that would have required 20% deduction of expenses was defeated in Senate last year. In preemptive move, ACLU, ANA and others held news conference before Harkin's announcement to denounce bill as First Amendment violation. Senator said at his news conference that taxpayers are "coughing up about \$1 billion a year as a silent partner in subsidies to promote smoking," and cut in deduction would raise \$2 billion in revenue over 5 years. Bradley said issue wasn't First Amendment, but was policy question on what types of businesses govt. chooses to subsidize through taxes. Harkin said ACLU has received "substantial funding" from tobacco companies. Harkin/Bradley action was endorsed by American Heart Assn., American Cancer Society and other medical and religious groups as well as National PTA.

Cox Bctg. reportedly has taken its 2 Fox affiliates -- KTVU (Ch. 2) Oakland-San Francisco and WKBD-TV (Ch. 50) Detroit -- off market because bids were too low. Cox is said to seek more than \$600 million for KTVU, but received tentative offers that were much less.

Financials: Comcast net loss increased 74% to \$270.2 million in year ended Dec. 31, but it said it had record growth in revenue and cash flow. Revenue gained 25% to \$900 million, and cash flow 28% to \$397 million... **Cablevision Systems** net loss dropped to \$65.9 million in 4th quarter ended Dec. 31, from \$69.5 million year earlier. Full-year loss was \$250.5 million vs. \$230.8 million loss year ago. Total revenue was up 13.8% to \$572.5 million for year and 12.8% to \$247.7 million for quarter. Operating cash flow increased 13% to \$66.4 million for quarter and 13% to \$247.7 million for year... **Adelphia** plans to offer 10 million new shares of common stock, including about \$40 million worth to be bought by family of CEO John Rigas, according to SEC documents. Proceeds will be used to reduce 13% senior debt. It also said it expects to file SEC registration later this month for \$100 million of new senior debt... **TCA Cable** profit jumped 36% to \$4.8 million in first quarter ended Jan. 31, and revenue was up 9% to \$36.7 million. Operating profit rose 7% to \$18.8 million... **Century Communications** withdrew shelf offering of 10 million shares of common stock and \$150 million of preferred stock. Offering originally was filed in 1991. Company said then it was offering \$187 million of new senior debt, due 2003. Underwriter is Lehman Bros... **Home Shopping Network** said it will redeem all of its outstanding \$43.3 million of 11-3/4% senior debt, effective April 15... Interactive TV company **NTN Communications** lost \$2.4 million in year ended Dec. 31, vs. \$2.3 million loss year ago, as revenue soared 72% to \$6 million. Despite losses, NTN said assets nearly doubled to \$8.6 million at end of year... **Republic Pictures** revenue fell to \$12.6 million in 4th quarter ended Dec. 31, from \$22.7 million, mainly because of \$8.6-million drop in TV revenue. Net loss was \$2.7 million, vs. \$397,000 profit year ago... **Skylink America** had \$216,000 net loss in 3rd quarter ended Jan. 31, vs. \$338,000 loss year earlier.

FCC has formed Office of Assoc. Managing Dir.-Public Information and Reference Services (PIRS) with Deputy Managing Dir. Alan McKie as acting chief. New phone number is 202-632-0260. Following persons can be reached at that number: Kathy Fagan, acting deputy dir. of operations; Patti Smith, deputy dir. for policy; Martha Contee, chief, Public Service Div.; Sharon Jenkins, chief, Mass Media Bureau Adjudication Branch; Sheryl Segal, technology mgr. Other new FCC phone numbers in managing dir.'s office: Record Management Div., 202-632-7513, William Cline, chief, Consumer Assistance Branch, 202-632-7000; Public Policy Planning Branch, 202-632-0244; FCC Reference Center, 202-632-7566; cable files, 202-632-0289; ownership reports, 202-632-0259.

Nynex asked **FCC** to reconsider decision to allow cable operators to limit indecent programming (TVD Feb 8 p9). In petition for reconsideration (MM 92-258), Nynex said giving them such wide discretion "invited cable operators to unreasonably deny access to leased channel capacity, and to discriminate among customers." FCC rules say those who feel they're unfairly denied access to leased access channels should take complaint to court, but telco said 1992 Cable Act gave FCC primary oversight of such disputes. In worst-case scenario, Nynex said, cable system could carry indecent programs on channels it controls, while denying it to competitors who lease channels.

Black-owned noncommercial KMPT-TV (Ch. 32) San Francisco is having financial difficulties and went off air 2 weeks ago but now is back on, spokesman said. Station has been informed that it will be taken off Viacom-owned cable system in San Francisco area March 31 and has negotiated to buy time on commercial KOFY-TV (Ch. 20) San Francisco in effort to raise money.

Consumer Price Index (CPI) showed sudden surge in cable prices in Feb. CPI data collected by Bureau of Labor Statistics (BLS) found cable rates were 3.1% higher in Feb. than in Jan., even though average price for all consumer goods and services increased only 0.4%. Surge was unusual, since cable increases typically have been about double overall CPI growth. Rise may have been result of cable industry practice of having most rate increases take effect in first 2 months of year, BLS economist Richard Seastrand said. He told us that BLS saw "a very large number of modest-to-moderate increases, and relatively few decreases" in cable rates in month. He defined modest-to-moderate as range of 3-10%. BLS figures include total cost of cable, not only basic rates, but Seastrand said most of boost seemed to come from basic and expanded basic rates, since changes in other factors such as installations "about netted out." NCTA spokeswoman also attributed some of surge to practice of raising rates early in year, but pointed out that while CPI seemed fairly accurate on annual basis, monthly index often appeared to include unexplainable variations. CPI showed that cable rates jumped average of 6.9% in 12-month period ending in Feb., while overall CPI went up 3.2%.

Fairness doctrine proponents were encouraged by order of 8th U.S. Appeals Court, St. Louis, for en banc rehearing of 2-1 panel decision that doctrine has been repealed legally and thus couldn't be applied to ballot issues (TVD Dec 7 p7). Court also vacated panel's decision, said date for argument would be set later and asked each party to "immediately submit" 15 copies of all previously filed briefs. Case originally was brought by Ark. AFL-CIO, joined later on both sides by several parties. It involves FCC decision that KARK-TV Little Rock wasn't required to give time to opponents of 1990 referendum involving Ark. usury limits. Union filed fairness complaint, and Commission majority in Jan. 1992 ruled that requirement for balanced coverage of ballot issues came from fairness doctrine, which agency had repealed in 1988, action upheld by U.S. Appeals Court, D.C. FCC vote was 3-2, with Comrs. Barrett and Duggan dissenting.

Energy Dept.'s request for data on potential of new communications devices to conduct automatic meter reading and similar conservation technologies brought out strong support from utilities for radio-based technologies, but also some backing for cable- and telephone-based services. Energy received 27 submissions earlier this month in one of first exercises to collect such information in one place. Agency is under congressional mandate to develop proposal to be submitted to Hill by end of April (although deadline may not be met) that will demonstrate ability of innovative services and equipment. However, Congress provided no funds for demonstration project. Beyond widespread support for radio, which is widely used today by utilities and is source of consternation at FCC in new spectrum assignments, comments focused on wide array of potential applications that could make comparisons among commenters and their technologies difficult.

Three companies have agreed to cooperate on video dial tone (VDT) equipment. New partnership involves Compression Labs, On-Demand Technologies, Reliance Comm/Tec. Under deal: (1) Reliance Comm/Tec will provide local loop transport equipment for VDT, based on its Digital Intelligent Subscriber Carrier System. (2) Compression Labs will develop set-top converter as customer-premises equipment, plus real-time MPEG-based video encoder system. (3) On-Demand will supply interactive, media-independent store-and-forward video delivery system.

Personals

Promoted to senior vps, Cap/ABC: **Robert Iger**, pres.-ABC TV Network Group in charge of TV network, Entertainment, News and Sports, and **David Westin**, vp-gen. counsel; **Mark Mitchell** advanced to vp-eastern sales... Station Mgrs. **Robert Good**, KXXV Waco, and **Wayne Roy**, KTAB-TV Abilene, elected corporate vps, Shamrock Bstg... **Peter Bannister**, vp-gen. mgr., WSYM-TV Lansing, appointed to same post at co-owned (by WTMJ Inc.) KTNV Las Vegas, succeeding **James Behling**, named gen. mgr., WNDU-TV South Bend; Behling replaces **Bazil O'Hagan**, retiring.

Richard Nortnik, ex-Storage Technology Corp., named pres., Jones Information Management Inc., subsidiary of Jones Intercable... **Pamela Cooper**, ex-Gardner, Carton & Douglas, joins Roberts & Eckard, specializing in broadcast and common carrier law... **Melvin Goldberg**, retired exec. dir., Electronic Media Rating Council and long-time ABC TV research exec., will receive NAB-Best. Education Assn. (BEA) Hugh Beville Award at BEA convention in Las Vegas next month.

Madelon Kuchera, common carrier legal adviser to FCC Comr. **Barrett**, leaves March 26 to open office for Teleport Communications Group in Chicago... **James Ball** appointed acting dir., FCC Office of International Communications... **Rudy Adame**, ex-Galavision, named national sales mgr., KWHY-TV L.A.

Robert Buenting appointed vp-controller Westinghouse Bstg., succeeding **Dennis Ganzak**, promoted to controller, Westinghouse; Buenting is succeeded as vp-controller, Group W TV, by **Dennis Farrell**, vp-controller, Group W Satellite Communications... **Nina Kanter** promoted to vp-media research, Griffin Bacal... **Gina Pierelli**, ex-United Artists Cable, named mgr.-new business development, CTAM.

Nominated to Time Warner board: Former U.S. Trade Rep. **Carla Hills**; former Xerox Chmn.-CEO **David Kearns**; Colgate-Palmolive Chmn.-CEO **Reuben Mark**; former Major League Baseball Comr. **Fay Vincent**... **Celia Bachman** appointed gen. counsel, Home Shopping Network... **Cynthia Hauser**, ex-Seiniger Advertising, named vp-print ads and special projects, Fox Bstg... **John Solomon**, ex-Witt-Thomas Productions, joins Walt Disney as dir.-creative development, Theme Park Productions... **Elizabeth Clayton**, ex-Colligan Group, N.Y., named dir.-sales and mktg., All News Channel.

FCC Calendar -- March 22: Comr. **Duggan** is keynote speaker at NCTA local programming lunch, Renaissance Hotel, Washington, 12:30 p.m. **Thomas Stanley**, chief engineer, addresses Energy Telecommunications & Electrical Assn. on "Reallocation of 2 GHz Radio," Hyatt Regency Hotel, New Orleans, 9:30 a.m. March 23: Chmn. **Quello** speaks at Wertheim Schroder and Variety magazine lunch on "Business of Entertainment: The Big Picture," Pierre Hotel, N.Y., noon. **Robert Pepper**, chief, Office of Plans & Policy, testifies before House Technology Subcommittee on information infrastructure, information superhighway and high-performance computing, 9 a.m., Rm. 2318, Rayburn Bldg. March 25: **Quello** testifies before House Appropriations Subcommittee on Commerce, 1:30 p.m., Rm. H-310, Capitol Bldg.

Fox Bstg. and **Cap/ABC** are interested separately in obtaining financial stake in privatization of 2 state-owned TV networks in Mexico, according to published reports. Both companies, which declined comment, are said to have sent executives to Mexico for preliminary talks.

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Rep. Berman (D-Cal.) introduced bill (HR-1379) March 17 to restructure govt.'s international broadcasting operations. It would allow broadcasting to Cuba, Asia, Eastern Europe. It uses general language for proposed standards for international broadcasting, such as that it be consistent with U.S. foreign policy, telecommunications policy and treaty obligations; complement activities of private U.S. broadcasters and of govt.-supported broadcasting of other countries. Berman, chmn. of House International Operations Subcommittee, said details would be worked out in authorization process on FY 1994 budget.

Frank Stanton will receive First Amendment Leadership Award and John Chancellor the Leonard Zeidenberg First Amendment Award (named after late Bstg. magazine chief correspondent) from RTNDA Foundation at March 24 black tie banquet, Mayflower Hotel, Washington. Walter Cronkite will be master of ceremonies.

TCI has begun using new PPV ordering system installed by Probita Inc., Boulder. New ordering center outside Denver is serving 600,000 subscribers at outset, eventually will expand significantly. COO Barry Marshall said Probita's centralized ordering method allows many small systems that couldn't afford separate ordering center to offer PPV.

Consumer Electronics

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STATE OF THE INDUSTRY

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

	FEB. 27- MARCH 5	1992 WEEK	% CHANGE	FEB. 20-26	9 WEEKS 1993	9 WEEKS 1992	% CHANGE
TOTAL COLOR.....	303,739	361,988	-16.1	772,768*	3,651,114*	3,116,757	+17.1
DIRECT-VIEW...	298,324	356,202	-16.2	759,844*	3,585,271*	3,056,083	+17.3
TV ONLY.....	287,906	348,345	-17.4	719,885*	3,408,852*	2,930,389	+16.3
TV/VCR COMBO.	10,418	7,857	+32.6	39,959*	176,419*	125,694	+40.4
PROJECTION....	5,415	5,786	- 6.4	12,924*	65,843*	60,674	+ 8.5
VCR DECKS.....	129,258	127,573	+ 1.3	354,364	1,749,881	1,701,615	+ 2.8
CAMCORDERS.....	18,593	19,679	- 5.5	93,290*	344,395*	306,295	+12.4
LASERDISC PLYRS#	2,008	2,797	-28.2	6,695*	31,033	40,706*	-23.8

Direct-view TV 5-week average: 1993--405,255; 1992--350,587 (up 15.6%).

VCR deck 5-week average: 1993--178,477; 1992--186,357 (down 4.2%).

Camcorder 5-week average: 1993--35,415*; 1992--30,388 (up 16.5%).

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

CABLE AND CE -- CHANNEL-MAPPING & OTHER PROBLEMS: Working against deadline of today (March 22) for comments to FCC on consumer electronics-cable interface (TVD Feb 15 p13) -- and under congressional encouragement for "voluntary" agreement -- negotiators representing 2 industries in confidential discussions are "as far away as we've ever been," according to one participant, who added: "We don't agree on anything."

Take, for example, relatively little-noticed concept of channel-mapping, spreading rapidly, which cable systems say is mandated by Cable Act. Biggest area to be channel-mapped so far is N.Y.C. When Time Warner Cable (TWC) announced completely new channel lineup in its systems there, it said it was doing so "to meet the requirements of the 1992 Cable TV Consumer Protection & Competition Act" and to "make it easier for daily newspapers to produce a more complete programming lineup including specific channel location." It explained that all of its systems would use same channels for various program services.

TWC even sent subscribers adhesive channel line-up labels to stick on their remote control units. However, subscribers depending on cable-ready TVs and VCRs found stickers more confusing than helpful. In Manhattan, for example, more than 20 nonpay services couldn't be found on channels designated by TWC's new stickers. Nickelodeon, listed on Ch. 6, was received on Ch. 14, while C-SPAN came in on Ch. 6 although it was listed as being on Ch. 23. CNN, listed as Ch. 10, actually was received on cable-ready sets on Ch. 27. Cable-ready set users trying to tune TNT on Ch. 3 got Japanese programming.

Those who depend on tuners built into TV sets or VCRs were left with no clues to channel location at all. Information official at TWC's Manhattan Cable TV, asked for listing of actual channels on which programs could be found, said no such list was available. Asked why not, she said cable-ready TVs' channels varied from set to set, and anyway, "that would defeat our own purposes, because we encourage people to get [cable tuning] boxes."

Channel-mapping employs "smart" tuner box whose channel designations don't necessarily bear any relationship to frequencies assigned to those channel numbers. Thus, CNN actually is received on cable Ch. 27 (240-246 MHz) but on cable box it comes in on Ch. 10 (which normally would be 192-198 MHz). Real Ch. 10 is assigned to NY1, TWC's own local news station, which is received on cable box's Ch. 1.

Ten years ago, EIA and NCTA agreed on "channelization" -- standard frequencies and channel number designations -- to avoid just such conflicts between cable and consumer electronics interests (TVD June 6/83

p14). That standard, IS-6, providing channel numbers and their corresponding frequencies up to 99, still exists and, in fact, is subject of current negotiation to add more channels.

Rationale for channel-mapping, which ignores standardized channel designations, is that it's useful for eliminating interference, particularly in such cases as direct pickup from on-air broadcast channels. Another argument for mapping is that in systems such as TWC's 150-channel Queens, N.Y., installation, single channel can be dialed for pay-per-view even though multiple channels actually are used. (Example: Viewer dials Ch. 35 for movie and is asked for preferred starting time. Each starting time actually switches viewer to different channel.)

Channel mapping, like scrambling, is among many subjects under discussion in delicate and intense negotiations between EIA Consumer Electronics Group and NCTA on compatibility issues related to 1992 Cable Act. One proposal, backed by many in cable industry, would let cable systems channel-map TV sets' tuners by sending instructions during vertical blanking interval as part of "Extended Data Services" on field 2 of closed-caption line.

Also being revived -- and hinted at in FCC's notice of inquiry last month -- is back-of-set multiport connector (under new name of "decoder interface"). Several TV makers adopted multiport in past, but most of cable industry didn't. Currently only Bang & Olufsen sets have multiport connectors and only one cable system is known to use them. One industry member of liaison committee said that "to redesign TV sets for multiport will take another 3 to 5 years, and by that time we'll have digital transmission -- with a whole new set of problems."

Cable people say they're frustrated by set makers' stinginess: "We have to go to the expense of providing cable boxes because the manufacturers refuse to put good tuners in their sets." Consumer electronics representative retorts: "The cable people take features away from our sets and then sell them back to their subscribers."

Cable Act requires that FCC report to Congress on cable-CE compatibility issue within year of passage (Oct. 5) and issue rules 18 months after passage (April 1994). Already, there's talk of impossibility of that timetable -- and even of need for further legislation. Meanwhile, EIA Consumer Electronics Group and NCTA are expected to file joint document with FCC today on areas of voluntary agreement. They also will file separate comments on areas of disagreement -- which should provide juicier reading.

TANDY TO CUT VIS SYSTEM TO \$399: Tandy will begin promoting Video Information System (VIS) at \$399 -- more than 40% off normal \$699 tag -- in flyer due to hit consumers' mailboxes and Radio Shack stores next week. Meanwhile, Zenith spokesman confirmed that it won't market VIS hardware this year.

Radio Shack Exec. Vp David Christopher said VIS price reduction officially is temporary in nature, although he conceded that "we'll wait and see what we do in terms of units" before deciding on next move. He said VIS has been hampered by late introduction, which kept it off market for most of Christmas season. Flow of software also has been far slower than expected -- only about half of 110 titles Tandy had promised for launch actually have made it onto Radio Shack shelves. Company had touted fact that since VIS operating system was offshoot of Microsoft Windows, publishers would be able to port programs into VIS format easily and inexpensively, ensuring software supply that would far outstrip what was available for competing CD-I system.

Christopher wouldn't comment on whether Tandy still would make profit on VIS hardware at \$399 retail. However, he did say that "the technology needs a base of hardware out there if it has any chance of succeeding," with obvious hope that price cut would spur business. However, move places Tandy on same course for which it criticized Philips as creating "serious dilemma" in CD-I marketing plan. When it announced VIS last summer (TVD Aug 31 p13), Tandy had issued bluntly worded critique of Philips' strategy. "If Philips drops the price for CD-I to increase the installed platform base [and thus make money on software], they will alienate other potential hardware suppliers who cannot afford to sell CD-I products competitively," Tandy said in Aug. Christopher last week wouldn't comment on whether Tandy was falling into same box by dropping price on VIS. Tandy's Jan. reorganization left company as pure electronics retailer; Christopher deferred questions on viability of VIS as OEM product to TE Electronics, which was spun off as separate manufacturing company. TE spokesman declined comment other than to say "a couple of companies have been interested" in discussing VIS.

Zenith had joined Tandy in Aug. announcement as first brand-name consumer electronics manufacturer to market VIS system. However, Zenith officials soon realized that retail accounts already had set fall

marketing plans by time device could be offered for Christmas season. Point became moot, however, when Tandy was unable to ship product in very limited quantities even to its own stores until just before Thanksgiving. Zenith Mktg. Vp Bruce Huber at Winter Consumer Electronics Show also commented that there had been no compelling software application that would have helped spur system sales. Sources close to situation also said Zenith never committed to carrying VIS inventory, but instead essentially was licensing its brand name to Tandy for latter to sell into its general retail chains.

HOME CD PLAYER SALES FELL 14.6% IN 1992: Home theater craze, not decade-old CD configuration, spared sluggish U.S. hi-fi components business from dismal fate in 1992, according to unreleased EIA factory audio unit sales figures published in March 15 Audio Week.

Home CD player sales overall declined 14.6% to 3,254,805. Category was hampered by 29.7% drop in single-play CD decks, which accounted for only 42% share of total home CD market (against multiplay changers) compared with 52% share only year earlier. Carousel-based changers were only bright spot of gloomy home CD business, although 12.4% rise didn't come close to offsetting 19.5% fall in magazine-type changers or 29.7% erosion in single-play decks.

Faring even worse were home cassette decks, which dropped 18.6% overall because of similarly lethargic market in single-well recorders. Even dual-well decks -- once considered savior of home cassette business -- plunged whopping 16.2% because of apparent drop-off in 2nd-half sales. Segment had declined relatively modest 11% in year's first 6 months. So severe was damage in cassette deck business that industry actually sold 7,000 more turntables than it did single-well tape recorders.

Home theater boom was reflected in components with built-in surround processors as well as speakers especially geared for home theater installations, such as subwoofers and wall-mount units. Here's breakdown of unreleased EIA unit figures for major home hi-fi categories:

Product	1992	1991	% Chg.
Receivers.....	1,939,081	2,079,519	- 6.8
Tuners.....	42,194	39,685	+ 6.9
Preamplifiers.....	22,745	17,025	+33.6
Power amplifiers.....	77,010	75,488	+ 2.0
Integrated amps.....	109,398	60,182	+81.8
with surround....	823,504	347,839	+136.7
Surround processors..	79,604	64,404	+23.6
Equalizers.....	164,749	160,449	+ 2.7
Turntables.....	310,752	270,112	+15.0
 Total home CD decks..	 3,254,805	 3,809,415	 -14.6
Single-play.....	1,388,871	1,975,317	-29.7
Total multiplay..	1,865,934	1,834,098	+ 1.7
Carousel....	1,373,660	1,222,566	+12.4
Magazine....	492,274	611,532	-19.5
 Total cassette decks.	 1,445,306	 1,774,598	 -18.6
Single-well.....	303,364	416,852	-27.2
Dual-well.....	1,129,522	1,347,822	-16.2
DAT.....	12,420	9,924	+25.2
 Total speakers.....	 4,365,458	 3,902,838	 +11.9
Shelf.....	2,796,919	2,714,292	+ 3.0
Wall-mount.....	276,395	207,321	+33.3
Floor.....	962,232	831,359	+15.7
Subwoofers.....	60,405	45,136	+33.6
Other.....	269,507	104,730	+157.3

JAPANESE VIDEO EXPORTS IN SHARP DROP: Japanese exports of VCRs to U.S. in Jan. were lowest since May 1990, camcorders were lowest since last April and laserdisc players lowest since Feb. 1991. CD player shipments from Japan were down 23.2% from year earlier. Japan no longer is factor in U.S. color TV market.

In case of color TV -- possibly foreshadowing future of VCRs and CD players -- Japan is priced out of U.S. market. Although Japanese manufacturers continue to have dominant position here, their products are made in other Far East countries, Mexico and U.S. Japan now supplies well under 50% of VCRs imported into U.S. It still is dominant supplier of camcorders, origin of well over 90% of U.S. imports, but has been scaling back shipments here because of sluggish market. Laserdisc player, despite home theater hoopla, isn't major product -- sales here for all of calendar 1992 were equivalent to less than average single week's sales of VCRs. Home component CD player, area of Japanese specialty, is declining market (see separate report), giving way to portables, supplied from China and other low labor cost areas.

Japanese manufacturers are talking of stimulating camcorder market with new "simplified" lower priced products, but they're not here yet. Average camcorder shipped here from Japan in Jan. carried FOB tag equivalent to \$536, about same as year earlier. Average VCR price from Japan was \$246, up 3% from Jan. 1992. Although full-year 1992 CD player shipments set record, they were down in 3 of 4 final months of year -- decline of 25.4% for 4-month period.

Japanese exports to Canada in Jan.: TVs, none; VCRs, 10,001, down 61.9%; camcorders, 8,898, down 29.2%; laserdisc players, 1,725, up 79.3%; CD players, 29,227, down 19.5%. Here are exports from Japan to U.S. for Jan. and for calendar years 1992 and 1991, from Japan Finance Ministry:

Product	Jan. '93	Jan. '92	% Chg.	1992	1991	% Chg.
Color TV.....	9,322	8,220	+13.4	116,836	129,774	-10.0
VCR decks.....	250,737	398,227	-37.0	5,733,165	6,649,614	-13.8
Camcorders.....	125,276	153,352	-18.0	2,646,061	3,841,909	-31.1
Videodisc players	11,285	28,804	-60.8	324,664	263,858	+37.1
CD players.....	329,105	428,652	-23.2	6,390,532	5,939,735	+ 7.6

VCR SALES -- 2/3 ARE STEPUPS: Two out of every 3 VCRs sold in 1993's first 2 months were stepup models -- either stereo or 4-head mono -- according to EIA data, and 11.3% contained Gemstar's VCR Plus as built-in feature. From Jan. to Feb., percentage of Super VHS recorders almost doubled -- to 1.1% from 0.6% of total.

In Feb., 33.9% of VCRs sold to dealers were 2-head models, up from 31.1% in Jan. Mono 4-head units dipped slightly to 42.2% from 43%, while 23.8% of VCRs sold in Feb. were stereo vs. 23.9% in Jan. VCR Plus models showed significant rise to 11.8% of total from 10.9% in Jan. (although total actually was down because total Feb. sales were below those of Jan.).

For first 2 months, 33.5% of sales were 2-head mono, 42.6% 4-head mono, 23.9% stereo, 0.9% S-VHS and 11.3% had built-in VCR Plus. Based on 1,620,623 VCRs sold in period, that works out to about 542,900 2-head, 690,400 4-head mono, 387,300 stereo, 14,600 S-VHS and 183,100 VCR Plus (totals don't add because of duplication). Inventories fell sharply in Feb., representing less than 5-week supply at end of month.

Full-size camcorder sales enjoyed minor resurgence in Feb. as inventory squeeze on standard VHS models eased. Of total sales to dealers, 29.2% were full-size, highest percentage since Jan. 1992. For year's first 2 months, 26.7% were full-size, 73.3% compact. Total inventories continued down, dropping to 314,000 at end of Feb., nominal 7-week supply at current sales rate. Major change from Jan. to Feb. was replenishment of full-size inventory, which represented 36.5% of total at end of Feb., up from dangerously low 12.2% at end of Jan.

—
Fuji is expanding production of camcorders to 50,000 monthly from 20,000 in anticipation of popularity of its low-priced "Simple Hi8" model, Japanese press reported.

EMERSON 'DOWNSIZING': Despite moving into black in 1992's 4th quarter from loss in 1991 period, Emerson's new management sees tough times immediately ahead. For full calendar year 1992, it reduced losses more than half. Sales for full year were up 3.2%, but dipped 9.5% in final quarter (see financial table).

Pres. Martin Holleran forecast "substantial decline in revenues in 1993, primarily related to decreased sales of VCRs and certain TV models," on basis of "recent discussions with its largest customers" and fact of "unusually large sales to major customers in 1992." Company said it plans to "downsize its operations to reduce the cost structure of its core business" and is "evaluating other business opportunities in an attempt to capitalize on its brand name and existing channels of distribution."

Company said it's seeking to reduce interest costs through restructuring of debt. Emerson is in default on notes aggregating \$55 million and said it doesn't intend to make scheduled principal payments totaling \$8.7 million due March 31. It currently is negotiating with lenders.

Last year, company's loss was "due primarily to a continuing weak retail environment, intense competition in the consumer electronics business and restructuring and other charges totaling approximately \$22.2 million," Chmn. Donald Stelling said. "In light of prevailing forecasts and trends in the consumer electronics industry," he said, Emerson is "undertaking a strategic review" of its market position to "design a revamped infrastructure" to meet basic needs and afford flexibility in product mix.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 117 yen = \$1, except where noted.

HIGHLAND CLOSING LAST 30 STORES: Long downhill spiral of once-powerful Highland Superstores has ended with last week's announcement that Mich.-based company is liquidating its last 30 stores. Move came after committee of creditors rejected company's proposed reorganization plan March 15.

Highland has been operating under Chapter 11 since last summer (TVD Aug 31 p16), when it also announced it was pulling out of its 19 stores in Chicago. "We have exceeded our projections since last September and recently proposed a plan of reorganization which would have continued the company's operations and preserved jobs for our employees," Pres.-CEO Ira Mondry said. "However, without the approval of our creditors committee, reorganization is not possible."

Announcement was met with expressions of disappointment more than surprise, given company's long-running financial ills. "I'm more saddened than anything," Thomson CE Sales & Mktg. Exec. Vp Joseph Clayton said, recalling "almost 20 years of dealing with Highland." He said he was "a little surprised" at decision, since orders indicated that chain's sales had picked up since Nov. "They were starting at least to get focused," Clayton said. "I thought Phil [Garrison, who joined as senior mktg. vp last May] could pull it out of the fire."

Top Sony executive sounded similar note: "I thought they had a shot at it. They got their SG&A down, and they had a realistic plan." But in end, major creditors from outside trade shot down turnaround efforts.

At its peak, Highland had 92 stores stretching from Mich. and Minn. to Mass. and Tex. Its ills were traced mainly to rapid overexpansion that characterized many regional consumer electronics (CE) chains that went public in 1980s. Business that had grown from single store in Detroit suburb of Highland Park in 1933 into Upper Midwest regional powerhouse stumbled after rapid expansion, particularly into Tex., in mid and late 1980s. Company had first losing year in 1989, and since then has been pulling out of markets in attempt to stanch flow of red ink. It pulled plug on 42 stores in Tex., New England, Minn. and upstate N.Y. in 1991 (TVD June 10/91 p15, April 8/91 p13) and laid off 500 of its 2,800 employees early last year.

In most recent attempt to turn company around, Highland in June took salespeople off commission, paying them essentially straight salary, took them out of jackets and ties and into casual shirts and sweaters, rolled out new in-store signage. Intent was to present itself as antithesis of prototypical high-pressure shipping CE superstore environment.

Nintendo hopes to begin satellite transmission of videogames next year in Japan, Reuter said. It quoted Nintendo spokesman as saying new versions of popular games would be developed for system, which would require use of special decoder attached to game console. Nintendo last month became largest stockholder in Japan's Satellite Digital Audio Bestg. Co., satellite music broadcaster, with Nintendo Pres. Hiroshi Yamauchi as head of newly formed Nintendo Giga (TVD Feb 8 p18).

Philips plans major invasion of TV market in Japan, starting with introduction of 26W" widescreen TV set at equivalent of \$2,000, including broadcast satellite tuner, lowest price for any 16:9 TV set on market there. At start, set will be produced at Philips plant in Singapore at rate of 1,000 monthly. Philips subsidiary Marantz Japan, which will handle sales there, eventually will make set in Japan.

RETAIL FINANCIAL REPORTS: Two major consumer electronics retailers reported increased sales and earnings for quarter and year ended Jan. 31.

Audio/Video Affiliates (AVA) posted 64% gain in net income to \$3.6 million as sales jumped 18.3% to \$93.7 million in 4th quarter ended Jan. 31 (see financial table). For year, net income was up 59.2% to \$4.8 million on 15.5% sales increase to \$233.1 million. As we reported (TVD Feb 8 p14), comparable-store sales rose 5.7% year earlier.

AVA said it plans to add 20-30 stores in current fiscal year because its warehousing, distribution and other support functions "can support a store base significantly larger than its current 106." Stores will be added in same kinds of secondary markets in which company already operates.

Fretter said sales rose 24% for year ended Jan. 31 to \$361 million, with \$5.7-million net income, 75% over year earlier. Comparable-store sales were flat with prior year. In 4th quarter, sales rose 11% to \$114.9 million and net income 32% to \$3.7 million. Comparable-store sales in quarter were up 6%.

Size of full-year sales increase relates to fact that preceding year included only 3 months of sales from Fred Schmid, which Fretter acquired Sept. 30, 1991. Sales gain for 4th quarter represents truer picture. Company now operates 86 stores in 9 states, and has said it plans to open as many as 4 this summer in Columbus, O., area (TVD March 1 p16).

* * * * *

Fretter last week began testing "PriceTrac" computer system that will allow consumers to compare prices and features of branded electronics and appliances carried by Fretter and its competitors. System, developed internally, was unveiled last week in company's 12 Mass. and N.H. stores, where it will be tested for several weeks.

Fretter Exec. Vp Dale Campbell said information in computer system will be updated daily with data from comparative shoppers. Consumer can access PriceTrac only with help of salesperson. Search can be started by requesting one or any combination of attributes -- price, brand, particular feature, etc. System is being promoted in ad campaign.

Matsushita earlier this month signed licensing agreement to manufacture hardware console based on 3DO multimedia technology, of which it is major financial backer (17.6%). Registration statement filed with SEC March 5 in advance of 3DO stock offering said no company had signed hardware license (TVD March 15 p14), but preliminary prospectus dated March 12 said licensing agreement had since been reached. Matsushita spokesman in Japan confirmed deal was signed earlier this month, but declined to explain why Matsushita hadn't signed earlier.

Sansui is asking 120 employees, about 40% of total, to take voluntary retirement next month. Last year, 150 employees left company. Sansui reported consolidated net loss of \$73.2 million for calendar 1992, operating loss of \$31.6 million, on sales of \$133.6 million, down 8.1% from preceding year. Company projected net profit of about \$4.3 million on sales of \$153.8 million for 1993.

Sony 6" Trinitron TV for car use will go on sale next month in Japan. It contains built-in FM transmitter so sound may be picked up by car audio system. High-contrast set is designed for viewing even on bright days. Suggested list is \$640, with production of 10,000 monthly planned.

SONY DENIES 'MD SUBSIDY': Sony (Japan) spokesman said last week there's no truth to Philips contentions that MiniDisc (MD) system inventor is subsidizing costs of key component development at Sharp, Sanyo and other Japanese manufacturers. At NARM convention in Orlando, Philips DCC Project Mgr. Gijs (Gerry) Wirtz, in reiterating that DCC support remains strong among major Japanese licensees, said reason key component development thus far seemed to point to MD preference among Japanese was that Sony was subsidizing those projects.

But Sony spokesman flatly denied Wirtz's contention, saying that if Japanese manufacturers seem to be showing preference for MD over DCC, it's because they approve of product concept and believe technology has commercial viability. Sony is not engaging in "unfair low-cost technology transfer" and is giving no preferential treatment to Sharp, Sanyo or others on MD key component development, spokesman said. Sony's only relationship with its MD supporters is on licensing contract basis, he added.

Spokesman said it soon will be clear to Philips and Matsushita that Sony has not entered into unfair licensing contracts because DCC co-developers will share in MD royalties as result of having signed cross-licensing agreements earlier with Sony on patents related to both technologies. As further evidence that Sony has had no complicity in key component development, spokesman pointed out dissimilarities between laser lens pickup in Sony MD portables and hologram pickup in Sharp machines. Supporting Sony's contentions was Sanyo spokesman, who denied his company accepted subsidies on MD key component development. He said Sanyo plans to introduce shirtpocket-size MD playback-only portable in Japan in April (with U.S. introduction expected shortly thereafter), but company hasn't made firm decision on DCC introduction.

* * * *

Sony announced it will ship 74-min. MD blanks to U.S. retailers in May at \$16.99 list, \$3 higher than price of 60-min. blank disc. In Japan, TDK said its 74-min. blanks would be available domestically starting April 10 at equivalent of \$14.50 -- same pricing and shipping date as Sony has announced in Japan.

Germans spent most on TV and video products in 1991 among 6 Western markets, while Spanish spent least, according to London-based market researcher Euromonitor. In Germany, survey indicated, per capita expenditures in 1991 on TV/video were \$91.10, followed by France at \$84.05, U.K. \$78.19, Italy \$62.78, U.S. \$52.11, Spain \$40.79. Euromonitor also found U.S. was only country surveyed where retail sales of TV-video products in units declined from 1991 to 1992. In France, they rose 1.8%, Germany 9.2%, Spain 3%, U.K. 6.6%, while in U.S. they fell 1.8%. Report didn't give source of data. (EIA reported TV and video unit sales to dealers in U.S. rose 10% from 1991 to 1992.) Details: Euromonitor, 87-88 Turnmill St., London EC1M 5QU.

Sanyo Fisher (USA) is taking over Sanyo Business Systems Corp. (SBSC) "in response to increasing competition and demand for more efficient administration." Sales & Mktg. Administration Vp Paul D'Arcy said move will reduce operating costs and open "opportunities for expansion through the use of [Sanyo Fisher's] sales and marketing administration." Company said merger "will have no immediate effect on Sanyo office products accounts or how they do business," but project teams are working on meshing 2 organizations. SBSC, based in Moonachie, N.J., sells fax machines, paper shredders, dictation machines, cash registers. Sanyo Fisher has hq in Chatsworth, Cal.

TCE SATELLITE CONTRACTS: Thomson Consumer Electronics has announced 2 new suppliers for key components in receiving equipment for its Digital Satellite System (DSS) to receive programs from Hughes Communications' high-powered DirecTV system.

C-Cube Microsystems, Milpitas, Cal. will supply key VLSI circuits for 100-plus channel system. C-Cube circuits will implement Moving Picture Experts Group (MPEG) algorithm for compression and decompression of digital video data, making possible 4-8 times as many channels as current analog DBS systems. C-Cube, which also will supply LSI chips for Philips' CD-I MPEG-based full-motion video, will provide encoders and decoders for DirecTV system. Encoder ICs will be used in satellite uplink equipment to be supplied by Compression Labs and decoder chips in RCA receivers.

In separate announcement, TCE said it has selected Channel Master (CM) as lead contractor for 18" satellite receiver dishes. CM, Avnet Inc. subsidiary based in Smithfield, N.C., will produce dishes at its plant near Research Triangle Park, N.C. TCE will market receiving system exclusively for first 18 months following introduction or until first million are sold. Then it will serve as licensor of system to other receiver manufacturers.

CES -- WHERE'S THE TV? Sponsor EIA Consumer Electronics Group (CEG) has dubbed Summer Consumer Electronics Show (CES) in Chicago "New Technology Show." Certainly one old technology that won't be very visible is TV.

CEG Vp Gary Shapiro said Summer CES reflects "rapid change in technology," specifically "computer, home office, mobile office and multimedia technologies." Special show areas will feature CD-ROM, mobile office, Macintosh-related products, home automation, business and productivity software, satellite and radio broadcast data systems (RBDS).

Aside from home theater area, you better not go looking for TV sets. Some will be around in exhibits of Goldstar, Panasonic, Quasar, Philips, Samsung, Thomson Consumer Electronics. However, based on March 1 list of exhibitors, following TV brands won't be seen:

Emerson, Fisher, Hitachi, JVC, KTV, Mitsubishi, Sanyo, Sharp, Sony, Symphonic/Funai, Toshiba, Zenith. Some of those brands could come in at last min., of course, but any major influx of TV sets seems unlikely.

Nintendo plans to launch StarFox videogame, first to use new SFX chip (TVD Aug 31 p18), with promotional delivery by parachute to stores in 7 markets around country March 27. Company will start shipping more than one million cartridges to retailers week earlier in what it calls largest rollout for any single videogame cartridge in history. Parachutists will descend with cartridges to stores near Atlanta (Toys 'R' Us in suburban Morrow), Cleveland (Super K mart in suburban Medinah), Dallas (Wal-Mart in Garland), Houston (Wal-Mart in Pasadena), Salt Lake City (Shopko in Sandy City), Tampa-St. Petersburg (Target in Largo) and at site to be named near L.A.

Sony will sell color LCDs for camcorder viewfinders to other manufacturers, with first sample shipments starting late this month. Its 0.7" displays with horizontal resolution of 240 lines will be sold for \$170 (NTSC, 103,000 pixels) and \$180 (PAL, 123,000 pixels). Sony is moving LCD production to bigger facility with capacity for 200,000 monthly, with initial production at 60,000 for both in-house and OEM sales.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Audio/Video Affiliates			
1993-year to Jan. 31	233,080,000	4,788,000	.72
1992-year to Jan. 31	201,804,000	3,006,000	.45
1993-qtr. to Jan. 31	93,746,000	3,644,000	.54
1992-qtr. to Jan. 31	79,275,000	2,222,000	.33
CBS			
1992-year to Dec. 31	3,503,000,000	81,000,000	5.23 ^a
1991-year to Dec. 31	3,035,000,000	(85,800,000)	— ^a
1992-qtr. to Dec. 31	968,300,000	33,300,000	2.14
1991-qtr. to Dec. 31	937,400,000	9,400,000	.61
Comcast			
1992-year to Dec. 31	900,345,000	(270,232,000)	—
1991-year to Dec. 31	721,000,000	(155,572,000)	—
Emerson Radio			
1992-year to Dec. 31	815,286,000	(23,916,000)	— ^a
1991-year to Dec. 31	790,206,000	(60,746,000)	— ^a
1992-qtr. to Dec. 31	196,954,000	1,563,000	.04
1991-qtr. to Dec. 31	217,550,000	(4,978,000)	— ^a
J2 Communications			
1993-6 mo. to Jan. 31	1,032,000	(243,000)	— ^b
1992-6 mo. to Jan. 31	3,129,000	(456,000)	—
1993-qtr. to Jan. 31	391,000	(169,000)	—
1992-qtr. to Jan. 31	1,301,000	(460,000)	—
Republic Pictures			
1992-year to Dec. 31	68,348,000	(3,513,000)	— ^a
1991-year to Dec. 31	81,685,000	648,000	.15
1992-qtr. to Dec. 31	12,646,000	(2,672,000)	—
1991-qtr. to Dec. 31	22,746,000	397,000	.09
TCA Cable TV			
1993-qtr. to Jan. 31	36,650,000	4,775,000	.19
1992-qtr. to Jan. 31	33,602,000	3,522,000	.14 ^c
Tektronix			
1993-39 wk. to Feb. 27	949,342,000	27,049,000	.90
1992-41 wk. to March 7	986,580,000	14,799,000	.50 ^a
1993-13 wk. to Feb. 27	311,233,000	9,134,000	.30
1992-16 wk. to March 7	394,813,000	(2,886,000)	— ^a
Texscan			
1993-9 mo. to Jan. 30	26,907,000	(6,386,000)	— ^a
1992-9 mo. to Jan. 25	29,695,000	(899,000)	—
1993-qtr. to Jan. 30	9,246,000	(623,000)	—
1992-qtr. to Jan. 25	10,627,000	(529,000)	—

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

^cRestated.

"Emergence of Multimedia" will be subject of panel discussion as part of Stanford Resources' Information Display Monitors Conference and Tutorial April 5-7 in Santa Clara, Cal. Multimedia speakers will be drawn from Cirrus Logic, IBM, Nissei Sangyo, NEC, Mitsubishi. Session on wide-screen and flat-panel displays will include presentations by representatives of Planar Systems, Sharp, Sony, others. Monitor design and manufacturing session will include discussion of screen coatings for CRTs by Vinatec's Bruce Kuhlman, flat-face CRTs by Toshiba's Steve Vrablik and flat tension mask CRTs by Zenith's William Rowe -- Information Assoc., 415-322-0247.

Dallas Incredible Universe (IU) store (TVD March 8 p17), now under construction, will be largest one yet, covering 185,000 sq. ft. (others are 160,000 sq. ft.), with 112,000 sq. ft. of retail selling space. Rotunda area will include new section labeled "Incredible Innovations" to showcase "cutting edge and state-of-the-art electronics categories and product lines." Movie and music areas will be expanded to 12,000 sq. ft. from 8,000 sq. ft. in existing IU stores in Wilsonville, Ore., and Arlington, Tex.

Consumer Electronics Personals

Marino Andriani resigns as Emerson exec. vp, will announce new venture soon... Former FCC Chmn. **Alfred Sikes** named to head newly formed Hearst New Media & Technology Group, starting March 29... **Stephen Smith** resigns as HFD assoc. publisher and Consumer Electronics Group editor to become editor of This Week In Consumer Electronics (TWICE); **Robert Gerson**, editor of TWICE, named editor-in-chief... **Thomas Veilleux**, ex-editor of HFD's Home Office section, appointed Consumer Electronics Group editor; successor as Home Office editor is to be named later... Sony Pres.-CEO **Norio Ohga** will conduct members of Metropolitan Opera Orchestra May 12 at N.Y.'s Avery Fisher Hall in symphony concert to benefit Lincoln Center Consolidated Corporate Fund -- 1-800-LCN-SONY).

Tom Hagopian, ex-ESPN consumer mktg. vp, named vp of newly formed ESPN Enterprises... **John (Tony) Downer**, vp, Prudential Equity Investors, which put \$11 million into Accolade, named as 6th member of Accolade board... Executives of new TriMark Interactive: Pres. **Mark Amin**, who is chmn. of parent TriMark Holdings; Exec. Vp **Kelly Flock**, most recently acting gen. mgr. of LucasArts' Consumer Software Div... **Robert Hurley**, ex-vp, Sony Electronic Publishing (SEP) Recorded Media Div., named vp, SEP Electronic Publishing Services, heading Recorded Media and Publishers Data Service Corp. divs.

New officers of National Assn. of Record Merchandisers (NARM) for 1993-1994: **Stephen Strome**, Handleman, pres.; **Scott Young**, Wherehouse Entertainment, vp; **Ann Lieff**, Spec's Music, treas.; **Barney Cohen**, Valley Record Distributors, secy. **Rachelle Friedman**, J&R Music World, joins NARM board... **Kurien Jacob** named pres.-CEO, ADS Technologies, new Wilmington, Mass., company resulting from merger of ADS and Museatex, high-end Calgary-based firm that Jacob co-founded in 1986.

Dan Gant promoted to Uni video distribution vp, responsible for sale of all MCA/Universal sellthrough and rental releases... **Michael Thornton**, ex-Hanna-Barbera and Walt Disney/Buena Vista TV, appointed Worldvision Home Video international sales and mktg. dir.

RCA rebate promotion will be geared to NCAA college basketball tournament March 18-April 5. New "\$5-million-plus program" will include more than \$2 million in print and broadcast advertising promoting \$50-\$100 rebates on 27-60" Home Theatre color TVs. Two 60", two 52" and three 46" projection sets and five 35" direct-view models will carry \$100 rebates, while two 31" and eight 27" sets will feature \$50 rebates.

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TELEVISION DIGEST®

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With Consumer Electronics

MARCH 29, 1993

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

'FIT' ATTACKS TV VIOLENCE, asks for FCC rulemaking on restrictions and warnings, promises to oppose license renewals of worst offenders by markets. Violence major subject at N.Y. seminar. (P. 1)

HILL SEEKS LOW CABLE RATES: FCC still undecided with decisions due this week. Benchmark to be temporary, pending cost data. (P. 3)

FINSYN SITUATION 'FLUID' at FCC. Sources say no consensus has been reached on issue, but partial easing expected. Sunset debated. (P. 5)

FCC FLOATS CABLE FEE: Appropriations panel skeptical of 31¢-per-subscriber per year fee to make up Commission budget shortfall. (P. 6)

WIDESPREAD DISAGREEMENT on just about every aspect of cable/consumer electronics interface marks filings in FCC inquiry. (Pp. 6, 11 & 15)

NBC NEWS' TARNISHED IMAGE: Says Dateline used 'seriously flawed judgments.' Crash scene 'inaccurate and misleading.' Three producers fired. (P. 7)

EX-VOA DIRS. CLASH: CPB Pres. Carlson, wants it under public broadcasting. Bitterman says leave VOA alone. (P. 8)

LORAL DROPS DAB, joins Satellite CD Radio. Five companies seeking DAB licenses. (P. 9)

MORE ATTACKS ON TV VIOLENCE; LICENSES TO BE CHALLENGED: Citing "countless studies and years of research," Foundation to Improve Television (FIT) launched all-out attack March 25 on televised violence. It petitioned for rulemaking at FCC to regulate violence during hours when children are in TV audience and promised to oppose license renewals of stations that air most violence before 9 p.m. And, in N.Y. 2 days earlier, FCC Chmn. Quello suggested that "safe harbor" time segment be established for televising violence -- as is case for indecent programming.

Same day as FIT news conference, NTIA announced notice of inquiry seeking comments "on the role of telecommunications in crimes of hate and violent acts against individuals based on ethnicity, religion, race and sexual preference." NTIA said inquiry will seek information on use of TV, radio, cable, public access TV, computer bulletin boards "and other electronic media to advocate and encourage violent acts and the commission of crimes and hate." Comments are due April 26, replies May 26. Also, entire March 26 issue of CQ Researcher, published by Congressional Quarterly, was devoted to issue of TV violence.

FIT showed videotape at news conference of violent sequences from programming on Boston stations and WTBS Atlanta aired during Feb. sweeps before 9 p.m. Petition to FCC, which seeks "explicit" warning.

Consumer Electronics

DENON AMERICA PRES. Heiblim and Mktg. Vp Furst ousted suddenly by Japanese parent in another apparent casualty of recession and rising value of yen. (P. 11)

CABLE AND CONSUMER ELECTRONICS manufacturers blame each other for compatibility problems in comments to FCC, disagree on who should share burden. (P. 6, 11 & 15)

APPLE'S PORTABLE CD-ROM, playable through TV or computer, including audio and Photo CD, to be manufactured by Philips. Newton licensees announced. (P. 13)

CAMCORDER, VCR IMPORTS fell in Jan., 8mm plunging 47.5%, other types up 5.3%. VCRs in 2nd month of declines, CD players down for 4th month. (P. 14)

NATM STRESSES ITS MATURITY, presenting members as powerful alternative to mega-retailers such as Circuit City, Sears. Gains outpace industry. (P. 15)

HI-FI COMPONENT PRICES fell average of 8.8% in 1992, EIA data indicate. Subwoofers led drops, which included CD players, cassette decks, turntables. (P. 16)

U.S.-MADE CONSUMER ELECTRONICS factory sales rose 12% last year to \$10.147 billion, EIA data show, but trade deficit worsened by 10.9%. (P. 17)

JAN. AUDIO SALES DOWN, with components, portables and autosound lower after strong Dec. showing. (P. 17)

advisories (both audio and video) throughout programs with violence, sought restrictions on such programming 6 a.m.-10 p.m. Rulemaking would cover "dramatized" violence, not news. Abbott and researcher Leonard Eron, emeritus prof. at U. of Ill. and FIT board member, said research going back 30 years linking violence on TV to behavior of children is "extraordinary and compelling." Such studies no longer can be ignored, they said. "The time for study is over."

In rulemaking petition at FCC, FIT described excessive violence in programming as "an amount of dramatized violence inappropriate for minors or exceeding that permitted" by guidelines that Foundation hopes Commission will adopt. Petition said "violence means the use or threatened use of physical force against another or against one's self, whether or not such act or threat occurs in a realistic and serious context or in a fantastic and humorous context" -- thus covering cartoons. Stations also would be required to offer programming "designed to educate and inform children about the implications and effects of violence... and the effects of exposure to television violence." Petition also asks Commission to hold en banc hearings on effects of televised violence. First license renewals to be targeted are in FIT's home market of Boston (where renewals are up this year), with challenges in other major markets to follow, Foundation Pres. William Abbott said at National Press Club news conference in Washington. Fit also said it will pressure advertisers to remove their messages from violent programming.

Said Abbott: "Americans have heard a litany of excuses for inaction since this issue was first presented in the late 1960s. First there was the concern of censorship. We are highly sensitive to the First Amendment and I believe our proposed rules... are carefully crafted to withstand First Amendment scrutiny... We seek not to prohibit television violence, but rather to channel it to nonchildren viewing hours and... to provide parents with more information regarding the harmful programming coming into their homes." He disputed contention by Quello that Commission is powerless to act and that legislation is needed before agency can do anything. TV, said Abbott, "is a school for violence from which many graduate into the most violent era yet... There is unquestionably a cause-and-effect relationship between what our children see on television and their attitudes and behavior."

FIT is nonprofit, public interest group founded in Boston in 1969. Abbott said that its 1992 budget was "under \$20,000" but that "significant fund-raising effort" has been launched to finance rulemaking petition at FCC and monitoring of stations before renewals in major markets. Goal of drive is \$500,000, he said.

ACT Pres. Peggy Charren called FIT campaign another use of censorship rather than education to solve problems. She said FCC should enforce requirements of 1990 Children's TV Act rather than attempt to restrict violent programming: "Everyone thinks there is too much violence on television... The answer is making a market for what is missing [education]." In statement released at FIT news conference, House Telecom Subcommittee Chmn. Markey (D-Mass.) said TV can both reflect on and encourage violence: "I am pleased to see that people... are letting the television industry know that they want better programming and they want less violent programming."

Public interest in limiting TV violence "must prevail" over First Amendment rights if 2 conflict, Quello told conference in N.Y. March 23 sponsored by Wertheim Schroder and Variety. He said "there may be some merit in legislating time constraints" on violent programming "similar to time constraints for indecency that have been upheld by court decisions. That is for Congress to decide." Quello said consensus seemed to be developing for 3-prong govt. requirement to protect youth, including need for educational programs, limits on indecency, "not-yet-legislated time constraints for excessive brutality, murder and rape." TV could have avoided first 2 requirements if broadcasters had taken "responsible voluntary action," Quello said, "and the third might still be averted by responsible broadcast and production executives."

Networks, cable programmers and producers are listening to increased govt. concern that violent TV shows and movies are factor in upsurge in violent crime, they said at conference. Entertainment community in Aug. will discuss issue in conference called by Sen. Simon (D-Ill.), who sponsored bill that gave cable, broadcast and motion picture industries 3-year antitrust waiver beginning in early 1991 to develop voluntary guidelines.

CBS will take "tougher" stance against gratuitous violence in fall lineup, Best. Group Pres. Howard Stringer promised. Big 3 networks have agreed to joint voluntary guidelines (TVD Dec 14 p6), but little has been done to draft or adopt them. MPAA Pres.-CEO Jack Valenti said he advocates same approach entertainment community took several years ago, when writers and directors were asked to consider whether portraying alcohol or drug use was necessary and, if so, to show their negative consequences. Change took place "not by edict or regulation," he said, "but by the combined understanding of first-class creative people."

Entertainment alone doesn't breed violence, conference panelists said, but they admitted it could be factor. "There is aggression in society," Stringer said, "and it's hard to believe we haven't had a role." Whenever HBO runs Deer Hunter on its pay services, Chmn.—CEO Michael Fuchs said, it receives reports that viewers try Russian roulette game that's shown in movie. Dismissing entertainment executives' statements as "typical case of media self-flagellation," Philip Guarascio, mktg.—advertising gen. mgr. of General Motors' N. American Operations, said programming content of movies and TV has been topic of discussion for 30 years. While he acknowledged there's problem with "gratuitous violence," he said viewers have "learned to live with it" and will "tell us" if they have problem with it. "What ever happened to parental control" over what children watch, he asked.

CONGRESS PRESSURES FCC ON CABLE RATES: With FCC scheduled to consider landmark cable rate regulation item at April 1 agenda meeting, key legislators last week used mails to make sure that Commission gets one message loud and clear: Keep cable prices down. Members of Senate Commerce Committee, including Chmn. Hollings (D-S.C.) and Communications Subcommittee Chmn. Inouye (D-Hawaii) and ranking Republican Danforth (R-Mo.), as well as House Telecom Subcommittee Chmn. Markey and others, were among correspondents who were virtually unanimous in their interpretation of congressional intent. Sen. Metzenbaum (D-O.), chmn. of Antitrust Subcommittee, and Sen. Lieberman (D-Conn.), chmn. of Regulation Subcommittee, sent their thoughts along as well. Besides message on prices, lawmakers charged that cable operators were trying to evade intent of legislation and expressed outrage at those who continued to raise rates, even after bill passed.

At weekend, FCC sources told us Commission has reached no consensus on cable rate regulation, which is up for decision April 1. Indications are, however, that whatever rate benchmark it sets will be only temporary -- to be in effect only until Commission can gather reliable cost data for cable systems, sources said. Benchmark, as expected, will be expressed in cents per channel per month that will be assumed to be reasonable. Cable systems whose rates fall at or below benchmark will be accepted virtually automatically, but operators will have to justify higher rates, based on costs, service, other factors. Despite temporary nature, benchmarks could be in place for some time. FCC officials repeatedly have acknowledged difficulty in gathering adequate cost data about cable because of widely varying methods of accounting, differences in corporate structure, complicated financing agreements.

Staff is providing almost daily briefings to commissioners and/or their staffs on rate data that FCC collected and on multiple options for regulating rates, but Commission still hasn't made up mind. Process was described as "very time intensive, but very productive." Final result isn't likely to please anyone completely, Commission officials said.

Three-page Senate Commerce Committee letter said senators were "particularly concerned" about FCC's implementation of rate regulation and access portions of cable bill and said agency's proposals "appear inconsistent" with law. Senators said consumers should pay no more for cable split into 2 tiers -- limited basic and expanded basic -- than they would if services had remained in single basic tier. Operators' decisions to raise rates and to retier was "an apparent effort to evade the rate regulation provisions" of law, senators said, noting that FCC has authority to roll back rates and to eliminate "all the monopolistic excesses" from charges.

Senators said FCC's proposals on program access seemed "to be inconsistent with the clear intent of Congress" and "appear incompatible with the straightforward mandate given to the Commission." FCC's notice improperly questioned findings that Congress already had decided when it passed law, reopening issues that had been adopted, they said. Commission proposal suggested several models for determining justifiable and discriminatory price differentials, but law said price differences are to be assumed to be discriminatory unless programmers qualify for exemptions, senators said: "The statute does not grant the Commission the discretion to choose any other method of analysis of price discrimination or the ability to shift the burden of proof to cable's potential competitors." They also criticized FCC proposals for "safe harbor" for exclusive contracts for new programming, which senators said would undermine law's basic goal of promoting greater availability of programming.

Congress intended that rates be reasonable "even in tiers above the basic tier," Markey wrote. In March 22 letter, he said Congress intended "that consumers of all tiers be protected from unreasonable rates and rate increases." He said it would be "unacceptable" if FCC rules don't follow congressional mandate to curb rates. He said he also was worried about FCC misinterpretation of program access rules.

In separate March 19 letter, Markey said he was concerned with actions by cable companies in dropping local stations in favor of national services. Must-carry requirement in Cable Act was designed to make

certain there was access to local programming, he said, and he was perturbed by "preemptive actions by cable companies" in anticipation of new rules, as well as "reported attempts to intimidate local stations into forfeiting their rights under the retransmission consent provisions before FCC regulations are released." Reps. Boucher (D-Va.), Tauzin (D-La.) and Cooper (D-Tenn.) also sent letter to tell Quello of their concerns on program access provisions. They said law was drafted specifically to make it unlawful for program suppliers to discriminate against video program distributors and that "continuation of these discriminatory practices is antithetical to Congress' goal of fostering the growth of emerging video distribution technologies." They also cited law's provisions that vertically integrated programmer must show that price disparity is permissible, and that there are strict limitations on exclusive contracts.

Lieberman focused his letter on enhanced basic rates, recalling legislative history that senator said made clear FCC was to keep lid on those prices as well. He also warned that high acquisition costs, such as Southwestern Bell's deal to buy Hauser systems near Washington, D.C., shouldn't be used as justification by cable operators to keep rates high. Metzenbaum had similar thoughts, urging Quello to act "to counteract efforts by some in the cable industry who are trying to circumvent the new law even before the Commission's implementing regulations are in place." He said his priority was clear: "Monopoly pricing by cable operators must stop." Metzenbaum, too, said several cable operators "have imposed significant rate hikes" during transition period: "I am very concerned that these rate increases constitute an attempt to evade the [cable] Act." Operators include Continental Cablevision, which he said increased rates 21.3% near Dayton and 20% in Circleville, O., after law was passed. Both boosts are scheduled to start April 1, Metzenbaum said. He said operators blamed increases on cable law: "I am astonished that a cable company would blame a new round of rate increases on legislation that was designed to keep rates down and on regulations that have not even been written." He also criticized Commission's program access proposals.

Continental took issue with Metzenbaum's interpretation, telling him in reply that Miami (O.) Valley Cable Council "grossly distorts" cable rate increase situation in Dayton area in information that senator used. Continental said that boost applied to only 2.8% of subscribers and overall average hike for all subscribers was 2.6%. (MSO raised basic rate, but lowered rate for expanded basic, which most subscribers get.) In process of creating uniform base retail price for all area subscribers, company said it also itemized franchise fees, so total bill was lower in areas where franchise fee was lower. Local Council "strenuously opposed" fee itemization and raised rate claims "in an effort to avoid political accountability [for franchise fees] and deflect public attention from the fact that Continental pays approximately \$750,000 a year in franchise fees to Dayton area municipalities," Continental said.

Two federal agencies in charge of setting fees for leasing space for broadcast towers on govt.-owned lands were pressured March 24 not to set new rates at levels higher than rural broadcasters can afford. At hearing of Senate Public Lands Subcommittee, officials of Interior Dept.'s Bureau of Land Management and Agriculture Dept.'s Forest Service said they will publish proposed fee schedule later in spring, with 90-day comment period. Goal is to start new schedule in Jan. 1994. Subcommittee Chmn. Bumpers (D-Ark.) held hearing because advisory committee to 2 agencies found that govt.-collected fees for leases were under fair market value and that current fee system was short-changing U.S. govt. \$20-\$25 million. Officials Michael Penfold of Interior and George Leonard of Agriculture were warned by senators from rural states that there was risk of broadcasters' going out of business if rates, which haven't been raised in years, were increased too much too fast. Sen. Burns (R-Mont.) and Sen. Craig (R-Ida.) said agencies should base rental rates on amount stations charge for commercials as well as on other factors, such as area populations and comparable rents.

Pacific Pay Video (PPV) said it will use "financial backing of Comsat" to market organization's On Command Video, pay-per-view service, to Pacific Rim hospitality industry. Comsat Video Enterprises (CVE) will invest \$1.5 million in PPV for 18% equity interest and 2 seats on company's board. PPV has exclusive license to market and manufacture On Command Video products and services in Pacific Rim, Africa and Middle East, while CVE has rights to service in N. America, Latin America, Europe.

Cable should have major role in developing national information network, CableLabs Pres. Richard Green told House Technology Subcommittee hearing last week on Clinton Administration plan for information superhighway. He said it would cost only about \$20 billion to upgrade cable networks to provide interactive, multimedia services -- "just a fraction of the \$400 billion required for telephone companies to comparably rebuild their local networks." Govt. can set goals and establish legal and regulatory framework, FCC Office of Plans & Policy Chief Robert Pepper said, and can stimulate new services as largest purchaser of services and products. Edward Salmon, chmn. of N.J. Board of Regulatory Commissioners (BRC), testified on his agency's handling of N.J. Bell plan to develop high-capacity fiber network combining video and telephony that BRC approved in Dec. He said it will result in fiber network throughout state by year 2010 without increase in basic rates.

National Endowment for Children's Educational TV, administered by Commerce Dept.'s NTIA, is seeking applications for grants to produce children's educational programming. Commerce Secy. Ronald Brown said: "This process will provide the valuable support necessary to ensure that quality programming plays a vital and instructive role in educating our children." NTIA said Endowment expects to help finance up to 10 grants this year, with special emphasis on program development for children 6-8. Funded programs will be available only to public TV stations for first 2 years; after that, they can be aired on commercial TV and cable. Applications are due May 5 -- 202-482-5802.

NO FCC FINSYN CONSENSUS: At weekend, FCC sources told us that no consensus had been reached on contentious finsyn issue that's up for decision at Commission's April 1 meeting. Only 3 (Chmn. Quello, Comrs. Barrett, Duggan) of 4 commissioners will vote, and "it's a very fluid situation" we were told by FCC official late March 26. However, negotiations among commissioners' staffers were to continue into evening, particularly on finsyn, "and some agreements still are possible."

Commissioners themselves aren't commenting, and sunshine rule went into effect March 25 with release of meeting agenda -- prohibiting any further outside lobbying of commissioners or their staffs. Two key players in finsyn -- Quello and Barrett -- discussed issue last week, but failed to reach agreement. When finsyn rule was amended in 1991 on 3-2 vote, Quello and then-Chmn. Sikes dissented, with Barrett, Duggan and Comr. Marshall (who since has recused herself from mass media cases and won't vote this week) in majority. Seventh U.S. Appeals Court, Chicago, vacated those rules last Dec. and gave FCC until April 6 to adopt acceptable amended rules.

Sunset provision is likely to be part of new Commission rules -- although how long remains to be decided. "There are numbers all over the place, but we've still got to work that out," Commission official said. Duggan is said to favor leaving rules mostly unchanged. Parties on both sides predict relaxation of restriction on networks' owning programs on their own airwaves, while most of ban against their syndicating programming in U.S. market is expected to remain in place.

Said NBC Washington Vp James Rowe: "We think it's a longshot that we'll get a rational decision out of the FCC. We are prepared to go back to court if necessary and prevail again."

Finsyn also was major subject at conference in N.Y. last week sponsored by Wertheim Schroder and Variety, with Quello predicting that FCC would ease some finsyn rules. "We're in the process of negotiating a settlement, so it would be premature to comment," he said. "But we're getting close to the day when networks will say, 'Praise the Lord, we're free at last.'"

Finsyn issue was subject of jousting between CBS Best. Group Pres. Howard Stringer and MPAA Pres. Jack Valenti. While Valenti contended networks "control prime time," leaving producers "helpless before a fuzzy-cheeked network president," Stringer pointed out CBS lost money last year. "We're routinely portrayed as dinosaurs," he said, "and Jack [Valenti] thinks we're the great white shark." Valenti cited need to evaluate finsyn issue in "incremental stages" because of "imbalance" that would result if rules simply were repealed.

"Natural antagonist" of free TV is PPV, Quello said, especially if people are forced to pay for sports and special event programming that's now available on broadcast. "The profit potential [of PPV] is enormous," he said, "and probably requires government scrutiny for the next 4 or 5 years." He also expressed concern that cable's subscription, PPV and ad revenues enable it to outspend free TV for sports and entertainment, particularly in light of "unequal market" created by compulsory license. However, he emphasized cable services in "otherwise unserved areas" should have "relief" from any charge for network signals.

AAF moves Washington hq to 1101 Vermont Ave. NW, Suite 500, 20005. Phone remains 202-898-0089.

Music industry, led by RIAA, pressed its bid for performance right in sound recordings before generally sympathetic House Intellectual Property Subcommittee March 25. No legislation is pending in House or Senate and none is anticipated, Subcommittee Chmn. Hughes (D-N.J.) told us, but he said oversight hearing was convened to enable panel to "be involved on the ground floor" if worldwide negotiations force changes in U.S. copyright law. RIAA Pres. Jay Berman decried what he called "glaring inadequacy" in Copyright Act that he said has "prejudiced the interests of record companies and performers" by not extending them same rights given to songwriters, composers and music publishers to authorize or be paid for broadcast or other public performance of their works. "While unfair and suspect in relation to existing analog broadcasting," Berman said, emergence of CD-quality music services on cable and expected introduction later in decade of over-air digital audio broadcasting (DAB) "make it imperative that Congress act quickly to close the gap in our legislation." He said "failure to do so may result in the rapid deterioration of financial return to record companies" because advent of digital broadcasts will make home taping more prevalent, thereby displacing album sales. Supporting Berman were American Federation of Musicians, AFTRA, Register of Copyrights Ralph Oman and International Federation of Phonographic Industries (IFPI), London-based music industry trade group with which RIAA is affiliated. Oman recalled political controversy that doomed performance right in sound recordings from being included in 1976 Copyright Act revisions. He said that if similar objections force Congress to "water down" performance right provisions in future legislation or if bill establishes only right of remuneration, lawmakers should consider creating separate "digital transmission" right to protect copyright owners in era of DAB and digital music delivery. Lone dissenter in day-long hearing, NAB Pres. Edward Fritts, endured tough questioning from Hughes after testifying that "case for rejecting" music industry bid for performance right "is even stronger now than it has been in the past." He criticized RIAA plan as "a bold attempt to force the redistribution of money from thousands of broadcasters" for whom 3% royalties already being paid to ASCAP and BMI "constitute the difference between profit and loss" for stations that are ailing financially.

ABC News and BBC News have entered into agreement for exchange of news product worldwide. Deal includes joint planning for major events, sharing of correspondent and production teams, joint editorial ventures, co-use of technical and broadcast facilities, collaboration on public affairs programming and in development of new technology. BBC maintains 50 bureaus worldwide; ABC has dozen bureaus, in Middle East, Africa, Far East, Europe. ABC News Pres. Roone Arledge said both companies "will benefit enormously" from arrangement, terms of which weren't disclosed. NBC News currently has cooperative agreement with BBC, which includes sharing of bureaus, that started in 1950s. ABC has agreement to share tape footage with BBC rival Independent TV News.

Times Mirror Co. (TMC) said it's negotiating to sell its 4 network-affiliated TV stations -- KDFW-TV (CBS) Dallas-Ft. Worth, KTBC-TV (CBS) Austin, WVTM-TV (NBC) Birmingham, KTVI (ABC) St. Louis. Prospective buyer is partnership of Donaldson, Lufkin & Jenrette and newly formed Argyle Communications, whose principals are Robert Marbut, former head of Harte-Hanks Communications, and Blake Byrne, ex-pres., LIN Bctg. Stations had combined operating profit of \$29.9 million in 1992 on revenue of \$107.9 million, TMC said. Company reported 1992 loss of \$66.6 million.

QUELLO PROPOSES CABLE FEE: FCC Chmn. Quello suggested March 25 that Commission might want to impose special fee to pay for implementation of Cable Act. He told subcommittee of House Appropriations Committee that fees would come out to about 31¢ per subscriber, to be assessed each year on all cable TV systems, although that figure still was being massaged. Fees would raise about \$16 million that Commission believes it will need to finish preparing, and then start implementing, vast array of rules required by Congress under Act.

Quello said there's possibility fee might be raised if amount generated isn't sufficient, noting that Commission originally asked Office of Management & Budget for \$30 million in FY 1994 budget. OMB response was to grant \$16 million on condition that Commission raise it through fees. That \$30 million would have paid for 420 more staffers for Commission; \$16 million will cover about 240, Quello said. Another option, he said, would be to spread burdens of increased revenues to others, such as broadcasters. Fees are "bad alternatives" that were "last-minute moves made in desperation," he said. FCC has asked for additional \$12 million in supplemental appropriations for FY 1993. Other than Cable Act-related activities, it requested \$129.9 million for FY 1994, about \$1.4 million more than for current budget.

Proposal for fees won't be part of Commission agenda April 1, when it takes up major Cable Act items such as rate regulation and program access. It now is only free-floating proposal put before Congress for approval. But idea ran into immediate opposition from Subcommittee member Rep. Rogers (R-Ky.), who challenged idea that OMB would require FCC to raise money by itself without having authorization from Congress to do so. He framed issue as OMB's asking FCC to raise rates for cable subscribers as part of effort to enforce law that would lower rates. It didn't matter that cost was only about 2.5¢ per month per subscriber, Rogers said.

Quello said idea for fee came from FCC, in response to direction from OMB that Commission raise its own funds. Rogers replied that Commission "can't do that. Congress has to authorize a fee." He called it "ridiculous" that OMB would ask agency to request permission from Appropriations panel when authority was needed from authorizing committees, which are Commerce Committees in House and Senate. Bottom line for FCC, Quello said, is that without extra funds, Commission "won't be able to implement the cable bill" and carry out congressional mandate. Rogers asked whether FCC on April 1 would implement rule to "end monopoly profits" being made by cable operators and make sure that rates were reasonable.

FCC Managing Dir. Andrew Fishel told panel that with supplemental \$12 million and additional \$16 million, Commission could "adequately implement" cable law. Besides asking for funds for Cable Act, Quello said "bare-bones" budget wouldn't cover needed improvements in FCC's own infrastructure. Some equipment at Commission is "older than the engineers using it." Investment of \$1 million in FCC could produce more than \$180 million in revenues in marketplace along with taxes and jobs generated, he said.

In other questioning, Quello generally declined to answer specific points from Subcommittee members on cable proceedings this week, citing Sunshine Act restrictions. Other major topics at hearing were indecency and spectrum auctions. He said FCC had sufficient evidence of indecency on record now to start license revocation hearing for Infinity

stations airing Howard Stern's program, but said such a move would hurt Infinity stations -- something he didn't want to do. In response to questions by Rep. Skaggs (D-Colo.), FCC Office of Plans & Policy Chief Robert Pepper said budget assumption of \$4.4 billion from spectrum auctions might be low, but cautioned that such procedure never has been tried.

GREAT SCRAMBLING DEBATE: Subject that isn't even controversial to cable operators -- scrambling -- was hot topic in comments last week in FCC's congressionally mandated investigation of cable/consumer electronics interface. Most significant and all-encompassing comments were filed by major trade associations representing both sides -- EIA and NCTA -- each predictably blaming other and suggesting remedies be imposed largely on other side. Those comments are summarized in report in Consumer Electronics Section of this issue.

Most commenters (exception: EIA) said FCC should decide definition of "cable ready," but few (exception: NCTA) gave any advice on how to define it. TCI said cable and set makers should share cost of compatibility. Interdiction method of protecting cable programming, proposed by several TV manufacturers, isn't acceptable because it would cost industry \$18 billion to install, Continental said, and universal scrambling standard "would instantly be a target for organized decryption" by pirates.

ANSI/EIA-563 Multiport connector is best "medium-term solution," TeleCable said, and scrambling is only feasible solution for signal security. It submitted economic analysis saying that if interdiction were required, systems with more than 5,000 subscribers would lose average of \$2.3 million each over 9-year period. Scientific-Atlanta said only 15 cable systems with 75,000 subscribers use interdiction and capital cost may make it inappropriate for many cable systems. Several cable groups endorsed proposed Multiport standard for cable interface equipment. TCI estimated that complying with standard would add only \$5 to cost of average TV set and CATA said it would be much less expensive than consumer cost of advanced set-top converter that would be needed otherwise. (However, EIA said: "We believe that most in the cable industry recognize the obsolescence of EIA-563.")

Some encouraged forming interindustry committee on issue. N.Y.C. Dept. of Telecommunications said committee might not resolve issues in short term, but long-term dialog would be beneficial, but EIA said FCC "probably cannot reasonably expect all interested parties to agree" on issues and as Commission acts "it should not forget which industry's conduct made this legislation necessary."

Multichannel Communications Services (MCS), San Diego, said it recently demonstrated prototype of its broadband scrambling system that it said can scramble up to 36 channels for \$140 per subscriber. Cablevision Industries said broadband cost would be much higher, probably \$200 per subscriber, to scramble only 5-10 channels.

Other comments: (1) Cities groups said most subscribers are "law abiding" so they shouldn't have to pay for scrambling, and FCC should prohibit use of security methods that are incompatible with consumer electronics. (2) CATA said compatibility problems probably will get worse in short term because Cable Act is mandating more tiering. (3) General Instrument, Discovery and others said FCC shouldn't set standards that "stifle" development.

NBC NEWS REACTS TO DATELINE: NBC News moved March 22 to rescue its public image, after receiving report of investigation by 2 outside attorneys on infamous Dateline program in Nov. that featured rigged demonstration -- with no explanation to public -- of GM trucks exploding in flames during staged crash. NBC said it had accepted "resignations" of Dateline Exec. Producer Jeff Diamond, Senior Producer David Rummel and Producer Robert Reid and established ombudsman office in News Div. to consider such complaints in future. Said NBC Pres. Robert Wright: "Understand us clearly. On the night of Nov. 17, 1992, a piece of bad journalism went out over our air."

Crash demonstration "stemmed from seriously flawed judgments which violated acceptable journalistic practices and basic news policies," said Wright in 5-page statement. "The journalists involved never clearly resolved whether the crash demonstration they aired was intended to be a true scientific 'test' or merely a depiction of what might happen... The crash demonstration was inaccurate and misleading because it failed to convey to the viewer the true nature of the fire which occurred." NBC paid outside firm \$4,200 to stage crash of 2 GM trucks.

GM held long news conference Feb. 8, sent by satellite to several cities, to dispute crash demonstration and to announce it had filed defamation suit against NBC (TVD Feb 15 p3). Same day, NBC News Pres. Michael Gartner (who since has resigned over incident) defended program, but next day NBC retracted and apologized on air and GM withdrew suit. Network also ordered outside investigation by attorneys Robert Warren of L.A. and Lewis Kaden of N.Y. It was their report that prompted Wright's statement and actions by NBC News Exec. Vp Donald Browne, acting head of NBC News.

David McCormick, senior producer-broadcast standards, was appointed news ombudsman. Div. also established new position of senior producer to oversee all investigative reports, post that hasn't been filled yet, and "top-level" task force to review "the report on this incident." Wright told task force "to propose to me within 30 days" appropriate actions that should be taken to prevent recurrence. He said complaints about Dateline segment "were not sent by NBC news personnel" to Gartner or Browne, "in violation of NBC News policy." He said crisis "has forced us to a deep examination of our core values. Nothing less would suffice."

Investigation reported that News personnel "failed to address adequately 5 key decisions": (1) They didn't consider whether test was scientific or illustration. (2) They associated NBC News "with an event of questionable safety and professionalism, which could not be presented as proving anything" about safety of GM trucks. (3) They failed to report results of crash "which produced only a small fire... fairly and accurately" to public. (4) They failed to "disclose the use of igniters, or sparking devices... to stimulate sparks in a real-life collision." (5) They didn't make adequate inquiries into what demonstration proved when questions arose during editing of segment. "As a result, no one focused adequately on just how unscientific the demonstrations were." Also, report found, producer of segment told GM when it asked for location of 2 trucks used in crash that they had been junked and were unavailable. GM then hired its own investigators and located trucks.

Diamond joined NBC in Nov. 1991, having previously been senior producer of ABC's 20/20; Rummel joined NBC in Jan. 1992, also from 20/20 and before that CBS's 60 Minutes; Reid moved to NBC "with a strong journalistic background and NBC wishes him well in all his future endeavors," network said.

NBC also announced that ABC's Neal Shapiro has been named exec. producer of Dateline. Shapiro has been with ABC News 13 years and since 1989 has been producer of Primetime Live. NBC said situation of Michele Gillen, correspondent for crash segment who network said raised questions before it was aired, is "different" from that of 3 producers dismissed. She's being reassigned to NBC-owned WTVJ Miami as anchor, network said.

FCC should "declare victory and withdraw" as soon as possible from cable regulation, Comr. Duggan told National Assn. of Cable Programming conference in Washington March 22, although he said that can't occur until main goals of 1992 Cable Act are accomplished. He said FCC is entering "most critical phase" of Cable Act rulemaking with expected April 1 decisions on rate regulation and program access. Afterward, Duggan predicted, "the FCC will be seen as having implemented the law not in a punitive or heavy-handed way, but... with an eye toward increasing competition." He said it's time for cable and broadcasting to end their "long-running jihad" and cooperate. He said local broadcasters, for example, have "lead" in establishing local identity, covering local news and selling ads, while cable can contribute improved signal quality, potential for cross-promotion, more "shelf space." "Real virtue" of retransmission consent negotiations may be encouraging cable and broadcasters to "engage in a true dialog about what each can do," Duggan said. Next major challenge facing FCC could be introduction of new technologies such as DBS, video dial tone and new wireless cable bands, he said: "I don't seek to hold these new technologies back [but] we have an obligation to think carefully about how we manage the introduction of these new services -- about what their impact may be on localism. Unless we think carefully about the impact of new delivery systems on the bedrock value of localism, we may end up selling out that fundamental value for a mess of technological pottage."

In deal that increases its U.K. cable holdings by nearly 1/3, Nynex bought 3 systems from Pacific Telesis for undisclosed price. PacTel also said it sold S. Yorkshire franchise to unidentified buyer, leaving RHC, which said earlier it planned to sell out in U.K., with only 4 remaining -- Broadland, Fenland, Norwich, Peterborough. Nynex deal includes Manchester franchise, potentially one of U.K.'s biggest, passing 363,000 homes and businesses. PacTel hadn't begun operating Manchester franchise, but is running others Nynex bought -- 135,000-home Bolton and 83,000-home Derby. PacTel had signed up only 8,600 subscribers for 2 systems, hadn't equipped either for telephony. Since average of 75% of subscribers to Nynex's other 11 U.K. franchises also subscribe for telephony, it will retrofit PacTel systems, spokeswoman said. Deal gives Nynex total of 14 U.K. cable franchises, potentially passing 2 million homes. Company began operating Portsmouth, its first system there, in Sept. 1991, plans to invest more than £1 billion building systems.

Friday Holdings has been formed by general partner Norman Pearlstine to invest in media companies -- broadcast, cable, print. Limited partners are Paramount Communications, QVC Network, investor Richard Rainwater. Pearlstine, ex-exec. editor of Wall St. Journal, said several properties are under consideration but no active negotiations are under way. QVC CEO Barry Diller, ex-head of Fox Inc., said areas in which Friday Holdings is interested "are certainly the areas that QVC has interest in." Paramount Chmn. Martin Davis said: "We are investing in [Pearlstine] and his visions and ability." No announcement was made as to how much capital Friday Holdings has for investment.

EX-VOA DIRS. CLASH: CPB Pres. Richard Carlson and consultant Mary Bitterman, both ex-dirs. of VOA, clashed at hearing of House International Operations Subcommittee on future of U.S. international broadcasting efforts -- including VOA, Radio Free Europe/Radio Liberty (RFE/RL), Radio and TV Martis, and proposed new govt. broadcasts to China and other Asian countries. Put it all under CPB, said Carlson. Leave VOA alone, argued Bitterman.

VOA has reputation for "honesty and editorial integrity... in spite of, not because of" fact that it's arm of USIA, Carlson said. Placing U.S. international broadcasting efforts under CPB umbrella is "intellectually, economically and politically sound," he said, and "logical extension" of CPB's public service mission. Carlson said proposals to consolidate RFE/RL (now funded through Board for International Bctg.) under USIA, and eliminate those 2 entities within 2 years, "will end up hurting, not helping, America's ability to compete in the global marketplace of ideas." He charged USIA "has neither the inclination nor the organizational temperament to guide international broadcasting in a new era." CPB could "transform disparate foreign affairs tools into an 'electronic peace corps,'" Carlson said.

Bitterman said "people who talk lightly" of removing VOA from aegis of USIA "seriously underestimate the difficulty of the task." She said move "would probably impair the productivity of VOA for a long time, with nothing whatever to be gained." For cost-effective, govt.-funded, international service "into the 21st Century, we need to look no further than to VOA," Bitterman said.

Meanwhile, former Soviet President Mikhail Gorbachev called on Clinton Administration to continue funding Radio Liberty, terming service "a stabilizing influence in an unstable time." He said it's "necessary, needed" as Russia attempts to transform itself from totalitarian state to democratic, free enterprise nation. Gorbachev made statement at unusual celebration in Moscow to mark Radio Liberty's 40th anniversary, and urged American diplomats to carry message back to President Clinton.

Two former FCC commissioners -- Benjamin Hooks and Abbott Washburn -- have defended FCC's rulings on indecency in letter to Washington Post, most of which paper published. They took offense at March 6 op-ed column by Nat Hentoff titled "Censors of the Airwaves" that labeled FCC as "thought police." Hooks and Washburn said they were on Commission in 1975 when agency unanimously adopted "7 dirty words" decision, which was upheld by U.S. Supreme Court in 1978 -- action praised by Post in July 7, 1978, editorial. Said ex-commissioners: "The Commission, for its part, has exercised the indecency rule with discretion and restraint. Contrary to Mr. Hentoff, it does not seek to censor. However, when confronted with egregiously offensive language, broadcast repeatedly in deliberate defiance of the statute... it has no alternative but to enforce the law. We believe that is what the overwhelming majority of the American public expects and wants it to do."

NAB published new guide to implementation costs for HDTV and ghost-canceling designed to help station managers and engineers plan for transition. Guide draws largely on data developed by economic analysis group of FCC's Advanced TV Advisory Committee. Cost is \$50 for members, \$100 for nonmembers -- 202-429-5373.

Golf Channel said it will "tee off" on Hughes Communications Galaxy 1-R satellite, which is scheduled for launch in April 1994.

"If they [CBS] didn't pay me, I would have paid them because of the fun and excitement of working in radio" and then helping to build TV, retired CBS Pres. Frank Stanton told black-tie audience March 24 in Washington upon accepting First Amendment Award from Radio-TV News Dirs. Foundation. He was hired by CBS right out of Ohio State U. after receiving doctorate in psychology research. Award was for his long-standing defense of media's First Amendment guarantees. Stanton revealed many details for first time of his long and bitter fight to avoid contempt-of-Congress citation. He and CBS were cited for contempt by House Commerce Committee for refusing to turn over outtakes of 1971 program *Selling of the Pentagon*, but full House reversed Committee's action. Other award winner, NBC commentator John Chancellor, attacked reductions in network's overseas news operations, said foreign coverage in U.S. is "far less thoughtful than it was a few years ago." With far too much use of stringers, networks' coverage now is "dominated by war, famine, pestilence and death," he complained. Same is true of domestic coverage, he said, with far too much coverage given to violence. "It is a picture that offers little hope," he said, with network news depts. putting too much emphasis on their budgets and ratings. "What we're going through now is a real downer." Chancellor received Leonard Zeidenberg Award, honoring late senior correspondent of Bctg. & Cable magazine.

FCC approved video dial tone trial in Northern Va. by Chesapeake & Potomac Telephone (C&P), which spokesman said should be ready to launch "within a matter of weeks." Commission approved "limited technical trial" using Asymmetrical Digital Subscriber Line technology to distribute VDT-like video service over copper loop to 400 employees of parent Bell Atlantic. Despite NCTA opposition, Commission said application is generally consistent with its VDT framework, but imposed several conditions on test: (1) C&P must segregate direct incremental cost of test in subsidiary accounting records, and shareholders rather than ratepayers must pay cost. (2) Trial is limited to one year, rather than 2 years C&P sought. (3) Decision not to charge customers must be up to video programmers, unlike C&P proposal to charge neither programmers nor customers. (4) Percentage of system capacity used for video vs. telephony must be reported. C&P has "no problem" with conditions imposed by FCC, spokesman said. Test will be involve employee homes throughout entire Northern Va. portion of D.C. LATA.

U.S. Supreme Court, in 6-3 decision, has reaffirmed constitutional shield protecting commercial speech from govt. scrutiny. Majority (Chief Justice William Rehnquist, Justices Byron White and Clarence Thomas dissented) ruled that Cincinnati had violated First Amendment when city ordered that give-away circulars couldn't be distributed in sidewalk machines while regular newspapers could. Majority said decision applied to particular circumstances in Cincinnati and shouldn't be applied nationally. Case arose from city's decision to limit number of sidewalk newsracks, citing safety concerns.

Awards presented by National Assn. of Black Telecommunications Professionals at convention in Washington March 24-26: (1) Mickey Leland Award for Diversity in Telecommunications to House Telecom Subcomm. Chmn. Markey (D-Mass.). (2) Patrice Johnson Award for Excellence to Patti Smith, FCC deputy dir. for policy. (3) Leadership Award to Sen. Danforth (R-Mo.). First 2 awards are named for ex-Rep. Leland (D-Tex.), member of Telecom Subcommittee, and his aide Johnson who were killed in 1989 plane crash in Ethiopia.

LORAL DROPS DAB: Space Systems/Loral withdrew its last-min. FCC application to develop satellite-based DAB system, now called satellite Digital Audio Radio Services (DARS), so it can join forces with Satellite CD Radio (SCDR). Loral was one of 5 companies that applied late last year to compete with SCDR, but it now has joined former rival and agreed to build SCDR's satellite.

With Loral's exit, SCDR faces competition from American Mobile Radio Corp. (AMRC), Digital Satellite Bestg. Corp. (DSBC), Primosphere Ltd. Partnership, Sky-Highway Radio Corp. Systems would be priced at \$350-\$500 per subscriber; costs of launching systems are estimated at \$500-\$600 million. Some of companies propose subscription-only services, while others envision commercial systems supported by advertising.

Terrestrial radio broadcasters object to new satellite DARS services, saying in comments to FCC that they could kill terrestrial radio. NAB urged Commission to develop standards for terrestrial DARS to exclusion of satellite DAB. At least one service, Seattle-based DSBC, has invited local radio stations to lease its transponders. DSBC proposes to use satellite spot beams with coverage areas 230 miles in diameter. Company plans 31 regional beams, each carrying 32 channels, for total 512 channels nationwide.

Primosphere, brainchild of Cliff Burnstein and Peter Mensch (whose N.Y.-based Q Prime represents Metallica and Def Leppard, other bands), said its 2 satellites would be launched in 1998 and would reach 20 million with 23 "near CD" and 6 talk channels by turn of century. AMRC -- whose partners include Hughes, McCaw and Mobile Communications Technology Corp. -- proposes system with 11 CD-quality channels plus one data-only, 5 FM stereo, 5 FM mono. Consortium is similar to one that FCC forced to join together in late 1980s (American Mobile Satellite Corp.) when several applicants applied for limited spectrum available for mobile satellite services based on geosynchronous satellites. Sky-Highway Radio Corp. wants to launch 2 satellites for 15 subscription-only channels. It proposed that its programming could be rebroadcast terrestrially "to enhance reception in limited areas."

FCC suggested that not all proposed applicants would fit into allocated spectrum -- 2310-2360 MHz and 6500-6855 MHz. "It appears the applications... together with the application of Satellite CD Radio, may be mutually exclusive on the grounds of electrical interference," FCC said in Federal Register Feb. 26. Comments (DA 93-179) are due April 9, replies May 21.



Financials: Adelphia said it lost \$9.55 million less than it had reported for 3rd quarter ended Dec. 31 because of insurance proceeds from Olympus Communications joint venture. Adelphia originally said it had lost \$24.2 million in quarter, now puts figure at \$14.7 million... Fitch, in its first rating of **Viacom**, assigned BB+ rating to senior subordinated debt, citing favorable business mix, stable cash flow, improving leverage ratios... **Home Shopping Network** said it will redeem all \$16.9 million of its 5-1/2% convertible subordinated debt, effective May 11.

NBC evening anchor Tom Brokaw disclosed that he thought "very seriously" about accepting offer from Interior Secy. Bruce Babbitt to become dir. of U.S. National Park Service. But, Brokaw told Washington Post, "the timing just isn't right," citing turmoil at NBC News over Dateline incident (see separate report in this issue). He has had long interest in environmental issues, and Babbitt "has known of my specific interest in park policy for some time."

General Instrument (GI) will announce new set-top converter within 2 weeks to give cable systems additional computing power for interactivity, Pres. Harold Krisbergh said. Plan is to develop flexible, modular platform that can be installed throughout cable industry, and modified by inserting modules to meet needs of individual cable systems, company said. First analog platform, which will be similar in performance and price to GI's current set-top units, is expected to be on market by end of year, Krisbergh told Kagan Seminar in N.Y.C. on interactive multimedia, and digital by mid-1994. Deal still is very hush-hush, other GI officials said, and Krisbergh provided few details. Modular unit allows GI to provide basic platform at relatively low cost, company said, rather than burdening each unit with high-cost options that cable systems may not want initially. Key for GI is finding partners to share costs, enabling manufacturer to keep price of modules low enough to be attractive to cable systems, it said. Partners are expected to include computer companies and groups such as those in interactive TV that want cable systems to install equipment that their services can use, we're told.

Discovery Communications said it's setting up separate subsidiary to develop and market Your Choice TV (YCTV), company's proposed system to provide interface between cable subscribers and 500-channel system. Subsidiary will hold and license proprietary consumer interface patents, said Chmn. John Hendricks, who also will be chmn. of subsidiary, Your Choice TV Inc. He said YCTV has been supported by Discovery shareholders TCI, Cox and Newhouse, and has received letters of intent to use system from 5 more MSOs -- Cablevision Systems, Comcast, Continental, Times Mirror and Time Warner -- so "we are confident that [YCTV] will begin reaching cable subscriber homes in 1994 as the digital cable converter rollout begins." Hendricks said YCTV Inc. will provide as-yet-undetermined incentives for early customers. He said that now that YCTV is confident of distribution base, subsidiary has begun talks with major broadcast and cable networks and other copyright holders for slate of menu offerings for field test this year.

NAB launched, through its Resource Development Committee, series of initiatives designed to promote greater diversity in broadcast ownership among women and minorities. Steps include: (1) Pilot career seminar in Atlanta, possibly to be repeated in 6 other cities. (2) Symposium on "challenges and opportunities of the 1990s." (3) Revised booklet on Diversity in Broadcasting: Actions Toward Better Business. (4) Production of workplace diversity video in conjunction with WHMM Washington.

Convicted financier Michael Milken, now out of prison, may launch cable network with entertainer Michael Jackson, he said March 25 at educational conference sponsored by Milken Family Foundation. Milken said education and entertainment network could start in 3-4 years.

TCI CEO John Malone, Time Warner Cable Chmn. Joseph Collins and Discovery Chmn. John Hendricks are among scheduled speakers at Cable Ad Bureau conference April 18-20, N.Y. Marriott Marquis Hotel -- 212-751-7770.

Reps. Boucher (D-Va.) and Oxley (R-O.) have called news conference for March 29 to announce introduction of 1993 version of their bill to allow telcos into cable that will be much like 1992 proposal.

Radio ad revenue was up 14% in Feb. from year ago, RAB reported. It said that was first time since 1990 that revenue growth reached double digits. National spot ads were up 13%, local 14%.

Personals

Joseph Duffey, pres. of American U., resigned March 22 (effective June 30) to become USIA dir., subject to Senate confirmation... **Jack Valenti** has received 2-year extension of his contract as MPAA pres. through Dec. 31, 1996... House Telecom Subcommittee Senior Counsel **Larry Irving**, NTIA dir.-designate whose papers haven't yet been sent to Senate in confirmation process, has been sworn in as NTIA consultant... CBS correspondent **Mike Wallace** named Bestr. of the Year by IRTS, to be presented May 12, Waldorf-Astoria Hotel, N.Y.

Changes at TeleRep rep firm and TV Program Enterprises (TPE) following their takeover by Cox Bestg.: **Al Masini** resigns as TeleRep pres.-CEO to form his own production company, with TPE as client; **Keith Samples**, ex-Rysher Entertainment (also recently taken over by Cox), appointed pres.-gen. mgr., TPE, succeeding **Phil Flanagan**, who retires and remains consultant.

Lindy DeKoven, ex-Lorimar TV, joins NBC Entertainment as senior vp-miniseries and motion pictures for TV... **John Ranck**, ex-Carolco Pictures, moves to Multimedia Entertainment International Div. as senior vp-managing dir., succeeding **Bruce Johansen**, new pres. of NATPE International... **Teri Everett** promoted to assoc. dir.-news information, ABC.

Patricia Dennis, FCC member 1986-1989 and former asst. Secy. of State for human rights, joins Washington office of N.Y. law firm Sullivan & Cromwell as special counsel for communications... **Randall Coleman**, U S West, appointed legal adviser to FCC Comr. **Duggan**, effective April 1; Coleman will be responsible for technology and spectrum allocation issues, cellular and other wireless services, satellite and international communications and private radio; Coleman's wife Debra Lee is attorney with Black Entertainment TV.

James Ball, deputy dir. of FCC Office of International Communications, appointed acting dir... **John Hillis**, gen. mgr., NewsChannel 8 cable service in Northern Va., addresses Media Institute lunch April 14, Mayflower Hotel, Washington... **Gretchen Shine**, vp-gen. mgr., Cox Cable-S.C., promoted to same post for Va., effective April 1, succeeding **Bernard Langheim**, retired; **Darrell Wells**, vp-gen. mgr., Saginaw, Mich., succeeds Shine in S.C... Promotions at CPB: **Michael Donovan** to deputy inspector gen., new post; **Lin Foa** to deputy dir., Annenberg Project, succeeding **Peter Durr**, now pres., Catholic Communications Network of America.

Promotions at Warner Bros. Domestic TV: **Andrew Weir** to vp-eastern sales, **Chris Smith** to vp-central sales... **Robert Allman**, ex-WLS-TV Chicago, appointed news dir., WLWT Cincinnati... **James Packer** promoted to vp-gen. sales mgr., Western Div., Buena Vista TV... **Greg Armstrong** advanced to gen. sales mgr., WPWR-TV Chicago, replaced as local sales mgr. by **Rich Engberg**... **James Ackerman**, ex-Family Channel, appointed vp-development, Hearst Entertainment Distribution... ESPN senior account execs. promoted to dir.: **Sean Bratches**, northeast region; **Gregory Brunch**, western; **Pamela Treacy**, midwest.

Changes at cable MSO Crown Media: **David Slabaugh**, ex-Storer Cable, named senior vp-engineering; **Russell Givens** promoted to senior vp-operations; **Trudi Foushee** advanced to vp-corporate counsel... **Laura Hagan**, ex-Katz Hispanic Media, appointed vp-national sales, WXTV N.Y.-Paterson, N.J.... **William Garten** advanced to national

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sales mgr., WSAZ-TV Huntington, W.Va... **Greg Bicket** resigns as exec. vp-COO, Harron Communications, "to pursue other domestic and international" opportunities; Harron Chief Financial Officer **Joel Cohen** succeeds Bicket... **Kaye Nilson**, ex-FCC Office of International Communications, named project mgr., CompassRose International, recently formed by **Walda Roseman**, ex-chief of FCC international office.

State Dept.'s **Warren Richards** appointed exec. dir. of U.S. delegation for 1993 World Radiocommunication Conference; he's also chmn. of U.S. CCIR National Committee... **Lynn Claudy** promoted to vp-engineering and technology, NAB... **Jay Gendron** advanced to vp-legal affairs, Lorimar TV... **Gayle Loeber** promoted to mgr.-station relations, public TV's Independent TV Service.

Meetings: Center for Strategic & International Studies will sponsor symposium on multimedia March 31, Washington, D.C., hq -- 202-887-0200... **TCI** will hold annual investors meeting April 1, Sheraton Manhattan Hotel -- 303-267-5276... Boston U. Law School will sponsor seminar on convergence between cable and telephony April 2 at law school -- 617-353-2240.

Consumer Electronics

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STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 2nd week of March and year to date:

	MARCH 6-12	1992 WEEK	% CHANGE	FEB. 27- MARCH 5	10 WEEKS 1993	10 WEEKS 1992	% CHANGE
TOTAL COLOR.....	373,738	391,381*	- 4.5	303,739	4,024,852*	3,508,138	+14.7
DIRECT-VIEW...	368,477	386,231*	- 4.6	298,324	3,953,748*	3,442,314	+14.9
TV ONLY.....	349,948	378,437*	- 7.5	287,906	3,758,800*	3,308,826	+13.6
TV/VCR COMBO.	18,529*	7,794	+137.7	10,418	194,948*	133,488	+46.0
PROJECTION....	5,261	5,150	+ 2.2	5,415	71,104*	65,824	+ 8.0
VCR DECKS.....	189,178	136,846	+38.2	129,258	1,939,059	1,838,461	+ 5.5
CAMCORDERS.....	22,910	25,213*	- 9.1	18,593	367,305*	331,508	+10.8
LASERDISC PLYRS#	1,810	3,049	-40.6	2,008	32,843	43,755*	-24.9

Direct-view TV 5-week average: 1993--427,290*; 1992--377,437 (up 13.2%).

VCR deck 5-week average: 1993--195,868; 1992--185,229 (up 5.7%).

Camcorder 5-week average: 1993--36,318*; 1992--33,166 (up 9.5%).

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

HEIBLIM AND FURST OUSTED AT DENON AMERICA: In another manifestation of troubled Japanese economy and worldwide problems in consumer electronics, Pres. Robert Heiblim and Mktg. Vp Ken Furst were abruptly dismissed March 25 by parent company, effective April 1.

Industry observers were stunned by sudden nature of action, although there apparently had been some indication that Heiblim and Furst were under gun from Japanese management. It's understood move followed recent internal "corporate audit" of Denon America operations that showed brand had suffered under weight of U.S. recession and rising value of Japanese yen besetting all consumer audio and video subsidiaries.

But final action apparently came so suddenly than even informed observers at our deadline were at loss to speculate about possible successors or impact of move on company. Sources told us Japanese executive who heads Denon operations in Europe would be dispatched to U.S. shortly to oversee transition to new American management, although no announcement of any kind had been made by our deadline late Fri.

Heiblim's departure leaves void not only at Denon, but at EIA, where he's Audio Div. chmn. and outspoken proponent of standardization of Radio Data Bst. System. Shortly after his appointment to EIA post last fall, Heiblim said he believes DAB had potential "to revolutionize the audio industry" to degree that would "dwarf" CD revolution that began in 1980s. Heiblim, Denon veteran who rose via sales route, became Denon America pres. in Nov. 1990 when predecessor Takayashu Yoshida returned to Japan to take senior post at parent Nippon Columbia. At time, Heiblim said subsidiary would engage in more "risk taking" than in previous years, conceding his "brash and aggressive style" had alienated some while endearing him to others.

CABLE AND TV MAKERS BLAME EACH OTHER FOR PROBLEMS: EIA and NCTA agreed on relatively little in their comments to FCC in its inquiry into compatibility problems between cable and consumer electronics (CE) -- other than that each believes other is largely responsible for problem. NCTA said FCC should impose strict definition of "cable ready" on manufacturers and sellers of TVs and VCRs. EIA said there's no practical way to make existing 300 million TVs and VCRs compatible with proliferation of cable delivery and scrambling systems unless cable systems are required to change their practices.

"The potential for consumer frustration, confusion and economic injury will likely continue unabated" if FCC doesn't impose "discipline" on consumer electronics industry, NCTA said, because manufacturers and

retailers "will be able to easily evade the intent of this legislation." TVs and VCRs should be allowed to be labeled "cable ready" or "cable compatible" only if they include improved tuners, better shielding and Multiport (ANSI/EIA-563) back-of-set decoder interface connector, NCTA said, adding that any sets that don't meet those criteria shouldn't be allowed to include cable channels at all.

As for scrambling, cable group said that 1992 Cable Act's must-carry and antibuythrough provisions may mean that addressable scrambling is only feasible security technology for cable. It said problem that prevents such consumer electronics features as picture-in-picture isn't scrambling but single-output converters and sets with single antenna connections. No technique other than channel-by-channel scrambling currently is economically effective or deterrent against piracy, it said, and little can be done to make current sets more compatible with cable. "The Commission," it said, "must resist the temptation to hinder the development of the nation's telecommunications system so that electronics manufacturers can continue to drag their feet in developing truly 'compatible' equipment."

"The real problem," cable comments said, "is consumer frustration caused by expectations that have been unrealistically raised by sales personnel whose ultimate objective is to sell more merchandise with the latest 'bells and whistles.'" Technical deficiencies within TV sets "continue to make the converter/descrambler a necessary component of the system, regardless of the channel capacity or the signal security method employed by the system."

Other NCTA arguments: (1) Industry is willing to provide optional set-top units that solve most problems "at a reasonable cost." (2) FCC shouldn't deal with digital transmission issues yet. (3) New rules should take effect 18-24 months after FCC action (due in July 1994), except that label attached to TV screen giving number of cable channels that can be tuned should be compulsory in 3-6 months. (4) Industry is willing to commit to complying with ANSI/EIA-563 interface standards.

EIA Consumer Electronics Group said problems aren't caused by faulty consumer electronics design "but by worrisome trends in the cable industry," including more scrambling, proliferation of converter boxes, approach of digital. "Root cause," it said, is that "cable is not standardized" -- more than 11,000 systems "provide their services in a patchwork quilt of formats." EIA urged FCC to set rules to force cable systems to deliver programs unscrambled -- "in the clear" -- suggesting several systems as substitutes for single-channel scrambling, including new proposal called "broadband scrambling" (which NCTA said isn't ready). In addition to scrambling, it attacked cable practice of "channel mapping," applying nonstandard channel numbering (TVD March 22 p8) to what it cited as ever-growing list of cable practices exacerbating compatibility problems.

Commission should consider standards for digital transmission now, before it develops same type of problems as current analog transmission, EIA said, forbidding scrambling "unless and until the cable industry agrees to adopt a single standard for cable-delivered digital compression." As for "cable ready" claims, comments indicated that designation has virtually been dropped by industry and, at any rate, any definition "will quickly become obsolete."

Discussing who should bear brunt of regulation, EIA said "the burden must be carried primarily by the cable industry, which wields monopoly power," as opposed to "robustly competitive" consumer electronics industry. It said that nothing CE industry can do will make 300 million TVs and VCRs already in use compatible with cable, and that putting onus on CE industry -- such as requiring use of Multiport -- would take until well past 2000 to reach national dispersal, at about time NTSC broadcasting is scheduled to end. As for revival of Multiport idea, EIA couldn't resist commenting that in first go-round it "failed because of lack of support from the cable industry, not the consumer electronics industry, which put connectors in hundreds of thousands of receivers (at a cost of millions of dollars)."

In joint filing by EIA and NCTA, groups agreed on only 2 major points: (1) Broadband descrambling isn't available now. (2) There should be single national standard for digital transmission and compression. Rest of joint filing included only relatively bland answers to some of FCC's less controversial questions in notice of inquiry. However, EIA and NCTA assured Commission they would continue to work together toward solution of mutual problems.

Zenith, as manufacturer of both TV sets and cable TV equipment, proposed "compromise solutions" to problem: (1) Establish new "cable ready" specs, incorporating back-of-set IF port. (2) Require CE manufacturers to design at least one model in each screen size over 25" around new interface. (3) Require cable operators to provide proper interface decoders and offer subscribers who buy new cable-ready sets reduction in monthly rate. IF interface port can deliver clear signal to set even with scrambling. Although

it would add \$30-\$40 to cost of set, benefit to cable systems would warrant discount of perhaps \$2-\$3 per month.

Several groups said cable should be required to transmit all signals "in the clear," then rely on interdiction or traps to restrict access to pay services. Among those making that suggestion were Matsushita, Mitsubishi, National Electronics Service Dealers Assn., Thomson. Matsushita said it's questionable whether industry can serve its customers "if one continually diversifies away from technical standards," and Thomson said even Multiport adapters may not be able to keep up with changes if scrambling continues. FCC should set standards for such things as cable channelization, signal security, signal formats, frequency, coding, modulation and multiplexing, Mitsubishi and Matsushita said in separate comments. Sony said agency should set standards for infrared codes, wired control link to boxes, decoder interface.

Other comments in FCC inquiry will be found in Best./ Cable Section of this issue. Statistics and forecasts presented in EIA and NCTA comments are in separate report in this section.

APPLE TO SELL PHILIPS-MADE PORTABLE CD-ROM: Apple this summer plans to market portable CD-ROM peripheral for Macintosh computers that also can be used as TV-based Photo CD player or as portable CD audio player. Company didn't announce specific marketing plans or price for "PowerCD" unit, although spokeswoman said it would be introduced in Europe first, in U.S. shortly thereafter. Product will be distributed through "authorized Apple resellers," Apple said, but specifics will vary by country.

Philips will make drive, "first in a line of CD-ROM-based multimedia products for [Apple's] Personal Interactive Electronics (PIE) Division," which is headed by Vp-Gen. Mgr. Gaston Bastiaens, who migrated to Apple last year after 21 years with Philips -- most notably as driving force behind development of CD-I format. PowerCD deal apparently is first such OEM agreement between Apple and Philips. It couldn't be ascertained whether other models would be forthcoming, and product was announced only by Apple, which didn't reveal name of manufacturer.

PowerCD was introduced at last week's CeBit computer show in Hannover, Germany and will be on display at Intermedia conference opening March 30 in San Jose. It measures 6.5" high, 8.7" wide, 4.9" deep -- about size of stack of 6 Consumer Electronics Show directories -- and weighs 3.1 lb. It will be attachable to Macintosh or Powerbook portable via built-in SCSI port, to TV set (for use as Photo CD player with either single or multisession discs) via accessory video cable and as CD component within stereo system. It will include remote control, AC adapter, video cable.

Project isn't related directly to Apple's alliance with Toshiba to develop line of multimedia CD-ROM-based personal digital assistants (PDAs) using ultrafast, erasable flash memory chips (TVD June 29 p10, June 8 p11). Toshiba spokesman told us last week that project is proceeding according to previously announced schedule, with first product -- aimed at business market -- to be introduced this summer and available before year-end. Consumer version also may be introduced this year, he said. As announced, Toshiba-Apple device -- to be marketed under both companies' brands -- will use Script-X operating system licensed from Kaleida, Apple-IBM joint venture company formed in 1991 to develop multimedia software platform.

Meanwhile, Apple announced licensing policy "to create a worldwide standard [for PDAs] available to the entire industry" that will "allow the computer, consumer electronics and telecommunications industries to come together" with wide variety of compatible products. Apple said it has "developed a portfolio of licensable products based on Newton technology" and is "committed to broadly licensing these products in order to create a standard."

New licensees announced for various aspects of Newton include Sharp, "Apple's strategic ally in the development and manufacture of Newton," now licensed to make ARM chip, which is heart of Newton. It joins ARM licensees VLSI and GEC-Plessey. Other new licensees: (1) Motorola, to make and market "handheld device featuring integrated wireless communications capabilities." (2) Siemens and Rolm, to collaborate with Apple on "development of NotePhone," using Newton technology to access phone and fax features. (3) Kyushu Matsushita, to combine Matsushita technology with Newton features. (4) Cirrus Logic, to make Newton-compatible chipsets for Apple and others. (5) LSI Logic, to make application-specific IC (ASIC) chip for Newton.

This "y'all come" licensing approach is major change for Apple, which always has held proprietary developments close to chest. As one industry observer close to Apple quipped: "If Apple had licensed its technologies out 5 years ago, Bill Gates would not be the richest man in America."

CAMCORDER AND VCR IMPORTS FELL IN JAN.: Although inventories now are in good shape, imports of camcorders dropped for 15th consecutive month in Jan. In fact, total number of units imported -- 141,300 -- was lower than U.S. domestic sales for any of last 12 months. Sharp decline in shipments leads to conjecture that pendulum may swing from surplus to shortage, because of inability to crank up production in Japan quickly enough to compensate for rising U.S. sales. Camcorder sales to dealers set monthly records in both Jan. and Feb. and are running 10.8% ahead of last year in 1993's first 10 weeks (see State of the Industry).

Imports of VCR decks declined for 2nd consecutive month. CD player imports were down for 4th straight month, 31.2% drop in Jan. coming on top of 37.8% plunge in Dec. As more and more U.S. color TV assembly shifts to Mexico, total imports of that product were up 6.9% in Jan. after 22.5% increase in full year 1992.

Camcorder hiatus could be pause before arrival of new generations of lower priced and/or multifunctioned products due for introduction soon. In multifunction category is Sharp's Viewcam, already on sale here. Lower priced units, introduced in Japan but not U.S., include Panasonic record-only model and Fuji Photo's Simple Hi8 equipped with optical viewfinder. JVC Pres. Takuro Bojo has promised "simple, low-priced" camcorder "this fall or earlier" (TVD Feb 8 p16).

In formats, camcorder shipments underwent major change, with 8mm representing only 30.4% of total imports, down from 47.5% in Jan. 1992 and 42.6% in full-year 1992. Change presumably reflected conditions on U.S. market, where inventories of 8mm reportedly have been too high and full-size VHS low enough to cause shortage. VHS and VHS-C camcorder ("other") imports actually were up 5.3% in Jan., while 8mm shipments were down 20.6%. Japan was source of 94.5% of camcorders (96.7% of 8mm, 91.5% of "other"). Only non-Japanese source of 8mm was Korea, while Korea and Malaysia both supplied "other" formats.

Japan supplied only 32% of total VCR imports in Jan., record low. But it still was leading supplier at 298,700 (down 20% from year earlier). Malaysia overtook Korea as No. 2 source, with 201,600 in Jan. (up 4.3%) to Korea's 200,000 (down 25.6%). Thailand was 3rd largest source, at 83,200 (although down 43%). Big gainers were Indonesia at 73,000 (up 345.6%) and Singapore with 66,800 (up 177.6%). Some 9,800 came from Taiwan (none in Jan. 1992).

In color TV, Mexico had all of increase in imports, and then some. The 477,300 sets shipped from there represented 56.8% of total color TV imports in Jan. and were up 22.4% from year earlier. Of imports from Mexico, 18.5% were 13" sets, 44.5% 19", 15.3% 20" and 19.5% larger sizes. Distant No. 2 source was Malaysia with 103,000 (up 25.1%), followed by Thailand (72,800, down 6.4%), China (54,500, up 7.4%), Korea (40,500, down 44.2%), Singapore (31,600, down 38.8%), Japan (22,500, up 25.7%), Hong Kong (14,600, up 31.7%), Taiwan (5,500, down 63.6%), Canada (5,100, down 33.8%).

In monochrome TV, China continued as undisputed leader (at 46,000, up 17.1%), presumably by default, as other nations back out of business. Korea (40,100, down 38.7%) was No. 2, followed by Taiwan (17,700, down 27.9%), Malaysia (15,700, up 210%), Japan (11,200, up 31.1%), Thailand 4,200 (vs. none in Jan. 1992) and Hong Kong (1,600, down 82.9%).

Japan continued as dominant supplier of CD players at 262,900 in Jan. (down 38.8% but constituting 68.2% of total), followed at great distance by Korea and Mexico (both 25,100, up 20.7% and 16.3% respectively), Singapore (22,400, down 45.5%), China (21,500, up 2.4%), Malaysia (19,700, up 146%). Minor amounts came from Europe -- 5,100 from Austria, 2,100 from Belgium -- and from Taiwan (1,600).

Here's summary of imports in Jan., with 1992 comparisons, along with figures for full-year 1992 and 1991:

Product	Jan. '93	Jan. '92	% Chg.	Year 1992	Year 1991	% Chg
Color TV.....	859,900	786,000	+ 6.9	11,594,100	9,466,900	+22.5
Monochrome TV....	133,600	151,900	-12.1	2,122,800	2,171,300	- 2.2
Flat-panel TV....	21,200	7,900	+166.9	399,300	296,000	+34.9
VCR Decks.....	933,300	1,029,700	- 9.4	15,238,100	12,548,100	+21.4
Camcorders.....	141,300	178,000	-20.6	2,863,400	3,873,300	-26.1
8mm.....	42,900	84,600	-49.3	1,220,400	1,674,100	-27.1
Other.....	98,400	93,400	+ 5.3	1,642,900	2,199,300	-25.3
Videocass. players	36,300	35,400	+ 2.5	630,500	652,300	- 3.3
CD players.....	385,600	560,700	-31.2	8,888,600	7,440,900	+19.5

CABLE/CE AGREEMENTS: Areas of disagreement between cable and consumer electronics (CE) industries are vastly greater than areas of agreement, but joint filing of EIA and NCTA in FCC's cable compatibility inquiry attempt to reach agreement will continue (see separate reports in Best./Cable and Consumer Electronics sections).

In answer to FCC question about future consumer TV features, joint filing singled out these areas "which may pose compatibility problems:" (1) Program guides with automatic VCR recording features. (2) Extended Data Services provided with addition of 2nd field of vertical blanking interval to closed-caption system. (3) Faster tuning algorithms for improved PIP operation. (4) Picture outside picture (POP), channel scan, other features of widescreen 16:9 sets.

Specific features that may be affected by manner of cable signal delivery: Remote control operation, PIP, on-screen display channel labeling, channel guide, viewing and recording programs simultaneously, channel selection, VCR timer recording.

Among other facts presented in joint petition: In U.S., about 60% of cable subscribers receive 30-53 channels, another 15% more than 54 channels, with at least one system offering 150 channels.

Despite violent disagreement on definition and applicability of "cable ready" description of TV set, joint EIA-NTSC task force "is working toward specifications that would define a cable-compatible receiver." Task force also will consider questions of TV and VCR tuner shielding. EIA filing noted that Consumer Electronics Group (CEG) is developing voluntary standards for "improving interference and tuning performance in TVs and VCRs." EIA-NTSC committee is adding more channels to current 99-channel standard numbering system (IS-16) and proposing it as full EIA/ANSI standard.

Other statements in EIA filing: (1) "Consumers have invested roughly \$9 billion in color TVs with [PIP] feature, and nearly 10% of U.S. households now own sets with this feature." (2) About 200 million TVs and 100 million VCRs are in use in U.S. (3) "There are about 12 different, incompatible scrambling systems in current use by the cable industry."

NCTA filing noted confusion in counting number of channels in cable-ready set: "Often the number given by a salesperson is the sum of the broadcast VHF channels (12), the broadcast UHF channels (55) and the cable channels that can be tuned. As presently marketed, a 117-channel 'cable-ready' TV set can only tune 50 channels of a typical 450-MHz cable system... A TV or VCR would require at least 193 channels to accommodate all the cable channels offered on a fully utilized 1-GHz system."

Sony will raise prices 5-6% on recording media exported to U.S. and Europe April 1, Japanese press reported. Increase will affect only high-end products, such as evaporated metal 8mm cassettes, S-VHS cassettes, high-density floppy discs, data cartridges and some optical discs that are exported from Japan. Mainstream recording media, made by Sony at 6 overseas factories, won't be affected.

TE Electronics, Tandy's proposed manufacturing spin-off subsidiary, announced agreement to sell its Micronic handheld computer operation to Norand Corp. Micronic clone is marketed primarily in Europe.

NATM STRESSES OWN MATURITY: NATM Buying Corp., presenting its members as powerful alternative to mega-retailers such as Circuit City and Sears, as well as value-added merchandisers (compared with warehouse clubs), told its suppliers last week that "we hope we are developing the maturity to be more than just a big customer." On more than one occasion, NATM officials contrasted its earlier unofficial nickname of "The 40 Thieves" with current desire to develop "reliable 2-way business relationships" with vendors.

At group's annual spring meeting in St. Petersburg, Pres. George Scala acknowledged that NATM membership of 17 independent regional chains "may be a little more complicated to do business with." But he said that factor was positive aspect, contrasting "checks and balances" inherent in NATM's members with fear generated by other powers. NATM last week also became international organization with addition of Corporacion Famsa, 60-plus store retailer and wholesaler based in Monterrey, Mexico.

Exec. Dir. Saul Gold said group will continue effort begun last year to improve presence in audio and computer businesses. He cited difficulty in navigating audio market, in part because of breadth of suppliers in component end and lack of familiarity with NATM as organization. Group last year hired former Sansui exec. Warren Mann, partly to head up audio efforts.

Gold released series of statistics that showed NATM members outperforming industry in 1992 percentage unit increases in wide range of merchandise classifications. Members' increases in 1992 (followed by industrywide changes): Color TV, +11.6% (+9.2%); projection TV, +31.1% (+6.4%); VCR, +10.9% (+15%); camcorders, +25% (-1.7%); audio components, +27.6% (-12.1%); speakers, +25.8% (-0.3%); CD players, +12% (-14.6%); tape decks, +16.4% (-27.2%); systems, +17.8% (+8.4%); portable audio, +68.5% (+17.8%); telephones, +5.2% (+7.9%); computers, +214% (+11.4%); fax, +38.7% (+12.3%). NATM figures compare same 16 members on year-to-year basis, although many opened new stores in 1992.

Gold said members' business for most part had been strong in Jan., but was hurt by weather and economic factors in Feb. and particularly in March. He estimated that group's members would move 1.5 million color TV sets in 1993.

ABC Warehouse said it expects later this week to begin liquidating \$29.9 million in merchandise it purchased in Highland bankruptcy proceeding last week. Spokeswoman said plan is to reopen Highland's stores with mixture of ABC and Highland employees to conduct liquidation sale. As we went to press, ABC officials were conducting physical inventory of merchandise and marking it down in advance of sale. Highland estimated inventory had retail value of \$58 million, based on normal pricing. In court-supervised bidding, ABC beat out Rothschild Group, said to have been selected by Highland as preferred liquidating agent. Cash from merchandise sale to ABC, together with proceeds of auctions on leases and real estate, eventually are expected to return about 40¢ on dollar to Highland's creditors, according to unsecured creditors' attorney Lawrence Snider as quoted by AP.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 118 yen = \$1, except where noted.

HI-FI COMPONENT PRICES DOWN: Average factory price of home hi-fi components declined 8.8% in 1992, but drop in average price wasn't enough to stop 3.6% overall unit decrease, according to analysis of unreleased EIA unit and dollar sales figures for year.

Average factory value of audio components fell 8.8% to \$134.22 from \$147.33, based on 3.6% decline in unit volume to 11.8 million and 12.1% dollar decrease to \$1.59 billion from \$1.81 billion year earlier, according to EIA figures. Our analysis showed average prices increased in only 3 segments of home components business -- power amplifiers (up 0.2% to \$480.90 from \$479.91), floor speakers (up 5.5% to \$97.42 from \$92.31), equalizers (up 12.1% to \$99.12 from \$88.40).

Subwoofers showed largest percentage drop in average value, falling 59.1% to \$158.79 from \$387.95 year earlier, while integrated amplifiers were 2nd in terms of magnitude of change, declining 44.5% to \$148.32 from \$267.06. Wall-mount speakers, another area of specialty related to home theater boom, fell 37.5% in average value to \$70.48 from \$112.73. As described in our report last week (TVD March 22 p10), those 3 categories were among industry's leaders in terms of percentage unit sales increases for year, with wall-mounts rising 33.3%, subwoofers 33.6% and integrated amplifiers whopping 81.8%.

Analog LP may fast be approaching dinosaur status, as reflected in RIAA figures showing 52.1% unit drop for year (TVD March 15 p14). But turntables were one category that seemed to respond to closeout pricing, judging from 15.2% decline in average value to \$89.97 from \$106.15 and accompanying 15% unit sales climb to 311,000.

However, beleaguered cassette deck category clearly didn't respond to 10.6% decline in average value, including 18% drop in average price of single-well recorder. Cassette decks with single bay fell 27% in units despite average value drop to \$132.25 from \$161.33, which worked out to dollar volume decrease of 40.3% to \$40.1 million from \$67.3 million year earlier.

JVC will merge its 2 Japanese software subsidiaries into single entity April 1, as announced last month (TVD March 1 p10). Victor Musical Industries (VMI), which handles JVC's software business, and Nippon AVC Co., software sales company, will unite to become Victor Entertainment Inc. (VEI), involved in planning, production and sales of audio, video and game software as well as sales of other companies' software, custom recording, publishing. Projected sales for fiscal year ending March 31, 1994, are equivalent of \$940 million. VEI will employ about 1,000, with JVC Pres. Takuro Bojo as chmn. and Jun Deguchi as pres. Deguchi currently heads both VMI and Nippon AVC. JVC also has reduced its share of joint venture CIC Victor Video to 25% from 50%, according to Japanese press report, with partner CIC Video of U.K. taking additional 25%, raising its holdings to 75%. CIC Video is British joint venture of MCA and Paramount.

Sony's purchase of land for European hq on Berlin's Potzdamerplatz formerly occupied by Berlin Wall (TVD July 1/91 p15) was approved by European Commission after 15-month inquiry into whether Sony was subsidized illegally by German govt. in \$60.8-million deal, considered bargain for 7.5-acre site. Commission ruled that any potential subsidy was too small to be considered significant. In Japan, it's reported that Sony expects to double its annual TV production in EC to 4 million units by spring 1997. Company has TV plants in U.K., Germany, Spain.

Lower home CD average prices also failed to spur concerted action in unit sales, with exception of carousel changers that climbed 12.4% in unit volume as average value dipped 3.3% to \$172.55. Magazine-based changers fell 8.1% in average value during year, but average stacking player still sold for \$10 more than rotary-based competitor.

Here's breakdown of 1992 average factory prices of all major home hi-fi component categories, based on analysis of EIA unit and dollar statistics, including comparisons with 1991:

AVERAGE FACTORY PRICES -- HOME HI-FI COMPONENTS

Product	1992	1991	% Chg.
Receivers.....	\$227.46	\$237.17	- 4.1
Tuners.....	138.10	153.82	-10.2
Preamplifiers.....	298.84	340.10	-12.1
Power amplifiers.....	480.90	479.91	+ 0.2
Integrated amps.....	148.32	267.06	-44.5
with surround....	296.68	316.34	- 6.2
Surround processors..	187.25	209.21	-10.5
Equalizers.....	99.12	88.40	+12.1
Turntables.....	89.97	106.15	-15.2
 Total home CD decks..	158.00	160.11	- 1.3
Single-play.....	134.82	137.36	- 1.9
Total multiplay..	175.26	185.20	- 5.4
Carousel....	172.55	178.35	- 3.3
Magazine.....	182.80	198.88	- 8.1
 Total cassette decks.	136.73	152.95	-10.6
Single-well.....	132.25	161.33	-18.0
Dual-well.....	134.68	147.71	- 8.8
DAT.....	432.59	512.76	-15.6
 Total speakers.....	70.66	79.24	-10.8
Shelf.....	57.71	68.07	-15.2
Wall-mount.....	70.48	112.73	-37.5
Floor.....	97.42	92.31	+ 5.5
Subwoofers.....	158.79	387.95	-59.1
Other.....	89.95	167.20	-46.2

Highest density magnetic computer storage medium was announced last week in Japan by Sony. Pre-Embossed Rigid Magnetic (PERM) disc is based on grooves cut into surface of disc as opposed to smooth surface of conventional hard and floppy discs. Sony says PERM technology can result in 2.5" magnetic hard disc with 1.5 gigabyte data capacity. PERM disc employs technology used in mastering and stamping of CDs -- pregrooving of discs. Sony said that makes possible world's highest track density of 5,000 tracks per inch (TPI), with 15,000 TPI possible in future.

Sharp will produce 1.25 million color sets and 1.55 million microwave ovens at Memphis plant in fiscal year ending March 1994, increase of about 10%, company announced in Japan. As previously announced, it will start assembly of 16:9 widescreen TV sets there in Sept. at rate of 1,000 monthly. Sharp plans to increase employment in Memphis by about 160, raising total to 1,050. It said expansion was required by increasing demand in U.S. as result of economic recovery as well as appreciation in value of yen.

Sharp has shipped 100,000 LCD ViewCam camcorders to date, including exports to U.S., which began last month. Company expects to export 200,000 in next fiscal year (to April 1994) to all countries, including Europe and Asia, where shipments are scheduled to start next month.

U.S.-MADE CE UP 12%: Factory sales of U.S.-made consumer electronic products rose 12% in 1992 to \$10.147 billion from \$9.057 billion in 1991, according to preliminary figures compiled by EIA from Commerce Dept. data. Growth was stronger than that for domestic electronics industry as whole, which increased 5.5% to \$286.755 billion from \$271.378 billion.

Only product categories outperforming consumer in terms of percentage gain were telecommunications and computers & peripherals. Only year-to-year decline involved "other communications," which includes defense-related and specialized devices.

Consumer electronics exports increased 15.9% in 1992 to \$3.094 billion from \$2.67 billion in 1991, EIA said. At same time, CE imports rose 11.8% to \$16.551 billion from \$14.8 billion and CE's negative balance of trade worsened by 10.9% to \$13.457 billion from \$12.13 billion.

For electronics industry as whole, exports climbed 6% to \$77.273 billion from \$72.926 billion, while imports rose 14% to \$88.282 billion from \$77.428 billion. Trade deficit soared to \$11.009 billion from \$4.502 billion. Here are domestic factory sales figures from EIA:

U.S. FACTORY ELECTRONICS SALES, 1992 vs. 1991
(preliminary, in millions of dollars)

Sector	1992	1991	% Change
Electronic Components...	59,066	55,974	+ 5.5
Consumer Electronics...	10,147	9,057	+12.0
Telecommunications....	40,021	35,161	13.8
Other Communications...	29,699	32,249	- 7.9
Computers & Peripherals	59,301	52,382	+13.2
Industrial Electronics.	24,864	24,336	+ 2.2
Electromedical Equip...	7,783	7,535	+ 3.3
Other related.....	<u>55,874</u>	<u>54,684</u>	+ 2.2
TOTAL.....	\$286,755	\$271,378	+ 5.7

Broderbund Software products' "continued strength in the growing consumer software market" was reflected in 34% increase in net income for fiscal 2nd quarter through Feb. 28 on 22% rise in revenues (see financial table). For 6 months, revenues were up 37% and net income 40%. Company claimed 5 of top-selling educational titles last Dec. "We continue to experience growth in the mass channel and the presence of new outlets enables us to reach more consumers than ever before," said Chmn.-CEO Douglas Carlton.

Vestel Elektronik of Turkey, remaining consumer electronics subsidiary of Polly Peck International (PPI), reported 25% decline in pretax profits in 1992, with sales up 16% in Turkish lira (although down sharply in dollars, given Turkey's 70% inflation rate). Vestel, which reported about \$70 million in exports, was seeking U.S. OEM business at Winter Consumer Electronics Show in Las Vegas in Jan. Among products displayed was 34W" 16:9 widescreen TV. PPI's bankruptcy administrators are trying to sell Vestel.

Who needs retailers? First it was banks that dispensed consumer electronic products, and now it's airlines. Fly Iberia round trip to Europe first class and get Sony camcorder. First class round trip earns 10 credits, business class 6, coach class 4. The goodies: Sony 32" color set, 5 credits; Sony CD changer, 2 credits; Sony camcorder, 10 credits; Canon Bubble Jet faxphone, 15 credits; Canon notebook computer, 25 credits.

JAN. AUDIO SALES DOWN: Factory audio dollar sales, which finished 1992 on moderate upswing despite double-digit decline in components (TVD Feb 22 p12), started off new year with fizz. Declines in 3 of 4 broad-based dollar categories resulted in modest overall loss for Jan., EIA Mktg. Services Dept. reported.

Overall Jan. volume fell 2.9% to \$455.4 million from \$468.9 million year earlier, EIA said. After revival in Christmas holiday selling season in Dec., components returned to doldrums in Jan. with drop of 11.1% from Jan. 1992. Also in minus column were portables (which were up 15.8% for all of 1992) and aftermarket autosound (up 19% for full year 1992).

Systems, which finished 1992 with 8.4% gain for year, was only category managing to sustain growth rate in first month, increasing 8.8%. Here's EIA breakdown of audio sales for Jan.:

FACTORY SALES OF AUDIO EQUIPMENT
(add 000)

Product	Jan. 1993	Jan. 1992	% Chg.
Portable audio*.....	\$152,253	\$158,665	- 4.0
Components.....	112,704	126,705	-11.1
Systems.....	94,667	87,007	+ 8.8
Autosound (aftermarket)	<u>95,755</u>	<u>96,557</u>	- 0.8
TOTAL.....	\$455,379	\$468,934	- 2.9

* Includes home radio.

Traditional satellite dealers "will play a significant role in the upcoming DBS [direct broadcast satellite] market place," Charles Abbott, owner of Satellite Scanners Plus, Las Vegas, and chmn., Retail Council of Satellite Bst. & Communications Assn. (SBCA), told recent Council meeting. His statement and others sought to relieve TVRO dealer fears that DBS products would be marketed mostly by consumer electronics outlets. Stanley Kozlowski, mgr.-DBS mktg., Thomson Consumer Electronics, said company is seeking balance of satellite TV and consumer electronics stores to market its DBS products. TVRO dealers "could be good DBS dealers," he said. SBCA spokeswoman said comments "fly in the face of the common perception" that DBS products would be sold mostly by consumer electronics retailers and would undercut satellite TV dealers.

Multimedia startup projects will occupy Philips' Hasselt, Belgium, facility after mass market audio and CD-I player production is shifted to lower wage areas (TVD March 15 p12). Plant will become "competence center for multimedia products," company said, concentrating on "development and production startup of complex, technically advanced products and modules."

Slippage in timetable for RCA 16:9 CinemaScreen TVs is evident in announcement that first widescreen sets for U.S. market were manufactured in Bloomington plant March 24. Previews in L.A. retail outlets, originally announced for Feb. (TVD Dec 21 p10), now are scheduled for April, and national rollout is slated to begin in 3rd quarter, not 2nd quarter as announced in Dec.

VCR Voice Programmer infomercial, tested for 60 days in limited number of markets, will be shown nationwide by joint venture of Voice Powered Technology International (VPTI) and Regal Group, which produced infomercial. Test marketing was "highly successful," partners concluded.

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
Broderbund Software 1993-6 mo. to Feb. 28	56,917,000	8,579,000	.86
1992-6 mo. to Feb. 29	41,503,000	6,123,000	.63
1993-qtr. to Feb. 28	24,353,000	3,696,000	.37
1992-qtr. to Feb. 29	19,980,000	2,749,000	.28
Cablevision Industries 1992-year to Dec. 31	572,487,000	(250,503,000)	--
1991-year to Dec. 31	503,113,000	(230,778,000)	--
1992-qtr. to Dec. 31	157,540,000	(65,899,000)	--
1991-qtr. to Dec. 31	127,972,000	(69,489,000)	--
Fretter 1993-year to Jan. 31	361,000,000	5,700,000	.39
1992-year to Jan. 31	292,000,000	4,003,000	.28
1993-qtr. to Jan. 31	114,900,000	3,700,000	.25
1992-qtr. to Jan. 31	103,200,000	2,800,000	.19

"Made in U.S.A." labeling policy of govt. is criticized in March 22 Wall St. Journal article by Robert Moore, pres. of Infrared Research (IR), manufacturer of wireless remote controls. Moore said FTC bans that label on products unless 100% of components are U.S.-made. He said IR buys all its components from U.S. suppliers and assembles its products in Midwest, yet it can't use "made in U.S." label because some components bought here originate in other countries. However, "when we ship these very same products internationally, we're required by non-American customs authorities around the world to stamp them -- you guessed it -- 'Made in the U.S.A.'" He said IR's largest competitor, presumably Universal Electronics (TVD March 8 p17), "builds the bulk of its product in China."

Japan Electronics Show 1993 is scheduled Oct. 5-9 at Nippon Convention Center in Tokyo suburb of Chiba, site of 1991 show. Deadline for applications is April 9. Public is admitted on last 2 days of show. Site alternates annually between Tokyo area and Osaka. Last year's show in Osaka drew 267,740 visitors, including 3,477 from overseas. Korea supplied largest number of overseas visitors (782) followed by Taiwan (675), U.S. (480), Hong Kong (331) and Germany (130), no other country having more than 100. Only previous show in Chiba attracted 391,642. Record attendance for any show in last 10 years was in 1986 in Tokyo. This year's will be 32nd annual event -- Japan Electronics Show Assn., phone 81-3-3284-1051; fax 81-3-3284-0165.

Show Planner for 1993 Summer Consumer Electronics Show (CES) attendees, in magazine format, will be published by Video Magazine. To be mailed to preregistered trade attendees by mid-May, it will list new products, exhibitors, workshop schedule, information on badge holder pickup, shuttle buses, show floor plans, etc. Video Magazine also will repeat its Summer CES Consumer Guidebook, to be distributed at show on consumer day June 6. Announcement of both publications was made by CES sponsor EIA Consumer Electronics Group.

Brother will move all portable typewriter production from Japan to U.S., world's largest typewriter market. Company said it started importing typewriters from U.S. to Japan last week, at rate of about 2,000 monthly.

"Buy One Leader, Get 2 Liters Free" is theme of Sony tape promotion offering coupon for 2 large bottles of Coca-Cola products with 3-packs of V videocassettes or 4-packs of UX 90 audio tape.

Consumer Electronics Personals

Pres. Robert Heiblum and Mktg. Vp Ken Furst depart Denon America, reasons unannounced; Heiblum may be reached at 201-812-1381, Furst at 201-627-5100... Jeffrey Conway promoted to Gemstar Development Corp. vp-sales for N. America; other Gemstar appointments: Linda Lloyd da Silva, ex-L.A. Times, joins as vp-mktg. and media; Robert Noonoo, ex-NBC telemarketing vp, joins as vp-business development; Linda Ritchie promoted to mktg. dir., succeeded as mktg. mgr. by Clarence Carter, ex-Asher/Gould Adv., L.A.; Marcia Goodstein promoted from mgr. to dir. of publications... Bill White resigns as Nintendo corporate communications dir.

Barbara McLennan, ex-Bitonti & Wilhelm Washington law firm and onetime Commerce Dept. trade specialist, joins EIA Consumer Electronics Group as staff vp-govt. and legal affairs... Paul McAfee promoted to Eastman Kodak deputy dir.-consumer, professional and international news, responsible for worldwide PR on consumer and professional Photo CD products... Fred Schaufeld, National Electronics Warranty Corp., elected pres., Service Contract Industry Council, for 1993... Beverly Knudsen, former IEEE editorial projects coordinator who also held editorial posts with consumer electronics trade publications, joins Ebasco Services Inc., engineering and construction firm, in N.Y. office as writer in Corporate Relations Dept.

Stuart Snyder resigns as LIVE Home Video senior sales vp to become Turner Home Entertainment senior vp-gen. mgr. for domestic home video, effective April 19... Changes at Image Entertainment as result of companywide reorganization: Gen. Counsel Cheryl Lee adds duties of chief administrative officer; David Borschell promoted to senior operations vp; Rich Linton advanced to senior sales and mktg. vp; Jeff Framer promoted to chief financial officer, replacing Jerome Smolar who departs along with Exec. Vp Lee Kasper and Senior Vp Wendy Moss... MCA Home Entertainment Group Creative Affairs Vp Suzi Peterson adds same duties for Universal Family Entertainment... Dena Wholey, ex-Electronic Images ad agency and one-time New World Video, joins Republic Pictures Home Entertainment Group as mktg. dir.

Dan McGrath, ex-Precise Acoustic Labs, joins Nicoll Public Relations as vp... John Gaffney promoted to publisher of Video Software and Video Business magazines; replacing him as editor of Video Software is Paul Sweeting, who moves up from exec. editor. Other promotions, all involving both publications: Bruce Mishkin to assoc. publisher, Stacy Kelly ad dir., Mark Papia, research dir.; Video Business Editor Bruce Apar and Sweeting will serve on Chilton Communications Group New Products Task Force.

Hotel room interactive TV, tested in more than 5,000 guest rooms in last 5 months, will begin national rollout within next 60 days, according to NTN Communications, Carlsbad, Cal. Cooperative development with LodgeNet Entertainment permits hotel guests to play games and compete with other guests via TV's remote control. Guests are charged automatically for games on their hotel bills.

President Clinton and Vice President Gore met with EIA board to discuss Administration's deficit reduction plan. After meeting, EIA Pres. Peter McCloskey reiterated support of plan and pledged that Assn. would work to assure congressional passage of agreement to "balance new taxes and economic incentives with genuine, permanent spending reduction."