

TELEVISION DIGEST®

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

With Consumer Electronics

MAY 3, 1993

SUMMARY-INDEX OF WEEK'S NEWS

VOL. 33, NO. 18

Broadcast - Cable

MUST-CARRY SURVIVES bid by cable to delay implementation. Chief Justice Rehnquist said it's not clear cable will win appeal, cites Red Lion. Full appeal to Supreme Court to continue. (P. 1)

CONTINENTAL REJECTS FEES for retransmission consent, following TCI lead. Hostetter cites inability to pass through costs. He sees 'serious disruption' likely. (P. 2)

PROGRAM ACCESS TOUGH: FCC sets easy evidentiary rules, says it will assess fines but not damages. Streamlined procedures planned. Some price differentials justified. (P. 3)

CABLE UPGRADES ON HOLD after FCC freezes rate hikes. Other systems say it's too early to decide. Relatively few hikes affected by freeze. (P. 4)

CITIES STUDYING FRANCHISES: Regulators get lesson on getting most out of renewals at NATOA meeting. Some operators seen 'in big trouble.' (P. 5)

FCC THREATENS KYW-TV with indecency finding. Group W promises strong fight, says show was journalism, ruling would be censorship. (P. 6)

Consumer Electronics

PHILIPS TO SELL STAKE IN MEC joint venture to Matsushita for \$1.7 billion, citing increased growth and geographical spread. (P. 9)

SUPREME COURT REFUSES MUST-CARRY DELAY: U.S. Supreme Court Chief Justice William Rehnquist rejected cable's bid to hold up must-carry pending full-fledged appeal, saying it's "simply not indisputably clear that [cable operators] have a First Amendment right to be free from government regulation." Cablers could seek similar injunction to stay effectiveness of must-carry from other Supreme Court justices, but weren't expected to. They indicated, however, that they would go ahead with full-fledged appeal and expressed confidence in final victory.

In 4-page decision April 29, Rehnquist said court previously had found that newspapers have First Amendment rights different from broadcasters: "Although we have recognized that cable operators engage in speech protected by the First Amendment... we have not decided whether the activities of cable operators are more akin to those of newspapers or... broadcasters." He said that since chances of successful appeal aren't clear, court shouldn't stay decision of Congress in enacting must-carry. Order largely mirrored broadcasters' arguments.

Cable officials had said they would have been "very surprised" if Supreme Court delayed must-carry effectiveness because it seldom grants stays. CATA Pres. Stephen Effros told Washington Cable Club earlier

CAMCORDER IMPORTS BALANCED SALES in first 2 months, confirming reduced pipeline inventories. VCR imports continue drop, TVs are up. (P. 9)

NEW PROJECTION TVs STRESSED by Sony and Pioneer, both companies holding line on price for now. Home theater pushed as major growth area. (P. 10)

CAMCORDER WITH LCD MONITOR/REMOTE highlights Sanyo and Fisher introductions. VCR Plus VCRs have cable control. Sanyo touts 2 MD players. (P. 12)

TOSHIBA SELLS STAKE IN ONKYO to auto parts manufacturer, latest reflection of its increased selectivity in investments and R&D. (P. 13)

SEGA AND ACCOLADE SETTLE OUT OF COURT in widely watched case on legality of reverse engineering software. Accolade to be Sega licensee. (P. 13)

IMPORTS BY COUNTRY show Malaysia moving up to 2nd largest U.S. source for VCRs and color TVs, passing Korea for first 2 months of 1993. (P. 14)

ZENITH CUTS LOSSES: 23.8% reduction in red ink in first quarter said due largely to increased color TV shipments. Franklin Electronic Publishing and BMC Industries both report huge quarterly earnings rise. (P. 14)

DOMESTIC FACTORY SALES OF CE rose 3.6% in first quarter, with sharp gain in computers, peripherals and components raising all electronics 6.5%. (P. 14)

last week that "real question is how much damage will be done in the interim." He continued to predict that must-carry eventually would be held unconstitutional.

Solicitor Gen., in his opposition to stay of must-carry, may have put broadcasters in win-lose situation, cable lawyers believe. In argument repeated in Rehnquist's order, Solicitor's Supreme Court filing relied heavily on 1969 case *Red Lion vs. FCC*, which carved spectrum scarcity doctrine in stone as it upheld FCC fairness doctrine and personal attack rule. Solicitor said same scarcity doctrine applies to cable, since franchises and economic factors limit number of systems, creating "natural monopoly." If argument is embraced by Supreme Court in final decision, cable officials said, broadcasters could end up even further away from long-term goal of killing scarcity argument.

Public broadcasters had said that they and public would be hurt most if Rehnquist delayed must-carry. Their Supreme Court filing claimed that at least 44 noncommercial educational stations serving 5.5 million subscribers have sought must-carry since 1992 Cable Act took effect and "no cable system has yet to honor one of these requests for carriage." Lack of carriage harms public broadcasters financially because 23% of their revenue comes from viewer contributions, filing said.

In its must-carry/retransmission consent guide distributed at recent convention, NAB said some cable operators "may increase their brinkmanship tactics in an effort to intimidate broadcasters and improve their bargaining positions" as well as "try to blame broadcasters for service reductions and other costs of the new cable law... Some cable operators intend to play hardball." NAB advised broadcasters to "communicate with key constituencies... in advance of cable negotiations. If you allow cable to be the sole source of information... your chances of being boxed in by the local cable company are much greater." Group provided broadcasters with model letters to be distributed to govt. officials informing them about Cable Act. Among points NAB suggested telling officials: (1) Cable Act doesn't allow cable to pass through retransmission consent costs, so broadcasters can't be blamed for rate increases. (2) Fees are necessary to keep broadcasters viable. (3) Cable operators shouldn't have to drop cable networks because channel capacity is increasing. (4) Rules are in full effect despite court challenges. (5) Network nonduplication rules protect signals of most network affiliates. (6) Franchising authorities may be asked to intervene in disputes.

CONTINENTAL REFUSES TO PAY RETRANSMISSION FEES: Continental Cablevision will refuse to pay retransmission consent fees to broadcasters, making it first MSO publicly to follow lead of TCI, which has said repeatedly that it won't pay cash fees for right to carry broadcast stations (TVD Jan 18 p4). Continental Chmn. Amos Hostetter said FCC decision not to allow cable systems to pass through retransmission costs "made that decision for us." Decisions by largest and 3rd-largest MSOs not to pay fees mean systems with about 23% of all cable subscribers have said that they will refuse to pay.

Cable systems could be in danger of defaulting on bonds as result of combination of FCC's planned 10% rate rollback and addition of retransmission consent costs, Hostetter told Federal Communications Bar Assn. last week. Rate rollback of 10% translates to 20% cash flow cut, he said, making additional costs "unthinkable." Hostetter said cable is "crippled animal" as result of new rules. He said Continental is opposed philosophically to idea of cable subscribers' paying for broadcast channels that nonsubscribers watch free, but FCC refusal to allow passthrough was final straw: "No business can be expected to sign up for new costs without having any means to recoup them." Cable Act gives broadcasters right to choose between must-carry and retransmission consent, but doesn't require cable systems to carry, or negotiate with, stations that opt for consent.

Hostetter said he chose public forum, including C-SPAN audience, to "give broadcasters as much advance notice as possible of our position." He predicted that must-carry/retransmission consent situation would have "potential for very serious disruption" of public's TV viewing, citing example of MSO's 50,000-subscriber system in Westchester and Rockland counties, N.Y., which he said already is programmed to capacity and may be forced to drop at least 3 basic cable networks by June 2 to accommodate broadcasters with new must-carry status.

Continental is prepared to offer "long-term" carriage contracts, which would be enforceable even if must-carry were declared unconstitutional, to full-power stations that opt for must-carry rather than retransmission consent, Hostetter said. He attacked NAB for backing off from earlier must-carry compromises and said "an amicable settlement of must-carry and channel positioning issues would have brought far greater benefits to the broadcasting industry than the adversarial strategy that broadcasters adopted."

MSO will consider noncash retransmission consent deals, Hostetter indicated, but he said such opportunities are limited. Noncash deals could include such elements as joint ventures, cross-promotions, ad barter deals and co-productions, "but in reality there are a limited number of benefits that we can confer on broadcasters... and [they] cannot be offered to every broadcaster who opts for retransmission consent." Hostetter refused to answer question as to how Continental would handle situations in which TV station is deleted as result of retransmission dispute, including whether cable system would carry blank channel. He said MSO will handle each situation on market-by-market basis.

PROGRAM ACCESS FINAL: FCC set streamlined procedures for program access complaints in final version of new rules adopted April 1 and released April 30 (TVD April 5 p5). Commission said it was placing "the least necessary evidentiary burdens on those seeking relief," but did require complainants to show that they had tried to resolve problem with programmers or cable systems before turning to FCC. It also said that it believes that it can assess fines, to be determined on case-by-case basis, in case of violations, but probably can't impose damages. Rules were required by 1992 Cable Act to give alternative multichannel programmers, including wireless cable and satellite, eased access to cable networks.

As it had indicated earlier, FCC set tough 5% attribution standard, said programmer doesn't have to be vertically integrated to be subject to program access rules, didn't require complainant to prove actual harm (only that it's hindered from carrying programming), allowed multiple definitions of geographic market. Commission also said it will be tough on "frivolous" complaints, including those "filed without any effort to ascertain or review the underlying facts," and will assess unspecified fines in those cases.

FCC set single complaint procedure to handle cases. Steps include: (1) Complainant must notify programmer or cable operator of perceived problem. (2) Programmer must be given minimum of 10 days to respond, then "reasonable" opportunity to negotiate satisfactory result. (3) Complaint can be filed with FCC if that fails, with burden of proof on complainant. (4) Defendant will have 30 days to answer, complainant 20 days to reply. (5) Discovery will be allowed only on case-by-case basis. (6) Staff can order relief and sanctions if warranted. (7) Either party can appeal to full Commission.

Price differentials can be justified by "legitimate cost factors," FCC said, but differences based on such factors as cable's higher distribution cost than satellite dishes "could artificially raise the retail price of programming and discourage the development of low-cost technologies." Order said that there's economic benefit to programmer of volume sales, but warned that programmer may be required to justify differential, and differences based on creditworthiness must be technology-neutral. Commission will allow price differentials based on penetration, retail price, promotional or ad support by distributor, sales of program packages, importance of location.

Nonprogram time, including advertising, dropped 4.2% in 5 dayparts on ABC, NBC and CBS in 1992, Arbitron's MediaWatch found in customized study. Commercials in prime time decreased to 7 min., 19 sec., last year, from 7 min., 35 sec., in 1991, according to Network TV Assn. (NTA), which commissioned study. All nonprogramming material (including commercials, promos, etc.) per hour in network prime time fell 4.2% to 12 min., 35 sec., NTA said. Fox averaged 14 min., 4 sec., nonprogram material per prime-time hour, independent stations 13 min., 53 sec., cable 13 min., 36 sec., syndicated programming 16 min., 58 sec.

General Instrument (GI) finally announced interactive converter deal with Intel and Microsoft. Companies will cooperate to develop and market version of Jerrold set-top converters that includes Intel 32-bit chip and software based on Microsoft Windows by next year, GI Chmn. Donald Rumsfeld said. Result, he said, will be full family of addressable converters and satellite receivers. GI said enhanced converters will turn TV sets into personal interactive gateways for variety of new services, including video-on-demand, interactive home shopping, on-screen program guides, multichannel pay-per-view, on-screen data services. Partners said they expect 3rd party service providers to produce new applications for interactive capability. Microsoft CEO Andrew Grove said development "provides a platform upon which the home entertainment industry and traditional computer software industry can build." Microsoft Chmn. Bill Gates said interactivity will be success only if "a wide variety of new programming and services [is] created to entice the consumer into the digital revolution. It must be as easy and natural for the consumer to use as TV is today." GI expects joint venture to result in flexible, modular platform that can be installed throughout cable industry, with different modules inserted into converter depending on needs of cable system and customer. GI said modularity allows cost of basic converter to be kept relatively low, with higher cost options available for additional services.

Bell Atlantic (BA) said it has signed first deployment contract for fiber-to-curb system based on technology developed by BroadBand Technologies (BBT). Agreement is for BBT's Fiber Loop Access (FLX) switching and transmission system and is intended to serve up to 100,000 homes. BBT FLX system is switched digital platform that can deliver telephone service and -- as system is upgraded and upon approval by FCC -- video transmission. BA and other telcos have conducted trials of fiber-to-curb systems, but contract with BBT is "the first volume deployment" of system that will "facilitate" delivery of telephone and video services that require switched digital technology, BA said. By end of 1992, it had deployed fiber in 83% of its interoffice trunks and 66% of its feeder routes in 10 neighborhoods and had installed 1.2 million miles of fiber, company said. By end of year, BA said, it expects to have installed another 400,000 miles of fiber. It had announced earlier that its N.J. Bell also would deploy BBT FLX system to nearly 50,000 homes in 2 areas of N.J. If approved by FCC, N.J. Bell will provide video dial tone (VDT) service to video programmers, including current cable provider, Sammons Communications, in 3 Morris County suburbs, as well as in Dover Township, N.J.

TCI will invest \$10 million in Interactive Network (IN) in return for 15% of company. Deal gives TCI 1.65 million shares of IN at \$6.50. IN had to postpone public offering of 2.5 million shares because of "market conditions", and stockholders Gannett, Kagan, NBC and Rainbow had to provide undisclosed loan for operating cash. IN, meanwhile, said it's formally withdrawing SEC filing for stock offering, move that CEO David Lockton said would eliminate some restraints on company.

SOME CABLE UPGRADES PUT ON HOLD after operators' planned rate hikes were frozen by FCC April 1 (TVD April 5 p1). For example, Prestige Cable, Mooresville, N.C., delayed construction of fiber upgrade after its 10% rate increase set to take effect May 1 was frozen by FCC rulemaking, Gen. Mgr. Daniel Heath said. System's rates, \$19.25 for 29 channels, have remained steady for 12 months and "are in line" with industry, he said. "We don't anticipate a rollback." However, before commencing large-scale upgrade, operator wants to know FCC rate benchmarks, he said. Benchmarks were scheduled to be released today (May 3). Relatively few (we found 11) operators announced increases for after April 1 FCC deadline, but hundreds had set increases before that date.

Prestige Chief Financial Officer Robert Buckfelder said MSO had "indeed held off" on upgrades while awaiting FCC final rules. "I'm sure every cable company in the country is evaluating its capital expenditure budget until we're certain of the environment we'll be operating under," he said. "The freeze of 4 months wasn't what did it," but potential for "more severe" rate regulation caused reconsideration of investments. Buckfelder said Mooresville operator was "in the middle of proceeding with a substantial multimillion-dollar upgrade" that would have provided fiber in service area. "The people who'll be hurt most [by FCC rules] are people who live in rural areas" because companies won't be able to afford to build or upgrade systems in low-density areas, he said.

Meanwhile, capital expenditures are "going forward as planned" at Cablevision Industries' Clarksburg, W.Va., system, said Gen. Mgr. Ernest Gimmel, who had announced 7% rate increase effective June 1. Operator said he charges \$19.95 for 29 channels and last increase was last June, "the normal month" for its boosts. He said it's difficult to get "good perspective" on financial outlook before benchmarks are known, but in meantime company will proceed with several-million-dollar "fiber-to-feeder" upgrade. Company has completed 40% of year-long project, he said. His fear on FCC rule is that "good businesses [like his] will take the brunt of the punishment."

Managers for Vision Cable systems in Fla. and N.C. said their frozen hikes wouldn't change any immediate plans, but MSO may need to reevaluate long-term planning. Clearwater Gen. Mgr. Dennis Kapp said he hasn't been "forced to change [plans] yet, but after the rules are announced we will have to make adjustments." Clearwater system charges \$16.95 for 51 channels, had announced 8% hike for May 1. In Jacksonville, N.C., Gen. Mgr. Ed Palumbo said system will continue upgrade because "you have to stay current in this business and plan for the future." However, he said, "the timetables will have to be reevaluated." Company had announced 8% increase for June 1, but that now depends on FCC's rules. "When revenues are artificially controlled by the government, that's certainly not going to have a positive effect on business," he said.

Even though FCC-mandated rate rollbacks won't affect municipal systems because technically they're considered competitive, freeze has affected at least one municipal operator. Franklin County, Ky., system, which is operated by county Electric & Water Plant Board, saw planned \$3 increase for July 1 halted by federal regulators. New monthly fee would have been \$12.20, and extra funds were to be used for equipment and upgrades.

INTV moves May 5 to 1320 19th St. NW, Suite 300, Washington 20036. Phone remains 202-887-1970.

Expected 300 pages of cable rate regulation rules due from FCC by early this week will have little real impact because most cable systems will appeal to Commission for higher rates based on cost, CATA Pres. Stephen Effros said. He told Washington Cable Club lunch April 27 that's when "real trouble" will begin because neither FCC nor systems have resources to handle such appeals. Process will be "nearly impossible" for small cablers, he said, because of cost of hiring accountants and lawyers: "The result will be further consolidation of the industry and big profits for lawyers." Effros predicted that many municipalities would decide not to regulate rates because of high cost of handling appeals, siphoning off franchise fees that they now use for other city services: "There's a lot of incentive for many cities to pull back and not try to regulate right now." There's "distinct possibility" that many retransmission consent negotiations will fail, Effros said, and in such cases he suggested that operators simply assign free leased access channel to broadcaster and tell latter to charge whatever fee it wants: "Meanwhile, the channel will remain dark, with a notice to subscribers" that cable system is "willing and anxious" to carry TV station at no cost to subscribers. Effros said he would add alphanumeric to dark channel carrying station's telephone number and proposed retransmission consent fee. If broadcasters get retransmission consent fees they should pay for spectrum, either in form of spectrum fee or in requirement that they provide free political ad time so govt. could restrict PAC contributions, Effros said.

Time Warner (TW) is looking at "several" other communities as potential sites for additional "Full Service Networks" (FSNs) similar to one it's installing in Orlando (TVD Feb 1 p3), Senior Vp-Public Policy Timothy Boggs told Media Institute last week. He said it's too early to detail rollout of FSNs, but "a good chunk" of TW systems will be installing high-capacity, fiber-intensive, interactive systems in 4-5 years. Boggs dismissed regulatory impact of such high-cost systems, saying that regulated basic and expanded basic services wouldn't be affected. FSNs will "put the burden on consumers" to make viewing choices and, in effect, "select what their [monthly cable] bill will look like," Boggs said. He said TW hasn't yet determined how much revenue per subscriber will be needed to make FSNs economically viable. Public is "ready" for such systems because younger generations are comfortable with interactivity, but he said FSN could be compared with movie Field of Dreams: "If we build it, they will come."

FCC enforcement actions: (1) Revoked license of WOKJ(AM) Jackson, Miss., and fined station \$8,000 (reduced from \$20,000), for failure to light towers July 20-Dec. 21, 1990, and for allegedly misleading Commission. WOKJ has six 388-ft. towers 2.5 miles from an airport. FCC said licensee David Price had failed to "take any meaningful measures to eradicate the situation," despite repeated warnings, and had made "misleading suggestion" that "tower lighting problem would be quickly resolved." (2) Notified WWWT(AM) Randolph, Vt., that it's subject to \$20,000 fine for operating full time with 1 kw, while its nighttime authorized power was only 66 w.

QVC will set up electronic retailing service in Latin America, Portugal and Spain under agreement in principle with Grupo Televisa. Deal, QVC's first expansion outside U.S., is expected to begin operation Nov. 1. New televised shopping service will be in Spanish in most of Latin America and Spain, Portuguese in Brazil and Portugal. Deal also envisions bringing Spanish-language shopping service to U.S., Chmn. Barry Diller said. Deal is subject to conditions and signing of definitive agreements.

CITIES LEARN NEW DEALS WITH CABLE: Local regulators were given lesson in how to get most out of franchise renewal process by Washington attorney Nicholas Miller at National Assn. of Telecommunications Officers & Advisers (NATOA) seminar in Covington, Ky., last week. "A number of operators are in big trouble because they didn't live up to the terms of their agreements," Miller told us after seminar. Many authorities were uncertain of rights to revoke franchise or refuse renewal, but 1992 Cable Act cleared that up -- they can revoke franchise "at any time," he said.

Problem with ability to revoke franchise or refuse renewal is "you're going to end up in litigation," said Deborah Newcomb, city council member from Conneaut, O., chmn. of city's Utilities Committee. She said her "small community... can't fight TCI." City is in process of filing petition for reconsideration with FCC on operator's rates, which she said are too high and also is in renewal process for TCI franchise, which expires in 1995. "Now we know the process and what to negotiate for," she said. Operator "never followed through" on commitments made in last agreement such as upgrade to "latest technology," provision of public, educational and govt. channel, additional channel capacity, limit on increase in franchise fee. TCI also closed town office, leaving nearest customer service center 20 miles away, she said. Town will try to form group with neighboring communities for negotiations and possibly hire consultant, she said.

Miller said important negotiating point is fiber rebuilds, but they're "important to the operator, too. Don't just accept that... ask for more." That could mean govt. communications system, community programming, shorter terms and application fees for renewals. "Cities are seeing the possibilities and looking for good deals," he said. Other important points in session on franchise renewals included clarifying ambiguities of differences between formal and informal renewal processes and when authority must consider operator's proposal. Miller said formal and informal procedures "move in parallel," and can't substitute for each other. Most operators and authorities use informal process because of lack of deadlines. City doesn't have to consider proposal until needs assessment is complete, Miller said, issue that was made "clear" in Cable Act. Assessment needs to be done before city knows "what it wants."

In past, "in many instances cities were handed a franchise contract and told 'sign this,' they didn't negotiate and the contracts were based on the operator's terms," said Cheryl Pasalic, communications administrator, Mt. Pleasant, Ill., and NATOA spokeswoman. But now, "cities have educated themselves" as to their rights and what other cities are getting from operators. She said session on renewals was "the best session" because most of 200-250 attendees are facing renewals and Miller's "material was easy to understand."

NTN Communications filed \$10-million suit charging that Interactive Network (IN) is making "misstatements that NTN cannot legally deliver" its interactive QBI football game to home. It's 2nd suit NTN has filed against IN -- first one charged that IN game patent "was fraudulently obtained." That case, NTN said, is scheduled for trial in U.S. Dist. Court, San Francisco, in Nov. Meanwhile, IN said it has submitted counterclaim seeking revocation of patent license granted to NTN, permanent injunction to prevent further playing of QBI and motion seeking dismissal of original suit. IN Pres. David Lockton said company will introduce its own football game, IN the Huddle, for next football season.

Southern New England Telephone (SNET) will conduct video-on-demand trials by end of year, company said April 28. Tests will be conducted in 500 homes in W. Hartford, Conn., SNET Pres.-CEO Daniel Miglio said. Video trial is "an opportunity we are seizing" resulting from FCC's decision to allow telcos to carry switched video services over public network, he said. Announcement is "symbolic of the massive changes" taking place within telecommunications industry, Miglio said. SNET Senior Vp Corporate Development Ronald Serrano took shot at cable industry: "SNET's video-on-demand network will offer... capabilities and services that are currently unavailable from cable TV networks or from standard movie viewing on VCRs." He said SNET test will allow "more control" over "when and where" programming is viewed. Participants will use handheld remote to select program from SNET-developed menu displayed on TV. SNET has proposed charging subscribers up to \$6 per month to connect to its network, but plans to waive charge in first trial period, company said. Participating programmers will determine prices they will charge customers for programs they view or databases they access, SNET said. SNET trial will be "open platform" for programmers, Serrano said, providing subscribers with access to range of different programming. He said SNET has approached several cable companies and information providers about participating in trial, but didn't say who.

Cencom Cable reached confidential settlement in copyright suit MPAA filed against MSO charging infringement. Suit in U.S. Dist. Court, St. Louis, charged that Cencom had underpaid cable royalties \$3 million since 1986 by setting up unpublicized broadcast-only tier priced at \$2.95 per month, then computing royalties as if all customers subscribed to that tier, even though fewer than 1% did. After Cencom began publicizing tier, MPAA said company had tried to discourage subscribers by charging \$95 hookup fee. Copyright fee is percentage of total revenue generated by lowest cost basic tier, but MPAA said \$2.95 was sham tier and fee should be percentage of revenue from higher cost tier to which most customers subscribe. Systems involved were in and around St. Louis. Cencom denied MPAA charges and said Copyright Act doesn't prohibit broadcast basic tier or dictate how cable systems should market services. MPAA settled similar suit against Bresnan Communications last year and said its cable enforcement program has collected more than \$25 million in royalty payments since 1986.

LIN TV is hoping to alleviate "logistical nightmare" of negotiating separate retransmission consent deals with multiple cable MSOs by forming cooperative with other broadcast group owners, said Pres. Gary Chapman, also chmn. of NAB. He said letters to several large group owners proposing cooperative will go out this week, and he hopes to begin scheduling joint meetings with MSOs "as soon as possible." Cooperative won't negotiate specific retransmission consent fees jointly, Chapman told us, but forming group will ease scheduling of meetings and help in forming "relationships" with MSOs. He said LIN alone has to deal with 25 different MSOs and "that means 25 airplane rides" if logistics problems aren't solved. LIN's lawyers are drawing up model retransmission consent contract in bid to speed process, he said, but MSOs may have own contract plans.

Seeking larger quarters, FCC Comr. Barrett is giving up his corner office (Rm. 844) to move into one in middle of hallway (Rm. 826) being vacated by Comr. Marshall, whose resignation was effective April 30. Marshall's office has large file room, which Barrett's lacks.

KYW-TV INDECENCY CHARGED: Group W said it will "strongly defend" KYW-TV Philadelphia against indecency complaint being investigated by FCC, even though it admitted that Nov. 12, 1991, edition of Jane Wallace Live included language that was "indeed graphic." Group W said such language was necessary to provide clear understanding of activities at local adult establishment: "An application of the indecency rules in this context would amount to censorship of a newsworthy discussion."

Broadcast described alleged sexual activities at so-called "couch dancing" establishment in Southern N.J., and included graphic descriptions of activities of dancers and patrons, according to transcript. FCC Mass Media Bureau sent letter to licensee April 15 saying that "it appears that KYW-TV may have violated" indecency rules with program, which aired 10-11 a.m.: "The language and manner of presentation... appear to render the material indecent."

Group W said show "was clearly not indecent by any standard. The program was an issue-oriented local talk show, hosted by a respected, award-winning journalist." It said show was developed in response to "widespread expressions of community concern" about such establishments and "as a result, the true nature of the establishment was exposed for the first time in the Philadelphia media. Some of the language was indeed graphic, but it contributed directly to an understanding of the issues. None of the discussion was intended to be gratuitous or titillating."

Most of graphic language was from call-in viewers, Group W said, and "the law must allow for the risk that some such language might air in the context of rapidly evolving verbal exchanges." Indecency ruling "would clearly create the chilling effect on vigorous public debate which the Supreme Court has repeatedly denounced," Group W said.

Total U.S. broadcast revenue fell 4% to \$27.8 billion in 1991, while cable revenue rose 7% to \$23 billion, Census Bureau said in survey released April 30. For broadcasters, "continued losses in audience share, a weak U.S. economy and extensive coverage of the Gulf War contributed to the overall decline," said Survey Mgr. Thomas Zabelsky. National and regional TV ads were down 8% in 1991, survey said, and network ads were off 4% to \$7.6 billion. Local TV ads dipped only 3% and radio ads 4% to \$6.9 billion. TV operating costs were virtually unchanged at \$18 billion, Census Bureau said, but program rights fees were up 4%. For cable, revenue from basic service increased 10% to \$11 billion, while premium channel and pay-per-view showed little change. Cable network revenue was up 8% to \$4 billion, ad revenue 12% to \$2 billion. Cable operating expenses climbed 4% to \$19 billion, including 7% growth in program costs.

Pacific Bell said it signed up 7 customers, including video transmission firm Vyvx, one TV station and AT&T for its Advanced Best. Video Service (ABVS). ABVS uses telco's digital fiber system to transmit video programming point to point. Other customers include KRCA Riverside, Cal., filmmaker George Lucas's Industrial Light & Magic, Entertainment Digital Network, interactive editing firm Varitel, San Francisco Satellite Center.

There's new sense of optimism among TV station executives, according to electronic survey of attendees at recent TvB convention in Las Vegas (TVD April 26 p4). Some 70% said 1993 revenues are up, 16% said they're flat and only 11% said they're down so far this year.

Broadcast networks haven't been active yet in buying cable systems, despite FCC's relaxing network-cable cross-ownership rules, and Standard & Poor's predicted that they wouldn't move in. S&P, in report on broadcast industry, noted that FCC limited any network to owning systems serving 50% of any local market: "Because of the clustering efficiencies that large cable operators seek by owning large contiguous systems, the local ownership limit puts a network at a major disadvantage. For this reason, S&P expects little in the way of cable acquisitions by the networks." Report generally was bullish on broadcaster prospects, with Cap/ABC and CBS best positioned to benefit from economic upturn. However, it said that cost structures and increasing competition mean that "several speculative-grade broadcasters, already financially strained by the recession, may not survive." Report gave A+ investment ratings to Cap/ABC, A to CBS. Low ratings include CCC+ for Granite Bestg., CCC- for Outlet and Westwood, C for Great American. S&P didn't assign rating to NBC, owned by GE, but did say ABC and CBS were better positioned to benefit from economic rise. As for Fox, S&P said refinancing of parent News Corp. was more significant factor than Fox Network or stations in BBB- News Corp. rating. Report did anticipate further profit growth at Fox.

Colo. firm Probita has begun installing next-generation software to help TCI handle expected volume of pay-per-view orders as it moves toward 500-channel cable systems, Pres. Donald Burt said. New "main memory resident" database, which stores processing memory in computer's main memory rather than on disc, can handle 100 times as many transactions per min. as current databases, he said. Probita is installing system at TCI's PPV processing center in Englewood, Colo., which processes orders for 300 TCI systems, and hopes to sell similar software to other MSOs. Company recently signed deal with Atlanta-based Electronic System Products, which manufactures cable hardware and integrated circuits, for joint development and marketing of hardware and software. Burt said new high-capacity PPV ordering systems are only solution to 500-channel world, in which number of orders could multiply by hundreds or even thousands. Cable systems also will be marketing channels in variety of ways -- per day, per program, or even per min. -- as well as handling data transfers and even pizza orders, he said: "It will be a fairly confusing world." TCI Cable COO Barry Marshall called Probita system "one of the initial centerpieces of [its] compressed digital programming package."

House Commerce Committee Chmn. Dingell (D-Mich.) last week endorsed reducing size of committees and subcommittees, cutting number of subcommittees and limiting member participation to no more than 2 committees and 4 subcommittees. In testimony before Joint Committee on Organization of Congress, Dingell said it would be mistake to have one congressional committee with sole jurisdiction over any individual industry. Disputes between committees on jurisdiction are "more often than not, not merely petty turf fights between sparring egos. These disputes almost always reflect real policy differences," he said. "Jurisdictional tension and competition between committees, if not carried to excess, can be healthy. Simply because a subject fits generally in an industry sector or intellectual construct does not mean that it involves the same expertise." But, he said, disputes between his panel and House Banking Committee resulted in compromise. Dingell didn't mention numerous disputes with House Judiciary Committee on MFJ or other issues. He said he was aware of criticism of large jurisdiction of his committee, but said panel functions well because it has good staff, bipartisan cooperation, active members.

Financials: Double-digit profit growth for **Viacom** cable networks, broadcasting and cable systems contributed to \$81-million net profit for quarter ended March 31, vs. \$7.1-million profit year ago. Company reported these profit gains: Networks segment, including MTV Networks and Showtime, 24% to \$57 million, cable systems 10% to \$31 million, broadcast 74% to \$5 million. MTV Networks revenue was up 24%, Showtime 7%, cable systems 5%, broadcasting 8%. Viacom benefited from \$55-million gain on sale of Milwaukee cable system to Time Warner for \$95 million as part of settlement of \$2.4-billion antitrust suit... **Washington Post** broadcast revenue grew 6.5% and cable revenue 11% in first quarter ended March 31. Parent company's net profit more than doubled to \$40.1 million in period... **Disney** filmed entertainment segment, including Disney Channel, reported revenue jumped 45% to \$929.8 million in 2nd quarter ended March 31, mainly because of successful movies. Parent had \$204.9-million profit for quarter, vs. \$164.1 million year ago... **A.H. Belo** profit more than doubled to \$13.9 million in March 31 quarter, though broadcast revenues were up only 1.2% to \$44.1 million. It had \$6.6-million gain on accounting change... **Outlet Communications** had \$3-million profit in first quarter ended March 31, vs. \$2.1-million loss year ago. Broadcast revenue increased 8.3% to \$10 million, and results benefited from \$4.4-million accounting change... **Clear Channel Communications** said it had \$119,256 profit in quarter, vs. \$275,311 year ago, despite 52% revenue increase to \$24 million. Drop was attributed to costs of acquisitions... **Cablevision Industries** offered to exchange \$200 million of senior debt due 2008 for debt carrying lower interest rate... **Saga Communications** had \$552,000 net loss in quarter, vs. \$927,000 loss year ago; revenue was up 17% to \$6.9 million... **Infinity Bcstg.** net loss dropped to \$6.4 million in quarter ended March 31, from \$22.8 million loss year ago. Revenue jumped 51.5% to \$40.3 million because of higher ad revenue and acquisition of WFAN(AM) N.Y.C. and Cook Inlet radio stations.

Political candidates would have to air commercials of at least 5 min. and would have to be in spot for at least 75% of time to qualify for lowest unit rate under bill (S-829) introduced April 27 by Sen. Dorgan (D-N.D.). Measure follows campaign reform bills that died last year. Measure that passed Senate (but not House) last year would have created broadcast reimbursement vouchers for commercials of one-5 min. House bill would have required one-min. spot to qualify for lowest unit rate. Dorgan in statement on Senate floor attacked "the disservice political campaigns are providing the public through 30-second attack ads and sound bites crafted by the mercenaries of politics -- political consultants." He said proposed changes would force candidates to "communicate with voters in a more constructive basis than is possible in 30-second ads." NAB had no comment, but spokeswoman said Assn. generally opposes legislation that interferes with programming schedules.

House Telecom Subcommittee may mark up spectrum legislation this week, perhaps May 5 or 6. Senate Commerce Committee also is considering markup this week as well as session on other items, including bill (S-4) that would promote advances in manufacturing technology and new applications for National Research & Education Network, plus nomination of John Rollwagen as deputy Commerce secy.

Southern Fla. will be among first markets to test Sega Channel, TCI said. MSO hopes to offer channel to up to 237,000 subscribers there by end of year because their diversity makes it good test market.

Cap/ABC told NTIA in comments on "hate speech" in electronic media that project should have limited scope. It should concentrate on instances in which person or group that commits crime controls telecommunications medium, such as telephone or computer bulletin board, Cap/ABC said, because of concerns that "an effort by the NTIA to analyze hate speech that has appeared in the media will lead to a degree of governmental intervention into news and program content decisions that is inappropriate and inimical to First Amendment principles." There would be serious constitutional concerns if study were to attempt to evaluate whether broadcasters' editorial decisions were right, Cap/ABC said, noting that notice announcing study didn't make clear that programs have First Amendment protection. NATPE said Clinton Administration, through NTIA, should encourage communications and entertainment industries to educate audiences about "destructive impact of intolerance of any kind." Programmers group noted that it has instituted its own programs and awards to that end. Gilbert Bailon, board member of National Assn. of Hispanic Journalists, said laws that target hate speech "are inapplicable to broadcast news media," but suggested they may apply to "other nonnews-oriented media such as computer bulletin boards." Replies are due May 26, and NTIA said it would like broader participation.

Time Warner, News Corp. and **Continental Cablevision** were among losers in bidding for 2 Australian pay TV franchises. Australian firm Ucom submitted high bid for so-called franchise A, in which foreign equity stakes are allowed, with bid of \$125.7 million, Australian govt. announced April 30, and franchise B, which is limited to Australian ownership, went to Hi Vision for \$150.5 million. Third 2-channel franchise was reserved for Australian Bcstg. Corp. Ucom said it may take foreign partners in future, but now is 100% Australian-owned. News Corp. failure was surprise, since it's owned by Australian native Rupert Murdoch and was bidding with consortium that included all 3 commercial Australian broadcast networks. Details of bidding by Time Warner and Continental weren't available. Australia's Trade Practices Commission has 45 days to review bids. All pay TV services will be satellite-delivered.

Rep. Frank (D-Mass.) introduced bill (HR-1731) that would require film distributors and TV networks to use disclaimer if movie they display is altered materially, such as by cutting out scenes in editing for TV or airline use. Measure would require notice that film "is not the version originally released." Directors have endorsed such language in past, but producers haven't. MPAA said it opposed legislative direction, prefers solution be worked out by private parties. Assn. spokeswoman said directors and producers are trying to work out solution. Similar bill (HR-3051) was introduced in 1991 by then-Rep. Mrazek (D-N.Y.), with hearing held March 5, 1992, by House Intellectual Property Subcommittee. At that session, film directors and screen writers supported bill, while NAB and INTV opposed it.

Rep. Hefner (D-N.C.) is readying bill to codify fairness doctrine into law. He's former radio station owner and has supported restoration of doctrine in past, his office said. Hefner is seeking co-sponsors for bill and will introduce it when sufficient number of members of Congress sign on, staff said. Hefner serves on Appropriations Committee.

National TV spot sales were down 4% and local spot up 3.7% for 1993 first quarter, TvB reported. Independent TV stations had 5.8% gain in local spot, 0.8% drop in national (latter includes Fox TV). For March, local spot was up 8.3%, national down 2.1%.

Personals

Jonathan Cohen, ex-asst. counsel to President Clinton in White House Office of Personnel, appointed special asst. to FCC Chmn. **Quello**; Cohen is former radio reporter, attorney with Washington law firms Fleischman & Walsh and Arter & Hadden; **Maureen Peratino**, deputy chief, FCC Office of Public Affairs, named acting chief... **Martin Yudkowitz** moves from NBC Sports to senior vp-strategic development, NBC Cable & Business Development... **Gary Cozen**, ex-WPGH-TV (Fox) Pittsburgh, appointed vp-gen. mgr. of Group W's KDKA-TV (CBS) there.

Jay Newman, vp-mgr., WCAU-TV Philadelphia, moves to parent CBS TV Stations Div. as vp-operations and station services... Sales Dir. **Perry Kidder** promoted to vp-gen. mgr., WFRV-TV Green Bay, succeeding **Robert Farrow**, part of group buying WHP-TV Harrisburg, Pa... FCC Common Carrier Bureau Chief **Cheryl Tritt** resigns to join Washington office of San Francisco-based Morrison & Foerster law firm; she's replaced on acting basis by Deputy Chief-Policy **Kathleen Levitz**... **Dennis Lane** joins Washington office of Kansas City-based law firm Morrison & Hecker as partner... **Larry Movshin**, ex-Thelen, Marrin, Johnson & Bridges, joins communication practice of Washington law firm Wilkinson, Barker, Knauer & Quinn... **Randolph McPherson**, ex-Thelen, Marrin Johnson & Bridges, joins Washington law firm Sullivan & Worcester as partner.

Eason Jordan promoted to CNN senior vp-international news... Appointed vps, Black Entertainment TV: **Maurita Coley**, legal affairs; **Marc Edwards**, affiliate sales and mktg... **Richard Nicholdson**, ex-TCI, named northeast regional mgr., Mind Extension U... **Michael Collette**, ex-Walt Tucker Productions, joins Playboy Entertainment Group as dir.-special markets... **Hector Beltran**, ex-Venevision International, appointed dir.-creative services, Univision Network.

Vaughan Clark, ex-Gannett, named vp-treas., Viacom International... **Glen Hagen**, ex-Viacom, appointed vp-Eastern Div., MGM Domestic TV Distribution... **Jeffrey Watchel** promoted to exec. vp-creative affairs, Columbia TV... **Steve Welsner** advanced to vp-Midwestern sales, Hearst Entertainment Distribution... **Larry Forsdick** named vp-programming, Paramount Domestic TV... ANA Pres. **DeWitt Helm**, retires Nov. 30... **Rick Fish** promoted to senior vp-live entertainment, Wineland Productions.

Daniel Werther appointed senior vp, Andrews Group... **Sadie Decker**, ex-Martin Marietta, named vp-advanced computing systems, TCI, new post... DirecTV Pres. **Edward Hartenstein** is keynote speaker at Satellite Bcst. & Communications Assn. show, July 15, 9:30 a.m., Opryland Hotel, Nashville... **James Cook**, ex-Showtime, named dir.-affiliate sales, SportsChannel Ohio.

Elected AAAA officers: Chmn. **Roy Bostock**, D'Arcy Masius Benton & Bowles, succeeding **Robert James**, McCann-Erickson Worldwide; Vice Chmn. **Edward Wax**, Saatchi & Saatchi; Secy.-Treas. **Eric Mower**, Eric Mower & Assoc... **Louise Tremblay** promoted to senior vp-COO, Canadian Satellite Communications... **James Smith**, ex-Arts & Entertainment, appointed vp-national ad sales, Prevue Networks, succeeding **Mary Prodger**, who becomes vp-programming and production; **Michael Feinler**, ex-Avalon Communications Action PPV Service, appointed vp-sales, Prevue affiliate Trakker Interactive Services... **Geoffrey Mendenhall**, ex-Bcst. Electronics, joins Harris Allied as vp-radio product line mgr., Bcst. Div., succeeding **Thomas Yingst**, who remains consultant... **Sheldon Siegel**

TELEVISION DIGEST

Published Weekly Since 1968
With Consumer Electronics
(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

This Newsletter is available electronically via Newnet and
Fidelcast and also may be received through facsimile service.

Warren Publishing, Inc. is publisher of Communications Daily, Satellite Week,
Television Digest with Consumer Electronics, Video Week, Common Carrier Week,
Audio Week, Public Broadcasting Report, Mobile Satellite Reports,
Consumer Multimedia Report, Facility Strategies, Television and Cable Factbook,
Warren's Cable Regulation Monitor, Cable & Station Coverage Atlas, and other special publications.

Copyright © 1993 by Warren Publishing, Inc. Reproduction in
any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037
Phone: 202-872-9200 Telex: 6502173616 (Via WUI)
MCI Mail: TELEFACTS Facsimile: 202-293-3435

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Paul L. Warren Sr. Ed. & Exec. Publisher
Daniel Warren Sr. Ed. & Assoc. Publisher
Dawson B. Nail Executive Editor
Arthur Brodsky Managing Editor-Washington
R. Michael Feazel Senior Editor
Brook Meeks Associate Editor
Myron Struck Associate Editor
Chris McCarter Assistant Editor
Michael French Assistant Editor

Television and Cable Factbook

Michael Taliaferro Managing Editor &
Asst. Publisher-Directories
Mary Appel Editorial Director
Richard Koch Asst. Managing Editor &
Asst. Editorial Director
Maria B. Lawrence Asst. Managing Editor
Susan B. Woodruff Production Manager
Gregory H. Deahl Sr. Ed. & Ed. Supv.
Brian C. Mealey Ed. Supv.

Market Research & Data Sales Division

Lynn Levine Director
Karen Fahle Assistant Director

Business

Roy W. Easley III Controller
Gary Madderm Marketing Director
Gene Edwards Advertising Director
Betty Alvine Circulation Mgr.
Deborah Jacobs Information Systems Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
Phone: 212-686-5410
Facsimile: 212-689-5097

David Lachenbruch Editorial Dir.
Lisa Lilienthal Senior Editor
Paul Gluckman Senior Editor
Martin Brochstein Senior Editor
Michael Peck Associate Editor

CONTRIBUTING EDITOR, EUROPE

Barry Fox
5 Denning Rd.
Hampstead, London NW3 1ST
Phone: (071) 435-6244

JAPANESE REPRESENTATIVE

Editorial and Circulation
CES International Corp.
1-18-2 Nishi Shinbashi, Minato-ku
Tokyo 105, Japan
Phone: (03) 3592-1531

- ☐ I'm interested in Television Digest With Consumer Electronics and would appreciate your sending me a
FREE four-week (4 issues) trial subscription. I understand I have no obligation to subscribe.
- ☐ The person below would be interested in receiving a FREE four-week (4 issues) trial subscription to
Television Digest With Consumer Electronics.

Signature _____
Name _____
Company _____
Address _____
City _____ State _____ Zip _____

reelected chmn., Network Operations Committee of Pa.
Public TV Network.

Columnist **Carl Rowan** and retired astronaut **Alan Shephard** elected trustees, Freedom Forum... **Harriet Seidler**, ex-MTV, appointed vp-mktg. and creative services, ESPN... Alltel Exec. Vp **Max Bobbitt** promoted to pres... Appointments at Home Shopping Network: **Douglas Bailey** to pres.-Home Shopping Club; **Rene Alu** to senior vp-mktg., sales and programming; **Jeff Gentry** to senior vp-purchasing... **Peter Kohler**, ex-CBS and Gannett Bcstg., appointed to 2-year Manship Chair at La. State U. Manship School of Mass Communication... **Michelle Hunt**, ex-Burson-Marsteller, named PR mgr., Twentieth TV... **Pamela Donahue** promoted to dir.-mktg., Republic Pictures... **Brian Nelmark**, ex-Republic Pictures, named MTM Worldwide sales administrator.

Sharan Magnuson promoted to exec. dir.-publicity, Fox Bcstg... **Doris McMillon**, ex-WJLA-TV Washington, appointed public affairs dir., WFTY there... Elected trustees, Assn. of America's Public TV Stations: **Jeff Clark**, KUHT Houston; **Elsie Garner**, WEDU Tampa; **Jerry Wareham**, WVIZ Cleveland; **Barbara Hoffman**, WKPC Louisville; **Eric Smith**, WFSU Tallahassee; **Victor Miramontes**, KLRN San Antonio.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	APRIL 10-16	1992 WEEK	% CHANGE	APRIL 3-9	15 WEEKS 1993	15 WEEKS 1992	% CHANGE
TOTAL COLOR.....	275,128	276,966	- 0.7	204,257	5,972,868*	5,372,364	+11.2
DIRECT-VIEW...	271,207	274,105	- 1.1	201,743	5,874,603*	5,280,694	+11.2
TV ONLY.....	255,204	260,965	- 2.2	186,319	5,563,844*	5,070,924	+ 9.7
TV/VCR COMBO.	16,003*	13,140	+21.8	14,424*	310,759*	209,770	+48.1
PROJECTION....	3,921	2,861	+37.0	2,514	98,265*	91,670	+ 7.2
VCR DECKS.....	146,031	197,611	-26.1	86,754	2,830,126	2,836,420	- 0.2
CAMCORDERS.....	44,475*	37,119	+19.8	24,806	610,050*	546,423	+11.6
LASERDISC PLYRS#	2,590	2,691	- 3.8	458	46,751	58,642*	-20.3

Direct-view TV 5-week average: 1993--384,170; 1992--367,676 (up 4.5%).

VCR deck 5-week average: 1993--178,213; 1992--199,592 (down 10.7%).

Camcorder 5-week average: 1993--48,549*; 1992--42,983 (up 12.9%).

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

Note: EIA revisions added 4 units to first-quarter 1993 direct-view TV figures.

PHILIPS TO SELL SHARE OF MEC TO MATSUSHITA FOR \$1.7 BILLION: Matsushita and Philips announced preliminary agreement in which former will buy 35% stake held by cash-hungry Philips in Matsushita Electronics Corp. (MEC) joint venture for \$1.67 billion (185 billion yen). Matsushita said deal is subject to negotiation and signing of definitive agreement and approval by boards of both companies. As part of definitive agreement, Matsushita said, companies "will continue to exchange licenses" involving present MEC activities.

In year ended March 31, 1992, most recent for which figures are available, MEC had worldwide sales of \$4.2 billion (466.7 billion yen) and net profits of \$334.2 million (37.1 billion yen). Statement by Matsushita said MEC, established in 1952, represented "the first vehicle for Matsushita/Philips cooperation." Joint venture, which employs 22,000 and has plants in Japan, Singapore, Malaysia and U.S., is supplier of semiconductors, CRTs, lamps. Among its operations are major picture tube factory in Troy, O., as well as semiconductor facility in Seattle.

"With the increase of the size and the geographical spread of MEC's activities, Matsushita and Philips deem it no longer appropriate that MEC be operated as their joint venture," statement said. Matsushita and Philips "intend to continue their cooperation in the future." Statement said companies have cooperated in "establishing various systems" such as DCC and CD-I, have "a variety of license and technical cooperation agreements" in place and continue to invest in joint manufacturing ventures such as Belgium-based Philips Matsushita Battery Corp. in which parties share 50-50 ownership.

CAMCORDER IMPORTS TRIMMED TO SALES RATE: After more than year of steady cutbacks, imports of camcorders reached balance with sales in year's first 2 months, according to Census Bureau and EIA figures. During period, total of 308,600 camcorders arrived on these shores, while 325,800 were sold to dealers. Census data confirm reports of dramatic reduction in pipeline inventories, down 2/3 in first quarter from 1991 high and representing 6 weeks' supply at current sales rate (TVD April 26 p16).

Camcorder mix has been readjusted sharply as well. Reflecting effort to eradicate shortage of full-size VHS, and surplus of 8mm, in first 2 months 8mm imports were down 41.4%, while "other" (VHS and VHS-C) increased 7.9%. Percentage of 8mm in import mix dropped to just 33% in first 2 months of 1993 from 47.7% in same period last year. Virtually all -- 97% -- of 8mm camcorders came from Japan in 1993 so far, as

well as 93.4% of total camcorders. Only other source of 8mm camcorders in first 2 months was Korea (just 2,850) and tiny smattering (120) from Malaysia.

VCR imports continued long-term decline, despite reasonably good sales here and extremely low inventories. Decline in Feb. was 18.8%, on top of 9.4% in Jan. In first 2 months, Japan was source of only 35.1% of VCRs, probably new low for any 2-month period. After Japan, biggest suppliers were Malaysia, Korea, Thailand, Indonesia.

Videocassette players (VCPs) surged 44.7% in Feb. from year earlier, from myriad of sources, led by Indonesia and Korea, with Japan 3rd, followed by Thailand, Singapore, Taiwan.

Biggest percentage increase in video product imports was enjoyed by flat-panel TV, running more than double last year's figure, but still small amount. Virtually all were from Japan, with Mexico only other significant source, presumably because of assembly there of sets from imported LCDs.

Color TV imports continued to run ahead of last year because of move of some U.S. assembly to Mexico, which dominated field as source of 58.4% of total, representing 93.4% of total increase in color imports in first 2 months. Malaysia was poor 2nd source, followed by Thailand and -- distantly -- China. Mexico was dominant in 18"-and-over category, while most Asian sources specialized in smaller sizes.

Imports of monochrome TV sets collapsed 51.9% in Feb. to only 68,200. Declines were particularly sharp in 13"-and-over, down 75% from Jan. to Feb. That b&w category is expected to vanish by midyear because requirement for closed-captioning presumably will make them unprofitable. China dominated monochrome imports -- 56.8% of total in Feb.

CD player imports continued recent declines, dropping 25.3% in first 2 months, lesser amount in Feb., Mexico moving up to No. 2 source, but with overwhelming majority (73.7% in Jan.-Feb.) still coming from Japan, and China growing rapidly. Here's summary of imports for Feb. and Jan.-Feb., with 1992 comparisons (breakdown by source country is elsewhere in this issue):

Product	Feb. '93	Feb. '92	% Chg.	2 Mo.1993	2 Mo.1992	% Chg.
Color TV.....	862,500	769,200	+12.1	1,701,400	1,555,200	+ 9.4
Monochrome TV....	68,200	141,900	-51.9	205,300	295,150	-17.8
Flat-panel TV....	34,000	16,650	+104.3	55,200	24,600	+124.6
VCR decks.....	804,500	990,800	-18.8	1,737,800	2,020,600	-14.0
Camcorders.....	167,300	187,280	-10.7	308,600	364,300	-15.3
8mm.....	58,980	89,000	-33.8	101,800	173,600	-41.4
Other.....	108,400	98,200	+10.3	206,800	191,600	+ 7.9
Videocass.players	64,100	44,300	+44.7	100,400	79,700	+25.9
CD players.....	431,300	532,900	-19.1	816,850	1,093,600	-25.3

SONY AND PIONEER EMPHASIZE PROJECTION TV: Two completely new lines of projection TVs are being introduced by Sony and Pioneer. Both brands also are pushing home theater as major growth product. Pricing on new lines, companies said, is consistent with predecessor products -- but there are indications of general price increases later this year.

Sony introduced 8 projection sets, all made in its Pa. plant, highlighted by 61" XBR model, to be available in Aug. at suggested price of \$5,999. It heralds new slim design, which presumably will show up in other brands using U.S. Precision Lens's new 4-element compact acrylic/glass lens system. Jumbo 61" model is only 31" deep, has 6 built-in speakers with 60w "audio power," with claimed 950 lines of horizontal resolution.

Other new Sony projectors, all in new slim design, are XBR models in 46" and 53" screen sizes (\$3,200 and \$4,100), and core line models with 41", 46", 53" and 61" screens (\$2,800, \$3,200, \$3,600 and \$4,300, respectively).

In direct view, Sony will increase emphasis on 27-32" sizes, Consumer TV Products Senior Vp-Gen. Mgr. Joseph Palumbo said, with 5 new models, including 32" with infrared wireless headphones. Completely new "V" series replaces EXR models and is described as "midpriced" group with advanced picture and sound. Picture has unique look for Sony, with "deep black" glass for higher contrast. "V" line starts with 13" at

\$500, features 20" at \$600 and is topped by 27" PIP model with Dynamic Acoustic Chamber speaker, front inputs at \$1,000.

Unique "Video Application" home theater sound system, aimed at retrofitting big-screen TVs already in use, is claimed to be "first completely self-contained home theater system." TV-surrounding tower cabinets contain amplifier, Pro Logic decoding, 2 main speaker units (left, right, center); there also are 2 rear speakers. System may be operated by remote control. Sony claims it can be set up in 10 min.

Sony has dropped all 19" models, emphasizing 20". Two new Watchman models are 4.5" Mega b&w at \$159 ("we're keeping black-and-white alive single handedly," said Palumbo) and 3" active matrix LCD color set with AM/FM at \$439. In VCRs, Sony has added 2 VHS models that can control cable box by means of outboard infrared device placed atop box. Viewer can point remote at VCR to activate cable box or record scrambled channels by using timer. Two-sided Laserdisc player with digital time base corrector will list at \$799. Sony this month will reduce suggested list price of low-end Data Discman Electronic Book Player, with audio and graphics capability, to \$299 from \$390, making possible \$249 street price.

Although Sony America Chmn.-CEO Ken Iwaki indicated last month that virtually all Sony prices in U.S. would be increased by varying amounts, Sony Sales & Mktg. Deputy Pres. John Briesch merely said prices "have been stabilized," but added that there could be adjustments in 2nd half.

Noting that U.S. was only one of world's consumer electronics markets to show any growth in last 12 months, Briesch reiterated that Sony had record consumer sales last year, with "double-digit increases in all major products" and increased share in most important categories. He said Sony was leader in 4-head VHS recorders despite fact that its prices are \$90 over average, and in big-screen TV with prices \$220 above competitors, in camcorders at \$70 premium over industry and in portable audio where company claims 50% of market at 20% higher prices.

Briesch expects 3.3% increase in industry unit sales of camcorders this year over last, 4.1% decline in hi-fi, 0.6% drop in general audio (after 10% increase last year), 8% gain in mobile electronics on top of 15% rise last year. He characterized consumer response to MiniDisc system as "strong." "Aggressive" ad campaign will be geared to slogan: "It's Your Life -- Isn't It Worth a Sony?"

* * * * *

Pioneer's unique stretch-screen projection TVs (TVD April 19 p11) do indeed add to appeal of standard 4:3 picture. "Cinema-Wide" system isn't widescreen, but wider screen, using "digital expansion" to slightly elongate standard picture (by 5%) using variable expansion at left and right and producing no noticeable distortion. Black cabinet and proprietary black contrast enhancing screen, along with wider picture, do indeed give impression of wide picture, and, according to Pioneer, system virtually eliminates horizontal overscan.

Sets are "designed to maximize" 4:3 aspect ratio, which constitutes 99% of available program material, Senior Mktg. Vp Michael Fidler said. They also will accommodate letterbox pictures in 2 modes via "digital zoom" -- normal mode maintaining widescreen proportion with black bands at top and bottom, "full-cinema" expanding vertical information to minimize bands. Pioneer will have 10 versions of Cinema-Wide -- regular models all having PIP and list priced priced \$2,499-\$3,199 for 45" (3 models), \$2,699-\$3,499 for 50" (3 models) and \$3,999 for 55". Pioneer's restricted Elite line has one of each size at \$4,500, \$5,000 and \$5,500, which works out to \$100 per diagonal inch.

Pioneer also introduced 2 high-end laserdisc players, keeping line at 5 players. Company demonstrated its LaserActive multimedia system at dealer showings, gave out no new information but promised some details at June Consumer Electronics Show.

Company enjoyed best market share last year, Fidler said, with "significant gains" in receivers, cassette recorders, projection TV, CD players. Pioneer expects growth in laserdisc players spurred by karaoke and "modest increase" in projection TV. Although technological company, he indicated Pioneer will try to keep sales story simple to avoid consumer confusion. "Retail shopping [often] is not a pleasant experience," he said.

Pioneer pricing remains about same as last year, but with home theater entry model \$50 below predecessor, Dolby Pro Logic model down \$50 and 2-side laserdisc player down \$100, Fidler said. In answer to our question, he conceded "prices almost inevitably will go up... In the not-too-distant future I think we'll see across-the-board increases," perhaps as soon as June. Pioneer is more sensitive to strength of yen than some other manufacturers because of heavy Japanese content of its products.

Samsung will go along with what seems to be pricing trend so far -- watchful waiting (or waitful watching). Recently named Mktg. Vp John Garrison indicated company's prices will be similar to those in current line, but they could go up after competitors' products and pricing policies are unveiled.

SANYO/FISHER DEBUTS CAMCORDER WITH MONITOR/REMOTE: In first variation on theme of using LCD panel as external camcorder viewfinder, Fisher line this year will include 8mm camcorder with 2.2" color LCD monitor/remote control and built-in speaker. Powered by its own lithium battery, fold-down monitor/remote connects either to camcorder hot shoe or from across room via supplied 8.2-ft. wire. All major functions including zoom and playback can be performed via remote, with duplicate buttons hidden under camcorder's monochrome viewfinder. Street price of FVC-30 will be \$999, Fisher Mktg. Vp Michael Shoemaker said, with delivery scheduled for late Aug. or Sept.

Optional tilt head (\$250), which works only with FVC-30, enables users to move camcorder either manually or via remote. Remote editing system allows up to 5 taped segments to be marked in any order for dubbing to a VCR; universal remote is preprogrammed with infrared codes for all major VCRs, company said. Unit also incorporates electronic shutter dial on side for automatic, sports, twilight, auto high-speed, flickerless, low-light and close-up shooting.

Shoemaker said FVC-30 will be Fisher exclusive and won't be offered to company's OEM customers. He said Hi-8 version is possible after product is entrenched in mainstream market. New model supplements 2 carryover units; with only 3 camcorder products, Shoemaker said: "We're trying to hit the needs and the price points consumers and retailers want. We have a set distribution and don't want to add products for the sake of adding models."

Same holds true, he said, for 5-model Fisher VCR line, which consists of 5 models. New to line are 2 VCR Plus models with cable box control. Sanyo line also will add 2 cable-box control VCR Plus models. Improved 2nd-generation product was necessary, Sanyo Mktg. Vp Isaac Levy said, because first-generation product "didn't live up to its promise. In major markets, VCRs equipped with VCR Plus+ didn't work. We saw some units come back because consumers weren't getting the control they needed."

Sanyo VCR line is all new, with 6 models at \$230-\$400 list. All have midmount chassis and maintain same price points as last year's line, Levy said. All Fisher models, which hit same pricing, sport midmount chassis, on-screen programming and quick timer recording, one-year/6-event trilingual programming, auto head cleaning system, one-touch Daylight Saving Time adjustment and blank and index search. Flagship model FVH-4910 adds VCR Plus+ cable box control, remote control shuttle search and front- and rear-panel stereo audio/video jacks.

TV lines remain same except for addition of closed-caption decoders. "Prices are holding," Levy said, despite strong yen and expense of closed-caption decoder. He said Sanyo/Fisher has no plans for 16:9 sets before HDTV arrives. "What is the real advantage for the consumer?" he asked. "For the premium price the consumer is asked to pay, we don't know how successful it would be."

In audio, Sanyo touted 0.7-lb. MDG-P1 MiniDisc portable, which will ship at end of May for \$599. Levy said Sanyo has built 12 sec. of memory into model, 2 sec. more than Sony equivalent. It comes with 2-hour rechargeable nickel cadmium battery with built-in recharger. Additional Nicad batteries will retail for \$10; recharge time is 3 hours. Levy said Sanyo also will introduce \$799 record/playback model in 4th quarter. He predicted that industry would ship 70,000 MiniDisc units this year, with Sanyo running 2nd to Sony. Levy said he expects MD eventually to replace CD portables but didn't give timetable.

Fisher, meanwhile, has cut deeply into CD product pricing, lopping almost \$300 off personal CD player with company's Opti-Trac electronic antishock technology. Shoemaker said first-generation player was niche product with no car adapter. Second-generation PCD-5 will come in this year at \$199 street price (\$249 list), including car adapter kit and EQ system with presets. Opti-Trac will be switchable so consumers can avoid battery drain when antishock feature isn't needed.

National Data Bcstg. Committee (NDBC) is being formed by EIA and NAB to develop new broadcast service for transmission of high-speed data-based information to public. Possible services include ad-supported fax, information and news services to computers, coupon and promotional material to supplement on-air commercials.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 111 yen = \$1, except where noted.

TOSHIBA SELLS ONKYO STAKE: In what would appear to be latest in moves by Toshiba to target its resources toward perceived growth areas, company has sold its 69.7% stake in Onkyo to Japanese entrepreneur Naoto Otsuki, pres. of Techno Eight, medium-sized manufacturer of auto parts. Toshiba (Japan) Pres. Fumio Sato recently said company must be selective in its investments and R&D, concentrating on areas with best prospects for expansion (TVD April 19 p13). From Onkyo side, there appeared little evidence that deal would have major immediate effect on operations in U.S. or abroad.

Toshiba's decision to sell Onkyo stake typifies "restructuring" currently in progress among Japanese companies amid sluggish worldwide economy, Financial Times reported. Restructuring of Toshiba operations has been well publicized, and company's divestiture of Onkyo stocks seemed consistent with moves to lop off unprofitable lines or categories such as audio in which it lacked competitive market share. As we have reported, Toshiba is expected to disclose that profits for year ended March fell 50% to equivalent of \$438.6 million.

At Onkyo USA Subsidiary, Sales & Mktg. Vp Ted Green said Otsuki's investment in Onkyo "is an exciting and positive development." He said: "We take this investment as a vote of confidence for Onkyo. It recognizes the excellent market position and strength we have achieved in this difficult economy. We see tremendous synergistic potential ahead."

Japanese news accounts depicted Onkyo as established audio manufacturer that, like others, has suffered from economic downturn in Japan and other countries. Articles said privately held Onkyo is expected to post consolidated net loss in current year on 12% sales decline. However, parent recently announced 12% increase in export sales for 1993 first quarter, despite damage from higher yen. Onkyo shipments to U.S. rose 15%, company said, citing strong stateside sales of CD changers and audiovideo receivers.

Nikkei newspaper in Japan said Otsuki first broached idea in Oct. through Nomura Securities mergers and acquisitions firm and was turned to Onkyo brand because of its "original technology" and high brand recognition in markets such as U.S. and Europe. Paper said Otsuki owns 30.6% of Techno Eight, which derived 63% of annual sales from auto parts in year ended March 1992. Techno Eight previously has done no export business, report said, but has had OEM relationship with Toyota Group.

Otsuki was quoted in Nikkei as saying he plans to combine Onkyo brand reputation and technology with strong sales expertise of Techno Ace, Techno Eight subsidiary that manufactures audio products. Otsuki seemed to imply that he expected no major changes in Onkyo work force, saying he believes in rejuvenating companies by making use of existing systems and employees.

U.S. is dropping opposition to Cal.'s unitary tax on foreign companies, Wall St. Journal said. In past, govt. has opposed taxation by states on worldwide sales of companies with operation within state, but Administration won't take stand, article said, because of Clinton election pledge to help Cal. economy. As noted here, Clinton backed Cal. tax in campaign (TVD April 19 p13). Supreme Court is to decide whether to review lower court ruling upholding tax. If court rules against Cal., state may have to refund billions of dollars to foreign companies, including many consumer electronics companies, with operations there.

SEGA AND ACCOLADE SETTLE OUT OF COURT:

Accolade and Sega settled long-running dispute that centered on legality of reverse engineering software for closed system. Under terms of out-of-court agreement announced April 30, Accolade becomes Sega licensee for Genesis and Game Gear and "as authorized licensee, will enjoy access to certain patent rights, copyrights and trademarks." Joint news release said companies will bear own litigation costs, and have ended all legal proceedings.

Representatives of both sides declined to elaborate on terms, although Sega spokesman specified that "no money changed hands" as direct result of settlement, which he said involved "business terms." Neither side would comment on terms of Accolade's licensing agreement with Sega, although presumably they would be more favorable than standard licensing agreement. Companies said discussion of settlement continued "almost from the outset" of litigation and apparently intensified after Sega was denied rehearing in Jan. of earlier unfavorable decision by 9th U.S. Appeals Court, San Francisco. Accolade Chmn.-CEO Allan Miller said he was "very happy with the settlement and [we] look forward to a mutually beneficial relationship with Sega." David Rosen, founder and senior dir. of Sega Enterprises and co-chmn. of Sega of America called it "a satisfactory ending to what was a very complex set of issues."

Court case dates to Oct. 1991, when Sega filed software copyright and trademark infringement suit against Accolade, which had been publishing nonlicensed software for Genesis console for year. Accolade filed counterclaim of unfair business practices and trademark infringement. Last April, Sega won injunction in U.S. Dist. Court, San Francisco, under which Accolade was forced to stop making, marketing and selling its Genesis cartridges.

Injunction was overturned last fall in Appeals Court, which said disassembly of copyrighted code constitutes fair use" if that's only way noncopyrighted code can be reached. "In any event, court said, "an attempt to monopolize the market by making it impossible for others to compete runs counter" to spirit of copyright law.

Retail Financials: Sun TV & Appliance said net income soared 120.5% on 43.3% sales increase in 4th quarter ended Feb. 28 (see financial table), crediting big income gain to improved expense control and fact that in last year's quarter, it was entering 3 new markets with extensive price promotions. For fiscal year, Sun's net income rose 101.2% on 47.3% sales gain. Company has 32 stores in Ohio, Pa., W. Va... **Harvey Group** and affiliated Harvey Electronics said sales declined 17.4% in 4th quarter ended Jan. 30 to \$7.58 million from \$9.17 million year earlier. However, net income climbed to \$308,000 (11¢ per share) from \$3.09 million net loss (-\$1.32). For 12 months, sales dipped 14% to \$24.14 million from \$28.06 million, while company posted net loss of \$557,000 (-20¢) compared with year-earlier net loss of \$6.47 million (-\$2.77 per share). Pres. Art Shulman said sale of company's unprofitable food brokerage business now would enable company to concentrate "all our resources and efforts" on core consumer electronics retail business. He said sales in 4th quarter "were negatively impacted by adverse weather conditions and a soft market for high-end audio components." Company also significantly reduced effort in "low-margin corporate sales," he said. "While our results were far from satisfactory, there was certain substantial improvement from the previous year," he said, crediting more effective inventory and expense controls and financial systems.

MALAYSIA MOVES UP: Malaysia became 2nd biggest import source for VCRs, total TV and color TV in Feb. and for year's first 2 months, Commerce Dept. reported. It passed Korea in both VCRs and color TV for 2-month period. In total TV, China was distant 3rd, but ahead of Korea in color. In Feb., only VCR gains were from Singapore and Malaysia.

	Feb.	% Chg.	2 Months	% Chg.
VCR Decks				
TOTAL....	804,537	-18.8	1,737,800	-14.0
Japan....	311,200	-29.8	609,900	-25.3
Malaysia..	195,700	+20.5	397,300	+11.9
Korea....	176,600	-26.0	376,500	-25.8
Thailand..	41,200	-32.6	124,500	-39.9
Indonesia	33,300	-28.9	106,300	+68.2
Singapore	37,600	+149.7	104,300	+166.8
Taiwan...	4,300	-81.5	14,100	-55.1

TV Sets				
TOTAL.....	930,700	+ 2.1	1,906,700	+ 3.0
color....	862,500	+12.1	1,701,400	+ 9.4
b&w.....	68,200	-51.9	205,300	-30.4
Mexico				
color...	516,000	+15.2	993,200	+18.7
Malaysia				
total....	110,100	+35.3	228,200	+35.0
color...	102,700	+42.6	205,000	+32.7
b&w.....	7,500	-20.2	23,200	+60.2
China				
total...	76,100	+ 8.1	165,600	+ 3.2
color...	37,400	- 2.1	85,900	- 3.4
b&w.....	38,700	+20.0	79,700	+11.4
Thailand				
total....	73,400	+ 1.8	146,900	- 1.8
color...	72,400	+ 0.5	141,700	- 2.0
b&w.....	950	*	5,100	*
Korea				
total...	49,700	-33.9	315,300	-37.1
color...	36,000	-14.0	81,500	-30.0
b&w.....	13,700	+ 2.7	53,800	-45.5
Japan				
total...	45,800	+63.7	79,500	+46.1
color...	36,700	+128.4	59,100	+74.2
b&w.....	9,100	-23.5	20,400	- 0.3
Singapore				
color...	31,300	-27.6	65,400	-31.0
Taiwan				
total...	20,800	-67.4	96,500	-56.5
color...	2,600	-85.3	8,200	-75.7
b&w.....	18,200	-60.8	37,400	-43.5
Philippines				
color...	7,700	- 4.4	18,600	+27.8
Hong Kong				
total...	6,600	-31.1	144,700	+69.4
color...	6,600	+98.8	111,400	+134.7
b&w.....	0	--	22,200	-26.2
Canada				
color...	5,100	-39.5	10,100	-37.0

* No significant shipments in 1992.

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

Starsight Telecast is new name of company formerly known as Insight Telecast, developer of electronic program guide and VCR recording system scheduled to debut later this year.

ZENITH LOSS DOWN 23.8%: As expected, Zenith last week reported loss for first quarter ended April 3. Net loss of \$21.8 million was 23.8% below \$28.6-million loss of first-quarter 1992 (see financial table). Net sales were up 9.5%, "primarily due to increased color TV shipments this year," Zenith said. However, "lower color TV prices... largely offset improved sales volume and benefits of cost reduction programs," Chmn.-Pres. Jerry Pearlman said.

Cost reductions are "essentially on plan," company said, with "additional programs" expected to "benefit future quarters." First-quarter results included more than \$5 million in royalties on Zenith's cable compatible tuning system.

Costs of products sold in quarter increased to \$278.5 million from \$255.1 million, while general, selling and administrative expenses remained constant at \$22.2 million, engineering and research also steady at \$12.9 million. Operating loss dropped to \$18.6 million from \$25.9 million.

Franklin Electronic Publishing reported 233.8% increase in net income for quarter to March 31 on 12.5% rise in sales, with net income for fiscal year more than double preceding year and sales up 21.6%. Chmn. Morton David forecast good results for new fiscal year, citing company's "strong" financial position and new electronic book products.

BMC Industries first-quarter earnings shot up 95% before accounting changes, but sales were down 3%. Profitability improved in company's primary businesses, BMC said, with aperture mask group benefiting from "shift in its European sales mix toward higher margin masks for large-screen color TVs."

DOMESTIC FACTORY SALES UP: Factory sales of consumer electronic products in U.S. rose 3.6% to \$2.215 billion in first quarter from \$2.138 billion in same 1992 period, according to preliminary report by EIA based on Commerce Dept. data. Total electronics industry sales rose 6.5% to \$71.979 billion from \$67.603 billion, thanks largely to increases of 17% in computer and peripheral sales and 10.4% in components.

Gains also were registered by telecommunications (7.1%) and industrial electronics, with specialized communication, medical equipment and other related products down 2.9%, 0.2% and 0.3%, respectively.

EIA also released list of top 10 trading partners for electronic products in 1992. Top foreign markets, in order, were Canada, Japan, U.K., Mexico, Germany, Singapore, Taiwan, Netherlands, France, Korea. Top suppliers were Japan, Singapore, Taiwan, Canada, Korea, Mexico, Malaysia, China, Germany, U.K.

GoldStar product line, scheduled for formal introduction this week, will feature 10 closed-caption color TVs -- three 13" remotes, one 19", two 20", two 25", one 27" and one 31" -- two closed-caption TV/VCR combos (13" and 19"), restyled 4-head hi-fi stereo VCR, full-size camcorder with 8x zoom, flying erase head and 2-lux sensitivity, remote CD music center, 4 portable CD/cassette decks.

Anticipating antidumping duties by European Community on TV sets from China, Thailand, Malaysia and Singapore, Sanyo and Sharp plan to stop exports from plants in Asian countries, Japanese press reported. Companies will transfer exports to Eastern Europe, Africa and Asia, reports said.

CABLE-CE BATTLE (CONT.): "It defies reason" for cable industry to claim that adding more complex set-top converters will meet requirements of Cable Act for improved compatibility between cable and consumer electronics (CE), EIA Consumer Electronics Group (CEG) said in reply comments filed with FCC.

"The cable industry's comments regrettably are largely unresponsive [and] seek to shift burdens from cable companies onto consumer electronics manufacturers, retailers and consumers," CEG said, referring to initial comments in March (TVD March 29 p11). CEG said cable's short-term solution is to increase, not reduce, use of converters, which it said is "very much at odds" with Cable Act.

CEG said FCC should consider changing rate regulation rules to give cable systems more incentive for consumer-friendly solutions, and possibly even consider prohibiting scrambling altogether.

NCTA said electronics industry's faith in "clear channel" technology "is both misplaced and indicative of its belief that the cable industry must shoulder the burden of finding solutions to compatibility issues." Cable is committed to technologies such as standard multiport connector, NTSC said, and "in return, the electronics industry must create truly 'cable ready' TVs and VCRs." Reliance on national standards is "ill-advised and anticonsumer," NCTA said.

Continental Cablevision said cable must be allowed to continue to scramble because other access control methods are even more subject to piracy, which already siphons off 25% of industry revenue. It said "relatively few customers suffer" because of scrambling and accused CEG of seeking competitive advantage by trying to force cable to "reengineer its entire plant." Rogers Cablesystems said tests of systems using multiport connector showed high level of consumer satisfaction.

Consumer Federation of America (CFA) urged 2 steps toward compatibility: (1) Implementing system "to permit maximum use of functions and features" of equipment already in consumers' homes. (2) Creating "national minimum standards of compatibility" for both industries "to be implemented as soon as possible for all new equipment and existing cable systems."

CFA accused cable of aspiring "to put the burden exclusively on consumers and the electronic equipment manufacturers," which it called "no solution at all" for consumers who have invested billions in equipment. Cable industry, it said, would like consumers to "buy new equipment... or connect a dizzying array of converter boxes and A/B switches" in effort to let them "use the features they have already paid for."

As for new equipment, CFA called for cable-CE action to "create national minimum compatibility standards" that should make clear definition of "cable ready" and "cable compatible."

Standard Brands, Pompano Beach, Fla., retailer with 13 stores, emerged from bankruptcy last week. News release quoted court-appointed examiner as saying he expected that "continued emphasis on aggressive pricing strategies and exceptional customer service will ensure a significant increase in sales..." Company said it plans more aggressive advertising this year, particularly promoting "125% low price guarantee."

Consumer Electronics Personals

Jack Osborn, onetime Tokyo-based vp for Asia Pacific affairs at TRW, appointed pres., Mitsubishi America Consumer Electronics Group... **John Parkhurst**, ex-Mitsubishi Electronics and Bush Industries, named eastern regional sales mgr., Go-Video, based in Darien, Conn.; **Jesse Kim** named as onsite liaison in Seoul between Go-Video and Asian suppliers... **Stan Cornyn**, ex-Warner New Media, joins newly formed Media Vision Multimedia Publishing as exec. vp.

Freelance journalist **Ron Goldberg** named spokesman for 50-city EIA Consumer Electronics Group promotional tour, sharing duties with present spokesman **Jack Wayman**... **Scott Stone** promoted to vp-national sales and field mktg., Digital Music Express; he's succeeded as western region vp by **Jeri Amstutz**; **John Flannery** advanced to vp-sales and field mktg., eastern region... **Michael McEwen** named chmn., Ottawa-based Digital Radio Research Inc., will continue as senior vp-radio, Canadian Bestg. Corp. (see separate report, this issue)... **Dana Reyman** promoted to audit mgr., Sony USA.

Goodtimes Home Video Senior Vp **Andrew Greenberg** adds duties as international distribution dir... **Susan Bouchard** promoted to Orion Home Video mktg. dir... **Tonya Bates**, ex-High Speed Video Duplication, named Cap/ABC Video Publishing national sales mgr.; **Marc Krigsmann**, ex-Titan TV, appointed programming and acquisitions mgr.; **Pamela Dill**, ex-Turner Home Entertainment, named publicity mgr... **Marty Kaplan** promoted to PM Home Video vp; **Barry Lyons**, ex-V.I.E.W. Video and Fries Home Video, joins as eastern regional sales dir... **Krysanne Katsoolis**, ex-7th Dimension Entertainment and Miramax Film, joins Fox Lorber Assoc. as worldwide acquisitions dir.

Allegations of irregularities in Sound Advice's 1992 audit and some of its systems and procedures have been made by unidentified former employee. Most recent allegations are separate from those last year (TVD May 11 p17) by another former employee, company said. "We responded to those allegations very seriously," Chmn.-CEO Peter Beshouri said in news release. "Given the intense scrutiny under which Sound Advice has operated since the earlier allegations, it is hard to believe that the latest allegations could have any merit." He said company will take "appropriate legal action" if latest charges prove "malicious and spurious." Meanwhile, Sound Advice announced it's again in compliance with National Assn. of Securities Dealers' filing requirements. In Nov., company was granted temporary exemption from requirements, related to its failure meet deadline for filing annual 10-K report (TVD Nov 16 p13).

Plans to buy TV sets in next 6 months picked up slightly in April from March's doldrums, but still were lukewarm. Preliminary results of Conference Board's monthly survey indicated 6.7% of families had such plans -- which works out to about 6.4 million purchases in next half-year. The 6.7% is increase from revised 5.8% figure for March, and well above 1992-1993 low of 4.2% (July 1982), but unchanged from April 1992 and well below 1993 high of 7.6% in Feb. Conference Board also reported consumer confidence edged up in April, after 3 months of decline.

Widescreen LCD projector is in Matsushita's plans, Japanese papers said. Company has developed 1.4" polysilicon TFT display with 330,000 pixel resolution, with production planned for fall.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Ackerley Communications			
1993-qtr. to March 31	48,200,000	(2,200,000)	--
1992-qtr. to March 31	47,000,000	(4,000,000)	--
Audio King			
1993-9 mo. to March 31	26,519,489	337,721	.12
1992-9 mo. to March 31	22,184,891	254,790	.12
1993-qtr. to March 31	8,685,298	97,713	.04
1992-qtr. to March 31	7,657,288	75,472	.04
Avnet			
1993-9 mo. to April 2	1,642,500,000	50,600,000	1.40
1992-9 mo. to March 31	1,253,600,000	35,200,000	.99
1993-qtr. to April 2	582,500,000	18,200,000	.50
1992-qtr. to March 31	425,600,000	12,400,000	.35
Clear Channel Communications			
1993-qtr. to March 31	24,021,113	119,256	.01
1992-qtr. to March 31	15,794,572	275,311	.02 ^a
Franklin Electronic Publishers			
1993-year to March 31	65,383,000	7,142,000	.94
1992-year to March 31	53,757,000	3,129,000	.47
1993-qtr. to March 31	12,774,000	1,028,000	.13
1992-qtr. to March 31	11,363,000	308,000	.04
Gaylord Entertainment			
1993-qtr. to March 31	138,144,000	(8,288,000)	-- ^b
1992-qtr. to March 31	124,185,000	(2,756,000)	--
Harman International Industries			
1993-9 mo. to March 31	489,640,000	5,972,000	.55
1992-9 mo. to March 31	451,159,000	1,845,000	.21
1993-qtr. to March 31	167,581,000	4,001,000	.37
1992-qtr. to March 31	151,993,000	1,711,000	.19
LIN Broadcasting			
1993-qtr. to March 31	151,233,000	(14,592,000)	--
1992-qtr. to March 31	123,925,000	(30,691,000)	-- ^c
M/A-Com			
1993-26 wk. to April 3	166,246,000	4,104,000	.17
1992-26 wk. to March 28	186,347,000	7,450,000	.31 ^c
1993-13 wk. to April 3	87,111,000	3,730,000	.15
1992-13 wk. to March 28	95,336,000	4,305,000	.18 ^c
Meredith			
1993-9 mo. to March 31	566,287,000	13,502,000	.88
1992-9 mo. to March 31	522,289,000	4,980,000	.31 ^c
1993-qtr. to March 31	198,718,000	5,352,000	.35
1992-qtr. to March 31	177,441,000	4,941,000	.31 ^c
Outlet Communications			
1993-qtr. to March 31	10,127,000	2,957,000	.45 ^d
1992-qtr. to March 31	9,256,000	(2,052,000)	--
Scientific-Atlanta			
1993-40 wk. to April 2	542,000,000	15,100,000	.41
1992-39 wk. to March 29	407,900,000	8,500,000	.24 ^a
1993-13 wk. to April 2	184,100,000	6,900,000	.18
1992-13 wk. to March 29	146,400,000	4,000,000	.11 ^a
Sun Television & Appliances			
1993-year to Feb. 28	398,642,000	11,598,000	1.55
1992-year to Feb. 29	270,602,000	5,763,000	.98
1993-qtr. to Feb. 28	146,287,000	5,500,000	.68
1992-qtr. to Feb. 29	102,461,000	2,494,000	.39
Tandy			
1993-qtr. to March 31	881,369,000	35,145,000	.43 ^d
1992-qtr. to March 31	583,660,000	35,091,000	.41
Viacom			
1993-qtr. to March 31	470,650,000	80,964,000	.67 ^d
1992-qtr. to March 31	430,568,000	7,088,000	.06
Walt Disney			
1993-6 mo. to March 31	4,417,815,000	465,252,000	.85
1992-6 mo. to March 31	3,545,497,000	372,223,000	.70 ^c
1993-qtr. to March 31	2,026,459,000	204,948,000	.38
1992-qtr. to March 31	1,629,164,000	164,097,000	.31 ^c
Washington Post			
1993-13 wk. to April 4	361,706,000	40,105,000	3.40 ^d
1992-13 wk. to March 29	329,071,000	19,680,000	1.66

Company & Period	Revenues	Net Earnings	Per Share
Wells-Gardner Electronics			
1993-qtr. to March 31	9,889,000	(236,000)	-- ^d
1992-qtr. to March 31	10,589,000	74,000	.02
Zenith Electronics			
1993-qtr. to April 3	290,500,000	(21,800,000)	--
1992-qtr. to March 28	265,200,000	(28,600,000)	--

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

Sega Channel cable joint venture (TVD April 19 p9) should be up and running within 60 days in preparation for fall test and planned launch in early 1994. Sega Mktg. Dir. Ellen Beth Van Buskirk said Sega executives have had been talking with major customers to reassure them of company's commitment to retail distribution, and said reaction in most cases was "favorable," though acknowledging that sometimes "it has taken some conversation." She said Sega's new releases wouldn't appear in complete form on channel for at least 90-120 days after street date, but she said giving subscribers opportunity to play 1-2 levels of particular game could be used to build demand before release. Van Buskirk said that among elements to be measured in test will be pricing of service (although price actually is set by local operator), programming mix, best way to market and promote it. Estimates of 100 games on channel at any one time are "on the upper end of the spectrum," she said, adding that number of games will affect how long player has to wait for delivery, and "wait time" is major issue with preteen and teenage audience. Company is targeting one million subscribers in first year, estimates that 12-14 million U.S. homes will have Genesis consoles by end of 1993. Company won't have working model of Sega Channel cartridge for either Summer Consumer Electronics Show or at NCTA show that run virtually consecutively in early June.

Govt. is seeking 5 members from industry and 5 from general public for Technical Electronic Product Radiation Safety Standards Committee, which oversees rules on radiation from TV sets, among other things. Members will serve starting around Jan. 1, 1994. At least one of public members must be from organized labor. Also being sought are nominations for voting members to serve on committee as vacancies occur -- Kay Levin, 301-443-4016.

Hitachi Home Electronics Div. will report consolidated operating loss estimated at \$360 million (at current exchange rate) for fiscal year ended in March, according to Nikkei Weekly, substantially higher than \$131.5 million year ago. Company's home electronics sales are projected to decline 11% for year to about \$8.56 billion and parent company consolidated sales to dip about 3%, article said.

First issue of "Sony Style," 304-page quarterly magazine featuring articles, ads and specs on Sony products, was issued last week. Published by Hachette Custom Publishing, Sony Style has cover price of \$4.95 plus shipping and handling, will be offered to Sony retailers and "selected newsstands."

Avnet, largest distributor of electronic components, has agreed to acquire Hall-Mark Electronics, 2nd largest, for stock and cash. Dallas-based Hall-Mark is parent of Allied Electronics, broad-line catalog distributor of components.

TELEVISION DIGEST®

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

With Consumer Electronics

MAY 10, 1993

VOL. 33, NO. 19

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CABLE RATE IMPACT UNCLEAR: Only systems can determine effect of 450-page order on rates, and they're still confused. Cities wary. Wall St. bullish at first, then backs off. Appeals planned. (P. 1)

CUT-RATE TV TIME FOR POLITICIANS proposed in White House campaign reform package. NAB attacks plan. Congressional panel to consider issues this week. (P. 3)

'TRAFFIC JAM' DENIED: NCTA says it won't back cost-based appeals to swamp FCC, says appeals will be justified. Quello threatens to extend freeze. (P. 4)

SPECTRUM AUCTIONS PASS HOUSE PANEL: Broadcasters' exemption safe. But lawmakers agree that changes will have to be made before full Commerce Committee markup this week. (P. 5)

FCC SAYS NEW FINSYN RULES will foster diversity without creating undue risks for programmers and independent stations. 'Unnecessary regulatory complexity' removed. Commissioners explain their rationale. (P. 6)

MORE MSOs SAY NO TO FEES: Jones, Crown, Harron and Coaxial say they won't pay for retransmission consent, joining TCI and Continental. (P. 7)

CABLELABS' HDTV PICKS: Cablers want interlaced and Zenith's multilevel transmission in 'grand alliance.' Merger talks accelerate as deadline approaches. (P. 8)

IMPACT OF CABLE RATE RULES TO REMAIN UNCLEAR: It's impossible to tell how FCC's 450-page cable rate regulation order issued May 3 actually will affect rates, say people who have studied document. Benchmarks themselves are clear, in form resembling tax table. But only cable systems -- and only some of them -- have adequate information on equipment cost to determine how their rates compare with benchmark, officials said. Wall St. at first reacted positively, boosting most cable stocks on assumption that benchmarks were less Draconian than they might have been, but prices fell off later in week.

FCC continued to predict that rollbacks would affect about 75% of all cable systems and save consumers about \$1 billion a year (TVD April 5 p1), but admitted that it would be impossible to assess impact on most operators for some time. Commission also said it would launch rulemakings to refine cost basis of price caps and determine whether it could eliminate low-penetration cable systems from calculations in setting benchmarks, which it estimated could require lowering rates another 15-20%. It also will ask what accounting and cost allocation requirements it should impose.

NCTA Pres. James Mooney said FCC "has taken one big, national political controversy and made it into 10,000 local political controversies, each of which will, over time, wend its way back to the FCC's doorstep

Consumer Electronics

PRICING DILEMMA: Follow What Leader? New lines generally adopt predecessors' pricing despite added cost as industry talks of need to restore profit. (P. 13)

TCE MAINTAINS AGGRESSIVE SHARE PURSUIT in core TV business even as it strengthens home theater stance and prepares for digital future. (P. 14)

PHILIPS WIDESCREEN SET TO SHIP IN AUG. at \$6,000. Company maps plan to market ghost canceller. New line has voice programmer with VCR, new in-wall system. (P. 15)

HITACHI'S NEW TUBE PLANT in Greenville, S.C., is site for introduction of 'largest array of new products' and symbol of determination to be major force in U.S. (P. 16)

JAPANESE CAMCORDER SHIPMENTS turn upward after 16 consecutive months of declines. Average camcorder and VCR prices down slightly despite strength of yen. (P. 17)

PHILIPS NET DOWN 36.4%, net income off 2%, in first quarter. Consumer electronics has loss. Matsushita-Philips disagreements on joint venture aired. (P. 18)

STEREO TV DOWN as share of direct-view market in all 3 months of first quarter, registering first such dip since EIA started releasing data. (P. 18)

EIA MOVES PCC SIDESHOW up to main CES floor in Chicago. Multimedia dominates CES seminars. (P. 19)

because, benchmarks aside, each cable system retains the right to demand an individual rate hearing, even under these rules." He also predicted that courts eventually would overturn rules on ground that cable systems should be allowed to recover costs fully and make "a reasonable profit."

NCTA board held special 3-hour meeting May 5 and approved filing petitions for reconsideration of FCC's rate regulation and program access orders, but made no immediate decisions on court appeals. Petitions, such as one for reconsideration of must-carry/retransmission consent (see separate story, this issue), are expected to seek "cleaning up" of individual sections, spokeswoman said. Board members received briefing on new rules and on legislative situation on other issues, but indicated that it's still too early to assess impact of regulations more accurately, she said. Board meets again June 10 after cable convention in San Francisco.

Few conclusions can be drawn from rules, although order includes some refinements from original rate regulation decision, including: (1) Increases in retransmission consent fees after Oct. 6, 1994, can be passed through to consumers. (2) Taxes, franchise fees and cost of franchise requirements can be passed through. (3) Increases in program fees other than retransmission consent taking effect after Dec. 20, 1993, can be passed through. Commission said it will monitor fees passthrough and reexamine policy if it affects consumers too much. Benchmarks range from 18.9¢ per channel for hypothetical 100-channel cable system with no satellite channels to \$3.42 per channel for 50-subscriber system with only 5 channels, all satellite. For example, per-channel benchmark for 10,000-subscriber system with 25 channels on regulated tier, including 10 satellite-delivered, is 78.8¢.

New regulations "may not afford the overall level of relief to consumers predicted when the rules were first announced," NATOA Pres. David Olson said. Assn. also expressed concern that some local govts. may be so "daunted" by complexity of rules that they may not fully implement rate regulation. Bradley Stillman, legislative counsel of Consumer Federation of America, said: "Cities need to get in gear and get ready to file for certification and get their procedures in place. If they do, there could be some rate relief as early as late June or early July."

Cities are concerned about number and level of "externals" (such as franchise and program fees) that FCC will allow cable systems to add to benchmarks, Olson said. He said there's potential for "delay in final application of the regulatory process that could thwart the purposes of the FCC's current rate freeze." NATOA Vp William Squadron said Assn. will work to educate local regulators so they can be certified promptly and establish uniform local rules consistent with federal regulations, and will urge FCC to refine rate rules "to redress inequities in its application in individual franchise areas."

Subscribers to large cable systems will benefit more than those of small systems under rules, Stillman predicted. Even though FCC's rate survey showed relatively little difference in per-channel rates between large and small systems, benchmarks typically allow higher per-channel rates for smaller systems and for those -- usually smaller systems -- that offer fewer channels.

Cable operators and lawyers said they were overwhelmed by complexity of FCC order. "This is worse than trying to fill out a tax form because at least there's some background on a tax form and people know how to deal with it," said Brenda Fox of Dow, Lohnes & Albertson (and former NCTA gen. counsel). "This is much more complex than people thought it would be. Some people thought that once the benchmarks came out they would know fairly quickly where they stand, but there are no quick answers." Media General Cable Chmn. Thomas Waldrop said: "There's a lot of interpretation to be done on these rules, and until that's clear we won't know." He said company hasn't been able to complete preliminary analysis of effect on its rates, but "I've got a feeling that it's every bit as Draconian as we thought it would be." Another cable executive, who asked not to be identified, called rules "a hatchet job designed only to fulfill [House Telecom Subcommittee Chmn.] Markey's political agenda."

There were "no great surprises" in rules, Comcast Chief Financial Officer Julian Brodsky said, but he said it would be a "long, arduous process" before MSO completed franchise-by-franchise analysis to determine full effect on company: "There's a lot that goes into this formula that's not readily available or captured by our accounting systems." Crown Media was "fairly astounded" at early Wall St. reaction, Pres. Rodney Thole said. He said MSO still was running numbers for individual systems, but "we fully expect that it will be very onerous for some of our systems. It's a whole new ballgame. This is a pretty serious problem."

FCC is aware of confusion, said Robert Pepper, chief of FCC Office of Plans & Policy. Commission scheduled rate regulation tutorial for 2 p.m. May 13 (Rm. 856, 1919 M St.) at which it will use data from its

rate regulation survey to create hypothetical systems, plug in hypothetical equipment costs, then walk attendees through work sheets to show how to figure relation of system's rates to benchmark. Tutorial will be carried live on same microwave system used for FCC meetings, and videotapes will be available.

Key difficulty will be in applying cost-based equipment fees called for in work sheets, since some cable operators' accounting systems may not provide adequate data, Alexandra Wilson, special asst. in Mass Media Bureau, acknowledged. Wilson said work sheets may look imposing, but "as long as they follow it line by line, they will get the answer."

CATA Pres. Stephen Effros said rules "were clearly written by Common Carrier Bureau people who apparently were not aware that they call for figures that the cable industry doesn't have. The FCC has written something that is longer than the Old Testament and more confusing than the tax code, all in one document. This will keep legions of CPAs busy." Sheer size and complexity of order may be "best thing about it" because many local regulators may decide rules are simply too complex to implement, Effros said. Attorney John Davis agreed, saying that rules may be so complex that they're impossible to implement, meaning that cable regulators will go back to old system of "jawboning and arm twisting. Everyone expected this to be a relatively simple exercise, but they were flabbergasted."

Financial markets were bullish on cable after FCC issued rules, with many stocks up as much as 10% first day, before falling back later in week. Consensus on Wall St. seemed to be that benchmarks might result in rate rollbacks closer to 5% than to initially predicted 10%, even though most cable analysts hadn't even looked at order yet. Analysts said they were assuming that benchmarks would allow typical basic cable rate of \$21-\$24, figure that they believed industry could live with. Oppenheimer analyst Jessica Reif said higher cable share prices appeared to reflect "relief that it's not more onerous than it appears to be, and that incremental costs can be passed through."

BROADCAST CAMPAIGN VOUCHERS PROPOSED: White House proposed new campaign reform package May 7 that included vouchers to purchase cut-rate broadcast time. Proposal was attacked immediately by NAB as "politicians using a perceived public concern to guarantee themselves additional benefits." Package would take effect after 1994 elections. In addition to broadcast provisions, package would eliminate corporate tax deduction for lobbying expenses while allowing taxpayers to donate to congressional candidates with tax check-off, much as they can do now for presidential campaigns.

Under Clinton Administration proposal, candidates who agree to abide by spending limits for primary and general campaigns would be eligible to purchase broadcast time at one-half lowest unit rate charged to commercial purchasers. That's same limit as in campaign reform bill (S-3). Spending limits are based on state population, and range from general election cap of \$1.2-\$5.5 million to, for primary, 67% of general election cap up to \$2.75 million. For House races, communications vouchers would be available on matching fund basis up to \$200,000 for contributions of less than \$200. Spending limit in House would be \$600,000 for entire election cycle.

Availability of additional "vouchers" would depend on type of campaign. In Senate, for example, candidates who are target of more than \$10,000 in independent spending from any one source would be able to purchase time at half of lowest unit rate, and broadcast stations would be required to make time available immediately after independent broadcast for response. In House races, stations that air ads that are part of independent campaign will be required to give equal time to candidate against whom commercials were aimed. Other proposed rules would require that (1) all broadcasters make nonpreemptible time available at lowest unit rate, (2) candidates appear in TV ads and (3) candidates "personally take responsibility" for contents of ad.

NAB criticized proposals as "punitive toward broadcasters" and said: "Most, if not all, of these provisions are blatantly unconstitutional, and we will strongly oppose them. We regret that our efforts over the past few years to devise constructive proposals that treat both broadcasters and candidates fairly have not borne fruit."

Coincidentally, many of same issues are likely to come up when Senate Commerce Committee holds hearing May 13, 2 p.m., Rm. 253, Russell Bldg., on 3 campaign bills: (1) S-329, sponsored by Chmn. Hollings (D-S.C.), Communications Subcommittee Chmn. Inouye (D-Hawaii), senior Republican Danforth (R-Mo.) and others, which would shorten period during which lowest unit rate rule would apply, clarify that political ads are preemptible until they're paid for and permit preemption of political ad if program in which it's to be shown is preempted for reasons outside broadcaster's control. (2) S-334, by same senators, which would

require candidates to appear in ads in which they refer to opponent and provide free time for response to ad opposing candidate who's sponsored by independent group. (3) S-829, by Sen. Dorgan (D-N.D.), which would require political commercials to be 5 min. long to receive lowest unit rate, and require candidates to appear in ad for 75% of time.

Newest campaign bill (S-893), introduced May 5 by Sen. Roth (R-Del.), would require broadcasters to make air time available without charge to Senate candidates 45 days before general election on condition that they not purchase any other time or accept time from others. Roth said that "I am convinced that free television time for Senate candidates is an idea whose time has come" and that free TV time is in public interest because it would eliminate necessity for public financing of campaigns and would allow candidates to be judged on merits of their views rather than on TV "advertising advantages." Under Roth proposal, FCC would determine appropriate amount of time that broadcasters would have to offer. He said that when he had circulated proposal in past, one of first objections was that "broadcasters would get very angry" with any politician who supported proposal: "But if you reflect on the fear inherent in that thought, it simply underscores how important television broadcast time is to the future of American politics." Roth said he thought broadcasters supported discounted broadcast time in S-3 and added: "The only difference between my proposal and Section 131 [of S-3] is one of price. That is surely not a constitutionally significant difference."

'TRAFFIC JAM' DENIED: Claim that cable industry will try to swamp FCC with rate regulation appeals is "a new low in anticable paranoia," NCTA Pres. James Mooney said in letter to members of House and Senate Commerce Committees. Washington Post reported May 6 that cable industry would file cost-based appeals of rate rollbacks in effort to "thwart" 1992 Cable Act, but Mooney said he and TCI Pres. John Malone were "quoted out of context."

In story, Malone predicted most cable systems would have to file appeals because regulated rates would be below cost, and appeals "will end up swamping the FCC with cost hearings. When the smoke clears, there will be higher rates in most cities." Mooney letter said that doesn't mean cable industry is planning to "stage a traffic jam in front" of FCC: "Our only point is that the new rule will force operators to request rate hearings, if only to secure an opportunity to prove their costs and justify prices." Mooney told Committee members that result probably would be hearing backlogs that would "cause further delays, uncertainty and instability in the cable business."

Possibility of regulatory gridlock prompted FCC Chmn. Quello to suggest that Commission may be forced to extend its rate freeze indefinitely, rather than current 120-day period. Post quoted him as saying that intentionally overwhelming FCC with filings "might not be the smartest move, politically." Quello told us that if cable operators plan to make only legitimate cost claims, they're within law, but they would be acting improperly if they were intended mainly to slow process. Quello said it's impossible to tell whether cable industry planned to overload process intentionally, but "I think that they would like to see this fail."

In separate letter to House Telecom Subcommittee Chmn. Markey (D-Mass.), Mooney said FCC "seriously misconstrued" 1992 Cable Act, "particularly with regard to regulation of cable rates." Letter urged Markey to go ahead with congressional oversight hearing on FCC actions to examine question. Mooney said Commission's rate rollback for expanded basic tiers "disregarded" congressional intent "that such rates be regulated... only in response to complaints and... taking into account 6 specific criteria." He said FCC failure to consider cost or profitability of cable "may financially destabilize many of our companies," hurting service to subscribers and "driv[ing] thousands of cable systems into lengthy and expensive cost-of-service hearings before the FCC."

CPB-supported National Minority Public Bestg. Consortia endorsed \$360-million FY 1996 CPB appropriation request, but urged quadrupling of Multicultural Program Fund to \$12 million and doubling to \$3 million of combined support that 5 organizations receive from CPB. In testimony to Senate Labor Appropriations Subcommittee, Consortia said: "A cynic would argue that, in addressing the growing need for more programs by and about America's minorities, [CPB's current minority] funding levels are a disservice to our nation's minorities and, in effect, duplicitously prevent minorities from ever becoming equitable players in public broadcasting." APTS also backed \$360-million request, which it said would provide \$50 million for new education and community services initiatives. In Subcommittee testimony, APTS also sought \$50 million in FY 1994 for Star School distance learning program, and fully authorized \$25 million and \$10 million, respectively, for Ready-to-Learn Act and Access and Equity to Education program that's supported by Senate Minority Leader Dole (R-Kan.).

Hughes' proposed DBS service, DirecTV, announced carriage deal with Turner Bestg. System (TBS) that allows it to distribute CNN, Headline News, Cartoon Network, WTBS Atlanta and, "where available," Turner Network TV (TNT), terms not disclosed. TBS has exclusive contracts with cable operators to provide TNT and won't permit DBS broadcast to those areas, source said. DirecTV spokeswoman said deal could "potentially be worth hundreds of millions of dollars" to TBS, which also is providing MGM movies for pay-per-view service. DirecTV also announced deals to carry Country Music TV, Family Channel, Nashville Network, Sci-Fi Channel, USA Network. DirecTV Pres. Eddy Hartenstein said agreement "guarantees that DirecTV will offer consumers the largest selection and choice in televised news, information and entertainment viewing." DirecTV is negotiating with Viacom and Time Warner for carriage of their programming, spokeswoman said.

"Television -- A Force for Unification" with Peter Ustinov is highlight session of Sept. 10-15 International TV Symposium & Technical Exhibition in Montreux, Switzerland. Sessions are planned on HDTV, cable, digital compression, fiber. U.S. participants include NAB's Edward Fritts and Michael Rau, NCTA's Wendell Bailey, Washington attorneys Richard Wiley and Michael Gardner, CBS's Joseph Flaherty, Fox's George Vradenburg, Zenith's Jerry Pearlman, News Corp.'s Rupert Murdoch, ex-FCC Chmn. Sikes -- Sandrine Metzger, phone 41 21 963 32 20.

SPECTRUM BILL PASSES HOUSE SUBCOMMITTEE: House Telecom Subcommittee May 6 unanimously passed bill that for first time would establish policy of spectrum auctions while setting up new system of "regulatory parity" between services that in past had been categorized as either common carrier or private radio. Measure would become part of budget reconciliation package, raising much of \$7 billion for which Commerce Committee is responsible under budget resolution. There will be changes, possibly major ones, in bill before it's considered by full Commerce Committee in markup session set for 10 a.m. May 11, Rm. 2123, Rayburn Bldg.

Measure avoids major fight with broadcasters by leaving them out of services eligible for auctions. Although Commerce Secy. Ronald Brown has said Administration would like to have all services, including broadcasting, eligible for spectrum auction, legislation as now drawn omits broadcasters. It does so in section that outlines "uses to which bidding may apply" by stating that auctions could be conducted if "the principal use of such spectrum will involve, or is reasonably likely to involve, the licensee receiving compensation from subscribers in return..." That would leave out broadcasters and such private radio services as those used for internal purposes by utilities and others, according to analysis of bill prepared by Subcommittee staff.

Several Subcommittee members indicated they had concerns on whether competition would develop under new section of rules, whether rural areas would be served by new services and whether language preempting state regulation was too harsh. In each case, Subcommittee Chmn. Markey (D-Mass.) made promise that set stage for intense backroom negotiations that began immediately after markup ended and will continue at least through full Commerce Committee consideration. Markey told panel members: "We will work with you on that." Goal is to make bill acceptable to full committee by resolving objections first.

Subcommittee session ended up as big win for cellular, but Cellular Telecommunications Industry Assn. Pres. Thomas Wheeler said after hearing that there always was danger that new language could cut down margin of victory. PCS interests, headed by PCS Action consortium that includes cable companies, were neutral on bill, but were pleased that language requiring FCC to issue PCS licenses in 270 days made it through unscathed.

Senate Commerce Committee hasn't yet rescheduled markup on its version of spectrum auction bill (S-335) that was cancelled last week. But sources said it had abandoned position of authorizing only experimental auctions in favor of more widespread auction as means of meeting budget targets.

Senate Minority Leader Dole (R-Kan.) was highly critical of alleged "hate" programming aired by Pacifica's KPFF(FM) Berkeley, telling Public Radio Conference in Washington May 6 that CPB should exercise "higher" level of scrutiny before awarding grants to such outlets. CPB board recently rejected attempt by member Victor Gold to make repeated broadcasts of hate programming one criterion in evaluating CSG applications. Dole said he isn't foe of industry but is opposed to "huge" budget hike for CPB at time when many federal programs are being cut. At separate session, Dole's deputy chief of staff James Whittinghill saw no likelihood of congressional passage this year of CPB reauthorization for fiscal years 1997-1999. He said that Senate floor time would be very tight this year, and that more time is needed to determine whether CPB "good-faith" fairness efforts are sufficient.

State PUCs, with differing policies, can admit or block creative ideas, condition that may indicate need for centralized national policy guidelines, said Michael Nelson, senior adviser in White House Office of Science & Technology Policy, in address to National Information Infrastructure seminar in Arlington, Va., May 4. At present, he said, PUCs are proving grounds but, like industry, are looking for national leadership. Asked whether he would go so far as to establish national policy that would eliminate jurisdiction of 50 PUCs, Nelson deflected question: "The more interesting question is what do you do about the 13,000 jurisdictions that oversee cable." Clinton Administration hasn't taken position on whether RHCs should be allowed into information services market through lifting of MFJ restrictions. He said he agreed with MFJ bill filed in 1986 by Sen. Breaux (D-La.) that he described as saying "I don't care what policy you have. We need a policy. So let's have a policy." At same seminar, House Telecom Subcommittee Chmn. Markey (D-Mass.), calling "infostructure" revolution "the new story line dominating the world" in aftermath of fall of communism, said America must concentrate on developing telecommunications program that will build "on and off ramps to consumers." Goal, he said, is to make services easier to use and more affordable under framework of central, national policy with clear goals. Markey said "technology convergence" -- disappearance of separate cable, TV, radio, cellular, telephone and fax systems -- represented "a vast, ultracompetitive multimedia marketplace" that industry must be ready to enter.

Bankruptcy court in Del. last week approved Chapter 11 reorganization of SCI TV, giving control to Andrews Group, which in turn is controlled by Ronald Perelman, head of Revlon Inc. SCI, which owns network-affiliated TV stations in Atlanta, Boston, Cleveland, Detroit, Milwaukee and San Diego, formerly was controlled by George Gillett. He led investment group that acquired stations from Storer Bestg. for about \$1.5 billion in 1987. In filing for bankruptcy protection in March, SCI listed debt of about \$1.3 billion and offered reorganization plan that had been worked out with major creditors. Under plan approved by Judge Helen Balick, Perelman will invest \$100 million in exchange for 53% of SCI equity. Senior secured debt holders will receive new debt equal to 82.5% of their claims, plus 33% of SCI common stock, while unsecured debt holders will receive \$8 million cash, plus 13% of stock. Current common share owners and holders of \$259 million of publicly issued debt will receive nothing under plan. Also as part of reorganization, SCI is buying WTVT Tampa from Gillett Holdings for \$163 million. New ownership is scheduled to take over May 28.

Cable-telco cross-ownership ban is unconstitutional limit on free speech, according to amicus brief filed April 30 in U.S. Dist. Court, Alexandria, Va. Brief, supporting Bell Atlantic bid to enter cable business in suburban Va., was filed by Citizens for a Sound Economy Foundation (which is supported by telcos and other large businesses) and by American Legislative Exchange Council. Groups claim that telco-cable cross-ownership ban in 1984 Cable Act invades private sphere and "dictates that telcos not be permitted to speak via the cable press. Through this prior restraint on speech, the government discriminates against one potential speaker -- the telcos -- in favor of other speakers -- existing cable franchises." Filing said that telco entry into cable would spur competition.

Five Renaissance TV stations have joined TvB, raising 7-station group into 100% membership. New members: WATL Atlanta, KDVR Denver, WXIN Indianapolis, WTIC-TV Hartford, KTXL Sacramento-Stockton.

NEW FINSYN RULES: FCC released text of its new finsyn rules May 7, eliminating financial interest restrictions on networks in syndicated programming, but retaining network ban on domestic syndication. Agency said rules will do away with "unnecessary regulatory complexity."

At same time, Commission said several times in order "we will monitor the situation" carefully. Document also devoted much space to decision by 7th U.S. Appeals Court, Chicago, that vacated 1991 finsyn rules while giving FCC time to adopt new ones that would answer court's objections (TVD Nov 9 p3).

New rules become effective June 5, same day 1991 rules are vacated under court mandate. Court had vacated 1991 rules on several grounds, one of which was that FCC had failed to explain adequately how they would promote program sources and diversity. It also complained that Commission hadn't explained adequately why it rejected certain network arguments with which 7th Circuit opinion agreed.

Newest FCC order is sure to be appealed again, networks and their Hollywood opponents predicted.

In order, Commission dwelled heavily on changes in video universe and drastic drop in network audience share since original finsyn rules were put in place in 1970. Order pointed out that Big 3 network share had dropped to 59% in 1992 from 93% in 1975, blaming several factors such as growth of cable subscribers and networks, advent of Fox TV Network, satellite distribution of programming.

Commission said record doesn't support Hollywood's argument that successful syndicated programming must be aired first on a network, citing growth of first-run syndicated programs. Also, said FCC, "cable television networks represent another burgeoning market for programming, spending nearly \$2 billion last year for programming." Rejecting Hollywood contention, agency said: "We are not convinced that impediments to network purchase of [finsyn] rights have negative effects on the smallest, least established producers... The chances that this type of small producer can obtain financing are greatly improved" by allowing network involvement.

Responding to Court's concern that 1991 rules didn't enhance program diversity, FCC said: "We believe that the syndication restraints adopted today will operate in the best interests of source, outlet and program diversity." Commission has tied sunset of network restrictions to repeal of existing consent decrees that networks signed with Justice Dept. Justice has joined ABC, NBC and CBS in asking U.S. Dist. Court in L.A. to rescind decrees.

New rules retain restrictions against networks' "warehousing" of programs by withholding them from syndication, saying ban on syndication "will not completely ameliorate our concerns of the harm warehousing could do to independent stations." However, Chmn. Quello said restrictions are unnecessary and networks have no reason to warehouse: "To whatever extent bad motives could lead a network to overlook its economic interests, other profit participants ensure that programs will be syndicated promptly and to the highest bidder." Retention of warehousing ban came as somewhat of surprise since it was scheduled to be repealed at FCC's April 1 meeting. Putting it back in was responsible for much of delay in getting order out, Commission sources said.

While he stressed he favored total repeal of finsyn restrictions against networks, Quello said in statement that he concurred because "it is helpful to have simpler regulations that lack the 'Rube Goldberg complexity'" of those adopted in 1991. Comr. Barrett had concurring statement when FCC adopted new rules last month, while Comr. Duggan had statement concurring in part, dissenting in part. Both expanded on their positions in new statements.

Said Duggan: "Although this action is couched as a partial retention of the finsyn rules, in reality it marks their death." He said FCC should have gone through "phased deregulation with reality checks along the way" in permitting networks (Fox is exempt from finsyn as "emerging" network) to obtain financial interests in syndicated programming. Duggan was critical of 7th Circuit decision (he wanted to appeal it), saying: "The Court's decision made no attempt to sort out the apocalyptic views repeatedly pressed... upon the Commission."

Barrett said his vote was based in part on fact that "the media programming market is undergoing constant change in response to changing technologies and economic market factors," with "ongoing changes in patterns of program supply and distribution." Because those changes are occurring "at a rapid pace," FCC's primary concern should be "preservation of broadcast outlet diversity," he said.

Finsyn supporters claimed that restrictions have helped growth of independent stations. Responded Quello: "I find nothing in the record" to support that contention. He said "strongest evidence before us shows overwhelmingly" that Fox TV Network is prime reason for growth of UHF stations. Also, he said, it will take years for Big 3 networks to develop significant presence in syndication market if restrictions are repealed.

U.S. Dist. Judge Royce Lamberth, D.C., has scheduled oral argument for May 10, 2:30 p.m., on appeal by 16 groups seeking to prevent FCC from enforcing ban on indecent broadcasts. ACT is in forefront of plaintiffs -- which include several broadcast and public interest groups -- and case is known as ACT IV. Complaint challenges constitutionality of FCC forfeiture procedures as applied to indecency, charging they're unconstitutional restraint of free speech. Cross-motions for summary judgment have been filed with Lamberth by govt. and plaintiffs.

FCC said it will fine KLOL(FM) Houston for 2nd time for broadcast indecency during call-in sex survey show airing in morning drive time. In latest case, Commission proposes to fine station \$33,750 for airing language on shows in March 1991 that it considered lewd, vulgar and within definition of broadcast indecency. Agency earlier had fined station \$6,000 for language on similar show in Feb. and March 1990.

Rep. Hefner (D-N.C.) introduced bill last week to codify fairness doctrine into law, as expected. Co-sponsors are Reps. Clay (D-Mo.), Durbin (D-Ill.), Filner (D-Cal.), Mink (D-Hawaii), Slaughter (D-N.Y.), Tanner (D-Tenn.), Unsoeld (D-Wash.). Measure is identical to one by Senate Commerce Committee Chmn. Hollings (D-S.C.), except that it specifies effective date as date of enactment.

Intermedia Partners bought cable systems with total of 15,350 subscribers in central Tenn. from Central Tennessee Ltd. Systems in Carthage, Hartsville, Lafayette, Mt. Juliet, Portland, Red Boiling Springs, Smithville, Westmoreland and Woodbury will be added to Intermedia's systems in Nashville area. Terms weren't disclosed.

MSOs PLEDGE NO FEES: More cable MSOs are signing "no retransmission consent" pledge, following lead of TCI and Continental (TVD May 3 p2), but most still are refusing to disclose plans before start of serious negotiations next month. Among others willing to say publicly that they won't pay retransmission cash are Coaxial, Crown, Harron, Jones. Along with TCI and Continental, they mean that systems with at least 28% of cable subscribers have said they won't pay fees. No MSOs have said publicly that they're willing to pay, and those that have announced said that they wanted to send early, loud message to broadcasters that it would be futile for them to opt for consent and that they might get better deal by signing private carriage agreements.

Most MSOs shied away from announcing plans, saying they didn't want to start public fight with broadcasters before they have to. Among those that haven't or won't say whether they absolutely will refuse to pay cash retransmission fees are Cablevision Systems, Comcast, Cox, Time Warner, Viacom. Others, such as Hauser, KBLCom and Times Mirror, said they hadn't decided yet.

"We are now in the position of playing chicken" with broadcasters, Crown Media Pres. Rodney Thole said. "We hope most broadcasters come to their senses, because this is a great risk for them." Coaxial Communications CEO Joel Rudich called it "terrible game of chicken... I hope that we can work together with broadcasters, but in the end they have more to lose than cable does." Rudich predicted that "more MSOs than you'd think will do the same" thing as TCI and Continental. He said his company may even drop ads on TV stations that seek consent: "We spend a fortune on broadcast advertising, but if they go off the air [to 60% of audience represented by cable], why would we advertise on them?" Harron spokeswoman also said MSO would refuse to pay fees: "We want to work as closely with broadcasters as we can, but we won't pay cash. We hope this won't be an adversarial situation." MultiVision spokesman said company would operate on case-by-case basis: "But clearly with the rate rollback and the fact that we can't pass through the fees, we'll be taking a very hard look at any fees."

Crown "has ordered and is prepared to order more" A/B switches to distribute to cable customers, Thole said. He said use of switches, which allow cable customer to switch to over-air signals, is "a very ugly solution. Our customers will be greatly inconvenienced, but it is just not appropriate for our customers to have to pay for free TV." Thole said he believes it will be "sea change" if cable system has to drop network affiliate over retransmission consent. Rudich acknowledged that "there will be a hell of a customer outcry, and we will take most of the heat" if popular broadcast stations are dropped over retransmission consent. Like executives of most MSOs we talked to, he said Coaxial hadn't drawn up firm contingency plans: "We'll just have to try to educate them [broadcasters]." Harron spokeswoman said company wasn't drafting contingency plans: "We're hoping it won't come to that if a clear message is sent."

Fox, meanwhile, was trying to avoid confrontation on retransmission consent by asking for 2nd cable channel, rather than cash. Executives confirmed reports that it's suggesting that cable systems instead carry new basic cable channel that would air original shows, as well as programs from Fox library. Ad revenue would be shared with cable operator, they said.

March pledge drive raised record \$42 million for public TV stations, according to revised PBS figures -- up 4.7% from previous record of \$40.11 million in March 1991.

NPR management and member stations "lack a common understanding of what a successful relationship means to them, what roles NPR and member stations ought to play in that relationship and how NPR and member stations should carry out their respective roles," said study of conflict between NPR and stations initiated by Eastern Public Radio and supported by NPR. "These problems are exacerbated by ineffective and overburdened communication and decision-making procedures," said 15-page report by Conflict Management Inc. (CMI), Cambridge, Mass. Purpose of project, as stated by CMI, spinoff of Harvard U. Negotiation Project, was to help NPR and member stations identify and become more aware of "dysfunctional dynamics" in how they handle their differences and to "develop recommendations and suggest processes... to improve the way they interact..." Contentious dues battles of recent years are one focus of study, which said annual membership meeting at Public Radio Conference (PRC) (which took place last week in Washington) is "of questionable value as a decision-making forum" since it occurs "in the midst of an industrywide conference with many competing attractions and interests," setting in which "there is little opportunity for interactive discussion and true exchange of ideas..." Among problems CMI identified was tendency of NPR and stations to try to solve joint problems "without consulting parties who might be affected by the action... This kind of process has created misunderstanding and, sometimes, ill will."

Tribune Bcstg. said it will contest legality of new \$750-million, 4-year NBC contract signed by National Basketball Assn. (NBA) that limits superstition carriage of NBA games. U.S. Dist. Judge Hubert Will, Chicago, who earlier was upheld on appeal (Supreme Court refused to hear it) is expected to rule on latest deal. Will continues to oversee NBA antitrust injunction and has scheduled status conference for May 11, but isn't expected to rule on latest deal until after both sides file briefs. Tribune and Chicago Bulls claim that new deal, which essentially gives NBC veto power over any carriage by WGN-TV Chicago and WTBS Atlanta, violates antitrust rules. NBA asked Will to rule on whether it violates injunction or other laws. NBA's fallback position is to impose higher fees on teams that sell TV rights to superstitions, according to Tribune filing in FCC's sports migration inquiry. Tribune said under that provision Bulls would have to pay about \$250,000 extra to league for every game (typically 30 per year) broadcast by superstition. Money, which would be distributed among NBA teams, presumably would require higher rights fees to be paid by broadcaster, Tribune said.

Ernst & Young said combined revenues of big 3 TV networks in first quarter were down 3.8% from same 1992 period, attributing decline to absence of 1992 Winter Olympics. There also was slight drop in daytime, with all other dayparts showing increase, in report compiled for Best. Cable Financial Management Assn. (BCFM). Revenues for 3 networks in first quarter totaled \$1.76 billion, down from \$1.83 billion. BCFM Exec. Dir. Bruce (Buz) Buzogany said: "To see the Big 3 perform so well... is a positive indicator of how regular, sustaining programming will continue to be the best gauge of network revenue performance."

NCTA will switch ad firms for its 2-year-old multimillion-dollar campaign to boost cable's image. Bozell's N.Y.C. office has handled ad portion of ad/PR campaign, with budget of about \$5 million per year, since its inception, but was among 4 firms eliminated by NCTA (others were Cadwell Davis Partners, Chiat/Day, Fallon McElligott). Other 3 finalists are Carmichael Lynch, Deutsch/Dworwin, and Leonard Monahan Lubars & Kelly.

CABLELABS MAKES HDTV PICKS: "Grand alliance" HDTV system should be interlaced and include multilevel VSB (vestigial sideband) transmission that would allow carrying 2 HDTV channels per 6-MHz cable channel, CableLabs said. Recommendation tacitly endorses Zenith/AT&T multilevel transmission system, but doesn't choose between interlaced scanning methods proposed by General Instrument and Advanced TV Research Consortium (NBC, Phillips, Sarnoff Labs, Thomson, Compression Labs). HDTV proponents, meanwhile, were said to be working through weekend and into this week in effort to meet de facto May 24 deadline for agreeing to grand alliance that would combine best of all 4 remaining HDTV systems.

CableLabs is first to choose publicly among HDTV alternatives, although group of broadcasters is said to be working on its own recommendations. CableLabs Vp Craig Tanner emphasized that recommendations apply only if there is grand alliance and CableLabs isn't prejudging results of any retesting that begins May 24 if systems aren't merged. CableLabs officials said they're making recommendations public to help guide proponents in alliance negotiations. NCTA Science & Technology Vp Wendell Bailey said he endorses CableLabs recommendations: "These are the right choices for cable, and beneficial choices for broadcasters and television viewers as well."

Pres. Richard Green said CableLabs chose interlaced over progressive scanning because it "will provide the best economic and technical scenario for successful launch [of HDTV], while providing an upgrade path to progressive scanning when that becomes practical." He said progressive scanning has interoperability benefits with computers, but "adopting progressive scanning now, at a necessarily low line count, would fail to leave headroom for future improvement."

Zenith/AT&T multilevel VSB transmission would allow HDTV to be transmitted either at 32-VSB, which can carry 21.5 Mbps of data in 6-MHz channel, or at 16-VSB, which can handle twice that data rate. Higher rate transmission is more subject to interference, particularly in over-air environment, but is very compatible with better technical quality of signals in cable. Higher data rate could be used to carry 2 HDTV signals per 6-MHz channel, for one HDTV signal and several NTSC signals, or for mix of HDTV and data services, Tanner said.

Mixing Zenith's transmission method with interlace scanning from another proponent shouldn't be difficult, Tanner told us: "They are separable." He said proponents "will have to do some engineering," but grafting one onto other won't require technical breakthroughs. "If the alliance happens, this [recommendation] could be very important. We hope they will consider it."

HDTV proponents have been meeting for months in effort to form grand alliance (TVD March 22 p4), but moves are accelerating this week, 2 weeks before retesting date. Each proponent is required to pay \$612,000 for retesting when its system enters Advanced TV Test Center, and officials believe that when companies begin making payments, their incentives for agreeing to alliance will be reduced.

FCC brown-bag lunches, sponsored by Public Service Div.: May 11 -- impact of environmental RF radiation on telecommunications services, with FCC Senior Scientist Robert Cleveland, noon. May 18 -- cable rates and services, with Alexandra Wilson of Mass Media Bureau, noon. All sessions are in Rm. 856; call 202-632-0244 for reservations.

State legislatures need to pass bills that provide for statewide regulation of cable TV, N.J. Board of Regulatory Comrs. Chmn. Edward Salmon told National Conference of State Legislatures Communications Committee at May 7 meeting in Washington. He encouraged legislators to adopt such laws for 4 reasons: (1) Uniformity. (2) Fairness to overburdened FCC, frustrated industry and municipalities that don't have adequate resources. (3) Benefits to consumer. (4) Fact that FCC rulemaking didn't preempt state regulatory jurisdiction. Salmon said it's only way to regulate "that makes sense." When telcos and cable eventually enter same businesses, he said, they should be regulated by same agency. NARUC Deputy Asst. Gen Counsel James Ramsey said Assn. supports statewide regulation. Having disparate authorities would cause "separations problems" that would lead to "firefights" with municipalities, he said. States will be able to placate cities because "all they want is money" from franchise fees. Attorney Howard Symons, speaking for cable industry in later panel before same group, said statewide regulation "is a model worth looking at" because municipal-based regulatory structure is "outdated." Acknowledging that's controversial, he said: "This is not a point for the NLC [National League of Cities]." Cities have opposed statewide regulation in past on ground that localism in programming and services would be adversely affected.

Nynex and Long Island's Newsday newspaper will test personalized information service in joint venture that melds strength of 2 industries waging dispute over rights of telcos to offer information services. New project will give subscribers access to 9 categories of news from headlines to sports to business that will be updated several times per day, Newsday spokeswoman said. Service will undergo 6-month test on Long Island beginning in fall, to 1,500 customers, she said. News will be delivered to subscribers via Nynex's Call Answering service, which is voice mailbox that subscribers can dial into. Newsday will write and develop all news being provided, she said. To access news, customers can subscribe to any or all of various categories eventually offered in addition to subscribing to Nynex's Call Answering service, Nynex said. Users will be charged normal monthly fee for Call Answering (\$6.23) plus fee for each news category they have delivered.

NPR revenue increased \$5.13 million (12.3%) to \$46.58 million in FY 1992, according to federal tax return, with program service earnings growing 10.5% to nearly \$32.94 million and grants and contributions \$2.63 million (26%) to nearly \$12.7 million. At 319, number of \$30,000-plus employees grew 20 from FY 1991's 299. Executive pay: Douglas Bennet, pres., \$138,900, up 18.7%; Sidney Brown, vp, \$109,178, 4.1%; Peter Loewenstein, vp, \$95,158, 4.1%; Midge Ramsey, vp, \$95,158, 4.1%; Peter Pennekamp, vp, \$95,158, 4.1%; William Buzenberg, vp, \$93,704, 4.1%; Theodore Miles, gen. counsel-secy., \$93,704, down 9.4%; Donald Lockett, new vp, \$91,388; Barbara Hall, new vp, \$73,529. Morning Edition host Bob Edwards, at \$125,738, again was only staff member exceeding \$100,000.

FCC presented 17 employees with "Catherine Forster Public Service Award" at ceremony May 10. Awards are named after 20-year FCC employee who was killed in Nov. 1991 while on duty in N.Y. field office. They recognize employees' "exceptional performance of their day-to-day responsibilities or through performance beyond their normal job requirements."

Media Venture Management is buying WTXL-TV (Ch. 27, ABC) Tallahassee from ET Bstg. for assumption of \$5-million debt.

MUST-CARRY ATTACKED: FCC began receiving expected petitions last week for reconsideration of its must-carry/retransmission consent rules adopted in March (TVD March 15 p1), and cable operators began notifying stations of their must-carry status. NCTA immediately asked FCC to stay rules pending reconsideration and CATA said they have potential for "consumer's nightmare," but NAB said they "provide a workable basis" for handling signal carriage issues.

NCTA said it will seek review of must-carry by both FCC and eventually by U.S. Appeals Court, D.C., and said they should be stayed because if they take effect cable operators and programmers could be hurt by any that are changed later. NCTA petition attacked rules in general and "in particular... a fast-paced and disjointed schedule" for implementing them: "The implementation schedule will cause twice as much disruption and subscriber confusion, as multiple changes in carriage lineups are forced to be made over a 5-month period." Petition questioned channel positioning rules and network nonduplication rules that NCTA said "unfairly and arbitrarily skewed [retransmission consent] negotiations in favor of broadcasters."

CATA again attacked rules' constitutionality, but focused petition on 4 areas: (1) June 2 effective date is "illogical" because stations don't even have to choose between must-carry and retransmission consent until June 17. Assn. asked delay in effective date at least until June 17. (2) Cable operator should be allowed to assign channels when more than one TV station chooses same channel. (3) Systems that carry entire "band" of FM radio channels should be exempt from requirement for radio retransmission consent because many cable systems don't have ability to cut out individual FM stations and might have to drop all of them. (4) Exemption for cable systems with 300 or fewer subscribers should be clarified.

NAB asked that: (1) FCC not use copyright test to determine whether vertical blanking interval material is program related. (2) Stations electing retransmission consent be guaranteed must-carry status until retransmission consent takes effect Oct. 6. (3) Stations failing to choose between must-carry and retransmission consent retain some protection on channel position. (4) Copyright royalty reimbursements be clarified. (5) Stations faced with claims of inadequate signal quality still would get must-carry pending resolution of disputes or if they commit to remedying deficiency.

Meanwhile, TCI notified 1,235 TV stations that they don't qualify for must-carry status, but Senior Vp Robert Thomson said notices were only to comply with FCC rules and stations almost certainly won't be dropped: "We want to make sure that broadcasters don't misunderstand that we are required by statute to notify them that their signal is technically inadequate. That doesn't mean we will drop them." Most of notifications involve stations for which TCI uses means such as microwave relays to get signal to cable system headend, or for which MSO would incur extra copyright liability. TCI said it tried to make results as accurate as possible, but acknowledged there could have been some errors and asked stations that are notified incorrectly to contact MSO.

Prevus Networks will begin using digital compression to deliver program promotions to cable systems by satellite in 4th quarter, Pres. Joseph Batson said. System is MPEG-based but compatible with other compression technologies, he said.

Interagency task force examining options for reorganizing govt. radio services such as VOA and Radio Free Europe/Radio Liberty expects to issue first report in week or 2, Board of International Bestg. (BIB) Chmn. Daniel Mica said May 4. Testifying before House Appropriations Subcommittee, Mica, who has been chmn. for 2 weeks, said he will work closely with new VOA Dir. Joseph Duffey to eliminate rivalries between services. There has been "too much bickering," Mica said, and "it's time to put it to rest." BIB is seeking \$220 million for FY 1994, same as for FY 1993 despite increases in operating expenses caused by currency fluctuations and labor agreements abroad. Mica also said he would seek permission to operate in former Yugoslav territories without budget increase. He and RFE/RL Dir. Gene Pell stressed latter's mission to train journalists in Eastern Europe and ex-Soviet Union as way to promote free press in areas formerly served by govt.-operated radio and newspapers. BIB won support from Subcommittee members, including Rep. Rogers (R-Ky.), who said money was better spent on broadcasting than on strategic helium and other items listed in Clinton Administration budget.

News Corp's. Fox TV submitted "false written representations" to FCC in request for waiver of newspaper-TV cross-ownership rule to permit Rupert Murdoch's News Corp. to reacquire N.Y. Post. That's charge made to Commission May 6 by Caucus for Media Diversity, which asked that misrepresentation issue be added by agency. Fox "repeatedly" told FCC that it was "imperative" that waiver be granted by June 1 or risk losing Post "forever." However, Caucus said, it has "obtained evidence that irrefutably establishes" that Murdoch made "conflicting representations" to U.S. Bankruptcy Court -- assuring Court that June 1 wasn't final deadline for acquiring paper. Caucus also told FCC that News Corp. repeatedly said that it was only serious bidder for Post while actually management of paper had signed memorandum of understanding with unidentified Conn. company to acquire newspaper. Waiver is needed because Fox TV owns WNYW N.Y. Murdoch formerly owned paper, was forced to divest it when he acquired TV station.

It may take 10 years or longer to complete transition to stable regulatory environment as result of 1992 Cable Act, said consultants James Kluttz and Lawrence Horn of Washington-based HKM Corp. In paper focusing on rate regulation, they made time projection on fully introducing all rate-setting concepts, including cost of service, and on completing litigation. Kluttz and Horn said many cable executives continue to believe that regulation won't affect business fundamentally but do think it "will change the cable paradigm." FCC's effort to set rate benchmarks will fail, they predicted, because cable operators will lose money at benchmark rates, forcing them to fall back on cost-based regulations. Consultants suggested that cable operators begin now to develop revenue and expense models for each system.

FCC has opened window through June 2 for applicants to seek Pioneer's Preference for delivery of digital audio radio via satellite in 2310-2360-MHz band. Filings must reference FCC Doc. 90-357 and rulemaking 7400. Only applicants that have submitted demonstration of technical feasibility of their systems or begun experiment and submitted preliminary results to Commission will be considered for preference.

Compression Labs said it will provide digital video encoders and decoders for Bell Atlantic video-on-demand trial at 400 employe homes in Northern Va. Terms weren't disclosed.

KID TV COMMENTS: Commenters in FCC rulemaking split on what FCC should and shouldn't due to enforce Children's TV Act, which became law in 1991. Among issues in FCC rulemaking (MM Doc. 93-48): Whether only regularly scheduled, full-length programs, should count in meeting mandates of law, or whether short segments in other programming are best way to reach children. Should or shouldn't FCC set quantitative standards, require TV stations to air hour or more daily of educational and informational programming for children? Is law working as Congress intended?

Coalition of dozen consumer, educational and child advocacy groups urged that stations be required to air at least hour daily of "specifically designed educational and informational programming." Group also asked FCC to refine its definition of "educational and informational" to "close the regulatory loophole" that permitted stations to classify cartoons under that category. Only standard-length, regularly scheduled programs should be counted as meeting licensees' obligations under children's TV law, coalition said, and programs aired before 7 a.m. and after 10 p.m. shouldn't count as "core" programs.

Fox Children's Network, established in 1990 as co-op with affiliates, told Commission that short segments in longer programming are most effective way to reach children. Fox cited several examples of "short-segment, interstitial material embedded in the programming that we know children are watching" as being most effective means of conveying information to child audience: "Our Totally for Kids interstitial minutes... stimulate thought, create deeper awareness and impart to children valuable, practical information that they can apply to their own lives."

Kathryn Montgomery, co-dir. of Center for Media Education, which is acting as umbrella for coalition, charged TV industry has "failed to respond seriously" to 1991 law: "One thing that is very clear is that the [FCC] rules... simply haven't worked. Unless the Commission adopts stronger and more effective rules, children will see little benefit from this law."

Walt Disney Co., which has its own kid's over-air network in competition with Fox, said that children are "a discerning audience" and will watch quality programming that's also entertaining. And, Disney said, children are more likely to learn from what is entertaining. "In short, children learn best when learning is fun... Educational experts agree."

NAB said TV stations "understand the seriousness of the obligations imposed on them under this Act and the rules and we believe they are attempting [to comply]... These stations would not be so foolish as to disregard the intentions and mandates of Congress and invite sanctions by the FCC and risk their licenses." However, NAB said, many stations are confused and uncertain as to what's required of them under Act. FCC should give broadcasters and production community "time to generate and present more and better programming in response to the Act," NAB said. Agency should "resist the temptation to move to easy-to-enforce quantified programming standards that can reduce the effort to produce more and better children's programming to a numbers game yielding low-quality, unwatched, uninspiring 'required' programming." Bottom line, NAB said, is that Act is working and there's "more and more high-quality educational and informational programming becoming available."

DUGGAN SEEKS DAB COMPETITION: "Managed competition" approach to digital audio broadcasting (DAB), in which FCC would seek to make possible startup of terrestrial and satellite versions at about same time, is being weighed by FCC Comr. Duggan. In speech at Public Radio Conference in Washington May 7, he said that he's "somewhat more concerned" than before about impact of satellite DAB on radio broadcasting, and that managed approach might enable 2 versions to start "at the same point on the race track." Duggan, who said his views still were "in flux," agreed his comments would "cause alarm among the satellite [DAB] proponents." He and other panelists at session stressed near inevitability of digital audio in some form, with Duggan saying consumers are used to CD-quality audio and will desert media that don't provide it.

Satellite DAB doesn't loom on immediate horizon, panelists said. Skip Pizzi of Bortz & Co., which is conducting DAB study for CPB, predicted startup of satellite ventures in 1998 "at the very earliest" because of \$300-\$600 million that successful FCC applicants will have to raise. Bortz expects only 1-2 of 5 current ventures actually to launch. On implications for public broadcasting, Bortz Vp Jim Troutman said that explosion in number of local channels was "unlikely" under any of scenarios it has identified, although there might be capacity for nonintensive spectrum uses such as data transmission. Conversion costs for stations would be "manageable," he said -- \$150,000 or so under "worst case" scenario in which DAB was implemented entirely outside of broadcast spectrum.

Troutman said many elements of DAB remain in flux and there's no immediate need for public broadcasting to determine its final stance on technology. That's been source of some dispute between NPR and regional organizations. Latter recently asked public broadcasters to consider seriously 2 free dedicated channels that it said had been extended by Primosphere, one of 5 current satellite DAB applicants at FCC. NPR responded that acceptance of offer "could potentially undermine our request for an FCC-mandated set-aside of [digital satellite] capacity for public service uses" and that "there are serious technical uncertainties in all of the applications, including Primosphere's." Duggan largely demurred when asked about likelihood of set-aside, but said prospects were greater under current Democratic Administration and FCC.

Financials: Turner Bcstg. filed shelf registration with SEC to offer up to \$1.1 billion of new senior subordinated debt. Shelf offering clears way for possible offering in future. Company said proceeds would be used to repay other debt and for general corporate purposes... **Home Shopping Network** board said it can't make recommendation to stockholders on whether to accept Liberty Media offer to buy up to 15 million shares of stock at \$7 per share... **Infinity Bcstg.** said it will make public offering of 2.5 million new shares of common stock, plus 746,695 shares offered upon exercise of warrants. Company said it will use proceeds to finance future acquisitions of broadcast properties. Underwriters include Lehman Bros... **Playboy's** pay-TV revenue was up 24% in quarter ended March 31, in part because of higher sales to satellite dishes. Lack of investment income, however, kept parent's net profit to \$473,000, vs. \$868,000 year ago.

Instant Video Technologies (IVT) will team with I-NET to develop technology for cable interactive multimedia, companies said. I-NET will supply engineering, project management and installation support to IVT, which holds patent on technology.

COMMERCE GROWTH PREDICTION: Commerce Dept.'s massive U.S. Industrial Outlook 1993 projected generally good growth in telecommunications, cable, information and satellite services sectors, but said outlook wasn't as bright for hardware portions of those industries.

Cable revenue should continue to gain 8-10% per year through 1997, report forecast. Report, which mentions reregulation only briefly, said subscriber revenue increase would be modest, but strong ad gains would make cable one of fastest growing media groups. Commerce Dept. predicted that cable penetration would level off at about 70%, roughly same level as VCRs by end of decade. Report said cable would be significant factor in economic competitiveness, although foreign competition is starting to emerge in programming.

Motion picture business must overcome inability to keep movie attendance rising at same rate as population, report said, so revenue gains will be in 1% range through 1997. Foreign revenues from U.S. movies dropped to \$6.55 billion in 1991 from \$7.19 billion in 1990, Commerce said. Home video revenue should increase 5% in 1993 and 3-7% per year through mid-1990s, it said, mainly because it has become mature business.

Total 1993 market for telecommunications services was estimated at more than \$184 billion. Outlook said separate market segments could be expected to expand "much faster" than industry as whole. "The sheer size of [the market] makes it difficult for growth in any individual sector to have a dramatic effect on the overall data," report said. One exception it cited as "particularly explosive" was data communications, which was seen increasing at rate of 19% or more in year. Report said growing number of computers interconnected through high-speed networks was reason for dramatic jump. Revenues from domestic calls in 1993 were forecast to hit \$175.5 billion, up 6.2%; long distance revenues 13.7% to \$11.89 billion from \$10.46 billion; cellular another 30% to \$9.75 billion this year on top of impressive 31% gain in 1991. FCC data showed overall Consumer Price Index for telephone service rose 3.5% in 1991, latest year for which totals are available.

U.S. telecommunications equipment manufacturers saw flat shipments at just \$35.2 billion in 1992 owing to "sluggish" U.S. economy, report said. R&D for industry increased 6% in 1991, according to sample of 25 companies. AT&T "dominated" survey, with 82% of R&D spending.

Outlook provided rosy prediction that market for information services would increase 16% this year to \$13.5 billion. Industry is expected to keep up 15% annual growth rate if "a good business climate prevails over the next 5 years," Commerce said. CD-ROM and pay-per-call services are expected to be 2 sectors showing fastest growth, with much of expansion fueled by small businesses and home use. Spending on such services by established customers isn't expected to increase much, Commerce said. About 2/3 of information services are delivered on-line, with CD-ROM claiming 12%, survey said.

Growth in satellite services will offset decline in manufacturing of satellites themselves, spurring slight 2% rise in sales of commercial space industries to \$4.9 billion in 1993 from \$4.8 billion in 1992, report said. Revenues from manufacture of commercial communications satellites will plunge to \$670 million from \$1.3 billion. However, report said new applications and satellite services -- such as mobile satellite services (MSS) and new-generation remote sensing data -- would offset bleak manufacturing sector.

"Expanding markets for new technologies include mobile services and equipment for vehicle tracking navigation and positioning, and voice and data communications." Despite manufacturing declines, long-term outlook for U.S. satellite makers is good, Commerce said. Including international sales, industry had 58 communications satellites scheduled for delivery in next 5 years, maintaining Americans' traditional 60% share of world market.

Report projected continued development of market for small, low-cost satellites -- lightsats and microsats. Lightsats, which weigh less than 1,000 lbs., and microsats, less than 250 lbs., are expected to increase overall satellite industry sales, provided that sufficient spectrum is reserved for their operation, report said. Total market for fixed and mobile satellite services will boom to \$1.9 billion in 1993 from \$1.5 billion, with this breakdown: Fixed satellite services, to \$1.52 billion from \$1.275 billion; MSS, to \$380 million from \$225 million; satellite ground equipment, to \$1.56 billion from \$1.4 billion. Fixed services now account for 85% of all U.S. satellite revenues, report said, and nearly 65% of those revenues will be generated by video transmissions for cable TV networks and national broadcast networks. Land mobile applications, such as location and messaging services for trucks, produce 80% of all mobile satellite revenues, with rest from aviation and shipping.

Demand for satellite launches will be hurt by cuts at Defense Dept., although that may be offset in part by flights for planned military systems using small communications satellites in low-Earth orbit, report said. "Launch companies will receive a steady flow of orders to place civil satellites in orbit, as well as satellites from foreign countries and international organizations." Report said U.S. launch industry faced stiff competition in mid-1990s with advent of Arianespace's Ariane 5 low-cost, larger launcher. However, it didn't mention another bad omen for U.S. launch market: Entry of Russian and Chinese providers, for which U.S. recently has loosened restrictions. Report predicted sales of commercial satellite launches would remain stable at \$450 million.

Southwestern Bell (SWB) and Cox finalized previously announced deal for Cox to buy 25% of telco's U.K. cable/telephony holdings, price undisclosed. Deal gives Cox option to increase its holding and representation on management committee overseeing operations of SWB's cable systems. SWB systems now have more than 250,000 subscribers and potential to pass 1.2 million homes, and telco has part ownership of U.K. cable networks. Cox also owns 38% of U.K.'s Gold cable network.

Nynex U.K. cable venture, CableComms, said May 4 it plans to invest more than \$637 million in next 6 years to build local fiber network to deliver voice, data, video and information services. Nynex said system will be built "from the ground up." It already has cable systems in place offering combined telephone and cable services in Brighton, Bromley, N. Surrey, Portsmouth. Nynex CableComms serves more than 35,000 cable customers and more than 20,000 telephone access lines.

FCC refused to reconsider or reduce \$20,000 fine against Group 6 Communications, former licensee of WWOC(FM) Avalon, N.J., for violations of agency's equal opportunity employment rules. Said FCC: "Group 6 did not dispute the Commission's findings as they relate to its EEO program efforts and responsibilities." Group 6 had sought reconsideration on ground that it didn't have funds to pay fine.

Personals

Promotions at NBC: **David Schmerler** to vp-news production operations, **Charles Jablonski** to vp-broadcast and network engineering... **Robert Palmer** promoted to chief of staff, House Committee on Science, Space & Technology, succeeding **Radford Byerly**, named vp, University Corp. of Atmospheric Research, and dir. of Walter Orr Roberts Institute, both Denver.

Kenneth Wollenberg, Arbitron exec. vp and No. 2 exec., resigns, plans not announced; Arbitron Pres. **Steve Morris** said job won't be filled... **Michael Hugger** promoted to pres., Katz American TV, succeeding **James Joyella**, also ex-pres. of TvB, resigned.

Steve Sando advanced to dir.-operations, CBS News in Europe, based in London... **Joseph Kissack** promoted to vp-southwest region, Columbia Pictures TV Distribution... **Michael Birnbaum**, ex-Spelling Entertainment, named senior vp, ITC Entertainment... Programmer **Brandon Tartikoff** keynotes public TV's annual meeting June 18-22 in New Orleans... **Frank Biondi**, pres.-CEO, Viacom International, speaks at May 19 Media Institute lunch, Mayflower Hotel, Washington... **John Rudberg** promoted to div. exec.-Media & Communications, National Div., Bank of Boston... **Mark Paoletta**, former asst. counsel to President Bush, returns to Washington law firm O'Connor & Hannan as partner... **David Zucker**, ex-Eurosport and ABC Entertainment, joins ESPN as vp-programming.

New officers of Best. Education Assn.: Chmn. **James Smith**, Suny-New Paltz, succeeding **William Poole**, WFLS-AM-FM Fredericksburg, Va.; Vice Chmn. **Ramsey Elliott**, Fuller-Jeffrey Bestg.; Secy.-Treas. **Lynne Gross**, Pepperdine U... Appointed to 2-year network seats on NAB radio board: **William Hogan**, Unistar; **Nancy Widmann**, CBS; **Roy Simpson**, Jones Satellite Networks.

Daniel Reagan, ex-ESPN, joins Turner Bestg. as dir.-sports production... **Daniel Mason**, ex-Cook Inlet Radio Partners, appointed pres., Group W Radio, effective June 1, succeeding **James Thompson**, resigned... **Steven Gines**, ex-Jones Intercable, named purchasing dir., Time Warner Cable.

Paul Davis, former pres. of RTNDA and Society of Professional Journalists, retires as news dir., WGN-TV Chicago, remains with parent Tribune Co. as consultant; Asst. News Dir. **James Disch** named acting dir... **Jim Gibbons**, ex-Flamingo Films, appointed senior vp-creative advertising, Motion Picture Group, Paramount Pictures... **Chris McKendry**, ex-Fox News Service, appointed assoc. producer, Conus Communications sports services.

FCC Chmn. **Quello** also appointed chmn., Federal-State Joint Conference on Implementation of Open Network Architecture... **Penn Kemble**, Freedom House senior assoc., appointed deputy dir., USIA... **Duane Storhaug**, Times Mirror Co. controller, named vp-chief accounting officer, succeeding **Donald Maxwell**, who becomes responsible for audits and various corporate projects... TV Guide Pres.-Publisher **Joseph Cece** advanced to exec. vp of parent News Corp. responsible for development of televised version of magazine... **Kip Vanderbilt** promoted to N.Y. sales mgr. for Weather Channel and Travel Channel... **David Nuell**, ex-Entertainment Tonight, appointed exec. producer, Time Telepictures TV... **Ray Carter** advanced to news dir., WHO-TV Des Moines... **Janet de Acavedo** joins American Public Radio as dir.-communications.

TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

This Newsletter is available electronically via Newnet and
Predicasts and also may be received through facsimile service.

Warren Publishing, Inc. is publisher of *Communications Daily*, *Satellite Week*,
Television Digest With Consumer Electronics, *Video Week*, *Common Carrier Week*,
Audio Week, *Public Broadcasting Report*, *Mobile Satellite Reports*,
Consumer Multimedia Report, *Facility Strategies*, *Television and Cable Factbook*,
Warren's Cable Regulation Monitor, *Cable & Station Coverage Atlas*, and other special publications.

Copyright © 1993 by Warren Publishing, Inc. Reproduction in
any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037

Phone: 202-872-9200 Telex: 6502173616 (Via WUT)

MCI Mail: TELEFACTS Facsimile: 202-293-3435

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Paul L. Warren Sr. Ed. & Exec. Publisher
Daniel Warren Sr. Ed. & Assoc. Publisher
Dawson B. Nail Executive Editor
Arthur Brodsky Managing Editor-Washington
R. Michael Feazel Senior Editor
Brook Meeks Associate Editor
Myron Struck Associate Editor
Chris McCarter Assistant Editor
Michael French Assistant Editor

Business

Roy W. Easley III Controller
Gary Madderom Marketing Director
Gene Edwards Advertising Director
Betty Alvine Circulation Mgr.
Deborah Jacobs Information Systems Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017

Phone: 212-686-5410

Facsimile: 212-889-5097

David Lachenbruch Editorial Dir.
Lisa Lilienthal Senior Editor
Paul Gluckman Senior Editor
Martin Brochstein Senior Editor
Michael Peck Associate Editor

CONTRIBUTING EDITOR, EUROPE

Barry Fox

5 Denning Rd.

Hampstead, London NW3 1ST

Phone: (071) 435-6244

JAPANESE REPRESENTATIVE

Editorial and Circulation

CES International Corp.

1-18-2 Nishi Shinbashi, Minato-ku

Tokyo 105, Japan

Phone: (03) 3592-1531

Market Research & Data Sales Division

Lynn Levine Director

Karen Fahle Assistant Director

☐ I'm interested in *Television Digest With Consumer Electronics* and would appreciate your sending me a
FREE four-week (4 issues) trial subscription. I understand I have no obligation to subscribe.

☐ The person below would be interested in receiving a FREE four-week (4 issues) trial subscription to
Television Digest With Consumer Electronics.

Signature _____

Name _____

Company _____

Address _____

City _____ State _____ Zip _____

Stephen Brenner advanced to exec. vp-business affairs, operations and gen. counsel, USA Networks... **Thomas Marturano** named senior financial analyst, Communications Equity Assoc... FCC schedule: Comr. **Barrett** addresses Telecom Publishing Group's 7th annual state deregulation conference, May 11, Embassy Row Hotel, Washington, 9 a.m... **Ralph Haller**, chief, Private Radio Bureau, participates in panel on govt. affairs at NABER Mobile Communications Conference, May 13, Hyatt Regency, San Antonio, 5 p.m.

Obituary

Jullus Cohen, 79, retired partner in Washington consulting engineering firm Cohen, Dippell & Everist, died of cancer May 2 in Chevy Chase, Md., home. He had retired in Nov. after 50 years as consulting engineer, with networks and large group owners among clients. Cohen was a past pres. of AFCCE, life member of IEEE and a vice chmn. of planning subcommittee of FCC's Advanced TV Advisory Committee. Electrical engineering graduate of George Washington U., he was Army Signal Corps officer in World War II and Korean War. Wife, 2 daughters survive.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	APRIL 17-13	1992 WEEK	% CHANGE	APRIL 10-16	16 WEEKS 1993	16 WEEKS 1992	% CHANGE
TOTAL COLOR.....	368,101	411,295*	-10.5	275,128	6,340,969*	5,783,659	+ 9.6
DIRECT-VIEW...	362,438	406,036*	-10.7	271,207	6,237,041*	5,686,730	+ 9.7
TV ONLY.....	340,502	392,139*	-13.2	255,204	5,904,346*	5,463,063	+ 8.1
TV/VCR COMBO.	21,936*	13,897	+57.8	16,003*	332,695*	223,667	+48.7
PROJECTION....	5,663*	5,259	+ 7.7	3,921	103,928*	96,929	+ 7.2
VCR DECKS.....	181,742	213,629	-14.5	146,031	3,011,868	3,050,049	- 1.3
CAMCORDERS.....	52,717	56,827	- 7.2	44,475*	662,767*	603,250	+ 9.9
LASERDISC PLYRS#	3,925	3,190	+23.0	2,590	50,676	61,832*	-18.0

Direct-view TV 5-week average: 1993--380,558; 1992--375,010 (up 1.5%).

VCR deck 5-week average: 1993--180,020; 1992--207,550 (down 13.3%).

Camcorder 5-week average: 1993--53,306*; 1992--48,183 (up 10.6%).

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

Note: EIA revisions added 4 units to first-quarter 1993 direct-view TV figures.

PRICING DILEMMA -- FOLLOW WHAT LEADER? Watchful waiting -- and perusal of each competitor's price sheets as they come out -- are keys to current new model introductory period, particularly in color TV, but in other products as well. Pricing on most lines introduced to date (see reports elsewhere) still is tentative, and most marketers concede they're waiting to see what "everybody else" is going to do.

Best that can be said so far is that color TV pricing appears to be stable -- stable with end of last model year, that is, but nobody knows where the hot promotional 25" and 19" models are headed. All TV manufacturers are under greater price pressure than ever this year because of necessity to add closed-captioning, which by all logic should carry \$20 increase at retail on basis of normal markup of added cost to manufacturer.

On top of that is fact that this new model year is seeing biggest changeover in history -- most manufacturers switching lines largely to new chassis, cabinets and tooling -- occasioned by need to accommodate caption chip. Normally, only relatively small part of line is changed each year, but this year massive retooling adds to pressure on manufacturers and marketers. In addition, of course, is soaring value of yen, which strongly affects all Japanese content (even including such things as Japanese CCDs in Korean camcorders).

We haven't had chance yet to research pricing changes on new lines introduced so far, but their marketers or manufacturers indicate TVs are generally unchanged from their predecessors, at least for time being. Two brands have instituted increases -- Panasonic on TVs and Sony on all product categories -- but there's some indication that promotional programs have wiped out or vitiated those premiums already.

"TV sets need to be, at a minimum, \$20 higher at wholesale," Zenith Pres. Jerry Pearlman said last week just before company's stockholder meeting. "That would be \$450 million more profit to spread amongst the industry members. When the consumer buys something that will be used for 10 years, an average of \$2 per year in added cost wouldn't affect sales by 1%, but would take the industry from an enormous loss to the chance of making a little money."

Zenith's new TV line, introduced at last week's end, is largely unchanged in price from predecessors, according to initial indications. "We have proven a number of times that we are not in a position to lead a price increase," Pearlman said. "Thomson certainly could, Philips probably could. [They] could be providing

a different message." As for Thomson, Pearlman said, that company "said, after having lost hundreds of millions of dollars, 'we are approaching breakeven.' What kind of crazy industry is that?"

Color TV pricing in first quarter "is the lowest I've ever seen it," said Thomson Consumer Electronics (TCE) Senior Vp James Meyer, and VCR and camcorder price competition "continues to be as intense as it was 4 months ago when the yen was 10% higher." Exec. Vp Joseph Clayton saw little relief in color price wars, particularly in hot promotional 25" and 19" areas (see separate report below). He said he didn't expect much more attrition in VCR and camcorder pricing. "I can't imagine significant VCR pricing erosion. I think prices will hold, but there's no question there will be pressure on the 4-head below \$199, and 2-head will seek its own level -- it's \$149-\$159 today in the warehouse clubs."

"We would like to see level pricing this year," said Philips Color TV Mktg. Mgr. Mark Stephenson, who reflected status of much of industry when he noted that Philips hasn't raised prices -- but hasn't lowered them either. On VCR front, Video Mktg. Vp James Newbrough estimated 5-6% industrywide price degradation in first quarter and added: "The thing that bothers us the most is the currency situation. If something doesn't happen in the next 3 to 4 months, we're looking at some price increases."

Key to TV profitability in 1993 is 27"-and-over sizes, Hitachi Sales Vp Gary Bennett said, "because there is very little, if any profit... in 25-inch and under for anybody, including the manufacturers." Price strategy no longer works, he said, "because no one can maintain a price advantage for more than 24 hours." He said manufacturers "must charge prices for their products that provide sufficient profitability and that encourage further development [or] product quality and/or R&D will suffer." Bennett added: "Modest profits at all levels must be achieved" for industry health and growth. "Success can only come from asking the consumer to pay a fair and equitable price for these products."

So far, we have seen no volunteers.

TCE MAINTAINS AGGRESSIVE MARKET-SHARE PURSUIT: Unveiling what they called "by far the biggest product introduction for us ever," Thomson Consumer Electronics (TCE) executives last week laid out latest steps in plan to extend reach into high-end and digital technologies while maintaining leadership in core categories. Detailed report on product introductions will appear here next week.

"The key to our future is revenue growth every year. We will continue to be the market leader in core line color TV," Senior Vp James Meyer said at preview of new RCA line for media in Indianapolis. At same time, he said that "digital video compression... is going to be the next great watershed in consumer electronics. I don't know if DBS is going to be the answer, or if 500-channel cable boxes are going to be the answer... I do know we have to be ready, and we're going to have to master video compression. That's why we're in DBS."

Company showed off latest progress in DSS (Direct Satellite System) venture with Hughes, demonstrating real-time encoding and decoding of signal with variety of programming material, latter half of process being performed by set-top MPEG decoder that was part of recent test production run. Demonstration involved provisional version of MPEG (labeled internally as MPEG-1.5) although final version will use MPEG-2, according to recent agreement between Thomson and Hughes. Meyer said "performance of these early devices gives us high confidence that SGS-Thomson will meet our [chip] production needs for the introduction of DSS receivers with MPEG-2 decoders."

DSS is scheduled to launch in April in \$699 and \$899 retail versions. Although 18" dish is designed to be user-installable, Product Mgr. Mike O'Hara said TCE will disclose plans for professional installation in near future. TCE officials also said they have developed on-screen channel navigating system, but said it "raises some patent issues," with others already announced.

Meanwhile, TCE charted course for maintaining share in core product even as it sets sights on higher end home theater business. It introduced revamped ColorTrak line (rechristened ColorTrak Plus) centered on new chassis, at whose core is LSI circuit that automatically controls all picture parameters, eliminating most mechanical adjustments done on production line.

TCE officials also disclosed plans to reenter 19" TV business, which company left more than 3 years ago. "The growth of 19-inch has somewhat surprised us," Exec. Vp, Mktg. & Sales-Americas Joseph Clayton conceded. He said company will launch 19" with GE product later this year, following with RCA core line, extending into stereo model if necessary. "If Magnavox and Zenith have it, we will, too," he said. He also

said TCE will reexamine 25" screen size in light of market conditions so far this year. "The industry is so strong in that 25-inch business that we're looking at all our alternatives to get a little more share," Meyer said. "As usual, the consumer wins."

PHILIPS SLATES WIDESCREEN, GHOSTBUSTING PLANS: Philips Consumer Electronics (PCE) announced it will ship its first widescreen TV to retail in Aug. and gave first details of plans to introduce ghostbuster technology to consumer market in 1994. Company also previewed 1993 Magnavox and Philips TV and video lines, spiced by inclusion of voice recognition remote control with some VCRs and expanded built-in TV home theater program.

PCE Pres. Donald Johnstone, noting combination of worldwide economic softness, industry overcapacity -- "there's more open-to-manufacture than open-to-buy" -- and overstocking at retail, asked rhetorically: "How does one win in the kind of industry we're in?" He said margins from manufacturer to consumer had dropped about 1% annually over last 2 decades, decline that didn't even take into account price deterioration. Answer, he said, lies in manufacturing efficiency and fine-tuning distribution, logistics and product quality. He said growing influence of warehouse clubs and low-service formats such as Best Buy's Concept 2 raised issue for marketers of "how do we introduce new technologies into these kinds of formats -- manufacturers are going to have to think through how their products are sold at retail, something they never had to think about."

Company formally announced it will ship 34W" TV in Aug. with \$6,000 price tag. Set will have internal sync adapter that automatically will distinguish between 525-line interlace or 1,050-line progressive scan interlaced transmission, picture-outside-picture function for monitoring 2nd channel on right portion of screen, expand and zoom modes for displaying letterbox formats, and upgradable to future HDTV via adapter connected to RGB input.

Philips also revealed plans to market outboard ghost-cancellation processor by end of 1994, and said plug designed to accept it will be included in jack pack on next year's projection TVs. Color TV Senior Vp-Gen. Mgr. Ron Marsiglio said processor could be built into projection TV chassis in following year's line, when it also may be added to some high-end direct-view TVs. He called ghost-cancelling "the last major improvement in NTSC" and said Philips is announcing product year in advance in effort to spur broadcasters to adopt Philips Ghost-Cancellation Reference Signal, endorsed by Advanced TV Systems Committee. He said "well over 100" TV stations now are transmitting reference signal.

Highlight of VCR line is addition of preprogrammed version of VCR Voice Programmer (TVD Sept 28 p14) as extra packed-in remote control with 2 models each in Philips and Magnavox lines. Video Mktg. Vp James Newbrough said version to be packed in is "2nd generation" of VCR Voice Programmer with codes for PCE VCRs programmed into unit, although it couldn't be ascertained how 2nd generation differs from first, which has had less than enthusiastic reception in consumer press, most recently in May issue of Consumer Reports in short article headlined "I Said '8', Not 'Wait'." Philips said units will ship in July, but information on specific models and pricing wasn't available by our deadline. Rest of Magnavox VCR line encompasses 10 models -- three 2-head mono units (\$200-\$220 list prices), four 4-head mono models (\$240-\$300), three 4-head hifi (\$350-\$400). Newbrough said PCE expects VCR sales to reach 12.5-12.8 million this year.

Lineup of TV/VCR combos (category that Newbrough predicted would reach 1.2 million this year) includes first Philips brand model -- 4-head 20" unit with \$700 suggested retail. Magnavox combo line has one model each at 9" (\$450, including car adapter), 13" (\$450), 19" (\$500), 20" (\$550). All have 8-event, one-year programming, repeat play, A/V inputs and outputs. Units will be available in Sept.

Camcorder lineup includes 3 new Magnavox full-size VHS (\$700, \$750, \$800), 3 Magnavox VHS-C (\$750, \$850, \$1,100) and 2 Philips VHS-C models (\$800 and \$900). Only 8mm camcorder is carryover model in Magnavox line. Newbrough said he expects industry will sell about 2.8 million camcorders this year, of which 25% will be full-size. He predicted VHS-C, which he said began pulling share from 8mm (rather than from full-size VHS) in last 6 months, would be running at 45% share by year-end.

Several new Philips and Magnavox projection TVs (out of total 10 new models) feature new slim design that, as is case with some other brands, takes advantage of new compact lens system made by U.S. Precision Lens (TVD May 3 p10). Philips sets (46", pair of 52" and single 61" models) have been redesigned with screen raised to higher level in cabinet to optimize viewing angle. Magnavox line includes two 46" models (\$2,000 and \$2,300 list, with higher end adding universal remote, surround sound, Smart Sound), three 52" units

(\$2,200 and pair at \$2,600), single 61" (\$3,400). Projection TV Mktg. Mgr. Gregg Chason said street prices for all except 61" version will be under \$2,500, where 70% of industry sales are made.

Home theater business will be expanded with introduction of Video Gallery, in-wall model that surrounds 52" screen with choice of several picture-frame borders. Video Gallery package includes 125w amplifier with Dolby Pro Logic, six 2-way speakers, subwoofer, 800 lines of horizontal resolution, CD-I player, \$6,000 retail. Company is continuing Thomasville home theater program, and, said Herb Galliford, gen. mgr. for home entertainment products, is talking with Armstrong Furniture about direct-view home theater packages.

Magnavox TV line has 27 new models of 13-31"; only 35" models are carryovers. Five have PIP, including 3 with "multi-PIP" with size adjustment, swap, freeze frame. Color TV Mktg. Vp Mark Stephenson said PCE won't have model "on a regular basis" with monochrome PIP, which company has championed in past. "Smart Sound" automatically adjusts sound level -- either down 6 dB or up 3 dB -- to compensate for change between programs and commercials.

There's more overlap between Philips and Magnavox TV lines than in past, when Philips was skewed significantly higher. Stephenson said point of delineation is that Magnavox sets are oriented more toward "convenience features" and Philips toward performance characteristics such as picture improvements emanating from Invar mask and dark glass in new "Eclipse" tube and Universal Plus remote that stores VCR programming information and transmits it to VCR at appropriate time; both features are included in top of line 27" and 31" models. Philips line spans 9 TVs -- pair of 13", 20" and 31" models and three 27" units.

* * * * *

Philips signed worldwide licensing agreement to incorporate VCR Plus programming technology into new VCRs, according to news release issued by Gemstar Development Corp. It said Philips VCRs with VCR Plus "will become available this year," but didn't specify in which countries or under what brands. PCE executives in U.S. said VCRs with VCR Plus would be introduced in Europe only for time being. Philips is one of last major manufacturers and marketers to take VCR Plus license.

HITACHI UNVEILS TUBE PLANT, BIGGEST NEW LINE: Hitachi last week showed its determination to be significant force in U.S. consumer electronics with first special new-line unveiling for press at its new \$150-million picture tube plant in Greenville, S.C., which it called "most modern and automated in the world," and displayed "largest array of new products in the history of Hitachi."

Highly automated plant, which began full production last year, currently makes 25" and 27" color tubes in 100° and 110° deflection in standard and ultraflat versions, will add 31" within year and new building for projection tubes within 3 years. Plant is running now at capacity -- 70,000 monthly. That plant eventually will be turning out widescreen and high-definition tubes was made clear by Jack Fuhrer, head of company's Advanced TV & Systems Lab in Princeton, when he said Greenville will "play an important role in HDTV." He forecast HDTV sets would be available to consumers 2 years after FCC picks system.

Tube plant and Hitachi's new line feature UltraBlack high-contrast picture tubes -- with darkly tinted glass faceplate -- trend that's sweeping industry. Hitachi's TV line contains its first 35" models. UltraBlack is feature of three 35", one 31", two 27" and one 20" model. Projection TV line is all new, with 7 models from 46" to 60".

Among unique products is VCR with "Laser VLS" loading. Laser-controlled system is activated by infrared sensor that automatically opens loading door when videocassette is placed in front of it. Companion feature is illuminated LCD remote that displays VCR Plus program in its own LCD window instead of on TV screen. Hitachi added 3 new models to 8mm camcorder line of 6 models, including 3 Hi8 units. There are 2 full-size VHS models in line. (Details of Hitachi and other lines will be reported in future issues.)

"Fiercely competitive year" was expected by new Sales Vp Gary Bennett, who forecast "slow economic recovery, overstored markets, low growth, intense competition and severe pressure on profit margins as the competition intensifies and accelerates." He predicted 21.6 million direct-view color sales, with 25"-and-over sizes comprising 7.92 million of those and factory dollar volume growing 3.1% to \$6.72 billion, with 30" and over constituting a million units, growing 27%.

TV/VCR combos will increase 27.7% to 1.2 million at \$472 million, according to Bennett, who saw projection TV at 430,000, worth \$731 million, up 4.4%. His other forecasts: VCR decks, 12.8 million at \$2.982 billion, up 1.6%; camcorders, 3.1 million at \$2.015 billion, up 7.4%; laserdisc players, 200,000 at \$88 million, no growth; audio, \$7.1 billion, up 3.4%.

"The No. 1 challenge, and most critical issue facing the industry today," said Bennett, "is profitability. Retailers will find that the manufacturers' ability to subsidize dealer profit margins through lower and lower prices is rapidly diminishing... At present, we have too much retail capacity with too many retail stores chasing too few customers." Bennett agreed with others in industry that "volume without profit isn't worth a damn" (see related report elsewhere in this issue).

JAPANESE CAMCORDER SHIPMENTS TURN UPWARD: After 16 consecutive months of inventory-reducing declines, Japanese exports of camcorders to U.S. turned upward in March. That month showed 14.1% increase over same 1992 month, but shipments were down 6.8% for first quarter.

End of cutbacks was foreshadowed when pipeline inventories in U.S. fell to manageable level, dropping 2/3 by end of quarter to 221,000 from 1991 high of some 660,000 (TVD April 16 p16). More than 93% of camcorders sold in U.S. are made in Japan.

Shipments of 258,265 in March were highest since Oct. 1992, but only slightly over half the all-time monthly record of 478,468, set in Sept. 1991. Lowest monthly shipment since cutbacks began was 113,518 in April 1992, less than half of March 1993 total.

In addition to cutting quantities, there's strong evidence Japanese are trying to hold down camcorder prices. Average price of camcorder shipped from Japan in March -- in yen -- was lowest for any month in history (63,500 yen, down 8.1% from year earlier). Despite plunging value of dollar (117 yen in March 1993 vs. 133 yen in March 1992), even in dollars average price was down 4.4% -- \$23 to \$542.75. Record low in dollars was just under \$510 last Aug., at 127 yen to dollar. Reductions are in line with Japanese companies' stated efforts to lower camcorder prices, although promised new cheaper models still haven't hit export market.

VCRs from Japan also show some price decline, although most low-cost VCRs come from other Asian countries. Japanese VCR decks were down 16.7% in yen in March and 5.3% in dollar equivalent. That's far less significant than cuts in camcorders, since Japan now is source of only about 35% of VCRs reaching U.S. VCR shipments from Japan were down for 9th consecutive month in March, showing whopping 31.5% decline in first quarter.

CD players from Japan hit highest number of year in March, but still were 5.2% behind last year in first quarter. Laserdisc players continued rollercoaster ride of up one month and down next.

Japanese exports to Canada for first quarter (March figures in parentheses): Color TV 420, down 71.1% (11 vs. none); VCRs 39,673, down 61% (16,612, down 56.6%); laserdisc players 4,431, up 22% (1,171, up 318.2%); CD players 102,825, down 11.2% (43,190, up 7.5%). Here are Japan's exports to U.S. for March and first quarter, from Japanese Finance Ministry:

Product	Mar. '93	Mar. '92	% Chg.	3 Mo. '93	3 Mo. '92	% Chg.
Color TV.....	7,619	2,362	+222.6	26,652	18,706	+42.5
VCR decks.....	438,738	517,868	-15.3	997,325	1,456,744	-31.5
Camcorders.....	258,265	226,415	+14.1	500,830	537,452	- 6.8
Videodisc players	23,173	12,879	+79.9	49,932	60,598	-17.6
CD players.....	583,806	561,993	+ 3.9	1,317,586	1,390,425	- 5.2

Corning is in strong position to benefit from explosion in LCD and CRT displays, Pres. Roger Ackerman said in presentation following company's annual meeting. Market for glass used in active matrix LCDs will quadruple by end of decade, he forecast. As for CRTs, "the TV industry is caught up in a series of revolutionary changes spurred by such developments as the advent of HDTV... all of which mean renewed vitality for our CRT business." Kenneth Freeman, pres.-CEO of Corning Asahi Video Products, 51% owned by Corning, predicted that growth of CRTs "will come from a shift to larger sized TV tubes [and] to a widescreen format... in preparation for the arrival" of HDTV. James Ramich, pres. of Corning Japan, of which Corning owns 78%, forecast active matrix LCD market would grow to \$400 million by 2000 from \$100 million now.

Philips has stopped production of personal computers in Montreal, company announced. It discontinued sale of Magnavox brand computers last spring (TVD April 13/92 p12, dropped out of European brand name market last Nov. and closed its European distribution center in Jan. At time of announcement last year on discontinuance of Magnavox line, Philips said it would focus on OEM computers from Montreal plant.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 110 yen = \$1, except where noted.

PHILIPS NET DOWN 36.4%: Consumer electronics continued to operate in red as Philips' net income plunged 36.4% on 2% dip in sales for first quarter (see financial table). Consumer electronics (CE) sales dipped 3% to equivalent of \$2.84 billion, but loss from operations in that sector declined 6.8% to \$31 million.

Philips attributed CE sales drop to "declining markets and price erosion in Europe," but said "the latter effect was less strong than the average in 1992." It said 2% drop in selling prices was "compensated by a lower cost level." Sales in "other consumer products" sector were up 5% to \$1.344 billion; income from operations increased 6.6% despite "relatively high development costs of CD-I software."

In releasing financial results, Philips didn't mention agreement to sell its 35% stake in Matsushita Electronics Corp. (MEC) to co-owner Matsushita (TVD May 3 p9) for equivalent of \$1.68 billion. However, Chmn.-Pres. Jan Timmer, speaking at annual meeting, said cash from sale was "not unwelcome but it was not our main goal." He said sale wasn't spur-of-the-moment idea but had been under consideration for 2 years.

Timmer added fuel to widespread speculation that there were sharp disagreements between 2 co-owners of MEC. He indicated terms of partnership had become odious to Philips, which had no management control because of its minority ownership. "This windfall will help put us on the road to recovery, [which] is still long," he said. Philips declined to forecast financial results for 1993 because European markets "show no signs of recovery."

Whether Philips "sold the family jewels" or made an extremely smart deal that will put it in black for 1993 as result of Matsushita's "irrational overpayment" depends on interpretation -- and both were being heard from Philips-followers in Europe.

MEC is component maker, largely of semiconductors and TV picture tubes, employing 22,000 in Japan, Singapore, Malaysia, U.S. Main U.S. plants are tube facility in Troy, O., and semiconductor operation in Puyallup, Wash. Both compete with facilities owned wholly by Philips. Philips is understood to buy its over-27" picture tubes for U.S. market from MEC venture and makes 31" tubes in its Aachen, Germany, plant. Philips tube plant in Ottawa, O., doesn't make tubes over 27". Company had planned to build \$100-million plant for bigger tubes in Mich., but scrubbed venture in 1990 as economy measure, even as MEC was building Troy plant (TVD Nov 26/90 p10).

Historically, Philips and Matsushita have been close allies, Philips helping Matsushita to rise from its ashes after World War II -- at least partly through partnership in MEC, formed in 1952 to bring electron tube technology to Japan. Matsushita repaid favor by helping Philips get into VHS business quickly after failure of Philips' own VCR format in Europe.

At news conference in Osaka, Matsushita Senior Dir. Keiya Toyonaga said Matsushita's sole ownership of MEC will permit it to strengthen its overseas business. Company spokesman said it would give Matsushita sole control over decision-making for subsidiary.

Friction between partners was widely reported in Japan, Nikkei newspaper quoting unnamed industry analysts as saying Philips balked at Matsushita plans to set up joint venture in Beijing for CRT production because Dutch company already had opened Nanjing plant, forcing

Matsushita to carry out plan on its own. Paper quoted Toyonaga as hinting that Matsushita went along only reluctantly with Philips request in 1990 that MEC assign part of its semiconductor production to Philips-owned Signetics subsidiary in Cal.

Philips and Matsushita have collaborated closely in many areas, including DCC and CD-I, and pledged to continue operation, as well as joint ownership of battery facility in Belgium. Policy of royalty-free cross-licensing will continue, both parties said.

Reports from Japan say Philips started talks last year toward selling its share. Actual transfer is scheduled May 31, after which Philips will withdraw 3 technical advisers detailed to MEC.

TV STEREO SHARE DOWN: Percentage of color TVs with stereo audio declined in first quarter, reflecting drop in each of 3 months, according to data released by EIA. Quarter was first on record in which percentage was below that of year-earlier period.

In first quarter, 37.1% of direct-view TVs sold to dealers (excluding VCR combos) had built-in stereo audio, down from 38.9% in 1992's same quarter, based on revised 1992 figures. In March, 36.9% of sets had stereo, down one percentage point from March 1992 and lowest percentage since April 1992. For full year 1992, 40.5% of TVs sold had stereo (TVD March 8 p16).

Despite percentage declines, number of stereo TV units sold set record for any first quarter and for each of 3 months. Sales of stereo-equipped sets were up 8.3% from previous first-quarter record, set in 1992, while total of direct-view TVs was up 13.6%. In March, stereo TV sales rose 1% over year earlier, and total TVs were up 3.8%. Here's summary of EIA first-quarter stereo color TV figures, by month:

MTS STEREO IN DIRECT-VIEW COLOR SETS

Month	1993	% of total	1992	% of total	% change
January..	556,009*	37.3	482,719	39.0	+30.4
February..	608,791*	37.2	543,089	40.4	+ 4.6
March....	738,012*	36.9	730,697	37.9	+ 1.0
TOTAL...	1,902,812*	37.1	1,756,505	38.9	+ 8.3

* Record for period.

Commerce Dept. turned down latest effort by Taiwan TV manufacturers to vacate antidumping duties. The 5 manufacturers had asked "changed circumstances review" on grounds that neither Zenith nor anyone else was a U.S. TV manufacturer and therefore no company was qualified to participate in antidumping case (TVD March 8 p16). Without even considering charge that there's no U.S. TV industry, Commerce said that since Zenith still assembles some sets in U.S. and makes picture tubes and other components here, there's "insufficient evidence of changed circumstances to warrant a review."

Footnote to saga of Polly Peck International (PPI), former parent of Sansui: PPI founder Asil Nadir, under indictment for theft and fraud, jumped record \$5.5 million bail, flying in private jet from London to Turkish Cyprus, where he owns villa. U.K. has no extradition treaty with Turkish Cyprus.

CES MOVES COMPUTER SHOW: EIA's Personal Communications & Computing Show (PCC), to be held simultaneously with Consumer Electronics Show (CES) June 3-6, has been moved up to Mall level main exhibit floor at Chicago's McCormick East.

Some exhibitors at new show-within-a-show are understood to have expressed apprehension about original location downstairs in First (9.5) level of McCormick North. EIA Consumer Electronics Group Vp Gary Shapiro said new site will provide "more enhanced visibility and value for PCC exhibitors."

New show aimed at computer retailers, distributors, resellers and systems integrators has attracted 21 exhibitors that will occupy 10,000 sq. ft. in area occupied last year by such medium-sized exhibitors as Image Entertainment, Square D, Universal Electronics, Faroudja Electronics. PCC workshops will be relocated to Lenox Lohr Theater in McCormick East.

PCC keynote addresses June 3 will be delivered by EO Inc. Pres. Alain Rossmann and ATT EasyLink Pres. Gordon Bridge. PCC exhibitors scheduled as of May 4: AA Accessories, American Mobile Satellite, Ameritech, Ardis, AT&T Bell Labs, AT&T Cellular Group, Cardiff Publishing, DDC Publishing, Discovery Distributing, Ericsson GE Mobile Communications, IBM, InTouch USA, Megahertz Corp., Microlytics, The Outlook newsletter, PacTel, Prairie Systems, SkyTel, Statpower Technologies, Trapunto, U.S. News & World Report.

* * * * *

CES workshop program, as previously announced, will be keynoted by 3DO Chmn. Trip Hawkins, with traditional industry outlook session and other programs and panels on multimedia (5 sessions), home office, mobile electronics, personal computers, "prosumer" video, desktop video, Photo CD, autosound, personal video production.

EIA/CEG has issued "CES Promotional Opportunities Kit" for exhibitors, including form for having news releases put on diskette for distribution to news media, news conference room reservation form, press kit shipping information, forms for listing in new products announcements, preregistered media list availability, form for listing news conferences. Copies are available to exhibitors from EIA/CEG Communications Dept., 202-457-8709.

While most TV manufacturers have deserted Summer Consumer Electronics Show this year, increasing number of exhibitors described as "multimedia" have reserved space. EIA last week released list of 25 multimedia exhibitors scheduled for show. Multimedia area will include CD-ROM pavilion, with 10 exhibitors.

Go-Video opened its first regional sales office -- eastern center in Darien, Conn., to be headed by newly named Eastern Regional Sales Mgr. John Parkhurst, formerly with Mitsubishi and Bush Industries. Company also established international office in Seoul to serve as on-site liaison between company and Asian suppliers, primarily Samsung. Office there will be headed by Jesse Kim, who has provided similar services for companies such as Intel and VLSI.

VCRs now are in 77% of nation's 93.1 million TV homes, according to Feb. data from Nielsen Media Research. Of TV households, 36% have 2 TV sets, 28% have 3 or more. Of 6.3 million Hispanic households, 75% have VCR, 35% have 2 TV sets, 37% have 3 or more.

GOLDSTAR 'REENGINEERS' TVs: GoldStar will be shipping in July full new line of 10 closed-caption TV sets and 2 TV/VCR combos that it says have been "reengineered and redesigned" for better performance at same time as new caption chip was added.

TV line starts with 13" remote sleep timer model with 1.2w audio amplifier and high-contrast dark glass tube at \$250 suggested list. Stepup has bilingual on-screen displays and earphone jack at \$280. First 19" has 1.5w amplifier, front speaker, on-screen displays at \$300; model with 240-min. timer and on-screen clock is \$330. First MTS stereo model has dbx noise reduction, audio and video inputs, variable audio out and timer at \$400. Model with bilingual menus and unified remote is \$430.

Two stereo 25" models have dual 2.5w amplifiers at \$550 and \$580. Five-watt-per-channel amplifier is featured in 27" model with comb filter, more than 700 lines of horizontal resolution, unified remote, channel labeling, surround sound, S-VHS capability at \$750. Top of line is 31" with PIP at \$1,200.

GoldStar adds 13" ViewMax TV/VCR combo with index search and auto head cleaner at \$530, while 19" with similar features will be \$600. New 4-head MTS hi-fi stereo VCR with quick-start, 8-event one-year timer has been added at \$430. Full-size camcorder with 8x zoom, flying erase, 3-lux sensitivity and 270,000-pixel CCD lists at \$800.

Four portable CD combos and one bookshelf CD music center are new audio offerings. GoldStar Magnetic Media Div. introduced high-grade videotape with black magnetite oxide coating, claimed to have 14% higher coercivity than standard formula, at \$4.99 for T-120.

FIRST QUARTER AT-A-GLANCE: Official first-quarter figures on sales to dealers by month, from EIA Marketing Services Dept., reflect minor adjustments in direct-view color TV statistics, causing them to differ very slightly from those published here previously. Here are monthly figures, with 1992 comparisons:

COLOR TV SALES TO DEALERS

Month	Total		Direct View (TV Only)		Projection	
	1993	1992	1993	1992	1993	1992
January....	1,590,592*	1,332,819	1,484,787*	1,238,671	31,593*	29,672
February....	1,756,788*	1,421,950	1,636,164*	1,343,373	28,835	25,216
March(5 wks)	2,146,103	2,026,747	2,001,370	1,928,489	31,402*	30,768
TOTAL.....	5,493,483*	4,718,516	5,122,321*	4,510,533	91,830*	85,656

VCR SALES TO DEALERS

Month	VCR Decks		Camcorders		TV/VCR		Combos
	1993	1992	1993	1992	1993	1992	
January.....	857,494	769,829	167,318*	154,357	74,212*	64,476	
February....	763,129	804,213	158,484*	132,259	91,789*	53,361	
March(5 wks)	976,718	903,904	214,967	185,746	113,331*	67,490	
TOTAL.....	2,597,341	2,477,946	540,769*	472,362	279,332*	185,327	

* Record.

Worldwide VHS blank tape sales grew 4.7% to 1.72 billion T-120 equivalents, ITA said in 1993 Worldwide 1/2" Videotape Market Intelligence Report, just published. Estimate differed sharply from that of Magnetic Media Industries Assn. of Japan, which put figure at 1.064 billion (TVD Dec 7 p17). ITA forecast 5% increase in 1993 to 1.81 billion. Prerecorded VHS cassettes rose 22% to 757 million units, with revenue to program suppliers up 9% to \$12.2 million, said ITA study, which forecasts 16% growth this year to 865 million. One-year subscription, including 2 reports and briefing sessions, is \$7,500 for ITA members, \$9,000 for nonmembers -- 212-643-0620.

Consumer Electronics Personals

Robert Heiblim, former Denon America pres., named pres. of U.S. operations for London-based Kinergetics Holdings (U.K.), parent of KEF and Celestion... **James Locker** joins Sharp Consumer Audio/Video Div. as gen. mgr., mktg.; **Stephen Search** promoted to mktg. dir.; **Susan Blessing** advanced to audio product mktg. specialist, reporting to **Barry Light**, product mktg. mgr.; **Art Sherman** promoted to vp, Sharp Service & Parts Group; **Daniel Infanti** advanced to vp—corporate communications and mktg.; **Frank Schneider** named vp, Sharp Microelectronics Group, Camas, Wash.

Executive moves at Sony Sales & Mktg. of America (SSMA): **Yuki Nozoe**, senior vp—gen. mgr., Consumer Video Co., adds title of senior mktg. vp, Consumer Products Group, retaining video duties "for time being;" **Michael Vitelli**, senior vp—gen. mgr., Personal Audio Products Co. in Consumer Products Group, named senior sales and mktg. vp, Business & Professional Products Group (BPPG); **Andrew Mougis**, senior vp of Tape Div., Sony Recording Media, named senior sales vp, BPPG, reporting to Vitelli; **Mark Gray**, exec. vp—gen. mgr., sales and mktg., has left BPPG; **Wataru Ogawa**, senior vp, logistics, SSMA, named pres., Recording Media Products Group, replaced in former post by **Bill Midgely**, vp—customer services, Sony Consumer Sales Co.; **Michael Lang** promoted to vp, Sony Telecom Products.

Thomas Wright moves to PR dir., Philips Interactive Media of America (PIMA), from Rowland Co., where he managed PIMA account... **Jim Steele**, ex-Working Title Films and Largo Entertainment, joins LIVE Entertainment as production and acquisitions vp... **Charles Weinryt**, formerly with ad and marketing consulting firm, appointed Prism Entertainment mktg. vp... Changes at Artec: Mktg. Vp **Bill Boyle** shifts to sales vp, Midwest-based position reporting to Senior Sales Vp **Ken Miller**; replacing him is **Norm Garleck**, ex-N.Y. Blockbuster franchisee Three A's and Megamovies... **Cathy Mantegna-Scott**, ex-marketing consultant, named New Line Home Video publicity and promotion dir... **Ruby Scholling**, ex-Priority Records, appointed Republic Pictures Home Video product mgr.

Chinese color tube shadow mask deal has been signed by BMC Industries, Minneapolis, to provide \$26 million in production equipment and technology to China National Electronics Import & Export Corp. (CNEIEC). New shadow mask plant in Yantai will supply masks for color tube plants in China. In addition to the \$26 million, BMC will receive royalties on products made at Chinese plant for 10 years after installation. In 1991, BMC provided equipment and know-how for plant in Nanjing for \$18 million plus 5 years of royalties. Plant there opened last Oct. and first royalty payment is due in 2nd quarter of this year.

"Stop the Schwarzenegger Rocket Ad" is campaign by National Coalition on TV Violence (NCTV) aimed at Sony's Columbia Pictures, which plans to advertise movie, Last Action Hero, on space rocket at \$500,000. Petition campaign, aimed at NASA, Columbia Pictures, President Clinton and Arnold Schwarzenegger, urges: "Don't use our NASA-funded rocket to glorify media violence."

Obituary

Denis Wratten, 49, dir. of Acoustic Gold Ltd., U.K. consumer electronics distributor and onetime U.S.-based executive with KLH and Infinity, died of heart failure April 4 in London following brief illness. Wife, 4 children survive.

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
CTS			
1993-qtr. to April 4	60,439,000	(2,847,000)	— ^a
1992-qtr. to March 31	59,342,000	867,000	.17
Minnesota Mining & Manufacturing			
1993-qtr. to March 31	3,517,000,000	330,000,000	1.51
1992-qtr. to March 31	3,438,000,000	303,000,000	1.38 ^b
Philips Electronics ^c			
1993-qtr. to March 31	7,742,000,000	58,200,000	.19
1992-qtr. to March 31	7,915,000,000	91,200,000	.30
Sound Advice			
1993-9 mo. to March 31	124,385,000	1,020,000	.27
1992-9 mo. to March 31	108,076,000	(743,000)	— ^b
1993-qtr. to March 31	34,965,000	(831,000)	—
1992-qtr. to March 31	32,920,000	(2,233,000)	— ^b

Note: ^aAfter special charge. ^bRestated. ^cAt guildler's current value.

APRIL RETAIL SALES: Major consumer electronics retailers registered strong total and comparable-store sales gains in April, although climate at store level remained competitive.

Best Buy said total sales in 4 weeks ended May 1 soared 82% to \$131 million, as comparable stores ran 16% ahead of year-ago pace. For first 9 weeks of fiscal year, sales were \$300 million, up 79%, and comparable stores were 15% ahead. Of current 155 stores, 73 were considered comparable. Meanwhile, company announced Apple had authorized it to carry its computers in all stores.

Circuit City comparable-store sales rose 9% in April, leading to 23% total gain to \$246.5 million. Pres.-CEO Richard Sharp said continuing solid sales increases have come "despite a highly competitive retail climate." Circuit City, which opened its 2nd Boston-area store at end of April, said it will open another 7 there in May.

Tandy said its total U.S. retail sales jumped 12% last month to \$256.4 million as comparable-store performance advanced 2%, not including stores closed under restructuring announced earlier this year.

Audio/Video Affiliates sales rose 21% in April to \$15.9 million and comparable stores were up 5%. In first 3 months of fiscal year, total sales were up 22% to \$50.8 million and comparable stores were up 7%. Company had 107 stores at end of month, compared with 96 at same point year earlier.

Pioneer New Media is offering laser karaoke systems to bar owners, DJs and other commercial operators at no down payment for entry level buyers of up to \$1,000 in equipment. Larger purchasers will be required to pay only 10% down.

SCREEN SIZES

The initial "W" in identification of screen size represents viewable diagonal measurement of widescreen TV pictures with 16:9 aspect ratio, as opposed to standard 4:3 ratio.

TELEVISION DIGEST®

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

With Consumer Electronics

MAY 17, 1993

VOL. 33, NO. 20

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CONGRESS FOCUSES ON TV VIOLENCE: House Subcommittee starts process with first hearing, other sessions and bills expected through summer. Aug. L.A. meeting set. (P. 1)

FOX, TCI TO LAUNCH CHANNEL: First must-carry deal launches Fox basic cable channel on TCI systems, in return for retransmission consent. Fox seeking similar deals with other MSOs. (P. 2)

TWO NETWORKS STRESS PRODUCTION at stockholders meetings. Tisch says CBS 'on target' for record year. Burke says ABC 'in very good shape.' (P. 4)

FCC SUPPLEMENTAL BUDGET REJECTED: Approp. Committee denies request for \$12 million despite strong pitch by Telecom Subcommittee Chmn. Markey. Action now shifts to Senate. (P. 4)

BROADCASTERS BACK INTERLACE for HDTV. Picture quality and cost cited. NTSC interference given highest priority by caucus. Zenith disagrees. (P. 5)

MORE COMMENTS IN KID TV RULEMAKING: CTW asks that agency require shows to be produced with assistance of educators. Big 3 networks oppose FCC proposals. INTV asks for 'safe harbor.' (P. 6)

MURDOCH WAIVER REQUEST OPPOSED: Once considered sure thing, proposal is now much in doubt. (P. 7)

CONGRESS TO FOCUS ON TV VIOLENCE: House Telecom Subcommittee opened what could turn into long, hot summer for TV and cable executives by holding first hearing on violence in programming. May 12 hearing was marked by call for TV rating standards on violence and for repeated attacks on networks and TV programmers for allowing violence to continue even as industry is developing standards to curb it.

House panel is scheduled to conduct another hearing on same topic in June. Senate Judiciary Subcommittee, chaired by Sen. Simon (D-Ill.), is to hold hearing in TV violence May 21, with another session possible in June. Sources said Sen. Dorgan (D-N.D.) and 2 House members with long-standing interests in children's issues, Reps. Durbin (D-Ill.) and Miller (D-Cal.), may introduce legislation this week to have FCC track violent acts shown on TV along with sponsors of programs on which deeds appear. Sen. Durenberger (R-Minn.) last week introduced legislation (S-943) that would require broadcasters and cable operators to attach warnings to programs with violent content.

Durenberger said in May 12 floor statement that purpose of his bill is to provide parents "with the information they need to make responsible decisions about what their children are watching." Legislation requires FCC to start conduct rulemaking setting standards for audio and video warnings that program

Consumer Electronics

TV DATA SYSTEM APPROVED by FCC, spurring hopes that caption requirement will be changed from burden to significant feature in new systems. Ghostbuster also gets okay. (P. 11)

BIG CHANGE IN TV evident in new models, but price quandary remains. New lines feature dark glass, slim projectors. Zenith and Mitsubishi say they will drop camcorders. (P. 12) Zenith -- more aggressive, more optimistic. (P. 12) Mitsubishi reorganizes, highlights table model projector. (P. 13) Toshiba to push projection, sees price hike. (P. 14) Sharp plans major push on line of 3 ViewCams. (P. 14)

APRIL SETS SALES RECORDS in direct-view and projection TV, TV/VCR combos, camcorders and laserdisc players, all with double-digit increases. (P. 15)

PANASONIC'S PLANS FOR 3DO LAUNCH this fall include in-store kiosks, 10-city mall tour, spot TV and movie theater ads. Company will be only one marketing 3DO hardware this year, 3DO executive says. (P. 16)

NIPPON ELECTRIC GLASS to buy Owens-Illinois' share in picture tube glass firm, becoming sole owner of OI-NEG TV Products in \$100 million-plus deal. (P. 16)

RECOTON PROFIT, SALES soar as company plans to move to Fla. Financial reports from Voice Powered Technology, International Jensen. (P. 17)

contains violence, "unsafe gun practices," and may "adversely affect the mental or physical health, or both, or a child" while noting that if events shown in program occurred in real life, there could be criminal penalties. Label wouldn't have to be broadcast between 11 p.m. and 6 a.m. TV and movie industries are planning conference on violence Aug. 2 in L.A., and Simon said fall TV season will be first opportunity to determine whether new guidelines drawn up under antitrust exemption law he sponsored will be effective.

Simon, who was lead-off witness at Telecom Subcommittee hearing, said he wanted to inject "a cautious note of optimism" into discussion that was overwhelmingly critical of TV. He said networks had taken more time than they should have to come up with standards, which will have first public effect with new shows in fall, and said cable industry also should work to reduce numbers of violent incidents on shows. Simon, who plans to attend L.A. meeting, urged House members to be there. Senator said, as he has in past, that he opposes censorship, but that if changes aren't sufficient, then Congress will have to look at more powerful alternatives to cut violence. For hearing by Constitution Subcommittee that he chairs, Simon has invited top executives of networks, Viacom. First hearing will evaluate program improvement since his antitrust exemption passed in 1990, and 2nd will look at violence on TV in general, Simon spokesman said. House Telecom Subcommittee Chmn. Markey (D-Mass.) will be lead-off witness.

Simon's was one of more moderate voices at House panel hearing. Those few members who attended were unrestrained in criticism. Markey pronounced himself "quite discouraged," saying it didn't appear that voluntary industry codes had handled problem effectively. Three years after Simon bill passed, "we find ourselves in the throes of yet another 'Prime Time Crime Wave' as another May Sweeps finds us mired in murder and mayhem," he said. Markey suggested that TV industry adopt violence rating system similar to that used in motion pictures, and that TV manufacturers could be required to have capability to allow parents to block reception of channels or programs.

Other members, from both parties, voiced similar sentiments. Rep. Oxley (R-O.) brought up argument made at earlier subcommittee hearings on children's TV, criticizing broadcasters for wanting exemptions from spectrum auctions on basis that they perform valuable public service while at same time promoting violence and skimping on programs for children. Oxley said he was shocked that one network began filming TV movie on Waco standoff, speculating that deaths of Alcohol, Tobacco & Firearms Bureau agents would be presented in slow motion: "Is there any excuse for this?"

Rep. Wyden (D-Ore.) suggested that May should be named "National Glorified TV Violence Month" as he listed titles of TV movies, each of which had murder theme. He called voluntary standards "a farce, a sham." Rep. Bryant (D-Tex.) wanted to "express his utter contempt at the network executives here today" for allowing violence on TV to continue; he compared them to cigaret executives who ignored link with cancer. Reps. Slattery (D-Kan.) and Margolies-Mezvinsky (D-Pa.) also criticized networks. Rep. Moorhead (R-Cal.) said top movies Beauty and the Beast and Aladdin were nonviolent, which he said showed that violence isn't necessary to sell. Rep. Bliley (R-Va.) also criticized programming. Virtually alone, Rep. Fields (R-Tex.) said he was encouraged by industry's response. Chorus of criticism led one industry lobbyist to observe that House, which had been lagging behind, was beginning to match Senate's intensity on issue.

Witnesses at House hearing from medical and community groups testified that link between violence on TV and violent behavior in children was well established in academic literature. Suzanne Stutman, exec. dir. of National Institute for Mental Health Initiatives, said that rather than show violence, TV programs could focus on how "anger management skills" prevent violence. Stutman said that acting simply to reduce levels of violence could accomplish opposite of what Congress wants because result could be "sanitized violence" that might be more likely to lead to aggressive behavior because consequences and suffering of violence wouldn't be shown.

FOX-TCI SIGN FOR NEW CABLE CHANNEL: In first major broadcaster-cable deal in new must-carry/retransmission consent environment, Fox agreed to give retransmission consent to TCI cable systems in return for guarantee that TCI will carry new cable network to be launched by Fox in fall (TVD May 10 p7). "This agreement redefines the relationship between broadcasters and cable operators," TCI Pres. John Malone said. News Corp. Chmn. Rupert Murdoch said deal "has come out of the growing problems of retransmission and the need to go forward without needless damage to either broadcasting or cable." Fox said it would try to sign similar deals with other cable owners.

TCI will pay Fox 25¢ monthly per subscriber for new cable channel and provide Fox cable network and Fox TV affiliates with low channel assignments. New, still-unnamed operation plans to launch as early as Oct., no later than Jan. 31, Fox said. Agreement with TCI is for 5 years, subject to 5-year renewal. Fox

affiliates that participate by assigning retransmission rights to TCI will share in ownership and ad revenues of cable channel. Fox affiliates don't have to accept deal, instead can try to negotiate retransmission rights on their own with individual cable systems. Murdoch said not all Fox stations had signed off on deal, but reaction had been positive. "We believe this agreement signals a new era in TV and... will open up new opportunities for Fox and our affiliates," Murdoch said. He said Fox "is committed to free television... which will continue to be our primary focus."

Malone said deal is "the clearest indication yet that our technology announcements [investing more than \$1 billion in rebuilding systems with fiber and digital compression] have sparked the interest of the best creative minds in television." He praised Fox and its affiliates for being first to "recognize clearly the synergies, both national and local, that exist between our industries."

Fox parent News Corp. said it has a "substantial commitment" to make cable channel "a high-quality network." It's a "win-win scenario," Fox COO Brendan Clouston said. "We are very much focused on delivering high-quality programming." Murdoch called agreement "a landmark occasion" and said cable channel would be "of very great benefit to viewers." He called it "a win-win-win situation." Murdoch said programming on cable channel would be much the same as that on TV network, appealing to children and adults 18-49. Fox is prepared to spend up to \$100 million for programming on cable channel by 3rd year and expects it to be profitable in 2-1/2 years with 40 million subscribers, he said.

At news conference, Malone expressed willingness to explore joint ad ventures with Fox, "although we have not done anything in that regard [but] it is a very interesting concept." He said that until its rebuilding is completed, TCI systems may be required to drop existing cable channel in order to add Fox. Asked about TCI pledge that it wouldn't pay for retransmission consent, Malone said: "We're paying for programming and we're not paying a premium." Murdoch said cable channel would provide "purely entertainment programming" and might use reruns from Fox TV Network.

With intense concentration on media by political candidates, broadcasters have assumed great power to shape campaigns by their advertising sales practices, veteran political ad maker Charles Guggenheim said May 13. Testifying at Senate Communications Subcommittee on package of bills for changes in campaign ad practices, he said that length of commercials candidates are allowed to make is "totally at the discretion of the television station." Asked by Sen. Danforth (R-Mo.), sponsor of one of bills, whether candidate can produce commercials 5 min. or 3 min. long, Guggenheim said not all stations will sell commercial time in blocks that size, but all will sell 30-sec. spots -- kind that others testifying found most harmful to democratic process because they lent themselves to attack ads. Danforth has sponsored S-334 to require that candidates appear in ad that criticizes or names opponents, while Sen. Dorgan (D-N.D.) sponsored and testified for S-829 giving candidates lowest rates if they air ads 5 min. in length or longer as means of promoting better discussion of issues. Curtis Gans, vp of Committee for Study of American Electorate, testified that percentage of campaign budget spent on media has increased, in Senate races from 17% in 1974 to 58% in 1992. But media consultant Jan Crawford testified that some blame must lie with inexperienced media buyers who don't negotiate for lowest rates. NAB Pres. Edward Fritts criticized "persistent myth" that cost of air time is major factor contributing to increased cost of campaigns, citing news reports that Senate candidates spent 35% of budget for radio, TV and media consultants. Fritts endorsed S-329, which provides, among other features, that all spots are preemptible until actually paid for by candidates.

FCC has amended rules to permit transmission of ghost-canceling reference on line 19 of vertical blanking interval (requested by EIA), enhanced closed-captioning and other broadcast-related information on line 21, field 2 (requested by Advanced TV Systems Committee) (see separate story in Trade Section).

Broad industry group, including members from telephone, cable, computer, manufacturing, labor and academia, released report last week outlining their concept of information infrastructure that puts emphasis on services rather than on any particular technology and calls for more cooperation among industries. Report, Vision for A 21st Century Information Infrastructure, from private-sector Council on Competitiveness (not to be confused with now-dissolved Bush Administration council of same name) said U.S. is "poorly organized" when it comes to industry-govt. cooperation for promoting advanced technology and services: "This lack of cooperation may well be America's Achilles heel when it comes to rapidly deploying an advanced information infrastructure." While many of elements, such as fiber and computers, already exist, report said: "What is in short supply is the ability of different parties to work together to define and deploy key elements and interfaces." It proposed 6 principles to govern public policy considerations: (1) User comes first. (2) Services should be affordable and easy to use. (3) Flexibility and response to market demand are keys to success. (4) Regulatory process should be "even-handed." (5) Systems-level approach is crucial. (6) Domestic programs must be sensitive to international conditions.

Cable rate increases leveled off at inflation rate in April, according to U.S. Bureau of Labor Statistics, partly because rate freeze took effect April 5. Including raft of hikes that became effective that date, cable service cost increased 0.4% in April, exactly matching seasonally adjusted gain in Consumer Price Index, BLS reported. For previous 12 months, however, cable costs were up 8%, vs. 3.2% inflation rate. Cable rates had increased 3.3% in March, 3.1% in Feb.

WHP-TV (Ch. 21, CBS) Harrisburg, has been purchased by WHP TV Ltd. (headed by Ralph Becker) for \$11 million cash from Commonwealth Communications Services, headed by David Detweller.

CBS, CAP/ABC MEET STOCKHOLDERS: Stockholders of CBS (in N.Y. May 12) and Cap/ABC (in Ft. Worth May 13) at annual meetings this week heard optimistic forecasts. CBS Chmn.-Pres. Laurence Tisch and Cap/ABC Pres. Daniel Burke said their companies' futures are tied to increased program production and ownership, with Burke stressing overseas ventures. Tisch said CBS is "on target" for record year, surpassing 1989.

CBS's "positive momentum in earnings" continued in first quarter 1993 (TVD April 19 p2), Tisch said, with company just beginning to reap benefits from 2 years as ratings leader in prime time. Long term, he said, key to CBS's growth is "expanded production and ownership of television programming." CBS Entertainment Productions now provides network with 3-1/2 hours of prime-time programming weekly, while CBS News produces 3 hours and has 4th in development. But, he said: "Notwithstanding our current success... free TV remains a hard-pressed industry, pressured by cable companies and obstructed by outdated broadcast regulations... Deregulation of broadcasting is absolutely necessary for the long-term viability of free TV." However, he said, while coming 500-channel cable systems "may hurt the Blockbuster video store, we don't think it will have a great effect on the viewership for good television and good programming."

In answer to stockholder's question, Tisch (who is 70) said: "I haven't thought about retirement and I certainly haven't thought about selling CBS."

Said Burke: "I am pleased to report to you today that Capital Cities/ABC is in very good shape... Our financial condition is very strong and our business continues to generate significant after-tax flow... Our cash balances now surpass our debt and we are finding new avenues of growth for our future." Cap/ABC is heavily into cable, while CBS is solely in broadcasting, with Tisch selling its non-media businesses (such as records and toys) after he took company over from William Paley in 1986.

Cap/ABC has 2 key objectives, Burke said, and progress has been made in both areas: (1) "We believe our most important future opportunity lies in expanded television program production and ownership... We must become more of a software-based company... It is clear to us that the more programs we produce ourselves, the more control we will have over our future. This philosophy encompasses entertainment, news and information programming and extends as well to our growing number of partnerships overseas." (2) "We have also accelerated our drive to seek and invest in new business opportunities." He said 1992 financial results were "slightly improved, but we still have a long way to go to match" pre-recession results of 1989 and first half of 1990. "We were pleased by substantial improvement in first quarter 1993" (TVD April 26 p8).

Thomas Murphy, Cap/ABC chmn., said company has become "the largest advertiser-supported medium in the U.S., and perhaps even in the world... We built our businesses and our reputations... by tempering our competitive impatience with the goal of building for the long-term."

U.S. Appeals Court, D.C., set Sept. 14 for oral argument on appeal of new FCC rules on indecency on public, educational and govt. (PEG) cable channels, as well as on indecency on leased access channels. Court earlier had stayed effectiveness of both sets of rules. Rules are being appealed by coalition that includes ACLU, Alliance for Communications Democracy, Alliance for Community Media, People for the American Way.

FCC BUDGET REQUEST SPURNED: FCC was denied its request for \$12-million supplemental appropriation, to carry out mandates of Cable Act, by House Appropriations Committee despite strong plea on Commission's behalf by House Telecom Subcommittee Chmn. Markey (D-Mass.). "It is critical" that Commission receive additional funds, Markey wrote Appropriations Chmn. Natcher (D-Ky.) and Rep. Smith (D-Ia.), who chairs subcommittee with jurisdiction over FCC, before Committee's action. Markey wrote that additional money for FY 1993 (FCC also is seeking additional \$16.1 million for FY 1994, request also supported by Markey) "will allow the promise of relief from excessive cable television rates" that Congress passed last fall over presidential veto.

Markey called Cable Act "one of the most important pro-consumer bills" of last Congress. He said Commission is falling "further behind" in implementing provisions of Act and without more money, delays will increase. He also noted that under spectrum auction bill cleared earlier in week by House Commerce Committee, FCC will be responsible for raising more than \$7 billion for U.S. Treasury, and Commission "will need substantial resources to implement this auction."

FCC Chmn. Quello, who has said that agency won't be able to carry out Cable Bill requirements without more money, thanked Markey for "your masterful, comprehensive letter... It has provided a real positive shot in-the-arm to our overworked, discouraged Mass Media and Common Carrier Bureaus." Quello sent Markey's letter to Senate leaders, who now are considering FCC request. Lauren Belvin, chief of FCC Office of Legislative Affairs, told us: "It was a great letter and I certainly hope it helps on the Senate side, where the action is now."

Quello objected to May 14 news story about Appropriations Committee action that appeared in Washington Post. Story also noted Quello's proposal for 31¢ annual fee on cable subscribers to pay for cable regulation. News story said that FCC, in effort to bring down cable rates, is proposing to raise them through fee. Quello said in May 14 letter sent to newspaper and to congressional leaders that proposal would save most cable subscribers between \$2 and \$3 monthly at first, with greater savings later, while assuring "future reasonable rate regulation." Quello noted that Markey supports FY 1993 appropriation for Commission without fees, but Quello said fees may be necessary as result of budget deficit.

Also, House Telecom Subcommittee last week postponed authorization hearing on FCC's FY 1994 budget. Session had been set for May 19, now will slip back to mid-June due to scheduling conflicts, Hill staff said.

Added to top 50 TV markets by FCC for purposes of PTAR: Albany-Schenectady-Troy (48), W. Palm Beach-Ft. Pierce-Vero Beach (49), Dayton (50). New list, based on Arbitron figures from last 2 Feb. surveys, will be used starting Sept. 1995 through Sept. 1998. Dropped from top 50, with stations in those markets not subject to PTAR restrictions after new list becomes effective, are Charleston-Huntington, W.Va., Little Rock, Providence-New Bedford.

Odyssey Entertainment will buy foreign distribution rights for 10-24 HBO-produced films in next 2 years in deal involving HBO and Odyssey parent Communications & Entertainment Corp. HBO said deal assures that there will be continuing overseas theatrical market for its films.

BROADCASTERS BACK INTERLACE: Most broadcasters endorsed interlaced scanning format for HDTV and all said reducing HDTV interference to NTSC signals has highest priority. Broadcaster caucus of Advanced TV Systems Committee said recommendations apply only if there's "grand alliance" of HDTV systems, not necessarily if FCC has to choose among competing formats. Thomson Senior Vp Joseph Donahue, whose firm is part of consortium proposing interlaced format, said broadcaster recommendation, along with similar one by CableLabs (TVD May 10 p8), "may help us to reach a conclusion" on alliance.

Endorsement of interlaced format wasn't unanimous by group, which includes Cap/ABC, CBS, NBC, Fox, NAB, INTV, MSTV and PBS. Fox backs 787.5-line progressive scanning such as that proposed by Zenith and MIT (along with General Instrument); Cap/ABC said it's not ready to choose. Statement issued after broadcaster caucus meeting May 10 said "a 30-Hz progressive scan format... will not provide adequate motion portrayal and is unacceptable. An interlaced HDTV terrestrial transmission standard is favored today, with a migration path toward progressive scanning in the future." Interlaced systems were proposed by Advanced TV Research Consortium (NBC, Philips, Sarnoff Labs, Thomson and Compression Labs) and General Instrument/MIT DigiCipher.

Support for interlaced systems will have little impact because it's not backed up by factual rationale, said Wayne Luplow, exec. dir.-R&D for progressive scan backer Zenith. "I am appalled that they would favor interlace, when they give no reason for it," he said. He said he doesn't believe broadcast and cable recommendations will hurt Zenith in negotiations on forming alliance of HDTV systems. On other hand, Luplow said he believes that CableLabs support for Zenith's multilevel vestigial sideband (VSB), which supports multiple data rates, will have impact on negotiations "because they did have a good rationale."

Broadcasters want highest-possible data rate (32-QAM or equivalent) for HDTV transmission to assure best-quality over-air pictures. CableLabs said it wanted variable data rate, so it could compress 2 HDTV signals onto single 6-MHz cable channel or use additional capacity for other services. Caucus identified HDTV-into-NTSC interference as "primary concern" because "the entire viewing audience will still be watching NTSC" when HDTV is introduced and NTSC must be relied on to subsidize HDTV at first. Other priorities, listed in order by caucus: (1) HDTV service area must be equal to NTSC, and NTSC interference into HDTV is preferable to HDTV-to-HDTV interference because NTSC will eventually be eliminated.

(2) Video quality is "critically important," but less important than interference. Caucus specified quality level that only interlaced systems have met in testing. (3) On service reliability, caucus said there are problems with sharp degradation of quality at edge of service area. Graceful degradation proposals are unproven and exact a "cost," broadcasters said, so it shouldn't be added at expense of undue complication or loss of data capacity. (4) Broadcasters like ability to carry data and other services on HDTV signal, but said picture quality shouldn't suffer because of "non-broadcast related features." They endorsed universal packetized data structure with headers and descriptors and said data rates should be flexible. Broadcasters also endorsed "maximum commonality with the MPEG-2 standard."

Statements by broadcast caucus and CableLabs are "very important because the people who are going to use

HDTV have become involved and said this is what they need," Donahue said. General Instrument Vp-Advanced TV Robert Rast said he's "generally pleased" with recommendations by broadcasters and CableLabs, even though GI is partnered with MIT on progressive system, as well as interlaced DigiCipher: "We never knew which was best, so we did both. The issue is that it's better for people to say what they want so we don't have to guess."

Proponents continue to meet and circulate papers in bid to form alliance, officials said, and Advanced TV Advisory Committee Chmn. Richard Wiley has become more involved in negotiations. Groups reportedly now are trying to agree on mechanism in which all would agree to follow results of some automatic decision-making process, such as tests or simulations.

Pa. PUC law judge (ALJ) ruling went into effect last week allowing Digital Direct, subsidiary of TCI, to acquire Penn Access, telephone access provider in Pittsburgh. Decision came after CWA had challenged merger because TCI had track record of what union labeled "abusive practices" and "inferior customer service." ALJ Robert Meehan, in March 30 ruling, said there was "no evidence in this record" to block merger. "The CWA has failed to establish that approval of the application will result in harmful or destructive competition, which would be inimical to the public interest," Meehan wrote. Decision became effective, Pa. PUC spokesman said, after "no exceptions were filed challenging the ALJ's ruling." Approval allows \$10-million sale "of telecommunications property and rights" of Penn Access to Direct Digital Direct. CWA Vp Vincent Maisano said Cable Act and other FCC rulings will "give us and the citizens of Pittsburgh a powerful tool to monitor this company."

In first ruling on cable antitrafficking provision of 1992 Cable Act, FCC Mass Media Bureau approved sale of systems with 2,171 subscribers in Portola Valley and Woodside, Cal., to Balkin Cable Investment L.P. Sellers Richard Jansen-Olliges and Larry Whitney said move was necessary because they must refinance loans in June and can't get refinancing because of Jansen-Olliges' poor health. In ruling, Bureau said Act doesn't define "financial distress," so it applied same standards as it does for broadcast sales, which are allowed when financial distress is caused by lack of capital. Bureau Chief Roy Stewart, in order, said circumstances "clearly constitute financial distress sufficient to warrant a waiver" and "we find no evidence to suggest that [owners] are engaging in the type of profiteering or trafficking transactions that Congress intended to prevent." Waiver is subject to approval from local franchising authorities.

Justice Dept. issued guidelines prohibiting govt. officials from giving news media advance notice of operations involving search or arrest warrants -- but nobody told media new rules were in effect. Guidelines, result of cult standoff near Waco, were sent to federal prosecutors nationwide May 3 by Attorney Gen. Janet Reno. According to AP, they were drafted primarily by Justice spokesman Carl Stern, who covered U.S. Supreme Court and Justice for many years as NBC correspondent.

Conference on new cable rate regulations and other sections of 1992 Cable Act will be sponsored by Prentice Hall June 28 at Park Hyatt Hotel, Washington. Speakers include FCC Comr. Barrett, Rep. Tauzin (D-La.), FCC Office of Plans & Policy Chief Robert Pepper, Alexandra Wilson of Mass Media Bureau -- 800-223-0231.

MORE KID TV COMMENTS: FCC rulemaking proposing several restrictions and placing mandates on stations under Children's TV Act (CTA) of 1991 has received generally expected comments, with most broadcasters opposing any new regulations, others in favor. Children's TV Workshop (CTW), which noted that it has 20 years' experience producing kid TV programs, said FCC should require that qualifying "core" children's programs be created and produced with assistance of educational experts and that such programming be graded in public reports on their "educational effectiveness." Agency also should adopt "quantitative processing guidelines" to increase amount of children's educational programs, CTW said. Guidelines should require hour weekly of educational and informational programming at "bare minimum," or 10% of licensee's programs, whichever is greater, and that should increase to 25% over 3-5 years.

Promises of Act haven't been realized, either quantitatively or qualitatively, CTW said, and to remedy situation FCC should clarify its definition of what constitutes educational programming. However, it would be "a false dichotomy" for Commission to require that qualifying children's shows have education as "primary" purpose, as FCC has proposed. That's true, Workshop said, because programming that meets children's needs first must "reach before it can teach." Only "standard-length" programs, created with assistance of "educational advisers," should qualify as "core" educational shows under mandate of CTA, Workshop told FCC. However, it said, stations should receive "significant, albeit lesser," credit for short-segment programming -- "given the proven effectiveness of that format in promoting certain types of learning."

INTV said "uncertainty" of what is required of licensees under Act, coupled with "a short-term market lag" in production of children's shows, has created "a temporary implementation problem." To solve that, Assn. said, Commission should adopt policy statement, "as opposed to rigid rules or processing guidelines, creating a safe harbor" for stations on children's shows. That policy should state that any station that telecasts 2 hours of children's shows per week on average "shall be considered to have complied" with programming requirements of Act. One hour of those 2 hours should be standard-length programming (30 and 60 min.), INTV said. Safe harbor approach wouldn't lock FCC "into a regulatory program that might outlive its usefulness," it said, and would be "a superior policy" because it would resolve much of uncertainty for licensees associated with current rules. The few problems that exist in stations' compliance with Act "appear to be temporary," it said.

In filing for 36 TV stations, law firm Hogan & Hartson said FCC lacks "first-hand knowledge" of individual communities to determine appropriate amounts and types of children's shows that should be required under Act: "Broadcasters, on the other hand, know what type, quantity and length of programming will spark the interest of the children in their communities." Mandatory increase in children's shows "will not improve the overall educational value of that programming because there is no direct nexus between increased quantity and improved licensee performance," stations told FCC. Also, any effort to divorce entertainment from educational programming will "alienate the children intended to benefit," they said. Thus, Commission "must not ignore logic, the experience of broadcasters." Stations urged agency to "remain faithful to the legislative intent" and not adopt quantitative standards "which ultimately thwart innovation, quality and education." Rules such as rulemaking proposed "will ultimately frustrate the goals" of Act, stations said.

Big 3 TV networks' comments were very similar, all opposing processing guidelines. NBC said they were "unnecessary and premature" and CBS said they would be "contrary to the express intent of Congress." Cap/ABC said they would "conflict with Congress's express intent in the Act to avoid a quantitative test." CBS told FCC that it shouldn't require stations to present weekday programming for children, that such a mandate not only would encroach on licensee's discretion but also would inhibit competition and counterprogramming among stations in same market. Network said that industry has made "substantial efforts to comply" with Act and that all 4 networks are making "important new efforts." It's too early, said CBS, for FCC to conclude that objectives of Act won't be achieved without additional regulatory steps.

Cap/ABC expressed concern that FCC proposals would "undermine" objective of Act, saying that short-form program segments are "an effective educational tool" -- same argument made by Fox TV (TVD May 10 p10) and Washington law firm Haley, Bader & Potts (HBP). Commission also shouldn't require that children's programming be primarily educational because it could discourage production of educational programs that also are entertaining and it would set up "a false dichotomy" between education and entertainment, Cap/ABC said. NBC said FCC can't yet determine whether licensees' compliance with Act is "wanting and that more explicitly regulatory guidance is therefore necessary." NBC also objected to exclusion of short-segment shows as "core" programming.

Filing on its own behalf, HBP said Commission must remain "sensitive" to congressional concerns, but must be "equally sensitive" to fact that Act was attempt to create compromise and that any govt. "intrusion" into programming must be "narrowly crafted if it is to have any hope of being constitutional." FCC should impose no processing guidelines as to type and quantity of children's programs that stations air, law firm said.

Scientific-Atlanta will provide headend and subscriber equipment for Time Warner's Full-Service Network (FSN) in Orlando in new deal that calls for Toshiba to cooperate in developing set-top converter. S-A earlier had signed contract to provide distribution and fiber equipment for FSN. Converters will use MPEG-based compression and be upgradable to future compression standards. Their 64-QAM digital communications capability will be able to operate at 45 Mbps per 6-MHz channel and be compatible with DS-3 standard for ISDN. Units will be capable of handling 2-way digital video, audio, telephony, other interactive multimedia services, companies said. Time Warner Cable Chmn. Joseph Collins said Toshiba will be involved because of its expertise in personal computers, digital compression, mass production. Construction of FSN is to be completed by end of year, with first customers on line in early 1994.

WETA-TV Washington Pres. Sharon Rockefeller broke 3 ribs May 12 when her car was struck by tree uprooted during mammoth Washington-area thunderstorm. Rockefeller, who remained in Georgetown U. Hospital May 13, had been scheduled to testify that day for APTS on FY 1996 PTFP appropriations; WETA-TV Vp Cheryl Head substituted. She urged full funding of \$42 million for NTIA-administered program -- about double current spending. She said that if separate National Information Infrastructure program is created, as sought by Clinton Administration, program criteria should be developed "which discourage public funding of facilities which duplicate existing facilities."

MURDOCH GETS STRONG OPPOSITION: Request by Fox Bcstg. for waiver of FCC's cross-ownership rule to permit its parent News Corp., principally owned by Rupert Murdoch, to reacquire N.Y. Post, now faces tough opposition with Commission, several agency sources told us. Waiver of rule is required because Fox owns WNYW N.Y. Murdoch was forced to sell paper when he acquired TV station in 1985.

Several commenters opposing request referred to "public perception" that waiver would be granted -- and 2 of 3 commissioners were asked to recuse themselves because of published reports that they favored it. Murdoch's request is "no longer a done deal... if it ever was," Commission official said. Murdoch has said he needs waiver by June 1 to save Post and its 700 jobs.

Media Access Project and Washington Area Citizens' Coalition Interested in Viewers Constitutional Rights (Project) told FCC they took no position on waiver, but expressed concern about "significant precedential impact" case could have on similar requests. Project urged FCC, if it grants waiver, to "avoid using decisional language broader than is necessary to address the precise matters genuinely at issue here."

NAACP and black-owned N.Y. Amsterdam News said Fox's waiver request should be dismissed because all information that FCC staff requested and needed wasn't provided. Murdoch doesn't even have deal to buy paper, they said, and "there may be other buyers who will not need a cross-ownership waiver." Cited in several comments were other possible bidders for Post. "The Commission has better things to do with its time than render needless declaratory rulings," NAACP and New Amsterdam News said. And, they said, appropriations legislation prohibiting FCC from reexamining its cross-ownership ban is "unambiguous."

Amsterdam News and NAACP asked that Chmn. Quello be recused from participating in waiver request and that Comr. Duggan "search his conscience" to determine whether he should also recuse himself. If that should happen, only vote left would be that of Comr. Barrett. Petitioners said recusal request was made "with the greatest reluctance, regret and respect. The personal and professional integrity of both gentlemen is above reproach."

Both commissioners refused to disqualify themselves. Said Duggan: "The request is not based on any statement that I have made about the waiver... I have expressed absolutely no opinion about the matter." He said request was based on 2 "vague and flimsy" speculative press reports. Quello said he would have formal statement this week.

Several N.Y.C. civic leaders, including City Councilman Adam Powell (D) also oppose waiver. In May 8 "to whom it may concern letter," Powell charged that under Murdoch's previous ownership, N.Y. Post "blatantly discriminated against the Latino community in its hiring practices and coverage." Also, Powell said, granting of waiver would "set a dangerous precedent of media control... Furthermore, Murdoch has consistently lied to the FCC and misrepresented facts..." Other N.Y.C. black and Latino leaders opposed waiver. Rep. Rangel (D-N.Y.), in interview with Amsterdam News, said he doesn't think Post is worth saving: "If we are going to change the rules, there are more honorable causes than the Post." However, N.Y. Gov. Mario Cuomo (D) supports it, and 52 of N.Y. Assembly's 150 members signed letter favoring waiver.

Washington law firm Fleischman & Walsh opposed waiver, saying grant would reduce media diversity by placing

paper and WNYW under same person. Late May 14, Cap/ABC withdrew its support of Murdoch request, saying there appeared to be other legitimate proposed buyers of paper. Fox is due to submit its response to opposition filings May 17.

FOX, TURNER PROFITS UP: Strong ad revenue was major factor boosting operating profit of Fox TV Network and owned stations by 20% in 3rd quarter ended March 31, parent News Corp. said. Gains were partly offset by lower profits from films and book publishing, but News Corp. profits more than doubled to \$129.6 million, even though revenue fell 1.6% to \$1.81 billion. Company didn't provide additional details.

Turner Bcstg. System lost \$286 million in first quarter ended March 31, vs. \$1 million profit year ago, because of \$306-million special charge to adopt FASB 109 accounting standard. Change was related to acquisitions of TEC Film Library in 1986 and Hanna-Barbera Entertainment year ago, company said. Entertainment segment (TNT, WTBS Atlanta, Cartoon Network) operating profit tripled to \$46 million and revenue grew 11% to \$189 million. Subscription revenue was up 23%, ad revenue 7%. News segment (CNN, Headline News, CNN International) operating profit jumped 23% to \$52 million on 16% revenue gain to \$144 million. TBS said Cartoon Network had 4.6 million subscribers March 31.

In other financials: **Maclean Hunter** profit reached \$17.9 million in quarter ended March 31, vs. \$13.6 million year ago. Cable revenue was up 14.6% to \$109.8 million, and broadcasting dropped 9.1% to \$14.9 million. Company said that preliminary review of U.S. cable regulation indicated that "some rollback appears inevitable but, while unpalatable, digestible." MSO estimated that cable systems generating 60% of its U.S. cable revenue would be subject to rate regulation... **Infinity Bcstg.** said it will make public offering of 2.5 million new shares of common stock, plus 746,695 shares offered upon exercise of warrants. Company said it will use proceeds to finance future acquisitions of broadcast properties. Underwriters include Lehman Bros... **Premiere Radio Networks** said it lost \$282,658 in quarter ended March 31, vs. \$206,483 loss year ago. Revenue dipped 1.1% to \$1.97 million.

Telemundo said it had \$22.8 million net loss in quarter ended March 31, boosted by \$7.2 million charge for debt restructuring, vs. \$13.3 million loss year ago. Revenue was up 10% to \$33.4 million, spurred by 25% growth in U.S. ad revenue... **Republic Pictures** TV revenue was up 31% to \$5.8 million in quarter ended March 31, contributing to \$156,000 net profit for period, vs. \$851,000 loss year ago... **Graff Pay-Per-View** profit grew to \$246,876 in quarter ended March 31, from \$53,362 year ago. Revenue was up 30.3% to \$4.2 million.

Backpedaling from high-technology communications, Skylink America is diversifying into coal, marking "the first implementation of a changing business strategy," Pres. Edward McMurphy said. Company, which owns small cable systems in Fla. and elsewhere, as well as hotel in-room video service, has bought coal mining rights for 3 Ala. locations. "While the company still has its cable-related businesses, management's goal for the foreseeable future will be to identify acquisition and investment opportunities for the company and to acquire businesses which management believes have growth and profitability potential," McMurphy said. "We are not limiting our investigation to any particular industry."

WARNINGS FOR ALCOHOL ADS PUSHED: Sens. Thurmond (R-S.C.) and Simon (D-Ill.), and Rep. Kennedy (D-Mass.) asked Senate Commerce Committee May 13 to approve legislation that would require warning labels on all ads for alcoholic beverages. Issue has been fought out before, but not with emotional overtones of this year's version, which follows death of Thurmond's 22-year-old daughter, Nancy, in auto accident involving drunk driver. Thurmond had introduced bill (S-674) before daughter's death.

Opponents of measure, while sympathetic to Thurmond's loss, showed supporters that there could be tough battle to get measure passed, situation Simon acknowledged during his testimony. When Commerce Committee Chmn. Hollings (D-S.C.) noted that he has promised his senior senator "a hearing and a vote" on bill, Simon said he didn't doubt there would be vote, but he said he "may have an uphill fight to get the bill out of committee."

Simon's pessimism came in part from opening comments at hearing in which 3 Republicans -- Sens. Danforth (Mo.), Burns (Mont.) and Lott (Miss.) -- said they had doubts about bill's effectiveness and agreed with broadcasting industry position that passage of bill could lead to end of sports programming on free TV and losses of millions of dollars in revenue to broadcasters.

Danforth said Commerce Committee over years has compiled "commendable record" in dealing with drunk driving issue, including bills on setting minimum drinking age, suspending licenses, others. However, he said, Thurmond bill could "cause considerable disruption" if enacted. Burns said that he, like other senators, was "deeply concerned" about problem of teen drinking, but said Thurmond's bill "does not alleviate these concerns." Burns said public "is already aware that excessive consumption can be harmful" and said there's no evidence that shows advertising is "major contributor" to alcohol abuse or that demonstrates any effect of warnings on drinking patterns.

Burns said length of warnings that bill would require would constitute "a de facto ban on certain forms of alcohol advertising, namely television and radio broadcast, in particular." He said such limit would be unconstitutional and result would be to shift sports from free TV to cable and pay media. Similarly, Lott said he had "serious concerns" about legislation.

Congressional sponsors of bills as well as proponents testified first, trying to make preemptive strikes against panel of industry witnesses who came on later. Backers said legislation wasn't designed to ban drinking but to provide education for those who don't know of harmful effects of drinking. Thurmond said only opponents were alcohol and broadcast industries, which had focused on potential costs. He called possible costs "de minimus" and advised Committee: "If it is good for the public, why not pass it?" Kennedy said warnings wouldn't take up much time, showed videotape with warnings appended to beer commercials. He compared coming fight over warning labels for alcohol ads with legislative campaign fought by his father, Sen. Robert Kennedy (D-N.Y.), for warning labels on cigaret packs that showed "the downside risk of smoking." Those warnings resulted in change in attitude toward smoking, and same thing could happen with alcohol, Kennedy said.

Supporting witnesses included basketball coach Dean Smith of U. of N.C.; author Michael Dorris, who wrote book about his children, who were born with fetal alcohol syndrome; Joyce Brune, mother whose daughter died after drinking; Cornell U. law Prof. Steven Shiffrin, who said

there were no constitutional or First Amendment questions involved; pediatrician Joseph Wright; Public Health Prof. Lawrence Wallack of U. of Cal.

Broadcasters and beverage producers made up most of opposition panel. Beer Institute Alcohol Issues Vp Jeffrey Becker said alcohol abuse and underage drinking aren't caused by advertising or ignorance and won't be "effectively addressed through simplistic scare tactics." He cited studies that found no cause for concern about effects of beer ads on young males and other studies, said "overwhelming majority of Americans either abstain or drink responsibly."

Distilled Spirits Council Pres. Fred Meister, who testified against similar legislation last year, said underage drinking is trending down and fatal accidents involving teenagers are down 52% from 1982. NAB Pres. Edward Fritts said likely effect of legislation's passage would be: "All beer and wine ads will come off the air." Along with that result would go public service campaigns of broadcasters and brewers, he said. Bill's proponents said public service campaigns weren't sufficient, and were suspect in view of millions of dollars spent to sell alcoholic beverages. Fritts said loss of beer and wine ads would "translate into less public service, less news, and less access to major programs, particularly sports programming."

FCC denied NCTA request to delay effective date of rate regulation rules until Aug. 3, from current June 21, but did approve limited preemption of local and state rules that would make it harder for cable systems to meet June 21 deadline. NCTA had claimed that cable operators wouldn't be able to analyze FCC rules issued May 3, make business decisions on changing rate structures, and provide adequate notice to customers by June 21. Assn. also said delay until rate freeze ends Aug. 3 wouldn't hurt consumers because freeze is in effect. FCC, in May 14 order, said "prompt implementation" of rate rules "will best further congressional intent and serve the public interest. We do not wish to delay extending the Act's benefits to consumers." Commission said, however, that it's preempting any local or state rules, such as advance notice of rate changes, that would make it difficult to comply by June 21. If there's 30-day notice requirement, for example, FCC said systems would have to make decisions by May 21: "We do not believe that operators could, as a practical matter, react to the new regulatory scheme and fully implement responsive rate adjustments within such a constricted time frame." Preemption doesn't apply to rate changes after June 21. Comr. Barrett wasn't fully supportive, saying: "It is not clear to me that the FCC has developed sufficient rationale to support a June 21 effective date." He said it's not clear that FCC knows how long it will take to analyze rules, make decisions, implement changes.

Outlet Bcstg. filed SEC registration statement for \$60-million public offering of senior subordinated notes through Salomon Bros. and Kidder, Peabody. Simultaneous with offering, Outlet said it plans to borrow \$30 million from unnamed bank. Proceeds of transactions will be applied to repay existing \$43.6-million note held by Mutual Benefit Life Insurance and other debt of \$44.2 million, company said. Outlet owns CBS affiliates WJAR-TV Providence and WCMH Columbus, O.

More than 80% of cable subscribers said they shouldn't have to pay extra to watch broadcast TV via cable, according to TCI-sponsored survey by Yankelovich Partners. TCI said survey was of 1,000 randomly selected subscribers, and that it would make survey available to parties.

RETIERING SUGGESTED: June 21 is shaping up as key date for cable regulation; that's first day that FCC will accept certification applications from franchising authorities (FCC expects up to 30,000), as well as rate complaints. In addition, FCC officials at rate regulation tutorial last week said cable systems should consider restructuring their cable tiers by then, if necessary, to avoid further rate regulation problems. Officials said FCC is considering delaying effective date of rate regulation until end of current rate freeze Aug. 3, though decision isn't final.

Cable operators should fill out rate regulation worksheets provided by FCC quickly to give themselves adequate time to restructure tiers before June 21, officials said. They also raised specter that cable operators could be forced to offer rate below benchmark if they try to justify higher rate based on costs and resulting hearing shows that costs would only justify rate below benchmark.

Current rate structures could mean that some tiers are well below rate benchmark set by FCC (TVD May 10 p1), while rates of other tiers are above benchmark, said Alexandra Wilson of Mass Media Bureau. Rate freeze allows operators to restructure tiers, as long as total rate remains same, so Wilson said some operators could reduce potential rollbacks by restructuring. Q-&-A sheet that FCC distributed said that franchising authority "may prescribe whatever rate it finds justified by the cost-of-service showing, even if that rate is below the system's benchmark and more than 10% below the system's Sept. 30, 1992, rate." Refunds, however, can only be for period after June 21, FCC said.

Other points from tutorial included: (1) Cable systems and broadcast stations can't agree to carry TV stations a la carte in must-carry/retransmission consent deal because Act requires that TV stations be on broadcast basic tier. (2) Franchising authorities can order rollbacks and refunds, but no fines. (3) If cable system time-shares 2 or more cable networks on single channel, it still counts as single channel for benchmark purposes. (4) Even if they're lowering rates, FCC customer service regulations require cable systems to give 30-day notice of any rate changes. (5) Cable systems must maintain their accounts in accordance with "generally accepted accounting principles." Systems that haven't previously maintained accounts consistent with FCC rules must indicate that they're using estimates and provide justification that estimates are reasonable.

Even though FCC won't officially accept rate complaints until June 21, it already has received about 1,000 consumer complaints and 50 from franchising authorities, Wilson told May 12 meeting of AWRT. She said complaints are "premature" and won't be considered officially. Names of complainants are being computerized and they eventually will be mailed complaint forms when they are finalized, Wilson said. FCC forms for applying for franchise authority certification probably won't be available until shortly before June 21 filing date, Wilson said. FCC will distribute them through govt. groups, such as National Assn. of Telecommunications Officers & Advisors and National League of Cities, through consumer groups, and by mail to anyone who has contacted FCC, she said.

FCC released draft of 2-page form for franchise authority certification. Form asks for name, address and phone number of franchising authority and cable systems and associated FCC community unit identifiers within their jurisdiction.

COMMITTEE APPROVES SPECTRUM SALE: House Commerce Committee May 11 overwhelmingly endorsed legislation to authorize govt. to auction spectrum for wireless services. Committee Republicans were solid in their support for auctions, which they long have advocated, helping Committee leadership beat back challenge from Rep. Synar (D-Okla.) and others who wanted more protection for rural areas and more authority reserved for state regulation.

Bill was approved on voice vote on final passage. Key vote, however, was on 2 amendments offered by Synar that he asked be taken together. His amendments failed 36-8, with Synar getting support mostly from Democrats including Reps. Boucher (Va.), Cooper (Tenn.), Lambert (Ark.), Slattery (Kan.).

Attention shifts now to Senate, where Commerce Committee is dominated by rural states. As Rep. Hall (D-Tex.), member of House panel pointed out, Senate bill has provision for rural set-aside identical to that offered by Synar but rejected by House Committee. Senate staff draft of amendments to existing bill (S-335) has expanded amount of spectrum eligible for auction to 180 MHz from original 30 MHz. No date has been set for markup of Senate measure.

Synar argued that legislation would hamstring states in their efforts to regulate, calling bill "the forerunner of the deregulation of the cellular industry." He said GAO had found only "limited competition" in cellular business: "We are deregulating an industry before it becomes competitive -- exactly the opposite of last year's cable bill when we regulated an industry until it becomes competitive." Synar proposed that states determine whether they should regulate new wireless services, and not be required, as they are under bill approved by Committee, to go to FCC to have decision made. Bill gave FCC 9 months to make decision, but Synar said appeals would drag out process further.

But Telecom Subcommittee Chmn. Markey (D-Mass.) said bill in many instances specifically made certain that rural areas would be served, challenged assertion that it deregulated cellular, saying that it would allow regulatory flexibility at FCC level, and gave states ability to regulate terms and conditions of service while requiring interconnection to wireline network.

Perhaps biggest argument, and most controversial, came when Dingell and Markey said they had been told by Congressional Budget Office (CBO) that if Synar amendments passed, Commerce Committee wouldn't raise \$7.2 billion it was scheduled to raise in reconciliation package. CBO estimate, which came during discussions between CBO and Committee staffs, was based in part on idea that if PCS licenses included rural cutouts, licenses wouldn't be as valuable for large coverage areas, and so would be worth less than wider license. No written opinion was issued. Slattery called CBO opinion "puzzling" and "troubling," questioned why it would draw conclusion but not quantify results. Markey replied that CBO "wasn't making up these numbers." Sources said later that CBO had done no formal analysis because there wasn't formal piece of legislation, but looked over bill in terms of whether committees would meet their revenue goals.

Arianespace placed into orbit Hughes-built Astra 1C May 11, 3rd broadcast TV satellite operated by Société Européenne des Satellites (SES), as well as Arsène minisatellite for French amateur radio club. Luxembourg-based SES bird will be used for direct broadcast TV throughout Europe using small dishes.

Personals

Nicholas Brady, chmn. of Darby Advisors and Treasury Secy. in Bush Administration, elected to Cap/ABC board, replacing **William Spencer**, retired... **Jeff Gralnick**, dir. of ABC's 1992 election coverage and veteran of ABC News, named exec. dir., NBC Nightly News; **Patricia Schultz** promoted to NBC vp-media relations, West Coast... **William Abrams** advanced to vp-business development and marketing, ABC News, new post... **Gordon McLeod**, ex-Grisanti-McLeod ad agency, joins CBS Best. Group as dir.-news advertising and promotion... **Douglas Bennet**, ex-NPR pres., received CPB's Edward R. Murrow Award and NPR's Edward E. Elson Award at ceremony in Washington... **Frank Bennack**, Hearst Corp. pres., will receive NATAS Trustees' Award June 10 in N.Y.

Patricia Geraghty, ex-Fox News Service, appointed dir.-bestg., Republican National Committee... **Eric Frankel** promoted to senior vp, Warner Bros. pay TV, cable and network features... **Mitch Schultz** advanced to vp-corporate compensation, Walt Disney Co., new post... **Michael Colleran**, east coast sales dir., ABC-TV, appointed gen. sales mgr., KYW-TV Philadelphia... **LisaBeth Schwenk** joins KVUE-TV Austin, Tex., as creative services dir... **Donald Johnson**, KRMA-TV Denver pres.-gen. mgr., retires June 30 after 30 years with station.

Kathryn Kahler, former pres., National Press Club, appointed dir. of communications, Dept. of Education... **William Abrams** promoted to vp-business development and marketing, ABC News... **Mark Korn**, ex-NBC, appointed exec. dir.-publicity, Fox Bestg... **William Hamm** advanced at Universal TV to vp-dramatic development... **Peggy Hubbell**, dir. of news information, NBC News, plans to resign in mid-June and after vacation join unnamed communications consulting firm in Austin, Tex... **Bernard Bell**, ex-Learning Channel, appointed regional mgr.-affiliate sales, Courtroom TV Network... **William Beckner** promoted to chief engineer, WUSA Washington, succeeding **Leon Anglin**, now vp-engineering for parent Gannett Best. Group... **Wendy Degnan** advanced to national sales mgr., KHQ-TV Spokane... **Lisa Rizzolo** promoted at Conus Communications to managing editor, Washington hq.

FCC Chmn. **Quello** speaks May 26 to Washington Metropolitan Cable Club lunch, Washington Court Hotel, 703-358-2770 for reservations... **Carol Buchanan** promoted to dir.-corporate mktg., WETA-TV Washington... **Karen Fahle** advanced to asst. dir.-Market Research & Data Sales Div., Warren Publishing Inc... Promoted to principal engineers by Scientific-Atlanta, highest technical position in company: **Greg Durden**, **Michael Huddleston**, **Herman Kruse**, **Syed Tariq**, **George Waters**... Promotions at Turner Bestg.'s Cartoon Network: **Mike Lazzo** to program dir.; **Dick Connell** to program exec. for domestic and international divisions.

OBITUARIES

Kenneth R. Giddens, 84, veteran broadcaster and govt. official, died May 7 of Alzheimer's disease. He built WKRG(AM) Mobile in 1946, later added WKRG-FM, then WKRG-TV in 1955. An architect, he got into broadcasting after having trouble buying enough time on Mobile's 2 radio stations to advertise theater he owned in shopping center he had built. He served 2 terms on NAB radio board in mid-1960s, was Navy lieutenant in World War II. Giddens held several govt. jobs in Republican Administrations, was dir. of VOA (1969-1977). He fought for VOA independence from govt. interference, several times accusing State Dept. of

TELEVISION DIGEST

Published Weekly Since 1965

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

This Newsletter is available electronically via Newnet and
Predictasts and also may be received through facsimile service.

Warren Publishing, Inc. is publisher of *Communications Daily*, *Satellite Week*,
Television Digest with *Consumer Electronics*, *Video Week*, *Common Carrier Week*,
Audio Week, *Public Broadcasting Report*, *Mobile Satellite Reports*,
Consumer Multimedia Report, *Facility Strategies*, *Television and Cable Factbook*,
Warren's Cable Regulation Monitor, *Cable & Station Coverage Atlas*, and other special publications.

Copyright © 1993 by Warren Publishing, Inc. Reproduction in
any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037
Phone: 202-872-9200 Telex: 6502173616 (Via WUT)
MCI Mail: TELEFACTS Facsimile: 202-293-3435

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Paul L. Warren Sr. Ed. & Exec. Publisher
Daniel Warren Sr. Ed. & Assoc. Publisher
Dawson B. Nail Executive Editor
Arthur Brodsky Managing Editor-Washington
R. Michael Feazel Senior Editor
Brock Meeks Associate Editor
Myron Struck Associate Editor
Chris McCarter Assistant Editor
Michael French Assistant Editor

Television and Cable Factbook

Michael Taliaferro Managing Editor &
Asst. Publisher-Directories
Mary Appel Editorial Director
Richard Koch Asst. Managing Editor &
Asst. Editorial Director
Maria B. Lawrence Asst. Managing Editor
Susan B. Woodruff Production Manager
Gregory H. Deahl Sr. Ed. & Ed. Supv.
Brian C. Meeley Ed. Supv.

Market Research & Data Sales Division

Lynn Levine Director
Karen Fahle Assistant Director

Business

Roy W. Easley III Controller
Gary Madderom Marketing Director
Gene Edwards Advertising Director
Betty Alvine Circulation Mgr.
Deborah Jacobs Information Systems Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
Phone: 212-686-5410
Facsimile: 212-889-5097

David Lachenbruch Editorial Dir.
Lisa Lilienthal Senior Editor
Paul Gluckman Senior Editor
Martin Brochstein Senior Editor
Michael Peck Associate Editor

CONTRIBUTING EDITOR, EUROPE

Barry Fox
5 Denning Rd.
Hampstead, London NW3 1ST
Phone: (071) 435-6244

JAPANESE REPRESENTATIVE

Editorial and Circulation
CES International Corp.
1-18-2 Nishi Shinbashi, Minato-ku
Tokyo 105, Japan
Phone: (03) 3592-1531

- ☐ I'm interested in *Television Digest With Consumer Electronics* and would appreciate your sending me a FREE four-week (4 issues) trial subscription. I understand I have no obligation to subscribe.
- ☐ The person below would be interested in receiving a FREE four-week (4 issues) trial subscription to *Television Digest With Consumer Electronics*.

Signature _____
Name _____
Company _____
Address _____
City _____ State _____ Zip _____

attempting to influence newscasts. "It is particularly important for the VOA to have an image and reputation of telling the truth," he said. Later, he charged govt. support of VOA was weak and bordered on "disgraceful." Giddens also was asst. dir. of USIA, chmn. of Federal Reserve Bank in Atlanta, and during Carter Administration served briefly as acting dir. of Radio Marti. Wife, 3 daughters survive.

Jacob W. (Jack) Mayer, 60, retired FCC attorney, died of lung cancer May 11 in his Arlington, Va., home. He joined Commission in 1958, served in various capacities in old Cable Bureau and in Mass Media Bureau, retiring in 1986. He then joined Washington office of law firm Farrow, Schildhouse & Wilson. Mayer had law degree from Ky. U., doctorate in law from George Washington U., served in Army during Korean War. He was master chess player and member of U.S. Chess Federation. Wife, 2 children survive.

Robert Dingilian, 60, MGM exec. vp-worldwide mktg., died of heart attack May 10. He had spent 40 years in publicity at major studios and related groups, including Assn. of Motion Picture & TV Producers, 20th Century Fox, Columbia Pictures, International Creative Assoc. He was a gov. of Academy of Motion Picture Arts & Sciences 1989-1992. Wife, 2 sons, 2 daughters survive.

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 April and year to date:

	APRIL 24-30	1992 WEEK	% CHANGE	APRIL 17-23	17 WEEKS 1993	17 WEEKS 1992	% CHANGE
TOTAL COLOR.....	750,247*	373,988	+100.6	368,101	7,091,216*	6,157,647	+15.2
DIRECT-VIEW...	740,335*	367,057	+101.7	362,438	6,977,376*	6,053,787	+15.3
TV ONLY.....	699,704*	342,344	+104.4	340,502	6,604,050*	5,805,407	+13.8
TV/VCR COMBO.	40,631*	24,713	+64.4	21,936*	373,326*	248,380	+50.3
PROJECTION....	9,912*	6,931	+43.0	5,663*	113,840*	103,860	+ 9.6
VCR DECKS.....	365,703*	250,567	+52.0	181,742	3,377,371	3,290,616	+ 2.6
CAMCORDERS.....	131,529*	84,047	+56.5	52,717	794,296*	687,297	+15.6
LASERDISC PLYRS#	7,964*	3,267	+142.8	3,925	58,640	65,099*	- 9.9

Direct-view TV 5-week average: 1993--444,501*; 1992--343,527 (up 29.4%).

VCR deck 5-week average: 1993--220,029*; 1992--208,951 (up 5.3%).

Camcorder 5-week average: 1993--71,003*; 1992--51,352 (up 38.3%).

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

FCC APPROVES TV DATA SYSTEM, GHOSTBUSTER: Just in time to change closed caption requirement from cost burden to significant feature, FCC approved, unaltered, EIA's proposal to permit transmission of TV Data System (TDS). In same ruling, Commission approved use of Philips ghost canceling signal. Both changes become effective June 30.

Although, action was widely anticipated -- there was no opposition in comments filed with FCC -- it heralds start of moves by broadcasters, cable systems and consumer electronics manufacturers to develop means to use TDS in ways which will appeal to consumers. Technically, Commission's action in both ghostbuster and data cases was assignment of exclusive uses for lines of TV picture's vertical blanking interval (VBI).

Field 1 of line 21 had previously been assigned to closed captions. At industry request, FCC has now assigned field 2 for enhanced captioning and other uses. In addition to multilingual captions, color captions, captions for slower readers, etc., other immediately suggested uses have included program and channel identification -- permitting viewer to see name of program or episode at push of a remote button, even during commercial -- brief synopses of plot of episode, time elapsed in a program, etc. Eventually, use could be extended to include automatic setting of TV and VCR clocks, programming of VCRs, automatic delaying and extending of recording when program times change.

Gemstar, inventor of VCR Plus, demonstrated one possible way to use field 2 in still-secret "Index Plus" system, shown to some TV manufacturers during last Winter CES (TVD Jan 18 p11). That system uses "smart chip" in VCR to provide automatic on-screen indexing of videocassettes.

Some new model TV receivers may be able to accommodate new service without modification, and with others some changes may be needed "without significant cost," according to FCC. EIA's TV Data System Subcommittee (TDSS), which developed proposal, recommended some changes between field 1 and field 2 of line 21 which may inhibit first generation of closed caption receivers from picking up new service. However, Mitsubishi announced last week that all of its new sets can receive TDS (see separate report). GoldStar has "text" button on new model remotes designed to pick up 2nd field.

Any new service depends on broadcasters and cable operators to originate required signals, of course. However, new system could provide 2nd chance for videotext, which failed in U.S. because of chicken-&-egg problem of receivers and programming. Combination of closed caption law, eagerness of set manufacturers

for new feature and of broadcasters for new revenue stream, could break stalemate. TDSS is preparing standard as technical guide for enhanced captioning and extended data services. It will be finalized as EIA-608, due in 3rd quarter.

FCC also assigned VBI line 19 exclusively to Philips-developed ghost canceling reference signal. Vertical interval reference (VIR) signal to adjust color, still used by some TV stations but no longer built into any TV sets, will be moved from line 19, new rules permitting it on any of lines 10-16. Although first use of anti-ghost signal is expected to be by cable systems to erase ghosts from off-air signals they receive -- because of high cost of first receiver adaptors -- Philips has said it hopes to introduce consumer ghost-killer next year (TVD May 10 p15).

NEW MODELS--BIG CHANGE, PRICE QUANDARY: Most complete model changeover in TV history -- occasioned by caption requirements -- marked avalanche of new set introductions in last 2 weeks. In most cases, manufacturers were warning dealers that prices must go up soon, while continuing to eye competitors (TVD May 10 p13).

With most 1993-94 lines now having first exposure, some product trends are readily evident: (1) Dark glass tubes for higher contrast. (2) Far slimmer projection TVs, made possible largely by new U.S. Precision Lens short focus optics. (3) Increase in large-screen direct view and projection models. (4) New remote controls easier to use in dark -- with larger, more tactile buttons or illumination.

In VCRs, most brands now have only one 2-head model, and there seems to be tentative resurgence of S-VHS at lower prices than previous models. TV/VCR combos are very hot, with virtually all manufacturers not now in field planning to enter as soon as they can line up sources. While most companies are predicting industrywide sales of 1.2 million on basis of EIA figures. GoldStar VCR Mktg. Mgr. Bennett Norell thinks figure will be closer to 1.6 million, based on assumption that EIA figures are too low because some major producers don't report to EIA.

Camcorders continue to pose problem for manufacturers. Zenith and Mitsubishi have dropped out of market, at least temporarily. Zenith's move was foreshadowed year ago by Pres. Jerry Pearlman (TVD May 4/92 p16). "Our position hasn't changed," said Zenith Sales Co. Pres. Gerald McCarthy. "Until it becomes a more economically sensible business, we won't be in it... There's no satisfactory return on investment, and until and unless there is we're going to stand by." Mitsubishi, latecomer in camcorders, dropped out after just over a year. "We are not replacing our current line of camcorders," said Product Development Mgr. Bill Loewenthal. "We definitely won't be in [market] this fall." He said company would re-enter field when it finds out how best to meet needs of "Mitsubishi consumer."

Other approach to camcorders is through models with extremely appealing features, multiple uses, ease of use and/or low price. Sharp is building on its hot-selling ViewCam by adding 2 new ViewCams to line at prices lower than its current Hi8 model. New camcorder ideas are due from JVC and others later this year.

In most cases, prices are firm but not up. Recriminations continue as to why increases haven't stuck in past. Commenting on implied charge by Zenith's Pearlman that Thomson has been responsible for leading industry down low-priced path, TCE spokesman said Zenith and others didn't follow suit a year ago when TCE tentatively raised prices. As for Pearlman's charge that TCE lost "hundreds of millions of dollars," spokesman said Pearlman was comparing TCE's worldwide operations with Zenith's domestic business.

Said TCE Exec. Vp Joseph Clayton of American operation: "We ended [last] year with substantial growth in every product area in face of receding sales for most of our competitors and declining financial performance by every single major consumer electronics manufacturer in the world. The only exception was Thomson U.S.A., where we improved our financial performance by well over \$50 million on bottom line. That was a direct result of half a billion sales improvement in just one short year."

Some highlights of most recent sales meetings follow. (Details of new lines will be found elsewhere in this issue.)

Zenith--More Aggressive, More Optimistic: Like many others, Zenith has completely redesigned line. Although pricing is generally unchanged from last Nov., major exception is in 25" table models, where company will be "more aggressive," according to Sales Co. Pres. Gerald McCarthy. The seven 25" models range from plain vanilla \$399-list leader to color PIP models at \$549. With 55 new TV models, Zenith has

changed nomenclature of its high-end Advanced System 3 to AVI (for Advanced Video Imaging), incorporating new automatic picture adjustments.

Highly optimistic for industry this year, Zenith forecast direct view color TV sales at record 23,985,000, increase of 9% over 1992. McCarthy raised possibility that Zenith's sales would be limited by production capability. "We have an order position from customers at retail and wholesale that's the strongest we've seen in many a year... across virtually every product category," he said, adding, "we haven't accepted orders we can't fill."

On pricing, McCarthy said new line is more competitive than last year -- "essentially carryover pricing" from corrections company made in Nov. As for 25-in., "it's a segment that grew remarkably and we experienced share loss in a critically important area." While other manufacturers were brought into closed captions reluctantly, Zenith hailed it as one of "most wanted features" and extended it throughout line, including 9" sets (although law requires it only on sets 13" and larger). McCarthy said Zenith is discussing TV/VCR combo with suppliers and expressed belief company would have one some time this year.

Zenith hopes to have receivers with built-in Starsight (formerly InSight Telecast) on-screen programming guide this fall. Company has 5-year development contract with Starsight and one-year exclusive on receivers with feature (TVD May 2/92 p16). System makes it possible to record programs by title from on-screen grid carried on leased line of vertical blanking interval (VBI) of PBS stations. Zenith currently is making cable box for Starsight service, which is now available only in Chicago area.

Starsight reception will be in "selected higher end models" 27-in. and larger this fall, according to McCarthy. Timing may change because circuit development isn't complete, he indicated. "Early adopters will get an incredible bargain," he said. "We'll establish a value, but we're contemplating a promotional program to offer Starsight at possibly no premium" at start. Starsight service, claimed to be compatible with new Video Data System (see above), is expected to cost \$3-\$3.50 a month to subscribers with special equipped TVs, VCRs or cable boxes.

Zenith will continue to be holdout on 16:9 widescreen sets, McCarthy citing "risk of customer confusion" with HDTV, concern which he said was shared by some retailers. "I don't want to add to the confusion with a product with the Zenith name on it. We've ruled it out."

Mitsubishi Regroups, Shows Table Projector: Continuing its emphasis on giant screen direct view and projection TV, Mitsubishi added table model even bigger than its 40" tube set at dealer meeting in Las Vegas last week. This was first table model projection set introduced in U.S. -- compact 45" weighing only 126 lb. and fitting on same size shelf as 27" direct view model. At \$3,299 list, it's \$1,700 below price of Mitsubishi's 40".

But perhaps bigger news is quiet reorganization now going on after numerous personnel changes. New Consumer Electronics Group Pres. Jack Osborn laid it on line in frank speech to dealers, when he said Mitsubishi "must improve significantly if it's going to remain a viable force in your markets." Conceding that "there have been several long months of very difficult times for this company," he said "it would be premature of me to talk about product and policy changes that inevitably flow from a new administration -- [but] there will be changes."

Osborn said management of Japanese parent "is really committed to the U.S. market," realizing that "success and high visibility in U.S. is essential to the growth of Mitsubishi." He cited recent appointment of Mitsubishi Electronics America (MELA) Chmn.-CEO Tachi Kiuchi to parent company board as evidence that Tokyo feels U.S. operation is vital. As for distribution, "the entire issue is under complete review," Osborn said. "There is some very strange logic in the situation now." Asked about expansion into other channels, he replied: "Until Mitsubishi has its house in order, that's not an appropriate way to move."

New 45" table model projector "represents the future of Mitsubishi" in terms of product innovation, said Product Development Mgr. Bill Loewenthal. Entire optical chassis was redesigned, and set is only 20.5" deep. Company is asking dealers to merchandise set with direct-view TVs, not projectors. Matsushita also previewed ultra-flat faced 35" tube, claimed to be 33% flatter than existing models, but gave no details or introduction date. Loewenthal said Mitsubishi had flexibility to be competitive in 35" area with mass marketers such as Thomson.

Mitsubishi remains unimpressed with 16:9 sets, an executive noting that letterboxed picture on its 40" tube was larger than on 34W" 95% of the time. "We don't think the American market is ready for the [widescreen] product from either the software or the value standpoint."

Mitsubishi announced it's establishing advanced TV research center near Princeton, N.J., location of Sarnoff Center and Hitachi and Toshiba TV labs.

Toshiba Pushes Projection, Sees Price Hike: With most complete line changeover in company history, Toshiba will give projection TV its major focus this year, with goal of doubling market share in that product area, according to Color TV Mktg. Dir. Stephen Nickerson. At same time, it will continue push in large-screen direct-view, where it says it's only company using Invar shadow masks in all sets 30" and over.

Projection TV line has been renamed TheaterView, uses new short focus lens assembly for slim cabinets, features 7 models in 48" and 52" sizes. Like some of company's direct-view sets, top models have 4-channel digital sound processing (DSP) as well as 2-tuner PIP. In direct-view models, dark glass "SuperTube" will be pushed as major innovation. High-end Cinema Series line of projection and direct-view TVs and VCRs now has about 100 dealers (some 500 storefronts), with few changes foreseen, except for possibly "filling in a few markets," according to Nickerson.

Although prices currently are relatively unchanged, Nickerson was candid in forecasting increase. "We don't see how we can avoid an increase in prices, especially at the lower end" as result of addition of captioning and changed dollar-yen relationship (Toshiba uses own Japanese-made caption chip). "We expect to pass the cost on some time before the end of the year."

Like Zenith and others, Toshiba expects to have TV/VCR combination, hopefully before year-end, but definitely by this time next year, Nickerson said. "We're pushing very hard on this -- it's a good match for us. Toshiba still isn't bullish on 16:9 this year, reiterating its oft-expressed view that there's not enough widescreen programming yet, but it did commit itself to widescreen in 1994 for first time. "You won't see [16:9] from us this calendar year," said Nickerson. However, he added: "By the end of 1993, software will be less of an issue. There'll be some type of 16:9 in early '94 from us, probably in Cinema Series [direct view] and also in projection."

Sharp--Major Push on Unique Camcorders: Many other camcorder marketers may be suffering, but not Sharp, which is riding with 2 winners. Based on success of \$2,200 Hi8 stereo ViewCam with 4" LCD screen, company is adding 2 new models -- slightly more compact standard 8mm with 4" screen and mono sound at \$1,500 in Sept. and version with 3" screen at under \$1,000 in July. Also being pushed is full-sized Slimcam.

Company will import 100,000-150,000 units of lowest priced ViewCam this year, according to Consumer Electronics Group Senior Vp Perry Clay. Sharp has budgeted more than \$12 million in national advertising for ViewCam (of total \$30 million national ad budget), and will have "corps of demonstrators which will blitz public places in specific markets for a week at a time." ViewCam is being promoted by hockey star Wayne Gretzky in TV commercials, magazines and movie theater commercials, in campaign which kicked off last week with full-page 4-color ad in USA Today.

ViewCam "will create a whole new category" of product, Clay said. "No other manufacturer has anything like it." While Sharp has discontinued its 8mm dual-lens Twincam, it will continue full-size Slimcam, which Sales Vp Ron Stoltenberg said pushed Sharp to 31.4% of U.S. full-size camcorder market last year.

In TV, Sharp introduced "information center" models which may be used to leave on-screen messages, display calendar with special dates noted (birthdays, etc.), as previewed at CES last winter (TVD Jan 18 p12). At that time, Sharp notified dealers of 2-3% price increase on new models to be shown this spring. "We're trying our best in a highly competitive market to increase prices," Clay said last week, noting company is "very, very concerned" about soaring value of yen, and more increases are due.

As for 16:9 widescreen set, which Sharp previously had said it would produce in Memphis plant starting this Sept., Chmn. S. Hirooka said model is still under development and would be introduced "maybe at the end of this year or beginning of next year." Consumer Electronics Group Vp Mark Sawanoi said 7% of Sharp's U.S. sales were in A/V products last year, forecast that will rise to 12% this year, 14% in 1994, main sources of added business being ViewCam, MiniDisc, cordless phones and widescreen TV.

APRIL SETS STRING OF SALES RECORDS: It certainly didn't start out that way, but last month ended as best April in history for all products whose sales-to-dealer figures are released by EIA on monthly basis, with exception of VCR decks.

Smashing final week, with 2-to-3-digit increases over last year's comparable week (see State of the Industry), rescued 4-week April, whose first 3 weeks showed lackluster sales. Final week increasingly is becoming runaway best of any month in EIA's sales statistics, presumably because of billing practices of major companies, particularly in direct shipments to large retailers -- but April was more back-heavy than usual. Final week accounted for almost half of month's sales of projection TV, VCRs, TV/VCR combos and other direct-view TVs, and almost 60% of camcorders.

Last month saw double-digit increases over April 1992 for all products, except camcorders, which lagged record April 1992 by 4%. For camcorders and for laserdisc players, April was best month of year to date, despite having one less week than March.

On seasonally adjusted annual basis, direct-view color (including TV/VCR combos) ran at better than 24.5-million rate in April. For year's first 4 months, rate was 24 million, well above the 22 million record set in 1992. Projection TV's annual rate was above 475,000 in April and 462,000 for 4 months, compared with record of 404,000 for all of 1992.

Camcorders also ran at record rate in April and 4 months, at 3.9 million and 3.6 million, respectively, well above the 2.96 million record for any year, set in 1990. Although VCRs didn't set April record, annualized sales rate for month was 13.1 million, and 4-month rate was just under 12.4 million, compared with full-year year record (1992) of 12.3 million. Here are EIA's figures on sales to dealers in April, with 1992 and 1991 comparisons:

Product	April 1993	April 1992	% Change	April 1991
Total color.....	1,597,733*	1,376,131	+16.1	1,219,668
Direct-view...	1,575,723*	1,357,927	+16.0	1,202,330
TV only.....	1,481,729*	1,294,874	+14.4	1,168,078
TV/VCR combo.	93,994*	63,053	+49.1	34,252
Projection....	22,010*	18,204	+20.9	17,328
VCR decks.....	790,230	812,670*	- 4.0	624,330
Camcorders.....	253,527*	214,935	+18.0	184,413
Laserdisc players	14,937*	11,561	+29.2	11,511

* Record for any April.

Sound Advice said higher-than-anticipated legal and professional fees, presumably relating to latest round of internal investigations (TVD May 3 p15), contributed to \$831,000 loss in 3rd quarter ended March 31 despite 6.2% sales increase over same period last year (see financial table). Size of loss represented improvement from year ago, when company posted \$2.3-million deficit. Chmn.-CEO Peter Beshouri said added expenses were "a necessary consequence of our financial management objectives, and are not expected to recur in the same magnitude in the future. While these expenses impacted our profitability, they have helped strengthen the company's financial position." Other measures that affected profits were decrease in valuation of aged inventory and reserves for accounts receivable.

China's production of color TV sets declined 11.8% in first quarter from year earlier, State Statistics Bureau data indicate. Although no comparisons were given in report in China Daily, figures released last year (TVD May 4/92 p21) showed output of 3.06 million color sets in first quarter 1992, while last week's release put 1993 period's color at 2.7 million. Monochrome TV production was relatively unchanged at 3.7 million and total output of 6.4 million sets was down 5%.

American Airlines, nation's largest, said it will join those banning use of computers, CD players and other electronic devices during takeoffs and landings, although it conceded there was no scientific evidence that they interfered with aircraft equipment. Status of other airlines, as reported in N.Y. Times: United permits use "during most of a flight;" Northwest early in March restricted use of electronic products at altitudes below 10,000 ft., approach being taken by American; Delta, U.S. Air, Swissair and All Nippon don't allow CD player use at any time during flight. Jordanian airlines bans use of any electronic device.

GoldStar TV sets that have MTS stereo now carry "dbx" logo on front panel. Another GoldStar innovation is "text" position on wireless remote that blacks out most of screen for use with TV Data Service to be made possible when FCC approves 2nd field of closed-caption line (line 21) of vertical blanking interval.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 112 yen = \$1, except where noted.

PANASONIC'S PLANS FOR 3DO: Panasonic, which will be only company marketing 3DO hardware this year, plans extensive marketing push for \$700 "multiplayer" that it plans to have at retail in early Oct. Effort will include in-store kiosks, 10-city mall tour, commercials in 1,600 movie theaters and spot TV in 13 major markets.

3DO apparently has failed to galvanize quick support for its "interactive multiplayer," which it earlier had said would be offered by 3-4 companies, or as many as 6 this year. Panasonic executives said their exclusivity for this year wasn't result of any contractual arrangement.

3DO Senior Sales & Mktg. Vp Robert Faber said at Panasonic's national sales meeting last week in Orlando that 3DO doesn't regard additional hardware support as "necessary" for now, because of strong promotional support Panasonic plans for rollout in 4th quarter. However, when company unveiled its technology at Winter Consumer Electronics Show (CES) in Las Vegas, Faber said he expected about half dozen manufacturers to participate in hardware launch this year (TVD Jan 18 p13).

Indeed, 3DO's hardware and software licensing schemes were designed to make system so attractive to outside companies that they would quickly develop compatible products. Hardware makers are being offered royalty-free 7-year license, but so far Matsushita is only company to signed one, according to prospectus issued earlier this month when 3DO made its initial public offering (IPO) of 2.9 million shares at \$15 per share.

3DO device will be sold by Panasonic audio sales force because of expertise it has gained in marketing of such new technologies as CD and Digital Compact Cassette (DCC), according to Panasonic Vp Michael Aguilar. Target audience of early adopters will be approached through network of department stores, specialty retailers and power dealers qualified to sell and demonstrate new technologies, Aguilar said.

Panasonic demonstrated same proprietary software-based digitized full-motion video (FMV) as 3DO had shown in Jan. in Las Vegas, with same uneven picture quality that showed high-level of artifacts and blocking. Panasonic and 3DO executives assured reporters quality would improve by time product goes to retail, but said optimal target for CinePak software would be interactive programming for children as alternative to Sat. morning TV viewing.

As for MPEG-compatible FMV cartridge, Panasonic officials said only that company "possibly" would show prototype at next month's CES in Chicago, and Vp-Gen. Mgr. Richard Lovisolo said company is making no commitment to market FMV cartridge this year. Asked to comment on flak taken by Philips CD-I project for delayed introduction of FMV capability, Faber responded that Philips "failed to attract the early adopter" market not because of FMV delay but because CD-I system "lacked the interactivity" that will set 3DO project apart from competitive systems.

Panasonic formed new Interactive Multimedia Div. in which Gene Kelsey, formerly asst. gen. mgr. for Panasonic portable audio, will shift to similar role in supervising 3DO rollout. Audio sales force of 80 factory reps will be complemented by 3DO-dedicated sales team that will be organized regionally. "To effectively introduce the new product in the market, we will be targeting specific channels of distribution and within these channels, specific retail outlets," Lovisolo said. "We will have software available" to

support hardware launch, he said without elaborating on specific number of titles possible or whether company planned to bundle software with 3DO player. "While our plans are still being formulated and fine-tuned," Lovisolo told reporters, "I hope that you will see the depth of Panasonic's commitment in making this a very successful product at launch time."

Ad and promotional campaign, including 10-city mall tour supported by dealer tie-ins, will be aimed at prime target market of early adopters, who "relate to the performance and innovation that this new product offers," Kelsey said. "The message we'll be bringing to consumers is a reflection of how we view this new product," which he said will be positioned as "an entertainment product that can be used by everyone in the home."

JAPANESE BUYING TV GLASS FIRM: Nippon Electric Glass will buy Owens-Illinois' 50% interest in OI-NEG TV Products, according to agreement in principle announced last week. OI-NEG says it's leading producer of glass TV parts in U.S., while NEG is major manufacturer of similar products in Japan.

NEG will pay O-I \$100 million on completion of deal, expected by midyear, followed by "additional compensation... payable on a deferred basis, including compensation based on OI-NEG's financial performance over the next 5 years." Announcement said agreement contemplates continued participation by O-I in management and on board of OI-NEG.

Joint venture was formed in 1988, when O-I sold 50% of its TV glass venture to NEG (TVD March 21/88 p11). Same year, Corning sold 33% of its competing TV glass operation to Japan's Asahi (TVD July 18/88 p9); as agreed at that time, Corning's share declined to 51%, amount it now owns.

NEG Pres. Kiyosaku Kishida said last week he favors "continued American participation in the management and ownership" of OI-NEG, and company is "considering a variety of alternatives... including ownership plans for employees."

O-I sold half of its TV glass operation to NEG after O-I itself was purchased by Kohlberg, Kravis, Roberts, which still is largest owner after offering stock to public in 1991. At time of original sale, O-I spokesman conceded deal was needed to raise money and NEG was brought in because of high expense of tooling for giant picture tubes.

NEG had sales of \$1.7 billion in year ended March 31. O-I's biggest operation -- packaging products -- accounted for net sales of \$3.2 billion -- about 87% of total \$3.67 billion of company's net sales last year. O-I Chmn. Joseph Lemieux said deal "will allow both companies to concentrate more fully on growth opportunities in their basic businesses -- NEG on TV glass products and O-I on glass and plastic packaging."

High-resolution LCDs, monochrome and color, will be shown for first time by Xerox at this week's Society for Information Display symposium in Seattle. Xerox said displays use active matrix technology, achieving 6.3 million dots of resolution in 13" display. Color display is composed of 1.6 million pixels (6.3 million subpixels) in format of 1,536x1,024. Development was funded by Defense Dept.'s Advanced Research Projects Agency under its High-Definition System program.

HITACHI PRODUCT LINEUP: Hitachi is featuring UltraBlack high-contrast dark face picture tubes in 7 of its direct-view TVs starting at 20" and including company's first 35" TVs.

UltraBlack lineup: 20" lists at \$429; 27" with 600 lines of resolution, stereo and surround sound, input jacks in front and rear, \$699; 27" with Quick Freeze PIP and illuminated remote, \$799; 31" with Invar mask tube and same features, \$1,399; 35" with comb filter artificial intelligence, dual 7w audio power, \$2,099; 35" with dual rear amplifiers, S-VHS jacks front and rear, \$2,299; console with similar features, \$2,499.

Custom series with conventional tubes starts with 13" table model at \$299, stepping to 20" at \$399, 20" VCR combo \$599; 27" stereo surround \$599; 31" with similar features \$1,099, with Quick Freeze PIP \$1,199; in console cabinet \$1,499.

Hitachi line has 11 new projection TVs. Popular priced Maxus line has 4 new models, all with Quick Freeze PIP and preprogrammed VCR/cable remotes -- two 46" at \$2,299, 50" at \$2,599; 55" at \$2,795. Ultravision series with UltraBlack high-contrast screens features digital convergence and one 50" model with "HDTV lens systems," achieving 1,000 lines of horizontal resolution (\$3,299 list). Other UltraBlack projectors, all illuminated programmable remote as well as simple 2nd remote, 4-channel amplifier and Dolby Surround: two 46" at \$2,799, two 50", \$3,099; two 60", \$4,399.

New VCR line starts with 2-head model including TV/VCR/CATV remote at \$269, with 4-head model \$329, VCR hi-fi stereo model \$399; stereo with trilingual menus and shuttle ring \$499; 5-head S-VHS model at \$999 has "laser VHS" loading system that opens tape door when cassette is placed in front of it.

Three new 8mm camcorders bring Hitachi's line of 8mm units to 6. All have 16x zoom, wireless remote, graphic titler. New low-end model is \$799. Step-up has electronic image stabilization at \$999. Hi8 with stereo sound is \$1,199. Two full-size VHS camcorders are in line, 12x zoom model at \$799, 24x at \$899. Both have hot shoe, 1-lux sensitivity, flying erase, artificial intelligence for white balance and iris adjustment.

Fall and winter ad programs will key TV coverage to U.S. Open Tennis and Monday Night Football. UltraBlack, 8mm camcorders and 35" TVs will be featured in separate campaign.

Good day at races put Charles Marvin in mood -- and chips -- to become first American to purchase widescreen TV, Thomson Consumer Electronics said. Marvin, resident of Huntington Beach, Cal., won about \$17,000 at Santa Anita April 9 and placed order for first ProScan 16:9 TV set at local Ken Crane's store. Marvin, vp-gen. mgr. of McDonnell Douglas Defense & Electronic Systems Div., and his wife Carrie are laserdisc player owners and have been early acquirers of new technology. They owned first model of Sony Betamax and first Apple Computer.

Hitachi will fire Nippon Columbia (Denon) Pres. Kazuo Mochizuki and replace him with Hitachi Managing Dir. Hiroshi Takano, according to Nikkei, which said action will be taken in late June. Hitachi is largest stockholder in Columbia, which is expected to post deficit of nearly 6 billion yen (\$53.6 million) for year ended March 31.

RECOTON PROFIT SOARS: Recoton, whose move of operations to new facility near Orlando, Fla. from Long Island City should be complete this summer, reported 53% increase in income to \$1,657,000 before taxes, on 41% climb in sales for first quarter (see financial table). Net income rose by 30%, but company pointed out that tax rate rose substantially in 1993 period due to non-deductible losses in Canada.

Company attributed record sales to strength of all its product lines and increased market share as well as contribution from Amnico and Protum Divs., both acquired in late 1992. Income was affected in 1993 by expenses of move to Fla. Pres. Robert Borchardt said company's 900-MHz wireless line (headphones, speakers, remote extender, video transmitter) is showing fast growth. Company said it expects Canadian operations to turn around in 2nd half.

Voice Powered Technology International, in first report since going public, showed losses for full-year 1992 and first quarter 1993. Company noted that Philips has included its voice programmer with some Magnavox and Philips products (TVD May 10 p15) and said it expects extended marketing campaign to be reflected in 2nd quarter performance.

International Jensen posted 23% sales increase for year to Feb. 28, but net income declined 17.5%, attributed to increase in sales, marketing and administrative expenses and higher costs associated with consolidation of European operations. For 4th quarter, sales rose 43%, while net income plunged 78.3%. Higher sales of OEM car speakers accounted for 46% of sales increase last year, Chmn.-Pres. Robert Shaw said, adding that overall domestic car industry sales increased only 4% in same period.

Malaysia, fastest growing source of VCRs, has factories owned by 6 Japanese manufacturers. Reports from Japan give these projections for 1993 production there, with 1992 output in parentheses: Matsushita 300,000 (250,000), Hitachi 900,000 (800,000), Sharp 1.8 million (1.45 million), JVC 2 million (1.5 million), Mitsubishi 440,000 (250,000). Estimate of Sony output in Malaysia wasn't available, but company will produce 200,000 8mm and VHS decks monthly at its overseas plants in Malaysia, France and Taiwan, same as total output there last year.

Sharp claimed top market share in U.S. fax sales for 6th consecutive year on basis of Dataquest research giving it 23.8% of market, with 451,100 placements last year, up from 366,276 (20.2%). Murata was 2nd with 15.8%, Panasonic 3rd at 12.5%.

It's Against the Law . . .

... to make a copy of this newsletter or of any portion of its content without our explicit permission. Federal copyright law (17 USC 101 et seq.) makes it illegal, punishable with fines up to \$100,000 per violation plus attorney's fees. This means that it is forbidden to reproduce this publication for any purpose, including internal routing, and by any means, including by FAX or in the form of a corporate news summary.

Warren Publishing, Inc. frequently has taken action against individuals and firms that violated our copyright, and we will continue to do so. We request that subscribers advise their staffs of the law and the financial penalties that will result from the copying of this publication, which subsists entirely on subscription revenues. We welcome inquiries about additional subscriptions and we are prepared to grant authorization for certain occasional reproduction of portions of this newsletter, but only upon formal request to the publisher. For additional subscriptions, please contact our Circulation Dept. at 202-872-9200.

REVAMPED RCA LINE: RCA's heavily redesigned color TV entries, now being introduced, are divided into 3 series -- new ColorTrak Plus (9-31"), Home Theater (27-35"), projection TV.

ColorTrak Plus has new chassis with "T-chip," new LSI that controls all picture parameters, automatically adjusting color and contrast. Some sets have on-screen menus and programmable timer; remotes have large rubber color-coded buttons arranged for easy control. In addition to ColorTrak Plus, low-end XL-100 models are included in 13", 20" and 25" sizes.

Line starts with 9" at \$299 suggested list, stepping up to undercounter model with swivel bracket, FM radio and weather band at \$329. All 13" models have remote, auto programming, auto input selection, clock, sleep and alarm timers, starting at \$249, stepping to \$279, with weather band, headphone jack and commercial skip added to models at \$329 and \$349.

Nine 20" models start at \$299, \$329 and \$349, with XS Stereo sound models at \$329, \$379, \$399 and \$419, last units including FM and weather band. First 25" model carries list of \$469, stepping to model with channel labeling, commercial skip, better remote, S-VHS input and variable audio out at \$499, console with same features is \$599, model with color PIP \$629.

Leader 26" model is \$549, with stepup at \$679, followed by 3 console models at \$729. Table models with 27" tube start at \$599, moving to \$649, with PIP model at \$729. Two consoles are \$699, model with storage capacity at \$799, three PIP models at \$829, topped by model with component storage and glass doors at \$929. First 31" table model is \$1,049, same with PIP \$1,149, with non-PIP console \$1,249.

Ten of 12 direct-view Home Theater models have black glass tubes for higher contrast. All include comb filter, auto input selector, channel labeling, commercial skip, clock, timer. Line starts with 27" with Sound Retrieval System (SRS) and matrix surround at \$699, with PIP at \$829, Invar mask at \$929, console with storage at \$1,029.

Two 31" sets, both with SRS, matrix surround, PIP, S-VHS input and 13-jack monitor panel are table model at \$1,249 and console at \$1,549. First 35" lists at \$1,699, stepping to SRS model at \$1,899, with Advanced PIP in \$2,199 unit. Consoles are \$1,999, \$2,199, \$2,499.

Nine-model Home Theater projection line, all with SRS and PIP, starts with two 46" models at \$2,299, one at \$2,799, with 52" at \$2,699, \$2,799, \$2,899 and \$3,099, while two 60" models are \$3,299. One 46" and one 52" model have built-in storage at bottom.

VCR line features VCR Plus in all 5 major categories, starting with 2-head at \$349. Leader 2-head carries \$249 list, stepping to model with universal remote and VHS index search at \$299. Mono 4-head units are \$319, \$349, \$379 and \$419, while hi-fi models are \$399, \$449, \$519 and \$549, with RCA adding S-VHS model with 16:9 mode to fill screen of company's CinemaScreen widescreen set when letterbox tape is played; it's priced at \$749. RCA continues 8mm stereo hi-fi deck at \$649.

RCA camcorder line consists of five 8mm models, 4 VHS-C and 2 full-size VHS. Lowest priced model is leader 8mm, with 8x zoom at \$699 list, stepping to 10x at \$799, 12x at \$899, 16x (24x digital zoom) with 16:9 recording capability at \$1,199, Hi8 stereo 16x model (64x digital zoom)

with 16:9 recording at \$1,499. VHS-C with 10x zoom is \$799, remote control version \$899, with color light \$999, 20x (80x digital) \$1,299. Full-size models: 12x zoom at \$799, 24x (100x digital) at \$899. All VHS-C models and top full-size have 16:9 mode.

New laserdisc players: Single-side play is \$549, five-disc tray changer model \$749, 2-side play with 16:9 playback mode also is \$749. RCA also introduced line of 2 A/V systems, 4 A/V receivers, 6 speakers.

ZENITH--55 NEW TVs: Zenith's big 55-model color TV line, closed-captioned from 9" leader up (see separate report).

Small-screen TVs start with 9" remote at \$229, stepping to AC/DC under-counter model with swivel mounting bracket and sleep timer at \$329; first 13" is \$229, with remote at \$249, monitor versions with A/V jacks \$320. First 19" is \$249, remote \$299, version with keypad remote \$319, 2 monitors with unified remote \$339, stereo \$359. Series of 20" sets starts with remote monitors (2 cabinet colors) at \$359, stereo at \$379, 2 models with SEq audio and channel labeling at \$399, with stereo surround \$499.

Basic 25" remote is \$399, first 25" stereos (2) at \$449, 2 with SEq audio \$499; with color PIP and stereo surround (2) \$549; 3 stereo consoles at \$599; System 3 model with storage \$649. First 27" table model, with SEq, is \$649 in 2 variations, stereo surround \$699, PIP and surround \$749, first Advanced Video Imaging (AVI) model \$799, console with multi-brand remote (4 styles) \$749, 2 models with PIP and comb filter \$849, with storage space \$899, AVI model with Premium SEq \$1,049.

First 32", with Invar tube, SEq, surround, 15-jack panel with S-VHS input, multi-brand remote is \$1,099, with PIP version \$1,199, console with storage space, 2 at \$1,599. Table model 35" sets are \$1,799 and PIP version at \$1,999, console with Dolby stereo surround \$2,299.

Zenith rear projection TVs, all with PIP, SEq audio, surround and slim cabinets, start with two 46" models at \$2,299, stepping to Premium SEq with programmed remote and Dolby surround at \$2,399; two 52" models with same features are \$2,799, while 60" is \$3,399. Front projector for pictures up to 8 ft. is \$3,499.

Zenith VCRs with digital automatic tracking include 2-head at \$299, basic 4-head at \$339, with multi-brand remote, bilingual menus and front jacks \$359, with VCR Plus \$399, hi-fi stereo \$429, with multi-brand remote, front jacks \$469, with VCR Plus \$499.

Boycott of Mitsubishi TV sets, cars and other products was urged in full-page N.Y. Times ad by Rainforest Action Network, San Francisco, to protest logging in rain forests. Michael Masuyama, PR dir. of Mitsubishi International in N.Y., is quoted in subsequent article in N.Y. Times as saying company's "participation in rain forest harvesting worldwide is 0.4% of the total." He said Mitsubishi was targeted because it was well known, as opposed to Mitsui or Marubeni, Japanese trading companies also involved in logging.

Electronic book prices are coming down to levels of printed ones. Self-contained pocket-sized digital books to be introduced at June Consumer Electronic Show by Franklin Electronic Publishers: Spelling corrector at \$20 list, 500,000-word thesaurus (\$30), Bible (\$100), word games (\$30).

MITSUBISHI TOUTS TV SHARE: Staking claim to leadership in big-screen market (see separate report), Mitsubishi cited retail surveys showing dominance of its brand in that area. At sales meeting in Las Vegas last week, Mitsubishi gave these 1992 retail market share figures from Intellect's NPD Group:

Color TVs 31" and larger (including projection): Mitsubishi 20.8%, RCA 19.6%, Sony 17%, Toshiba 12.4%, Magnavox 6.3%, Hitachi 5.3%, JVC 4.8%, all others 13.8%. Direct-view 35": Mitsubishi 41.3%, RCA 39%, Toshiba 10.3%, JVC 5.8%, all others 3.6%. (Thomson Consumer Electronics claims it sells more than half of all 35" sets, presumably including RCA/ProScan, GE and those it makes for Sears.) Projection TV 50" and larger: Mitsubishi 24.5%, RCA 18.3%, Pioneer 12.6%, Hitachi 10.5%, Magnavox 9.2%, Sony 9%, all others 16%.

Mitsubishi's direct-view TV lineup consists of 3 series. Models in 100 series feature dark tube, 181 channels, A/V inputs, headphone jack, remote, on-screen picture settings. Series consists of two 13" at \$349 list and two 20" at \$429. Setup series 200, which adds MTS stereo, side-firing speakers and TV/VCR remote, features 13" at \$399, 20" at \$499, 26" at \$629, 27" at \$729 (due in Dec.), 35" at \$1,799 (Oct.).

Series 300 has freezable PIP, on-screen menus, Quick View, S-VHS input, comb filter, programmable multibrand remote and child lock. In that series, 20" is \$599, 26" \$729, 27" \$849, 31" \$1,599, 31" console \$1,799, 35" \$1,999. Series 400 adds black tint CRT (27" models) or high-contrast coating (35"), 2 antenna inputs and TV Data Service (TVDS) capabilities: 27" at \$949, swivel 27" at \$1,029, 35" at \$2,499 and \$2,599. Top direct-view 600 series with ViewPoint II on-screen menus, programmable illuminated multibrand remote, matrix surround, home theater mode and center channel input: 35" at \$2,599 and 2nd-generation 40" at \$4,999 (Sept.).

Projection line stars new table-top 45", due in Oct. at \$3,299. Beginning 60 series features PIP, Quick View, multibrand remote and TVDS: Two 45" models at \$2,699, two 50" at \$2,999, 60" at \$3,899. Top-end 70 series adds black screen and front surface mirror, ViewPoint II, illuminated multibrand remote, Crystal Dialog speaker system: Two 50" at \$3,499, 60" at \$4,399, 70" at \$6,399.

Six new VCRs, all with multibrand remote, start with mono unit with head cleaner at \$349, same with VCR Plus \$429 (both in Sept.), hi-fi at \$529, hi-fi with VCR Plus and quasi S-VHS playback \$599, S-VHS hi-fi with VCR Plus \$899. Laserdisc player with Quick Flip 2-side play is \$899, A/V receiver with total of 400w to front, center and rear channels \$1,699, Instant Home Theater with Dolby Pro Logic \$599.

Emerson Radio announced it has reached agreements with lenders to restructure about \$225 million of debt, including reduction of indebtedness by some \$100 million through conversion to equity. Emerson didn't identify lender or type of equity and declined to elaborate on announcement, but said majority owner Fidenas Investment and "the institutional creditors" will own "all but a small portion" of company's common stock. Statement said company's remaining outstanding debt will consist of new \$60 million line of bank credit and \$65 million loan from banks and senior noteholders. Fidenas Investment will provide additional \$32.5 million. Emerson also plans rights offering of common stock to shareholders.

TOSHIBA'S NEW LINEUP: With completely redesigned direct view and projection sets, Toshiba continues to emphasize large-screen models. All 30-35" SuperTube models have Invar shadow masks.

Direct-view color line has one 13" at \$300, one 19" at \$359; 20" models move from standard tube version at \$400 to FST model at \$470; single 26" is \$600, with three 27" FST models at \$650, \$700 and \$850. SuperTube models start with 30" at \$1,200 and \$1,300; starting 32" is \$1,400, with 2 models containing Cyclone ABX sound system, digital signal processing (DSP) and 2-tuner PIP at \$2,200. Basic 35" is \$2,000, with 3 DSP 2-tuner PIP models at \$2,400.

Completely new "TheaterView" projection TV line with thin cabinets, PIP and DSP, starts with two 48" models at \$2,300, stepping to 2-tuner PIP in 2 models at \$2,900 and two 55" models with 4-channel DSP and Dolby surround at \$3,800.

Separate high-end Cinema Series with dark FST tube, Cyclone ABX sound, starts with 27" FST set at \$900, with 30" at \$1,400, 32" at \$1,800, 35" console with DSP and Dolby surround at \$2,600, topped by 48" projection with same features and built-in storage area at \$3,300.

Toshiba VCR line, all with universal TV/VCR remote, dual A/V inputs (front and back), center loading transport, contains Auto Speed Select feature (which shifts VCR to slow speed recording when needed to fit an entire program on the tape) on its VCR Plus models, which control cable box as well as VCR. Single 2-head model is \$260, with 4-head at \$300, VCR Plus version at \$350, hi-fi stereo with VCR Plus at \$450 and model with flying erase and remote job-shuttle at \$500. Cinema Series VCRs with VCR Plus are \$380, hi-fi stereo at \$600. Same series features laserdisc player at \$800.

Floppy disc shipments by U.S. manufacturers jumped 14% in units and 18% in dollars in 1992 from 1991, International Tape/Disc Assn. (ITA) said. Rise in 3.5" micros more than offset drops in 8" and 5.25". Sales in 1992 totaled \$5.75 million in 8", \$183.14 million in 5.25", \$659.57 million in 3.5" discs. Total of 8.9 million 8" discs were sold, vs. 485.4 million 5.25" discs, 932.7 million micros.

Gemstar launches new marketing program for VCR Plus including nationwide TV "infomercial" featuring consumer testimonials on its VCR programmer and toll-free number for direct purchase. Campaign follows successful use of infomercial by competitor Voice Powered Technology. VCR Plus also will use radio advertising and TV program product placements.

Best Buy completed offering of 2.25 million shares at \$38.50 per share, with underwriters having option to purchase up to 337,500 additional shares. As we reported (TVD April 26 p14), company plans to use net proceeds of about \$82 million to fund expansion and general corporate purposes as it opens new stores.

Thomson Consumer Electronics "has not completed patent filings" in relation to on-screen channel navigation system developed for Direct Satellite System, but doesn't "anticipate any problems" relative to other systems already announced, spokesman said in clarification of issue raised in these pages last week.

Consumer Electronics Personals

Martin Homlish, Audio Component Systems senior vp-gen. mgr., assumes additional responsibilities for all consumer audio business in Sony Sales & Mktg. America (SSMA) Consumer Products Group, adding duties formerly performed by **Michael Vitelli**, now senior sales & mktg. vp, Business & Professional Products Group (TVD May 10 p20)... **Tachi Kiuchi**, chmn.-CEO of Mitsubishi Electronics America Inc., named to board of parent Mitsubishi Electric Corp., Tokyo.

Ross Hunt, ex-Hewlett-Packard and IBM and more recently an independent advisor to Frox, named to new post of Frox mktg. & sales vp; **Bud Myers** resigns as Frox sales & mdsg. vp "to pursue other interests"... **Jorgen Larsen**, ex-German record company Deutsche Schallplatten Berlin and formerly pres. of European operations for Sony Music, named to new post of pres., MCA Music Entertainment International; Larsen, based in London, will supervise MCA Music operations in Canada, Germany, Japan, U.K.

Named at Acclaim Entertainment: **Rod Cousens** moves from managing dir. of Acclaim U.K. to become pres. of newly formed Acclaim Europe, replaced in U.K. post by **Nicholas Garnell**, formerly games div. director for Virgin Retail Group; **Cynthia Armstrong**, ex-controller for NESI International, named dir. of finance & operations, Acclaim Europe... Promotions at Pioneer New Media, Business Systems Div.: **David Nicholas** to senior vp; **Paul Dempsey** to vp-mktg. & technology; **Robert Bennett** to mgr. of sales.

Retail notes: Sources in southern Fla. say **Tandy** plans to open latest Incredible Universe store in Hialeah in early Nov. Officials at Tandy, which has already announced it will open IU store this fall in N. Dallas and another whose location hasn't been disclosed, declined to comment on report... **Sun TV & Appliances** says it will expand into western N.Y. with 6 stores, majority of which should be open in mid-fall. This is first foray into N.Y. for company, which already has stores in Ohio, Pa., and recently opened stores in Parkersburg, W. Va.... **AudioVideo Affiliates** plans at June 14 shareholders meeting to propose name change to Rex Stores Corp., company said in 10-K report. Company said it has operated stores under Rex trade name since 1990 and believes name change "will enable the investing and consuming public" to identify company "more closely with its retail business." Company said it plans to accelerate store expansion program by opening 20-30 Rex stores mainly in small and medium-sized markets in each of next 2 fiscal years. It said it intends "to take advantage of the recent retrenchment by other consumer electronics retailers by opening stores in selected markets vacated by them." Company said it believes its smaller store format will enable it to operate in profitable niche in its chosen markets.

Goldbook 1993 is first edition of what is planned to be annual consumer electronics and major appliance industry reference guide by Dealerscope Merchandising Magazine. Volume runs nearly 500 pages, encompassing detailed directory of manufacturers, reps, retailers (even to such detail as what credit cards they take), examinations of top regions and metropolitan areas, import/export information, statistical reports -- \$495, 215-238-5300.

Tokyo Video Festival entries are being sought from now to Sept. 15, sponsor JVC announced in Japan. In its 15-year history, company said, annual competition has generated 16,880 entries from 57 countries.

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 Inc. 1993-13 wk. to May 1	46,282,000	538,000	.10
1992-13 wk. to May 1	37,210,000	259,000	.05
Esquire Radio & Electronics 1993-qtr. to March 31	15,175,000	217,000	.45
1992-qtr. to March 31	28,940,000	591,000	1.22 ^a
Recoton 1993-qtr. to March 31	20,400,000	872,000	.21
1992-qtr. to March 31	14,464,000	670,000	.24 ^b
Republic Pictures Corp. 1993-qtr. to March 31	14,662,000	156,000	.03
1992-qtr. to March 31	14,027,000	(851,000)	--
Rogers Communications ^c 1993-qtr. to March 31	303,578,000	44,393,000	.25
1992-qtr. to March 31	264,604,000	3,904,000	-- ^d
Turner Broadcasting 1993-qtr. to March 31	398,000,000	(286,000,000)	-- ^e
1992-qtr. to March 31	365,000,000	1,000,000	-- ^f
Voice Powered Technology ^g 1993-qtr. to March 31	4,453,000	(2,546,083)	--
1992-year to Dec. 31	1,746,653	(5,565,783)	--

Note: ^aIncludes special credit. ^bAdjusted. ^cIn Canadian dollars. ^dRestated; includes special credit. ^eAfter special charge. ^fRestated. ^gComparable results unavailable.

CD pricing policies of major record companies were "strongly condemned" by committee of U.K. House of Commons after month-long investigation. Consumer had cited lower CD pricing in U.S. as evidence that British record companies were bilking public. Committee recommended £2 (\$2.35) reduction in retail prices of CDs on ground that marketers couldn't justify price differential between CDs and cassettes. Committee said British CD player owners have average of only 7.8 discs per machine vs. 15 in U.S. Call for price reduction isn't binding, but could set stage for govt. investigation. U.K. Office of Fair Trading -- watchdog agency on competitive practices -- year ago found no evidence of collusion among record companies to keep CD prices inflated. Reaction was predictable on both sides of controversy. Consumers' Assn. said action was "sweet music" for public clamoring for price relief. But Morris Oberstein, chmn. of British Phonographic Industry trade group, said report was full of "unsubstantiated tommyrot, deceit, lies and information simply to support a prejudged conclusion by a kangaroo committee."

Asil Nadir, who jumped bail in fleeing from U.K. to Turkish Cyprus, said last week he plans to fight sales of assets of his former company Polly Peck and repay its shareholders. After sales of various assets, major significant remaining Polly Peck assets are listed as 86% share of Vestel, Turkish consumer electronics manufacturer, and 18% stake in Sansui.

Reports available from Stanford Resources: Projection Displays (\$2,950, supplementary video \$495) and Flat Information Displays (same prices) -- Information Assoc., 415-322-0147.

Voice-activated car navigation system introduced in Japan by Sanyo understands 14 commands, including "present location" and "zoom in."

TELEVISION DIGEST®

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

With Consumer Electronics

MAY 24, 1993

VOL. 33, NO. 21

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

TIME WARNER-U S WEST DEAL: Telco pays \$2.5 billion for 25% of cable operations. Few regulatory hurdles seen. New outlets for TW programming expected. (P. 1)

NBC SAYS BAD TIMES HAVE 'BOTTOMED OUT': 'You can see it in their eyes,' says Waterbury. Network promises no compensation cuts. Convention free of confrontations, rancor. Welch on hand to cheer affiliates. (P. 2)

NETWORKS AND CABLE HAMMERED on TV violence at Senate hearing. Entertainment industry executives argue that progress is being made. (P. 5)... Markey asks for comments on ratings as bills are introduced in Senate. (P. 6)

STATION PAYMENTS POSSIBLE if they opt for retransmission consent, Biondi says. Viacom systems won't pay for consent, stations won't demand it. Cable called 'good and tough' negotiators. (P. 7)

CABLE 'BONING UP' on telco regulations, Roberts says. Cable rules called 'Force 9 hurricane.' Vice chmn. says NCTA must refocus efforts. TeleCable won't pay consent fees. (P. 8)

NCTA REGISTRATION UP for convention because of regulation, technology. Quello, Duggan, legislators to speak. Telephony has big program role. (P. 9)

SATELLITE TESTS NEEDED, RF expert believes. Effect of RF radiation still worrisome. (P. 10)

TIME WARNER-U S WEST DEAL TO PUSH FSNs: U S West (USW) purchase of 25.51% of Time Warner Entertainment (TWE) isn't expected to face significant regulatory hurdles, companies said. Both see deal as way to provide new outlet for video programming and other copyrighted Time Warner products -- TW through more rapid expansion of its fiber-based interactive "full service networks" (FSNs). USW believes deal will give it more access to same programming for its planned separate broadband fiber networks.

In 2nd -- and much larger -- telco purchase of cable assets, following \$650 million Southwestern Bell acquisition of Hauser Communications (TVD Feb 15 p1), USW agreed to pay \$2.5 billion for stake in TWE, Time Warner subsidiary that owns cable systems with 7 million subscribers, plus HBO, Warner Bros. Studios, other interests. TW's publishing, journalism and music businesses, as well as its stake in Turner Bestg., aren't part of deal. Companies said it's intended to accelerate construction of TWE's FSNs such as one planned for Orlando. They said FSNs will be available to "vast majority" of TW's clustered cable systems by 1998 as result of investment of total of \$5 billion in FSNs over next 4 years. TW Chmn. Gerald Levin predicted new revenue from video-on-demand, additional TW programming sales and "a whole stream of telecommunications revenue" from FSNs would result in "a spiffy growth rate." TW will get \$1.5 billion

Consumer Electronics

CABLELABS TO DEVELOP TESTS for TV and VCR tuner compatibility with cable. 'TV-ready' cable box developed by Jerrold contains everything but CRT. (P. 12)

JAPANESE FINANCIAL REPORTS show expected profit declines for Sony and Matsushita, loss for JVC on weak economy, strong yen. Videogame companies gain. (P. 13)

MULTIMEDIA WILL 'MUSHROOM' late this year, Matsushita America Chmn. Imura tells Panasonic sales meeting. MCA to join in major promotion campaign. (P. 14)

FTC SCREEN-SIZE RULE needs only minor modifications, EIA and Zenith say in comments on 27-year-old trade regulation covering measurements as used in ads. (P. 16)

NEW VCR-PLUS PRODUCTS: Hand-held programmers, with and without universal wireless remote built in, announced by Gemstar as stepup items. (P. 16)

STEPUPS HOT IN VCRs, VCR Plus jumping to 19% of sales in March from 11.8% in Feb., stereo at high for year. Full-size camcorder comeback. (P. 16)

TALKS ON 'WHITE BOOK' BRIDGE STANDARD to assure cross-platform compatibility of MPEG-based video discs are being conducted by Philips, Sony, 3DO, others. (P. 17)

VHS TAPE PRICE DOWN 15% on average in 1992, ITA reports, sales rising 2.9% to new record. (P. 17)

immediately upon closing (expected by end of year) to be used to reduce \$15.2 billion in debt. Other \$1 billion is to be paid over 4 years to help finance development of more FSNs.

Congress must "make sure that consumers don't get trampled in this race," said House Telecom Subcommittee Chmn. Markey (D-Mass.). "Everyone must realize that both of these companies have monopoly power in their respective markets." He said deal raised issues of concentration by media companies, common carrier responsibilities of cable operators, continued viability of telco-cable restriction. Center for Media Education (CME) asked Justice Dept. to investigate proposal. "Instead of telephone companies' providing competition to the cable TV industry, what we are now seeing is the creation of a new generation of media monopolies," said Jeffrey Chester, co-dir. of public interest group.

Deal avoids conflicts with MFJ and telco-cable cross-ownership ban by excluding USW, at least for now, from ownership of cable systems in its service area, as well as of satellite uplinks and other facilities that offer interLATA services, companies said. After closing, they will seek waivers to eliminate those restrictions, they said, and TWE expects to sell or trade cable systems in USW service area (none of which meet TW's clustering master plan). Systems in USW area fully or partly owned by TWE include Colo. Springs (80,000 subscribers) and Canon City, Colo. (7,000); Flagstaff (11,774) and Sedona (3,780), Ariz.; Columbus (6,500) and Falls City (2,050), Neb., and Mankato (15,500), Marshall and Montevideo (2,215), Minn. TW said its prorated share of ownership of those systems is 85,000 subscribers. TWE earlier had traded systems in Denver area with TCI. FCC Chmn. Quello said he doesn't see any regulatory problems with deal, but "if there is a legal objection, we will have to give it full consideration."

Since there's no need for MFJ waiver, regulatory approval for deal should be "fairly minor," Levin said. If companies receive requested waivers, satellite and other assets will be brought back into partnership, USW Chmn. Richard McCormick said. Need for such waivers is "a good example of the law of unintended consequences" of regulation, Levin said. One potential glitch is MFJ manufacturing restriction, which prohibits large-scale RHC involvement in R&D as well as in fabrication. USW might need MFJ waiver if it's to participate fully in development of TW's FSN. County NatWest telecommunications analyst George Dellinger said: "This deal is proposing all sorts of cutting edge technologies that still need to be developed and researched. And that type of R&D is prohibited under MFJ manufacturing restrictions." USW spokesman Stephen Lang disagreed: "We've been over this [deal] with a fine-tooth comb and we just aren't going to do anything that violates the MFJ."

USW said deal won't have negative effect on its U.S. or international telco/cable projects with TCI. It said that its relationship with TCI "remains strong" and that deal was structured so that company still could "do things" in telco/cable with TCI. USW and TCI own all or part of 8 cable systems in U.K. serving 3 million customers.

Deal is "quite compatible" with new national telecommunications infrastructure policy, as well as Clinton Administration economic policy, TW's Levin said. He said it's "big investment" in high-technology products and will be "prototype for exports around the world." TW and USW said they, along with Japanese partners, will be marketing FSNs actively in other parts of world. In addition to cash, USW brings knowledge of high-speed network switching and transaction-based billing to partnership, executives said. McCormick said that, even though USW will own only 25% of TWE, it will be "full partner" in managing FSNs. USW and TWE will share equally in design, implementation and direction of FSNs, although TWE will continue fully to manage other TWE businesses.

NBC SAYS ITS BAD TIMES HAVE 'BOTTOMED OUT': At NBC TV affiliates' convention in Orlando last week, there was general optimism and expectation among stations and network executives alike that network would improve greatly on its poor 3rd-place prime-time ratings of last 2 seasons. "NBC is back and we really think it is," Network Pres. Pierson Mapes said. "NBC has bottomed out... We will win the May sweeps," he predicted. We searched but couldn't find an affiliate who disagreed with Mapes, although some weren't nearly as enthusiastic. Convention was free of confrontations and rancor -- and affiliates were promised no compensation cuts in 1994.

Making his first appearance at affiliates' convention, John Welch, chmn. of NBC parent GE, spoke at opening session May 16. He praised recent network additions Donald Ohlmeyer, pres.-NBC West Coast, and NBC News Pres. Andrew Lack. Affiliates have endorsed that new team too, said Chmn. James Waterbury, KWWL Waterloo-Cedar Rapids, Ia.: "You can see it in their eyes. You can hear it in their voices." Affiliates particularly praised Lack, who was brought in from CBS month ago to replace Michael Gartner in

aftermath of Dateline fiasco (TVD April 19 p3), and who has hired prominent executive producers from ABC News and CBS News.

In attempt to cheer affiliates, Welch said: "Andy Lack is one of the most exciting persons I have ever run into... And Lack will become the Boone Arledge of the news business." Welch said he talked to Arledge (pres. of ABC News) about what type of person NBC should seek to replace Gartner. He repeated his pledge that NBC isn't for sale, "no matter what... NBC in my view is well on its way back. GE is committed to making NBC the number one network, and with your [affiliates] support, our resources and our collective talents, we have a real shot to get there." Welch also praised Ohlmeyer, saying he's "a guy who hates to finish second..."

Welch said difference between broadcasting and many other businesses that GE is in "is that the broadcast business is a good business in good times... and it is also a very good business in bad times... and we can't say that about a lot of things." In short news conference after his speech, Welch was asked why he let rumors circulate so long without response that GE was attempting to sell NBC. He said that GE had talked with "dozens" of companies about NBC, and that perhaps he had waited too long to speak out when decision was made not to sell. Asked why he finally did respond to rumors, he said: "I saw a business that was getting creamed... and it was time to break the rules" -- referring to GE policy of never commenting on rumors.

NBC Pres. Robert Wright, who spoke next morning, followed much same theme as GE chmn., spending several minutes explaining NBC involvement, investigation and aftermath of Nov. Dateline program depicting burning GM truck that had been rigged with incendiary devices. After that, NBC News Pres. Michael Gartner had to go and new leadership was necessary, Wright said, so NBC News could look at situation "in the most positive manner. That was the whole issue of a change in [News] leadership. That is the whole issue of the reformation in NBC News." Wright said last 12 months have "been a very trying year for us," citing Dateline and network's ratings decline. He told affiliates Dateline episode was "very hard for you, it was hard for me, it was hard for NBC News... It is an embarrassment to the network and it is an embarrassment to you... For all those things I apologize." He said Lack "has made a very impressive start."

Wright said network isn't afraid of competition from new technology: "Their attempt is to catch the flame. Our issue is to hold the flame [successful programming]... They seek ways to reach consumers... But, we already have that presence today, and we really have to be very careful to recognize how important that is." He told closed session with affiliates that NBC would seek retransmission consent for its 6 owned TV stations under Cable Act. However, unlike Fox in its deal with TCI, NBC won't attempt to negotiate any retransmission deal for affiliates. NBC Exec. Vp-Gen. Counsel Richard Cotton told reporters that network wasn't ready to reveal its strategy in retransmission negotiations, but that something similar to Fox-TCI would be explored for its owned stations only, excluding affiliates: "We're obviously not going to negotiate in the press." However, he said NBC would discuss its developing position with major groups within boundaries of antitrust laws.

Head of group that also owns cable systems said of retransmission rights: "We don't have any idea what we're doing and haven't decided anything yet." Stations must notify cable systems by June 17 whether they're going for must-carry or retransmission consent. Some 2 dozen affiliates (including major groups and single-station owners) told us they hadn't decided what position to take. As for NBC, Wright said network would "put together a comprehensive plan" within 2 weeks and report back to affiliates. Goal, he said, is to "make sure that the NBC signal delivered all over the U.S. is a participant and that the value it has to viewers is recognized by cable operators."

Agreeing totally with Mapes' assessment of NBC's fall chances was comedian Bill Cosby, whose TV career began when he co-starred in I Spy on NBC in early 1960s and who made surprise appearance May 18 and gave affiliates pep talk. "We're looking for No. 1," he said. "We're coming back... We've got it set... We're going to win." Cosby said new NBC executives "are mean... and they know what they're doing." He said "Bob Wright may have been a bean counter" when he joined NBC 6 years ago but "you guys [affiliates] have whipped him into shape." Of new schedule, Cosby said: "It's going to work... I'm involved in the peacock. I want to see this peacock fly again." Cosby has signed to do 4 made-for-TV movies for NBC in next season, schedule for which Mapes said was totally product of Entertainment Pres. Warren Littlefield and Exec. Vp-Prime Time Perry Simon. NBC presented new schedule to affiliates May 17 that included revamp of all nights except Mon., with 11 new programs (7 comedies, 4 dramas) totaling 8-1/2 hours. ABC has same number of new programs -- 7 comedies, 4 dramas. Mapes and Waterbury agreed that there's "a clear drop in violence" in NBC's fall schedule, although Waterbury said violence wasn't issue at affiliates' closed meeting.

Unlike most conventions, very little was said by network about station clearances because, said Mapes, "we really don't have a lot of clearance problems" except in daytime. Waterbury was happy because network focused on its "core" business of broadcasting, didn't bring up ancillary interests such as CNBC. At recent conventions, he said, there had been "ongoing concern" among stations because of network's talk of expansion in other areas. NBC Sports Pres. Richard Ebersole's presentation was highly praised, particularly proposed Major League Baseball joint deal with ABC and acquisition of rights to 1994 Super Bowl. "The baseball deal will happen," he promised of proposed 6-year contract that baseball owners are to vote on May 25 or 26: "It will be overwhelmingly approved." CBS, which has current contract that expires this year, had come in late with counter offer that owners rejected.

There weren't many live stars to speak of at this convention, with exception of Cosby and Conan O'Brien, who also appeared unannounced. Like Today co-host Katie Couric, Jay Leno appeared several times from L.A. via satellite. Mapes brought applause when he announced that June 1994 convention would return to Century Plaza Hotel in L.A. "with all our stars of the NBC family." He evoked wild cheers when he said June 1995 convention would be held in Ritz-Carlton Hotel, Maui, Hawaii, "and we will pay 1993 rates in 1995, so we got a wonderful deal." Orlando attracted 207 affiliated stations, total attendance of 607. CBS TV affiliates' convention is next on deck, meeting May 25-27 at Waldorf-Astoria Hotel in N.Y. in last year of 3-year contract.

House Commerce Committee report on spectrum auction bill made clear that Congress intended to remain neutral on questions of licensing of Personal Communication Services (PCS). Committee said there are several factors that FCC should consider when licensing all new services, including "avoiding excessive concentrations of licenses" and making sure licenses are held by "wide variety of applicants" such as members of minority groups and women: "The Committee does not intend that the Commission should apply any particular antitrust or other test in order to avoid concentration of licenses, but rather should apply a common sense approach. If a single licensee dominates any particular service, or if it dominates a significant group of services, then the Commission should take that into account." But, Committee said, it doesn't want "this objective to dominate" agency's decision-making when it comes to setting up auctions. On specific PCS service, Committee said it "takes no position" on any of issues now before FCC, such as size of license area or whether telephone companies should be eligible for licenses. Taking no chances, report said: "The Committee is aware of the creative talents of the communications bar, and is confident that this language [in report] will be invoked to support the claims of all the parties in this proceeding. The Committee has attempted to preserve the Commission's discretion to license the new Personal Communication Services without skewing the outcome of this debate." Report also made clear what had been assumed from text of bill -- that broadcasters' spectrum wasn't up for auction because mass media signals are provided without subscription fee. It said that fact that some TV licensees may receive compensation from cable operators as result of retransmission consent "should have no effect" on FCC licensing procedures.

General Instrument (GI) announced new version of DigiCipher video compression system that includes flexible transport structure and MPEG-2 compatibility. New DigiCipher II system will be incorporated into first-generation DigiCable set-top converters when production begins in 1994, GI said. Flexible packet-based transport structure allows same signal to carry video, audio and data, as well as dual-mode video compression. GI's Jerrold Div. Pres. Harold Krisbergh said upgrade to MPEG-2 would allow cable operator to handle 90% of all MPEG functions and "dramatically improve interoperability." GI also announced broad licensing program to make DigiCipher II technology available to be incorporated into wide range of consumer and computer products.

In continuing effort to explain cable rate regulation, FCC will issue another set of questions and answers on details of rules in 2-3 weeks, said Alexandra Wilson, Mass Media Bureau staffer who's overseeing process. Even though rate rules totaled more than 450 pages, they leave many questions unanswered, some of which involve policy issues that can be answered only by FCC commissioners, she admitted during FCC brown-bag lunch May 18. Wilson said there also are other questions FCC has to deal with, including how to handle rate increases to pay for system upgrades and rebuilds. Commission is expected to issue 4 more Cable Act-related rulemakings in June, 3 more by fall, and handle "countless" petitions for reconsideration, she said. It believes in letting competition regulate market, "but in the interim we will have regulation, and lots of it," she said. In answer to questions during session, FCC staffers said: (1) Even though there are deadlines for regulatory actions by local authorities and by cable operators, there are no deadlines for FCC action on subscriber complaints and cable system appeals. Speed will depend on amount of FCC staffing, they said. (2) FCC plans another cable rate survey in fall. (3) Agency still hasn't addressed issue of pricing of cable program guides. (4) There's nothing in rules to prevent cable operator from collapsing expanded basic tier, which is subject to FCC regulation, into basic tier if local authority decides not to regulate basic.

House this week prepares to debate FY 1993 supplemental appropriations, which doesn't include \$12 million sought by FCC, and early indications are that Commission's fate won't be any different in Senate. Problem, sources said, is that there are 3 ways for FCC to win more money, and none of them looks promising: (1) Senate panel would have to cut \$12 million from another program. (2) Committee would have to waive Budget Act limits. (3) Congress could declare emergency and try to pass extraordinary measure. That was route Clinton Administration tried with economic stimulus package without success. Committee doesn't hold hearings on supplemental requests, so any action would come by end of this week or early next, after House passes its version. Prospects for FCC's FY 1994 budget don't look much brighter because Appropriations Committee won't conduct hearing until Commission chmn. is in place. Leading candidate, Commerce Committee counsel Antoinette Cook Bush, started her maternity leave last week, which means that if she's nominee, it could be autumn before Commission even has hearing on its FY 1994 budget.

SENATE PRESSES ON VIOLENCE: Sen. Simon (D-Ill.) and other members of Judiciary Committee May 21 threatened harsh action against TV industry if it didn't work harder to eliminate violence from programs. Network executives testified that they were making progress, pointing to fall schedules as evidence. They said that some violence was necessary, but that they were under competitive pressures because of violence on cable and on syndicated shows. Cable executives told panel that they were doing better than broadcasting.

Hearing was first of 2 planned by Simon, who sponsored legislation exempting industry from antitrust law 3 years ago to allow it to develop new violence standards. Second hearing will be June 8, featuring Hollywood producers, syndicators, grass-roots organizations.

After hearing, Simon told us he believes "something is happening" on broadcast side, but said situation on cable is "less clear." He said he's not planning to try to move any legislation soon, will wait at least until after Aug. 2 entertainment industry meeting in L.A. Simon, who will deliver keynote speech at conference, said he doesn't expect "concrete resolution" to come from meeting, but it should be good way to gauge mood of industry. He said he didn't want to use hearings to assess blame for past TV performance, but wanted to see improvement.

Simon said at hearing that he agreed with networks that fall schedules looked less violent, but said standards that networks agreed to in Dec. still were "fairly subjective." He was joined in chorus of criticism of industry by colleagues on Judiciary Committee -- Sens. Metzenbaum (D-O.) and Feinstein (D-Cal.) -- as well as lawmakers testifying -- Sens. Dorgan and Conrad (both D-N.D.) and House Telecom Subcommittee Chmn. Markey (D-Mass.), whose ideas for TV violence rating system and for TV channel-blocking technology won support from other legislators and nonentertainment industry witnesses. (See related story.) Dorgan has introduced bill to require FCC to monitor and to report on TV violence, while Conrad said he expected to announce in June formation of national coalition against TV violence.

Metzenbaum told witnesses from Big 3 networks and Fox that violence is "growing cancer" on TV and that if networks didn't act, "there was enough sentiment in Congress" to act without affecting "freedom of the airwaves." He said he didn't mean to speak "in a threatening manner," comment that caused chuckles in audience, but said he was "speaking realistically" to industry executives -- Cap/ABC Chmn. Thomas Murphy, CBS Bestg. Group Pres. Howard Stringer, NBC Entertainment Pres. Warren Littlefield, Fox Exec. Vp George Vradenburg. Also testifying were Viacom Pres. Frank Biondi, USA Network Exec. Vp David Kenin, Turner Bestg. Group Pres. Scott Sassa. For most part, they claimed improvement, with Murphy pointing to network's 40% comedy lineup and Littlefield describing NBC's fall schedule, first to be made up with congressional admonitions in mind.

Stringer said he "wasn't proud" of some programs his network showed. Murphy said miniseries, *Murder in the Heartland*, one of shows highlighted by Committee, was violent example of sweeps month and was "an economic disaster" attracting poor ratings and driving away advertisers. Simon said he was "glad to hear it" on both counts. Murphy said program had "seemed like a good idea at the time." Littlefield said one of NBC's best showings was theatrical film *Fried Green Tomatoes* that trounced Arnold Schwarzenegger's *Total Recall* in ratings. Echoing

broadcasters' complaints in context of children's TV issue, Stringer said it isn't easy to find quality programming that doesn't have violence.

Session also forced network executives to defend use of violence as necessary part of drama and part of life. Stringer said that many of Shakespeare's plays, such as *Richard III* and *King Lear* are violent and said lack of violence on Yugoslav TV "didn't get in the way of them killing themselves." Vradenburg made most aggressive statement. He said in written, but not oral, testimony that violence is as old "as storytelling itself" and that to eliminate "appropriate uses of violence" would "deprive us all of reportage on who we are as a people and as a society, and to disable our storytellers and our comedians from the devices they use to effectively make us cry or laugh or to get us outraged at injustice. It would turn television into an antiseptic 'Brady Bunch' fantasy world where conflict and confrontation are absent. Television would become vacuous, irrelevant to our daily lives." Fox, he said, seeks to portray "any antisocial violent act as unacceptable."

Stringer was most outspoken in criticizing Markey proposals, saying that children at home without parental supervision wouldn't be helped by chip-enabled TV blocking technology and that process wouldn't help areas most prone to violence. He also said it would be difficult to rate shows by "body count" alone, saying show on Civil War, for example, would have high number. He said one problem isn't necessarily quantity of violent acts, but quality of fewer acts made more graphic. Dr. Brandon Centerwall, medical researcher on violence whose work has linked TV and violent behavior, supported Markey, recommending scale so that program would be rated "V-0" for no violent acts, or "V-100" if there were that many violent acts.

Network executives said another outside influence was competition. Murphy said: "I cannot overemphasize the fact that network television is no longer the only game in town." Without participation by cable, independent stations, studios and production community, there will be no comprehensive solution, he said. Stringer took shot at FCC's Prime-Time Access Rule (PTAR), saying that he was concerned about nonnetwork programs aired by stations that CBS owns, with network having "little control" over TV tabloid program offerings during prime-time access period, "a time which the FCC effectively prevents us from programming ourselves."

Turner's Sassa said his networks don't create or broadcast "reality-based" crime shows or produce TV movies that sensationalize tragedies. After hearing, he said: "We're further on the side of the angels than [broadcast networks] are." He told us that despite network defense of nonviolence, ABC spent millions more dollars to produce *Murder in the Heartland* miniseries than to purchase *Fried Green Tomatoes*. But Sassa admitted in his testimony that "action movies" were among most highly rated attractions: "When we run Clint Eastwood or Chuck Norris movies, we get our highest ratings." Viacom's Biondi said cable channels are more targeted, and said nonviolent programming abounds on channels such as ESPN, Discovery, Arts & Entertainment, Disney. But Simon criticized USA Network for running promo for "Nightmare on Elm St." during morning cartoons. (For other developments on televised violence, see separate story this issue.)

NAB said it's resurrecting TV equipment clearinghouse June 7. Stations that want to buy or sell equipment can fax information to NAB to post free listing -- 202-429-5346.

MARKEY VIOLENCE RATINGS: House Telecom Subcommittee Chmn. Markey (D-Mass.) last week asked heads of 3 networks, major MSOs, trade groups, Hollywood and others for their views on his proposals for dealing with violence on TV. At May 12 hearing on issue, he suggested that TV establish rating system for violence similar to MPAA ratings for movies, and that new TV sets allow parents to block channels or programs (TVD May 17 p1).

Markey said in letter to networks that he's aware of "practical difficulties" of setting up TV ratings system that would be "more cumbersome" than movie ratings because of larger number of programs and shorter lead time in which to rate them. But, he said, main advantage of system is that it would be established voluntarily by industry and wouldn't involve govt. in trying to define violence: "The First Amendment rights of producers and programmers would be protected, but so would the rights of parents." On other hand, Markey said, guidelines for violence drawn up by industry under antitrust exemption over last 3 years "are so general that they appear even weaker than the existing standards used by each of the networks" and don't appear to be working. He asked for comments by June 15 from Cap/ABC, CBS, CPB, Caucus for Producers, Writers & Directors, Fox, INTV, MPAA, NAB, NBC, NCTA, Satellite Broadcast & Communications Assn., Screen Actors Guild, TCI, Time Warner, Turner Bcstg., Viacom, Writers Guild.

Also last week, Sens. Dorgan and Conrad (both D-N.D.) introduced bill (S-973) that would require FCC to track violence on TV and report findings quarterly. Rep. Durbin (D-Ill.) offered identical bill (HR-2159) May 19. Bills would require FCC to set up program for evaluating and rating TV programs by extent of violence, and then to publish "Television Violence Report Card." Commission would have to: (1) Sample week of prime-time and Sat. morning network and cable programming each quarter. (2) Publish results 4 times annually. (3) Rate program sponsors in terms of extent to which they advertise on programs that contain violence. Bills would mandate that at least one of those weeks be during sweeps.

Dorgan and Durbin said in joint statement that they don't propose to regulate or to censor TV, but want to give parents information about "where the violence is being shown and who is paying for it." Dorgan is member of Senate Commerce Committee, which has jurisdiction over issue. Committee Chmn. Hollings (D-S.C.) has said he wants to hold hearings on TV violence issue, but none has been scheduled. Violence critic Sen. Simon (D-Ill.) did hold violence hearing last week (see separate story, this issue).

Networks aren't commenting on meeting with Attorney Gen. Janet Reno May 18 to discuss financial interest and syndication rules. Cap/ABC Gen. Counsel David Westin was only network employee to attend. Others representing networks were attorney Lloyd Cutler, who usually represents ABC, and Joseph Sims, who usually represents CBS. NBC staff members were attending affiliates' meeting in Orlando. Commenting on meeting, FCC Chmn. Quello said: "It is inconceivable that the Department of Justice would intercede against unanimous court and FCC decisions in an effort to salvage outdated consent decrees." He said there were 2 court decisions and "a well-reasoned decision" from FCC opposing continuation of rules. Justice Dept. spokeswoman called it "informational meeting" similar to one held earlier with Hollywood interests.

FCC rescheduled June agenda meeting to June 24 from June 17.

New 24-hour cable network offering readings, lectures, debates and symposia from U.S. postsecondary schools, museums, libraries and other cultural institutions is planned by public TV (PTV) for late 1994 launch. Independent nonprofit "Horizons TV," joint undertaking of PBS and major producing stations WGBH-TV Boston and WNET N.Y.-Newark, would be funded with revenue from "tasteful," interstitial-only commercials for books, videos, computer software and other products and services related to program content. Project would constitute first national cable network for PTV, which had failed to reach agreement with Discovery several years ago on similar collaboration. Cable system operators are expected to be charged monthly fee of about 10¢ per subscriber. PTV partnership intends to launch network only after it has secured carriage in systems with 5 million subscribers -- less than 10% of national total. Horizons TV is keyed to hundreds of potential cable channels expected to result from advent of satellite digital compression as early as year from now. Former PBS Pres. Lawrence Grossman (1976-1984), who spearheaded venture and will oversee startup, likened Horizons TV to "a kind of cultural and intellectual counterpart to cable's C-SPAN."

Senate Commerce Committee will mark up spectrum auction legislation May 25, complete with controversial "regulatory parity" language that's also in House bill. Major difference between House and Senate provision is that latter's version would allow states to regulate mobile services until there are 3 carriers in market. Also on agenda for markup, 10 a.m., Rm. 253 Dirksen Bldg., are bills on high-tech support, including National Research & Educational Network applications, campaign advertising, TV violence, telecommunications fraud, votes on nominations. Hearing for Clarence (Larry) Irving to be NTIA dir. is set for today (May 24), 2:30 p.m., same room, and former House Telecom Subcommittee aide may be approved by Committee next day. Batch of other Commerce nominations will be considered, but slot of deputy secy. won't be on list because nominee John Rollwagen, ex-chmn. of Cray Research, withdrew from consideration because of entanglements in stockholder suit involving relationship between Cray Research and spinoff Cray Computer headed by Seymour Cray.

Five TV affiliates owned by Spartan Radiocasting will demand retransmission consent fees unless cable operators set up broadcast-only basic tier costing no more than \$4 per month, group announced. Decision appears to set up conflicts with several cable operators that had said they wouldn't pay for consent. Based on TV & Cable Factbook data, among systems that have said they won't pay for retransmission consent but that normally carry group's stations are: (1) WSPA-TV Greenville-Spartanburg on TeleCable system in Greenville with 57,200 subscribers. (2) KIMT Mason City, Ia., on TCI system with 13,766. (3) WBTW Florence, S.C., on TCI system in Bennettsville with 3,323 subscribers. (4) WMBB Panama City, Fla., on TCI system in Chattahoochee with 864 subscribers. (5) WJBF Augusta, Ga., on Jones system with 60,454 subscribers.

WWSB (Ch. 40) Sarasota-Bradenton said it's appealing decision by Cablevision Industries to drop it from cable lineup June 2. Cable system, which has 6,313 subscribers in northern portion of Manatee County, said WWSB essentially duplicates another ABC affiliate, WTSP (Ch. 10) St. Petersburg-Tampa, and dropping station will allow it to add independent WTTA (Ch. 38) St. Petersburg-Tampa. Officials said seeking FCC stay of action would require cable system to continue carrying station until dispute is resolved. Cablevision said it plans to expand to 60 channels from 37, by end of 1994, so it could consider returning WWSB then.

STATION PAYMENTS POSSIBLE: Broadcasters that demand retransmission consent could end up paying to get back on cable systems, Viacom CEO Frank Biondi warned. Company owns 5 network TV affiliates, cable systems with more than 1.1 million subscribers, large TV syndication business. Biondi said Viacom stations in most cases will opt for must-carry rather than retransmission consent, and company is joining list of MSOs that have said their cable systems won't pay for consent (TVD May 10 p7).

"I don't think broadcasters really understand what they are dealing with in the cable industry," which has long experience negotiating carriage contracts with cable networks, Biondi told Media Institute lunch in Washington last week. "They are very good and tough negotiators." He said cable systems can "do quite nicely" even without carrying several major stations, so broadcasters that opt for consent may end up not being carried and may have to pay to regain carriage.

Viacom systems won't pay for retransmission consent, Biondi said, following lead of TCI, Continental, Crown, Harron and Coaxial, but will consider other noncash deals. He said Viacom TV stations "want carriage because that's what the business is all about," and won't demand consent fees, although they will seek "protection" if other stations in market get cash fees.

Cable industry didn't handle reregulation debate "with the greatest degree of finesse," Biondi said: "Cable did themselves in more than the broadcasters beat them." He said in "20-20 hindsight" it's clear that cable missed chances to compromise, including proposed reregulation bill 2 years ago, but said he doesn't want to "point fingers." Now, Biondi said, he's concerned "about a government role seemingly based on the wish to punish, rather than to promote private investment. I fear the rate regulations will simply forestall or even foreclose many cable operators' ability to rebuild their systems into the fiber-backbone superhighways being planned."

Pace of advent of new cable technologies may be overestimated, Biondi said: "I'm inclined to believe the 3-to-5-year timetables [for] realizing many of those technologies may be overly optimistic." He said it would be mistake to assume that all TV viewers, who are used to passive role, ever will convert to interactive TV, and "the pace of technology should not be permitted to outrun human engineering." Biondi also said there's still no hard evidence on how interested consumers are in new technology and what they're willing to pay.

Leonard Tow received total of \$32.1 million last year from Citizens Utilities and Century Communications, according to N.Y. Times. Tow's income from Citizens included \$1.3 million salary and bonus, \$6.9 million restricted stock, \$10.4 million present value of stock options and \$3 million retirement benefits, according to report by pay analyst Graef Crystal. Century income included \$3 million salary and bonus, \$4 million present value of stock options, \$3.4 million other options, interest-free loans of \$2.86 million (present value of \$130,000). Neither Tow nor other Century officials returned repeated calls. Tow told paper that figures were wrong, but didn't provide details.

Independent WMBC-TV (Ch. 63) Newton, N.Y., has gone on air in N.Y.C. ADI, raising operating U.S. TV stations to 1,508 (1,142 commercial, 366 noncommercial). Station is licensed to Mountain Bestg. Corp.; Sun Young Joo (85.7% owner) is gen. mgr., Joon Joo gen. sales mgr., Stephen Betsy chief engineer.

PBS hopes to raise \$8-\$9 million for Jan. 1994 pilot launch of preschool "ready-to-learn" service, with full-scale implementation -- projected to cost \$68-\$72 million -- 18-24 months later. Elements of basic business plan, scheduled to go before public TV (PTV) system at next month's annual meeting in New Orleans, include: (1) \$28-million passthrough to stations to provide for dedicated ready-to-learn staffer, who would seek to build partnerships with other community groups. (2) \$25 million for new programming, possibly including new series for pupils 6-8 years old. (3) \$7.2 million for research, packaging, promotion. (4) \$3.5 million for program break segments encouraging kids to work with adults on projects building on concepts appearing in full-length shows. Segments, with one working title of "Jump Start," might feature regular host. (5) \$3.5 million for professional development. Project is eyeing possible development of fulltime ready-to-learn cable network, Program Distribution Mgr. Michael Patterson said, but that was deemed too expensive and also ineffective way to reach poor and disadvantaged children -- its principal target. Stations probably won't be asked for additional dollars to support project, Patterson said, with funding instead to be sought through such federal vehicles as CPB appropriation and recently authorized Ready-to-Learn Act. Recent CPB report to Congress projected cost at \$144-\$322 million if one PTV station per market aired 10-12 hours of ready-to-learn programming each weekday.

Jerrold will unveil latest candidate for solving cable/consumer interface problem at NCTA convention June 6, Pres. Harold Krisbergh said. Unit, to be called "Joey," is modular receiver to be plugged into baseline TV set. Joey would include all electronics for such things as tuning, digital compression, digital audio, picture-in-picture, parental lockout, eventually even computerized program guides. Baseline set would be simple TV monitor with slot for module. Consumers would pay only for module's features that they want. Krisbergh said Jerrold is discussing Joey with "several" large Far Eastern set manufacturers and is "anxious" to work with other consumer electronics companies to refine concept. Jerrold said Joey is just one alternative to be considered by cable and consumer electronics groups working on interface problem.

FCC is estimating officially that 10,525 local franchising authorities (about 1/3 of total) will file franchise authority certification forms with Commission, it told Office of Management & Budget (OMB). FCC estimated that it would take average of 30 minutes to fill out each form, for total of 5,263 hours spent by local authorities. It also told OMB that it estimates that it will receive 23,000 (about .05% of all cable subscribers) complaints from consumers about rates for expanded basic tiers, and that it will take average of one hour for consumer to fill out each form. Commission didn't tell OMB how long it would take staffers to handle each form. It expects OMB to approve forms in 2-3 weeks.

Presence of TV cameras caused U.S. Supreme Court Justice Harry Blackmun to cancel May 22 graduation speech of U. of Cal.-Davis Law School. Law School said Blackmun insisted that TV cameras be banned, but Vice Chancellor Larry Vanderhoof said: "To bar any element of the news media from a public ceremony was not, in our view, appropriate."

Combined Communications board said it will accept bids for its 3 independent TV stations -- WBFS-TV (Ch. 33) Miami, WGBO-TV (Ch. 66) Joliet, Ill.; WGBS-TV (Ch. 57) Philadelphia. Board said, however, that decision on sale would depend on quality of offers.

CABLE 'BONING UP': Cable industry is "going to school" to learn how to be regulated industry and survive in larger regulated telecommunications industry, TeleCable CEO Richard Roberts said. Roberts, vice chmn. of NCTA and candidate to become chmn. in June, called regulations "very, very harsh" even for conservatively financed companies: "At the moment, we are in the midst of a Force 9 hurricane. Survival is not compulsory. Some systems in their current form will be unable to cope."

Noting that NCTA convention June 6-9 includes several sessions on local and state regulators, including common carrier, Roberts, who's also chmn. of convention, said industry will find itself operating in telecommunications environment, so "it makes sense for the industry to be learning and becoming familiar with the regulatory implications of providing advanced telecommunications."

NCTA must refocus its public affairs effort in wake of reregulation, Roberts said. Assn.'s multimillion-dollar PR campaign necessarily has been "largely defensive" for last few years, he said, and must become "proactive." With arrival of digital compression, interactivity and broadband networks that can be part of telecommunications infrastructure, he said, "cable has a great story to tell. We have been very negligent in ensuring that the public understands the role of cable in everyone's lives and on the future of world telecommunications. For once, we are on the side of the angels."

Reregulation could delay telecommunications future of cable, Roberts acknowledged, because projected 10% loss of revenue and 20% drop in working cash will make it hard for some operators to upgrade systems. "But the cable industry is so vital and critical to the telecommunications future that new and creative ways to generate capital will be developed, which will allow in time the modernization," he said.

Must-carry/retransmission consent rules will be part of "hurricane," Roberts said. He said that his company (18th largest MSO with 683,000 subscribers) has joined list of those that won't pay cash retransmission consent fees. He called consent "a high-stakes game of Russian roulette, and the gun may be at the consumer's head." Since cable operators already are losing revenue and can't recoup consent fees, Roberts said they're "painted into a corner."

Roberts agreed that bulk of cable's revenue eventually will come from new, unregulated services such as multimedia, telephony, data delivery: "But to get from here to there may be like trying to leap the Atlantic in one bound." He cited what he called "incredible Draconian impact" of cable reregulation, saying industry "will emerge from this storm, but not without damage."

Coalition of major computer companies said FCC should adopt HDTV standard with maximum compatibility with computers. Apple Chmn. John Sculley said in letter to FCC Chmn. Quello that HDTV system based on "maximum interoperability" with computers and other media is one of keys to successful National Information Infrastructure. Coalition, which also includes AT&T, Compaq, Control Data, Cray, Data General, Digital Equipment, Hewlett-Packard, IBM, Silicon Graphics, Sun Microsystems, Tandem and Unisys, said key technical requirements include progressive scan, square pixels, open interfaces.

American Transportation TV Network's Trucker TV has reached end of road. Service folded after several months in business because it was able to sign only 43 truck stops to carry programming.

Documentary filmmaker Mark Mori and David Horowitz, co-chmn. of conservative Committee on Media Integrity (COMINT), are teaming up to compile series of documentaries with broad-ranging political views that could be aired by PBS. Mori, organizer of Coalition Against PBS Censorship, contended that still-formative project might provide way for public TV to meet criticisms of left and right by incorporating films with such viewpoints into single series. COMINT has criticized public broadcasting, charging it has excluded conservative views, while Mori generally is portrayed as liberal; his Building Bombs documentary, critical of nuclear weapons industry, was rejected for distribution by PBS but recently was accepted for airing (Aug. 10) as part of its point-of-view show POV. Among other projects of Coalition, which includes independent producers and mainstream Hollywood producers, directors and actors: (1) Creating traveling "banned by PBS" film festival, which Mori said would start in L.A. area this summer. (2) Taking their concerns to Congress, project he described as in early stage. (3) Examining PBS underwriting guidelines and pointing out "selectivity" with which Mori claimed they're interpreted.

Any consolidation of USIA's VOA and Radio Free Europe/Radio Liberty (RFE/RL) functions would have to be acceptable to both agencies, Senate Foreign Relations Committee Chmn. Pell (D-R.I.) said May 18. He made comments at confirmation hearing for American U. Pres. Joseph Duffey, nominee to head USIA. Pell said his goal in asking for cooperation between 2 agencies is to prevent "a proliferation of broadcasting bills" that propose changes in one service or other. Some such bills already are pending, notably S-51 by Sen. Feingold (D-Wis.) that would require consolidation of services. Foreign Relations International Operations Subcommittee, chaired by Sen. Kerry (D-Mass.), is expected to hold hearings on USIA operations early next month. Clinton Administration already has proposed consolidation of VOA and RFE/RL, plan that drew immediate criticism from supporters of each side. In his testimony, Duffey said Administration would propose plan to save money through consolidation of "some of the technical elements of VOA and RFE/RL along with greater cooperation and coordination which will result in less duplication of effort."

Reporting losses of \$170 million for FY 1992, Japan Satellite Bcstg. (JSB), first and largest of nation's 3 major satellite companies, has been bailed out by Industrial Bank of Japan (IBJ) and 7 other banks. They will lend JSB \$90.5 million, said IBJ, which reportedly will provide more than 50% of total. Debt guarantees were announced by Mitsubishi and Sony. Money will be used to restructure JSB, and Pres. Shuzo Tokuda, formerly official in Japan's Ministry of Posts & Telegraph, will be replaced by Shoji Sakuma, vp of Matsushita Electric Industries, one of JSB's largest equity investors. Shakeup comes after several consecutive losing quarters. Company expects to post loss of nearly \$90 million for FY 1993, and its losses by end of March were more than \$452.5 million. JSB's Wowwow movie channel has signed up only 1.28 million subscribers, vs. 3 million it had said would be break-even point. JSB, founded in 1984, is consortium of 194 major Japanese companies and operates DBS service (via GE-Astro-built BS-3 bird) jointly with NHK. Other equity investors in JSB include IBJ, NEC, Sony, Toshiba.

Meetings: NTIA will sponsor one-day conference on programming for cable, video, computers and film June 18, Omni Shoreham Hotel, Washington -- 301-424-3338... **Private Cable Show** is scheduled for Oct. 28-30 at Nugget Hotel, Reno -- 713-342-9826.

NCTA REGISTRATION UP: Turbulent cable regulatory and technical environment -- as well as attractiveness of San Francisco itself -- is contributing to 4.4% growth in preregistrations for NCTA convention June 6-9 at Moscone Center, Assn. said. It's predicting that attendance could reach 15,000 this year, vs. 13,758 last year. Schedule includes dozen sessions on cable regulation and speeches by FCC Chmn. Quello and Comr. Duggan. Telephony and cable role in national telecommunications infrastructure also will fill major portion of program.

Quello will speak at invitation-only public policy lunch June 8, and Duggan will participate on panel at 1:30 p.m. June 7 on building national telecommunications infrastructure. NCTA said undetermined number of members of Congress would attend, primarily for invitation-only congressional seminar 12-4 p.m. June 6. Other regulatory sessions include: (1) "Washington Insiders" panel 3:15 p.m. June 7 with Senate staffers John Bliss, John Chambers, Anita Jensen, Jill Luckett, Mary McManus, Darrell Panethiere and John Windhausen, and House staffers David Leach, Mimi O'Hara, Michael Regan, Cathy Reid, Alan Roth, Kristan van Hook.

(2) FCC staff session at 10:30 a.m. June 8 includes Robert Corn-Revere from Quello's office, John Hollar from Duggan's office, Byron Marchart from Comr. Barrett's office, Office of Plans & Policy Chief Robert Pepper, Mass Media Bureau Chief Roy Stewart, Deputy Mass Media Bureau Chief William Johnson. (3) Second FCC staff session at 8 a.m. June 9 includes Office of Legislative Affairs head Lauren Belvin and Cable Branch Chief Ronald Parver. (4) Infomart at noon June 8 will include panel on "Working with the State PSC."

Speakers at opening general session will include TCI CEO John Malone, Cablevision Systems Chmn. Charles Dolan, Viacom CEO Frank Biondi and Silicon Graphics Chmn. James Clark, NCTA reported Wed. Closing general session June 9 will include Time Warner Cable Chmn. Joseph Collins, Discovery Chmn. John Hendricks, Comcast Pres. Brian Roberts. Other important sessions include: (1) "Track" on international cable, offered for first time at NCTA convention. (2) Several on digital compression, multimedia, interactive. (3) Seminar 3 p.m. June 9 on introduction to telephone regulation. (4) Multimedia programming session at 2:30 p.m. June 6 and multimedia/computer session at 9 a.m. June 9. (5) Cable financing sessions at 1:30 p.m. June 7 and 3:45 p.m. June 8.

Exhibit space will be up 3% to 193,400 sq. ft., from 186,000 last year, with 54 new exhibitors. New cable networks exhibiting will include Caribbean Satellite Network, Fox, GEMS TV, Golf Channel, Interactive Network, IT Network, MOR Music TV, Russian-American Bestg. Co., Sega Channel, TV Food Network, World African Network.

TCI formed joint venture with Grupo Televisa of Mexico to provide cable and pay TV in Mexico and other Latin American countries. As part of deal, TCI will buy 49% of Televisa's Cablevision subsidiary, which owns Mexico City cable system, 2 UHF pay-TV channels, other assets. Price is to be determined by appraisal, companies said, and deals are subject to regulatory approvals. TCI Exec. Vp Fred Vierra said venture "dramatically highlights the enormous investment, trade and export potential in this hemisphere for the United States."

KCTZ (Ch. 7 ABC) Bozeman, Mont., has been sold to Evening Post Co. of S.C. subsidiary for \$1.1 million.

News Corp. bid to buy N.Y. Post remains "only viable means to save the Post," Fox said in reply comments on its bid for cross-ownership waiver to allow its parent to own both newspaper and WNYW (Ch. 5) N.Y. Fox said it never suggested that no one else thought seriously about buying Post, only that "none of the other suitors have presented a viable plan." Key new bidder, Champion Holding Co., plans to fund acquisition from newspaper's receivables and committed to advancing only enough money to cover one week of losses, Fox said: "If the Post's receivables were sufficient to fund its operations, it would not be in bankruptcy." Fox denied that it misled FCC about other bidders, saying that it "never had any knowledge that a written offer had been presented by Champion" until latter filed comments May 6. Meanwhile, Committee of Unsecured Creditors has written FCC favoring permanent waiver of cross-ownership rule. Creditors said waiver is "essential to the survival of the New York Post" and jobs of its 720 employees.

Eighth U.S. Appeals Court, St. Louis, shouldn't reimpose fairness doctrine or remand issue to FCC, said NAB, CBS and RTNDA in filing there. AFL-CIO had sought free air time from KARK-TV Little Rock to respond to paid ads supporting regulation of interest rates, but request was rejected, prompting appeal to FCC. After Commission rejected that plea, union asked court to reinstate fairness doctrine. Broadcasters said that would raise serious constitutional issues. They also criticized FCC for asking court to allow it to reconsider whether Commission had right to eliminate doctrine: "The agency's change of heart does not reflect any principled reexamination of the questions or any alteration to the relevant record. There is simply no valid purpose for remand." Broadcasters said FCC request for remand "appears to be solely driven by the changing composition of the Commission, caused by the departure of 2 commissioners."

Petition to delay FCC's video dial tone (VDT) proceeding, filed by NCTA and Consumer Federation of America, is just "effort to delay the introduction of competition in any form," Bell Atlantic (BA) said in opposition filed with Commission May 21. BA said petition (TVD April 12 p8) raises same arguments as cable industry had in its opposition to original VDT decision. Cable would be able to "continue to reap monopoly profits to the detriment of consumers" if FCC delayed VDT for what could be several more years, BA said, and meanwhile would be "free to fund the system upgrades needed to launch their move into telephony on the backs of captive cable subscribers."

After 9 years in post, Bruce Christensen has resigned as pres. of PBS to become dean of College of Fine Arts & Communications at Brigham Young U. (BYU) in Provo, Utah, where 2 of his daughters live. He started his noncommercial broadcasting career there in 1972 (after service as reporter at commercial stations) as mgr. of BYU's KBYU-TV-FM, before moving to Washington as pres. of National Assn. of Public TV Stations in 1982. Christensen will remain at PBS through July, assume new job Sept. 1.

Liberty Media went ahead with scaled-down offer to buy \$105 million of Home Shopping Network (HSN) stock after Del. Chancery Court refused to grant injunction blocking purchase. Injunction request was part of shareholder class-action suits charging HSN with financial improprieties. Liberty originally offered to buy all HSN shares for \$640 million, but reduced bid after problems surfaced (TVD April 26 p4).

SATELLITE DISH TESTS NEEDED: FCC RF radiation expert Robert Cleveland said additional research is needed to determine whether mobile satellite dishes in urban areas or sector antennas used by cellular providers present threat to humans. Tests of cellular and other transmission equipment generally have shown no threats, he said, despite scare that swept country early in year. Cleveland, who said he's getting many phone calls and letters, told FCC brown-bag lunch recently that pending rulemaking is designed to bring agency into sync with standards set by Institute of Electrical & Electronic Engineers and American National Standards Institute.

Cleveland said virtually any "radio or phone will create internal electric fields" in human body that may require monitoring or regulation. So far, however, neither EPA nor FDA has found that specific threats exist that haven't been regulated properly or controlled by industry. He said those agencies, primarily FDA -- not FCC -- have health and safety responsibilities for human exposure. EPA study on biological effects that was compiled in late 1980s never has been released, Cleveland said, and latest draft (dated 1990) concluded "no strong evidence of links between cancer and RF radiation exists." Because report still is draft, cover warns against quoting from document until information has been sanctioned by govt. FDA this year held conference on RF issues and issued consumer advisory, which Cleveland said recommended that people afraid of cellular phones switch to conventional units.

Cleveland said tests have shown that worries about dangers of satellite uplinks are unfounded. Only area of concern may be use of mobile satellite links because of inability to regulate their placement carefully, especially in urban areas. Main beams could be pointed at, or near, occupied high-rise buildings. "This may be an issue we have to look at more in the future," he said.

FCC Actions: (1) Commission rejected Rainbow Bestg. petition for reconsideration of March decision to grant renewal expectancy to Fox-owned KTTV L.A. Agency said petition by Rainbow, which seeks own CP, didn't raise new issues. (2) Agency continued to refuse to allow former Motion Picture Radio Service channels to be used to relay programming to be aired within 48 hours, rejecting petition of Cap/ABC. Commission said it doesn't want limited number of channels to be congested by electronic newsgathering and related services. Agency, which had renamed service Video Production Radio Service, did agree with Alliance for Motion Picture & TV Producers that name should be changed again to avoid implying preference for video over film. New name: Film & Video Production Radio Service.

HDTV proponents met in Washington May 21 and were expected to continue through weekend in last-ditch effort to work out "grand alliance" before start of retesting today (May 24). Officials believe incentive for alliance will drop after retesting begins. Meanwhile, they also were denying report that they already had reached agreement.

U.S. Dept. of Energy announced it's looking for partners to develop what it calls "high-density" TV. Dept. said it wants to apply Lawrence Livermore Lab's federally funded R&D expertise to using HDTV to "enhance U.S. competitiveness." It's primarily interested in computer-to-HDTV hardware interfaces.

Program Notes: Nordstrom is researching possibility of using interactive cable systems to sell its merchandise... **Airport Channel** will be shown at 2 more airports by midsummer -- Washington National and Salt Lake City International.

Financials: TCI had net profit of \$53 million in first quarter ended March 31, vs. \$18-million loss year ago. Revenue grew 19% to \$1.02 billion and operating cash flow was \$464 million. Company reported \$40-million gain on sale of News Corp. preferred stock, and said consolidation of some Storer systems in Dec. accounted for about 10% of gain in revenue and cash flow... **Cablevision Systems** lost \$55.7 million in quarter ended March 31, vs. \$52.5-million loss year ago, but cash flow was up 14% to \$63.8 million and revenue 23% to \$157 million, largely because of consolidation of Cablevision of N.Y.C. into results. Company said average per-subscriber revenue in March was \$38.30, up 66¢ from Dec... **Comcast** had \$766.6-million net loss in quarter ended March 31, vs. \$36.7-million loss year ago, while cash flow increased to \$146.3 million from \$85.7 million. Revenue soared 65% to \$325.2 million in quarter. Net loss would have been down 35% to \$23.9 million if Comcast hadn't written off \$742.7 million to comply with new accounting regulations on income taxes and employee benefits... **Continental Cablevision** had \$129.5 million operating profit in quarter ended March 31, vs. \$116.6 million year ago. Revenue increased 7% to \$287.5 million... **Tribune Co.** broadcast and entertainment revenue was up 5.2% in April to \$63.5 million, TV revenue 10.4% to \$44.2 million and radio 23.9% to \$4.6 million, but entertainment was down 11.5% to \$14.7 million... **General Instrument** filed SEC registration for \$300 million of new convertible debt, priced at 9-1/2%. It also said it's working with lenders to reduce interest on \$300 million of senior debt.

Time Warner Manhattan system must carry WNYC-TV N.Y.C. on cable Ch. 3, as station requested, despite TW claims that station would be better off on its on-air Ch. 31 and doesn't even qualify as noncommercial educational outlet. Even though TW may be right that Ch. 31 would be better for WNYC-TV, station gets to choose, FCC said. TW had claimed that WNYC-TV doesn't qualify for must-carry as noncommercial educational station because more than half of its programming is cultural and entertainment, rather than educational. However, FCC said, "broad, inclusive definition" of educational programs "is appropriate."

Federal judge refused to block FCC fines for broadcast indecency, saying most of those seeking injunction didn't have standing to sue, and rights of Infinity Bestg., only one with standing, weren't violated because fines can be appealed to courts. Ruling by U.S. Dist. Judge Royce Lamberth, D.C., May 18 means that only major appeal of indecency rules is challenge of safe harbor, now in U.S. Appeals Court, D.C. Twenty-one media and public interest groups had sought injunction to prevent FCC from "initiating or conducting" further proceedings to impose indecency fines, saying that none of them had withstood appeal.

NBC and National Capital Communications Inc. (NCCI) asked FCC to approve NBC's \$295,000 payment to NCCI in return for latter's dropping bid for license of WRC-TV Washington. NCCI principals said that even though FCC normally wouldn't approve payment in advance, it's justified in this case because leader of group, lawyer Benito Gaguine, is withdrawing from professional activity and wouldn't be able to represent NCCI in comparative hearing. Document claims that \$295,000 is less than justified reimbursement for NCCI's costs.

FCC issued 73 violation letters to cable systems, plus 112 complementary letters to "clean" systems, as result of new national push in March on cable signal leakage, Commission said. One system was closed temporarily for violating leakage limits. FCC said effort included monitoring 321 cable systems.

Personals

Elected to NBC TV affiliates' board for 2-year terms, filling vacant seats: **James Hart**, vp-gen. mgr., WBIR-TV Knoxville; **Gary DeHaven**, pres.-gen. mgr., KYTV Springfield, Mo... Elected Time Warner Inc. dirs.: **Carla Hills**, ex-U.S. Trade Representative and Secy. of Housing & Urban Development; **David Kearns**, retired Xerox chmn.; **Reuben Mark**, chmn., Colgate-Palmolive; **Francis Vincent**, ex-comr. of Major League Baseball.

Rene Neville advanced to mgr.-sales, planning and administration, Showtime Satellite Networks... **Lisa Davis** appointed affiliate mktg. dir., Weather Channel... **Linda Ellerbee** is keynote speaker and recipient of Woman of Year Accolade at Women in Cable breakfast, June 9, Fairmont Hotel, San Francisco.

Jeff Gralnick, ex-ABC, named exec. producer, NBC Nightly News, succeeding **Jeff Zucker**, who returns to Today in same capacity... **Pat Fili-Krushel**, ex-Lifetime, appointed pres., ABC Daytime... **Roy Hefferman**, ex-Continental Cablevision, joins National Rural Telecommunications Cooperative as vp-DBS mktg, new post... **Robert King**, ex-Applications International, named dir.-new business development, GI VideoCipher Div... Appointments at Nickelodeon U.K.: **Jon Miller**, ex-National Basketball Assn., managing dir.; **James Baker**, ex-Independent TV, dir.-programs; **Heldi Diamond**, dir.-mktg... **Thomas Skaggs** advanced to vp-strategic planning, Walt Disney Co., new post... Promotions at TvB: **Pamela Valentine** to controller, **Patricia Breman** to vp-retail mktg... **Eduardo Dominguez**, community affairs dir., KWHY-TV L.A., named station mgr.-Spanish broadcast operations.

Promotions at Arts & Entertainment Network: **Ronald Schnier** to senior vp-ad sales, **Annette Zimand** to vp-human resources, **Gary Loeffler** to vp-research... **Debra Streicker** named Republic Pictures vp-strategic planning... **Laura Morandin** promoted to vp-communications, RAB Ad Bureau... **Philip Smith**, ex-Century Group, appointed vp-northeast sales, MTM Worldwide Distribution... **Mark Kenschell** promoted to vp-business and legal affairs, Walt Disney TV Animation.

Marguerite Hellman promoted to vp-employee benefits, Viacom; **Ellen Schned**, FCC Office of Legislative Affairs, on June 1 joins new Viacom Washington office as dir.-govt. affairs... **Dunia Shive** ex-Tyler Corp., named corporate controller, A.H. Belo Corp... **Larry Miller** promoted to asst. chief, Video Services Div., FCC Mass Media Bureau... Freedom Forum Chmn. **Allen Neuhauss** addresses May 25 FCBA lunch, Washington Marriott Hotel -- 202-833-2684... **Scott Kurnit**, ex-Showtime Event TV, appointed exec. vp, Prodigy Services Co., new post... **Steve Dowling** promoted to assignment editor, Conus Communications Washington office.

Clark Morehouse, ex-Tribune Entertainment, appointed senior vp-media sales, Warner Bros. Domestic TV, succeeding **Julie Kantrowitz**, now N.Y. vp-gen. sales mgr... **Phillip Smith**, ex-Century Group Ltd., named vp-northeast sales, MTM Worldwide Distribution's newly opened N.Y. office... **David Evans**, ex-British Sky Bestg., appointed pres., new Fox Bestg. in-house production arm Fox Circle Productions.

Pat Robertson, Christian Bestg. Network pres., speaks May 28 at RTNDA regional conference, Williamsburg, Va... **William Fagan**, ex-Petry, appointed sales dir., Cable Network Inc.'s WNYI, which delivers commercials via satellite to 40 cable systems in east... **Fran Kaufman** resigns

TELEVISION DIGEST

With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

This Newsletter is available electronically via Newnet and
 Predicasts and also may be received through facsimile service.

Warren Publishing, Inc. is publisher of Communications Daily, Satellite Week,
 Television Digest with Consumer Electronics, Video Week, Common Carrier Week,
 Audio Week, Public Broadcasting Report, Mobile Satellite Reports,
 Consumer Multimedia Report, Facility Strategies, Television and Cable Factbook,
 Warren's Cable Regulation Monitor, Cable & Station Coverage Atlas, and other special publications.

Copyright © 1993 by Warren Publishing, Inc. Reproduction in
 any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037
 Phone: 202-872-9200 Telex: 6502173616 (Via WUT)
 MCI Mail: TELEFACTS Facsimile: 202-293-3435

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
 Paul L. Warren Sr. Ed. & Exec. Publisher
 Daniel Warren Sr. Ed. & Assoc. Publisher
 Dawson B. Nail Executive Editor
 Arthur Brodsky Managing Editor-Washington
 R. Michael Feazel Senior Editor
 Brock Meeks Associate Editor
 Myron Struck Associate Editor
 Chris McCarter Assistant Editor
 Michael French Assistant Editor

Television and Cable Factbook

Michael Taliaferro Managing Editor &
 Asst. Publisher—Directories
 Mary Appel Editorial Director
 Richard Koch Asst. Managing Editor &
 Asst. Editorial Director
 Maria B. Lawrence Asst. Managing Editor
 Susan B. Woodruff Production Manager
 Gregory H. Deahl Sr. Ed. & Ed. Supv.
 Brian C. Meeley Ed. Supv.

Market Research & Data Sales Division

Lynn Levine Director
 Karen Fable Assistant Director

Business

Roy W. Easley III Controller
 Gary Maddern Marketing Director
 Gene Edwards Advertising Director
 Betty Alvine Circulation Mgr.
 Deborah Jacobs Information Systems Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017
 Phone: 212-686-5410
 Facsimile: 212-889-5097

David Lachenbruch Editorial Dir.
 Lisa Lilienthal Senior Editor
 Paul Gluckman Senior Editor
 Martin Brochstein Senior Editor
 Michael Peck Associate Editor

CONTRIBUTING EDITOR, EUROPE

Barry Fox
 5 Denning Rd.
 Hampstead, London NW3 1ST
 Phone: (071) 435-6244

JAPANESE REPRESENTATIVE

Editorial and Circulation
 CES International Corp.
 1-18-2 Nishi Shinbashi, Minato-ku
 Tokyo 105, Japan
 Phone: (03) 3592-1531

- ☐ I'm interested in Television Digest With Consumer Electronics and would appreciate your sending me a FREE four-week (4 issues) trial subscription. I understand I have no obligation to subscribe.
- ☐ The person below would be interested in receiving a FREE four-week (4 issues) trial subscription to Television Digest With Consumer Electronics.

Signature _____
 Name _____
 Company _____
 Address _____
 City _____ State _____ Zip _____

as vp-public affairs, Children's TV Workshop, to become consultant; first project is with **Peggy Charren**, founder of Action for Children's TV... **Kent Replogle**, ex-WKCH-TV Knoxville, named vp-gen. mgr., WHNS Greenville-Spartanburg-Ashville... **Stanley Marinoff**, ex-WRDW-TV Augusta, Ga., appointed vp-dir.-programming and operations, WFXG Augusta.

FCC calendar: May 24 -- Comr. **Duggan** addresses Arts & Entertainment Network, National Guard Memorial Bldg., Washington, 1:10 p.m. May 25 -- **Duggan** speaks at Telestrategies PCS Conference, Sheraton Hotel, Crystal City, Va., 9 a.m. Chief Engineer **Thomas Stanley** participates on "Regulation and Licensing Update" Telestrategies panel, 9:30 a.m. May 28 -- **Duggan** speaks at U. of Vt. conference, "Faces and Interfaces: Communication Across Disciplines," Washington Hilton Hotel, 9 a.m.

KDFI-TV Dallas was notified by FCC May 20 that it's liable for \$12,500 fine for not disclosing that Prime Time Lies, aired 12 times in Aug. and Sept. 1992, was sponsored by Robert Tilton Ministries. KDFI-TV also didn't obtain required permission from other stations to rebroadcast portions of their programming, Commission said.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	MAY 1-7	1992 WEEK	% CHANGE	APRIL 24-30	18 WEEKS 1993	18 WEEKS 1992	% CHANGE
TOTAL COLOR.....	184,193	286,113	-35.6	750,247*	7,275,409*	6,443,760	+12.9
DIRECT-VIEW...	181,715	282,468	-35.7	740,335*	7,159,091*	6,336,255	+13.0
TV ONLY.....	175,983	271,622	-35.2	699,704*	6,780,033*	6,077,029	+11.6
TV/VCR COMBO.	5,732	10,846*	-47.2	40,631*	379,058*	259,226	+46.2
PROJECTION....	2,478	3,645	-32.0	9,912*	116,318*	107,505	+ 8.2
VCR DECKS.....	104,596	141,577	-26.1	365,703*	3,482,167	3,432,193	+ 1.5
CAMCORDERS.....	32,425	29,516	+ 9.9	131,529*	826,721*	716,813	+15.3
LASERDISC PLYRS#	2,736*	2,066	+32.4	7,964*	61,376	67,165*	- 8.6

Direct-view TV 5-week average: 1993--351,488; 1992--328,079 (up 7.1%).

VCR deck 5-week average: 1993--176,965; 1992--190,849 (down 7.3%).

Camcorder 5-week average: 1993--57,190*; 1992--48,890 (up 17.0%).

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

CABLELABS TO DEVELOP TESTS FOR TVs, VCRs: Cable TV industry, which pins responsibility for most interface problems on manufacturers and dealers of TVs and VCRs (TVD March 29 p11), plans to develop procedures to test tuners in those products for compatibility with cable. Meanwhile, a major cable TV equipment supplier proposed new system in which TV set would be merely picture tube with slot for modules that would supply virtually all of set's electronics and features.

EIA Consumer Electronics Group Vp Gary Shapiro said CEG is working with cable industry-supported Cable Labs in helping to develop and disseminate test procedures to ascertain interference susceptibility of TV and VCR tuners. CableLabs last week announced it had selected Carl T. Jones Corp., Springfield, Va., to help establish procedures to measure susceptibility to direct pickup (DPU) and share data with cable operators and manufacturers. Results also would be given to FCC to help in developing definition of "cable ready," as required by Cable Act of 1992.

CableLabs Pres. Richard Green called DPU and tuners' incapability to perform at high channel loading "the most damaging of the problems that exist at the interface of the cable TV system and the cable subscriber's TV set or VCR." While TV set's shielding is at fault, "consumers frequently and intuitively -- but incorrectly -- blame the cable service" for problem, he said. Although set-top converters solve interface problems, he said that "consumers complain about these boxes interfering with the functions that are built into their TV sets and VCRs, many of which are labeled as 'cable compatible' by manufacturers."

CableLabs news release said TV and VCR tuners were designed to function in "over-the-air environment," not when connected directly to cable. In latter case, they generate adjacent channel interference, local oscillator backfeed and tuner overload distortions, release said. "These tuner deficiencies, in combination with the inadequate shielding of the 280 million existing [TVs and VCRs], make it impossible to remove set-top converter boxes in near future," release quotes Green as saying.

Meanwhile, Jerrold/General Instrument unveiled "TV-ready" cable box -- containing all the guts of TV set -- to fit into slot in cabinet containing picture tube and receptacle. Jerrold called that refinement of open architecture concept "Joey." As described by Pres. Hal Krisbergh: "We have taken away the unnecessary features of a standard TV set -- such things as tuners, tiny speakers and picture-in-picture. We have also opened a slot where a module can be inserted. This module will be the brains of tomorrow's telecommunications reception, receiving and delivering a variety of services ranging from standard TV to digital audio services to, potentially, data and telephony."

Jerrold is "in discussions with several large Far Eastern TV set manufacturers to build the receptacles and picture tubes that will host the Joey, and is anxious to work closely with other electronics manufacturers," company said. Joey will eliminate obsolescence of "unnecessary features" in today's TV sets, Krisbergh said. "The ever-changing TV landscape and the growth of new features, such as digital compression, guarantee that all the high-cost features built into TV sets today will be obsolete within the next few years." However, he said, "the TV tube has a lifetime of about 14 years" and generally outlives set's other components. By using modules, Krisbergh said, Joey would provide everything from mere channel selection to digital decompression and digital audio. Features that could be included in module include PIP, pay-per-view, time-controlled programming, parental lockout, remote control, computer-generated program guides. Eventually, set could be switched to HDTV from NTSC by changing module.

Proposal would let people buy only features they want and allow subscribers to "customize their viewing and listening preferences," saving them money in process, Jerrold said, comparing system with component audio. Jerrold will display prototype of Joey at NCTA convention in San Francisco June 6-9, overlapping June 3-6 CES and June 7-10 International Conference on Consumer Electronics (ICCE), both in Chicago.

JAPANESE MAJORS' FULL-YEAR EARNINGS PLUNGE: Rapid appreciation of yen against dollar combined with soft global economy to send consolidated profits of major Japanese consumer electronics companies plunging for fiscal year ended March 31. Striking exception to trend, however, was videogame world, Nintendo and Sega reporting increases in sales and profits. Even those with revenue gains said figures were hurt by fact that sales in overseas markets were bringing back fewer yen than in past because of less favorable conversion rates.

For current year, companies are tying hopes for improved financial performance to corporate streamlining and better inventory control. Sony and Matsushita also said they're raising prices to overseas subsidiaries to at least partly cover reduced exchange rate. (Dollar amounts in this story are converted at 116 yen = \$1, rate at end of fiscal year.)

Matsushita Electric reported 5% sales decline, which helped send operating profit down 38% to \$2.08 billion, pretax income down 54% to \$1.45 billion and net income down 71% to \$331 million (see financial table). Matsushita said variety of internal measures designed to improve efficiency and reduce costs had failed to counterbalance effects of "recessionary climate in Japan's economy... along with severe and prolonged economic problems in Europe and hesitant U.S. economic recovery..." It said problems related to sales decline and yen appreciation were joined by increased investment depreciation, lower investment income, \$103-million charge for JVC restructuring and \$260 million charge relating to quality servicing program at Matsushita Refrigeration Co. That issue, relating to major product recall, apparently was factor in resignation of former Pres. Akio Tanii (TVD March 1 p8).

Product breakdown showed sales declined in all categories except communication and industrial equipment -- largest classification -- where revenues rose mere 1% to \$14.6 billion. Sales of video equipment (including color TVs) plunged 15% to \$12.4 billion and audio equipment sales 6% to \$5.1 billion. Home appliance revenues were off 4% to \$8.2 billion and entertainment software sales dropped 5% to \$5.24 billion, although MCA sales rose slightly in dollars. Partial breakdown by segment showed that operating profit for audio, video and home appliances dropped 54%, with operating profit in information, communication and industrial equipment off 29% and entertainment software showing 7% profit gain.

Matsushita said it expected revenues in current year to remain flat, but pretax income would rise 25% and net income 46%. Investment in R&D will be boosted 2% to \$3.5 billion, and capital investment will jump 6.8% to \$2.8 billion, as company increasingly shifts production overseas. Company said dividend this year will be same as last year, and management intends to "consider a commemorative reward to shareholders" this year in honor of its 75th anniversary.

JVC posted \$371.5-million net loss on 8% sales drop to \$6.6 billion; profit last year was \$17.2 million (converted at same 116 yen = \$1 rate being used for this year's figures). Sales in Japan, about half of total, were off 1%, while overseas revenues plunged 26%. Company forecast return to profitability in current year. Financial Times reported that JVC said it planned to reduce staff by 3,000 through attrition and transfer of personnel to subsidiaries. Company also said it would reduce capital investment 36.3% this year to \$86 million, with R&D spending remaining steady at \$320 million. It expected patent income to drop 30% to \$72 million.

Sony said revenue increased 1.6% to \$34.4 billion but operating income dropped 29.6% to \$1.09 billion, pretax income 57.2% to \$797.9 million, net income 69.8% to \$312.6 million. Company said last year presented it with "unprecedented challenging operating environment," citing "4th consecutive year of decline" in Japanese audio and video market in addition to factors cited by its competitors. Sony said that if yen valuation had remained same as in previous year, consolidated sales would have increased about \$1.3 billion.

Overall electronics sales inched up 0.4% to \$27.36 billion, but operating income fell 37.1% to \$690.9 million. Video equipment revenues dropped 7.6% to \$7.14 billion, with "slump in the market for camcorders" offset only partly by "steady increase" in VHS deck sales in U.S. and Japan. "Lackluster" audio sales fell 2.1% to \$8 billion, "primarily because of weakness in headphone stereo," although Sony also said MiniDisc introduction was "exceptionally well received around the world." TV sales rose 6.9% to \$5.46 billion, much of gain coming from computer displays. Sales of such products as floppy disc drives, telephones, optical pickups and information products were up 8.2% to \$6.65 billion and entertainment software (Sony Music and Sony Pictures) rose 6.7% to \$7.16 billion, although operating income was dragged down 8.5% to \$517 million.

Unit sales of 8mm products dropped 15% to 3.4 million last year, level that Sony said it expected to maintain this year. Sales of 1/2" video products gained 5.5% to 3.8 million, with 5.3% jump to 4 million projected for current year. TV units jumped 7.1% to 7.5 million (color TV was down in Japan, up overseas), projected to reach 8 million. Walkman unit sales dropped 15.3% to 12.7 million and are projected at 13 million. CD players inched up less than 1% to 13.4 million and are projected to reach 14 million.

Company said it expects business for current year "to remain difficult" due to same factors that affected it last year. On assumption that exchange rate will average about 110 yen = \$1 this year, Sony forecast 2% drop in net sales, 14% increase in operating income, 6% drop in pretax income, 17% dive in net income. In addition to streamlining corporate structure and inventory control, Sony said it would try to stimulate electronics business "by developing and introducing such attractive products as the MD system and HDTV-related products."

Nintendo said consolidated net sales of \$5.47 billion, up 13% from preceding year, generated 2% rise in net income to \$763.9 million. Operating earnings gained 8%, but net earnings were held back by lower interest income due to lower rates. Nintendo of America Pres. Minoru Arakawa said worldwide and U.S. sales performance "exceeded our expectations despite weak economic conditions."

Sega Enterprises said pretax profits rose 64.6% to \$474.1 million as sales soared 62.6% to \$2.99 billion. Export revenues jumped 91% to \$1.82 billion, but domestic sales fell 23% to \$166.4 million. Company said it expects revenues and pretax profits to gain 15% this year to \$3.45 billion and \$545.7 million, respectively.

MULTIMEDIA PRODUCTS TO 'MUSHROOM'--PANASONIC: "Multimedia products will mushroom late this year," buoyed by fall introduction of Panasonic 3DO multiplayer (TVD May 17 p16), Matsushita Electric Co. of America (MECA) Chmn. Akio (Andy) Imura told company's national sales meeting in Orlando.

Underscoring convergence of hardware and software into multimedia was presence of Chmn. Lew Wasserman of Matsushita subsidiary MCA, who said companies have embarked on "synergistic" commitment to "enter the 21st century." Mission, he said, is to "provide the newest and best delivery systems" to market: "3DO is an example of how our businesses can join" in introducing new technology. He said 1,600 MCA-affiliated Cineplex Odeon theaters serving 90 million customers annually in N. America plan to run Panasonic 3DO commercials later in year.

In midst of sluggish sales of traditional consumer electronics gear, Imura said, Panasonic will meet industry "obligation" to create new markets in multimedia, positioning products such as 3DO multiplayer as "successor to the VCR." He conceded "multimedia" is "a fuzzy sort of word that means a good many things" to different people. In apparent reference to CD-I, he said other products already exist that purport to meet audio, video, computer, communications and software criteria to qualify as multimedia products, but "it's premature" to label them as such.

Panasonic officials said MTV-style commercials will run on spot basis from late Sept. through Feb., accompanied by print campaign in major magazines that will position 3DO as 50 times more powerful and faster than comparable products already on market. Many ads will contain toll-free number for dealer referrals, others will abut column of dealer listings where 3DO player will be available locally.

Panasonic Pres. Ted Inoue cited 3DO launch as one of company's top 3 priorities for year. Others: Compact camcorders, area where Panasonic aims at "dramatic increase in market share," and color TV, in which company plans to double market share in 28" and 31" Gaoo SuperFlat sets. Major new TV introduction, in addition to 16:9 projection sets previewed last year (TVD Nov 16 p11), was top-of-line 31" Gaoo with new dark picture tube, 2-tuner PIP, Dolby Pro Logic, wireless stereo headphones, available in Sept. at \$2,799.

In VCRs, Panasonic introduced DynAmorphous video recording system, which it called "most significant improvement in video picture quality since the advent of Super VHS." System is based on amorphous video head designs, used in professional VCRs, said to improve signal-to-noise ratio by 1.5dB (about 12%) over ferrite heads. DynAmorphous system is used in 4 VCRs and one VHS-C Palmcorder. In camcorders, Panasonic introduced high-resolution ("nearly 100,000 pixels") color viewfinders in 2 models, one of them listing for less than \$1,000. It added two 20" TV/VCR combos, 2-head and 4-head, with TV and video timers, with S-VHS quasi playback, at \$629 and \$679.

Despite sales decline of parent company (see separate report), MECA sales rose 7% in 1992 to \$6.11 billion, of which Panasonic represented 40%, Imura said. Matsushita Electric Inc. (MEI) Chmn. Masaharu Matsushita, in annual address to sales meeting, said MCA and Matsushita are "now happily married and this marriage is beginning to bear fruit." Asked at news conference whether parent company is dictating MCA policy, Matsushita said "no one at MEI is an expert" on matters close to MCA, and while both companies will strengthen their "synergistic efforts," each will stick to area it knows best.

As for report of strains between traditional allies Matsushita and Philips, which were said to have led to Philips' agreement to sell its share in Matsushita Electronics Corp. (TVD May 3 p9), he reiterated that companies would continue their "close cooperation in the marketplace." Despite being competitors, he said, they have cooperated "whenever there was benefit to both of us [and] we think it appropriate to continue to cooperate," presumably in such areas as DCC.

* * * * *

While Masaharu Matsushita said in Orlando news conference that company was exploring "new ways to deal with" pressures of currency fluctuations, it said in Japan that it would raise FOB prices of products exported to N. America average of 5%. Matsushita's exports from Japan to U.S., valued at about \$3.6 billion annually, consist mainly of camcorders, broadcast VTRs, phones, printers. It said it plans to absorb about half of effect of higher yen value, at same time shifting production to overseas factories and importing materials and parts to Japan as much as possible.

Sony repeated that it's raising prices on exported products, and spokesman in Tokyo said best time is now, as new products are introduced.

In N.Y., meanwhile, first company to announce midyear price increase conceded that there had been some slippage from original goal. Perry Clay, Senior Vp of Sharp Electronics Group, which announced plans to raise prices on new models 2-3% at Winter Consumer Electronics Show last Jan. (TVD Jan 18 p12), said he still hopes "the prices we set in January will stick," but he indicated that not all of original plan had been put into effect. He did say Sharp would raise prices on all of camcorder line except ViewCam.

Psygnosis Ltd., videogame and CD-ROM publisher and developer, has been acquired by Sony Electronic Publishing (SEP); Liverpool, England, company will continue to publish computer programs under Psygnosis brand and develop videogame products for Sony Imagesoft, SEP Videogame Div. Newly acquired company also will serve as base for SEP expansion into Europe. Jonathan Ellis and Ian Hetherington, co-managing dirs. of Psygnosis, will hold additional positions of managing dirs., SEP's European operations. Psygnosis, founded in 1984, published noteworthy "Lemmings" software series, and has developed 2 titles -- "Bram Stoker's Dracula" and "Last Action Hero" -- for Sega CD.

Radio Bcst. Data System (RBDS) will be on air from 10 Chicago FM stations during Consumer Electronics Show June 3-6, EIA said last week. EIA Consumer Electronics Group booth promoting RBDS will have radios from 6 manufacturers -- Axxess USA, Delco, Denon, GoldStar, International Jensen, Sony. Coupon Radio service also will be demonstrated.

Craig VCRs "have a respectable share" of market and should not have been listed as an also-ran in our recent tabulation, Craig Product Development Mgr. Sandy Marchese writes. Our market share figures are based on replies to survey questionnaire by major manufacturers. Marchese also notes that unit figure we gave as representing each percentage point of market share was too high. The 133,300 we reported was typographical error; figure should have been 123,300.

Mitsubishi showed ultraflat faced 35" tube at sales meeting in Las Vegas, not Matsushita as reported last week (TVD May 17 p13). Mitsubishi gave no date for introduction, but said tube was 33% flatter than existing models.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 111 yen = \$1, except where noted.

SCREEN-SIZE RULE REVISITED: "Let sleeping dogs lie" seems to be attitude of TV manufacturers toward FTC's review of its 27-year-old screen-size rule, which defined parameters for advertising picture tube size (TVD April 26 p13).

EIA Consumer Electronics Group (CEG) in comments filed last week said it favors continuation of measurement on viewable, rather than overall, tube size basis. It said that when rule was promulgated in 1966 it imposed burden on all TV makers because it required change in screen-size measurement and designations ("21-inch TV sets became 19-inch TV sets, etc."). However, consumers have become comfortable with "viewable" measurement, CEG said, adding in footnote that Canadian TV industry hopes to switch to U.S. system of measurement.

CEG said it favors continuation of rule, but "with minor modifications." Among them is change from horizontal to diagonal "as the default measurement." Rule currently states that screens should be measured horizontally unless another method is stated "clearly and conspicuously... within close proximity to the size designation." Since diagonal measurement is accepted now by industry and consumers, CEG proposed that advertised measurements should be considered to be diagonal unless stated otherwise.

As 16:9 ratio pictures become more widespread, CEG said, "diagonal measurement -- not the horizontal -- provides the most accurate indication of the viewable screen area as well as the best measure of comparison with other screen types."

Zenith, in separate comments, recommended even fewer changes, but it did request that putting "diagonal" in footnote -- specifically banned in current rule -- be permitted "in view of the universality of diagonal measure." It also suggested that repetition of word "diagonal" not be required every time screen size is mentioned in any ad or informational copy.

Current rule permits screen area measurement in square inches as alternative to horizontal measurement, and Zenith said coming of widescreen TV "may revive the usage of legitimate square inch comparison." Zenith recommended that "some thought... be given" to 16:9 widescreen tubes, although for time being it saw no reason for fundamental change in rule since "advertisers will have overpowering incentives to use such terminology and '46-inch diagonal widescreen TV'" to identify costly new screen format.

Zenith said "a prominent industry publication, TV Digest," adds "W" to identify diagonal measurement of 16:9 picture. "This may well come to be accepted practice in industry circles," Zenith said, but it expressed uncertainty as to whether it should be incorporated into rule designed to protect consumers.

FTC attorney Phillip Priesman told us it would be at least month before staff makes recommendation to full Commission. Commission then may propose to continue rule as is, to drop it or to make specific changes, inviting comments on proposal.

Latest product breakthrough: Electronic dog. Radar Watchdog, from Home Automation Labs, Atlanta, produces "digitally synthesized dog bark" when "wall-penetrating radar waves detect a potential intruder."

First annual Art Levis Awards for excellence in consumer electronics journalism will be presented at Consumer Electronics Show in Chicago June 4, 4:30 p.m., Room D-32, McCormick East.

NEW VCR-PLUS PRODUCTS: Gemstar's first additions to its highly successful VCR Plus line will be premiered next week at Summer Consumer Electronics Show in Chicago for 4th-quarter availability.

Both new products follow Gemstar's stated policy of simplifying life for consumer. One of criticisms of VCR Plus programmer has been necessity for consumer to set up system first to reflect brand and model of VCR and cable box as well as cable system channel numbers. "CallSet" feature on both new versions eliminates that problem by performing initial setup by telephone.

Basic new model permits users to dial special phone number, identify their zip code, cable system and VCR and cable box brand and model. Special tone is transmitted over phone to VCR Plus handheld unit, setting it up ready for use in seconds, including complete channel lineup -- even to setting correct time and date -- Gemstar said. Second new model includes universal remote, to control TV, VCR and audio functions, as well as VCR Plus programmer. All initial setup is performed by phone, and remote may be reset by phone as consumer adds or replaces equipment.

VCR Plus with CallSet will carry suggested list price of \$59.99; model with universal remote will be \$69.99. Original model now has \$49.95 list, down \$10 from introductory price. VCR Plus units generally are sold at or about suggested list price.

With signing of Philips to worldwide licensing agreement (TVD May 10 p16), Gemstar now claims all of world's major VCR manufacturers are licensed to include VCR Plus in their VCRs. It's becoming increasingly important VCR feature (see separate report, this issue).

'PLUS' HOT IN VCRs: VCRs equipped with VCR Plus programming feature jumped to 19% of total sales to dealers in April from 13.5% in March, according to industry figures. Share has risen each month this year, from 11.8% in Feb. and 10.9% in Jan.

Stereo models also hit high for year, in terms of percentage of total sold -- at 27.4%, up from 22.8% in March. In April, 29.1% of VCRs were 2-head mono models, lowest of year (down from 32.1% in April); 43.5% were 4-head mono (down from 45.1%), while S-VHS continued to be insignificant at 0.7% (vs. 0.6%).

VCR inventories at end of April were trim, representing just over 3 weeks' supply at current rate of sales at pipeline level (factory plus wholesale).

Full-size camcorders, meanwhile, continued minor comeback, with 24.7% of sales in April, as compared with 24.2% in April 1992. For first quarter, percentage of full-size also was 24.7%, while full-size was only 24% for full year 1992. Of 253,530 camcorders sold to dealers in April, 62,630 were full size, up 20.5% from year earlier, while 190,900 were compact (8mm and VHS-C), up 17.2%.

While total camcorder inventories were in good shape numerically, at less than 4 weeks' supply at end of April, they were unbalanced -- with full-size models once again dangerously low at perhaps 2 weeks' supply, and compacts appearing adequate for about 4 weeks. For year's first 4 months, total sales of 794,300 were split 195,900 full-size (about same as last year's period), compacts 598,400 (up 21.8%).

TALKS ON 'WHITE BOOK' STANDARD: Talks aimed at formulating "White Book" bridge standard that would assure cross-platform compatibility of MPEG-based digital video systems have been going on for several months among several companies including Philips, Sony, 3DO and others, according to variety of industry sources. First public airing of subject came in remarks to reporters by 3DO Pres. William (Trip) Hawkins at recent Panasonic national sales meeting in Orlando. He said purpose would be to ease possible software community doubts over which platform to support, condition that could hinder development for all systems.

Hawkins said Philips has been "receptive" to discussing cross-platform compatibility, but willingness to participate in discussions is "indicative of the trouble Philips has had in lining up software suppliers on MPEG-1." Later, Hawkins clarified his comments, saying that 3DO is in talks "with Philips and other companies about trying to find a way such that MPEG-1 playback-only digital-only video CDs play on more than one machine that has an MPEG-1 decoder, including 3DO and CD-I." But he said talks have "nothing to do with the overall compatibility of 3DO and CD-I." Formation of White Book bridge standard presumably would ensure that any CD-based software that adheres to standard and uses MPEG video would play on both its own home system as well as CD-I, in same way that CD-ROM/XA bridge ensures ability of appropriate CD-ROM computer discs to play on CD-I hardware.

Talks on White Book standard presumably would require participation of Sony, but spokesman in Tokyo told us no one there knew anything about it. Meanwhile, Yoshio Hino, dir. of Matsushita Audio/Video Sector, told Technics technical conference in Germany last week that his company is "researching the compatibility" of CD-I and 3DO systems, but didn't elaborate.

* * * * *

Philips Interactive Media (PIM), which earlier this year announced plans to ship CD-I plug-in cartridge for full-motion video (FMV) playback in fall, last week made first official announcement of theatrical movie that will be released on CD-I. Company said movie -- "Frauds," starring Phil Collins -- which was screened at Cannes Film Festival last week, actually will be released simultaneously in fall on videocassette and CD-I.

Statement by PIM and international distributor J&M Entertainment didn't say whether film would get theatrical release or identify home video distributor, which probably would be Philips' 80%-owned PolyGram. "I believe that CD-based videos will become an important part of the sellthrough and rental video markets," J&M Co-Chmn. Mike Ryan said. "It is very exciting to be in on the ground floor of something that could well be the way all films will be distributed for home viewing in the not-too-distant future."

Unless "Frauds" has running time of less than 72 min., though, it will have to be multidisc set that would require user to change discs in middle of action. PIM Dir.-Gen. Mgr John Hawkins told us last month that Philips wouldn't market CD-I changer with built-in FMV this year -- player that would open door to playback of full-length movies.

Meanwhile, Philips, Sony and Matsushita will sponsor 4th "Multimedia Conference & Exhibition on CD-I" June 29-30 at Queen Elizabeth II Conference Centre in London.

Philips and Thomson have received European Community (EC) permission to form joint venture, Flat Panel Display. Philips said "EC believes this will be able to challenge Japanese dominance" of LCD market.

VHS TAPE PRICE DOWN 15% IN 1992: Average price of blank VHS cassette dropped nearly 15% to \$2.17 in 1992 from \$2.54 in 1991, according to tabulation compiled by ITA. While sales rose 2.9% to new record in units, dollar volume fell 12.1%.

Total sales of blank video and audio tapes came to 1.118 billion, up 5.5% from 1991, but dollar volume declined 4.5% to \$1.616 billion from \$1.693 billion.

One area enjoying healthy growth in 1992 was VHS pancakes used by duplicators for prerecorded fare, which jumped 18.2% to 269 million T-120 equivalents from 228 million in 1991, as dollar volume rose 8.5% to \$293 million from \$270 million.

VHS-C shipments jumped 38.3% in units, but 8mm grew just 8.1%. Both showed some attrition in average price, VHS-C dipping to \$3.36 from \$3.44, 8mm to \$4.05 from \$4.45. S-VHS tapes sagged to average \$7.36 from \$7.58 with unit sales up 27.3%.

Audiocassette average price actually rose about 1¢ to 85¢. Here are ITA's estimates for 1992 vs. revised 1991 figures:

ITA VIDEOTAPE FACTORY SALES ESTIMATES
(add 000)

	Units		%	Value		%
	1992	1991	Change	1992	1991	Change
VHS.....	379,416	368,607	+ 2.9	\$823,505	\$937,151	-12.1
VHS-C.....	11,113	8,038	+38.3	37,332	27,611	+35.2
S-VHS.....	2,513	1,974	+27.3	18,495	14,960	+23.6
8mm.....	18,458	17,076*	+ 8.1	74,773	76,000	- 1.6
VHS pancake...	269,380	227,896	+18.2	292,590	269,760	+ 8.5
Audiocassettes	436,739	436,659	0.0	369,769	367,716	+ 0.6

EIAJ'S 5-YEAR FORECASTS: Of all existing A/V products, only laserdisc player will enjoy double-digit annual growth worldwide from 1993 to 1997, according to detailed forecasts by region from EIAJ. Japanese manufacturer group sees average annual growth of laserdisc players at 14.9%, due to expansion of awareness in Europe and U.S. and demand for games and education in Japan.

Average annual growth of color TV will be 4.4%, of camcorders 4% and of CD players 3.6%, EIAJ forecast. Low growth of last 2 products, it said, will be result of lack of increase of demand in Japan, N. America and Europe, which account for 80% of sales. VCR growth will be 2.7%, because of saturation and growth of combination products (TV/VCR combos are included in color TV). Average annual growth in Japan will be -1.8% and in U.S. -0.8%. Tape recorders will increase a low 1.6%, due to MD and DCC (not included in forecasts), while car stereo will register -0.8% growth as result of "growth of new digital products."

Worldwide forecasts of demand for 7 products in 1997 (with 1993 in parentheses), as compiled by EIAJ: Color TV 107,218,000 (88,375,000), VCR 47,547,000 (41,792,000), camcorder 10,836,000 (8,896,000), laserdisc player 3,218,000 (1,913,000), CD player 23,150,000 (20,865,000), tape recorder 4,420,000 (9,560,000), car stereo 53,392,000 (54,915,000).

Forecasts of demand in U.S. in 1997 (1993 in parentheses): Color TV 23 million (22.4 million), VCR 11.8 million (12.4 million), camcorder 3.4 million (3 million), laserdisc player 800,000 (420,000), CD player 7.35 million (6.85 million), tape recorder 38.85 million (38.15 million), car stereo 16 million (18 million).

FIRST-QUARTER AUDIO SALES UP: Factory audio dollar sales managed ever-so-slight 1% increase over 1992 in first 3 months of year, inhibited by 4.7% decline in hi-fi components and only modest gains in other categories, EIA Mktg. Services Dept. said. Market fared better in March, however, with only systems declining.

Overall March sales climbed 4.7% from year earlier, despite 5.1% drop in systems, with other 3 categories in plus column. They included components, which experienced unusual rise of 1.1%. Big winner in month was portable audio, up 12.2%, with aftermarket autosound climbing 6.8%.

In first quarter, only category showing downslide was components, which fell 4.7% despite slight rise in March. Systems weathered March decline to finish quarter up 4.2%, aftermarket car stereo rose 3.6%, portable audio eked out 1.6%.

EIA said 12% rise in March portable audio sales was fueled by 24% increase in portable radios to \$12.4 million, while portable tape players gained 17% (although actual dollar figure wasn't given). EIA applauded 1% components rise as "the largest monthly gain" for category since April 1991. It said audio-for-video receivers led way with 8% unit gain to 166,000, 59% of which were equipped with surround. Receiver dollar sales climbed 12% to \$38.4 million, EIA said, with carousel CD sales also buoying category, rebounding from Jan.-Feb. slump.

CD also played invigorative role in aftermarket autosound, EIA said, with single-play car CD units up 98% in month to \$25.6 million and changers topping \$11.6 million. CD technology comprised 35% of \$134-million aftermarket car stereo business in March, EIA said. Systems, which had been on hot streak through first 2 months of year, dipped 5% in March on 25% decline in full-size rack systems. However, compact systems rose 19% in month to \$60.3 million.

Here's breakdown of EIA factory audio dollars for March and first quarter:

FACTORY SALES OF AUDIO EQUIPMENT
(add 000)

Product	March 1993	March 1992	% Chg.
Portable audio*.....	\$183,792	\$163,871	+12.2
Components.....	117,680	116,432	+ 1.1
Systems.....	102,930	108,453	- 5.1
Autosound (aftermarket)	133,915	125,379	+ 6.8
TOTAL.....	\$538,318	\$514,135	+ 4.7
	3 Mo. '93	3 Mo. '92	% Chg.
Portable audio*.....	\$490,886	\$483,175	+ 1.6
Components.....	344,413	361,421	- 4.7
Systems.....	295,474	283,693	+ 4.2
Autosound (aftermarket)	339,035	327,308	+ 3.6
TOTAL.....	\$1,469,808	\$1,455,596	+ 1.0

* Includes home radio.

CEOs will get chance to pitch their companies' stock in unique Consumer Electronics Show CES session June 4 in Chicago titled "Consumer Electronics and the Financial Community." Participating: Robert Borchardt, Recoton; Jerry Kalov, Cobra Electronics; Gordon Kuenster, Virtual Vision; Richard Schulze, Best Buy; Robert Shaw, International Jensen. Program blurb says session is "designed to serve the information needs of financial analysts and provide a forum to explore the potential (and intricacies) of consumer electronics firms."

SAMSUNG SEEKS HIGHER PROFILE: As it celebrates 15th anniversary in U.S. this year, Samsung says it's embarking on road to increased brand awareness among consumers and trade as quality value-oriented line. It will introduce range of audio, video and home office products at Consumer Electronics Show (CES), including 13 TVs, new 8mm camcorder, 3 TV/VCR combos, 5 VCRs, 2 laserdisc players.

Mktg. Vp John Garrison said that despite 15-year history in U.S., "I consider us sort of a newcomer in a very active and aggressive growth mode." As such, he said, exposure on CES show floor -- where company also will make technology statement by showing several future products, such as CD-I player -- "is very important to us." Exec. Vp K.R. Song cited relative stability of Korean Won against dollar (varying no more than 3% per year in recent times), compared with yen, as major factor that will help Samsung solidify itself as OEM supplier and value-oriented brand.

New 8mm camcorder (which Samsung manufactures itself) has wireless remote, 2-lux, built-in titler, 5 shutter speeds, 1/3" CCD, \$800 list price. New VCRs range from 2-head mono leader to 4-head hi-fi with jog/shuttle and VCR Plus. All have universal remote with cable box control; on-screen programming in English, Spanish and French; front A/V jacks. Units range from \$500 for top of line to \$300 for 2-head mono model. Samsung, whose parent company manufactures dual-deck VCR for Go-Video, has no plans to introduce one under its own brand this year, Garrison said, although he expects company "eventually" will have 8mm-VHS dual-deck.

TV/VCR combos, which Song expects to sell 1.2 million units in U.S. this year, will have 3 new models in Samsung line, all with front A/V jacks and new on-screen demo circuitry for retail selling floor. Demo also can be used by consumers as on-screen manual. New line includes 19" TV with 4-head VCR (\$599), and 19" (\$549) and 13" (\$449) models with 2-head VCR portions. Quartet of new color TVs includes 20" stereo (\$380), 20" mono (\$330), 19" mono (\$280), 13" mono (\$200).

Song said company still is in development on disc-based digital video recorder (DVR), with no change from announced intention to bring it to market by 1995 (TVD Feb 22 p9). He said technology has yet to be shown to major movie studios.

Sony Electronic Publishing (SEP) will consolidate operations of Sony Imagesoft Div. (videogames) and Multimedia Productions Div. at new Imagesoft hq in Santa Monica. Multimedia Productions formerly was in Monterey, Cal.; Publishers Data Service Corp., another SEP div., will remain there. SEP Pres. Olaf Olafsson called move "a natural evolution for SEP" that will provide greater coordination and chance for development of cross-platform projects. Company for first time will have its own booth at next week's Consumer Electronics Show; in past, it had occupied space in Sega and Nintendo display areas as one of dozens of those companies' software supporters.

AT&T and Eastman Kodak have formed alliance to develop and market \$3,295 still-picture videophone called "Picasso" that reportedly will deliver full-color images over regular phone lines. AT&T will work with Kodak's Photo CD image-storage system, partners said. Picasso takes about 10 sec. to transfer picture, AT&T said. Unit is aimed at businesses that often need to transmit high-quality images. AT&T said device is breakthrough because it works using public switched network for delivery.

LASERACTIVE 'STILL ON SCHEDULE': Pioneer's plan to launch multimedia "LaserActive" system (TVD Jan 19 p15) in Japan in July and in U.S. in fall is "still on schedule," although pricing still hasn't been finalized because of "currency situation," Pioneer Electronics USA Exec. Vp Michael Fidler said. Company probably will set U.S. prices and marketing programs shortly after Consumer Electronics Show (CES) in Chicago next month, with units probably making it to retail in early Oct., slightly behind schedule, which Fidler attributed to normal delays in software development for new format.

Prices in Japan, Fidler said, will be similar to those announced when system was unveiled in Jan. -- 90,000 yen for base player and 60,000 yen each for plug-in modules that accept Sega Genesis or TurboGrafx software cartridges. Translation of that price to dollars clearly illustrates effects of currency fluctuation -- when we reported yen prices in Jan., they converted to \$714 and \$238, respectively, at 126 yen = \$1; at current rate, they are \$811 and \$270.

Fidler repeated assertions that Pioneer is being "realistic" about LaserActive's sales potential at high price point. But he said company must launch it this year because it's "critical for us to get it into this environment, with the introduction of things like 3DO as well as the expanded capabilities of CD-I with full-motion video" moving to retail in fall. Importance of LaserActive goes beyond its success as product, he said. Introduction of such offshoots as LaserActive, Laser Karaoke and other variations "are showing consumers that laserdisc can in fact extend to new levels of performance and utility."

Introduction this year also is "important for the software development cycle," he said, particularly as Pioneer tries to attract U.S.-based software developers to program for LaserActive. Company will be showing Japanese authoring system (based on Sony News Station computer system) in off-site display at CES. System based on either Macintosh or IBM PC would be used here.

Advanced digital phone answering system, designed for small business and home office workers, will be marketed beginning in Sept. by Bogen Communications, subsidiary of Geotek Industries. Device, to carry trade name "Friday," manages 8 voice mailboxes, can take messages, forward calls, automatically switch call to PC or fax machine. Basic version can store up to 18 min. of incoming and outgoing messages digitally; accessory module doubles storage capability. Unit measures 6x8", with prompts and directions via digitized voice and on 1-3/4x6" LCD panel. Shipments are planned for Sept. to consumer electronics stores, office superstores and catalogs, with retail for single-line unit "under \$400," for 2-line version "under \$500;" expansion module will be "under \$130." Company said it expects to sell 150,000-200,000 first year.

EIA's CaptionVision marketing drive (TVD April 5 p13) is being launched with newsletter promoting ads, point of purchase displays, buttons. At Consumer Electronics Show in Chicago next week, EIA will sponsor booth within Innovations '93 exhibit featuring captioned TVs from Toshiba, Sharp, Mitsubishi, Panasonic, Zenith, Samsung, Thomson, Philips, Goldstar, Sanyo Fisher. Captioned programs will be fed by Sony VCRs and Mitsubishi laserdisc. Innovations awards, traditional recognition of design and engineering accomplishments, have been endorsed for first time by Industrial Designers Society of America (IDSA), which is acting as adviser to program.

NINTENDO WINS COURT ROUND: Nintendo was granted summary judgment in U.S. Dist. Court, San Francisco, on patent infringement charge that Atari Games improperly had gained access to source code for 8-bit Nintendo Entertainment System (NES) in order to create and market unlicensed games for NES. Judge Fern Smith, who issued preliminary injunction against AG in 1990 (affirmed by U.S. Appeals Court last year), issued latest order. Issue is one of several in legal actions between Nintendo and AG.

Nintendo Senior Vp Howard Lincoln expressed gratification that court had agreed that Atari "has not dealt honorably with our company. It stole our intellectual property rights." In apparent attempt to forestall any "David-vs.-Goliath" public relations scenarios, Nintendo's news release announcing decision continually referred to Atari Games as "the Time Warner unit." Time Warner owns 80% of Atari Games.

Atari Games Senior Vp Dennis Wood said "several core issues, including the validity of Nintendo's asserted patent, whether Nintendo's activities violate U.S. antitrust laws and whether Nintendo has infringed an Atari patent, were not addressed by the court's ruling and will be coming to trial." He also stressed that decision was "confined to Nintendo's obsolete 8-bit videogame system and has no effect" on company's continuing business.

CAMCORDERS FOR CHINA: JVC and Nissho Iwai trading company are establishing 2 joint ventures with Chinese manufacturers to produce and market VHS-C and S-VHS-C camcorders and related equipment and components in China, JVC announced last week.

Companies at start will set up production lines in existing plants owned by Chinese partners and begin production of 2 models in Sept. from kits supplied by JVC. In 5 years, partners plan to procure up to 50% of components locally, and new plants will be constructed in future. By 1995, JVC said each of 2 plants will produce 150,000 camcorders per year. Technical development center will be established in Beijing.

JVC quoted EIAJ estimate that camcorder demand in China this year would total 250,000, dwarfed by market for 11 million color TVs and 2.6 million VCR decks.

Ventures, to be established in July, are: (1) JVC Beijing Electronic Industries, owned 60% by Beijing TV Equipment Factory and Beijing Comprehensive Investment Co., 35% by JVC and 5% by Nissho Iwai, capitalized at \$31 million. (2) JVC Guangzhou Electronics, owned 60% by Guangzhou Video Camera Co., 35% by JVC, 5% by Nissho Iwai, capitalized at \$26 million. Each company is expected to have about 300 employees in 2 years.

Go-Video credit line has been increased to \$10 million from \$6.5 million by Congress Financial Corp., company said. Go-Video Chmn.-CEO Terren Dunlap said increased credit facility will be used to purchase additional product in response to "accelerating product demand" by retail customers. Company said it has begun shipping Palm-Mate 5-button universal remote and Cable Ready Plus device that allows cable box users to tape one program while watching another, as well as several models from newest 3000 series of dual-deck VCRs.

Consumer Electronics Personals

Akira (Andy) Imura is scheduled to be replaced by **Matsushita** in Japan as Dir., Corporate Management Div. for Americas, by **Kunio (Kirk) Nakamura**, onetime pres. of Panasonic (U.S.), at June 22 board meeting; at our deadline, it wasn't clear whether Imura would retain post of chmn.—CEO of Matsushita Electric Co. of America (MECA). Other Matsushita changes scheduled same date: **Mikio Higashi**, dir., Information Equipment Sector and board member, will take charge of 3DO and LCD business in same sector; **Kazuhiko Sugiyama**, a dir. of parent Matsushita Electric, will be named pres., Matsushita Electronics, which is to become Matsushita subsidiary May 31 (TVD May 10 p18); he succeeds **Iazuma Danjyo**.

Thomas Sutula resigns as Hitachi Home Electronics (America) mktg. vp May 31 "to pursue other career interests," will continue as consultant; company said "no replacement is planned at this time"... **Thomas Hannah**, formerly Circuit City midwest gen. mgr., named senior vp of stores at Good Guys; **William Perlstein**, appointed earlier this year as store operations vp, named vp of sales, filling post vacated by Kenneth Weller to join Best Buy (TVD April 26 p17)... **Wesley Trager**, ex-dir., research and engineering, named vp, engineering and advanced technologies, Acclaim Entertainment... **Harvey Lieberman** to succeed his late father, **Robert Lieberman**, as chmn. of Esquire Radio; **Jay Lieberman**, another son, appointed to vacancy on board.

Minoru Morio, Sony senior managing dir. who recently switched responsibilities from video to audio business (TVD April 5 p20), will be appointed exec. deputy pres. and dir. at board meeting June 29; **Kenji Tamiya** to be promoted to senior managing dir. To be elected to board: **Katsuhito Hayashi**, senior gen. mgr., Consumer Products Mktg. Group; **Yasumasa Mizushima**, senior gen. mgr., Personal Video Group and Consumer Video Development Group; **Kenichi Oyama**, managing dir., Sony International (Singapore). Retiring as Sony dirs.: **Kolchi Momoi**, Sony/Tektronix pres.; **Kikuji Nishitani**, Sony Enterprise Co. pres.; **Ryoichi Matsuda**, who will become corporate adviser; **Akihisa Ohnishi**, nominated for statutory auditor, succeeding **Kazuaki Morita**, who becomes adviser.

Robert Blumberg leaves Nakamichi America following brief stint as senior vp-sales and mktg., reasons unannounced; Vp **Derek Davis** to handle his duties until replacement is named... Appointments at Monitor Audio USA: **Robert Sinclair** returns to U.K. June 1 as international mktg. and sales mgr. with British parent company, replaced as dir., mktg. and sales by **Mitchell Zusman**; **Ernest Coulter**, ex-Klipsch, joins as national sales mgr., new post... **Michael Thomas**, ex-HWH Enterprises, joins Geltzer & Co., N.Y. PR firm for Samsung, as vp.

Retail rollout of Virtual Vision video eyeglasses (TVD Dec 14 p14) was to begin last weekend at Magnolia HiFi store in Seattle, with gradual expansion to most major cities by end of summer. "Virtual Vision Sport" carries \$900 retail price, is available in left-eye-dominant and right-eye-dominant versions, enabling users to view apparent big-screen TV picture floating about 10 ft. in front of them. Unit includes 5-oz. glasses, TV tuner, battery pack with inputs for VCR, camcorder or cable TV. It will be available late this month in Chicago and San Diego and in June in many major metropolitan areas including N.Y., L.A., San Francisco.

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
Cablevision Systems			
1993-qtr. to March 31	157,023,000	(55,689,000)	--
1992-qtr. to March 31	127,887,000	(52,532,000)	---a
Carolco Pictures			
1993-qtr. to March 31	93,044,000	(6,781,000)	--
1992-qtr. to March 31	136,481,000	(4,306,000)	---b
Comcast			
1993-qtr. to March 31	325,225,000	(776,590,000)	---c
1992-qtr. to March 31	196,521,000	(36,670,000)	--
Falcon Cable Systems			
1993-qtr. to March 31	13,318,300	(1,591,700)	--
1992-qtr. to March 31	12,405,100	(1,882,800)	--
Great American Communications			
1993-qtr. to March 31	43,575,000	(20,586,000)	--
1992-qtr. to March 31	44,424,000	(27,213,000)	---a
International Family Entertainment			
1993-qtr. to March 31	43,202,000	7,362,000	.22
1992-qtr. to March 31	32,394,000	4,447,000	.21a
Jones Intercable Inv. L.P.			
1993-qtr. to March 31	6,726,460	48,173	.01
1992-qtr. to March 31	9,840,700	(1,468,336)	--
Matsushita Electric^d			
1993-year to March 31	60,826,000,000	331,000,000	1.57e
1992-year to March 31	64,223,000,000	1,146,000,000	5.23e
Nintendo^d			
1993-year to March 31	5,471,000,000	763,860,000	5.40e
1992-year to March 31	4,843,000,000	750,900,000	5.30e
Prism Entertainment			
1993-year to Jan. 31	17,941,000	23,000	.01
1992-year to Jan. 31	10,598,000	(2,183,000)	---c
QVC Network			
1993-qtr. to April 30	273,232,000	21,611,000	.44b
1992-qtr. to April 30	233,168,000	11,144,000	.28
Sony Corp.^d			
1993-year to March 31	34,421,707,000	312,586,000	.79e
1992-year to March 31	33,867,819,000	1,035,526,000	2.53e
1993-qtr. to March 31	8,041,983,000	(75,750,000)	---e
1992-qtr. to March 31	7,864,293,000	(190,397,000)	---e
Spelling Entertainment			
1993-qtr. to March 31	51,509,000	(4,576,000)	--
1992-qtr. to March 31	57,601,000	548,000	.01b
Tele-Communications Inc.			
1993-qtr. to March 31	1,018,000,000	53,000,000	.11
1992-qtr. to March 31	856,000,000	(18,000,000)	---a

Note: ^aRestated. ^bIncludes special credit. ^cAfter special charge. ^dAt rate of 116 yen = \$1. ^ePer ADR.

TDK promotions: (1) TDK will make donation to National Parks & Conservation Assn. for every retail videocassette purchase June 13–Sept. 30. (2) Specially marked 2- and 3-pack T-120 packages will include coupon for free 2-liter bottle or 6-pack of Crystal Pepsi.

OBITUARY

A. Robert Lieberman, 77, founder and chmn. of Esquire Radio & Electronics and TV-radio manufacturing pioneer, died May 7 in N.Y. from complications following surgery. Before founding Esquire as major private-label radio manufacturer (supplying Sears, Panasonic, Sony, Magnavox and Montgomery Ward), he served with Air King and Hytron, makers of TV sets and tubes, which later were absorbed by CBS. Esquire was credited with several radio industry firsts, including complete line of solid-state AC radios and Far Eastern imports. For most of his adult life, Lieberman was active ham radio operator. Wife, 4 children survive.

TELEVISION DIGEST®

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

With Consumer Electronics

MAY 31, 1993

VOL. 33, NO. 22

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

HDTV PROPONENTS FORM ALLIANCE, decide on progressive rather than interlaced scanning. Some delay likely, but overall timetable will be helped, Wiley says. (P. 1)

CBS ISN'T WORRIED ABOUT NEW TECHNOLOGY, just way it's being 'foisted upon an unsuspecting public,' Stringer says. He also promises affiliates less violence. (P. 4)

TV AND CABLE READY FOR FACEOFF on retransmission consent that could lead to station blackouts and major local fights. Nearly 40% of cablers say they won't pay. CBS to go after payment for its owned stations. (P. 6)

TELCOS SAY CABLE SEEKS TO DELAY VDT start, that there's no need for new VDT accounting rules. Consumer would be hurt, they say. (P. 7)

SPECTRUM BILLS PROGRESS: House passes reconciliation measure that includes auctions, as does Senate Commerce Committee. (P. 8)

CITIES SEEK DBS PUBLIC SERVICE ROLE: Dispute whether satellite operator or programmer should have responsibility. Spot beam DBS pushed. (P. 9)

Consumer Electronics

MITSUBISHI, CIRCUIT CITY SPLIT with ill will as Mitsubishi denies dealer line for Chicago and some other markets, CC deciding it's all or nothing. (P. 11)

ALLIANCE SETTLES ON MULTIFORMAT HDTV: Grand alliance of HDTV systems finally settled on approach that allows either interlaced or progressive scanned, but encourages relatively rapid transition to all-progressive. Decision leaves open some key questions, including transmission and audio systems, and raises concerns about potentially higher cost for HDTV sets (see separate story in Consumer Electronics section, this issue) and for TV station owners. Participants said it probably would take 9-12 months for components of 4 HDTV proposals to be combined into single system and ready for testing. Testing would take 6-8 weeks, meaning that FCC could ratify final standard by mid-1994.

That's well behind planned schedule, which had called for decision this fall if there were no grand alliance, but officials said it would have little effect on implementation of HDTV because alliance would reduce likelihood of petitions for FCC reconsideration and court challenges. AT&T Govt. Affairs Vp Robert Graves said there's no real delay because "it's very likely that the outcome of the next round of testing [planned for individual HDTV systems if alliance hadn't emerged] would be very ambiguous" so FCC wouldn't be able to select clear winner: "We believe we gained a year." Thomson Senior Vp Joseph Donahue said he hopes that alliance will mean that commercial HDTV broadcasts will begin by 1996 Summer Olympics. Alliance includes partnership of General Instrument (GI) and MIT, which proposed both progressive and

TOP-LEVEL U.S. CHANGES by Japanese giants: Schulhof named pres. of all Sony U.S. operations. Nakamura succeeds Imura as pres. of Matsushita in U.S. (P. 12)

HDTV COMPROMISE SYSTEM raises receiver questions. How much multiscan systems will add to costs or detract from performance opens new debate. (P. 13)

MEXICO INCREASES DOMINANCE on color TV scene, was source of 62.4% of all imports in March. Camcorder imports up for first time in more than year. (P. 15)

THOMSON STILL FOR SALE, as it has been since 1986, French govt. says. More companies to be privatized. (P. 15)

GHOSTBUSTER AT \$100 premium in TV set seen by Zoran, offering 3-chip set at \$39 in quantities. Reduction to single chip is goal by 1995. (P. 16)

21" COLOR PLASMA PANELS to be delivered in fall by Fujitsu, which sees them evolving to wall-hung TVs. NHK shows brighter 40" HDTV plasma display. (P. 16)

NEW ZENITH OWNERS: Firms representing investors buy significant blocks of stock. (P. 16)

MATSUSHITA SAYS 'MD' stands for 'missing dream' in first all-out attack on rival digital recording system. JVC adds Matsushita-made DCC player. (P. 17)

MORE PROFIT DECLINES reported by Sharp, Hitachi, Toshiba, TDK. Go-Video continues in black. (P. 17)

interlaced systems; Advanced TV Research Consortium (NBC, Philips, Sarnoff Labs, Thomson and Compression Labs), which offered interlaced system; partnership of Zenith and AT&T, progressive only.

FCC Advanced TV Advisory Committee Chmn. Richard Wiley said he hopes panel can make recommendation in 1994, based on results of testing of alliance system. Final Commission decision would be some months after that. He emphasized that Advisory Committee was endorsing only concept of alliance system, not system itself, and indicated that panel and FCC eventually could reject alliance system in favor of one of proponents. Alliance also was endorsed by FCC Chmn. Quello, who called it "a very encouraging development. I'm glad to see these companies working together, rather than independently."

Cable and broadcasters had endorsed interlaced system, saying that technology for progressive system wasn't advanced far enough to provide adequate picture quality (TVD May 17 p5). Both also had supported using transmission methods that would provide "clear upgrade path" to progressive scan in future when that's possible. However, computer companies had been pushing for progressive scanning, which is more compatible with computers (TVD May 24 p8). FCC Comr. Duggan said interoperability between HDTV and computers is "an issue of paramount concern" and "I wholeheartedly agree that the United States should seek a digital video standard that is fully interoperable among all video media."

Broadcasters would be allowed to use either interlaced or progressive at first, under alliance agreement, and larger HDTV sets (34" or more) would be able to decode either. Smaller sets wouldn't necessarily be able to handle progressive. Interlaced systems alternate displaying even-numbered and odd-numbered lines, with interlaced display appearing to eye as single picture. Current NTSC uses interlaced scanning. Progressive scanned systems display lines in order from top to bottom in method that's more compatible with computers.

Decision will mean slightly higher costs for broadcasters and probably 10% higher price for HDTV receivers, at least in beginning, than if clear choice had been made between interlace and progressive scanning, according to persons familiar with decision. GI Advanced TV Vp Robert Rast estimated multiformat sets could cost 10% more than single-format sets, and Jae Lim of MIT Media Lab put figure at \$100-\$200 extra per HDTV receiver. However, Thomson's Donahue predicted cost difference would be negligible after few years.

Broadcasters also will face extra expense if they transmit in both formats. They're likely to begin with interlaced, since only interlace cameras and other equipment are likely to be available at outset. They could decide to use only interlaced HDTV, but said they are more likely to do both, since film inherently is compatible with progressive scan, and other programming probably will be progressive. Same transmitter can handle both with no additional cost, GI's Rast said, but there would be additional expense for HDTV encoder. Lynn Claudy of NAB estimated additional cost to stations would be "a few tens of thousands of dollars," figure that he said isn't major in comparison with \$2-\$10 million expense of upgrading station to HDTV.

NAB and MSTV applauded alliance as way to shorten time period to HDTV, but latter said it's "premature to comment on the details" of system. NAB said announcement was "vague on the technical details that are vital to broadcasters, and we have several concerns. The timetable and method of migrating from interlace to progressive scanning is unclear... and the modulation system, which is of intense interest to broadcasters, is yet to be defined." NAB said it will ask that more broadcasters be allowed to become involved in technical subgroups of FCC Advisory Committee that are evaluating alliance plan.

CableLabs also was muted in response to alliance plan. Advanced TV Vp Craig Tanner told us that CableLabs was "not ready to criticize their choice" even though it thought interlace would provide better pictures: "Progressive is the ideal, the problem is the low number of lines [of definition]. Obviously, they think they can up the line count."

Lim said he's confident that MIT can convince FCC to drop interlace plan, but Donahue said flexibility was good idea: "We finally decided that for a modest amount of money in the early going we can gain a great deal of flexibility that will last for 50 years." It's unclear how quickly alliance can make transition to all-progressive, as projected in announcement. Rast estimated it could take up to 15 years for compression methods to improve enough to compress data for full 1,050-line, 60-Hz progressive scan signal into 6-MHz TV channel.

Deal provides for runoff for few remaining technical decisions, including allowing series of tests to determine which alliance member's component or system to use. Among factors to be submitted for

additional testing before selection of alliance system is debate between variable vestigial sideband system proposed by Zenith and QAM systems offered by others, Philips Labs Pres. Peter Bingham said.

Alliance members aren't discussing financial terms, although they said royalties that they would earn from HDTV system that would be built by others would go into pool. Independent agent would handle licensing and divide pool based on undisclosed formula. Rast said division would be "very equitable," but Lim said it was far from equal among parties. He joked that MIT's share probably would be enough to reduce each MIT student's tuition by "5 or 10 dollars per year."

At House Telecom Subcommittee hearing May 27 on potential economic effect of HDTV, representatives of alliance alternatively basked in glow of approval and defended themselves from critics. While lawmakers praised alliance for bringing U.S. back from almost certain defeat in world technology race to verge of apparent victory, critics such as MIT Media Lab Dir. Prof. Nicholas Negroponte charged that it was about to make "terrible mistake" by isolating itself from world standard-setting and by concentrating on broadcasting picture quality instead of other uses for digital TV. NAB Exec. Vp John Abel said broadcasters needed more flexibility in process, in converting to HDTV and in offering new services over spectrum.

Subcommittee members enthusiastically welcomed agreement. Chmn. Markey (D-Mass.) called it "a tribute to American ingenuity and determination that we have here today evidence of one of the great late-inning comebacks of all time," after describing HDTV situation as one in which Japanese and Europeans were in 8th inning of ballgame while Americans were just heading for ballpark. Markey said U.S. is "poised to shift the balance of global power, to move from consumer electronics also-rans to the world's digital communications superpower." He also injected some skepticism, saying goal must be that alliance "of private interests meets the grand expectations of the public for HDTV -- not just for a better picture, but for a better economy." Senior Subcommittee Republican Fields (Tex.) said advances could create 250,000 jobs in U.S. and others on panel made similar comments.

For their part, representatives of alliance joined in praising agreement that addressed needs of broadcasters and of computer industry in making new system compatible with each. AT&T's Graves said agreement "struck the proper balance," while Sarnoff Research Center Pres. James Carnes said alliance pact is "an ideal solution" that contains "a clever technical solution."

Subcommittee also heard from alliance critics, with MIT's Negroponte among most caustic. He said alliance was addressing wrong issue by concentrating on quality of picture and by trying to set U.S. standard for HDTV. Instead, he said, digital TV already exists in computer work stations of today and can be scaled up easily. Issues should be how to have U.S. standards conform with world standards for broadcasting, and whether broadcasters should have ability to use spectrum allocated to them for other services.

Graves said in interview that he strongly disagreed with Negroponte, saying approach latter advocated would "snatch defeat from the jaws of victory." He said alliance is working with worldwide standards groups, particularly MPEG (Moving Pictures Experts Group). On more practical level, Graves said FCC was prepared to allocate spectrum for new broadcast service, and not on basis of any purpose to which broadcaster would put new spectrum. He said MIT, as institution, approved of alliance and its research lab, which is separate from Negroponte's group, participated with GI in its development. As academic, Negroponte can say "whatever damn fool thing he wants," Graves said, and that his solution could set digital TV back 3-5 years.

Abel said agreement wouldn't help broadcasters, with cost of conversion in many cases being more than value of small station. He said technical details of agreement still were vague, particularly on factors such as interference. While making HDTV interoperable with computer networks may help computer industry and bring those technologies closer together, it may be disadvantage for standard broadcasting, Abel said. Disputes on economic effects stemmed from some of most technical details, such as whether picture would be based on interlaced or progressive scanning, or whether pixels would be square or rectangular. To satisfy near-term concerns of broadcasters and cable operators, Graves said, alliance system uses interlaced format, but it committed itself to move to progressive scan transmission.

Robert Cohen of Economic Strategy Institute said part of agreement "appears to ensure that Japanese and European firms that have developed interlaced HDTV sets and broadcast cameras will be the first beneficiaries of the FCC selection process." He urged aggressive commitment to progressive scanning as means of protecting and widening U.S. lead in HDTV, saying strategy would create more jobs. Negroponte warned against creating U.S. standard, saying it was as doomed to failure as standards created by Japanese and others that those countries tried to force onto world markets.

CBS ISN'T AFRAID OF NEW TECHNOLOGY: "Technology should not be our master. It should be our servant," said CBS Best. Group Pres. Howard Stringer in May 26 speech to CBS affiliates convention in N.Y. Referring more than once to those "maestros of monopoly, the cable operators," he said: "I am not afraid of the new technology itself. I do worry about the way this technology is foisted upon an unsuspecting public" in what he called "the new 500-channel toyland." At news conference just before Stringer's speech, CBS said it would go after payment from cable systems for retransmission consent for its owned stations.

Everything was very upbeat at CBS sessions, with network having led in prime-time ratings last 2 years, same mood that prevailed last week at No. 3 NBC affiliates' convention in Orlando (TVD May 24 p2). "It was all thumbs up," CBS affiliate told us, and most others we talked with agreed. "Nobody complained about anything" at closed meetings, we were told, and compensation (major issue in affiliate revolt year ago) didn't come up.

Stringer turned his attention to furor over violence on TV and cable, saying: "As channels multiply, standards deteriorate... With more and more channels, of course there is [more violence on TV]. With more competition and declining revenues, is there an inevitable watering down of traditional standards and practices? Certainly." He said over-air TV "must do more than hold up a mirror to American society" in future because "the image we reflect, especially in endless repetition, may be too destructive, too dangerous, too counterproductive... If the sociopaths who parade through our news programs show no remorse, then maybe our entertainment programs should... Violence is vile."

Answer to violence problem, Stringer said, is "not for us to deny blindly the reality of TV violence or to attack defensively our critics, rather it is for each of us individually and corporately to take personal responsibility for what we put on the air. We are guests in the living rooms of America... Broadcasting is the social glue that bonds the national fabric, and together [networks and affiliates] we are the town crier in the global village." Stringer received standing ovation at end of speech, but later on elevator, one affiliate asked how CBS could be carrying movies Silence of the Lambs and Godfather III (both scheduled this fall) after Stringer's comments about violence.

Affiliates learned that President Clinton turns on his TV set late at night "just to see what's on" and watches lots of old movies and sports, shifts channels a lot. He appeared via satellite to answer questions of CBS co-anchors Dan Rather (who had praise for Clinton and First Lady at beginning and end of interview) and Connie Chung and 3 affiliates after 2-hour town meeting from White House Rose Garden on CBS Morning News. CBS made much of addition of Chung as co-anchor with Rather, starting June 1, and affiliates almost unanimously endorsed move. Said President to Rather and Chung: "I think you two will be great together... I'm excited about it."

Chung questioned Clinton about famous \$200 haircut, which delayed traffic at L.A. airport for 45 min., and firing of 7-person White House travel staff (5 of whom have been reinstated). Clinton admitted haircut was mistake, said: "I take the responsibility for any mistakes made in the White House."

Clinton said he had watched NBA playoff game last week (on NBC), replied Maltese Falcon when asked what old movie he had seen lately. His 2 favorite movies, he said, are High Noon ("because it's about courage") and Casablanca. In only question about industry, he said his position on campaign reform bill "is pretty simple," that idea of requiring free time on TV-radio came up only because of congressional opposition to public financing: "We've got to find a way to provide the voters with an honest debate" between candidates.

Theme of convention was "Can't Stop at the Top" -- where CBS has been last 2 prime-time years. Stringer told affiliates "it isn't especially easy to stay at the top" and discussed what's likely to happen in year 2001. Introducing Stringer, Tony Malara, head of CBS affiliate relations, said network had taken leadership in passage of Cable Act and in move to reduce violence on TV (see separate story for CBS position on retransmission consent).

David Poltrack, CBS senior vp-planning and research, presented what he labeled "a history lesson" of past ratings to affiliates. He spoke May 26 at Waldorf-Astoria Hotel at same time as NBC was holding news conference at 30 Rockefeller Plaza to announce that it had won May sweeps, as network had predicted it would. Poltrack said prime-time season that ended in April, 2nd straight that CBS has finished No. 1, was "a season of fortification."

That, he said, "begins with consistency of performance," which CBS had. "It requires a lineup with depth... It is characterized by a balanced schedule serving all the viewers' interests." In just-completed

season, Poltrack said, CBS's new programs received highest rating "of any freshman class." And, he said, network's "superior new program performance" for next season "is particularly impressive." He claimed that CBS is leader in dramatic programming, movies and, while conceding comedy leadership to ABC, "we did quite well... with 4 top-20 finishers." CBS, he said, is concentrating on "aging baby-boomers" next season, while other 3 networks are focusing on younger viewers: "Advertisers are moving away from the adult 18-49 demographic target to... targets that go beyond the age dimension. Our viewers may be short on acne and attitude, but they make up for it in income."

George Schweitzer, CBS senior vp-marketing and communications, and Michael Mischler, vp-advertising and promotions, presented network's plans for promoting fall schedule. Promising CBS isn't taking its top rating for granted, Schweitzer said: "The cost of success is complacency. It is harder being the leader than the underdog. You can't sneak up on anyone from above." For 4th year, network has teamed with K mart for "premiere party" promoting fall schedule, during which viewers can win prizes and CBS stars will visit K mart stores.

CBS prime-time schedule is adding 8 new entertainment shows (compared with 11 each for NBC and ABC) -- 5 half-hour comedies and 3 hour drama series -- plus Chung's Eye to Eye premiering next month. Stringer said that as new schedule was developed, "we made it our mandate to be sensitive and responsible to issues of program content and violence and to underscore our commitment to broad appeal family entertainment."

This was 3rd straight CBS affiliates' convention at Waldorf-Astoria Hotel under 3-year contract that expires this year. Affiliates' Malara told us that no decision had been made on where next year's convention will be held. However, many affiliates are lobbying for return to Century Plaza Hotel in L.A., where ABC affiliates convene June 8-10 and site of NBC's 1994 convention. Next up is Fox TV Network, whose affiliates meet June 3-4 at Beverly Hilton Hotel, L.A.

It's becoming unlikely that FCC will act by June 1 deadline on Fox bid for waiver of TV station-newspaper cross-ownership rules to allow Rupert Murdoch to buy N.Y. Post, according to persons familiar with case. In yet another round of meetings, representatives of Champion Holdings, which said it's interested in buying newspaper, met May 26 with FCC Comr. Duggan. Meanwhile, Fox is asking who is client -- if any -- supporting filing by law firm Fleischman & Walsh opposing waiver. Fox raised issue in reply comments on waiver request, saying law firm had refused to answer telephone queries on issue. Partner Aaron Fleischman, who signed firm's comments on waiver, told us filings "speak for themselves" and refused to say whether there was client paying for drafting of 37-page initial comments and 21-page reply. Law firms, including Hogan & Hartson, which is representing Fox in case, occasionally file comments ostensibly on own behalf, but Fox questioned whether such extensive comments signed by law firm are supported by outside client. In reply comments, firm said Fox didn't adequately justify bid for waiver. It also said that "preservation of newspapers is not among the Commission's statutory responsibilities... while the Commission may be entitled to allow revenues from strong newspapers to subsidize weak television stations, it is powerless to allow funds to be siphoned away from strong television stations for the purpose of artificially prolonging the life of dying newspapers." Meanwhile, N.Y.-based Caucus for Media Diversity, which opposes Fox waiver, asked FCC to hold 2-hour oral argument. Citing Joseph Allbritton's purchase of Washington Star and co-owned WMAL-TV-AM Washington (for which waiver also was required), Caucus said Commission is faced "with a waiver request that is analogous to -- but more problematic than" -- one faced by agency in Allbritton deal when hearing was ordered.

TvB membership continues on upswing as 9 Scripps Howard (SH) TV stations have recently joined. Previously, only SH's WMAR-TV Baltimore (which it bought recently) was TvB member.

Waivers needed to complete U S West (USW) purchase of 25.51% of Time Warner Entertainment (TWE) are "essentially de minimis" and would provide "indisputable public benefits," companies said in petition to FCC for 18-month waiver of telco-cable cross-ownership rules. They said waiver is needed to allow TW to sell ownership interests in 6 cable systems in Ariz., Colo. and Minn., as well as beneficial financial interest in 2 others in USW service area. Filing indicated that several other systems originally thought to be subject to cross-ownership rules actually are in towns served by independent telcos. Companies said time is needed to dispose of systems in orderly fashion because "public interest is not served either by requiring fire sales... or by forcing the cessation of service by an operating cable system." Meanwhile, Sen. Kerrey (D-Neb.) called for comprehensive review of telecommunications policy. Commenting May 26 on U S West-Time Warner deal, he said that his constituents, whom U S West serves, won't benefit from combination of RHC's expertise and TW programming because of 1984 Cable Act and MFJ... Meanwhile, Seagram's indicated that it's not interested in controlling Time Warner, even though it has bought 5.7% of latter for \$702 million and plans to increase stake to 15% in open market purchases. "We see ourselves as friendly investors only and intend to be fully supportive of Time Warner management," Montreal company said. TW said it welcomed Seagram as investor.

Commerce Dept.'s Bureau of Economic Analysis (BEA) May 28 released critical figure for use in FCC's cable rate benchmark worksheet. BEA said first-quarter 1993 Gross National Product Price Inflator, which is used to gauge inflation adjustments, was 124.1 -- 2% growth. Cable operators will use that figure to determine how their rates match up to benchmarks. NCTA economist said figure was neither good nor bad news for operators, who were hoping for number as high as possible. He said number was "about where it was expected to be."

HBO will launch Spanish-language version of premium channel in U.S. in Oct., Chmn. Michael Fuchs said.

CARRIAGE FIGHT LIKELY: Court refusal to delay start of must-carry/retransmission consent and announcements by several broadcasters that they will demand consent fees, despite decisions by several MSOs not to pay them, set stage for TV station blackouts beginning in Oct. and major public fights in many parts of country, according to officials involved in process. "It's almost as if the government deliberately was staging a game of chicken between broadcasters and cable operators all over the country," NCTA Pres. James Mooney said. "It is inevitable that some TV stations will disappear from cable systems, and that will anger and confuse people."

U.S. Appeals Court, D.C., rejected Time Warner bid to delay must-carry/retransmission consent rule. Court, in order May 25, gave little reasoning but said TW hadn't justified bid for stay. Overall appeal of rules is headed for U.S. Supreme Court, but no decision is likely by Oct. effective date.

Large and small broadcasters, including network-owned stations of CBS and NBC (TVD May 24 p2) and Spartan Radiocasting, already have said they will demand retransmission fees. CBS told affiliates in N.Y.C. May 26 that network's 10 owned stations would demand payment in most cases, although there could be special situations where must-carry agreement should be pursued instead of retransmission payment. CBS Senior Vp Jay Kriegel acknowledged that several major MSOs had said publicly that they wouldn't pay: "Because of the extreme concentration of power in a handful of cable MSOs, it is apparent that the senior management of these cable companies will have to be dealt with nationally." He said individual CBS-owned stations will be free to deal with smaller MSOs and individual systems to seek "reasonable agreements."

"We are not interested in creating cable channels," as Fox has done and as NBC said it would consider (TVD May 24 p2), Kriegel said. He said stations' signal value should "translate into cash compensation," although CBS hasn't estimated what that should be: "We are not going to negotiate in public yet... The marketplace should decide what our product is worth." CBS stations are KCBS-TV L.A., WCIX Miami, WBBM-TV Chicago, WJMN-TV Escanaba, Mich., KCCO-TV Alexandria, Minn., WCCO-TV Minneapolis-St. Paul, KCCW-TV Walker, Minn., WCBS-TV N.Y., WCAU-TV Philadelphia, WFRV-TV Green Bay, KCBS-TV L.A.

Five network affiliates owned by Spartan Radiocasting also will demand retransmission consent fees unless cable operators set up broadcast-only basic tier costing no more than \$4 per month, group announced. Decision appeared to set up conflicts with several cable operators that had said they wouldn't pay for consent, since each station is carried on at least one cable system owned by MSO that said it won't pay fees. Similar conflicts were apparent in virtually every market served by CBS and NBC owned stations. Among MSOs that have said they wouldn't pay consent fees are Coaxial, Comcast, Continental, Crown, Harron, Jones, KBLCom, TCI, TeleCable, Viacom. MSOs have total of 20.4 million subscribers, according to Warren's Market Research & Data Sales Div., for total of nearly 39% of all cable subscribers. No cable operators have said publicly that they will agree to fees, and most are refusing to disclose plans.

Must-carry rules in 1992 Cable Act were govt. attempt to "fix something that wasn't broken," Mooney said in interview: "This elaborate new scheme sets the stage for confrontation and conflict where before we had peace and almost universal fulfillment of public expectations." He

predicted that noisy fights would erupt at local level if cable operator refused to pay fee and broadcaster insisted, resulting in popular TV channel's being dropped from cable system (it still would be available free over air). Mooney said cable will have "the simpler story to tell the public" in such cases because cable operators will state clearly that they're willing to carry broadcaster as long as fee demand is dropped: "The broadcaster will have to explain why he says no."

Group of 42 TV stations is trying to jump-start negotiations on must-carry and retransmission consent with letters to 15 cable MSOs proposing general talks on issues. Group is led by NAB Chmn. Gary Chapman of LIN TV and includes Bonneville, Buffalo Bestg., Chronicle Bestg., Federal Bestg., Gateway, H&C, Outlet, Post-Newsweek, Quincy Bestg. Chapman said FCC schedule for negotiating cable carriage was "extremely ambitious and demanding," particularly since some TV stations must deal with more than 100 cable systems: "Concluding successful agreements between even a fraction of the total number of interested parties will not be possible unless the negotiations are not only in good faith, but extremely efficient."

Chapman's group assumed that "most, if not all, of the basic determinations governing retransmission consent agreements by individual systems... are likely to be the product of companywide policies." He suggested broadcasters and MSOs get together to discuss overall policies: "It is not our intent to negotiate or even discuss carriage agreements for specific stations or systems." Chapman told us he would be contacting MSOs to set up meetings: "We have long-standing relationships with our networks and program providers, but we don't with cable. We're trying to establish them in an amicable way." First letters went out May 24 to Adelphia, Cablevision Systems, Century, C-TEC, Comcast, Continental, Cox, Falcon, Jones, Post-Newsweek, Sammons, TCI, TeleCable and Time Warner, and more are to be mailed soon.

Attempts to overturn FCC's newest finsyn rules were filed last week in at least 4 federal appeals courts, with May 28 deadline for such actions. Commission adopted new rules April 1 (TVD April 5 p3) to replace those vacated by 7th U.S. Appeals Court in Chicago. That court received 2 appeals last week -- from Schurz Communications (which filed original case in 7th Circuit) and Quincy Bestg. Cap/ABC appealed to D.C. Circuit, Ariz. Consumers Federation to 9th Circuit, San Francisco, KingWorld and Foundation for Independent Video & Filmmakers to 2nd Circuit, N.Y. Following past procedures, lottery will be held among 4 circuits, with appeals consolidated in one that gains jurisdiction. Hollywood Coalition to Preserve the Finsyn Rule said it would wait and file petition for reconsideration at FCC, due June 17. Parties are prohibited from filing both for reconsideration and appealing to court.

Jones Intercable unveiled demonstration project in Jefferson County, Colo., in which cable system is used to deliver interactive data from Library of Congress collections. MSO said program will be offered on other cable systems in next few months. Library is in midst of American Memory project, putting large sections of its collection on CD-ROM, which then can be accessed interactively via coaxial cable network. "For the cable industry, delivering the American Memory program by cable is important since it demonstrates cable can be a leader in developing data highways," Jones Chmn. Glenn Jones said. In project, cable system installs CD-ROM and software at headend, which then can be accessed. Jones said number of users is limited only by number of CD-ROM units at headend.

TELCOS ATTACK VDT RULES: Suspending video dial tone (VDT) applications until comprehensive cost allocation and accounting rules are drawn up would delay it for several years, telcos said in comments on joint bid by NCTA and Consumer Federation of America (CFA). "Petitioners have one goal in filing -- to delay the introduction of competitive VDT services," U S West (USW) said. Telcos also said it's too soon to set accounting rules because no one is sure yet what VDT networks will look like.

"VDT services are still at the embryonic stage," National Telephone Cooperative Assn. said. Group rejected as "premature" NCTA/CFA suggestion to establish Federal-State Joint Board to set accounting rules. Pacific Bell and Nev. Bell, in joint filing, said delay would "deprive the public of the numerous benefits" of VDT. It's too soon to set accounting rules for VDT, USW said, because there's neither service nor architecture "that can be clearly classified as VDT." It said setting VDT-specific rules now would "limit creativity and effectively dictate the outcome" of its development.

NCTA/CFA request is "a serious threat to the interest of consumers," consumer group led by World Institute on Disability said in joint filing. It said that requiring new rules would "significantly delay, if not prevent, the building of a broadband public switched network." It also said that NCTA members "have a direct financial interest in delaying" VDT.

Cal. Cable TV Assn. (CCTA) backed formation of Joint Board to review accounting procedures, citing what it called "many examples" of previous telco efforts to "force basic telephone ratepayers to bear the cost of millions of dollars of fiber optic lines that are planned to be installed for video services." CCTA cited what it called previous cross-subsidy attempts in GTE's project at Cerritos, Contel's at Rancho Las Flores, Pacific Bell's at Palo Alto.

Senate Commerce Committee counsel Antoinette (Toni) Cook Bush last week took herself out of consideration to be FCC chmn. She gave birth May 24 to her first child, Dwight Bush, Jr. Bush issued statement May 26, saying: "After a great deal of thought, I have asked the White House not to consider me further as a possible nominee to be a member of the FCC. Service on the FCC would have been a great challenge and an honor, but my life at this time is filled with other challenges and honors, including the recent birth of my son. In addition, I am very happy and satisfied with my position on the staff of the Senate Commerce Committee and look forward to returning to my duties in that position upon completion of my maternity leave." Sources said that one person rumored as potential chmn., House Commerce Committee staffer David Leach, isn't candidate. They said he had made no effort to go after chairmanship, likes job he has working for Committee Chmn. Dingell (D-Mich.). Names of other usual suspects mentioned for chairmanship remain in play.

MCI said May 25 that Cablevision Systems and Adelphia Cable Communications have joined its new nationwide network of 22 telecommunications companies participating in Custom Access. It said service will offer one-stop shopping for businesses that need reliable, secure telecommunications services -- including features that MCI calls "diversity" and "backup" to primary service in regular course of business or in emergency situations. MCI said major participants include Ameritech and Nynex, as well as MFS Telecom and Teleport Communications Group, 2 largest competitive access providers (CAPs). Other RHCs also are participating, as is KBLCOM, Houston.

FCC Comr. Duggan sees "action-oriented" discussion upcoming among "moderates and centrists" to put new teeth into public interest standard to which broadcasters are held accountable. One indication of that, he told U. of Vt.-sponsored conference in Washington May 28, is current "sharp, vigorous debate" about televised violence: "I also see signs that some self-examination is taking place about whether 12 years of occasionally scorched-earth deregulation of broadcasting has left us better off than before." Duggan said that ever since he joined FCC in Feb. 1990, he has been calling for effort to "refurbish and rehabilitate" standard without much success. He said "we must not merely exhume old ideas... I believe we need to rejuvenate and reinvent the principle of the public interest" as applied to broadcast licensees. Broadcasters and cable operators need to be challenged to be "volunteers in service to the public interest," Duggan said. "And, we need to remind them that a concerned Congress and a restless public will react if they don't respond." In current dialog, broadcasters haven't proved "that they can rise to the challenge voluntarily," commissioner said, although he cited CBS Best. Group Pres. Howard Stringer's speech on violence to TV affiliates last week as encouraging (see story, p. 1). He suggested there should be consortium of broadcasters offering to forge partnership with Children's TV Workshop to develop high-quality kid programs for commercial stations. Children's TV rules, coupled with growing outcry about TV violence, he said, "seem to me to pose a significant test for this nation's great broadcasting and cable communities." However, he said, "we as Democrats must not be censorious Carrie Nations."

FCC Chmn. Quello encouraged cable operators to file "legitimate" petitions for reconsideration of Cable Act rules as well as court appeals, but said if industry uses multiple filings as "a tactical ploy to inundate the process," FCC and Congress are likely to react. Quello told Washington Cable Club May 26 that FCC isn't likely to "substantially revise" rules on reconsideration, but he encouraged "reasonable suggestions" on ways to improve them. He also said he expects rules to withstand court tests, "but it's important that all parties have their day in court." Commission "has to do more" to help small cable systems comply with rules without undue burden, Quello said: "We recognize the problem, but we don't have an answer." He said he hopes to hear from Congress within 2 weeks on appropriation for additional staff to administer Cable Act, and hopes it funds full \$12 million for 1993 and \$30 million for 1994, rather than requiring FCC to charge user fee (estimated at 2-1/2¢ per subscriber per month) to pay for regulation. Quello said deals such as Time Warner-U S West and Southwestern Bell purchase of Hauser Communications "bring closer the day when regulations in the form of the Cable Act are no longer necessary" because of increased competition.

DiracTv said it signed programming agreements with Canadian Bestg. Corp. (CBC) and Power Bestg. to provide DBS with 2 channels of news, drama, arts and entertainment from Canada. Companies said they will create 2 new services: (1) Northstar, which will offer family oriented drama, arts, entertainment, news. (2) Newsworld International, which will air international version of CBC's Newsworld service. DBS company PrimeStar Partners said it had signed agreements to carry Cable News Network, Family Channel and Nashville Network, terms not disclosed.

FTC doesn't need blanket authority to regulate truthful ads simply on basis of fairness, ANA Pres. DeWitt Helm testified at House Reauthorization Subcommittee hearing. FTC already can act on case-by-case basis to stop unfair ads, he said, and blanket authority would cripple agency.

AUCTION BILLS PROGRESS: House late May 27 passed legislation to auction 200 MHz of spectrum. Measure was part of budget reconciliation package. Senate Commerce Committee May 25 passed bill to allow FCC to auction 200 MHz of spectrum that includes controversial section on "regulatory parity" that would preempt states from exercising jurisdiction over rates charged by mobile services providers, which cover cellular carriers now but also would apply to Personal Communication Services (PCS) companies later -- and could include PCS companies in which MSOs or others in cable industry have interest.

House version contains similar language. Senate bill, which also was considered under budget reconciliation procedure, has 3 changes from House measure: (1) States wouldn't be able to regulate mobile services if there are 3 or more providers in one market in state. (2) States could act to protect universal service. Under that provision, commercial mobile services, such as cellular, PCS or enhanced Specialized Mobile Radio, could be required to contribute to universal service funds that are levied on other carriers. (3) States would be allowed to petition FCC to regain power to regulate if mobile services serve substantial portion of communications traffic. Under House bill, states would be able to petition Commission if mobile replaces substantial portion of services to public. But under Senate bill, Hill staff said, states could act if new services are concentrated in downtown area and serve substantial portion of traffic there, as opposed to substantial portion of traffic across state as whole.

Although bill cleared Senate panel, some members said they weren't comfortable with concept and wanted another opportunity to discuss it. Communications Subcommittee Chmn. Inouye (D-Hawaii) said provision was "not a closed deal" and Committee would take up matter again when it holds budget reconciliation markup some time before Senate deadline of June 18.

Sen. Bryan (D-Nev.) suggested change that would allow states (including his own) that now regulate cellular to continue to do so, and it would be up to FCC to determine affirmatively that sufficient competition existed so that regulation could be removed. Bryan didn't offer amendment at session, saying it could come up on floor. Inouye said after hearing that Bryan measure is "worthy of serious consideration" and he would take it up with Sen. Stevens (R-Alaska), senior Republican on subcommittee, this week. Stevens called preemption language "serious problem," said he wasn't sure what effects of House provision would be in future or whether preemption would weaken protections for rural subscribers.

In other actions at Senate Commerce meeting, Committee Chmn. Hollings (D-S.C.) inserted amendment in campaign advertising bill to require 6-sec. announcement at end of radio commercial in which candidate would have to state that spot was approved by and paid for by candidate's campaign committee. For commercials on TV and cable, announcement of sponsorship would have to occupy "no less than 15% of the television safe screen area," with background photography during statement consisting of "unobscured full-face picture" of candidate, occupying "no less than 40%" of screen, against "neutral background." Audio script also would be affected. Hollings amendment also would require 3rd party committees to state in ads name of party paying for commercial and that it was "not authorized by any candidate," also give telephone number for more information on sponsoring group. Sen. Dorgan (D-N.D.) said he had offered separate bill to require TV commercials to be at least 5 min. long. However, instead of pressing that

proposal, he said he would like FCC to conduct study to determine effect on broadcasters if political ads were at least 2 min. long. Broadcasters objected to Dorgan bill, saying commercial time wasn't sold in amounts it proposed. Sens. Packwood (R-Ore.) and Burns (R-Mont.) voted against campaign bill.

Telco-cable cross-ownership restrictions are no different from similar limits on newspaper-broadcast and broadcast-cable ownership, NCTA said in memorandum to U.S. Dist. Court, Alexandria, Va., which is hearing Bell Atlantic (BA) bid to overturn telco-cable rule. Filing, which also supports NCTA cross-motion for summary judgment dismissing suit, said courts -- including U.S. Supreme Court -- have recognized cross-ownership limits aren't content-related, so BA's First Amendment claim is invalid. BA is "unlike other speakers," NCTA said. "They are recipients of a governmentally conferred monopoly and are contending that the First Amendment prevents the government from limiting the use to which they may put the monopoly." NCTA also suggested that BA could avoid limits if it would surrender its monopoly.

Multimedia technology demonstration was hosted on Hill week ago by House Telecom Subcommittee Chmn. Markey (D-Mass.). Sponsors and demonstrations included: Virtual Vision, "sports glasses" that allow user to watch TV through lower part of glasses and use upper part for normal vision. It was most popular exhibit judging from line of potential viewers that stretched length of room; ABC News Interactive, interactive video discs on U.S. history narrated by news personalities; In-Touch Group, device that allows consumers to preview music via interactive audio, visual and graphic technologies. Machine also records and distributes marketing data on users to various record labels; WGBH-TV Boston, interactive CD-ROM videodisc; IBM, multimedia kiosk that allows user to access govt. information; National Gallery of Art, "microgallery" that enables visitors to acquaint themselves with gallery using graphic video sampling of works on display; NCR/AT&T, multipurpose interactive self-service terminal using enhanced video and graphics features with data and transaction processing capabilities; Sony, portable multimedia device that integrates audio, graphics, animated video and text for consumer and business applications; Digital Equipment, interactive educational technology that uses full-motion video, still-color images, text; Animated Dissection of Anatomy for Medicine, software that allows medical students to simulate surgical procedures without need for cadavers.

EIA Digital Radio Subcommittee announced testing of digital audio broadcasting (DAB) systems will start in Oct. at NASA's Lewis Research Center, Cleveland. EIA said start of tests was pushed back from original July date to allow for completion of multipath propagation tests in Charlotte and Seattle and to give in-band on-channel (IBOC) proponents time to respond to solicitation for entries by National Radio Systems Committee (NRSC), which will evaluate IBOC test results and possibly recommend standard. Subcommittee Chmn. Randall Bruns, Delco Electronics, said Oct. test date "is generally viewed as very practical by Subcommittee members and proponents."

Spot sales for TV network affiliates (excluding Fox) were down 0.6% in first quarter at 234 stations reporting to TvB. National spot was off 5%, local up 3%. In April, affiliates had 5.9% growth, with national up 2.2%, local 9%. Independent stations (68 reporting), including Fox affiliates, had 3.1% spot gain in quarter, with local up 5.8%, national down 0.8%, April growth for independents was 2.9%, with local up 3.9%, national 1.4%.

DBS RESPONSIBILITY SOUGHT: DBS must have same public service obligations as cable "to ensure that the DBS service component is on a level playing field with cable operators," municipal groups said in joint FCC filing. Other commenters in proceeding to determine DBS public service obligations divided on whether responsibility should be on owner/operator of satellite or on programmers that use individual channels. Rulemaking was required by 1992 Cable Act.

DBS operators should have to devote portion of gross revenue to funding local programming activities, cities said. They also said FCC should explore extent to which DBS should be forced to interconnect with local multichannel video providers and provide interactivity. APTS and CPB said FCC must assure that public broadcasters have access to DBS channels at "reasonable rates," and National Captioning Institute said DBS should have same responsibility as others to devote line 21 of vertical blanking interval to closed-captioning.

There shouldn't be political access or advertising requirements on individual DBS channels, Satellite Bestg. & Communications Assn. said, and DBS providers should have "broad editorial discretion" to select educational and information programming required by rules. Mind Extension U. and Discovery Communications said FCC should adopt broad definition of educational programming -- at least wide enough to include their networks.

DBS owner/operator should be able to delegate public service responsibilities to individual programmers, DBS licensee U.S. Satellite Bestg. and others said. For example, Time Warner said Commission should clarify that licensee isn't responsible for individual programmer's meeting obligations, and any responsibility should be subject only to contractual arrangements between satellite operator and programmer. However, Consumer Federation of America and others said responsibilities should be borne by licensee, which they said is "critical if the Commission expects to be able to enforce them."

Providing local DBS programming shouldn't be problem if FCC licenses spot-beam DBS, said Tulsa-based Local-DBS Inc., which is proposing such system. Local-DBS said its system would allow DBS to provide every local TV station with carriage to area 200-300 miles in diameter using 7-15w spot beams. Spot beam satellites would be "only nominally more expensive" than satellites serving entire U.S., filing said, and "DBS without local broadcasting will be just another splinter service" with subscribers still required to hook up to cable or over-air antennas for local programming.

Banning telco ownership of cable systems is "permissible economic regulation designed to prevent the development of local media monopolies," broadcasters said in joint filing in U.S. Dist. Court, Alexandria, Va., where Bell Atlantic is trying to overturn cross-ownership ban. Joint filing by NAB, INTV and Tribune Bestg. said U.S. Supreme Court repeatedly has upheld such economic regulation, in part to increase diversity of media voices.

Three-judge panel of U.S. Appeals Court, D.C., May 28 unanimously upheld lifting of MFJ restriction on information services. In 24-page opinion, Judge Stephen Williams, writing for himself and Judges James Buckley and David Sentelle, strongly criticized challenges to ending of curb from NAB, NCTA, MCI, information services companies and others, at one point citing what he described as "absurd language" in their arguments.

FCC will conduct field test of emergency alerting systems in Denver June 28-30. Tests will involve renovating EBS and will include all sectors of telecommunications industry -- equipment manufacturers, cable systems, broadcast stations and govt., Commission said. FCC is examining series of proposed changes, including: (1) Allowing each station to determine its level of automation and what types of emergencies it wants to automate. (2) Shortening audio alert to 8 sec. (3) Requiring built-in silent testing capability and on-air monthly operational area tests. (4) Reducing emergency warning time to public by directly turning on and off radios and TVs. FCC said it needed to determine how compatible new equipment would be with cable, satellite and other media, how easily it could be handled and what should be done for hearing and visually impaired individuals. Second field test is scheduled for Baltimore in Aug.

FCC decision to abandon comparative hearings for renewing cellular licenses threatens ability of minorities and others to get mass media licenses, according to reconsideration petition by Telecom Research & Action Center and Washington Citizens Coalition Interested in Viewers Constitutional Rights. Replacing comparative hearings with new 2-step procedure is "an outrageously provocative confrontation with settled law," petition said, referring to 1972 decision in Citizens Communication Center vs. FCC. Decision could become precedent for mass media proceedings, petition said, which would mean FCC would "abandon a landmark decision that has provided opportunity and hope to minorities and other groups which have been traditionally excluded from ownership of the mass media."

FCC rescinded approval of transfer of WTMP(AM) Temple Terrace, Fla., to DMPG Bestg. from Broadcast of Fla. because of concerns that one of owners may have been convicted of drug trafficking. Mass Media Bureau approved transfer April 15, then received tip that one of apparent DMPG principals, Patrick Franklin, had been convicted recently. Full Commission set aside bureau decision, returned transfer application to pending status and sent inquiry letter to DMPG. Patrick Franklin signed DMPG's letter of intent to buy station, and filed court documents in Fla. indicating that he's 1/3 owner of DMPG, FCC said.

CPB board approved \$288.6-million FY 1994 operating budget that allocates \$138 million to public TV stations, \$43 million to public radio stations, \$48 million to TV programming. Budget is \$45 million lower than FY 1993 because CPB has completed financing of public broadcasting satellite network. Among new items in budget is \$739,674 over 3 years to expand Public TV International Consortium, which includes 20 U.S. stations that regularly produce programs with foreign partners. New funding will enable consortium to hire staff and develop proposals for U.S.-foreign co-productions.

Senate confirmed Clarence (Larry) Irving May 28 to be NTIA dir. He's former mass media counsel to House Telecom Subcommittee. Senate Commerce Committee held confirmation hearing and voted out nomination earlier last week. At his confirmation hearing May 24, Irving said his top priority would be to construct national information infrastructure that has been identified as a major priority of Clinton Administration.

Scientific-Atlanta will introduce 750-MHz active version of System II Amplifier at NCTA convention in San Francisco, move that it said will complete 750-MHz RF product line. Shipments begin in Sept.

Personals

Senate confirmed **Joseph Duffey**, former pres., American U., as USIA dir... **Frank Shepherd**, ex-Scripps Howard, appointed pres., Stauffer Communications, succeeding **John Stauffer**, chmn.-CEO, who remains chmn... **Richard Fraim** promoted to pres.-gen. mgr., KLAS-TV Las Vegas... **Dunia Shive**, ex-Tyler Corp., joins A.H. Belo Corp. as corporate controller... **Elise Adde** resigned as NCTA vp-industry communications May 28 for personal reasons, no successor named.

William Abrams named vp-business development and mktg., ABC News... Promoted to exec. vps, HBO International: **Steven Rosenberg** and **Bruce Garmache**... **Paula Sullivan** appointed vp-corporate development, Graff Pay-Per-View... **Dennis Stanfill** expected to resign as MGM co-chmn.-co-CEO over disagreement with studio owner Crédit Lyonnais; **Alan Ladd** to remain as chmn.-CEO... **Marshall Orson** named vp-business affairs, TBS Productions and dir.-business affairs, Turner Publishing.

Frank Radice, ex-WCBS-TV N.Y., appointed dir., on-air promotion, east coast, NBC... **John Waugaman** named exec. vp, Group W Radio... **Moti Kirshenbaum** advanced to dir. gen., Israel Bestg. Authority, replacing **Arye Mekel**, reassigned to diplomatic post in U.S... **Bruce Davis**, ex-Computers & Technology, named pres., TV Guide On Screen... **Marguerite Heilman** advanced to vp-employee benefits, Viacom.

Changes at Time Warner: **Robert Brodbeck** named a vp, **Toni Fay** appointed vp-community relations... **Denise Hall**, ex-WRSE Pensacola, named dir.-programming and promotion, Public TV Center... **Paul Yarmolich**, ex-Gerber Systems, joins Chyron as vp-engineering... **James Dunleavy**, ex-National Westminster Bank, named vp, Communications Equity Assoc.

Terrill Weiss, ex-WOLF-TV Scranton & Wilkes-Barre, appointed gen. sales mgr., WDBD Jackson, Miss... **Matthew Boxer** promoted to regional sales mgr., WDZL Miami... **Stephen Hensley**, ex-KPLC-TV Lake Charles, La., named local sales mgr., WTVQ-TV Lexington, Ky.

Encore will launch 6 more cable program networks and be first to order new General Instrument VideoCipher units to allow cable operators to carry them. Chmn. **John Sie** said new minipay channels will be devoted to specific genres, including westerns, love stories, mysteries, action/adventure, true stories and films for "tweens" (defined as 8-16 year olds). Channels will be added to original Encore service as soon as digital compression arrives, Sie said.

New 24-hour sports and news channel will emerge Oct. 1, in part as result of merger of Prime Network and SportsChannel America. NewSport TV is expected to have 7 million subscribers at launch. Programming will include sports news, talk shows, specially tailored series, interactive programming. Channel is joint venture of Rainbow, Affiliated Regional Communications, Liberty, NBC Cable.

NBC licensed TV Verification Inc. to use patented technology created by NBC Engineering to develop system to verify independently that TV commercials and programs actually were broadcast. System encodes proprietary data into active video portion of TV signal in way invisible to viewer. Company will make verification service available to other broadcasters.

TELEVISION DIGEST

Published Weekly Since 1965
With Consumer Electronics

(ISSN 0497-1515)

PUBLISHED BY WARREN PUBLISHING, INC.

This Newsletter is available electronically via Netmet and
Predicasts and also may be received through facsimile service.

Warren Publishing, Inc. is publisher of Communications Daily, Satellite Week,
Television Digest with Consumer Electronics, Video Week, Common Carrier Week,
Audio Week, Public Broadcasting Report, Mobile Satellite Reports,
Consumer Multimedia Report, Facility Strategies, Television and Cable Factbook,
Warren's Cable Regulation Monitor, Cable & Station Coverage Atlas, and other special publications.

Copyright © 1993 by Warren Publishing, Inc. Reproduction in
any form, without written permission, is prohibited.

EDITORIAL & BUSINESS HEADQUARTERS

2115 Ward Court, N.W., Washington, D.C. 20037

Phone: 202-872-9200 Telex: 6502173616 (Via WUT)

MCI Mail: TELEFACTS Facsimile: 202-293-3435

WASHINGTON HEADQUARTERS

Albert Warren Editor & Publisher
Paul L. Warren Sr. Ed. & Exec. Publisher
Daniel Warren Sr. Ed. & Assoc. Publisher
Dawson B. Nail Executive Editor
Arthur Brodsky Managing Editor—Washington
R. Michael Feazel Senior Editor
Brock Meeks Associate Editor
Myron Struck Associate Editor
Chris McCarter Assistant Editor
Michael French Assistant Editor

Business

Roy W. Easley III Controller
Gary Madderm Marketing Director
Gene Edwards Advertising Director
Betty Alvine Circulation Mgr.
Deborah Jacobs Information Systems Mgr.

NEW YORK BUREAU

475 Fifth Ave., N.Y. 10017

Phone: 212-686-5410

Facsimile: 212-889-5097

David Lachenbruch Editorial Dir.
Lisa Lillenthal Senior Editor
Paul Gluckman Senior Editor
Martin Brochstein Senior Editor
Michael Peck Associate Editor

CONTRIBUTING EDITOR, EUROPE

Barry Fox

5 Denning Rd.

Hampstead, London NW3 1ST

Phone: (071) 435-6244

JAPANESE REPRESENTATIVE

Editorial and Circulation

CES International Corp.

1-18-2 Nishi Shinbashi, Minato-ku

Tokyo 105, Japan

Phone: (03) 3592-1531

Television and Cable Factbook

Michael Taliaferro Managing Editor &
Asst. Publisher—Directories
Mary Appel Editorial Director
Richard Koch Asst. Managing Editor &
Asst. Editorial Director
Maria B. Lawrence Asst. Managing Editor
Susan B. Woodruff Production Manager
Gregory H. Deahl Sr. Ed. & Ed. Supv.
Brian C. Meeley Ed. Supv.

Market Research & Data Sales Division

Lynn Levine Director
Karen Fahle Assistant Director

- ☐ I'm interested in Television Digest With Consumer Electronics and would appreciate your sending me a FREE four-week (4 issues) trial subscription. I understand I have no obligation to subscribe.
- ☐ The person below would be interested in receiving a FREE four-week (4 issues) trial subscription to Television Digest With Consumer Electronics.

Signature _____

Name _____

Company _____

Address _____

City _____

State _____

Zip _____

OBITUARIES

John L. (Jack) Gould, 79, retired N.Y. Times TV critic and reporter, died May 24 at Manor Care Convalescent Home in Concord, Cal., of complications from gall bladder infection. He was at Times 1944-1972, except for short stint in 1960s as CBS exec., about which he told us: "A shoemaker should stick to his last." Gould was widely considered by network executives as most influential TV critic of his time. Graduate of Loomis School in N.Y.C., he joined old N.Y. Herald Tribune in 1932 as copy boy, becoming drama reporter. He moved to Times in 1937 and was given credit for breaking TV game show scandal in late 1950s. Gould received numerous awards, including George Polk, Page One, Peabody. Three sons survive.

Joseph Pulitzer Jr., 80, Pulitzer Publishing chmn. and former editor and publisher of St. Louis Post-Dispatch for 31 years, died May 26 of cancer in St. Louis. Pulitzer took over Post-Dispatch helm after his father's death in 1955. Under his guidance, Pulitzer Publishing grew to include newspapers in 3 states, 7 TV and 2 radio stations. Pulitzer relinquished newspaper titles in 1986. Survivors include wife, son.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	MAY 8-14	1992 WEEK	% CHANGE	MAY 1-7	19 WEEKS 1993	19 WEEKS 1992	% CHANGE
TOTAL COLOR.....	247,887	272,762	- 9.1	184,193	7,523,296*	6,716,522	+12.0
DIRECT-VIEW...	245,523	269,794	- 9.0	181,715	7,404,614*	6,606,049	+12.1
TV ONLY.....	228,404	259,036	-11.8	175,983	7,008,437*	6,336,065	+10.6
TV/VCR COMBO.	17,119*	10,758	+59.1	5,732	396,177*	269,984	+46.7
PROJECTION....	2,364	2,968	-20.4	2,478	118,682*	110,473	+ 7.4
VCR DECKS.....	115,804	119,854	- 3.4	104,596	3,597,971	3,552,047	+ 1.3
CAMCORDERS.....	33,713	30,261	+11.4	32,425	860,434*	747,074	+15.2
LASERDISC PLYRS#	2,574	1,964	+31.1	2,736*	63,950	69,129*	- 7.5

Direct-view TV 5-week average: 1993--360,244; 1992--319,892 (up 12.6%).

VCR deck 5-week average: 1993--182,775; 1992--182,650 (up 0.01%).

Camcorder 5-week average: 1993--58,972*; 1992--47,554 (up 24.0%).

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

MITSUBISHI, CIRCUIT CITY SUDDENLY PART WAYS: Circuit City (CC) and Mitsubishi suddenly and with apparent ill will went in opposite directions late last week, CC terminating relationship following Mitsubishi's decision not to authorize national retailing power to carry its products in Chicago market, Upper Midwest and stores that CC plans to open after June 1 in N.J. and New England. In news release May 26, Mitsubishi said it had "revised its business strategy" and would not authorize CC in specific markets "in order to concentrate... development of its market share through its existing independent dealer network."

CC fired back with own news release deriding Mitsubishi as having become "increasingly uncompetitive in both price and technology with the other leading video brands we carry such as Sony, RCA, ProScan, JVC, Panasonic, Toshiba, Hitachi and Zenith." Pres.-CEO Richard Sharp called Mitsubishi "a niche video supplier" whose "share of Circuit City's video business has been declining for some time." He said company projected that Mitsubishi would have accounted for less than 2% of chainwide sales this year, which would place it below \$75 million in retail value. Sharp said parting of ways "reflects the disappointment of both companies with the declining volume of Mitsubishi sales at Circuit City despite our continuing rapid sales growth." Circuit City spokeswoman, following chain's long-established policy of not elaborating on news releases, declined further comment.

Relationship, which Mitsubishi said goes back 22 years, apparently burst into flames within last 2 weeks and led to decision that newly named Mitsubishi Electronics Group Pres. Jack Osborn said was written in stone, "at least from our point of view. Frankly, this should have been done a long time ago." He said exchanges between companies fell apart last week "when we couldn't go rushing to their throne room -- and you can quote me on that."

Oil was thrown on fire by series of store visits that Osborn made both before and since accepting Mitsubishi job, during which he said that presentations by salespeople in CC stores was "not what a neutral consumer should expect to receive. In fact, when interest was expressed in Mitsubishi product, it resulted in a noticeable push toward competitive products." Asked whether he cited his findings to CC, Osborn said that since it "wasn't the principal reason [for Mitsubishi's move] I saw no reason to say anything," although he said Mitsubishi executives had complained about it in past.

Osborn, though saying he "wasn't surprised" when CC made decision to terminate Mitsubishi nationally, protested that declining business at CC wasn't indicative of Mitsubishi's business nationally. He confirmed

our estimates of company's CC volume and said he expected "over the next 1 to 2 years to replace it all without much difficulty, and replace 50% of it almost immediately." He said Mitsubishi "is in the process of getting" those commitments.

Companies will meet at Consumer Electronics Show in Chicago (CES) this week "to wind down operations," Osborn said. "We have every intention of honoring any expressed commitment to Circuit City." He said Mitsubishi shipped product to CC as recently as late last week.

Asked whether attempt to limit CC was evidence of company's desire, articulated at Jan. CES, to "right-size" its sales this year at about 15% below 1992 level (TVD Jan 25 p12), Osborn said move is "in a sense independent of those remarks, but in effect complements them." He said Mitsubishi now has "a clear vision of the kind of company this is going to be," apparently one that's seeking to reclaim status as step-up brand with selective distribution limited to value-added regional and local chains.

Decision found favor with Mitsubishi retailer in one of markets specifically mentioned in company's news release (although he asked to remain anonymous). He said his Mitsubishi business would be enhanced "just by the fact that you won't be able to buy Mitsubishi at Circuit City." Problem, he said, would have occurred on 2 levels: First, merely line's presence in CC stores, and second with "the in-store discounting that happens because they simply won't walk away from a deal."

TOP-LEVEL U.S. CHANGES AT SONY, MATSUSHITA: Top 2 Japanese consumer electronics companies are changing guard at their U.S. operations. In sudden and generally unexpected move, Sony threw out its "reorganization" of 2 months ago and reorganized again, consolidating electronics and entertainment under Michael (Mickey) Schulhof as pres.-CEO of all U.S. operations. Meanwhile, Kunio (Kirk) Nakamura, onetime pres. of Panasonic here, will be named chmn.-CEO of Matsushita Electric Co. of America (MECA), succeeding Akira (Andy) Imura.

With latest Sony reorganization, Schulhof emerges as major power in Japanese company's largest operation. Move took many of its top executives here completely by surprise -- at least with regard to timing. Sony hq in Tokyo announced Mon. (May 24) that Schulhof on June 1 would become pres.-CEO of newly renamed Sony Corp. of America (Sonam), which will include "U.S. electronics manufacturing and marketing, as well as the company's worldwide entertainment resources." Schulhof, one of 2 non-Japanese members of parent Sony board, was vice chmn. of Sony USA, company's U.S. financial superstructure, which now is superseded by new Sonam.

New Sonam board will consist of Honorary Chmn. Akio Morita, Chmn. Norio Ohga, Ken Iwaki, Schulhof. Ohga is Sony pres.-CEO, Iwaki is Sony exec. deputy pres. Sonam will have 2 major subsidiaries -- Sony Electronics (U.S.), including all electronics and recording media manufacturing and marketing operations here, and Sony Software Corp., composed of worldwide operations of Sony Music Entertainment, Sony Pictures Entertainment, Sony Electronic Publishing.

Complexity of Sony changes bears explaining, as even some insiders we canvassed admitted to being confused by latest announcement. New Sonam actually is 3rd incarnation of "Sonam" name this year. New Sony Electronics (U.S.) formerly was called Sony Corp. of America (Sonam), name that until last Feb. applied only to electronics sales and marketing operation but was broadened then to include manufacturing and tape operations (TVD Feb 22 p10). Sony said operations in new Sony Electronics are unchanged. Sony Electronics -- then called Sonam -- was last reorganized in March with formation of new group called Sony Sales & Mktg. of America (SSMA). At same time, Sony Engineering & Mfg. of America (SEMA) was put under Sonam umbrella. That former Sonam is unchanged, so far, except that it has been renamed Sony Electronics.

John Briesch was appointed recently as deputy pres. of SSMA under Acting Pres. Iwaki, who then also was chmn.-CEO of Sonam. Briesch, who formerly reported to Iwaki, now will report to Schulhof, who last week called him "a capable executive," adding: "He has my support." There has been no pres. of old Sonam (Sony Electronics) since departure of Ron Sommer, but Schulhof said last week, in answer to our question, "every company needs a president," but he declined to elaborate.

Reaction at new Sony Electronics was one of shock at suddenness of move. Said one official: "We only learned about it Monday morning," at about same time public announcement was made in Tokyo. Decision, he said, obviously came from very top, even surprising some high executives in Sony hierarchy. Move presumably was embarrassment to Iwaki, who last Feb. was incensed by Wall St. Journal article forecasting "broader restructuring" of Sony's U.S. operations into single entity under Schulhof. At that time, Iwaki took

unusual step of telling employees in memo: "Contrary to the Wall St. Journal report, Sony Corp. of America remains Sony's U.S. electronics operation and there will be no further changes at Sony in the United States" (TVD Feb. 22 p11).

At same time as announcement of restructuring of Sony in U.S., Sony reported formation of Sony Group International Exec. Committee as of June 1 to coordinate company's global operations. Ohga will be chmn. of new committee, with Iwaki as pres., and other Sony top management and key international executives as members. Ohga and Iwaki will have same positions in Sony International, new company to be organized "to support the activities of the International Executive Committee," and, significantly, headquartered in N.Y.

* * * * *

"While others give it lip service, Sony is the first company to make an organizational change to back up" integration of electronics and entertainment, Schulhof told us last week. He characterized reorganization as "real shift in management philosophy." He said worldwide entertainment, music and pictures and U.S. electronics -- to be combined into single organization -- accounted for \$13.5 billion, or nearly 40%, of Sony's worldwide operating revenues.

Asked about consistent reports of rivalry and even discord between hardware and software sides of U.S. operations, he said that in past they had been treated as "standalone operations." Software operations -- pictures, music and electronic publishing -- had worked together "hand and glove" under one management, while "the electronics group has been focusing on its own priorities."

Schulhof said "the electronics group has been fiercely proud of its achievements," adding: "For 45 years, Sony was only electronics. The real change that has occurred over the last 5 years is that the entertainment side of the business has become an equal partner. Electronics still accounts for 80% of sales worldwide and is still the driving engine of [Sony's] worldwide operations in revenues. But what surprised everybody is the strong profit performance from entertainment, now close to 49% of the company's operating income." Schulhof said "time has come [for] mutual respect between the 2 operations." New phase of Sony's business philosophy is "to treat both as integrally core businesses," he said, reorganization being "statement by Mr. Morita and Mr. Ohga of strong support of that philosophy."

* * * * *

After more than 6 years as chmn.-CEO of MECA, encompassing all Matsushita operations in U.S., Imura will return to Japan in July to new position in charge of overseas relations (TVD May 24 p20). Exact title and duties will be announced after June 29 stockholder meeting. He will be replaced as dir. of Corporate Management Div. for Americas and as MECA chmn.-CEO by Nakamura, who has been pres. of Matsushita U.K. for last year.

Nakamura, 29-year Matsushita veteran, served with Panasonic U.S. for about 5 years, starting in 1987 as senior vp-mktg., was named pres.-COO of Panasonic in 1989, reporting to MECA Pres. Richard Kraft, who in turn reported to Imura as chmn. Nakamura left Panasonic U.S. less than year ago (TVD June 15 p13), serving unusually short time in U.K. before his totally unexpected recall to this country. In his American stint, Nakamura was extremely popular with co-workers and dealers, and his impending return to N.J. generally was hailed privately by Panasonic insiders we polled last week. However, same laudatory remarks weren't applied to Imura, who appeared to alienate inside and outside company with his iron-fist management style.

Many we canvassed suggested Imura era might be remembered best for his Jan. 1988 implementation of controversial single-price merchandising and distribution policy. At Orlando meeting that year, he hammered home theme that he was prepared to drop retail accounts that refused to go along with strategy. "The business is not healthy," Imura said then. "We are determined to sell at consistent unchangeable prices," he said, conceding that if some dealers "do not want to buy at our price [then] we do not want their business" (TVD April 25/88 p10, Jan 4/88 p13).

Pricing policy eventually spawned investigation that led to Panasonic settlement with office of N.Y. State Attorney Gen. Robert Abrams and attorneys general of 48 other states and D.C. over alleged retail price-fixing scheme that included offer of cash refunds to buyers of selected Panasonic-Technics products in 1988 (TVD Jan. 23/89 p11). Settlement, which affected 83,000 purchasers in N.Y., 665,000 nationally, required Panasonic to place minimum of \$8.5 million into settlement fund capped at \$16 million to cover refunds, legal fees, administrative costs.

HDTV ALLIANCE RAISES RECEIVER QUESTIONS: Development of compromise HDTV system by rival contestants (see report in Broadcast section), as might be expected, was hailed by proponents -- but also raised new questions about possibly further jacking up HDTV set costs.

Grand alliance members reaching agreement on single digital system included 3 top TV producers for U.S. market -- Thomson, Philips and Zenith -- and predictably they minimized costs and complexities that might be added to receivers for system. While forecasts of added costs per set ranged from \$1.50 to \$200, some industry engineers said they preferred to wait for release of more technical details before responding.

EIA's response was immediate and favorable, and in testimony before House Telecommunications Subcommittee it urged govt. to set national goal of "HDTV delivery to American viewers in time for the 1996 Summer Olympics." EIA Consumer Electronics Group (CEG) Vp Gary Shapiro told us fact that pact was reached by top 3 TV makers "tells me it's very do-able." He conceded CEG was walking tightrope on HDTV to avoid wait-for-HD fever among prospective TV purchasers -- there are no HDTV panels at Summer Consumer Electronics Show which starts June 3, presumably to avoid affecting market for current sets.

In break from past regulatory practices, proposals for compromise system appear to make more rules for receivers than for transmitters. Among problems cited by some engineers is requirement that TV sets be equipped to cope with both progressive and interlaced scan systems, and that all sets 34W" and larger be equipped to display progressively scanned signals. As for what some assailed as political decision, compromise assured computer compatibility by bowing to demands of computer industry for progressive scan and square pixels. While some observers pointed to absurdity of equating TVs with computers -- which have separate uses and screen size requirements -- others insisted compatibility could lead way to many new multimedia and interactive derivatives in mating of computers with TV.

Forecasting that HDTV sets will have to be able to decode programming transmitted in variety of interlaced and progressive formats, probably for 15 years, General Instrument Advanced TV Vp Robert Rast conceded added cost to receivers was "big question," but estimated it would be in "ballpark" of 10%. Jae Lim of MIT Media Lab put figure at \$100-\$200 per receiver. "The real issue," he said, "is the cost at the receivers, because there will be millions of them." Lim favored move to progressive scan immediately, dropping interlace.

Thomson Senior Vp Joseph Donahue said premium would drop rapidly as IC costs plummet. "After a few years, you will have to use a magnifying glass to see the difference in cost," he said. Philips Labs Pres. Peter Bingham said proposal "gives receiver manufacturers a fair amount of flexibility to pick a display format." He cited "new display technologies coming along" to replace CRT, which will make possible 1,000-plus line progressive scan display. Most TV manufacturers will choose either progressive or interlace display, rather than offering multimode receivers. He said conversion from one type of display to other in receiver shouldn't be real problem.

Zenith Pres. Jerry Pearlman conceded proposal "initially will add some cost to the receiver, but close to 100% of that will be silicon, and at least half of that will be memory, so costs will decline rather quickly." He said receiver doesn't have to have dual scan, since larger sizes (34W" and above) will be "100% of industry [HDTV receiver] sales in the first 5 years." Receivers will have to have converter to change interlaced signals to progressive, he said, but 2nd scan mode could be added for about \$15. Added advantage of system, he said, is that it "could make a VGA monitor out of a TV."

Jack Fuhrer, who heads Toshiba's Advanced TV Lab, pointed out that system allows for variety of receiver options and "nobody has really priced out" actual costs. Provision for 5 different scanning rate standards will offer "growth path to multimedia," he said. While openly expressing concern about possible added cost, he expressed faith in electronics industry's capabilities to find solutions and said he looked forward to "the thrill of a cost-effective solution." Gregory DePriest of Hitachi's Advanced Lab said he was awaiting release of more technical details before commenting.

Mitsubishi Research & Advanced Development Mgr. Julius Szakolcsay expressed some reservations, particularly on increased costs of display. He said "power supply deflection circuits don't come down in cost" and added another format to those required of receivers -- NTSC, since broadcasting in existing format will be permitted for many years. "CRT technology has limitations," he said, and there will be cost involved to remedy performance drawbacks. Progressive scan will impose penalty in performance in terms of screen brightness and dynamic range, he said, noting that alliance's parameters "are pushing the limits of CRT technology." He said he regretted fact that emphasis in proposal is on broadcast standards because issue of cable compatibility "must be addressed in future digital technologies." However, he said, fact that there's agreement on system "outweighs everything else." He put added cost of receiver at about \$100 over previous HDTV set cost estimates.

MEXICO INCREASES DOMINANCE AS TV SOURCE: NAFTA or no NAFTA, Mexico now is dwarfing all other countries as source of color TV imports. In latest Commerce Dept. figures, for March, 62.4% of color set imports came from Mexico. Imports of color TVs from there increased by 32% in March over March 1992, accounting for more than total gain in color imports, which were up 16.6%.

Mexico accounted for 55.1% of color imports in March 1992 and just 50% in March 1991. In first quarter 1993, 59.8% of color imports were assembled in Mexico, up from 54.3%. As recently as first quarter 1989, Mexico provided less than 43% of total color imports. In first quarter, Malaysia and China were only major color TV supplying nations to show gains. China now supplies well more than half of all monochrome TVs to U.S.

In camcorders, more than year of import reductions presumably came to end in March, which showed 3% increase over March 1992. However, for first quarter, camcorder imports were off 9.2%, and inventories presumably were well in hand. Imports for quarter totaled only 501,000 units, as opposed to 540,770 sold to U.S. dealers in same period. Camcorder mix also showed substantial change in March, as cutbacks in 8mm ended, at least temporarily. In March, 8mm camcorder imports were up 56.3%, while other formats dropped 14.9%. Thus 8mm represented 38.3% of imports in month, up from 25.3% in same 1992 period -- complete reversal of first-quarter trend that saw 8mm down to 35% of mix from 40% one year earlier.

VCR imports continued decline in March, dropping 8.7% from year earlier, while first-quarter imports were down 12%. In quarter Japan was source of only 36.7% of total imports, as shipments from Malaysia, Indonesia and Singapore climbed substantially, with declines in imports from Korea, Thailand and Taiwan.

Imports of "flat-panel TV" -- presumably LCDs -- tripled in first quarter of this year to almost 108,000 units, with arrival of first serious quantities of flat TVs assembled in Singapore and Mexico. Here's table of imports, based on Commerce Dept. data for March and first quarter:

Product	March '93	March '92	% Chg.	3 mo. 1992	3 mo. 1991	% Chg.
Color TV.....	953,800	818,150	+16.6	2,655,200	2,373,300	+11.9
Monochrome TV....	126,500	122,100	+ 3.6	348,500	417,300	-16.5
Flat-panel TV....	58,600	10,600	+394.3	107,800	35,200	+206.1
VCR decks.....	1,125,700	1,232,600	- 8.7	2,863,500	3,253,100	-12.0
Camcorders.....	192,500	186,800	+ 3.0	501,000	552,000	- 9.2
8mm.....	73,700	47,200	+56.3	175,500	220,800	-20.5
Other.....	118,700	139,600	-14.9	325,500	331,200	- 1.7
Videocass.players	30,200	45,700	-33.9	130,600	125,400	+ 4.1
CD players.....	656,800	566,600	+15.9	1,473,700	1,660,200	-11.2

THOMSON STILL FOR SALE: Thomson still is for sale by French govt., but terms have changed. New conservative govt. has scrapped former requirement that foreign companies can't own more than 20%. At same time, however, it has extended ruling that it can block bids in strategically important business groups from previous 5 years to indefinite period.

Thomson was one of 12 companies put up for privatization in 1986 -- before it acquired consumer electronics business of RCA and GE brands from GE. New govt. added 9 more companies to "for sale" list last week.

"Any effect on Thomson Consumer Electronics will be determined in the future," TCE's U.S. operation said in statement in response to query. "Since privatization is normally a long process, in the near term we do not anticipate significant impact on our ongoing activities in the U.S., which continue on a business as usual basis."

Recycling bin for its Nicad batteries is being offered to retailers by Saft America, maker of Again & Again batteries.

Video goggle system, apparently similar to that developed by Virtual Vision (TVD Dec 14 p14) was announced in Japan by Olympus Optical, using 0.7" LCD, claimed to provide effect of 37" TV viewed from distance of 4 ft. Olympus said it's studying possible uses for system, such as game monitor, and hopes to develop it jointly with other companies. Olympus said it has contracted with robot manufacturer for joint development of system. It gave no details on availability or pricing.

Video Toaster, simplified computer video editing system embraced by advanced amateurs and professionals, has won engineering Emmy from Academy of TV Arts & Sciences for its developers, NewTek Inc. and Tim Jenison. Other winners include Lee Aseere, 3M, for "scientific detective work that led to a major reduction in the manufacture of defective videotape stock."

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 108 yen = \$1, except where noted.

GHOSTBUSTING AT \$100? Zoran Corp., Santa Clara, Cal., VLSI manufacturer, has started sampling 3-chip set for receivers to use with new FCC-approved ghost-canceling reference (GCR) signal, already being transmitted by some 80 TV stations. Company says production quantities will be available in 3rd quarter and chip set will cost \$39 in "high quantities."

As soon as this year, ghost-canceling can be built into large-screen TVs and cable headend equipment at price premium of less than \$200, Zoran says. By 1995, when it hopes to offer system in single chip, it visualizes premium of less than \$100 with widespread integration into "virtually every TV set."

Zoran says its major achievement is inclusion of 648 taps for digital filtering on 3 chips -- highest tap count ever achieved -- in two 288-tap filters and one 72-tap filter. Comparing its chip set with Philips-designed circuits (which have 180 taps), Zoran says its own set can cancel unlimited number of ghosts, whereas Philips is limited to 9.

Peter Bingham, pres. of Philips Labs which developed ghost-canceling system approved by FCC, welcomed competition (which also includes chips from ITT, NEC, Toshiba). "The more the better," he said, adding that Philips conceivably could use Zoran chips in some of its own products. He said added suppliers of ghost-canceling equipment will help popularize system, which has been described as "the last major improvement of NTSC."

Amihai Miron, who headed team at Philips Labs that developed ghost-canceling system (and who recently left Philip), said Zoran chip is only one of several under development and cost-benefit relationship will be very significant in competitive TV receiver industry. He forecast that in quantities, ghost-canceling feature will add about same premium to price of TV set as PIP, or about \$50, possibly coming down as low as \$35.

Zoran is to demonstrate chips at International Conference on Consumer Electronics (ICCE) next week at Chicago's Westin O'Hare Hotel, which will also feature major session on ghost-canceling (TVD April 12 p14), including details on new single NEC chip with 398 taps. Details on Zoran chip set: Spencer Horowitz, product mktg. mgr., 408-986-1314.

Kodak patent on video recording head is invalid based on prior technology, Sony said in response to patent infringement suit filed by Kodak in Marshall, Tex. (TVD April 5 p18). Sony said U.S. Patent Office didn't consider prior inventions when it issued patent to Kodak and said similar claims had been invalidated in German and Japanese proceedings. While Kodak was turned down in Japan on bid for patent on heads with gap of less than 0.38 microns, Japanese Patent Agency recognized Kodak claim for patent on heads with less than 0.3 microns. Sony is objecting to that decision (TVD April 26 p15). It also is seeking to transfer suit from Texas to San Diego, location of Kodak's magnetic head research facility.

Consumers' plans to buy TV sets held up in May despite drop of Consumer Confidence Index to lowest point since last Oct., Conference Board reported. Of its 5,000-household sample, 6.9% expressed plans to buy TV set within 6 months, according to preliminary data, up from revised 6.8% in April and 6.5% in May 1992. In last 12 months, highest figure for TV buying plans was 7.6% in Feb. and lowest was 4.2% last July.

21" COLOR PANEL ON SALE: Fujitsu will begin taking orders this week for first full-color plasma monitor display suitable for TV or video, for shipment starting in Sept. Company showed prototype at last fall's Japan Electronics Show and had announced 1993 target for marketing (TVD Oct 19 p11).

Plasma Vision M21 will be priced at 980,000 yen (equivalent of just under \$9,100), with monthly production of 500 units at start, and goal of 50,000-100,000 annual sales by 1997. Fujitsu sees consumer use as TV or personal computer monitor, as well as commercial applications, such as advertising displays.

Plasma Vision is 3.5" thick, weighs 31 lb., has resolution of 640x480 (307,200) pixels, can reproduce 260,000 colors. Viewing angle is 140°, almost as wide as picture tube and better than LCD. Display panel and video processing unit can be separated.

In Fujitsu's plans are plasma displays up to 60" in diagonal measurement, including 16:9 widescreen displays for HDTV and wall-hanging screen with built-in TV tuner.

NHK, meanwhile, demonstrated improved version of its 40" HDTV plasma display at open house at its Science & Technical Research Labs in Tokyo. Brightness has been increased 1.5 times since 1992 showing by means of new "cathode pulse memory" (CPM) drive system. Current brightness of 98 candela per square meter still isn't adequate for HDTV display, which NHK says requires about 150 candela. Smaller panel, 26", has 150 candela brightness and life of 10,000 hours, which NHK says almost satisfies requirements for home TV display.

NEW ZENITH OWNERS: Zenith has sold 500,000 of its newly issued common shares to institutional investors served by Crabbe Huson Co., Portland, Ore., which now manages some 2 million shares -- about 6.6% of shares outstanding, presumably largest block of Zenith stock. At week's end, it announced \$10-million sale of 1.5 million shares to Fletcher Capital Markets in consummation of agreement reported earlier.

Crabbe Huson filed 13-D statement with SEC just before current purchase after it bought 100,000 shares in open market, raising its beneficial ownership to more than 5% of Zenith stock.

Crabbe's new purchase of 500,000 shares was at \$6.75 per share, totaling some \$3.4 million. On May 17, day of announcement, Zenith common stock closed at \$7.75, up 50¢. Second largest holder is Zenith Profit Sharing Fund, followed by Manning & Napier Advisors, which holds just under 5.4%. Korea's GoldStar, with slightly less than 5%, presumably was displaced as 3rd biggest holder by Fletcher Capital.

In addition to sale of stock, Zenith announced signing of \$90-million revolving credit agreement announced in April (TVD April 5 p17). It's with lending group led by GE Capital Corp. and runs through 1994, replacing existing bank agreement.

Winner of gold design award by Business Week in consumer electronics category is Go-Video's unique oval-shaped Palm-Mate universal remote control. Judge in consumer electronics category was TVE Industrial Design Mgr. Lou Lenzi. Another gold design award in consumer products went to Sony for My First Sony electronic sketch pad.

MATSUSHITA ASSAILS MINIDISC: Top Matsushita DCC official launched unusually scathing attack on Sony's rival MiniDisc system, saying format acronym, "MD," stands for "missing dream."

Harsh remarks by Ted Abe, gen. mgr., Matsushita DCC Business Development Office, came at annual Panasonic-Technics technical seminar for European audio journalists in Wiesbaden, Germany, where format's Japanese co-developer had been expected to outline future of new DCC products and key component development.

Instead, Abe introduced results of what he said were "technical experiments" comparing DCC performance with "other systems." Demonstrations of noise performance pitted DCC's PASC coding system against MD's ATRAC. Our correspondent present in room said PASC demonstrated over wide band was shown to exhibit no noise, but ATRAC version suffered "very steep rolloff" at 15 kHz of audio. Abe said ATRAC effect was "very similar to conventional FM, not digital audio."

Abe then sought to magnify what he said was audible difference in performance over several generations of recordings. "For convenience" purposes, demos weren't live, but samples were played to journalists using DAT tape made from tests in lab, with CD as original source material. Musical samples of trumpet solo showed acceptable DCC signal after 5 copies, our correspondent said, while MD sounded "like a terrible mush."

Abe then made case for DCC on ground of much lower blank media pricing. Assuming that average German consumer buys 2 pieces of 60-min. blank media monthly, Abe said, citizen would have to pay premium of about \$88 for MD after one year.

Sony America spokesman responded by saying his company "wanted to take the high road." He said "since the MiniDisc format was introduced in November 1992, it has been extremely well received in all major worldwide markets by retailers and consumers alike. This favorable response is attributable to the format's sound quality, as well as its superior recording and playback performance over any type of tape cassette, particularly in the areas of convenience, reliability and random access operation."

* * * * *

JVC hasn't changed schedule for launch of its own MD or DCC products, spokesman said. In Feb. it indicated it first would market MD record-playback portable (with DCC home recorder to follow some time before year-end) in apparent show of independence from parent Matsushita. But since then, spokesman said, Matsushita "suggested" that JVC introduce apparent derivative of Panasonic DCC portable sourced from same Matsushita Japan facility that also is supplying Philips. Spokesman said "JVC considered it a good opportunity to get into the DCC market earlier than projected and accepted Matsushita's suggestion."

JVC apparently is in line to be first Japanese manufacturer to market products in both new digital audio formats. Spokesman said company will launch derivative of Matsushita-made playback-only DCC portable in late summer or early fall on Japanese market, followed by MD record-playback portable of JVC design shortly thereafter. Final product due by year-end in Japan will be JVC-made home DCC recorder. JVC sources in Japan and U.S. said no decision has been made on when such products might be marketed stateside, but Moyotoshi (Marc) Adachi said JVC hasn't closed door on possible U.S. debut of any or all of 3 products by end of 1993.

DIM JAPANESE RESULTS: More steep declines in profits for year ended March 31 were reported last week by Japanese consumer electronics companies following reports by leaders Sony and Matsushita (TVD May 24 p13). Poor state of Japanese economy, particularly slow demand for consumer electronics and strength of yen against dollar continued to get most of blame for plunging profits on consolidated basis.

Sharp pretax profits dropped 30% to equivalent of about \$472 million on 2.6% decline in sales. Audio and communication equipment category suffered biggest sales drop, falling 12.1% to about \$1.4 billion, while TV and video equipment was down 7.4% to \$3.37 billion. Office and industrial equipment and component sales were up 3.7%, largely due to strong demand for LCD panels. Company plans to invest \$231.5 million in LCD business in current fiscal year and aims at sales of \$1.57 billion, increase of 25%.

Sharp Electronics (U.S.) Chmn. Takayuki Hirooka said U.S. sales totaled \$2.4 billion, up from \$2.2 billion year earlier, and forecast 14% increase this year. Parent company expects consolidated profit and sales to rise modestly this year.

Hitachi net income fell 39% to \$666.3 million on 3% sales decline. Parent company sales of consumer electronics and appliances dropped 20%. Company expects flat sales and 3.5% increase in net profit this year.

Toshiba's net income plunged 48% to \$177.2 million, while sales declined 2%. Consolidated sales in "consumer electronics and other" category fell 8%. Company forecast increases of 3.7% in sales and 56% in net income for this year.

TDK pretax earnings fell 30.9% and net earnings 14.8% to \$158.6 million on 1.6% decline in net sales. Sales of recording media were up 1.3%, but electronic materials and components dropped 2.9%. For this year it forecast 1.5% decline in sales and 0.5% drop in net profit.

JVC added breakdown by product category to last week's release of basic financial data. It showed video and related equipment sales down 23%, audio equipment down 5%, TV down 8%, information related equipment and other up 9%, entertainment up 14%.

* * * * *

Go-Video profits were off 65.8% for quarter to April 30 on 62.7% jump in sales (see financial table), but Chmn.-CEO Terren Dunlap hailed 3rd consecutive profitable quarter as evidence "we are well on our way to our first profitable fiscal year" since going public. Company was in black for first 9 months as compared with loss for 1992 period. Dunlap said it now has 8-model product line and has entered accessory business.

Atari's loss increased 30.8% in first quarter from year ago on 77% decline in net sales. Company said it has instituted restructuring programs. It's preparing for launch of new Jaguar multimedia entertainment system and has more than \$40 million available for introduction of new products.

Floppy disc measuring 3.5" that can store 21MB of data has been developed by Sony on basis of technology and materials originated for 8mm video and DAT metal audio tape. Sony said its "Metal Servo Micro Floppy Disc" will be recognized as Japan Industrial Standard (JIS) this fall and format is being studied by ISO and IEC as possible international standard.

SEGA \$229 CD PLAYER IN AUG.: Sega will introduce new version of Sega CD peripheral in Aug. at \$229 suggested retail price, bundled with Sony Electronic Publishing's *Sewer Shark* disc, company told retailers at meeting in Fla. Introduction of new unit -- which company announced for Japanese market earlier this year (TVD April 5 p17) -- will follow markdown on current model to \$249 from \$299, price at which it was introduced last fall. Company had hoped to roll out new Sega CD at \$199 but was thwarted by rapid appreciation of yen in recent months.

New Sega CD is cosmetically sleeker than current model and is designed to fit side-by-side on shelf of standard stereo cabinet with newly designed Genesis console that's due to ship at about same time. In current configuration, Genesis console must sit atop CD peripheral in order to be connected to Sega CD. New versions have different connecting system, and adaptor to connect new CD player to old Genesis will be packed with player. New Genesis will carry same price as old one -- \$99 for console alone, \$129 with *Sonic The Hedgehog II* packed in.

As we reported, company achieved cost savings in new versions through improved printed circuit board design technology and other advances in miniaturization. Only functional difference between new Sega CD and old model is absence of headphone jack in new one, Sega said. New models went on sale in April in Japan at about 40% lower prices.

* * * *

Consumer media had field day with announcement by Sega that it's instituting new videogame age rating system and predictable response by Nintendo that system couldn't possibly need such a tool since all of its games are "acceptable to the entire family."

Sega announcement came at about same time that British Board of Film Classification (BBFC) limited sales and rental of Sega CD game *Night Trap*, which features live-action sequences of group of young women in peril from intruders, to people age 15 and older because of violence level. BBFC Dir. James Ferman was quoted by Reuters as saying that future live-action video games probably would be classified in same manner as films and prerecorded videos under 1984 Video Recordings Act.

As announced last week, Sega will offer 3 classifications: "GA" for general audiences, "MA-13" for mature audiences (parental discretion advised) and "MA-17" for adults (not appropriate for minors). For immediate future, Sega will affix ratings stamps to packaging; by end of summer, ratings will be part of package art.

Sega of America (SOA) Mktg. Dir. Ellen Beth Van Buskirk acknowledged that advent of CD-ROM games with ability to incorporate full-motion video changed dynamics of game play. "Going from cartoons to live action changes the emotional response to game play. That became clearly apparent when we were filming *Night Trap*," she said. Van Buskirk said Sega's "intent is to publicize this as a usable parents' tool" to guide them in selecting games or monitoring their children's choices. Rating will be determined by "a Sega advisory council" as part of "Sega Seal of Quality" program under which Sega approves games for manufacturing. In event 3rd party publisher disputes Sega's rating, Van Buskirk said, it is free to publish game without prominent gold Sega Seal of Quality. She specifically said, however, that Sega will continue to ban pornography and live sex for all products under its approval and control.

Risque and adult-oriented software, though exception rather than rule, is far from unique in computer field. Adult themes also are coming into play in newer consumer multimedia formats. Philips Interactive Media of America (PIMA) has been issuing steady stream of progress reports on production of CD-I disc *Voyeur*, interactive thriller that combines "the suspense of Hitchcock's *Rear Window* with the erotic overtones of Polanski's *Chinatown*." Disc is due out in fall.

But sex wasn't even mentioned in Nintendo's blast at Sega announcement, which called rating system "a smokescreen for more violent videogames." Nintendo of America "believes the future of the videogame industry rests upon adhering to a policy of internal standards and extensive game evaluation, not on unenforceable ratings systems," Mktg. Vp Peter Main said. He said *Night Trap* "would never be allowed to appear on any Nintendo format because of the strict game standard that we put into place in 1988."

Reaction among 3rd party publishers we contacted was mixed. Spokesman for Electronic Arts said company "likes it, and [is] considering it for ourselves." However, Sony Electronic Publishing doesn't think it's "necessary from our point of view," spokesman said, adding that "we'd be concerned if someone else were rating a game in a way other than what we felt was right."

BASF denied report that it's getting out of consumer tape business for financial reasons. Spokesman at German hq said that for first time in years, company hopes to turn profit in 1994. He said BASF recently made austerity moves, signing agreement in mid-March with China-based Hanny Magnetics for production of 30-50 million units of audiocassettes and videocassettes yearly. BASF no longer makes cassette housings in Germany because it can't compete with low wages of plants in Far East, spokesman said, but will continue to produce data cartridges in its home territory and has shored up its tape production facilities Munich. BASF now produces all tape for Philips and May 21 signed deal to manufacture 30 million videocassettes annually to Maxell specifications, spokesman said.

Product cycles for consumer electronics in Japan are being extended, according to survey by Ministry of International Trade & Industry (MITI), which found that longest will be for camcorders, to be extended 7.2 months to average of 19.2 months between model changes. Cycle for VCRs will be extended 4.5 months to 16.5 months in year through March 1994. In both categories, model changeovers previously occurred annually. While number of models of each product generally is declining, in some categories it's increasing. One of those is TVs, where number of models is expected to increase 6 models to 200 by end of fiscal year as more companies add TV/VCR combinations. VCR models are expected to increase 4 to 76 as more are fielded with easy programming systems.

"Consignment production" is key phrase in lexicon of Chinese companies in Guangdong Province, next to Hong Kong. Increasingly, Hong Kong electronics firms are farming out low-end products to companies in Guangdong. In 1992, *Nikkei Weekly* said "there were 18,000 consignment production plants in Guangdong, 90% of which were owned by Hong Kong companies." Article said Sansui procures more than 50% of its products in Guangdong. China is taking over production of headphones, low-end minicomponent systems, simple telephones, small computer printers, game machines and small-screen TVs from Hong Kong and other Far Eastern countries.

JVC 16:9 PROJECTOR AT \$4,500: JVC said it has begun shipping 55W" projection TV at \$4,500 list price. In good-natured jibe at Thomson's well-publicized launch plan, Al Levene, gen. mgr. of JVC's Color TV Div., noted JVC is shipping nationally, "not just to west coast markets that have a lot of laserdisc players."

As displayed earlier this year at JVC Technofair exhibition in Yokohama (TVD Feb 8 p16), set uses unique circuitry to progressively stretch only outer 40% (20% on each side) of 4:3 picture, avoiding most distortion normally caused by linear expansion or chopping off of top and bottom of picture in zoom mode (though those modes can be used where appropriate). Set also includes range of audio and video enhancements, including 9 DSP modes. Set is being built in JVC factory in Elmwood Park, N.J. Levene said JVC has no plans to introduce widescreen direct-view set in U.S., saying that it makes more sense to stick with projection version since widescreen model "is still in the range of what [4:3] projection TV is being sold for today."

JVC America Exec. Vp Harry Elias said company achieved sales of more than \$1 billion last year in U.S. (noting that it employs fewer than 400 people here), sales having risen last year while profits remained at about same level as year before. He said relative strength of U.S. operation in face of weakness of Japanese and European economies has made "dialog much better" with Japanese parent, with more product geared to U.S. specifications than in past.

Elias said he hoped industry would be able to raise some prices this year, and said JVC would be informing its dealers of selective increases in near future. "If the consumer was going to spend \$299, he's going to spend \$329 if he has to. We really should not be all shook up and afraid [of raising prices]; the consumer still wants our products," he said.

Elias forecast that VCR sales this year would reach 12.8 million units, with household penetration levels passing 80% mark. He said camcorder volume would hit 3.1 million units, 20% going to full-size models and rest split evenly between VHS-C and 8mm. Household penetration at end of year would be about 21%, he said. He said color TV sales should come in at around 22 million units, with "bigger screens getting more attention, which means more profit."

Consumer Video Mds. Vp Donn Barclay said challenge for manufacturers, in absence of significant price breakthrough, is to show consumers "how they can integrate camcorders into more aspects of their lives" and helping them prepare more interesting programming. He said issue of low-cost camcorder is under discussion at JVC, but company has "no specific product" to report on now. He said he believes camcorders can reach 30-33% household penetration "without a major breakthrough," although "to go to 40% needs a major breakthrough" on price or performance.

JVC will include random assemble editing (RAE) feature in 3 of 4 new palm-sized units, which also include multibrand remote to enhance editing with 14 brands of VCRs. Top 2 models in palm camcorder line have integrated light that runs off main battery. Top model, in addition to those features, has 2X digital zoom, digital stabilizer, 6 autoexposure modes. List prices on first 3 models are in \$100 price increments from \$900 to \$1,100, with figure still to be determined on top of line.

All 9 new JVC VCRs include center-mount design, RAE, auto timer and "Family Message Center," which lets user leave customized message up to 20 characters long on

"electronic bulletin board," with blinking on face of VCR alerting others that message is waiting. Standard VCR models range from 2-head entry level model (\$290) to top 4-head hi-fi unit (\$600) that incorporates VCR Plus and cable box controller, jog shuttle on VCR and remote, AV Compu Link for integration with other JVC audio and video products. Three-model S-VHS lineup (\$800, \$900 and \$1,000) is topped by unit that includes Super Spec Mechanism for faster response and improved accuracy (rewind/fast forward of T-120 tape is cut to 1.5 min.), RAE, Jog/Shuttle multibrand remote, VCR Plus, cable box control.

Aside from 55W" projection set, new TV lineup includes pair of 35" sets, three 31", three 27" sets, one 26", four 20", two 13". Top-of-line 27" (\$1,000) and 31" (\$1,600) models include 30% flatter screens than standard sets, with darker glass and Invar masks. Both also incorporate "Theater Status," which automatically adjusts picture parameters to more theaterlike levels, and come with wireless headphones for listening to either main picture or PIP inset; 8-element IR transmitter is mounted on front of set for uninterrupted sound transmission.

* * * * *

Other recent product introductions:

Canon rolled out "Illuminator," first camcorder with pop-up video light. New 8mm E520 has 4-beam IR autofocus, rotating grip, viewfinder, weighs 2 lb., has 10x zoom, automatic exposure system, available in late June at \$1,199 suggested list, designed for street price of about \$799.

Ricoh is fielding new R-16 model with 10x zoom, stereo sound, built-in supplementary wide-angle lens, wireless remote, programmable auto exposure system. Its 8mm model has S-video input and output for editing, with suggested retail price of \$1,299.

TANDY DROPS TEE SPINOFF: In surprising retreat from plan to spin off its manufacturing operations into separate company (TVD Jan 18 p10), Tandy last week said it would sell its computer manufacturing operations to AST Research for price "estimated not to exceed \$175 million." In line with decision, company also said it plans to divest itself of several other nonretail businesses, including Memtek Products (which manufactures and markets Memorex tape and accessories) and O'Sullivan Industries, major factor in ready-to-assemble furniture.

Businesses that are to be retained consist mainly of manufacturing and distribution operations that support Tandy's core retail businesses -- Radio Shack, Tandy Name Brand Retail Group, Computer City.

Wall St. analyst who asked to remain anonymous said TE Electronics (TEE) -- proposed manufacturing spinoff -- would have been "a black hole. If they spun it off, it would have drained that company of cash." Potential investors apparently were made wary by Tandy financial report (TVD April 12 p15) that showed that had TEE been independent company last year, it would have generated \$9-million operating loss in 6 months to Dec. 31, compared with \$15-million profit in same period year earlier.

Analyst said Tandy officials, in conference call with financial community, said AST approached them with offer for computer business -- move that prompted Tandy to reevaluate plans. He said company will attempt to auction off other businesses. Funds from sale of computer and other operations will be used to pay debt and help fund Tandy's retail operations.

IMPORTS BY COUNTRY: Japan supplied only 36.7% of all VCRs in first quarter, down from 44% in same 1992 period, according to Commerce Dept. import data. Major increases were in VCR imports from Malaysia, Indonesia and Singapore, but only Malaysia showed any significant gain in March.

In TV, all major source countries -- Mexico, Malaysia and China -- had increases in quarter, while minor suppliers generally had declines. Here are Commerce Dept. import figures for March and quarter:

VCR Decks

	March	% Chg.	1st Qtr.	% Chg.
TOTAL....	1,125,700	- 8.7	2,863,500	-12.0
Japan....	440,700	-28.4	1,050,600	-26.6
Malaysia.	289,900	+90.3	687,200	+35.4
Korea....	238,900	+ 0.4	615,300	-17.4
Indonesia	72,300	- 5.8	178,600	+28.7
Thailand.	49,250	-52.6	173,700	-12.0
Singapore	30,800	- 1.6	135,200	+91.9
Taiwan...	0	--	14,100	-68.8

TV Sets

	March	% Chg.	1st Qtr.	% Chg.
TOTAL.....	1,080,300	+14.9	3,003,600	+ 7.6
color....	953,800	+16.6	2,655,200	+11.9
b&w.....	126,500	+ 3.6	248,500	-16.5
Mexico				
color...	595,300	+32.0	1,588,500	+23.4
Malaysia				
total....	127,200	+57.0	366,100	+46.5
color...	116,400	+55.8	322,100	+40.5
b&w.....	10,900	+72.2	34,100	+64.0
China				
total...	198,300	+262.2	293,300	+36.3
color...	128,900	+247.7	142,000	+26.8
b&w.....	70,000	+296.0	150,300	+68.4
Thailand				
total....	178,400	+125.5	231,300	+ 1.3
color...	178,400	+125.5	223,500	- 2.0
b&w.....	0	*	7,700	*
Korea				
total...	58,100	-48.5	195,400	-40.5
color...	39,000	-44.9	121,000	-35.4
b&w.....	19,100	-54.6	74,400	-47.1
Japan				
total...	38,800	+20.4	103,000	+19.0
color...	13,800	-22.1	72,900	+40.6
b&w.....	25,000	+75.3	30,100	-13.3
Taiwan				
total...	29,600	-43.1	75,200	-52.1
color...	14,300	-24.6	22,500	-57.4
b&w.....	15,300	-53.7	52,700	-49.4
Singapore				
color...	21,900	-44.9	57,600	-74.9
Hong Kong				
total...	10,300	-36.1	33,200	-28.3
color...	9,800	-31.9	31,000	+ 7.7
b&w.....	500	-71.3	2,100	-87.8
Philippines				
color...	7,300	- 4.3	26,700	+23.5
Canada				
color...	6,000	+ 7.9	16,100	-25.4

* No significant shipments in 1992.

Some totals may not add due to rounding.

First-quarter data reflect adjustment by Commerce Dept.

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
Atari			
1993-qtr. to March 31	10,150,000	(2,018,000)	--
1992-qtr. to March 31	44,079,000	(13,848,000)	--
Chryon Corp.			
1993-qtr. to March 31	8,346,000	257,000	-- ^a
1992-qtr. to March 31	7,650,000	234,000	.01
Go-Video			
1993-9 mo. to April 30	22,606,521	122,620	.01
1992-9-mo. to April 30	11,492,824	(985,421)	--
1993-qtr. to April 30	7,878,932	41,227	--
1992-qtr. to April 30	4,842,742	120,683	.01

Note: ^aIncludes special credit.

Consumer Electronics Personals

Sony Chmn. **Akio Morita** to be appointed chmn. of Japan-U.S. Business Council at June 18 meeting, succeeding **Eishiro Saito**, Nippon Steel pres; Morita also reportedly is in race for chmn. of Keidanren, Japanese business federation, of which he currently is one of 12 vice chmn... **Tadahiro Sekimoto**, NEC pres., named EIAJ chmn., succeeding Mitsubishi Pres. **Takashi Kitaoka**... **Takayuki Hirooka**, chmn. of Sharp Electronic Corp. (U.S.) and deputy gen. mgr. of parent company's International Business Group, to be promoted to dir. of parent company.

Michael Schulhof named pres.-CEO, new Sony Corp. of America, parent of Sony U.S. operations, reporting to board consisting of **Akio Morita**, honorary chmn., **Norio Ohga**, chmn., **Ken Iwaki** and Schulhof. Ohga is chmn., Iwaki pres., of new Sony Group International Exec. Committee, coordinating international activities, and of Sony International, new company with hq in N.Y. (see report, this issue)... **Kunio (Kirk) Nakamura** July 1 becomes chmn.-CEO of Matsushita Electric Co. of America (MECA), succeeding **Akira (Andy) Imura**, who returns to Japan in overseas relations post (see report, this issue); as we reported last week, Nakamura also succeeds Imura as dir., Corporate Management Div. for the Americas (TVD May 24 p10).

Amihai Miron has resigned as dir.-electronic systems research at Philips Labs, where he was key figure in development of ghost-canceling and PIP systems, to "seek other opportunities in consumer electronics;" phone 914-762-6513... Denon America appointments: **Ryusei Takahashi** named chmn.-CEO, replacing **Hajima Yamagata**, resigned; Takahashi will retain post of chmn. of Denon operations in France, Germany and U.K., dividing his time between Europe and Denon America hq in N.J.; **Stephen Baker**, dir.-sales, promoted to vp-sales and mktg... **Ralph Cervantes** named gen. mgr. of Marantz Div. at Bang & Olufsen of America and assumes duties of former National Sales Mgr. **Jeffrey Wilner**, who resigned for "personal reasons," plans unannounced... **Elliot Schwartz**, ex-Acoustic Research and Bose, joins AudioSource as national sales mgr.

Nancy Jones promoted to LIVE Home Video national sales dir., overseeing programs for distribution and retail accounts; National Sellthrough Dir. **Craig Van Gorp** shifts to national accounts sales dir., responsible for sales efforts to racks, mass merchants and other national accounts.