

# TELEVISION DIGEST®

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

With Consumer Electronics

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**CONGRESSIONAL SKEPTICS CHALLENGE VIOLENCE AGREEMENT:** Network executives June 30 unveiled what they saw as pioneering agreement for voluntary violence ratings on prime-time programs. But glow of their achievement quickly faded next day when they were forced onto defensive by hostile questions and statements from members of House Telecom Subcommittee. Ranging in tone from outright anger of Rep. Bryant (D-Tex.) to mild-mannered comments of Rep. Moorhead (R-Cal.), statements that crossed party lines virtually uniformly said that Congress might be willing to accept ratings as first step, but that more action better be coming -- and soon.

Statements at hearing expressed same sentiments as those of other lawmakers who also have been active in issue. Sen. Dorgan (D-N.D.) said plan was "a small step in the right direction," but "real question" will be whether future programming will contain more violence or less: "If the industry continues, as it has in the past, to use more and graphic violence in their programming, but says that they will now warn us about it beforehand, that is not much progress as far as I'm concerned." Dorgan said Senate Commerce Committee will hold hearing in late July on his bill calling for FCC to publish TV violence report. Other sources said Commerce Committee Chmn. Hollings (D-S.C.) may introduce his own bill on topic. Dorgan's N.D.

### Consumer Electronics

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colleague, Sen. Conrad (D), who organized Citizens Task Force on TV Violence, said there's still too much violence on TV, and said he would continue petition drive to reduce it.

Under network plan, parental advisory -- "Due to some violent content, parental discretion advised" -- would be broadcast in promotions for program, around commercial breaks, and text would be used in print advertisements. In addition, Tribune Media Services, which supplies TV listings to 250 newspapers, including N.Y. Times and L.A. Times, said it will carry violence warnings to flag shows programmers deemed too violent.

Participants in news conference announcing agreement hailed development as significant achievement, yet only first step. House Telecom Subcommittee Chmn. Markey (D-Mass.) said that in past, discussions had revolved around question whether TV violence contributed to real life violence. Now, he said, this is "the dawning of a new era" in which relationship is assumed and debate will be whether any particular program should have received violence warning. Sen. Simon (D-Ill.), leader on issue, said he hoped there wouldn't be need for more legislation.

Networks said they would use warning if "the overall level of violence in a program, the graphic nature of the violent content, or the tone, message or mood of the program make it inappropriate." Seven-point program to which networks agreed also said that factors such as context of violence and time period in which program is being shown would be considered, and would take into account such factors as whether there's only "isolated act of violence," such as one murder at beginning of murder mystery, or for type of program assumed to have some violence, such as westerns.

At least one new show for fall, ABC's "NYPD Blue," will carry warning (TVD June 14 p6). Network executives said they will determine later whether other new programs should be tagged. There are no regular TV series that would have label, although executives didn't rule out using it for particular episode of series.

Networks said they expect to lose money with new violence warnings if advertisers decide not to support programs that have notices. But CBS Bctg. Group Pres. Howard Stringer said that if advertisers walk away from all drama, then "the vast wasteland would become the dull wasteland." MPAA Pres. Jack Valenti underscored financial risk of networks, saying: "Ain't nobody going to make any money out of this."

But at hearing, network executives resisted Markey proposal to allow parents to have option to block out all programs with violence designation, rather than to have to block out each one singly. Executives said not only were violence ratings reasonable, but that they were taking more internal steps to curb violence, such as restricting most violent activity in programs until end of shows late at night when children wouldn't be watching.

Markey was pleased that networks had accepted part of his proposal for controlling violence -- adopting rating in first place -- but clearly was displeased when networks drew line against mass program blockage from consumers. Markey called his proposal "a reasonable and modest request," saying that it would be networks that would put violence designation on shows in first place. He said July 1 was date that Congress had voted for TV sets to be built with chips for closed-captioning, and instead of adding \$25 or \$30 to cost as industry had predicted, cost is less than \$5 and chips will have more data capacity than planned.

Cap/ABC Chmn. Thomas Murphy said networks "are not prepared" to allow parents to block out more than one show at time, and Fox Gen. Counsel George Vradenburg said that whether parents choose to block out program should "depend on the show" and that choices should be made "on a program-by-program basis." Peter Tortorici, exec. vp, CBS Entertainment, said allowing parents to block out week's worth of programming, as Markey suggested, would "deprive people of choice," while Warren Littlefield, pres., NBC Entertainment, said there should be individual choice, not "blanket labeling." Valenti compared proposal to being able to vote on ballot for all candidates of one party or of one position on issue. Voters, he said, should be required to make individual choices.

Those answers from executives didn't make lawmakers any more comfortable about network response to congressional and public concerns. Bryant, noting that network initiative had won praise, said he didn't believe networks "deserve one kind word" for rating, but instead deserve "condemnation for sitting on their hands for 3 years." Congress changed antitrust laws for industry in 1990 so that it could come up with solution to violence, Bryant said, but networks "did nothing, not a thing," and he called violence conduct code "laughable." Rep. Fields (R-Tex.) asked whether networks would have acted at all on violence without

congressional pressure, and whether new plan would have been announced if hearing hadn't been planned. He concluded not, in each case, adding that he wanted to see quicker reaction from industry at Aug. 2 L.A. conference and "immediately thereafter."

Networks wouldn't give up, however. Vradenburg said they had "justifiable pride" in social responsibilities in programming. While some experts draw link between TV violence and real-life violence, "it does no good to condemn us for murder in the streets," he said. And Tortorici had blunt exchange with Bryant on acts of violence that took place in one TV movie about policewoman with at least half-dozen assorted stabbings, shootings and other murderous actions. Violent acts weren't "graphically depicted," CBS executive said, adding that there was no "blood and gore or bullet-riddled corpses."

Charles Hewitt, pres. of Satellite Bctg. & Communications Assn., demonstrated new capabilities of satellite programmers, including ability to block programs and to receive information about program content. While most of discussion involved networks, Showtime Pres. Winston Cox testified that Satellite Network Programmers Committee intends to have follow-up study on violence in 2 years to determine whether level of violence on cable-originated shows has dropped. One study already done for industry found less violence than on broadcast TV. He also questioned whether "singular, standardized system can be administered for all television networks."

**HUNDT GETS WHITE HOUSE NOD AS FCC CHMN.**: Washington attorney Reed Hundt, long-time confidant and law school classmate of President Clinton and high school classmate of Vice President Gore, has been tapped by White House for Democratic seat at FCC. Administration announced intention to name Hundt June 29 and Clinton said he would be appointed chmn. after his confirmation by Senate. He had been front-runner for post since Senate Commerce Committee senior counsel Antoinette Bush withdrew from consideration (TVD May 31 p7). Sources had expected Clinton to name Republican or independent to Commission at same time, but that didn't happen. GOP situation was described to us as "a real political brouhaha," with Regina Keeney, Senate Commerce Committee minority counsel, and Bruce McGorrill, NAB TV dir. and exec. vp of Me. Bctg., prime contenders. Sources said Hundt will play a role in that appointment.

Hundt, 45, is senior partner in Washington law firm Latham & Watkins, which he joined in 1975, becoming partner in 1982. He has represented clients "across the board in every area of communications," including Wireless Cable Assn., according to colleague. Currently, he's representing Evergreen Bctg. of Chicago in First Amendment indecency case. He has been most active in antitrust issues. Clinton said: "Telecommunications innovations are constantly changing the way we as Americans communicate with each other and with the world. With his years of experience, I am confident Reed Hundt will do an excellent job steering the FCC through the challenges it will face over the next 5 years."

Appointment received broad praise in Washington, except perhaps from cable industry, which sources said generally opposed Hundt "and that was pretty stupid," we were told. Other typical comments: "He's smart as hell, scary smart." "He's in tune with Clinton-Gore [Vice President was his primary booster in White House]." "He has great integrity... You can expect regularity at the FCC [and] openness and fairness." Man he will replace, FCC Comr. Quello, told us he doesn't know Hundt (who called Quello June 30 and they set up July 12 lunch) but "I hear good reports on him." Citing Hundt's antitrust background, Quello said that would be helpful at FCC "on a number of issues, particularly in the common carrier field... He's faced with a very difficult administrative job" in implementing provisions of Cable Act.

FBI hasn't run background check on Hundt yet, which means his name probably won't go to Senate formally for several weeks. That, in turn, means he isn't likely to assume seat on Commission until fall. Hundt has been friend of Gore since both were at St. Albans School (from which Hundt graduated in 1965) in Washington. He became friends with Clinton and now-U.S. Supreme Court Justice Clarence Thomas when all 3 were students at Yale. Hundt received JD from Yale Law School, magna cum laude, in 1974. He has been adviser to Gore on economic issues since 1984, assumed same post with Clinton Presidential campaign in 1991, and played major role in Clinton-Gore transition team on economic matters. Among Hundt's partners at Latham & Watkins are ex-FCC GOP Chmn. Mark Fowler, ex-Common Carrier Bureau Chief Gary Epstein and Nicholas Allard, counsel for Wireless Cable Assn. Hundt lives in suburban Chevy Chase, Md., with his wife Elizabeth Ann Katz, 2 sons, daughter.

Among early industry reactions: NAB Pres. Edward Fritts: "Reed Hundt is an attorney with outstanding credentials who will provide solid grounding for the many complex issues facing the FCC. We look forward

to working with him..." NBC Washington Vp James Rowe: "Reed is very capable and very intelligent and that's exactly what the communications industry needs in Washington." Telocator Pres. Thomas Stroup was "pleased" with selection because Hundt will "have the opportunity to oversee the development of PCS, which has the potential to provide a tremendous boost to the American economy and bring a full range of new services to the public." Stroup also praised Quello's leadership and FCC's decision on narrowband PCS in June.

**MOONEY RESIGNS AS NCTA HEAD:** Beset by rifts within his board and complaints about passage of Cable Act, James Mooney resigned abruptly as NCTA pres. July 1, 9th anniversary of officially taking over job. Action ended months of speculation about his future. Mooney and others denied he was forced out by NCTA board, saying that if that were true it would have happened in Nov., just after Cable Act vote, when board gave him new multiyear contract. But others in industry said Mooney's relations with at least some MSO CEOs had deteriorated seriously, as had his relations with Capitol Hill and others in govt. Search committee for successor hopes to meet this week; Exec. Vp Decker Anstrom will fill spot on interim basis.

Mooney cited stresses of job, desire to be with family and interest in starting "3rd career" for his decision, which he disclosed to NCTA exec. board at NCTA convention. He said he wasn't urged to leave: "No one suggested it. It was my initiative, my timing, my judgment about what to do with the rest of my life." NCTA Chmn. Richard Roberts of TeleCable said last time board formally considered Mooney's future it gave him "strong vote of confidence" and renewed contract. "I am not aware of any significant pressure" on Mooney to resign, Roberts said. Mooney has multiyear consulting contract with NCTA, negotiated as part of his departure agreement finalized last week. Neither Mooney nor others would discuss terms of consulting contract, but he and Roberts clearly indicated that annual fee is well below Mooney's reported \$560,000 annual salary for 3 years remaining on contract. However, others said it could amount to that, simply being spread over longer period. Agreement includes confidentiality clause.

Mooney acknowledged that Cable Act "contributed to the headaches of the job," but said that wasn't reason for decision: "When you do something for a really long time and the enjoyment starts to slack off, you ought to do something about it." Mooney, 50, said he believes there will be great opportunities in blossoming cable industry and "if I don't do this now, I'm not going to do it."

Several cable executives said they believe it's time for new face at head of NCTA, largely because of deteriorating political relations. Former NCTA Chmn. James Robbins, pres. of Cox Cable, said that "political relations in the industry are at a pretty low ebb, and unfortunately there was a feeling that there had to be a change. I think Jim saw it that way, too. I don't think there was pressure, Jim just looked at the landscape, and also clearly the family considerations are important to him." Mooney "probably could have stayed indefinitely if he had wanted to," Continental Chmn. Amos Hostetter said. "But it wouldn't have been much fun. I probably wouldn't have put up with that either." He said Mooney has been very effective, but "after 12 years he has a few battle scars. When you've been doing this as long as he has, it's natural that you've made a few enemies, and over time that list gets longer." Hostetter said successor should have essentially same skills as Mooney: "NCTA's most important function is legislation and regulatory representation. That is where we have got to keep our focus. Technical or advertising skills would be secondary."

There was no immediate front-runner to replace Mooney. Cable executives queried said they had no particular ideas, although some did say that obvious candidates include recently retired members of Congress, other association executives, even possibly an FCC official. Industry reportedly had been very interested in former Sen. Wirth (D-Colo.) until he accepted job with Clinton Administration. "We need a visionary," one MSO executive said, "somebody who can look years out ahead, see where we need to be, and devise a plan to get there. The new president should be a vocal, articulate, active advocate for the industry, rather than just a lobbyist." Official cited MPAA Pres. Jack Valenti as "prototype" for new NCTA pres.

Newhouse Pres. Robert Miron will head search committee. Miron, also former NCTA chmn. and head of group that negotiated customer service rules agreement, said that committee, which still is being formed, has no preconceived ideas. He said he hopes to have full panel named and first meeting this week. Miron wouldn't discuss what talents committee will be looking for, saying only that industry "needs to be as careful as we can." Roberts said there's "some sense of urgency" about filling slot because industry faces "tumultuous times." He said long list of requirements includes skill in dealing with Hill and FCC and person who's "at least facile with the technology implications and its impact on the future of the industry."

Some of smaller MSOs are said to be seeking bigger input in decision, in part because they felt that big MSOs had protected Mooney too long. One official of midsize MSO said it would be "unfortunate if the association were to make a completely conservative consensus choice. If ever there was a time when the industry needed a visionary leader, it is now." One executive was critical of choice of Miron to head search committee, saying he "really represents the status quo." Miron was said to have been largely unaligned to any board factions since Cable Act. Robbins said new pres. should have "a terrific understanding of a very complex industry" and be "a real shirt-sleeve working executive who is comfortable with the press and an excellent communicator."

Mooney said he plans to spend rest of summer sailing in Me., then will consider alternatives, including offers from 2 law firms and 3 corporations he said he already has received. He said he "would be surprised" if new job had "no public policy angles, but equally surprised if it was conventional lobbying. I'm not leaving this place to do the same thing somewhere else." He was credited with spearheading move to win cable deregulation in 1984, his first year as pres. Before that, he spent 3 years as NCTA exec. vp and 12 years on Capitol Hill, including 4 years as chief of staff to House majority whip.

Reactions to Mooney's departure included: (1) House Telecom Subcommittee Chmn. Markey (D-Mass.), often critic of cable in general and NCTA in particular, said resignation "will leave a gaping void in the representation of the cable industry. Jim was as tough, effective, persistent and tireless an advocate for his industry as any head of a trade association in this country." (2) NAB Pres. Edward Fritts, often NCTA opponent, called Mooney "a very effective advocate" who "made a significant contribution in positioning the industry for the growth and success it has experienced." (3) FCC Comr. Duggan said Mooney "presided impressively over a period of spectacular growth and success... His industry in recent times may have lost battles, but it did so under a skilled general."

**In precedent-setting case**, U.S. Dist. Judge Irving Hill, L.A., said broadcast networks, CNN and others didn't infringe copyright by broadcasting tape of Rodney King beating. Hill said that KTLA L.A. bought rights to use tape itself and to license it to others when it paid \$500 to George Holliday, who made home video. CNN also sent Holliday check for \$150 and NBC sent \$500. Holliday had sued for more than \$1 million in copyright payments. Judge said broadcasters and cable networks also theoretically could have used tape without any monetary compensation under fair use doctrine and through exercise of press's First Amendment rights. "This is the first case I know of where an amateur's claim for payment has gone to a hearing," said CNN counsel Daniel Waggoner of Seattle. "The judge's decision says that while anyone has the potential to become an amateur videographer with some compensation, they should be treated like professional stringers/photographers who receive standard compensation for their work. Amateur videographers will not make huge monetary windfalls."

**Former FNN executives** inflated troubled cable network's earnings and revenue by millions of dollars in 1989 and 1990, SEC said in court documents filed in U.S. Dist. Court, D.C. In civil suit, agency is seeking permanent injunctions against Chmn. Earl Brian, Chief Financial Officers Stephen Bolen and Gary Prince, Controller Mitchel Young. Suit also seeks repayment of allegedly illegal profits that it said Bolen made on insider trading of 20,000 shares of FNN and \$800,000 unauthorized payments to company he controlled. Brian already has agreed to consent decree without admitting or denying allegations.

**President Clinton** made his first nomination to CPB board June 28 -- politics Prof. Diane Blair, U. of Ark.-Fayetteville. Clinton called Blair -- former Ark. Educational TV Commission chmn. and legislative aide to ex-Sen. Symington (D-Mo.) -- "one of the most respected people in my state and a dear friend of mine and Hillary's." Blair, who has taught at U. of Ark. since 1968, has written extensively on state's politics and govt.

**FCC Comr. Duggan** has been mentioned as possible candidate for PBS presidency. PBS Search Committee Chmn. Ted Capener, immediate past chmn. of PBS board, confirmed that Duggan's name had come up, but said panel hadn't formally identified any candidates yet and that Duggan hadn't been interviewed. Duggan aide said he hadn't been contacted by anyone about job, and that mention of his name was "pure speculation." Duggan, who served in White House under President Johnson when CPB was established, is seen as friend of public broadcasting. Among possible internal PBS candidates mentioned are WGBH-TV Boston Pres.-Gen. Mgr. Henry Becton, KCTS-TV Seattle Pres. Burnill Clark, WETA-TV Washington Pres. Sharon Rockefeller. Another possible candidate, WTVS Detroit Pres.-Gen. Mgr. Robert Larson, serves on search committee, whose members Capener told us have agreed not to be considered for job.

**FCC's cable rules** must "incorporate reasonable flexibility" to assure that industry retains ability and incentive to continue investing in next-generation networks, FCC Comr. Barrett said last week at regulation seminar sponsored by Prentice Hall. He said rules mean that industry will be "economically challenged" by regulatory disincentives to invest in new services, so FCC "must consider the effect of the rules on investment... I am concerned that the Commission's cable regulations, and our efforts to implement these rules, do not unnecessarily restrict cable from being a leader in the development of this information system." He said FCC should adjust rate mechanism "where necessary" to reflect market factors such as customer density and regional economic differences, as well as to accommodate "legitimate business practices."

**TV station billings** for first 5 months of 1993 were up 2.7%, TvB reported. ABC, NBC and CBS affiliates showed 2.4% increase, independents and Fox affiliates 4%. On radio side, RAB said local spot was up 10% in May vs. 1992, following 6% gain in April, with national spot up only 1% in May.

**SHOPPING MUST-CARRY OKAYED:** Home shopping stations are operating in public interest, so they qualify for must-carry status on cable systems, FCC ruled in 2-1 vote July 2. In dissent, Comr. Duggan said decision "deliberately and explicitly puts forward a minimalist definition of the public interest standard." Comr. Barrett said home shopping format doesn't preclude stations from serving public interest, including providing way to launch small and marginal stations, many owned by minorities. Decision affects estimated 100 TV stations and thousands of cable systems.

House Commerce Committee Chmn. Dingell (D-Mich.), who had said earlier that granting home shopping stations must-carry would make "mockery" of public interest standard (TVD June 28 p6), called decision "a mistake." He said FCC "missed an opportunity to address the issue of whether television stations should be permitted to broadcast commercials in whatever form virtually 24 hours a day." Dingell said he intended to "press for meaningful limits on commercialization, as well as a meaningful definition of the public interest responsibilities of television licensees." Congressional Black Caucus earlier urged FCC to decide in favor of home shopping stations, saying that not to do so would "pose a fatal threat" to those stations. Caucus Chmn. Rep. Mfume (D-Md.) said in June 30 letter to FCC Chmn. Quello that African Americans own only 19 of 1,500 commercial TV stations, with 7 of those part of Home Shopping Network (HSN).

Decision could force broadcasters to "defend their uses of the spectrum and the terms under which licenses are granted," 5 senators said in pre-decision letter to FCC. Letter, signed by Sens. Breaux (D-La.), Burns (R-Mont.), Lott (R-Miss.), Shelby (D-Alab.) and Wofford (D-Pa.), said FCC shouldn't "compound the earlier error" of licensing shopping stations by giving them must-carry.

NCTA said that granting home shopping stations preferred status over cable networks such as C-SPAN and CNN "demonstrates how totally bankrupt the must-carry rules are" and "underscores why we are asking the Supreme Court to overturn the whole regime." NAB spokesman said FCC made right decision: "There should be no discrimination against any TV programming."

FCC said it based public interest finding on 3 criteria: (1) Home shopping has significant viewership, as attested by increasing number of stations carrying format. (2) Existing license renewal system adequately considers competing demands for spectrum. (3) Shopping stations play important role in providing competition to cable-delivered shopping services.

Duggan said decision blurs distinction between programming and commercial content and "presents deep questions of public policy." He said his quarrel isn't with shopping station licensees, but "with a regulatory philosophy that seems no longer to care about quality." Barrett said Commission must consider factors other than those explicitly in Cable Act in making shopping must-carry decision, including stations' compliance with FCC standards on political and emergency broadcasting, children's programming, indecency, public affairs programming.

Weather Channel said it will produce low-cost version of its addressable cable receiving system, Weather Star. Network signed agreement with Wegener to manufacture receiver, beginning in mid-1994.

**HILL SETS SEPT. 1 FOR CABLE RULES:** Congress sent strong message to FCC July 1 that Commission should begin implementing rules for Cable Act by Sept. 1. That's month earlier than date set by Commission.

Sept. 1 deadline was contained in "explanatory statement" that accompanied House-Senate conference report on FY 1993 supplemental appropriations. House approved conference report 243-170 July 1, followed by Senate on voice vote. Conference committee met June 30. Bill for FY 1993 supplemental appropriations contains \$11.5 million for FCC to implement cable rules.

Message from Congress was put into conference report by Sen. Inouye (D-Hawaii), who chairs Senate Communications Subcommittee. It said: "The conferees expect the Commission to begin to implement the Cable Act immediately upon enactment of this Act [appropriations bill]. In addition, the conferees intend that the Commission shall establish a date as soon as possible after enactment of this Act, but that date shall be no later than Sept. 1, 1993, as the date from which consumers may obtain refunds of excessive rates for the basic service tier of cable television service and for cable programming services."

Conference report also said FCC had asked that funds for FY 1993 for cable implementation originally targeted for personnel expenses be used instead for "program support" and "one-time construction costs for 'permanent space' for the new employees." Report said: "Since the Commission is still undecided on its plans for the permanent location for the FCC headquarters, the conferees agree that it is inappropriate for the FCC to expend funds for 'permanent space' for those personnel implementing the Cable Act. The conferees expect the FCC to house personnel in temporary GSA space until such time as a decision has been made on a site for a permanent headquarters."

Congressional intent differs markedly from hard line taken by Commission in June 30 letter to House Commerce Committee Chmn. Dingell (D-Mich.), which said agency had found that "cable regulations cannot be implemented prior to October 1." Dingell said he continues to support FCC plans to delay rate regulation until Oct. 1.

Commission listed 4 reasons for Oct. 1 starting date: (1) Staff must be assembled to deal with challenges to local franchising authorities' requests for certification. (2) There still are open issues on implementing rate regulation. Commissioners admitted that on May 14 when they turned down NCTA petition for 6-week delay of rules, they "did not fully realize the extent of our implementation challenge." (3) Franchising authorities have welcomed delay and are planning on it, particularly since rate freeze will remain in place -- action that has produced "considerable savings" for consumers. (4) Oct. 1 deadline would synchronize regulation with channel reshuffling caused by retransmission consent and must-carry agreements, which could affect composition of basic tier and thus basic rates.

Eutelsat presented plan to board last week for 12-14-channel DBS system similar to Europesat plan that collapsed after Germany's withdrawal last month. Difference is that all 36 Eutelsat member countries will be involved, instead of only France, Germany and Switzerland, and satellite will be located at 13° E, instead of 19° W, Eutelsat spokeswoman said. Proposal for service, called Hotbird Plus, was received "pretty well" by Eutelsat board, she said.

**RTNDA, NAB MAY JOIN FOR FALL EXHIBITS:** Agreement on 5-year deal for NAB and RTNDA to have joint exhibits at their fall shows is very near, according to both associations. "We had a good meeting... We settled most of the issues," RTNDA Pres. David Bartlett told us following June 30 session with NAB Exec. Vp John Abel. "Absolutely," Abel responded when asked if he agreed. Also to be part of deal is Society of Bct. Engineers (SBE), which plans joint exhibit with RTNDA this fall in one-year deal.

Joint exhibits, if agreement is reached, will start in L.A. in 1994, where both conventions are scheduled. Main concern of RTNDA is that association of TV-radio news executives not be "swallowed up" by NAB. That won't be permitted, Abel and Bartlett assured us. "RTNDA is not going to be put out of business," Abel said. "NAB is not going to put on a news conference."

By combining exhibits and running concurrent sessions at same site, "attendees will have a cheaper ride [and] the exhibitors will have a cheaper ride," Abel said. Registrants for RTNDA conference will be able to attend NAB's radio convention, and vice versa. NAB and RTNDA "have been running struggling shows, competing with each other [in close time proximity] and it makes no sense," said Abel. NAB also is negotiating to bring SMPTE into fold to join its exhibits with NAB and RTNDA, as well as other groups that Abel wouldn't identify.

NAB's 1993 radio show is scheduled Sept. 8-11 in Dallas, RTNDA-SBE's Sept. 29-Oct. 2 in Miami Beach. Both 1994 shows were scheduled separately in L.A., although no dates have been set. In May 19 letter to Bartlett, NAB offered "to assume all expenses and management responsibilities" for next 5 years of joint exhibits and guarantee RTNDA \$360,000 annually, plus percent of exhibit revenue after 50,000 sq. ft. had been sold. However, Abel and Bartlett told us those terms have changed considerably, although neither would give details. In first year of joint exhibit with SBE, RTNDA is expecting to sell about 50,000 sq. ft. for Miami Beach, up from 32,200 last year. RTNDA exhibit manager from start of its exhibits in 1975 has been Eddie Barker Assoc.; Barker was RTNDA pres. 1967-1968.

RTNDA Treas. Lou Prato, who supports joint operation, said: "The business is changing and we have to keep up with the change." However, he said, "if RTNDA becomes just a part of NAB, we are making a major, major mistake." RTNDA radio members have long complained that Assn. is TV-dominated, and tie-in with NAB radio show will stress that "there's an R in RTNDA," Prato said. Most of those objecting to NAB deal are past presidents, leading Bartlett to comment: "Some of the oldtimers who are complaining just don't know the whole story." One of those past officials, Edwin Godfrey (chmn. 1983-1984, after RTNDA changed designation of its fulltime head to pres.), WAVE Louisville, told us: "I have concern for the long term that we're going to be swallowed up... From the revenue standpoint, it sounds very positive."

Wayne Vriesman of Tribune Bctg., elected NAB joint board chmn. 2 weeks ago (TVD June 28 p8), is given credit for coming up with idea for joint exhibits at same site, with RTNDA and NAB sessions running concurrently and maintaining their own identities. Vriesman was RTNDA pres. 1977-1978. SBE Pres. Richard Farquhar has endorsed deal.

**CONSENT WARS WARM UP:** Retransmission consent wars continued to heat up last week as TCI and other MSOs began ordering A/B switches and NAB officials said most network affiliates and strong independents were opting for retransmission consent. Cable lawyer Jack Cole said consent notifications may be simply negotiating ploy, but panelists at Washington reregulation conference predicted "a long, hot summer" as they deal with retransmission consent and must-carry.

TCI ordered 500,000 A/B switches, which would be used by cable subscribers to switch to their antennas to pick up stations dropped from cable because they demanded retransmission consent fees. Several other MSOs have placed smaller orders, and industry officials said other RFPs were pending. Antec, one of largest producers of simple, low-cost switches, has production line operating at full capacity, spokeswoman said. "Passive" switches, which require subscriber to actively switch from cable to antenna, typically cost about \$10 each retail. Zenith Cable, which produces more expensive "active" switch that automatically moves to antenna input when cable converter is turned off, said it hasn't received any orders, but Jerrold has seen "a slight uptick" in orders, spokesman said.

"Part of this is a negotiating stance between cable operators and broadcasters on retransmission consent," said Vito Brugliera, Zenith Cable Mktg. & Product Planning vp. "The operators have vowed that they will give their subscribers A/B switches if they insist on retransmission consent, but they're taking the lowest cost approach. It's not very consumer friendly." Scientific-Atlanta, which also produces only active switches, said it has seen increased interest, but no large orders.

Majority of network affiliates and strong independents are opting for retransmission consent "in all but the smallest markets" and "at least in their core areas," said Jack Goodman, NAB special counsel. There are no hard figures on how many broadcasters are demanding consent fees, he acknowledged at Prentice Hall conference, so estimates are based on "impressions" and don't necessarily include "some quirky exceptions." He said NAB probably would survey members to get more accurate reports. Most weaker independents, and even some weaker affiliates, are choosing must-carry, Goodman said. Stations don't necessarily expect to get fees for retransmission consent, Cole said: "Choosing retransmission consent gives them maximum flexibility in negotiations. They can still accept must-carry in October. There will be a lot of poker playing over the summer -- a lot of bluffing and a lot of posturing."

Meanwhile, NCTA began distributing 30-sec. TV spot on retransmission consent featuring Ted Turner. Spot, which NCTA hopes cable systems will carry, warns subscribers that disputes are likely and assures them that cable will do all it can to minimize disruption.



Several joint PBS efforts with electronics companies were disclosed by PBS Senior Vp Howard Miller at last week's public TV annual meeting in New Orleans: (1) It has teamed with Westinghouse on joint proposal for Defense Dept. Advanced Research Projects Agency funding for high-efficiency and tower-mountable broadcast transmitters that could be used to deliver HDTV and multichannel NTSC. (2) It has agreed to work with Panasonic to develop "much lower" cost recording and switching systems for digital and HDTV broadcast purposes. Miller said PBS also is discussing possible joint ventures with Cellular Telecommunications Industry Assn., IBM, Microsoft, Multichannel MDS Assn.

**ADMINISTRATION ENTERS INFORMATION AGE:** White House June 28 released new policies from OMB designed to integrate electronic distribution of govt. information into everyday practices of federal agencies. In rules published in Federal Register July 2, OMB reworked 1985 policy on dissemination of govt. information, concluding that modern technology could improve management of govt. programs and could help provide better service to public.

Sally Katzen, OMB Office of Information & Regulatory Affairs administrator, said program was in line with Clinton Administration technology program announced in Feb. She said goals are to make information more available in "a timely and equitable manner" while making certain that privacy and security are protected.

Besides programs prescribed for other agencies, OMB said that on its own it would try to coordinate electronic mail use among agencies, promote establishment of Govt. Information/Inventory Locator System that would help public locate and gain access to data and to use Paperwork Reduction Act to encourage agencies to use electronic means such as Electronic Data Interchange (EDI) as substitute for paper in items such as purchase orders.

In general discussion of benefits of taking long-term approach to information planning, govt. for first time acknowledged in policy: "Modern information technology presents opportunities to improve the management of government programs to provide better service to the public. The availability of government information in diverse media, including electronic formats, permits greater public flexibility in using the information."

OMB set out conditions in which agencies should use electronic dissemination of material, including: (1) Agency will develop and maintain data electronically. (2) Electronic media are "practical and cost-effective ways to provide public access to a large, highly detailed volume of information." (3) Agency knows there's "substantial portion of users" who can access information. (4) Change to electronic distribution won't impose substantial costs on users. Directive ordered State Dept. to advise OMB on international policies that might affect information activities, and told Commerce Dept. to conduct studies and evaluations on telecommunications technology, including improvement, expansion, testing, operations and use of federal telecommunications systems. OMB said that at present few agencies provide electronic information to depository libraries and that as matter of policy it "generally should be provided" such libraries. That could be done at nominal cost with adequate planning, OMB said.

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**In last min. of debate** on budget reconciliation, Sen. Domenici (R-N.M.) last week threw in additional roadblock to spectrum auction authority package and to REA loan programs. He told Senate that if bill came back from Senate-House conference with spectrum auction and REA electric and telephone loan programs, he would raise point of order against those factors under so-called "Byrd rule." Rule was designed to eliminate items that didn't pertain directly to budget. Domenici said he would object to sections dealing with spectrum planning, allocation of certain frequencies, withdrawal of assignment of govt. spectrum, FCC allocations, Commission authority to reclaim spectrum. Under Senate procedure, those sections would need 60 votes to pass if point of order were raised against them. Domenici didn't mention, and so presumably would leave alone, basic auction authority and regulatory parity provisions.

"Firm" schedule for alliance HDTV system was agreed to by group and FCC Advanced TV Advisory Committee in 2 days of meetings ending July 1. Advisory Committee Chmn. Richard Wiley said technical subgroup and alliance members agreed that ultimate goal is scanning format based on 1,080 active lines with 1,920 elements in each, with square pixels, and that alliance plans only 2 scanning formats -- progressive and interlaced -- since variants of progressive scanning are only variants of compression algorithm.

Meeting included representatives from Canada, Mexico, European Bestg. Union (EBU) and Japan's NHK, and featured commitment by NHK to modify its HDTV equipment to 1,080 lines (rather than current 1,035 active lines) if that's final U.S. standard. Alliance schedule includes: (1) Precertification of final system in early Aug. (2) Prototype system to be ready for testing 9 months later. (3) Detailed audio specifications by Aug. 31. (4) Scanning format by Sept. 15. (5) Final compression system by Sept. 30. (6) Transmission system by Nov. 30. (7) Integrated video encoder and decoder by Feb. 1. Technical subgroup also pressed alliance for as much commonality as possible between MPEG and alliance system, and EBU and U.S. agreed to adopt MPEG as much as possible, and jointly to advocate any U.S. improvements in MPEG at experts group.

**Over dissent** of Comr. Barrett, FCC voted 2-1 June 29 to grant Rupert Murdoch's News Corp. permanent waiver of duopoly rule so he could own N.Y. Post and WNYW (Ch. 5) N.Y. Rule prohibits one entity from owning TV and newspaper in same market (except for grandfathered cases) and is first such waiver ever granted by Commission. FCC majority (Quello, Duggan) said waiver was approved after "exhaustive review of the record." Murdoch has begun negotiations with 11 unions (which supported News Corp. takeover) for concessions, set July 9 deadline. He hasn't yet made formal offer to buy Post, has right to withdraw on 3 days' notice. N.Y.-based Caucus for Media Diversity, along with NAACP and other groups, strongly opposed waiver (TVD May 31 p5), and Caucus spokesman told us: "We have an appeal ready to file as soon as we get the text of the order." In his dissent, Barrett said that Murdoch should have been granted temporary waiver only, that "a permanent waiver is defective as a matter of process, policy and law" and that FCC should wait until Bankruptcy Court has selected new owner. (Champion Holding Co. has told Commission and Court that it wants to buy paper.) Murdoch acquired Post in 1977, was forced under duopoly rule to sell it in 1988 when his Fox Bestg. acquired WNYW.

**FCC Mass Media Bureau** refused to stay its decision requiring Time Warner Manhattan (TWM) to carry WNYC-TV N.Y.C. on Ch. 31 instead of Ch. 3, saying that TWM didn't have "substantial" case and that WNYC-TV is qualified noncommercial station. In bid for stay pending petition for review, TWM had said that it planned to combine all N.Y.C. cable systems into one and place WNYC-TV on Ch. 31 throughout combined system, and already had spent \$800,000 on change. However, Bureau said that regardless of TWM's plans, systems aren't combined yet and MSO made decision to spend money in face of WNYC-TV protests. Bureau didn't address TWM claim that decision violates First Amendment.

**Second cable audio service** for Canada has been approved by Canadian Radio-TV Telecom Commission. Consortium of Jerrold's Digital Cable Radio (DCR) and Canada's 4th-largest MSO, Cogeco, will offer 38-channel Canadian Digital Radio service. DCR, meanwhile, moved to new offices: 300 Welsh Rd., Bldg. 1, Suite 220, Horsham, Pa. 19044, 215-784-5840.

**CPB will give** public broadcasters chance to address claimed national program objectivity/balance shortcomings voluntarily before tackling issue itself, Senior Vp Frederick DeMarco said. Speaking at recent public TV annual meeting in New Orleans on CPB board's new fairness mandate, he said that in "rare event" that Corp. finds coverage of issue to have been biased, it first will give system "reasonable" time to produce balancing program voluntarily before commissioning show itself. Latter will cover "all aspects" of issue, he said, rather than only sides of subject found to have been neglected. DeMarco sought to allay station concerns, stressing infrequency with which he expected shortcomings to be found and assuring system it would have opportunity to respond to reports examining specific areas of coverage (rather than their treatment in individual programs) that would be prepared by ad hoc panels of outside "experts." He said that stations won't be required to air balancing show -- "carriage is not part of our mandate" -- but that Corp. "will have failed" if such broadcasts are few. News media have focused almost entirely on objectivity/balance component of board's new charge, he said, but examination of quality, diversity and excellence of national programming also is "integral part" of mandate: "Personally, we feel the report card will be very good for public broadcasting."

**Rep Hughes** (D-N.J.), chmn. of House Copyright Subcommittee, and Rep. Berman (D-Cal.) introduced bill July 1 (HR-2576) that would establish performance right on sound recordings for era of DAB, cable digital audio, other digital audio transmissions. Legislation has been sought for years by RIAA, which hailed introduction of bill as "milestone" that would protect performers and record companies "from unlicensed exploitation." NAB Pres. Edward Fritts said extending performance right in recordings to over-air digital transmission "makes no sense, either for performers or for the listening public" because broadcasters provide "massive publicity" for recordings at no cost to performers or to public. If there's threat to record sales, it comes from digital audio subscription services, not from broadcast radio, Fritts said. NAB long has opposed performance right on sound recordings on ground that radio and TV airplay represents promotional windfall for artists and record companies and that stations already pay high license fees to copyright societies such as ASCAP and BMI. There appeared to be no immediate prospect that Senate would get counterpart to Hughes bill.

**N.Y. State Board of Regents** affirmed ban on Whittle's commercially sponsored Channel One high school news service last week, leaving issue up to state legislature. Several bills there would give local school boards discretion to contract for 12-min. weekday service, which includes 2 min. of ads, but vote isn't expected until next year. N.Y. is only state that prohibits schools from airing 4-year-old service, which reportedly is shown in about 100 N.Y. private schools.

**Cable equipment maker** Antec plans to offer up to 45% of its stock to public, according to SEC filing by parent Itel. Company said it will sell 35-45% of stock in public offering, generating \$100-\$125 million, which will be used to repay debt. Antec, which recently received big order for A/B switches, had total sales of \$301 million last year and \$12.1 million profit, according to filing.

**Launch of Digital Music Express** (DMX) in Canada has been approved by Canadian Radio-TV Telecommunications Commission. Service will be marketed by DMX-Canada, partnership of DMX owner International Cablecasting Technologies and Edmonton-based Shaw Communications. DMX will offer 33 music channels.

**Cal. PUC should encourage** interconnection of all existing and new cable, telephone and wireless networks, Robert McRann, senior vp, Cox Cable San Diego, representing Cal. Cable TV Assn., told PUC hearing July 1 on state's infrastructure. "The Commission can encourage marketplace initiative to develop economic synergies and concentrate on creating a 'network of networks,' where all of the existing and new networks are interconnected to provide a broad array of services that address a wide diversity of demand," he said. McRann also encouraged agency to maintain dominant carrier regulation at current level, retain current concept and funding level of universal service and require new providers of traditional common carrier services to be obligated to offer services on common carrier basis. "So long as there is a firm commitment for common carriage of each traditional service entered," he said, "the Commission should not mandate or encourage a new provider to be overwhelmed with carriage requirements for services not currently offered."

**Garden State Bcstg.** must pay fine equal to FCC cost of litigating company's appeal of Commission decision renewing license of WWOR-TV N.Y.-Secaucus, U.S. Appeals Court, D.C. ruled last week. Court called Garden State appeal "patently frivolous" and said company had shown "an egregious lack of candor" in Commission proceedings. Opinion said Garden State appeal was moot because its competing application for station was disqualified on grounds of abuse of process even before license was renewed and transferred to BHC. Court said FCC decision was "supported by substantial evidence" and "if we were to rule that the FCC erred in granting the transfers, Garden State would remain disqualified." Court said it's immaterial that FCC didn't request sanctions against Garden State, and company must pay fine equal to FCC costs, including attorney fees. FCC must submit report on its expenditures within 10 days, and Garden State will have 10 days to reply.

**Japan's Seibu Railway Group** and Saison Group are negotiating satellite broadcasting alliance in wake of Japan's satellite industry shakeout. Groups will cooperate in providing satellite broadcasting programs using bird to be launched in 1997, Japan's Kyodo News Service reported. Seibu Railway (owner of Japanese baseball team Seibu Lions) will provide sports programs, while Saison (owner of Seibu Dept. Stores) will offer movie, drama and cultural programs. Move follows news that 2 money-losing Japanese satellite ventures -- Japan Communications Satellite (JCSat) and Satellite Japan -- would merge in face of overcapacity of satellite transponders and slackening demand. Japanese govt. is developing satellite industry stimulus plan that may involve its payment of launch and failure insurance for ailing companies.

**Public radio veteran** William Siemering has won MacArthur Foundation "genius" fellowship totaling \$345,000. No conditions are placed on how recipients may spend 5-year stipend. Siemering, instrumental in establishment of NPR's All Things Considered and NPR-distributed Fresh Air, told us he would use award partly to explain structure of U.S. public radio to emerging democracies and to seek to establish 2-way internships among U.S. and foreign radio broadcasters.

**Look for upcoming report** on public broadcasting to recommend that federal funding be earmarked for national programming. Under law, 75% of CPB's public TV funding and 70% of its public radio support now is passed through to those entities for largely discretionary use. Report, by task force assembled by 20th Century Fund, will be released at July 13 news conference at National Press Club.

**Battle between "on-demand" movie services to hotels** between Spectradyne and Comsat's On Command Video (OCV) heated up last week as Comsat announced rival SPI Holdings had dropped patent infringement claims against Comsat Video Enterprises OCV unit, saying SPI subsidiary, Spectradyne, had filed court papers dropping claims and indicating it was abandoning ownership of patent and "dedicating it to the public." But Dallas-based Spectradyne said next day that contrary to Comsat's statement, it had expanded suit to include additional charges of copyright infringement and direct infringement claims against Comsat "for illegal use of Spectradyne's patented technology." Spectradyne said action simply amended its original suit, which had charged Comsat with inducing On Command Video to infringe on Spectradyne's patents. Spectradyne said it "strengthened" case by bringing in parent Comsat as direct party. Spectradyne also objected to CVE's statement that "court will also find Spectradyne's new claims without merit," saying that falsely implied that court had ruled on original complaint. Comsat satellite-delivered Ku-band movie service serves hotels with 360,000 rooms, while Spectradyne holds about 60% of market with 725,000 rooms.

**Talks by NPR and American Public Radio (APR) on** melding their European program service proposals have fallen through on issue of governance. CPB had asked organizations, which submitted separate funding applications, to try to combine their plans, but discussions ended after long meetings at NPR hq June 16-17. NPR Gen. Counsel Theodore Miles told us that organizations "found common ground on a lot of issues" and that NPR remained interested in including unspecified APR programming as part of its service, which envisions several hours of daily fare delivered to Europe via Astra satellite. APR Pres. Stephen Salyer couldn't be reached. While declining to specify figures, Miles said NPR was "encouraged" at likelihood of funding its service, which is to be self-sustaining following startup.

**Twenty-nine Pa. cable operators** will send refunds to 20,000 subscribers under agreement with state's Attorney Gen. Ernest Preate, whose Bureau of Consumer Protection determined that cable companies weren't sending out refunds automatically for amounts under \$10. Pa. Cable TV Assn. said that some refunds were 1-2¢, that it cost company more to mail refund than check was worth and that customer had to request refund in order to receive it. According to estimates provided to Preate's office by companies, refunds will range from \$49 for 110 subscribers of one company to more than \$24,000 to 6,750 of another operator.

**Discovery is applying** to Canadian Radio-TV Telecom Commission (CRTC) to launch new specialty TV service based on Discovery's U.S. programming. CRTC application is being filed jointly with Canada's JLL Best. Group, which operates English and French cable sports channels and production and uplink facilities; JLL would own 80% of project. Project is being headed by Trina McQueen, formerly vp-news and current affairs and vp-regional broadcasting for Canadian Bcstg. Corp. CRTC has set Sept. 3 deadline for applying for licenses for new TV services.

**Sen. Metzenbaum** (D-O.) announced he won't run for 4th term in 1994. He's 76, chmn. of Judiciary Antitrust & Monopolies Subcommittee, disbanded his campaign committee 2 years ago. He has been harsh critic of RHCs in their campaign to lift MFJ restrictions.

**FCC outlined conditions** for N.Y. Telephone (NYT) one-year test of video dial tone (VDT) service in N.Y.C. in order released June 29. Service, authorized by FCC June 7 (TVD June 14 p7), would be 2nd it has allowed, after Bell Atlantic. Order was issued despite opposition from Cablevision Systems, N.Y.C. Dept. of Telecommunications, N.Y. Dept. of Public Service, Time Warner. Conditions include: (1) Prohibiting incorporating costs of operation, construction and use into rate base without FCC approval. (2) Blocking NYT from getting involved in decisions on video programmer participation. (3) Requiring NYT to provide equal access to all video programmers. (4) Requiring semiannual written reports from NYT on access, channel capacity, programmers' responses to service, inquiries on access, survey of end users.

**Since cable and telephone industries are competing to** deploy same technologies and services, telcos would be at "severe disadvantage" if cable operates under "pure price cap regime" and telcos don't, Bell Atlantic said in comments to FCC. "Parity of regulatory treatment between the two industries is increasingly important if the marketplace is to function free of one-sided regulatory constraints that artificially favor or handicap particular competitors... There are many benefits to be gained from applying pure price caps" to telco and cable industries, including greater incentives for increasing productivity and efficiency, advancement of new technologies and services, reduced administrative burden on industry and regulators.

**Application of D&L Bcstg.** for new FM station in Atlantic City has been granted by FCC over 4 others in reversal of Review Board grant to Radio-Vision Communications. In 1990 initial decision, law judge had favored still another applicant -- Hillside Bcstg. Commission said it favored D&L because of 51% integration credit, while Radio-Vision was entitled to only 20%.

**Court TV** is leading consortium of U.S. news organizations that petitioned Kuwaiti govt. for right to televise trial of 12 Iraqis and 3 Kuwaitis charged with attempting to assassinate President Bush. Court TV proposed to record trial with single fixed camera and make pool feed available to all news organizations. In U.S., feed would include simultaneous English translation.

**Infomercial producer** Michael Levey has agreed to pay \$275,000 to settle false ad claims in charges brought by FTC. One of program-length commercials featured Michael Reagan as host for weight-reducing product called EuroTrym Diet Patch aired in 1990. Another was for kitchen utensil Magic Wand. Levy also agreed to label as paid commercial any such programs longer than 15 min.

**Nielsen is publicizing** list of most popular cable programs each week because some cable networks had been promoting somewhat inaccurate figures, spokesman said. Nielsen data on most popular shows have been available to advertisers and others for some time, he said, but rating service now is making it more widely available to journalists.

**Turner Bcstg.** said it won't require Atlanta cable systems to carry Cartoon Channel in return for retransmission consent for WTBS Atlanta. Chmn. Ted Turner said company still opposes cash retransmission fees but "it's only fair" that station receive cash if other Atlanta stations do.

## Personals

FCC Chmn. **Quello** will participate in Latin America Telecommunications Summit and Southeast Asia Telecommunications Conference, July 8, Margarita Island, Venezuela... **Kathleen Abernathy**, common carrier legal adviser to **Quello**, appointed managing dir.-federal regulatory, Pacific Telesis Washington office, effective Aug. 10... **Roger Staubach**, ex-Dallas Cowboys quarterback, will deliver keynote address at NAB Radio Show Sept. 8, Dallas Convention Center... Former NCTA Vp-Communications **Elise Adde** named senior vp-communications, WETA-TV-FM Washington, effective July 19, succeeding **Ann Pincus**, resigned; Adde is former dir.-news information, ABC, and White House aide... **Roanne Robinson**, NCTA dir.-industry affairs, named special asst. to NTIA Dir. Larry Irving.

ABC appointments: **Robin Vierbuchen**, acting Washington bureau chief, also named vp-Washington news coverage; **Larry Hyams**, vp-prime-time audience analysis, promoted to vp-audience analysis; **Richard Montesano**, vp-mkt. research, advanced to senior vp-mkt. research... **George Garrick**, ex-Information Resources pres.-European Information Services, named pres., Nielsen Mktg. Research USA.

**George Mahoney**, ex-Dow Jones, elected gen. counsel-secy., Media General... **Wayne Pace**, ex-Price Waterhouse partner, named vp-finance and CFO, TBS... Changes at WDIV Detroit: **David Murray** moves to local sales mgr., **Bob Weed** to national sales mgr... **Frank Windsor**, ex-Md. Education Dept., joins N.H. Public TV July 6 as dir.-educational telecommunications, new post... **Russ Martz**, vp-corporate communications, WQED Pittsburgh, appointed media consultant, Heinz Family Foundation.

**Kim Bayliss**, ex-Willkie, Farr & Gallagher law firm, named vp-govt. relations, United Video... **Mike Murray**, ex-Kodak, appointed vp-sales and mktg., Harris RF Communications... **Ron Longinotti**, ex-KCRA-TV Sacramento, named sales dir., KXTV Sacramento-Stockton... Promotions at Children's TV Workshop (CTW): **Emily Swenson** to exec. vp-COO; **Gary Knell** to senior vp-corporate affairs, succeeding Swenson; **Kenneth Gruber** moves from CTW vp-finance and administration to vp-chief financial officer... Promotions at KTLA L.A.: **Virginia Hunt** to dir.-programming planning and acquisitions, **Mark Sonnenberg** to dir.-original programming and development.

**David Hall** named senior vp-cable networks, Gaylord Entertainment; **Kevin Hale**, ex-gen. mgr., KSTW Seattle-Tacoma, replaces Hall as gen. mgr., Nashville Network... **Peter Clifford**, ex-E! Entertainment TV, appointed western region mgr., local ad sales, Weather Channel... **Christina Sanchez** promoted to dir.-community affairs, KWHY-TV, L.A.

Rainbow Programming Pres. **Sharon Patrick** resigns to look for "another operating challenge," no successor named... **Lisa Gibbs**, Satellite Sports Network mktg. coordinator, promoted to creative services mgr... **Trina McQueen**, ex-Canadian Bestg. Corp., appointed vp-gen. mgr., Discovery Channel, Canada... **Sue Satriano**, Sony vp-press and public affairs, promoted to dir.-media relations... Promoted to vps, KARE Minneapolis: **Mark DeSantis** vp-programming and promotion, **John Remes** vp-gen. sales mgr... **Ritch Colbert** resigns as senior exec. vp, ITC Entertainment.

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**U.S. Dist. Court**, San Francisco, dissolved temporary restraining order staying effectiveness of must-carry rules for Viacom systems in district, citing only "good cause." Decision apparently ends conflict between that court and federal courts in D.C. and L.A., both of which had upheld must-carry, and means that must-carry rules are in effect throughout U.S. Court gave no reasoning, saying only that it would issue opinion later. Decision, issued June 29 by Judge Eugene Lynch for 3-judge panel, followed oral argument day earlier. Broadcasters consider decision significant victory, NAB Special Counsel Jack Goodman said: "The entire cable industry came into court to get this, and they failed." Viacom officials said they won't decide whether to appeal until they analyze order.

## OBITUARY

**John Condry**, 54, Cornell U. prof. and expert on psychology of TV and its impact on children, died June 27 in Ithaca, N.Y., of heart attack. He had been at Cornell since 1966, and at his death was dir. of University's Center for Research on the Effects of TV. Condry was author of *Psychology of Television*, published in 1989. Wife, son, 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 5-week June and year to date:

	JUNE 12-18	1992 WEEK	% CHANGE	JUNE 5-11	24 WEEKS 1993	24 WEEKS 1992	% CHANGE
TOTAL COLOR.....	382,178*	365,417	+ 4.6	284,751	9,402,960*	8,549,866	+10.0
DIRECT-VIEW...	375,514*	361,530	+ 3.9	280,640	9,254,997*	8,417,395	+10.0
TV ONLY.....	358,360*	339,841	+ 5.4	266,100	8,741,199*	8,064,013	+ 8.4
TV/VCR COMBO.	17,154	21,689*	-20.9	14,540*	513,798*	353,382	+45.4
PROJECTION....	6,664*	3,887	+71.4	4,111	147,963*	132,471	+11.7
VCR DECKS.....	171,116	172,139	- 0.6	107,633	4,549,041	4,503,213	+ 1.0
CAMCORDERS.....	44,025	51,777	-15.0	20,946	1,127,905*	1,013,608	+11.3
LASERDISC PLYRS#	3,329*	2,497	+33.3	1,590	82,539*	82,201	+ 0.4

Direct-view TV 5-week average: 1993--392,939\*; 1992--343,922 (up 0.005%).

VCR deck 5-week average: 1993--190,214; 1992--190,233 (down 0.01%).

Camcorder 5-week average: 1993--53,492; 1992--53,307 (up 0.04%).

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

**10 MANUFACTURERS CALL DIGITAL VCR CONFERENCE:** New VCR standards for digital age -- capable of recording existing TV and HDTV signals and employing 2 sizes of cassettes, about half size of 8mm and VHS versions -- will be developed by conference of manufacturers and other parties, to be convened in Sept.

Call for conference, similar to ones that developed 8mm Video and DAT audio recording formats, was issued jointly by 10 top Japanese and European VCR manufacturers -- Hitachi, JVC, Matsushita, Mitsubishi, Philips, Sanyo, Sharp, Sony, Thomson, Toshiba. No timetable for effort to set consumer digital VCR standard was given in announcement, which invited all industry members to participate.

"Basic specifications," given in announcement, presumably cover areas under development by Matsushita and Sony, working individually, and by Philips and Thomson in joint effort. "These efforts led to the possibility of establishing common basic specifications," announcement said, noting that "opinions of other manufacturers of consumer VCRs have been used to create a set of basic specifications for consumer digital VCRs."

System, as outlined, would be able to record and play back HDTV baseband signals, with goal of specs "that would accommodate all standards now under consideration or development." It also would digitally record current NTSC, PAL and SECAM formats. Recording medium would be 1/4" metal evaporated (or similar) tape in 2-reel cassettes, with HDTV recording using tape speed twice that required for existing formats. System would use azimuth recording with rotating heads, as do existing consumer VCRs.

Unique feature of system is ability to accommodate cassettes of 2 different sizes. Small cassette, about same size as DAT cassette (less than half of standard audio or 8mm video cassette) presumably would be designed for camcorders and would record for one hour in existing TV formats (NTSC, etc.) or 30 min. if HDTV is recorded. Larger ("standard") cassette would have recording time of 4 hours 30 min. for existing TV systems, 2 hours 15 min. for HDTV. Dimensions of small cassette: 2.6x1.9x0.48" (66x48x12.2mm). "Standard" cassette: 4.9x3x0.57" (125x78x14.6mm).

System will use digital component recording technology for video. For existing TV standards, sampling frequency for luminance would be 13.5 MHz for all 3 standards. Video quantization would be 8 bits, video recording rate of 25 Mbps (megabits/sec.) after bit rate reduction for all 3 standards, tape speed of 18.812mm/sec. for 60 Hz systems, 18.831 for 50 Hz. Standard discrete cosine transformation (DCT) video bit rate reduction system would be used. Audio recording would use PCM, with 48 kHz sampling frequency,

16 bits for 2-channel stereo; 32 kHz, 12 bits for 4-channel. For HDTV recording, tape speed would be double, as would be video recording rate (50 Mbps), with video sampling frequency to be determined.

When standards are complete, specs will be submitted to International Electrotechnical Commission (IEC) for establishment of worldwide format. Joint statement emphasized that "participants will individually decide whether or not to adopt the specifications" but said digital technology would offer "high-quality recording and playback without amplitude and phase distortion or effects from time axis fluctuations" and make possible editing with "no significant deterioration in picture quality."

Foreshadowing controversy similar to that surrounding digital audio tape copying, group said: "The companies recognize that in the past the development of new technology has raised certain intellectual property issues and that such issues will be addressed." Motion Picture Assn. of America (MPAA) already is on record as seeking royalties from equipment manufacturers "if in the future a new technology poses the type of threat to the motion picture industry that DAT poses to the sound recording industry."

Companies wanting more information on conference participation were advised to contact 81-3-5448-2656 (phone) or 81-3-5448-7811 (fax), both in Tokyo.

**SONY, MATSUSHITA BACK 'VIDEO CD' FORMAT:** Sony and Matsushita have joined list of companies backing "White Book" format -- originally developed by JVC and Philips for karaoke -- as standard for full-motion video on CD (TVD June 28 p16). Announcement last week followed meeting of those 4 companies at 4th Annual Multimedia Conference & Exhibition on CD-I in London. System was referred to as "Video CD," as opposed to "Digital Vision" used by JVC (TVD Feb 8 p11), but Philips executives indicated that another name and distinctive logo may be developed later.

Philips and JVC were among 8 companies originally named as supporting new standard that would enable developers and publishers to create video with assurance it would play on machines adhering to format. Video CD standard is based on MPEG-1 video, and allows for incorporation of VCR-like features such as slow motion, fast scan, pause into playback applications. Other companies supporting standard: C-Cube Microsystems, Commodore International, E-Motions, GoldStar, Paramount Home Video, Samsung.

Adoption of Video CD standard leaves open possibility of hardware manufacturer's creating dedicated Video CD player incorporating MPEG decoder. Up to this point, all discussions of MPEG-based movie playback on CD have concerned multiple-function players such as CD-I and 3DO. John Hawkins, dir.-gen. mgr., Philips Interactive Media Systems (PIMS), declined to either rule out or announce possibility Philips would introduce dedicated machine, saying in response to question, "if the demand is there, we will satisfy that demand -- but that doesn't mean yes." In Japan, JVC spokesman said hardware and software for Video CD could be less expensive than those for CD-I because it doesn't require interactive functions.

Philips listed various "platforms" for Video CD playback, including -- in addition to CD-I -- "modified CD players (with a digital data output) with an add-on 'Video CD' box" and computers with CD-ROM drives and MPEG decoders, as well as special CD Video movie players. How "modified" standard audio CD players would have to be was subject of controversy.

Announcement of new format and choice of "CD Video" as at least tentative name drew furious response from Britain's Nimbus Engineering & Technology, which has been pushing system with same name for playback of full-motion video on conventional CD player hooked into TV set via special adaptor (TVD Feb 8 p15). Rechristening "Karaoke CD" as "Video CD" will "confuse the industry and the consumer," Nimbus said, adding that new system will turn off consumers already suffering from "format fatigue."

Nimbus said its system would work with "tens of millions of [CD] players worldwide and a decoder unit which would cost under \$200," as opposed to high-priced CD-I players with FMV attachments, and asked rhetorical question: "What does Karaoke CD have to offer the hardware and software industries and the consumer that Nimbus's Video CD has not already offered? For the industry, little; for the consumer... a good deal less."

Nimbus is smarting under Philips' refusal, as custodian of CD standards, to authorize its double-density CD, which could hold more than 2-1/2 hours on single 5" disc, making possible full movie without changing discs. In statement last week, it specifically blamed Philips for obstructing that consumer convenience.

Obscured by Nimbus's outburst was simple point of difference between it and Philips on noninteractive movie discs. Video CD discs technically are CD-ROM data discs; all data discs contain digital flag in their table of contents that mutes their audio output to protect owner's loudspeakers, rendering data discs unplayable on most audio CD players. Philips talks of "modified" CD players that would ignore flag. As explained by Deputy Chmn. Adrian Farmer, Nimbus would eliminate muting flag from Video CD discs, thereby making Video CD backward-compatible with many or most existing CD players (which would need only under-\$200 video box), as opposed to expensive FMV CD-I players or special modifications for existing audio CD players. Flag currently can't be eliminated from disc because that would conflict with existing CD standards -- but very small change in standards could remedy that.

At CDI-I conference, Matsushita representative hinted -- without actually saying so -- that it would offer consumer CD-I player with FMV capability, while Sony expressed optimism that CD-I would become leading multimedia format. (See report elsewhere in this issue.)

**TV CLOSED-CAPTION 'WITCHING HOUR' PASSES:** July 1 deadline for closed-caption display capability in TV sets -- mandated by 1990 law -- slipped by last week, and each day's production and imports now is increasing universe of caption-capable audience. All TV sets 13" and larger manufactured here or imported July 1 or later must be capable of decoding captions.

FCC, which is charged with overseeing and enforcing law, plans no specific action. Manufacturers and importers generally are on their honor to abide by its terms. "It's conceivable that one of our field bureaus could check some retailers over time," said Richard Engelman, chief of FCC's Technical Standards Branch. If set is found without captions, it's relatively simple to determine when it was made, since month and year of manufacture are stamped on back of TV sets as required by radiation regulations.

As for imports, all RF devices entering U.S. must carry declaration of compliance with FCC rules. Although declaration form hasn't changed, Engelman said, caption law has been given widespread publicity and its terms are part of FCC rules. When importer checks box indicating compliance, that includes caption law, he said. He said Customs Bureau could order spot check of some sets, but Customs spokesman told us compliance is completely up to FCC.

Law goes into effect at good time for domestic manufacturers. Many of them close down for employee vacations, equipment maintenance and inventory in early July, providing time and opportunity for complete changeover.

Mitsubishi is using captions as selling point. News release June 28 said that its sets have "capabilities that extend beyond the government's requirement," including extended data service (EDS) using field 2 of line 21 in TV's vertical blanking interval. Release gave credit to Engineering Mgr. Julius Szakolczay, who headed EIA caption and EDS task force.

Extended data service could be curtailed sharply, however, if Congress should require TVs to include system to block out violent programs on request, as is now being proposed. (See separate reports, this issue.)

**IBM TO MANUFACTURE ATARI JAGUAR GAME CONSOLE:** IBM is entering mass consumer electronics manufacture via OEM contract to produce Atari's high-powered Jaguar videogame console, which will premiere in N.Y. market in fall at about \$200.

Surprise announcement put value of contract at \$500 million. Spokeswoman for Atari said it initially would run for "about 2 years." Jaguar, which Atari called "revolutionary new multimedia entertainment system," is expected to hit San Francisco market at about same time as or slightly later than N.Y. debut, rolling out nationally within year.

IBM will make console at Charlotte plant, which recently has begun to undertake contract manufacture for other companies. "Everyone expects IBM to manufacture complex information technology products, and with this [new contract] we'll show that we can competitively build a sophisticated consumer product," Herbert Watkins, IBM Charlotte Applications Solutions Mfg. dir., is quoted as saying. Charlotte plant makes banking systems, automotive diagnostic systems, circuit boards.

Atari, descendant of originator of videogame industry, is dark-horse entry in current multimedia game competition. On basis of its announcement, Jaguar at \$200 would appear to be powerful challenger to 3DO

system, which Panasonic is targeting at about \$700 suggested retail. Jaguar is based on 64-bit RISC (Reduced Instruction Set Computing) processor (vs. 3DO's 32-bit RISC system). Atari said it will feature "over 16 million colors in 24-bit true color graphics" and will produce "shaded 3D polygons to be manipulated in a real-time world."

Jaguar will have 32-bit expansion port for future connection to cable and phone networks, digital signal processing port for modem and for connection to digital audio peripherals. It will feature double-speed CD peripheral that also will play CD audio, CD+Graphics, Photo CD discs. Audio for games is 16-bit stereo, allowing for "realistic sounds as well as human voices." Jaguar console will include "Power Pad" controller with 10-key pad and be packaged with one software title. Atari, which is major software creator, said it has multiple titles for Jaguar under development, including "spectacular new versions" of existing titles. Company said it will license and already is working with 3rd party publishers to offer titles for Jaguar.

In addition to assembling Jaguar, IBM will be responsible for component sourcing, quality testing, packaging and delivery to Atari's distribution centers, announcement said. Game box and promotion will label system "Atari Jaguar." IBM won't be credited on box or in literature, spokeswoman said, but "people will know" it's involved. N.Y. launch will be "supported by aggressive advertising, promotion and marketing efforts," Atari said. "We are proud that our entry into the multimedia entertainment category will be fully made in America," Atari Pres. Sam Tramiel said.

**HITACHI TO MAKE PTV TUBES HERE:** Hitachi announced last week it will expand Greenville, S.C., picture tube plant to start producing projection TV tubes by next June. Company, which claims to be world's largest producer of PTV tubes, will shift production from Japan.

Hitachi Electron Devices (USA) Inc. will start construction immediately of 65,000 sq. ft. addition to plant, company said. By mid-1994, it plans to be making 33,000 tubes monthly, doubling capacity to 66,000 by early 1995. Since each PTV set uses 3 tubes, company will have capacity to equip 264,000 sets annually in 1995.

Company currently produces 25" and 27" color tubes in Greenville and is operating at capacity of 800,000 tubes annually. By year-end, it plans to add 31" tubes. It has 450 employees and says it will add 100 more for PTV tubes, investing \$19 million. At time plant was announced, early in 1990, Hitachi said eventual capacity would be 2 million annually (TVD Jan 22/90 p14). Spokesman said last week more capacity could be added without increased investment.

"The U.S. market is the largest in the world for projection TV tubes," said Hitachi Electron Devices Pres. Takashi Masuko, and production in Greenville will "fully capitalize on current opportunities here and most effectively serve the needs of our U.S. customers."

Schedule for Hitachi's PTV tube production apparently has been speeded up. As recently as May, company said projection tubes would be added within 3 years (TVD May 10 p16).

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**Philips Circuit Assemblies (PCA)**, Tampa-based contract manufacturer, is being sold to Group Technologies Corp. (GTC) by Philips Electronics N. America for undisclosed amount. PCA employs 750 and will have 1993 sales of more than \$90 million, makes circuits for consumer, industrial, communications and consumer products markets. GTC, also based in Tampa, was formed in 1989 as spinoff from Honeywell.

**Quarter-inch CCD** with 270,000-pixel resolution, same as current 1/3" version, has been developed by Sony, which will begin sampling manufacturers this month. Principal application will be pickups for minisized camcorders.

**Final antidumping margins** on color TV sets from Taiwan covering year through March 31, 1992, and in effect until next determination, result in some changes from preliminary findings (TVD Jan 25 p13). Manufacturers whose margins were changed by Commerce Dept.'s International Trade Administration (ITA) from preliminary determination (latter in parentheses): Action 8.78% (16.11%), Proton 14.2% (21.94%), Tatung 22.82% (18.27%). Thomson's margin was unchanged at 0.25%. Manufacturers whose margins were unchanged from previous periods because of lack of shipments during period under review: AOC, Funai and Hitachi, each 23.89%; Sampo 0.78%, Sanyo 4.66%. Manufacturers penalized with highest duties because of failure to respond to ITA questionnaires: Nettek, Paramount, Shinlee and Teco, each 23.89%.

**New sales records** for June's 3rd week were set by direct-view and projection TV as well as laserdisc players, according to EIA figures (see State of the Industry). Laserdisc players joined other products in setting year-to-date records for first 24 weeks, only 2nd time this year they have set cumulative record. Only video product not in 24-week record column is VCR. Nevertheless, all products tallied on weekly basis -- including VCR -- are running ahead of last year for year to date.

**Plans to buy TV sets** were listless in June, with only 5.9% of 5,000 households polled by Conference Board saying they would buy in next 6 months. Figure for May was revised upward to 7.1%, 2nd best of year, while 6.3% of households harbored plans in June 1992. Consumer confidence in economy declined in June to lowest point since Oct., Conference Board said.

**Universal Electronics**, leading maker of aftermarket remote controls, filed registration statement for proposed public offering of 1.75 million shares of common stock, 750,000 to be sold by company and one million by "certain stockholders." Underwriters are Montgomery Securities and Raymond James & Co.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 107 yen = \$1, except where noted.

**ANTIVIOLENCE 'CHIP':** More TV receiver legislation -- which might be called "son of closed captions" -- could be in store, strongly backed by House Telecom Subcommittee Chmn. Markey (D-Mass.). He endorses bill to require TV circuitry -- which news media repeatedly have called "chip" -- to block violent programs (see report in Best./Cable section).

Such a system is possible using field 2 of line 21 of vertical blanking interval -- recently approved by FCC for enhanced captioning and extended data service (EDS), which TV set makers have seen as silver lining to closed-caption cloud. EDS can be used for variety of services, such as program identification and possibly setting of VCRs, which could make possible strongly competitive new features in TV sets. However, if used for blocking programs labeled "V" by stations, its availability for other uses would be curtailed sharply.

EIA Consumer Electronics Group (CEG) Vp Gary Shapiro testified June 25 before Markey Subcommittee on that touchy subject. Appearance was reminiscent of CEG's testimony before Senate Communications Subcommittee hearings on caption bill in 1990, at which Assn. appeared to be anti-deaf by opposing caption bill (TVD June 25/90 p11). Subsequently, after Shapiro was named group vp, CEG reversed itself and backed bill. Of necessity, he was walking tightrope June 25 to avoid appearance that CEG endorsed or condoned violent programs.

Shapiro's testimony and news release by CEG differ in emphasis. Release stresses fact that industry could provide blackout for violent programs if broadcasters and programmers provide rating system, while his actual testimony paid more attention to problems involved.

In testimony, Shapiro told senators not to expect TV industry to "deliver a panacea for a situation which we did not cause and over which we have no control." He said EDS draft standard allows for transmission of MPAA movie ratings along with programs if desired.

Although system could be used to block programs if stations sent out requisite signal, it would require positive action by parents to operate, he said. To avoid being defeated easily, codes would have to be sent out repeatedly, perhaps requiring more VBI space than could be spared. Because average receiver lasts 15 years, it would be 20 years or more before current receivers are retired. Any system also "will be useless unless all programs are properly coded."

Shapiro said CEG doesn't see "any easy receiver-based solution" to violent TV programming. Any new requirements, he said, would weigh heavily on public and on receiver industry, which "is spending over \$130 million this year alone" to comply with closed-caption law.

Major difference between 1990 caption battle and today's situation is attitude of broadcasters and programmers -- who oppose chore of labeling all programs for system that will cost them ad revenues. At time of caption battle, they were quiet, since legislation then imposed no duties or regulation on them.

N.Y. Times, in front-page news analysis July 1, virtually predicted no action would be taken. But in lead editorial same day, it strongly endorsed "chip" that could let parents "block out shows they don't want their children to see," adding that "Markey is right to persist" in pressing for technological solution.

**EIA ISSUES 'CES DAILY' RULES:** Management of Winter and Summer Consumer Electronics Shows (CES) seeks no "editorial control" over publication selected as "official" CES daily, EIA Consumer Electronics Group (CEG) said in setting July 23 deadline for submission of written bids. However, CEG suggestion, contained in solicitation for proposals (TVD June 21 p17), is that news on show exhibitors "should have precedent over" news related to nonexhibitors.

CEG said exclusive right to publish "official" daily would cover 4-day Jan. 1994 CES in Las Vegas and 3-day Summer event next June in Chicago. Contract is extendable if EIA and chosen publisher "view the partnership as successful." Show management pledges exclusive distribution rights in official CES facilities and promotion of show daily to attendees and exhibitors "through direct mail and other promotional activities to be agreed upon by both parties."

Notwithstanding pledge to leave editorial content in control of independent publisher, CEG asks bidders to specify how much editorial they would plan as "live" on-site coverage each day, names of reporters and when first-day issues would be put to bed. As we have reported, show management, citing rising exhibitor disenchantment with quality of dailies, in past years has lobbied publishers to produce higher proportion of editorial coverage on-site, using reporters "who regularly cover the consumer electronics industry."

Besides binding publisher to produce issue on each day of Las Vegas and Chicago shows (most have skipped last day), other minimum criteria include agreement to print following information daily: (1) Alphabetical exhibitor list with booth numbers. (2) Show floor plans. (3) "CES-provided approved highlights of the show" and "special messages to attendees," such as information on registration or badgeholder pickup. (4) Coverage of CES-sponsored events, including workshops. (5) Mutually agreed upon free space for CES and CEG ads. Each issue also will be required to have 4-color cover.

As for show daily ads, CEG said rates "must be reasonable and approved by CES," although publisher will be responsible for ad solicitations. CEG said it won't bar show ads from nonexhibitors, but said those ads "may not mention offsite locations" and asked that "special consideration should be made for exhibiting companies."

CEG also solicited proposal for optional postshow "wrapup" issue, which publisher would agree to print and mail first class to show attendees "within an agreed-upon time" using approved distribution list. Announcement said CES management will choose winning entry by Aug. 4.

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Sanyo hasn't signed 3DO licensing agreement, Mktg. Vp Isaac Levy told us last week, disputing 3DO executives who week earlier said Sanyo officially was on board as licensee (TVD June 28 p16). While "few technicalities" would impede signing of document, Levy said, he expressed anger at 3DO for repeatedly "overstating the case" publicly of Sanyo's involvement with technology. But he emphasized that delay in signing pact shouldn't be construed as "hitch" in negotiations.

Philips will report extraordinary gain of \$579 million in its 2nd-quarter results, scheduled for release Aug. 5, it said in filing with SEC. Most of gain consists of proceeds of sale of 35% interest in Matsushita Electronics Corp. (TVD May 3 p9).

**PHILIPS SHAKES UP AUDIO:** Philips announced last week it was shifting worldwide audio hq from Eindhoven to Singapore, region "where new audio trends are being set and where all main audio competitors are located." Company said that "in order to strengthen the Philips position as a key player in the global audio business, it has to be part of the fastest-growing economies of the world." Move will spell immediate reductions in Eindhoven audio work force, including displacement of Audio Managing Dir. Wim Wielens, who will be succeeded in Oct. by chmn. of Philips operations in Singapore.

In statement not tied to relocation of audio operations, Philips Consumer Electronics Chmn. Henk Bodt for first time publicly acknowledged disappointment with progress in DCC launch, although it wasn't clear whether he was placing blame on lack of cohesive effort within Philips or on purportedly lackluster support by DCC software companies.

Product activities for portable audio will be managed from Hong Kong as link to Philips' factories in China, Bodt said. Hong Kong office will report to Singapore. Shifting of hq represents "logical step," Philips said, because "main part" of Philips audio operations already is in Far East. Bodt told us company has been "very impressed with the pace and speed" of operations in Singapore.

Move will mean reduction of audio work force in Eindhoven to 20 from present 66. Company said some employees will be transferred to Far East, but 35 jobs will "disappear." Bodt said remaining Eindhoven audio staff will be assigned to hi-fi operations for Europe; audio "concept lab" functions also will remain in Eindhoven. Philips Audio has 6,625 employees worldwide. Most significant executive being displaced in move, Wielens will bow out in Oct. as worldwide managing dir. for audio operations, to be replaced by Victor Loh, chmn. of Philips Singapore. Succeeding Loh as Philips Singapore chmn. will be Laurence Tang, currently CEO.

Bodt announced assignment of Piet Bögels, pres. of Eureka-95 consortium on virtually defunct HD-MAC system in Europe, as new project coordinator for DCC. Bodt said Gijs (Gerry) Wirtz will continue handling DCC external relations for Philips, reporting to Bögels, who will report to Bodt. "The show goes on," Bodt told us, referring to need for continuity in retaining Wirtz as key spokesman for DCC project.

Responding to TV Digest questioner on progress of worldwide DCC launch, Bodt for first time conceded he has found support for new format among software companies "disappointing," but in next breath added that he's "not dissatisfied." He took different tack in June 25 letter announcing Bögels' appointment to DCC system supporters, in which he repeated contention that "I am personally not dissatisfied" with progress of DCC launch in U.S. and Europe, but said "there is ample room for improvement."

Bodt said that following "an extensive internal evaluation of the DCC project over the last months," Philips has "come to the conclusion that in order to get a more coherent and coordinated effort within the DCC project, a top manager is needed to run this activity full time." He depicted Bögels as "right man for this task."

**EIA Trade Directory** and Membership List, listing personnel and other data on more than 1,000 member companies, is available at \$85 for members, \$200 for nonmembers -- 202-457-4905.

**MATSUSHITA, SONY VIEW CD-I:** Consumer electronics giants Sony and Matsushita appear to be coming closer to entering consumer CD-I market on worldwide basis. In addition to backing new Video CD standard at last week's London Multimedia Conference (see report elsewhere in this issue), representatives of both companies gave optimistic forecasts of CD-I's future -- but stopped short of all-out commitment.

Speech delivered in name of Matsushita Audio Div. Dir. Yoshio Hino (by lower ranking official) expressed confidence that full-motion video (FMV) "will help consumer more clearly and easily understand CD-I as a product concept." In nod toward uncertainty as to which CD-based formats will succeed, Hino predicted that "because FMV will likely serve as the bridge between CD-I and other platforms, FMV will facilitate great expansion in the CD-I business."

Hino's address teased audience with notion that Matsushita could introduce consumer CD-I player in near future. He cited hope that wide variety of CD-I FMV programs would be published, and said Matsushita is "in the final stages of product planning for our new product launch," although offering no more details.

At exhibition during conference, Matsushita displayed same prototype of minicomponent-sized CD-I player it unveiled last year. However, agreement on video CD standard leaves open possibility that Matsushita or other hardware manufacturer will develop player specifically for that function. That would add yet another potential element of format confusion for consumer wanting to buy CD-based machine and software.

Takao Ihashi, gen. mgr., Multimedia Promotion Dept., in Sony's Corporate Technology Group, said he expects CD-I to become "number one in the next coming multimedia era" that with addition of FMV format will "make a big consumer market in the next 2-3 years."

Philips announced at conference that it will introduce new game controllers modeled on version commonly used with current videogame consoles. It demonstrated 2-player version of new Tennis CD-I disc using Gravis controllers. One controller was plugged into standard port on front of machine, other to port at rear of player. Philips is considering CD-I player with 2 game ports on front of machine.

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Tandy and AST Research boards have approved latter's purchase of Tandy's computer manufacturing operations (TVD May 31 p19), price to be determined after audit. Agreement includes: (1) Purchase of 3 Tandy factories in Tex., one in Scotland. (3) Three-year agreement to supply PCs to Tandy's Radio Shack, Computer City and Incredible Universe stores. (4) Acquisition of Tandy's pen-based and multimedia PC technologies, including more than 60 patents. (5) Purchase of Tandy's Grid operations and AST employment of some 2,000 Grid personnel worldwide. Transaction is expected to close about July 15. AST will reduce employment at Tandy and Grid computer operations worldwide about 500.

Grundig reported loss of \$175.1 million last year, vs. \$11 million in 1991 (based on current exchange rate). Company, 32% owned by Philips, blamed falling prices due to overcapacity in worldwide consumer electronics as well as exchange rate movements and cost of downscaling. Sales dropped to \$2.23 billion from \$2.5 billion.

## Consumer Electronics Personals

**Victor Loh**, chmn., Philips Singapore, appointed managing dir., Philips Audio Business Group, effective Oct. 1, replacing **Wim Wielens**, whose future role at Philips wasn't certain at our deadline; **Laurence Tang** succeeds Loh as chmn. at Philips Singapore, which will serve as new worldwide hq for Philips Audio (see report, this issue); **Piet Bögels**, pres. of Eureka-95 HD-MAC consortium, appointed Philips DCC project coordinator; **Gijs (Gerry) Wirtz**, who will report to Bögels, will continue handling external relations on DCC project.

**Terence Strom**, ex-Best Buy senior vp, named pres. of Egghead, computer software retailer, succeeding CEO **Timothy Turnpaugh**, who becomes chmn.; ex-Chmn. **Richard Cooley** remains on board... **Sam Cusano** elected Service Merchandise corporate vp and chief financial officer, succeeding **S.P. Braud**, who will remain corporate vp-special projects until his retirement at year-end; **Michael Hogrefe** promoted to treas... Elected to chair new subcommittees of EIA Retail Advisory Council: **Ed Hart**, Nobody Beats the Wiz, and **Michael Aguilar**, Panasonic, Returns Subcommittee; **Richard Sharp**, Circuit City, and **Ronald Parrish**, Tandy, Public Policy; **Elly Valas**, NARDA, and **Jerry Kalov**, Cobra Electronics, CES/Shows; **Richard Schulze**, Best Best, and **Steven Teachout**, Canton N. America, Distribution.

**Keizo Fujimoto**, ex-Daiei supermarkets, named Sega representative vp-administration, accounting and management; **Koichi Kinoshita**, ex-Sumitomo Bank dir., becomes Sega managing dir., business strategy; **Mamoru Shigeta** named dir., consumer software development; **Kunio Nakagawa**, dir., consumer business strategy... **Christian Brecheteau**, ex-Sega France pres., named dir., Acclaim Entertainment's new Paris-based subsidiary, reporting to Acclaim Europe Pres. **Rod Cousens**... **Yutaka Oyamada** promoted to chmn.-CEO, Clarion (Japan), succeeded as pres. by **Ichizo Ishitsubo**, managing dir... **Sozaburo Okamatsu** appointed vice minister for international affairs, Japanese Ministry of International Trade & Industry; he previously was dir. gen., MITI trade policy bureau.

**Judy Anderson**, L.A. producer-consultant, appointed Laser Disc Assn. exec. dir... **Richard Rowe** named pres., Sony Music Publishing, reporting to Sony Music Pres. **Tommy Mottola**; **Sue Satriano** shifts to Sony Corp. of America dir.-media relations from Sony Music vp-press and public affairs... **Andrew DaPuzzo**, ex-sales dir., promoted at BASF (U.S.) to dir., sales and mktg., Consumer Products, Audio/Video... **Mitch Rydholm** promoted to unspecified post in Allsop Special Markets Div., replaced as mktg. services mgr. by **Armand Vezina**, ex-Sterling Drug... **David Barram**, Apple Computer vp, corporate affairs and public policies, reportedly recommended by Commerce Secy. **Ron Brown** for nomination as deputy commerce secy.

**StarSight Telecast**, developer of on-screen interactive program guide licensed to Zenith and Mitsubishi, has filed registration statement for initial public offering of 2.7 million shares through Smith Barney, Harris Upham and Kidder, Peabody. Price is expected to be \$13-\$15 per share.

**3DO** reported net loss of \$15.4 million on no sales for year ended March 31. For 18 months since company's inception, loss totaled \$18.1 million. Biggest expense item was R&D, totaling \$13.6 million for year. Company's assets at end of period totaled \$6.4 million.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
<b>Adelphia Communications</b>			
1993-year to March 31	305,222,000	(176,795,000)	—a
1992-year to March 31	273,630,000	(121,605,000)	—
1993-qtr. to March 31	79,302,000	(90,507,000)	—a
1992-qtr. to March 31	70,648,000	(19,597,000)	—
<b>Audiovox</b>			
1993-6 mo. to May 31	187,330,000	7,160,000	.79b
1992-6 mo. to May 31	160,202,000	2,722,000	.30b
1993-qtr. to May 31	95,510,000	3,823,000	.42b
1992-qtr. to May 31	82,971,000	1,703,000	.19b
<b>Corning</b>			
1993-24 wk. to June 20	1,723,800,000	139,600,000	.73
1992-24 wk. to June 14	1,613,300,000	(154,100,000)	—a
1993-12 wk. to June 20	906,800,000	89,800,000	.47
1992-12 wk. to June 14	871,500,000	67,200,000	.35a
<b>Image Entertainment</b>			
1993-year to March 31	60,410,495	(16,975,667)	—a
1992-year to March 31	59,106,042	516,208	.04
1993-qtr. to March 31	17,097,561	(13,802,157)	—a
1992-qtr. to March 31	17,034,392	336,663	.02
<b>Sun Television &amp; Appliances</b>			
1993-qtr. to May 31	97,799,000	2,031,000	.23
1992-qtr. to May 31	70,261,000	1,238,000	.17
<b>Tektronix</b>			
1993-52 wk. to May 29	1,302,378,000	(55,085,000)	—a
1992-53 wk. to May 30	1,297,243,000	20,951,000	.71c
1993-13 wk. to May 29	353,036,000	(82,134,000)	—a
1992-12 wk. to May 30	310,663,000	6,152,000	.21c

Note: <sup>a</sup>After special charge. <sup>b</sup>Includes special credit. <sup>c</sup>Restated.

**Sun TV & Appliances** posted 65% increase in net income on 39% rise in sales and service revenues for first quarter to May 31 (see financial table). Comparable-store sales were up 8%, while those from 8 new stores accounted for rest of increase, company said. Pres. Robert Oyster said Columbus, O.-based chain expects to open 8 new stores in fiscal 1994, including 6 in Western N.Y. state in fall. Income from operations improved 0.1% to 3.2% of net revenues, as result of 0.8% gain in selling, general and administrative expenses, offset by 0.7% decline in gross profit percentage. Company said drop was due largely to "uncertain retail climate and increase sales of computers and related products" with low gross profit margins. Sun's board declared 2-for-1 stock split, 100% dividend to be paid July 22 to holders of July 15.

**Plasma display panel** with built-in TV tuner for consumer use will be introduced next spring by Fujitsu. It will be based on 21" color display company plans to offer in Sept. at 980,000 yen, currently about \$9,160 (TVD May 31 p16). HDTV 40W" with 16:9 ratio is planned within 3 years.

**Atari** shareholders voted down proposed 1-for-10 reverse stock split. Board had recommended rejection in view of current value of Atari's stock.

## OBITUARY

**James E. Riesbeck**, 50, Corning exec. vp, died June 28 in Sayre, Pa., while undergoing treatment for heart ailment. His entire career was spent at Corning. Among variety of other posts, Riesbeck served as senior operations analyst in former TV Products Div. and controller of TV bulb plant in State College, Pa., both in 1968. He later was corporate controller, vp, senior vp.

# TELEVISION DIGEST®

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

With Consumer Electronics

JULY 12, 1993

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**UNPAID FURLoughs OUT AT FCC** as \$11.5-million supplemental comes through. Agency to hire 240 new employees. Congress and Commission still split on cable rules effective date. (P. 1)

**CABLE HITS MUST-CARRY** in Supreme Court petition, calls it "dangerous and wrong-headed." Programmers and MSOs say cable has same speech rights as other media. Opponents have 30 days to reply. (P. 2)

**FEMALE, MINORITY EMPLOYMENT UP SLIGHTLY:** FCC's 5-year report shows total broadcast employment down considerably. KOY-AM-FM Phoenix fined, given short-term renewal for EEO violations. (P. 3)

**MANDATORY ACCESS BLOCKED** by Mich. Supreme Court, easing way for challenges in 12 other states. Cable not guaranteed access to apartments. Decision seen boosting wireless and private cable. (P. 3)

**FCC RATE PLAN HIT:** Cable says Commission can't include low-penetration systems in rate data. Telcos and consumers say it isn't required to do so, but could give them less weight than other systems. Dropping them would mean another 18% cut in benchmarks. (P. 4)

**PRIMESTAR DECREE DELAYED:** Antitrust agreement between DBS service and state attorneys general held up until Sept. because of concerns about violation of Cable Act. (P. 5)

**UNPAID FURLoughs OUT AT FCC AS SUPPLEMENTAL ARRIVES:** "We are delighted to be able to advise you that furloughs will not be required this year," FCC Chmn. Quello informed staff July 6, as result of Congress's approving, and President Clinton's signing, omnibus supplemental appropriation bill that included immediate \$11.5 million for Commission. Furloughs had been scheduled last fall, then canceled, then rescheduled as result of budget shortfall at Commission and all of financial demands made on agency by 1992 Cable Act, plus cutback in govt. employees ordered by Clinton.

And even before new Administration ordered staff cutbacks, FCC Managing Dir. Andrew Fishel said last fall that FCC employee furloughs of 8-10 days would be "a certainty" (TVD Oct. 5 p5). That no longer is case as Office of Management & Budget has authorized Commission to hire 240 new employees, who will be mixture of professional, technical and clerical types. As result, GSA is looking for temporary space to house new FCC employees, but site hasn't been picked. FCC has asked GSA to conduct "expedited" search and one prospective site reportedly is nearly empty Empire Bldg. at 2033 M St., NW -- block from Commission hq and next door to several other agency offices.

In his memo to staff, Quello said: "We realize that the next few months will be hectic, but I believe... we can accomplish the difficult task of implementation of the Cable Act in a timely and orderly fashion."

### Consumer Electronics

**DIXONS REAFFIRMS STANCE ON SILO** despite U.S. subsidiary's \$37.4-million operating loss in most recent year. Silo opens first YES electronics-only units. (P. 7)

**TI AIMS NEW DIGITAL PROJECTOR** at consumer market, to be competitive with existing projection sets and large tubes. (P. 8)

**JAPANESE VIDEO EXPORT PRICES** continued to drop, as value of average camcorder and VCR both hit all-time low in May. Camcorder exports still were running hot. (P. 9)

**TCE MERGER WITH DEFENSE ARM SUGGESTED** by French industry minister with eye toward possible privatization of combined entity. (P. 10)

**JUNE RETAIL SALES STRONG** among reporting major chains, with solid same-store gains at Best Buy, Circuit City, REX, Sears, Tandy. (P. 11)

**BEST BUY GOING TO PHOENIX** later this year in farthest expansion toward W. Coast. (P. 11)

**NEW RADIO SHACK HEAD** comes from chain restaurant business. Roberts, former Shoney's and Arby's exec., cited for marketing and leadership talent. (P. 12)

**STEREO TV TREND REVERSED**, as May was first month in which percentage of color sets sold with stereo surpassed 1992 results. (P. 12)

(Quello was in Venezuela last week and unavailable for comment.) To accomplish that, chairman said "much of the staff" of Fishel will be involved in assisting Mass Media Bureau in hiring new personnel: "This will cause some routine activities to be delayed as staff are diverted temporarily to cable implementation issues." That primarily involves in-house personnel matters, we're told.

Question whether cable rate regulation will become effective Sept. 1 (as most of Congress wants) or Oct. 1 (as FCC has proposed) hasn't been decided. Said FCC Chief of Staff Brian Fontes: "We're trying to assess what we can possibly do given the concerns of Congress and consumers... We're trying to ascertain if at all possible whether we can move it up to September" in light of additional money and staff now available.

Citing FCC's additional funding, Rep. Markey (D-Mass.), chmn. of House Telecom Subcommittee, said last week that delay until Oct. 1 would cost consumers \$250 million: "It is important that the Commission act swiftly, decisively and unequivocally" to save cable subscribers the \$1 billion FCC had promised in April: "The meter on savings to consumers should begin ticking as soon as possible. [For FCC] to remain fixated with the October 1 implementation date... begins to sprout skepticism in the minds of consumers." On other hand, Rep. Dingell (D-Mich.), chmn. of House Commerce Committee, is strong supporter of FCC, saying agency had made "a compelling case" for Oct. 1 date.

**MUST-CARRY SPEECH LIMITS OPPOSED:** Must-carry is "a dangerous and wrong-headed expansion of government power over speech," cable parties said in petition seeking U.S. Supreme Court review of lower court endorsement of 1992 Cable Act (TVD April 12 p1). Lower court ruling suggested that cable is less deserving of First Amendment protection than other media, petition said: "It is hard to imagine that the federal courts would allow Congress to impose comparable requirements on other, more traditional media." Must-carry backers have 30 days to respond. If Court takes case, oral arguments could occur by Dec., with decision next spring.

Must-carry is "a deliberate, focused effort by Congress to control the editorial choices made by cable operators... to assure that the programming expressly preferred by Congress, that of local broadcast stations, will gain the largest possible audience," said joint petition filed by Daniels, Discovery, NCTA, Turner, others. "With the exception of broadcasters, whose rights are limited by the unique need to allocate the scarce frequencies, no member of the press has ever been subjected to a targeted law requiring it to devote a significant percentage of its capacity to speech selected by the government."

Justification for must-carry, protecting future of local broadcasting, is flawed, cable groups said, because growing number of TV stations indicates that cable isn't bottleneck. Petition said in footnote that if local TV needs to be protected, govt. could use other means such as subsidies, "as it does in partial form now through the grant of free broadcast licenses."

Current version of must-carry is "even more sweeping" than earlier rules thrown out by courts, petition said. Even though Congress included findings on economic factors in bill, petition said much of emphasis was on promoting noncommercial, educational, local and public affairs programming. It said committee reports "confirm the focus on the content of programming" as justification for must-carry. Cable groups are trying to tie must-carry to programming, rather than allow permanence for lower court finding that it's just economic regulation.

Govt. couldn't even impose must-carry if channel capacity were unlimited, petition claimed. It cited 1974 case in which Supreme Court said that newspaper couldn't be forced to print anything that it wouldn't otherwise print. "There is nothing in the nature of cable television as a medium of communications... that would justify a watering down of its First Amendment rights," cable groups said.

**U.S. media** and public have been banned by Canadian court from upcoming manslaughter trial in border town of St. Catharine's, Ont. Justice Francis Kovacs said only Canadian correspondents and families of victims would be permitted to attend and that all but verdict and sentence would remain secret for up to 2 years. Ban was sought by govt. in trial of Karla Teale because of fear that testimony would prejudice trial of her husband Paul Teale, accused of murdering 2 teenage girls. Toronto Globe and Mail said it planned to appeal.

**Newly elected** Sen. Hutchison (R-Tex.) will join Senate Commerce Committee, replacing Sen. Gregg (R-N.H.), who leaves panel for seat on Foreign Relations. There was no word on replacement for ex-Sen. Krueger (D-Tex.), who held Democratic seat on Commerce panel and lost Senate seat to Hutchison.

**FCC's field operations** office in Minn. has moved to 2024 Sloan Pl., Suite 31, Maplewood, Minn. 55117-2058 -- 612-774-5175.

**FEMALE, MINORITY EMPLOYMENT UP:** Female and minority employment in broadcasting and cable increased slightly in 1992, while total employees in TV-radio continued 5-year drop, FCC said in report released last week. Women employees in broadcasting grew in 1992 to 39.5% of total from 38.2% and minorities to 18.2% from 17.3%. Those figures compare with overall national work force of 45.4% women and 22.5% minorities. Minorities made up 16.1% (up from 15.8% in 1991) of employees in top 4 categories (officials and mgrs., professionals, technicians, sales), women 32.6%, up from 23.4%.

On cable side, females held 41.7% of jobs in 1992, down 0.1%; minorities 25%, up from 24.6%. In top 4 categories, women held 30.6% (up 0.2%) in cable, minorities 20%, up from 19.8%. Figures are based on annual EEO reports filed by stations and cable systems with 5 or more fulltime employees. Total number of employees in broadcasting has fallen to 155,311 in 1991 from 176,744 in 1988, with further drop to 148,579 last year. On other hand, total cable employment has shown steady annual increase -- to 108,280 last year from 91,342 in 1998.

Meanwhile, in action to which Comr. Barrett dissented in part because he wanted larger fine, FCC granted KOY-AM-FM Phoenix short-term renewal and fined licensee Edens Bctsg. \$25,000 for failure to "engage in affirmative recruitment efforts" among minorities. Commission said stations (which are being sold to Sundance Bctsg.) also failed to keep adequate EEO records. License renewal is good through Oct. 1, 1995 (radio licenses normally run 7 years). NAACP had filed petition to deny renewals (along with those of other Ariz. and Nev. stations), but it was withdrawn in 1991 following agreement with licensee. License period questioned was for May 31, 1987-May 31, 1990.

TV has potential to become "the gateway through which most, if not all, electronic information enters American households," House Telecom Subcommittee Chmn. Markey (D-Mass.) told FCC Chmn. Quello in July 6 letter. Asking that agency act aggressively to keep gateway "as open and accessible as possible," Markey said that making HDTV standard "as interoperable as possible" is first step in opening system in digital TV market. He asked Quello to reply to 5 questions by July 15: (1) Has "Grand Alliance" consulted with computer industry and others as it was supposed to do? (2) Has Advisory Committee on Advanced TV Systems included representative of computer industry and others involved with HDTV, including medical imaging and education? (3) Has FCC taken into account interoperability questions raised by recent deals, such as one involving Time-Warner (TW), TCI and Microsoft, TW and US West, or TCI, Intel and General Instrument? (4) Would TW-TCI-Microsoft deal constitute "concentration of power" so large it would preclude other participation in digital TV market? (5) What effect will digital VCR standard have?

In unusually long statement released July 9, FCC Chmn. Quello explained his vote in support of granting Rupert Murdoch's News Corp. and Fox TV permanent waiver of newspaper-TV cross-ownership ban to acquire N.Y. Post (TVD July 8 p8). Waiver was necessary because Fox owns WNYW N.Y.C. Quello said: "I support this decision completely. On the facts presented here, waiver of the cross-ownership rule is necessary to maximize the number of information sources available to the public." He said rule was "carefully crafted" with waivers in mind, and that divestiture has been forced in only 16 "egregious cases." And in those cases, he said, licensees were given 5 years to divest either newspaper or TV station.

**MANDATORY ACCESS BLOCKED:** Mich. Supreme Court said landlords can prohibit franchised cable operators from gaining access to their property, especially when comparable private cable system is operational. Decision will make it easier for challenges to so-called mandatory access laws in 12 other states and dozens of municipalities, said Washington lawyer Deborah Costlow, who represented landlord. U.S. Supreme Court had said in 1982 that landlords must be fully compensated for mandatory access, but didn't rule that they had full right to exclude cable operator.

Mandatory access is unconstitutional taking of private property that can't be justified by public interest, Mich. court said in City of Lansing vs. Edward Rose Realty. Court said franchised cable operator, Continental, would gain "substantial revenue... and increased market value" if city were allowed to use condemnation proceedings to guarantee it access. Since Rose already had installed comparable private cable system in 2 apartment complexes with total of 1,504 units, court said "the primary beneficiary of this ordinance is Continental, a private user, and not the public."

Court decision "vindicates the constitutional rights of private property owners to repel an invasion of their private property for the sole benefit of increasing the profits of cable franchises," Costlow said. "The decision also enhances the competitive viability of alternative providers of cable services, such as private and wireless cable operators."

**Satellite-delivered** Digital Audio Radio Services (DARS) proposed by Digital Satellite Bctsg. (DSB), American Mobile Radio (AMR) and Primosphere shouldn't be approved because they don't serve public interest or provide adequate signal, are impractical and because terrestrial digital audio broadcasting (DAB) is easier to introduce, NAB said in comments to FCC. Question, NAB said, "is whether bringing programming diversity to truckers, RV [recreational vehicle] users and some rural, scattered and sparsely populated markets that are already adequately served is worth the nationwide loss of localism that satellite DARS portends." If FCC approves applications, NAB said, effect will be to "hinder, confuse and otherwise threaten the successful introduction of DAB by terrestrial radio service. Satellite DARS will confront users and manufacturers with incompatible services that will undermine the consumer and industry confidence necessary to introduce new technology." Assn. said Primosphere also has suggested system redesign to accommodate other systems and if new ideas are part of proposal it should amend application so FCC can see effect modifications will have on Primosphere's overall plan.

**CPB established** Advisory Commission on Public Broadcasting to the World to advise it on program and policy implications of extending reach of U.S. public broadcasting abroad. Panel, which Corp. said is composed of figures from public and commercial broadcasting as well as technology and foreign affairs, is to meet later in summer. CPB Pres. Richard Carlson, meanwhile, testified in British Parliament, telling House of Commons committee reviewing BBC's royal charter that long-term stable funding such as BBC receives from license fee is critical to success of public service broadcasting.

**Viacom and Group W** are swapping AM-FM combinations in Washington and Houston, giving both duopolies in markets. Viacom acquires WCPT(AM)-WCXR(FM) Washington, plus unannounced amount of cash, in exchange for KIKK-AM-FM Houston. Viacom currently owns WMZQ-AM-FM Washington, Group W KILT-AM-FM Houston.

**FCC RATE PLAN HIT:** Eliminating low-penetration cable systems from data used to set rate benchmarks would make base, with fewer than 30 of 10,000 cable systems, statistically invalid, operators said in comments on FCC proposal (TVD April 5 p1). Supporters of Commission's tentative plan said argument is invalid because Congress knew when it adopted Cable Act that there were few truly competitive systems on which to base rate structure. Proposal, if finally approved by FCC, could lower cable rate benchmarks another 18%, in addition to 10% cutback approved earlier this year.

FCC says low-penetration systems (those serving fewer than 30% of homes passed) may inflate rate data unfairly, forcing Commission to set benchmark higher than it should be. Agency said it was forced by Cable Act itself, which protects low-penetration systems from regulation, to include them in benchmark.

Dropping such systems would "only further weaken an already dubious basis for rate regulation," TCI said. Deletion would mean that rates of 50 competitive systems would be used to set benchmarks for more than 10,000, and if municipally operated systems (which aren't profit-making) are dropped, figure falls to 29 (Continental said it's 27).

Telephone and consumer groups said FCC isn't required to include low-penetration systems. USTA said statutory language means that such systems "may not be subject to rate regulation, but that does not mean that their rates are competitive." Consumer Federation of America (CFA) said FCC may not be able to drop low-penetration systems entirely, but it could give them less weight: "The only way the Commission can run afoul of the law... would be to fail to bring rates down to truly competitive market levels." Opposition is "a self-serving attempt [by] several cable operators to ensure a benchmark as high as possible," said joint filing by group of municipal franchising authorities. Meanwhile, Continental made similar charge against telcos, "whose only interest is to deny cable the revenues needed to upgrade its infrastructure and potentially compete with the telcos' local monopoly."

Even if FCC could drop low-penetration systems from benchmark data, there's no rational basis for doing so, NCTA said, and there's no hard evidence that rates charged by overbuilders or municipal systems are closer to truly competitive rates than those of low-penetration systems. Viacom said overbuilder data include "inherent statistical bias" because such systems tend to be newer, technically more sophisticated, carry more ads and pay-per-view and be in low-cost South.

Other comments: (1) Time Warner called FCC plan "flatly illegal" and said any further rate reductions would be "arbitrary and capricious and without record support." (2) Joint filing by Cablevision Industries, Cox Cable and Jones Intercable said additional 18% rate cut would "devastate" cable industry.

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HBO was awarded \$250,000 damages, plus attorney fees, in default judgment entered in U.S. Dist. Court, Hartford, against alleged pirate. HBO had claimed that sports bar Champs of New Haven had pirated premium cable channel's signal.

**Cost-of-service rules** for cable operators will be on agenda at July 15 meeting, FCC announced. It said it will consider proposed rulemaking on how cable operators would make cost-of-service appeals of rate benchmarks.

**Deal involving Prodigy and Cox Newspapers** could pose challenge for America Online (AOL) and open new avenue for Prodigy's planned cable version of its service. Prodigy and Cox announced July 7 joint effort to develop local versions of electronic newspapers that would be offered over Prodigy's national network and said they will develop standard platform that would enable other newspapers to offer similar services. First Cox efforts will be in Atlanta and W. Palm Beach, followed by Austin, Tex. Prodigy spokesman Brian Ek said that publishers would have option of offering service on standalone basis that customers can call, or as menu choice on national Prodigy service. Current Prodigy members would pay extra for newspapers, while non-Prodigy members could subscribe to newspaper and have optional access to national Prodigy service. AOL carries electronic versions of 2 newspapers, Chicago Tribune and San Jose Mercury-News, each accessible from its national menu. AOL spokeswoman Jean Villanueva said Prodigy was following AOL's lead, that her company's pricing policy was more attractive and had more information than what was in printed editions of newspapers. But Prodigy said its service would be much broader. Ek said AOL service carries only newspaper articles while Prodigy version will allow readers access to stored data that could include campaign speeches, biographies and other background material, while participating in discussion on particular issues and sending letters on-line to candidates. Dennis Berry, publisher of Atlanta Journal and Constitution, said new format would allow electronic publishing of very local information, such as home sales and police reports, that may be cut from printed editions. Villanueva said next AOL project will be in Orlando, where Sentinel is owned by Tribune, followed by Ft. Lauderdale Sun-Sentinel, so there could be first electronic newspaper war in S. Fla. Besides owning 17 newspapers, Cox also has 24 cable systems and 20 broadcast stations, although they are operated by divisions of Cox Enterprises separate from newspapers. Cox Cable is looking at on-line services similar to Prodigy, but no deal has been struck, spokeswoman Ellen East said: "Prodigy is one of the services we are looking at." She said decisions on carrying cable version of Prodigy probably would be made at local franchise level, rather than through Atlanta hq.

**MCI hopes to have deal with cable MSO by end of 1994,** Chmn. Bert Roberts said in interview to be broadcast on PBS' TechnoPolitics, but both MCI and TCI dismissed as "hype" claims that statement indicated that TCI deal was imminent. MCI spokeswoman said company always has said it's in talks with everyone. TCI spokesman said MSO is "in routine contact with lots of different companies, virtually every major communications company in the U.S. and many overseas." When asked about rumored impending hookup between TCI and AT&T, Roberts said "there's a number of us that have had conversations with TCI and [CEO] John Malone and it's not over until the fat lady sings." Long distance companies are hoping to use local cable systems to provide alternative bypass to local telcos, generating more long distance traffic for their firms.

**New Vision Communications (NVC)**, E. Lansing, Mich., has acquired 8 TV stations owned by News Press & Gazette Co., St. Joseph, Mo., for \$110 million: KOLD-TV Tucson; WSAV-TV Savannah; WECT Wilmington, N.C.; WJTV Jackson, Miss.; WHLT Hattiesburg, Miss.; and KSFY-TV Sioux Falls, KPRY-TV Pierre and KABY-TV Aberdeen, all S.D. NVC is newly formed company headed by Chmn.-Pres. Woodward Stover, Exec. Vp Bennett Smith and Jason Elkin, pres. of NVC TV; Elkin and Smith are former executives of Clear Channel Communications. NVC said it's negotiating with 2 other groups and hopes to acquire more stations before year end. Broker: Kalil & Co., Tucson.

**PRIMESTAR DECREE DELAYED:** Antitrust consent decree between DBS service Primestar Partners and 40 state attorneys general was delayed at least until Sept. by U.S. Dist. Court, N.Y., Judge John Sprizzo pending comments from proposed DBS operator DirecTv and others. DirecTv and Rep. Tauzin (D-La.) told judge that proposed decree violated spirit and letter of program access provisions of 1992 Cable Act because it provided for exclusive contracts. Sprizzo decided to delay implementation after being urged in court to accept decree by attorneys for Primestar and Viacom. Comments are due July 16, replies Aug. 16. Hearing or decision is planned for Sept. 3.

Controversial provision in decree allowing exclusive DBS contracts was "product of negotiation" that "in no way constitutes a pronouncement by the attorneys general that exclusivity is the best public policy," said Joseph Opper, chief, N.Y. Antitrust Bureau. Parties negotiated decree in "context of litigation" and didn't have clean slate to work with as Congress did in drafting Cable Act, he said. Attorneys general felt sense of obligation to address DBS issue, he said, and felt inclusion of one system was "better than none." Decree could be voided, he said, because Cable Act would preempt it if it's judged to be in conflict with federal law.

"Nothing in the agreement sets aside the law," Primestar Pres. John Cusick said. Rather, issue should be DirecTv's intervention as "attempt to settle problems among its own partners," he said, referring to firm's efforts to gain access to same programming as that of other proposed DBS provider, U.S. Satellite Bstg. He declined to give partnership's rationale for including exclusivity clause in decree, saying: "People won't find it [rationale] very interesting."

**Cities are pressing FCC to reestablish June 21 effective date for refunds of unreasonable cable rates.** In letter July 9 to FCC commissioners, NATOA Pres. David Olson said cities recognize that agency may not have had capability to fully implement rules then, but cable operators should have been ready to comply since they had had since April 1, when rate regulation rules were set, to get ready. Extending effective date until Oct. 1 "may have the unintended result of harming cable subscribers," Olson said, although rate freeze helps. Cable operators should have been in process of implementing new rates even before FCC extended effective date on June 11, he said, and "the Commission found no reason why cable operators, as opposed to the Commission, could not comply with the June 21 date."

**RTNDA accused sponsors of campaign reform** legislation of trying back-door approach to reinstituting fairness doctrine. In July 6 letter to all House members, RTNDA Pres. David Bartlett called provision that would require FCC to enforce fairness doctrine and other content rules "deeply disturbing." He said other bills would accomplish same task in open manner and asked: "Why are the authors of the campaign reform bill trying to sneak in a provision that brings back content regulation?" Letter said doctrine would "give government regulators the right to decide what can be considered legitimate news and how it must be covered on radio and television. No matter how it is disguised, the fairness doctrine amounts to unconstitutional government censorship."

**Evergreen Media**, which owns WLUP-AM-FM Chicago, is buying WWBZ(FM) there from Major Bstg. for \$32 million. Evergreen currently owns 12 radio stations in major markets.

**Hauser Communications** received first of 2 main approvals that it needs from local franchising authorities to complete \$650-million sale of its cable systems (TVD Feb 15 p1) to Southwestern Bell (SWB). Arlington County, Va., County Board approved franchise transfer July 8 on 5-0 vote, saying only that approval "shall not be construed to mean that the County Board approves of any future rate increases, which might be sought by means of a cost-of-service showing which uses the purchase price paid." Board also attached condition that it's allowed to conduct 2nd formal review of transfer 2 years after SWB takes over. Hauser Communications Chmn. Gustave Hauser said he's pleased that franchise transfers are "moving along." Transfer remains somewhat controversial in Montgomery County, Md., where Cable Communications Advisory Committee Chmn. Lawrence Movshin said potential of higher rates caused by what's perceived to be high purchase price is "major concern." County Council there isn't expected to vote on deal until fall. FCC will have to resolve whether purchase price can be used to justify higher rates, said Sally Michael, who oversees Arlington County cable franchise. She told County Board just before vote that adding rate condition "should clarify the Board's intent." Michael told us that county "feels quite strongly that this [sale to SWB] will benefit the consumer" because telco's financial strength will increase cable system's financial stability, and its technological expertise will guarantee that Arlington has leading-edge communications technology. System has 49,500 subscribers; franchise expires Oct. 18, 2000.

**Search committee** for new NCTA pres. to replace James Mooney (TVD July 5 p4) has begun meeting and one of rumored candidates, NCTA Exec. Vp Decker Anstrom, has removed himself from consideration for top slot. Committee, headed by Newhouse Bstg. Pres. Robert Miron, didn't immediately set timetable for finding replacement, but is committed to moving as quickly as possible, officials said. Committee members include Continental Chmn. Amos Hostetter, Prime Cable Chmn. Robert Hughes, Comcast Chmn. Ralph Roberts, Landmark CEO John Wynne. Anstrom said he "will not be a candidate" for president, in part because "it's important that the industry have a fresh, new face." Anstrom, who's serving as interim head of NCTA, also said he's committed to making transition work and "it would be best if my motivations were not being second-guessed because I'm a candidate." Few serious candidates for post have emerged, although among names mentioned to date are former Reps. Rinaldo (R-N.J.), Eckart (D-O.), McMillen (D-Md.) and Coelho (D-Cal.), FCC Comr. Duggan, former NCTA Exec. Vp Bert Carp (now Turner Bstg. vp-govt. affairs), former NCTA Pres. Thomas Wheeler (now pres. of Cellular Telecommunications Industry Assn.), CableLabs Pres. Richard Green, C-SPAN Chmn. Brian Lamb.

**House Telecom Subcommittee** will hold hearing July 15, 9:30 a.m., on NTIA's FY 1994 authorization, location to be announced. Legislation pending in House (HR-2519) would appropriate \$19 million for general NTIA expenses, \$20 million for Public Telecommunications Facilities Program, \$21 million for infrastructure grants, \$1 million for Endowment for Children's Educational TV. No authorization legislation has been introduced.

**Russia will get its MTV** under syndication deal with Biz Enterprises, described as one of largest media companies in former Soviet Union. In one-year deal, 5 Russian TV networks will begin delivering 43 hours of weekly MTV programming to total of more than 88 million households. Terms weren't disclosed.

## Personals

**Kenneth Schanzer**, NBC Sports exec. vp, named pres. of The Venture, Major League Baseball and ABC-NBC joint effort under which networks and baseball will share advertising and sponsorship revenues in 6-year deal starting in 1994... **Judy Girard**, ex-vp-bestg., WNBC-TV N.Y., named senior vp-programming and production and group vp, Hearst/ABC-Viacom Entertainment Services.

**James Gray**, vp, Time Warner Cable, appointed chmn., C-SPAN Exec. Committee... **Jonathan Hogan**, ex-CBS, joins Fox Bestg. publicity department as senior mgr.-publicity... **Jill Kinsella**, ex-CATA dir.-congressional and industry affairs, named dir.-public affairs, MetroVision corporate office, Atlanta... **Robert Pendergast** promoted to vp-corporate communications, Media General... **Jordan Wertlieb**, ex-Katz American TV, named mgr.-national sales, WCVB-TV Boston... **Joseph Howell**, pres., Carl Byoir & Assoc., N.Y.C.-based international communications firm, becomes senior vp-corporate mktg., MFS Communications.

**Beth Cornstock**, former CBS dir.-entertainment publicity, appointed vp-news information, NBC... **Richard Schell**, ex-dir. information systems, Turner Corp., N.Y., named vp-information systems, ABC... Promotions at Time Warner Cable Ventures: **Jeffrey Schwall** to pres.-international, **Michael Ancel** to dir.-new business; **John Seder**, former consultant, and **Michael Suhanovsky**, dir.-market development, named vps-international... **Jennifer Monaco**, mgr.-client promotions, USA Networks, promoted to dir.-consumer promotions... **Joe Weber**, ex-Western International Syndication, appointed vp-gen. mgr., MTM TV... **Jeff Gilbert** promoted to gen. sales mgr., WUHF Rochester, N.Y... **Sandra Coyle** advanced to gen. sales mgr., WTVH Syracuse.

GSA appointments: **Kenneth Kimbrough**, ex-gen. mgr.-real estate operations, Ill. Bell, commissioner of public buildings; ex-Rep. **Ratchford** (D-Conn.), assoc. administrator-congressional affairs; **Patrick Dorinson**, corporate affairs dir.-Clinton-Gore Presidential Inaugural Committee, assoc. administrator-public affairs... **William Schereck**, ex-Fox cable affiliates vp, named OVC Network exec. vp-broadcast operations and engineering, new position... **Sondra Lee**, SA Communication Services exec. vp, elected pres., AWRT, and chair, AWRT Foundation, succeeding **Sallie Forman**, who will remain on both boards.

Additions at Turner Home Entertainment: **Nancy McCready** as senior vp-mktg. and promotions, **Helen Isaacson** as vp-international licensing... **Andrea Rainey**, ex-Arbitron, named dir.-research, Radio Advertising Bureau... FCC Comr. **Barrett** will address OPASTCO 30th annual convention July 13, Hyatt Regency, Vancouver, B.C.; Comr. **Duggan** will address Rocky Mountain Cable TV Expo July 16, Snowmass Resort, Snowmass, Col.

Three key executives of KTVI St. Louis have resigned in wake of sale of Times Mirror (TM) stations to Argyle TV Holding. Pres.-CEO Wayne Thomas, who has been with TM 21 years, Vp-Finance Marshall Galiers and Chief Engineer Cason Capps all are leaving. Thomas will become consultant to Argyle; Galiers is expected to remain 6-8 weeks. Argyle is buying all 4 TM stations for \$335 million, has closed on KTVI and WTVM-TV Birmingham; still to close are KDFW-TV Dallas-Ft. Worth and KTBC-TV Austin.

Time Warner placed \$3-million order for fiber equipment for its Houston cable system upgrade, C-Cor said. Project is intended to link 6 major hub sites with full redundancy, using 1550-nm fiber equipment.

# TELEVISION DIGEST

With Consumer Electronics

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Reps. **Schumer** (D-N.Y.) and **Roukema** (R-N.J.) introduced legislation (HR-2609) to set up presidential commission to investigate and propose solutions to violence on TV. Proposed commission would include attorney gen., surgeon gen., 12 members from entertainment industry; 8 members who are parents or children, belong to parent organizations or community or religious groups; 6 members from experts on public health, crime prevention or education. Commission would have year to compile report, then go out of business. Bill would authorize \$1 million for effort. In draft letter asking support of other House members, Schumer and Roukema said commission could be "architect of consensus" that would be needed because networks, despite their agreement on violence warnings, "will not really confront this problem on their own." Lawmakers said commission that brings together all parties "is our only real chance of channeling the outrage people have towards what they see on TV into constructive action." Other legislators also spoke out on problem. Sen. **Dodd** (D-Conn.) said he was concerned about "the lack of nonviolent programs" on TV, as part of broader speech on violence and children. Sen. **Gorton** (R-Wash.) called on cable to join antiviolence move and for entertainment industry to reduce violent content in programs.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

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

	JUNE 19-25	1992 WEEK	% CHANGE	JUNE 12-18	25 WEEKS 1993	25 WEEKS 1992	% CHANGE
TOTAL COLOR.....	446,044	497,432	-10.3	382,178*	9,849,004*	9,047,298	+ 8.9
DIRECT-VIEW...	438,280	486,034	- 9.8	375,514*	9,693,277*	8,903,429	+ 8.9
TV ONLY.....	411,286	471,228	-12.7	358,360*	9,152,485*	8,535,241	+ 7.2
TV/VCR COMBO.	26,994*	14,806	+82.3	17,154	540,792*	368,188	+46.9
PROJECTION....	7,764	11,398	-31.9	6,664*	155,727*	143,869	+ 8.2
VCR DECKS.....	224,858	272,299	-17.4	171,116	4,773,899	4,775,512	- 0.0
CAMCORDERS.....	61,841	75,524	-18.1	44,025	1,189,746*	1,089,132	+ 9.2
LASERDISC PLYRS#	6,008	12,860	-53.3	3,329*	88,547	95,061	- 6.9

Direct-view TV 5-week average: 1993--396,591; 1992--382,237 (up 3.8%).

VCR deck 5-week average: 1993--199,312; 1992--202,828 (down 1.7%).

Camcorder 5-week average: 1993--56,423; 1992--54,331 (up 3.9%).

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

**DIXONS MAINTAINS SILO COMMITMENT DESPITE BIG LOSS:** Despite 25% increase in Silo operating loss to \$37.4 million in year ended May 1, executives of parent Dixons Group last week reiterated belief they can turn struggling U.S. retail operation around. Dixons is basing hopes on modest U.S. economic recovery, 2% comparable-store sales improvement in 2nd half (after 3% shortfall in first 6 months), management reorganization, changes in in-store execution.

Silo's sales for year dipped slightly to \$1.01 billion (reflecting effect of store closings), although they were flat on same-store basis. In addition to operating loss, Dixons took \$55 million writeoff for "first stage of restructuring" related to closing of 45 midwest stores earlier (TVD Jan 18 p10), consolidating smaller stores into larger new units in some markets, other infrastructure consolidations.

Continuing problems in U.S. (which accounts for largest share -- 32% -- of Dixons revenue) are in contrast with steady progress parent has made in U.K. retailing, where operating profits increased 7.9% to £77.6 million (\$116 million, at £1 = \$1.50) as revenues on continuing operations jumped 11% to \$1.92 billion. Drag in U.S. is so heavy that one London-based analyst said before earnings release that price of Dixons stock would jump significantly if company announced plans to jettison American operation. In fact, share price dropped 7.1% to 195 pence day report was issued. Typical of U.K. financial community's attitude was Financial Times columnist's characterization of Silo as "a dark and dangerous hole in the ground."

Southern Cal., which accounts for 20% of Silo's selling space, continues to be biggest headache, with sales last year showing "a significant decline." One U.K. analyst estimated that L.A. accounted for about 75% of Silo's total losses. Peter Morris, Dixons executive who was named Silo pres. in Feb., said company believes it needs 5 more stores there to fill in unserved markets and better amortize marketing costs, although he acknowledged that "we will not be making any property investments there this year." Overall, he expressed faith that Southern Cal., in which Silo now has 21 stores after entering in fall of 1990 by acquiring leases of 15 former Federated Group stores, "has the potential to be viable." He said company is cutting expenses in market by consolidating Southern Cal operations and distribution in Phoenix, process to be completed by end of Aug.

Top executive with major supplier said that for Silo "the issue in L.A. is not the competition, it's the California economy." He said opening more stores should help, since in Southern Cal. "people tend not to

drive an extra 15 miles in that traffic to save \$20." Overall, he was supportive of Silo's recent merchandising initiatives, saying they had brought company more in tune with latest trends in superstore retailing.

Silo is implementing several in-store changes aimed at positioning company as value-added retailer. New and remodeled stores, such as prototype 20,000-sq.-ft. outlets opened in Orland Park and Naperville, Ill., in May, include in-store service center, car installation bays and enlarged home office depts.; 2 more are set for Burbank and Bloomingdale, Ill., this month. Morris said early feedback from new stores is "very encouraging." He also said Silo at beginning of fiscal year modified sales compensation plan to put more emphasis on gross margin dollars, rather than paying straight percentage of volume to salespeople.

More dramatic new effort, however, is electronics-only format under banner of YES (Your Electronics Store). Company last week held official opening of 3 YES units in Rochester, N.Y., and plans to take concept to another market "where we would be head-to-head with major competition" after Christmas, Morris said. Operating under different banner, he said, has enabled company to bring in some better lines, expand product lineups, test new training and systems. YES assortments include Denon, Harman Kardon, Kenwood car audio, Mitsubishi and Yamaha -- brands that either aren't in Silo or appear on much more limited basis. If YES test is successful, Morris said, transforming Silo in electronics-only retailer is "an option. It would depend on the degree of success." Major appliances account for 20% of Silo's sales now.

Morris said he hopes current year will bring continued momentum in store re-siting and refitting program and "significantly reduced losses," saying he set "a personal goal of being break-even in 2 years." He said Silo is "financially strong, and Dixons remains committed to a major investment program in property, equipment and systems."

\* \* \* \* \*

Dixons Chmn. Stanley Kalms told London audience last month that private "vigilante" forces must be given semiofficial status to protect businesses against organized criminals. "We need to legitimize the meaning of vigilantism," Kalms told Social Market Foundation conference on policing in London. "It is an honorable word and must be seen to be so. I have no doubt that there will be a series of groupings of crimefighters who will have to be given some sort of semiofficial status. This will be opposed by the police, but it is inevitable." Dixons and other U.K. retailers have been victimized by range of crimes including "ram-raiding," in which thieves drive stolen car into front of store, then steal whatever merchandise they haven't damaged. Kalms also admitted frustration at number of "squatter shops" that sell stolen goods in abandoned retail storefronts. According to The Guardian newspaper, Kalms admitted that Dixons used "heavies" to evict squatter shops from vicinity of Dixons stores.

**TI'S PROJECTION TV AIM -- TO BE COMPETITIVE WITH TUBES:** Texas Instruments' tiny digital micromirror device (DMD) -- projection TV picture source on single silicon chip (TVD June 14 p13) -- will be aimed at consumer TV market at target price competitive with existing projection TV sets and large-screen direct-view tube sets.

So said Gary Feather, mktg. mgr. of TI Digital Imaging Systems Dept. "We expect we can offer a projection engine capable of cost parity" with current systems, he told us. "We don't have to violate any law of physics to get there. It wouldn't be worthwhile to go forward if it has to be sold at \$4,000." TI expects to offer "display subsystem" to existing TV manufacturers -- "they currently buy tubes, power supply and optics" for projection TV, and Feather sees DMD competitive with -- and superior to -- those products.

When will talks with manufacturers get serious? "We haven't reached that point yet. In the next 6 months we'll finish a lot of testing. Then we'll make a decision to move forward on a logical basis." He said TI will talk with manufacturers when time comes to determine their requirements, and indicated DMD would be offered as front- or rear-screen product, as well as possibly competing with 35" tubes in direct-view sets and 16:9 widescreen receivers. "It could easily substitute for a tube [in table model] because it's much shallower."

DMD system, in development in various forms since 1977, was subject of \$9.8-million contract from Defense Advanced Research Products Agency (DARPA) that calls for prototype HDTV projection display by year-end, target that Feather says will be met. However, he said "commercial value [of HDTV system] is many years away," and "we also built NTSC/PAL projectors as part of our own parallel effort" that he believes should pay off long before high-definition version. "The DARPA program is for a single high-definition prototype, and then we will continue our own work on NTSC/PAL."

DMD projection system, which drew praise at Society for Information Display (SID) meeting in Seattle in May, uses group of pivoting aluminum mirrors fabricated on 5/8" square silicon chip. NTSC version has 307,200 of these microscopic mirrors (640x480), each one constituting one pixel. They reflect light from external source into imaging lens and since they're either on or off (depending on whether light hits lens or misses it), system is completely digital. HDTV version will have 3 DMDs, with millions of micromirrors.

Advantages listed by Feather: (1) All-digital system is "logical evolution" toward digital TV and requires no conversion to analog from digital chassis. (2) System displays frame at a time, without interlaced scan, eliminating flicker. (3) There's no blooming or color fringing, because it uses no shadow mask, providing sharper, crisper picture. (4) Colors are mixed digitally for more exact control and don't depend on phosphors. (5) Brightness is completely under control of manufacturer, depending on independent light source. (6) System has square pixels for computer compatibility, also is compatible with progressive scan. (7) Lower gain projection screens can be used, because it has high light transmission, eliminating or reducing directionality that causes narrow viewing angle.

For NTSC/PAL system, projector uses spinning color wheel to provide field-sequential color. Although some observers found field sequential color objectionable when CBS employed it in its color TV system in 1950s because of phenomenon of color breakup (picture appearing in single color to viewer shifting gaze by moving eyeballs rapidly), Feather said effect wasn't noticeable and prompted no complaints from observers at SID demonstration.

As subsystems supplier to consumer TV industry, before finalizing product TI will get input from end-product manufacturers, Feather said. "We will ask them to send us their requirements, needs, schedules. We are looking for people to come to us and tell us what needs aren't being satisfied and how we can solve the problem. We don't understand that [consumer TV] market, so we will rely on them."

However, he said that "in the next 6 months there is no point in thinking about a program... We have done engineering tests. Now we are going down a methodical path to finish qualification testing; then we will finalize the design of the first products; and then there will be more qualification testing. We're going to discover things. These are not testing issues so much as implementation issues. We will go with this technical development until we have a viable product, and then we will submit it to the industry."

Eventual move to HDTV will be relatively simple matter, Feather told us. "We already have as much brightness as necessary -- almost double the best rear projection [in NTSC format]. The basic structure for HDTV is identical. We can move directly to large-screen HDTV -- there's no system out there now to show HDTV properly. A 34[W]-inch tube is too small. Currently the HDTV display is compromising the image. We can make high definition the same brightness [as current TV standards]. It's a logical transition -- there's no new technology required."

Many TV manufacturers are skeptical. Despite TI's efforts and enthusiasm, they have seen too many breakthroughs fall apart. One industry projection expert (who asked to remain anonymous) expressed concern about "any system which depends on things that move." He particularly cited microscopic mirrors, each moved by electrical charge. "There have been no life tests yet," he said. "What if one mirror bends or breaks?" Like an LCD with one faulty pixel, that would be noticeable -- "like a fly on the screen," he said. He said SID demonstration showed "tradeoff between brightness and contrast -- the more they pump up the light, the more it tends to degrade contrast." He compared system with LCD projection, which has made little impact on consumer market because of high costs, and "this doesn't look significantly less expensive."

It's too early to demonstrate system at industry trade show such as Consumer Electronics Show, Feather said. TI currently is considering whether to show it at EURO technology fair 93 in Strasbourg, France, Aug. 31-Sept. 1.

**JAPANESE VIDEO EXPORT PRICES CONTINUE TUMBLE:** For 3rd straight month, average price of camcorder exported from Japan to U.S. reached record low in yen value, dropping 4.5% from April level, and down 20.4% from year earlier. At same time, for 2nd month in row yen value of VCRs exported to U.S. also hit lowest level ever, falling 3.6% from previous bottom reached in April, and off 16.5% from year earlier.

Camcorders and laserdisc players were only products for which shipments to U.S. increased in May from year earlier. Although 34.5% jump in camcorder exports lagged well behind triple-digit increase in April, it was enough to push shipments for first 5 months of year to 19% ahead of 1992 pace. With increased amount

of VCR manufacturing being shifted out of Japan, exports to U.S. continue to lag steadily about 30% behind 1992 rate.

Figures from Japan Finance Ministry showed average camcorder price dropped to 58,172 yen, below previous low set in April (60,896 yen) and well beneath level in May 1992 (73,072 yen). With average rate of 111 yen = \$1 in May, average camcorder value translated to \$524.07, 2.8% below \$538.90 value in April (at 113 yen = \$1) and 6% lower than \$557.80 average of May 1992 (at 131 yen = \$1).

Average value of VCR exported to U.S. in May was 25,946 yen (\$233.74), down from 26,911 yen in April (\$238.15) and 31,068 yen last May (\$237.16). As we noted last month, drop in yen value in video categories points to move toward lower price points in camcorders and effects of cost-cutting in VCRs, since most manufacturing of leader VCRs has been moved to Pacific Rim countries.

Among other categories for which we receive reports, average value of laserdisc player in May was 38,224 yen (\$344.36), off 25.7% from yen level year ago, and value of color TV (representing fewer than 4,000 units) was 40,284 yen (\$362.92), off 4.4% from May 1992. Yen value of CD player exported to U.S. dropped 11% in year to 14,314 yen (\$128.95).

Japanese exports to Canada for May (figures for first 5 months in parentheses): Color TVs 18, down 93.2% (449, down 77.2%); VCRs 17,595, down 40.6% (67,211, down 55.9%); camcorders 13,795, down 18.9% (70,529, up 2.5%); videodisc players 2,055, up 103.5% (7,797, up 47.2%); CD players 43,325, down 6.4% (171,515, down 12.9%). Here are Finance Ministry figures on Japanese exports to U.S. for May and year's first 5 months:

Product	May '93	May '92	% Chg.	5 Mo. '93	5 Mo. '92	% Chg.
Color TV.....	3,899	10,093	-61.4	32,731	40,190	-18.6
VCR decks.....	339,542	472,805	-28.2	1,623,402	2,325,601	-30.2
Camcorders.....	263,952	196,174	+34.5	1,008,334	847,144	+19.0
Videodisc players	25,547	23,421	+ 9.1	94,957	113,363	-16.2
CD players.....	468,653	524,529	-10.7	2,259,424	2,387,718	- 5.4

**ANOTHER THOMSON MERGER PLAN?**: French Minister of Industry Gerard Longuet told Paris financial newspaper last week that he had asked Thomson Chmn. Alain Gomez to explore ways of combining Thomson SA and its operating unit Thomson Consumer Electronics (TCE) with Thomson CSF, its defense electronics subsidiary, with aim of possible privatization of combined entity. "We do not exclude the possibility of putting CSF and TCE onto the market together," he said in interview. Thomson officials in Paris didn't respond to telephone inquiry, and TCE executives in U.S. declined comment.

Govt.-controlled Thomson owns 60% of Thomson CSF, with rest of shares on Paris stock market. Company's net profits plunged 35% last year. TCE reduced net loss 28% last year to 1.768 billion francs (\$325.3 million) and said it had halted sales decline, although consolidated sales in francs fell 2%. Sales at N. American subsidiary increased \$497 million in 1992 to \$2.9 billion (TVD April 19 p10).

Longuet's comments come 18 months after French govt. launched abortive effort to align consumer electronics and civil semiconductor businesses of Thomson SA with civil nuclear energy unit of Commissariat a l'Energie Atomique (CEA) to create new high-technology group from state companies (TVD Dec 23/91 p12). Aim of plan was to "balance the volatility of the consumer electronics sector with the more stable environment of the energy industry," TCE officials said then. But CEA executive strongly opposed move, saying it would allow TCE to "plunder" its cash reserves to reduce TCE's debt. Alignment went forward last year, but without TCE.

**Matsushita has sliced about 1"** off depth of new version of 27" and 31" Super Flat picture tubes that will go into production in Japan next month. Depth of 27" tube has been reduced just less than 1" to 16.7", and 31" version 1.25" to 18.5", company said last week. Weight of 31" tube remains same as predecessor, and 27" model is less than 1 lb. heavier than prior version. Company said it wasn't sure when new tube would be incorporated into sets, through conceivably it could show up in next year's line. Deflection angle in new tube has been increased to 112 degrees from 108 degrees in previous version, with resolution on outer edges maintained via adjustments in electronic gun.

**Continuing retreat** from conventional consumer electronics manufacture, NEC has agreed to buy 30W" widescreen TV sets from Toshiba for sale on Japanese market. Sets, sold by Toshiba as "Bazooka Wide," will be marketed under NEC brand as "Parabola Wide" at equivalent of \$3,550.

**Zenith Data Systems**, owned by France's Groupe Bull, is acquiring 19.9% of Packard Bell (PB), leader in discount computer market, terms not disclosed. Companies jointly will design and manufacture desktop computers and Zenith will supply PB with notebook models.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 108 yen = \$1, except where noted.

**STRONG JUNE RETAIL SALES REPORTED:** Major publicly held consumer electronics retailers reported strong June sales, although softness in west coast economy continued to hurt dealers' performance there.

**Circuit City** said comparable-store sales rose 6% in June and company's total revenues soared 26% to \$286.4 million. Pres.-CEO Richard Sharp said "economic weakness in Southern California continues to reduce our comparable-store sales growth," although June sales were "generally in line with our expectations." He said company is "pleased" with early sales in Boston area, which company entered in late spring and now has 9 stores there. CC opened first 2 Chicago stores last month, and plans to have 14 in Boston and about 18 in Chicago by year-end.

**Best Buy** said total sales doubled to \$207 million in June, in part on strength of 28% gain in comparable-store revenue (half of it attributed to computer sales). Of 117 stores company operated at end of month, 73 were considered comparable. For first 18 weeks of fiscal year, BB sales jumped 86% to \$649 million, with same-store sales up 19%.

**Tandy** reported 17% sales increase to \$266.7 million for its U.S. retail operations in June, with comparable stores up 8%. Results include Radio Shack and Computer City, as well as all components of Name Brand Retail Group.

**Audio/Video Affiliates**, which adopts Rex Stores corporate name next month (matching name of its stores), said June sales climbed 29% to \$18.7 million as comparable-store revenues rose 11%. In first 5 months of fiscal year, sales have increased 23% to \$87.4 million on 8% comparable-store gain.

**Sears Merchandise Group** Chmn.-CEO Arthur Martinez cited "particular strength" in major appliances and home office equipment in announcing 8.5% increase in domestic store sales in 5 weeks ended July 3, with comparable stores increasing 12%

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**The Good Guys** comparable-store sales in 3rd quarter ended June 30 were off 1%, but total revenues rose 10% to \$125.8 million. For first 3 quarters, comparable stores were off 3% as total stores were up 7% to \$410.9 million. With 44 of its 45 stores in Cal., company has been hit by economic woes in that state.

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**Sanyo** finally has signed contract to become 3DO licensee in Japan following numerous changes in wording (TVD July 5 p5), Mktg. Vp Isaac Levy told us. Announcement ends uncertainty about Sanyo's stance resulting from conflicting statements from 3DO and Sanyo sources. Levy said task for next 30 days is scheduling of meetings with 3DO 3rd party software companies to determine outlook for depth and breadth of title availability. He said company won't formulate marketing plans for 1994 until it's satisfied that Sanyo hardware launch would be accompanied by pool of educational software for children and adult-oriented programs that exploit platform's processing capabilities. Mindful of criticism of impending launch of Panasonic 3DO "multiplayer" at projected \$700 price at time when majority of software titles will be videogames, Levy said that "if we can only offer the same dimension as a Nintendo or a Sega, we're not going to be successful." He said technology know-how is "so basic" to Sanyo that "we could have a player out tomorrow if we really wanted to." But future of Sanyo 3DO launch will be determined by software camp, he said.

**BEST BUY GOING TO PHOENIX:** Best Buy (BB) last week said it plans to move into Phoenix with 4-5 stores later this year, company's westernmost expansion on road toward goal of becoming national retailer within few years. Move puts BB on doorstep of west coast marketplace that Chmn.-CEO Richard Schulze acknowledged company has been studying for some time. Earlier, BB announced plans to expand into Detroit and Atlanta this year -- latter move setting stage for attack on Southeast (TVD April 26 p14). At that time, Schulze said move into that region would leave only 2 major geographic areas -- West Coast and Northeast -- without BB presence.

About half of new Phoenix stores will be on sites formerly occupied by Phar-Mor, troubled discount drug chain that shut its doors in several major markets earlier this year. As we have reported, BB will open stores in former Phar-Mor locations when it enters Atlanta. BB's Phoenix stores will include 2 "megastores" -- 45,000-sq.-ft. units that include expanded computer, music and video software depts. -- with others following new 36,000-40,000-sq.-ft. prototype configuration for standard BB stores. Latter format has been installed in stores recently opened in Toledo and Saginaw. Newest prototype is 25% larger than previous standard. Half of new megastores are replacing smaller existing units, with other 6 opening in new markets.

Despite margin-shrinking effect that increased sales of personal computers have had on BB's finances, Pres.-COO Brad Anderson said company has no plans to constrain percentage of company's volume derived from PCs. He said that BB believes it can "continue to lower our cost of operations faster than margins come down" through greater efficiency and higher per-store volumes. He said average store generated \$17.6 million in sales last year, up from \$12.5 million year earlier, and expects number to top \$20 million this year, particularly as larger stores come on line. Anderson also cited enhancements to company's MIS capabilities as helping reduce expense structure.

Anderson said company was surprised by recent departure of Senior Mktg. Vp Terrence Strom to become pres. of troubled Egghead Software (TVD July 5 p18); BB last week named former Mktg. Vp Lee Schoenfeld, who formerly headed marketing efforts in video and major appliances, to replace Strom, and Mktg. Vp Randy Zanatta, who had been responsible for audio and computers, as vp-mktg. and merchandising for entire store.

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**Image Entertainment** remains optimistic on prospects of laserdisc business, despite difficult 4th quarter and fiscal year, Gen. Counsel Cheryl Lee said. Image posted \$17-million net loss in year ended March 31, reversing year-earlier net income of \$516,208, despite 2.2% sales gain to \$60.4 million from \$59.1 million. While Lee acknowledged that laserdisc player sales had been flat this year, she said overall market hasn't declined. "At this point, there is no competing optical technology with any penetration close to laserdisc players."

**Kyocera** has begun selling portable CD-I player as business-to-business product in Japan. It said unit, which is set for monthly production of 1,000 units, is open priced. It's designed as presentation tool for salespeople, can be attached directly or via modem to personal computer. Player measures 6.7"x6"x2", weighs 1.7 lbs, uses wired joystick controller. It also has microphone jack for karaoke and language lesson applications.

## Consumer Electronics Personals

**Leonard Roberts**, ex-Shoney's and Arby's, named Radio Shack pres.-CEO, replacing 3-member Office of the President composed of Radio Shack Exec. Vps **David Christopher**, **James Nichols** and **Joe Tanner**, who now report to Roberts... **Akiya (Andy) Imura** named to new position of dir., overseas external operations, Matsushita Electric Industrial Co. in Osaka. As we reported (TVD May 31 p13), he was replaced as chmn.-CEO of Matsushita Electric Corp. of America by **Kunio (Kirk) Nakamura**... **Mitsubishi Electronics America Chmn.-CEO** **Takashi (Tachi) Kiuchi** adds duties of chmn. of Mitsubishi Electric America, umbrella group overseeing 9 Mitsubishi companies in U.S... **Merle Eakins**, ex-Philips, joins Emerson as sales vp.

Promotions at Best Buy: **Lee Schoenfeld**, mktg. vp, to senior mktg. vp and member of senior Exec. Committee, succeeding **Terrence Strom**, named earlier as Egghead Software pres. (TVD July 5 p18); **Randy Zanatta**, mktg. vp, to vp-mktg. and merchandising... **Glenn Sblendorio**, ex-Hoffmann-LaRoche, named chief financial officer, Sony Electronic Publishing... **John Curry**, chmn., Acal, U.K. company that sells and markets electronics and industrial control products, will join board of Dixons Group Sept. 7, replacing Peter Oppenheimer, who will retire... **Gordon Stulberg** to leave post as chmn. of Philips Interactive Media International Sept. 15, to continue as nonexclusive consultant to Philips Media while heading new multimedia consulting company, Digital Development Corp... **William McKee**, ex-Deloitte Touche and Gramkow Carnevale accounting firms, appointed dir.-international operations, new post, Absolute Entertainment, software publisher... **Edward Merrill**, member of National Captioning Institute (NCI) board and former pres. of Gallaudet College, named NCI interim pres. following resignation of **John Ball**, who had held position since 1979; Permanent replacement is being sought.

**Cary Christie** departs Harman International after 5-month stint as corporate vp-mktg. to start own industrial design firm, where he reportedly will continue work on high-end Infinity speaker line; **Walter Goodman** retires as pres.-International Div., Harman International, will remain consultant through Dec... **Rachelle Friedman**, J&R Music World, N.Y., to chair 1994 NARM convention, March 19-22, San Francisco Marriott... **Judy Anderson**, L.A.-based producer and consultant, appointed Laser Disc Assn. exec. dir... **William French**, ex-AP Video International, joins Cinram, Ont.-based software duplicator, as vp-business development... **Wendy Moss**, ex-Image Entertainment, named Sony Wonder mktg. vp.

**David Bishop** advanced to LIVE Home Video pres.-COO; **Craig Van Gorp** resigns as national accounts sales dir. to become Turner Home Entertainment sales vp... **Gene Silverman** resigns as Promotional Concept Group (PCG) exec. vp to join PolyGram Video USA as pres.-CEO, replacing **Joe Shults**, who will remain with PolyGram in new position to be announced; PCG retains independent consultant **Saul Melnick** to assume some of Silverman's duties... **Larry DeVono** advanced to Sight & Sound Distributors pres.-COO, new post... Promotions at Paramount Home Video: **Sandra Forney** to creative services vp, **Lynn Johnson** to ad vp, **Diane Quon** to mktg. services vp.

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Audiovox net earnings for 3 months through May 31 soared 124% and 6-month earnings 163% on sales increases of 15.1% and 16.9%, respectively. Company credited growth to cellular and noncellular phone business and its Quintex retail group.

**NEW RADIO SHACK HEAD NAMED:** Preferring to look more at commonalities than differences between industries, Tandy last week named longtime chain restaurant executive **Leonard Roberts** as pres. of Radio Shack. He takes over from 3-man Office of the President that had followed elevation of long-time Pres. **Bernard Appel** to chmn. early last year (TVD Jan 6/92 p14) and his subsequent retirement at end of June. Exec. Vps **David Christopher**, **James Nichols** and **Joe Tanner**, who had reported directly to Tandy Chmn. **John Roach** as members of that office, now report to Roberts, retaining same duties they held before.

In announcing appointment, Roach pointed to Roberts' talents as marketer experienced in running multiple-unit retail organizations. He formerly was chmn.-CEO of Shoney's, brought in in wake of racial discrimination suit against company. He left in 1992 after 2 years after clashing with board members on \$105 million settlement he had worked out. Before joining Shoney's, he was pres.-CEO of Arby's, fast-food chain.

**Roach** called Roberts "a proven marketing-driven executive who has been very successful at interpreting consumer needs and then engineering and communicating clear strategies to his associates to meet those needs." He said Roberts' talents "should complement Radio Shack's strengths."

Radio Shack, which consists of about 4,500 retail stores and more than 2,000 franchised operations, contributes 70% of Tandy's total retail volume. Chain has struggled to upgrade its image beyond that of nuts-and-bolts electronics retailer that sells array of low-end private label electronics.

**STEREO TV TREND REVERSED:** For first time this year, percentage of direct-view color TV sets sold in May that included stereo sound capability ran ahead of rate in same month in 1992. Figures so far this year had seemed to indicate increasing percentage of unit sales to dealers were in low end of market. Pattern represented reversal of 1992 trend, which saw 40.5% of direct-view sets sold including stereo capability, up from 37.9% in 1991. Figures also have seemed to contradict industry enthusiasm for home theater configurations of TVs and audio equipment.

In May, 40.3% of sets sold to dealers were stereo, compared with 38% in same month of 1992. For first 5 months of year, though, only 38% of sets have had stereo circuitry, trailing 38.8% in May 1992. Unit sales of stereo sets actually were running 9.3% ahead of last year, with 3,010,526 sold to dealers to far. But that increase was less than 11.7% jump in direct-view TV sets sold through May.

Although stereo as percentage of total was highest of year in May, it still trailed best month ever -- last Aug., when 44.1% of sets sold had stereo.

## OBITUARY

**Edward Herold**, 85, who as RCA engineer directed development of first color TV picture tube and led company's entry into transistors, died at home in Princeton, N.J., June 30 after long illness. He retired as dir. of technology at David Sarnoff Research Center in 1972. He started at RCA in 1930, left in late 1950s for 6 years with Varian Associates, Palo Alto, rejoined RCA in 1965. Brother, 2 grandsons survive.

# TELEVISION DIGEST®

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JULY 19, 1993

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## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**80% CHOOSE CONSENT**, NAB station survey says, including 90% of affiliates. ABC and Hearst sign consent deal with Continental, aiding ESPN2 launch. (P. 1)

**CABLE COST-OF-SERVICE RULES** similar to common carrier. FCC to allow 10-14% rate of return, will discount sales prices. Thousands of cases likely. (P. 2)

**FCC SEEKS SPACE**, could move by 1995. Request, including space for 240 new cable employees, due to GSA later this summer. Move far from certain. (P. 4)

**FOX TV 'NO LONGER A WEBLET'**: Salhany says it's now 'full-fledged,' 7 nights a week, network. She pledges it will take 'the right road' on violence, opposes chip. (P. 5)

**HSN-QVC MERGER PLANNED**: QVC discounts reports of new broadcast network, but wants Silver King stations. Deal subject to stockholder, antitrust approval. (P. 5)

**EFFROS SEEKS PLAN** to restructure cable associations. CATA head presses for non-political NCTA head. 'Umbrella' role needed. NCTA reaction cool. (P. 6)

**NETWORK PROFITS UP** at CBS and NBC, boosted by higher ad sales, lower costs. Other results also improve. (P. 7)

**CANADA OPENS MARKETS** for cable and broadcasting. Programmers scrambling to apply by Sept. 3 deadline, but role of U.S. firms limited. (P. 8)

**TELCO SPEECH DEBATED**: Curb on telco cable ownership called 'outright ban on speech' in court brief. NCTA says it's strictly economic. (P. 9)

**20% OF TV STATIONS OPT EXCLUSIVELY FOR MUST-CARRY**: More than 80% of all TV stations are seeking retransmission consent rather than must-carry agreements with at least one cable system, NAB found in survey of 432 TV stations. More than 90% of network affiliates are seeking consent deals, but only 20% of independent stations, survey said. Meanwhile, in 2nd major no-cash retransmission consent deal, Continental agreed to carry ESPN2, which will be launched in fall, in return for retransmission consent for stations owned by ESPN partners Cap/ABC and Hearst. Deal doesn't affect ABC affiliates, but stations involved in 6-year agreement, along with other must-carry or consent deals that Continental has with ABC affiliates, serve about 70% of its subscribers. Cap/ABC said Continental carriage agreement, which involves 2.9 million subscribers, will accelerate rollout of ESPN2 to Oct. 1, instead of Nov. 1.

Survey indicates higher number of consent demands than previously thought. Industry had speculated earlier that only about half of all stations would seek consent deals, and many of them wouldn't demand cash. Cable systems also had claimed that many stations were demanding cash as first step in negotiating process and would settle quickly for must-carry.

Relatively few stations are making blanket demand for retransmission consent, NAB survey showed -- only 20.2% are seeking consent pacts with every cable system in their service area, and typical station is

### Consumer Electronics

**MORE QUESTIONS THAN ANSWERS** on video technology raised at VSDA convention, with dealers and studios studying how video will migrate to CDs. (P. 11)

**MD PROPOSED AS DATA STANDARD** for personal computers by Sony, succeeding floppy disc. Discs could hold over 2,000 still pictures, 15 min. of motion video. (P. 12)

**FIRST HALF SALES RECORDS** set in most major video categories, with VCRs and laserdisc players only areas not running at all-time high pace in sales to dealers. (P. 13)

**VCRs, CAMCORDERS AT MIDYEAR**: 25% of VCRs were stereo in first half, while 75% of camcorders were compacts. Inventories are less than 4 weeks' sales. (P. 14)

**SLOW MOVE TOWARD HOME MULTIMEDIA** with exception of games is predicted in report by SRI, requiring industry to 'recalibrate the expectations.' (P. 14)

**GOLDSTAR, SAMSUNG SIGNED PACTS** to incorporate StarSight decoders into TVs and VCRs along with Mitsubishi and Zenith, according to StarSight prospectus. (P. 15)

**VCR-PLUS INCORPORATED IN TV** for first time in Hitachi 25" and 27" sets in Japan, programming TV, VCR. (P. 15)

**JVC FIRST WITH BOTH MD AND DCC** in Japan, but U.S. plans are undecided. MD deck can be used as component or portable. Play-only DCC made by Matsushita. (P. 16)

**SANYO IN RED** for first half, with video sales down and exports increasing as percentage of total business. Akai loss blamed on Europe VCR slump. (P. 17)

asking consent deals with 65.8% of all cable systems, opting for must-carry for rest. Only 5.3% of all independent stations are seeking consent from all cable systems, vs. high of 25.7% for NBC affiliates. Highest percentage of retransmission consent demands is among Fox affiliates -- 98.2% -- probably reflecting fact that most are affected by Fox-TCI noncash retransmission consent deal, in which TCI systems get carriage consent in return for carrying 2nd Fox cable network. Among CBS affiliates, 93.8% want some consent deals, as do 92.7% of NBC affiliates, 89.5% of ABC affiliates.

Meanwhile, NBC wouldn't comment on reports that it's offering 3 new cable channels to operators, possibly as part of retransmission consent agreements. NBC Pres. Robert Wright had said earlier that network planned something similar to Fox-TCI deal. Wright wouldn't provide details then, but Wall St. Journal said network was talking with cable operators about package of 3 new channels: (1) News-talk channel. (2) Sports news service operated in conjunction with new sports news channel that will be launched Oct. 1 by SportsChannel, which is partly owned by NBC. (3) Domestic feed of network's Spanish-language news service.

Continental Chmn. Amos Hostetter called ABC deal "a major breakthrough and a win for everyone concerned." Third-largest MSO had done only handful of minor retransmission consent deals before this one and was 2nd cable company to say publicly that it would refuse to pay cash for retransmission consent. Cable operators with nearly 60% of all cable subscribers have said they won't pay retransmission cash. Continental wouldn't disclose terms of carriage agreement for ESPN2, but per-subscriber price is understood to be comparable with those for similar cable networks. Spokesman said details weren't available on whether ESPN2 would displace other programming on Continental systems, but systems with more than 70% of MSO's subscribers have at least 54 channels. ABC spokeswoman said network is working on similar carriage/consent deals with other MSOs, but wouldn't provide specifics. Hearst Bctg. Vp-Gen. Mgr. John Conomikes said agreement "successfully resolves a potential conflict over retransmission consent."

Continental operates cable systems in 7 markets where Cap/ABC and Hearst have TV stations: Cap/ABC stations are WABC-TV N.Y., KABC-TV L.A., KGO-TV San Francisco, WLS-TV Chicago, KFSN-TV Fresno; Hearst stations are WCVB-TV Boston and WDTN Dayton. Cap/ABC owns 80% of ESPN, Hearst 20%. Continental and Hearst also are partners in New England Cable News.

ESPN2 will be more entertainment oriented than original ESPN, officials said. It will carry NHL games 3 times per week and "significant" college basketball, they said, but also will have new series on "extreme" sports, plus adventure sports, sports news, fan call-in program, workout shows, other life-style and entertainment programming targeting 18-34 group.

**CABLE RATE RULES LOOK LIKE COMMON CARRIER:** Using terms almost identical to common carrier regulation, FCC tentatively concluded that cable systems that want to use cost-of-service to justify higher than benchmark rates are entitled to 10-14% rate of return. Commission, in rulemaking launched July 15, also tentatively concluded that ownership costs included in cost of service must be based on original cost of system, rather than on price that owner paid for it. FCC also said it's looking for streamlined cost-of-service proceedings, with staffers noting that Commission now handles fewer than 100 full-fledged common carrier cost-of-service proceedings per year -- and could face worst case of 60,000 annually for cable.

FCC proposes to require cable systems to show special circumstances before it would even allow them to file cost-of-service case, it said. Commission also said that cable systems would only be able to file cases once per year, rather than allow mid-course corrections as it does in common carrier cases, and that cases would have to be submitted on prescribed forms. Comments on rulemaking are due Aug. 25, replies Sept. 14.

NCTA said it couldn't immediately assess impact of rules, but said it believes cable operators should be able to recover full cost of business, including system acquisition costs. Assn. also repeated fears that operators would have to choose between benchmark and cost-of-service approach before latter rules are final.

Cost of service should exclude excess acquisition costs for cable systems, FCC tentatively concluded in decision that would have most impact on recent cable sales at high prices. Rulemaking seeks comment on how Commission should define original cost of system, with possibilities including: (1) Initial construction cost plus cost of system improvements. (2) Replacement cost. (3) Value of system as continuing business. What's included in asset base is key issue in proceeding because allowable rate of return is based on assets. On issue of what value to put on cable system as asset, FCC is asking for comment on how to define excess

acquisition costs and whether to include in asset base such things as goodwill, subscriber list, value of franchise. Commission also proposed to prescribe depreciation rates for cable plant based on useful life.

Comr. Duggan said he's "very concerned" about possibility of excluding some of purchase price of cable systems from rate base: "We could end up treating behavior that was legal at the time as ex post facto illegal." He said he has "deep discomfort" about "retroactively punishing" cable owners for paying high price for systems.

FCC is seeking comments on allowed rate of return on cable investments, although it tentatively concluded that rate should be 10-14% (common carrier rate of return is 11.25%). Rate would be set industrywide, but could vary over time depending on prevailing cost of capital, perceived risk of cable industry, other factors. Rulemaking also seeks comments on whether Commission should incorporate productivity offset feature in cable rates, similar to that used for common carriers. To use offset, FCC would determine how much cable industry as whole gains from productivity increases, then would deflate rates for each cable operator slightly less than factor.

FCC doesn't know how many systems will use cost-of-service proceedings, said Alexandra Wilson, head of cable regulation task force. Commission said goal is to maintain benchmarks as primary method of regulating rates, and staffers said high cost of filing cost-of-service proceedings would be incentive for many operators to stick to benchmarks. Duggan said he's concerned about whether FCC can handle cost-of-service cases, even if it gets more money from Congress: "We need to make this as simple as possible. We don't want a structure that's so complicated that it guarantees that we do a bad job." He said he also is worried that cost of service "unwittingly" would create disincentives for cable operators to upgrade systems.

New rules could have "unintended consequences" of forcing operators to rely unduly on benchmarks and might not adequately consider unique cost aspects of small or rural systems, Comr. Barrett said. He said rules "should allow sufficient flexibility to yield a... process that could conceivably withstand the administrative and conceptual pressure of significant use by operators" and should "explicitly consider" impact on system's cash flow.

Rulemaking raises possibility of several alternatives for simpler cost-of-service cases, including allowing showing only unusually high costs in one or more key areas of system's operations, showings based on average costs, simplified cases for proposed system upgrades. Commission also sought comment on how to decrease burdens on small system operators.

Local franchise authorities will have responsibility for handling initial cost-of-service findings for basic service. FCC will handle expanded basic and appeals of local decisions on basic. Since Commission estimates that there are 30,000 local franchises, each of which could involve separate finding for basic and expanded basic, maximum number of cases would be 60,000. Common carrier rate cases typically take years and numerous staff-hours to handle. Commission is seeking comments on ways to limit that number, possibly by allowing single cost-of-service finding for system as whole, instead of each franchise area, and conceivably even for group of systems. Wilson said FCC is asking, among other things, whether there's flexibility in Cable Act to allow FCC to do MSO-wide findings: "We very much want to find a way to simplify this."

Rulemaking proposed cost accounting and cost allocation requirements for cost-of-service proceedings and sought comment on level of cost averaging that it should permit. It also proposed rules to govern costs of affiliate transactions that could be included in cable costs. In general, cable operators would be entitled to recover full annual expense of providing cable service, including operating expenses, depreciation and taxes, plus reasonable return on investment. Using common carrier terminology, FCC indicated that it would determine whether investments were "prudent."

Commission said goals of cost-of-service rules are to: (1) Keep benchmark as primary rate regulation mechanism. (2) Balance interests of operators and consumers. (3) Keep cable competitive and provide incentives to modernize telecommunications infrastructure. (4) Maintain tier neutrality. (5) Permit systems in high-cost areas to recover costs. Commission sought comment on whether cost-of-service standards should be guided primarily by goal of keeping rates at competitive levels.

FCC staff will conduct in-house study of cable costs in bid to refine cost-of-service process. Wilson said staff probably would send questionnaires on costs to undetermined number of cable operators to gather data for study. In response to question from Barrett, she said study would be done in-house, rather than by consultant, to speed results.

**FCC SEEKS NEW DIGS:** FCC may be on move by 1995. Commission plans to submit new request to GSA for office space later this summer, asking for 385,000-395,000 sq. ft. (vs. current 304,789) in "campus-like" complex of separate buildings or single building, FCC Managing Dir. Andrew Fishel told us. Request would accommodate both long-standing needs that had been sent to Congress for approval (and now are being revised), and expansion needs associated with adding 240 new employees to handle responsibilities under Cable Act (TVD July 12 p1). Action came as GSA began laying plans to test Washington real estate market later this year to determine best options for new space.

Whether FCC hq (1919 M St. NW) will be moving is far from certain, since Charles Smith Co., owner of building, is eligible to submit offer that would include infrastructure upgrades. FCC has 197,320 sq. ft. of occupiable space in hq. GSA and Fishel said Smith would have to make major improvements to building, including in electric, heating/cooling and other systems, for Commission to stay. Space there rents for \$26 per sq. ft. Lease on hq expired April 30 and agency is under month-to-month continuation, Fishel said. Lease on 2025 M St. NW (70,836 sq. ft. at \$26 per sq. ft.), expired Jan. 31; lease for 2000 L St. NW (26,863 sq. ft. at \$30 per sq. ft.) ended March 31. Another 9,770 sq. ft. houses small FCC contingent at 1250 23rd St. NW (\$35 per sq. ft.) under lease that expires Nov. 11, 1996.

Renewals have been limited to extensions, rather than competitively bid new leases, as result of aborted move to Portals property near 14th St. bridge over Potomac River last year. When GSA canceled arrangement, building owners protested in Federal Court of Claims and issue now is under judicial review and constraint. FCC is required to notify court of all leasing actions, and discussion of issues pending before court are covered by gag order. Fishel said court could end up ruling in favor of building owners, "but I don't think it's likely."

GSA has been laying foundation for expansion since FCC rejected Portals site by submitting revised prospectus outlining agency's needs to House Public Buildings Subcommittee and Senate Public Works Committee. Prospectus calls for 343,703 sq. ft. of space "in multiple buildings in close proximity to one another." With Fishel asking for 50,000-60,000 sq. ft. to accommodate Cable Act employees, FCC must submit further revision to GSA. It has documentation before GSA that would accommodate those employees in temporary space for 6 months. GSA officials told us last week they have had "problems" with FCC's Cable Act request and have had to buck it back to Commission staff for further refinement before planning can continue. Fishel said there were no problems and no requests for pullback.

FCC's request to GSA to accommodate Cable Act employees is in 2 parts: (1) Temporary space to accommodate 242 persons for 6 months, followed by (2) interim authority for same group for up to 18 more months while overall FCC housing consolidation takes place. Federal Standard Form 181 we obtained shows FCC requires Cable Act employees to be located in area bounded by K St. and P St., between 12th St. and 22nd St. It would have 37,115 sq. ft. of primary office space.

Cost of building new FCC hq would be far cheaper than 30-year lease, GSA said in prospectus. "Although this analysis shows construction to be more economical than leasing, construction of a new federal building to house FCC is not feasible," prospectus said. "There are many

construction projects for agency headquarters and/or consolidations currently proposed or under development with a higher priority claim on limited Federal Building Fund resources." Cost of new building -- which could be occupied in 1997 -- would be \$52 million for construction, \$41.74 million for land, \$39.68 million for interim housing. Total package would cost \$166.23 million, compared with \$187.18-million lease.

Robert Goodman, GSA regional dir.-Real Estate Div., told us getting FCC space at single location would be difficult despite soft (and therefore favorable) real estate market in downtown Washington. "You don't see too many cranes downtown, and with the height restrictions, there aren't too many properties that can handle this large a block" of offices, he said. "We could potentially renew at all 3 locations." Soft market also could help drive down rates on existing properties.

Original legislation authorizing FCC includes encumbrance that agency be housed in D.C., Goodman said, so any consolidation is limited geographically. GSA also would have to work with Commission and Clinton Administration to assure that any consolidation be convenient to agencies' constituency, he said. Commission has considered several moves in last dozen years. First -- in 1981 under then Chmn. Ferris -- it tried to relocate to Rosslyn, Va. "They didn't then, or now, have the authority to leave the District," Goodman said. "They did this on their own." Portals plan was latest initiative. Fishel said Commission balked at lack of access for handicapped to facility, inadequate amount of space and fact that building wouldn't be available on time. There also was pressure not to move from FCC constituency (lawyers, lobbyists, broadcasters, etc.).

■ ■ ■

**Cable systems can't drop TV stations that elect retransmission consent until consent actually takes effect Oct. 6, FCC said in order July 16.** Cable operators had claimed that they could drop stations immediately after they chose between must-carry and retransmission consent June 17, but Commission said its intent was that stations that are otherwise entitled to must-carry should be carried until system is forced to drop them Oct. 6 for lack of consent because that's "least disruptive to subscribers and will ensure an orderly transition." FCC also clarified that systems, rather than stations, can choose among various statutorily defined options for channel positioning if station fails to notify system whether it chose must-carry or consent. Though it earlier failed to set rules for resolving conflicts when more than one station is entitled to particular channel position, FCC said request from local commercial station that made affirmative choice should have priority over station that failed to choose between must-carry and consent.

**Citing "major flooding of large rivers," among other natural disasters, FCC has emphasized to broadcasters importance of maintaining standby, auxiliary transmitters and generators.** Several stations were forced off air during Hurricane Andrew in Fla. last year and ongoing flooding of Mississippi and Missouri Rivers in Midwest. Said Commission: "The installation and availability of standby [equipment] by broadcast stations, whether they are members of the Emergency Best. System or not, will help ensure that the extremely vital links of emergency broadcast communications to the public during times of disasters are maintained." Such equipment can be installed and used with separate authorization from FCC under Sec. 73.1675 of rules. Contact Helena Mitchell, 202-632-3906.

**FOX TV 'NO LONGER A WEBLET':** Fox TV Chmn. Lucille Salhany told TV critics tour in Universal City, Cal., last week that fledgling network "is no longer a weblet" -- having gone to 7 nights of programming weekly. As opening speaker at 2-1/2-week tour at Hilton Universal Hotel, she was questioned closely about televised violence. She said Fox "played a central role" in development of 4 networks' voluntary advisory plan (TVD July 5 p1) and would "take the right road" on violence if there's question that it could have antisocial effect on children. In fact, question of televised violence is expected to be major subject as executives of 4 networks, PBS, cable and programmers appear before some 100 newspaper TV critics in semiannual tour.

Salhany said Fox is in "a fairly enviable position" on violence issue because "our schedule is heavily skewed to comedies." Fox already runs advisory before and during Cops, is considering adding one to America's Most Wanted. Salhany, who became Fox chmn. last Jan., found it "a little disturbing" when MacNeil/Lehrer NewsHour ran segment on violence recently that included 4 episodes (provided by watchdog organization) that she said haven't aired on over-air TV.

(National Foundation to Improve TV (FIT) took exception to Salhany's statement. William Abbott, pres. of FIT, said his organization provided excerpts for MacNeil/Lehrer, which included scenes from Terminator, which has aired on TV, not Terminator 2, which hasn't. Also, Abbott said, other excerpts were from movies that also have aired on TV. He said FIT has large file of movie excerpts containing "gratuitously violent programs" that have aired on Fox, and asked for discussion of situation with Salhany.)

Fox chmn. expressed opposition to chip in TV set -- being pushed by House Telecom Subcommittee Chmn. Markey (D-Mass.), opposed by industry and set manufacturers (TVD June 28 p1): "Quite frankly, the very idea of a V[iolence]-chip scares me... I'm also very concerned about setting a precedent... Will we have an S[ex]-chip?... And what about an N[ews] chip? After all, the most graphic violence portrayed on TV is seen on news programs."

With 5- and 8-year-old sons, Salhany told critics: "My answer [to violence] is simple. Have we as parents so abrogated our responsibility to talk about things like violence on television with our children that we have to ask technology to stand in for us?"

Excitement at Fox is scheduled entry of network into late-night programming in Sept. with Chevy Chase Show at 11 p.m. -- 35 min. before Jay Leno on NBC and David Letterman on CBS, Salhany said: "Fox belongs in late night. A huge part of our target 18-49 audience is still watching at 11 p.m., and our research clearly shows that those viewers want something hip, irreverent and unpredictable." She said Fox's in-house movie unit has completed 5 made-for-TV movies this year, plans another 10 before end of year, at least 15 in 1994. Also, she said, Fox TV has committed more than \$80 million to purchase theatrical movies and is going into "the miniseries business in a significant way."

Sandy Grushow, pres. of Fox Entertainment Group, told critics Fox has "no intention of becoming a traditional network [but] would continue to be a viable alternative." He said Fox will have most of its new shows on air before big 3 in Sept.: "Our rollout is early and aggressive... We'll be there and in pattern weeks before the other networks."

**HSN-QVC MERGER PLANNED:** Proposed merger of QVC and Home Shopping Network (HSN) was endorsed by Liberty Media, majority stockholder of HSN and spinoff Silver King Communications, but awaits approval by both companies' boards. QVC proposed tax-free exchange of one share of its common stock for 5 shares of HSN common. Based on 90.3 million shares of HSN stock at \$13 per share, total value of merger would be about \$1.2 billion. Move fueled speculation that QVC Chmn. Barry Diller would use networks, plus 12 UHF stations owned by Silver King, to launch 5th broadcast entertainment network, possibly supported by shopping network-like sales inserts instead of paid ads, but spokesman dismissed that as "sheer speculation."

QVC isn't offering premium for HSN, based on its own \$65.25 per share price before deal was announced and recent HSN level of \$13. However, plan does guarantee QVC stockholders will receive separate security with potential value of additional 10%. After deal was announced, QVC stock closed at 67-3/4, up 2-1/2, and HSN at 13-5/8, up 1. Merger also was endorsed by HSN CEO Gerald Hogan. He said HSN board would meet on proposal "as soon as possible." It also needs antitrust approval. If it's okayed, HSN will change name to QVC Network Inc. and its board will be replaced with QVC members. QVC would take over HSN slot on N.Y. Stock Exchange.

QVC said deal depends on its receiving Liberty Media's option to buy 2 million of 9 million outstanding shares of Silver King Communication. Diller said deal can "ultimately push forward the entire evolution of electronic retailing." He said combination of companies would result in "a streamlined, cohesive operation that will provide consumers with greater diversification of product, advanced services and superior convenience."

HSN realigned board to ease merger and named independent committee of board to evaluate transaction. In realignment, TCI Pres. John Malone and Liberty Media Pres. Peter Barton resigned from HSN board; those 2 and another vacancy were filled by InterMedia Partners CEO Leo Hindery, First Albany Cos. Chmn. George McNamee, Liberty Gen. Counsel John Draper. Board also changed bylaws to say that chmn., now Roy Speer, no longer is designated as officer of company. Independent committee members are McNamee, Hogan, board member Anthony Forstmann.

Decision is expected by tomorrow (July 20) whether FCC will implement cable regulations Oct. 1, as it wants, or Sept. 1 -- as it's being pressured to do by Congress, most particularly Senate Communications Subcommittee Chmn. Inouye (D-Hawaii) and House Telecom Subcommittee Chmn. Markey (D-Mass.). Legislators maintain earlier start would save consumers millions of dollars, and that Commission can move date up by month since it received supplemental appropriation (TVD July 12 p1). John Windhausen, Senate communications counsel, met with FCC staff last week, but refused to budge on Inouye's opposition to Commission plan. FCC Chmn. Quello sought unsuccessfully last week to talk to Inouye. Said FCC official: "When it's all said and done, it's Jim's [Quello] call."

Expanded on-line public access to FCC databases became available last week through Interactive Systems Inc. (ISI). Access charge is \$36 per hour for 1200 baud, \$54 for 2400 baud. First-time users must call ISI at 703-812-8270 to establish account before using system. User manuals and quick reference guides are available in Rm. 239 at FCC hq and free training will be provided -- Helen Webbink, 202-632-7535, Rm. 230.

**EFFROS SEEKS PLAN:** Cable associations should restudy their roles as NCTA looks for new president, according to strategic plan approved last week by board of CATA. CATA Pres. Stephen Effros said in memo to his board that NCTA should deemphasize Capitol Hill lobbying and one of associations should assume "umbrella" role coordinating activities of such diverse groups as NCTA, CATA, proposed programmer/supplier association, Cable TV Administration & Mktg. Society, Cable Ad Bureau, Cable TV Public Affairs Assn. and newly formed small system groups such as Small Cable Business Assn. and Coalition of Small System Operators.

NCTA is best positioned to fulfill umbrella role, rather than just focusing on lobbying, Effros said, but CATA must "consider the possibility that such a change will not happen... CATA then could and should take on the umbrella role. This would necessitate a reexamination of our board and dues structure. This alternative is one that I hope does not come about." Search for replacement for NCTA Pres. James Mooney provides perfect opportunity to do overall review of roles of various associations, Effros told us: "This is a watershed time for the whole industry. It may be smarter to do the entire strategic plan in conjunction with what else is happening in the industry."

CATA board and staff expect to begin dialog, at staff and board levels, with NCTA and other associations in next several weeks, Effros said. He said he's confident that other associations will participate in process. CATA board said it hopes to complete process through series of informal meetings by its next full meeting in Oct. At that time, board also is expected to change formal name of CATA from Community Antenna TV Assn. to Cable Telecommunications Assn., although acronym CATA would remain.

Question is whether NCTA is interested. NCTA Chmn. Richard Roberts of TeleCable said Assn. would participate in meetings with CATA "if and when it is appropriate, but you have to understand that our plate is overflowing with very critical, time-sensitive issues." In response to proposal for industrywide strategic review, Roberts said NCTA already is "engaged in a very intensive, multifaceted examination that will lead to the restructuring and shifting of resources as appropriate to ensure that it meets the needs of all of its member constituencies." He said NCTA wouldn't broaden that to include other associations, at least at outset: "First we have to examine our own association."

NCTA shouldn't choose "a political type" to replace Mooney, memo said: "Congress is not about to be our 'savior' for many years to come, if ever again. Wasting our top talent on purely a congressional focus instead of a public, industry business, technology focus would be giving too much credit to Capitol Hill and ignoring the need for coalescing the industry. We can always hire Capitol Hill types." Roberts said decision whether NCTA would select spokesman or lobbyist was "a decision for the NCTA to make, and it has not yet been made."

Effros denied that CATA itself is being squeezed between possibly expanding role for NCTA and emergence of groups representing small cable operators, long perceived as CATA's core constituency. He said that almost all of top-30 MSOs also are CATA members and that "these new small groups are one of the healthiest things that have happened to the industry in years. Grass-roots lobbying always is far more effective."

Granite Bcstg. is buying WTVH (Ch. 5, CBS) Syracuse from Meredith Corp. for \$32 million.

**Two women's groups** have taken unusual step of writing to White House to ask that final seat on FCC be filled by woman. AWRT sent letter to Bruce Lindsey, White House personnel dir., on July 7 and Women in Communications (WIC) sent one following day. AWRT asked Lindsey to "encourage President Clinton to ensure that the Federal Communications Commission has at least one female commissioner. That will not be the case unless he nominates a woman for the final open seat on the FCC." AWRT said that since resignation of Sherrie Marshall, FCC has been all-male group: "Should the President decline to nominate a woman for that slot, it would mark the first time in over 20 years that a full Commission has consisted solely of males." WIC made same point, saying WIC "encourages President Clinton to appoint a woman to the one remaining post -- to keep us moving forward instead of backward." Both letters said woman would bring diversity to agency and reminded Lindsey of Clinton's promise to appoint cabinet that "looks like America." Leslie Sansom, WIC communications dir., said letter was sent because it was "getting down to the wire" for final appointment, and sometimes "if people aren't reminded, then things don't happen." Neither group endorsed any particular woman for FCC job. Among candidates being mentioned are Senate Commerce Committee Minority Counsel Regina Keeney and House Commerce Committee Minority Counsel Cathy Reid.

**Still another round** was added at FCC July 14 to finsyn proceeding as reply comments came in on numerous petitions for reconsideration (TVD June 21 p4). Program Producers & Distributors Committee said of CBS's argument that networks should be permitted to syndicate first-run programming domestically: "The Commission has already heard and rejected these arguments 3 times. Nothing in this 4th attempt provides any basis for action other than yet another denial of the networks' shopworn arguments." INTV said networks' "familiar refrains... have grown no meritorious characteristics since their last rendition" and are "cavalier and baseless." Effect on independent stations would be "devastating" without antiwarehousing rule, INTV said. Fox TV Network said finsyn rules have "spelled survival" for many independent stations and exempting Fox from restrictions placed on Big 3 "is a sound, sensible and practical regulatory action." In joint filing, NBC and CBS said petitions for reconsideration of portions of new rules that would relax restrictions on networks "merely attempt to revive arguments already discredited... Reduced to its essentials, the Coalition's position is that its members do not make as much money as they would like... Simply put, finsyn regulation decreases diversity because it limits financing sources for nascent producers and inhibits new entry."

**Sen. Matthews** (D-Tenn.) was named July 15 by Senate to open Democratic seat on Commerce Committee, filling slot that had been occupied by ex-Sen. Krueger (D-Tex.), who lost bid for election. Matthews is filling out term of ex-Sen. Gore (D-Tenn.), which expires next year. Although Matthews, veteran state official, said when he was appointed that he would service only 2 years, he has started to show signs of waging campaign to keep seat. Rep. Cooper (D-Tenn.) also is campaigning actively for Senate seat. Incumbent Commerce Committee members are adding new assignments, with Sen. Bryan (D-Nev.) going to Armed Services Committee and Sen. Dorgan (D-N.D.) joining Energy Committee.

**New phone number** in FCC Mass Media Bureau to inquire about call sign assignment requirements and procedures is 202-634-1923. Questions on call sign availability should be directed to FCC Reference Center, 202-634-1513.

**NETWORK PROFITS UP:** Strong ad sales and reduced programming and overhead costs boosted profits at both CBS and NBC in 2nd quarter. Time Warner operating profits were up, but net was down; other broadcast and cable groups also reported strong results.

**NBC** was among divisions that led GE to record profits in 2nd quarter, Chmn. John Welch said. As usual, GE didn't provide specifics on divisions, but said broadcasting operations had "considerably higher ongoing operating profits" because of slightly higher revenue and lower overhead and programming costs. Net earnings for parent company reached record \$1.334 billion, up 10%, and revenue grew 4% to \$14.8 billion. For first half, profits excluding accounting change were up 10% to \$2.5 billion. GE had after-tax gain of \$678 million on transfer of discontinued aerospace business, but offset that by writeoff of one-time restructuring charge.

At **CBS**, "improved results" by TV network were cited for 56% increase in 2nd-quarter net income over same period last year. Net income for period totaled \$107.4 million, up from \$69 million year ago, with earnings per share of \$6.73, up from \$4.46. Per-share earnings were 2nd-quarter record, putting CBS in position to "exceed by a significant margin" its full-year record of \$11.54 set in 1989. CBS Pres. Laurence Tisch said TV network had 8% sales increase "despite a slow-growth economy" and network scatter sales for 3rd quarter "remain well ahead of last year." Profits rose at CBS Stations Div. and CBS Radio, principally as result of cost-control program, he said. Income from continuing operations for first half 1993 totaled \$161.6 million, up 87% over same period last year, on 8% drop in sales to \$1.71 billion from \$1.86 billion.

**Time Warner** lost \$80 million in 2nd quarter, vs. \$9 million profit year ago, despite 10% jump in operating profit to \$673 million. Record operating profits at HBO and cable divisions helped boost operating profits, which were offset by higher interest costs and depreciation. Net also was cut by \$35-million one-time loss on retirement of debt. Cable operating profit grew to \$270 million from \$244 million, primarily because of subscriber gains, as well as higher ad and pay-per-view revenue. HBO operating profit was \$57 million, vs. \$53 million year ago, mainly because of improved results from new business activities. Total revenue increased 5% to \$3.3 billion.

**Gannett** broadcast revenue increased 12% in 2nd quarter ended June 17 to \$109 million, helping boost parent's net profit 16% to \$113.6 million. Company didn't disclose broadcast operating profit, but said results were up sharply... **Media General** profit increased to \$8.1 million in 2nd quarter ended June 27, from \$6.3 million year ago. Revenue rose 3.7% to \$152.6 million. Operating profit was up at both broadcast and cable divisions, but down in newspapers. Broadcast and cable divisions of **E.W. Scripps** had double-digit profit increases in 2nd quarter, but publishing income fell 30%. Parent's net dipped to \$22.1 million from \$22.3 million and revenue was down 5% to \$309.3 million. **Scripps Howard** broadcasting revenue was up 4.2% to \$77.4 million and cable revenue was up 7.7% to \$27.2 million.

**United TV** net profit grew to \$14.4 million in 2nd quarter, vs. \$4.9 million year ago, in part because of \$7.3-million gain on sale of company's remaining Time Warner convertible preferred stock. Operating profit soared to \$10.2 million from \$2.8 million on 13% revenue gain to \$34.5 million and 20% drop in programming expenses... **Westwood One** said it had \$1 million net profit in 2nd quarter ended May 31, vs. \$4.7 million loss year ago. Revenue

increased 4% to \$25.1 million, and operating loss dropped to \$730,000 from \$24.3 million... **Westinghouse** reported "flat" broadcast revenues for 2nd quarter, with operating profit down and revenues and profits about even for first 6 months.

**FCC** should preempt local regulation of outside TV antennas, in addition to satellite dishes, because retransmission consent and arrival of HDTV will make outdoor antennas more important, MSTV said in comments on Commission's satellite dish preemption proceeding. Broadcasters are likely to face local zoning restrictions or restrictive covenants on antennas "with increasing frequency" because some TV stations no longer will be carried on cable, MSTV said, and because over-air transmission of HDTV may require better antennas, so FCC should start separate proceeding to preempt local zoning restrictions on setback, height and placement of outdoor VHF/UHF antennas. Filing July 12 said "a growing number" of communities are imposing such restrictions, which can "frustrate the federal interest in ensuring the fair, efficient and equitable distribution of local television service." Broadcast group said many TV viewers have dismantled antennas because they rely on cable, but "because of fundamental changes in the relationship between cable systems and broadcast stations... the Commission can no longer rely upon the assumption of universal cable carriage of broadcast signals." Problem would undercut balance that Congress sought in Cable Act by "undermining broadcasters' ability to reach their audience terrestrially," filing said, "and thereby their ability to bargain more effectively with cable operators over the terms of carriage." MSTV said FCC already protects many amateur radio antennas, and "there is no reason to afford [them] more protection than standard television antennas, satellite dishes or broadcast station transmitter towers."

**Cable move to advanced telecommunications** infrastructure will be "evolutionary process" rather than "big bang," NCTA Chmn. Richard Roberts of TeleCable said in first public speech since taking over in June. He told New England Cable TV Assn. meeting in Newport July 13 that gradual approach made sense because it assured that proved technology was needed. Cable industry received "meaningful vote of confidence," despite deregulation, from computer companies, telcos and others in their bids for joint ventures with cable to develop new infrastructure, Roberts said. Cable is best positioned to develop that infrastructure because "a huge amount of the capital investment to enable advanced cable services has already been made," he said. Cable could upgrade its infrastructure for \$20 billion, he estimated, while it would cost telcos up to \$400 billion to duplicate cable abilities. Despite optimism, Roberts said "the cable industry is reeling from an exceptionally harsh regulatory blow" from which "I fear there are some cable companies that will not survive," at least in present form. He said he understands why NCTA Pres. James Mooney resigned, and expressed confidence that "we can use this transition as an opportunity to bring new vitality to NCTA."

**Cable rates** began climbing again in June, according to Bureau of Labor Statistics (BLS). BLS Consumer Price Index showed rates up 1.2% for June (despite FCC freeze), and 6.5% for previous 12 months. Overall CPI was flat for month. Rates fell 1.8% in May and exactly matched inflation rate (0.4%) in April. BLS analyst said June hike mainly reflected end of promotions that cut installation charges. He said most of fluctuation in cable price index is due to variations in installation charges and BLS is trying to determine whether installation fees are overrepresented in calculations of cable costs.

**CANADA OPENS CABLE AND BROADCASTING:** Canadian TV and telecommunications industries are scrambling to comply with laws and regulations passed recently by govt. and Canadian Radio-TV & Telecommunications Commission (CRTC). Commission laid foundation for industry reform, issuing regulations that will impose major change in way cable rates are set, open door to new broadcast program services and create \$300-million fund to subsidize Canadian-originated programming.

CRTC retains control of approval of any new specialty, pay-TV and pay-per-view cable services, but as part of reform announced end to 2-year moratorium on new applications. Experts predicted Commission could receive as many as 200 by Sept. 3 deadline but said it would approve only 5 or 6. However, Canadian Cable TV Assn. (CCTA) spokeswoman said she expects as many as 30. Average Canadian system has only 29 channels.

Companies that already have filed for new programming licenses include: (1) Canadian Satellite Communications, Toronto, which wants to develop health and fitness channel called Vitality. (2) Cogeco, Montreal, which wants to offer 24-hour entertainment news and variety channel and has acquired E! Entertainment distribution rights. (3) Standard Bestg., Toronto, which applied for Canadian country music video channel. CRTC already has approved 2 U.S.-based cable audio services, one offered by consortium of Jerrold and Cogeco and one by DMX-Canada, partly owned by Shaw Communications.

New cable industry regulations are designed to give more access to service generally and include incentive to implement universal addressability: Portion of expense of decoder installation will be reimbursed to cable operators. Move from basic cable to discretionary packages would mean availability of smaller, more affordable basic service, according to plan. It would encourage establishment of variety of cable packages and would be beneficial to elderly and other Canadians on fixed incomes.

Canadian cable industry had hoped for more from reform package, which immediately eliminated guaranteed 23% rate of return on fixed assets and guarantee that rates could be increased at rate of inflation. Systems with fewer than 6,000 subscribers now will be exempt from rate regulations (those with fewer than 2,000 were exempted in 1990), although CRTC will investigate their rates if 10% of subscribers complain. Systems can continue to increase rates, based on inflation, as long as 50% of rise goes to fund to produce Canadian programming. CRTC also said cable industry must adopt truth-in-billing approach so customers will know which channels are part of basic cable, which require added fee.



Warner Bros. has merged its 2 TV programming units -- Lorimar TV and Warner Bros. TV -- into Warner Bros. TV Production, which will be headed by Lorimar Pres. Leslie Moonves, with production budget of more than \$200 million annually. Harvey Shephard, who headed Warner Bros. TV, and Senior Vp Fran McConnell will form independent company to produce programs exclusively for Warner. It's reported that several other top executives have been released. Warner will have 10-1/2 hours of network programming at start of fall season.

**FCC Chmn. Quello** will answer questions at July 19 brown-bag lunch hosted by Commission's Public Service Div., noon, Rm. 856 -- Kara Casey or Michelle Mitchell, 202-632-0244.

**FCC should simplify** rate regulation for small cable operators, they said in letter to Chmn. Quello. Failing to ease regulation for systems with 1,000 or fewer subscribers "would seriously impede the ability of small cable systems to provide quality service to subscribers," according to letter signed by Small Cable Business Assn. and Coalition of Small System Operators, as well as by NCTA and CATA.

Estimated 70-75 small system operators are expected in Washington this week to lobby FCC and Capitol Hill for such relief. According to Warren Publishing's Television & Cable Factbook, 5,878 of 11,083 cable systems (53%) have fewer than 1,000 subscribers and they account for only 3.6% of all subscribers. Small operators should be able to use simplified net income analysis to justify cable rate increases, in which hikes would be assumed to be justified if system's profits aren't excessive, letter said. It said such system is "much simpler to calculate and apply than the benchmark approach." Letter also proposed that: (1) Small operators be allowed to increase rates to benchmark level to provide flexibility to generate needed capital. (2) Small operators be able to continue bundling service and equipment charges in basic rates because unbundling is "a particularly onerous procedural requirement." (3) Small operators be able to pass through rebuild costs to "increase the chances that rural subscribers promptly gain the benefits of state-of-the-art technology." (4) FCC should clarify that small operators don't have to maintain local offices in each community they serve. (5) Commission should launch separate rulemaking to identify regulations whose impact on small systems is "presumptively more harmful than beneficial." Small operators should be able to seek waivers of such regulations, with burden of proof to be on opponents of waivers.

**Market forces** are influencing development of standard for HDTV that's open as possible to other media, FCC Chmn. Quello said in reply to queries by House Telecom Subcommittee Chmn. Markey (D-Mass.). Markey wanted assurances: that FCC's HDTV selection process gave adequate consideration to interoperability issue (TVD July 12 p3). Quello replied that advisory committee process is open to all, and some members of HDTV alliance are major computer hardware and software providers, so they'll push for interoperability. "Market competitive and creative forces appear to be driving progress in both new technologies and the services it can support much faster and more productively than we could expect through government intervention," Quello said. He added that FCC is closely monitoring process and if public interest in interoperability isn't met, FCC can intervene. Reacting to Quello letter, Markey said in statement that he agrees that market should drive technical innovation but said "we cannot accept as an article of faith that private companies will embrace open standards.... It is up to the FCC to protect the broader public interest."

**Ariz. Consumers Council** and Coalition to Preserve the Finsyn Rule want appeals of FCC's most recent decision to be heard in 9th U.S. Appeals Court, San Francisco. That's most logical place, they said in filing with U.S. Appeals Court, D.C., asking that case be transferred. Case was appealed in 4 different circuits and D.C. court was picked in lottery. Big 3 TV networks appealed to 7th Circuit, Chicago, which last Nov. vacated FCC's finsyn rules, but gave agency 6 months to adopt new ones, which it has done. Council and Coalition said appeals should be heard in 9th Circuit because that court also will get appeals from L.A. Dist. Court ruling on pending request of networks and Justice Dept. to set aside provisions of consent decrees that entail many of same finsyn rules. Newest FCC ruling orders sunset of finsyn rules 2 years after consent decrees are terminated (TVD April 5 p3).

**TELCO SPEECH DEBATED:** Telco-cable cross-ownership curb is "an outright ban on speech and nothing but speech" so it demands highest level of court scrutiny and should be overturned, C&P Telephone said in brief filed in U.S. Dist. Court, Alexandria. NCTA countered that regulation is strictly economic: "Should they choose to surrender their local exchange monopoly in Alexandria, the economic predicate of the restriction vanishes, and plaintiffs may enter the cable business." U.S. Dist. Judge T.S. Ellis had asked for briefs before he rules on telco's bid to overturn ban.

Laws that "directly ban expression and nothing but expression trigger strict scrutiny regardless of whether they are content based," C&P brief said. Telco said that govt. essentially agreed that it can't defend curb against strict scrutiny standard and "expressly declined even to try." Citing Renton, Wash., precedent, C&P said govt. sometimes can regulate "time, place and manner" of speech, but rules must "leave the very same speakers free to communicate precisely the same content to the same readers, listeners or viewers." Ban doesn't solve any of govt.'s claimed concerns that led to prohibition on cross-ownership, C&P said, and it isn't tailored narrowly.

If court overturns ban, it shouldn't be limited just to Alexandria, or even to boundaries of Eastern Dist. of Va., filing said. C&P said ruling should apply wherever parent Bell Atlantic operates because of national scope of govt. authority, because unconstitutionality isn't geographically limited and because BA operates in numerous states.

NCTA said curb "can be sustained without any special constitutional scrutiny both because it is structural, economic regulation and because it restrains speech only to the extent plaintiffs choose to exercise control of the local telephone monopoly." Even if it should be subject to strict scrutiny, NCTA said, "fit" between limits and govt. goal is close enough to be constitutional. "Congress knew well what it was doing" when it adopted prohibition, it said, and "except in rare cases, the policy choices... of Congress are entitled to deference."

Telcos aren't prohibited from voicing any view, NCTA said, "but are only restricted in the manner they may do so in the locations where they possess the local telephone monopoly. They may communicate their own video programming via all the same distribution mechanisms that other producers of video programming use, including cable."

Separate brief was filed by consumer groups, led by fans of N.Y. Mets, disgruntled because Media General Cable in Va. dropped WWOR-TV N.Y.-Secaucus, which carries Mets broadcasts. They said curb violates constitutional rights of viewers to receive programming from diverse sources and doesn't prevent cross-subsidization between video programming and basic telephone service "because the two share virtually no common costs." Group also said subsidy problems could be handled by regulatory mechanisms that are less intrusive.

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Cable's power to control access to cable programming isn't limited to its grip on affiliated program networks, GTE said in opposition to petitions to reconsider FCC's program access rules. For example, Viacom said it should be exempted from rules because its cable systems account for fewer than 5% of subscribers to its networks. However, GTE said cable operators also can influence outside systems, and FCC should make public interest determinations before granting exemptions.

**FCC should be willing to recommend that Congress relax requirements of Cable Act if conditions warrant, FCC Comr. Duggan told Rocky Mountain Cable Expo in Snowmass, Colo., July 16. FCC has to make annual reports to Congress on cable rates, and he said "the Commission should not hesitate to include in those reports specific recommendations... about potential policy changes as well." He said, for example, that Act requires that cable rate rules will be relaxed when effective competition to cable emerges: "Shouldn't other FCC rules be relaxed as well when that happens? What if events in the coming years make some parts of the Act seem anachronistic?" Duggan also asked whether rules for cable and local telcos should be similar if cable becomes active competitor in local telephone service. On other issues, Duggan said FCC goals should be to streamline and simplify rules wherever possible, to reduce regulatory burden on small operators, to make cable rules sufficiently flexible so that cable's ability to invest in infrastructure isn't stifled.**

**NTIA advisory committee** responsible for spectrum planning has become ensnared in administrative red tape, and faces prospect of going out of business Sept. 30 unless it can receive approval by Office of Management & Budget (OMB). Clinton Administration has called for 1/3 reduction in advisory committees. While Commerce Secy. Ron Brown has forwarded list including spectrum panel, OMB has said that since its charter expired April 24, it would be continued only until end of fiscal year (Sept. 30). Brown had recommended 2-year extension. Panel is called Spectrum Planning Advisory Committee (S-PAC), but in reauthorization proposal, Exec. Secy. Richard Lancaster said NTIA would rename it Spectrum Planning & Policy Advisory Committee (SP-PAC) to emphasize new thrust into making policy recommendations.

**Armed with supplemental appropriation to carry out mandates of Cable Act, FCC is running display newspaper ads in Washington Post classified section seeking "highly skilled" secretaries and attorneys, including "recent law graduates." Salary range for lawyers is \$33,623-\$62,293, depending on experience, with "knowledge of telecommunication and/or rate regulation required." Lawyer applications are due by Aug. 20, Box 33909, Washington 20033. Secretaries are offered \$20,173-\$21,805, with applications due Aug. 6, sent to SF-171, Box 33939, Washington 20033.**

**Aug. issue of Vanity Fair** reports that Robert Wussler, former executive of CBS, Turner Bestg. and Comsat Video, has joined with entertainer Bill Cosby in attempt to buy NBC from GE. Nobody reported to be involved would comment on report, but it's known that Cosby has hired investment banker Goldman Sachs to oversee any attempt that's made to acquire NBC -- for which Cosby has been longtime star. He said at one time that "I am not in the habit of commenting on things that are not finished." Responding to several months of rumors, GE Chmn. Jack Welch pledged last spring that NBC wouldn't be sold "no matter what" (TVD April 19 p13, May 17 p2).

**San Francisco** Field Office of FCC has fined Stephen Dunifer, Berkeley, \$20,000 for operating illegal FM transmitter on at least 2 different days. In separate action, Beverly Hills Unified School Dist. was fined \$8,000 by L.A. Field Office for operating radio station without license.

**CATA prepared** four 30-sec. PSAs for cable operators to alert consumers to impact of deregulation. PSAs, featuring CATA Pres. Stephen Effros, will be distributed at 2 p.m. July 23 on Galaxy 5 satellite.

## Personals

Perry Simon resigns as exec. vp-prime-time programs, NBC Entertainment, enters nonexclusive production deal with network with first project to be NBC Great Escapes romantic series... NFL Comr. Paul Tagliabue assumed duties of chmn., NFL Bestg. Committee, from Cleveland Browns owner Art Modell, who resigned.

Charles Schott, chief of staff to ex-FCC Chmn. Sikes, rejoins Sikes as one of 2 vps of Hearst New Media & Technology (Sikes is vp of parent and group head of division); other is Celia Irvine, product mgr.-electronic mail services for Prodigy... Lorrie Secret, ex-chief, FCC Office of Public Affairs, appointed vp-media relations, Ameritech, Chicago.

**Karen Miller**, ex-CBS TV Stations Div., appointed senior vp-programming, Worldvision Enterprises... **Steven Bickel**, ex-pres., Orpheum Communications, named pres.-international sales and operations, Samuel Goldwyn Co... **Ross Woodstock** promoted to vp-gen. mgr., WLNS-TV Lansing, Mich... **Christopher Westerkamp**, ex-KMGH-TV Denver, appointed vp-gen. mgr., KERO-TV Bakersfield, Cal... **Tracy Beckerman** advanced to mgr.-advertising and promotion, WCBS-TV N.Y... **Deanne Haviland**, ex-WVTW Milwaukee, appointed gen. sales mgr., WRTV Indianapolis.

**Lindsay Gardner** appointed dir.-programming investments, Cox Cable Communications... **Gig Barton**, ex-National Cable Advertising N.Y. sales mgr., named eastern mgr.-national sales, Court TV... **Deborah York** promoted to mgr.-consumer distribution, affiliate sales and mktg./special markets dept., ESPN... **Samuel Hawkins** named govt./consultant relations mgr.-Bcst. Div., Harris Allied... **Michael Fricklas** named vp-deputy gen. counsel/corporate, Viacom... **Charles Kissner**, former AT&T dir.-network systems' switching, appointed pres.-gen. mgr., commercial sector, microelectronics, M/A-COM.

**Karen Kanemoto**, Paramount Home Video exec. dir.-business planning and development, promoted to vp-finance, Paramount Domestic Television... **Michael Hayashi**, vp-international development, Time Warner Cable, promoted to vp-advanced engineering... **William Geist**, ex-Reichhold Chemicals, appointed Scientific-Atlanta vp-information technology and services... **Todd Walker**, ex-Mapco Coal mgr.-finance and planning, named controller, Prevue Networks... **Barry Kruse**, advanced at Harron Communications to corporate controller.

Nickleodeon appointments: **Rich Cronin**, senior vp-mktg., Nickleodeon/Nick at Night, to gen. mgr., Nick at Night; **Jeffrey Dunn** to exec. vp-strategy and business operations, Nick at Night... **Thomas Walsh**, senior electronics engineer, FCC Office of International Communications, promoted to asst. dir... **Christopher Harvie**, former Senate antitrust aide, will join Washington law firm Mintz, Levin, Cohn, Ferris, Glovsky & Popeo as associate... **Richard Sheingold** promoted to exec. vp-mktg. and sales, Group W Productions, new post.

**Andrea Rainey**, ex-Arbitron, named dir.-research, RAB... **Roy Stewart**, chief, FCC Mass Media Bureau, will address Cal. Bcstrs. Assn. today (July 19) at Hyatt Regency, Monterey/Carmel, Cal., 2 p.m.; **Ralph Haller**, chief, Private Radio Bureau, participates same day on "Regulatory Review/Reframing Panel" at Forestry Conservation Communications Assn., Jackson, Wyo... **Rudy Baca**, FCC Office of Legislative Affairs, detailed to office of chmn.

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# TELEVISION DIGEST

## With Consumer Electronics

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**PTV OVERHAUL SOUGHT:** Major restructuring of public broadcasting, in which federal funds would be earmarked exclusively for national programming, has been recommended by task force assembled by N.Y.C.-based 20th Century Fund. In report released July 13 in Washington, 21-member panel also recommended:

(1) New funding for PTV through share of such "nontaxpayer" sources as spectrum auctions or spectrum usage fees. (2) Diversification of sources of national programming. It said more than 60% of shows currently are produced by only 3 stations, WGBH-TV Boston, WNET N.Y.-Newark, WETA-TV Washington. (3) Presidential appointment of "nonpartisan committee of outstanding individuals" to recommend candidates for CPB board vacancies. Under plan recommended by 2nd Carnegie Commission in 1979 but never adopted, President would make nominations from candidates on that list.

Task force, chaired by Brown U. Pres. Vartan Gregorian, also included FCC Comr. Duggan, former PBS Pres. Larry Grossman (now head of PBS cable venture Horizons TV), CBS News correspondent Lesley Stahl, State Dept. counselor and former Sen. Wirth (D-Colo.), media consultant and former Comsat Video Pres. Robert Wussler.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

Sales to dealers, from EIA, for 5th week and final week of June and year to date:

	JUNE 26- JULY 2	1992 WEEK	% CHANGE	JUNE 19-25	1ST HALF 1993	1ST HALF 1992	% CHANGE
TOTAL COLOR.....	696,106*	388,319	+79.3	446,044	10,545,110*	9,435,617	+11.8
DIRECT-VIEW....	682,611*	380,709	+79.3	438,280	10,375,888*	9,284,138	+11.8
TV ONLY.....	639,370	361,944	+76.6	411,286	9,791,855*	8,897,185	+10.1
TV/VCR COMBO.	43,241*	18,765	+130.4	26,994*	584,033*	386,953	+50.9
PROJECTION....	13,495*	7,610	+77.3	7,764	169,222*	151,479	+11.7
VCR DECKS.....	451,606*	239,561	+88.5	224,858	5,225,505	5,015,073	+4.2
CAMCORDERS.....	138,597*	57,669	+140.3	61,841	1,328,343*	1,146,801	+15.8
LASERDISC PLYRS#	7,868	5,370	+46.5	6,008	96,415	100,431	-4.0

Direct-view TV 5-week average: 1993--396,563; 1992--375,177 (up 5.7%).

VCR deck 5-week average: 1993--212,162; 1992--196,701 (up 7.9%).

Camcorder 5-week average: 1993--58,873; 1992--48,588 (up 21.2%).

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

**TECHNOLOGY RAISES MORE QUESTIONS THAN ANSWERS AT VSDA:** Though video retailers attending last week's Video Software Dealers Assn. (VSDA) convention in Las Vegas were hit full-force by new technologies, raft of presentations and panels did little to clear up primary issues for that distribution channel: (1) Whether programming is rentable under current copyright law. (2) Extent to which consumers will accept interactive entertainment. (3) Whether current MPEG technology for video CD will draw enough interest from studios to assure broad range of titles on 5" discs, attracting consumers to new format.

Software retailers see technology as both threat and opportunity, with approach of video-on-demand systems on one side, advances in videogame and CD-based media on other. Their interest was evident in fact that estimated 2,000 people attended 4-hour "New Technology Super Session" first day of show. Subsequent days included demonstrations of CD-I, Nimbus Video CD and 3DO systems. Issue of rental probably will be mostly on back burner until recordable CD technology makes it into consumer markets, though Compton New Media has authorized rental of PC-based CD-ROM software it distributes to video store channel.

Multimedia market is projected to be "in the trillions" of dollars eventually, Paramount Technology Group Pres. Keith Schaefer said at opening day seminar, although 3DO Sales Vp Jim Gregg reminded attendees that it's currently "a \$0 billion industry." Hollywood is extremely bullish on interactive media, Schaefer said: "I can't think of a single agent that isn't looking at interactive rights." Studio is considering interactive possibilities in scripts as they're green-lighted, he added. "Compelling stories can and will be told on interactive multimedia," he said. "It will be logical to work with video retailers in that business." Others were more cautious. "It's clearly unproven that people will want to interact with movies," said Nimbus Deputy Dir. Adrian Farmer.

Paramount has been most bullish studio in video-on-CDs, having signed 50-title deal with Philips for discs that will play on CD-I players equipped with MPEG-1 full-motion video upgrade (TVD June 7 p12). Others are taking their time. Republic Pictures Senior Vp Glenn Ross, whose company will combine with PF Magic to create interactive programming for CD-I based on "Cliffhanger" serials from 1930s and '40s, said Republic also "is committed to putting movies on 5-in. discs. We're talking to Philips right now about what's appropriate." And Buena Vista Home Video Pres. William Mechanic said company is evaluating how its movies look in MPEG-1, though he emphasized company has not reached agreement with Philips to put its films on disc, as has been widely rumored. He said no such deal is pending, but added "we have no aversion to doing such a deal." Other studio executives said they are studying range of CD-based options.

Super session featured clip of Columbia TriStar's "Dracula" on Nimbus Video CD. Although Sony-owned studio ran disclaimer noting it doesn't endorse format -- and in fact hasn't reached any feature film licensing agreements with companies marketing any CD-based technology -- it was satisfied enough with Video CD results to allow title to be used.

Sony spokesman in U.K. issued clarification about company's inclusion on list of those supporting "White Book" format for Video CD backed by Philips and JVC and opposed by Nimbus (TVD July 5 p13). "We are interested in the possibilities offered by this new format; therefore Sony has agreed to participate in discussions aimed at determining the specifications for the Video CD format," said official statement. "No decision has been made concerning product development or introduction."

Meanwhile, spokeswoman for 3DO said company is waiting for "final proposal" on Video CD standard to be issued by Philips before deciding whether to back it.

\* \* \* \*

Current box-office hit The Firm heads lineup of theatrical films to be issued on 5" CDs under agreement between Paramount and Philips. List of movies, cited in Philips trade ad and speech given by Paramount Technology Group Pres. Keith Schaefer at VSDA convention last week, includes: Airplane, Top Gun, Indecent Proposal, Patriot Games, Fatal Attraction, The Hunt for Red October, Trading Places, The Godfather (1, 2 and 3), An Officer and A Gentleman, Days of Thunder, Beverly Hills Cop (1 and 2), The Naked Gun, The Naked Gun 2-1/2, Sliver, Star Trek (1-6). Ad also promises FMV music videos featuring U2, Bon Jovi, Billy Ray Cyrus and Sting. "Philips Introduces Digital Video on CD-I," ad says. "This will do for the video industry what CD did for the music industry." Artwork includes "Digital Video" logo featuring stylized lime green "D" on black background -- symbol that apparently being adopted by Philips for its video CD discs.

**SONY PROPOSES MD AS NEXT PC DATA STANDARD:** Sony's strategy of positioning MiniDisc (MD) as multipurpose storage medium reached long-awaited stage last week when it announced its proposed "MD Data" standards as "next generation in data storage technology" for personal computers and portable data systems. Moreover, as described in Tokyo, one of disc's major advantages over floppies is ability to store 2,000 frames of still color pictures or 15 min. of MPEG-1 level full-motion video (FMV) with digital sound.

As for MD video possibilities, there's no telling when Sony would or could drop other shoe. While one feature of MD Data is capability of storing sound and pictures, including FMV, sources familiar with Sony indicated there's no possibility company will push MD Data as type of recordable videodisc, saying it never would offer video product with only 15 min. of recording time. While Sony eventually could propose MD as home video recording medium (in longer playing form), it's also significant that company is member of Digital VCR Conference, which will be convened specifically to develop magnetic tape recording system for home digital video (TVD July 5 p12).

Sony Pres. Norio Ohga year ago said MD format had definite future as video record and playback medium, especially because random access feature would give it distinct advantage over tape-based formats (TVD Aug 10 p12). But he cautioned then that commercialization of video MD would have to await further development of such innovations as semiconductor blue laser because of need for increased recording and storage density. Sony Recording Media Products Group is expected to offer progress report on blue laser development at July 29 seminar in N.Y. on magneto-optical technology, which also will include update on latest MD technical developments.

Sony said it will seek to establish MD Data as de facto standard for computer industry, to replace floppy disc. Among advantages cited: (1) Low cost, at least partly amortized by audio MD mass production. (2) Far higher recording density than floppy disc -- and double that of CD-ROM. (3) Ability to store graphics, pictures, video. (4) Small size, easy portability and low power consumption. (5) New file system that's compatible with different operating systems and CPUs -- for example, disc recorded on IBM computer could be played back on Apple.

Software dimensions obviously are same as for audio MD -- 2-1/2" magmeto-optical disc is housed in caddy measuring 2.7x2.8x0.2". Each disc has 140 mbyte storage capacity, with data transfer rate of 150 kbps. Single drive mechanism, demonstrated at Tokyo news conference, can accept 3 disc types: (1) Premastered MD Data (MD-ROM) disc, analogous to prerecorded MD music album. (2) Recordable MD Data disc, comparable with blank MDs for music recording. (3) New "hybrid" MD Data disc, shown in concept form to U.S. audio journalists year ago in Tokyo, but not marketed in connection with audio MD format launch. As term implies, hybrid MD contains premastered sections and space for recording new data.

Sony officials at Tokyo news conference said MD Data drive won't be marketed until mid-1994 and now is undergoing development for commercialization. Katsuaki Tsurushima, senior gen. mgr. of Sony Audio Development Group and dir. of Sony Development Lab, hinted at use of system in various portable data devices when he said it would be available not only as computer storage medium but also in independent hand-held form, operated by battery. "Compactness and rewritability -- they are the merits of MD Data," Tsurushima said. He said Sony hasn't yet discussed system with other manufacturers, but will seek International Standards Organization approval once MD Data becomes de facto industry standard. He compared relationship of MD and MD Data with that of CD and CD-ROM. MD Data's transfer speed of 150 kbps is only half that of CD-ROM, but Sony said that can be improved by adding high-speed drive.

Among specs of MD Data: Sector size, 2,048 bytes; data units, 64 kbps; track pitch, 1.2mm; laser wavelength, 780 nanometers; numerical aperture, 0.45; recording method, magnetic modulation overwrite system; linear velocity, 1.2-1.4 m/sec.; modulation system, EFM; error correction system, Adaptive Cross-Interleave Reed-Solomon Code (ACIRC).

**VIDEO PRODUCTS SET FIRST-HALF UNIT SALES RECORDS:** Although there's evidence that gains are being generated primarily at lower end of market, unit sales of most TV and video products set records in first half of 1993. Of categories for which EIA issues statistics on weekly basis, only VCRs and laserdisc players weren't at record unit pace for first 6 months -- and VCRs didn't miss by much, running mere 100,000 units behind first-half record set during category's first boom in 1986. Laserdisc players were only classification trailing last year.

Seasonally adjusted sales rate for direct-view color TVs in June was lowest for any month this year at about 22.1 million units, with rate for first 6 months staying at just over 23 million. Sales of TV/VCR combos in June were at 2nd highest level for any month ever, trailing only record 120,029 sold last Sept., and are running 50% ahead of 1992 pace for first half of year.

Sales of projection TV reached highest seasonally adjusted rate since Jan.; annualized June rate of nearly 519,000 units pulled pace for first 6 months up to nearly 467,000, which would break record of 404,303 sets sold in 1992. However, it should be noted that first 6 months of year account for only about a third of projection TVs sold to dealers for full year, and only about 16% of projection TVs are sold in 2nd quarter.

If VCRs stay on present pace, industry will break unit sales record of 12.3 million set last year; through June, annualized rate was 12.7 million units. Five-week June saw largest volume of any month this year. Camcorder units also continued to shine, although annualized rate in June of just under 3 million units was lowest of any month so far in 1993. Based on first half, industry appears headed toward sales of 3.35 million units. Here are EIA's figures on sales to dealers for June (see State of the Industry for first-half figures):

Product	June 1993	June 1992	% Change	June 1991
Total color.....	2,018,719	1,906,029	+ 5.9	1,752,026
Direct-view...	1,982,814	1,875,886	+ 5.7	1,729,363
TV only.....	1,866,619	1,799,814	+ 3.7	1,671,187
TV/VCR combo.	116,195*	76,072	+52.7	58,176
Projection....	35,905*	30,143	+19.1	22,663
VCR decks.....	1,060,808*	983,509	+ 7.9	926,524
Camcorders.....	294,367	242,942	+21.2	351,549*
Laserdisc players	22,559	24,794	- 9.0	22,617

\* Record for any June.

Sony has acquired CAMI Video, classical music production and distribution subsidiary of Columbia Artists Management to develop classical music videos. Terms of transaction weren't revealed. Former CAMI Video Pres. Peter Gelb, who has produced some 50 classical video and TV programs, became pres. of new Sony subsidiary Sony Crescendo, which will distribute both Sony and CAMI titles and develop new classical material for TV, home video and movies. He also was named pres. of Sony Classical U.S.A. Columbia Artists Pres. Ronald Wilford was named to Sony Classical board.

**Tariff reduction agreement** reached with Japan by Group of 7 includes "electronics goods" as one area for mutual cuts of at least 33% in import duties.

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 107 yen = \$1, except where noted.

**VCRS, CAMCORDERS AT MIDYEAR:** Almost 25% of all VCRs sold in first half were stereo sound models and nearly 15% had VCR Plus built in. Camcorders ran at just about 75-25 ratio of compacts to full-size for 6-month period. At midyear, inventories of both VCR decks and camcorders were well under control at 3-1/2 weeks' supply, based on current sales trends.

Those are highlights of unreleased EIA breakdowns of VCR and camcorder sales to dealers. In VCR decks, 4-head mono models represented 44.2% of sales and S-VHS models were less than 1% of total -- that figure having been exceeded only once in half (in Feb., when they rose to 1.1%). VCR figures were fairly stable for entire first half -- only category showing any significant monthly change was VCR Plus, with 10.9% of total in Jan., rising to record 19% by April, tapering off to 16.8% in June.

Here's breakdown of VCR deck categories in terms of percentage of sales to dealers, monthly, for first half:

#### VCR DECK FEATURES -- FIRST-QUARTER SALES

Month	2-Head Mono	4-Head Mono	Stereo	S-VHS	VCR Plus
January...	33.1%	43.0%	23.9%	0.6%	10.9%
February..	33.9%	42.3%	23.8%	1.1%	11.8%
March.....	32.1%	45.1%	22.8%	0.6%	13.5%
April.....	29.1%	43.5%	27.4%	0.7%	19.0
May.....	28.7%	46.1%	25.3%	0.8%	16.7%
June.....	30.3%	44.8%	24.9%	0.8%	16.8%
<b>FIRST HALF</b>	<b>31.2%</b>	<b>44.2%</b>	<b>24.6%</b>	<b>0.8%</b>	<b>14.8%</b>

\* \* \* \* \*

**Era of big change** in ratio of full-size (VHS) to compact (8mm, VHS-C) camcorders apparently is over, at least for time being. Proportion for first half 1993 (25.4% to 74.6%) is almost identical to that of same 1992 period (25.5% to 74.5%). At time when total sales to dealers rose 15.8%, full-size models were up 15.2%, compacts 16.1%.

June was typical of first half -- full-size models at 24.5%, compacts at 75.5%. That compares with atypical month in June 1992 when full-size comprised only 20.7% of total (TVD July 27/92 p14). Thus, full-size models were up 51.6% from June 1992 and compacts only 13.2%, when total sales to dealers increased 21.2%.

Inventories at end of half were in line with sales rate -- 24.5% full-size, 75.5% compact, exactly same ratio as June sales. Here's monthly table of camcorder sales by format:

#### FULL-SIZE vs. COMPACT CAMCORDERS -- FIRST-HALF SALES

Month	Total	Fullsize %	Compact %
January...	167,318	40,608 24.3	126,710 75.7
February..	158,484	46,275 29.2	112,209 70.8
March.....	214,967	46,395 21.5	168,572 78.4
April.....	253,527	62,633 24.7	190,894 75.3
May.....	239,680	65,112 27.2	174,568 72.8
June.....	191,713	47,043 24.5	144,670 75.5
<b>TOTAL....</b>	<b>1,328,343</b>	<b>337,215 25.4</b>	<b>991,128 74.6</b>

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**Vince Lombardi Jr.** will keynote 35th annual School of Service Management sponsored by National Assn. of Service Dealers (NASD) Sept. 18-21 in Ft. Worth -- 708-953-8950.

**NO RUSH TO MULTIMEDIA -- SRI:** With exception of videogames, digital revolution is likely to start more with whimper than with bang, according to report by SRI International, Menlo Park, Cal. Research and consulting firm (which is parent of David Sarnoff Research Center) predicted no residential application except digital video-based games would achieve more than 10% penetration of U.S. households through 1997.

"We really have to recalibrate the expectations" of multimedia players, Ed Christie, project leader, said. Because category faces formidable competition from "above and below," he predicted penetration would reach fewer than 2 million households by 1997. Systems must contend with "intense price competition" from Sega and Nintendo, which "sell those machines virtually at cost and make up the money in software sales," he said. However, "the same business model doesn't necessarily work for a standalone interactive multimedia player."

At same time, multimedia players must compete with CD-ROM drives on PCs, which SRI expects will "move briskly during the next several years." While he indicated 3DO has possibility of success, Christie said "we're not sure consumers in large quantities are ready to pull out their wallet, especially at \$700."

Movies on CD weren't part of study, although Christie said he didn't see them as major force in near future. "If 3DO succeeds better than we anticipate and CD-ROM-equipped computers become more popular," he said, CD could become medium of choice. However, he said CD movies face "chicken-and-egg situation" of studios' waiting for installed machine base and consumers' delaying hardware purchases until wide array of software is available. "Backward compatibility" with current audio CD players would give technology "a leg up." Next-generation videotape also is possibility, he said. "VHS is not going to be with us forever."

Report, titled "Near-Term Applications of Digital Video," is part of 18-month study sponsored by 35 computer, telecommunications, entertainment, imaging and electronics companies. Findings are derived from SRI's annual "Leading Edge" survey of "early adopter" households and data from Simmons Market Research Bureau survey of 20,000 U.S. homes.

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**Nokia** is denying "persistent market speculation that the consumer electronics business... will be sold off," Financial Times reported. However, CEO Jorma Ollila is quoted as saying company is looking for partnership agreements in that field, adding: "We are working to reduce our exposure to consumer electronics. In the future it will not be the 30% of our sales it is today." In 1980s, Nokia absorbed several manufacturers and became 3rd largest TV producer in Europe under previous leader Kari Kairamo, who committed suicide in 1988. Consumer electronics represented all of company's loss last year. Although 4 of its 6 manufacturing plants have been closed, CE isn't expected to break even until 1994, article said.

**Best Buy** announced 3/2 stock split under which shareholders of record July 30 will get extra share for every 2 they hold. Split will leave company with 20.8 million shares outstanding. After sharp increase apparently spurred by combination of scorching June sales and announcement that it will open 4-5 stores in Phoenix in fall (TVD July 12 p11), Best Buy shares closed at 40-1/2 on day before split was announced.

**GOLDSTAR, SAMSUNG IN STARSIGHT PACTS:** Though neither has been subject of press announcement, GoldStar and Samsung are identified in preliminary prospectus for StarSight Telecast stock offering as having signed agreements to make TVs and VCRs incorporating its interactive programming guide. As we've reported, company filed with SEC for 2.7 million-share offering at expected \$13-\$15.

Prospectus says GoldStar, along with Zenith (which signed last year), has signed license agreement to build StarSight decoders into TVs and VCRs, with delivery of VCRs by late 1994. Zenith has exclusive right to market StarSight-equipped TVs through July 1994; document notes Zenith intends to ship "limited number" of StarSight TVs late this year. (GoldStar is minority owner of Zenith.) In addition, Mitsubishi and Samsung are cited as having signed "non-binding letters of intent" for including Starsight decoders in TVs and VCRs, definitive license deals to follow later. Company also has signed agreements with General Instrument, Scientific Atlanta and Zenith to manufacture compatible cable boxes.

Initial manufacturers aren't being charged licensing fee. In fact, Zenith and Goldstar agreements require StarSight to pick up portion of incremental manufacturing costs for including decoder in hardware, "although the dollar amount and duration of these... obligations are limited." StarSight says it hopes to avoid such payments in future agreements, and eventually to charge license fee to hardware makers once system is established.

About \$15 million of expected \$35-\$40 million proceeds from offering is slated to be used for marketing and advertising costs over next 12 months. Included in costs will be joint efforts with hardware makers to promote feature both in-store and through electronic and print media, and incentives offered to retailers to promote StarSight capable products.

Company had accumulated \$13.4 million deficit in 3 years and 9 months through March 31, said it expects current resources plus proceeds from offering to last it at least through end of 1994, with possibility that more capital will be necessary before it becomes profitable.

Viacom is largest shareholder, owning 20% of company prior to offering, 17.1% afterwards. Other prominent holders (with pre- and post-offering holdings in parentheses): Patrick Young, formerly company's chief scientist (12.2%, 10.4%); Cox Communications (8.4%, 7.2%); Pres.-CEO Michael Faber (8.2%, 7.1%); Spelling Entertainment (7.3%, 6.2%); Scott Wilson (5.5%, 4.7%); Jeremiah Milbank (5.3%, 4.5%); Tribune Co. (5.1%, 4.4%); KBL.COM (4.8%, 4.2%); Times Mirror Cable TV (4.8%, 4.2%); Providence Journal (4.7%, 4.0%).

Over 200 manufacturers of consumer electronics and broadcast equipment are being surveyed by FCC's Advanced TV Advisory Committee (ATAC) to determine impact of multiple HDTV scanning formats and other aspects of "grand alliance" compromise system (TVD May 31 pp1&13). ATAC wants to find out whether incorporating multiple formats and ability to upgrade to progressive scanning will increase cost and complexity of equipment or delay implementation of system, according to letter from Fox Network's George Vradenburg, chmn. of experts group on production and TV receiver/VCR impact. Group seeks at least preliminary comments by Aug. 2, with further details in supplementary responses.

**HITACHI ADDS VCR-PLUS TO TV:** First TV sets equipped with VCR Plus programming system will be introduced this week in Japan by Hitachi in 23" and 27" versions. Hitachi, which is licensed by Gemstar to use system in VCRs, developed TV application on its own after getting permission of VCR Plus developer Gemstar.

Hitachi's system can program TV set and/or VCR using Plus Codes printed in newspaper program listings. When TV is programmed, set will turn on automatically and tune to proper channel, or change channels if it's already on. Plus Code can be transmitted to conventional VCR deck by connecting infrared emitter cable (included) and facing it toward VCR's IR remote receiver. Hitachi plans to produce 15,000 sets monthly in 23" version, 10,000 in 27". Hitachi spokeswoman said there has been no decision on introduction of VCR Plus TVs in U.S..

New 27" set is first with Hitachi's version of shallower tube with 112 degree deflection, down from previous 108 degrees. Hitachi claims its 27" tube is shallowest in industry, with depth of just 16.5", just 0.2" shallower than Matsushita's version (TVD July 12 p10). Standard 108-degree 27" tube is 17.7" deep. Both 25" and 27" sets themselves are 17.7" deep, have flat rear surface and can be placed flush against wall, thanks to improved heat releasing system, Hitachi said.

**U.S. ELECTRONICS OUTPUT UP:** Factory sales of U.S.-made electronic equipment, components and related products rose 7.7% in first half over same 1992 period, according to tabulation of preliminary Commerce Dept. figures by EIA Mktg. Services.

Domestic manufacture of consumer electronic products reached \$4.343 billion, according to tabulation, up just 0.6% in year. Biggest rise -- 16.7% -- was in computers and peripherals category, followed by components, up 13.6%. Only sectors posting declines from year earlier were defense communications and electromedical equipment.

Table below shows U.S. factory output by sector. Figures are preliminary, not seasonally adjusted.

#### U.S. FACTORY ELECTRONICS SALES (First half 1993 vs. 1992, millions of dollars)

Sector	1993	1992	% Change
Electronic components..	\$33,347	\$31,122	+13.6
Consumer electronics...	4,342	4,316	+ 0.6
Telecommunications.....	18,819	16,935	+11.1
Defense communications.	14,773	15,511	- 4.8
Computers & peripherals	31,384	26,893	+16.7
Industrial electronics.	13,410	12,902	+ 3.9
Electromedical equip...	3,899	3,923	- 0.6
Other related.....	28,045	27,692	+ 1.3
<b>TOTAL.....</b>	<b>\$150,099</b>	<b>\$139,294</b>	<b>+ 7.7</b>

**More TV/video production moving out of Japan:** Sanyo is enlarging Indonesian VCR plant, boosting production to 80,000 from 60,000 by year-end to supply N. American markets with low-end models currently being made in Japan. Company will supply Japanese market with TVs made in China and Singapore... NEC will end production of color TV in Japan by Oct., moving all output to plant in Thailand. Company attributed more than half of its \$141.5-million deficit in last fiscal year to losses by its Video Div... Sharp plans to expand imports of audiovideo products to Japan from Malaysia by 30% in current fiscal year.

**JVC ANNOUNCES MD, DCC:** As Sony's U.S. subsidiaries were organizing ambitious hardware and software cross-promotion to inspire sales and raise awareness of fledgling MiniDisc (MD) format, Matsushita affiliate JVC, as expected, became first company to announce marketing commitment (in Japan) to both new digital audio formats. JVC executives said they're undecided about introductions in overseas markets but decision could be forthcoming around time of Internationale Funkausstellung in Berlin at end of Aug.

JVC's DCC playback-only portable will be Matsushita-built derivative of Panasonic RQ-DP7 due for sale in U.S. starting next month at \$549 list. JVC said it has ordered 1,000 units monthly of virtually identical model, designated ZD-1, set to arrive in Japanese stores within next 2 weeks at equivalent of about \$550.

In publicity material and interviews with key executives, JVC saved most of its superlatives for MD recorder of its own design that's due on Japanese market in Sept. and will be produced at monthly rate of 3,000 units. XM-D1, which will be priced at about \$900, is billed as "palmtop" recorder "that goes anywhere." JVC said pop-up display is adjustable for 4 different viewing angles, ensuring "ready incorporation into any existing system." AC-DC model has 4-MB buffer for 10-sec. shock-proof protection. Unit includes remote commander that enables MD recorder and up to 4 brands of CD players to be started simultaneously.

Model, weighing about 27 oz., is configured to be dockable in MicroCompo unibody DX-1 minisystem that will be marketed in Japan starting in Aug. at about \$600. DX-1 will be produced at monthly rate of 6,000 units. In "backgrounder," JVC said it "foresees a significant number of consumers choosing to switch over to the exciting new media now available in the audio market, including DCCs and MDs, together with micro-sized components and other new products."

JVC will market 60-min. blank MD discs in Japan starting in late Aug. at \$12.75, produced at its Mito factory, which will have monthly capacity at start of 20,000 units. Company said it expects to market 74-min. MDs starting in fall. Meanwhile, first 30 MD prerecorded software titles from JVC's Victor Entertainment will go on sale in Japan this week at same price as DCC titles. Victor plans total pool of 50-60 MD titles by year-end. Titles are being produced at Yamato factory in Kanagawa prefecture, where capacity is 300,000 discs per month. Victor had introduced 92 DCC software titles in Nov. to support Japanese hardware launch, and plans to introduce 110 DCC titles in all by year-end.

JVC estimates industry sold 7,500 units of MD hardware products in Japan in 1992, virtually all of them Sony models, while 6,000 DCC recorders were sold. Company is projecting industry sales of 180,000 MD units and 80,000 DCC units in Japan in 2nd half of 1993. JVC said it is pondering introduction of smaller MD portable, "regular-size" MD home recorder and car MD player in 2nd generation of products, while also on drawing board is DCC home deck.

Meanwhile in U.S., ambitious MD industry cross-promotion involving all proponent hardware and software companies starts Aug. 1 and runs through year-end. While Sony clearly is prime mover, effort also has participation of Aiwa, RCA, Sanyo and Sharp on hardware

side, and Capitol-EMI and Warner among major music labels. Niche labels DMP and Rykodisc also are taking part.

Consumers purchasing MD hardware product from participating vendors will receive 70-min. music sampler and book of 30 coupons, each good for \$2 discount off purchase of MD album from 215 music storefronts nationally, including outlets of Tower Records, Music Plus, Turtles and Record Bar. Where store is not within reach of consumer, coupons can be redeemed through Musicland "shop-by-phone" toll-free line. Sony officials deflected questions about financial arrangements of promotional effort, citing confidentiality. Monroe Gordon, Thomson Consumer Electronics, said only that cost to his company was "minimal." Invitation to participate was difficult to turn down, he said, because Thomson would have been unable or unwilling to mount similar effort on its own.

\* \* \* \*

**U.S. Copyright Office** has collected approximately \$288,000 in royalties on DCC, MD, DAT and other consumer digital audio recorders and blank media covered under Audio Home Recording Act, National Music Publishers' Assn. (NMPA) Pres. Edward Murphy told group's annual meeting in N.Y. last week. He said figure covers shipments between Nov. 1992 and March 1993, adding that royalties for full 1993 are expected to be negligible. Murphy told members that NMPA isn't prepared to estimate growth, but is "carefully monitoring the marketplace for growth indicators."

**Fretter** pulled New England TV ads that featured consumers bad-mouthing Circuit City following complaint from Mass. Atty.-Gen.'s office that "those customers were each promised \$700 before the ad's taping if their comments were used." FTC guidelines mandate that advertiser must disclose that non-celebrity consumers were paid for participating, and that no unsubstantiated pricing claims can be made. Assistant Atty.-Gen. Edgar Dworsky said he began investigation after seeing commercial, his attention particularly drawn by consumer saying that at Circuit City "we were like invisible, no one could help us at all," comment which Dworsky dryly noted didn't match his own Circuit City shopping experience. Dworsky said that "while we don't believe words were put into consumers' mouths, we have some evidence to suggest that a producer may have coached some of these people in how to phrase their comments." He said Fretter and its agency -- Yaffe & Co., Southfield, Mich. -- pulled ads as first element of settlement, details of which are to be worked out this week. Fretter could not be reached for comment.

**Conair Corp.**, major marketer of telephones and answering devices as well as electric health and beauty equipment, has signed FTC consent order in connection with its California Facial Skin Rejuvenating System. Conair agreed to stop representing that its sound waves "with a frequency of no more than 20 KHz, will firm and tone facial muscles or improve the efficacy of a facial skin clarifying toner or scrub." Order requires it to "have competent and reliable scientific evidence to support certain future representations."

**3DO** has formed Japanese subsidiary in advance of planned launch there next spring. 3DO Japan Co., based in Tokyo, will be headed by Aki Kodama, former exec. dir. of Imagineer, Japanese software publisher. In news release, 3DO said it has more than 50 Japanese software licensees, in addition to pair of hardware licensees -- Matsushita and Sanyo. Matsushita recently hosted "Panasonic 3DO Business Conference" for software developers and other interested parties in Tokyo.

**SANYO IN RED FOR HALF:** Sanyo lost equivalent of \$24.3 million (based on 110 yen = \$1) in 6-month period to May 31, compared with net income of \$4.1 million in same period year ago (see financial table). Company's consolidated results (61 consolidated subsidiaries and 48 affiliates and unconsolidated subsidiaries worldwide) had 8% net sales decline.

Parent company reported net income plunged 72.6% to \$13.6 million, with operating loss of \$114.5 million. "Stagnant domestic capital investment and consumption combined with the rapid appreciation of the yen and slow economic recovery" were cited as contributing to declines. Company forecast consolidated net loss equivalent to \$9.1 million on sales of \$13.9 billion for full fiscal year ending Nov. 30, but net income of \$36.4 million on sales of \$9.4 billion by Japanese parent company alone.

On parent-only basis, company said its exports of 8mm camcorders and batteries for N. America increased during period.

Consolidated report said that in first half, video equipment sales dipped 0.4% and constituted 16.6% of total sales (vs. 16.5% in year-earlier period); audio equipment was down 6.3% at 8.7% of sales (vs. 9.2%); electrical apparatus down 11.7% at 21.3% of sales (vs. 24.1%); industrial equipment down 0.6% at 17.4% of sales (unchanged); information systems up 9% at 25.2% of sales (vs. 22.8%); battery and other up 7.2% at 10.8% of sales (vs. 10%). Domestic sales for period were off 4.4%, while overseas sales increased 4.9%. Overseas markets increased to 41.1% of sales from 39.2%.

\* \* \* \*

**Akai**, which pulled out of U.S. consumer electronics market in 1988 (TVD Dec 5/88 p11), had pre-tax loss of \$8.8 million for 6 months ended May 20, up from \$5.8 million year earlier. Company, which is controlled by Mitsubishi, blamed poor sales of VCRs, particularly in Europe, where brand is well represented. Exports totaled 85% of Akai's sales, which reportedly increased in all areas except Europe, where they dropped by 13%. Company's video sales declined 4%, while audio rose 27%. Total sales rose by 2.2% to \$233.6 million. Akai expects loss of \$12.15 million for full fiscal year to Nov. 20, up from \$2.3 million.

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**Exhibitors in U.S. pavilion at Internationale Funkausstellung Aug. 27-Sept. 5 in Berlin:** Accele Electronics, Alta International Sales, Ambico (Recoton), Antenna Co. Intl., Audiovox, Bellinghausen International, Coby Electronics, Consumer Electronics Shows, Craig Consumer Electronics, Designtech International, Directed Electronics, Earthquake Sound, 50/50 Micro Electronics, G&S Designs, Hifonics, Infrared Research Labs, Mobile Product News, MXG America/Microgames, National Captioning Institute, RDI Electronics, Teledynamics, Universal Security, Videonics, Virtual Vision. U.S. pavilion is sponsored by EIA Consumer Electronics Group.

**Tandy broke ground last week for 4th Incredible Universe (IU) store, 185,000-sq.-ft. "gigastore" (presumably one step beyond "megastore") scheduled to open in Miami in first quarter of 1994. Along with wide range of services and products featured in previous 3 IU locations in Ore. and Tex., Miami store will include full-service export dept. aimed at Latin American and Caribbean markets. "Miami's international trading stature and culturally diverse population gives IU a unique opportunity to reach significant markets outside the continental U.S.," Tandy Chmn.-CEO John Roach said.**

## Consumer Electronics Personals

**Joseph Fogliano**, ex-pres. of Thomson Consumer Electronics Inc. (U.S.) and head of TCE's worldwide TV activities, named exec. vp, Maytag Corp. and pres. of it's N. American Appliance Group.

**Peter Gelb**, former pres. of CAMI Video, acquired by Sony from Columbia Artists Management, named pres. of successor Sony Crescendo (classical videos, TV and movies) and of Sony Classical U.S.A. (records); **Ronald Wilford**, pres. of Columbia Artists Management, will serve on Sony Crescendo board (see separate report)... **Sony Wonder Vp Becky Mancuso-Wilding** advanced to senior creative affairs vp; **Susan Jackson Rosenberg**, ex-Goodtimes Home Video and BBC Lionheart, joins as senior dir. for Nickelodeon home video line; **Sony Kids' Music & Video Children's Programming Dir. Linda Morgenstern** shifts to Sony Wonder as senior acquisitions dir.

**Aki Kodama**, ex-Imagineer Co., Japanese software publisher, named pres. of 3DO Japan, newly formed Tokyo-based subsidiary... **Jack Abrams**, Nikon (U.S.) exec. vp, adds newly created title of chief operating officer... **Ronald Burch**, ex-Tandy Electronics gen. mgr., named gen. mgr. of Calidad Electronics unit of IEC Electronics Corp., succeeding **George Lundquist**, resigned... **Kenneth Sampson** promoted to southeast district sales mgr., Pioneer New Media Technologies (non-consumer products) in its Columbus, O., office.

CBS/Fox Pres.-CEO **George Krieger** moves to Fox Inc., title to be announced... **John Scott** resigns as Columbia TriStar Home Video sales dir. to join WEA as video sales vp... **Jeff Baker** promoted to Goodtimes Entertainment senior vp, overseeing Gotham Pictures rental operation as well as Goodtimes Home Video sellthrough unit... **Tim Fournier** advanced to LIVE Home Video national sellthrough dir., replacing **Craig Van Gorp**, named Turner Home Entertainment sales vp; consultant **Kris Larson** joins as exec. mktg. dir.

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**Compton's Multimedia Publishing**, among largest distributors of CD-ROM software, could be on acquisition trail following its purchase from **Encyclopaedia Britannica** by Tribune Co. for \$57 million. Compton's Pres.-CEO **Stanley Frank**, although declining direct comment, said company is "certainly looking to grow our positions in both product development and distribution. With [Tribune's] support, we plan to be much more aggressive." Frank and Exec. Vp-Gen. Mgr. **Norman Bastin** will continue to run company. Tribune Pres.-CEO **John Madigan** said acquisition will "allow us to expand more broadly and to share resources for distribution both in print and in interactive multimedia." Deal, expected to close in 3rd quarter, furthers Tribune's "established strategy of expanding into emerging markets that have prospects for dynamic growth," Senior Development Vp **Scott Smith** said. "We see Compton's as a natural extension of our publishing business to include not only print but multimedia as well."

**Sanyo and Chinese partner Shenzhen Huaqiang Electronic Industry Corp.** will produce optical laser pickups for CD players and other devices. Joint Venture, Shenzhen Sanyo Huaqiang Optical Technology Co., is set to start operations in Sept., employing 400. Production target in remaining months of 1993 is 100,000 units, growing to 4 million units annually and work force expanding to 700 employees by 1995. Sanyo owns 60% stake in \$5 million venture.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Acclaim Entertainment 1993-9 mo. to May 31	207,298,000	16,551,000	.57
1992-9 mo. to May 31	137,233,000	8,758,000	.37
1993-qtr. to May 31	56,881,000	4,876,000	.17
1992-qtr. to May 31	45,984,000	2,527,000	.10
Ackerley Communications 1993-6 mo. to June 30	99,600,000	2,300,000	.15
1992-6 mo. to June 30	95,600,000	(100,000)	--
1993-qtr. to June 30	51,400,000	4,500,000	.29
1992-qtr. to June 30	48,600,000	3,900,000	.25
Apple Computer 1993-39 wk. to June 25	5,836,165,000	83,925,000	.70 <sup>a</sup>
1992-39 wk. to June 25	5,318,808,000	432,761,000	3.52
1993-13 wk. to June 25	1,861,979,000	(188,316,000)	-- <sup>a</sup>
1992-13 wk. to June 25	1,740,171,000	131,665,000	1.07
CBS 1993-6 mo. to June 30	1,714,500,000	161,600,000	10.23
1992-6 mo. to June 30	1,862,500,000	5,000,000	.32 <sup>b</sup>
1993-qtr. to June 30	835,800,000	107,400,000	6.73
1992-qtr. to June 30	779,900,000	69,000,000	4.46 <sup>b</sup>
Franklin Electronic Publishing 1993-qtr. to June 30	14,646,000	1,262,000	.16
1992-qtr. to June 30	13,240,000	911,000	.12
Gannett 1993-26 wk. to June 27	1,782,499,000	179,995,000	1.23
1992-26 wk. to June 28	1,685,260,000	6,387,000	.05 <sup>a</sup>
1993-13 wk. to June 27	937,769,000	113,653,000	.78
1992-13 wk. to June 28	892,139,000	97,836,000	.68
General Electric 1993-6 mo. to June 30	27,617,000,000	1,632,000,000	1.91 <sup>a</sup>
1992-6 mo. to June 30	26,600,000,000	2,274,000,000	2.65 <sup>b</sup>
1993-qtr. to June 30	14,761,000,000	1,334,000,000	1.56
1992-qtr. to June 30	14,175,000,000	1,216,000,000	1.42 <sup>b</sup>
King World 1993-9 mo. to May 31	370,732,000	81,204,000	2.11
1992-9 mo. to May 31	405,131,000	74,273,000	1.90
1993-qtr. to May 31	87,939,000	18,649,000	.49
1992-qtr. to May 31	85,400,000	16,437,000	.42
Media General 1993-26 wk. to June 27	296,773,000	11,553,000	.44
1992-26 wk. to June 28	288,760,000	9,616,000	.37 <sup>b</sup>
1993-13 wk. to June 27	152,583,000	8,144,000	.31
1992-13 wk. to June 28	147,093,000	6,279,000	.24 <sup>b</sup>
Motorola 1993-6 mo. to July 3	7,562,000,000	428,600,000	1.53
1992-6 mo. to July 4	6,196,000,000	145,000,000	.55 <sup>c</sup>
1993-qtr. to July 3	3,936,000,000	224,000,000	.81
1992-qtr. to July 4	3,141,000,000	143,000,000	.53 <sup>c</sup>
Musicland Stores 1993-6 mo. to June 30	445,880,000	(3,490,000)	--
1992-6 mo. to June 25	385,974,000	(13,470,000)	--
1993-qtr. to June 30	222,155,000	(1,700,000)	--
1992-qtr. to June 25	201,231,000	(1,622,000)	--
Orion Pictures 1993-qtr. to May 31	39,591,000	(16,849,000)	--
1992-qtr. to May 31	80,782,000	(10,735,000)	-- <sup>b</sup>
Park Communications 1993-6 mo. to June 30	82,124,000	8,003,000	.39
1992-6 mo. to June 30	76,705,000	7,328,000	.35
1993-qtr. to June 30	44,235,000	5,401,000	.26
1992-qtr. to June 30	40,852,000	4,933,000	.24
Pulitzer Publishing 1993-6 mo. to June 30	197,920,000	11,546,000	1.00
1992-6 mo. to June 30	194,573,000	(15,077,000)	-- <sup>c</sup>
1993-qtr. to June 30	104,329,000	7,850,000	.68
1992-qtr. to June 30	102,065,000	8,854,000	.77 <sup>c</sup>

Company & Period	Revenues	Net Earnings	Per Share
Raytheon 1993-6 mo. to July 4	4,462,000,000	336,800,000	2.48
1992-6 mo. to June 30	4,449,000,000	309,100,000	2.30
1993-qtr. to July 4	2,258,000,000	179,300,000	1.32
1992-qtr. to June 30	2,231,000,000	165,600,000	1.23
Sanyo Electric <sup>d</sup> 1993-6 mo. to May 31	6,656,127,000	(24,300,000)	--
1992-6 mo. to May 31	6,708,436,000	4,109,000	.01
Scripps Howard Broadcasting 1993-6 mo. to June 30	198,292,000	22,987,000	2.23 <sup>e</sup>
1992-6 mo. to June 30	187,951,000	14,753,000	1.43
1993-qtr. to June 30	107,063,000	12,660,000	1.23
1992-qtr. to June 30	102,080,000	11,050,000	1.07
Time Warner 1993-6 mo. to June 30	6,511,000,000	(95,000,000)	-- <sup>a</sup>
1992-6 mo. to June 30	6,103,000,000	12,000,000	-- <sup>c</sup>
1993-qtr. to June 30	3,253,000,000	(80,000,000)	-- <sup>a</sup>
1992-qtr. to June 30	3,096,000,000	9,000,000	-- <sup>c</sup>
Universal Electronics 1993-6 mo. to June 30	34,497,000	744,000	.14
1992-6 mo. to June 30	14,223,000	(1,071,000)	--
1993-3 mo. to June 30	18,850,000	521,000	.09
1992-3 mo. to June 30	8,666,000	(703,000)	--
Westinghouse Electric 1993-6 mo. to June 30	3,840,000,000	148,000,000	.35
1992-6 mo. to June 30	4,033,000,000	(124,000,000)	-- <sup>b</sup>
1993-qtr. to June 30	1,981,000,000	84,000,000	.20
1992-qtr. to June 30	2,179,000,000	122,000,000	.35 <sup>b</sup>

Note: <sup>a</sup>After special charge. <sup>b</sup>Restated. <sup>c</sup>Adjusted.  
<sup>d</sup>Computed at 100 yen = \$1. <sup>e</sup>Includes special credit.

**NARDA and NASD** (National Assn. of Service Dealers) subsidiary registered opposition to terms of Citicorp move to offer free lifetime warranties for products bought using its credit cards. Groups object to \$1,000-per-claim cap, \$2,500 cap on annual claims from single cardholder, and what it says is \$10 million aggregate limit on plan, which they say "presumably..." will strand consumers without the warranties they were promised" if \$10 million mark is reached. Citicorp spokeswoman said that if \$10 million-per-year cap is reached, company would cut off new product coverage (consumers must register products with Citicorp to get coverage), but that all previously registered merchandise would continue to be covered through life of program. NARDA and NASD also criticized Citicorp's definition of "lifetime" as referring only to expected service life of product, rather than its actual lifetime. Citicorp spokeswoman said "lifetime" for TV, VCR and camcorder is defined as 5 years, which she said was determined through industry surveys.

**Financial Reports: Acclaim Entertainment** said net income soared 93% to \$4.9 million (17¢ per share) on 24% revenue jump to \$56.9 million for 3rd quarter ended May 31. For first 3 quarters, net income jumped 89% to \$16.6 million (57¢) on 51% revenue increase to \$207.3 million. Acclaim also announced it had reached agreements in principle with lead banks to increase combined working capital advance and letter of credit facilities to \$160 million... **Universal Electronics**, leading marketer of aftermarket remote controls that recently filed stock offering (TVD July 5 p15), posted 117.5% increase in sales to \$18.8 million in 2nd quarter ended June 30, with net income of \$521,000 (9¢), compared with \$703,000 loss in last year's quarter. For first half, sales rose 142.5% to \$34.5 million, with net income of \$744,000 (14¢), compared with \$1.1-million loss year earlier.

# TELEVISION DIGEST®

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JULY 26, 1993

VOL. 33, NO. 30

## SUMMARY-INDEX OF WEEK'S NEWS

### Broadcast - Cable

**FCC SPEEDS CABLE REGULATION**, will make rate rules effective Sept. 1. Congressional pressure cited. New staff available, but Quello sees burden. Consumers seek more cuts. (P. 1)

**NETWORKS NONVIOLENT**, Sagansky tells critics. He says cable and independents have looser standards. Violence overshadows new shows. Regulation to boost premium cable channels. (P. 2)

**CABLE ADJUSTMENTS POSSIBLE**: FCC might consider rates reasonable if they're no higher than in 1986, adjusted. Lobbying, other expenses excluded. (P. 4)

**VDT PLAN QUESTIONED**: FCC says N.J. Bell video dial tone bid may violate rules. Single programmer, questions about costs are cited. (P. 4)

**REGULATION HITS TCI**: Revenue will drop total of \$140-\$160 million annually. Effect called 'significant, not lethal.' Extensions are being sought on retransmission consent deals. (P. 5)

**ABC NETWORK EARNINGS DOWN** in 2nd quarter, but stations improve. Other broadcasters and cable operators report better results. (P. 6)

**CABLE SEEN AS PLATFORM** for new interactive services, convention told. Service providers consider cable as part of mix. (P. 6)

**FCC SPEEDS CABLE RATE REGULATION**: Bowing to pressure from Congress, FCC will accelerate effective date of cable rate regulation to Sept. 1 from Oct. 1, Chmn. Quello said. He cited conference report on FCC's supplemental appropriation, which specified Sept. 1 but isn't binding on Commission, and "the possibility that congressional advocates of the September 1 date could express displeasure [with Oct. 1 start] by cutting FCC's future funding to administer the Cable Act." Advocates have said that one-month acceleration of rate rules could save consumers nearly \$100 million, but Quello said that rate freeze that has been in effect since April already has saved public up to \$200 million.

Accelerated schedule will be burden on FCC, Quello said, but Commission already has begun hiring new employees, using personnel and resources from other bureaus, and preparing and printing forms that must be distributed (TVD July 12 p1). He said Treasury Dept. has agreed to assign up to 30 of its accountants to FCC for up to 6 months to help with process. Treasury employees, who work for Public Debt Bureau, which is moving to W.Va., will be helpful because they're experienced accountants, Quello said, but they will need to be trained in cable regulation. Treasury also offered 14 clerks and typists, Quello said. Commission could keep staffers, who will be paid out of Treasury budget for 6 months, after 6-month period, if it wants them.

### Consumer Electronics

**LANDMARK AGREEMENT** reached by cable and consumer electronics industry on compatibility issues in joint filing with FCC on proposed regulations. (P. 10)

**WAREHOUSE FIRE DESTROYS** large part of inventories of picture tubes made by TCE's Marion, Ind., plant for delivery in 2nd half. Impact uncertain. (P. 11)

**IMPORTS UP IN MAY** for all video products in anticipation of good sales here. Camcorders gain 58.3%. Japan source of record low 28% of VCRs. (P. 12)

**1993 MODEL TV-VIDEO SALES** set records. Color has first 23-million set model year. TV, projection, VCR, camcorders beat all calendar year sales. (P. 12)

**MATSUSHITA 'COLOR FLAT PANEL'** TV due for sale in Japan in Oct. 14" set is only 3.9" deep. PC monitors, multimedia displays also planned. (P. 13)

**HUGHES SELLS SRS BUSINESS** to management investors, who plan to more widely license technology in CE, take aim at multimedia market. (P. 14)

**EDDIE ANTAR CONVICTED** on 17 counts arising from Crazy Eddie stock fraud scheme. Mitchell Antar guilty on 6 counts, Allen acquitted on all 6. (P. 14)

**MPEG-2 ON COURSE FOR NOV. VOTE** after meeting that defined standards. (P. 15)

Availability of Treasury staff evaporated FCC's last argument against moving up effective date, Quello told us. In addition, he said, "that one-month benefit to consumers was all-important to the people who sponsored the Act." He said Commission probably will be "a bit overwhelmed" by earlier date, but "we'll be able to do it." House Telecom Subcommittee Chmn. Markey (D-Mass.) called action "positive news... I am happy the FCC finally moved on this issue. I will continue to push for full, fair and fast rate relief."

FCC decision wasn't unanimous, Comr. Barrett said. He issued special statement saying that Quello's news release "does not reflect [my] views on the implementation of cable rate regulation, or on the effective date for those rules." He said release -- agency still hasn't issued formal order -- "does not address a number of [my] additional concerns" and said he will issue further statement after Commission takes formal vote on decision. Barrett told us that it's impossible to specify his concerns yet because he hasn't even seen formal order: "How can I say that I'm for or against it? I don't know if I'll dissent, concur, dissent in part, or what."

Cable operators won't have to make rate decisions any faster than they would have with Oct. 1 deadline, in most cases, because FCC preempted federal and local notification requirements, which generally would have directed operators to notify customers of rate changes by Sept. 1 anyway. Commission also said that startup would give operators additional time to file Form 393 rate schedules with local govt. or FCC. Cable industry disruption already has been reduced by earlier decision to delay rate regulation from original June 21 date, Quello said.

NCTA said that it's "disappointed" by accelerated schedule and that it will mean "the process will be more difficult for operators and more confusing for consumers" because operators will have less time to notify customers of changes. "But we'll do our best to comply," spokeswoman said. Industry officials said change hadn't been unexpected and many cable operators already had made contingency plans. In addition, operators were required to notify customers by Sept. 1 of rate changes anyway, and FCC waiver maintains that date.

Meanwhile, consumer groups in emergency petition to FCC said cable customers should be allowed to withhold 15% of their cable bill payments until rate regulation takes effect Sept. 1. Groups said 15% is amount that Commission determined that customers were overpaying on cable bills. NCTA dismissed idea as "silly." Petition filed by Consumer Federation of America (CFA), Media Access Project, Center for Media Education and Ralph Nader's Public Citizen said viewers would have to agree to pay back withheld money if rates of their individual cable systems were found to be within rate benchmarks. Petition asked that operators be prohibited from assessing late fees or cutting off service for customers who withheld money. In reaction to FCC decision to accelerate rate regulation, CFA Legislative Dir. Gene Kimmelman said Commission should have made rules effective June 21, as originally planned, but Sept. 1 "is better than nothing."

Municipal regulators said in filing that Commission should extend rate freeze 60-90 days after Nov. 15 to give local authorities time "to complete the process of becoming fully effective regulators." They said they would have to undertake "significant financial and organizational efforts" to get ready to regulate and "could benefit from additional preparation time."

**NETWORK TV TERMED NOT SO VIOLENT:** TV networks are being blamed unfairly for excessive violence on TV, CBS Entertainment Pres. Jeff Sagansky said. Answering questions of TV critics in Universal City -- where violence continued to dominate questions and answers on semiannual critics tour -- he said there's much more violence on independent stations and cable than on networks: "We would never let the [syndicated] Untouchables on CBS like it is now... It's a very rough show." Sagansky received so many questions on violence that he didn't have time to give CBS predictions on upcoming fall schedules. CBS won't have parental advisories on any of its regularly scheduled fall programs, he said.

Asked if current congressional pressures against televised violence could lead to "sterilization" of TV programming, he said no, but: "I hope this whole experience is going to embolden Congress to look at some of the other causes of violence in this country that are maybe a little tougher to be taken on... The TV networks are a lot easier target than the National Rifle Assn. I got a sick kick out of seeing congressmen holding these hearings who are also also advocating letting AK-47s [assault weapons] on the streets."

Top brass at Showtime and HBO told TV critics that their pay networks are doing just fine. HBO Chmn. Michael Fuchs said movie network's strategy of diversification into sports and miscellaneous programming has worked and company is in "excellent shape." Subscribers to HBO have passed 24 million, he said. Fuchs

said HBO isn't happy about new regulations under Cable Act that created "an artificial marketplace for our product." However, he said, "whichever way we've suffered in regulation, we've gotten some benefits." Appearing separately, Showtime Pres. Matthew Blank agreed with Fuchs that predicted 500-channel home environment wouldn't hurt their pay networks. Blank predicted operators would "try to entrench their well-known franchises, and Showtime and The Movie Channel will be one of the beneficiaries of that effort." He said that 1993 "has been, and continues to be, an exceptional year for Showtime, as well as the entire pay-TV business."

Regulatory environment actually could be beneficial for premium channels such as HBO and Showtime, Blank said. He said he's confident that "in the midterm" cable operators will refocus on pay channels because they're "one of the only ways they can increase their performance in the marketplace, given their lessened ability to take rate increases" for basic and expanded basic tiers.

It's an "extremely difficult time" to launch new cable program network because of regulatory environment, ESPN CEO Steven Bornstein acknowledged to TV critics. But he said he's confident ESPN2, which launches Oct. 1, will be at least modest success: "We don't anticipate ESPN2, which is aimed at younger sports fans and will feature many nontraditional events, will ever have as much distribution as ESPN does. But we think we can get significant distribution to the consumers that want it."

**Cable customers face** "major and unprecedented upheaval" over next 4-6 weeks as operators adjust to mandates of Cable Act, Encore Chmn. John Sie told Washington Cable Club July 22. Among changes he cited: (1) Channel lineups will be reshuffled for must-carry/retransmission consent. (2) Some rates will go down, while others go up. (3) There will be "marketing blitz" as cable operators try to sell more premium services. (4) Viewers will be "saturated" with TV ads from cable and broadcasters, each blaming other for channel changes. As result, Sie said, viewers will be "utterly confused and upset." He said cable is being deregulated in other countries, but here it's "being socialized and bureaucratized." Partly as result, he said, recently launched independent, entrepreneurial networks "will have a lot of trouble surviving" and new networks will have to be "very focused and fulfill some unmet need." In virtually every case, they will be sold on a la carte basis, he predicted, so business plans can't rely on ad revenue. He predicted that there wouldn't be much room even in 500-channel world for large number of very specialized cable channels, because of lack of channel capacity and because it's difficult to cover expense of programming channel with very small audience. Sie said he was more confident, however, that Encore's previously announced plan (7 channels for \$6 per month) would be success because it could be sold on separate tier, didn't depend on ads and would be a "dependable destination" for viewers who didn't want to search for programming.

**CBS could lose first place** in ratings in fall if ABC gets carriage on cable because of its retransmission consent deals and CBS doesn't sign deals, CBS Senior Vp Jay Kriegel told TV critics in Universal City, Cal., last week. "This would be a worst-case scenario," he said, but he insisted that he doesn't think it will happen. He added, however, that "we think the ABC deal certainly will be disruptive." Kriegel also acknowledged that there's "a possibility" that cable operators "who are acting in a remarkably unified way" may stand firm against paying cash for retransmission consent. He said that whether congressionally mandated must-carry/retransmission consent "was a perfect provision or not is not the issue. It exists and we will have to make the best of it."

**DirecTv will launch** \$40-\$50-million consumer ad campaign before introduction of DBS next year, Pres. Eddie Hartenstein said.

**FCC Chmn. Quello supports** telco entry into cable, even in service area, as long as telco doesn't buy existing cable system and it creates new video competition. He said he supports bipartisan telecommunications infrastructure bill (S-1086), which would allow telco entry, but only with conditions so strict that telcos said it would have little impact (TVD June 14 p6). At FCC brown-bag lunch July 19, Quello said: "My view on this has changed considerably from opposing phone companies' competing with cable in their own area to more or less favoring it." He predicted such cable-telco competition would be "future of telecommunications in America." Main goal of telco entry, he told us, is to encourage video competition, which would improve service and pricing for consumers and reduce FCC regulatory burden (cable systems facing effective competition are deregulated). In-area cable service also is fairer to incumbent telcos, Quello said. In case of Southwestern Bell (SWB) buyout of Hauser Communications, incumbent Bell Atlantic is disadvantaged because it can't provide many services that SWB will be able to, Quello said. Chmn. admitted that his change in position won't have much effect because Congress, rather than FCC, must act to allow telco entry.

**NBC Pres. Robert Wright** July 20 denied report in Aug. Vanity Fair that entertainer Bill Cosby and Robert Wussler, ex-CBS, Turner Bestg. and Comsat Video executive, will buy NBC. Appearing before TV critics in Universal City, Cal., Wright said: "I have no idea what Bob Wussler is doing other than getting his name in the paper... I can tell you there isn't anything going on here [NBC]. This one doesn't travel anywhere... Bill [Cosby] would love to buy NBC. So would I [and] a lot of other people." Wright appeared on stage displaying "For Sale" signs, crossed out with international traffic bar meaning "No." Like others who appeared at critics' tour before him, Wright was questioned about violence on TV. And also like others, he asked whether Congress didn't have more important things to do: "It's a no-brainer for Congress. It costs nothing."

**Program Notes:** **Sci-Fi Channel** won record Nielsen ratings for telecast of Star Wars trilogy, including 5.6 for Return of the Jedi July 18... **Discovery Channel** will transmit signal in stereo starting Sept. 23... Landmark Communications starts broadcast of **Travel Channel** in U.K. early next year, plans to expand to Belgium, Netherlands, Luxembourg, Scandinavian countries.

**CABLE RATE ADJUSTMENTS POSSIBLE:** Cable rates might be considered reasonable if they're no higher than in 1986, adjusted for inflation and "productivity offset," FCC suggested in final text of cost-of-service rulemaking (TVD July 19 p2). Commission also said it plans to exclude such things as lobbying from costs that operators can recover but hasn't decided whether operators would be allowed to earn profit on program costs.

Possibility of using 1986 rates is raised in section on establishing standards of reasonableness, which are meant to streamline rate regulation. FCC asked comment on whether it could assume that pre-deregulation rates were reasonable, and whether such rates adjusted for inflation and productivity could be considered cost-based. Commission also suggested that cable operators might be allowed to justify rates based on average cost of providing service by similar systems. Other streamlining approach could require operators to document key cost factors or financial characteristics that justified higher-than-benchmark rates, FCC said.

Cable operators couldn't recover costs of lobbying, charitable contributions, money spent for social or community welfare purposes, membership fees and dues and penalties or fines from consumers, FCC concluded tentatively. Rules are similar to those for telco regulation. Commission proposed that programming be recoverable operating cost, but couldn't be included in rate base, which would allow cable companies automatically to earn 10-14% rate of return on it. Agency did say, however, that it's considering allowing some separate markup for profit on programming costs because "this could create incentives for cable operators to provide programming, but would increase charges to subscribers."

Other proposals in rulemaking text: (1) Whether depreciation of cable system should be based on book value of asset, rather than economic or fair market value. (2) Whether any portion of good will, customer lists and franchise rights could be amortized as recoverable operating expense. (3) Whether cable operators should be permitted to include working capital in rate base, which is subject to profit margin. FCC also said rules limit cable system's transactions with affiliated entities, and defined them as entity with 5% or more ownership interest.

To require suffix "-LP" to be attached to 4-letter calls for low-power TV (LPTV) stations would brand them as "somehow different and inferior," Community Bestrs. Assn. (CBA) told FCC in reply comments in rulemaking. NAB and MSTV maintained that if 4-letter calls were permitted (instead of current 4 letters, 2 numbers, to signify channel allocated), suffix should be added so public wouldn't be confused. Said CBA: "If MSTV/NAB feel that armbands must be worn, let full-power stations wear them and let LPTV stations be 'disadvantaged' by going naked, clothed with no suffix."

In what's believed to be first publicly announced retransmission consent deal that involves cash, Cosmos Bctg. Pres. James Keelor said his company had signed deal with unnamed cable operator in unidentified market for undisclosed amount. Keelor said deal is covered by confidentiality agreement, but it's for 3 years, with compensation payments escalating each year. Cosmos has TV stations in Montgomery, Ala., Jonesboro, Ark., Evansville, Ind., Louisville, Ky., Lake Charles, La., Toledo, O., Columbia, S.C.

**VDT PLAN QUESTIONED:** N.J. Bell bid for video dial tone (VDT) license may be inconsistent with FCC requirements that VDT serve multiple programmers, Commission said in letter to telco. It also said that NJB must provide additional information on modifications to its initial proposal and on costs before FCC will approve Sec. 214 VDT application. NJB had argued that it wasn't required to provide supplemental information, despite claims by opponents.

Allocating 60 of 64 video channels to single programmer appears to be inconsistent with VDT policies, FCC said. NJB said it would allocate 384 channels to other programmers in future when digital compression becomes feasible. In public notice July 23, FCC said that "providing one programmer-customer with a significant head start through existing technology, while offering other video programmers only a promise of additional capacity in the future using new technology, did not appear to be consistent" with VDT rules since compression may not be available in time proposed by NJB.

FCC said it's "concerned about preserving the integrity of the Section 214 process," especially since NJB filing will be first to be decided. Commission, which gave NJB 45 days to respond, said telco has made "significant modifications" in its plan since first filing, and application doesn't contain specific information needed to determine whether it meets public benefit standard. Commission agreed with opponents that more cost information is needed to determine whether potential revenue would cover costs without requiring cross-subsidies from telephone ratepayers. Additional information was sought by cable commenters, among others, but NJB said summaries were enough, and more detailed data would give cable operators "unfair advantage" in competing with it.

House Telecom Subcommittee has scheduled hearing for this morning (July 26) on proposals to "clarify the fairness doctrine," 9:30 a.m., Rm. 2123, Rayburn Bldg. House Commerce Committee Chmn. Dingell (D-Mich.) and Subcommittee Chmn. Markey (D-Mass.) may introduce legislation to codify doctrine into law. Markey said that since 1987, broadcasters "have been relieved of their public interest responsibilities to ensure balanced coverage of controversial viewpoints. Now is the time, with a responsive FCC and a congenial White House, to finally bring back to life one of the cornerstones of this country's communications policy." Even with talk of 500-channel cable systems and advanced technologies, Markey said, "the fundamental and indisputable rationale of the fairness doctrine still exists -- scarcity of Mother Nature's electromagnetic spectrum." Scheduled to testify are Laurent Scharff for RTNDA, Robert Peck for ACLU and Media Access Project. On July 29, Subcommittee will hold hearing on TV violence, focusing on role of advertisers, 9:30 a.m., room and witness list to be announced.

Congress should include interactive video data service (IVDS) in spectrum auctions, IVDS firm Radio Telecommunications & Technology (RTT) said in letter to Senate Commerce Committee Chmn. Hollings (D-S.C.). IVDS competitor TV Answer (now EON) has asked that IVDS be excluded from auctions. RTT said its IVDS efforts "have been stymied by the FCC," and "effective and efficient" auctions would allow it to begin operation sooner and "avoid an embarrassing speculators' debacle, fueled by enterprising application mills." Firm said cost of buying spectrum wouldn't keep service out of reach of small entrepreneurs, and opening spectrum to lotteries would encourage hundreds of thousands of spectrum applications.

**REGULATION HITS TCI REVENUE:** TCI revenue will drop \$140-\$160 million annually (about 10%), with 95% of that showing up as decreased profits, Senior Vp Bernard Schotters said. MSO, with about 1,000 cable systems, also predicted that fewer than half dozen of its systems would seek cost-of-service approval for higher-than-benchmark rates. "Cost of service is long, expensive, uncertain and leads to a telephone company fixation," said Robert Thomson, senior vp-govt. affairs. "We strongly prefer to live with the benchmarks."

TCI was "sending a message" to Washington with news briefing last week, Brendan Clouston, COO of parent company, acknowledged: "Clearly, no one would be advantaged by excessive use of cost-of-service challenges... Our job is clearly to help make the regulations work [and] get on with our lives and create new revenue streams."

It's unclear whether TCI will have net loss this year because of revenue drop, Schotters said. It had \$52-million profit in first quarter, first reported profit in 4 years. Without rate regulation, TCI would be profitable for full year, he said, but whether it still will be depends on success of efforts to induce customers to increase spending on premium channels and pay-per-view. Barry Marshall, COO-cable operations, said TCI plans "very aggressive premium campaign," including "deep discounts," in bid to make up lost revenue.

Full impact of regulation on TCI will be "significant, but not lethal," Schotters said. Wall St. apparently agreed. Shortly after TCI filed SEC documents July 20 on impact of regulation, its stock price climbed 1-5/8 to 24-1/8, largely because analysts said impact was less than expected. Clouston also said price was boosted by higher level of certainty about impact, although he said FCC threats of even further rate cuts still cause some uncertainties, making it more difficult for all cable operators to raise money.

TCI will be in technical default on some loan covenants as result of reduced cash flow, Schotters said, but he expressed confidence that MSO could convince lenders to ease covenants. However, he said there probably would have to be "some adjustments in the amount and timing" of TCI's previously announced \$2-billion, 4-year investment in fiber and digital technologies. TCI wouldn't provide additional details, but Clouston said it still is committed to full \$2-billion investment in so-called "full-service network."

TCI won't be able to reach retransmission consent agreements with all TV stations by Oct. 6 deadline, Thomson said, so it probably will ask some broadcasters to grant temporary consent while negotiations continue. He said temporary consent could extend "well into next year" in some cases. Company said it had signed more than 150 noncash retransmission consent deals and had "hundreds" more in pipeline. But largest MSO needs total of about 18,000 must-carry or retransmission consent deals, and only about half have opted for must-carry. "Broadcasters are lined up outside the door to cut noncash retransmission consent deals," Thomson said, but there isn't enough time to do them all by deadline. He said deals with about 200 group owners and networks would resolve most of situations, and TCI expects to announce several in next few weeks. Thomson said it expects deals with 2 of 3 broadcast networks (in addition to previous Fox deal), but said talks with CBS were "slow."

Cable networks already have been forced off about 250 TCI cable systems with 2.7 million subscribers because previously uncarried TV stations demanded must-carry, Vp

Madonna Guenther said, with about 50% of stations added carrying religious programming. New demands by shopping stations could affect about 300 systems with 3.2 million customers, she said. Thomson said cable networks dropped were "pretty evenly distributed over networks in the bottom half of the ratings," including 25% of cases in which TCI had part ownership of networks dropped.

**FCC won't waive notification rules** for must-carry for home shopping stations, it said in final text of previous decision granting must-carry status to stations. Silver King, station-owning spinoff of Home Shopping Network, had requested blanket waiver, which would have allowed stations to get carriage immediately instead of awaiting 30-day customer notice period. FCC said Silver King had failed to demonstrate that it would be harmed unfairly by notice period. Other provisions of final text: (1) Stations must notify systems of must-carry decisions and preferred channel positions within 30 days after notice is published in Federal Register. (2) Carriage must begin by Oct. 6. (3) FCC is "not persuaded that [Cable Act] would allow continued authorization of home shopping stations without giving them eligibility for mandatory carriage." (4) Lack of competing renewal applications for home shopping stations is "compelling indication" that there's "minimal" rival demands for channels.

**Studios won't be looking at pay-per-view (PPV)** or similar delivery systems as alternative to home video in near future because videocassette market still has room to grow while challengers still have far to go, William Mechanic, pres., Disney Worldwide Video & International Theatrical, said at new-technology panel at Video Software Dealer Assn. (VSDA) convention in Las Vegas: "Pay-per-view has developed more slowly than anyone ever thought. We don't see it as a terrific opportunity in the short term." Buena Vista hopes PPV business develops, but doesn't necessarily see it usurping home video and doesn't believe that would be desirable, Mechanic said. Video-on-demand (VOD) will replace 500-channel cable systems offering PPV at various intervals, he predicted, but both technologies will be niche players.

**Ellis Communications** is buying WMC-TV-AM-FM Memphis from Scripps Howard Bctg. (SHB) for \$65 million. Last week, newly formed Ellis purchased Fox affiliates WUPW Toledo and KAME-TV Reno. SHB also owns Memphis Commercial Appeal and said it expects to receive tax certificate in breaking up newspaper-broadcast cross-ownership situation that made deal "particularly attractive." SHB is looking for buyers for its 3 other radio stations, but said it plans to remain in TV; it owns 9 other stations, in addition to WMC-TV.

**U.S. Office of Consumer Affairs** is going public with list of cable customers' rights under 1992 Cable Act, distributing news releases detailing previously announced FCC decisions and Cable Act provisions. Release said consumers who believe their rights are violated should first contact cable company, then local franchise authority. Office also suggested sending copy of complaint to FCC, which doesn't enforce customer-service standards but "will be watching the cable industry's performance."

**NAB Pres. Edward Fritts** is among 4 media professionals who will serve on CPB's Advisory Commission on Public Bctg. to the World. Others are former Christian Science Monitor executive John Hughes, WETA-TV Washington Pres. Sharon Rockefeller, American Public Radio Pres. Stephen Salyer.

**ABC PROFITS DROP:** Network earnings were down in 2nd quarter, unlike other networks (TVD July 19 p7), but profits from owned TV and radio stations increased significantly, Cap/ABC said. Parent had \$151.9-million net profit for quarter, vs. \$147.5 million year ago (when figure was boosted by \$24.9-million profit on sale of German network Tele-5). Other broadcasters and cable firms reported higher profits for quarter.

Cap/ABC's overall broadcast operating profit rose 3.3% to \$244.5 million and broadcast revenue 5.8% to \$1.2 billion. Company attributed drop in network earnings to soft ad demand and provisions for additional staff cuts. TV stations had "significant" revenue growth, Cap/ABC said, and video operations were up "substantially," primarily because of growth at ESPN (video profits were up slightly). Company said revenue at owned radio stations increased moderately.

Meanwhile, Moody's said it's reviewing debt ratings of 5 cable companies for possible downgrade because of concern about negative impact of cable regulation. Rating service said their relative lack of diversity and harsher-than-expected regulations could reduce their access to capital. MSOs potentially affected are Adelphia, Cablevision Industries, Cablevision Systems, Century, Jones.

In other 2nd quarter financials, **Viacom** had \$41.6-million profit vs. \$14.8-million loss year ago. Gains included 24% in operating profit for its cable networks, to \$65.1 million, and 26% in broadcast profit to \$13.8 million. Cable profit was up 7% to \$32.9 million. Company was boosted by what it called "a notably potent performance" by MTV Networks group, where revenue jumped 19% to \$305 million. Cable revenue was up 11% and broadcasting 8%... **General Instrument** posted \$12.3-million profit vs. \$10.2-million loss year ago. Revenue was up 20% to \$312 million and operating profit more than 50% to \$40 million. GI said improved cable equipment sales reflected increased spending by cable operators on infrastructure and addressable converters.

**Tribune Co.** broadcast and entertainment operating profit jumped 14% to \$49.3 million on 14% revenue gain for TV, 20% for radio. Entertainment revenue was down slightly. Parent company's net profit soared 38% to \$62.3 million, although total revenue was off 7% to \$517.4 million... **Multimedia** profit increased 15.5% to \$18.3 million. Broadcast revenue was flat at \$43.5 million, while cable revenue grew 16.5% to \$41.5 million... **Outlet Communications** had \$872,000 net profit compared with \$338,000 loss year ago. Broadcast revenue increased 9.1% to \$12.8 million.

**Gaylord Entertainment** net profit increased 13% to \$13.4 million. Cable network operating profit grew 12.5% to \$13.6 million, broadcasting more than doubled to \$8.1 million and cable system loss increased to \$6.5 million from \$6.3 million... **Times Mirror** cable operating profit increased 26.2% to \$28.2 million and cable revenue was up 9% to \$118.2 million. Parent company's overall net profit was \$47.9 million, vs. \$44.1 million year ago... **BHC Communications** profits more than tripled to \$92.6 million, mainly because of \$121-million pretax gain on sale of its remaining Time Warner preferred stock. Operating revenue from 8 TV stations soared 63% to \$113 million, and program costs dropped 4%.

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E.W. Scripps said it will sell WVRT(FM) Baltimore to Capitol Bestg. of Raleigh, N.C., for \$9.8 million.

**CABLE TOUTED AS SERVICES PLATFORM:** Upgrades of cable networks would provide excellent platforms for interactive services, with type of upstream capability that systems haven't had in past, CableLabs Pres. Richard Green, said last week in keynote speech to Interactive Services Assn. (ISA) annual meeting in Toronto.

Giving "cable-centric view of the world," Green said good news for service providers is that new connectivity and features "can put the platform to work," but bad news is that development isn't happening as fast as service industry would like. With new emphasis on connectivity to phone networks and to computers, cable will become more able to support services, delivering high bandwidth to homes, Green said. He said cable's approach to building networks, specifically Time Warner's Full Service Network in Orlando, already is attracting attention of some telephone companies, including U S West, Southern New England Telephone and Southwestern Bell, while Bell Communications Research is drawing up specifications for adapting cable specifications to fit telco needs.

Other providers also touted cable as prominent part of mix of platforms for services of future. Commitment to interoperability and open platform will make cable medium for services such as GTE's Main St., said Michael Neuman, pres. of Bell Canada's WorldLinx subsidiary. Future consumer services will have to deliver more value for users, and potential revenue for provider, Neuman said. He gave hypothetical example of customer being able to watch Indiana Jones movie and having option during film of getting more information on travel, to book tour, find out about archaeology or similar features, then go back to movie without missing anything.

Just as Prodigy has said it would work on cable version of its computer-based service, America Online Vp Audrey Weil said her company is committed to working with cable or other platforms. She wouldn't give any details on development, however. Not everyone at conference agreed that age of telephone as service provider is totally gone. Citibank Vp Judy Oppenheim said telephones, particularly screen-based phones, work well for transaction and financial services. Market researcher Tricia Parks said from audience in one session that her research showed consumers want to use phones for services, not for TV.

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**Cable programmers** shouldn't be able to charge noncable program distributors more just because their costs are lower, Wireless Cable Assn. (WCA) and Bell Atlantic (BA) said in separate FCC comments opposing reconsideration of program access rules. BA said higher prices for noncable distributors would inflate consumer costs artificially, and WCA said there's no legal justification for such discrimination. WCA also said record established that cable operators have incentive to discriminate even in markets that no affiliated cable operator serves. BA said failure to enforce program access rules strictly would mean cable operators can continue to use programming to impede competition from video dial tone and others.

**Russia agreed** to compromise to sell rocket engines to India, but not facilities to manufacture them. Agreement not to sell manufacturing facility represents significant loss of revenues for Russians, who said deal was worth up to \$400 million, but enables them to launch U.S.-built satellites.

**Interactive TV company** TV Answer changed its name to EON, saying move marks transition from development stage to operating company. It said name doesn't mean anything, was selected for its marketing potential.

**CABLE PLAN OPPOSED:** FCC should reject cable bid to automatically pass through to customers cost of cable network upgrades because that would allow industry to fund 2-way and other services competing with telcos from regulated cable rates, BellSouth said in comments on petitions for reconsideration of cable rate rules. Cable groups, meanwhile, repeated claims that entire rate regulation scheme is flawed and objected to franchising authority suggestions that they, rather than only cable systems, also should be allowed to initiate cost-of-service proceedings.

Automatic passthrough of upgrade costs is "fundamentally unfair based on the regulations currently imposed on Local Exchange Carriers [LECs]," BellSouth said. It said passthrough would violate congressional mandate to exclude cost of providing noncable services from basic cable rates: "Cable services only include the one-way transmission of video programming." RHC said benchmarks should be adequate because they already reflect rapid recovery of capital investment that's typical of cable. Telcos also continued push for regulatory parity with cable, saying price-cap-like benchmarks are "an opportunity to make significant progress in moving cable and telephone companies toward a common regulatory model." Coalition of cable operators led by Cablevision Industries rejected Bell Atlantic proposal, saying there's "no basis" for suggestion since "the industries are significantly different."

There's no justification for allowing franchising authorities to launch cost-of-service proceedings, cable groups said, and there's "significant potential for abuse. The simple threat of a cost-of-service proceeding could force even an operator whose rates were at the Commission's benchmarks to reduce rates to avoid the delay and expense [of] such proceedings." NCTA said all of municipal reconsideration petitions would lead to further lowering of cable rates: "The cities' zeal for constantly lowering rates and... to determine when and whether cable systems may make 'prudent' expenditures provide an ominous reminder of why Congress deregulated rates in 1984."

Congress didn't allow FCC to set same rate plans for both basic and expanded basic tiers, NCTA said. It said benchmarks based on average rates charged by competitive systems "obviously yield rates that are insufficient to cover costs and provide reasonable profits for systems whose costs exceed the average." Assn. said cable systems at least should be allowed automatic passthrough of costs imposed from outside by franchising or taxing authorities, and that cable operators should be able to charge same amount for alphanumeric or other low-cost channels as for more expensive programming services.

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**DiracTV isn't only multichannel** video provider that would be affected adversely by Primestar antitrust consent decree, Wireless Cable Assn. told U.S. Dist. Court, N.Y., Judge John Sprizzo in amicus brief. Decree would allow Primestar, Viacom and Liberty Media "to continue the courses of action that have frustrated the growth of wireless cable," Assn. said in asking Sprizzo to reject agreement. Proposed accord with 40 states' attorneys gen. would allow Primestar to "withhold fair access to programming from all noncable [providers], not just [DBS]."

**NAB will host its first employment and career seminar** Sept. 1-2, Omni Hotel, Atlanta. Sessions are for "professionals and aspiring professionals," NAB said. Registration is \$25 before Aug. 10, \$40 after -- Karen Hunter or Hatim Hamer, 202-429-5498.

**More than 150** small cable operators converged on Washington last week to meet with FCC and Capitol Hill officials on easing regulation of their systems. Top FCC staffers briefed group -- organized by Small Cable Business Assn. (SCBA), Coalition of Small Cable Operators, NCTA and CATA -- and smaller groups met with FCC Chmn. Quello and Comr. Barrett, who promised to visit "mom-and-pop" cable system north of San Francisco this week. Group charged that compliance with regulations is particularly onerous for small operators. For example, SCBA organizer David Kinley (ex-chief of old FCC Cable Bureau) said one of his Sun Country Cable systems will have to default on payments on loans to build system, even if it need only cut back to Sept. 30 rates, let alone benchmarks. SCBA developed computer program to determine benchmarks, but said it still takes 2-3 hours to complete each calculation, even after operator spends days gathering needed information. In editorial in CATA newsletter, CATA Pres. Stephen Effros called small operator visits "the healthiest thing that could happen to this industry now." He called efforts by small operators and at least 3 other groups of cable operators "a grass-roots explosion that is sweeping the industry... The multiplicity of voices and points of view, if coordinated and made intelligible, creates synergy."

**Group led by Racardo Salinas Pliego**, head of Mexico's largest consumer electronics and appliance chain, has won control of group of govt.-owned media companies, including 2 TV networks and 168 stations, with bid of \$640 million. Bid by Salinas's Radiotelevisora, whose parent Grupo Elektra owns 275 electronic retail stores in Mexico, was 30% higher than those of 3 competitors, including that of Raymundo Gomez Flores, who had Cap/ABC and Paramount Communications as minority partners. Grupo also is acquiring chain of theaters and production studio. Salinas said his bid was motivated in part by his frustration in attempting to buy ad time on Mexico's dominant media company (with 4 TV networks) -- privately owned Televisa S.A. He said Radiotelevisora and Grupo Elektra plan to go public within 12 months with listing on N.Y. Stock Exchange.

**Media must find better ways to cover substantive** changes that are taking place in world as ideological walls crumble, according to Freedom Forum Media Studies Center paper, *The Media and Foreign Policy in the Post-Cold War World*, which quotes many journalists and world leaders. "The radical shifts that came with the collapse of communism and other great fissures in human discourse have been concurrent with an information and communications revolution," said Everette Dennis, exec. dir. of Center. "That has meant instant communication and the convergence of various media, with ideas crossing political and ideological boundaries as never before. The world community is no longer defined by East-West standoffs" -- 212-678-6600.

**"Report card" on how well Md. TV stations are** complying with Children's TV Act will be released by Md. Campaign for Kids' TV at news conference at 9:30 a.m. July 27, National Press Club. Md. effort is first statewide monitoring campaign by coalition including D.C.-based Center for Media Education, which drew much attention in Sept. with report finding that many broadcasters were classifying cartoon shows as educational programming required under 1990 law.

**HBO renewed lease** of 4 transponders on AT&T's Telstar 302. Transponders transmit HBO/Cinemax in analog format to C-band TVRO subscribers. HBO said renewal includes transition and continuation on Telstar 402 satellite when it replaces Telstar 302 next year.

**IMPACT OF MUST-CARRY:** Cable networks are feeling pinch of must-carry. C-SPAN officials confirmed that network had been dropped or curtailed by 20 cable systems with 800,000 subscribers, and several other operators, including Time Warner (TW) and TeleCable, said they also had begun dropping some channels because of must-carry demands.

MSOs are being "forced to remove quality channels and replace them with stations with little local appeal" said spokesman for TW, which has equity in several cable networks. He said even least popular network program is "more valuable" than local programming. TW has been forced to remove several networks including QVC, C-SPAN 2 and CNBC and to duplicate signals from Fox and CBS affiliates in several markets. Revenue isn't important measurement of impact must-carry rules are having on MSOs and cable networks, he said.

Telecable Chmn. Robert Rogers said cable law was "obviously designed to stunt the growth of cable industry." Telecable has dropped "a few" programs due to must-carry. Rogers said he hopes customer complaints will enhance industry's lobbying efforts to change must-carry. He said Telecable uses customer surveys to help decide which programs to bump.

Several cable networks feel secure that they won't be affected by must-carry. A&E spokeswoman said that it hasn't been bumped by cable operators and that network is "optimistic." Turner spokesman said that probability of being bumped is almost nonexistent. He said Turner's latest venture, Cartoon Network (6 million subscribers), is being added in systems where channels are available and other Turner networks are well established. Discovery feels its Learning Channel is vulnerable to must-carry because of "newness of network and limited number of distributors," spokeswoman said. Learning Channel has 20 million subscribers vs. 59 million for Discovery.

"III-advised and impractical," Reporters Committee for Freedom of the Press and RTNDA have written Senate Judiciary Committee, describing its plan to hold day of closed hearing on nomination of U.S. Appeals Court, D.C., Judge Ruth Ginsburg to U.S. Supreme Court. In letter to Committee Chmn. Biden (D-Del.), RTNDA Pres. David Bartlett and Jane Kirtley, exec. dir. of Reporters Committee, said any problem of public perception of confirmation process "will only be exacerbated" by closed session.

**Munich-based** Fernsehelektronik Heinloth completed sale of cable systems with 15,000 subscribers in Bavaria to mobile communication unit of Robert Bosch GmbH, Stuttgart. Terms weren't disclosed. Broker: Communications Equity Assoc.

**MPAA Pres. Jack Valenti** continued pressing for open entertainment markets in Europe and throughout world in series of meetings last week at hq of European Community and GATT. MPAA repeatedly has claimed that GATT and other negotiations must give U.S. movie industry easier access to overseas markets.

**General Instrument** filed 3 suits against alleged pirates in U.S. Dist. Court, Philadelphia. Suits charged that Sun Coast Distributors, Silver Springs, Fla., Lake Sylvan Sales, Burnsville, Minn., and Nu-Tek Electronics & Mfg., Cedar Park, Tex., had sold preprogrammed cable decoder units and devices nationwide.

**INFRASTRUCTURE TOPS NTIA LIST:** NTIA expects to put bulk of FY 1994 funding into programs for national information infrastructure, Dir. Larry Irving said July 15. He was testifying before House Telecom Subcommittee, where he had worked as staffer, on agency's budget request. One policy disagreement that arose involved Administration position on rural set-aside for spectrum auctions. That provision is in Senate version of auctions in budget reconciliation bill, but not in House. Irving said Administration opposes set-aside, in part because that could hurt value of licenses, while Rep. Boucher (D-Va.) said he supported idea.

Other new spending programs NTIA proposed were \$1.4 million for international telecommunications conference planning and \$400,000 for spectrum reallocation studies. Total request for FY 1994 is \$94.5 million. Markey introduced bill (HR-2638) embodying those requests.

On other issues, Irving said Administration didn't have position on technical fix for violence on TV proposed by Markey, and agreed with chmn. that privacy was key area for policy-making because users of communications networks will be concerned about privacy of their health records and other information. NTIA is talking internally about major privacy study.

**Senate Appropriations Committee** July 22 passed appropriations bill containing FCC funds for FY 1994. Action followed House vote July 20 that adopted similar measure, 327-98. However, House members used parliamentary maneuvering to kill \$214.6 million in proposed appropriations for Board for International Bctg. (BIB) and \$8.7 million for radio broadcasting to Cuba. In each case, point of order was raised against appropriations because funds hadn't yet been authorized by committee with jurisdiction over programs. Rep. Berman (D-Cal.), chmn. of House International Operations Subcommittee, used point of order to forestall move by Rep. Klug (R-Wis.), who wanted to cut BIB budget 15%. By removing BIB from appropriations bill now, Berman said, he wanted to keep it sufficiently intact to allow Clinton Administration to carry out reorganization plan. Cuban broadcasting funds were killed by Rep. Skaggs (D-Colo.), who has been persistent opponent of Radio Marti, arguing that there are sufficient private sector radio stations. In retaliation, Rep. Diaz-Balart (R-Fla.) cut project in Skagg's district from NTIA budget.

**U.K.'s Independent TV Commission (ITC)** called for reduction in TV violence. ITC, which licenses stations, said they "should take all steps to ensure that there is a reduction in the amount of violence." Group said it would have to consider televised violence in decisions on license renewals.

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**Personals**

**David Nemtzow**, aide to House Telecom Subcommittee Chmn. **Marky** (D-Mass.), appointed senior staff member of panel in charge of mass media... **Michele Farquhar**, former aide to FCC Comr. Duggan and ex-CTIA, named dir.-office of policy, coordination and management, NTIA... **Edythe Wise** named asst. chief, Enforcement Div., FCC Mass Media Bureau.

**Ted Snider**, owner of KARN(AM) Little Rock and former NAB chmn., will receive NAB National Radio Award for "significant contributions and a lifetime of service" at Assn.'s Sept. 8-11 radio convention in Dallas... **Christopher Weaterkamp** appointed vp-gen. mgr., KERO-TV Bakersfield... **Kenneth Middleton**, ex-WCNC-TV Charlotte news dir., named vp-gen. mgr., co-owned KMSB-TV Tucson... **KSDK** St. Louis promotions: **Gil Ludwig** to asst. chief engineer, **Dave Hummert** to operations supervisor.

**Kathleen deLaski**, former ABC News White House correspondent, appointed chief public affairs officer, Defense Dept... **Elaine Mallon** promoted to dir.-publicity, Fox Bestg... **Harris Katileman**, independent producer, appointed COO, Mark Goodson Productions... **Brewster Jackson** named CEO, UPI... **Charles Kennedy** joins Fletcher, Heald & Hildreth as special counsel specializing in telecommunications and antitrust.

**Chuck Gerber** promoted to exec.-vp, OCC, subsidiary of ESPN specializing in sports program production... Promotions in Communications Dept., Discovery Communications: **Vicki Stearn** to dir., **Krista Van Lewen** to senior mgr... **Eric Liley** advanced to dir.-field operations, Showtime Networks... **William Gordon**, ex-Price Waterhouse partner, appointed chief financial officer, BET... Tribune Entertainment promotions: **Stephen Mulderrig** to vp-mgr.-national sales, **Adabelle Robertson** to western regional sales mgr... **Fred Siegel** appointed senior vp-mktg., QVC Network... FCC calendar -- July 26: Chmn. **Quello** addresses N.Y. State Bestrs. Assn., 10:30 a.m., Gideon Putnam Resort Hotel, Saratoga Springs; **Thomas Stanley**, chief engineer, participates on panel "Washington/Federal Agency Issues," International Municipal Signal Assn., 1 p.m., Marriott Hotel/Waterside Convention Center, Norfolk.

**Mass Media Financials:** TeleWest, U.K. cable joint venture of TCI and U S West, raised total of \$285 million in new financing, amount that's believed to be largest single loan ever to British cable industry. Lead bank was Toronto-Dominion... **News Corp.** said it sold \$250 million of preferred stock at 8-5/8%. Underwriter: Merrill Lynch... Newly formed **Multi-Market Radio Inc.** is making initial public offering of one million common shares at \$7. Money will be used to buy small- and medium-market radio stations.

**Taiwan has created** legal cable industry, largely in response to pressure from U.S. to clean up pirate cable systems. Parliament approved legislation July 16, despite concerns by opposition party that ruling Nationalist Party would invest in industry, giving it broader access to TV sets. MPAA and others in U.S. have claimed that estimated 200 illegal cable systems in Taiwan are costing U.S. program producers millions of dollars in lost copyright fees.

**HBO tied ABC** with 55 Emmy nominations last week. HBO's Larry Sanders Show received 8 nominations and network's made-for-TV movies had 4 of 5 nominations in that category. CBS had 92 nominations, NBC 80, PBS 38, syndicated shows 16, Fox 10.

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**FutureVision said it developed software needed to distribute video programming over interactive TV systems.** Philadelphia-based firm is awaiting FCC approval to operate its own interactive system in Toms River, N.J. Software was developed for that system and will be sold to others.

**CPB board allocated up to \$1 million to WGBH-TV Boston** to develop National Center for Accessible Media (NCAM) and another \$900,000 to seed 6-10 computer-based community information networks like Cleveland Freenet in which public stations would have leadership roles.

**Satellite TV network** Entertainment Channel will begin broadcasting to home video retailers in Sept., CEO John Fudge said. Company will produce daily 18-min. program promoting new and catalog rental and sellthrough titles as well as videogames, he said.

**NTIA Dir. Larry Irving** will be keynote speaker at Wireless Cable Assn. convention July 31-Aug. 3, Marriott World Center, Orlando. Other speakers include Zenith Pres. John Bowler, Jerrold Vp Andrew Devereaux, Wireless Cable R&D Center Chmn. Peter Frank -- 202-452-7823.

# Consumer Electronics

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

## STATE OF THE INDUSTRY

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

	JULY 3-9	1992 WEEK	% CHANGE	JUNE 26- JULY 2	27 WEEKS 1993	27 WEEKS 1992	% CHANGE
TOTAL COLOR.....	206,372	284,235	-27.4	696,106*	10,751,482*	9,719,852	+10.6
DIRECT-VIEW...	204,059	280,787	-27.3	682,611*	10,579,947*	9,564,925	+10.6
TV ONLY.....	196,167	273,255	-28.2	639,370	9,988,022*	9,170,440	+ 8.9
TV/VCR COMBO.	7,892*	7,532	+ 4.8	43,241*	591,925*	394,485	+50.1
PROJECTION....	2,313	3,448	-32.9	13,495*	171,535*	154,927	+10.7
VCR DECKS.....	75,721	113,970	-33.6	451,606*	5,301,226	5,129,043	+ 3.4
CAMCORDERS.....	27,062	31,011	-12.7	138,597*	1,355,405*	1,177,812	+15.1
LASERDISC PLYRS#	1,465	2,842	-48.5	7,868	97,880	103,273	- 5.2

Direct-view TV 5-week average: 1993--396,221; 1992--371,780 (up 6.6%).

VCR deck 5-week average: 1993--206,187; 1992--196,461 (up 5.0%).

Camcorder 5-week average: 1993--58,494; 1992--49,005 (up 19.4%).

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

**LANDMARK CABLE-CE COMPATIBILITY AGREEMENT:** Consumer electronics and cable industries, more frequently at one another's throats, last week had their arms around one another in basic agreement on steps to achieve compatible interface. Joint filing with FCC was far cry from individual comments last spring in which each industry blamed other for problems and proposed that other bear brunt of achieving compatibility (TVD March 29 p11).

Each side gave in on some issues and got its own way on others in report to Commission by Cable-Consumer Electronics Compatibility Advisory Group, co-chaired by Zenith's Bruce Huber and Time-Warner Cable's Walter Ciciora, which has been meeting since Jan. In effect, group was fulfilling dictate of Cable Act that requires FCC to consult with "representatives of the cable industry and the consumer electronics industry" to develop means of assuring compatibility and then putting them into regulatory form.

Two sides agreed: "The cable industry must be free to experiment and innovate with new services prior to the development of standards. When a new service is embraced, subscribers should be able to own, and consumer electronics manufacturers should be able to supply, the in-home hardware once the technology is recognized."

Report suggested short-term and long-term solutions to compatibility issues for FCC action. Long-term proposals might add as much as \$50 to retail price of TVs, Huber told us, which would be offset by rate regulation and provisions in agreement that would bind cable operators to pass on to consumers savings realized by eventual elimination of set-top boxes.

Consumer electronics industry gave in on its total opposition to signal scrambling and its implied insistence that front ends of TV sets don't require improvement for better interface with cable. Cable industry yielded by giving up its insistence that Multiport terminals be required on future "cable-ready" sets and that FCC shouldn't deal with digital issues in current proceeding (TVD March 29 p11). Highlights of filing:

**Short-Term Measures:** Scrambling should be used for security of premium and expanded basic services only where such in-the-clear methods as traps won't prevent theft of service, but agreement recognizes that scrambling often is necessary. Since in vast majority of cases broadcast, educational and govt. channels won't be scrambled, cable operators should sell or rent RF bypass circuitry that delivers unscrambled signals

directly to TV sets, preserving PIP and other advanced receiver features and allowing subscribers to watch one channel while recording another except where both channels are scrambled.

Converters with built-in timers could be sold or rented for easy recording of different channels sequentially. Subscribers who wish to tape one scrambled channel while watching another could use 2nd converter descrambler or single unit with 2 converter descramblers. All of those short-term solutions could be available in about year after rules are adopted.

**Longer Term Measures:** Principal proposal is "Decoder Interface" at back of TV or VCR that would allow "signals to exit and enter the TV or VCR for external descrambling or decryption." eliminating need for set-top box (substituting for cable's insistence on specific Multiport system). Interface should work with either analog or digital signals. It would allow access to all channels without converter box, reduce duplication of circuits between TV set and cable, increase video and audio quality by eliminating redundant processing, improve reliability, facilitate smooth transition to digital services, reduce energy consumption. Cable operators would be required to provide signals compatible with Decoder Interface.

Front-end receiver design should be modified to facilitate broadcast and cable reception, including avoidance of direct pickup problems. Filing noted that engineers from both industries are working on proposed specs. Only TVs meeting those longer term standards could be called "cable-ready." Definition also should reflect increasing channel capacity of cable, with industry dialog on number of channels and "channel mapping" to help assure sets will remain "cable-ready" for reasonable time in future.

To make up for added costs of receivers, proposal asks FCC to require: (1) That cable companies provide first decoder in each home for connection to Decoder Interface at no installation charge. (2) That cable companies charge consumers monthly rentals for set-back decoders and set-top converter descramblers "in proportion to their costs." Huber forecast that elimination of set-top boxes could save consumers \$1 monthly.

Advisory Group suggested this timetable for development of these standards, including move toward digital transmissions: 1993, define "cable-ready." 1994, define transmission and tuner specs. "No later than 1995," set target dates for decompression and standard security interface system. Group said it will form subcommittee on digital TV "to pursue standards" based on developments by Moving Picture Experts Group (MPEG) and Grand Alliance on Advanced TV.

**FIRE DESTROYS LARGE PART OF TCE TUBE STOCK:** In spectacular smoky blaze whose billowing black clouds could be seen 40 miles away in Ft. Wayne, warehouse near Marion, Ind., leased to Thomson Consumer Electronics (TCE) was destroyed Wed. afternoon (July 21) along with large supply of company's inventory of finished picture tubes and packing material. Effect on set and tube industries couldn't be assessed at our deadline. Cause of blaze hadn't been determined and fire marshal was investigating.

Tubes were being stockpiled before delivery to TV set makers in preparation for peak sales period. Because most set makers have been closed for traditional July vacations, many haven't been accepting deliveries for tubes and therefore manufacturers generally have their peak inventories beginning at end of June. Although TCE officials declined to speculate on number of tubes involved, it's understood that location (one of 2 warehouses) held about 50% of inventory of Marion plant.

"We are taking extraordinary action to get support of outside vendors, as well as sources within Thomson, to make up for the loss," said Robert Lorch, vp of TCE's N. American Tube Div. "Nobody will be affected in the short run and we are evaluating how to avoid a shortfall longer term."

Tubes made in Marion are 19, 20, 25, 31 and 35". TCE's other U.S. plant, in Scranton, Pa., makes 25", 26" and 27". Because of shortage of 31" tubes, company already had been importing tubes from its plant in Agnani, Italy. Integral yokes for incorporation in 31" and 35" tubes are made in France. Those plants presumably will be closed in Aug., as is most of Europe. In addition to attempting to bring in more tubes from Europe, TCE probably will import some from its Mexico City plant, and Marion plant will be kept operating weekends to help make up shortfall.

TCE's Indianapolis-based TV receiver operation, largest consumer of TCE tubes (and largest TV manufacturer in U.S.), called fire "a short-term disappointment" in statement to TV Digest, adding that "alternate sources of supply are [being] established within the company's global operation. With the Bloomington [Ind.] TV receiver plant returning to full operation [last] Monday after the normal summer

holiday shutdown, dealer orders for the fall selling season are being shipped now. We plan to continue taking orders for the balance of the year in all screen sizes."

Marion plant had been shut for 2 weeks until last Mon. for annual maintenance and vacations. It had been operating at capacity, as has most of tube industry, with color sets heading for record sales year. Not least of loss was in large amount of specialized packing material being stored in warehouse, including pallets and specially formed plastic. "We have notified all of our customers," Lorch told us, adding: "Hopefully we won't miss a beat. We're even examining the opportunity to take on additional business we didn't have before the fire."

**IMPORTS RISE IN ANTICIPATION OF GOOD SALES:** Importers' cautions, evident earlier this year, apparently have evaporated as sales here continue to exceed expectations (see report on model year results in this issue). In May, imports of all major video products were up from year earlier.

Camcorders, which began import recovery in March after more than year of reductions, spurred 58.3% in May over year-earlier level, bringing year-to-date total to plus column. Interestingly, imports of VHS and VHS-C models more than doubled in May, while 8mm rose just 16.5%.

VCR deck imports exceeded million units in May for 2nd consecutive month. In May, Japan was source of only 28% of VCRs imported to U.S., all-time low, as Indonesia jumped to 4th place as source (after Japan, Malaysia and Korea), leapfrogging Thailand. For first time, significant number of VCRs were imported here in May from China -- 16,000, with year-to-date figure of 23,300. In addition to Japan, Taiwan and Thailand are declining as VCR sources, with all other source countries -- Malaysia, Korea, Indonesia and Singapore -- showing increases.

Color and monochrome TV imports increased in May. Mexico, by far leading source of imported color TV, showed unusual 1.7% decline from year earlier, and was source of only 49.5% of color imports, first time in many months it has been below 50% (Mexico supplied 60.8% of Jan.-May color imports). In TV, China also is gaining momentum -- it established itself in April as 2nd largest source of total TV imports (color plus monochrome) and now supplies well over 50% of monochrome TVs to U.S.

Increases in TV imports apparently have no connection with congressionally mandated deadline of July 1 for all sets 13" and over arriving on these shores to include closed-caption generation. Neither monochrome nor color imports for first 5 months show significant change in percentage of 13"-and-larger sets in mix. Here are Commerce Dept. import data for May and first 5 months, with year-earlier comparisons:

Product	May 1993	May 1992	% Chg.	5 Mo. '93	5 Mo. '92	% Chg.
Color TV.....	890,200	798,700	+11.5	4,376,600	4,005,900	+ 9.3
Monochrome TV....	169,600	153,100	+10.8	728,700	689,400	+ 5.7
Flat panel TV....	23,900	31,700	-24.4	166,300	95,400	+74.3
VCR decks.....	1,030,300	1,017,500	+ 1.3	4,846,300	5,253,500	- 7.8
Camcorders.....	257,200	162,500	+58.3	1,009,800	936,100	+ 7.9
8mm.....	105,900	90,900	+16.5	377,600	370,200	+ 2.0
Other.....	151,300	71,600	+111.4	632,300	565,900	+11.7
Videocass.players	87,200	55,300	+57.6	268,700	209,700	+28.1
CD players.....	547,600	564,600	- 3.0	2,728,075	3,001,600	- 9.4

**1993-MODEL TV-VIDEO SALES SHATTER RECORDS:** Industry sold more 1993-model TVs, projection TVs, VCRs and camcorders than any other time in history. Analysis of EIA figures for hypothetical model year, July 1992-June 1993, shows dealers bought record number of every major video product in that period -- not only eclipsing sales of all previous model years but of all calendar years as well.

Color TV had its first 23-million-unit year in direct-view sets, their sales exceeding 1992 model year by almost 2.5 million and beating previous record year of 1989 and doubling those of just 10 years earlier. Sales of total color (including projection) exceeded 23.5 million. TV/VCR combinations passed million for first time.

VCR deck sales were more than million better than preceding model year, and easily exceeded previous record year of 1987. Camcorder sales were up 6.5% from preceding model year and beat out previous

record, set in 1992, by less than 1%. Only laserdisc players lagged behind 1992 model sales. Here's table of 1993 model year sales, with 1992 and 1991 model year comparisons:

#### MODEL YEAR SALES, 1991-1993

Product	1993 Models	1992 Models	% Change	1991 Models	% Change
Total color TV...	23,505,695*	21,013,490	+11.9	20,412,870	+ 2.9
Direct view....	23,083,649*	20,615,208	+12.0	20,055,035	+ 2.8
TV-only.....	21,950,925*	19,878,723	+10.4	19,459,880	+ 2.2
TV/VCR.....	1,132,724*	736,485	+53.8	595,155	+23.7
Projection.....	422,046*	398,282	+ 6.0	357,835	+11.3
VCR decks.....	12,539,220*	11,457,154	+ 9.4	9,900,643	+15.7
Camcorders.....	2,996,821*	2,814,495	+ 6.5	2,983,611	- 5.7
Laserdisc players	207,659	227,943	- 8.9	n.a.	---

\* Record.

Historical look at sales for model years 1979 through 1993 shows growth of projection TVs, VCRs and camcorders virtually from start, and delineates almost continuous increases in direct-view color to peak in 1989 at 21.6 million, finally exceeded in 1993, thanks largely (but not entirely) to growth of TV/VCR combinations:

Model Year	Color TV**	Projection	VCR Decks	Camcorders
1993.....	23,083,649*	422,046*	12,539,220*	2,996,821*
1992.....	20,615,208	398,282	11,457,154	2,814,495
1991.....	20,055,035	357,834	9,900,643	2,983,611
1990.....	21,106,879	301,269	10,306,762	2,584,444
1989.....	21,607,435	276,879	10,311,052	2,168,909
1988.....	19,328,374	293,591	10,938,987	1,772,723
1987.....	18,859,559	294,482	11,787,260	1,361,068
1986.....	17,317,478	282,326	11,694,349	825,084
1985.....	16,180,402	220,571	9,583,053	***
1984.....	15,196,870	256,633	5,423,816	***
1983.....	12,232,935	165,205	2,872,278	--
1982.....	11,236,621	134,514	1,558,452	--
1981.....	11,193,119	118,047	1,061,535	--
1980.....	10,065,718	74,000#	581,552	--
1979.....	10,286,351	n.a.	430,434	--

\* Record. \*\* Direct-view only. \*\*\* Included in VCR decks. # TV Digest estimate.

**MATSUSHITA TO SELL 'COLOR FLAT PANEL' TV IN FALL:** Color TV set with 14" flat panel "beam matrix" display will be introduced by Matsushita in Oct., according to reports in Japan that were at least partly confirmed by company official who told us official announcement of introduction of flat TV would be made in "near future." Another Matsushita spokesman was quoted as confirming set will have 14" screen and be produced in "thousands of units a month."

Set, which is only 3.9" deep, is culmination of some 20 years' development, Nikkei Sangyo reported. It contains first production version of flat glass-enclosed display that was shown publicly in 10" version in Japan in Feb. 1985 (TVD Feb 11/85 p11) and month later at Japan's Tsukuba Expo '85 (TVD March 25/85 p14). Virtually perfected 6" version was demonstrated at 1989 Matsushita Electric Exhibit of Technology in Tokyo, celebrating electronics giant's 70th anniversary (TVD April 3/89 p10).

Set will cost equivalent of \$2,775 when it goes on sale in Japan in Oct., report said, but company said cost of display will be about same as standard CRT picture tube in mass production. Matsushita calls display "Color Flat Panel" (CFP) and its TV set "Flat Vision," according to report, which said company plans initial monthly production of 3,000.

CFP utilizes principles of both CRT and LCD displays. Although it's addressed in manner of LCD, it's basically collection of tiny picture tubes -- 10,000 in current version -- within single evacuated glass envelope that's completely rectangular and has no neck or stem but has phosphor screen similar to CRT. Each of 10,000 electron beams is controlled independently. As described in 1989, tube basically is glass sandwich, with one cathode for each horizontal row of phosphor stripes on screen. Electron beams from cathodes go through series of electrodes or grids for control, modulation and horizontal and vertical deflection before landing on phosphor screen.

Panel will be fielded as display for TV, personal computers and multimedia products, report said. While CFP is thicker than LCD and consumes more power, it has greater brightness, wider viewing angle and poses fewer problems in making large displays. Compared with CRT, it's far thinner and has uniform focus, linearity and brightness out to corners and edges. Matsushita is targeting CFP for 10-20" displays, Nikkei Sangyo said, and it expects CFP to share dominance of that size range with CRT, with LCD eventually taking over under-10" market and conventional CRT continuing as display of choice for over-20" direct view sets.

**HUGHES SELLS SRS BUSINESS:** Investment group formed by management and Southern Cal investment banking company has bought Sound Retrieval System (SRS) business from Hughes, intending to extend licensing efforts within and outside consumer electronics (CE) applications.

Pres. Stephen Sedmak said newly established SRS Labs will attempt to license SRS technology, which imparts 3D sound imaging from standard stereo signal, to CE manufacturers aside from Sony and Thomson, which currently include it as feature in several high-end TVs. Exclusivity agreements with Sony and Thomson have run out within last 6 months, Sedmak said. He said VCRs and LD players are "next logical places" for SRS chip to appear in CE universe. Although SRS will continue to market standalone processors, emphasis will be on licensing circuitry to manufacturers to build into products as added feature. Deal includes rights to ORB line of accessory speakers.

Beyond that, Sedmak said, "our next largest market is going to be multimedia." He said SRS chip is being marketed to computer sound board manufacturers. Discussions in that area are continuing, he said, and he hopes to have agreement set by time of Comdex in fall. News release announcing sale also mentions applications in videogame business "where enhanced audio output is becoming as important as advanced graphics." SRS, introduced to consumer market in XBR and some other TVs by Sony in 1989, grew out of Hughes research on airline audio systems.

SRS Labs, one of several businesses being sold by Hughes during slump in defense industry, was bought by group that includes some former Hughes management and Cruttenden & Co., Orange County, Cal. Sedmak formerly was sales and mktg. vp of ROLM in Southern Cal. James Lucas, who was national sales mgr. for SRS under Hughes, now is vp-sales, SRS Labs. Sedmak said engineering team is in transition between Hughes and SRS Labs. Company is at 4600 Campus Dr., Suite 106, Newport Beach, Cal. 92660 -- 714-442-1070.

Good Guys posted net income of \$841,000 (7¢ per share) in 3rd quarter ended June 30, up from \$17,000 year earlier (see financial table). Profits in last year's quarter were hurt by effects of L.A. riots and closing of company's San Jose clearance center; latter factor reduced earnings 6¢ per share last year, company said at the time. As reported earlier, Good Guys sales in quarter rose 10% to \$125.8 million, although comparable stores were off 1%. For 9 months, sales rose 7% and net income 20%. Comparable-store sales in period were off 3%.

**CRAZY EDDIE CONVICTIONS:** Eddie Antar, enigmatic kingpin of flamboyant "Crazy Eddie" chain famous beyond its northeast home turf for "in-saaaane" prices, was convicted last week in U.S. Dist. Court, Newark, N.J., on all 17 counts of conspiracy, racketeering, securities and mail fraud relating to massive stock fraud in early 1980s. Eddie's brother Mitchell Antar was convicted on 6 of 8 charges, while another brother, Allen, was acquitted on all 6 counts with which he'd been charged.

Primary testimony against brothers was given by cousin Sam Antar, as part of agreement with govt. under which he faces 10 years in jail for his role in scheme. Defense attorneys, who surprised prosecution by calling only 3 witnesses (all on Mitchell's behalf), charged that Sam had masterminded plot to gain control of company.

Although Eddie theoretically faces \$160 million in fines and 100 years in jail, and Mitchell 55 years and \$160 million, federal sentencing guidelines call for 11-year sentence. Hearings on potential asset forfeitures are to begin next week. SEC has won \$75-million civil judgment against Antar, and he's being sued by former shareholders.

Eddie fled country Feb. 1990, failing to appear in court in connection to SEC civil suit. He was tracked by federal marshals for more than 2 years, finally being arrested in Israel last year (TVD June 29/92 p9). Indictments returned last June charged Antars with falsifying inventory through variety of methods, transferring money from wholesale to retail accounts to pump up comparable store sales figures.

Top unsecured creditors in Jamesway Corp. bankruptcy filing last week include Handleman (software rackjobber), \$2.4 million; Emerson, \$1.3 million; 3M, \$724,000; Nintendo, \$723,000. In filing in U.S. Bankruptcy Court, N.Y., company listed \$336 million in assets and \$277 million in liabilities, excluding lease commitments and contingent liabilities. In court documents, Jamesway blamed problems on recession, interruption in shipments early this year when credit negotiations dragged on, 14% drop in first-quarter sales and \$8-million loss due in large part to "severe winter storms that pummeled the Mid-Atlantic region in February and March."

#### THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 108 yen = \$1, except where noted.

**MPEG-2 ON COURSE FOR NOV. BALLOT:** Moving Picture Experts Group (MPEG) completed definition of all 3 segments -- Video, Audio and Systems -- of MPEG-2 standard proposal, scheduled to be voted upon by member countries in Nov. As we have reported (TVD April 12 p11), progress clears way for final development and production of MPEG-2 chips by middle of next year. MPEG-2 standard would be backward compatible with MPEG-1, so MPEG-2 devices would be able to decode MPEG-1 encoded material.

Under current market conditions, implications of MPEG-2 for linear video playback apply mainly to broadcast applications, since standard is designed for rates of 2-15 Mbps, faster than attainable on standard speed audio CD player. Double-speed CD-ROM drive would be able to attain higher picture quality promised by MPEG-2 (due to higher transfer rate) but at cost of reducing playing time.

Meeting in N.Y., group said it had completed "technical definition" of MPEG-2 Video. Main accomplishment was extending features of main video profile by defining "hierarchical scalable profile. This profile aims to support applications such as compatible terrestrial TV/HDTV, packet network video systems, backward compatibility with existing standards (MPEG-1 and H.261), and other applications for which multilevel coding is required," said news release, which gave as example consumer option of using either small portable receiver to get standard definition TV or fixed receiver to decode HDTV from same signal.

Work toward MPEG-2 audio standard produced update of earlier working draft, on track for full committee draft to be voted on in Nov., release said. Standard will extend stereo and mono coding of MPEG-1 audio standard to half-sampling rates for improved quality for bit rates at or below 64 kbps per channel. MPEG is organizing subjective test of multichannel audio coding/decoding (codec) systems, including as many as 3 non-backward-compatible systems, to determine whether any of latter group produces clearly superior performance to backward-compatible version. If that's case, MPEG will issue call for noncompatible codecs, which could be introduced as addendum to main standard.

System standard will specify coding formats for 2 types of data streams: (1) "Program Stream," optimized for multimedia applications and for MPEG-1 compatibility and for performing systems processing in software. (2) "Transport Stream," for multiplexing programming, used for such purposes as digital TV and video telephony, and for "use in applications where data loss may be likely." Group completed definitions of certain aspects of both streams -- "features, syntax and semantics" -- "enabling product designers to proceed."

Approval was also voted for work on MPEG-4 standard, which will be designed for "low-bit-rate coding of audiovisual material," aimed at "a whole spectrum of new applications, including interactive mobile multimedia applications." Formal work on MPEG-4 will begin at Sept. meeting in Brussels, with draft specifications planned for 1997.

**Big-screen direct-view** color TV sales, 27" and over, were up 21% in first half over same period last year, when total direct-view color sales (excluding VCR combos) rose 10.1% (TVD July 19 p13), according to EIA Consumer Electronics Group. Those large-screen sets accounted for 17% of color sales to dealers in first half, EIA said. Trade group said sales of projection TVs 50" and larger rose 26% in half, representing 47% of projection TV sales, while total projection sets were up 11.7%.

**AUDIO SALES UP 14% IN MAY:** Robust double-digit growth in systems and aftermarket autosound paced audio factory dollar sales to 14% gain to \$516 million in May, EIA Mktg. Services Dept. reported. Upbeat industry performance in month even extended to recently beleaguered components market, although May rise was much too modest to offset declines earlier in 1993 and prevent segment from finishing in minus column for year's first 5 months.

Systems, strongest category in month, climbed 35.6%, while autosound aftermarket products also fared well, rising 22.3%. Meanwhile, portable audio and components categories held their own in May, rising 5.1% and 2.6%, respectively.

In year's first 5 months, EIA said, sales managed to eke past \$2.5-billion mark, rising 5.2%. Rate of components' gain in May was half that of category's rise in April. Nevertheless, it chopped entire point off year-to-date decline recorded month earlier, reducing deficit to 1.5%. Strong May performance in systems translated into 13.9% gain in year's first 5 months, but gains in aftermarket autosound and portable categories were relatively modest.

Here's breakdown of EIA factory audio dollar sales for May and first 5 months of year:

FACTORY SALES OF AUDIO EQUIPMENT  
(add 000)

	May 1993	May 1992	% Chg.
Portable audio*.....	\$159,144	\$151,380	+ 5.1
Components.....	110,342	107,496	+ 2.6
Systems.....	98,611	72,712	+35.6
Autosound (aftermarket)	147,965	120,968	+22.3
<b>TOTAL.....</b>	<b>\$516,062</b>	<b>\$452,558</b>	<b>+14.0</b>
	5 Mo. '93	5 Mo. '92	% Chg.
Portable audio*.....	\$819,928	\$791,299	+ 3.6
Components.....	565,322	574,191	- 1.5
Systems.....	484,690	425,530	+13.9
Autosound (aftermarket)	630,411	585,449	+ 7.7
<b>TOTAL.....</b>	<b>\$2,500,350</b>	<b>\$2,376,469</b>	<b>+ 5.2</b>

\* Includes home radio.

**Sony (Japan)** said it has become first company to achieve stable emission of blue-green semiconductor laser at room temperature. Previous blue-green lasers have operated inefficiently and have been capable of emitting stable light only at extremely low temperatures in lab. Sony said wavelength of its new blue-green laser is 0.523 micron, shorter than 0.78-micron of red laser now used in CD players. Commercialization of blue-green laser would enable 5" CD to hold up to 2.3 times more information than existing discs, Sony said. For example, capacity of current 74-min. audio CD could be expanded to accommodate 170 min. Sony said blue-green laser is composed of laminates of crystal containing zinc, selenium, sulfur, other elements. Aim is to commercialize technology when laser can be made more durable. Company also said it's continuing R&D on blue laser announced to Japanese press year ago that would have wavelength of less than 0.5 micron.

**First one-chip ICs** for Hi8 and standard 8mm signal processing have been developed by Sony, permitting further miniaturizing of camcorders. Company is sampling other manufacturers with chips, each of which replaces 3 chips, at about \$22 and \$20, respectively.

**CHINA NEW VCR SOURCE:** China is beginning to show up on charts as supplier of VCRs to U.S. market. Total of 23,300 were imported from there in year's first 5 months, and fact that almost 70% of those arrived in May indicates production is being cranked up. Meanwhile, Indonesia passed Thailand as No. 4 source of VCRs.

In TV, China continued as No. 2 supplier of total TVs (color plus monochrome) and was source of more than 50% of total monochrome imports for May and year's first 5 months.

VCR Decks				
	May	% Chg.	5 Months	% Chg.
<b>TOTAL....</b>	1,030,300	+ 1.3	4,846,300	- 7.8
Japan....	296,400	-24.0	1,704,800	-23.8
Malaysia.	255,200	+44.3	1,153,300	+39.4
Korea....	245,900	+23.2	1,040,900	- 8.4
Indonesia	106,400	+119.0	351,500	+40.2
Thailand.	43,800	-71.7	310,700	-49.0
Singapore	41,900	+146.2	207,300	+103.1
Taiwan...	22,000	-28.0	39,100	-54.5
China....	16,000	*	23,300	*
TV Sets				
<b>TOTAL....</b>	1,059,800	+11.3	5,105,300	+ 8.7
color....	890,200	+11.5	4,376,600	+ 9.3
b&w.....	169,600	+10.8	728,700	+ 5.7
<b>Mexico</b>				
color...	440,700	- 1.7	2,660,800	+20.9
<b>China</b>				
total...	157,400	+90.0	610,200	+63.5
color...	60,600	- 1.9	266,600	+17.8
b&w.....	96,900	+175.5	373,600	+154.4
<b>Malaysia</b>				
total....	106,500	+64.7	564,100	+41.2
color....	93,400	+84.4	490,000	+38.3
b&w.....	13,100	- 6.3	74,100	+64.6
<b>Thailand</b>				
total....	90,100	- 9.9	384,900	+ 8.2
color...	89,000	-11.0	376,300	+ 5.8
b&w.....	1,100	*	8,600	+67.4
<b>Korea</b>				
total...	57,400	-45.3	313,100	-41.6
color...	43,500	-29.6	210,400	-35.0
b&w.....	13,700	-67.7	102,700	-51.7
<b>Taiwan</b>				
total...	28,100	-47.8	168,200	-35.5
color...	6,300	-45.8	36,900	-53.2
b&w.....	21,800	-48.3	131,400	-27.8
<b>Japan</b>				
total...	23,600	-13.5	152,400	+ 6.7
color...	15,300	+12.1	105,400	+27.2
b&w.....	8,300	-39.2	47,100	-21.6
<b>Singapore</b>				
color...	16,800	-60.5	114,200	-48.0
<b>Hong Kong</b>				
total...	15,200	+26.0	58,200	-14.3
color...	3,400	-72.1	44,300	- 5.7
b&w.....	11,800	*	13,900	-33.5
<b>Philippines</b>				
color...	2,600	-57.9	32,700	- 6.0
<b>Canada</b>				
color...	1,900	-51.7	28,200	- 2.2

\* No significant shipments in 1992.

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

**CANON PUSHES 'SHAKE ABSORBER':** "World's strongest image stabilization system" will be promotional theme for Canon for rest of year, geared to optical "Shake Absorber" feature on one midpriced 8mm camcorder and one Hi8 model.

System was introduced last fall in lens (list price \$2,999) for L1 camcorder (TVD Sept 21 p13). Originally developed jointly with Sony, Canon said 2nd generation version is strictly its own development. System uses "Vari-Angle Prism" (2 glass elements joined by flexible bellows) and microprocessor to compensate for shake. Company will push optical system as superior to electronic stabilization, advertising it as causing no image degradation or loss of field of view. Canon said system provides uniform 90% compensation for shakes between 3.5 and 15Hz.

New E700 "family size" camcorder, to be delivered in next few weeks, carries suggested list of \$1,400 (street price of about \$1,099), has 12x zoom, pop-up video light, new TTL focusing algorithm for higher speed and program auto exposure system with 3 preset modes (spotlight, sand & snow, backlight compensation) in addition to "auto" mode.

Compact Hi8 model UCS5 is update of Canon's UC series, has 12x optical zoom and 24x digital zoom, 5-mode program system, video light, stereo audio, widescreen (16:9) recording capability using "squeeze" rather than letterbox technology. It will have suggested list of \$1,900.

While Canon believes "features drive sales," Sales Dir. Alan Czeizler said, he denied company is forsaking popularly priced part of camcorder market. He said statement last fall by Senior Dir.-Gen. Mgr. Isao Yoshii on repositioning company above "fire sale prices" (TVD Sept 21 p13) was widely misinterpreted. "We have delivered \$699 [street price] product all year," he said. "Some manufacturers are hitting price targets by quietly removing features," he said, noting that Canon camcorders at \$799, in addition to "emphasizing dealer profit," are "loaded."

Company has cut number of models in camcorder line 30%, Czeizler said, adding that 18% of Canon's unit sales are Hi8, well above total industry figure. He forecast industry sales of 3 million units this year and saw possibility of shortage if strong sales continue. "Our inventories have never been high enough," he said.

**Retail Notes:** Harvey Electronics will lease 5,000 sq. ft. within massive ABC Carpet & Home store in Manhattan. Area will feature assortment slightly edited from that in standard Harvey's outlet. Major difference, Pres. Arthur Shulman said, is that all gear will be merchandised in lifestyle settings, using furnishings from elsewhere in ABC emporium. Harvey's will be promoted through signs near door, and by inclusion of electronics in ABC display windows. Harvey's will have one window for its own use, Shulman said. Harvey's area will be in operation by Oct. 1, he said... P.C. Richard, L.I. retailer, next year plans to open first store in N.J., 35,000-sq.-ft. location in Wayne, N.J. It also will plans 20,000-sq.-ft. clearance center in Brooklyn... Best Buy said it has signed leases for 19 stores -- including 5 in Atlanta and 4 in Phoenix -- that are part of its 40-store expansion plans for current fiscal year.

AT&T Insider was quoted by Wall St. Journal as saying that background in consumer electronics was part of reason Richard Miller was named last week exec. vp-chief financial officer of AT&T. Miller formerly was pres.-CEO, Thomson Consumer Electronics Inc. (U.S.), and most recently was Wang Labs chmn.

## Consumer Electronics Personals

Promotions at Mitsubishi: **Michael Stapleton**, national mktg. mgr., to vp, strategic mktg.; **Gary Paola**, account exec. in Northern Cal., to national group coordinator, succeeding **Max Wasinger**, named southwestern regional vp; **William Loewenthal**, product development mgr., to mgr.-product and brand development... Moves in Good Guys Merchandising Dept.: Senior buyer **Dominic Leung**, from car stereo and cellular, now responsible video and tape; senior buyer **Paul Crevelli** from video to car stereo; senior TV buyer **John Keating** adds responsibility for furniture, formerly handled by **Michael Scharff**, senior buyer, audio systems and components; telephone buyer **Don Sarason** adds cellular; **Don Rothenstein** promoted from buyer to senior buyer for portables, photography, keyboards; **Scott Bauhofer**, mdsg. mgr. for 9 categories, now is mdsg. mgr. for computers, home office, videogames.

**Nathan Myhrvold** promoted to senior vp, advanced technology and business development, Microsoft... **Sherri Meade**, ex-IBM, named dir., software development, Franklin Electronic Publishing... **Kohshi Nishimura**, ex-Kanagawa, domestic sales company, Sony's Consumer Sales Group in Japan, named vp-gen. mgr., Sony Computer Peripheral Products Co., San Jose... Appointments at new SRS Labs, formerly part of Hughes Aircraft: **Stephen Sedmak**, ex-Rolm, as pres.; **James Lucas**, national sales mgr. for SRS under Hughes, as sales vp.

**Philip Roberson** departs as Denon America car audio product mgr. to accept similar post at Boston Acoustics... **Tom Mincy**, ex-Adcom, joins Definitive Technology as vp-mktg... **Antonio Romero**, gen. mgr. of IBM operations in Southern Fla. for last 4-1/2 years, named Blockbuster vp and CEO of NewLeaf Entertainment Corp., one of 2 Blockbuster-IBM joint venture companies formed to develop and market digital delivery system; **David Lundeen** remains NewLeaf pres., reporting to Romero, who will report to Blockbuster Pres. **Steven Berrard**... Named at Audio-Technica U.S.: **Kazuo Matsushita** as pres.; **Philip Cajka** as exec. vp-chief financial officer; **Kenneth Reichel** to exec. vp-mktg.

**Stephen Williams**, onetime Harman America mktg. mgr., joins Onkyo as vp-international operations, reporting to **Robert Goodman**, himself former Harman America pres., recently appointed Onkyo Corp. pres.-international operations... **Larry McKinney**, former mgr., midwestern sales operations, Thomson Consumer Electronics, promoted to gen. mgr., Thomson Accessories & Components Business, Deptford, N.J., succeeding **Dennis Edson**, recently appointed mgr., Western region sales operations; **Len Coakley**, former business mgr., Thomson's Video Acoustics home theater speaker systems, reports to McKinney as new mgr., Thomson Accessories Business... **Ronald Burch**, ex-Tandy Electronics, named gen. mgr., Calidad Electronics unit of IEC Electronics Corp., succeeding **George Lundquist**, resigned.

**George Johnson**, managing gen. partner of Blockbuster franchisee WJB Video, will become pres. of Blockbuster Entertainment's Consumer Div. on completion of Blockbuster acquisition of WJB... **Craig Renwick**, ex-Wherehouse Entertainment and Blockbuster, joins Bogner Entertainment as sales and mktg. vp... Appointments at VSDA: **Mary Greiner**, ex-Vidmark and CBS/Fox, to membership dir.; **Barry Freilich**, ex-Free Speech Legal Defense Fund and Granada Video, to regional chapter mgr.; **Andrew Lee**, ex-Investors Business Daily, to communications mgr. handling VSDA Voice and legislative writing.

**JAPANESE COMPANIES RANKED:** Nintendo ranked 2nd among all Japanese companies in pretax profits, according to Nikkei Weekly's annual tabulation of fiscal year ended March 31. At 163.7 billion yen (up 4.83% from preceding year) it was 2nd only to NTT (communications) at 248.8 billion.

Other consumer electronics-related companies in top 20: Matsushita, No. 8, 96.7 billion yen, down 50.74%; Hitachi, No. 14, 78 billion yen, down 39.43%.

In rankings by sales, 9 of top 10 were large trading companies -- Itochu, Marubeni, Sumitomo, Mitsui, Mitsubishi, Nissho Iwai, Tomen, Nichimen and Kanematsu -- with NTT 9th. Matsushita ranked 12th in sales, followed by Hitachi 14th, Toshiba 15th, NEC 16th, Mitsubishi Electric 19th.

Tabulation of "financial management" results -- dividends from stockholdings, interest, etc. -- 8 of top 10 were electronics companies. Hitachi was No. 1, with financial management results exceeding its operating profits, thanks to trimmed inventories and recalled loans from companies within its group. Second was Matsushita (first one year earlier), whose interest income slid, and dividend income dropped, because subsidiary JVC didn't pay out last year. No. 3 is Sony, with Nintendo No. 5, Sharp No. 7, Mitsubishi No. 8, followed by Kyocera and Murata in 9th and 10th place. With exception of Hitachi and Sony, all showed declines from preceding year.

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**Lawsuit alleging illegal insider trading** has been filed against Apple Chmn. John Sculley, Pres.-CEO Michael Spindler and other top company executives by San Diego law firm on behalf of purchasers of Apple stock between Oct. 14, 1992, and July 15, 1993. Suit, filed in U.S. Dist. Court, San Jose, last week, said Sculley, Spindler and other defendants -- Exec. Vp-Chief Financial Officer Joseph Graziano, Vp Morris Taradalsky and Dirs. Armas (Mike) Markkula and Arthur Rock -- made misleading and false statements to drive stock price up before selling parts of their holdings. Apple said it "believes the suit is totally without merit, intends to oppose all claims and expects to prevail on the merits." Meanwhile, Apple scheduled news conference Aug. 2 in Boston to officially introduce Newton "communications assistant" (description that apparently has replaced "personal digital assistant" in Apple-speak); unveiling will be held in conjunction with MacWorld exposition at which company is expected to reveal more of its plans for developing and marketing products for consumer electronics business. Sharp spokeswoman said company's marketing plans for its version of Newton will be announced at same time.

**Big tubes and high-end TVs** are paying off for BMC, largest independent maker of color tube shadow masks. It reported 30% increase in net earnings on 6% higher sales for 2nd quarter (see financial table). Pretax earnings were up 59% and 78% in 2nd quarter and first half, respectively. Aperture Mask Group reported "strongly improved" operating income on increased volumes of larger screen tubes and invar masks for high-performance sets.

**First widescreen TV/VCR combo** will be introduced in Japan by Sharp before year-end, Tokyo reports said. It also will be first 22W" tube TV (24" in Japanese overall diagonal measurement), about equivalent in height to 18" tube. Sharp also offers 26W" and 30W" widescreen sets in Japan.

**Sanyo Chinese venture** will start producing optical pickups for CD players in Sept., company announced. Plant is in Shenzhen, next to Hong Kong. Joint venture partner is Shenzhen Huaqiang Electronic Industry Corp.

## Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
AT&T			
1993-6 mo. to June 30	32,035,000,000	(4,600,000,000)	__.a
1992-6 mo. to June 30	31,220,000,000	1,844,000,000	1.39
1993-qtr. to June 30	16,316,000,000	1,044,000,000	.77
1992-qtr. to June 30	15,845,000,000	961,000,000	.72
BNC Communications			
1993-6 mo. to June 30	202,780,000	168,557,000	6.50b
1992-6 mo. to June 30	125,164,000	46,915,000	1.73
1993-qtr. to June 30	113,199,000	92,639,000	3.58b
1992-qtr. to June 30	69,502,000	28,990,000	1.08
Blockbuster Entertainment			
1993-6 mo. to June 30	847,189,000	86,855,000	.43
1992-6 mo. to June 30	518,575,000	55,648,000	.31
1993-qtr. to June 30	456,100,000	47,662,000	.23
1992-qtr. to June 30	264,608,000	29,968,000	.17
BMC Industries			
1993-6 mo. to June 30	95,298,000	17,354,000	2.87b
1992-6 mo. to June 30	93,732,000	3,660,000	.64
1993-qtr. to June 30	49,277,000	3,806,000	.62
1992-qtr. to June 30	46,525,000	2,934,000	.52
Capital Cities/ABC			
1993-6 mo. to June 27	2,617,163,000	210,249,000	12.77
1992-6 mo. to June 28	2,486,742,000	46,026,000	2.72a
1993-qtr. to June 27	1,438,826,000	151,877,000	9.21
1992-qtr. to June 28	1,391,321,000	147,515,000	8.84b
Chris-Craft Industries			
1993-6 mo. to June 30	216,562,000	111,975,000	4.10b
1992-6 mo. to June 30	136,841,000	27,983,000	1.02c
1993-qtr. to June 30	120,277,000	62,474,000	2.29b
1992-qtr. to June 30	75,785,000	17,294,000	.63c
Cohu			
1993-6 mo. to June 30	37,619,000	3,162,000	.76
1992-6 mo. to June 30	25,553,000	1,002,000	.25a
1993-qtr. to June 30	20,346,000	1,843,000	.44
1992-qtr. to June 30	13,300,000	804,000	.40
Comsat			
1993-6 mo. to June 30	320,400,000	39,700,000	.98
1992-6 mo. to June 30	261,100,000	32,400,000	.83c
1993-qtr. to June 30	154,100,000	20,200,000	.50
1992-qtr. to June 30	133,200,000	16,900,000	.43c
Electronic Arts			
1993-qtr. to June 30	79,500,000	7,318,000	.15
1992-qtr. to June 30	50,099,000	4,754,000	.10c
General Instrument			
1993-6 mo. to June 30	615,004,000	23,679,000	.39
1992-6 mo. to June 30	492,323,000	(38,487,000)	__.a
1993-qtr. to June 30	311,761,000	12,269,000	.20
1992-qtr. to June 30	259,006,000	(10,175,000)	__.a
Good Guys			
1993-9 mo. to June 30	410,903,000	6,398,000	.50
1992-9 mo. to June 30	384,105,000	5,351,000	.41
1993-qtr. to June 30	125,819,000	841,000	.07
1992-qtr. to June 30	114,767,000	17,000	--
GTE			
1993-6 mo. to June 30	9,742,000,000	898,000,000	.94
1992-6 mo. to June 30	9,886,000,000	(1,636,000,000)	__.a
1993-qtr. to June 30	4,916,000,000	438,000,000	.46
1992-qtr. to June 30	5,063,000,000	412,000,000	.45
Heritage Media			
1993-6 mo. to June 30	127,444,000	(2,859,000)	--
1992-6 mo. to June 30	107,605,000	(14,165,000)	__.a
1993-qtr. to June 30	67,924,000	(337,000)	--
1992-qtr. to June 30	55,183,000	(6,974,000)	__.a
Koss			
1993-year to June 30	32,137,448	2,790,759	.82
1992-year to June 30	26,020,624	744,328	.23
1993-qtr. to June 30	8,949,285	1,018,558	.29
1992-qtr. to June 30	6,687,812	245,297	.07

Company & Period	Revenues	Net Earnings	Per Share
Lee Enterprises			
1993-9 mo. to June 30	278,299,000	29,853,000	1.27
1992-9 mo. to June 30	272,152,000	27,728,000	1.19
1993-qtr. to June 30	97,043,000	11,849,000	.51
1992-qtr. to June 30	93,173,000	11,761,000	.50
Multimedia			
1993-6 mo. to June 30	307,596,000	47,797,000	1.25b
1992-6 mo. to June 30	268,851,000	26,183,000	.70
1993-qtr. to June 30	163,527,000	18,267,000	.48
1992-qtr. to June 30	142,845,000	15,813,000	.42
New York Times			
1993-6 mo. to June 30	938,034,000	33,277,000	.42
1992-6 mo. to June 30	879,135,000	(6,021,000)	__.d
1993-qtr. to June 30	483,552,000	22,389,000	.28
1992-qtr. to June 30	443,238,000	14,000,000	.18d
Oak Industries			
1993-6 mo. to June 30	117,446,000	10,580,000	.59
1992-6 mo. to June 30	74,187,000	8,410,000	.48c
1993-qtr. to June 30	58,223,000	5,565,000	.31
1992-qtr. to June 30	38,204,000	2,425,000	.14c
Outlet Communications			
1993-6 mo. to June 30	22,857,000	3,829,000	.59b
1992-6 mo. to June 30	21,014,000	(2,390,000)	__.d
1993-qtr. to June 30	12,830,000	872,000	.14
1992-qtr. to June 30	11,758,000	(338,000)	--
Spelling Entertainment			
1993-6 mo. to June 30	123,478,000	3,310,000	.06b
1992-6 mo. to June 30	118,736,000	3,011,000	.06b
1993-qtr. to June 30	71,969,000	7,886,000	.15
1992-qtr. to June 30	61,135,000	2,463,000	.05b
Texas Instruments			
1993-6 mo. to June 30	3,988,000,000	192,000,000	2.04
1992-6 mo. to June 30	3,561,000,000	112,000,000	1.10
1993-qtr. to June 30	2,105,000,000	112,000,000	1.18
1992-qtr. to June 30	1,867,000,000	72,000,000	.73
Times Mirror			
1993-6 mo. to June 27	1,771,282,000	77,646,000	.60
1992-6 mo. to June 28	1,725,759,000	(45,650,000)	__.d
1993-qtr. to June 27	902,879,000	47,862,000	.37
1992-qtr. to June 28	883,382,000	44,139,000	.34d
Tribune			
1993-26 wk. to June 27	951,991,000	91,936,000	1.25
1992-26 wk. to June 28	1,026,333,000	43,819,000	.53d
1993-13 wk. to June 27	517,443,000	62,285,000	.87
1992-13 wk. to June 28	555,895,000	45,003,000	.62d
TRW			
1993-6 mo. to June 30	4,040,000,000	106,000,000	1.64
1992-6 mo. to June 30	4,190,000,000	(258,000,000)	__.a
1993-qtr. to June 30	2,011,000,000	55,000,000	.85
1992-qtr. to June 30	2,154,000,000	55,000,000	.88
United Television			
1993-6 mo. to June 30	62,625,000	27,535,000	2.70b
1992-6 mo. to June 30	55,548,000	2,821,000	.27
1993-qtr. to June 30	34,527,000	14,368,000	1.42b
1992-qtr. to June 30	30,625,000	4,948,000	.47
Viacom			
1993-6 mo. to June 30	966,449,000	122,592,000	1.02b
1992-6 mo. to June 30	881,621,000	(7,738,000)	__.a
1993-qtr. to June 30	495,799,000	41,628,000	.35b
1992-qtr. to June 30	451,053,000	(14,826,000)	__.a
Video Display			
1993-qtr. to May 31	14,667,000	314,000	.08
1992-qtr. to May 31	15,901,000	612,000	.15

Note: <sup>a</sup>After special charge. <sup>b</sup>Includes special credit.  
<sup>c</sup>Adjusted. <sup>d</sup>Restated.

**LCD projector** capable of displaying video or computer images up to 300" will be exported to U.S. by Sanyo starting this summer for commercial and educational use. Company said projector can be used with more than 90% of personal computers. It uses 3 TFT LCDs, each with 310,000-pixel resolution. Price is expected to be about \$13,000. Export to Europe is planned later this year.