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With Consumer Electronics

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

VIOLENCE TOPS AGENDA: L.A. conference convenes Aug. 2 amid congressional pressure and resistance from industry. Markey promises 'V block' bill this week. (P. 1)

STATIONS EYE OLYMPICS: NBC affiliates to pay share of record rights fee, but promise no 'bailout' of network. NBC confident of profit, to air 168 hours. (P. 3)

FCC SPLITS ON CABLE: Barrett dissents from rate rule acceleration. Cable groups immediately appeal. FCC dismisses consumer bid. Benchmarks called flawed. (P. 5)

NBC LOOKS AT CABLE, confirms offer of 3 networks for retransmission consent. Fox does consent-for-carriage deal. Spartan gets cash. (P. 6)

FAIRNESS DOCTRINE BILL READY: 'Gridlock is over,' doctrine to be codified, Markey claims. Opponents switching to support as bipartisan backing is claimed. (P. 7)

TCI ORDERS DBS BIRDS: Loral gets \$400-million contract for 2 satellites, with 1996 delivery. Primestar has option to lease capacity. (P. 8)

Consumer Electronics

MATSUSHITA'S FLAT PANEL TV goes on sale Oct. 1, with exports planned at end of 1994. Company sees system taking over 10% of display business by 2000. (P. 10)

INDUSTRY GATHERS TO CONSIDER TV VIOLENCE: Long-awaited entertainment industry conference on TV violence convenes today (Mon.) in L.A. against backdrop of 2 counterimages: Aggressive pressure from Congress for action and equally aggressive response from TV industry against taking any broad steps.

House Telecom Subcommittee Markey (D-Mass.) last week promised legislation soon mandating "V block technology," saying in hearing that industry hasn't been sufficiently attentive to problems and that parents need ability to exert more control over children's viewing. TV industry is touting its parental warning system (TVD July 5 p1), but at same time made it clear last week that no TV series would qualify for warning, even highly controversial NYPD Blue program from producer Steven Bochco scheduled for this fall on ABC.

No entertainment program on any of 4 major broadcast networks will carry newly created "V" rating warning parents of excessive violence, networks told TV Critics Assn. in L.A. last week. ABC's NYPD Blue will carry parental warning because of nude scene in opening episode, saying: "This police drama contains adult language and scenes with partial nudity. Viewer discretion is advised."

ZENITH REPORTS LOSS for 6th consecutive quarter but claims 'modest improvement' after special items. Color sales up. American sales dominate at TCE. (P. 11)

CAMCORDER PRICES DROP to new low for 4th consecutive month in Japanese report on exports to U.S. for June. Shipments for month up 78% over last year. (P. 11)

VIDEO MINIDISC at least 5 years off, Sony officials say, citing need to develop and commercialize blue laser before sufficient storage density is available. (P. 12)

APPLE LAUNCHING NEWTON digital assistant, with first shipments of much-hyped product slated for Boston and N.Y. Communication capabilities require add-ons. (P. 13)

EMERSON FOLDS SERVICE and remanufacturing operations in Princeton, Ind., will lay off 153 employees at end of Sept., switching to outside sourcing. (P. 13)

AT&T BUYS INTERACTIVE STAKE, taking 20% of The Sierra Network with option for total control. Network could be platform for series of hardware devices. (P. 14)

NINTENDO, ATARI GAMES SPAR over latest rulings in legal battles over videogame patent infringement. (P. 14)

BASF SLIMS FOR COMBAT, cuts number of U.S. posts, begins policy of autonomy and 'strategic alliances.' (P.15)

FORD EYES MINIDISC, citing momentum, denies reports that it's committed to manufacture DCC decks. (P. 15)

Only exception to "no V" decision is Fox series Cops, which will carry "V" rating but is classified as news/reality show rather than entertainment. Fox officials said no other network series should have "V" rating, although some critics previewing fall season said other Fox series, including Briscoe County Jr., contained large amount of violence, but Briscoe usually was done tongue-in-cheek.

NYPD Blue also is violent, including scene in which detective is shot at least 5 times at close range. When asked whether scene should have qualified show for "V," ABC Entertainment Pres. Ted Harbert said of Bochco: "It is because he delivers high-quality shows time after time that we are willing to take this risk." No ABC affiliate has told network that it won't carry NYPD Blue, Harbert said. He said stations won't make decision "until they look at Bochco's revised version, in which 15 seconds of nudity have been removed. They will make the decision for their own communities [and] I have no idea what the number will be. In the end, it will be a very small number of affiliates, if any, that do not clear the show."

Fifteen cable networks said last week they also would abide by parental violence advisory endorsed by broadcast networks. Showtime Networks Pres. Winston Cox made action known in letter to Sen. Simon (D-Ill.), leader on issue in Senate. Cable networks signing on to standard: Arts & Entertainment, Comedy Central, Discovery, Disney, Family, HBO, Learning, Lifetime, MTV, Nickelodeon, Nick-at-Night, Showtime, TNT, Turner Entertainment, USA Networks. Simon and Markey praised cable action. Completing last week's tapestry of violence, new study found that amount of violence generally has dropped in last couple of years.

No one knows what will come out of conference, which has been highly touted for months as ultimate industry summit to discuss violence. Simon, who, with Markey, has done more than any other legislator this year to keep violence issue before public, said last week that he didn't expect any "immediate concrete steps" to emerge, but that he would look for some "concrete results" in coming months. It was Simon's legislation 3 years ago that created antitrust immunity allowing networks to meet to devise unified approach to problem. In addition, one senior advertising executive testifying before Markey last week said it was mistake to leave advertisers out of gathering.

Markey said July 29 he will introduce bill fairly soon, perhaps this week, that he has been discussing for weeks to mandate that TV sets contain so-called "V chip," allowing parents to block out violent programming. He said he thought bill could pass this year: "This is going to happen." Measure isn't universally awaited by either producers or advertising industry, although it enjoys wide Hill support.

Program producers will "try to do our part..." to reduce excessive violence on the screen," but bulk of responsibility is parents', MPAA Pres. Jack Valenti said in L.A. speech July 29. He said producers support new technologies that would allow parents to block viewing of "individual programs," but not chips that "with one press of a button could exile a whole day's programming or a whole week's programming." Valenti cited statistics showing that U.S. violence rates are more than 3 times higher than in Canada or Britain and 9 times higher than in Japan, even though viewers in each country watch much of same TV programming: "So there must be some other leviathans out there." Despite that, he said, broadcasters and program producers believe that if screen violence "is responsible for even the tiniest jolt of antisocial conduct, then we have to try to do our part... to reduce excessive violence on the screen." MPAA also will organize meetings with program creators to discuss how to retain pace of dramatic narrative while being sensitive to violence, he said.

Markey at hearing tried to persuade Betsy Frank, Saatchi & Saatchi vp, to endorse "V block" bill, but she balked, saying that she didn't support making it mandatory, and that children would figure out how to defeat blocking. Markey said that without mandatory feature, manufacturers wouldn't include chip, while Rep. Margolies-Mezvinsky (D-Pa.), mother of 11, said she didn't think young children at whom blocking was aimed would be able to figure out violence chip programmed by parents, adding that advertisers "were taking cover under this issue." Margolies-Mezvinsky said advertisers "are our hope" on issue.

Telecom Subcommittee hoped to focus its hearing last week on role of advertisers in shaping programming. However, only AT&T of country's top 12 advertisers testified, and Vp Richard Martin said company policy was to avoid programs with "vulgar language, excessive violence, sexual conduct judged too explicit for family viewing or inflammatory or demeaning portrayals of anyone's religion, ethnicity or gender."

Markey praised AT&T, but company's policy was attacked immediately by William Abbott, pres. of National Foundation to Improve TV. He told Subcommittee that AT&T had advertised on, among other programs, notoriously violent movie, Murder in the Heartland, as well as movies Total Recall, Another 48

Hours and Cobra plus TV programs Untouchables and Time Trax, each of which Abbott said contained excessive violence. Rep. Oxley (R-O.) said that Abbott "did a good job dusting up the white hat AT&T rode in on," while Markey came to AT&T's defense by saying company policy wasn't perfect, but was better than rest of large companies. Martin said it was "mistake" that AT&T had advertised on Murder in the Heartland, and that policy was fine, but application by staff had slipped.

Subcommittee had invited AT&T, Ford, General Motors, Hasbro, Johnson & Johnson, Kellogg, Levi Strauss, McDonald's, Pepsi, Philip Morris, Procter & Gamble and Sears, Markey said. All except AT&T declined, angering Markey and senior Republican Fields (R-Tex.). Markey blasted what he called "disturbing unresponsiveness" of corporate America, while Fields said he was "very disappointed."

In turning down invitation to testify, corporate executives pointed to their own companies' policies. Kellogg Exec. Vp Gary Costley said his company has had ad policy for more than 20 years that included avoiding program episodes "that include excessive and/or unwarranted acts of violence; overly graphic displays of brutality and suffering or the acting out of antisocial behavior which easily encourages imitation." Policy is reviewed annually, Kellogg said. Sears Chmn. Edward Brennan said his company's guidelines "have for many years prohibited placement of Sears ads in programs that contain graphic or excessive violence." As result, level and targeting of ads shouldn't be affected by warning system, Brennan said in July 23 letter to Markey: "Programs that would carry such warnings would be ineligible for our sponsorship under Sears existing policies." Brennan said Sears hasn't looked into V block system.

Study, by veteran TV scholar George Gerbner of U. of Pa. Annenberg School of Communications, said that for network prime-time dramatic programs, number of violent scenes per hour had dropped to 2.9 in 1992-1993 season from 5.1 in 1991-1992 and duration of violence had fallen to 1.3 min. per hour from 1.8 min. Other indexes showed that number of major characters involved in violence and killings had dropped, contributing to overall decline in Gerbner's "violence index." At same time, percentage of programs with violence increased to 65% in most TV recent season from 62.3% in 1991-1992.

In network-by-network breakdown of prime-time violence in last 2 seasons, Gerbner said ABC's violence index dropped to 94.2 from 142.2 as number of violent scene per hour fell to 1.5 from 4.4, and CBS's rating to 123.1 from 169.6 and number of violent scenes per hour to 2.4 from 8.2. However, Gerbner said NBC's violence rating, coinciding perhaps with its fortunes in program ratings generally, went up, to 155.9 in 1992-1993 season from 119.2 in 1991-1992. Similarly, in children's programming, ABC and CBS showed improvement but NBC didn't, study said. Networks generally were below 20-year average in Gerbner's measurements of violence for prime-time and children's shows.

NBC representatives were out in force for news conference called by Simon and Glickman to release Gerbner study. They said results were off base because NBC had reduced number of action shows in schedule, emphasizing comedies more than ever, with about 50 of 5,000 programming hours devoted to action programs. Network also criticized Gerbner's methodologies, noting that he had lumped together slapstick activities with more serious violence, and that he had excluded cable, syndicated and independent programs. (NCTA said Gerbner study released earlier this year [CD Jan. 28 p4] had found cable prime-time shows slightly more violent than those on broadcast TV, and Sat. morning programs less violent.)

Gerbner said at news conference with lawmakers that his methodology covered only prime-time and Sat. morning shows, not news, and that it gave no difference in weight to hard punch or one character's shooting or otherwise injuring another. He defined violence as threat, or act, of one character toward another, and said it all was treated equally. Gerbner said he was working on more sophisticated methodology that would try to weight acts of violence.

None of participants in event said there was direct link between violence reductions and legislative pressure, although they said results of program season starting in Sept. would show link. Simon said: "For the first time, we have reason to hope that the next survey will be significantly different." He said he hadn't made up his mind whether to press for tougher legislation if industry doesn't show more improvement.

STATIONS EYE OLYMPIC COSTS: NBC affiliates are moderately confident that they can work out agreement with network on paying part of record \$456-million cost of TV rights for 1996 Summer Olympic Games in Atlanta, despite warning that they won't "bail out" network on bid, said James Waterbury, chmn. of affiliates board. Waterbury, pres. of KWWL Waterloo-Cedar Rapids, Ia., said he expects to begin meeting with NBC Sports Pres. Dick Ebersol in Aug. or Sept. to work out details of affiliate contributions, and he expects "a reasonable compromise" to be no more difficult than affiliate compensation negotiations.

NBC is confident it will make profit on 168 hours of coverage of Olympics, despite paying \$55 million more for TV rights than it did in 1992, when it lost \$100 million, Ebersol said. Network agreed to pay \$456 million, plus 50% of ad revenue above \$615 million, for U.S. broadcast rights (CBS bid \$415 million, ABC \$450 million). Ebersol called \$456 million "a responsible bid, one we believe will make this event profitable for NBC and its owned and affiliated stations." International Olympics Committee sold European TV rights to Games to European Bestg. Union for record \$250 million. NBC paid \$401 million in 1992, \$300 million in 1988.

Neither side was talking about how much affiliates might have to contribute. "The affiliates are open to discussions," Waterbury told us. "There is no deal on the table. We don't know if it will be more, less or the same" as in 1992, when affiliates gave \$90 million worth of local ad time back to network to help offset \$401-million cost of Barcelona Olympics. Affiliate contribution again could be in form of ad time that network, rather than local stations, would be allowed to sell, Waterbury said: "But it could be something else, maybe even something that no one has thought of yet."

Affiliates had met with NBC several times before its bid. "We told them that the affiliates are very interested in getting the Games, but not at all cost," Waterbury said. "The network heard us very clearly that we won't bail them out if they make a bad bid." He said affiliates made no concrete commitments to providing any contributions at all if NBC became successful bidder. Price NBC will pay is "a good bid, one that everyone can make money on," Waterbury said. He said none of stations he has talked to believed it was too high. Citing fact that ABC bid was only \$6 million less, Waterbury called NBC offer "a pretty sharp calculation."

Olympics in Atlanta will be much more attractive to audiences and stations than Barcelona Games, Waterbury said, for several reasons: (1) Games in U.S. always generate "enormous wave" of interest in American audiences. (2) Geographic proximity of large East Coast population increases audience. (3) Atlanta Games won't have to compete with Winter Olympics (moved to 1994) for same-year ad dollars. (4) Major TV stations on West Coast will get strong lead-in to nightly news shows from live Olympic coverage. (5) Broadcasters won't have to compete with cable pay-per-view for audience.

NBC still hopes to find cable partner to share cost of Olympics, Ebersol said, but partner will have to share risk and provide upfront compensation. Atlanta-based Turner Bestg., with its multiple cable channels, is considered possible candidate, but Ebersol said TBS is reluctant to share risk. TBS officials weren't commenting. Other potential candidates include HBO and USA. Despite possibility of cable role, Waterbury said affiliates expect cable competition for ads and audience to be "very sharply limited," with NBC controlling all ad sales and at least assuring that cable and broadcast won't have competing coverage of same events.

NBC plans to air total of 168 hours of coverage, up from 161 in Barcelona, but down from 180 in 1988 Seoul Olympics. Coverage will include 76-1/2 hours in prime time, 20 hours on Today show.

Video Jukebox Network (VJN) will be taken over by joint venture of Communications Equity Assoc. (CEA) and Lenfest, under new agreement in principle, and VJN will be delivered by satellite within 30 days after deal is final. Acting VJN Pres. Jules Haimovitz said satellite delivery will allow programming to be counted as satellite channel in rate regulation benchmark calculations. It also will make network available to smaller cable systems. Buyout agreement, which ends dispute that began when CEA Chmn. Patrick Michaels ousted then-Pres. Andrew Orgel in Oct., calls for VJN to sell 1.5 million new shares of stock to StarNet/CEA, affiliate of CEA and Lenfest. Deal is contingent on affiliate's also buying another 2.8 million shares from another VJN stockholder and acquiring voting proxies for another 1.4 million shares. Together with CEA's present 2.8 million holding, that would give partnership 54% voting control.

Viacom and CBS settled last disputes arising from 1970 spinoff of Viacom from network, companies reported. Terms weren't disclosed, but Viacom said reserve that it had set aside for purpose will cover any costs, so settlement of last litigation won't affect earnings. Viacom said deal will give it rights to additional CBS programs.

"Glut" in off-network syndicated shows assures that there's no need for even interim finsyn rules, CBS said in comments to FCC: "It would be futile for a network syndicator to try to harm independents by denying them access to off-network shows. The only consequence... would be a lost sale." CBS denied that only handful of recent off-network sitcoms generated high ratings, saying that those ratings "are due in substantial part to the time period in which they are aired," so other shows could do nearly as well. Network said there are no data to back claim that independents need profits from such shows to subsidize news, local or public affairs programs.

PBS will provide unspecified funds to Brandon Tartikoff, former chief NBC programmer, to develop 13 scripts for comedy series, it announced during L.A. critics tour. PBS also announced that weekly series examining science from viewpoint of pop culture would be added to fall 1994 lineup.

Lenfest bought undisclosed minority interest in Susquehanna Cable, according to broker Daniels. Terms weren't disclosed. Susquehanna has 109,000 subscribers in Ill., Ind., Me., Miss., Pa., R.I.

FCC DIVIDES ON CABLE: FCC split 2-1, with Comr. Barrett dissenting, on previously announced decision to accelerate rate regulation effective date to Sept. 1 from Oct. 1 (TVD July 26 p1). Chmn. Quello said he would have preferred Oct. 1 but "I chose not to gamble with the FCC's future," reference to threat that Congress could respond to Oct. 1 date by cutting future appropriations. However, Barrett said acceleration "could undermine the integrity of our regulatory process" and cause unintended consequences.

Group led by CATA already has appealed decision, first to FCC and probably eventually to courts. CATA, Coalition of Small System Operators and Prime Cable of Alaska filed petition asking FCC to stay rate order. If, as is assumed, Commission quickly rejects that petition, it would be appealed to federal courts.

FCC should delay all cable rate regulations until reconsideration of benchmarks is completed and cost-of-service rules are final, petition said. It said rate freeze shouldn't be extended beyond Nov. 15, although systems raising rates after then could be ordered to use special accounting practices that would ease refunds and rollbacks if hikes were held to be unjustified. Accelerating rate rules is illegal, CATA charged, because parties weren't given notice of change and opportunity to comment, and because move was "an especially egregious example of inappropriate congressional influence and pressure." Petition said benchmarks were "wholly arbitrary" because FCC's rate data included only 7 systems with fewer than 1,000 subscribers that were truly competitive, and 6 of them still were startup operations with rates that probably hadn't reached equilibrium. Even looser definition of "competitive" would mean only 33 small competitive systems were included in rate base that was used to set 10 different benchmark tables, each with 310 different per-channel rates, for small cable systems, CATA said.

In order, Commission dismissed bid by Consumer Federation of America (CFA) and others to allow viewers unilaterally to reduce their cable payments 15%. FCC said proposal was inconsistent with benchmark approach and would bypass local authorities and Commission. It also said it would cause "extraordinarily difficult administrative problems" in dealing with future refunds and rebillings. Quello, in separate statement, said petition "appeared to be more of an effort to grab headlines and engage in self-aggrandizement than a serious plan for rate regulation." He said it "underscores [CFA's] pathological disregard for the real-world implications of its suggestions."

FCC "must implement rate regulations in an orderly and effective manner," Barrett said in dissent. "To do otherwise undermines the integrity of the Commission's regulatory process, creates potential unintended consequences and potentially creates false expectations among the consumer public." He said earlier deadline could create regulatory confusion because FCC still is considering petitions involving benchmarks and cost-of-service standards, and could be "continued drain on other Commission business." Unintended consequences could include reduced levels of cable service, less economic activity by programmers and other vendors, "the complete demise of smaller businesses" and reduced amount of available capital, Barrett said. He also said consumers could be frustrated by "significant delay" before FCC could process rate complaints.

NCTA, meanwhile, sent letter to all members of Congress saying that "virtually every cable subscriber's bill will change in some way during the next 2 months [because of reregulation], and this will create some confusion."

Letter from Acting Pres. Decker Anstrom said cable companies are "working hard to minimize disruptions and to keep their customers informed," but lawmakers also may get queries. Letter included fact sheet saying: (1) Changes, including amount of rate reduction, will vary. (2) Some basic subscribers actually may see rate hikes. (3) Some subscribers will pay more for leased equipment, some less. (4) Some may have to begin paying for service calls. (5) Tier changes are possible. (6) Must-carry will cause changes in channel lineups and some cable networks already have been dropped to make room for must-carry stations; NCTA said about 2,000 cable systems with 1/3 of all subscribers have no empty channels. (7) Bill itemization will make subscribers more aware of govt. costs, including franchise fees, taxes and public, educational and govt. (PEG) channel requirements.

FCC's Advanced TV Advisory Committee will conduct "staged review" of HDTV Alliance's proposals to merge systems, rather than give full authority to build prototype system, shortly after Aug. 11 meeting, as originally planned, Chmn. Richard Wiley said. He said review of individual components spread throughout fall would comply with Alliance's schedule needs and "ensure that any authorization to the Grand Alliance to construct its system is fully informed." Under new schedule in letter from Wiley to participants, Aug. 11 meeting simply will review progress and firm up development schedule, Sept. 14 session will approve audio, transport and format/scanning specifications, and meeting later in fall will review transmission system and interoperability issues. Wiley said new Joint Expert Group is being set up to deal with interoperability.

NAB could decide within about 60 days whether to renovate or sell its building in Washington, spokeswoman confirmed. Pres. Edward Fritts briefed staff on work on comprehensive building plan July 28, but said no final decisions had been made. Selling structure is considered unlikely because of weak Washington real estate market, and renovation is complicated by asbestos in building. Fritts assured staff that asbestos isn't danger now, and environmental firm is doing regular monitoring. If NAB decides to renovate entire building, it probably would move staff to temporary offices for about year.

Movie studios have sued estimated 3,000 cable operators in U.S. Dist. Courts around country for failing to pay interest that filmmakers say is due on copyright royalties that were withheld in 1986-1987 dispute. Estimated \$10-\$15 million is at stake, said Dennis Lane, lawyer representing MPAA in copyright cases. Suits were filed in every district where cable systems withheld payments in dispute with Copyright Office on how copyright fees should be calculated. MPAA eventually won dispute in U.S. Appeals Court, D.C., forcing cable operators to pay \$106.9 million in additional royalties.

At recent NPR board meeting, News & Information Vp William Buzenberg said that, as result of budget, it has no FY 1993 funds left for unscheduled news coverage following its coverage recently of Ruth Ginsburg confirmation hearings. Faced with what he termed unit's "tightest budget in 3 years," he said it also has decided not to have correspondent travel with President Clinton in Aug. or Sept.

FCC set Sept. 15 lottery date for interactive video and data service (IVDS) licenses in 9 of largest markets. Two licenses will be awarded each in N.Y.C., L.A., Chicago, Philadelphia, Boston, San Francisco, Washington, Dallas, Houston.

NBC--CONSENT FOR CARRIAGE: NBC definitely is interested in trading retransmission consent for carriage of 3 new cable networks on cable systems (TVD July 19 p1), Gen. Counsel Richard Cotton confirmed at news conference with TV critics in Universal City, Cal. "We are twisting ourselves into a pretzel to be flexible and reach a negotiated solution," he said. "However, there is no movement from the other side, despite the ABC and Fox deals." Meanwhile, Fox said its new retransmission consent-related cable network topped 15 million subscribers with deals with 6 MSOs, and another broadcaster said it signed cash consent deals.

Broadcasters and cable still are far apart in retransmission consent talks, Cotton said, and 3-network plan hasn't even been discussed with them in any depth. He said cable operators are likely to begin notifying subscribers of potential channel changes well before Oct. 6 deadline, but said he assumes operators will indicate to users that agreement still is possible. "If we are not successful, both sides have contingency plans, but it would not result in any kind of a pretty picture," Cotton said.

Cotton would provide few details about 3 new cable networks, although he said there's possibility that NBC would split CNBC. In that case, Financial News Network would become 24-hour financial news channel and CNBC 24-hour talk channel, he said. Other new channels reportedly would be sports news to be launched by SportsChannel and domestic feed of NBC's Spanish-language news service.

Fox said deals with 6 MSOs indicate "the positive response we have been receiving" to network's proposal to trade retransmission consent for carriage of 2nd cable network (TVD May 17 p2), although until announcement TCI had been only cable operator publicly committed to deal. New participants are Cox, InterMedia Partners, Prime Cable, TeleCable, Times Mirror, Viacom. Cable network Pres. Larry Jones said he's optimistic about concluding more deals soon. Latest deal gives Fox Cable access to about 25% of cable households.

Latest to announce cash consent deal is Spartan Radiocasting. Cosmos earlier said it signed such deal (TVD July 26 p4). Spartan Pres. Nick Evans said its stations signed deals with 2 cable systems, although identities of stations and systems weren't disclosed. "This proves that such agreements can be made -- and that the broadcast signal has value," Evans said.

N.Y. Telephone (NYT) will carry video signals on fiber cables to 2,500 apartments in 3 buildings in Manhattan for Time Warner (TW) Cable as part of one-year joint video dial tone (VDT) trial, as approved by FCC, companies said. TW's Paragon Cable Manhattan and TW Cable of N.Y.C. will participate in test. Trial is designed to deliver advanced services by combining transmission and switching facilities of telephone and cable operations. TW Cable N.Y.C. Pres. Richard Aurelio said company has been critical of "several aspects" of VDT application and has "raised questions" on those issues with FCC, but "we believe our participation in this experiment will contribute to a broader understanding of this technology." NYT said last year it also would carry Liberty Cable channels to same 3 buildings, but now transmits signals by microwave, rather than cable. Programmers also will be able to store programming on NYT's server. Network will be available to any programmer that requests access on "first-come, first-served" basis, NYT said, in accordance with FCC mandate that trial allow equal access to programmers.

In decisions that could affect succession after CEO Daniel Burke retires, possibly as early as Feb., Cap/ABC promoted ABC TV Network Pres. Robert Iger and 2 other executives. Iger, who became network pres. in March, was advanced to one of 2 exec. vp slots at parent company, reporting directly to Burke (other exec. vp is John Fairchild, long-time chmn. of Fairchild Publications). Iger also will continue as pres.-ABC TV Network Group. Cap/ABC officials refused to say that promotion puts Iger in position to succeed Burke, who has indicated he may retire when he turns 65 in Feb., but action was considered signal that company is likely to replace Burke from inside. In other moves, Stephen Weiswasser was promoted to pres. of new Cap/ABC Multimedia Group and will resume oversight of company's legal and govt. affairs. Weiswasser, a senior vp of parent, has been exec. vp-ABC News and previously was gen. counsel of Cap/ABC. Vp-Gen. Counsel David Westin was promoted to senior vp of parent and pres.-production, ABC TV Network, reporting to Iger. He had been overseeing legal and govt. affairs. Decision also includes restructuring that establishes 4 divisions within Cap/ABC -- TV Network Group headed by Iger; Publishing Group, Phillip Meek; Best. Group, Michael Mallardi; Multimedia Group, Weiswasser. Multimedia Group will try to expand business opportunities in interactive, pay-per-view, video-on-demand, videocassette and discs, HDTV, digital TV. Burke said restructuring "underscores the importance of in-house production and new media as targeted areas of growth."

Group of 11 senators wrote FCC Chmn. Quello July 21 asking what relief Commission intended to grant cable operators with fewer than 1,000 subscribers. Letter, signed by 10 Republicans and one Democrat, said proponents of cable bill "hailed [it] as a victory for consumers." But they said "rural customers will think otherwise if their cable systems are forced out of business because they could not comply with the regulations." Letter also told Quello that although he may have heard from only few members of Congress on cable issues, and "therefore you may have concluded that the rest of Congress is uninterested in your actions," he should "be assured that we are very interested in the Commission's activities." Republican signers were Minority Leader Dole (Kan.), Asst. Minority Leader Simpson (Wyo.), Commerce Committee members Burns (Mont.), Lott (Miss.), McCain (Ariz.), Packwood (Ore.), Pressler (S.D.), and Stevens (Alaska), as well as noncommittee members Brown (Colo.), Wallop (Wyo.). Sen. Shelby (Ala.) was sole Democrat to sign. (Note: According to TV & Cable Factbook, there are 1,021 systems with fewer than 1,000 subscribers (out of 11,083 total systems), and they serve only 1,017,620 subscribers (1.9% of U.S. total).

Federal judge in Las Vegas vacated part of order freezing assets of wireless cable companies being investigated by FTC. Court lifted freeze on assets and business control of Midas Media and other defendants marketing wireless cable system in Omaha, allowing Midas to continue to manage Sky Cable there. As part of agreement, Midas agreed to fund independent study of operations and viability of Sky Cable, to be overseen by court-appointed special master. Study could cost \$50,000.

Flood Aid telethon broadcast by more than 280 TV stations across country to benefit midwest flood victims had raised more than \$4.3 million by July 30, organizers said. Large donations included \$1 million matching challenge grant from Monsanto and \$100,000 from Johnny Carson.

NAB's Hundred Plus Exchange for small-market TV stations is set for Sept. 11-13 at Loews Anatole, Dallas -- 202-429-5366.

FAIRNESS DOCTRINE BILL READY: Declaring that "gridlock is over" on question of codifying fairness doctrine into law, House Telecom Subcommittee Chmn. Markey (D-Mass.) July 26 laid out his case for legislation at hearing on issue and received support from 2 important Republican members on panel.

One, Rep. Oxley (R-O.) said he had opposed codifying doctrine in past, but now has changed his mind after seeing "so many examples of unfair journalism" and finding arguments by those favoring doctrine to be persuasive. Subcommittee's ranking Republican, Rep. Fields (Tex.), said there's "strong bipartisan support" for bill. Markey, who has supported similar measures in past, said doctrine, if put into law, wouldn't interfere with judgments of broadcast journalists and generally wouldn't put "onerous burden" on them.

Markey tried to make doctrine more palatable to National Religious Bcstrs. (NRB), which testified against it. NRB Pres. Brandt Gustavson opposed codification on ground that expressing support for religious principles could leave religious stations, many of which are small, open to many challenges and requests for time for replies.

But Gigi Sohn, deputy dir. of Media Access Project, testified that there's difference under doctrine between broadcast that discusses religious or personal issue without reference to public policy, or one that specifically ties in to public issue, such as pending legislation on gays in military or abortion. In first case, there would be no doctrine opportunity to reply, but in 2nd there would, and properly so, Sohn said. Markey suggested to Gustavson that Commerce Committee report on bill, assuming legislation is passed, would be very clear in making that distinction. He said report could use example in which Gustavson quoted from book of Jeremiah in passage that could relate to abortion, but didn't specifically mention current political issue as one concrete example of difference.

Also opposing codification was Laurent Scharff, gen. counsel of RTNDA, who said that basis for doctrine -- spectrum scarcity -- no longer exists and that it would be too intrusive into journalism processes. He said most fairness complaints come from special-interest groups that object to TV coverage and try to force their viewpoints onto air. But ex-TV journalist Rep. Margolies-Mezvinsky (D-Pa.) said she had found doctrine helpful during her career, certainly to assignment editors who knew they would be required to present all sides of story while it still was developing. Margolies-Mezvinsky said that "what scares me that most is the move to tabloid journalism" in TV news in which shows try to "avoid being fair."

Codification was supported also by Robert Peck, ACLU legislative counsel, and Scott Denman of Safe Energy Communications Council. Denman said his group's research had found that while doctrine was in effect citizens' organizations generally had good relations with broadcasters and were able to get "reasonable opportunity" to air their viewpoints. After doctrine's virtual repeal by FCC, he said, those relationships worsened. Denman said generally overlooked side of debate is access to air through advertising, and said doctrine has come into play during election debates over ballot questions in which one side outspends other, without giving other side opportunity to present its views.

One bill (HR-1985) already has been introduced by Rep. Hefner (D-N.C.) to codify doctrine, and Markey and Commerce Committee Chmn. Dingell (D-Mich.) probably will introduce their own this week.

Cable operators don't have to allocate franchise fees among various tiers because of confusion caused by earlier rate regulation instructions, FCC said in latest series of answers to questions about rate rules. In answers released July 30, FCC said it would delete question about allocating fees from final Form 393 that will be distributed. Answer sheet also said Commission will accept use of actual anticipated costs, rather than previous year costs, on forms in some cases, such as new wage agreements. It said, however, that operator should include explanatory statement with form. Other answers include: (1) Data on such elements as tiers offered and number of subscribers should be accurate as of date form is completed. (2) Program service, equipment rates, channel lineups and franchise fees must be identical in order to use systemwide data, rather than franchise area; FCC said local franchising authority also can designate other items that must be identical before systemwide data can be used. (3) System operators can allocate equipment revenue to franchises based on percentage of system's subscribers within that franchise area, or use other "reasonable" allocation methods, subject to franchise authority approval.

FCC is launching rulemaking that could lengthen required holding period to 3 years from one year for broadcast licenses won through comparative process. Commission earlier had considered granting "service continuity preference" to applicants that promised to hold station at least 3 years, but proposal said public interest would be better served by mandatory period. FCC said benefits would include assuring that public is served for longer period by applicants with superior attributes. Antitrafficking rule also would "safeguard the comparative process from applicants with unrealistic or deceptive proposals," it said. Commission sought comment on tentative conclusion, as well as: (1) Whether one-year holding period should apply to licenses granted as result of settlements of comparative proceedings. (2) What reporting requirements should be set. (3) Whether longer holding period should apply to all existing and future authorizations. (4) Whether FCC should launch separate proceeding to impose similar holding requirements on licenses obtained ways other than through comparative process.

Echoing previous statement by TCI, Time Warner (TW) said it will use cost-of-service challenges to FCC cable rate rules "very sparingly and only in those cases where it is clearly warranted." Also like TCI, TW said new benchmark rate rules will cut its revenue about 5% -- estimated \$90-\$100 million per year for TW. MSO issued statement saying loss would be offset in part by increases in optional services, ad sales and subscriber growth. "There is no question the new law and the FCC price regulations will have a negative impact on our cable revenues," said James Doolittle, pres.-COO of Time Warner Cable. He said many subscribers will get lower bills, but others will see increases. Despite revenue drop, Doolittle said, TW remains "firmly committed" to \$5-billion plan to install "Full-Service Networks" in virtually all of its cable systems by 1998.

U.S. Satellite Bcstg. (USSB) began construction of Direct Satellite Service (DSS) uplink center in Oakdale, Minn. Center is built around 10-17 GHz transmitters and 2 Vertex 9-m Ka-band dishes, located inside "antenna atrium" that will guarantee 24-hour, 365-day serviceability, company said. C- and Ku-band downlinks and technical operations center will serve as source for programming, it said. USSB expects facility will be completed in Oct. and transmission and control equipment will be ready in Dec., in time for planned launch of Hughes' first DBS satellite, on which USSB will lease capacity.

TCI ORDERS DBS SATELLITES: Loral said it received \$400-million contract to provide 2 high-power DBS satellites to TCI. Loral will deliver satellites in orbit in June and Oct. 1996 to TCI subsidiary Tempo, which holds FCC permit for DBS. TCI Technology Vp David Beddow said deal was "revision of contract" companies signed in 1990, but "updated with today's technology," particularly digital transmission. Tempo plans to use capacity for DBS and for delivery to cable headends, he said.

Primestar Partners, whose satellite capacity is expected to expire in 1996 at end of life of Satcom K-1, has option to lease Tempo capacity, Beddow and Primestar said. However, Primestar source said company has had that option for 3 years and hasn't exercised it. Asked whether satellites are replacement birds for Primestar, he said "the deal is between Tempo and Loral." Beddow said Tempo has said repeatedly that it intends to be in DBS business through Primestar, which has made numerous programming agreements. Primestar is 23% owned by TCI.

Each satellite will carry 32 high-power transponders (107 w), switchable to 16 transponders at 200 w that are designed for digital transmission of compressed video to cable headends and home dishes. Loral said satellites' bus design is based on its FS 1300 platform.

At least 139 TV stations are transmitting ghost-canceling reference signal (GCR), according to NAB survey in June. GCR is necessary for ghost-canceling to occur in TV sets so equipped. NAB surveyed more than 1,000 TV stations, received 739 responses. Of those, 18.8% had begun GCR transmissions within 6 weeks after FCC approved system using line 19 of vertical blanking interval. Total of 90 VHF stations and 49 UHF were transmitting GCR. Not surprisingly, usage was heaviest in top-10 markets (38%), lowest in 100+ markets (8%). PBS stations were most active (24%), followed by NBC affiliates (22%), Fox (20%), CBS (18%), ABC (16%), independents (14%). Of those that don't transmit GCR, 81% said they plan to.

AT&T Network Systems said it completed proof-of-concept testing of system allowing telephone and cable companies to deliver telephone and video over same fiber and coaxial cable networks now used to distribute cable TV. Previously announced Cable Loop Carrier-500 (CLC-500), developed by AT&T Network Systems and Antec, will allow users to receive telephony and video from same facilities. System will enable telcos to use coaxial cable to extend networks to new areas and cable companies to add telephone. AT&T said CLC-500 will be available to U.K. in early 1994 and U.S. trials will begin later this year.

Multichannel programmer, rather than licensee of physical facilities, is subject to FCC's new cable EEO rules, Commission said in clarifying text of EEO order. For example, it said, local exchange carrier that offers video dial tone but doesn't directly control selection of video programming isn't subject to rules, but programmer that uses channel capacity is. Same applies to wireless cable and DBS, FCC said. In footnote, it extended that to include those that use MDS or ITFS channels to distribute 2 or more video channels to consumers.

ABC will launch ABC Advisory Hotline Aug. 1 to provide information on its programs that carry parental or viewer advisories. Toll-free 800 number will include recorded message updated twice per week -- 800-213-6222. During weeks when no programs carry advisories, hotline will provide information on children's programming.

FCC should start new rulemaking to force cable to open its in-home wiring to competitors, even while subscriber still is taking cable service, according to petition filed by Media Access Project, USTA and Citizens for a Sound Economy. Commission had declined to extend its cable home wiring rules that far in Cable Act-related decision, but indicated then that it would consider further rulemaking. Petition said cable wiring rules should be similar to those for telephony, in which in-home wiring can be used by any service provider, even when original installer still is using it. Groups said convergence of cable and telephony is accelerating, and allowing everyone to use in-home wiring would remove barrier to entry caused by cost and inconvenience of installing redundant wiring. Petition said new rules also would stimulate competition because "cable operators can and do use their bottleneck control" over wiring "to thwart competition."

FCC is considering lifting freeze on MMDS/MDS applications, at least in part, as it works its way through backlog that caused freeze April 9, 1992, it said in public notice July 28. Backlog of applications, which had reached 20,000, has been whittled down to 8,500 (plus more than 4,000 legal challenges), Domestic Facilities Div. said. Notice said backlog "soon will be reduced to a point where new applications of an uncontested or routine nature may be processed." Commission said it wants to focus first on applications that will expand service fastest and asked for public comment on how to do that. Among its suggested possibilities: (1) Limiting new applications to existing licensees that are prepared to expand service immediately. (2) Expanding protected service areas of currently operating systems. (3) Simply maintaining freeze until entire backlog is reduced or eliminated. Comments are due Aug. 30.

Minority employment in TV news reached new high at 18.5% in 1992, vs. 17.4% year ago, Radio & TV News Directors Foundation survey found, but radio news employment of minorities dipped to 11.3% from 11.6%. Most of gains were among Hispanics, with black employment virtually level. Women continued to constitute just over 1/3 of average news staffs in TV, just under 1/3 in radio. Percentage of white males on TV news staffs dropped to 55% in 1992 from 77% in 1972.

QVC will launch new channel called Q2 in spring, Chmn. Barry Diller said. Q2 will include shopping, also will have programming with "editorial point of view," he said. Programming will be designed to provide solutions to everyday problems such as finding right computer or preparing for dinner party, QVC said. "Q2 is a blank piece of paper with no built-in biases," Diller said. Pres. will be Candice Carpenter, former head of Time-Life TV & Video.

Second broadcast group said it signed deal in which it will receive cash for retransmission consent. Cosmos earlier said it signed such deal. Latest is Spartan Radiocasting, one of first groups to say it would demand cash. Pres. Nick Evans said its stations signed deals with 2 cable systems, though identities of stations and systems weren't disclosed. "This proves that such agreements can be made -- and that the broadcast signal has value," Evans said.

FCC set up cable information hotline to provide information on Cable Act to consumers, franchise authorities, cable companies, others. Information options include rate complaints, obtaining forms, dropped programs, nonrate complaints, obtaining copies of rules. Telephone numbers of 24-hour hotline are: (1) English, 202-632-0004. (2) Spanish, 202-632-0100. (3) Telecommunications Device for the Deaf, 202-632-6999.

Personals

Thomas Morrow, ex-U S West Cable vp, appointed pres., Time Warner Communications, new unit of Time Warner Cable Ventures... **Candice Carpenter**, former Time-Life TV & Video head, named pres., Q2, new QVC-owned TV shopping/programming service... Promotions to ESPN vp: **Bruce Blair**, Central Region; **Lee Durham**, ad sales, Detroit; **Tom Hagel**, ad sales, N.Y.; **Dennis Murphy**, ad sales, L.A.; **Evan Sternschein**, ad sales, N.Y... Appointed to General Instrument board: **Daniel Akerson**, pres.-CEO, MCI; **John Brown**, chief scientist-corporate vp, Xerox; **Morton Meyerson**, chmn.-CEO, Perot Systems... **Lee Keenan** named vp-personnel, General Instrument... National Academy of Cable Programming Exec. Committee appointments: **John Hendricks**, chmn.-CEO, Discovery Communications, as chmn.; **Shelley Duvall**, chmn.-CEO, Think Entertainment, secy.; **Tim Robertson**, pres.-CEO, Family Channel, treas.

John Dimling advanced to pres.-COO, Nielsen Media Research, succeeding **William Jacobi**, named senior vp, Nielsen parent Dun & Bradstreet... WTTV Bloomington-Indianapolis appointments: **Michael Granados** as vp-station mgr.-sales dir., **Michael Evans** as business mgr... **Willie Chriesman**, ex-Fox News Service Wash. exec. producer, named asst. news dir., WCVB-TV Boston... **Michael Braun** appointed pres.-CEO, Kaleida Labs... **Beth Braen** named dir.-creative services, National Assn. of TV Program Executives.

Susan Davis, founder and ex-mgr., Lancaster, Cal., performing arts center, joins National Public Radio as dir.-policy and station services... Changes at American Public Radio: **William Miller**, chmn., Irwin Financial Corp., Columbus, Ind., elected to 5-year term as chmn., succeeding **William Dietel**, head since 1988; **Elinor Gould**, ex-Tyrone Guthrie Theater, Minneapolis, joins as dir.-foundation and govt. support... **Mark Vogelzang**, WHYI-FM Philadelphia mgr., named pres., Vt. Public Radio... **Judy Stone**, Ala. Public TV exec. dir., elected FY 1994 chmn., Southern Educational Communications Assn. (SECA); Ark. Education TV Exec. Dir. **Susan Howarth**, elected vice chmn., automatically will assume post for FY 1995... **Glenn Dixon**, former PBS dir.-news and public affairs, joins WHMM Washington as dir.-programming and productions.

Jody Brockway, ex-Hearst Entertainment vp-development, named dir.-motion pictures and miniseries for TV, NBC West Coast... **Mark Mason**, ex-WFAN-AM N.Y. operations mgr.-program dir., named gen. mgr., ESPN Radio Network... **Helena Mitchell**, chief, FCC Emergency Best. System, will address Mich. Public Bestg./Mich. Assn. of Bestrs. annual convention Aug. 3, 10:15 a.m., Boyne Highlands Resort, Harbor Springs, Mich.

Rumored strong candidates for National Public Radio (NPR) presidency: Former Ohio Gov. **Richard Celeste** (D); PBS Exec. Vp **Robert Ottenhoff**; **Thomas Thomas**, founder and principal consultant to Station Resource Group. NPR board has scheduled special meeting for 2nd week of Aug. to interview finalists. Ottenhoff, founder and former mgr. of WBGO-FM Newark, called mention of his name "idle speculation" and said he hadn't had any conversations with NPR Search Committee.

FCC is seeking another round of comments on cable-consumer electronics compatibility as result of compromise agreement by NCTA and EIA (TVD July 26 p10). Comments on rulemaking are due Aug. 10.

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New form of cooperative to own wireless cable licenses is being proposed by group that includes 2 persons formerly associated with wireless cable application firm Applied Telemedia Engineering & Management (A-TEAM). Proposal is called Application Resolution Trust (ART), in which persons withdrawing FCC applications for wireless cable licenses would be able to invest to obtain at least small interest in other licenses to be leased or bought from successful applicants. Group said ART also may file new applications for wireless cable licenses in up to 40 additional markets. Gerald Rourke, attorney for ART, said \$455 would buy undisclosed interest in undetermined number of licenses, but ART members would have to invest more to actually develop wireless cable systems. Rourke said ART wouldn't differ significantly "in effect or result" from settlement groups, but legally is different because applications are dismissed before members enter ART. Rourke said ART also will challenge FCC decision to freeze wireless cable processing. He was listed in A-TEAM brochures as firm's Washington counsel. Other major organizer is Marcus Dalton, who said he was consultant to A-TEAM, which has been subject of several FTC and state actions.

TvB has moved to 850 Third Ave., 10th floor, N.Y., N.Y. 10022-6222, phone unchanged.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	JULY 10-16	1992 WEEK	% CHANGE	JULY 3-9	28 WEEKS 1993	28 WEEKS 1992	% CHANGE
TOTAL COLOR.....	247,429	280,941	-11.9	206,372	10,998,911*	10,000,793	+10.0
DIRECT-VIEW...	243,879	277,011	-12.0	204,059	10,823,826*	9,841,936	+10.0
TV ONLY.....	229,058	267,172	-14.3	196,167	10,217,080*	9,437,612	+ 8.3
TV/VCR COMBO.	14,821*	9,839	+50.6	7,892*	606,746*	404,324	+50.1
PROJECTION....	3,550	3,930	- 9.7	2,313	175,085*	158,857	+10.2
VCR DECKS.....	140,415	161,638	-13.1	75,721	5,441,641	5,290,681	+ 2.9
CAMCORDERS.....	28,955	37,077	-21.9	27,062	1,384,360*	1,214,889	+13.9
LASERDISC PLYRS#	4,085	4,045	+ 1.0	1,465	101,965	107,318	- 5.0

Direct-view TV 5-week average: 1993--388,869; 1992--357,214 (up 8.9%).

VCR deck 5-week average: 1993--212,743; 1992--191,921 (up 10.8%).

Camcorder 5-week average: 1993--60,096; 1992--50,612 (up 18.7%).

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

MATSUSHITA'S PLANS FOR FLAT PANEL TV: Matsushita held first demonstration of production model "Flat Vision TV" -- with its 14" beam matrix display (TVD July 26 p13) -- last week in Osaka and announced goal to produce at least 14 million flat panel displays annually within 7 years.

Those attending demonstration saw picture on panel 3.9" deep that appeared very similar to that of standard cathode ray tube. Flat Vision TV goes on sale Oct. 1 in Japan at 288,000 yen (currently equivalent to \$2,690). Company said it will produce 1,000 units monthly at outset, and plans to develop "larger, wall-hanging models," and eventually raise picture quality to level for use in HDTV receivers. Matsushita said it already can make displays in sizes up to 25" and models up to 40" are possible, but big sizes pose more difficulties than smaller ones. (System displayed in Osaka would have 13" picture on basis of measurement system used in U.S.) Displays for "computers, multimedia devices and other areas that will benefit from... slim body design and high picture quality" are in future.

Overseas sales of Flat Vision aren't in works before end of next year, company official said, presumably awaiting reduction in pricing as production increases. One Matsushita source said production cost of flat display will be 1.5-2 times that of conventional picture tube in mass production. However, spokesman said production technology actually is simpler than that for CRT, and once mass production system is developed it will be easy to adapt to manufacturing overseas as well as in Japan.

As noted in past, system that first was displayed in prototype in 1985 is basically adaptation of CRT technology, producing picture in evacuated glass bulb when electron beam strikes phosphor screen. However, Flat Vision (in 14" version) is basically made up by equivalent of 9,680 individual picture tubes or cells, each with separate electron beam source. In place of CRT's electron gun, it has 44 horizontal "line cathodes" running width of tube, with 222 vertical control electrodes, producing 9,768 spots where cathode and control electrode come together. Each spot, or matrix, controls its own screen area with 20 sets of red, green and blue phosphor dots, 10 sets vertically by 2 horizontally. Deflection is electrostatic.

Cross-section of glass tube sandwich contains, from back to front, flat rear electrode, control electrode, signal modulation electrode, focus electrode, horizontal deflection electrode, vertical electrode, phosphor screen. Principle is similar to that developed at David Sarnoff Research Labs (when it was part of RCA) for modular color tube that never resulted in product. Matsushita says it has 133 domestic patents on Flat Vision technology and is applying for 1,300 more, and has been granted 50 foreign patents with 17 more pending.

First Flat Vision display measures 8x10.7", with diagonal of 13.35", is 98mm deep (3.86"). It has resolution of 442x440 pixels (total 194,480). TV set itself measures 17" wide, 19" high, 10" deep, weighs 35.7 lb., has TV and cable tuning, 4 speakers, consumes 85w power.

Announcement of new display said company planned to expand Flat Vision to "more than 10%" of worldwide display market by year 2000. Matsushita estimates that market -- including CRTs and LCDs -- currently is about 140 million units annually. In business plan, covering 1993-2000, Matsushita sees major TV uses expanding from single 14" model to small TV/VCR combo, wall-hanging midsize widescreen TV to large-screen rear-projection system (projection applications weren't explained).

'MODEST IMPROVEMENT' IN ZENITH OPERATING LOSS: Zenith continued deeply in red in 2nd quarter 1993 -- 6th consecutive quarter of losses and 13th quarter out of 14 in deficit column. Although latest loss was \$24.7 million vs. \$15.2 million a year earlier (see financial table), operating results before special items showed "modest improvement," Zenith said.

Because last year's 2nd quarter included \$13 million in royalties (including past royalties) on Zenith's cable tuning patent plus \$4-million tax credit and this year's period reflected only \$5 million in royalties, company said that its operating results, excluding royalties, declined to \$26 million from \$29 million. First-half net loss was \$46.5 million, up from \$43.8 million year earlier.

Sales in 2nd quarter declined slightly, but color shipments increased, Zenith said, noting that "shipments of other electronics products" slipped. Second-quarter operating results, company said, reflected "a strong increase in Zenith color TV unit sales to dealers from a year ago." That gain, combined with cost reductions, "more than offset the continuing adverse effect of several 1992 industry price reductions," Zenith said, and "color TV prices have remained relatively stable this year."

Cost reductions were spelled out: Cost of products declined 1.7% to \$265.7 million from \$280 million; selling, general and administrative expenses were trimmed to \$23.2 million from \$24.3 million; engineering and research costs dropped to \$11.6 million from \$14.2 million.

Zenith continued sale of equity to raise capital, announcing agreement to sell 750,000-1.2 million shares of new common stock (2.3-2.6% of outstanding shares) to Fletcher Capital Markets at price "related to transactions on NYSE during a specified period." Together with previous purchase of 1.5 million shares (TVD May 31 p16), this could make Fletcher largest Zenith shareholder, with as much as 9% of total, depending on size of eventual purchase.

* * * * *

While Thomson Consumer Electronics said last spring that sales of its N. American operation rose \$497 million in 1992 (TVD April 19 p10), company's annual report sheds little additional light on financial numbers. Table showing sales by geographic area (in French francs) indicates N. American sales of \$3.122 billion in 1992 (based on average exchange rate during year), up 13.1% from 1991's figure in francs. N. America was only area to post sales increase -- Europe, at equivalent of \$2.237 billion, was down 16.8% and other countries (\$416.3 million) down 5.7%.

At end of 1992, TCE had 10,144 employees in N. America, excluding Mexico (down 1.1% from 1991), of which 9,890 were in U.S.; 15,464 in Europe (up 13.7%, but including 3,341 employees of Polish picture tube venture in 1992), 15,665 in Asia (down 25.3%) and 9,156 in other counties including Mexico. "Other countries" category is dominated by Mexico, where company assembles TV sets for U.S. market, among other activities, and has 8,244 employees -- more than 80% as many as it has in rest of N. America.

Report itself reiterates points made in earlier release of data, Chmn.-CEO Alain Prestat saying: "We have turned a corner in every part of Thomson's worldwide operations." It said TCE produces almost 7 million TVs, 2 million VCRs, 22.5 million audio and communications products and more than 10 million picture tubes annually in 39 factories worldwide.

FURTHER DROP IN JAPAN CAMCORDER PRICES: Average price of camcorder exported from Japan to U.S. hit new low for 4th consecutive month in June, according to Finance Ministry figures released last week. Since last Dec., average export price (in yen) has dropped almost 20%, while price in June was 22.3% below average one year earlier.

That doesn't mean dollar prices have gone down apace, because most of or all of decrease has been vitiated by decline in value of dollar vs. yen. For example, although average price shrank 2,049 yen to June from May, dollar value was virtually unchanged at \$524.51 (vs. \$523.07 in May) because average value of dollar declined to 107 yen in June from 111 in May.

Average price in yen was 56,123 in June. Despite stronger yen, dollar price of average camcorder dipped 7.7% to \$524.51 from \$568.41 one year earlier because of even steeper drop of 22.3% in yen. Obviously, Japanese are trying strenuously to avoid pricing camcorders out of market by keeping prices relatively stable in dollar terms, compensating for rise in yen.

World still depends on Japan for camcorders -- it's source of some 95% of units imported by U.S. And, as camcorder sales here head for new record in 1993, inventories are low and Japanese shipments are rising -- up 78.1% in June alone, and 29.9% ahead of last year in first half. However, Japan is diminishing in importance as source of other products, which increasingly are coming from other Pacific Rim countries, with VCR shipments from Japan to U.S. down 30.5% in half and CD players down 4.7%, while Japan far ago ceased to be factor in color TV.

Average value of VCR shipped to U.S. from Japan rose 2.1% from May's low of 25,946 yen but was up 4.1% from \$233.74 dollar value to \$243.78. All-time low in dollars -- \$214.10 -- actually was hit in Sept. 1990, when one dollar bought 141 yen. While Japanese are holding down yen price of their VCRs, they're also transferring production of low-end models to other countries where costs are lower. Thus prices of more heavily featured models appear to be declining sharply.

First-half exports from Japan to Canada (June figures in parentheses): Color TV 581, down 80.5% (132, down 87%); VCR decks 87,719, down 54.5% (40,230, down 49%); camcorders 93,393, up 4.7% (22,864, up 12.1%); laserdisc players 8,790, up 17.5% (2,183, down 54.4%); CD players 251,867, down 12.3% (54,926, down 10.2%). Here are video and CD figures for Japanese exports to U.S. in June and first half:

Product	June '93	June '92	% Chg.	6 Mo. '93	6 Mo. '92	% Chg.
Color TV.....	13,482	21,073	-36.0	46,213	61,263	-24.6
VCR decks.....	380,169	557,738	-31.8	2,003,571	2,883,339	-30.5
Camcorders.....	340,056	190,945	+78.1	1,348,390	1,038,089	+29.9
Videodisc players	24,512	35,801	-31.5	119,469	149,164	-19.9
CD players.....	663,445	679,010	- 2.3	2,922,860	3,066,728	- 4.7

VIDEO MINIDISC AT LEAST 5 YEARS OFF -- SONY: Sony's announcement in Japan that it had become first to achieve stable emission of blue-green semiconductor laser at room temperature (TVD July 26 p15), while "an important step forward," isn't key to putting long-playing video on 2-1/2" MiniDisc, company said last week. That presumably will await commercialization of short-wavelength blue laser, which is 5 years in future, executives told journalists in technical seminar in N.Y. last week.

Blue laser will yield significant new applications in high-density optical media such as CDs and MiniDiscs, participants said. They said semiconductor infrared lasers of type used in conventional CD players are expected to give rise to shorter wavelength blue-green semiconductor lasers that would "make it possible to focus an even smaller beam spot" on disc, thereby increasing disc's storage density. But ultimate goal, Sony said, "is to demonstrate continuous-wave operation" of blue semiconductor lasers with wavelength of 460-500 nanometers (compared with 780 nanometers on infrared lasers) that would make it "possible to focus a yet smaller beam spot" on disc, increasing density 2.5 times.

Year ago, Sony Pres. Norio Ohga 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 -- and other possible format extensions -- would have to await development of semiconductor blue laser because of need for increased recording and storage density. Sony spokesman last week that company remained confident of innovations that could be achieved when blue laser was ready to be commercialized, but indicated it had no specific timetable for such product introductions.

Commenting on recent Sony announcement proposing MD Data as "next generation in data storage technology" (TVD July 19 p12), Art Rancis, mktg. vp in Data Media Products Div. of Sony Recording Media,

showed mockup of MD Data drive that appeared to resemble paperback book in shape and size. Company has said drive won't be marketed until mid-1994 and is undergoing R&D refinement.

Asked whether current MD audio hardware can be adapted to perform as data device later, Rancis said "the stated position is that you will be able to take MiniDisc audio and play it on a MiniDisc Data machine." But he said current audio MD product can't be retrofitted for MD Data use later because audio hardware and data drive use different mechanisms.

APPLE'S NEWTON LAUNCH: More than year after prototype was first waved by Chmn. John Sculley at Consumer Electronics Show news conference (TVD June 1/92 p10), Apple's Newton MessagePad pen-based handheld "assistant" hits streets today (Aug. 2) in N.Y. and Boston at \$699 retail. That price will fetch basic MessagePad, 2 styli, AC adapter, instructional videotape, "game" card designed as handwriting trainer. Apple will send additional stylus when product registration card is returned.

Device operates off 32-bit ARM 610 RISC processor, which Apple spokeswoman said is roughly equivalent to 486DX-based personal computer. It has 640K of RAM, 4MB of ROM and uses 336x240-pixel display. It measures 7.25x4.5x0.75", weighs just under one lb. It will be able to accept range of programs on PCMCIA cards (according to standards set by Personal Computer Memory Card Industry Assn.). Apple announced fall availability of 6 programs through recently established Starcore publishing group, part of Personal Interactive Electronics Div., responsible for Newton product line.

All production for first few days was allocated to N.Y. and Boston, Apple representative said last week. She said there would be "widespread availability toward the end of August." In presentation to potential corporate users in N.Y., she said CD-ROM-based "Sweet Pea" multimedia device will be on market "early next year," aimed at those with "heavy research needs" who need mobility afforded by handheld product.

Although Apple's product concept for Newton from beginning has been intimately tied to its communications capabilities (company for last month has been referring to it as "communications assistant" rather than previous "personal digital assistant"), basic unit will be capable of communicating only with another nearby Newton via built-in infrared system. User will need optional 9600-baud fax modem, messaging card and/or "connection kit" to gain capability of exchanging information with other devices. Retailers will market systems bundled with communications peripherals for up to \$950.

Newton is highest profile member of new class of portable communications and organizing devices. Sharp, which is manufacturing Newton for Apple, this week will unveil plans for version to be marketed under its own brand. "Zoomer," competing product developed by Tandy and Casio, is scheduled to ship in Oct. at similar price. AT&T/EO Inc. product, about size of small notebook but incorporating cellular phone capability, is on market now at \$2,000.

StarSight Telecast completed offering of 2.7 million shares at \$15. Underwriters were granted additional 405,000 shares to cover overallocments. Proceeds are slated for variety of corporate purposes, with \$15 million pegged for marketing and ad costs over next year. Company expects to begin "limited operational testing" of its on-screen interactive program guide late this year.

EMERSON FOLDS REMANUFACTURING: Emerson said it's closing servicing operation at Princeton, Ind., facility, dropping 153 employees Sept. 28. Remanufacturing and refurbishing operations there will be handled by outside companies. Emerson described action as part of "plan to improve its total customer service by outsourcing functions while at the same time reducing costs."

Princeton facility is 354,000-sq.-ft. building on 38 acres used for administrative offices, warehousing, shipping and service. Also in Princeton is plant of Orion Electric, which assembles TV sets and other products for Emerson. Orion is affiliated with Otake Trading, which accounted for 60% of Emerson's purchases in 1991, according to 1991 annual report, last available. Emerson representative said Orion wasn't affected by cutbacks.

Company was reorganized last year after change in major ownership and management.

Culminating 10-year process, Consumer Product Safety Commission (CPSC) granted exemption to videogame hardware manufacturers from regulations covering electrically operated toys, freeing them from host of requirements on labeling, manufacture, electrical design and construction, performance and maximum acceptable temperatures for surfaces and materials. Exemption was requested in 1982 by EIA Consumer Electronics Group. In intervening decade, CPSC compliance staff didn't enforce regulations against videogame makers. CPSC decided exemption wouldn't lead to safer products, but could force manufacturers to incur extra costs (which would be passed on to consumers) for possible product redesign, recordkeeping, labeling changes. Decision said manufacturers already comply with voluntary UL standard.

Intentions to buy TV sets sank to year's low in July, according to Conference Board, which showed only 4.2% of 5,000 households polled planned to purchase TV in next 6 months, down from revised 5.9% in June and year's high of 7.6% in Feb. July preliminary figure of 4.2% matched figure for July 1992. Low TV figure didn't mean people were thinking about air conditioners or vacations -- plans for both hit year's low. Only 1% planned to buy air conditioners, down from 1.4% in June and 1.2% in July 1992, while vacations were planned by 45%, vs. 48.6% in last summer's survey and 47% in April poll.

Matsushita has shipped 110,000 low-priced record-only camcorders since introduction in March -- 90,000 in Japan, 20,000 overseas -- Dempa Shimbun said. Article said company hopes to ship 300,000 by March. Unit isn't offered in U.S.

THIS WEEK'S YEN RATE

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

AT&T BUYS INTO INTERACTIVE NETWORK: AT&T's latest dip into interactive multimedia waters came last week in purchase of 20% stake in The Sierra Network (TSN) -- service that lets computer users play games against each other and otherwise communicate over common phone lines -- with series of options that would allow it to gain majority ownership within 3-5 years. Deal, originally announced when letter of intent was signed in spring by AT&T, software publisher Sierra On-Line (SOL) and investment firm General Atlantic Partners, leaves SOL with 60% and General Atlantic with 20%; AT&T and General Atlantic Partners paid \$10 million for their stakes.

Under agreement, TSN has been renamed The Imagination Network (TIN), and will give SOL \$5 million to develop content for network. Deal is first multimedia venture announced since AT&T earlier in July named Exec. Vp Robert Kavner as CEO of new formed Multimedia Product & Services Group as part of management restructuring. Kavner called Sierra deal "exactly the type of relationship AT&T's recent reorganization is meant to promote. Our group's charter is to pursue opportunities... that result from the convergence of computers, communications, consumer electronics and entertainment. TIN sits squarely at that intersection..."

Since beginning of year, AT&T's moves into consumer multimedia markets have included equity investment in 3DO (with plans to launch networked version of 3DO console next year) and plans to market The Edge 16 -- device that plugs into Sega Genesis console that would allow players to compete in real time over phone lines (TVD June 14 p16). Both would seem to be interleaved with Sierra deal. Agreement specifies that AT&T will provide TIN with \$3 million in development funding to support access from The Edge 16, scheduled to come onto market by next summer. AT&T spokesman, asked about potential of making TIN available over cable, said "that's a logical direction to go in." SOL Pres.-Founder Kenneth Williams said that TSN "has dealt from the beginning for the eventual migration into the broadband environment," although he noted that "twisted pair does not necessarily mean low bandwidth any more."

Williams said \$5 million in development funds would speed software creation for network, adding that TSN -- which formerly was SOL subsidiary -- had spent "well under \$1 million on development in the last year. It's important to get hot content" on TIN. He said SOL has put more than \$12 million into TSN since it was launched 3 years ago, and network couldn't grow without additional resources. Companies didn't release subscriber count, but total is believed to be only slightly more than 30,000, well short of 50,000 that SOL has said was break-even point. TSN intensified marketing push in last 9 months in effort to increase subscribers. However, according to SOL first-quarter financial report issued last week, TSN suffered \$1.8-million pretax loss despite revenue jump to \$1.9 million from \$377,000, attributed in large part to increased marketing costs.

TIN currently operates over U.S. Sprint switched data network that user accesses by dialing local number, paying \$12.95 monthly fee for 30 hours' use weekends and evenings, with midweek daytime usage and some other services at additional premium. TIN will be run by board consisting of members from each equity partner.

* * * * *

Home Box Office (HBO) acquired 10% of Crystal Dynamics, Palo Alto game and computer software developer, price not announced. Crystal Dynamics Pres.-CEO Strauss Zelnick said importance of HBO investment goes beyond

money. "The capital is really the least of it. There's a lot of creativity going on at HBO, and bringing it to bear on interactive product" should enhance Crystal Dynamic's development efforts. He also cited opportunities to license HBO properties; although licenses are not part of deal, "being in the family makes discussions about licensing more fluid."

Crystal Dynamics, whose Chmn. David Morse was head of company that developed technology for 3DO interactive multiplayer, will publish some of first software for 3DO system, scheduled to be launched under Panasonic label in Oct. HBO parent Time Warner owns share of 3DO.

NINTENDO, ATARI GAMES SPAR OVER RULING: U.S.

Dist. Court jury in San Francisco handed down split ruling in jousting between Nintendo and Atari Games (AG). Eight-member panel affirmed validity of Nintendo patent on security system for 8-bit Nintendo Entertainment System (NES) -- patent that U.S. Dist. Court Judge Fern Smith earlier had ruled was infringed by AG (TVD May 24 p19). On other hand, jury said AG didn't infringe on Nintendo trademarks in its packaging for unlicensed compatible cartridges by using Nintendo symbols to point out cartridge compatibility.

Nintendo attorney John Kirby lauded first part of ruling -- along with earlier decisions -- as "victory for the protection of intellectual property rights in computer hardware and software. [AG] launched an unprincipled assault on Nintendo's rights which has now been decisively rejected by both judge and jury." Nintendo also said it has asked attorneys to see whether any former or current executives of AG and parent Time Warner "can be held liable for the misappropriation and use of the Nintendo computer code from the U.S. Copyright office."

AG Senior Vp Dennis Woods said company plans to appeal latest ruling in what it called "a complex, multifaceted dispute." Other trials will be held on AG charge that Nintendo infringed on Atari patent in all NES hardware and software, and that Nintendo "improperly monopolized" home videogame market in late 1980s and 1990s. Woods reiterated oft-repeated statement that current actions have no effect on AG's business under Tengen brand name.

Meanwhile, Atari Corp. -- descendant of original videogame pioneer Atari, preparing to launch Jaguar game system in fall (TVD July 5 p14) -- rushed out news release to correct potential media "confusion" about identity of players in current dispute. "Atari Corp. has never been sued or charged with infringement of Nintendo's patents," it said, although noting that it has charged Nintendo with infringing on videogame patents relating to NES.

Long-running battle between Smith Corona and Brother, at U.S. taxpayers' expense, took another turn last week when Commerce Dept.'s International Trade Administration (ITA) suspended investigation of charge Smith Corona was dumping portable electric typewriters from Singapore after preliminary finding that dumping existed (TVD Feb 15 p17). ITA said all known Singaporean producers and exporters (presumably only Smith Corona and subsidiary) had agreed to revise prices to eliminate sales to U.S. at less than fair value, and therefore it would refund any penalties paid by Smith Corona. ITA served notice it would reopen investigation if it received legitimate request by Aug. 16 and, at any rate, would conduct administrative review in year.

BASF SLIMS FOR COMBAT: "We're not going out of business -- we're just getting smarter." That's rejoinder of Andrew DaPuzzo to rumors that BASF will leave U.S. market. Recently promoted to sales and mktg. dir. of Consumer Products, Audio/Video, from sales dir., DaPuzzo noted that U.S. operation has new autonomy and freedom to design and source own products.

Reorganization of BASF Corp. here was designed to eliminate duplication of function, DaPuzzo said. "We had local, regional and national officers," he said, but that operation was streamlined into 4 national managers, each specializing in specific type of retail outlet -- consumer electronics, warehouse and club, record stores, mass merchants.

Company has combined sales and marketing functions, with marketing programs tailored to specific types of outlets, and even to specific customers, so that in some markets no 2 retailers will have same promotions. "It's already beginning to pay off," DaPuzzo said. "July looks to be one of the best months in our history."

"Strategic alliances" is new key phrase for BASF. In Germany, company is making Maxell tape for European market, as already reported. In U.S., its videotape is being sourced -- and not necessarily from parent company. For American market, its standard grade videotape is being assembled in Mexico by Korean manufacturer (understood to be Kolon Scena) from Korean pancakes, while same manufacturer is assembling high-grade cassettes from German pancakes. In line with new autonomy, U.S. packaging is taking on new look as well.

BASF, which was co-developer of DCC tape, will sell blank MiniDiscs in Oct., according to statement from its Mannheim, Germany, hq. BASF press office there said company hadn't signed license to manufacture MDs but planned to buy them from "the supplier who makes us the best offer" for sale under BASF label. "If the MiniDisc system is more successful than now, BASF will produce MiniDiscs by itself," spokesman told us.

Campo Electronics, Appliances & Computers, New Orleans retailer, completed acquisition of Shreveport Refrigeration Inc. (SRI), buying all outstanding SRI stock for \$5.6 million cash. Deal adds 9 stores that did \$40 million in sales in most recent year. Campo operates 13 stores in La. and Miss.; in addition to providing expansion within La., SRI acquisition represents company's entry into Tex. In 3rd quarter ended May 31, Campo's sales rose 22% to \$22.1 million, with comparable stores up 7.8%. In most recent full year, company's sales of \$74.8 million generated \$1.1-million net profit.

Nintendo reported customs officials in Hong Kong "have smashed an international counterfeiting ring" responsible for sending thousands of counterfeit Nintendo game cartridges to Latin America. Company said games were manufactured in China, sent to Hong Kong for shipment to "Venezuela and other countries in South America and Central America." Company said Taiwanese couple and Hong Kong man were arrested. Nintendo filed petition with U.S. Trade Representative earlier this year asking for sanctions against Taiwan and China for inadequate enforcement against videogame piracy.

Fuji has begun building new Southeastern office and distribution center near Atlanta. Facility covers more than 100,000 sq. ft., more than double size of one in Norcross, Ga.

FORD EYES MINIDISC: Ford Audio executive branded as "misleading" claims in Philips DCC publicity newsletter that listed it among auto manufacturers that "have already declared their support for DCC." Don Duncan, Ford Audio Systems, said company views MiniDisc (MD) in more positive light than DCC, our affiliated Audio Week said July 26, based on recent momentum swing toward Sony format and long-standing view that small optical disc has better future in car environment than tape-based digital media.

Philips in-house DCC newsletter reported that Philips Car Stereo subsidiary in Wetzlar, Germany, plans big launch initiative for DCC821 player at Internationale Funkausstellung in Berlin in late Aug., saying Grundig, Panasonic, Alpine and Clarion also were expected to show DCC prototypes. Report said major automotive companies, including Ford, Delco and Chrysler-affiliated Acustar subsidiary "are now starting preparations for manufacture of players under their own accessory brands using DCC mechanisms supplied by Wetzlar-based Key Modules Group."

But when asked to verify that account, Duncan grimaced and said "that's very misleading." He said Ford, to keep abreast of developments in both new digital formats, has participated in DCC briefings and informed Philips it was prepared to make provision for DCC head unit in future vehicles if market developments warrant introduction. "But as we have monitored the recent trends, MiniDisc seems to be the format that has all the momentum right now," Duncan said, although he declined to speculate on prospects of Ford MD introduction.

Ford intends to jump into DCC market quickly if demand warrants, Duncan said, but company is negatively disposed toward Philips format because "of the same problems that have plagued cassettes all these years," including slow access time and susceptibility to jamming.

FIRST HALF AT-A-GLANCE: Here are EIA's monthly figures on sales to dealers for video products in 1993's first half, with 1992 comparisons:

COLOR TV SALES TO DEALERS

Month	Total		Direct View (TV Only)		Projection	
	1993	1992	1993	1992	1993	1992
January....	1,590,592*	1,332,819	1,484,787*	1,238,671	31,593*	29,672
February....	1,756,788*	1,421,950	1,636,164*	1,343,373	28,835	25,216
March(5 wks)	2,146,103	2,026,747	2,001,370	1,928,489	31,402*	30,768
April.....	1,597,733*	1,376,131	1,481,729*	1,294,874	22,010*	18,204
May.....	1,435,175	1,371,941	1,321,186	1,291,964	19,477*	17,476
June (5 wks)	2,018,719	1,906,029	1,866,619	1,799,814	35,905*	30,143
TOTAL.....	10,545,120*	9,435,617	9,791,855*	8,897,185	169,222*	151,479

VCR SALES TO DEALERS

Month	VCR Decks		Camcorders		TV/VCR Combos	
	1993	1992	1993	1992	1993	1992
January....	857,494	769,829	167,318*	154,357	74,212*	64,476
February....	763,129	804,213	158,484*	132,259	91,789*	53,361
March(5 wks)	976,718	903,904	214,967	185,746	113,331*	67,490
April.....	780,230	812,670*	253,527*	214,935	93,994*	63,053
May.....	787,126	740,948	239,680	216,562	94,512*	62,501
June (5 wks)	1,060,808	983,509	294,367	242,942	116,195*	76,072
TOTAL.....	5,225,505	5,015,073	1,328,343*	1,146,801	584,033*	386,953

* Record.

Ads & Promotions: Hitachi will use Reggie Jackson (inducted Sun., Aug. 1, into Baseball Hall of Fame) as spokesman, to be featured in TV and print ads scheduled for fall and winter. TV ads will begin during Aug.-Sept coverage of U.S. Open tennis tournament.

REX Stores Corp. is new name as of today for company formerly known as Audio/Video Affiliates. Name matches that on company's storefronts. New stock symbol on NYSE is RSC.

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
A. H. Belo			
1993-6 mo. to June 30	266,644,000	30,013,000	1.50 ^a
1992-6 mo. to June 30	248,858,000	18,905,000	.95 ^a
1993-qtr. to June 30	143,804,000	16,143,000	.80
1992-qtr. to June 30	134,150,000	12,452,000	.63
Clear Channel Communications			
1993-6 mo. to June 30	55,569,814	2,275,928	.19
1992-6 mo. to June 30	38,112,164	1,971,041	.17 ^b
1993-qtr. to June 30	31,548,701	2,156,672	.18
1992-qtr. to June 30	22,317,692	1,695,730	.14 ^b
C-TEC			
1993-6 mo. to June 30	137,082,000	(1,222,000)	-- ^c
1992-6 mo. to June 30	121,325,000	(5,664,000)	--
1993-qtr. to June 30	69,686,000	374,000	.02
1992-qtr. to June 30	61,454,000	(2,256,000)	--
Electrohome Ltd.^d			
1993-9 mo. to May 31	99,951,000	6,297,000	1.13
1992-9 mo. to May 31	96,875,000	(636,000)	--
1993-qtr. to May 31	33,327,000	2,555,000	.46
1992-qtr. to May 31	32,926,000	3,132,000	.57
Gaylord Entertainment			
1993-6 mo. to June 30	333,505,000	5,111,000	.12 ^c
1992-6 mo. to June 30	302,710,000	9,099,000	.22
1993-qtr. to June 30	195,361,000	13,399,000	.32
1992-qtr. to June 30	178,525,000	11,855,000	.28
M/A-Com			
1993-39 wk. to July 3	250,766,000	5,814,000	.24
1992-39 wk. to June 27	287,775,000	9,846,000	.41 ^e
1993-13 wk. to July 3	84,520,000	1,710,000	.07
1992-13 wk. to June 27	101,428,000	2,396,000	.10 ^e
Walt Disney			
1993-9 mo. to June 30	6,354,593,000	377,554,000	.69 ^c
1992-9 mo. to June 30	5,428,809,000	593,003,000	1.11 ^e
1993-qtr. to June 30	1,936,778,000	259,109,000	.48
1992-qtr. to June 30	1,883,312,000	220,755,000	.41 ^e
Washington Post			
1993-26 wk. to July 4	738,411,000	78,096,000	6.63 ^a
1992-26 wk. to June 28	706,004,000	65,432,000	5.53
1993-13 wk. to July 4	376,705,000	37,991,000	3.23
1992-13 wk. to June 28	376,933,000	45,752,000	3.87
Zenith Electronics			
1993-6 mo. to June 27	565,200,000	(46,500,000)	--
1992-6 mo. to June 27	545,200,000	(43,800,000)	--
1993-qtr. to June 27	274,700,000	(24,700,000)	--
1992-qtr. to June 27	280,000,000	(15,200,000)	--

Note: ^aIncludes special credit. ^bAdjusted. ^cAfter special charge. ^dIn Canadian dollars. ^eRestated.

Consumer Electronics Personals

Tom Allen, ex-Fox Bestg., named Virgin Games COO and parent Virgin Interactive Entertainment exec. vp--chief financial officer... **Cineplex Odeon Pres.-CEO Allen Karp** and **INSCI Corp. Pres.-CEO Raymond Sozzi** elected to board of software publisher Absolute Entertainment... **Jack Wayman**, former EIA/CEG vp, to receive S. David Feir Humanitarian Award at Anti-Defamation League dinner Nov. 13 in N.Y.; **Jack Reeves**, Federated Merchandising, **Joseph Verdi**, Marta, and **Edward Herrelko**, Whirlpool, will receive 1993 Torch of Liberty Awards... **Bruce Davis**, ex-Mediagenic and Activision, named pres. of TV Guide On Screen programming service.

Michael Mandas and **John Moore** appointed Kenwood Southeast regional mgrs. for home and car audio, respectively, based in new Atlanta sales office... **Jonathan Marshall**, ex-Premiere magazine, named account mgr. for consumer electronics at Rolling Stone-affiliated Family Life magazine, which launches Aug. 10... Changes at Sony

Recording Media Consumer Tape Div.: Mktg. Dir. **Steve Johnson** shifts to Eastern regional sales mgr., his duties to be assumed by Sales & Mktg. Vp **Bob Striano** until permanent replacement is named; **Stephen Denny** shifts from video products mgr. to new post of mktg. mgr.-audio category; Mktg. Project Mgr. **Tom Fukuta** promoted to mktg. mgr.-video category; Audio Products Mgr. **Howard Podolnick** appointed consumer media products mgr., new post... **John Hopkins**, ex-Motorola, joins Nokia Mobile Phones as U.S. mktg. dir.

Robert Baruc resigns as Triboro Entertainment Group pres. to rejoin Unapix Entertainment as pres. of new home video distribution subsidiary... **Palmer Video Pres. Peter Balner** appointed to VSDA board for one-year term... **MCA Home Entertainment Exec. Vp Sondra Berchin** resigns to start new International Media Consultants; MCA will be client... **Dan Norem** named Monarch Home Video mktg. and sales mgr... New regional sales mgrs. at PM Home Video: **Michael Devitt**, ex-LIVE Home Video and Rincon Children's Entertainment, North Central; **Robert Weinstroer**, ex-Columbia TriStar Home Video, South Central... Shifting from West Coast Video Duplicating to Matrix Video Duplication: **Howard Knopf**, named theatrical sales vp, **Teresa Petri** new business development vp... **Robert Carte**, ex-Kidder Peabody, joins Northstar Entertainment as chief financial officer.

BRAZIL CES PLANS: As expected, EIA announced agreement with Brazilian trade show promoter Guazzelli Associados to hold Latin version of Consumer Electronics Show (CES) next Aug. (TVD June 28 p11). "CES S. America -- Consumer Electronics and Home Appliance Show" is scheduled for Aug. 3-7, 1994, at Sao Paulo's Parque Anhembi Convention Center.

EIA Consumer Electronics Group said first 2 days of event will include consumer electronics conference program 10 a.m.-4 p.m., while exhibit hours all 5 days will be 2-10 p.m. As we reported, promoters are hoping to attract 30,000 trade attendees, 150 exhibitors, large S. American press contingent. While promoters appear to have abandoned plan to admit consumers on last day, principal goal all along had been to attract large S. American dealer turnout.

CEG Vp Gary Shapiro said that "by expanding the CES to Brazil, we will provide South American export opportunities for many consumer electronics manufacturers." Statement quoted promoter Omar Guazzelli as saying: "Consumer electronics and home appliance manufacturers will find South America a fertile market eager for these products. Through this joint venture, we hope to bring the exciting world of consumer electronics and home appliance products to retail buyers and consumers in South America."

Guazzelli Assoc. also handles Brazilian Comdex. CEG said promoters will release specific details on exhibitors and attendees in Sept. at special conference in Sao Paulo. As we reported, target was 100,000-150,000 sq. ft. of exhibits, with about 10% devoted to electronic components. Products for exhibition can be imported into Brazil duty-free through Manaus free-trade zone.

OBITUARY

Richard LeMay, 49, pres. of Orion Industries Inc., Tempe, Ariz., manufacturer of car audio equipment, died July 23 of heart attack in Overgaard, Ariz.

TELEVISION DIGEST®

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With Consumer Electronics

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SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CONTRASTING VIOLENCE BILLS INTRODUCED: Markey measure centers on technology fix for parents, while Hollings and Bryant call for govt. regulation. (P. 1)

FCC FEES PASS CONGRESS: Senate approval late Aug. 6 of budget package follows House approval, contains \$82 million in annual fees for licensees. 'Regulatory treatment' replaces 'regulatory parity.' (P. 2)

SIMON WANTS INDUSTRY TO MONITOR VIOLENCE, suggests citizen watchdog and offers 7-point plan at L.A. conference. Reaction from audience wasn't what he wanted. (P. 4)

STATIONS MIX CONSENT, CARRIAGE in most cases, based on local conditions, survey shows. Fox and Cap/ABC sign consent deals, as does Burnham Bestg. (P. 5)

OMB GETS RATE FIGHT: MSOs ask agency to block cable rules, saying FCC Form 393 violates First Amendment, is procedurally defective. (P. 5)

KRON-TV SWITCHES PRIME, bows to network pressure on 7-10 p.m. experiment. KCRA-TV still considering switch. Stations liked earlier lineup. (P. 6)

TELCO-CABLE DEALS SEEN: Telcos could take over half of U.S. cable systems this decade, analyst says. 'Frenetic' deal activity likely. Cable could benefit from regulation. (P. 6)

VIOLENCE CONFERENCE FAILS TO CALM CONGRESS: In spite of, or perhaps because of, entertainment industry's ballyhooed conference on TV violence in L.A. Aug. 2, key lawmakers decided last week to take matters into their own hands. Attendees had barely returned from L.A. gathering when first such bill (HR-2837), by Rep. Bryant (D-Tex.), was introduced Aug. 3, day after conference ended.

Advocates of curbing TV violence will have variety of approaches from which to choose. On one hand, House Telecom Subcommittee Chmn. Markey (D-Mass.) Aug. 5 offered bill based on technology that would give parents ability to block out not only programs rated as violent, but any programs they want. That approach would minimize govt. role. Contrasting approach came from Senate Commerce Committee Chmn. Hollings (D-S.C.), who was to introduce bill ordering FCC to conduct rulemaking restricting times when violence could be shown on TV. Hollings approach is closer in philosophy to that of Bryant than to Markey's. Bryant, member of Telecom Subcommittee, would require FCC to write regulations to determine standard of violence acceptable on TV and set stiff fines for violations.

At news conference on introduction of his bill (not yet numbered), Markey was flanked by enough co-sponsors, Democratic and Republican, to constitute almost quorum for Subcommittee. Markey's bill is based on premise, as he has said in past, that parents should have power to determine what children watch.

Consumer Electronics

'VIDEO CD' STANDARD proposal being reconsidered by Philips because of incompatibility with existing audio players. But new CD-I problem is raised. (P. 11)

PHILIPS CONSUMER ELECTRONICS losses decline, but so do sales. Corporate profits, finances improve. CE sales improved, except in Europe, company says. (P. 12)

SALES OF 27"-&-OVER TVs rose 21% from last year in first half, while other direct-view sets were up only 8%, but biggest growth was in 25" category. (P. 12)

'NONVIOLENT TV SETS' -- they can be made but may not be effective, industry thinks. Markey bill would require sets to block programs 2 ways. (P. 14)

3DO LAUNCH ON SCHEDULE for early Oct., Panasonic says, conceding 'slight delay' in setting price, but saying marketing details will be released within week. (P. 15)

STEREO-EQUIPPED TV sales settled down at just under 39% of total in first half 1993 and 1992, EIA figures show. June sales, at 42.7%, best of year. (P. 15)

EIA-INTERFACE GROUP TALKS ERUPT on renting Sands for Winter CES over noncompete clauses, leading to reported Justice Dept. antitrust investigation. (P. 16)

GOLDSTAR 8MM-VHS DUAL-DECK, first in world, scheduled for U.K. market in Sept. (P. 16)

But it's much broader than simply antiviolenace measure, proposing to give parents or others ability to control what's on TV at any time. At root of bill is concept that programmers will label their programs as violent and that chip in TV set will pick up signal to allow parents to block out show. But if programmers should refuse to label shows, Markey bill would require that chip in receiver be able to allow parents to "block the display of channels, programs and time slots" as well as programs with violent content. Requirement would apply to any TV set with screen 13" or larger. Signals for blocking would be transmitted by line 21 of vertical blanking interval. Rules would take effect one year after enactment.

In receiving endorsement from variety of members of Congress, as well as American Medical Assn. and National Federation to Improve TV, sponsors stressed need for parents, who frequently aren't home while children are watching, to have control over TV. Markey said that parents "will be given the power to send a message directly to the industry. The government will not be involved." He described bill as "the most democratic of initiatives." Rep. Schenk (D-Cal.) said decision on what should be available for viewing "shouldn't be made by Congress or federal bureaucrats." While Markey wouldn't respond to questions on desirability of Bryant bill, Rep. Oxley (R-O.) said his measure is "a far better approach" than Bryant version because it would allow parents to decide viewing. Use of chip would allow bill to "pass constitutional muster" because there would be no censorship, Markey said, with other lawmakers agreeing.

Bryant and Hollings want intervention by FCC, not reliance on technology. Hollings spokesman said senator's bill is "more direct approach" than Markey measure because it would require Commission to set out specific times during day when violence couldn't be shown because children would be watching. FCC, by conducting rulemaking, including public hearing, as bill would require, would be setting large-scale community standard for violence. Hollings bill follows same precepts FCC has held in restricting indecent broadcasts, while not depending on "goodwill of stations and programmers" to restrict their violent content, spokesman said. Hollings believes technological solution also has problems, starting with fact that there are millions of TV sets in use that won't have chip, and ranging to potential cost and effectiveness of technology.

Bryant staffer said that if Markey's approach is to prove one with most legislative momentum, Bryant will consider amendments to toughen Markey approach. One potential amendment would be to mandate violence ratings, possibly by industry association, and to include cartoon violence, as Markey bill doesn't. Without mandatory ratings, neither approach would work, staffer said.

TV manufacturers and their representatives were cautious in comments on Markey bill, lest they appear to be pro-violence. Their views appeared to echo those expressed last month before Markey's Subcommittee -- that industry could provide such blackout system, but they were dubious about how effective it would be. "We have the technology in place to accommodate that," said Julius Szakolczay, Mitsubishi engineering mgr. who headed EIA committee that drafted standards for Extended Data Service (EDS) using 2nd field of line 21 of vertical blanking interval. He and other engineers agreed that whether adding capability to line 21 -- as specified in Markey bill -- would use up great deal of space desired for additional captioning or other EDS uses depended on how frequently signal was sent. If it were transmitted in 15-sec. intervals during blacked-out program or scene it probably wouldn't foreclose uses of line 21 for other services, they said.

FCC FEES PASS SENATE: Senate late Aug. 6 passed on tie-breaking vote from Vice President Gore massive budget reconciliation measure that included, among other items, spectrum auction authority and more than \$82.3 million in annual fees for FCC. Bill squeaked through House late Aug. 5 by 218-216 margin. It also features reconfigured "regulatory parity" section, which now is called "regulatory treatment."

Fee section is newest part of package, and almost didn't survive. It was added Aug. 2 by House Commerce Committee Chmn. Dingell (D-Mich.), who has pushed idea that all regulatory agencies, including FCC, should be financed at least in part by fees paid by licensees who benefit from services. Two years ago, House passed fee proposal that would have sent all funds collected to U.S. Treasury. In new version, money would go to FCC. Leon Panetta, dir. of Office of Management & Budget, in Aug. 2 letter to Dingell supported idea, noting that fees would be triggered through appropriations process and burden on taxpayers "would be shifted to those who benefit from FCC regulatory services, the communications industry." But drafters were worried that fee section would be ruled out of order in Senate under "Byrd rule" and took it out. However, after consultation with Senate parliamentarian, staff was assured that section could be accepted if changes were made and section was reinstated.

As outlined in bill, new fees would range from \$18,000 for VHF commercial stations in top 10 markets to \$14,400 for UHF station in largest markets. Cellular radio providers would have to pay \$60 per 1,000

subscribers -- same rate as Personal Communication Services (PCS) providers, in another example of regulatory parity. Most of Senate conferees, including Commerce Committee Chmn. Hollings (D-S.C.) and Communications Subcommittee Chmn. Inouye (D-Hawaii), who in past had opposed fees, favored fee schedule this time. (See separate story for list of fees).

Two highly controversial provisions from Senate bill were deleted. One would have said that any license awarded under auctions wouldn't have been treated as property for state tax purposes. State authorities had objected, fearing loss of millions of dollars in revenue. Senate language with setaside for rural telephone companies also was eliminated. Instead, conference report and bill substituted general provisions requiring that rural interests be taken into consideration in awarding of licenses, and that FCC undertake analysis to determine whether rural interests, among others, were helped by auction sections. In addition, language that would have overturned court decision that negated FCC's "forbearance" doctrine also was taken out.

Most controversial section of bill dealt with concept once known as "regulatory parity." Senate bill would give FCC ability to forbear from regulating new services, in contravention of recent ruling by U.S. Appeals Court, D.C. Similar direct language also disappeared. Instead, conferees agreed on basic principle that all commercial mobile services are considered common carriers, and that FCC may prescribe regulation for new services, "except for such provisions of Title II as the Commission may specify by regulation as inapplicable to that service or person." Conference report said intent of bill "is to establish a federal regulatory framework to govern the offering of all commercial mobile services." Bill would require FCC to determine that enforcement of rate regulation wasn't necessary to protect consumers.

Commission also would be directed to review competitive market conditions for commercial mobile services and include in annual report analysis of those conditions, including identification of competitors of various services, analysis of effective competition, whether any competitors have dominant share of market and whether additional providers would be likely to enhance competition. Purpose of that provision, report said, is "to recognize that market conditions may justify differences in the regulatory treatment of some providers of commercial mobile services" and to give FCC some flexibility in prescribing regulations.

Bill also proposed deadlines for FCC proceedings on auctions and new services, including 270-day deadline for PCS licenses. Most language preempting states from regulating mobile services remains from other bills, with conferees emphasizing that states can regulate services offered only when bill is enacted -- which would leave out PCS and other advanced services.

NBC's Dateline came under attack again, this time on Senate floor evening of Aug. 6 from Sen. Hatch (R-Utah). Saying NBC stood for "Nothing But (a) Crock," Hatch said segment about him on Aug. 3 show contained "false and reckless" allegations. According to Hatch, Dateline story charged that he had introduced bill that favored drug marketing company, Pharmics of Salt Lake City, in which senator had hidden investment and from which he could have profited. Hatch said his ownership amounted to 1.15% through limited partnership, and that legislation he introduced wouldn't have brought any profits to Pharmics. He criticizing NBC producer Mark Hosenball for not reading bill. He said footage Dateline showed of Hatch declining to talk to reporters was 6 months old, and taken as he was leaving hearing. He said he wasn't informed of charges NBC was going to level against him. Hatch demanded "an apology and a full retraction," and said he would not "sit still for character assassination." He also listed Dateline's other problems, including GM exploding truck demonstration and footage of fish NBC had declared dead during story on timber harvest, but which were only stunned.

FCC is starting inquiry into aural modulation limits, which affect interference in RF signals, including AM and FM. Commission hopes inquiry (MM 93-225) will generate information allowing it to set modulation limits on peak amplitude, duration and recurrence rates. Other possibility, FCC said, is using emission limits to replace modulation limits.

FCC overturned award of 6 MMDS licenses and proposed to fine each of lottery winners \$3,000 for filing incorrect documentation that gave them lottery preference. Commission said each winner of Feb. 26 MMDS lottery had understated media holdings, getting additional opportunities to win lotteries. All 6 winners were subjects of petitions to deny. FCC said all 6 cases involved "willful" violations, which could be subject to \$30,000 fine, but lower amount is appropriate because they also lost MMDS licenses. Applicants were Multichannel Distribution of America, Prescott, Ariz.; Haddonfield Wireless, Lubbock, Tex.; HDH Telecommunications, Charleston, W. Va.; Mester's TV, Poughkeepsie, N.Y.; Hobart Wilson, Idaho Falls, Ida.; Hobart Wilson also for Lansing, Mich.

U.S. Appeals Court, D.C., extended stay of FCC's more stringent broadcast indecency regulation pending its ruling in case. Regulation, which generally would prohibit indecent programming 6 a.m.-midnight, had been stayed earlier until oral argument in case, scheduled for Sept. 13. Stay extension, opposed by Commission, was sought by media and public interest coalition. It would appear to bolster prospects of coalition, since likelihood of winning case is one of criteria considered by courts in granting stays.

Continental Chmn. Amos Hostetter will be honoree at Walter Kaitz Foundation awards dinner Sept. 22, N.Y.C. Hilton -- 510-451-9000.

SIMON WANTS VIOLENCE MONITOR: Sen. Simon (D-Ill.) suggested Aug. 2 that entertainment industry create and finance citizen watchdog group to monitor handling of violence on TV. He made suggestion while unveiling 7-point plan in keynote speech at entertainment industry conference in L.A. Simon also said he believes industry has about 60 days to act or other members of Congress will be pushing for legislation, but he clearly was overtaken by events in Washington (see related story in this issue). Although venue shifted to other coast from congressional hearings in capital week earlier, many arguments remained same as advocates for less violent TV clashed with entertainment industry on cause and effect of violence. Participants included more than 600 leaders from networks, studios and cable, as well as critics of violence.

Simon's 7-part plan: (1) Self-restraint by TV and filmmakers. (2) Involvement of entire industry to overcome finger-pointing and blame. (3) Creation of industrywide monitoring group to assure continuity and effort; advisory Office of TV Violence would be commissioned and funded by industry as citizens group monitoring how violence is handled, providing annual tracking reports. (4) Deglamorizing violence. (5) Elimination or reduction of violent promotions. (6) Use of TV to inform public of harm from glamorized violence. (7) Reduction in exports of violence.

NBC Exec. Vp John Miller said that because perception in Washington is "that we're contributing to the problem," something has to be done. Either industry can do something, or it can "wait for Washington to come down on us in a harsh and unfair way." Many at conference took similar view. Citizen watchdog group would put "big chill" on TV, independent producer Leonard Hill said. He called Simon's threat that Congress might act if industry didn't set up independent group within 60 days "censorship once removed." But ABC's Jeff Greenfield had another view: "Senator Simon came here with a very clear message: Clean up or we'll do it for you. You'd have to be very silly to mistake what he was saying, whether you liked it or not."

Nick Wolfe, executive producer of Law and Order on NBC, said: "It's amazing to me that Senator Simon and others think that television should act in loco parentis. If we're not careful, we're going to turn around in 3 years and there will be Mr. Rogers on at 9 o'clock." Others thought Simon's proposal was chillingly similar to Hollywood's notorious Hayes Office -- once virtual censor of movie industry -- and to NAB board that once cited such shows as All in the Family and M*A*S*H for failure to follow Family Viewing Policy. "In this town, we've had trouble with industrywide panels that became too powerful," said producer/writer Geoffrey Cowan, vice chmn., National Council for Families & TV, which sponsored violence summit. Children's TV advocate Peggy Charren said: "Congress frightens me more than the industry in this case. I get very nervous when Congress is standing there, letting the industry know it better shape up."

Simon acknowledged that violent movies and availability of handguns also contributed to violence, but said he couldn't fix those problems -- his amendment to put some gun dealers out of business attracted only 30 Senate votes. As for violent movies: "If people want to exercise bad taste, I think we ought to give them the freedom to do it. I would like to see less of that on the movie screen but it's a very difficult thing when you pay \$6 and make a decision than when you're at home and you click that little thing to go from one channel to another."

Simon was disappointed with reaction to his plan: "It's obvious from audience response this afternoon that we have

a way to go. A lot of people here today haven't faced up to the issue." He said he has had discussions with Justice Dept. on possibility of extending beyond end of year current antitrust exemption given to networks to enable them to discuss how to reduce violence. He said it may be possible to get extension without additional legislation. Simon also dismissed idea that TV should do nothing because violence is popular with viewers: "The audience is a little inconsistent. They want more services, lower taxes and to get rid of the deficit." In this case, he said: "You have to have a sense of responsibility and make some tough decisions, whether it's on television or on the deficit."

Researchers argued that too much TV mayhem is taking toll on society, while industry spokesmen disputed some findings and said there were other factors to be considered. Conference was "planned to accomplish an exchange of views," said Marian Rees, chmn. of National Council for Families & TV, sponsoring organization: "It is not to carve out an agreement."

There were few agreements to be found -- particularly on value of parental advisory warnings that networks will use. U. of Mich. Prof. Leonard Eron said: "I don't think this is going to make a damn bit of difference." Children most affected by violence are likely to be those who don't have much parental supervision, he said. U. of Cal. Prof. Edward Donnerstein said: "I commend the industry for the advisories. Industry needs to start to think about what is harmful to children." U. of Pa. Prof. George Gerbner, who week ago produced latest in series of studies on violence, said it isn't enough to trust that parents would screen what children watch: "Passing the buck to the parents is the greatest and most historic cop-out of this industry. The notion of parental control is an upper middle class conceit."

There was more agreement from experts on effects of violence. Donnerstein said people "do in fact become desensitized to violence" and there are "effects we have to be concerned about." Eron said: "There is a definite link between television violence and the aggressive behavior of young children, both contemporaneously and in the future."

Researchers' comments on first panel of day didn't sit well with members of 2nd panel. When researchers equate violent acts in cartoons with graphic violence in movies, "their credibility goes out the window with me," said Christine Hikawa, Cap/ABC vp-broadcast standards. Andrew Heyward, chmn. of DIC Enterprises, said: "I'm hard-pressed to say there's any correlation between those cartoons and violent behavior." Veteran producer Stephen Cannell, whose shows have included A-Team, said antiviolenence rules shouldn't be imposed on writers. If shows are too violent, networks should return them to writers for new drafts, said Cannell, who's also a writer. He said some violence may be inescapable because drama and comedy are based on conflict, and "there is nothing duller than 2 characters agreeing with each other." Action that once caught viewer's eye no longer works, Cannell said.

Another producer, Arnold Shapiro of Rescue 911, said he believes "every image we put on is going to affect somebody positively or negatively." After talking with many murderers and armed robbers in course of compiling documentaries, Shapiro said, he has "never found any of those people who felt they were affected by television." Nickelodeon Pres. Geraldine Laybourne said unscientific survey of children that cable network conducted found 80% said there was too much violence, 91% said they were upset at seeing real people and violence, children also favored parental advisories. She also asked why, if Congress is so interested in TV violence, "it's so easy for people to get guns in this country?"

STATIONS MIX CONSENT, CARRIAGE: Most stations are opting for mix of must-carry and retransmission consent, depending on location and subscriber base of cable system, and on whether similar programming is available from other outlets, according to survey by cable ad sales firm Cable Networks Inc. (CNI). Meanwhile, Fox and ABC/Hearst said they had signed new noncash retransmission consent deals with MSOs, and another group owner said it signed cash deal with unnamed cable systems.

Based on late-July survey of 440 TV stations in top-100 markets, CNI said 54% were choosing mix of consent and must-carry, 21% (including all Fox affiliates) wanted retransmission consent compensation, and 17% opted for must-carry (8% wouldn't disclose plans). CNI said survey showed that few consent deals actually had been concluded, and that even though most consent stations initially were asking for cash, most indicated they probably would accept other forms of compensation. Independents accounted for 77% of stations choosing must-carry, survey said, followed by ABC affiliates (12%) and NBC and CBS affiliates (6% each). Only 10% of independents mixed must-carry and consent, vs. 28% for ABC affiliates, 23% for CBS, 22% for NBC.

Cap/ABC and Hearst signed 3 more retransmission consent deals with MSOs, similar to Continental deal (TVD July 19 p1). Deals are with Jones, MultiVision and Sammons and involve 2.7 million subscribers. MSOs get retransmission consent for TV stations owned by Cap/ABC and Hearst in return for "substantial rollout" of ESPN2 network on nationwide basis.

Fox signed retransmission consent deals with 6 more MSOs with total of 5.7 million subscribers. Like previous deal with TCI, MSOs' cable systems win consent to carry Fox affiliates in return for carrying newly launched Fox cable channel (TVD May 17 p2). Along with TCI, deals give new channel access to total of 15 million homes, 25% of all subscribers. New participants are Cox, InterMedia Partners, Prime Cable, TeleCable, Times Mirror, Viacom.

Another broadcast group said it signed deal for cash for retransmission consent (TVD Aug 2 p8). Burnham Bestg. said it signed with 3 cable systems, will net \$6,500 revenue in first year (averaging 20-30¢ per subscriber). Group wouldn't identify either stations or cable systems involved.

According to CNI survey, top-10 market stations made following selections (some stations didn't respond): (1) N.Y.C., WABC-TV and WNYW seek cable carriage of ESPN2 and 2nd Fox channel, respectively, WPIX asks cash or other compensation. (2) L.A., KABC-TV, KTTV and KNBC-TV seek carriage of 2nd channel, KCBS-TV and KTLA seek cash, others want must-carry. (3) Chicago, WLS-TV and WFLD want 2nd channel, others cash. (4) Philadelphia, WPHL-TV cash, WTXF must-carry. (5) San Francisco, KGO-TV and KTVU want 2nd channel, KPIX cash, must-carry for KDTV, KCNS, KBHK-TV. (6) Boston, WCVB-TV and WFXT 2nd channel, WHDH-TV and WSBK-TV cash, WQTV must-carry. (7) Washington, WTTG 2nd channel, WUSA cash, WDCA-TV must-carry. (8) Dallas-Ft. Worth, KDFW-TV 2nd channel, WFAA-TV cash, KTXA must-carry. (9) Detroit, WXYZ-TV and WJBK-TV cash. (10) Atlanta, WATL 2nd channel, WAGA-TV, WTBS and WGNX retransmission consent. Study details selections among top-100 stations -- 212-778-6108.

NAB is offering its guide to HDTV implementation costs at \$50 for members, \$100 for nonmembers -- 800-368-5644.

RATE FIGHT GOES TO OMB: Cable operators are opening new front in war on rate regulation. At least 2 MSOs, Daniels and Falcon, have formally asked Office of Management & Budget (OMB) not to approve Form 393, which cable operators are required to use to figure out rate regulation benchmark. Effective regulation can't begin until OMB okays form.

Daniels, which earlier asked FCC to stay rate regulation and is participating in court tests of rate rules, said that Form 393 violates First Amendment and that filling it out will take 100 hours per franchise area, not 40 that FCC predicted -- and then only if person filling it out already is "fully versed" on 500-page rule. Rate rules themselves clearly target communications activities, Daniels told OMB: "Were this form thrust upon newspaper publishers... it would forthwith be declared a facially unconstitutional prior restraint on speech."

Falcon said OMB shouldn't approve Form 393 because FCC rules discriminate against partnerships, sole proprietors, others. Form excludes taxes imposed on partnerships, proprietorships and Subchapter S corporations from costs that can be used to set rate base, Falcon said, while other corporations can include it. Result is likely to be "significantly lower rates" for such companies than for corporations, MSO said. Falcon said exclusion wasn't part of FCC's previous rules and Commission violated administrative procedures by not providing opportunity to comment. Petition also said FCC still was revising Form 393, potentially to resolve that problem, and possibly also to relieve burdens on small cable operators. Falcon said there are several errors in current version that will have to be revised: "These mistakes will cause tremendous confusion, as well as potentially erroneous rate calculations." MSO is asking OMB at least to delay approving form until problems are resolved.

APTS and NPR are expressing strong concerns about NTIA restructuring bill introduced by House Telecom Subcommittee Chmn. Markey (D-Mass.) last month. Measure (HR-2639) would create new Telecommunications Information Infrastructure Program (TIIP), but also would downgrade scope of NTIA-administered Public Telecommunications Facilities Program (PTFP), which would see its FY 1994 authorization cut to \$20.6 million from \$42 million. PTFP would be recast as Public Bestg. Facilities Program in name change that NPR said could relegate industry "to a broadcast service and thus limit its participation as a multimedia provider of services as telecommunications evolve in the 21st Century." Measure also would lower priority accorded public station equipment replacement -- PTFP's top priority for years. NPR, which has submitted comments to Markey outlining its worries, also expressed concern about "information superhighway" program TIIP which it said now "could be read to leave public broadcasting facilities and infrastructure out" of program.

U S West's proposed new tariff for Broadcast Video Services (BVS) is violation of FCC's "topping" policy, Cap/ABC, CBS, NBC and Turner said in joint petition to reject tariff. New BVS tariff would set single-day cost for part-time use of circuits to carry video at \$678, vs. \$608 monthly fee for full-time lease, petition said. Networks said FCC repeatedly has reaffirmed "topping" policy, which assures that part-time video users don't pay more than twice full monthly fee. Policy was adopted to settle dispute in which networks claimed telcos were discriminating against part-time users.

KRON-TV SWITCHES PRIME: Bowing to network demand for uniformity and discipline among affiliates, NBC affiliate KRON-TV San Francisco agreed to end its 16-month-old experiment with 7-10 p.m. prime time, effective Labor Day. KCRA-TV Sacramento was struggling with similar decision at our deadline. Both stations said they felt that earlier prime time, instituted because of belief that changing life styles demand earlier programming (TVD Jan 27/92 p1), were helping station economics, drawing higher ratings and pleasing audiences, but said NBC was pressuring them to return to 8-11 p.m., like other west coast affiliates. CBS affiliate KPIX San Francisco, meanwhile, said it will keep 7-10 p.m. period. Another CBS affiliate, KMST Monterey, earlier changed back to 8-11 p.m.

KRON-TV was pleased with results of experiment. "Viewer support was highly favorable, and that was born out in ratings as well as opinion research conducted in the Bay Area," said Amy McCombs, KRON-TV pres.-gen. mgr. "A highlight was the increased appetite for late news in the market." Station research indicated that earlier prime time hurt audience size in 7-8 p.m. period, but helped it 8-10 p.m., as well as in 10 p.m. news slot. When KRON-TV set up test of earlier prime time, agreement was that either network or station unilaterally could end it after 1992-1993 season, McCombs said, and network exercised its option at meeting in San Francisco Aug. 2.

NBC reportedly feared that continuing KRON-TV experiment would encourage its spread to other affiliates, cutting into network revenue for 10 p.m. time slot and hurting audience for Tonight Show, which could be bumped back to midnight start under some scenarios. Network claimed to be losing ad revenue with experiment, but KRON-TV officials said network couldn't prove claim. Network executives weren't immediately available for comment, but NBC TV Network Pres. Pierson Mapes said company saw "no marked change" in prime-time viewing patterns and it was impossible to tell without participation of ABC-owned KGO-TV San Francisco whether earlier prime time would work marketwide. KRON-TV gave in to network demands because "you don't want to get into a confrontation with your network," McCombs said. She also said that later prime-time schedule would allow station to reestablish hour-long 6 p.m. newscast and move strong syndicated shows such as Entertainment Tonight into more popular time slot.

KCRA-TV still was struggling Aug. 6 with decision on whether to give in to network demands, Gen. Mgr. John Serrao said. He said station had "a lot of research that shows that we are on the right track," including surveys showing that 82% of viewers liked earlier prime time and fact that station usually wins its time slots. Earlier prime time "has been doing a damn good job for us," Serrao told us. "We have to weigh that against the fact that NBC wants us to be in line. We have to weigh our relationship with NBC versus what is good for the station. Feelings are running pretty high." In KCRA-TV case, network's only option if station continues to defy it is to switch affiliates, but that's considered unlikely because of station's long-term strength.

Three suits filed in U.S. Dist. Court, Denver, claim that Liberty Media tried to conceal relevant information about merger of QVC and Home Shopping Network (HSN). HSN shareholders contend that Liberty knew in advance about merger because Liberty directors sit on boards of both companies, and that Liberty would profit from merger because it bought HSN stock at well below acquisition price. In addition to Liberty, suits name Liberty Chmn. John Malone, CEO Peter Barton, Senior Vp Robert Bennett.

TELCO-CABLE DEALS SEEN: Telcos could own cable systems with half of all U.S. cable subscribers by end of decade, according to Capital Research Senior Vp Gordon Crawford. He said volume of cable sales -- telco buyouts and acquisitions of small operators by big MSOs -- could soon approach "frenetic acquisition peak" of 1988 and 1989. Cable regulation and convergence of telephony and cable will mean era that has most risks and potential rewards for operators in history, said Crawford, whose firm manages more than \$130 billion of mutual funds and is said to be largest single institutional investor in many cable companies. Other cable analysts, meanwhile, said cable actually could benefit from reregulation, and that partnerships with telcos are likely.

Prospect of competing with telcos, as well as dealing with reregulation, will convince many smaller cable owners to "decide to cash out rather than commit the additional resources necessary," Crawford told recent conference sponsored by Daniels, but even frenetic sales pace probably won't generate prices as large as those of late 1980s. Positive experience merging cable and telephony in U.K. is spurring telco interest in entering telephony, Crawford said. In some British cable systems, telephone revenue is matching video revenue, so for 25% additional cost of adding telephony capability, cable operators are doubling revenue. Crawford said developments are "gratifying [for telcos] as they relate to their investments in the U.K., but highly worrisome as they provide a glimpse into their future vulnerability in the U.S. The prospect of cable operators... unplugging 20% of their customers, has gotten their attention."

Cable's competitive position could be improved by reregulation, according to analysis by Fitch Investors Service. Report said limits on rate increases, plus improved customer service and other offerings, could improve client satisfaction, reducing churn and attracting viewers who never have subscribed to cable. Analysis said reregulation "may make it more difficult for competing home entertainment delivery services, such as direct broadcast satellite, wireless cable and video dial tone, to capitalize on customer dissatisfaction." Strongest companies will benefit most, report said.

Telephone local exchange carriers (LECs) face stiff competition, notably from combination of cable and competitive access providers (CAPs), according to study by Deloitte & Touche: "There is a natural synergy between CAPs and cable. Cable serves primarily residential neighborhoods, while CAPs traditionally cover business centers. In combination, one or more cable companies plus a CAP cover essentially the main revenue areas of a LEC metropolitan franchise area." Study said rate regulation could encourage small, highly leveraged cable companies to "partner" with telcos to build common infrastructure.

BroadBand Technologies (BBT) signed memorandum of understanding with Philips Consumer Electronics and Compression Labs (CLI) for joint development of technology for interactive video dial tone (VDT) services for use over telephone lines. Companies will develop encoding and decoding technologies that will allow subscribers to use TV sets as interactive terminals, BBT said. Companies said products developed by partnership will be compatible with MPEG-2 standard. BBT said its FLX platform already is being deployed by 6 telephone companies, and Bell Atlantic has committed to volume purchase. BBT said it will be able to expand FLX platform to access up to 1,500 channels of on-demand, interactive switched digital video.

BELL ATLANTIC GOES WIRELESS: Bell Atlantic signed on as equity partner and system builder/operator for new type of wireless cable system to be operated in N.Y.C. metropolitan area by CellularVision. BA deal "means we can fully roll out" low-power wireless cable system to compete with Time Warner's traditional cable system, said CellularVision CEO Shant Hovnanian. Terms weren't disclosed, but Brian Oliver, pres.-business development, Bell Atlantic Enterprises, said BA would be general partner, would have minority ownership and would be responsible for buildout, marketing, operation.

CellularVision has been operating system in Brighton Beach area of N.Y.C. for more than year under FCC license, but had signed up only "a few hundred" subscribers, Hovnanian said: "Our focus has been on getting a strategic partner and developing a rollout plan." He said firm is talking with other potential investors. Oliver said new cells probably will be operational by end of year.

CellularVision is first to use 28 GHz that FCC is considering licensing for video. Virtually all applicants for 28 GHz indicated that they intended to use CellularVision technology. Instead of single high-power transmitter as in traditional wireless cable, CellularVision's patented system uses large number of lower power transmitters, each with service area up to 6 miles in diameter. Firm will use 35 minicells to serve all 5 boroughs of N.Y.C., plus Westchester, Rockland and Putnam counties (market with 8.5 million population).

Subscribers use 5" flat-plate receiving antenna. CellularVision typically provides receiver free as part of subscription, but will experiment with alternative marketing, Hovnanian said.

BA is interested in testing technology on large-scale basis, as well as gaining operating experience in anticipation of FCC licensing 28 GHz more widely as early as next year, Oliver said. He said CellularVision's technology is potential complement to BA's goal of "full-service network" that would mix wired and unwired services. Oliver said deal is chance for BA to get leg up on others that eventually may bid on 28 GHz in auctions.

Deal won't preclude future BA partnerships with traditional cable systems, Oliver said: "We see a family of technologies. We'll decide on a market-by-market basis which technology will be most effective."

FCC refused to extend telco-cable cross-ownership ban to include microwave point-to-point facilities such as those operated by Teleport Communications-N.Y. CWA had asked Commission in effect to extend ban by requesting it to rule that Teleport controls bottleneck facilities. However, FCC said petition for reconsideration of earlier order allowing Cox to buy Teleport included no proof that agency had erred in original finding that Teleport didn't control bottleneck. Commission said it consistently has ruled that telco-cable ban applies only to traditional local exchange carriers.

Radio revenue was up 9% in first half of 1993, fueled by double-digit June growth, Radio Ad Bureau reported. For June, national radio ad revenue jumped 14%, local revenue 10%. For year to date, local revenue increased 9%, national 7%. RAB Pres. Gary Fries said growth is "no fluke" because of media audience delivery.

CABLE SEEKS LEARNING ROLE: Md. cable officials are looking for larger role in setting up statewide distance learning system, and are complaining that conflict of interest may have contributed to early role of C&P Telephone Co. Board of Cable TV Assn. of Md., Del. and D.C. delayed decision whether to file legal challenge to C&P's role or to attempt to set up statewide cable system interconnect that would make it easier to compete in distance learning.

Some suggested there was conflict of interest in setting up distance learning network because group that organized effort, state Information Technology Board, is headed by Francis Knott, paid consultant to Northern Telecom, another telephone company that may bid to provide equipment for project. Conflict claims were made by cable officials and in articles in Baltimore Sun. In letter to newspaper editor, secretaries of Md. Higher Education Commission, Md. State Dept. of Education and Md. Dept. of Economic & Employment Development denied any conflict: "Competitive bidding is not relevant to this initiative. There is simply nothing to bid on at this time." They also said Board won't influence purchasing decisions because schools are free to choose own service providers.

Situation "certainly raises questions," said Wayne O'Dell, pres. of Cable Assn.: "It's hard to imagine that you could represent a state agency or board and have a consulting arrangement with a potential bidder and not raise serious questions about a possible conflict of interest." Group's board met Aug 4 and considered several options, including determining whether to file legal challenge alleging that state procurement laws were violated, or whether cable industry could mount competitive proposal. Board deferred action for at least 10-14 days.

Officials in charge of state telecommunications in Md. view announcement by C&P Telephone of new fiber-based interactive network to be used for distance learning as first step toward eventually moving govt. services to more sophisticated platform. According to tariff approved by PSC, service would be available to all public high schools, public community and 4-year colleges and universities, and other organizations certified by state Education Dept. as "being essential to the provision of distance learning" to those schools.

FCC should set standards to determine whether video dial tone (VDT) proposals are tests or commercial activities, NCTA said in petition asking Commission to deny Sec. 214 approval of U S West (USW) VDT trial in Omaha (TVD May 31 p7). NCTA said USW was wrong in trying to portray Omaha project, which involves 10,000 subscribers, as test subject to less strict scrutiny. Size is "many times greater than prior experiments," NCTA said, and providing free VDT service is "a blatantly anticompetitive marketing ploy." On wider scale, NCTA said FCC should set limits on size and duration of all VDT tests. Applicants also should have to show technical advantage of test: "The need to distinguish technical from commercial applications is obvious. If a telephone company is able to gain the regulatory flexibility due to a technical trial label for what is evidently a commercial service, it will be able to unfairly disadvantage competitors."

Japan's Bcstg. Satellite System will accept bids for two 4-channel satellites and launches Oct. 8-18. Company wants satellites, BSat-1A and BSat-1B, to be delivered in July 1997 and July 1998 to replace current satellites BS-3A and BS-3B.

FCC FEE SCHEDULE PROPOSED: Conference report on budget reconciliation pending in Congress at our deadline would help finance FCC with \$82.3 million in annual user fees. Here is list of major fees:

TV -- VHF commercial: Markets 1-10, \$18,000; 11-25, \$16,000; 26-50, \$12,000; 51-100, \$5,000; remaining markets, \$5,000; construction permits, \$4,000. UHF commercial: Markets 1-10, \$14,400; 11-25, \$12,800; 26-50, \$9,600; 51-100, \$6,400; remaining markets, \$4,000; construction permits, \$3,200. LPTV translators, \$135. Broadcast Auxiliary, \$25. International (HF) Broadcast, \$200. Cable Antenna Relay Service, \$220. Cable TV systems, \$370 per 1,000 subscribers.

AM Radio -- Class 1 fulltime, \$900; Class 2 fulltime, \$600; Class 3 fulltime, \$400, Class 4 fulltime, \$200. Class 2 daytime, \$300; Class 3 daytime, \$200; construction permits, \$100. FM Radio -- Classes C, C1, C2, B, \$900; Classes A, B1, C3, D, \$600. Construction permits, \$500.

Earth stations -- VSAT and equivalent C-band antennas, \$6 per 100 antennas; mobile satellite earth stations, \$6 per 100 antennas; earth station antennas less than 9-m, \$6 per 100 antennas; 9-m or larger (receive and transmit only), \$85 per m; receive only, \$55 per m.

Space station -- \$65,000 per satellite in geosynchronous orbit; \$90,000 per system in low-earth orbit. Other fees -- competitive access provider, \$60 per 1,000 subscribers; local exchange carrier, \$60 per 1,000 access lines; interexchange carriers, \$60 per 1,000 presubscribed lines; interactive video data service, \$16; Personal Communication Services, \$60 per 1,000 subscribers; cellular radio, \$60 per 1,000 subscribers.

NCTA attacked user fee plan, saying it understands "dramatic" increase in FCC workload, but fees "will impose an additional \$20 million burden on the cable industry at a time when its revenue is being cut by 10%" by rate regulation. NCTA, however, endorsed eased rules on amortizing intangible property, saying it will help "end costly, time-consuming disputes between taxpayers and the IRS."

NAB spokesman said that while it objected to fees, it didn't appear that broadcasters would bear "disproportionate share" of fees, noted other industries haven't fought against them, recognizing budget squeeze.

Broadcast industry will vigorously oppose proposed legislation that would give performers of music rights to fees from TV and radio stations similar to those already paid to music composers and publishers through BMI and ASCAP, NAB said. In Aug. 5 letter to all senators, NAB Pres. Edward Fritts said he expects bill to be introduced by Sens. Feinstein (D-Cal.) and Hatch (R-Utah): "There are few bills this Congress which will be as vehemently opposed by the nation's radio and television stations." Fritts said bill is "entirely unreasonable" because music industry admits that "performers and record companies receive huge benefits from radio and television broadcasts of music."

Cablevision Systems ordered 120,000 addressable converters, plus 10,000 dual-tuner units, from Jerrold. Units will be used in Long Island system. Deal is first large order for dual-tuner "Watch 'N Record" converters, which allow subscribers to watch one scrambled program while taping another. Terms weren't disclosed.

House Copyright Subcommittee Aug. 5 approved bill (HR-1103) to extend satellite compulsory license until Dec. 31, 1999. Original version of bill had no sunset date, while substitute by Subcommittee Chmn. Hughes (D-N.J.) had 1998 sunset. Subcommittee adopted amendment by Reps. Synar (D-Okla.) and Fish (R-N.Y.) to extend time limit. Satellite Bestg. & Communications Assn. Pres. Charles Hewitt said he was "very concerned" about sunset provision, will try have it removed in full Judiciary Committee. Subcommittee also approved bill (HR-2840) to abolish Copyright Royalty Tribunal and replace it with arbitration panels under jurisdiction of Librarian of Congress. Subcommittee action is seen as "important victory" for TV networks and their affiliates, according to spokesmen from each sector. Attorney Wade Hargrove, who represents affiliates of ABC, CBS and NBC, said major victories for his clients included imposing burden of proof on satellite carriers to show that their subscribers can't receive Grade B TV signals, and that satellite carriers must identify subscribers by name, rather than by address, as current law provides. However, he said "fight has just begun" because satellite interests will try for modifications when bill reaches full Judiciary Committee. One network official said he was pleased that Subcommittee put retransmission fees for networks on par with those for independents. Hewitt said Assn. agrees with panel's objectives, but will work to convince Hughes there's better way to get market value for programming services. "What's been proposed won't work," he said. Under proposal, rates would be set for DBS operators until 1996 at 6¢ per subscriber for network signals and 17.5¢ per subscriber for independents. Hughes said change in law is intended to require arbitrators to "set a fair market value for the new rates."

Basic and expanded basic cable should face different types of regulation, cable groups said in latest round of comments on FCC rate rules. NCTA said Cable Act "clearly mandates" that there be "2 distinct procedural mechanisms" for different programming tiers, despite claims by cities and others in earlier rounds that FCC should maintain current system, in which per-channel benchmark is same for both tiers. NCTA said Cable Act and legislative history say that "only rates [for expanded basic] that significantly exceed the norm... should be deemed unreasonable." It said FCC should at least recalculate benchmarks so rates of "most" cable systems subject to effective competition, rather than only rate of average competitive system, are considered reasonable, and that per-channel benchmarks shouldn't drop so quickly as channels are added that operators can't even recover program costs. Joint filing by 7 MSOs (Cablevision Industries, Comcast, Cox, Jones, Mid-Coast, Service Electric, Vista) said current rules don't allow operators to recover external costs, including cost increases since Sept. 30, and that operators should be able to begin recovering new costs when they're incurred, rather than waiting up to year until next scheduled rate review. MSOs said FCC should allow cable operators and franchise authorities to enter rate regulation agreements that reduce regulatory burden by eliminating cost-of-service proceedings. Time Warner filing focused on telco bids for "regulatory parity" with cable, saying that's not allowed because "federal law prohibits regulation of cable operators as common carriers."

Tempo Satellite filed application with FCC to modify technical configuration of its planned DBS satellites. Company wants to increase power and change antenna design to enable it to deliver signal to continental U.S., Alaska, Hawaii, P.R. Tempo recently agreed to purchase 2 DBS satellites from Loral for \$400 million.

Financials: CBS said it will have after-tax gain of \$17.8 million (\$1.15 per share) from settlement of suit with Viacom (TVD Aug 2 p4). Portion of payment is for broadcast rights to shows that CBS licensed Viacom to distribute, including I Love Lucy, Honeymooners and Twilight Zone, but part is for rights to additional programs... **A.H. Belo** net profit increased to \$16.1 million in 2nd quarter ended June 30, from \$12.5 million year ago and broadcast revenue to \$59 million from \$53 million... **Zenith** said it agreed to sell 750,000-1.2 million shares of new stock to Fletcher Capital Markets at price to be determined. Fletcher already owns 1.5 million Zenith shares. Closing is expected in 2 months... **Infinity Bcstg.** profit rose to \$5.7 million in quarter ended June 30, from \$1.2 million year ago, as revenue increased to \$53 million from \$40.3 million... **News Corp** is issuing 25 million convertible shares at \$20 per share in effort to raise \$500 million for recent purchase of controlling interest in Hong Kong-based satellite TV broadcaster Star TV... Strong cable and satellite sales and profits helped **Scientific-Atlanta** profit increase to \$9.5 million in 4th quarter ended July 2 from \$7.8 million year ago. Revenue jumped to \$188.6 million from \$172.9 million. Full-year profit was \$20 million, vs. \$16.3 million... **Southern Starr Bcstg.** net profit increased 31% to \$310,226 in quarter ended June 30, broadcast revenue 6.6% to \$2.9 million... **Maclean Hunter** said net profit rose to \$26.5 million, from \$24.5 million, in 2nd quarter ended June 30. Cable revenue grew 14.5% to \$111.6 million, while broadcast revenue was down 9% to \$19.2 million... **TCI** long-term debt was rated BBB- by Fitch. Rating firm cited MSO's efforts to reduce leverage over last 2 years... **Walt Disney Co.** filed SEC shelf registration that could allow it to issue up to \$1 billion in new debt... **Jones Intercable** said it raised \$230 million in equity and debt in U.K. to help finance Leeds cable system.

Four Denver commercial VHF stations formed consortium to provide worldwide coverage of Pope Paul II's Aug. 12-15 visit to Denver area. KCNC-TV, KUSA-TV, KMGH-TV and KWGN-TV banded together after major TV networks said they weren't interested. Consortium members will provide technology and staffing, will be only stations with cameras and production facilities close to Pope. Consortium said it expects to produce about 44 hours of live coverage during Pope's visit. Wayne Wicks, operations producer for pool, said project marks first time local stations have formed pool that networks have to be accepted into. NBC, CBS and ABC networks have signed on to \$500,000 project, along with European Bestg. Union, Telemundo, Russian network, several others. Meanwhile, in bid to reduce RF interference during papal visit, FCC suspended rules to allow for advance coordination of auxiliary frequency usage.

Zenith conducted first live field test of interactive wireless cable equipment at Wireless Cable Assn. convention in Orlando last week. Equipment, demonstrated on American Telecasting wireless cable system there, allows pay-per-view ordering information to be transmitted directly from subscriber to headend, bypassing telephone lines. Zenith also demonstrated 16-level digital transmission system capable of delivering HDTV over wireless cable.

Whittle Communications scaled back plans for school redesign project. Revised plan for Edison Project -- under which all students would have portable computer and modem linked to home -- calls for Whittle to manage existing schools rather than build new ones in change that reportedly could reduce overall \$2.5-billion price tag by as much as 80%.

Software giant Microsoft has been talking with U S West, TCI, Viacom and other information providers on introducing interactive TV to Seattle area, Chmn. Bill Gates said in news conference Aug. 5. He confirmed that company had been discussing plans for interactive TV pilot projects in area: "We're encouraging various of these potential partners to do pilots." Gates said no firm details had emerged from talks. But if Microsoft can't induce companies to participate in joint test, it may strike out on its own project, he said. Microsoft also is interested in developing on-line information, similar to CompuServe or Prodigy, he said. One such system, America Online, has been rumored as takeover target of Microsoft co-founder and long-time Gates friend Paul Allen. Allen currently owns 23% of America Online, according to documents he filed with SEC. Industry analysts said Seattle's demographics are appealing for interactive TV: High movie attendance, high per capita computer ownership, technologically sophisticated population. Gates didn't provide details of how big he saw Microsoft role in any interactive TV project other than that company had increased its R&D spending and "made a number of bets" on technologies directly relating to data superhighways. He confirmed that he has met with ABC's Roone Arledge, Washington Post Chmn. Katharine Graham, McCaw Cellular CEO Craig McCaw.

Several groups of small broadcasters hope to file joint petition with Small Business Administration (SBA) for rule change that would give them access to SBA loan guarantees. Broadcasters already have met with SBA staffers on change, which would give groups exception to "opinion molder rule," which prohibits SBA loan guarantees for organizations that can shape public opinion. Rule was designed to prevent govt. from using loan guarantees to assure that such opinion molders editorialize way govt. wants. Broadcasters had obtained exception to that rule, but lost it when FCC eliminated fairness doctrine. "We think the time is ripe for a new look at this," said Barry Umansky, NAB deputy gen. counsel. "We hope to do a multiparty filing later this year." He said Ahora (Hispanic broadcaster group), National Assn. of Black Owned Bcstrs. and others are likely to join in bid. He and others also have made presentations to FCC Small Business Advisory Group.

Star Bcstg., new music and ad network, will begin broadcasting to schools in Sept. using 3M's leased transponders on Microspace's K2 satellite. Company said programming will be broadcast over school audio systems during nonclassroom periods. Star will pay for earth station installation -- if needed -- and any other improvements. Company said it will donate 54%-60% of revenues generated from national advertising to student activities.

TeleWest officials weren't commenting on reports that consortium of U S West and TCI would buy all 7 of Post-Newsweek cable systems in U.K. They potentially pass 465,000 homes, which would give TeleWest total of 650,000 in Scotland and nearly 3.4 million in U.K. British publication New Media Markets said deal was near completion, but TeleWest officials wouldn't confirm that talks were under way.

FCC waived duopoly rule to allow Pulitzer Bestg. to buy KCCI-TV Des Moines (Ch. 8, CBS) from H&C. Station's Grade B contour overlaps that of Pulitzer-owned KETV Omaha. Commission said minimal overlap was outweighed by benefit of transfer, and number of stations in markets mean Pulitzer isn't likely to have undue concentration of power.

Personals

Senate last week formally received White House nomination of **Reed Hundt** to become FCC chmn... **Preston Padden** named exec. vp-affiliate relations, Fox Bestg., retains title of senior vp-govt. relations... **Olivia Cutler** advanced to vp-labor relations, West Coast, Cap/ABC... **Day Krolik** assumes talent negotiations responsibility for NBC News and NBC TV Stations Div... **Anne Marie Riccitelli** appointed dir.-PR, East Coast, ABC TV Network.

Kevin Raymond promoted to senior vp-chief financial officer, Viacom Bestg... **Harold McGraw III** elected pres.-COO, McGraw-Hill... **Sandi Yost** named dir.-advertising and promotion, WRC-TV Washington... **Karen Fullum**, ex-Price Waterhouse asst. to senior tax mgr., named vp-regulatory affairs, NAB... Changes at Columbia Pictures TV: **Don Loughery**, ex-Group W Productions senior vp, named exec. vp-business affairs; **Michael Hanel**, vp-current programs, promoted to vp-comedy development... **Debra Juarez-West**, ex-Telemundo Network, appointed news dir., WFLD Chicago... **Don Carmichael**, ex-WATE-TV Knoxville, named gen. mgr., WBAY-TV Green Bay.

Joshua Sapan appointed pres.-COO, Rainbow Programming Holdings... **Joshua Katz** promoted to senior vp-mktg., Cartoon Network... **Robert Bresnan** named gen. counsel, Bresnan Communications.

Patricia Kluge elected trustee, WETA-TV Washington board... **David Fogarty** advanced to pres.-gen. mgr., WPTD Dayton, succeeding **Jerry Wareham**, who last month assumed same post at WVIZ-TV (PBS) Cleveland... **Michael Landwehr**, ex-SFM Entertainment, joins WPBT Miami as vp-dir.-national program mktg... **Bruce Drake** advanced to managing editor, National Public Radio, succeeding **John Dinges**, who moves to editorial dir., new post... **Deann Borshay**, development dir., CPB-supported National Asian American Telecommunications Assn., named acting exec. dir., succeeding **James Yee**, who joins Independent TV Service as exec. dir. in early Sept... **Ann Pincus**, former vp-communications, WETA-TV Washington, named dir.-research office, U.S. Information Agency... **Clndy Feinberg** promoted to regional vp-Southeast region, Encore Media.

FCC extended by 3 months comment period on establishing new guidelines for evaluating environmental effects of RF radiation, acting in response to request by NAB, CBS, Electromagnetic Energy Policy Alliance. New deadline will be Nov. 12 for comments, replies Dec. 13. NAB said it's completing study to develop non-measurement-based techniques for complying with proposed guidelines. NAB study focuses on impact new FCC standard -- which primarily incorporates "significantly different" American National Standards Institute/IEEE standard -- in Commission rules. Standards set new restrictions on currents induced in human body by RF fields and set exposure limits.

Telemundo Group will exchange \$300 million debt for mix of \$35 million cash, plus stock and new senior debt, in restructuring agreement reached with creditors. Telemundo also agreed to file for Chapter 11 bankruptcy after reaching deal, which cuts total debt to \$100 million. Senior bondholders will end up controlling about 55% of company in deal that eliminates current stockholders' equity. Telemundo owns TV stations in 10 major markets.

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National Public Radio's principal news shows will be distributed by satellite in Europe beginning early next month via unspecified funding from Wellington Management Co., Boston, which will receive underwriting credits. Distribution of NPR service, 6-8 hours daily at outset, will be via Astra's World Radio Network service, which includes BBC, Radio Canada International, Radio Moscow. American Public Radio, which recently couldn't come to terms with NPR on combined European program service, said it's still interested in collaboration with NPR.

Clear Channel Communications agreed to buy KITN-TV Minneapolis-St. Paul (Ch. 29, Fox) from Nationwide Communications for \$36 million.

OBITUARY

George Revercomb, 64, U.S. district judge and onetime asst. to ex-FCC Chmn. Frederick Ford, died Aug. 1 of cancer. He came to Washington as recent law school graduate in 1955 and worked at FCC for year before entering private practice in D.C. He also served as Justice Dept. assoc. deputy attorney gen. Wife survives.

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STATE OF THE INDUSTRY

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

	JULY 17-23	1992 WEEK	% CHANGE	JULY 10-16	29 WEEKS 1993	29 WEEKS 1992	% CHANGE
TOTAL COLOR.....	353,998	398,094	-11.1	206,372	11,352,909*	10,398,887	+ 9.2
DIRECT-VIEW...	346,899	388,266	-10.7	204,059	11,170,725*	10,230,202	+ 9.2
TV ONLY.....	333,571	377,168	-11.6	196,167	10,550,651*	9,814,780	+ 7.5
TV/VCR COMBO.	13,328*	11,098	+20.1	7,892*	620,074*	415,422	+49.3
PROJECTION....	7,099	9,828	-27.8	2,313	182,184*	168,685	+ 8.0
VCR DECKS.....	206,963	288,485	-28.3	75,721	5,648,604	5,579,166	+ 1.2
CAMCORDERS.....	42,346	83,184	-49.1	27,062	1,426,706*	1,298,073	+ 9.9
LASERDISC PLYRS#	3,580	4,628	-22.6	1,465	105,545	111,946	- 5.7

Direct-view TV 5-week average: 1993--383,146; 1992--362,561 (up 5.7%).

VCR deck 5-week average: 1993--219,913; 1992--215,191 (up 2.2%).

Camcorder 5-week average: 1993--59,760; 1992--56,893 (up 5.0%).

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

PHILIPS RETHINKING PROPOSED 'VIDEO CD' STANDARD: Philips has given top priority to reconsideration of flaw in proposed "White Book" format for Video CDs, which British record company Nimbus said could kill system commercially by cutting off possibility of mass market applications. Video CDs are standard Compact Discs designed to contain 72 min. of full-motion video (FMV) with stereo sound (TVD July 5 p13). Basic parameters of format were agreed upon by group of companies including JVC, Matsushita, Sony, Paramount, Samsung and GoldStar, although final specifications still were to be discussed.

Informally, Philips engineers concede that White Book standard for noninteractive motion CDs, based on JVC-Philips karaoke system, was put together hastily and worded poorly. Philips presumably is reconsidering proposal by Nimbus, which it originally had ignored. Nimbus had developed and demonstrated own system, also called Video CD, whose discs were claimed to be playable on most audio CD players onto TV set through decoder costing under \$200. But Nimbus charged Philips format would require expensive modifications of audio CDs to utilize current players.

Prospective White Book standard treats Video CDs as CD-ROM data discs. Each data disc has digital "flag" in its table of contents, designed to mute audio if it mistakenly should be played on audio CD player, to protect loudspeaker from overload of shotgun-like gibberish CD-ROMs normally would produce on audio player. Nimbus would eliminate that muting flag for Video CDs, making them compatible with virtually all existing audio CD players with digital outputs. Earlier, Nimbus had sent report to Philips warning that if Video CDs were classified as data discs -- requiring muting flags -- at least 65% of music CD players couldn't be used with add-on decoders to play Video CDs. There's no love lost between Nimbus and Philips, which presumably ignored Nimbus's plea.

Philips had maintained that "modified CD players" -- presumably future generation of players or attachments designed to ignore muting flag -- could play White Book-encoded Video CDs. Nimbus argued, however, that that would be fatal to system by eliminating tens of millions of potential players and vast market for decoders and discs.

Task facing Philips engineers is far more complex than merely eliminating muting flag -- as originally was assumed. Although that would make Philips and Nimbus systems compatible, engineers have discovered major snag -- such revisions could make Video CDs unplayable on CD-I player and potentially damage loudspeakers on system hooked to CD-I players. Very quick action is required of Philips, since it must start

pressing FMV movies from Paramount for CD-I very soon -- they have been promised for fall. Paramount, incidentally, is reported as one of sponsors of Video CD format.

Obviously, it's to everyone's best interest to have single worldwide standard for movie CDs -- which could play on every type of player, from CD-ROM equipped computers to audio CDs to CD-I, with minimum of modifications. Philips presumably realizes this and is working furiously to remove obstacles to that goal.

PHILIPS CE LOSSES DOWN, BUT SO ARE SALES: Philips' net income jumped 15-fold in 2nd quarter over same 1992 period as result of \$1.6-billion sale of interest in Matsushita Electronics Corp. (MEC) (TVD May 3 p9). Net income from normal business operations was up 38% in quarter, but down 8% for half. Sales declined slightly in both periods (see financial table).

Consumer electronics (CE) sales fell 3% (after exchange rate adjustments) in first half to equivalent of just under \$5 billion, but losses in that sector were trimmed 15.2% to \$77.9 million. CE was only sector to show loss. Sales dip was attributed to "declining markets and price erosion in Europe," which were "partly compensated by higher sales in other parts of the world." Reduction in loss was due to cost cuts, dropping of personal computer business and shutdown of PD Magnetics' tape production.

First-half sales in other consumer products rose, primarily as result of higher sales by PolyGram, in which Philips holds major share. However, Philips noted that "strong improvement in the operating income of PolyGram was offset by higher development costs for CD-I software" -- presumably reference to Philips Media, not included in consumer electronics sector. Components and semiconductors segment had 72% increase in income on 10% sales growth, "even after absorbing higher startup costs for active matrix LCD" operation. Company reported surplus equivalent to \$2.44 billion, compared with \$934.7 million deficit year earlier, partly due to proceeds of sale of MEC stake, together with \$880-million financing surplus, credited to "effective asset management."

As for future, Philips declined to predict sales and income for full year, "due to the continuing economic situation, notably in Europe." However, executives continued to forecast breakeven for consumer electronics next year. Finance Dir. Dudley Eustace was quoted as saying pace of disposals would accelerate in 2nd half.

Investors apparently were pleased with Philips' performance, which <I>Wall St. Journal<F255D> said was "near the upper end of analysts' expectations," company's shares rising 1.6 guilders on Amsterdam Stock Exchange to 34.8 guilders on day of announcement.

SALES OF 27"-&-OVER TVs UP 21% IN FIRST HALF: Sales of color TV sets with big tubes -- 27" and over -- increased at more than twice rate of total TV sales (excluding VCR combinations) in first half, according to our analysis of figures derived from EIA's unreleased screen-size breakdowns. This large-tube bracket led color TV sales growth in half -- up 21% as compared with only 8% increase in sales of all other size direct-view color sets (excluding combos).

Dealers bought 1,686,200 sets with screens 27" and above, up from 1,393,200 in first half 1992, constituting 17.2% of direct-view TV-only sets this year as compared with 15.6% year ago. If projection TV is included, 1,855,400 large-screen sets moved to dealers in first half, 20.1% ahead of 1,544,700 in first half 1992.

Upsurge of 25" sales continued in first half, table models in that size zooming 52.9% from last year's period. Direct-view sets with screens 25" and above totaled record 36.9% of mix in first half, up from just 33.3% year ago. Total direct-view TVs with 25" and larger tubes came to 3,617,200 this year, up from 2,963,000. If projection TV is included, figures reach 3,786,400 vs. 3,114,800.

It's impossible to compare sales of some of most significant product categories with last year because of change in EIA figures, presumably dictated by security concerns of participating manufacturers. Specific figures can be withheld (or combined with another category) on request of any manufacturer supplying 50% or more of total number. It's understood Thomson blocked release of figures on 35" sets after Sony declared security on 30" figures. Thus this year, biggest direct-view screen size category is 29" and over, where last year it was 30" and over. In table below, figures in brackets are those of last year's categories that have been changed this year.

However, for first 4 months of this year, EIA did compile figures on sales of sets with tubes 35" and over -- some 75,500 for period (no 1992 comparison available). At that pace, we reckon about 125,000 sets with 35" tubes were sold in first half this year, just over 30% of 29"-and-over category.

In contrast to general TV figures, data on sales of TV/VCR combos shows smaller screen sizes -- 13" and under -- gaining at faster rate than larger sets. In fact, smaller sets provided 2/3 of gain for category as whole, up 60.1%, to larger models' increase of 39.2%. Smaller sets this year constituted 59.5% of total as compared with 56.1% one year earlier.

Projection TV figures show continuing trend to larger sizes, top category (55" and over) rising 71.7% to 9.3% of total from less than 1% in first half 1992, with smallest brackets (44" and under) dropping 40.4% and share falling by almost half to 7%. Here are figures on sales to dealers by screen size, as adapted from EIA data:

COLOR TV PRODUCT MIX, SALES TO DEALERS
First Half, 1993 vs. 1992

	Half 1993	Half 1992	% Change	1993 % Share	1992 % Share
Portable-Table Models	9,250,600	8,287,300	+11.6	87.7	87.8
[8" and under...	--	82,200	--	--	0.9]
[9-10".....	--	168,300	--	--	1.8]
10" and under...	237,700	250,500	- 5.1	2.3	2.7
13-14".....	1,718,600	1,732,700	+ 0.7	16.3	18.4
19".....	1,966,400	1,779,900	+10.5	18.6	18.9
20".....	2,251,900	2,171,700	+ 3.7	21.4	23.0
25".....	1,444,600	944,700	+52.9	13.7	10.0
26".....	227,700	322,900	-29.5	2.2	3.4
27-28".....	1,073,900	--	--	10.2	--
[27-29".....	--	861,000	--	--	9.1]
29" & over.....	329,800	--	--	3.1	1.6
[30" & over....	--	224,900	--	--	2.4]
Consoles.....	541,200	609,800	-11.2	5.1	6.5
[25" & under....	--	252,800	--	--	2.7]
[26".....	--	49,700	--	--	0.5]
26" & under.....	258,700	302,500	-14.5	2.5	0.9
27-28".....	212,900	--	--	2.0	2.9
[27-29".....	--	249,000	--	--	2.6]
29" & over.....	69,600	--	--	0.7	--
[30" & over....	--	58,300	--	--	0.6]
TOTAL TV-ONLY.....	9,791,900	8,897,200	+10.1	92.9	94.3
TV/VCR Combinations.	584,000	387,000	+50.9	5.5	4.1
13" and under...	347,300	216,900	+60.1	59.5#	56.1#
14" and over....	236,700	170,000	+39.2	40.5#	43.9#
TOTAL DIRECT-VIEW...	10,375,900	9,284,100	+11.8	98.4	98.4
Projection	169,200	151,500	+11.7	1.6	1.6
44" and under...	11,800	19,800	-40.4	7.0**	13.0**
45-49".....	77,600	68,600	+13.1	45.9**	45.3**
50-54".....	64,000	54,000	+18.5	37.8**	35.6**
55" and over....	15,800	9,200	+71.7	9.3**	0.6**
GRAND TOTAL.....	10,545,100	9,435,600	+11.8	100.0	100.0

* Percentage of grand total, including projection, except where noted.

** Percentage of projection TV only.

Percentage of TV/VCR only.

Bracketed figures are 1992 categories that have been changed in 1993.

Totals may not add due to rounding.

SON OF CAPTION LAW -- NONVIOLENT TV SETS: Like it or not, TV set industry is being drawn into to-do over violent TV shows. Bill introduced last week by House Telecom Subcommittee Chmn. Markey (D-Mass.) is patterned after caption legislation, imposing new requirements on TV sets (see Bcst./Cable Section).

Markey's bill, titled "TV Violence Reduction Through Parental Empowerment Act of 1993," would charge FCC with developing and overseeing regulations to make mandatory in all sets with screen 13" and larger: (1) System to block "programs based on a violence rating or advisory sent electronically... on line 21 of the vertical blanking interval." (2) Parental blackout capability by program or time slot as well as channels so program can be blocked "even if it does not carry an advisory."

TV manufacturers and their representatives were cautious in comments, lest they appear to be pro-violence. Their views, however, echoed those expressed last month before Markey's Subcommittee -- that automatic blackout system was feasible, but they had doubts as to its effectiveness (TVD July 5 p16).

"We have the technology to accommodate" automatic blackout of programs or scenes in response to "V" signal transmitted by station or other program originator, said Julius Szokolcsay, Mitsubishi engineering mgr. who headed EIA subcommittee that drafted standards for caption system and Extended Data Service (EDS), using field 2 of line 21. He and other engineers agreed that adding that capability need not use up all of space earmarked for EDS (added captioning capability, program listings and descriptions, etc.), depending on how frequently V signal is transmitted. If it were transmitted in 15-sec. intervals during blocked-out program or scene, it wouldn't foreclose other uses of line 21, they indicated.

In development of recommendations to FCC on EDS, EIA-sponsored subcommittee had planned to include as one potential use display of MPAA ratings of movies as they're transmitted. One subcommittee member told us that was deleted because broadcaster representatives said "if you put that in, somebody will make it mandatory."

Adding parental blackout to bill was surprise. Channel blackout is feature of many middle and high-end sets, but one that isn't widely used, according to set manufacturers' surveys.

TV manufacturers privately were upset at prospect of more legislation mandating features for their products. They also were irked because entire onus was put on manufacturers. Bill would require them to include circuitry to respond to V signals, but merely "call upon" broadcasters and others to transmit signals, Markey arguing that such a requirement could violate First Amendment rights.

Major videotape manufacturers in Britain are up in arms about tape being marketed with prestigious name and logo of BBC. Tape, imported from Korea by little-known Strand Ltd., is labeled "high-definition blank video" and "manufactured to BBC-approved standards." Tape was licensed by BBC Enterprises. BBC's Engineering Information Div. knew of no BBC standards for consumer videotape and first learned of tape license when its engineers saw ads and tapes in stores. When pressed, BBC reluctantly released vague technical parameters. British Tape Industry Assn. (BTIA), which represents 14 major manufacturers (but not Strand), complained: "While the BBC is prepared to use these standards to help sell these tapes, it is not prepared to release the standards and test procedures... The BBC should come clean..." BBC Enterprises CEO James Arnold-Baker said Strand was chosen from short list of tape manufacturers because it "offered us the best financial return." Consultant who developed standards said they're "those specified by JVC" but with improved dropout level. BTIA Chmn. Brian Smith said all members' tapes "equal or exceed the BBC's standards and should therefore be allowed to carry the same endorsement" and challenged BBC to sponsor independent tests.

Wells-Gardner, maker of video lottery and coin-operated game monitors, reported loss in 2nd quarter on 30.5% decline in earnings (see financial table). Chmn.-CEO Frank Myers attributed declines to lack of successful new coin-op game introductions and fact that no enabling laws for video lottery systems passed in 1992 fall state legislature sessions.

Simplified customs procedures for selected Chinese plants have been implemented by foreign trade authorities in Beijing. China Daily said 24 firms have been designated as "Trustworthy Enterprises" and 96 as "Highly Reputed Enterprises." They will be given priority in going through customs, making declarations and paying tariffs for imports and exports. To win designations, China Daily said, enterprises must have been in production more than 2 years, obey customs regulations, pay tariffs on time, "not be involved in smuggling deals for 3 years." One of first companies to be designated was Beijing Philips joint venture. Meanwhile, govt. announced tough punishment -- "in some cases even death," paper said -- for sellers of "fake and shoddy goods" on domestic and overseas markets.

Ads & Promotions: Sony is offering free stadium seat cushion with purchase of any FD-230, FD-280 or FD-285 Watchman handheld TV through Sept. 30... **Universal Electronics** offers \$2 rebate on several models of universal remotes with purchase of 4-pack of any brand of AAA batteries, or \$5 rebate on VCRPRO 4 remote/VCR programmer with purchase of AAA battery 4-pack and blank tape.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 105 yen = \$1, except where noted.

PANASONIC -- 3DO LAUNCH ON SCHEDULE: Launch of R.E.A.L. interactive multiplayer is proceeding toward scheduled appearance on retail shelves in early Oct., Panasonic said last week. Reassurance came after several major retailers commented to us that they hadn't yet received details on cost price or Panasonic's merchandising efforts -- details that they expected to have by now in effort to launch new technology.

Asst. Gen. Mgr. Gene Kelsey said Panasonic now has "established a firm price" and will inform dealers of that and other details of launch plans for R.E.A.L. within next few days. Dealers with whom we spoke requested anonymity, but said lack of information was hampering them in developing local promotion and ad plans less than 60 days before they expected to be receiving first shipments. One major regional chain said that if hardware hits retail shelves in early Oct. as expected, preprinted ad circulars wouldn't include R.E.A.L. since he works more than 2 months out on such pieces.

Kelsey attributed "some slight delay" in trying to set prices to yen fluctuation and normal difficulty associated with costing out new technology, although he and Panasonic source in Japan said preparation for manufacturing was on schedule. Source in Japan said it was likely that Panasonic would have to ship some portion of initial production to U.S. by air to meet launch schedule. Another source estimated Matsushita manufacturing capacity at about 30,000 machines per month, which should be enough to supply market that insiders are projecting at 50,000-100,000 machines for Christmas season.

Kelsey said Panasonic is planning promotional activities for launch based on "what's right for each market," rather than as broadbased attack. He said company hasn't finalized merchandising kiosk, which he said would include "some design element to give exposure to software" but which wouldn't store software, as with Philips CD-I merchandiser. He also said "it is our intent to bundle a piece of software" in with player, along with sampler disc with snippets of several developers' programs. However, he said, no bundling deal has been finalized. He estimated that 8-10 3DO titles would be available at launch, with 25-30 by end of year.

But Lee Isgur, longtime entertainment and technology industry analyst now with Volpe, Welty & Co., San Francisco, said sheer number of available software programs is less important than whether "there's going to be any compelling software" for new system with capabilities far beyond current 16-bit game platforms. He said key point of comparison could be games based on Jurassic Park, which will be released in fall in versions for 3DO, Sega Genesis, Super Nintendo Entertainment System. "If people are going to embrace another standard, it's going to have to be demonstrably better," Isgur said.

Isgur and others cautioned that 3DO platform doesn't have to be rousing winner this fall to ensure platform's ultimate success. "The networked version of 3DO is likely to be far more important than the standalone version," said Mark Stahlman of New Media Assoc., who cautioned against reading too much into initial sales figures of Panasonic's machine. AT&T, 3DO equity partner, has acquired license and plans to introduce network box next year. Stahlman said it's important that Panasonic player not be absolute flop, which would cause software developers to rethink their investments in 3DO product.

"They've been clearly focused on building momentum among developers" to create programming, which takes year

or more, so stumbling start by Panasonic could have major impact on what comes to market for Christmas 1994, Stahlman said. "If they had missed the Christmas season altogether, they would lose credibility among developers... People aren't -- and would be wise to -- committing their futures completely to 3DO." He said "it may not be until Christmas '94 or '95 before we know if it was successful."

STEREO TV SALES STEADY: Stereo has settled down as a feature of color TV, showing no major gains in first half over last year in terms of penetration or total sales. In first 6 months of 1993, 38.9% of color sets sold had stereo, virtually unchanged from 38.6% in same 1992 period.

In first half, sales of stereo-equipped TVs to dealers rose 10.9%, while all color TVs (excluding VCR combos) gained 10.1%. Sales in June, however, appeared to be on uptrend, setting record for year in number and percentage of sets sold with stereo -- 797,770, equal to 42.7% of all sales. All-time record percentage was 44.1% in Aug. 1992. Here are EIA's figures on stereo in color sets for first half 1993 vs. 1992:

STEREO SOUND IN DIRECT-VIEW COLOR SETS

Month	1993	% of Total	1992	% of Total	% Change
January..	556,009	37.3	482,719	39.0	+30.4
February..	608,791	37.2	543,089	40.4	+ 4.6
March....	738,012	36.9	730,697	37.9	+ 1.0
April....	575,270	38.9	506,096	39.1	+13.7
May.....	532,444	40.0	491,416	38.0	+ 8.3
June.....	797,770	42.7	680,935	37.8	+17.2
TOTAL....	3,808,296	38.9	3,434,952	38.6	+10.9

At least one of 2 major videogame hardware companies is staying in Consumer Electronics Shows in 1994. Sega of America will be major exhibitor at Winter and Summer CES next year, PR Dir. Ellen Beth Van Buskirk said last week. She said company had received presentation about proposed interactive entertainment show planned for April in Atlanta (TVD June 14 p11), but will be at both CES events next year. Nintendo remains noncommittal on what shows it will attend in 1994, spokeswoman said. Pullout by both videogame giants would have been major blow to already weakened Summer CES, since it probably would have been accompanied by withdrawal or reduction in major software and accessories companies identified with business. Fate of proposed Atlanta show (The Interactive Multimedia Entertainment Show, or TIMES) couldn't be determined. Shortly after CES, Knowledge Industry Publications, which originally was listed as show sponsor, severed relationship with company -- identified as Show Group -- that actually was organizing TIMES. Show Group couldn't be reached for comment.

Converting 4:3 TV picture to 16:9 widescreen ratio is covered in European patent application filed by Samsung. Patent says that 30 or fewer scanning lines "having unimportant information are removed in a vertical direction" from 4:3 picture, "vertical interpolation performed for the removed scanning lines, and then 4/5 time compression in a horizontal direction is performed." Using this method, according to patent, "picture loss in a vertical direction is minimized and the screen expansion in a horizontal direction is within a range such that a general viewer cannot perceive a variation of image."

EIA-INTERFACE GROUP TALKS ERUPT: Faltering negotiation between Electronic Industries Assn. (EIA) and Interface Group (IG) -- which runs Comdex computer shows and manages Sands Convention Center in Las Vegas -- over EIA renting Sands for Consumer Electronics Show (CES) has resulted in Justice Dept. antitrust investigation. Probe relates to issue of whether IG was attempting improperly to link rental of its convention facilities to agreement that would severely limit EIA's efforts to market its show to companies in computer field. In broader context, conflict is only latest issue to spring from convergence of computer and CE industries.

IG Corporate Counsel Paul Roberts confirmed Justice Dept. probe, saying "they're investigating them as well as us." He said IG viewed matter as "just a contract dispute" and EIA "made its complaint as a way of leveraging its negotiating position." EIA, which hasn't commented on whether it contacted Justice Dept., issued statement on circumstances of dispute, but declined comment on DoJ investigation. DoJ spokeswoman couldn't be reached for comment.

Parties agree on basic outline: EIA approached IG in Jan. on renting out Sands for 1994 Winter CES, and proceeded to work out most details by June. In June, following Summer CES, IG requested clauses in contract that would have restricted EIA's efforts in marketing to and accepting computer industry exhibitors.

"Among those provisions was a clause which barred the CES from using its traditional marketing and exhibitor categorization for companies which sell computers, computer software, personal computing, mobile computing or multimedia," EIA said in statement issued last week. Statement said: "CES could not agree to a clause restricting its marketing and exhibit categorization options. This restriction would be unfair to its customers -- those electronics companies who wish to use the CES to reach the mainstream consumer distribution channels. Further, CES received legal advice that agreeing to such a clause would potentially constitute civil and/or criminal violation of the federal antitrust laws."

Roberts said dispute was rooted in EIA's original request for clause to restrict IG from staging consumer electronics show in Las Vegas in same year CES rented Sands; he said IG "had no problem with that" because limited noncompete clauses are common in trade show business. Situation changed, he said, when IG representatives went to Summer CES and saw EIA's new Personal Communications & Computing (PCC) show within CES. "Our people saw that show, where they seemed to be going aggressively after the computer industry," and felt that overlap between industries was greater than they had perceived earlier, Roberts said. IG then decided that "if they don't want [us to run] a CE show, we don't want them to run a computer show, or a show within a show." He said EIA responded that it couldn't accept clause, referring to possible antitrust problems.

Recoton's profits soared 89.2% on 77% sales increase to \$26.7 million in 2nd quarter ended June 30 (see financial table). In first 6 months, net income rose 59.8% on 59.4% sales jump to \$47.1 million. Pres. Robert Borchardt credited improved performance to continued successful integration of Ambico camcorder accessories line that was acquired last year, pushing sales of Recoton's wireless product line and expansion of company's retail distribution. In first half, Recoton shifted hq to Lake Mary, Fla., from Long Island City, N.Y.

GOLDSTAR'S 8MM-VHS DECK IN U.K.: First 8mm-VHS dual-deck VCR on market apparently will be Goldstar unit due to be introduced in Sept. in U.K. at £629 (\$945). Similar model reportedly will be sold in Korea.

Goldstar showed similar dual-deck to U.S. retailers at most recent Winter Consumer Electronics Show (CES) in effort to judge market potential and possible price points. Mktg. Vp Jeff Mullarkey said deck "got a good response," but Goldstar management "decided to postpone the decision" on whether to introduce it here. Model to be sold in U.K. combines 4-head VHS VCR and 8mm VCP.

Any effort to bring it to U.S. would probably be met with challenge from Go-Video, which claims 8 U.S. patents relating to dual-deck technology. Exec. Vp Sales & Mktg. Kevin Sullivan said Go-Video "will protect our patents" if anyone else tries to market dual deck here, no matter what formats are involved. He said Go-Video had applied for European Community patent for its technology, and later would seek country-by-country patents in Europe, but wouldn't challenge GoldStar in Europe.

Go-Video plans to introduce 2-3 models of 8mm-VHS dual decks at Winter CES, with shipments set for late spring, Sullivan said. He said Go-Video "looks at VHS-VHS as primarily a copying machine," but feels that 8mm-VHS deck "eventually will evolve into more of an editing machine."

JULY RETAIL SALES STRONG: Major consumer electronics retailers reported solid sales gains in July in total revenues and comparable store.

Best Buy said overall revenues in its 117 stores rose 95% to \$170 million in 4 weeks ended July 31, with sales in comparable stores up 26%. For first 22 weeks of fiscal year, overall sales ran 88% ahead of last year at \$819 million, boosted by 20% comparable-store increase.

Circuit City reported July sales rose 26% to \$308.2 million, helped by 7% gain in comparable stores. Pres.-CEO Richard Sharp said growth in comparable stores "was slightly below our expectations given the addition of a 5th Saturday in the month." Company plans to open 4th and 5th stores in Chicago this month, moving toward total of 18 in area by end of year.

Tandy Corp. sales in U.S. retail stores rose 18% to \$275.6 million in July and comparable-store sales 7%. Stores closed in restructuring announced earlier in year aren't included in comparisons.

REX Stores (formerly known as Audio/Video Affiliates), said July sales jumped 40% to \$23.3 million on 20% comparable-store gain. In 2nd quarter ended July 31, sales soared 31.2% to \$60 million, with comparable stores up 13%. At end of July, REX had 109 stores, vs. 95 year earlier.

British consumer electronics sales were up in first quarter, responding to economic recovery, according to British Radio & Electronic Equipment Mfrs. Assn. (BREMA). Sales to dealers of color TVs rose by 5.7% in quarter to 758,000, with large-screen TVs up 3.3% to 379,000, small-screen rising 2.6% to 359,000. Of large-screen sets, 74.7% were equipped for teletext and 36.7% for NICAM digital stereo audio reception. VCR sales were down 1.4% to 436,000 units (22.7% stereo), while camcorder sales dropped 15.4% to 88,000. BREMA attributed dip to heavy retail inventories and price increases.

NON-JAPANESE LCDs: Even as Philips is mounting major challenge to Japanese from new active matrix LCD plant in Eindhoven, Sharp has applied for foreign trade zone (FTZ) status for its increasingly active LCD plant in Camas, Wash.

Philips plant, originally built to make computer memory chips, presumably will be first outside Japan to make active matrix displays for consumer electronics market. Flat Panel Display Co., owned 80% by Philips and 10% each by Thomson and SAGEM (Société d'Applications Générales d'Electricité et de Mécanique), reportedly is developing simpler type of active matrix display, utilizing diodes in place of transistors etched into surface of glass screen. Philips claims significant breakthrough in use of diodes, resulting in brighter displays that consume less power.

For future, Philips is said to be refining production process developed by SAGEM that could reduce costs significantly. Meanwhile, other companies in Korea and Taiwan are preparing to produce consumer LCDs in competition with Japan.

In U.S., sole active matrix LCD producer, OIS Optical Imaging Systems, which manufactures military LCDs, is quoted as saying it's studying possibility of entering consumer market. In Focus Systems is another candidate for consumer LCDs, having entered joint venture with its 20% owner Motorola to produce proprietary passive matrix system, claimed to be superior to active matrix (TVD Aug 24 p16, Feb 17/92 p16).

Also in U.S., Sharp Microelectronics Technology (SMT), subsidiary of Japanese LCD leader, is stepping up production of passive matrix monochrome and color LCDs for computers. Pres. John Shroyer said company plans to add active matrix displays, but currently has no plans for consumer TV or video versions. If govt. grants Wash. plant FTZ status, it will be able to sell completed LCDs duty free.

"We're trying to develop a domestic industry" in LCDs, Shroyer told us, noting that Customs regulations discourage production here. "The government imposes a 9% duty on basic glass cells imported," he said, "but if you bring in a partly assembled LCD it's duty free." He said that helps freeze U.S. out of LCD business by encouraging imports of near complete products while discouraging purchase of raw materials available from abroad.

SMT last week announced 2 new families of monochrome LCDs that it said were "the thinnest, brightest and highest contrast displays of their type." Displays are available in 3x4" and 4x5" versions and are designed to replace monochrome CRTs in instrumentation and measurement uses.

In Japan, Sharp this week will begin offering "multimedia LCD," claimed to be first in industry that can be used as display for both consumer video and computer data. Active matrix TFT display can show 16 million colors and at start will be produced at rate of 500 monthly and priced at equivalent of about \$7,500.

Funco, retailer specializing in sales of used videogame products, has opened first N.Y. area stores as part of expansion fueled by proceeds from recent stock offering. Company, which draws 75% of revenues from sales of used videogame software and hardware, has leased space in 6 malls in suburban northern N.J., Long Island, Westchester, southern Conn. Of those, 4 are open and 2 are slated for later this month.

Consumer Electronics Personals

Changes at JVC of America: **Al Levene** gen. mgr.-color TV, named vp-East Coast branch, based in Pine Brook, N.J., replacing **Keith Ido**, who moves to Elmwood Park, N.H., hq as gen. mgr.-special projects; Levene's former duties will be handled by Color TV Div. Mgr. **Jeff Imada**... Moves in Emerson: CEO **Geoffrey Jurick** adds title of pres., post that had been held by **Martin Holleran**, who resigned to pursue other interests; reporting to Jurick are newly named exec. vps and co-COOs **Donald Dvorkin** (domestic sales and distribution), **Alex Wijnen** (operations and international sales), **Eugene Davis** (business development, acquisitions and financial and legal matters).

Mitchell Cannold named to new post of vp-new technologies, Sony Corp. of America, reporting to Pres. **Michael (Mickey) Schulhof**, responsible for "development and analysis of opportunities in new technologies for the entertainment and consumer marketplaces;" Cannold also retains post as Sony Pictures Entertainment pres.-new technologies... LIVE Entertainment Pres. **David Mount** rejoins WEA Corp. in Sept., becoming pres.-CEO on year-end retirement of **Henry Droz**.

Sean Fields, Audio/Video Entertainment, Laguna Niguel, Cal., **Mark Hoffenberg**, Audiovisions, Irvine, Cal., and **Keith Rich**, Integrated Systems by Rich, Naperville, Ill., elected to Custom Electronic Design & Installation Assn. (CEDIA) board, replacing **Bjorn Dybdahl**, **Michael Avery** and **Chris Stevens**, terms expiring; Stevens, immediate past CEDIA pres. and recently appointed Harman Kardon pres., will remain on Assn. exec. committee, replacing **Tom Doherty**. **Jeffrey Zemanek**, Viewings Audio/Video Automation, Cincinnati, elected to CEDIA board, filling seat vacated by **Russ Herschelmann**, who resigned citing increased responsibilities as chmn. of CEDIA Home Entertainment Council... **Kelly Sanders** promoted to Cerwin-Vega mobile audio mgr., new post, following 3-year stint as company's mobile audio factory rep in Southern Cal... **William Tovatt** promoted to Proton vp-sales and mktg... **Harold Clark**, former systems designer for Audible Difference, San Francisco custom installation firm, joins Snell Acoustics as home media consultant-technical services, new post... **Penny Guyon** named Warner Music International PR dir.

George Harrison appointed dir.-mktg. and corporate communications, Nintendo of America, adding responsibilities for PR and entertainment business development to role as ad and promotion dir... Elected to Absolute Entertainment board: Cineplex Odeon Pres.-CEO **Allen Karp** and INSCI Corp. Pres.-CEO **Raymond Sozzi**... **Bruce Davis**, ex-Mediagenic and Activision, named pres., TV Guide On Screen programming service... **David Cuyler** promoted to Rank Video Services America pres.-CEO, will move from L.A. to company's Northbrook, Ill., corporate hq; Worldwide Pres.-CEO **Phil Clement** adds same title for Rank Film Labs Worldwide; he will move from Northbrook to L.A.; both appointments take effect Oct. 1... **Jeremy Kennedy** promoted to West Coast Video Duplicating Eastern Div. vp based in recently opened N.Y. office... Epic Productions Publicity Vp **Debra Stein** departs to become partner in PR agency Stein & Villines.

Sony introduces Hi8 VCR deck with forward and reverse shuttle, interface for computer editing, Synchro Edit capability for camcorders, AFM stereo, at \$650, lowest priced Hi8 deck. Also by Sony is digital special effects generator with frame synchronizer, 10-program memory, at \$2,600.

USED-CD WAR GOES TO COURT: Squabble between record companies and music retailers on sale of used CDs spilled over into judicial system when 339-store Wherehouse Entertainment filed suit against 4 of 6 major music distribution companies, charging that distributors' policies of withholding co-op ad support from retailers that sell 2nd-hand discs amounts to "economic retaliation."

Named as defendants were CEMA Distribution, Sony, UNI, WEA. Distribution units of Bertelsmann and PolyGram weren't named because they "have not instituted retaliatory co-op policies," said Bruce Jesse, Wherehouse. Suit in U.S. Dist. Court, L.A., charged that record companies starting in late 1992 "combined and conspired" to restrain used-CD business by agreeing "through or in conjunction with" RIAA to discontinue co-op and promotional allowances to retailers that sell used CDs.

RIAA Exec. Vp-Gen. Counsel David Leibowitz denied his group -- which wasn't otherwise mentioned in complaint -- played any such role. He declined further comment on Wherehouse action.

Suit charged conspiracy "has the purpose and effect of protecting artificially high new CD prices from competition of used CDs and thus operates to stabilize prices" in violation of antitrust law. Complaint said defendants' acts and practices had stifled competition in sales of new and used CDs, suppressed consumers' freedom of choice and maintained prices for new CDs at "artificially high levels." Jesse told us used CDs sold in Wherehouse stores average about \$7.50 compared with new discs that command list prices of \$15 or more. He said that while litigation doesn't qualify as class-action suit, "it's obvious" other music retailers are viewing it as "test case." Wherehouse said used CDs are sold in about 260 of chain's 339 stores. It's understood, other dealers are considering filing suits on their own.

Hoping to assess dimensions of used-CD market will be NARM-sponsored research by SounData, Hartsdale, N.Y. NARM said it plans to share results at retailers' conference in suburban Atlanta in late Sept. First phase of study, it said, will focus on demographics.

Second phase of survey will tackle trade segment and attempt to answer these questions: (1) How many stores buy and sell used CDs? (2) Do same stores also buy or sell used vinyl LPs and cassettes? (3) What's usual source of used CD product? (4) How does retailer sell used product to public?

Videogame companies are seeking new markets well outside home. Nintendo this week plans to announce deals for "installation of innovative technology in a multimedia interactive entertainment system" through "airlines, hotels and cruise lines." Spokeswoman said system goes well beyond merely porting Super Nintendo Entertainment System to new venues. Meanwhile, Japan Air Lines (JAL) is offering Sega videogame to passengers on international flights. Specially designed "JAL Mega Jet" version of Sega's 16-bit game console will be provided by airline, along with 6 software titles, or passengers may bring their own software. Each plane will carry 24 Mega Jets and associated software.

Ozone-depleting chemicals, including CFCs, have been eliminated from manufacturing processes of all N. American Matsushita plants, company said. Matsushita said that was more than 2 years ahead of international ban on production of CFCs and announced it would eliminate them in all of its worldwide plants by year-end.

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
Image Entertainment			
1993-qtr. to June 30	17,037,254	722,680	.05
1992-qtr. to June 30	9,801,135	(1,674,665)	--
LIN Broadcasting			
1993-6 mo. to June 30	322,431,000	(31,206,000)	--
1992-6 mo. to June 30	266,812,000	(43,366,000)	--a
1993-qtr. to June 30	171,198,000	(16,614,000)	--
1992-qtr. to June 30	142,887,000	(12,675,000)	--a
Meredith Corp.			
1993-year to June 30	768,848,000	18,626,000	1.22
1992-year to June 30	706,662,000	(6,331,000)	--b
1993-qtr. to June 30	202,561,000	5,124,000	.34
1992-qtr. to June 30	184,373,000	(11,311,000)	--b
3M			
1993-6 mo. to June 30	7,057,000,000	661,000,000	3.02
1992-6 mo. to June 30	6,957,000,000	620,000,000	2.83a
1993-qtr. to June 30	3,540,000,000	331,000,000	1.51
1992-qtr. to June 30	3,519,000,000	317,000,000	1.45a
Philips Electronics^c			
1993-6 mo. to June 30	14,146,800,000	645,480,000	2.15
1992-6 mo. to June 30	14,396,600,000	125,150,000	.41
1993-qtr. to June 30	7,005,900,000	632,000,000	2.00
1992-qtr. to June 30	7,096,200,000	41,020,000	.13
Recoton			
1993-6 mo. to June 30	47,114,000	2,148,000	.51
1992-6 mo. to June 30	29,555,000	1,344,000	.46d
1993-qtr. to June 30	26,713,000	1,275,000	.30
1992-qtr. to June 30	15,091,000	674,000	.22d
Scientific-Atlanta			
1993-53 wk. to July 2	730,600,000	20,000,000	.53
1992-52 wk. to June 28	580,800,000	16,300,000	.46d
1993-13 wk. to July 2	188,600,000	9,500,000	.25
1992-13 wk. to June 28	172,900,000	7,800,000	.22d
Wells-Gardner Electronics			
1993-6 mo. to June 30	19,948,000	(585,000)	--
1992-6 mo. to June 30	25,075,000	1,044,000	.27e
1993-qtr. to June 30	10,059,000	(349,000)	--
1992-qtr. to June 30	14,486,000	970,000	.25e

Note: ^aRestated. ^bAfter special charge. ^cAt guildler's current rate. ^dAdjusted. ^eIncludes special credit.

July sales to dealers of TV/VCR combos stood 26.6% ahead of last year through first 3 weeks of month -- only major video category reported by EIA that wasn't showing double-digit declines for period. For first 3 weeks of July, color-TV unit sales were off 17.1%, projection TV 24.7%, VCR decks 25%, camcorders 35%, laserdisc players 22.6%. It should be noted, however, that final week of month is by far largest volume week, so declines for first part of month could be reversed by strong closing rush, as has happened several times so far this year.

N.Y. firm said it received patent for hardware, software and operating methods for its interactive TV system. Personalized Mass Media Corp. said it hopes patents will help avoid VHS-Beta type of standards war.

Good Guys is planning to open its first 3 stores in San Diego market late this year, company confirmed last week. It's also believed to plan another 2 stores in area before end of next fiscal year in Sept. 1994.

Sears full-page newspaper ads honor 68 suppliers for excellence. Singled out for "special distinction" in supplying Brand Central is Thomson Consumer Electronics.

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AUGUST 16, 1993

SUMMARY-INDEX OF WEEK'S NEWS

VOL. 33, NO. 33

Broadcast - Cable

FCC REDUCES FINES for many broadcast and cable activities in long-planned revamp. Maximum is \$25,000. NAB calls change 'step in right direction' but says many potential hardships remain. (P. 1)

RATE REGULATION DELAYED for small cable systems. FCC decision affects 5,878 cable systems, but only 3.6% of subscribers. Stay for large systems denied. (P. 2)

NBC DEFENDS DATELINE, sticks by Aug. 3 story making allegations about Sen. Hatch. He attacks network on Senate floor, says NBC means 'Nothing But Crock.' (P. 3)

INOUE HITS CONSENT STAND, hints antitrust inquiry into MSO refusal on retransmission. Justice and FTC asked to investigate. MSOs say there was no collusion, just economics. (P. 3)

MPEG BACKED FOR HDTV: Experts group agrees to seek maximum compatibility. Cost estimates disputed, say multiformat HDTV sets could cost 14% or more than interlaced. (P. 4)

STERN FINES LEVIED because of Infinity 'shock jock' Howard Stern. Proposed fines reach nearly \$600,000 because FCC believes they were 'egregious' and repeated. (P. 4)

N.Y.C. CHALLENGES VDT: City says N.Y. Telephone plan doesn't distinguish between VDT and channel service. Nynex says city didn't understand proposal. (P. 5)

FCC REDUCES MANY SUGGESTED FINES: FCC has revamped standards for assessing forfeitures (FCC 93-382), imposing major new penalties for alien ownership violations and malicious interference. Forfeiture rules are limited by statutory maximum fines of \$25,000 for broadcasting and cable, \$100,000 for common carriers, \$10,000 for others. Commission eased fines for exceeding power limits, failing to respond to FCC communications, failing to comply with prescribed lighting and marking.

NAB Pres. Edward Fritts called policy "step in the right direction by reducing the monetary level of various forfeitures, and we appreciate that." He said many of forfeiture amounts "would still place a potential hardship on the nation's broadcasters, especially in small markets" and urged continued review of schedule by Commission.

"Our most significant changes seek to ensure that the most significant penalties are applied to violations that implicate health or safety concerns," FCC said. Rules are designed to assure that forfeiture amounts are consistent for similar types of offenses and give staff broad flexibility "not to follow the Policy Statement in specific cases," including eliminating fines if circumstances warrant. Policy clarifies that

Consumer Electronics

RADIO SHACK STUDIES possible role as service provider, to test nationwide electronics delivery, branded product repair and diagnostic centers. (P. 8)

TV PRICES STEADY, inventories tight and in balance. Manufacturers ready for unusually strong fall business. Dealers optimistic but more cautious. (P. 9)

DIMENSIONS OF U.S. TV and tube industry: Capacity for 12 million sets and 17 million large-screen color TV tubes annually may be strained this year. (P. 10)

JULY TV AND VIDEO SALES portend record year if sales rates of first 7 months hold up. Main questions center on economy and reaction to Clinton budget. (P. 11)

CABLE-CONSUMER ELECTRONICS agreement blasted by consumer groups as surrender to 'monopoly' cable, addition of more 'offending equipment' in home. (P. 11)

BIG BERLIN SHOW, opening next week, won't launch HDTV for a change, with emphasis on widescreen and PALPlus in TV, MiniDisc and DCC in audio. (P. 13)

'WHITE BOOK' STANDARD for Video CD isn't meant to be compatible with modified audio CD player, Philips says, in effort to clarify muddled compatibility questions. (P. 13)

PANASONIC'S 3DO PLAYER TO SELL FOR \$699 in stores beginning in early Oct. (P. 14)

upward adjustment factor for repeat or continuous violations "is not necessarily applied on a per-violation or per-day basis."

Staff discretion for good faith or voluntary disclosures can be as much as 90% or as little as 30% under new policy; formerly, adjustment could be from 30% to 60%. Staff also is given discretion to soften forfeiture if financial hardship "may be presumed to exist" in cases involving individuals. Agency said it isn't required to issue citation before imposing fine for tower owners who have received notice of regulatory obligations.

Fine for alien violations in broadcasting/cable was set at \$20,000, malicious interference at \$17,500. Other new broadcasting/cable fines set were \$10,000 for failure to have licensed operator on duty, \$10,000 for violation of broadcasting hoax rule, \$10,000 for AM tower fencing infractions. Under category of forfeitures that aren't part of regular sanctions, FCC said it was making only one change, increasing EEO violation fines on cable operators to \$500 per day from \$200.

Biggest change was inadequate lighting and marking. Broadcasters and cable previously had faced forfeitures up to \$20,000; that was changed to \$8,000. Other categories severely trimmed included: (1) Failing to respond to FCC communications -- now \$10,000 for broadcasting/cable, down from \$17,500. (2) Broadcaster violations of power limits, \$10,000, down from \$12,500. (3) Unauthorized discontinuation of service, use of unauthorized equipment or construction at unauthorized locations, to \$5,000 from \$10,000. (4) Violation of public filing rules for broadcasting/cable to \$5,000 from \$7,500.

SMALL CABLE RATE REGULATION DELAYED: In decision that affects 5,878 cable systems (53% of total), but only 3.6% of all subscribers, FCC indefinitely delayed effective date of cable rate regulation for systems with 1,000 or fewer subscribers. Commission refused to extend stay to larger systems, rejecting petitions by CATA, Century, Coalition of Small System Operators, InterMedia Partners, Prime Cable of Alaska.

Cable operators are "obviously pleased that there is some relief for small operators," CATA Pres. Stephen Effros said. "But we're disappointed that the FCC didn't go the rest of the way and acknowledge that larger operators can't make decisions between types of regulation when the rules haven't been finalized." Effros said failure to stay rules for larger operators would be appealed, and FCC action cleared way for filing that appeal.

Delay for small systems will remain in effect as long as it takes to reconsider their administrative burdens and cost of compliance, Commission said. It immediately launched further rulemaking to determine extent of burden and possible rule modifications to reduce cost to small systems. Rulemaking specifically asks whether small systems owned by MSOs should benefit from eased rules, or only independently owned "mom-and-pop" systems. In separate statements, Comr. Duggan said eased rules "should probably be narrowly tailored to benefit independent operators most" and Comr. Barrett said he believes small systems affiliated with MSOs with at least 400,000 subscribers probably should have to comply with present rules. Barrett said he's concerned about sheer number of cable systems that would be exempted at least temporarily from rate rules as result of decision (citing data from Warren Publishing's TV & Cable Factbook). Duggan said he wants to "ensure that no one mistakes the Commission's temporary stay for small systems as a lack of commitment to the task of rate regulation," since stay affects only 3.6% of cable subscribers.

In its further inquiry into small system rules, FCC said about 83% of small systems are affiliated with MSOs. It seeks comment on generic differences between independent systems and MSO affiliates, including whether MSO affiliates have economies of scale not available to independents. It also asks whether cap on size of MSO affiliates that would have less stringent rules would encourage "disaggregation" of systems. Comments are due Aug. 31, replies Sept. 10.

Larger cable operators failed to meet standards for extending stay of rate rules to them, FCC said in denying their petition. Among other things, it said, larger operators failed to prove that industry would suffer irreparable harm if Commission refused to grant stay. FCC said petitioners for universal stay of rate rules raised arguments that were "speculative and hypothetical" and didn't demonstrate that benchmark rates "would result in confiscation." Any harm caused by benchmarks could be alleviated by cost-of-service showings, it said: "Although comprehensive cost-of-service rules have not yet been adopted, the statutory standard of reasonable rates, which would ultimately govern such rules, is sufficiently concrete to protect the interests of both cable operators and subscribers." Commission said petition for stay was largely attack on rate rules themselves, but "rate regulation, in and of itself, does not constitute irreparable harm."

NBC DEFENDS DATELINE: NBC News said last week it was sticking by Aug. 3 Dateline story that alleged Sen. Hatch (R-Utah) had financial interest in 2 drug companies, Pharmics and APG, that could have been helped by bill he sponsored in 1990. Hatch took to Senate floor Aug. 6, during budget debate, to attack report as "false and reckless" and demand apology from NBC, which he said stands for "Nothing But Crook."

In latest flap involving Dateline, program reported that Hatch was "seeking favors" for Pharmics, and that he had introduced "unusually specific bill" that could have given Pharmics access to \$17-million govt. program that handles salvaged drugs. Hatch said in Senate speech that he owned about 1.1523% of Pharmics, and that company isn't in drug salvaging business and couldn't benefit by his legislation. He also challenged \$17-million figure: "How NBC cooked up the \$17-million figure is beyond me."

Hatch also said he didn't do any favors for APG, apart from providing his constituent Kelly Farmer, APG chmn., same help in "navigating his way through the federal bureaucracy" he offers to any constituent. Hatch said that footage of him walking away from NBC camera was 6 months old, taken as he was leaving committee hearing, and that he didn't know of "ridiculous charges" network was pursuing: "Based on this episode and other incidents, I am convinced that certain persons at NBC News are engaged in a campaign of malice." Hatch also referred to incident in which program had faked truck fire in report on truck safety and purported to show dead fish killed by timber cutting that in fact had been stunned during routine fishery inventory.

NBC said Aug. 9 that it had "strong documentation that Pharmics was, by its own admission, in the drug salvaging business and therefore could have benefited from the senator's bill had it become law." Documentation includes March 29, 1990, letter from Pharmics Gen. Mgr. Paul Bagley referring to company's activity in marketing "distressed prescription drugs" and copy of FDA inspection report in which Bagley told federal agency that Pharmics had served as drug salvager. NBC said Hatch didn't disclose when he sent letter to Drug Enforcement Agency (DEA) in behalf of Farmer that Farmer was chmn. of both APG and Pharmics and that both companies were in salvaging business. NBC said \$17-million figure came from committee report on bill in Aug. 2, 1991, Congressional Record.

NBC said that it has been in contact with Hatch's office since Nov. 1992 and that Hatch had turned down "repeated requests" for interview before he was approached in hallway by reporter, and had tried to contact him up until day before segment aired. NBC said it believes report was "fair and accurate."

Woods Communications will hand over 5 TV stations to creditors under bankruptcy reorganization plan. In agreement approved by creditors, Chemical Bank will take over WTVY (Ch. 4, CBS) Dothan, Ala. Bank of America will get WTVW (Ch. 7, ABC) Evansville, Ind.; KARD (Ch. 14, ABC) W. Monroe, La.; KDEB-TV (Ch. 27, Fox) Springfield, Mo.; KLBK-TV (Ch. 13, CBS) Lubbock, Tex. Woods, which lists assets of \$16 million, owed \$28 million to Chemical Bank and \$46 million to Bank of America.

Competitive cable systems are "healthy, viable and undertaking new investments," Bell Atlantic said in latest round of comments on FCC's cable rate rules. Telco claims health of competitive systems disproves cable industry predictions of financial difficulties if rate rules take effect, since competitive system rates were used to set benchmarks.

INOUE HITS CONSENT STAND: Cable industry resistance to signing retransmission consent deals for cash "may well be the subject of [Senate] Communications Subcommittee hearings at the earliest opportunity," Chmn. Inouye (D-Hawaii) said. He also said he asked Justice Dept. and FTC to "look into this matter" to assure there was no collusion among cable operators. Noting that 14 of top 20 cable MSOs said they wouldn't pay cash for retransmission consent, Inouye said in letter to TCI CEO John Malone: "It is one thing if your parallel strategies are a coincidence, and something quite different if the similarities result from factors other than chance."

Continental Chmn. Amos Hostetter replied to Inouye to "state unequivocally" that MSO's decision not to pay cash for retransmission consent "was arrived at independently and without consultation with any other cable television company or entity." Hostetter said: "[It] simply reflects the economic reality that a cable operator cannot incur additional costs or pass those costs on to consumers without any additional benefit." He said Continental is willing to offer long-term must-carry status to stations, as well as cross-promotions, ad barter arrangements, local co-production deals and such things as news inserts into Headline News.

CATA Pres. Stephen Effros said cable operators are "stunned that the senator seems to have forgotten that he was the one that constantly promoted the idea of nonmonetary agreements. It would appear that when the broadcasters don't get exactly what they want in the initial negotiations, they seek help from the government. They said they wanted to negotiate in the marketplace, but they found that people can say no. What they really wanted was must-carry/must-pay."

TCI was first MSO to say that it would refuse to pay cash. Since then, operators with more than 58% of all cable customers have said they won't pay cash, and actual number is believed to be significantly higher, since no MSOs have said they would pay, many companies have refused to disclose plans and few cash deals have been signed. In addition to TCI, MSOs that said they wouldn't pay include Continental, Cablevision Industries, Coaxial, Colony, Comcast, Crown, Harron, Jones, KBLCom, Newhouse, TeleCable, Time Warner, Viacom.

Petition for reconsideration of Fox waiver allowing News Corp. to buy N.Y. Post was filed by Caucus for Media Diversity, which opposed original waiver. Petition claims that News Corp. Chmn. Rupert Murdoch and Fox "misrepresented material facts." Among other things, Caucus said Fox misrepresented June 1 deadline for takeover of newspaper, while Murdoch's own lawyer was telling bankruptcy court that June 1 wasn't final. Caucus also disputed claim that Murdoch was sole potential buyer, since Post management had signed agreement for sale to another buyer. Petition said FCC violated its own precedents by failing to hold hearing on waiver.

Cap/ABC and Hearst continue to sign retransmission consent deals with cable operators, granting noncash carriage consent for their stations in return for cable carriage of ESPN2. Latest signups include Cablevision Industries, Comcast, Helicon, Prime Cable, Viacom.

CBS Radio and Court TV will collaborate to provide regular audio feeds from court trials to CBS Radio's 600 affiliates. Beginning Sept. 13, stations will have access to feeds, one with uninterrupted coverage of trial, other with written-for-radio cuts.

MPEG BACKED FOR HDTV: HDTV experts group reached strong consensus at meeting Aug. 11 that U.S. HDTV system should have as much compatibility as possible with international MPEG format. There was less agreement, however, on quality of data in survey on likely cost of making U.S. HDTV production and consumer electronics equipment compatible with both interlaced and progressive HDTV.

HDTV system should be compatible with MPEG unless there's good reason not to, said Irwin Dorros, retired Bellcore executive who heads experts group overseeing development of "alliance" HDTV system for FCC's Advanced TV Advisory Committee. Consensus was that any deviations from standard should be justified to experts group.

Report on cost of multiformat HDTV was more controversial, with group eventually deciding that data shouldn't form basis of any decisions and that further study was needed. Problems included relatively small number of responses (24 out of 121 survey forms sent), lack of weighting depending on importance of manufacturer, lack of specificity of some of questions.

Multiformat HDTV will be more expensive, according to data in preliminary report. Survey of manufacturers indicated that they believe that: (1) Progressive format TV sets would be about 7% more expensive than interlaced. (2) System capable of both 720-line progressive and 960-line interlaced would cost 7% more than just progressive. (3) Most advanced multiformat system could cost more than 20% above simple progressive. Survey also indicated that multiformat VCRs would be more expensive, although doubts were raised about that.

Progressive cameras would cost 39% more than current interlaced HDTV cameras because of more complex imager, survey respondents said. None of manufacturers were sure that they could even make multiformat imager, although they said converter could be included in camera -- at double price. Multiformat VTR would cost 30% more than current HDTV VTRs, respondents said.

New HDTV master calendar distributed at meeting calls for: (1) Alliance to submit final specifications for audio system by Aug. 1, for scanning format by Sept. 14 and for compression system by Sept. 30. (2) Technical subgroup to review specifications Oct. 19. (3) Alliance specifications for transmission system to be due Nov. 30. (4) Draft lab test plan to be due Dec. 15. (5) Setup at Advanced TV Test Center to begin Jan. 10. (6) Actual testing to be conducted June 20-Aug. 29. (7) Tests in Canada to be run July 19-Sept. 21. (8) All lab reports to be due Oct. 21, 1994.

Discovery Communications said it will be first network to sign on with Electronic Newsstand, joint venture of New Republic and Internet that will offer magazine samples via Internet computer network. Electronic Newsstand will provide network users with program listings from Discovery Channel's Destination Discovery and Discovery-owned Learning Channel's TLC Monthly magazines. Newsstand users will be able to sample articles from various magazines and order single copies or subscriptions through E-mail.

Home Shopping Network founder Roy Speer resigned abruptly Aug. 11 as nonexecutive chmn. of company, will be replaced by Robert Bennett, senior vp-CFO of majority stockholder Liberty Media. Speer had been removed as CEO earlier as result of investigations of alleged improprieties and to ease takeover by Liberty and merger with QVC.

STERN FINES LEVIED: Infinity Bestg. "shock jock" Howard Stern is getting to be expensive property. FCC last week proposed almost \$600,000 in fines against radio stations carrying his show. Commission tentatively fined 4 Infinity Bestg. stations total of \$500,000 for indecent broadcasts and non-Infinity station \$73,750 for carrying broadcasts that FCC considered indecent. Material originally aired on 9 days between Nov. 10, 1992, and Jan. 13, 1993. Commission said fines were as large as they were because offenses were "egregious" and Stern, who is syndicated by Infinity, has exhibited pattern of similar abuses.

Tentative fines of \$125,000 each were levied Aug. 12 against WXRK-FM N.Y.C., WYSP-FM Philadelphia, WJFK-AM Baltimore, WJFK-FM Manassas, Va. Day earlier, Commission proposed to fine KFBI-FM, Pahrump, Nev. \$73,750 for airing shows by Stern. Station can be heard in Las Vegas. Station owners have 30 days to respond to proposed fines.

Stern broadcasts were subject of several earlier FCC actions including: (1) \$105,000 fine against KLSX-FM L.A. (2) Fines of \$2,000 each against WXRK-FM N.Y.C., WYSP-FM Philadelphia, WJFK-FM Manassas. Stern also has been subject of petitions to deny Infinity right to buy KRTH-FM L.A. signed by more than 15,000 persons, and was factor in dispute on whether Infinity could buy 3 Cook Inlet stations for \$100 million. FCC eventually approved that sale.

Broadcasts (aired 6-10 a.m.) included such things as comments about alleged excretory habits of Kathy Lee Gifford, his personal masturbatory practices, vaginas, fetuses in toilets, rectal examinations, mooning, making "a douche and enema tape," sperm production, Woody Allen's alleged predilection for children.

TCI is subsidizing its Washington cable music service, Digital Music Express (DMX), because loophole in Cable Act allows cable operators not to charge themselves for distribution costs, according to Gary Pudles, gen. mgr.-gen. counsel, Washington Muzak franchise. TCI is charging customers \$40 per month for 30 channels of music, while it costs Muzak same amount just to get tariffed phone line, he said: "The superstructure is paid for by captive ratepayers. TCI has no distribution costs and that's an unfair competitive advantage... Since they're [TCI] a monopoly they should be regulated on everything they do just like the phone company." Pudles suggested: (1) Grant ratemaking authority to states rather than "underfunded, understaffed" municipalities. (2) Require cable monopolies to provide access, but not services, over their networks. (3) Take full-cost approach, requiring cable to account for costs in all services it provides.

Broadcasters should be allowed to use older generation equipment for aural STL links and intercity relay (944-952 MHz) for up to 30 days per year for auxiliary backup service, NAB said in comments to FCC. Older equipment has been superseded by newer gear that's subject to FCC approval, but NAB said older equipment "is far from obsolete or useless." Even though it doesn't meet more stringent current FCC standards, equipment "is more than adequate for backup purposes," NAB said, and using it will allow broadcasters to avoid expense of buying new backup equipment while assuring continuous service.

Correction: First public TV-radio service to specific area, rather than public station equipment replacement, has long been top funding priority of Public Telecommunications Facilities Program (TVD Aug 9 p5).

N.Y.C. CHALLENGES VDT TEST: N.Y.C. filed papers with FCC Aug. 11 opposing N.Y. Telephone (NYT) application to introduce video dial tone in Manhattan. Eileen Haggard, asst. commissioner of N.Y.C. Dept. of Telecommunications, told FCC in petition for reconsideration that it "must clearly distinguish video dial tone service from channel service" and determine whether NYT -- Nynex subsidiary -- "is attempting to provide channel service under the guise of providing video dial tone." FCC approved test June 7.

Nynex said city misunderstands proposal and trial platform -- connecting 3 apartment buildings on Manhattan's East Side. City urged FCC to reject Nynex offer on reconsideration because it proposes to construct facilities to provide channel service to unfranchised cable operator.

Situation arose with FCC June 7 order that city said it took to sanction video dial tone service that it interpreted as test of channel service. "A company cannot be permitted to evade current legal and regulatory requirements by merely using a system which, under the 'video dial tone' label, offers additional capacity to other programmers," Haggard wrote. City views system as "closed" in that NYT won't be providing end-to-end service. "The services of the programmers which choose to use the proposed network will not be available to the common carrier's subscribers," she said. Under trial option, subscribers to wireless cable will receive their current programming by fiber instead of microwave, as well as information from other providers that opt to "test" network in year-long trial. Programmer can't reach subscribers to test unless they're customers of Liberty Cable, Haggard said.

"N.Y. Telephone's proposed offering clearly does not include a basic common carrier platform," Haggard said. She said FCC cross-ownership rules define video dial tone as platform providing "multiple video programmers nondiscriminatory access to a common carrier transmission service that will enable them to deliver, and consumers to receive, video programming and other programming services."

Nynex said city has "fundamental misunderstanding" of 2 types of service. Company said FCC intended video dial tone providers to have "sufficient capacity" to serve multiple video programmers while channel transporters are linked only to single cable operator. Confusion centers on relationship with Liberty Cable and use of its coaxial cable within those buildings. "Limiting the trial to 3 buildings is simply a function of the fact that N.Y. Telephone is conducting a trial," it said, skipping through process of wiring new buildings. It said Liberty has guaranteed other video programmers access to all end users for duration of trial.

Nynex said it's also inaccurate for city to indicate that Liberty customers are only persons who can access system in trial, declaring that any tenant in those 3 buildings could tie in. It also said Time Warner, which at first opposed trial, now is planning to participate.

Terry Rakolta-led Americans for Responsible TV filed petitions with FCC with more than 15,000 signatures asking Commission to deny sale of KRTH-FM L.A. to Infinity Bestg. because Infinity is responsible for Howard Stern Show. Group claims show is indecent.

HBO said it has expanded HBO Asia to Philippines, making carriage deals with 6 pay-TV programmers and expecting more soon.

SHOWS TO BE RE-AIRED: Discovery will begin field testing Your Choice TV (YCTV) on 8 cable systems with total of more than 20,000 subscribers by April, with first trial to begin in fall on Comcast system in W. Palm Beach. YCTV is combination program guide and interactive pay-per-view (PPV) ordering system (TVD Dec 14 p8). First test will be to determine whether subscribers will pay to watch previously aired TV programs after original showing and without commercials.

YCTV is designed to have larger scope, eventually becoming overall ordering system. Cap/ABC, NBC and several cable networks will provide programming for test, and discussions are under way with CBS, Fox. Stations in each market also will be invited to provide programming such as news. Discovery Chmn. John Hendricks said field test is important to give TV industry "a real opportunity to observe consumer behavior in homes equipped to randomly access television. All of us in television need to understand both the revenue opportunities of this new technology and the potential viewership erosion threats to our current cable and broadcast networks."

Test will be limited to 2,500 homes in each market to avoid affecting overall ratings in each, he said. Other systems that have agreed to participate in YCTV test include TCI in Chicago suburbs; Time Warner in Columbus, O.; Continental in Dayton; Cablevision Systems in Nassau County, N.Y.; Times Mirror in San Diego; Newhouse in Syracuse; Cox in Spokane. Discovery said preliminary research indicated that each cable household might spend \$6-\$9 per month on such PPV.

RIAA praised Senate introduction Aug. 6 of companion legislation (S-1421) to bill offered in House July 1 (HR-2576) that would establish performance right on sound recordings for era of digital audio broadcasting and other forms of digital delivery. RIAA Pres. Jay Berman applauded S-1421 sponsors Sens. Feinstein (D-Cal.) and Hatch (R-Utah), describing bill as "an important piece of legislation that effectively addresses the lack of a performance right for sound recordings -- a major loophole in the U.S. copyright law." Despite apparent attempt to make Senate bill more palatable for music publishers and songwriters who were critical of HR-2576 introduced by House Copyright Subcommittee Chmn. Hughes (D-N.J.), National Music Publishers' Assn. Pres. Edward Murphy was noncommittal on S-1421, saying he hadn't had opportunity to review text of bill or floor statements by Feinstein and Hatch. While Murphy praised "spirit" of including provision to protect public performance income earned by publishers and songwriters, he said he had concerns about "practicality" of how rule could be enforced. Meanwhile, NAB Pres. Edward Fritts said in opposition: "The idea of a government-sanctioned penalty on stations that are the promotional lifeblood of the recording industry simply boggles the mind."

Almost lost in shuffle of budget reconciliation package was victory for broadcasters on issue of fees for towers on federal lands. Senate Public Lands Subcommittee had held hearings in subject in March, with Chmn. Bumpers (D-Ark.) criticizing current policies, saying that rates were too low. One of features of House version of budget reconciliation was that fair market value would be charged for tower licenses on lands managed by U.S. Forest Service and Bureau of Land Management. Senate version gave general authority to agencies to set rates, set up advisory committee. Compromise agreed to before Congress left for Aug. break limited increases to 10% above current rates, when fair market values would have been much, much higher.

Coalition for Public TV Program Access & Diversity again called on PBS to reverse its recent video distribution policy and to consider alternatives "such as some form of open bidding procedure returning to producers the freedom to assign their shows to the most appropriate distributor." Policy, on which PBS and Coalition have met, gives PBS right to condition its program funding on producers' giving it institutional and/or home video rights. In new wrinkle, Coalition Aug. 9 cited published report, which PBS declined to discuss, that PBS Home Video label would post \$542,000 loss this year and was owed more than \$1 million in license fees by distributor Pacific Arts. Charles Benton, Public Media Inc. pres. who chairs Coalition steering committee, said: "Producers aren't being paid, PBS is losing money and other distributors are being denied the opportunity to distribute programs that they can market more effectively than Pacific Arts. Now would be a good time for PBS to step back and consider an alternative to this policy." Peter Downey, PBS senior vp-business affairs, responded that PBS video line "has been one of the most successful labels in the home video business. Like any startup business, it has had its ups and downs, but our sights remain focused on the long-term benefits of assuring that high-quality public TV programs have a long life after they air, both in the classroom and the home. Our goal as always is public service, not private gain." Coalition called for meeting with PBS on proposed policy and said that "barring some near-term solution of the matter, [it's] prepared to take its case to Congress or the FCC."

TCI's political action committee (PAC) was fined \$750 by Federal Election Commission (FEC) for contributing more than allowed amount to 1988 presidential campaign of Sen. Dole (R-Kan.). FEC action Aug. 9 was part of record \$100,000 penalty levied against Dole campaign for rule violations. According to conciliation agreement with FEC, TCI contributed \$2,000 to Dole for President Committee on Nov. 24, 1987 -- \$1,000 more than allowed by law. TCI requested, and received, \$1,000 refund March 3, 1988. TCI then contributed \$1,000 to Dole March 29, 1988, leading FEC to conclude that TCI "made an excessive contribution." In negotiations with FEC in Dec. 1991, Colin Storer, TCI asst. treas., said company was interested in reaching conciliation agreement and said TCI had requested "partial refund" for \$2,000 contribution.

NTIA Dir. Larry Irving will be lunch speaker opening day of conference sponsored by National Assn. of Minorities in Cable and NCTA Sept. 23-24, Waldorf-Astoria, N.Y.C. Other speakers include Thomas Feige, pres.-Time Warner Full Service Networks; Bruce Kaplan, head of Viacom's Castro Valley project; Shelley Fischel, HBO senior vp; Navarra Williams, Paragon exec. vp -- 202-775-3669.

FCC renewed license of WIP(AM) Philadelphia, despite objections of several parties, but issued notice of fine of \$12,500 for EEO violations. Renewal was opposed by National Black Media Coalition, National Hispanic Media Coalition, Philadelphia Lesbian and Gay Task Force, Pa. and Philadelphia chapters of NOW.

Sumner Redstone continues to increase his control over Viacom, paying \$5.5 million on open market in last month for 94,000 Class A shares and \$14 million for 280,000 Class B. Redstone has been gradually increasing holdings over last 3 years, now owns 76.3% of Viacom.

FCC will begin making cable customer rate complaint forms available Aug. 16; they can't be filed until Sept. 1. OMB-approved form is available from: FCC, Cable Form Request 329, Box 18238, Washington, D.C. 20036.

Pacifica took to air last week to fight what it characterized as effort by "radical right" to "censor -- and perhaps abolish" it and other public stations. In effort stemming from broadcast of alleged anti-Semitic programming on Pacifica's KPFF-FM L.A., CPB board April 1 rejected attempt by member Victor Gold to begin considering defamatory material as criterion in awarding of grants to stations. Pacifica, which operates 5 community radio stations, on Aug. 9 fed "Tongues Retied: Pacifica Radio and Free Expression," hourlong program that focused on alleged conservative attack as well as what it said was "upcoming effort in the U.S. Senate, led by Bob Dole and Jesse Helms, to restrict public funding to public broadcasting." Show included interviews with CPB Chmn. Sheila Tate and conservative critics David Horowitz and Laurence Jarvik, as well as pitch at end for listeners to contact Sen. Harkin (D-Ia.), chmn. of Labor Appropriations Subcommittee, which sets CPB's funding level. Senate next month is expected to act on Corp.'s FY 1996 funding, which House recently froze at already approved FY 1995 level. Pacifica, meanwhile, plans live broadcast of CPB's first Open to the Public town meeting, set for Aug. 24 in Columbia, S.C. Meeting stems from CPB board's objectivity/balance responsibility, and will be attended by what's intended to be broad cross-section of state population as determined by local research firm.

KCRA-TV Sacramento also will end experiment with shifting prime time to 7-10 p.m., from normal 8-11 p.m., following KRON-TV San Francisco (TVD Aug 9 p6). Gen. Mgr. John Serrao said research showed that viewers preferred earlier time, but NBC pressed for station to conform with others on West Coast. As part of agreement, KCRA-TV signed new 3-year affiliation with network.

Communications Equity Assoc. opened Hong Kong office to be headed by Sarah Rechin, formerly vp-International Div. Chmn. Patrick Michaels said new office is result of "incredible expansion" of TV industries in Asia. Office is at 3402-04 One Exchange Sq. -- 852-845-5504.

Continuing trend of buying Tenn. cable systems, InterMedia Partners completed purchase of cable systems with 15,900 subscribers in Central Tenn. from First CableVision. InterMedia now has systems with 146,000 subscribers in state.

KBLCom cable system will provide local access service in San Antonio for Vyvx, which distributes video nationwide over fiber network. Vyvx said it's seeking similar agreements with cable operators in other parts of country.

Cap/ABC bought biweekly Mexican business magazine, Expansion, and other publications owned by Expansion, S.A. Terms weren't disclosed. Magazine is first in Mexico in ad pages, and Cap/ABC said it would rank 18th in U.S.

Antenna Hungaria will start satellite service with launch of 10-transponder unit in 1996. Company said \$160-million project, called Domestic, will broadcast 16 TV channels across Europe and Middle East.

SportsChannel Philadelphia is being offered now to dish owners and sports bars. Package includes Philadelphia Phillies, Flyers and 76ers games, as well as college and other nonprofessional sporting events and sports talk shows.

Nike has re-upped for PBS's Ghostwriter series. Shoe company, which provided \$5 million for first 42 shows, produced by Children's TV Workshop, will donate \$3 million for 32 new shows that begin Sept. 12.

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Financials: Higher income taxes cut **Turner Bcstg.** profit for 2nd quarter ended June 30 10% to \$31 million, even though revenue jumped 18.8% to \$487 million. Operating profit rose to \$97 million from \$90 million. Ad revenue increased 14% for quarter and subscription revenue 17%. Entertainment revenue, including WTBS and TNT, was up 17% to \$236.6 million, mainly because of \$21-million ad revenue growth. News segment (CNN and Headline News) revenue grew 15% to \$153.6 million on higher subscriber fees... **Continental** said it will issue \$1 billion of new senior unsecured debt, with money to be used to repay shorter maturity debt. Company originally had offered \$500 million of debt, but increased offering after smaller amount was oversubscribed... **Great American Communications** lost \$12.4 million in 2nd quarter ended June 30, vs. \$14.5 million loss year ago. TV revenue was flat at \$37.4 million, while radio revenue increased 5% to \$18.4 million... **Time Warner** said Warner Communications subsidiary will redeem all \$138 million of outstanding 11% debt due 1999... SCI TV debt was assigned B3 rating by Moody's. New rating reflects \$554-million debt reduction as result of restructuring, but rating service said debt-to-cash flow ratio remained high... **EZ Communications** said it will conduct initial public offering of 3.4 million shares of common at \$13 per share, with proceeds to reduce debt. EZ owns 9 FMs, 2 AMs.

Personals

Daniel Akerson, pres.-COO of MCI, named chmn.-COO, General Instrument, will become partner in parent Forstmann Little... **Michael Schooler**, NCTA gen. counsel, becomes partner in Dow, Lohnes & Albertson Sept. 1... **Henry Leingang**, vp-chief information officer, Viacom, promoted to senior vp-chief information officer... **Bonnie Hathaway**, ex-HBO dir.-affiliate public relations, appointed dir.-community relations, Time Warner Cable... **Harold Anderson**, ex-Sky Network TV New Zealand dir.-programming and production, named vp-programming and production, ESPN Asia... **Timothy Ryerson**, ex-Showtime dir.-program planning, appointed vp-planning and scheduling, Encore Media... **Esther Greif**, dir.-production, promoted to vp-production, Group W Productions... **Steve Wilson**, ex-Digital Equipment consultant, named TCI dir.-business process planning and reengineering... **Lynn Langfield**, dir.-fleet management, promoted to dir.-procurement, TCI Cable Management.

William Ackerley, senior vp, named pres.-COO, Ackerley Communications... **Michael Trager**, ex-chmn., Sports Marketing and TV International, named exec. vp-sales and mktg., joint venture for broadcasting and sales of Major League Baseball, ABC, NBC... ABC TV Network promotions: **Gail Sullivan**, senior account exec.-prime-time sales, to vp-dir.-daytime sales; **Peter Scanlon**, dir.-prime-time sales proposals, to vp-prime-time sales proposals... **Lydia Stephens**, dir.-programming, promoted to vp-programming, ABC Sports... **Ellen Hamilton**, independent PR consultant and writer, named dir.-corporate information, media relations, NBC West Coast... WGN(AM) Chicago promotions: **Denise Palmer**, dir.-finance, to station mgr.; **Tisa LaSorte**, asst. program dir., to program dir.

Ralph Oman to leave as Register of Copyrights Jan. 8, reportedly to pursue opportunities in private sector... Among those to be honored by SMPTE Oct. 31: **Joseph Flaherty**, CBS, **Richard Kirby**, ITU, **George Waters**, EBU, **Paul Berger**, CBS, **Jean Chatel**, Thomson, **Randall Hoffner**, NBC, **Kelichi Kubota**, NHK, **Mark Richer**, PBS... **Roy Stewart**, FCC Mass Media Bureau chief, will be luncheon speaker Aug. 17, at Ark. Bestrs. Assn., Park Hilton Hotel, Hot Springs.

NBC affiliate KTIV Sioux City, Ia., signed cash retransmission consent deal with unnamed 495-subscriber cable system in Sioux City ADI. Deal, which runs through Dec. 31, 1996, calls for fee of 25¢ per subscriber per month that would escalate if any other station gets more, carriage on cable Ch. 6, agreement to carry HDTV simulcast channel when it becomes available, agreement to drop another NBC affiliate, WOWT Omaha.

FCC's latest TV and radio station count: UHF commercial, 596; VHF commercial, 560; UHF educational, 239; VHF educational, 121; FM, 4,903; AM, 4,951; FM educational, 1,630; UHF low power, 855; VHF low power, 481; UHF translators, 2,423; VHF translators, 2,393; FM translators and boosters, 2,015.

Obituary

James Dingman, 91, former AT&T vice chmn. and dir. of Communications Satellite Commission (now Comsat), died Aug. 7 of cancer at summer home in Vt. In 1952, he became vp-gen. mgr. of Bell Telephone Labs, 4 years later was elected vp-operations of AT&T Long Lines and in 1959 was promoted to vp-chief engineer. Dingman was elected vp of AT&T in 1961 and vice chmn. in 1965. He helped develop Telstar satellite. Wife survives.

Consumer Electronics

A Section of Television Digest with Consumer Electronics

STATE OF THE INDUSTRY

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

	JULY 24-30	1992 WEEK	% CHANGE	JULY 17-23	7 MONTHS 1993	7 MONTHS 1992	% CHANGE
TOTAL COLOR.....	862,575*	488,771	+76.5	353,998	12,215,484*	10,887,658	+12.2
DIRECT-VIEW....	848,142*	477,596	+77.6	346,059	12,018,867*	10,707,798	+12.2
TV ONLY.....	802,675*	456,127	+76.0	333,571	11,353,326*	10,270,907	+10.5
TV/VCR COMBO..	45,467*	21,469	+111.8	13,328*	665,541*	436,891	+52.3
PROJECTION....	14,433*	11,175	+29.2	7,099	196,617*	179,860	+ 9.3
VCR DECKS.....	499,620*	379,134	+31.8	206,963	6,148,224	5,958,300	+ 3.2
CAMCORDERS.....	143,653*	109,223	+31.5	42,346	1,570,359*	1,407,296	+11.6
LASERDISC PLYRS#	7,563*	4,444	+70.2	3,580	113,108	116,390	- 2.8

Direct-view TV 5-week average: 1993--465,118*; 1992--360,858 (up 28.9%).

VCR deck 5-week average: 1993--274,865*; 1992--236,558 (up 16.2%).

Camcorder 5-week average: 1993--76,123*; 1992--63,633 (up 19.6%).

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

RADIO SHACK STUDIES ROLE OF SERVICE PROVIDER: Looking for image to contrast itself from superstores that easily outgun it in product and brand selection, Radio Shack (RS) over next several months will test range of service-oriented approaches to consumer electronics business. Plans to be auditioned include nationwide consumer electronics gift delivery program, marketing program presenting chain as specialist in out-of-warranty repairs and creation of in-store diagnostic centers for testing products ranging from wristwatches to computers. Successful initiatives could become standard parts of operation by 2nd half of 1994.

Leonard Roberts, former restaurant executive named last month by parent Tandy Corp. as RS pres. (TVD July 12 p12), has said RS will increase its emphasis on promoting customer service capabilities as way to differentiate itself from superstores such as Circuit City and Best Buy. "These things can emphasize and enhance the image we already have," Roberts said. "These are potential profit centers, but they can also bring more customers in our shops."

Concepts being tested by chain include nationwide delivery program emulating system used by florists to deliver gift bouquets nationwide. Under program, shoppers could order electronic gadgets at hometown RS outlet for delivery by any one of chain's 6,500 stores, even to extent of selecting color of wrapping paper. "We have the distribution to get in the gift business in a big way," Roberts said. "We think we can own the electronic gift market."

Also being tested are programs to market RS as provider of electronic repair services for out-of-warranty branded products -- strategy that potentially could give it top-of-mind image for fixing broken TVs and VCRs. However, it's not known whether plan calls for RS stores to handle repairs on site or ship them to central station.

Third concept under review would place diagnostic center in each RS outlet, Roberts said. He said services will be tested in coming months in up to 6 markets, although he declined to specify where they would be tried out. If they prove successful on small scale, programs are likely to be introduced to start nationwide operations in time for Christmas 1994 selling season, Roberts said. Some of ideas harken back to days when Radio Shack and others (including corner drugstores) participated in lucrative receiving tube business for TVs, radios and amplifiers via do-it-yourself tube testers.

Despite RS's efforts to move quickly toward national rollout, no decisions will be made until testing phase is complete, Roberts said. "We have a lot of operational issues to test," he said. However, he said he

views test ideas -- particularly gift program -- as potentially important ways to build additional customer traffic in RS outlets. "When you're browsing for gifts, you're also browsing other areas of the store," he said.

Focus on developing service-related offerings was part of Roberts' strategy for reshaping Radio Shack when he joined company in July. He said RS will continue selling electronics merchandise but doesn't plan to compete head-to-head with volume retailers. "That's not our niche," he said -- "never has been and never will be."

Some financial analysts said they were encouraged by testing of new service concepts. "Anything they can do to generate more business is good," said Terrence McEvoy, analyst with Danney Montgomery Scott, N.Y. investment firm. "It's a low-cost, high-margin type of business."

However, another long-time RS-watcher pointed out that while such programs are "nice peripheral stuff," they don't address more fundamental operational and merchandising issues that have kept RS in doldrums. "They've got to market their middle-ticket electronics -- personal stereo, clock radios, toys -- better. They could own a lot of that business." He said company's overall store execution also must improve. That presumably is area in which Roberts, former pres.-CEO of Shoney's and Arby's chains, would have significant input.

Others are willing to give new concepts chance to develop. "There's a world of things that can happen between the presentation and the implementation of an idea," said Liz Buyer of T. Rowe Price, Baltimore investment firm. "But this is the single best idea out of Radio Shack in many years." Otis Bradley of Gilford Securities, N.Y., also has been impressed by Roberts' early performance. "He seems to be breathing a little life into Radio Shack."

* * * * *

Tandy reported \$77.3-million loss -- including \$109 million charge related to sale of computer manufacturing operations -- in 2nd quarter ended June 30 (see financial table). Net revenues in quarter were up 5.1%. Company said revenues from continuing U.S. retail businesses rose 14%, with comparable-store sales up 3% at Radio Shack, 50% at Computer City. It didn't release comparable-store sales for other parts of Tandy Name Brand Retail Group.

TV PRICES STEADY, INVENTORIES TIGHT: Industry will enter peak TV selling season in unusually good position. Elsewhere in this issue, you'll see reports that all signals are go for record year and that set and tube manufacturers are working at or near capacity. Probably best news of all is that there's no sign of price attrition on horizon and inventories are in excellent shape and good balance.

While some manufacturers have been unable to sustain price increases announced early in year, there are no signs of any competitive price cuts. There's always exception that proves rule, of course, notably Panasonic's move to bring its Gaoo SuperFlat sets closer to mainstream pricing. Competitors' response generally was "ho hum -- they were overpriced to begin with."

Asked about cuts of \$50-\$100 on 27" sets to \$699-\$899 minimum advertised price and \$100-\$200 on 31" to \$1,199-\$2,299, Panasonic TV Asst. Gen. Mgr. Thomas Edwards called changes "an adjustment," adding: "Where we tried to go up in price to a level justified by performance, there wasn't enough feature difference to justify it" in consumers' minds. He said sets lacked such dramatic features as PIP, available in lower priced models, and high pricing was based on picture quality alone.

Other manufacturers couldn't cite any pressure to lower prices, although there were some complaints that yen and other problems still would make it desirable to raise them. "The sales rate speaks for itself," said Zenith Sales Pres. Gerald McCarthy. "Looking at the strength of the market, the pipeline supply, the balance of inventories, there's no reason why this industry should take the price road. If this industry were more rational, we'd be talking about increases. Business is just far stronger than anybody thought, and we're all the beneficiaries of it. There really was double good news -- sales of air conditioners and refrigerators bode well for improved financial position of retailers this fall. White goods helped brown goods, which were doing pretty well anyway."

"If there were any price attrition out there, my phone would be ringing off the hook," said one manufacturing sales executive who asked not to be identified. "But we're just getting requests from dealers to increase deliveries."

"I haven't seen anything radical [in price moves], nor do I expect to for the rest of the year," said James Palumbo, senior vp, Sony Consumer TV Co. There are new cost pressures, however, with exchange rate

fluctuations hurting prices on parts kits. "Not all component parts are locally sourced," he said, and even with 90% domestic, "when you have fluctuations from 120 yen [to dollar] down to 105, you're talking about millions of dollars." He forecast industry would sell about 23.5 million direct-view and 440,000-450,000 projection sets this year. Sony projection TV sets are running double last year, Palumbo said, and are on "one-month ordering cycle."

Mitsubishi, which has raised some prices this year, is making no price moves beyond couple of small closeouts that will be regional and local, rather than national, because of quantities, said Strategic Mktg. Vp Michael Stapleton: "We've hit an all-time low in inventory." Mitsubishi is adding 27" flat-screen set at \$1,299, minimum advertised price, and 35" flat-screen table model at \$2,999, console at \$3,199 -- not major breakthrough points.

Retailers tended to be more cautious than manufacturers, putting estimated gains for year in single-digit percentages, as opposed to 10%-plus forecasts by set makers. Dealers and manufacturers agreed transition to closed-caption sets passed without glitch.

Behind optimism and outright joy is extremely good balance of color TV inventories. At midyear, pipeline stocks (factory plus distributor) totaled almost exactly 4 weeks' supply at current sales pace -- meaning they were all gone at end of July.

Comparing midyear inventories with first-half sales in various screen sizes shows production and imports almost uncannily attuned to sales. As we reported last week, for example, 19" sets constituted 20.1% of first-half sales of direct-view TVs (excluding combinations); at end of half, they represented exactly 20% of inventories. Other sales and inventory comparisons in portable-table category: 13", 17.6% of sales and 16.5% of inventories; 20", 23% and 22.8%; 25", 14.8% and 14%; 26", 2.3% and 2.5%; 17-28", 11% and 11.9%; 29" and over, 3.7% and 3.7%.

DIMENSIONS OF U.S.-BASED TV INDUSTRY: Industry has capacity to manufacture or assemble just under 12 million TV sets and 17 million color picture tubes in U.S. annually, on basis of information from EIA and other sources.

TV manufacturing and assembly capability is about one million sets more than the 10.785 million sets made or put together in U.S. in 1992 (TVD March 15 p11). However, in first quarter 1993, latest period for which data are available, domestic output jumped 30% over year earlier (TVD June 7 p15). If this surge keeps up rest of year, it will strain capability of U.S. plants.

Picture tube industry is manufacturing at capacity -- which is much larger than TV set capacity, primarily because of exports to Mexico, where tubes are built into sets for shipment to U.S. In addition, U.S. tube makers export to Canada, Europe, Asia and South and Central America. TV tubes also increasingly are used in non-TV products such as arcade games and other public displays (estimated at about 250,000 large-screen U.S.-made tubes annually).

Last year, industry strained to produce record 16.74 million color tubes, of which 3.5 million were exported, according to EIA and Commerce Dept. data. U.S.-made color TV tubes all are 19" and larger; smaller tubes are imported. Last year, imports of color tubes set record of 395,600 units, more than 60% of them from Taiwan, Korea, Malaysia and China, with 30,000 larger tubes coming from Canada (where Mitsubishi has plant) and 100,000 (also presumably big tubes) from Japan.

Based on latest data from EIA, supplemented by our own research, here are approximate figures on TV production and assembly plants in U.S., with number of employees and annual production or capacity: American Kotobuki (Matsushita), Vancouver, Wash., TV/VCR combination assembly, 210 employees, 240,000 sets. JVC, Elmwood Park, N.J., 250 employees, produces 400,000 TVs. Matsushita, Franklin Park, Ill, 530 employees, capacity of 1 million sets assembled and produced. Mitsubishi, Santa Ana, Cal., 600 employees, assembles 450,000 sets.; Braselton, Ga, 350 employees, produces 300,000 sets. Orion, Princeton, Ind. (supplier to Emerson), 330 employees, assembles unknown number of sets.

List of TV manufacturers and assemblers continues with Philips, Greeneville, Tenn., employs 2,500, produces 1.6 million sets. Sanyo, Forrest City, Ark., 500 employees, assembles 1.2 million sets. Sharp, Memphis, 1,050 employees, assembles one million sets. Sony, San Diego, 2,000 employees (including tubes and other products), produces 1.5 million sets; Pittsburgh, 250 employees, capacity 100,000 sets. Tatung, Long Beach, Cal., 200 employees, assembles 20,000 sets for institutional market. Thomson, Bloomington,

Ind., 1,800 employees, produces and assembles 3.5 million sets. Toshiba, Lebanon, Tenn., 750 employees, assembles 1.5 million sets. Zenith, McAllen, Tex., produces 40,000 sets.

Picture tube manufacturers: Hitachi, Greenville, S.C., 450 employees, manufactures 800,000 annually. Matsushita, Troy, O., 530 employees, capacity of 1.5 million tubes. Philips, Ottawa, O., 1,600 employees, 4 million tubes. Sony, San Diego, 2,000 employees (including TV sets and other products), 1.9 million tubes. Thomson, Marion, Ind., 2,300 employees, 3.3 million tubes; Scranton, Pa., 1,250 employees, 1.5 million tubes. Toshiba, Horseheads, N.Y., 1,500 employees, one million tubes. Zenith, Melrose Park, Ill., 3,000 employees, 3.2 million tubes.

Tube glass plants: Corning Asahi, State College, Pa., output unknown. OI/NEG TV Products, Columbus, O., 10 million glass parts; Pittston, Pa., 8.5 million glass parts; Columbus, O., 10.5 million glass funnels; Perrysburg, O., solder glass. Thomson, Circleville, O., 8 million glass parts.

Major manufacturers' TV set feeder plants: Philips, Arden, N.C., 2 million plastic cabinets; Jefferson City, Tenn., 300,000 wood cabinets. Thomson, Indianapolis, 33 million printed boards and 2.6 million plastic cabinets; Mocksville, N.C., 540,000 wood cabinets. Zenith, Springfield, Mo., plastic moldings, other parts.

JULY TV AND VIDEO SALES PORTEND RECORD YEAR: Consumer electronics industry seems headed toward 2nd straight year of TV, VCR and TV/VCR combo unit sales records, and first year of more than 3 million camcorders, if sales rate of first 7 months of 1993 holds up for rest of year. Question whether rate of sales to dealers continues seems to depend on state of economy and consumers' perception of how recently passed Clinton budget will affect their financial condition, but dealers and manufacturers are optimistic (see related report, this issue).

Although raw numbers show 7-month records in all categories except laserdisc players and VCR decks, strength of business also is reflected when seasonally adjusted sales rates are computed. That's particularly true in TV business, where record July unit sales translate into adjusted annual rate of 26.3 million sets -- highest for any single month in at least 3 years. July boomlet brought color TV rate for year to 23.7 million sets, which would be about 8% higher than record-setting 1992 sales of 22 million sets. Color TV performance has been boosted by better-than-50% gains in TV/VCR combos, both for month and for year to date.

Projection TV was one of few categories in which July record wasn't set (trailing last year by 3.5%), but seasonally adjusted annualized rate was 439,020, 6th month out of 7 this year in which rate far surpassed 1992 record of 404,303 sets sold. For first 7 months, rate stood at 462,700 sets.

Unit sales to dealers of VCRs and camcorders in July trailed last year's performance, but annual rates in both areas show industry so far this year is headed toward best year ever. Seasonally adjusted rate was 14.9 million VCRs in July, bringing rate for year to 13 million, outpacing record 12.3 million decks sold to dealers in 1992. Camcorder units are up 11.6% so far this year, despite 7.1% shortfall in July. Seasonally adjusted rates for July and first 7 months is about 3.35 million units, well above 1990 record of 2.96 million sold to dealers. Laserdisc player sales were up 4.6% last month, leaving 2.8% deficit for year. Here are EIA's figures on sales to dealers for July and first 7 months:

Product	July 1993	July 1992	% Change	July 1991
Total color.....	1,670,374*	1,452,041	+15.0	1,199,851
Direct-view...	1,642,979*	1,423,580	+15.4	1,174,189
TV only.....	1,561,471*	1,373,722	+13.7	1,131,943
TV/VCR combo.	81,508*	49,938	+63.2	42,246
Projection....	27,395	28,381*	- 3.5	25,662
VCR decks.....	922,719	943,227	- 2.2	615,038
Camcorders.....	242,016	260,495	- 7.1	176,722
Laserdisc players	16,693	15,959	+ 4.6	12,385

* Record for any July.

CONSUMER GROUPS BLAST CABLE-CE AGREEMENT: Compromise agreement between consumer electronics and cable industries on compatibility problems (TVD July 26 p10) is "business as usual" and even adds more "offending equipment" in consumers' homes, Consumer Federation of America (CFA) said last

week in reply comments to FCC. While cable companies commenting on agreement between NCTA and EIA called it major step forward, consumer groups said it was inadequate, and telcos pushed for easier access to cable households.

Agreement represents "no serious effort..." to move away from converter boxes" as key interface between cable and TV sets, CFA said, and little effort to solve current problems as mandated by Cable Act. Agreement, if approved by FCC, would mean interface still was controlled by "monopoly" cable companies instead of "competitive consumer electronics market," filing said. Deal also would mean that cable companies could make even universal remote controls "obsolete at will," CFA said.

Tandy said it was "distressed" that NCTA and EIA couldn't "agree on complete and immediate solutions," adding: "So long as decoder boxes remain in the exclusive domain of the cable companies, a cost-effective and functional solution... will be difficult to find." Only sure solution to interface problem is for FCC to force competition by 3rd party equipment vendors, according to National Consumer Cable Assn., which said it represents manufacturers and distributors of cable equipment. Group said cable's claims of theft problem are "grossly exaggerated."

Municipal groups urged "extreme caution" by FCC in considering NCTA-EIA deal. Joint filing by National Assn. of Telecommunications Officers & Advisers, National League of Cities, U.S. Conference of Mayors and National Assn. of Counties said municipalities hadn't had time to review agreement fully, but said it was clear that there was no consumer input. They said FCC should set up permanent working group with strong consumer representation to oversee issue.

Agreement could limit telephone access to TV sets, including video dial tone (VDT), telco groups said. Ameritech called it "critically important" not to delay VDT. U.S. Telephone Assn. (USTA) said deal didn't appear to meet promise of "universal" compatibility of cable and consumer electronics. It said deal apparently would be incompatible with asymmetrical digital subscriber line (ADSL) technique of delivering video over phone lines.

Other comments on agreement: (1) Time Warner called it "a substantial effort by both industries." (2) General Instrument said it marked significant progress. (3) N.J. Office of Cable TV said that while "scrambling is a necessary and permanent part of the cable landscape," it was concerned that wide variety of scrambling systems would increase incompatibility. (4) Multichannel Communications Sciences called it "inadequate" because RF bypass circuitry to deliver unscrambled broadcast signals directly to TV sets (preserving PIP and other features) would mean more complicated switching system.

JAPANESE HOLD FIRM ON YEN RATES: Despite recent strengthening of yen to as little as 103 yen = \$1, lowest yet for dollar, major Japanese companies said they're continuing to base forecasts for current fiscal year on rate of 110 yen = \$1, rate they quoted in spring in issuing sales and earnings projections.

Pioneer is only company that acknowledged change in approach, lowering currency rate applied to export product from current 110 yen = \$1 to 100-107.5-yen range. Company said audio and video product made in Japan for shipping to U.S. and Europe will have new rate applied beginning in fall. In additional move to improve profitability, company will remove selected features from products while maintaining current price levels.

Pioneer earlier had announced 2-3% price increase for U.S. products to take effect in fall. Company is under particular pressure since only about 25% of its export product is manufactured outside Japan, far lower than for most other Japanese companies. It's planning to expand production elsewhere in Pacific Rim, particularly in Malaysia.

Japan had negative trade balance in TV sets in May for 2nd time this year (first time was Jan.), EIAJ reported. In May, it imported 260,293 sets and exported 242,810. Imported sets were made in Japanese plants in other Asian countries.

"Video Visionaries" listed in 15th anniversary edition of Video magazine as top contributors to success of video: Nobutoshi Kihara, Sony, developer of U-Matic and Beta. Shizuo Takano, JVC, "Mr. VHS." Akio Morita, Sony, video revolutionary. Andre Blay, Magnetic Video, video movie pioneer. George Atkinson, Video Station, video rental originator. Ken Kai, Pioneer, kept laserdisc alive. Stuart Karl, Karl Video, developer of nonmovie videos. Bob Stein, Voyager Co., pioneer in laserdisc classics. Wayne Huizenga, Blockbuster, expander of chain rental stores. Ray Dolby, Dolby Labs, improver of sound. Takashi Kono, Sony, miniaturized camcorders. Yves Faroudja, Faroudja Labs, improved video pictures. Woo Hyun Paik, General Instrument, developed digital HDTV. George Holliday, camcorder owner who taped beating of Rodney King.

EIA hailed key provisions of final budget package approved by Congress, Pres. Peter McCloskey applauding "Congress's recognition of the importance that the high-tech community plays in driving the nation's economy." He said EIA was especially pleased with inclusion of "a meaningful extension of the R&D tax credit," provision for which EIA lobbied.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 104 yen = \$1, except where noted.

BERLIN SHOW -- ?DTV: Huge Internationale Funkausstellung, which opens 10-day run Aug. 27, will be first Berlin consumer electronics show in 8 years that wasn't billed as "launch" of European HDTV broadcasting or its predecessor D2-MAC satellite transmissions.

Biennial show presumably will be without fanfare of Eureka project, European HDTV effort that now has been virtually eliminated from scene. "Eureka," derived from Greek exclamation meaning "I have found it," has been lost. In its place will be some technical discussions, and possibly backroom demonstrations, of digital HDTV -- but any major push in that direction presumably will wait for selection of system in U.S.

With European economy still in doldrums, fervor for quick HDTV fix has subsided. Instead, attention will be fixed on PALPlus system, compatible widescreen enhanced definition system, endorsed by most European broadcasters and major set makers and scheduled to premiere in 1995. Letterboxed transmissions in PALPlus are received in full definition on 16:9 receivers by means of added information transmitted in black bands above and below picture (TVD Sept 9/91 p13), while standard 4:3 screens show conventional letterboxed picture.

Either in anticipation of PALPlus or as substitute for HDTV, most TV attention is expected to be focused on widescreen, amplification of pattern at last show, in 1991, which marked debut of 16:9 sets -- at least in prototype -- by virtually all TV exhibitors, including some from Eastern Europe. Away from fairgrounds, tube makers will have own displays to preview products to visiting set manufacturers, and one new widescreen size is possibly in offing -- smaller than current 26W", 30W" and 34W" range.

In audio, Berlin show seems set for replay of dueling, raucous Sony and Philips news conferences of 2 years ago, when corporate giants sought to give rival new digital formats running start, but largely came up empty.

First at bat will be Philips, which has scheduled news conference for 9:30 a.m. Thurs. (Aug. 26), day before fair officially opens, where it's expected to trumpet DCC support and herald format's arrival in car audio and portable arenas. At 3 p.m. same day, Sony has set news conference, promising "global update" of MiniDisc developments and possibly "surprises" -- presumably in form of new product announcements or prototypes.

JVC and probably others are expected to announce worldwide marketing plans for DCC or MD, or -- as in case of JVC -- both. And some commitments by previously uncommitted software companies could come to light.

Funkausstellung 1993 will be 2nd since collapse of communism in Europe and reunification of Germany. It will be scene of major trade seminar on opportunities for consumer electronics in Eastern Europe.

As already reported, for first time EIA Consumer Electronics Group will sponsor U.S.A. Pavilion of 23 exhibitors, mainly manufacturers and distributors of accessories (TVD July 19 p17). The 4,765 net sq. ft. of U.S. exhibitors represents about 0.6% of total 753,500 sq. ft. of exhibits, spread over 26 buildings in Berlin's sprawling fairgrounds. Show management promises more than 800 exhibitors and 500,000 visitors, including 100,000 trade visitors from around world. Public is admitted to show. Most exhibitors have special sections for dealers, press and trade visitors away from public areas.

TV Digest has carried first-hand coverage of every edition of this most important European consumer electronics event in last 20 years, and once again will report directly from scene this year.

'WHITE BOOK' UPDATE: Philips officials said last week that prospective "White Book" Video CD standard is directed only at compatibility with CD-I, Karaoke CD and specialty Video CD players, but not existing audio CD players with add-on "black box," such as proposed by Nimbus Technologies. "We see White Book as being like Photo CD -- a CD-ROM/XA extension," said John Hawkins, dir.-gen. mgr. of Philips Interactive Media Group.

Meanwhile, 3DO apparently has decided to sign on to proposed White Book. Panasonic news release promoting its forthcoming 3DO player said company will have full-motion Video (FMV) cartridge early next year for movie playback "via CD Video" (see report elsewhere in this issue). 3DO spokeswoman defined that as adhering to White Book standard.

Seeking to clarify muddled picture surrounding format compatibility, Hawkins said Philips "does not support" addition of adapter to audio CD player for Video CD playback, and added that "Philips does not intend to offer a black box addition to CD audio players." He said that since only about 35% of existing audio CD players have necessary digital outputs, and not all of those are adequate for Video CD, "it could create horrendous service and customer problems" to offer accessory Video CD converter.

Hawkins' statement would appear to conflict with report that Philips engineers have given top priority to overcoming flaw in White Book -- that Video CD disc currently can't be made compatible with modified audio CD player and with CD-I player (TVD Aug 9 p11). Philips spokeswoman earlier in week said it was necessary to make Video CD in CD-ROM configuration, since that allows for VCR-like operation such as fast scanning, slow motion, still picture display. Audio CD compatibility could provide only for straight linear playback, she said.

Could kids defeat violence blackout systems specified in bill introduced by Rep. Markey (D-Mass.), chmn. of House Telecom Subcommittee (TVD Aug 9 p14)? Yes and maybe. Bill provides 2 methods parents could use to block violent programs: (1) Activating set to block program accompanied by transmitted "V" signal. (2) Blocking other programs by time slot and channel even if not accompanied by "V" signal. Engineers agreed that technically sophisticated adolescent with access to electronic equipment could defeat No. 1, but No. 2 could be defeated by anyone with VCR. If VCR is fed through Ch. 3 or 4 of TV set, parent could block out VCR itself, but one fed through video input of TV set couldn't be blocked. Bill would require blackout systems only in TVs with screens 13" and larger.

Chinese 8mm camcorders will be assembled by Hitachi Fujien joint venture, Japan's Nikkei Sangyo reported, starting in Nov., gradually expanding to 150,000 annually in 1995. Major parts for unit, which will be offered on Chinese domestic market, will be imported from Japan. Hitachi will be 2nd Japanese company to assemble camcorders in Japan -- JVC joint venture started production in Beijing and Guangzhou in July. Japanese press said Hitachi will shift production of all full-size VHS camcorders to Malaysia within 2-3 years. Company now exports 20,000 full-size models monthly from Japan, mainly to N. America.

3DO BOX TO HAVE \$699 SHELF PRICE: Panasonic has begun telling dealers that 3DO R.E.A.L. player will be rolled out first weekend in Oct. at \$799 list, with common retail price pegged at \$699. Retail sources say basic dealer margin (before discounts) will be 27-28%. Panasonic declined to comment, although spokesman said company expects to be releasing launch information publicly this week. Although \$699 price had been anticipated for several months, some had thought that would be list price, rather than street price. Asst. Gen. Mgr. Gene Kelsey earlier conceded that yen fluctuation had played part in delaying price; it also undoubtedly pushed it higher than Panasonic or 3DO would have liked.

Player will be bundled with "Crash 'N Burn," interactive game from Crystal Dynamics, game that Kelsey said "really shows off the capabilities of the system." Also included in box will be basic player, one controller, video patch cord, software sampler disc, catalog, instruction booklet. Additional controllers will carry \$40 retail price. Dealers confirmed our earlier report that retailers must deal with each individual software publisher, rather than being presented with suggested mix of titles to be stocked at store level.

Panasonic also said that "early next year" it will market optional full-motion video (FMV) cartridge for playback of feature films and other material, adhering to proposed "White Book" standard for Video CD playback. Cartridge will fit into port on side of player. 3DO earlier had said it was awaiting Video CD specs before committing to format.

Meanwhile, 3DO reported \$29.9-million net loss for first quarter ended June 30 (see financial table), which included previously disclosed \$21.4-million expense related to acquisition of NTG, company that developed basic 3DO technology and now will function as division of 3DO. Chief Financial Officer Rex Golding said "operating expense levels in the first quarter were in line with our internal targets. We expect comparable operating losses to continue through fiscal 1994" during product development and launch. Statement accompanying earnings report said chip and software systems development is on track for product launch "during the 1993 Christmas selling season."

Along with financial report, 3DO said 110 of its software licensees have purchased "more than 250" development systems; there now are about 350 software licensees, 3DO said.

Company has moved hq to 600 Galveston Dr., Redwood City, Cal. 94063. Phone: 415-261-3000.

* * * * *

Matsushita spokesman in Japan confirmed press report that company is helping to fund creation of 3DO-compatible software by outside developers. Programs produced under such arrangements would be published under Panasonic brand when 3DO machine is launched in Japan next spring. Matsushita reportedly is working with more than 20 companies on programs for Japanese market.

Japan's top 10 R&D spenders for year through March 1994, based on survey by Nihon Keizai Shimbun (with change from last fiscal year in parentheses): Hitachi (-3.8%), NTT (+8.1%), Fujitsu (-7.6%), NEC (unchanged), Toshiba (-2%), Nissan (unchanged), Sony (+2.3%), Honda (unchanged), Mitsubishi Electric (unchanged), Canon (+4.3%).

CAMCORDER PREVIEW: Hitachi will offer unique and simplified low-priced camcorder on world market starting next month. As introduced in Japan, where it will list at current equivalent of \$960, it has single-button 1.5x optical zoom and 16x digital zoom. Combination of both zoom options produces 24x.

The 1.6-lb. 8mm camcorder, designated VM-E53, is fully automatic and uses same chassis design for NTSC and PAL to realize economies in manufacture. Number of control buttons has been reduced to 11 from 26 and parts to 203 from 340. Hitachi expects to produce 25,000 units monthly for U.S. and European markets and 10,000 for Japan.

Matsushita has introduced VHS-C camcorder in Japan that's claimed to realize 400-line resolution, even with electronic image stabilization (EIS) in operation. It utilizes newly developed 580,000-pixel CCD. Some 250,000 pixels are located at outer edges of CCD and used only for EIS. It has color LCD viewfinder, 10x optical and 20x digital zoom and is claimed to produce pictures of quality equal to commercial model.

Sony Hi8 camcorder just introduced is lower priced version of model that sells in U.S. as CCD-TR101, with SteadyShot optical image stabilization system. It has color electronic viewfinder and lithium ion battery. Sony spokesman said it would be exported to U.S., but no date has been set.

Sharp plans to double production of ViewCam camcorder to 70,000 monthly starting next month and is considering expansion to 100,000 by year-end, news reports in Japan said. Most of increase will be to fill export orders. Sharp started exports to U.S. last Feb. at 2,000 units monthly and now plans to ship almost 20,000 here in Sept. alone. Exports to Europe and Asia start in Sept. Sharp is offering 3 ViewCam models in U.S., and has said it will import 100,000-150,000 of lowest price unit (with 3" display at under \$1,000) here this year.

In Japan, where Sharp currently fields only one ViewCam model, it's expected to introduce 3 new versions next month -- presumably 2 lower-priced units that debuted here, plus higher end Hi8 model with more sophisticated zoom and different design, last at equivalent of about \$100 premium over current model (which sells for about \$2,020 in Japan).

Letter from China: First-half production of TV sets totaled 13,665,000, down 2.3%, according to State Statistics Bureau. Color production, at 6,170,000, declined 3.6%, while monochrome at 7,495,000 was down by 1.2%... China, which in past has imported color TV components, is doing some exporting. Mayor Li Youwe of Shenzhen signed contract to exchange Chinese TV parts and other goods for Polish cars. He also signed deal to supply Chinese components to TV assembly plant in Poznan, according to China Daily... **The 5 special economic zones**, which get duty breaks on imported materials and parts that are exported in manufactured goods, imported \$100 million worth of TV picture tubes in first half.

HDTV receivers and VCRs will cost more under "grand alliance" system providing for both interlaced and progressive scanning (TVD May 31 p13), manufacturers agreed in survey, but results of survey were vague and quality of data was questioned. Report on meeting of HDTV experts group in Washington will be found in Best./Cable Section.

NINTENDO TAKES TO AIR... AND HOTELS: Proclaiming it was taking step "squarely into the future of interactive multimedia technology," Nintendo has unveiled "Nintendo Gateway System" (NGS) to deliver range of interactive entertainment, shopping and information services on airplanes, ships and in hotel rooms. Nintendo Mktg. Vp Peter Main acknowledged that NGS technology "is transferrable to other venues, including the home," but that company wasn't prepared to announce plans "for any other environment." NGS is outgrowth of networking technology company had been working on for years, but that had disappeared into background over last 2-3 years.

NGS technology has been adapted to airline applications by Hughes-Avicom International (HAI), which has said it has installation contracts with Northwest Airlines (system already is in use on 2 planes, will be in 16 by end of year), Virgin Atlantic, China Airlines. System, which HAI says costs about \$4,000 per seat to install on existing aircraft, uses Sharp LCD screens embedded in seatbacks in coach class, mounted on retracting adjustable arms for first class.

Passenger will be able to access rotating roster of 8 games, several movies and variety of shopping and information services via controller that pops out of seat arm. Device also controls normal cabin functions such as lights, volume, summoning flight attendant, etc. Seatback unit contains 2 MB of RAM, so when passenger wants to play game, it's downloaded from central on-board server directly to that unit, and play is same as with Super Nintendo Entertainment System cartridge. Interactive nature of system will allow Hughes to capture demographic and usage information on each passenger. Consumers pay for services via built-in credit card swipe. Northwest is charging \$4 per hour of play, during which consumer can change games as often as desired.

Hotel and cruise ship application is being introduced by LodgeNet, which currently supplies in-room entertainment systems to 250,000 hotel rooms in N. America., including Sheraton, Doubletree and Embassy Suites. Systems will be installed in 10 this fall. Hotel and ship system functions in same manner as traditional system, in which programming is delivered to room from central server within hotel. That contrasts with airline system, in which more hardware capability is stored at each seat.

Pioneer introduces 1993 line of consumer Laser Karaoke players at suggested retail prices of \$900, \$1,100, \$2,100. All models include digital stereo control to adjust to key of singer's voice, 2 independent microphone volume controls, 20-key direct track selection, repeat function for practicing. High-end model can recall up to 8 favorite musical combinations at touch of button and performs tricks such as making singer's voice sound like chorus. Two top models have "vocal partner," which substitutes user's voice for prerecorded vocals. Purchasers can send in for bonus of disc with 50 all-time favorite selections, said to be \$225 retail value.

Mitsubishi and AT&T Microelectronics are discussing joint development of video processing IC for digital HDTV, according to reports in Japan. Details will be decided after U.S. system is chosen. Companies previously have agreed on joint development of new generation semiconductor laser for optical communication.

Thomson is recalling about 80,000 Ferguson brand TV sets in U.K. for free repair of power switch that can cause overheating or "the set occasionally switching itself on whilst unattended." Seven models are involved.

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Consumer Electronics Personals

Bruce Schoenegge, veteran Hitachi marketing executive, named dir., product and mktg. support, in realignment at Hitachi Home Electronics (America) under Sales Vp **Gary Bennett**; responsibilities include product management, development, ads, PR, trade shows, new product research and training; reporting to Schoenegge are Product Mgrs. **Rich Savich** (VCRs and camcorders) and **Jim Abrahamsen** (TVs); **Howard Rudolf**, midwest gen. sales mgr., becomes sales dir. for midwest and eastern regions, with hq in Chicago. Other Hitachi promotions: **Rick Stans** from eastern region area mgr. to national accounts mgr.; **Ed Schatell** to eastern region area sales mgr.; **Ken Sucharski** from Mich. sales mgr. to special markets mgr.; **Keith Fitzgerald** from specialty markets mgr. to national training mgr.; **Dennis Hackett** joins as Atlanta/Nashville district sales mgr.; **Martha Bucklin** named marketing communications mgr.; **Thomas Vertucci** national operations mgr.; **Susan Cabaniss** human resources mgr.

Stephen Search promoted to Sharp Audio/Video mktg. dir. from national mktg. mgr... **Graham Hallett**, ex-Harman Kardon pres., appointed pres., Onkyo USA, replacing **Kimihiko Fujioka**, who's expected to return to Japanese parent company in unspecified role related to Onkyo domestic operations in Japan... **David Schwartz**, ex-mktg. dir. for KIDdesigns Inc. subsidiary of Soundesign, joins Emerson Radio in new post of dir., new business ventures... **Bob Hazelwood**, ex-ADS, and **Michael Prendergast**, ex-Sherwood, join JBL Consumer Products as product/mktg. mgrs. for autosound and home audio products, respectively... **Richard Sherwin** is leaving TWICE magazine to become to become editor of Dealerscope/Merchandising magazine Sept. 1.

Seiichiro Niwa, onetime JVC America vp who recently retired as senior managing dir. and head of JVC's software and media operation in Japan, named special adviser to Ascii, major Japanese computer software firm, overseeing strategic planning of affiliate Graphics Communication Labs (GCL) in charge of video software. GCL was established jointly with JVC, Hitachi, NTT and govt.'s Japan Key Technology Center to develop compression technology for HDTV and high-resolution full-motion video.... **Bob Finlayson**, ex-Ventures in Media, named PR dir., Video Software Dealers Assn. (VSDA), which will relocate to L.A. area in fall.

TWICE magazine was chosen by EIA Consumer Electronics Group (EIA/CEG) to publish official Consumer Electronics Show (CES) daily, beating out 7 other companies submitting proposals. EIA said further details of agreement, which covers 1994 Winter and Summer shows, would be issued when contracts are signed. Official daily is promised exclusive distribution rights in show. Request for proposals (TVD Jul 5 p16) specified that bids should include provisions to publish every day of show (most dailies have skipped last day in last few years), run exhibitor lists and maps. EIA spokeswoman stressed that Assn. would have no editorial control over publications. It's not known whether those submitting unsuccessful bids for "official" status -- or others -- intend to distribute dailies away from show venues. Meanwhile, it's believed that CMP Publishing, which publishes magazines and newspapers in high-technology fields, has approached EIA with proposal to publish official daily specifically for Personal Communications & Computing Show, launched this past summer as adjunct to CES. EIA spokeswoman had no comment.

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
Avnet			
1993-year to June 30	2,238,000,000	69,100,000	1.91 ^a
1992-year to June 30	1,759,000,000	50,500,000	1.42
1993-qtr. to June 30	595,500,000	18,500,000	.51 ^a
1992-qtr. to June 30	505,400,000	15,400,000	.43
Babbage's			
1993-26 wk. to July 31	83,806,000	(695,000)	--
1992-26 wk. to Aug. 1	72,238,000	(66,000)	--
1993-13 wk. to July 31	37,524,000	(1,233,000)	--
1992-13 wk. to Aug. 1	35,028,000	(325,000)	--
Comcast Corp.			
1993-6 mo. to June 30	665,308,000	(783,719,000)	-- ^a
1992-6 mo. to June 30	417,858,000	(76,969,000)	--
1993-qtr. to June 30	340,083,000	(17,129,000)	--
1992-qtr. to June 30	221,337,000	(40,299,000)	--
Esquire Radio & Electronics			
1993-6 mo. to June 30	36,961,000	401,000	.83
1992-6 mo. to June 30	57,032,000	1,104,000	2.28
1993-qtr. to June 30	21,786,000	184,000	.38
1992-qtr. to June 30	28,092,000	512,000	1.06
Granite Broadcasting			
1993-6 mo. to June 30	18,462,000	(1,972,000)	--
1992-6 mo. to June 30	17,848,000	(2,974,000)	-- ^b
1993-qtr. to June 30	9,860,000	(200,000)	--
1992-qtr. to June 30	9,801,000	(705,000)	-- ^b
Republic Pictures			
1993-6 mo. to June 30	37,348,000	411,000	.08
1992-6 mo. to June 30	36,051,000	(1,001,000)	-- ^a
1993-qtr. to June 30	22,686,000	255,000	.05
1992-qtr. to June 30	22,024,000	(150,000)	--
Tandy			
1993-6 mo. to June 30	1,707,823,000	(42,191,000)	-- ^a
1992-6 mo. to June 30	1,617,521,000	63,204,000	.74 ^b
1993-qtr. to June 30	843,111,000	(77,336,000)	-- ^a
1992-qtr. to June 30	801,853,000	28,113,000	.34 ^b
3DO			
1993-qtr. to June 30	--	(29,879,000)	--
1992-qtr. to June 30	--	(1,603,000)	--
Turner Broadcasting			
1993-6 mo. to June 30	885,285,000	(254,794,000)	-- ^a
1992-6 mo. to June 30	775,039,000	35,424,000	.14 ^c
1993-qtr. to June 30	486,861,000	31,071,000	.12
1992-qtr. to June 30	409,869,000	34,693,000	.14 ^c
Voice Powered Technology			
1993-6 mo. to June 30	9,263,000	(7,435,000)	--
1992-6 mo. to June 30	--	(2,201,000)	--
1993-qtr. to June 30	4,809,000	(4,889,000)	--
1992-qtr. to June 30	--	(1,246,000)	--

Note: ^aAfter special charge. ^bRestated. ^cIncludes special credit.

Aiwa introduces its 3rd VCR since it reentered video in U.S. -- 4-head VHS Hi-Fi model with bilingual on-screen display, front panel inputs, 3 recording and playback speeds at suggested \$450. First 2 models were multisystem (NTSC, PAL, SECAM) standards converting units, introduced last fall (TVD Sept 28 p13).

Obituary

Akinobu (Art) Ishihara, 58, Aiwa America pres.-CEO since 1991, died Aug. 7 from injuries sustained in car accident in N.J. Ishihara served 31 years in senior management posts at Aiwa parent Sony Corp., including exec. vp at Sony Corp. of America, senior gen. mgr. at Sony Corporate Planning and International Operations Groups, pres. of Sony Germany. In addition to his appointment to Aiwa America post, Ishihara in 1992 also was named to board of Aiwa Japan. Survivors include wife and 2 sons.

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AUGUST 23, 1993

VOL. 33, NO. 34

SUMMARY-INDEX OF WEEK'S NEWS

Broadcast - Cable

CONSENT DEALS MOVING: NBC signs retransmission deal with Time Warner. Cap/ABC agrees with 13 more MSOs. Tribune participates in Food Network launch. (P. 1)

SOME CABLE FEES UP: 20-40% of subscribers to pay more under reregulation as systems adjust to rate rules. Basic and expanded basic sometimes up, equipment costs down. (P. 2)

JUDGE DROPS DoJ CASES: Kelleher turns consent decrees over to Chief Judge Real, probably causing further delay in eliminating restrictions. No reason given. (P. 4)

RATE RULES APPEALED: CATA and others tell Appeals Court that Congress improperly pressured FCC and that administrative procedures were violated. (P. 4)

NAB TO FIGHT FEES, charges Congress imposed them on stations 'in the dead of night.' (P. 5)

\$2.8 MILLION IN CONTRIBUTIONS to federal campaigns paid by cable and broadcasters. Telcos total \$5.4 million, cable \$1.5 million, broadcasters \$1.3 million. (P. 5)

NAB HQ ON MARKET: Price set at \$8.9 million. Sale is one option; other is spending \$6 million to refurbish building, remove asbestos. (P. 5)

CHANNELS NOT AVAILABLE: Fla. wireless cable firm seeks investors, although it has only 12 channels. Others not even applied for. Marketing to change. (P. 6)

CONSENT DEALS MOVING: Retransmission consent deals continued to trickle in last week, including NBC agreement with Time Warner (TW), 13 more MSOs including TW that agreed to carry ESPN2 in return for retransmission consent for Cap/ABC and Hearst stations, and launch of TV Food Network (TVFN), which is expected to provide consent vehicle for Tribune Bestg. stations and others. Despite that, TW echoed earlier TCI statement (TVD July 26 p5) that it's unlikely MSO will be able to sign all consent deals by Oct. 6 deadline.

NBC's first consent deal calls for TW to launch new all-talk cable channel, America's Talking, on all of its systems in return for right to carry NBC's owned stations. NBC had indicated earlier that it planned to launch new cable channel (TVD Aug 2 p6). Deal primarily affects TW systems in N.Y.C., L.A., Chicago, Washington, also gives NBC affiliates opportunity to negotiate with TW systems to provide local inserts into America's Talking, potentially creating basis for their own consent agreements. NBC CEO Robert Wright called deal "win-win" because it "provides significant new value to Time Warner's subscribers" and "provides the opportunity for our affiliates to participate in our arrangement with Time Warner."

Latest Cap/ABC deals, like previous ones, call for MSOs to carry ESPN2 in return for retransmission consent. Biggest deal was with TW, but other new MSOs to sign on are Adelphia, Cablevision Industries,

Consumer Electronics

SONY, PIONEER PROFITS plunge again in gloomy first-quarter financial reports, with sales also down, full-year forecasts seeing no silver linings. (P. 10)

NEW MULTIMEDIA ALLIANCE to be announced today at Nintendo-Silicon Graphics news conference expected to hinge on technology pact centered on SGI chips. (P. 11)

SARNOFF CENTER CELEBRATES 50th anniversary, burns GE's mortgage, reports \$75.6-million net for 1992. (P. 12)

TCE TO INTRODUCE COMBOS for RCA brand by end of year in 13" and 20" versions. Company targeting custom home theater business in furniture, in-wall versions. (P. 13)

VIDEO PIRACY AT HOME results in 280 million illicit copies nationwide, Macrovision estimates. Company says it saves programmers \$103 million annually. (P. 13)

PHILIPS REORGANIZES SOFTWARE OPERATIONS into single global structure, aims to become 'platform-free' developer and publisher in future. (P. 14)

COMPACTS' SHARE OF CAMCORDER market rises to 79.2%, best of year. Stereo VCRs also show best share level of year to date, with VCR Plus feature also up. (P. 14)

WHITE vs. RED BOOK: Engineers explain why Video CD systems can't be compatible with CD-I, CD-ROM and audio CD players with video adaptors. (P. 15)

Colony (Providence Journal Co.), Comcast, Falcon, Helicon, Prime, Simmons, Sutton, Viacom, Western Communications. Cap/ABC and Hearst now have signed similar deals with 17 MSOs with 20.6 million subscribers.

TVFN will be launched in fall by partnership of 4 cable companies and Tribune Bcstg., which has been suggesting to cable operators that it would trade retransmission consent of its stations for cable carriage of TVFN. Other general partners include Colony, Continental, Landmark, Scripps Howard. More limited partners include Adelphia, Cablevision Industries, C-Tec, Times Mirror. Financial details weren't disclosed. Tribune stations are WGN-TV Chicago, WPIX N.Y.C., KTLA L.A., WPHL-TV Philadelphia, KWGN-TV Denver, WGNX Atlanta, WGNO New Orleans.

In other must-carry/retransmission consent developments: (1) **KDFW-TV Dallas-Ft. Worth** (Ch. 4, CBS) said it signed retransmission consent deal with Sammons and TeleCable systems. Noncash deals allow station to program cable channel. TCI said it also signed deal with station, allowing KDFW-TV to program own channel on system. (2) **KGTV San Diego** (Ch. 10, ABC) said it signed cash retransmission consent deal with unnamed cable system there. Main area operators are Cox, Times Mirror, Time Warner.

SOME CABLE FEES UP: Significant minority of subscribers will pay more for cable service as result of rate regulation, industry officials say. In many cases, people paying more will be those subscribing only to basic and expanded basic and now paying little or nothing for additional outlets and other equipment fees. Those saving money will tend to be those who can afford to pay for additional outlets, remote controls and other equipment, officials said. Capitol Hill has been briefed on likelihood of significant number of rate increases, but there has been no congressional reaction.

Meanwhile, FCC Chmn. Quello said "the vast majority of [cable] subscribers will save money" as result of reregulation. In Aug. 19 letter to Washington Post, Quello said front-page Aug. 18 Post story created "misimpressions" and suggested that Post "has fallen prey to some factions of the cable industry who are mounting a public relations campaign against the Cable Act... It is important to note that every cable system is different and each subscriber selects the level of service he or she wants... Even where rates for basic service go up, the subscriber will benefit from reduced equipment prices." Bottom line, Quello said, is "what consumers pay for cable services as a whole."

FCC released fact sheet on cable rates Aug. 20 reaffirming its belief that average cable bill would drop by as much as 10%, although it acknowledged that some individual bill increases could occur. Among facts: (1) Cable systems can't change rates to increase average monthly bills of subscribers "as a class." (2) Freeze itself will save consumers "hundreds of millions" of dollars. (3) Future rate increases will be limited to inflation plus costs outside operators' control. (4) Rules don't require any system to raise rates. (5) Rate rules are intended to eliminate situations where one tier subsidizes another, assuring that costs are reasonable for all tiers and equipment.

As many as 30-40% of cable subscribers could pay more for cable, according to preliminary analysis of N.Y. state rate schedules, said William Finneran, chmn. of N.Y. State Commission on Cable TV. Other industry officials have put figure lower, 20-30%. Our spot check of more than dozen cable operators showed that at least some subscribers in virtually all of them will face rate increases. NCTA Vp Daniel Brenner said cable operators have little choice but to make "revenue-neutral" rate adjustments that will cause some subscribers to pay more: "They should be making the adjustments because when cities certify [get FCC approval to regulate rates] the rates in effect at that time are frozen, even if they're below the benchmarks."

Total amount that customers pay to cable operators still is expected to decrease about 10%, even though some will pay more, according to FCC. "Revenue still will take a hit because there's no way to make up the revenue from those multi-outlet homes," Brenner said. He and others also said rate increases that do occur will be small. For example, Finneran said typical hike often is \$1.50 per month, while additional outlet fees and remote fees that now total as much as \$5 per month often are reduced to almost zero. He said price increases for basic and expanded basic often are accompanied by "substantial" increase in number of channels: "Sometimes there are as many as a dozen solid, attractive new channels. In fairness, that [rate increase] is not necessarily bad news as far as value received."

Rate increases for some are result of "law of unintended consequences" from Cable Act, Brenner said. Finneran said those who will pay more will tend to be those with single cable hookup, often those living in

small apartments, while those who save money will tend to be those who can afford large houses in suburbs, where multiple hookups and use of remotes is common.

There has been no significant public outcry about rate increases, Finneran said, partly because relatively few subscribers know how their bill will be affected. He didn't discount possibility of negative reaction because "the public tended to believe that the decrease would be significant. The more we learn about the law, the more disappointing it is." From regulator point of view, he said, biggest problem is that Cable Act eliminates any discretion on part of regulators: "There is no distinction between the operator that had good relations with regulators and customers and the one that was greedy. That's a serious disservice."

C&P Telephone Co. CEO Delano Lewis said Aug. 18 he will retire to become pres.-CEO of National Public Radio, starting date undecided. Lewis will be first black head of major public broadcasting national organization. No successor at C&P has yet been named. Lewis, 54, led company in successful bid to be first telco to build cable TV transport system and in building highest concentration of fiber facilities in mid-Atlantic region, C&P said. In 1960s, he worked at Justice Dept., EEOC and Peace Corps, before serving as aide to Sen. Brooke (R-Mass.) and D.C. Del. Walter Fauntroy (D). Lewis is native of Arkansas City, Kan., and was pres. of Greater Washington Board of Trade in 1988. Moving public radio into new technologies arena and expanding its funding base will be among top priorities, he said at news conference. Lewis, who's scheduled to join NPR parttime around Oct. 1, said he hoped to convene panel to examine implications of new technologies for public radio and stressed need for it to be active in pursuing partnerships and alliances: "If we don't get ourselves into this ballgame, we're going to be on the outside looking in." He acknowledged he will be taking pay cut to join NPR, where salary cap now is \$148,800. He said he would continue to serve as board member of 3 corporations -- Chase Manhattan, Colgate-Palmolive, GEICO.

Turner Bcstg. agreed to buy 2 Hollywood studios for \$670 million in deals approved by Turner board last week. Agreements in principle include buying New Line Cinema for Turner stock valued at \$511 million, and Castle Rock Entertainment for undisclosed cash price believed to be about \$100 million, plus assuming \$46 million debt to Westinghouse and \$15 million debt to Sony. Board approval came after Time Warner, which owns 20.6% of Turner and has 3 board seats, dropped opposition. Other major stockholder, TCI with 22.4%, had supported move. Turner Bcstg. Chmn. Ted Turner said deals would "leave TBS well-positioned to become a major motion picture production force." Deals are subject to completion of due diligence and negotiation of final agreements, are expected to close by Feb. New Line has annual revenue of \$300 million and reported \$2.1 million 2nd-quarter profit.

FCC's new staffers responsible for implementing Cable Act have new home -- at least temporarily -- 2033 M St. NW, block from FCC hq at 1919 M St. GSA said it signed 6-month lease with Quadrangle Corp. for 56,000 sq. ft. as "totally interim" solution. GSA official Ronald Kendall said lease was signed for space that will be used as is and available immediately. FCC was scheduled to begin moving furniture over weekend, said Marilyn McDermett, assoc. managing dir.-operations: "What we have attempted to do is find a place we can utilize with virtually no expenditure. We probably couldn't have done better." Kendall estimated that up to 280 staffers can be housed in space. Agency is seeking long-term solution to its space needs for cable employees, and GSA said it also had found solution. McDermett said FCC plans to have 240-245 staffers in building.

Interactive cable services will generate \$300 million annual earnings by year 2000 in Germany and \$200 million in U.K., according to predictions by U.K.-based cable consulting firm Datamonitor. Study included home shopping, video-on-demand, cable-delivered games software and residential telephony in definition of interactive cable. Datamonitor said home shopping will generate largest amount of interactive revenue, but cable-delivered telephony will produce most profit. Number of European cable subscribers will grow to 49 million by 1997, from 31.5 million at end of 1992, report predicted. Currently, Germany, Netherlands and Belgium account for 65% of all European cable subscribers, but report said that by 1997 ten European countries would have cable penetration of more than 40% of TV households. Datamonitor said cable penetration would approach 100% (it's already 90% or more) in Luxembourg, Belgium and Netherlands, followed by 80% for Switzerland, 70% for Denmark, 60% for Germany, 50% for Ireland, Sweden and Norway, 45% in Finland, just under 40% in Austria -- 44-71-625-8548.

"**Using TV in a New Way**" is subject of keynote speech to be delivered by QVC Chmn. Barry Diller at Sept. 22-23 "Information Highways" conference in N.Y. Other speakers will include Labor Secy. Robert Reich, Carter Administration official Bowman Cutter, 2 ex-FCC chmn. -- Richard Wiley and Dennis Patrick. Sessions are planned on whether govt. should regulate information highways, "New Alliances for the New Frontier," "Wide, Wide World of Wireless," interactive communications, multimedia, video-on-demand, broadband networks, forecast for next 10 years by Price Waterhouse, removing govt. barriers to information marketplace. Conference, at McGraw-Hill hq in Rockefeller Center, is sponsored by Business Week in association with Advantis, Ameritech, Bell Atlantic, IBM Networking Systems, Price Waterhouse -- Worldwide Media Group Inc., 619-551-0051.

Fox Bcstg. is buying WGBS-TV (Ch. 57, Ind.) Philadelphia from Combined Communications for about \$50 million. Purchase brought angry reaction from current Fox affiliate WTXF Philadelphia, owned by Paramount. "We are shocked and outraged," Paramount said. "Our commitment to the [Fox] network... has been unconditional. All affiliates of Fox should take note of the level of loyalty and commitment Fox has exhibited to a member of the affiliate lineup that has helped make the network the success that it is. Apparently Fox's loyalty only recognizes the partnership nature of a network-affiliate's relationship when it is convenient to Fox's own economic interest."

Edwin Edwards is buying WNUV-TV (Ch. 54) Baltimore from ARBY Communications along with option to purchase WVTM (Ch. 18) Milwaukee in deal estimated at \$100 million. Edwards, who is black, also owns WPTT-TV (Ch. 22) Pittsburgh. All 3 stations are independents.

KELLEHER DROPS CONSENT CASES: In one-sentence order Aug. 13, U.S. Dist. Court Judge Robert Kelleher in L.A. released jurisdiction over Justice Dept. (DoJ) consent decrees with ABC, NBC and CBS that prohibit networks from engaging in domestic syndication of programming. Action came as major surprise, since Kelleher has had jurisdiction over decrees since 3 networks signed them more than decade ago. His order simply said that "the above entitled action be transferred" to Chief Judge Manuel Real of same court.

However, one thing upon which parties agreed was that Kelleher's action would mean further delay in networks' efforts to be freed from federal restrictions on syndication of off-network programming. FCC's new finsyn rules retain that restriction, but ban is due to expire 2 years after consent decrees end (TVD April 5 p3). Networks' joint request for end of decrees has been pending in Kelleher's court for more than year -- and DoJ joined in on side of networks last fall.

With arrival of Clinton Administration -- and his close ties to Hollywood -- there has been much speculation that DoJ would change its position. However, despite heavy lobbying of Attorney Gen. Janet Reno (first by MPAA and movie studios, later countered by TV networks), that hasn't happened. There was no information in Washington last week (with many network and govt. officials on vacation) as to what Kelleher's order means or why he issued it. DoJ refused to confirm even that Kelleher had dropped jurisdiction over case -- referring us to public affairs office, which was closed. FCC, which isn't party to court case, didn't know about Kelleher's action until informed by our affiliated publication Communications Daily.

Said network source of Kelleher's action: "It's very puzzling... He sat on it for so long." Diane Killory, counsel for Hollywood Coalition that's fighting removal of restrictions on networks: "I don't think anybody knows what it means." However, officials on both sides said that judge's action was likely to hurt networks' side.

It isn't known whether Real would retain case or pass it on to another judge in same court. Democrat appointed to bench by President Johnson, he was described as "a stickler on legal issues and extremely unpredictable." Last spring, Real refused request by Times Mirror subsidiary for temporary restraining order of FCC must-carry rules until court appeals had been exhausted (TVD June 7 p2).

Reply commenters supported FCC's establishment of stronger rules on preemption of local satellite dish ordinances and specifically attacked National League of Cities (NLC) arguments against action. Saying local rules "constitute a serious and widespread problem," Hughes asked Commission to "take swift remedial action." Company said local govts. "tend to equate satellite antennas with TV reception... and do not understand the important role satellites can play in business communications." NLC had proposed that FCC abandon issue to cities and courts, Hughes said, but failed to show how that approach would protect federal policies. "It seems plain that NLC's advocacy is for a system that has been shown not to work rather than for even modest improvements in the system to make it work better," Hughes said. NAB said NLC "fails to recognize that many businesses that use satellites and other communications facilities are chain operations that simply cannot afford to eliminate themselves from a given market simply because interstate radiocommunication is made more difficult or impossible by some local ordinance."

RATE RULES APPEALED: U.S. Appeals Court, D.C., should stay effectiveness of rate regulation for all cable operators, not only systems with 1,000 or fewer subscribers (TVD Aug 16 p2), because Congress improperly pressured FCC to implement rules quickly, according to petition by CATA and Prime Cable of Alaska. Petition said that rules shouldn't take effect until FCC sets final cost-of-service regulations and that Commission action accelerating rate regulation to Sept. 1 from Oct. 1 violated Administrative Procedure Act.

Court has "responsibility" to assure that FCC follows law "when an agency is unwilling or incapable of adhering to statutory requirements in the face of congressional arm-twisting," petition said. "This pressure from Congress put the FCC in an extremely difficult position, and one that the FCC well understood would invite legal challenge." Appeal cited statements by Chmn. Quello that only reason he approved accelerating rate rules was fear that Congress would retaliate against FCC if he didn't (TVD Aug 2 p5).

FCC violated administrative procedures for several reasons, appeal said, including: (1) It failed to address arguments in CATA/Prime petition seeking delay, even though rules say agency must state why such arguments lack merit. (2) Its acceleration of effective date was rulemaking that requires opportunity for comment.

Even Oct. 1 deadline is unacceptable, petition said, because cable operators can't decide between benchmarks and cost-of-service until cost-of-service rules are final, and that won't happen until after Oct. 1. Petitioners also repeat claim that benchmarks are flawed because 60% of competitive systems with more than 1,000 subscribers charge rates above benchmark.

CATA and Prime Cable said they will be harmed irreparably if court doesn't stay rate rule. They said they couldn't recover lost revenues if rate rules take effect and Prime would lose \$846,000 revenue Sept. 1-Dec. 31 if rules go into effect, placing it in default of loans. They also said consumers and others wouldn't be hurt by stay because, if higher rates were found to be unjustified, cable operators would have to make refunds.

In what FCC said will be "major milestone in emergency communications," it will conduct tests of upgraded Emergency Best. System (EBS) technology Sept. 15 at 10 a.m., Pikesville Hilton Hotel, Baltimore. First test of new EBS equipment was held in late June in Denver as part of FCC rulemaking (Doc. 91-301 and 91-171) to modernize system. Said FCC Chmn. Quello: "While the current system of EBS has served us well... it is now time to move on to a system that can utilize modern technology to get life-saving information to the people more quickly." Names of manufacturers that will participate and further information -- Bonnie Gay, 202-632-3906.

Big 3 network revenues were down 0.5% for first half 1993, caused by 20.5% decline in sports income because of absence of 1992 Winter Olympics, Best. Cable Financial Management Assn. (BCFM) said. Figures for specific day periods "show an encouraging revenue increase across the board," BCFM Pres. Buz Buzogany said: Prime time was up 7.6%, late night 9%, morning 9.8%, children's programming 15%, news 6.3%.

Cap/ABC is buying its 18th radio station (9 FMs, 9 AMs) -- WYAY(FM) Gainesville-Atlanta -- from NewCity Communications, price not announced.

NAB TO FIGHT USER FEES: Charging that Congress imposed user fees on TV and radio stations "in the dead of night" and by "sleight-of-hand tactics," NAB Pres. Edward Fritts pledged Aug. 19 that industry would fight to have fees rescinded or reduced. Fees, adopted by House-Senate Conference Committee without notice in budget reconciliation bill (TVD Aug 9 p2), are designed to raise \$82 million annually for govt.

NAB will state its case against fees when expected bill comes up this fall to make technical corrections in budget measure. Fritts noted that proposed fees weren't in either Senate or House bills being considered by Conference Committee and that many Committee members didn't know even after fact that fees had been added. Measure is unfair, Fritts said, because nonbroadcast FCC licensees can pass increased costs of doing business on to their subscribers while broadcasters don't have that option.

Fritts said he realistically doesn't expect Congress totally to repeal user fees, and Assn. will continue fight at FCC -- which was directed by budget bill to conduct rulemaking on issue. If NAB doesn't gain satisfaction there, it will take issue to court, he said. On what basis appeal will be made hasn't been decided, Fritts said, but several options are being considered.

Attack on user fees was volunteered by Fritts at news conference outlining plans for Sept. 8-11 NAB radio conference in Dallas Convention Center. NAB Exec. Vp John Abel said more than 180 exhibitors have signed on for 40,000 sq. ft. of space. That's up from 162 and 35,000 sq. ft. year ago in New Orleans. Attendance in Dallas is expected to reach 6,500, about same as in 1992, he said, with 1,500 international attendees. Several sessions on govt. regulation are scheduled, but no members of FCC or Congress will participate, although several Commission staffers will be on hand.

Keynoter will be Ross Perot. Entrepreneur Roger Staubach, former Dallas Cowboys quarterback, will present session on "Team Building in the '90s." About dozen radio talk shows will originate in Dallas during show. AT&T/AMATI and USA Digital will demonstrate in-band digital audio broadcast (DAB) systems, although there will be no live broadcasts. Special seminars, at additional costs, are scheduled on AM directional antennas and DAB, and tours of 8 Dallas radio stations will be conducted.

Meanwhile, NAB announced that it will host its 2nd European radio conference -- Nov. 22-23 at Euro Disney Resort near Paris. It will feature 3 seminars, focusing on marketing and sales, audience research and programming, tailored for European station owners, managers, department heads. NAB's first foreign radio seminar was held last year in Montreux.

NCTA hired search firm to help it find replacement for former Pres. James Mooney. Korn/Ferry International will work with search committee headed by Robert Miron, Newhouse Bestg. pres. Meanwhile, former Rep. Dennis Eckart (D-O.) said he has met with search committee about post. Eckart is partner in Washington law firm Winston & Strawn.

FCC Mass Media Bureau refused to reduce \$10,000 fine levied against WTTA (Ch. 38, independent) St. Petersburg for airing too many commercials in children's programs. Station sought reduction because it said its traffic manager didn't realize that limits applied to barter programming.

PACs GIVE \$2.8 MILLION: Cable political action committees contributed \$1.5 million to federal candidates in 1991-1992, according to Federal Election Commission records, and broadcasters \$1.3 million. All communications and related groups gave more than \$10.5, with more than half (\$5.4 million) from telcos, led by AT&T, which ranked 22nd among all contributors at \$1.3 million.

Cable, led by NCTA at \$631,199, gave nearly \$1.5 million. Other cable contributors included: Comcast (\$146,290), Hallmark (\$144,000), Time Warner (\$138,000), Viacom (\$123,250), TCI (\$112,500), Disney (\$97,450), Turner Bestg. (\$74,770), Home Shopping Network (\$27,500). NBC parent GE was biggest broadcast contributor at \$683,350, followed by NAB (\$493,951), Paramount (\$92,250), Fox (\$53,700).

Other big telco contributors included BellSouth (\$712,776 divided among 3 PACs). Others included GTE (\$615,977), Sprint (\$424,060), Pacific Telesis (\$310,762), U S West (\$266,822), Southwestern Bell (\$258,630), Ameritech (\$255,132), USTA (\$170,319). Communications law firm PAC contributions included: Akin, Gump, Hauer & Feld (\$304,656), Jones, Day, Reavis & Pogue (\$176,082), Verner, Lipfert, Bernhard, McPherson & Hand (\$175,192), Shaw, Pittman, Potts & Trowbridge (\$102,850), Arnold & Porter (\$79,674), Kirkland & Ellis (\$79,219), Arant, Fox, Kintner, Plotkin & Kahn (\$55,450), Hogan & Hartson (\$51,700), Crowell & Moring (\$43,600).

Communications equipment and services companies: Electronic Data Systems (\$226,616), Westinghouse (\$214,800), Harris Corp. (\$207,490), Motorola (\$98,445), DSC Communications (\$62,200). Satellite companies included: Hughes (\$220,270), Loral (\$146,865), Comsat (\$77,550).

NAB HQ ON MARKET: NAB Exec. Committee was briefed by staff last week on attempt to sell Washington hq building, in which asbestos has been found. NAB said it has 2 options: (1) Sell 7-story building, which has 47,000 sq. ft. of usable space. It's listed for \$8.9 million, with probable allowance for removal of asbestos reducing that figure. (2) Refurbish building completely at cost of \$6 million, which includes leasing of temporary space for year and 2 required moves. Two tentative offers for building have been received.

There's possibility of special meeting of NAB board in fall to make decision on whether to sell or refurbish. In either case, NAB is looking for either temporary or permanent space in immediate area of NW Washington. Current hq at 1771 N St. NW is 3 blocks from FCC main offices. Also, if current building is sold, no decision has been made on whether to lease or buy another building. It currently costs NAB about \$1 million annually to operate building and it's estimated that about half of that could be saved if it's sold, through investment of proceeds and favorable lease at new site.

Meanwhile, Exec. Committee approved NAB's first-ever board meeting to be conducted over weekend. Change is being made to take advantage of air fares, much cheaper if Sat. night stay is included. First weekend meeting is scheduled June 4-8, Ritz-Carlton Hotel in Arlington, Va., suburb of Washington (where meeting last spring was held).

FCC field offices issued 14 fines to licensees in various services Aug. 20 -- ranging from \$375 to \$20,000 -- for various rules violations -- Linda Freeman, 202-632-7050.

WIRELESS CHANNELS NOT AVAILABLE: Wireless cable marketing firm in Fla. is asking potential investors to pay minimum of \$10,000 each to invest in planned 32-channel Key West wireless cable system, even though it has clear access to only 12 channels. Large-scale marketing effort, including ads on business radio stations, is intended to raise at least \$4 million. Organizers said system is targeting startup by end of year, would compete directly against TCI cable system in Key West.

Wireless cable system is joint project of Key West Wireless Partners (KWWP), which will include investors now being recruited plus Gerald Wireless, which owns 11% of KWWP and is marketing additional shares, plus Satellite Microcable Corp. (SMC), which is assembling FCC licenses, will operate system for monthly fee and will own 25% of system.

Marketing documents sent to potential investors in KWWP, copy of which we obtained, include March 19 memo from SMC Chmn. Daniel Horn saying that SMC "has obtained rights to 32 channels" in Key West. Other documents also mention 32-channel system, but FCC records show that licenses for 20 channels haven't even been applied for, let alone awarded. Instead, KWWP has agreements with potential applicants for 16 of those 20 ITFS channels that, if they apply for and receive FCC license, they will lease portion of their air time to KWWP. Venture may never get access to those 20 channels. Only educational institutions can apply for them, then lease excess time to wireless cable operators. None of ITFS channels in Key West has been applied for because of FCC freeze on ITFS applications, Horn acknowledged. In case of Monroe County (Fla.) School Dist., which Gerald marketing documents listed as providing 4 channels (D1-D4) -- Horn acknowledged that SMC doesn't even have a final excess time agreement with Dist.

Applications for other ITFS channels may not be filed, said John Primeau, who handles ITFS agreements for N. American Catholic Educational Programming Foundation, which KWWP lists as source of 4 channels (C1-C4). He said group agreed to lease excess time to joint venture if it gets ITFS license: "Right now we just have an intention [to apply]. That assumes that the engineering is okay."

There's no guarantee that groups that signed excess time deals with venture will be granted FCC licenses. More than one entity often applies for each ITFS license, forcing FCC to choose among them, although Primeau predicted small size of Key West market will limit number of applicants. Marketing documents do state that ITFS channels are in licensing process and that if "for some unforeseen reason the FCC should fail to grant one or more groups of ITFS licenses the system will have fewer channels than expected." Primeau also said that even when FCC lifts freeze it probably would take at least year, and possibly 3 years, to process applications. Gerald documents said it expects to begin operation by end of year.

Gerald Wireless plans "major changes" in risk disclosure documents as result of our queries, said Pres. Gerald Seifer, including disclosure that company doesn't actually have "rights" to all 20 ITFS channels. He said disclosure statement does mention risks that all 20 channels won't be available, but he said that new disclosure statement will be mailed to all previous investors, as well as new ones, and previous investors will be given opportunity to get their money back. He said firm has raised about 25% of \$4 million goal.

Joint venture apparently does have clear right to use 12 wireless cable (MMDS) channels through lease agreements

with 4 current license holders. Access to 12 channels apparently would allow KWWP to begin service on at least limited basis, although wireless system would have significantly fewer channels than wired incumbent, TCI, which has 69.

KWWP shouldn't have distributed list of potential ITFS licensees, SMC's Horn said. His memo distributed to investors also said SMC has excess capacity agreements with Shekinah Network, Views on Learning, Education Outreach. "That memo wasn't intended to be used as a sales document," Horn told us. Seifer, in turn, said he sent out memo because he believed it was backed up by documentation: "If I had felt that it was not correct I would not have sent it out. Even interoffice memos should be true."

FCC would be violating First Amendment if it accepted proposal of National Assn. of Telecommunications Officers & Advisers (NATOA) that menu or directory channels be excluded from number of channels to be included in cable rate regulation benchmarks, Prevue Networks said in opposition to proposal. Cities had claimed that cable operators might try to evade rate limits by adding low-cost program guide channels, such as Prevue, to lineup, since systems would be able to charge same for them as for high-cost cable networks. Prevue has marketed itself actively as satellite channel that could be counted in rate base, "allowing you to cover your operating costs on the lowest basic tier." About 300 cable systems have repositioned Prevue networks onto basic tier. Limiting ability of operators to include menu channels in rate base would mean FCC is "engag[ing] in content-based discrimination," Prevue said in reply to NATOA petition for reconsideration of rate rules. "Choices should be made by cable operators and their subscribers, not by governmental authorities." Prevue said that cities "may not realize the value and popularity" of menu services, and that their importance will grow as fiber and compression increase number of channel choices.

Financials: Cablevision Systems lost \$48.8 million in 2nd quarter ended June 30, vs. \$85.8 million loss year ago. Revenue increased 24% to \$168.2 million and cash flow grew 8% to \$67.2 million. Company estimated rate regulation would cut revenue 5% and cash flow 10%... **International Family Entertainment** profit inched up to \$5.3 million in 2nd quarter ended June 30, from \$5 million year ago. Family Channel revenue increased to \$38.1 million from \$32.1 million... **Cablevision Industries** operating cash flow increased 12.6% to \$48 million in 2nd quarter, and revenue grew 11.2% to \$100.4 million. Privately held firm doesn't disclose profit... **Adelphia** said it lost \$114.9 million in first quarter ended June 30, vs. \$40 million loss year ago, while revenue grew 8% to \$79.8 million. Cash flow increased to \$51.5 million from \$49.5 million. Accounting change accounted for \$89.7 million of loss... **QVC** net profit increased to \$13.3 million in 2nd quarter ended July 31, from \$8.7 million year ago, and revenue was up 18.6% to \$262.4 million... **All American Communications** lost \$909,000 in 2nd quarter ended June 30, vs. \$135,000 loss year ago. Revenue increased to \$12.9 million from \$12.7 million.

WETA-TV-FM Washington has raised \$15.5 million for capital campaign, Pres. Sharon Rockefeller announced, hopes to raise remaining \$4.5 million of targeted \$20 million by 1996. Largest contributors to project, envisioning new downtown D.C. broadcast facility, program endowment and station's first major unrestricted operating endowment, are Annenberg Foundation, which has provided \$5 million, and Rockefeller Family, \$2.5 million.

VDT PLAN DETAILED: U S West outlined 3 goals for its Omaha video dial tone (VDT) program as part of effort to rebut criticism that it's disguising test and understating costs. Company's petition to FCC to provide VDT trial is opposed by CompuServe, Cox, Metrovision, NCTA. RHC said claims that market trial "is in effect a permanent service offering [are] patently false." Cox and Metrovision said proposed technical trials are unnecessary because technology already has been tested. In FCC filing, U S West said: "Even if it were true that VDT technology was widely used -- which it is not -- it would be unwise and potentially very costly for an inexperienced service provider to make a general service offering without first testing the overall performance and reliability of the VDT delivery system."

Philip Grate, U S West Communications dir.-accounting standards, said there's need to establish ways to break out costs of direct and common plant and associated expenses for construction. Thomas Freeberg, U S West Communications' dir.-new services planning, challenged cost data assessments by Cox. Cox claimed "vast categories of costs [are] entirely missing," including real estate. Freeberg said: "All relevant VDT costs have been included." He also disputed Cox assessment that U S West was proposing to supply feeder fiber at \$1,500 per km when section of original FCC filing stated that cost would be \$308,000 total, or \$4,464 per km in some cases and \$4,094 per km in others.

Size of market trial -- 9,000 participants -- is 15% of 60,000 homes passed, U S West said. "A market trial of less... would be insufficient to allow video programmers and enhanced gateway providers to conduct their own technical and market trials." Replying to criticism that service would be free during 4-to-6 month trial, U S West said: "This is nonsense. It is hard to imagine how failure to charge for a... trial could even be described as anticompetitive let alone have a "severe competitive impact." U S West said claims of illegal cross-subsidization are "groundless."

U S West will feature 77 channels of analog capacity and will have ability to interdict/scramble 65. Remaining 12 will be available to all end users subscribing to basic VDT service or to any programmer's service. Company said it plans to reserve 27 secured analog channels for programmers using its enhanced VDT gateway. "While U S West has no plans to provide video programming, it does have a bona fide interest in testing an enhanced VDT gateway and would be unable to do so without analog channel capacity," it said. Additional 27 secured channels will be made available to other enhanced VDT providers or video programmers on first-come, first-served basis. Unsecured channels will include basic VDT menu, 2 small programmers, 9 shared channels.

TV Food Network (TVFN) will be launched in fall by partnership of 4 cable companies and Tribune Bstg., which has been suggesting to operators that it would trade retransmission consent for its stations for cable carriage of TVFN. Other general partners include Colony (Providence Journal Co.), Continental, Landmark, Scripps Howard. More limited partners include Adelphia, Cablevision Industries, C-Tec, Times Mirror. Financial details weren't disclosed. TVFN will be available to at least 5 million cable homes on launch. Two-hour preview block will be available Aug. 30, followed by 4-hour block that will be repeated 6 times per day beginning Sept. 27, then repeating 8-hour block Nov. 23. Providence Journal Vp Jack Clifford will be chmn. of TVFN, Reese Schonfield CEO. Tribune stations are WGN-TV Chicago, WPIX N.Y.C., KTLA L.A., WPHL-TV Philadelphia, KWGN-TV Denver, WGNX Atlanta, WGNO New Orleans.

U.S. LOSES PATENT SUIT: Decades-old patent infringement suit against U.S. was decided in favor of Hughes Aircraft Aug. 17 when U.S. Court of Federal Claims Judge James Turner ruled that construction and operation of 84 govt. satellites violated Hughes patent. Judge will decide on amount of damages by end of year. Hughes said it wants \$600 million -- 15% of \$4 billion value of 84 satellites -- plus "delay compensation" to repay company for loss of use of unpaid royalties. Loss to govt. could be in billions.

Patent was awarded Hughes in 1960 for development of gas jet technology used to reorient geosynchronous satellites. Invention was used on every such satellite 1963-1974, and on some geosynchronous satellites 1974-1982. Hughes first filed suit in 1973, charging that govt. used patent without authority. It's asking for \$3 billion in damages.

In another Hughes suit against U.S., Dept. of Justice lawyer Krik Manhardt has until Aug. 25 to file motion for reconsideration in response to recent U.S. Court of Appeals reversal of U.S. Court of Federal Claims decision in case involving govt.'s failure to launch 10 Hughes Galaxy satellites aboard space shuttle after it had signed contract to do so. U.S. changed its commercial launch policy after Challenger disaster and notified Hughes it wouldn't launch its satellites. Claims Court Judge Eric Bruggink accepted govt.'s "sovereign act" defense and ruled against company in summary judgment. Appeals Court didn't accept argument that because govt. is sovereign it can escape terms of contract. Hughes is seeking \$286 million, according to its attorney Clarence Kipps. He said it's unlikely that Appeals Court will rehear case if govt. does file for reconsideration.

Abolition of Canada's Dept. of Communications isn't expected to have effect on TV reforms passed in March, Canadian Radio-TV & Telecommunications Commission (CRTC) spokesman said. If anything, he said, restructuring will give CRTC more power to enforce laws and regulations. In reorganized Canadian govt., CRTC will report to new minister of Canadian Heritage, Monique Landry, but Industry & Science Minister will have power to issue telecommunications policy directives. Telecommunications Act already issued by Industry & Science Ministry changes existing law to require that facilities-based carriers be at least 80% Canadian-owned. Grandfather clause exempts carriers that were more than 20% foreign-owned before July 22, 1987, including British Columbia Telecom, of which majority owner is GTE. Law also establishes timetable for CRTC to assume control of 2 remaining provincial companies that became subject to federal jurisdiction under 1989 Canadian Supreme Court ruling. Manitoba Telephone System will come under CRTC's authority by end of year, and Saskatchewan's SaskTel has 5 years to make transition. Dept. of Communications was abolished recently as part of major restructuring by country's new Prime Minister Kim Campbell.

Public TV "does little to highlight the voices of organized citizens, relegating activists... to the margins of political discourse." That's among findings of new MacArthur Foundation-funded study. Report said "citizen activists" constituted only 6% of sources on 15 regularly scheduled PBS public affairs programs, vs. 30% for professionals ("mostly journalists and academics"), 23% for govt. officials, 19% for corporate representatives. Labor representatives, environmentalists and feminists each accounted for less than 1% of more than 1,600 surveyed sources on 114 shows.

Personals

Former NCTA Pres. **James Mooney** opens offices at 818 Connecticut Ave. NW, Suite 1100, Washington 20006, 202-728-9552... **Don Browne**, NBC News exec. vp who ran division for several weeks after forced resignation of Pres. **Michael Gartner** this spring, announced he will leave that position but is expected to remain with NBC.

Donna Oglesby, career Foreign Service officer and former Edward R. Murrow Fellow, appointed counselor, USIA, first woman to hold position... Promotions at ABC: **Robert Apter**, ABC Sports vp-finance and administration, to senior vp-finance and administration... **Lydia Stephens** to vp-programming, ABC Sports; **Gail Sullivan**, to vp-dir., daytime sales; **Anne Marie Riccitelli** to dir.-PR; **David Sherman**, ABC Entertainment, to vp-music and business affairs; **Carol Brokaw** to vp-sales operations and administration, ABC Distribution... **Viacom International Interactive TV Applications** appointments: **Thomas Dooley**, senior vp-corporate development, as pres.; **Robert Meyers**, ex-Viacom Networks Group Operations, as vp-corporate development; **Peter Miller**, ex-independent consultant, as vp-corporate development.

James Taszarek, KTAR(AM)-KKLT(FM) Phoenix, appointed to NAB radio board from Dist. 22, succeeding **J.D. Freeman**, KMLE(AM) Phoenix, resigned... **Terry Dolan**, ex-Carolco TV vp-gen. sales mgr., named sales mgr.-Southeast, Turner Program Services... **Lisa Smith**, ex-Smith, Don, Alampi & D'Argenio law firm, Englewood Cliffs, N.J., appointed mass media adviser to FCC Comr. **Barrett**... **John Degan**, ex-KSTP-TV St. Paul/Minneapolis vp-station mgr., named mgr.-operations, co-owned U.S. Satellite Bestg... **Sam Quattrocchi**, ex-Fujitsu Network Switching of America, appointed vp-mktg., BroadBand Technologies... **Terry Vance** promoted to dir.-engineering, Reliance Comm/Tec Transmission Systems Group... **Vincent Deschamps**, vp-business development, advanced to vp-mktg., VMX... **David McAtee**, ex-WGAL Lancaster, Pa., vp-gen. mgr., named to same post at WYFF-TV Greenville, S.C... **Robert Berger**, ex-Cable Investments, appointed vp-western operations, Communications Equity Assoc. Denver office.

Larry Jacobson, ex-Fox Inc. senior vp-finance, appointed to same position, Fox Bestg... **Stephen Kessler**, ex-vp, James River Corp., named chief financial officer-senior vp-business planning, financial controls and administrative operations, Prodigy Services... **Al Greenfield**, WLEX-TV Lexington, Ky., operations mgr., promoted to station mgr... **William Lord**, ex-WKRN-TV Nashville, appointed station mgr.-news dir., KIRO-TV Seattle, replacing **Andrew Ludlum**, resigned... **Ron Miller** promoted to vp-station mgr., WBTV Charlotte... **Audrey Gelb** advanced to mgr.-production administration, Columbia Pictures TV.

James Griffiths, ex-pres., 20th Century Fox pay TV and home video, named dir.-Star TV, succeeding **Julian Mounter**, resigned... **Douglas Wiley**, ex-Telecommunications Industry Assn. dir.-govt. relations, appointed dir.-legislative affairs, CompTel... **Garrett Hart**, ex-Universal TV, named pres.-Network TV Div., Paramount TV Group.

Promotions at Showtime Networks: **Faith Grobman** to vp-human resources, **Brett McCarty** to regional dir., **John Warrack** to dir.-employment, **Mike Russo** to exec. vp-domestic TV... **Sharon Maloney**, ex-WGBO-TV Joliet, Ill., named senior vp-gen. mgr., WXTX Columbus, Ga... **Vince Robinson**, ex-Audiotext mgr. at Ft. Wayne Newspapers, appointed news dir., WANE-TV Ft. Wayne... **Brian Greif**, ex-WHO-TV Des Moines, named news dir., WSVN-TV Miami.

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James Sheehan retires at year-end as pres.-COO, A.H. Belo Co.; Chmn.-CEO **Robert Dechard** will add title of pres.; COO title will be dropped... **Rod Riegel**, ex-Hanna-Barbera senior publicist, named to same position, Fox Bestg... **Susan Jones**, former attorney, FCC Private Radio and Mass Media Bureaus, joins Gardner, Carton & Douglas Washington office as associate... **Augustine Martinez**, ex-KVEA L.A., appointed gen. mgr., KMEX-TV L.A... **Stacey Demas**, ex-WMJC(FM)-WGSM(AM) N.Y. gen. sales mgr., named local sales mgr., WLIG Riverhead, N.Y... **Thomas Stanley**, FCC chief engineer, participates on International Municipal Signal Assn. panel, "Washington/Federal Agency Legislative Issues," Aug. 26, 1 p.m., Marriott Hotel, Waterside Convention Center, Norfolk.

Stanford Telecommunications will provide modem equipment for AT&T Network Systems' "Voice of CATV" system, designated Cable Loop Carrier 500 (CLC-500), under new agreement. CLC-500 is designed to enable cable and telephone companies to deliver data and voice over coaxial and fiber. Follow-on deal is result of AT&T's successful acceptance testing of Stanford equipment in May.

Carolco is considering 2-tiered pricing for pretheatrical PPV showings, one for film alone and higher rate for package that would include extras such as movie tickets or T-shirts, said Daniels Exec. Vp Michael Garstin, who sits on Carolco board. He told session sponsored by Kagan that company would charge around \$15 for movie and \$35 for package. "This has to be done with a very major movie that can't be boycotted by other distribution channels," Garstin said, adding that idea revolves around limited exhibition (up to 3 times) in week before theatrical opening. Carolco is talking with talent now and expects to announce first title within 12 months, he said. With right title, premiere PPV could bring in \$50 million, assuming 20-million-home universe with 10% buy rate at average \$25 price, Garstin said. Carolco signed deal in May to provide TCI with up to 4 titles for pre-theatrical PPV debut in return for investment of up to \$90 million.

FCC halted efforts to rechannelize 4 GHz band after objections by NPR and HBO. In effort to redevelop spectrum to encourage innovation of new technologies, Commission has allowed cooperative uses of 5 fixed microwave bands above 3 GHz to permit introduction of new devices, often on co-primary basis. Two orders adopted at FCC agenda meeting July 15 included plan to offer tax certificates as incentives for relocation of incumbents. Current 4 GHz band is allocated for common carrier fixed and fixed satellite use and is channelized into twelve 20 MHz channel pairs. Satellite Bestg. & Communications Assn. (SBCA), GE Americom and HBO, among others, said private microwave users would aggravate terrestrial interference with unspecified portion of 4 million unlicensed home satellite dishes operating in band. FCC said HBO's complaint indicated that there would be "irreparable interference to every satellite transponder" in band.

Total of 997 radio stations filed at FCC for permission to move to expanded AM band during window that closed June 30. Of those, 882 are eligible to migrate; 87 Class C stations, which aren't eligible to move, also filed. Another 28 stations filed after deadline, and FCC said that because of "a very stringent policy" on late filings, they weren't included on list of potential migrating stations. Commission said computer program to calculate allotment plan is expected to take several months and each petitioner will be notified by mail whether it has been allocated frequency in expanded band -- Jim Burtle or William Ball, 202-632-7010.

OBITUARIES

David T. Lane, 52, group pres. of Belo TV stations, died Aug. 12 in Dallas of brain cancer. He joined Belo's WFAA-TV Dallas in 1967 as sports dir., served in various capacities at Belo, including gen. mgr. of KFDM-TV Beaumont and pres.-gen. mgr. of WFAA-TV. In 1988-1989, Lane was chmn. of ABC TV Affiliates' Assn. and in 1985 received Distinguished Service Award from Tex. Assn. of Bestrs. Graduate of Baylor, he was member of that university's board of trustees. Wife, daughter, son survive.

Charles Brakefield, 73, who retired in 1985 as pres. of N.Y. Times Bestg. Group, died Aug. 13 of cancer in Memphis hospital. He spent entire career in Memphis, entered broadcasting in 1951 at WREC(AM) there and succeeded his father-in-law Hoyt Wooten in 1963 as gen. mgr. and by then WREC-TV was on air. Brakefield joined N.Y. Times Co. when it purchased TV station from Cowles in 1972, changed call to WREG-TV. He's former chmn. of CBS TV affiliates board and of LeMoyne-Owen College, was Air Force pilot in World War II. Survivors include wife, son, daughter.



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STATE OF THE INDUSTRY

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

	JULY 31- AUG. 6	1992 WEEK	% CHANGE	JULY 24-30	31 WEEKS 1993	31 WEEKS 1992	% CHANGE
TOTAL COLOR.....	234,221	271,796	-13.8	862,575*	12,449,705*	11,159,454	+11.6
DIRECT-VIEW...	230,288	265,709	-13.3	848,142*	12,249,155*	10,973,507	+11.6
TV ONLY.....	220,214	257,489	-14.5	802,675*	11,573,540*	10,528,396	+ 9.9
TV/VCR COMBO.	10,074	8,220	+22.6	45,467*	675,615*	445,111	+51.8
PROJECTION....	3,933	6,087	-35.4	14,433*	200,550*	185,947	+ 7.9
VCR DECKS.....	72,178	128,987	-44.0	499,620*	6,220,402	6,087,287	+ 2.2
CAMCORDERS.....	16,975	20,369	-16.7	143,653*	1,587,334*	1,427,665	+11.2
LASERDISC PLYRS#	2,144	1,113	+92.6	7,563*	115,252	117,503	- 1.9

Direct-view TV 5-week average: 1993--374,653; 1992--337,858 (up 10.9%).

VCR deck 5-week average: 1993--198,979; 1992--214,443 (down 7.2%).

Camcorder 5-week average: 1993--51,798; 1992--56,173 (down 7.8%).

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

SONY, PIONEER PROFITS PLUNGE AGAIN: Gloomy financial reports for fiscal first quarter ended June 30 were posted by Sony and Pioneer, whose operating profits plunged 35.8% and 74.2%, respectively, on 10.4% and 13.8% drops in consolidated sales. Neither company expressed optimism for rest of year, Sony reducing its sales, but not profit, forecast. Both companies reported profit increases unrelated to sales -- Sony's pretax net income rose 31%, largely due to anticipation of yen's decline, while Pioneer's after-tax net was up 37.7% as result of change in accounting method (see financial table).

Sony's commentary accompanying release was unusually bleak. During quarter, company said, "recovery in the U.S. economy slowed, and the European economy remained caught in a deepening recession and experienced continuing currency turbulence. In Japan... persistent low levels of both consumer spending and corporate capital expenditures led to a further slowdown in the economy." Rapid appreciation of yen vs. western currencies, "continued deterioration of the Japanese audiovisual market and intensified price competition resulted in an increasingly severe operating environment," Sony said.

Sony's consolidated sales of electronics dropped 9.3%, led by lag in video equipment, down 22.4% from same 1992 period, "primarily due to a slump in the camcorder business." Audio equipment sales fell 12.1%, reflecting dull performance of CD players and headphone stereos, "although the MiniDisc system was well received." TV sales slipped 3.8%. "Other" category rose 4.9%, "supported by brisk sales of semiconductors" and other components. Music business, like others, was hit by declining yen, resulting in 7.2% drop, while motion picture business sales decreased 22.8%, "mainly attributable to the appreciation of the yen and lower box-office revenues," which dipped from year's high set by several blockbuster films.

Electronics sales in U.S. rose about 16% in dollars and music business 1%, while movies dropped 16%. Total U.S. sales were down 9.8% in yen. European sales dropped 5.9% in yen, Japanese sales 23.3%, as other areas inched up 1.3%. Consolidated net income after taxes dropped 48.5% to \$72 million, partly due to tax accounting changes.

Sony gave these figures for unit sales in first quarter vs. same 1992 period: 8mm video, 800,000 units (vs. 900,000 last year), of which 90% were camcorders and overseas sales represented 80%, projecting 3.4 million sales for current fiscal year ending next March. Half-inch video (VHS, Beta, broadcast), 900,000 (unchanged from last year), 4 million for year. CD players (including LD combis), 3.4 million (unchanged), 14 million for year. Walkman, 2.9 million (vs. 3.6 million), total 13 million. Color TV, 1.75 million (vs. 1.6

million), total 8.3 million. MiniDisc hardware production currently is at 50,000, sales through end of June totaling 300,000, half of these for export.

Company said its business environment for rest of year should remain difficult because of strong yen, "prolonged depression and protracted sluggishness in the audiovisual market in Japan and persistent recessionary conditions in the European economy." Assuming 105 yen to dollar in 2nd half of fiscal year, Sony revised its sales forecast downward to 3.72 trillion yen from 3.91 trillion yen -- 7% decrease from last fiscal year -- but left unchanged its forecast of 6% decline in pretax profit, 17% after taxes.

* * * * *

Pioneer gave reasons similar to Sony's for its poor results. Sales decline was attributed largely to "economic recession and accompanying slack personal spending in Japan and Europe and the appreciation of the yen." In N. America, "sales of AV receivers, consumer LD players and car CD players were firm, but overall sales decreased owing to the high yen." In Japan, sales were "greatly reduced" in audio, commercial CD karaoke equipment and laserdisc products, but car CD players to manufacturers were up. Operating profits were affected by similar problems.

Company's domestic sales were off 8.9%, overseas down 16.8%, overseas sales representing 62.4% of total for latest period. Audio products sales were down 16.3%, video 11.4%, car electronics 13.4%, others 17.4%. Car electronics remained biggest category, representing 35.6% of Pioneer's sales, followed by video 30.6%, audio 25.9%, other 8.9%. N. American sales were about 22% of company's total, with Japan 38%, Europe 25%, others 15%.

Spokesman noted Pioneer increased prices in N. America 2-3% in April based on 110 yen = \$1 and will consider another rise here to cope with coming era of 100 = \$1 yen rate. Citing uncertain future, continued unstable currency movements and stiffer competition, Pioneer said it plans to cut costs and shift more production overseas, while continuing "to develop such market-creating products as its new LaserActive interactive LD-ROM home entertainment system" and boosting R&D.

NEW MULTIMEDIA PLATFORM FROM NINTENDO, SGI? Video game giant Nintendo and computer graphics major domo Silicon Graphics Inc. (SGI) scheduled joint news conference Aug. 23 in San Francisco amid speculation they will announce new high-level consumer multimedia platform. Companies put tight lid on details of announcement, which will feature Nintendo of America Senior Vp Howard Lincoln, SGI Pres.-CEO Edward McCracken, SGI Chmn.-Founder James Clark. News advisory said announcement is aimed at "media, analysts (and their children, 7 years or older)."

Fact that Nintendo is being represented by Lincoln, rather than by Mktg. Vp Peter Main, led to speculation that announcement would center on technology agreement based on SGI chips and architecture, rather than specific consumer hardware. If consumer hardware system is announced, it probably wouldn't be on market until latter part of next year at earliest, since major software developers with whom we've spoken -- who need at least year to create programming -- said they had no detail of proposal late in week.

It long has been speculated that SGI was developing consumer-oriented multimedia system. Nintendo, meanwhile, has been defending its videogame turf, primarily against Sega, which has succeeded in grabbing image of leading in advanced videogame technology through such products as Sega CD and forthcoming virtual reality accessory. Much-hyped 3DO "interactive multiplayer" also is due to hit retail shelves in early Oct. under Panasonic label (TVD Aug 16 p14). Most-asked question in videogame industry -- how Nintendo, which dominated business for so long with its 8-bit Nintendo Entertainment System, plans to respond to challenges -- apparently is about to be answered.

Company has been working on advanced system of its own, but said it refuses to market stepup higher priced hardware unless software performance can justify extra cost. It has criticized competitive systems for high price points and lack of performance leaps. If Nintendo were to market SGI-developed system, it would run contrary to company's past practice, which generally has eschewed systems developed outside its own labs.

Nintendo/SGI announcement follows Nintendo's entry into "future of interactive multimedia technology" with introduction of Nintendo Gateway System for airline and hotel installations, which company conceded could be applied to "other venues, including the home." SGI, among its other ventures, is supplying basic set-top converter box for Time Warner's forthcoming Full Service Network, whose first installation is scheduled to be in place early next year in Orlando. Conceivably, SGI/Nintendo box would be cable-ready

from beginning. 3DO master plan includes cable-compatible operation at some point in future. 3DO also has licensed AT&T to produce networked version of its technology, expected on market next year.

News had at least one concrete effect. At midday Fri., less than 24 hours after news conference was announced, 3DO shares dropped 3-1/2 points.

SARNOFF LABS, 50, CONTINUES VIDEO INNOVATION: David Sarnoff Research Center, birthplace of electronic color TV, color picture tube, LCD technology and other milestones of consumer electronics -- and now one of major contributors to digital HDTV -- celebrated 2 major events last week with publication of its 1992 annual report. Venerable Princeton, N.J., institution, which started life as RCA Laboratories, marked 50th anniversary and its first as independent entity under SRI International, after it figuratively burned GE's mortgage.

Among highlights in report is disclosure that Center -- which demonstrated first video speed LCDs 25 years ago (TVD June 3/68 p12) -- "has designed a liquid crystal light valve suitable for color TV projection which incorporates new advances that make it especially attractive for consumer products."

In 1992, Sarnoff achieved greater autonomy, according to report by SRI Pres. James Tietjen and Sarnoff Pres. James Carnes, with end of 5-year period of GE funding under \$250-million consumer electronics research contract announced when GE donated Labs to SRI (TVD Feb 9/87 p17). During 5-year period, GE held deed on Center's property in what now is known as "Video Valley" in Princeton. GE formally handed over property to Sarnoff last April. Sarnoff established its first subsidiary company -- Sensar Inc., to commercialize "smart sensing" technology -- and now envisions "many spinoffs" capitalizing on its innovations.

In Center's 5th year as client-supported research facility, it realized \$75.6 million in net revenue, increase of 4% from 1991. New business bookings were up 38% from 1991 "and we had a record backlog leading into 1993." New technical staff was hired "to accommodate higher business levels." Sarnoff actually is working on 2 projection TV projects -- it has govt. contract to produce optics for Texas Instruments' (TI) dazzling digital micromirror device projection system (TVD July 12 p8) as well as its new LCD system, also partly financed by govt.

New LCD is chip of polysilicon with "integrated drive technology," according to Arthur Firester, Sarnoff's dir. of display research. Traditional Japanese LCDs use amorphous silicon, requiring complex web of electronic circuitry to drive them, particularly difficult with small LCDs. Integrating drive circuits on chip eventually could make LCD projector cheaper than one using cathode ray tubes, Firester told us, since as much as half of cost of LCD projector now goes into drive circuitry.

First use of new LCD system developed at Sarnoff will be in computers, Firester told us. Development is outgrowth of subcontract by Pentagon's Advanced Products Research Agency (ARPA) that has achieved resolution of 1,024x1,280 pixels, far beyond HDTV. "We are real excited based on preliminary designs, test modeling and computer simulation," Firester said. Ironically, describing first demonstration of LCD with video applications by Sarnoff (then RCA Labs), our report in 1968 said: "Perhaps biggest [problem] is method of 'addressing' screen -- painting constantly changing TV picture by application of large number of voltages to individual spots. RCA Labs has devised method of doing this, but at present time it would be fantastically expensive." (RCA later sold its pioneering LCD operation.)

Sarnoff's work parallels efforts in Japan using similar technology. Sharp has shown prototype HDTV display using integrated drives. Seiko Epson is now making camcorder color viewfinder with that technology, and it's understood Sony has developed similar type of viewfinder. Such developments can reduce size and cost of color LCD viewfinders in camcorders.

As for TI's micromirror projector, report said: "Employing this integrated approach with the corresponding digital electronics will produce a low-cost, rugged, high-performance device... that will be at the heart of many digital display systems."

"Digital technology, like that used in HDTV, will have a profound impact on all our lives," SRI and Sarnoff presidents said in report. "The world is going digital and our new beginning coincides with this important change."

TCE TO INTRODUCE COMBOS: First RCA-brand TV/VCR combos will be delivered to retailers before end of year, Thomson Consumer Electronics (TCE) executives disclosed last week. Prices for 13" and 20" models, which are being sourced from Matsushita's Vancouver, Wash., assembly plant, weren't disclosed.

TCE began delivering its first combo -- 13" GE brand unit sourced from Samsung -- within past month. TCE Americas Sales & Mktg. Exec. Vp Joseph Clayton said company is entering business because "you can't ignore a category that's going to do 1.4 million units this year."

Meanwhile, TCE continued to aim squarely at home theater segment, centered on large-screen TV. Clayton forecast 1993 color TV sales would pass 23 million units, 7% ahead of last year. Biggest winner, he said, will be 30"-and-larger direct view and projection, totaling 1.5 million, more than 25% above 1992. Of those, 31" and 35" models will jump nearly 60% in 2nd half, and projection sets will reach 440,000 units for full year.

Clayton estimated that hi-fi stereo VCRs, whose sales grew 16% in first half, would be up 12% for full year. He projected camcorder sales rising 17% for full 1993 to more than 3.3 million, led by 30% growth in VHS-C and 16% gain for 8mm. TCE expects each compact format to take 40% of market, with rest full-size, although latter currently is trending more toward 15% for year, he said.

TCE continued to project that it will sell 5,000-10,000 widescreen TVs this year, although he said deliveries to retailers have gone "a little slower than we would have liked," which he blamed on slower than expected ramp-up of manufacturing at tube plant in Agnani, Italy. He said goods have been delivered in N.Y. and Cal., and "we're now filling in the rest of the country." TCE hasn't made any decisions on moving 16:9 tube manufacturing to U.S., he said, noting that plants are running close to capacity now on standard 31" and 35" models.

Clayton said overall effect of fire at Marion, Ind., picture tube warehouse July 21 (TVD July 26 p11) has been minimal. "Supply has been a little short on 31s," but that was true even before fire. Plant is working Saturdays to make up for lost tubes, and extra 31" units have been coming from Agnani, in some cases by air. "We may be off a week or 2" on some deliveries, he said, but "we have no intention of disappointing our customers."

TCE has embarked on Custom Home Theater (CHT) program, creating alliance with Ladd Furniture for custom-designed cabinetry combinations, and in-wall versions for 35" direct-view and 60" projection sets. CHT packages consist of preselected audio and video components and speakers, plus all necessary trim and storage space. Furniture in Ladd programs was created specifically for CHT packages. In ensemble shown to journalists last week in Indianapolis, infrared receptor was built into cabinet, so signal from remote handset could be distributed to components even when doors were shut. Packages range \$2,000-\$10,000.

Company has signed up 400 retail furniture outlets to handle CHT product, and is talking with 20 builder/distributors on in-wall line for new-home construction. Jack Nick, vp-mktg. service and strategic ventures, said systems are aimed at consumer "who is somewhat overwhelmed by the electronics," offering unified approach to creating media room. TCE executives also stressed that furniture combinations "are not an extension of

the wall-unit business. This is a new custom home theater business."

HOME PIRACY SURVEY: Since 1990, Macrovision copy protection has saved industry \$103 million annually in prerecorded video rentals and sales that otherwise would have failed to materialize because of illegal consumer duplicating, company said last week. New study "shows there are consumers who say they have rented or bought because they couldn't copy," said Bill Krepick, Macrovision senior sales and mktg. vp.

Study was conducted for Macrovision by N.Y. research firm Schulman, Ronca & Bucuvalas (SRB), which put together similar report in 1990 (TVD July 2/90 p15). New study included responses from 1,000 VCR households and looked at additional sample of "admitted copiers," SRB Project Dir. John Boyle said.

Survey said 30% of VCR households have more than one VCR, up 7 points from 23% in 1990, so more consumers possess ability to copy tapes. Number of households that attempted to copy tape, either successfully or unsuccessfully, in last year jumped 7% to 48 million from 45 million, indicating no lack of trying, according to statistical projection by SRB. However, successful copies made in last year dropped 17% to 25 million from 30 million and proportion of households with illegal copies fell 10 points to 31% from 41%, while average number of copies per household dropped 34% to 3.7 from 5.6.

Boyle attributed decreases to availability of lower priced sellthrough tapes and access to wider variety of entertainment, but also cited increased penetration of Macrovision-protected programming, which now makes up about 50% of prerecorded video releases. Macrovision estimated its encoding caused 91% of copying problems.

Survey found 6.5% of households admit to copying, while 31% have copies in their homes. Macrovision estimated there are 280 million copies in households nationwide, stockpiled at average 70 million per year over 4 years. There also are about 17 million households with illegal copies of movies, 4 million with music videos, 2 million with exercise tapes, 2 million with instructional titles. Some 83% of source tapes list for less than \$30.

In terms of future impact, 77% of respondents said they were less likely to try to copy again after experiencing problems. Currently, Buena Vista, FoxVideo, MCA/Universal and HBO encode all titles, company said. MGM/UA, Paramount, Warner and Vidmark protect selected releases, while Columbia TriStar, New Line, LIVE and Orion aren't clients.

"I'm not completely satisfied" with DCC launch, Philips Consumer Electronics Chmn. Henk Bodt is quoted as saying in reports from Eindhoven. He indicated that he would have preferred to have had portable and car versions earlier. They were held up by technical problems last year. He forecast consumer electronic operation would reach break-even point some time this year, although it won't be profitable for full year.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 102 yen = \$1, except where noted.

PHILIPS -- 'PLATFORM-FREE' PUBLISHER? Philips Media (PM) last week announced major restructuring of software operations, creating single international publishing entity -- Philips Media Electronic Publishing (PEMA) -- but split product development into 6 separate "labels."

However, bigger splash was made by PM Pres.-CEO Scott Marden statement that Philips wants to be "platform-free" software creator -- major change for company whose development and publishing activities have been aimed exclusively at creating compelling software to drive sales of Philips CD-I hardware. Move to become general software publisher would place Philips alongside host of other "independent" software publishers that supply titles for host of PC- and TV-based systems.

However, Marden told us his comments didn't represent any lessening of Philips' commitment to CD-I. He wouldn't identify platforms Philips is targeting, "but we will produce quality software."

Emiel Petrone, Philips Interactive Media of America executive named as senior vp for PM's N. American software marketing, downplayed significance, saying any software publisher strives to publish for all systems to generate better return on development costs. He also expressed confidence that strong sales of CD-I players by end of year (company has projected cumulative sales of 300,000 around world by end of this year and about one million by end of 1994) would build momentum for format, attracting more CD-I program development from outside Philips sphere.

Marden said he believes new structure "will enable us to be both responsive and proactive in this rapidly changing world of electronic media. I'm extremely excited about the future possibilities [for PM] in exploring new terrain and opportunities." In addition to software, PM encompasses European cable systems, programming and distribution operations, and software retail businesses, such as SuperClub. PM also is charged with exploring opportunities presented by Philips investments in such diverse companies as Whittle Communications, General Magic, Blockbuster, other program delivery channels.

PMEP is global company encompassing publishing and production formerly undertaken by PIMA, Philips Interactive Media International (PIMI) and 8 other national or regional companies. New unit is divided into target market "labels," each with own pres. (see Consumer Electronics Personals).

John Hawkins, continuing as dir.-gen. mgr. of Philips Interactive Media Systems, also now is pres.-general mgr. of new Philips Media Distribution. He's also on new Exec. Committee headed by Marden that includes Luskin, new PM Chief Financial Officer Marc Sevenans, Inwards, Philips Cable TV Systems Dir.-Gen. Mgr. Jacques Hackenberg and Philips Media & Programming Ventures Dir. Robert Hamersma.

Sony 8mm camcorders will be made in China by joint venture with Shanghai Video & Audio Electronics, country's largest electronics manufacturer. New firm, Shanghai Shouguang Electronics, 70% owned by Sony, will be established next month to make and market 8mm camcorders and 8mm VCR components, primarily for Chinese market. Capacity next year is scheduled to be 150,000 units. JVC already has joint venture in China producing VHS-C camcorders; Hitachi joint venture plans to make 8mm camcorders in China starting in 1995 (TVD Aug 16 p13).

COMPACTCORDER SHARE UP IN JULY: Although camcorder sales dipped 7.1% in July from 1992 month (TVD Aug 16 p11), brunt of decline was borne by full-size VHS models, compacts pushing to highest percentage share of year -- 79.2%, best since 79.3%, reached last Nov.

Compact total dropped 4.9% to 191,785, full-size models 14.5% to 50,231. For year's first 7 months, 75.3% of sales to dealers (1,182,913) were compacts and 24.7% (387,446) were full-size, according to unissued EIA statistics. Camcorder inventories at pipeline level (import plus distributors) were in good balance -- 79.3% compacts -- at end of July and represented just over 6 weeks' supply at current sales rate.

Tally of VCR deck features by EIA shows July sales of stereo models at best percentage level of year, 29%, up from only 24.9% in June. Models containing VCR Plus at 18.9% registered 2nd best level of year (after 19% in April). Some 43.8% were mono models with 3 or more heads, while 27.3% were 2-head machines and 0.7% were S-VHS in June.

For year's first 9 months, 25.3% were stereo, 15.4% had VCR Plus, 44.1% were mono with 3 or more heads, 30.6% 2-head mono, 0.8% S-VHS. Inventories were just below 4-week supply.

Economic competition should replace military competition, according to govt.-industry critique of Clinton Administration's policies. Critical Technologies Subcouncil report to parent Competitive Policy Council recommended: (1) Balancing defense and civilian R&D spending by 1995, enabling shift of nearly \$8 billion from defense to civilian and dual-use programs. (2) Specifying goals, plans and funding levels under dual military and civilian programs. (3) Increasing private sector input into technology policy-making. (4) Strengthening congressional commitment to long-term growth by increasing support for govt.-industry technology programs, including those of National Institute of Technology & Standards (NIST) and Advanced Research Projects Agency (ARPA). (5) Making R&D tax credit permanent.

Japan's new minister of international trade and industry (MITI), Hiroshi Kumagai, is very familiar with country's industrial policy, having worked at MITI for 12 years before running for Diet (Parliament) in 1976. In his first public pronouncement after being named, he shocked some MITI bureaucrats by conceding, in answer to question, that Japanese market "has tightly closed prospects," adding: "It's natural that some businesses of the U.S. and Europe think that Japan is strange. For Japanese firms to make it in international society, this system must be revised."

JVC's Digital Vision karaoke system, using full-motion video CD developed jointly with Philips, goes beyond Japan's shores for first time as result of agreement between JVC Taiwan and Yourbest Corp., Taiwan's largest karaoke software supplier. System for public places will be manufactured in Japan. Same standard has been announced for worldwide "Video CD" system proposed by Philips and endorsed by other hardware and software manufacturers (TVD Aug 9 p11, July 5 p13).

Flat Information Displays Conference, Exhibition and Tutorials is scheduled for Santa Clara, Cal., Dec. 6-9 by Stanford Resources. Tenth annual conference will feature sessions on IC issues, portable computer displays, flat panel technologies, high-resolution and panel-based projection displays -- Information Assoc., 415-322-0247.

'WHITE BOOK' vs. 'RED BOOK': Basic incompatibility of the 2 "Video CD" systems -- by Philips and by Nimbus -- was explained by engineers at Philips Research Labs in U.K. as case where choice is between playability on CD-I (and 3DO and other) interactive players as well as personal computer CD-ROMs, or on some standard CD audio players through video adaptor.

Reiterating that Philips doesn't support system that would enable some audio CD players to play video through TV set (TVD Aug 16 p13), engineers explained that Nimbus system involves use of "Red Book" audio disc standards for video, while system espoused by Philips and others would use proposed "White Book" standards.

What's the difference? White Book defines Video CD as CD-ROM/XA disc, which includes active data flag, that will switch off audio outputs on some CD audio players; flag runs all the time disc is playing. Red Book, obviously, doesn't use that flag because it's designed for playing audio discs. CD-I player is designed to recognize Red Book audio CD and decode digital information as music, directing it to audio outputs -- so when CD-I player is playing Red Book disc it can't do anything with that data except decode it as audio.

Therefore, CD-I player inherently couldn't play Nimbus-style Red Book video CD, since encoded video is mixed in with audio. If Red Book audio CD is played in personal computer's CD-ROM drive, PC will identify it as audio disc and direct signals to audio outputs. So ROM drive, like CD-I, is unable to play Nimbus style Red Book Video CD.

In other words, red is red and white is white and never the twain shall be compatible.

MINOLTA SELLING HITACHI VIDEO: Minolta will sell some Hitachi brand camcorders, VCRs and 13-20" TVs through its retail photographic dealers. Agreement, which went into effect last week, provides that "mutually selected" Minolta dealers will handle those products.

Minolta confirmed arrangement last week through spokesman in answer to our question, and issued release on subject, but Hitachi withdrew earlier comment, indicating it was premature. Minolta stood by release, saying it was accurate. It was indicated that dealers would be selected to avoid any conflict where Minolta dealers already handle Hitachi line.

Senior Vp Sonny Taniuchi, gen. mgr. of Minolta's Photo Div., said arrangement "expands our present offerings in video camcorders and adds selected VCRs as well as TVs," products that are "natural extensions for our retailers and their customers." TVs involved will be sets in 13"-20" sizes. Minolta spokesman said he believed sets would be from Hitachi's regular lines, rather than special models.

Minolta will continue to distribute own-brand camcorders, some of which are made by Hitachi. It's believed arrangement to carry Hitachi branded products was made in Japan by parent companies. Minolta pointed out it has agreements with other manufacturers in U.S. -- it distributes Cokin filters and a version of Polaroid's Spectra instant camera, latter under its own name as Minolta Instant Pro.

HD-MAC LIVES, IN BERLIN: "Widescreen at its Best" will be theme of Eureka 95 exhibit at Berlin's Internationale Funkausstellung, which opens 10-day run Fri. (TVD Aug 16 p13). Although HD-MAC and D2-MAC systems, backed by European TV manufacturers and some European govts., now are considered dead or dormant as broadcast standards, their presence will continue at Berlin show.

Even though Eureka Pres. Peter Bögels, on loan from Philips, has been assigned to new job of DCC coordinator (TVD July 5 p17), his signature is on invitation to exhibit, which calls Eureka "Europe's most successful research project." Shift in emphasis to widescreen picture quality and nonbroadcast uses is discernible in invitation:

"We will show the state-of-the-art European HDTV system, the final result of the large-scale pilot transmissions of 1992 in which the complete chain of HDTV equipment was tested under operational circumstances... We will present 1,250/50 HDTV Ograms in various widescreen receivers in both HD-MAC and D2-MAC quality. Nonbroadcast applications include an HD Video Wall, as well as a still picture store. In addition, we will demonstrate MultiMAC, a system allowing 4 different programs to be broadcast in one MAC channel."

SONY'S PORTABLE PROJECTOR: Portable LCD projector weighing less than 2 lb. has been introduced by Sony in U.S. at suggested retail price of \$800. It's similar to one Sony has been selling in Japan for last year or so. Other lightweight portable LCD projectors are offered by Fuji and Quasar.

Projector is designed for use with camcorder or VCR, since it has no TV tuner. It has video and audio inputs. Sony says it can be used to project images "from 6 to 100 inches across," but spec sheet recommends 6-40" range. LCD picture source has 103,000-pixel resolution. The 6x4x2.5" projector has built-in stereo speakers and audio output for headphones or external speakers, can be operated from AC or snap-on battery. Light source is 18w halogen lamp.

Sony also introduced its lowest priced color video printer, at \$1,200 suggested retail. It delivers full-color printouts from any video source in one min. System has full-frame digital memory, resolution of 448x708 dots, 17 million colors, making 4x5" prints. It has 2-font titler and digital effects such as PIP and multiple images on single sheet as well as heart-shaped or oval picture. Wireless hand-held remote controls printer and Sony camcorder or VCR.

Printer uses standard video print packs, comes equipped with 15 sheets of regular print paper, 10 sheets of adhesive print paper, ribbon for 25 prints. Print packs are available in 50 and 100 sheets.

Sony is expected to introduce new camcorders for U.S. market Aug. 31, including export version of lower priced Hi8 model with SteadyShot optical image stabilization system, as foreshadowed by Japanese introduction reported here last week (TVD Aug 16 p14).

Clarification: Panasonic REAL 3DO player will have \$699 list price when it ships this fall, not \$799 as we reported last week. However, retail sources say they expect \$699 also to be predominant shelf price, though some may carry it at slightly less than that.

Consumer Electronics Personals

Named in Philips Media reorganization as presidents within new Philips Media Electronics Publishing (PMEP): **Sarina Simon**, Children's Labels Group; **David McElhatten**, Games Labels Group; **Ann Kronen**, Home Entertainment and Special Interest Labels Group; **Jean-Pierre Isbouts**, European Country Labels Group; **Bernard Luskin**, Education Labels Group, also heading PMEP N. American operations; **Graham Williams**, FMV/Digital Video Group. **Michael Inwards**, vice chmn., Philips Interactive Media International, named managing dir.-COO, PMEP European operations. **John Hawkins**, continuing as dir.-gen. mgr., Philips Interactive Media Systems, also named pres.-gen. mgr., new Philips Media Distribution (PMD), part of Philips Media Mktg. Div. **Emiel Petrone** is now senior vp of PMD, reporting to Hawkins. **Marc Sevenans** named chief financial officer, Philips Media.

Brian Levy, ex-Radio Shack vp, named vp, store operations, Tandy's Incredible Universe... **Robert Goldberg**, exec. vp-gen. mgr., promoted to COO, Software Toolworks, post vacant since **Robert Lloyd** was named CEO earlier in year.. **John Crowley**, ex-ServicePlan, named VAC Service Corp. western regional sales/support mgr... **Mineo Sugiyama**, parent company senior vp and dir., appointed pres., NEC America, succeeding **Hisashi Kaneko**, returning to Japan as head of NEC international operations... **Douglas Doerhoff**, ex-Kao, joins Fuji Photo as central regional mgr, Computer Products Div.

Republic Pictures Home Entertainment Mktg. Mgr. **Michele Blackwell** appointed mktg. dir.; Home Video Midwest Sales Mgr. **Doug Dohmen** named sales dir... **Bill Burns**, ex-Walt Disney World, named Blockbuster Entertainment Center pres... **Richard Morris**, ex-PolyGram Holding, joins Handleman Co. as finance vp-chief financial officer-secy., succeeding **Louis Kircos**, who becomes senior vp-corporate development and subsidiaries... **Craig Van Gorp**, formerly with LIVE, named Turner Home Entertainment domestic home video sales vp... Appointments at West Coast Video Duplicating: **Jack Gerts**, ex-3M, to midwest region sales dir.; **Mardu Gallo**, ex-TV Assoc., to southwest region account exec... Promotions at New Video: Account Mgr. **Mark Kashen** to planning and operations vp; Mktg. Mgr. **Liza Mortimer** to mktg. dir.

End of electronic fad: "Dancing flowers," which sway rhythmically to accompaniment of any music, once all the rage in Japan at \$30, now are being closed out in N.Y. at 99¢.

New York Bureau Moving Aug. 30

The N.Y. editorial bureau of Warren Publishing Inc., will move next Mon., Aug. 30, to Suite 1111, 276 Fifth Ave., New York, N.Y. 10001. Please correct your records to reflect this change.

Telephone numbers are unchanged: Phone 212-686-5410, fax 212-889-5097.

Move affects primarily the editorial staffs of Consumer Electronics section of Television Digest, Audio Week, Video Week and Consumer Multimedia Report. The main editorial offices and business offices of Warren Publishing Inc. continue to be at 2115 Ward Court NW, Washington, D.C. 20037.

Financial Reports of TV-Electronics Companies

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

Company & Period	Revenues	Net Earnings	Per Share
Adelphia Communications			
1993-qtr. to June 30	79,833,000	(114,948,000)	-- ^a
1992-qtr. to June 30	73,877,000	(39,589,000)	-- ^a
Cablevision Systems			
1993-6 mo. to June 30	325,193,000	(104,475,000)	--
1992-6 mo. to June 30	263,669,000	(138,142,000)	-- ^b
1993-qtr. to June 30	168,170,000	(48,786,000)	--
1992-qtr. to June 30	135,782,000	(85,831,000)	-- ^b
Carolco Pictures			
1993-6 mo. to June 30	63,703,000	(20,238,000)	-- ^a
1992-6 mo. to June 30	219,962,000	(18,814,000)	--
1993-qtr. to June 30	28,091,000	(13,457,000)	--
1992-qtr. to June 30	83,481,000	(14,508,000)	--
C-COR Electronics			
1993-year to June 25	55,985,000	3,389,000	.74
1992-year to June 26	52,171,000	2,280,000	.50
1993-13 wk. to June 25	14,661,000	805,000	.18
1992-13 wk. to June 26	16,584,000	853,000	.19
Falcon Cable Systems			
1993-6 mo. to June 30	26,853,500	(2,938,800)	--
1992-6 mo. to June 30	25,037,600	(3,455,300)	--
1993-qtr. to June 30	13,535,200	(1,347,100)	--
1992-qtr. to June 30	12,632,500	(1,572,500)	--
Harman International Industries			
1993-year to June 30	664,913,000	11,246,000	1.04
1992-year to June 30	604,454,000	3,487,000	.39
1993-qtr. to June 30	175,273,000	5,274,000	.49
1992-qtr. to June 30	153,295,000	1,642,000	.18
International Family Entertainment			
1993-6 mo. to June 30	75,568,000	12,675,000	.36
1992-6 mo. to June 30	64,521,000	9,439,000	.40 ^b
1993-qtr. to June 30	38,058,000	5,313,000	.15
1992-qtr. to June 30	32,127,000	4,992,000	.19 ^b
Jones Intercable Inv.			
1993-6 mo. to June 30	13,595,671	300,746	.04
1992-6 mo. to June 30	20,146,394	(2,154,324)	--
1993-qtr. to June 30	6,869,211	252,573	.03
1992-qtr. to June 30	10,305,694	(685,988)	--
QVC Network			
1993-6 mo. to July 31	535,670,000	34,938,000	.70 ^a
1992-6 mo. to July 31	454,421,000	19,859,000	.50 ^c
1993-qtr. to July 31	262,438,000	13,327,000	.26
1992-qtr. to July 31	221,253,000	8,715,000	.22
Sony Corp.^d			
1993-qtr. to June 30	7,744,935,000	71,888,000	.19 ^e
1992-qtr. to June 30	8,639,187,000	139,542,000	.35 ^e
Tele-Communications			
1993-6 mo. to June 30	2,060,000,000	84,000,000	.18
1992-6 mo. to June 30	1,735,000,000	(24,000,000)	-- ^b
1993-qtr. to June 30	1,042,000,000	31,000,000	.07
1992-qtr. to June 30	879,000,000	(6,000,000)	-- ^b
Warrentech			
1993-qtr. to June 30	10,986,639	219,932	.02
1992-qtr. to June 30	11,201,097	385,851	.03

Note: ^aAfter special charge. ^bRestated. ^cIncludes special credit. ^dAt 107 yen = \$1. ^ePer ADS.

Sharp will introduce portable MiniDisc recorder and combination CD player and MD recorder before year-end, Japanese reports said. Company has been exporting portable MD players to U.S. and Europe at rate of 1,000 monthly. It reportedly is building CD hardware on OEM basis for Hitachi and Aiwa.

RCA's Jack Sauter, credited with VHS system's success in U.S., was inadvertently omitted from list of 15 individuals selected as "video visionaries" in 15th anniversary edition of Video magazine (TVD Aug 16 p12). We regret the error.

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IN THIS ISSUE: DIRECT-VIEW AND PROJECTION COLOR TV MARKET SHARE SURVEY

AUGUST 30, 1993

SUMMARY-INDEX OF WEEK'S NEWS

VOL. 33, NO. 35

Broadcast - Cable

CBS SURRENDERS ON CONSENT: New cable news channel seen ending retransmission war. Comcast first to sign. Affiliates to benefit. TCI and LIN also sign deals. (P. 1)

TELCO-CABLE BAN REJECTED: Federal judge in Bell Atlantic case says telcos can enter cable business in their home territories. Appeal likely. (P. 2)

CABLE SEEKS EASED RULES for FCC cost-of-service proceedings. Rate of return and system values debated. Telcos make bid for regulatory parity. (P. 4)

RATE RULES UPHELD BY FCC: Cable decision rejects idea of further 18% rate cut, affirms most other Commission actions. Another rulemaking launched. (P. 4)

HUNDT FACES LARGE PAY CUT: FCC chmn.-designate earned \$400,000 plus per year as lawyer, will have to divest some media holdings. (P. 5)

FCC GETTING ORGANIZED for cable regulation. Wilson to head Cable Div. Staff structure set. Office space found for 240 employees. (P. 6)

CABLE SEEKS HIGHER LIMIT on number of systems MSO can own, but opponents say even 25% is too many. Eased rules for network ownership also sought. (P. 7)

PRIMESTAR DECREE HIT: FCC says consent decree violates public interest. (P. 8)

CBS SURRENDER MAY END RETRANSMISSION CONSENT WAR: Beginning of CBS negotiations with cable MSOs for launch of new cable channel in return for retransmission consent means that "the [retransmission consent] war is over," industry official said: "They've surrendered with dignity and grace, but they have surrendered." Network reportedly is planning to launch cable network based on current output of its News Div., as well as its extensive news and public affairs library. CBS is telling MSOs that it would trade retransmission consent for carriage of new channel, similar to deals being signed by other 3 broadcast networks. First deal, still not announced officially, is with Comcast.

CBS wouldn't confirm Comcast deal, but did say that it was "in conversations with several of the largest MSOs about a proposed new programming venture which would provide opportunities for participation by CBS affiliates." Network said it's "continuing to negotiate for cash retransmission consent arrangements." It also indicated that it expects affiliates to share in benefits from new channel.

Consumer Electronics

MAGNAVOX MOVES TO No. 2 IN TV SHARE, first time in our survey's 26 years that Zenith has been knocked from top 2. RCA retains first place by wide margin, moves into 2nd place in projection TV. (P. 10)

SONY'S RESPONSE TO VIEWCAM is 'Handycam Vision' unveiled at Berlin show, to be debuted in U.S. this week. Standard 8mm model has 3" LCD. (P. 12)

LATEST VIDEO CD STANDARDS ANNOUNCEMENT brings more confusion, with Philips' Hawkins again disclaiming audio CD player with adapter as acceptable playback device. (P. 13)

MATSUSHITA PROFITS OFF 7% in first quarter as company cites strengthened yen, worldwide economic slump. Overseas sales up on local-currency basis. (P. 13)

\$399 CD-I PLAYER apparently is about to be introduced by Philips, as new model at lower price is announced in U.K., positioned as stepup CD player. (P. 14)

NINTENDO/SGI TRY TO LEAPFROG rest of interactive entertainment industry by combining on advanced system to hit home market in 1995. Joint licensing of 64-bit system planned. (P. 15)

PIONEER SAYS FUTURE OPTICAL DISC must use 5" format, be recordable and interactive, able to reproduce LD-quality image, with movie on one disc. (P. 15)

New cable network would make extensive use of film and reports already being shot, but often not used, for CBS's existing news programs, said industry official familiar with proposal: "They have a lot of footage that goes onto the cutting room floor. If they can recycle it, it's good for them." He also said network has "a vast library going back to the earliest days of television" that could be "repackaged in interesting ways." Official said current plan involves only news and public affairs, but broadcast networks are likely to realize that their other library programs also provide cable channel opportunities: "The fact is that this does make sense. It also sets the mold for the way that the broadcast industry can look good, feel good and be compensated. And the same is true for cable. Now the networks are beginning to realize what they have on their shelves, so I think we will see more of it."

Fox was first to retreat from cash retransmission consent payments, offering cable operators noncash consent deals involving carriage of new cable network, called FoxNet. In deal that's typical of others, cable operator agrees to pay Fox 25¢ per subscriber per month to carry FoxNet. In turn, cable operator gets right to carry local Fox affiliate. Analysts said price is similar to what cable operators would pay for other new cable networks, so it probably doesn't represent premium for retransmission consent for main Fox network. Cap/ABC and Hearst since have signed up cable systems with more than 23 million subscribers in similar deals involving new ESPN2, and NBC has begun signing deals for carriage of new CNBC all-talk spinoff. Cap/ABC and Hearst continued to sign retransmission consent deals last week. Latest involved Crown Media, Maclean Hunter, Rifkin, Times Mirror. Deals mean 21 MSOs with 23.3 million subscribers have signed with ABC/Hearst.

TCI, meanwhile, said it signed new retransmission consent deals with 50 TV stations. In each case, agreement calls for no cash payments or for interim carriage consent while negotiations continue. MSO said 9 of deals are in top-20 markets: "TCI has made enormous progress with broadcasters, and we continue to move rapidly to complete several more noncash deals before the October 6 deadline." MSO earlier had signed 14 deals, and said it had more than 100 pending. Noncash deals involved 13 ABC affiliates, 3 CBS, 5 NBC, 2 independents. Interim retransmission consent deals were signed with A.H. Belo, Fisher Bestg., Providence Journal Co. and Stauffer Communications, plus one independent, one ABC affiliate, 5 NBC, 2 CBS.

LIN Bestg. said it signed cash retransmission consent deals with 6 small unidentified cable operators. Details weren't available, but LIN said contracts were for 3 years, involve 4 stations, and largest cable system has 8,000 subscribers.

JUDGE OVERTURNS TELCO-CABLE CROSS-OWNERSHIP BAN: Bell Atlantic (BA) can begin operating cable systems throughout its service area as result of U.S. Dist. Court, Alexandria, Va., decision that 1984 telco-cable cross-ownership ban is unconstitutional (TVD June 21 p5). Decision doesn't apply immediately to other telephone companies, but BA Gen. Counsel James Young predicted that it would have "a very persuasive impact on other courts." Company said it would move quickly to begin operating cable systems within region and elsewhere (which already is allowed). Legislators immediately called for congressional action to impose "safeguards."

Telco still must get FCC and local approvals for all cable systems. BA Information Services Pres. Arthur Bushkin said company will file soon for FCC Sec. 214 approval to build cable systems, as well as for local cable franchises. He said there's "ambiguity" about whether telco absolutely needs local franchise, but it will apply anyway. Bushkin said BA already has been in touch with cable networks about providing programming for system.

Justice Dept., which had defended provision in court, said it was reviewing decision and wouldn't comment on whether it would appeal. Even though Justice had backed provision, its Antitrust Div. (as well as NTIA) had supported eliminating cross-ownership ban. NCTA is confident decision will be overturned on appeal (NCTA, as intervenor in case, can appeal regardless of Justice Dept. decision), said Acting Pres. Decker Anstrom, but other lawyers said appeal could be difficult to win if Justice didn't join.

Cross-ownership ban "directly abridges [telcos' First Amendment] right to express ideas by means of a particular, and significant, mode of communication -- video programming," said U.S. Dist. Judge T. S. Ellis in decision Aug. 24. He said that means that ban must be subjected to higher level of scrutiny than only "rationality review," but rejected BA argument that it already is subject to highest level of scrutiny. Ban doesn't even pass "intermediate" level of scrutiny necessary to judge it constitutional, Ellis said. At that level, it would be acceptable if it were narrowly tailored and allowed "ample" alternative channels for communication, he said: "There is no more Draconian approach to solving the problem of potential

anticompetitive practices by telephone companies in the cable television industry than a complete bar on their entry... In theory, at least, there are a wide range of less restrictive alternatives."

House Telecom Subcommittee Chmn. Markey (D-Mass.) said decision meant that "Christians had a better chance against the lions than competitors and consumers will have against the telephone companies unless we build in substantial safeguards." He said Congress should move quickly to set new guidelines to "ensure that telephone subscribers do not become deep pockets for new speculative ventures by the local Bell company." However, decision was applauded by Rep. Boucher (D-Va.), member of same Subcommittee, as "a recognition of the need for unlimited entry into the video marketplace by all service providers." He predicted that appeals would last for years and pressed again for legislation to eliminate cross-ownership ban.

Senate Communications Subcommittee member Burns (R-Mont.) said he will "continue to urge the adoption by Congress of safeguards to assure access for all Americans" to national infrastructure. He also said he hoped decision would spur Congress and Clinton Administration to accelerate infrastructure. Center for Media Education said ruling "underscores the need for lawmakers to develop a comprehensive set of regulatory safeguards" because telco entry into cable could "result in larger and more powerful monopolies."

Decision "is bad news for consumers," NCTA's Anstrom said. "The cross-ownership restrictions have protected consumers from costly anticompetitive behavior for decades and should be retained." He repeated cable's arguments that telcos have "powerful incentives" to "pad subscriber bills" to fund development of cable systems.

USTA Pres. John Sodolski called decision "mind-boggling, stupendous, tremendous." He said it "will change the landscape for the telephone and other industries. With [recent] merger of AT&T and McCaw, competition was ratcheted up a few notches. This new ruling opens the field even further. It is a tremendous leap forward for the industry."

NAB said it had "serious concerns" about telcos' replacing cable as multichannel providers, but Pres. Edward Fritts said "telephone companies have expressed a much more cooperative attitude than have cable companies about retransmission consent." He said decision was "a long way from settled" because appeals were likely. Other reactions to decision: (1) Ameritech Vice Chmn. Richard Brown called it "an important guidepost in defining who participates in the information marketplace of the future" and important precedent against artificial barriers to entry. (2) Wireless Cable Assn. Pres. Robert Schmidt said his industry welcomed it because it would mean "a truly competitive entry" into TV business.

Court decision is "a major victory for consumers," said BA's Bushkin. He said company is "prepared to be aggressive in our region and throughout the United States" in moving into cable operations, but said it's too early to discuss specific plans. Case involved BA plan to operate video dial tone (VDT) system in Alexandria, competing with 34,200-subscriber Jones system. Bushkin said system, when built, would be fiber-to-curb, have potential capacity for hundreds of channels, be capable of interactive multimedia. Incumbent Jones, meanwhile, said it plans fiber rebuild in Alexandria that will increase channel capacity and be interactive.

"Kidvid: Are You Tempting Fate?" NAB asks in scheduling Oct. 8 seminar on children's TV, Chicago Marriott Hotel. Under Children's TV Act, which requires that TV stations air educational and informational programs directed toward children and limits amount of commercial time in such shows, content is "coming under increased scrutiny from legislators, regulators and public interest groups," NAB said. Several stations have been fined by FCC for exceeding allowable commercial content in children's shows. Seminar is \$175 for NAB members, \$300 nonmembers -- John Porter, 202-429-5368.

Despite 6.8% drop in local TV spot advertising in July (from same month in 1992) on affiliated stations, that category showed 3.6% gain for first 7 months of 1992, TvB reported. National spot was down 1.8% at affiliates in July, up 0.6% overall for 7 months, with combined spot TV advertising showing 2.2% gain. On independent stations and Fox TV Network, local spot was up 7.3% Jan.-July and national 2.2%, for 5.1% overall gain. Reporting for affiliates were 238 stations, 66 for independents and Fox.

China Central TV (CCTV) was scheduled to launch new satellite TV service from Chicago, over weekend. America Asian Satellite TV Network can be relayed either by cable or noncable stations, will have 12 hours of programming per day. Signal, which will cover N. America and parts of S. America, will be transmitted via Hughes Ku-band satellite. Network will be run jointly by CCTV, 20 Chinese local stations, several Chinese firms, Chicago Chinese Communications.

FCC continued last week its increased campaign of fining licensees, issuing some 2 dozen notices. Hardest hit was KLDL (Ch. 55, Ind.) Lake Dallas, Tex., fined \$20,000 for violations of main studio, public file and informational file rules. Fine was result of complaint, Commission said. It fined 13 companies (amounts ranging from \$1,000-\$8,000) for operating without proper authorization on unauthorized frequency and 9 (\$5,600-\$11,900) for selling uncertified radio devices.

KIII (Ch. 3) Corpus Christi joined Conus Satellite News Cooperative.

RATE RULES CRITICIZED: Main battlegrounds in FCC's cost-of-service rulemaking for cable apparently will be how to value cable systems, what rate of return cable owners should be allowed and how much freedom FCC should give for abbreviated cost-of-service cases, according to comments filed Aug. 25. Telcos also used case to lobby for eased rate regulations for themselves and for assurances that, if telco rules remain, cable will face essentially same constraints.

Cable owners won't be able to earn reasonable profit under version of rules proposed by FCC (TVD July 19 p2), cable groups said. If, as proposed by Commission, cost-of-service rules are based on utility regulatory model, result would be "confiscatory rates," Cal. Cable TV Assn. (CCTA) said. NCTA said FCC plan to base rate of return only on original value of cable plant, rather than on price current owner paid, "can hardly be expected to enable cable operators to earn a reasonable profit." Virtually all of dozens of comments filed by cable interests reminded FCC that unduly harsh rate rules could violate constitutional prohibitions against taking private property without due process.

"Fair market value and full acquisition costs, rather than original cost, should be used to value cable system investments" for rate-of-return calculations, NCTA said. Several groups said FCC should use "competitive market value" of systems as basis for calculations and that cable operators also should be allowed to include early operating losses and low earnings in investment in rate-of-return calculations. Cities and consumers disagreed. Filings by several municipal and state groups, as well as Consumer Federation of America (CFA), endorsed FCC's original cost approach. CFA said cost-of-service rules must not be allowed to become avenue to recover excess acquisition costs.

Regulatory parity between telcos and cable should be "guiding principle in this proceeding," Bell Atlantic, Nynex and Pacific Telesis said in joint comments, because modeling cable rules on telco "will reduce the risk of regulatory disparities." They said FCC should adopt uniform accounting system for cable, use same cost-of-service standards and depreciation rates as for telcos, base calculations on net original construction cost. Telcos said cable should face same productivity offset as telephony.

Joint filing by National Assn. of Telecommunications Officers & Advisers (NATOA), National League of Cities, U.S. Conference of Mayors and National Assn. of Counties said cost of service should be used "only in extremely limited circumstances." N.Y. State Commission on Cable TV was one of few exceptions, saying FCC should pursue streamlined methods in cost-of-service cases with "utmost diligence" because they would avoid full-fledged cost-of-service cases. However, NATOA said Commission's proposal for streamlined cases had "significant pitfalls that render it unworkable."

Most cable operators suggested rates of return on investment in 14-16% range, although CATA said figure as high as 17-20% could be justified because of industry's high risk. FCC suggested rate of return equivalent to Standard & Poor's average, but CFA said even that would be "far too generous to cable operators" because cable is lower risk than average S&P business. Telcos said rate of return should be limited to telco average.

FCC AFFIRMS CABLE RULES: FCC rejected proposals that would have lowered benchmarks for cable rates another 18% by eliminating low-penetration systems from rate database (TVD July 12 p4). Commission had said earlier that it believes that low-penetration systems artificially inflate benchmarks, but 90-page order released Aug. 27 said it's "not in a position to alter the plain language of the statute." FCC reaffirmed most of its earlier rate decisions, but delayed ruling on channel changes, rebuilds and upgrades and on whether cable systems must use same approach (benchmark or cost-of-service) for all tiers.

Even if Cable Act language on low-penetration systems weren't clear, FCC said, supporters of eliminating them "have not presented convincing arguments as to why [they] should be excluded." Order said there's no factual support for claims that more limited data sample would produce "better" match of cable rates to competitive rates. However, Commission said it will continue surveying to refine data and could order larger rate cuts in future. Order also rejected claims that municipally owned systems and overbuild systems involved in rate wars should be excluded from database.

Chmn. Quello and Comr. Barrett expressed disappointment that FCC wasn't able to resolve all issues before Sept. 1 start of rate regulation, but Quello said answering as many questions as possible was better choice than to delay until all could be resolved at same time. Barrett said he "would have preferred to avoid the uncertainty created by completing the reconsideration of rate regulation in phases."

Major decisions in order include: (1) Franchising authorities can't specify content of basic tier, beyond inclusion of public, educational and govt. channels. (2) Cable operators can file for rate increases quarterly, but filings must reflect cost decreases as well. (3) Systems can get full reimbursement only for costs of franchise requirements specifically listed in franchise agreement. (4) Specific tests were set for allowing cable operators to pass through tax costs. (5) Sale of cable equipment was ruled to be unregulated as long as subscribers have opportunity to lease gear at regulated rates.

Acting on petitions for reconsideration, Commission reaffirmed several earlier decisions, including: (1) Regulated rates must approximate competitive rates. (2) External cost treatment will be required for retransmission consent fees incurred after Oct. 6, as well as other cost increases. (3) Upgrade costs must be evaluated through cost-of-service proceedings. (4) "Actual cost" standard will be applied to programming service equipment and installations, as well as additional outlets.

Further rulemaking launched by FCC seeks comment on: (1) How benchmark will work when system adds or deletes channels. (2) Whether systems that completed rebuilds just before reregulation should be allowed to hike rates to benchmark. (3) Whether both basic and expanded basic rates must be set through same methodology. (4) How system upgrades required by local authorities should be handled. Comments are due Sept. 30, replies Oct. 7.

Public TV's Aug. pledge drive performed roughly on par with 1992 effort, according to PBS. Stations that conducted drives this Aug. and last raised 1% fewer dollars and number of pledges fell 8%, but average amount rose 7%. For all reporting stations -- 74 this year vs. 82 in Aug. 1992 -- PBS said dollars pledged fell 11% to \$11.28 million.

HUGE PAY CUT FOR HUNDT AT FCC: As FCC chmn., nominee Reed Hundt will be paid \$123,100, substantial drop in his annual compensation. As partner in Washington law firm Latham & Watkins (L&W), his compensation for last 18 months, through June 30, was \$650,000, according to documents filed with Senate Commerce Committee where his confirmation is pending. He also has received considerable income from outside investments, some of which he will be required to divest (see below), including minority interests in radio stations, to comply with conflict-of-interest requirements. No date has been set for his confirmation hearing and won't be until Congress returns from Labor Day recess, Senate official told us.

Hundt has been with L&W since 1975, partner since 1980. His report to Senate lists 3 communications firms that have paid L&W more than \$5,000 for his services in last 18 months: Hughes Communications (for antitrust advice), Vanguard Cellular (litigation), TV Answer (litigation). On severing ties with L&W, he said he expects to receive "lump-sum payment [not disclosed] of capital account and partnership income share."

Asked what qualifies him to serve on FCC, Hundt responded in part: "I helped found my firm's telecommunications practice about 10 years ago and have since practiced as a litigator in the field. I have litigated cases for telecommunications clients in the FCC and in numerous state and federal courts. These cases have made me familiar with many of the FCC's issues and its procedures. In particular, I have gained familiarity with emerging technologies and many of the developing markets that offer the prospects of new jobs, high productivity and improved consumer choice for all Americans..."

"I have also had experience with many other disciplines relevant to the FCC's jurisdiction, including antitrust, First Amendment, employment, administrative procedure, appellate review, patent, intellectual property and general commercial issues... Finally, I have served on almost all of the management committees of my law firm, which has approximately the same number of employees as the FCC." Hundt said if confirmed, he plans to serve full term -- which is 5 years, starting July 1 of this year.

FCC nominee said he has "been actively involved in various Democratic political activities and elections in the last 10 years" and has contributed to many candidates. He worked in Vice President Gore's Senate campaigns in 1984 and 1990, Gore's aborted campaign for President in 1988, Clinton-Gore Presidential campaign last year. He said he gave policy advice and contributed money to those campaigns.

Among companies from which Hundt will be required to divest interests: Archimedes Partners, which has interest in Horizon cellular company; FB Communications, which owns radio station; LBO Investments, which owns Radio Assoc. (licensee of radio stations) and cable operator KC Cable; Brentwood Assoc., which owns FCC-licensed Media Vision Technology. In Senate filing, Hundt said he had relied on advice from Acting FCC Gen. Counsel Renee Licht, that he would "disqualify myself in accordance with the ethical guidelines prescribed by the Office of Government Ethics" and advice from FCC Gen. Counsel's Office. "Moreover, I shall adhere to the recusal or screening requirements regarding my former clients and law firm."

Hundt, graduate of Yale Law School, is 45. He's married to Elizabeth Ann Katz, has 3 children (ages 11, 7, 4), lives in Washington suburb Chevy Chase, Md.

Meanwhile, White House has given no word on who it will appoint to vacant FCC seat, or when. Person can't be Democrat, and there's speculation in Washington that Senate Republicans will put hold on Hundt's confirmation until 2nd person is named. It's said Republicans will insist that person be active GOP member, and not Democratic-leaning independent.

U.K. cable operators and Mercury Communications, Britain's 2nd largest telephone company, have signed interconnection agreement that gives former more independence in switching their own telephone traffic while retaining larger percentage of revenue from those calls. Mercury, although giving up some revenue, gets strong ally in cable, analysts said, in attempt to provide more competition in Britain. Agreement provides "broader framework" from which cable operators and Mercury can package services, offering alternative access to market now dominated by British Telecommunications (BT), analysts said. By law, BT is prohibited from owning cable TV. U.K. cable systems owned by Nynex and Southwestern Bell are involved in deal. "We'll be able use the experience and lessons learned" from those operations when U.S. cable market opens more fully, said Betsy Ricci, Nynex spokeswoman, "but the main reason we're [in U.K.] is because it's a great opportunity."

New Ore. law levying 6% tax on in-state orders for pay-per-view (PPV) boxing and wrestling has taken effect after being signed by Gov. Barbara Roberts (D). Law, expected to raise \$148,000 over 2 years, will fund commission that regulates live in-state boxing and wrestling. It included "emergency clause" so that it took effect immediately, said Roberts' legislative aide Marc Overbeck. Cable officials fear concept will spread to other states and other PPV events. Public opposition to new law was minimal, except from cable operators who contended that using cable to help solve state's fiscal pressures was "not the right way to do it," said Ore. Cable TV Assn.'s Michael Dewey. "We're not real excited about setting up any precedents that might lead to other fees or taxes on cable," he said, concerned that "college sports pay-per-view will be next."

Cable industry faces "public relations hurricane" as new rate rules and retransmission consent take effect over next 6 weeks, NCTA Chmn. Richard Roberts told Eastern Cable Show in Atlanta Aug. 27. Rates will cause first storm, he said, because "while the industry is going to take a significant hit to its revenues, the actual effect on individual rates is going to vary widely." Roberts said subscribers will be surprised to learn that "the FCC rules actually discourage cable companies from offering low-priced basic service tiers." That, plus retransmission consent few weeks later, is "a recipe for incredible confusion on a national scale," he said. Roberts advised operators not to complain or point fingers at FCC or Congress, but said they must "let consumers know that these changes are being made in good faith as we implement the new regulations."

Cox Enterprises and Northern Telecom (NT) said they were exploring delivery of PCS over cable. Goal is to combine wireless technology and network planning experience of NT with Cox's efforts in PCS to develop "standard product solutions" using cable networks, companies said. Announcement of work with Cox "signals that we're ready to move forward from the planning stage to begin exploring and testing specific solutions," said NT Vp Mktg.-PCS Nancy White. Cox was awarded coveted PCS pioneer's preference by FCC in Oct. for work in developing cable-based PCS.

WILSON HEADS CABLE DIV.: FCC began implementing long-term plans last week on how it will regulate cable industry, with appointment of head of new Cable Div. and decisions on new offices to house expected 240 cable regulation staffers that Commission has begun advertising to hire. In first major staffing decision, Commission promoted Alexandra Wilson to chief-Cable Services Div., Mass Media Bureau, as part of reorganization of cable regulatory activities. Wilson, who had been head of FCC's cable task force, will oversee unit responsible for implementing Cable Act and other cable matters. She joined FCC in 1990 as special asst. to Gen. Counsel Robert Pettit, became mass media legal adviser for Chmn. Sikes in 1991, headed cable task force in Jan. Previously, she had worked for Crowell & Moring and Wiley, Rein & Fielding.

Reorganization calls for Cable Div. staff to be divided as follows: 10 to office of division chief, 19 in Cable Ownership & Analysis Branch, 13 in Consumer Complaints Branch, 14 in Best. Signal Carriage Branch, 14 in Program Access Branch, 68 in branch handling basic rate regulation and certification, 82 in expanded Basic Rate Regulation Branch, 20 in Technical Services Branch. Branch chiefs hadn't been named by our deadline.

Meanwhile, FCC's staffers responsible for implementing Cable Act of 1992 will have new home -- at least temporarily -- 2033 M St. NW, block from FCC hq at 1919 M St. GSA said it signed 6-month lease with Quadrangle Corp. for 56,000 sq. ft. as "totally interim" solution to cable space. After first 6 months, GSA selected 2 older, remodeled buildings now known together as Mercury Bldg., at 1925 K St., as home for new Cable Div. staffers. FCC already has signed short-term lease for 2033 M St., said Ronald Kendall, GSA acting regional chief of leasing, and space will be "utilized as is. It's available immediately." FCC has begun moving furniture into space, said Marilyn McDermett, assoc. managing dir.-operations. Space covers all or part of top 5 floors.

FCC has accepted space in Mercury Bldg., Deputy Managing Dir. Alan McKie said. Connected buildings have exit on 19th St. Space covering 60,000 sq. ft. will be available in March if buildout remains on schedule. FCC's tenure at 1925 K -- once hq for CWA -- may be limited also as proposal to find permanent space for entire agency remains in court as result of GSA's abortive attempt to move agency to Portals site near 14th St. bridge.

In what 4 associations described as "win-win" situation, RTNDA, Society of Best. Engineers (SBE) and Society of Motion Picture & TV Engineers (SMPTE) will join with NAB to present joint exhibit halls and simultaneous, but separate, conventions in same city starting in L.A. Oct. 12-15, 1994. Agreement is for 8 years (with 1995 conventions scheduled in New Orleans). Financial details weren't disclosed. There are "synergies and overlap" among 4 groups, said NAB Chmn. Wayne Vriesman, who was RTNDA pres. in 1977. He said NAB's standalone radio show hasn't been as successful as it used to be. Joint exhibits "just make good sense for us," said RTNDA Chmn. Gary Hanson. Exhibitors will pay \$17 per sq. ft.; SMPTE now charges \$19, NAB \$16.50, RTNDA \$15. NAB will manage exhibits and as part of agreement SBE will assist NAB at latter's annual spring convention.

Clear Channel Communications has entered into local marketing agreement to operate TV Marketing Group's WLMT (Ch. 30, Ind.) Memphis and WMTU (Ch. 16, Fox) Jackson, Tenn. Clear Channel owns WPTY-TV (Ch. 24, Fox) Memphis. No details of agreement were announced.

Unmistakability doctrine is U.S.'s defense in \$286-million breach-of-contract suit brought by Hughes. Justice Dept. attorney Krik Manhardt filed petition Aug. 25 for rehearing in response to recent U.S. Court of Appeals reversal of U.S. Court of Federal Claims decision involving govt.'s refusal to launch 10 Hughes Galaxy satellites aboard space shuttle after it had contracted to do so (TVD Aug 23 p7). Attorney familiar with case said it's unlikely that Appeals Court will rehear case in response to govt. petition for rehearing, which said Appeals Court ruling was in conflict with U.S. Supreme Court decision in *Winstar v. U.S.* Manhardt said in petition that decision meant "contracts with the government are not to be interpreted as surrendering sovereign power to change policy unless the contract so provides in unmistakable terms." Other sources agreed that rehearing was unlikely, but appeal to Supreme Court may be sought. One said case probably would end up back before Claims Court within month. Unmistakability doctrine says govt. must provide 2nd promise that it will be liable for terms of contract, according to lawyers familiar with it. Justice petition said doctrine "prohibits a finding of liability on a breach-of-contract claim against the U.S. when the contract cannot be performed because of a sovereign and public act of the U.S... If a party contends that it has a contract term that binds the Government despite changes in the law, it must show such a provision in unmistakable language." Source familiar with Hughes' contract said it included that language, govt. says it didn't.

Wireless cable and educational groups reached compromise on channel loading for instructional TV fixed service (ITFS) channels, according to filing in FCC rulemaking (MM 93-106). Participants in compromise are Wireless Cable Assn. (WCA), National ITFS Assn. and 11 educational groups and associations, including American Council on Education, and several public broadcast groups. Compromise, if accepted by FCC, would allow ITFS licensees to load all of their educational programming on one or more channels, rather than scattering it among all channels for which they're licensed. Deal would free more ITFS channels for lease to wireless cable systems. Educators said they also prefer system because their programming wouldn't be interspersed with commercial shows, reducing chance that students would be exposed inadvertently to commercial programming.

Spate of newspaper stories last week saying that Warner Bros. would start 5th TV network that would include independent stations and cable systems was labeled highly premature by companies mentioned in articles. Others said they hadn't been approached on subject. Warner refused to comment, but we were told such project is in "exploratory stage." It was reported that Warner has retained Jamie Kellner, ex-pres. of Fox Bestg., in effort to put new network together. Official of Tribune Co., one of companies mentioned, said it has no interest in such venture. There have been reports last few months that several other companies -- including QVC, Paramount and Chris-Craft/United -- also are interested in starting 5th network.

Continental said it will allow subscribers to connect directly to Internet through cable lines beginning early next year. Move will allow personal computer users to bypass telephone lines to receive electronic mail and other Internet-provided data. Cable carriage will allow much higher data rate than telephone lines (up to 10 Mbps, vs. 9.6 Kbps for telephone lines), company said. Project is joint venture with Performance Systems International of Herndon, Va., which is offering its computer routers to other cable companies.

CABLE BACKS 40% OWNERSHIP LIMIT: MSOs should be permitted to own cable systems with up to 40% of all U.S. subscribers, industry groups said in comments on FCC's cable ownership rule (MM 92-264). However, municipalities, MPAA and others said FCC-proposed 25% limit should be maximum (TVD April 5 p1). Sides also disagreed on issues such as how many affiliated cable networks systems should be allowed to carry, what attribution limits should be for cable networks, what waivers should be granted.

Ownership limits in range of 30-40% would be appropriate because they would allow MSOs to grow and there's little likelihood that they will exhibit anticompetitive behavior, NCTA said: "A single MSO would need to control over 50% of the market in order to exercise monopoly power." Filing said that BET, Bravo, Learning Channel and Nostalgia are among cable networks that are successful with penetration of less than 30-40%. TCI said antitrust law supports higher ownership levels.

Proposed 25% limit is "absolute outer limit of tolerable concentration," MPAA said. National Assn. of Telecommunications Officers & Advisers (NATOA) agreed with 25% figure and said FCC should reject cable proposal that systems facing effective competition not be considered part of MSO's total.

Further limits on channel occupancy would limit spending on programming by "the most likely sources of investment," said Cablevision Systems affiliate Rainbow. TCI and NCTA supported FCC proposal to limit number of cable system channels devoted to networks affiliated with MSO owner to 40%, but only if minority-controlled, public access, local and regional channels were excluded. Time Warner said limits should apply only if system had fewer than 75 channels. Cable groups also objected to including nonvideo channels in total. BET said exception was needed for minority channels.

It could be acceptable to set limit at 40%, cities said, but only if there were no exceptions for over-air channels, public access and nonvideo services. MPAA said most 36-channel TCI systems probably could comply with 40% rule and still carry only TCI-affiliated networks, considering impact of must-carry and other rules on channels. In most cases, MPAA said, even 54-channel TCI systems would have to carry only 5 nonaffiliated networks.

Channel limits won't necessarily limit programming available, GTE said. It suggested that "alternative video distributors," including telcos, were "demonstrably prepared to back financially and carry such innovative material." GTE also said channel limits probably wouldn't be needed in video dial tone environment.

Other comments: (1) Cable groups said pay-per-view channels shouldn't be counted in 40% channel occupancy limits and Cable Act didn't apply to nonvideo services. (2) NCTA said FCC should act only on complaints and should use publicly available data to determine ownership figures, rather than requiring MSOs to file reports. It also said FCC should freely grant waivers on limits for extensions into unserved areas. (3) Viacom said limits on more than 40% of channels could violate First Amendment. (4) Cap/ABC and others supported FCC's proposed 5% attribution figure, but Time Warner said it should be at least 25%. (5) NATOA said franchising authorities should have primary responsibility for monitoring channel occupancy. (6) Community Bests. Assn. said lower channel occupancy limits would encourage carriage of LPTV stations.

British Telecom (BT) is 2nd U.K. telecommunications company to sign deal with cable systems there. BT said it signed for telephony interconnect with Cable Operator Strategy Group, which represents about 60 of 135 British cable franchises. Deal is expected to be worth "tens of millions of pounds" to BT, said Ray Smith, dir.-carrier services: "Although we are in competition with the cable operators in providing telephone service to the end customer, the operators themselves are also our customers, and this is important business to us." Nynex took lead in 18-month process of negotiating deal. Eugene Connell, CEO of Nynex CableComms, said deal "for the first time establishes the principle of reciprocity between cable operators and BT." Other participants include Encom, General Cable, Southwestern Bell, Videotron.

Station sales: (1) Elcom of Tenn. is buying WKCH-TV (Ch. 43, Fox) Knoxville from FCVS Communications for \$15 million. Elcom is headed by Bertram Ellis, who has interests in several other TV stations. (2) KOCB (Ch. 34, Ind.) Oklahoma City has been sold by Ted Baze and others to Superior Bestg. for \$11 million. Superior is headed by Albert Holtz, who has interest in WDKY-TV Danville, Ky. (3) ABRY Communications is selling 2 more of its TV stations -- Fox affiliates WTTO (Ch. 21) Birmingham and WCGV-TV (Ch. 24) Milwaukee -- for about \$80 million. Buyer is Sinclair TV Group. Two weeks ago, ABRY sold WNVU-TV (Ch. 54 Ind.) Baltimore to Edwin Edwards (TVD Aug 23 p3). After deals are completed, ARBY will own independents WSTR-TV (Ch. 64) Cincinnati and KSMO-TV (Ch. 62) Kansas City.

Electronic Media Rating Council (EMRC) "admonished" Nielsen for conducting in-panel telephone coincidental study last fall that polled Nielsen TV Index meter sample on viewing by selected household members. EMRC said poll violated ethical and operating standards. In Aug. 26 letter to Nielsen Pres. John Dimling, EMRC Exec. Dir. Richard Weinstein said: "Responsible research methodology dictates that tests should never be conducted with a live sample unless previous evidence exists showing the likelihood of minimal effect" on that panel. He said EMRC was "provided with no evidence that the possible effect on the audience data reported will be minimal." Nielsen official said admonishment was "puzzling" because company outlined its plans to clients last summer in meetings attended by EMRC and that no objections were raised.

Fact that 30% of cable subscribers could pay more for cable "should really have been a minor footnote" in Washington Post story on impact of Cable Act, said Discovery Chmn. John Hendricks, one of main identified sources for story. In letter to House Telecom Subcommittee Chmn. Markey (D-Mass.), he said focus should have been on 70% whose rates will drop and on estimated \$1 billion consumer savings. Hendricks said Discovery supports overall thrust of new cable policy: "Concerning where we think refinements are needed, such as more financial incentives under the benchmark formulas to encourage cable operators to launch future services on basic, we will continue to petition the FCC."

ViaTV, new satellite-based home shopping network, said it's now available to almost 4 million viewers. Network, transmitted via Hughes Galaxy 3, said it plans to broadcast in 6-hour blocks Thurs.-Sat., gradually adding more programming each week until it "comes up to speed."

Cablevision Industries affiliate bought Valley Cable TV, which has 2,650 subscribers, in San Fernando, Cal. Terms weren't disclosed.

PRIMESTAR DECREE HIT: FCC told Judge John Sprizzo, U.S. Dist. Court, N.Y., last week that proposed Primestar antitrust consent decrees with 40 state attorneys gen. are "fundamentally at odds with, and will affirmatively undermine," public interest objectives of Cable Act and Commission's implementing regulations. Comments came in amicus brief in which FCC urged Sprizzo to reject settlement by states and Primestar.

Commission said decrees are inconsistent with Act's implementation because they: (1) Base distinctions in treatment of programming distributors on technology used. (2) Limit flexibility in pricing in negotiations between program vendors and program distributors. (3) Eliminate case-by-case determinations on public interest factors in exclusive programming contracts.

Decrees essentially mirror Cable Act except for provision that allows exclusive contract with unnamed direct broadcast satellite (DBS) operator with satellite at 101° W, which is over center of U.S. Operator was assumed to be U.S. Satellite Bcstg. (USSB) because it owns transponders on Hughes satellite at that location, and Hughes' DirecTV filed comments in opposition to agreement (TVD June 28 p6), saying plan would hurt its business.

FCC said decrees "threaten the efficient implementation" of Act's program access provisions. It said proposed establishment of separate pricing regimes based on distributors' technology "strongly suggest[s] that the defendants from the cable industry are more concerned with positioning themselves to manage their competition than they are with cooperating in the realization of a competitive, diverse multichannel video market and the development of new technologies." Commission identified possible areas of "confusion, controversy and litigation" because of differences between Act and decrees, including exclusivity, pricing, anticompetitive conduct. FCC said decrees' pricing provisions "threaten to prevent or severely distort the operation of market forces as permitted by the federal regulatory system."

USSB, only commenter supporting proposed decrees, said: "Exclusive program contracts have been recognized by Congress and the FCC as useful and effective to promote competition, maximum utilization of the spectrum and diversity of programming viewpoints." Company said Act is "crystal clear that only contracts involving cable operators were intended to be prohibited and restricted" and there's fundamental difference between those and program rights USSB has obtained.

In related filing, Wireless Cable Assn. (WCA) submitted opposition to Justice Dept. over its proposed final judgment in similar antitrust case against Primestar. Final judgment proposes that Primestar and its partners may enter exclusive contracts with DBS operators. WCA said: "The fundamental flaw in the final judgment is that it inexplicably fails to remedy the anticompetitive effect of conduct by the defendant cable operators that has deprived wireless cable operators of access to programming that is essential to competitive viability."

TV News Education Foundation received \$5,000 grant from Nynex that will allow it to start program to educate midcareer TV journalists in ethics, accuracy, advanced production techniques. Foundation Pres. Herb Brubaker told us Nynex is "aggressively pursuing the media" in effort to position itself for day when it can offer information services. He said he had begun talks with 6 other RHCs.

Financials: **News Corp.** profit soared 84.5% to \$353.7 million for year ended June 30 and revenue gained 4.9% to \$7.1 billion. Biggest changes were \$130 million cut in interest expense because of debt restructuring, and \$118.2 million profit for BSKyB, vs. \$37.9 million loss year ago... **Tribune Bcstg.** revenue was up 13.2% in July, to \$74.2 million, radio up 36.6%, TV up 16.7%, entertainment down 0.7%... **Outlet Communications** said it refinanced \$44.2 million in senior subordinated debt, providing net interest saving of \$4 million per year... **Century Communications** lost \$9.4 million in fiscal year ending May 31, vs. \$6.4 million loss year ago, despite 8.6% revenue growth to \$89.3 million. Operating profit increased 39.9% to \$20.9 million... **Nostalgia Network** cut net loss to \$359,315 for 2nd quarter ended June 30 from \$682,335 year ago. Revenue increased to \$3.7 million from \$2.9 million... **C-Cor** profit dipped to \$805,000 from \$853,000 in 4th quarter ended June 25 and revenue 12% to \$14.7 million. However, full-year profit jumped 48% to \$3.4 million and revenue 7% to \$56 million... Stock price of wireless cable firm **People's Choice TV**, which made initial public offering at \$10.50 Aug. 16, has climbed to \$28.50.

Program Notes: Scripps Howard Bcstg. said it will launch **Home & Garden TV Network** in fall 1994. It said Continental signed 6-year deal to carry channel in return for retransmission consent for Scripps Howard stations... NBC became managing partner of **American Medical TV**, which it's considering converting to cable network. Details weren't available... **Encore** signed deal to launch on Cox Cable San Diego, adding potential 325,000 subscribers... Prime-time schedules of **Discovery** and **Learning Channel** will be available on Internet as result of new agreement for launch of Internet's Electronic Newsstand. Deal includes carriage of 2 Discovery magazines, Destination Discovery and TLC Monthly... **Family Channel** will launch 24-hour **Cable Health Club** network Oct. 4. It will include televised workouts as well as life-style segments... **Court TV** said it will add 3.5 million subscribers through launches on systems operated by Continental, Cox, Century, Maclean Hunter, Scripps Howard, TCI, Time Warner. Deal increases total subscriber count to 14.1 million... Major League Baseball has named new broadcasting joint venture **The Baseball Network**. Venture, approved May 28, is collaboration of ABC, NBC, Major League Baseball.

Nationwide Communitarian Network (CN) has targeted violence as one of its "key priorities" for next 2 years, it said, with "special attention" to TV and movies. Subject was chosen following retreat last week of 21 leaders in movement. Said Amitai Etzioni, founder of CN: "Violence is corroding the fabric of American society. The Communitarians will focus on... limiting violence in the culture, in the streets and among groups." CN said that while it's "strongly opposed against any form of censorship," it will support proposal by House Telecom Subcommittee Chmn. Markey (D-Mass.) that TV sets be required to include chip allowing parents to screen out violent programs. Antiviolence campaign will be led by Exec. Dir. Joan Bronk, former pres. of National Council of Jewish Women.

RTNDA has added "town meeting" on how sex, age and race influence newsroom hiring decisions to program for its Sept. 29-Oct. 2 convention in Miami Beach. ABC correspondent Carole Simpson will moderate session. Also added was panel on euthanasia. Panel will include Mich. attorney Geoffrey Feiger, who represents Dr. Jack Kevorkian. RTNDA is expecting more than 2,500 for convention -- 202-659-6510.

Personals

Elected to 2-year terms on INTV board: **Harvey Cohen**, WDWL Miami; **Stuart Swartz**, KMSP-TV Minneapolis-St. Paul. Reelected: **Michael Liff**, KABB San Antonio; **Roger Ottenbach**, KCPQ Tacoma-Seattle; **David Pulido**, ABRY Communications; **Daniel Sullivan**, Clear Channel TV; **E.D. Trimble**, Gaylord Bestg.; **Richard Williams**, WDCA-TV Washington... Sen. **Simon** (D-Ill.) will discuss legislation to curb TV violence, National Press Club lunch, Sept. 16.

Gwen Wood promoted at PBS to dir.-satellite services and PBS Online, new post... **Richard Ottinger**, Ga. Public TV exec. dir., elected chmn., American Program Service, succeeding **Lloyd Kaiser**, retired WQED Pittsburgh CEO... **Joe Berman** joins WOUB-TV-AM-FM Athens, O., as dir.-engineering, operations and production.

Pulitzer Bestg. appointments: **Wayne Godsey**, ex-KOAT-TV Albuquerque vp-gen. mgr., to exec vp, St. Louis hq; **Mary Lynn Roper**, Pulitzer vp-news, succeeds Godsey at KOAT-TV... **Ed Godfrey**, news dir., WAVE Louisville, promoted to asst. to gen. mgr... **Alfred Nilsen**, ex-Sega America group dir.-global mktg., named vp-mktg., Viacom New Media... **Patricia Broman** promoted to senior vp-dir., strategic planning, TvB, new post... **Joseph Shoemaker**, staff member, House Govt. Operations Subcommittee on Information, Justice, Transportation & Agriculture, appointed press secy. to Rep. **Boucher** (D-Va.).

John Calley, independent film producer, named pres., United Artists Pictures... **Richard Sands**, ex-Miramax Films exec. vp-chief financial officer, appointed to same position, RHI Entertainment, succeeding **Kenneth Terry**, who resigned to pursue "other opportunities"... **Andrew Weissman**, host of Underground Railroad, music video on Manhattan Cable TV, joins Mullin, Rhyne, Emmons & Topel, Washington law firm... **Julian Weiss** named international communications fellow, Heritage Foundation, Washington, will assist with Asian communications program... MPAA Pres. **Jack Valenti** addresses Sept. 15 Media Institute lunch, Mayflower Hotel, Washington... **Anne Llewellyn**, ex-KCET L.A., joins public radio's Development Exchange Sept. 15 as pres.

Edward Markey promoted to vp-sports information and special projects, NBC Sports; **Harold Brook**, NBC vp-business affairs, advanced to senior vp-business affairs and administration, NBC Entertainment; promotions to NBC News vps: **Bill Wheatley**, exec. producer, Brokaw Report; **Cheryl Gould**, acting exec. producer, NBC Nightly News with Tom Brokaw... **Darryl Smith** named news and information program representative, American Public Radio, Minneapolis... Cox Cable promotions: **Keith Gregory**, mgr.-customer operations, to dir.-business operations; **Charles Sinor**, mgr.-plant operations, to dir.-engineering operations... **Ricardo Correia**, ex-Wang, appointed dir.-human resources, ESPN... **Lisa Shankle**, ex-Weather Channel, joins IT Network as dir.-affiliate relations.

Andy Murphy, FoxNet vp-operations, promoted to vp-cable affiliates, Fox Bestg.; **Paul Gendreau** advanced to dir.-publicity... **Elahe Hessamfar**, ex-Pacific Bell Directory, named vp-chief information officer, Turner Bestg. System... **Ruth Young** advanced to national sales mgr., WGNT Portsmouth, Va.

Tracy Masington promoted to dir.-national publicity, Universal Pictures... **William Eason** appointed Scientific-Atlanta corporate secy., will become senior vp-gen. counsel Feb. 1... **Susan Weinstein**, ex-Showtime Event TV dir.-programming, named vp-programming,

Showtime Satellite Networks... **Phillip DeCabia** promoted to senior vp-advertising dir., Cablevision Systems Rainbow Advertising Sales... **Lou Israel**, ex-LBS Enterprises, appointed senior vp-sales and distribution, Grove TV Enterprises.

TCI said its one million Cal. cable subscribers will pay average of \$1.50 less per month as result of rate restructuring required by Cable Act. "There's no such thing as an average cable customer since each person has a different monthly total depending upon equipment and services used," said Dale Bennett, TCI vp-state mgr. "As a result, some of TCI's customers will actually see their bills increase. The irony is that the new laws really favor higher income customers who have traditionally been the heaviest users of additional outlets and other rental options. Since these fees are now eliminated or reduced, this group will see the largest decreases in their monthly bills." TCI said its total Cal. revenue would drop \$17 million per year, causing local franchise fees to fall total of nearly \$1 million per year. TCI has 153 cable franchises and 2,000 employees in Cal.

Dateline NBC has been sued for \$8 million by Southeastern Eye Center, Greensboro, N.C., as result of May 4 segment "Cataract Cowboys" that implied Center was conducting unneeded operations. Suit also named Dateline reporter Brian Ross, who moderated segment that used undercover persons. Center charged NBC with invasion of privacy, trespassing, eavesdropping, conspiracy, defamation. Center Exec. Dir. Mark McDaniel said it has lost 30% in revenue in 3 months since segment aired. NBC said broadcast told viewers "what happened step-by-step in that clinic... We, like other networks, will defend that reporting in court, accepting that lawsuits from those who don't like what we find come with the territory."

Retransmission consent negotiations won't substantially affect audiences for TV station ads, according to packet being distributed by TvB. "All the studies we have seen indicate that people will find a way to watch what they want to watch, with the result that advertisers will, in fact, receive the large audiences they originally were projected to get," said TvB Pres. Ave Butensky. Meanwhile, TvB said broadcast TV revenue was up 6% to \$5.9 billion in 2nd quarter, meaning 3% gain for first half. Local ad revenue was up 7% to \$1.4 billion, spot 6% to \$1.4 billion, national syndicated TV 3% to \$330 million, network TV 6% to \$2.8 billion.

FCC should reconsider decision granting must-carry status to home shopping stations (TVD July 5 p6), Media Access Project (MAP) said in petition. Filing charged that decision "eviscerates whatever was left of the public interest standard" and ignores issue of excess commercialization on shopping stations, which carry only about 5 min. of public interest programs per hour. MAP said FCC had failed to consider whether such stations could be economically viable with less than 24 hours of shopping programs.

EEO rules should apply to video dial tone (VDT), NAACP and United Church of Christ said in FCC filing. In petition for reconsideration of earlier decision exempting VDT from rules, groups said lack of VDT rules "could become a serious impediment to EEO in traditional mass media."

Harte-Hanks TV, owner of KENS-TV San Antonio, has been granted waiver of one-to-a-market rule by FCC to acquire KVAR(AM) there from Hispanic Radio Bestrs.

Consumer Electronics®

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STATE OF THE INDUSTRY

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

	AUG. 7-13	1992 WEEK	% CHANGE	JULY 31- AUG. 6	32 WEEKS 1993	32 WEEKS 1992	% CHANGE
TOTAL COLOR.....	365,994	373,011	- 1.9	234,221	12,815,699*	11,532,465	+11.1
DIRECT-VIEW...	359,966	365,706	- 1.6	230,288	12,609,121*	11,339,213	+11.2
TV ONLY.....	346,423	354,817	- 2.4	220,214	11,919,963*	10,883,213	+ 9.5
TV/VCR COMBO.	13,543*	10,889	+24.4	10,074	689,158*	456,000	+51.1
PROJECTION....	6,028	7,305*	-17.5	3,933	206,578*	193,252	+ 6.9
VCR DECKS.....	160,915	262,646*	-38.7	72,178	6,381,317	6,349,933	+ 0.5
CAMCORDERS.....	23,558	37,976	-38.0	16,975	1,610,892*	1,465,641	+ 9.9
LASERDISC PLYRS#	2,649	1,384	+91.4	2,144	117,901	118,887	- 0.8

Direct-view TV 5-week average: 1993--405,835; 1992--354,858 (up 14.4%).

VCR deck 5-week average: 1993--216,018; 1992--244,178 (down 11.5%).

Camcorder 5-week average: 1993--51,097; 1992--57,566 (down 11.3%).

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

MAGNAVOX MOVES TO NO.2 IN COLOR MARKET SHARE: For first time in the 26 years we have been conducting our informal direct-view color TV market share brand survey, Zenith didn't come out either first or 2nd, having been edged out by 1/4 of a percentage point by Magnavox as No. 2, with RCA retaining first place by wide margin.

In our 2nd annual survey of projection TV market by brand, however, Magnavox was displaced as No. 2 by RCA, which zoomed up 4 percentage points to just 2 points behind No. 1 Mitsubishi, whose share was eroded by almost same amount as RCA gained.

In our first color-TV market share survey, in 1968, RCA was No. 1 with 30% of market, followed by Zenith with 20%. RCA lost lead in 1973 to Zenith, which held it until 1979, when RCA came back to No. 1 with 21% to Zenith's 20.5%. Zenith regained first place in 1982, but RCA bounced back to No. 1 in 1983 and has stayed there ever since.

Magnavox, which moved into first place in 1993 model year (July 1992-June 1993), has more than doubled its share since 1986, when it held only 5% of market. In 1993 model year, Magnavox brand had 10.25% of market, up from 5% in 1987, while in same period, Zenith declined to 10% from 14.5% and RCA tapered off to 16.3% from 17%. While 1993 is first time Magnavox brand was in 2nd place, Magnavox's manufacturer, Philips Electronics N. America, has been No. 2 for several years (including its other brands -- Sylvania, Philips, Philco).

Our market share surveys are based on consensus of industry marketers. They respond to our questionnaire listing percentages of sales to dealers for all brands except their own. If they do list their own, we leave that figure out of our tally, which is based on medians; ties in rankings are settled by simple averages. In 1993 model year, each percentage point share represents about 231,000 sets.

As usual in our surveys, changes in rankings and percentages are relatively minor as compared with last year (TVD Aug 10/92 p9). Except for change in places of Magnavox and Zenith, top 14 brands are unchanged in order. Among minor changes in ranking -- Symphonic/Funai jumped to 21st from 28th without changing percentage share and GoldStar replaced Sylvania as No. 15.

Except for Magnavox, which gained 1-1/4 percentage points in year, no brand changed its percentage share of market as much as 1%, most moves being relatively insignificant. However, "all others" increased

to 10.8% from 9.4%, indicating inroads by store brands and other private labels. No newcomers are on list (which includes companies with shares of 0.5% and more), and nobody slipped off. Again, except for Magnavox, there were no significant gainers, and some minor losers included Mitsubishi, LXI (Sears own brand), Sylvania and Sony, all down 0.4-0.55 percentage points.

Table below lists brand share only, not share by manufacturer. Both RCA/ProScan and GE are owned by TCE, which also manufactures for others. Magnavox, Philips, Sylvania and Philco are Philips family; Panasonic and Quasar are made by Matsushita, and Sanyo and Fisher are same company. As always, our pages are open for rebuttal by companies that differ with results of our survey.

SHARE OF U.S. COLOR TV MARKET BY MODEL YEAR
Sales to Dealers in Units

Rank	Brand	1993 Model Year		1992	1991	1990	1989	1988	1987
		% Share	Range	% Share	% Share	% Share	% Share	% Share	% Share
1	RCA/ProScan...	16.3	15.0-17.5	16.1	16.5	16.6	16.25	16.15	17.0
2	Magnavox.....	10.25	8.5-12.5	9.0	8.0	7.75	6.4	5.85	5.0
3	Zenith.....	10.0	7.0-11.5	10.3	11.0	11.65	12.0	12.75	14.5
4	Sony.....	6.6	5.0-8.0	7.0	6.85	6.5	6.4	6.45	6.0
5	Sharp.....	5.5	4.0-7.5	5.5	5.2	5.0	4.8	4.4	3.9
6	GE.....	5.0	4.8-6.5	4.9	5.0	5.65	5.9	6.0	5.95
7	Toshiba.....	4.6	3.0-6.0	4.8	4.6	4.0	3.5	3.0	2.2
8	Emerson.....	4.0	3.0-5.6	4.0	3.6	3.8	3.5	3.25	2.7
9	Panasonic.....	3.5	3.0-4.5	3.75	3.15	3.2	3.15	3.8	4.0
10	Mitsubishi....	2.55	2.0-4.6	3.0	3.5	3.5	3.6	3.5	3.0
11	LXI (Sears)...	2.45	1.5-3.2	3.0	4.0	4.9	5.0	5.5	6.0
12	Samsung.....	2.3	1.0-4.0	2.4	2.0	1.8	1.75	1.7	1.6
13	Sanyo.....	2.1	1.8-5.0	2.0	1.9	1.5	1.4	1.5	1.5
14	JVC.....	2.0	1.8-3.0	2.0	2.0	1.5	1.0	1.0	0.6
15	Goldstar.....	1.7	1.0-2.4	1.8	2.0	2.0	2.05	2.0	2.0
16	Montgomery Ward	1.7	0.7-2.0	1.85	2.0	2.4	2.5	2.5	2.5
17	Sylvania.....	1.5	1.0-2.5	2.0	2.8	3.2	3.25	3.3	3.3
18	Hitachi.....	1.5	0.5-2.2	1.7	2.35	2.5	2.5	2.5	2.5
19	Quasar.....	1.2	0.9-1.7	1.5	1.75	1.85	2.0	2.5	3.0
20	KTV.....	0.55	0.2-1.5	0.6	0.4	0.2	0.2	0.2	0.2
21	Symphonic/Funai	0.5	0.2-2.8	0.3	0.2	0.25	0.2	0.2	--
22	Philco.....	0.5	0.2-1.8	0.5	0.5	0.65	0.8	1.0	1.0
23	Fisher.....	0.5	0.3-1.0	0.5	0.3	0.3	0.5	0.55	0.65
24	Philips.....	0.5	0.2-1.0	0.5	0.6	0.6	0.65	0.5	0.5
25	Memorex*.....	0.5	0.1-1.0	0.5	0.5	0.5	--	--	--
26	Daewoo.....	0.5	0.2-1.00	0.4	0.3	0.3	0.5	0.5	0.5
27	J.C. Penney...	0.5	0.2-2.5	0.5	0.5	0.9	1.0	1.0	1.0
28	Curtis Mathes.	0.4	0.2-4.0	0.5	0.8	0.9	1.0	1.0	1.0

TOTAL, 28 brands... 89.2%

All other brands... 10.8%

* Includes Realistic.

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Our 2nd annual survey of projection TV by brand shows significant number of changes -- particularly reflecting RCA's rapid move up ladder, at expense of Mitsubishi but not of Magnavox, which was pushed into 3rd but remained at 14% share. Zenith displaced Philips in 8th place, as Philips dipped half a point from year earlier. Toshiba moved up to No. 9 from 10th place, and Panasonic -- which didn't rank last year -- worked its way into our share table as No. 11.

Adding together mutually owned brands, TCE (RCA and GE) had 18.5% share. If TCE's private label business (Sears) were included, it would come to at least 22.5%, displacing Mitsubishi in first place. Philips'

brands total 17.25%, but Philips also has considerable private brand business, so its total would be higher. Top 3 brands had 50% share.

Here are median results of our 2nd survey of consumer projection TV sets by brand for year ended July 1993, together with preceding year's percentages. In table below, each percentage point represents 4,220 sets sold to dealers during 1993 period:

SHARE OF U.S. CONSUMER PROJECTION TV MARKET BY MODEL YEAR
Based on Sales to Dealers in Units

Rank	Brand	1993 Model Year % Share	Range	1992 %	Rank	Brand	1993 Model Year % Share	Range	1992 %
1	Mitsubishi.	19.0	10.0-22.9	22.6	9	Toshiba....	2.0	1.0-3.8	1.9
2	RCA/ProScan	17.0	10.5-22.0	13.0	10	Philips....	2.0	0.1-3.0	3.0
3	Magnavox...	14.0	10.0-17.5	14.0	11	Panasonic..	1.5	0.2-5.0	--
4	Hitachi....	10.0	8.0-15.0	10.0	12	GE.....	1.5	0.2-5.0	1.7
5	Sony.....	8.5	6.4-12.0	8.0	13	Sharp.....	1.35	0.5-3.2	1.3
6	Pioneer....	7.0	4.7-8.0	6.75	14	Sylvania...	1.25	0.1-5.3	1.3
7	LXI (Sears)	4.0	1.0-8.2	4.0	15	Quasar.....	1.2	0.5-6.0	1.5
8	Zenith.....	2.4	2.0-6.0	2.5	16	Montgy.Ward	0.5	0.1-1.0	0.5

'HANDYCAM VISION' -- SONY'S ANSWER TO VIEWCAM: U.S. premiere of first competitive answer to Sharp's highly successful Viewcam line will come Aug. 31 when Sony unveils "Handycam Vision" to news media in N.Y. It was shown for first time -- in European version -- Aug. 27 at opening of giant Internationale Funkausstellung in Berlin.

Handycam Vision -- its name in Europe and presumably in U.S. also -- hadn't been shown in Japan at our deadline. Coincidence or not, Sony's combination LCD viewer and camcorder came day and date with European launch of ViewCam. To dismay of some competitors, Sharp sent demonstrators around fair buildings to show ViewCam to public at various locales, including some at or very close to Sony exhibit.

Although Sony may have borrowed concept of combining camcorder and viewing screen from Sharp, Handycam Vision otherwise is original. Its design is unique, with vertical body, lens mounted near top. In fact, camera portion of unit is said to represent new level of miniaturization. Three-inch LCD screen at bottom of rear is revealed when cover is pulled up and converted to sunshield, much like old dual-lens film cameras of past. Bright LCD screen pivots upward, but doesn't have 360° movement of ViewCam.

Entire unit weighs just 1 lb. 4 oz., almost full pound less than Sharp's original 4" ViewCam. Sony model has optical viewfinder as well as LCD display. Lens has 2 settings -- wide angle and telephoto (2X). Unlike Sharp, which started at high end (Hi8) and then brought out models at lower price, Sony starts with standard 8mm, but officials said it's first in line of products that later will include Hi8.

Backlit LCD uses new type of "special reflecting mirror" system for even distribution of light on screen. LCD has resolution of 75,816 pixels and 1/4" CCD pickup has 320,000 pixels (290,000 effective). Camcorder has built-in speaker and headphone jacks. It uses new lithium ion battery, integrated into front of unit, comes also with AC adaptor-charger.

Using slogan "Shoot & See," Sony has patterned new model after film camera, which it resembles more than camcorder. "The video filmmaker," Sony said, "now has the option of presenting his most recent work on the spot, without having to connect the camera to a monitor," noting that it can be used (like Video Walkman) for viewing of prerecorded tapes as well. It will be available before Christmas.

Not the least interesting feature of camcorder (designated in Europe as CCD-SC5) is price. At "recommended retail price" of "approximately 2,000 Deutschmarks" (currently \$1,199), it has same suggested list in Europe as cheapest ViewCam (standard 8 with 3" LCD). Stepup Sharp model, with 4" LCD, is equivalent of \$2,499; Hi8 model is \$2,999.

Introduction of Handycam Vision not only flatters Sharp, it confirms birth of new category of camcorder. Sony is 2nd, but surely not last, brand to introduce LCD viewer-camcorder combo.

LATEST VIDEO CD ANNOUNCEMENT BRINGS EVEN MORE CONFUSION: Joint communique from Philips, Matsushita, Sony and JVC to announce agreement on "basic specifications" for Video CD format and close cooperation in promoting it ended up leading to even more confusion on what kinds of hardware would be able to play Video CDs. Confronted at Internationale Funkausstellung in Berlin with statement in news release that Video CDs would be playable on "CD players (with a digital data output) with an add-on 'Video CD adapter,'" visibly upset John Hawkins, dir.-gen. mgr., Philips Interactive Media Systems, exclaimed: "That's nonsense!"

At our deadline, Hawkins said that at scheduled Sat. news conference in Berlin he intended to clear up confusion, affirming Philips' opposition to that kind of compatibility. (See reports on these and other developments at Berlin show in this and subsequent editions.) His consternation was understandable, since issue apparently had been put to rest earlier this month with his straightforward declaration that Philips wouldn't support Video CD system that would enable some audio CD players to play video through TV set (TVD Aug 16 p13).

However, when told of Hawkins' reaction, representatives of other 3 signees in Japan said late in week they were unaware of Philips' objection and that press release stood as issued.

As Philips was trying to extricate itself from latest mess, Sony spokesman in Japan said it was planning to develop basic dedicated Video CD player for consumer market to be introduced in middle of next year. He downplayed concept of computer-based CD-ROM drive to play Video CDs, saying product would be considered more appropriately as part of audio-video system. He didn't specify whether first product would be multiple-disc changer, which would be necessary for playback of theatrical motion picture without changing discs, since single disc can hold only 74 min. of video. Meanwhile, Matsushita spokesman in Japan said company was studying latest Video CD announcement, but declined further comment. Philips spokesman in Japan said company had no plans to market dedicated Video CD player now, instead was continuing to concentrate on marketing of CD-I player as ultimate home entertainment device, including Video CD playback capability. JVC spokeswoman said company plans to introduce Video CD player in Japan next year, but doesn't have any plans to bring product to U.S.

Video CD system, as described earlier and in last week's news release, is "fully based" on karaoke CD format, which treats Video CD disc as CD-ROM/XA. Disc would be playable on dedicated Video CD player, CD-I player augmented with MPEG-1-based full-motion video (FMV) cartridge, and computers with CD-ROM drives equipped with MPEG-1 decoders.

As explained to us by engineers at Philips Research Labs in U.K. (TVD Aug 23 p15), such system would make discs incompatible with audio CD player. That's because CD-ROM/XA standard includes active data flag, which will switch off audio outputs on some CD audio players; flag runs all the time disc is playing. Nimbus Technologies has proposed alternative system based on "Red Book" audio CD standard, which would allow audio CD player with digital output and adapter to treat linear video in same manner as audio.

CD-I player is designed to recognize Red Book audio CD and decode digital information as music, directing it to audio outputs -- so when CD-I player is playing Red Book disc it can't do anything with those data except decode them as audio. Therefore, CD-I player inherently couldn't play Nimbus-style Red Book Video CD since encoded video is mixed in with audio. If Red Book audio CD is played in personal computer's CD-ROM drive, PC will identify it as audio disc and direct signals to audio outputs. So ROM drive, like that of CD-I, wouldn't be able to play Nimbus-style Red Book Video CD.

Other aspects of last week's announcement were less controversial, including disclosure of 2 optional levels of still-picture playback resolution (352x240 pixels in NTSC, 704x480 pixels in high resolution) and playback control. Companies also announced that Video CDs would be compatible with all broadcast standards (NTSC, PAL, SECAM) and would be replicable at standard audio CD manufacturing facilities.

MATSUSHITA CITES YEN, ECONOMY, IN 7% PROFIT DECLINE: Matsushita posted 7% declines in sales and pretax income, with sales falling to 1.6 trillion yen (\$14.92 billion at 107 yen = \$1, rate at end of quarter). Operating income fell 6% to 28.9 billion yen (\$270 million) and net income 23% to 6.7 billion yen. Report came week after Sony reported operating profit dropped 35.4% on 10.4% sales declines in quarter, and Pioneer saw operating profit plunge 74.2% on 13.8% sales shortfall (TVD Aug 23 p10).

First-quarter sales in domestic Japan fell 6% to 814.4 billion yen (51% of total) and overseas sales 8% to 781.7 billion yen. Matsushita said "extensive" overseas sales actually climbed from year-earlier quarter on

local-currency basis, but yen's "dramatic appreciation" caused decline in yen terms. Moreover, sales growth was impeded by "ongoing economic difficulties in Europe and weak recovery of the U.S. economy," company said. Spokesman said that on local-currency basis, sales in N. America (including Central America) were up 5%, in Europe and Africa up 3%, in Asia up 1%.

Matsushita said it's "intensifying its efforts" to deal with sluggish demand "by developing products with genuine customer appeal and to lower [costs]." Spokesman said company is increasing local procurement to reduce manufacturing costs, but declined to talk in specifics about plans for expanding overseas production. However, despite such efforts, company said, strong yen, low demand for audio-video products and effect of cool Japanese summer on sluggish air conditioner sales contributed to earnings decline.

Video equipment sales nosedived 13% to \$2.84 billion "in a period of slack consumer demand," Matsushita said, but sales of TV/VCR combos in N. America were bright spot. Audio equipment sales fell 6% to \$1.17 billion in quarter, but domestic audio sales were steadied by growth of compact hi-fi components and other products. Communication and industrial equipment was off 6% to \$3.57 billion, electronic components inched up 1% to \$1.92 billion and batteries and kitchen-related products dipped 2% to \$737 million, despite strong sales of nickel-cadmium and lithium cells overseas.

Sales of Matsushita entertainment businesses were down 2%, again due mainly to stronger yen that negated unspecified increase in terms of dollar volume. Company said MCA achieved 3% growth in U.S. dollar volume on higher theatrical revenues and video software sales, as well as steady performance of theme parks. MCA results include minimal contribution, if any, from Jurassic Park, which opened in late June. Success of movie will be reflected primarily in current quarter's results, company said.

TANDY CREATES IU DIV.: Tandy has taken Incredible Universe (IU) "gigastore" operations out from Tandy Name Brand Group (TNBG), giving it status as separate division, reporting directly to Chmn. John Roach. Move was one element in shuffling of top retail executives that included resignation of TNBG Pres. Victor Sholis, who called it "personal decision." Sholis was replaced by Richard Thirion, 17-year Tandy veteran, recently corp. retail services vp, who becomes TNBG senior vp-gen. mgr.

Separation of IU from TNBG will allow group to "place the focus for sales success back on the TNBG selling groups," Thirion said, noting that "there's been a lot of time devoted to the successful creation of IU. It gets everyone focused on what we've done so well in the past." It also apparently will create several openings for buyers, since Thirion acknowledged that "there's going to be a staff function primarily for handling the merchandise function for TNBG and the same for IU."

Richard Hollander, who had reported to Sholis as IU vp, becomes vp-gen. mgr., reporting to Roach. Company will open 3rd IU location in Oct. in N. Dallas, 4th later this year in Fla.

* * * * *

Radio Shack Div. opened 3rd "superstore," 4,000-sq.-ft. outlet in Santa Ana, Cal., twice size of traditional Radio Shacks. Other 2 large stores opened last year in Mesquite, Tex., and Scottsdale, Ariz.

Best Buy filed registration statement with SEC for proposed offering of \$125 million in senior subordinated notes due 2003. Proceeds will be used for expansion and general purposes. Meanwhile, company last week hailed official openings for first 6 stores in Detroit area, first of 12 planned for Mich. this year. Best Buy also opened 2 stores in Minn. last week, one of which replaced old outlet in E. St. Paul.

Sony has opened 500,000-sq.-ft. operations center at San Jose, housing more than 600 employees of Advanced Video Technology Center, other R&D activities, business and sales groups, support activities.

PHILIPS \$399 CD-I PLAYER ON WAY: Philips apparently is preparing to launch within next few weeks new CD-I player designed to be retailed at \$399. Unit, whose existence we disclosed earlier this year (TVD June 14 p15), was positioned by Philips U.K. in news release last week as stepup from standard CD player. "Anyone planning to buy a CD player this autumn would be a fool not to consider buying a CD-I player instead. The price is now right," said Simon Turner, dir. of Philips Interactive Media Systems-U.K. Philips officials in U.S. declined to comment on U.K. news release and what it portends for U.S. Company is planning to begin shipping FMV cartridge for CD-I player in fall at \$250 retail.

Player (Model CDI 210) is priced at £400 in U.K.; our experience has been that company's products generally are priced on dollar-for-pound basis, rather than according to exchange rate. Carryover CDI-220 will be maintained at £500, bundled with either Compton's Interactive Encyclopedia or set of 4 games. News release didn't specify how new player will differ from existing model (if at all), other than to say "new technical developments inside the new player will allow us to stay at under £400."

Earlier this year, though, U.S. dealers told us that Philips was exploring possibility of introducing lower priced model with wired (rather than wireless) remote and simplified faceplate.

Digital Video Workshop sponsored by EIA Consumer Electronics Group (EIA/CEG) in conjunction with IEEE Consumer Electronics Society, will be held Oct. 13-15 in Cambridge, Mass. Conference opens with half-day tutorial on data packet scheme for data transport for alliance HDTV system, presented by Terry Smith of Sarnoff Lab -- Maxine Stone, 202-457-4975.

THIS WEEK'S YEN RATE

Yen values have been converted to dollars in this week's issue at 105 yen = \$1, except where noted.

NINTENDO/SGI LEAPFROG GAME: Announcement by Nintendo and Silicon Graphics Inc. (SGI) of joint development and licensing agreement for 64-bit video entertainment system is attempt to leapfrog current and near-term competition in what promises to be battle for software developers and, ultimately, consumers.

First piece of home hardware from Nintendo's "Project Reality" based on version of MIPS Technologies (division of SGI), Multimedia Engine will be player to debut in 1995, with targeted price under \$250. Officials were noncommittal on whether basic machine would use ROM cartridges or CD-ROM as basic medium. Technology will appear first as coin-op game late next year, companies said at news conference last week in San Francisco. Nintendo will pay SGI to fund engineering development costs, plus royalty on every coin-op and home hardware unit it sells, along with software.

Companies said they had been talking for several months about project, which is "first application of 'Reality Immersion Technology,' new generation of video entertainment that enables players to step inside the real-time, 3-dimensional worlds." SGI actually has held discussions with several potential partners in developing consumer products. Sega spokeswoman said "we looked at it ourselves, and for a variety of reasons decided to pass on it." She wasn't specific.

Biggest question arising from announcement concerns how interactive entertainment landscape will develop over next 2 years, when Nintendo/SGI machine is scheduled to debut. Panasonic next month begins shipping first 3DO-based 32-bit system, Atari plans to begin limited marketing of 64-bit Jaguar within 2 months, and Sega, Nintendo's main competitor in current 16-bit market, is known to be working on 32-bit system of its own, possibly for next Christmas. Perhaps most immediate affect of Nintendo's announcement is that it gives software developers that might have increased their commitments to competing systems (at expense of Nintendo) another major factor to consider in allocating resources.

What happens between now and Christmas 1995? "The basic point is that if consumers find 3DO or Jaguar or something else compelling enough, they're not going to wait," said Lee Isgur, technology and entertainment analyst for Volpe, Welty & Co., investment firm. "However, nothing will be successful until compelling software is available on a platform that is attractively priced." He also cautioned that "the consumer could get confused" about many incompatible systems.

On other hand, Acclaim Entertainment Chmn. Gregory Fischbach said that in current 16-bit market, "15 to 20% of consumers have bought both systems," so even if they purchase new system in 1994, it doesn't preclude additional buying in 1995.

Reaction by Nintendo's competitors was predictably dour. "We have yet to see an electronics product that people will wait for," said Sega spokeswoman. "It's hard to say to people when there's a good product in the marketplace now" that they should wait for the next one.

3DO Chmn. William (Trip) Hawkins took apparent delight in fact that "it confirms that Nintendo considers little 3DO a threat" -- odd David-and-Goliath characterization from company whose backers include corporate giants such as AT&T, Time Warner, Matsushita. Hawkins said SGI is moving into unfamiliar territory: "SGI

doesn't know how to make their stuff cheap, and Nintendo doesn't understand enough about this level of technology to help them."

"We've been waiting for a Betamax to emerge, and perhaps now it has," he said. "3DO has what it takes to be the VHS of the interactive market." Hawkins and Sega spokeswoman said their companies are working on future generations of technology.

PIONEER'S FUTURE OPTICAL STANDARDS: Cautioning against thinking that "the whole world will be turned to a digital world soon, and laser disc will be out of date," Pioneer laid out performance characteristics for next generation of optical videodisc. It said format must use 5" discs, produce high-resolution picture (at least LD quality), be able to hold movie on single disc, be recordable and interactive.

Teruhiko Isobe, senior managing dir. in charge of laserdisc (LD) business, said company is proceeding with R&D on next generation of optical disc, and will show off progress on high-density recordable disc in near future, with future commercialization aimed limited industrial market, or possibly to advanced karaoke systems.

Isobe said digital videodisc (DVD) system under development awaits commercialization of blue laser, which he said won't be completed until turn of century. Pioneer's DVD system being developed incorporates advanced signal processing, precision writing to CD-size discs and data compression to allow one hour of LD-quality playback.

Meanwhile, Nikkei newspapers reported that Pioneer has raised by 33% its projections for LD player sales in current fiscal year due to unanticipated strength overseas, particularly in Asia. Company, which expects sales there to surpass those in Japan this year, predicts it will sell 1.6 million players worldwide in year ending March 1994. Monthly production capacity has been increased to 160,000 from 100,000 by switching some lines previously devoted to audio products and expanding production at other plants.

Shipments to Asia are projected at 640,000 (up from 270,000 last year), to N. America at 290,000 (from 260,000), to Europe at 100,000 (from 40,000), and to domestic market at 450,000 (from 380,000). Pioneer estimated worldwide market at 2 million this year, up from 1.6 million in last fiscal year, with extra demand overseas sparked by karaoke.

New Address for New York Bureau

The N.Y. editorial bureau of Warren Publishing, Inc. is now located at 276 Fifth Ave., Suite 1111, New York, N.Y. 10001. Please correct your records to reflect this change.

Telephone numbers are unchanged: Phone 212-686-5410, fax 212-889-5097.

This move affects primarily the editorial staffs of the Consumer Electronics section of Television Digest, Audio Week, Video Week and Consumer Multimedia Report. The main editorial offices and business offices of Warren Publishing, Inc., continue to be at 2115 Ward Court NW, Washington, D.C. 20037.

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Fourth-generation LCD projector from Sharp has 560 lines of horizontal resolution and 926,640 pixels (3 panels with 308,880 each), company said. It uses Sharp's microlens technology and is claimed to project pictures of 25-200" in diagonal measurement. It has 100:1 contrast ratio; variable masking permits projection in 4:3 or widescreen (16:9 and 21:9) aspect ratios. It has power zoom/focus lens, built-in audio amplifier and speaker, variety of video and S-video inputs and outputs, weighs 33 lb., can be operated from table top or ceiling mount, has inverted picture function for rear projection, fuzzy logic brightness control, backlit wireless remote. Designed to satisfy "the continued upscale buying trend in large-screen home theater systems," new projector will be available in Sept. at \$11,500 suggested retail.

NEC will set up new mass production lines of color TFT LCDs in Akita prefecture in Japan by Dec. 1994, Japanese press reported. Company plans to invest \$285 million in project, which is conversion of plant previously devoted to PC boards. Plant is planned to have monthly capacity of 50,000 at full production. NEC now operates LCD manufacturing facility with monthly capacity of 40,000 in Kagoshima. It reportedly plans to invest nearly \$1 billion in LCD by year ending March 1998, to reach monthly capacity of 280,000.

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
Handleman 1993-13-wk. to July 31 1992-13 wk. to Aug. 1	193,995,000 212,312,000	(2,768,000) 4,532,000	-- .14
Matsushita Electric ^a 1993-qtr. to June 30 1992-qtr. to June 30	14,916,000,000 16,008,400,000	63,000,000 81,300,000	.30 ^b .39 ^b
News Corp. 1993-year to June 30 1992-year to June 30 1993-qtr. to June 30 1992-qtr. to June 30	7,482,000,000 7,810,900,000 1,883,900,000 1,858,600,000	605,200,000 384,500,000 153,200,000 47,900,000	2.81 ^c 2.15 ^c .67 ^c .18 ^c
Pioneer Electronics ^a 1993-qtr. to June 30 1992-qtr. to June 30	1,164,280,000 1,350,944,000	64,100,000 46,500,000	.36 ^d .26

Note: ^aAt 107 yen = \$1. ^bPer ADS. ^cAfter special charge.
^dIncludes special credit.

Consumer Electronics Personals

New assignments at Tandy Corp.: David Thirion, Tandy retail services vp, to senior vp-gen. mgr., Tandy Name Brand Group (TNBG), replacing Victor Sholis, resigned; Robert McClure, Tandy Electronics pres., replaces Thirion; Richard Hollander, vp-Incredible Universe (IU) within TNBG, to vp-gen. mgr., new IU Div., reporting to Tandy Chmn. John Roach; Hank Allen, mdsg. vp-TNBG destination stores group, to same post for IU; Brian Levy, Radio Shack div. vp, to IU vp-retail operations.

Mark Seavy, ex-HFD, joins N.Y. bureau of Warren Publishing Sept. 13 as associate editor of Television Digest... **Alfred Nilsen**, ex-Sega of America, appointed vp-mktg., Viacom New Media... **Michael Grant**, ex-Apple, named to head interactive TV program development, Sanctuary Woods Multimedia... **Larry Barruch**, ex-Sony, joins Cheil Communications America, N.J. ad agency, as vp-account services... **Andrew Regan**, ex-Threshold, appointed national sales mgr., Snell Acoustics... **Raymond Nowak**, ex-Paramount Communications, named vp-controller, Warner Music Group; **Val Azzoli** promoted to exec. vp-gen. mgr., Atlantic Records... **Changes at MGM:** Michael Marcus, ex-CAA, to MGM Pictures pres.; Senior Exec. Vp **Kenneth Meyer** resigns to pursue interests outside industry; independent producer **John Calley** to pres., newly revived United Artists Pictures.

Kenwood will make compact component systems in China for export to U.S. by next year's end. Joint venture with govt. firm in Shanghai at outset will employ 200-300 workers, eventually may export to Japan and other countries as well. Kenwood also reportedly will triple value of products it procures from other Chinese firms under contract with Hong Kong supplier, to about \$2.85 million. It also is exploring Chinese domestic market and will open offices in 3 principal cities there.

Semiconductor manufacturers heaved sigh of relief when Japan's Sumitomo Chemical announced it will reopen key epoxy resin plant by year-end. Factory, which produced about half of world's supply of high-grade epoxy resin, key component in making chips, was crippled by explosion July 4. It will operate at half capacity at first, but company said it should be able to ship about same amount as before explosion by procuring from other manufacturers.